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 **FLORIDA PUBLIC SERVICE COMMISSION**

 **Fletcher Building**

 **101 East Gaines Street**

 **Tallahassee, Florida 32399-0850**

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

 **August 20, 2015**

**TO : DIRECTOR OF RECORDS AND REPORTING**

**FROM : DIVISION OF AUDITING AND FINANCIAL ANALYSIS (BASS,**

 **BRAND, HICKS, ROMIG)**

 **DIVISION OF ELECTRIC AND GAS (MILLS)**

 **DIVISION OF LEGAL SERVICES (BROWN)**

**RE : DOCKET NO. 920315-GU, DEPRECIATION STUDY OF FLORIDA**

 **DIVISION OF CHESAPEAKE UTILITIES CORPORATION**

**AGENDA: NOVEMBER 24, 1992, CONTROVERSIAL, FOR PROPOSED AGENCY**

 **ACTION, PARTIES MAY PARTICIPATE**

**PANEL: FULL COMMISSION**

**CRITICAL DATES : NONE**

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 **DISCUSSION OF ISSUES**

**ISSUE 1:** Should the depreciation rates for the Florida Division of Chesapeake Utilities be changed?

**RECOMMENDATION:** Yes. Changes in activity, including consolidation of the Central Florida Gas and Plant City Natural Gas Companies to form a new corporate entity, necessitate changes in the recovery provisions for the Florida Division of Chesapeake Utilities Corporation (Chesapeake or Company). (BASS)

**STAFF ANALYSIS:** By Order No. 23166, the Commission approved the consolidation of Central Florida and Plant City Natural Gas Companies to form the Florida Division of Chesapeake Utilities Corporation. Within that Order, there was a stipulation that the depreciation rates for the consolidated Company would be those rates established for Central Florida Gas Company in Order No. 18202, until a consolidated study was submitted. The Order further set April 7, 1992 as the submission date for that consolidated study. The study submitted in this docket was filed in compliance with Order No. 23166, and describes the changes in the recovery position of the consolidated Company from the previous circumstances.

**ISSUE 2:** What is the appropriate date for implementing the revised depreciation rates for the consolidated Company?

**RECOMMENDATION:** January 1, 1992. (BASS)

**STAFF ANALYSIS:** The Company's proposed date of implementation is January 1, 1992. The data provided by the Company goes through December 31, 1991, thereby abutting the proposed date and providing the necessary and sufficient basis for the required calculation of the recovery position. Staff recommends acceptance of this implementation date.

**ISSUE 3:** Should any reserve transfers and capital recovery schedules be prescribed?

**RECOMMENDATION:** Yes. The recovery schedules recommended by Staff are shown on Attachment 2, page 14. In addition, a reserve transfer of $20,135 from Account 397, Communication Equipment, to Account 375, Structures and Improvements, is recommended to reduce the deficit amount for which recovery is required. (BASS, MILLS, ROMIG)

**STAFF ANALYSIS:** During 1990 and 1991, Chesapeake retired a plant operations building; the building was demolished and the site used for a new building. The retirement and cost for demolition of the old building have resulted in a December 31, 1991 negative reserve balance in the amount of $83,100 in Account 375, Structures and Improvements. This reserve deficit is associated with buildings which no longer exist to serve, and recovery to correct this condition should be provided as quickly as practicable.

 Staff recommends a reserve transfer of $20,135 from Account 397-Communications Equipment, as detailed in the following paragraphs, thereby reducing the deficit amount to $62,965. Recovery of this amount over a 5-year period is recommended, which calculates to an annual expense amount of $12,593 as shown on Attachment 2, page 14.

 Following a physical inventory, the Company has informed Staff that it has no equipment in Account 393, Stores Equipment. The inventory adjustment, however, has resulted in a negative reserve balance of $15, for which Staff recommends recovery in 1992 as shown on Attachment 2, page 14.

 Chesapeake has recently reported that the telemetering equipment acquired in 1985 and 1986 never became successful operationally. Information from the Gas Bureau of the Division of Electric and Gas indicates that this equipment never passed the testing phase to be put into service, and consequently never became used and useful. For this reason, Staff recommends removal of the investment associated with this acquisition of equipment by Central Florida Gas Company from Account 397, Communication Equipment. The prudency of this investment and potential recovery will be reviewed in any future earnings proceeding. Recovery of $4,767 from gross salvage has reduced the investment remaining to be recovered to $184,234. Recovery over five years results in annual expense of $36,847, to be recorded below the line for surveillance purposes, also shown on Attachment 2, page 14.

 The December 31, 1991 reserve balance for the Communications account was $40,843. During 1992, the Company physically inventoried this account, and as a result an inventory adjustment of $20,015 was made, all of it associated with equipment of vintage 1990 or prior. The resulting balance of $20,828 is a surplus of $20,135 over the theoretical reserve of $693; Staff recommends transfer of this surplus to reduce the reserve deficit in Account 375. It is our understanding that neither the Structures Account nor the Communications Account have any allocations to non-utility.

**ISSUE 4:** What are the appropriate remaining lives, net salvage, reserve amounts, and resultant depreciation rates for the Florida Division of Chesapeake Utilities Corporation?

**RECOMMENDATION:** The Staff recommended depreciation rates are tabulated on Attachment 1, page 2. The Staff recommendation will result in an estimated increase in annual depreciation expense of $53,987 shown on Attachment 2, based on investment of January 1, 1992, compared to the expenses which would result from continuation of the current rates. (BASS)

**STAFF ANALYSIS:** The Staff recommended components and resultant rates differ somewhat from those which are proposed by the Company, for several reasons. For all accounts, Staff utilized the half-year convention in determination of average age. This methodology is an averaging technique by which the investment during a year is assumed to occur evenly throughout the year, so that the average year-end age of that investment is 1/2 year. The method used by the Company attributes a year-end age of one year to all investment made during the year, as if the investment had occurred on the first day of that year.

 In those cases where the account reserves have been driven negative by activity associated with recent retirements, the Company's proposal would result in recovery over the remaining life of the account, whereas Staff's position, as discussed in Issue 4, provides for a more immediate correction. Also, the Company has undertaken a physical inventory for several accounts since the study was filed; the resulting true-up of these accounts has altered their recovery position. And last, the (retirement) activity for some accounts in this small Company doesn't provide conclusive direction regarding the life and salvage values which can be expected. In such a case, Staff utilizes collective information from other Florida companies in the industry; and in the case of some accounts, this approach has led to a conclusion which varies from the Company's proposal.

 A brief discussion of each account follows.

**DISTRIBUTION PLANT:**

 Structures - Staff recommended remaining life is the result of utilizing an interim retirement rate with an estimated life span. This is based on the view that the major portion of the investment will survive through the life span of a building, while small portions of investment (associated with air conditioning units, permanently installed floor covering, lighting systems, etc.) will be replaced. For this account, Staff used a 45-year life span, an interim retirement rate of 0.5%, and age of 2.9 years, from which a remaining life value of 38 years is computed.

 Recognizing the Company's practice of site clearance for building replacement, Staff accepts the company proposal for net salvage value of negative 15%. There is a single site involved in this account at present, and a portion of the property is the location of a former manufactured gas plant. The site is thus under the regulation of the Department of Environmental Regulation (DER), and there are attendant responsibilities borne by the Company to comply with procedures required by DER to ensure the public safety. The Company is in compliance with regulations, but sale of the property becomes problematical due to the ongoing nature of environmental responsibilities. Thus, providing for demolition of the present structure at the end of its useful life is prudent.

 Mains Plastic - Since the Company has separated the plastic mains account from steel in the course of working on this study, the original Company proposal did not provide for depreciation of this type of plant separately. For this newly separated account, the Staff recommendation is based on industry experience: a 40-year service life with an S3 life curve, and a net salvage of negative 30%. Using the average age of 2.6 years, a remaining life value of 37 years is recommended.

 Mains Other - Staff recommnds a 40-year service life, based on the wide usage of this value throughout this industry in Florida. The retirements reflected in the Company data amount to less than 1% of the account, and so do not form a reliable basis for meaningful statistical analysis. (Using the record of retirements provided, those retirements somewhat exceed the level which would be expected by use of the Company proposed R2 curve, however.) Staff's use of an S3 curve and net salvage of negative 30% relies therefore on industry projections. Using the average age of 10 years, we recommend a remaining life of 30 years.

 Measuring and Regulating Equipment - Staff recommends continuation of the 30-year average service life with zero net salvage and an R3 curve. There is not sufficient Company experience to drive a change to the R5 curve, which Chesapeake proposed. Using an average age of 3.1 years, the Staff recommendation is for a remaining life of 27 years with a net salvage of zero.

 Measuring and Regulating Equipment, City Gate - Staff accepts the Company proposal of use of a 30-year average service life as reasonable. The company proposed an S4 curve, but retention of the S3 curve is recommended because data provided is not sufficient to warrant the proposed change. The recommended

23-year remaining life is based on an average age of 6.7 years.

 According to the Company, there are eleven gate stations, for which removal costs are estimated to be approximately $1,500 each using current labor rates. This estimated amount covers typical required inventory of line stoppers, weld caps and tapping tees, with an estimate of 48 labor hours for installation. From this information a cost of removal of 7% is calculated. With negligible gross salvage likely, net salvage of negative 7% is recommended.

 Services Plastic - As with the Mains account, the Company has separated the Services account between plastic and steel in the course of working on this study, but the Company's proposal combined the two. The Staff recommendation is based on average industry expectations of a 35-year service life with an S2 life pattern. Using the age of 2.9 years, a remaining life of 32 years results.

 The recommended net salvage of negative 25% comes from estimating the cost of removal for the services, with negligible gross salvage expected. In estimating cost of removal, Staff is concerned that the high costs associated with the physical retirement of services which are located under pavement. From information provided by the Company, Staff calculates an estimated cost of $188 to remove a service under pavement and restore the pavement; the corresponding cost to remove a service not under pavement is estimated at $52. From these estimates, Staff has derived the net salvage of negative 25% for the account.

 Services Other - This account is comprised of the steel services, which were commonly installed before plastic materials became industry standard for many applications. The Staff recommendation is to maintain the 35-year service life and the S2 curve currently underlying the prescribed remaining life for the combined plastic and steel services. With an average age of 10.8 years, a recommended remaining life of 24 years results. Use of the S2 curve is based on industry averages, and it is also in line with Company activity. The Company's proposal, which applied to the combined plastic and steel services, was a 37-year service life and an R5 curve. The Company proposed R5 curve implies more retirements than the retirement rate and average age indicate.

 Again, the cost of removal can be very high when a service being retired is located under pavement, and this cost must be correctly included in the net salvage component of the remaining life rate calculation. Staff has used the Company provided estimates of required labor hours to calculate the cost for removal for steel services, for both under pavement and not under pavement conditions. The Company states that 20% of the steel services are located under pavement, and the remaining 80% are not. The net salvage for this account, resulting from the calculations described, is negative 52%, which is recommended.

 Meters - The meters for this Company are expected to live in a pattern similar to that for the meters for other companies in Florida, and the R4 curve is widely accepted as generally descriptive of the industry experience. The small amount of retirements (under 1% recorded in the last five years) ties well to inferences from this curve, also. However, statistical study of such records can't provide a reliable basis for inference to the entire account; because the Company proposal relied on such inference, it was not adopted by Staff. With the R4 curve, Staff recommends continuation of the 25-year average service life and zero net salvage. Using an average age of 9.4 years results in the recommended remaining life of 15.7 years.

 House Regulators - Staff recommends continuation of the current service life of 30 years and zero net salvage. An R4 curve is recommended, based on industry-wide experience. The Company proposal for an S0.5 curve was based on "judgment" with the observation that "test results were unreliable." With the recalculated average age of 6.2 years, the resulting remaining life of 24 years is recommended.

 Meter and Regulator Installations - Based on information provided by the Company, the meter and regulator installations are expected to have coincident service lives. Within the operation of Chesapeake, a regulator installation is required with a meter installation, and the two would be retired together. Further, the removal of both installations is routinely carried out in a single operation at the time of physical retirement.

 The Staff remaining life recommendation for the combined account is based on a continuation of the 35-year average service life which had been set for the former Central Florida Company. The 35-year service life is commonly accepted in the industry, and it is not in conflict with Company data. Staff recommends use of an S2 curve, again based on wide industry acceptance. With a recalculated average age of 7.4 years, a remaining life of 28 years is recommended.

 The net salvage amounts (which directly result from the cost of removal) are a continuing concern, dating from the last prior studies. Staff has been assured by the Company that cost of removal booked does not erroneously include meter change-outs, which the Company reports they are correctly expensing. The apparent cost of removal is higher than industry average, and Staff inquiries have not yet disclosed the reason. Pending further investigation into this matter, Staff recommends continuation of the current negative 5% net salvage.

 Measuring and Regulating Equipment Industrial - Staff accepts the Company proposal of continued use of the average service life of 30 years with the S4 curve. The Company proposed negative 5% net salvage comes from recent small retirements, and is not sufficient indication to drive a change from the current net salvage of zero. Using the average age of 2.9 years, a remaining life of 27 years is recommended, with zero net salvage.

 Other Equipment - Staff recommends acceptance of the Company proposed service life of 25 years with the S4 curve and zero net salvage. Staff calculation agrees with the average age of 3.4 years, and recommends a remaining life of 22 years.

**GENERAL PLANT**

 Structures and Improvements - The Staff recommendation is for a remaining life of 36 years and a net salvage of negative 5%. This remaining life is based on a 0.5% interim retirement rate and a life span of 40 years, which correlates with the Company proposed average service life of 37 years. The net salvage agrees with Company proposal and recognizes this Company's removal of obsolete structures so that property is available for new buildings.

 Data Processing Equipment - Equipment in this account consists of multiple items such as "PC's". Based on review of the average age of retirements in recent years, Staff recommends use of a 7-year service life and an S2 curve, which are also common in the industry. The Company proposal of a 7-year life with a square wave curve does not recognize the commonly held expectation that portions of investment are expected to be changed out over the life of the computer. With the age of 3.8 years, a remaining life of 3.5 years is recommended. Company data shows a net salvage of 2%, which is within the range of industry averages and is recommended.

 Office Furniture - Staff recommends use of industry averages for this account: 20 years for the average service life with the S2 curve and zero net salvage. With the average account age of 12 years, the resultant remaining life is 9.2 years. The Company proposal was based on an age of 7.7 years, which does not accurately depict some older equipment still on the books. There have been no retirements recorded since the last studies. The Company indicates that a physical inventory is planned but has not yet been done; some equipment from early vintages may no longer be in service. Results of the inventory should be incorporated in the next study.

 Office Equipment - As a result of a physical inventory performed in 1992, the Company has found that certain equipment (which had been listed in this account) was not in service, and the plant and reserve amounts have been revised to reflect this information. The Company proposal was based in part on data which reflected equipment thought to be in service since the mid-fifties. With the inventory adjustment due to the physical inventory, the surviving equipment dates from 1977, and the Company proposal is not supported. The recalculated age of plant-in-service is 7 years, and an industry average S1 curve is recommended, with the Company proposed service life of 13 years. Company data indicates that a zero net salvage is appropriate. The recommended remaining life is 7.2 years.

 VAX System Equipment - This data processing equipment is connected to a mainframe in North Carolina, where most of the actual data analysis is done in the corporate offices. The equipment consists of a single unit, and it is expected that the entire equipment set-up will be retired together. This event is not expected to happen prior to the next study, but might happen soon afterward. There are some modules which might require replacement prior to the final retirement, but this occurrence is not predictable from what we know. This situation is not well-suited to the application of statistics. The Company proposal is an eight year service life and square wave curve. Staff accepts this proposal with a resultant remaining life of 5.8 years, based on age of 2.2 years, along with zero net salvage. Staff notes that the separation of this equipment into a separate account is appropriate.

 Transportation - Cars and Light Trucks - The Company reports that all investment in trucks and autos should be classified in this account, but the Company proposal incorrectly separated data between sub-accounts. Staff recommends continuation of the S1 curve, which is consistent with industry experience. Based on Company supplied information regarding recent retirement activity, Staff recommends use of a 6-year average service life with a 12% net salvage. Using the recalculated age of 3.2 years, a remaining life of 3.4 years is recommended.

 Transportation - Heavy Trucks - There is no investment in heavy trucks at this time, although the Company has in the past owned such equipment. An 8% whole life rate based on a 10-year service life and 20% net salvage, which are industry typical for such equipment, is provided for recovery of any investment which might occur in this sub-account.

 Transportation Equipment - Other - Staff recommends continuation of the 15-year service life with the S5 curve; this usage is in line with Company data as well as reflecting industry expectations. With the average age of 7.8 years, a remaining life of 7.2 years results. Staff accepts the Company proposal to continue the current net salvage of 10%.

 Stores Equipment - There is no current investment in this account. Staff recommends providing for recovery of any future investment by use of a 4% whole life rate, based on an average service life of 25 years with zero net salvage.

 Tools and Work Equipment - The Company has recently conducted a physical inventory and, as a result, several items of equipment were retired. The Company proposal for a 25-year service life is not in line with the data after the inventory adjustment, but the Company proposal for an S1 curve and no net salvage is acceptable. For the current investment, Staff a recommends remaining life of 15 years, based on a newly calculated average age of 5.4 years, and use of the S1 curve with a 20-year average service life. Recommended continuation of zero net salvage is warranted by Company data.

 Power Operated Equipment - Staff recommends a remaining life of 8.4 years, based on use of an industry average service life of 15 years, with an account average age of 6.6 years and use of an S4 curve. Continuation of the current zero net salvage is also recommended, in absence of retirement activity. The Company proposal for 11-year service life and square wave with 10% salvage is not indicated by correlation with Company data, due to the absence of retirements.

 Communication Equipment - The investment in this account represents equipment which is very new: all equipment which had been held by the Plant City Company has been retired. Following a physical inventory of this account, made during 1992, an inventory adjustment in the amount of $20,015 has been reported by the Company. The adjusted average age for the equipment related to this account was only 0.6 year. Based on descriptive information provided by the Company, the equipment is typical of the related equipment recorded in this account by Companies throughout Florida. Thus, Staff recommends use of a 15-year service life and an S1 curve with zero net salvage, based on average industry expectation. The resulting remaining life of 14.6 years is also recommended. The proposal provided by the Company was based on selective judgement in the absence of meaningful data; Staff recommends industry expectations as a valid guide.

 Miscellaneous Equipment - Shortly after this depreciation study was filed, the Company performed a physical inventory on several accounts including this one. As a result, there is no longer any equipment of pre-1983 vintages in this account. The average age for the account is calculated to be 6.5 years. The S4 curve and 15-year average service life (which are very widely used in the industry for this account) closely match the Company data at this time. From the above facts, Staff recommends a remaining life of 8.5 years with a zero net salvage.

**ISSUE 5:** Should this docket be closed?

**RECOMMENDATION:** Yes, provided no timely protest to the Proposed Agency Action Order is received, the docket should be closed. (BASS)

**STAFF ANALYSIS:** Upon resolution of the issues set forth above, nothing remains to be done in this docket.

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 CHESAPEAKE UTILITIES CORPORATION

 1991 STUDY

 Comparison of Depreciation Rates and Components

 C U R R E N T C O M P A N Y P R O P O S E D S T A F F R E C O M M E N D E D

 AVERAGE REMAINING AVERAGE REMAINING AVERAGE REMAINING

 SERVICE NET LIFE REMAINING NET BOOK LIFE REMAINING NET BOOK LIFE

 LIFE SALVAGE RATE LIFE SALVAGE RESERVE RATE LIFE SALVAGE RESERVE RATE

 (yrs) (%) (%) (yrs) (%) ($) (%) (yrs) (%) (%) (%)

DISTRIBUTION PLANT

 375 Structures & Improvements 31.0 0 2.0 42.8 (15) (47.00) 3.78 38.0 (15) 0.0 \* 3.0

 376 Mains ‑ Plastic 37.0 (30) 9.1 3.3

 376 Mains ‑ Steel 30.0 (30) 27.5 3.4

 376 Mains ‑ Total 32.0 (30) 3.5 31.7 (25) 24.46 3.17

 378 M & R Eqpt. ‑ General 25.0 0 3.4 29.1 (5) 5.22 3.43 27.0 0 5.2 3.5

 379 M & R Eqpt. ‑ City Gate 29.0 0 3.2 23.9 20.23 3.34 23.0 (7) 20.2 3.8

 380 Services ‑ Plastic 32.0 (25) 11.6 3.5

 380 Services ‑ Steel 24.0 (52) 14.6 5.7

 380 Services ‑ Total 27.0 (35) 3.8 30.2 (100) 13.42 6.19

 381 Meters 16.8 0 4.6 23.1 29.82 3.04 15.7 0 29.8 4.5

 382 Meter Installations 30.0 (5) 2.9 27.0 (30) 16.14 4.22 28.0 (5) 16.1 3.2

 383 House Regulators 24.0 0 3.5 25.8 18.00 3.18 24.0 0 18.0 3.4

 384 Regulator Installations 25.7 (50) 26.03 4.83 26.0

 385 M & R Eqpt. ‑ Industrial 25.0 0 3.1 27.4 (5) 8.06 3.54 27.0 0 8.1 3.4

 387 Other Equipment 14.1 0 5.4 21.7 18.44 3.76 22.0 0 16.8 @ 3.8

ENERAL PLANT

 390 Structures & Improvements 40.0 0 2.5 \*\* 32.9 (5) 11.90 2.83 36.0 (5) 11.9 2.6

 391.1 Data Processing Eqpt. 4.6 0 19.4 3.2 5 71.35 7.39 3.5 2 71.4 7.6

 391.2 Office Furniture 11.0 0 4.5 12.4 10 36.75 4.29 9.2 0 36.7 6.9

 391.3 Office Equipment 8.1 0 7.3 7.1 42.23 8.14 7.2 0 32.5 @ 9.4

 391.4 Vax System Eqpt. 4.6 0 19.4 5.8 35.28 11.16 5.8 0 35.3 11.2

 392.1 Cars & Light Trucks 3.3 40 12.0 2.7 20 7.12 24.26 3.4 12 7.1 23.8

 392.2 Heavy Trucks 6.6 30 7.0 5.2 20 1.81 15.04 10.0 20 ‑‑ 8.0 \*\*

 392.3 Transportation Eqpt. ‑ Other 10.2 10 5.9 6.3 10 48.88 6.53 7.2 10 48.9 5.7

 393 Stores Equipment 6.4 0 1.3 6.3 97.64 0.31 25.0 0 ‑‑ @ 4.0 \*\*

 394 Tools and Work Eqpt. 25.0 0 4.0 \*\* 19.3 29.55 3.65 15.0 0 13.9 @ 5.7

 396 Power Operated Eqpt. 13.4 0 5.8 4.7 10 38.81 10.89 8.4 0 32.9 @ 8.0

 397 Communication Eqpt. 12.3 0 6.7 16.7 5 (276.72) 22.26 14.6 0 2.2 @@ 6.7

 398 Miscellaneous Eqpt. 7.0 0 7.0 18.2 77.45 1.24 8.5 0 69.3 @ 3.6

 @ Denotes restated reserve after 1992 physical inventory.

 \* Restated reserve after negative component is withdrawn

 and placed on a capital recovery schedule.

 \*\* Denotes whole life rate.

 @@ Denotes restated reserve after 1992 inventory and corrective

 reserve transfer.

 CHESAPEAKE UTILITIES CORPORATION

 1992 STUDY

 COMPARISON OF DEPRECIATION EXPENSES

 C U R R E N T C O M P A N Y P R O P O S E D S T A F F R E C O M M E N D E D

 REMAINING REMAINING CHANGE REMAINING CHANGE

 ACCOUNT (1/1/92) LIFE LIFE IN LIFE IN

 INVESTMENT RATE EXPENSES RATE EXPENSES EXPENSES RATE EXPENSES EXPENSES

 ($) (%) ($) (%) ($) ($) (%) ($) ($)

DISTRIBUTION PLANT

 375 Structures & Improvements 176,810 2.0 3,536 3.8 6,719 3,183 3.0 5,304 1,768

 376 Mains ‑ Plastic 1,327,060 3.3 43,793 43,793

 376 Mains ‑ Steel 6,695,872 3.4 227,660 227,660

 376 Mains ‑ Total 8,022,932 3.5 280,803 3.2 256,734 (24,069) 0 (280,803)

 378 M & R Eqpt. ‑ General 164,262 3.4 5,585 3.4 5,585 0 3.5 5,749 164

 379 M & R Eqpt. ‑ City Gate 232,360 3.2 7,436 3.3 7,668 232 3.8 8,830 1,394

 380 Services ‑ Plastic 676,256 3.5 23,669 23,669

 380 Services ‑ Steel 1,082,138 5.7 61,682 61,682

 380 Services ‑ Total 1,758,394 3.8 66,819 6.2 109,020 42,201 0 (66,819)

 381 Meters 592,880 4.6 27,272 3.0 17,786 (9,486) 4.5 26,680 (592)

 382 Meter Installations 423,710 2.9 12,288 4.2 17,796 5,508 3.2 13,559 1,271

 383 House Regulators 365,820 3.5 12,804 3.2 11,706 (1,098) 3.4 12,438 (366)

 384 Regulator Installations 8,289 4.8 398 398 0 0

 385 M & R Eqpt. ‑ Industrial 718,216 3.1 22,265 3.5 25,138 2,873 3.4 24,419 2,154

 387 Other Equipment 123,112 5.4 6,648 3.8 4,678 (1,970) 3.8 4,678 (1,970)

 Total Distribution Plant 22,368,111 445,456 463,228 17,772 458,461 13,005

GENERAL PLANT

 390 Structures & Improvements 315,610 2.5 7,890 2.8 8,837 947 2.6 8,206 316

 391.1 Data Processing Eqpt. 85,699 19.4 16,626 7.4 6,342 (10,284) 7.6 6,513 (10,113)

 391.2 Office Furniture 39,353 4.5 1,771 4.3 1,692 (79) 6.9 2,715 944

 391.3 Office Equipment 41,156 7.3 3,004 8.1 3,334 330 9.4 3,869 865

 391.4 Vax System Eqpt. 35,824 19.4 6,950 11.2 4,012 (2,938) 11.2 4,012 (2,938)

 392.1 Cars & Light Trucks 319,130 12.0 38,296 24.3 77,549 39,253 23.8 75,953 37,657

 392.2 Heavy trucks 0 7.0 0 15.0 0 0 8.0 0 0

 392.3 Transportation Eqpt. ‑ Other 159,893 5.9 9,434 6.5 10,393 959 5.7 9,114 (320)

 393 Stores Equipment 0 1.3 0 0.3 0 0 4.0 0 0

 394 Tools and Work Eqpt. 39,744 4.0 1,590 3.7 1,471 (119) 5.7 2,265 675

 396 Power Operated Eqpt. 69,565 5.8 4,035 10.9 7,583 3,548 8.0 5,565 1,530

 397 Communication Eqpt. 31,804 6.7 2,131 22.3 7,092 4,961 6.7 2,131 0

 398 Miscellaneous Eqpt. 7,121 7.0 498 1.2 85 (413) 3.6 256 (242)

Total General Plant 1,144,899 92,225 128,390 36,165 120,599 28,374

TOTAL PLANT IN SERVICE 23,513,010 537,681 591,618 53,937 579,060 41,379

 Recovery Schedules 0 0 0 0 12,608 12,608

 23,513,010 537,681 591,618 53,937 591,668 53,987

 @ Denotes restated investment after 1992 physical inventory.

 \*\* Denotes whole life rate.

 RECOVERY SCHEDULES for FLORIDA DIVISION of CHESAPEAKE UTILITIES CORPORATION

 RECOVERY 1992 1993 1994 1995 1996

 ACCOUNT REQUIRED EXPENSE EXPENSE EXPENSE EXPENSE EXPENSE

 375 Structures & Improvements

 Retirements '90 & '91 $ 62,964 \* $ 12,593 $ 12,593 $ 12,593 $ 12,593 $ 12,592

 393 Stores Equipment $ 15 $ 15

 TOTAL RECOVERY SCHEDULE EXPENSE $ 63,979 $ 12,608 $ 12,593 $ 12,593 $ 12,593 $ 12,592

 \* Includes transfer of reserve surplus from Account 397,

 Communication Equipment, in the amount of $20,135.

 Recovery Below the Line:

 Telemetering Equipment $ 184,234 $ 36,847 $ 36,847 $ 36,847 $ 36,847 $ 36,846