

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Florida Public Utilities)	DOCKET NO. 900600-GU
Company 1990 Depreciation Study)	ORDER NO. 24030
_____)	ISSUED: 1/25/91

The following Commissioners participated in the disposition of this matter:

MICHAEL McK. WILSON, Chairman
 THOMAS M. BEARD
 BETTY EASLEY
 GERALD L. GUNTER
 FRANK S. MESSERSMITH

NOTICE OF PROPOSED AGENCY ACTIONORDER REVISING DEPRECIATION
 RATES AND RECOVERY SCHEDULE

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission that the action discussed herein is preliminary in nature and will become final unless a person whose interests are adversely affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

Rule 25-7.045, Florida Administrative Code, requires natural gas utilities to file a comprehensive depreciation study at least once every five years. Florida Public Utilities Company (FPUC) filed its 1990 study in compliance with this rule.

The last comprehensive depreciation study for FPUC was made in 1985 with rates effective January 1, 1986. The current review of life and salvage parameters and reserve position indicates depreciation rates and recovery schedules should now be revised.

As a result of our comprehensive review of the Company's depreciation study, we will prescribe the depreciation rates and components shown on Attachment 1.

Company life proposals are generally much longer than industry averages for Florida gas companies. About 83% of the total investment is comprised of Mains (Plastic and Other), Account 376, and Services (Plastic and Other), Account 380. During the 1985-1989 period, the retirement rate for each of the Mains subcategories averaged 0.04% and 0.3%, respectively; the retirement rate for each of the Services subcategories averaged 0.25% and

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0.91% respectively. The Company service life proposals (61 years for Mains and 50 years for Services) are the results of statistical analyses performed on such activity having very minimal retirement experience. These analyses, in Staff's opinion, produce results meaningless for projections of life expectancies due to lack of sufficient retirement data. Current industry projections of service life averages range from 38 years to 45 years for Mains and range from 30 years to 36 years for Services.

Therefore, rather than agreeing with the Company's life proposals, which we believe to be improperly high, our order reflects lives at the high end of the ranges for companies in the State.

RECOVERY SCHEDULES

At the time of the last depreciation review, a recovery schedule designed to recover the remaining net investment associated with a Hortonsphere at West Palm Beach was approved. The recovery period was five years and the remaining net investment included an estimated cost of removal of \$15,518. At this time, \$13,992 remains to be recovered due to more removal costs being incurred than had been estimated and provided for in 1985. These additional costs relate to the demolishing, disposal of debris and restoring the area upon removal. Both Company and Staff positions provide recovery of this remaining unrecovered amount during 1991.

DISTRIBUTION PLANT

Company-proposed life factors for many of the accounts in this function are unusually long. As discussed earlier, these long lives are generally the product of statistical analysis for plant, which for the majority have experienced minimal retirement activity. Our order mandates remaining life factors based on the current range of service lives for companies in the State.

GENERAL PLANT

For the General Plant accounts, the Company provided actuarial data for each account. Staff reviewed and analyzed that data. Remaining lives for each account have been determined based on recalculated average ages using this data.

IMPLEMENTATION DATE

The Company requested a January 1, 1991 implementation date for new depreciation rates with the intent of matching increases in

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expenses and revenues. Its rate case is currently pending before this Commission in Docket No. 900151-GU with a hearing scheduled for January 24, 1991. The data submitted in the Company's study was as of January 1, 1990. However, in the response to a staff request, all necessary data was updated to the requested date of implementation. Therefore, we accept this implementation date.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the remaining lives, net salvage values, reserve values, and resultant depreciation rates shown on Attachment 1 are approved for Florida Public Utilities Company. It is further

ORDERED that the effective date for these rates shall be January 1, 1991. It is further

ORDERED that if no substantially affected person timely files a request for a hearing this docket shall be closed.

By ORDER of the Florida Public Service Commission, this 25th day of JANUARY, 1991.



STEVE TRIBBLE, Director
Division of Records and Reporting

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

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The action proposed herein is preliminary in nature and will not become effective or final, except as provided by Rule 25-22.029, Florida Administrative Code. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, as provided by Rule 25-22.029(4), Florida Administrative Code, in the form provided by Rule 25-22.036(7)(a) and (f), Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting at his office at 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on February 18, 1991.

In the absence of such a petition, this order shall become effective on the day subsequent to the above date as provided by Rule 25-22.029(6), Florida Administrative Code.

Any objection or protest filed in this docket before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

If this order becomes final and effective on the date described above, any party adversely affected may request judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or by the First District Court of Appeal in the case of a water or sewer utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days of the effective date of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

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 1990 STUDY

ATTACHMENT 1

ACCOUNT	A.R.L. (yr)	COMMISSION APPROVED		
		NET SAL. (%)	BK. RES. (%)	R.L. RATE (%)
DISTRIBUTION PLANT				
375 Structures & Improv.	28.0	0	28.35	2.6
376 Mains				
Plastic	41.0	(30)	32.63	2.4
Other	29.0	(30)	31.96	3.4
378 M & R Equip.-Gen.	23.0	0	18.77	3.5
379 M & R Equip.-City Gate	23.0	0	22.82	3.4
380 Services				
Plastic	30.0	(35)	23.01	3.7
Steel	16.6	(40)	22.65	7.1
381 Meters	20.0	5	29.34	3.3
382 Meter Install.	23.0	(5)	31.72	3.2
383 Regulators	22.0	0	19.09	3.7
384 Regulator Install.	28.0	0	21.38	2.8
385 Indust. M. & R. Equip.	18.5	0	32.12	3.7
387 Other Equip.	17.8	0	30.88	3.9
GENERAL PLANT				
390 Structures & Improv.	23.0	0	34.01	2.9
391.1 Office Furniture	13.6	0	36.35	4.7
391.2 Office Machines	6.7	5	38.01	8.5
391.3 EDP Equipment	3.7	5	27.25	18.3
392 Transportation Equip.				
Cars	4.9	20	21.69	11.9
Light Trucks, Vans	3.7	15	60.35	6.7
Heavy Trucks	10.0	5	0.00	9.5
Trailers	15.5	0	40.37	3.8
393 Stores Equipment	14.9	0	39.76	4.0
394 Tools, Shop, Garage Equip.	10.1	0	27.21	7.2
395 Lab. Equip.	15.7	0	12.11	5.6
396 Power Operated Equip.	6.6	0	59.32	6.2
397 Communication Equip.	6.0	0	58.25	7.0
398 Miscellaneous Equip.	9.8	0	24.07	7.7

RECOVERY SCHEDULES

Gas Holders

1 YR. AMORT.

* Denotes whole life rate.