

State of Florida



# Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD  
TALLAHASSEE, FLORIDA 32399-0850

**-M-E-M-O-R-A-N-D-U-M-**

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**DATE:** November 21, 2016

**TO:** Carlotta S. Stauffer, Commission Clerk, Office of Commission Clerk

**FROM:** Devlin Higgins, <sup>DH</sup> Public Utility Analyst IV, Division of Economics

**RE:** Docket No. 160174-GU, Request for approval of 2016 depreciation study by Sebring Gas System, Inc.

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Would you be so kind as to add the attached document, titled "November 18<sup>th</sup> Correspondence between Sebring and Staff" to the above referenced docket file. I appreciate it, thank you.

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2016 NOV 21 PM 12: 04  
COMMISSION  
CLERK

## Devlin Higgins

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**From:** Nguyen, Cong <CongN@BBKM.COM>  
**Sent:** Friday, November 18, 2016 9:47 AM  
**To:** Devlin Higgins  
**Cc:** 'Jerry Melendy'  
**Subject:** RE: Docket No. 160174-GU, Sebring's 2016 Depreciation Study

Good morning Devlin,

The recommendations is fine with us.

Thank you,

Cong Nguyen, CPA

Brimmer, Burek and Keelan LLP  
5601 Mariner Street, Suite 200  
Tampa, FL 33609  
Phone: 813.282.3400, ext. 227  
Fax: 813.287.8369

[Congn@bbkm.com](mailto:Congn@bbkm.com) [Click here](#) to upload files.

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**From:** Devlin Higgins [<mailto:DHIGGINS@PSC.STATE.FL.US>]  
**Sent:** Thursday, November 17, 2016 8:43 AM  
**To:** Nguyen, Cong; 'Jerry Melendy'  
**Subject:** Docket No. 160174-GU, Sebring's 2016 Depreciation Study

Good morning,

Just wanted to briefly discuss the results of incorporating the company's Responses to Staff's Report on Sebring's 2016 Depreciation Study. Only changes from what was shown in the staff report were correcting (as required by FERC accounting rules) two account-specific accumulated depreciation levels by matching the reserve retirement entries to the corresponding plant retirement entries. The two accounts are: Account 381 – Meters, and to Account 392.1 – Transportation – Trucks.

Specifically, for calendar year 2012, the company recorded (\$4,250) of plant retirements to Account 381 – Meters, while only recording (\$330) to the account's corresponding reserve. For calendar year 2014, the company recorded (\$20,647) of plant retirements to Account 392.1 – Transportation – Trucks, while only recording (\$14,955) to the account's corresponding reserve. The correcting entries are reducing account 381's reserve by (\$3,920), and account 392.1's reserve by (\$5,692).

The below depreciation rate recommendations incorporate these proposed reserve reductions. Please inform staff whether the company agreeable or not to staff's changes. Thank you very much.

| Comparison of Expenses |                                 |                       |                     |                       |                     |                        |
|------------------------|---------------------------------|-----------------------|---------------------|-----------------------|---------------------|------------------------|
| Account Number         | Account Title                   | Current <sup>1</sup>  |                     | Staff Proposed        |                     | Change In Expense (\$) |
|                        |                                 | Depreciation Rate (%) | Annual Expense (\$) | Depreciation Rate (%) | Annual Expense (\$) |                        |
| 376.1                  | Mains - Steel                   | 2.9                   | 5,409               | 2.9                   | 5,409               | 0                      |
| 376.2                  | Mains - Plastic                 | 2.9                   | 65,547              | 2.9                   | 65,547              | 0                      |
| 378                    | Meas. & Reg. Equip. (Embedded)  | 3.1                   | 505                 | 3.1                   | 505                 | 0                      |
| 379                    | Meas. & Reg. Equip.(City Gate)  | 3.2                   | 39,442              | 3.2                   | 39,442              | 0                      |
| 380.1                  | Services - Steel                | 1.7                   | 5,992               | 1.0                   | 3,525               | (2,467)                |
| 380.2                  | Services - Plastic              | 3.1                   | 20,891              | 3.2                   | 21,565              | 674                    |
| 381                    | Meters                          | 4.0                   | 11,044              | 3.8                   | 10,492              | (552)                  |
| 382                    | Meter Installations             | 3.1                   | 3,529               | 3.1                   | 3,529               | 0                      |
| 383                    | House Regulators                | 3.3                   | 1,063               | 3.1                   | 999                 | (64)                   |
| 384                    | House Regulator Installations   | 3.0                   | 1,892               | 3.0                   | 1,892               | 0                      |
| 386                    | Property on Customers' Premises | 4.0                   | 1,432               | 2.3                   | 824                 | (608)                  |
| 387                    | Other Equipment                 | 4.0                   | 894                 | 4.0                   | 894                 | 0                      |
| 390                    | Leasehold Improvements          | 2.5                   | 332                 | 2.5                   | 332                 | 0                      |
| 391.1                  | Office Furniture                | 4.0                   | 33                  | 4.0                   | 33                  | 0                      |
| 391.2                  | Office Equipment                | 6.7                   | 2,096               | 4.4                   | 1,377               | (719)                  |
| 392.1                  | Transportation - Trucks         | 10.6                  | 19,402              | 9.0                   | 16,474              | (2,928)                |
| 394                    | Tools, Shop & Garage Equipment  | 6.7                   | 1,071               | 6.7                   | 1,071               | 0                      |
| 396                    | Power Operated Equipment        | 6.7                   | 2,647               | 5.9                   | 2,331               | (316)                  |
| 397                    | Communication Equipment         | 5.6                   | 1,713               | 5.6                   | 1,713               | 0                      |
| <b>Total</b>           |                                 |                       | <b>184,934</b>      |                       | <b>177,954</b>      | <b>(6,980)</b>         |

<sup>1</sup> Order No. PSC-12-0043-PAA-GU.

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