

FLORIDA  
PUBLIC UTILITIES COMPANY

P O Box 3395  
West Palm Beach, FL 33402-3395

October 15, 1997

Ms. Blanca Bayo, Director  
Florida Public Service Commission  
Division of Records and Reporting  
Capital Circle Office Center  
2540 Shumard Oak Blvd.  
Tallahassee, FL 32399-0850

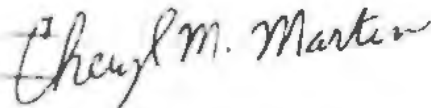
RE: Docket No. **970537-EI**

Dear Ms. Bayo:

We are enclosing 15 copies of our responses to the combined initial review, staff review and staff recommendations, dated September 11, 1997, for the 1997 Depreciation Study for Florida Public Utilities Company (Marianna Electric Division).

If you have any questions, please let me know.

Sincerely,



Cheryl M. Martin  
Manager of Corporate Accounting

2 cc  
1  
5  
George Bachman  
Mark Cutshaw  
Jack English  
Patricia Lee - FPSC  
Jim Mesite  
Darryl Troy  
Marianna Depreciation Study - 1997 (S154-138)

DOCUMENT NUMBER DATE

10705 OCT 17 97

**FLORIDA PUBLIC UTILITIES COMPANY**

**Marianna Electric Division**

**1997 Depreciation Study**

**Docket Number 970537-E1**

**Response to Initial Review, Staff Report and Staff Recommendations**

General:

1. The following is a list of major rebuilds or other major retirements planned for the 1998 through 2001 period.

Beginning in 1998 the Company anticipates that the feeder along Highway 71 South will be relocated and rebuilt due to highway widening. This project will take five years to complete.

Oil Circuit Breakers will be replaced by Vacuum Circuit Breakers over the five year period beginning in 1998.

Various Feeders in the Marianna area will be rebuilt beginning in 1998. This rebuild will take five years to complete.

During 1998 a Bucket Truck (Vehicle # 41908) will be replaced.

During the period 1998 through 2000 the Company will be replacing the present communication system.

Late in 1997, or early 1998, the Company land and warehouse at 406 South Green Street, Marianna, Florida will be sold. Based on an independent appraisal, the majority of the selling price of the property represents the value of the land. For this reason, the Structures & Improvements will be retired with no salvage and the net gain will be taken on the land. Due to the finality of the transaction and the fact that the transaction will not directly affect future long-term determinations of depreciation rates, the Company requests that the anticipated net gain from the sale be amortized over four years, beginning January 1, 1998. The computation is as follows:

Sale Price	\$ 50,000	
Cost of Sales	<u>(5,000)</u>	
Net Proceeds	\$ 45,000	
Plant (Land)	<u>1,000</u>	
Net Gain	<u>\$ 44,000</u>	$\div 4 = \$11,000 / \text{year}$

DOCUMENT NUMBER DATE

10705 OCT 17 6

**1. - Continued**

In 1997, the remaining Hydraulic Production Land asset was sold. The Company requests that the gain from the sale be amortized over four years, beginning January 1, 1998. The composition of the gain is as follows:

Sale Price	\$ 70,500	
Cost of Sales	<u>(1,240)</u>	
Net Proceeds	\$ 69,260	
Plant	<u>1,837</u>	
Gross Gain on Sale	\$ 67,423	
Reserve @ 12/97 (CR)	<u>4,599</u>	
Net Gain	<u>\$ 72,022</u>	÷ 4 = \$18,005 / year

See the attached Exhibit M, Major Rebuilds and Retirements for additional details regarding the above items.

Production Plant:

2. Account 330 (Land): The \$1,837 adjustment represents the transfer to Account 121, non-utility plant, for the remaining balance in the Hydraulic Production Land account. The basis for this adjustment was discussed in the 1993 Marianna Electric Division Rate Case, Docket # 930400-EI, Final Order No. PSC-94-0170-FOF-F1.

Distribution Plant:

3. Account 364 (Poles, Towers & Fixtures): The Company acknowledges the Staff's response; however, we would like to request the net salvage rate be adjusted to negative 25% instead of the suggested negative 30%. It is felt that an additional 5% reduction in negative salvage would be appropriate until further activity can be measured and it still remains a move more towards the industry average.

4. Account 365 (Overhead Conductors & Devices):

- a. The \$4,533 adjustment increasing investment represents the new plant at the original value of replaced plant that was damaged as the result of Hurricane Opal.

	Cost of New Plant	\$11,916.15
less	Storm Reserve Contribution	<u>7,382.82</u>
	Book Value of Replacement Items	<u>\$ 4,533.33</u>

4. - Continued

The adjustment to reserve is comprised of three events. The reserve was reinstated by \$4,533 from the storm reserve for the original value of the items retired.

A \$1,702 increase in reserve is salvage from the sale of scrap.

A \$332.70 decrease to reserve represents PCB environmental costs of removal.

- b. For the year 1994, Exhibit B.1/3, Account 365 erroneously included an additional \$682.45. For the year 1995, Exhibit C.1/3, Account 365 included \$400.16 that should have been posted to Account 364.

Attached are copies of Adjusted Initial Filing Exhibits B.1/3 and C.1/3. Due to the insignificance of these adjustments, no further action was taken to adjust other related exhibits.

- c. The Company agrees with the Staff's proposal of a Net Salvage factor of negative 15%.

5. Account 366 (Underground Conduit): For 1996, contributions of \$11,582.73 from expired customer contracts were posted as negative additions. These contributions were in excess of typical additions resulting in a negative addition balance for the year.

6. Account 367 (Underground Conductors & Devices): The large salvage was the result of an incorrect allocation on the Depreciation Data Summary sheet; a Transfer of \$20,126 was listed as Salvage. Taking into account the above, Account 367 should indicate Transfers of \$0.00 and Salvage of (\$50).

7. Account 368 (Line Transformers):

- a. The \$6,581 adjustment increasing investment represents the new plant at the original value of replaced plant that was damaged as the result of Hurricane Opal.

	Cost of New Plant	\$17,299.73
less	Storm Reserve Contribution	<u>10,718.25</u>
	Book Value of Replacement Items	<u>\$ 6,581.48</u>

7. - Continued

The (\$6,266) transfer out of plant represents a few items that were initially charged to plant instead of the storm reserve when purchased. These items were correctly included in the subsequent \$17,299.73 charge-out from the storm reserve, discussed above.

The adjustment to reserve is comprised of two events. The reserve was reinstated by \$6,581 from the storm reserve for the original value of the items retired.

The remaining \$1,823 increase to reserve represents a transfer from the storm reserve for cost of removal due to Hurricane Opal.

- b. The negative salvage results from the removal cost and cost of disposal being substantially greater than any salvage realized. It is the policy of FPUC to charge cost of removal only when the cost is the result of removing transformers for the purpose of being retired. Additionally, retired transformers require high costs for disposal and/or decommissioning and associated transportation. During the period covered by this depreciation study, there were transformer disposal testing and several large disposals of transformers. It is expected that future costs of disposal will be less than indicated by this particular study.

Staff did not indicate a proposed net salvage rate for this account. The Company would request that due to the unusually high disposal costs, discussed above, the net salvage rate remain at the current level of negative 10%. It is felt that this rate, which is equal to the current industry average, would be appropriate until further activity can be measured.

8. Account 369 (Services):

- a. The adjustment increasing the reserve by \$850 is the result of a sale of scrap.
- b. At January 1, 1997, Account 369 - Services, consisted of 76.89% Overhead Services and 23.11% Underground Services.
- c. Since engineering parameters and work methods are not expected to change significantly in future years, it is expected that removal costs will remain constant. The Company agrees with the Staff's proposal of a Net Salvage factor of negative 20%.
- d. The Company agrees with the Staff's proposal of a 30 year service life.

9. Account 370 (Meters): Over the past few years, it has been necessary to identify and retire many older (lower cost) meters and many inaccurate meters. It was determined that it would not be economical to rebuild the particular meters involved. It is expected that the net salvage percentage would decrease somewhat over the next several years since a vast majority of the old and inaccurate meters have been retired

10. Account 371 (Meters): The Company acknowledges the Staff's response; however, we would like to request the net salvage rate be adjusted to 15% instead of the proposed 10%. It is felt that a 5% reduction would be appropriate until further activity can be measured and it still remains a move more towards the industry average.

11. Account 373 (Street Lighting):

a. The \$51.77 adjustment increasing investment represents the new plant at the original value of replaced plant that was damaged as the result of Hurricane Opal.

	Cost of New Plant	\$136.09
less	Storm Reserve Contribution	<u>84.32</u>
	Book Value of Replacement Items	<u>\$ 51.77</u>

The \$52 increase in the reserve resulted when the reserve was reinstated from the storm reserve for the original value of the items retired

b. The Company agrees with the Staff's proposal of a 25 year service life.

c. The Company acknowledges the Staff's response; however, we would like to request the net salvage rate be changed to negative 5% instead of the suggested negative 15%. It is felt that a 10% reduction would be appropriate for this depreciation study period until additional future activity can be measured and it still remains a move more towards the industry average

12. Account 392 (Transportation):

a. This entry represents the proceeds from the sale of an automobile. The retirement of the vehicle is included in the \$40,378 retirements

b. Of the several vehicle retirements that were posted during 1996, only one salvage was posted during 1996. The salvage for the remaining retirements were posted during 1994 and 1995. See response to 12a and 12c for additional details.

12. - Continued

- c. The \$88,760 represents retirements of Heavy Trucks for 1996. For the items retired during 1996, \$23,850 of salvage was recorded in 1995. See response to 12c for additional details.
- d. See response to 12c for additional details
- e. See the attached Exhibit N, Transportation - In Service, Retirements. Salvage for additional details regarding the above items.

The Company uses the policy of replacing heavy vehicles after 10 years of service. Cars and light trucks are replaced after five years of service.

- 13. Account 397 (Communication Equipment): Communication Equipment is presently comprised of Fixed 2-Way Communication Equipment of \$15,450; Mobile and Hand-held 2-Way Equipment of \$45,142; Telephone System of \$6,287; and miscellaneous communication equipment of \$810.

It is anticipated that within the next few years all 2-way communications equipment will be replaced. The system's mobile equipment will be purchased and a monthly usage fee will be paid to a third-party vendor. Due to rapidly changing technology and a commensurate lower equipment quality it is anticipated that the system will have a useful life of approximately 10 years.

FLORIDA PUBLIC UTILITIES COMPANY  
MARIANNA ELECTRIC DIVISION  
RETIREMENTS FOR 1984

AGE	YEAR	363	WT AVG	364	WT AVG	365	WT AVG	378	WT AVG	AGE	YEAR	3671	WT AVG	3672	WT AVG	3681	WT AVG	AGE	YEAR	
51.5	1943	-	-	-	-	-	-	13.91	716.37	51.5	1943	-	-	-	-	-	-	51.5	1943	
50.5	1944	-	-	-	-	-	-	-	-	50.5	1944	-	-	-	-	-	-	50.5	1944	
49.5	1945	-	-	-	-	-	-	83.28	4,122.36	49.5	1945	-	-	-	-	-	-	49.5	1945	
48.5	1946	-	-	-	-	-	-	26.19	1,270.22	48.5	1946	-	-	-	-	-	-	48.5	1946	
47.5	1947	-	-	40.00	1,800.00	-	-	18.81	798.48	47.5	1947	-	-	-	-	-	-	47.5	1947	
46.5	1948	-	-	-	-	-	-	47.82	2,223.83	46.5	1948	-	-	-	-	-	-	-	46.5	1948
45.5	1949	-	-	-	-	-	-	47.84	2,181.27	45.5	1949	-	-	-	-	-	-	-	45.5	1949
44.5	1950	-	-	-	-	-	-	54.00	2,403.00	44.5	1950	-	-	-	-	-	-	-	44.5	1950
43.5	1951	-	-	143.47	6,240.85	-	-	57.98	2,822.57	43.5	1951	-	-	-	-	487.44	20,333.04	43.5	1951	
42.5	1952	-	-	71.90	3,095.75	4,498.18	191,087.85	30.79	883.15	42.5	1952	-	-	-	-	-	-	42.5	1952	
41.5	1953	-	-	311.08	12,810.24	103.90	4,285.25	-	-	41.5	1953	-	-	-	-	-	-	41.5	1953	
40.5	1954	-	-	135.30	5,478.85	102.18	4,138.29	388.88	14,577.88	40.5	1954	-	-	-	-	188.80	8,888.80	40.5	1954	
39.5	1955	-	-	-	-	-	-	1,783.82	88,278.84	39.5	1955	-	-	-	-	888.40	34,222.80	39.5	1955	
38.5	1956	-	-	-	-	222.42	8,883.17	1,024.88	38,488.87	38.5	1956	-	-	-	-	872.41	25,887.78	38.5	1956	
37.5	1957	-	-	544.88	12,821.75	1,057.84	38,881.50	173.48	8,504.75	37.5	1957	-	-	-	-	1,883.33	58,834.88	37.5	1957	
36.5	1958	-	-	883.88	32,587.42	173.80	8,347.36	531.46	19,388.02	36.5	1958	-	-	-	-	78.00	883.50	36.5	1958	
35.5	1959	-	-	1,284.13	53,388.82	348.12	12,388.78	1,137.31	40,374.51	35.5	1959	-	-	-	-	1,587.71	55,283.21	35.5	1959	
34.5	1960	8,572.18	298,740.21	273.03	8,418.54	1,708.88	58,888.12	1,675.71	57,812.00	34.5	1960	-	-	-	-	840.18	22,088.21	34.5	1960	
33.5	1961	-	-	232.95	11,140.43	280.44	8,724.74	81.80	3,085.28	33.5	1961	-	-	-	-	88.71	2,871.79	33.5	1961	
32.5	1962	-	-	438.74	14,281.58	88.82	2,174.90	522.50	16,881.25	32.5	1962	-	-	-	-	125.18	3,417.70	32.5	1962	
31.5	1963	-	-	474.42	14,844.23	840.14	28,484.41	257.88	8,128.37	31.5	1963	-	-	-	-	384.34	11,181.71	31.5	1963	
30.5	1964	-	-	488.82	14,842.38	882.87	21,128.44	100.81	3,074.71	30.5	1964	-	-	-	-	417.82	12,748.58	30.5	1964	
29.5	1965	-	-	543.84	18,037.38	1,348.30	38,804.35	816.88	24,100.32	29.5	1965	-	-	-	-	878.48	25,888.18	29.5	1965	
28.5	1966	-	-	588.72	14,441.32	371.81	10,588.58	154.13	4,382.71	28.5	1966	-	-	-	-	733.02	20,881.07	28.5	1966	
27.5	1967	-	-	581.88	15,808.70	183.33	5,816.58	57.58	1,883.45	27.5	1967	-	-	-	-	738.18	20,244.40	27.5	1967	
26.5	1968	-	-	829.18	21,872.74	1,153.28	30,581.82	58.42	1,485.13	26.5	1968	-	-	-	-	784.08	20,777.88	26.5	1968	
25.5	1969	-	-	508.83	12,828.72	848.42	24,210.21	151.88	3,887.84	25.5	1969	-	-	-	-	1,754.88	44,744.34	25.5	1969	
24.5	1970	-	-	438.28	10,888.72	555.82	13,812.88	153.15	3,752.18	24.5	1970	-	-	-	-	1,878.03	41,082.74	24.5	1970	
23.5	1971	-	-	483.30	11,357.55	747.82	17,573.77	-	-	23.5	1971	-	-	-	-	848.88	19,883.58	23.5	1971	
22.5	1972	-	-	278.83	5,144.18	510.30	11,481.75	58.72	1,343.70	22.5	1972	-	-	-	-	390.81	8,543.23	22.5	1972	
21.5	1973	-	-	627.38	13,488.88	812.91	13,177.57	108.74	2,359.41	21.5	1973	-	-	-	-	338.88	7,280.88	21.5	1973	
20.5	1974	-	-	1,384.98	28,391.88	1,289.11	28,018.78	236.12	4,881.48	20.5	1974	-	-	-	-	888.44	14,113.02	20.5	1974	
19.5	1975	-	-	338.85	8,807.58	389.50	7,585.25	288.15	5,813.54	19.5	1975	-	-	-	-	1,413.78	27,588.71	19.5	1975	
18.5	1976	-	-	143.25	2,650.13	148.79	2,771.12	-	-	18.5	1976	-	-	-	-	206.58	16,771.92	18.5	1976	
17.5	1977	-	-	331.42	5,788.85	-	-	58.62	1,025.85	17.5	1977	-	-	-	-	1,485.35	25,983.63	17.5	1977	
16.5	1978	-	-	1,633.24	28,848.48	130.20	2,148.30	4.26	4,525.29	16.5	1978	-	-	-	-	827.80	13,880.35	16.5	1978	
15.5	1979	-	-	430.10	8,886.55	454.54	10,145.37	-	-	15.5	1979	-	-	-	-	178.15	2,730.33	15.5	1979	
14.5	1980	-	-	1,072.70	15,554.15	518.52	8,888.54	-	-	14.5	1980	-	-	-	-	2,808.87	40,888.72	14.5	1980	
13.5	1981	-	-	-	-	581.00	7,438.50	-	-	13.5	1981	-	-	-	-	1,848.50	24,854.75	13.5	1981	
12.5	1982	-	-	1,491.85	18,648.13	473.88	18,420.75	881.08	8,513.50	12.5	1982	-	-	-	-	247.02	3,087.75	12.5	1982	
11.5	1983	-	-	418.84	4,814.38	504.40	5,800.80	-	-	11.5	1983	-	-	-	-	318.05	3,634.58	11.5	1983	
10.5	1984	-	-	-	-	1,288.10	13,315.05	828.60	8,700.30	10.5	1984	-	-	-	-	208.18	2,188.38	10.5	1984	
9.5	1985	-	-	68.74	653.03	588.38	5,882.86	150.34	1,428.23	9.5	1985	-	-	-	-	1,082.43	10,083.09	9.5	1985	
8.5	1986	-	-	985.19	8,204.12	1,482.47	12,801.00	-	-	8.5	1986	-	-	-	-	2,170.85	18,452.23	8.5	1986	
7.5	1987	-	-	879.85	5,088.83	400.52	3,003.80	-	-	7.5	1987	-	-	-	-	418.48	3,123.80	7.5	1987	
6.5	1988	-	-	488.18	3,030.04	187.72	1,220.05	74.91	488.92	6.5	1988	-	-	-	-	-	-	6.5	1988	
5.5	1989	-	-	1,687.65	9,282.08	1,541.37	8,477.54	487.78	2,717.79	5.5	1989	-	-	-	-	-	-	5.5	1989	
4.5	1990	-	-	288.84	1,201.23	85.18	383.31	-	-	4.5	1990	-	-	-	-	82.78	455.29	4.5	1990	
3.5	1991	-	-	884.71	2,431.48	-	-	781.13	2,733.98	3.5	1991	-	-	-	-	1,184.21	5,328.95	3.5	1991	
2.5	1992	-	-	288.44	716.10	-	-	56.58	141.48	2.5	1992	-	-	-	-	1,881.48	8,515.22	2.5	1992	
1.5	1993	-	-	401.03	801.55	845.73	988.80	174.91	282.37	1.5	1993	-	-	-	-	1,588.87	3,887.18	1.5	1993	
0.5	1994	-	-	-	-	973.25	488.83	-	-	0.5	1994	-	-	-	-	784.70	1,147.06	0.5	1994	
N/A	1995	-	-	-	-	-	-	-	-	N/A	1995	-	-	-	-	2,184.48	1,082.24	N/A	1995	
N/A	1996	-	-	-	-	-	-	-	-	N/A	1996	-	-	-	-	-	-	N/A	1996	
		8,572.18	298,740.21	23,884.31	488,805.37	20,438.88	685,888.08	13,871.88	379,912.85			-	-	-	-	37,887.97	684,155.58			
AVG AGE (per age 18 & over)		34.5		20.8		23.3		27.8				N/A		N/A		18.4				



FLORIDA PUBLIC UTILITIES COMPANY  
MARIANNA ELECTRIC DIVISION  
RETIREMENTS FOR 1995

AGE	YEAR	362	WT AVG	364	WT AVG	366	WT AVG	370	WT AVG	AGE	YEAR	3871	WT AVG	3872	WT AVG	3681	WT AVG	AGE	YEAR
52.5	1943									52.5	1943							52.5	1943
51.5	1944							26.93	1,388.80	51.5	1944							51.5	1944
50.5	1945							26.93	1,388.87	50.5	1945							50.5	1945
49.5	1946							17.88	884.07	49.5	1946							49.5	1946
48.5	1947							63.27	3,028.80	48.5	1947							48.5	1947
47.5	1948							31.88	1,514.30	47.5	1948							47.5	1948
46.5	1949					17.81	828.17	63.04	2,831.38	46.5	1949					1,044.80	48,560.00	46.5	1949
45.5	1950							84.37	4,283.84	45.5	1950							45.5	1950
44.5	1951							208.47	8,321.42	44.5	1951							44.5	1951
43.5	1952			379.52	13,464.12	2,043.01	88,870.84	41.58	1,807.88	43.5	1952					227.28	8,888.66	43.5	1952
42.5	1953					871.84	41,307.48	201.10	8,546.75	42.5	1953							42.5	1953
41.5	1954			88.78	2,438.54	22.82	838.73			41.5	1954					168.80	7,038.40	41.5	1954
40.5	1955			175.04	7,088.12	41.62	1,687.78	27.84	1,127.52	40.5	1955					213.18	8,834.20	40.5	1955
39.5	1956			576.31	22,724.73	310.47	12,383.87	124.14	4,893.83	39.5	1956					1,383.88	53,952.28	39.5	1956
38.5	1957			101.12	3,883.12	310.85	11,898.18	183.98	7,082.48	38.5	1957					520.43	20,088.86	38.5	1957
37.5	1958			230.77	8,853.88	114.88	4,311.00			37.5	1958					238.00	7,837.50	37.5	1958
36.5	1959			682.83	24,828.85	984.80	21,710.20	321.88	11,732.84	36.5	1959					1,168.00	43,382.00	36.5	1959
35.5	1960			822.18	18,537.38	517.81	14,371.81	287.83	9,300.87	35.5	1960					384.84	13,854.72	35.5	1960
34.5	1961			424.77	14,854.57	201.12	8,838.84	121.77	4,207.07	34.5	1961					402.78	13,885.91	34.5	1961
33.5	1962			238.48	7,887.91	125.05	4,188.18	71.54	2,388.88	33.5	1962					28.20	880.72	33.5	1962
32.5	1963			880.72	17,888.40			117.44	3,818.88	32.5	1963							32.5	1963
31.5	1964			348.10	10,888.15	288.30	8,388.45	124.18	3,811.88	31.5	1964					387.84	9,857.51	31.5	1964
30.5	1965			2,878.13	87,782.87	443.48	13,388.53	685.38	18,484.40	30.5	1965					2,182.38	88,881.88	30.5	1965
29.5	1966			208.33	8,175.24	111.30	3,283.35	179.12	5,284.04	29.5	1966					1,882.28	31,888.87	29.5	1966
28.5	1967			845.54	18,387.88	200.82	5,214.82			28.5	1967					1,788.38	38,141.78	28.5	1967
27.5	1968			1,781.80	48,484.00	317.25	8,724.38	124.80	3,434.75	27.5	1968					1,478.78	48,888.40	27.5	1968
26.5	1969			3,428.81	90,884.87	1,143.04	30,280.58	385.85	9,887.08	26.5	1969					827.18	21,820.54	26.5	1969
25.5	1970			914.04	23,308.02	813.83	23,287.57	2,035.17	51,888.84	25.5	1970					1,367.43	40,734.88	25.5	1970
24.5	1971			598.80	13,841.80	823.88	22,538.78	185.83	4,787.84	24.5	1971					987.42	14,381.78	24.5	1971
23.5	1972			882.83	22,821.81	881.15	20,242.03	245.00	5,757.50	23.5	1972					1,581.88	38,788.77	23.5	1972
22.5	1973			501.19	11,278.78	348.57	7,787.83	330.75	7,441.88	22.5	1973					5,827.88	28,828.55	22.5	1973
21.5	1974			852.28	14,024.24	818.45	13,288.88	43.58	980.18	21.5	1974					868.27	14,387.81	21.5	1974
20.5	1975			2,278.85	45,883.48	1,888.24	38,288.92	718.70	14,733.35	20.5	1975					635.25	18,172.63	20.5	1975
19.5	1976			880.29	17,185.88	1,711.22	33,388.79	159.81	3,118.25	19.5	1976					1,119.81	23,518.88	19.5	1976
18.5	1977			951.58	17,804.23	2,435.18	48,351.02	1,248.83	23,088.88	18.5	1977					858.78	14,862.43	18.5	1977
17.5	1978			3,491.74	81,105.45	1,421.52	24,378.80	454.29	7,950.08	17.5	1978			284.80	4,630.50	1,838.38	32,188.05	17.5	1978
16.5	1979			1,787.41	29,182.27	1,424.28	23,500.82	414.85	6,841.73	16.5	1979					1,227.03	20,248.00	16.5	1979
15.5	1980					674.34	10,452.27	178.80	2,771.40	15.5	1980					1,42.48	11,508.80	15.5	1980
14.5	1981							448.00	8,518.20	14.5	1981					1,508.71	21,878.30	14.5	1981
13.5	1982			164.04	2,214.54	1,077.87	14,551.25	3,881.14	49,888.38	13.5	1982			557.80	7,527.80	210.88	8,247.88	13.5	1982
12.5	1983			180.05	2,375.83	382.20	4,777.50	814.56	10,182.00	12.5	1983					184.18	7,302.25	12.5	1983
11.5	1984			358.78	4,137.47					11.5	1984							11.5	1984
10.5	1985			2,055.38	21,581.80	685.83	7,198.12	657.38	9,002.80	10.5	1985					8,328.84	87,240.72	10.5	1985
9.5	1986			2,273.88	21,601.87					9.5	1986					1,908.21	8,578.00	9.5	1986
8.5	1987			882.18	7,583.83	129.18	1,388.12			8.5	1987					578.88	4,821.18	8.5	1987
7.5	1988			1,011.82	7,587.15			705.38	5,290.20	7.5	1988					777.01	5,827.58	7.5	1988
6.5	1989			582.55	3,858.58	1,388.48	9,388.82	682.84	4,438.48	6.5	1989					2,874.75	18,585.88	6.5	1989
5.5	1990			1,558.05	8,574.78	155.08	852.84			5.5	1990					2,882.88	14,818.23	5.5	1990
4.5	1991			775.18	3,488.31			83.80	288.20	4.5	1991							4.5	1991
3.5	1992			288.44	1,002.54			735.28	2,573.48	3.5	1992					1,431.43	8,010.01	3.5	1992
2.5	1993			1,387.88	3,418.15	180.00	400.00			2.5	1993					48.51	121.28	2.5	1993
1.5	1994			288.80	430.25			108.18	183.78	1.5	1994					1,758.80	2,838.35	1.5	1994
0.5	1995			738.35	388.18			58.18	29.58	0.5	1995					830.58	315.28	0.5	1995
N/A	1996									N/A	1996							N/A	1996
AVG AGE (per age 1 to 3 years)		N/A		19.4		23.4		19.2		N/A		14.8		18.7					

**FLORIDA PUBLIC UTILITIES COMPANY**  
**Marianna Electric Division**

1997 Depreciation Study - Docket Number 970537-E1  
 Response to Initial Review, Staff Report and Staff Recommendations  
 Major Rebuilds and Retirements

DESCRIPTION	INVESTMENT TO REPLACE / REBUILD	RETIREMENT	COST OF REMOVAL	SALVAGE
<b>RELOCATE FEEDER ALONG HIGHWAY 71 SOUTH DUE TO HIGHWAY WIDENING</b>				
1998	70,000	18,585	9,000	3,000
1999	70,000	18,585	9,000	3,000
2000	70,000	18,585	9,000	3,000
2001	70,000	18,585	9,000	3,000
<b>TOTAL</b>	<b>280,000</b>	<b>74,340</b>	<b>36,000</b>	<b>12,000</b>
<b>REPLACE OIL CIRCUIT BREAKERS WITH VACUUM CIRCUIT BREAKERS OVER THE NEXT 5 YEARS</b>				
1998	35,000	9,551	1,000	-
1999	35,000	9,551	1,000	-
2000	35,000	9,551	1,000	-
2001	35,000	9,551	1,000	-
<b>TOTAL</b>	<b>140,000</b>	<b>38,204</b>	<b>4,000</b>	<b>-</b>
<b>REBUILDING OF FEEDERS IN THE MARIANNA AREA</b>				
1998	35,000	7,409	4,000	1,000
1999	35,000	7,409	4,000	1,000
2000	35,000	7,409	4,000	1,000
2001	35,000	7,409	4,000	1,000
<b>TOTAL</b>	<b>140,000</b>	<b>29,636</b>	<b>16,000</b>	<b>4,000</b>
<b>REPLACE BUCKET TRUCK (#41908)</b>				
1998	130,000	61,557	-	15,000
<b>REPLACE 2-WAY COMMUNICATION SYSTEM</b>				
1999	20,000	60,592	2,000	20,000
<b>SEE NOTE (1), Below SALE OF GREEN STREET WAREHOUSE</b>				
Structures & Improvements	-	22,750	-	-
Land	-	1,000	5,000	50,000
<b>Total 1997</b>	<b>-</b>	<b>23,750</b>	<b>5,000</b>	<b>50,000</b>
<b>SEE NOTE (2), Below SALE OF BLUE SPRINGS HYDRO SITE</b>				
1997	-	1,817	1,240	70,500

Note (1): The sale of the land & warehouse located at 406 South Green Street, Marianna, Florida is anticipated to take place late 1997 or early 1998. Values shown for Salvage and Cost of Removal (Expenses of Sale) are estimated. The Company requests that the gain from the sale of this property be amortized over the four years beginning January 1, 1998.

Note (2): The sale of the Hydro Plant Site located at Blue Springs took place in 1997. Values shown for Salvage and Cost of Removal (Expenses of Sale) are actual. The Company requests that the gain from the sale of this property be amortized over the four years beginning January 1, 1998.

Exhibit N

FLORIDA PUBLIC UTILITIES COMPANY

Marianna Electric Division

1997 Depreciation Study - Docket Number 970537-E1

Response to Initial Review, Staff Report and Staff Recommendations

Transportation - In Service, Retirements, Salvage

Vehicle Description	Account 392.1 - Cars					
	IN-SERVICE		RETIREMENT		SALVAGE	
	Date	Amount	Date Posted	Amount	Date Posted	Amount
<b>1994 Retirements</b>						
Veh#1917 - Chev Caprice	1988	13,405.55	10/94	13,405.55	10/94	2,120.00
<b>1995 Retirements</b>						
None						
<b>1996 Retirements</b>						
Veh#1916 - Chev Caprice	1988	12,911.14	6/96	12,911.14	12/94	2,120.00
Veh#1914 - 1987 Ford Escort	1987	8,399.20	6/96	8,399.20	7/95	900.00
Veh#1688 - 1982 Ford Escort	1982	6,899.00	6/96	6,899.00	7/95	695.50
Veh#1926 - 1990 Toyota Camry	1990	12,168.93	5/96	12,168.93	5/96	2,825.00
		<u>40,378.27</u>		<u>40,378.27</u>		<u>6,540.50</u>

Vehicle Description	Account 392.2 - Light Trucks & Vans					
	IN-SERVICE		RETIREMENT		SALVAGE	
	Date	Amount	Date Posted	Amount	Date Posted	Amount
<b>1994 Retirements</b>						
Veh#1910 - 1987 C-10 Pickup Truck	1987	11,133.60	4/94	11,133.60	5/94	1,058.94
Veh#1911 - 1987 S-10 Pickup Truck	1987	9,468.12	4/94	9,468.12	5/94	1,058.94
Veh#1913 - 1987 S-10 Pickup Truck	1987	9,468.12	4/94	9,468.12	5/94	1,058.94
		<u>30,069.84</u>		<u>30,069.84</u>		<u>3,176.82</u>
<b>1995 Retirements</b>						
None						
<b>1996 Retirements</b>						
Veh#1909 - Chev C-10 Pickup Truck	1986	9,025.29	6/96	9,025.29	2/96	751.00

Vehicle Description	Account 392.3 - Heavy Trucks					
	IN-SERVICE		RETIREMENT		SALVAGE	
	Date	Amount	Date Posted	Amount	Date Posted	Amount
<b>1994 Retirements</b>						
Veh#1906 - Ford F8000	1985	87,125.40	5/94	87,125.40	12/93	13,515.00
Veh#1921 - 1990 GMC/Utility Body/Digger	1989	71,272.76	2/94	71,272.76	2/94	20,140.00
Veh#1907 - Chev Cab w/Kodiac Digger	1985	96,857.57	5/94	96,857.57	12/93	13,515.00
		<u>255,255.73</u>		<u>255,255.73</u>		<u>47,170.00</u>
<b>1995 Retirements</b>						
None						
<b>1996 Retirements</b>						
Veh#1915 - Aerial Service Body	1987	28,881.30	2/96	28,881.30		-0-
Veh#1923 - 1990 GMC Chassis & Aerial Service Body	1989	59,878.52	2/96	59,878.52	7/95	23,850.00
		<u>88,759.82</u>		<u>88,759.82</u>		<u>23,850.00</u>

FLORIDA PUBLIC UTILITIES - MARIANNA DIVISION  
1997 STUDY  
DATA ENTRY SHEET

ACCOUNT	1/196 INVESTMENT (Estimated) (000)	1/196 RESERVE (Estimated) (000)	CURRENT					COMPANY PROPOSED				
			AVERAGE SERVICE LIFE (YRS)	AVERAGE REMAINING LIFE (YRS)	NET SALVAGE (%)	AGE (YRS)	CURVE	AVERAGE SERVICE LIFE (YRS)	AVERAGE REMAINING LIFE (YRS)	NET SALVAGE (%)	AGE (YRS)	CURVE
<b>HYDRAULIC PRODUCTION PLANT</b>												
331 - Structures & Improvements	0	0										
332 - Reservoirs, dams, and waterways	0	0										
333 - Wheels, turbines and generators	0	0										
334 - Auxiliary control equipment	0	0										
335 - Miscellaneous pump plant	0	0										
Total Support Assets	0	0										
<b>DISTRIBUTION PLANT</b>												
360.1 - Land Rights	16	2	36.0	42.0	0.0	14.1	R3	36.0	30.0	0.0	6.5	S0
361 - Structures and Improvements	9	3	45.0	34.0	0.0	11.1	S0	45.0	29.0	0.0	16.1	S0
362 - Station Equipment	839	345	38.0	25.0	(10.0)	13.5	R3	38.0	23.0	(10.0)	16.4	R3
364 - Poles, Towers, and Features	4,292	1,670	33.0	23.0	(20.0)	12.1	R2.5	33.0	21.0	(25.0)	13.6	R2.5
365 - Overhead Conductions & Devices	4,700	1,879	34.0	22.0	(10.0)	14.0	R3	34.0	18.9	(15.0)	16.3	R3
366 - Underground Conduit	98	21	50.0	45.0	0.0	4.8	R3	50.0	41.0	0.0	8.8	R3
367 - Underground Conductions & Devices	430	98	35.0	30.0	0.0	5.7	R2	35.0	27.0	0.0	8.7	R2
368 - Line Transformers	4,433	1,910	29.0	17.9	(10.0)	11.8	R3	29.0	16.0	(10.0)	14.0	R3
369 - Services	2,063	766	27.0	18.5	(15.0)	8.5	R4	30.0	19.4	(20.0)	10.8	R4
370 - Motors	963	497	30.0	15.2	(10.0)	16.2	R3	30.0	13.8	(10.0)	17.9	R3
371 - Installation on Customers' Premises	649	121	15.0	10.2	20.0	8.8	L2	15.0	9.4	15.0	8.3	L2
373 - Street Lighting & Signal Systems	234	65	29.0	18.6	5.0	20.8	R3	25.0	13.5	(5.0)	17.1	R1
Total Distribution Assets	18,726	7,377										
<b>GENERAL PLANT</b>												
390 - Structures & Improvements	901	76	50.0	46.0	(5.0)	1.4	R0	80.0	44.0	(5.0)	5.7	R6
392.1 - Transportation-Car	16	20	5.0	1.7	15.0	4.3	S2	5.0	2.0	15.0	3.5	S2
392.2 - Transportation-Light Trucks & Vans	173	71	7.0	3.7	10.0	3.8	S2	7.0	3.5	10.0	3.8	S2
392.3 - Transportation - Heavy Trucks	776	230	11.0	6.8	10.0	4.3	R4	11.0	7.5	10.0	3.5	R4
392.4 - Transportation - Vans	22	6	25.0	22.0	5.0	3.5	S6	25.0	18.8	5.0	8.4	S6
393.1 - Storage Equipment-Fixed	63	22	30.0	15.8	0.0	14.2	R6	30.0	22.0	0.0	8.4	R6
394.1 - Tools, Shop & Garage Equipment	16	6	25.0	18.5	0.0	8.7	R4	25.0	14.9	0.0	11.3	R4
395.1 - Laboratory Equipment	17	8	30.0	19.6	0.0	10.7	R5	30.0	14.3	0.0	15.7	R5
396 - Power Operated Equipment	28	9	14.0	12.5	10.0	4.9	S0	14.0	7.8	10.0	6.2	S0
397 - Communication Equipment	68	67	20.0	4.7	0.0	15.3	S6	20.0	3.3	0.0	16.8	S6
Total General Plant Assets	2,080	515										
<b>GRAND TOTAL</b>	<b>20,806</b>	<b>7,892</b>										

FLORIDA PUBLIC UTILITIES - MARIANNA DIVISION  
1997 STUDY  
COMPARISON OF EXPENSES  
ALL DOLLARS @ 1,000

ACCOUNT	1/1/98		CURRENT		PROPOSED		CHANGE IN EXPENSES	
	ESTIMATED INVESTMENT	ESTIMATED RESERVE	RATE	EXPENSES	RATE	ESTIMATED EXPENSES		
<b>DISTRIBUTION PLANT</b>								
360.1 - Land Rights	16	2	2.3	0	1.8	0	0	
361 - Structures and Improvements	9	3	2.2	0	2.3	0	0	
362 - Station Equipment	839	345	2.9	24	3.0	25	1	
364 - Poles, Towers, and Fixtures	4,292	1,670	3.5	150	4.1	176	26	
365 - Overhead Conductors & Devices	4,700	1,879	3.3	155	3.9	183	28	
366 - Underground Conduit	98	21	2.0	2	1.9	2	0	
367 - Underground Conductors & Devices	430	98	2.8	12	2.9	12	0	
368 - Line Transformers	4,433	1,910	4.0	177	4.2	186	9	
369 - Services	2,063	764	4.8	95	4.3	89	(6)	
370 - Meters	963	487	4.1	39	4.2	40	1	
371 - Installation on Customers' Premises	649	121	5.7	37	7.1	44	9	
373 - Street Lighting & Signal Systems	234	65	2.9	7	5.7	13	6	
<b>TOTAL DISTRIBUTION PLANT</b>	<b>18,728</b>	<b>7,377</b>		<b>698</b>		<b>772</b>	<b>74</b>	
<b>GENERAL PLANT</b>								
390 - Structures & Improvements	801 *	76 *	2.1	19	2.2	20	1	
392.1 - Transportation-Cars	18	20	20.9	5	17.0	3	(2)	
392.2 - Transportation-Light Trucks & Vans	173	71	13.0	22	14.0	24	2	
392.3 - Transportation - Heavy Trucks	776	230	6.9	54	8.0	62	8	
392.4 - Transportation - Vans	22	6	2.8	1	3.8	1	0	
393.1 - Stores Equipment-Fixed	83	22	5.3	3	3.0	2	(1)	
394.1 - Tools, Shop & Garage Equipment	16	6	3.8	1	4.2	1	0	
395.1 - Laboratory Equipment	17	8	3.4	1	3.7	1	0	
396 - Power Operated Equipment	29	9	6.4	2	7.4	2	0	
397 - Communication Equipment	66	67	8.8	6	5.0	3	(3)	
<b>TOTAL GENERAL PROPERTY</b>	<b>2,888</b>	<b>518</b>		<b>114</b>		<b>119</b>	<b>5</b>	
<b>TOTAL RATES</b>	<b>20,806</b>	<b>7,892</b>		<b>812</b>		<b>891</b>	<b>79</b>	
<b>RECOVERY SCHEDULE</b>								
330 - Land & Land Rights - HYDRAULIC PLANT LAND, BLUE SPRINGS	0	72		0	4 Yr. Amort.	(18)	(18)	
389 - Land & Land Rights - GREEN STREET, MARIANNA - LAND	0	44		0	4 Yr. Amort.	(11)	(11)	
		<b>116</b>				<b>(29)</b>	<b>(29)</b>	
* Indicates Restated Amounts due to sale of Green Street Property								

Florida Public Utilities - Marianna Division  
Theoretical Reserve Calculations  
Using Company Proposed Rates

ACCOUNT	1/1/98 INVESTMENT (\$)	1/1/98 RESERVE (\$)	THEORETICAL RESERVE (%)	THEORETICAL RESERVE (\$)	IMBALANCE	WLR (%)	ARL (YEARS)	NET SALV (%)
<b>DISTRIBUTION PLANT</b>								
360.1 - Land Rights	16	2	10.00	2	0	1.8	50.0	0.0
361 - Structures and Improvements	9	3	36.21	3	0	2.2	29.0	0.0
362 - Station Equipment	839	343	43.30	353	18	2.9	23.0	(10.0)
364 - Poles, Towers, and Fixtures	4,292	1,670	45.20	1,940	270	3.8	21.0	(25.0)
365 - Overhead Conductors & Devices	4,700	1,901	50.74	2,365	484	3.4	18.9	(15.0)
366 - Underground Conduit	98	21	18.00	18	(3)	2.0	41.0	0.0
367 - Underground Conductors & Devices	430	98	21.70	93	(5)	2.9	27.0	0.0
368 - Line Transformers	4,433	1,910	49.20	2,181	271	3.8	16.0	(10.0)
369 - Services	2,063	766	42.40	875	109	4.0	19.4	(20.0)
370 - Meters	963	497	58.94	568	71	3.7	13.8	(10.0)
371 - Installation on Customers' Premises	649	121	31.42	204	83	5.7	9.4	15.0
373 - Street Lighting & Signal Systems	234	65	48.30	113	48	4.2	13.5	(5.0)
<b>Total Distribution Plant</b>	<b>18,726</b>	<b>7,377</b>						
<b>GENERAL PLANT</b>								
390 - Structures & Improvements	901	76	12.60	114	38	2.1	44.0	(5.0)
392.1 - Transportation-Cars	16	11	51.00	8	(3)	17.0	2.0	15.0
392.2 - Transportation-Light Trucks & Vans	173	71	44.85	78	7	12.9	3.5	10.0
392.3 - Transportation - Heavy Trucks	776	230	28.50	221	(9)	8.2	7.5	10.0
392.4 - Transportation - Vans	22	6	24.32	5	(1)	3.8	18.6	5.0
393.1 - Stores Equipment-Fixed	63	22	27.40	17	(5)	3.3	22.0	0.0
394.1 - Tools, Shop & Garage Equipment	16	6	43.38	7	1	3.6	14.9	0.0
395.1 - Laboratory Equipment	17	8	52.81	9	1	3.3	14.3	0.0
396 - Power Operated Equipment	28	9	40.08	11	2	6.4	7.8	10.0
397 - Communication Equipment	68	57	83.50	57	0	5.0	3.3	0.0
<b>Total General Plant</b>	<b>2,080</b>	<b>515</b>						
<b>GRAND TOTAL</b>	<b>20806</b>	<b>7892</b>						

ERR

10/16/97

14:22 C:\MLLDAT-1\JHSH-1\W00\PLR-1\JH56C-1\W7D87.WK4



FLORIDA PUBLIC UTILITIES - MARLANNA DIVISION  
1997 STUDY  
COMPARISON OF RATES AND COMPONENTS

ACCOUNT

ACCOUNT	CURRENT			
	AVERAGE REMAINING LIFE	NET SALVAGE	1/1/94 RESERVE	REMAINING LIFE RATE
	(YRS.)	(%)	(%)	(%)
<b>HYDRAULIC PRODUCTION PLANT</b>				
331 - Structures & Improvements				
332 - Reservoirs, dams, and waterways				
333 - Wheels, turbines and generators				
334 - Accessory electric equipment				
335 - Miscellaneous power plant				
(4 Year Recovery Schedule)				
<b>DISTRIBUTION PLANT</b>				
300 - Land Rights	42.0	0.0	3.7	2.3
301 - Structures and Improvements	34.0	0.0	26.2	2.2
302 - Station Equipment	25.0	(10.0)	37.2	2.9
304 - Pole, Towers, and Fittings	23.0	(20.0)	39.3	3.5
305 - Overhead Conductors & Devices	22.0	(10.0)	36.6	3.3
306 - Underground Conduit	45.0	0.0	11.6	2.0
307 - Underground Conductors & Devices	30.0	0.0	16.4	2.8
308 - Low Transformers	17.9	(10.0)	38.2	4.0
309 - Services	18.5	(15.0)	30.1	4.6
370 - Meters	15.2	(10.0)	48.4	4.1
371 - Installation on Customer Premises	10.2	20.0	22.0	5.7
373 - Street Lighting & Signal Systems	18.6	5.0	40.7	2.9
<b>GENERAL PLANT</b>				
390 - Structures & Improvements	49.0	(5.0)	3.6	2.1
392.1 - Transportation-Cars	1.7	15.0	34.1	29.9
392.2 - Transportation-Light Trucks & Vans	3.7	10.0	41.7	13.0
392.3 - Transportation - Heavy Trucks	6.8	10.0	43.0	6.9
392.4 - Transportation - Vans	22.0	5.0	32.8	2.8
393.1 - Stores Equipment-Fixed	15.8	0.0	16.7	5.3
394.1 - Tools, Shop & Garage Equipment	19.5	0.0	25.9	3.8
395.1 - Laboratory Equipment	19.6	0.0	34.2	3.4
396 - Power Operated Equipment	12.5	10.0	10.0	6.4
397 - Communication Equipment	4.7	0.0	59.4	8.6

ACCOUNT	COMPANY PROPOSED			
	AVERAGE REMAINING LIFE	NET SALVAGE	ESTIMATED 1/1/98 RESERVE	REMAINING LIFE RATE
	(YRS.)	(%)	(%)	(%)
<b>HYDRAULIC PRODUCTION PLANT</b>				
331 - Structures & Improvements				
332 - Reservoirs, dams, and waterways				
333 - Wheels, turbines and generators				
334 - Accessory electric equipment				
335 - Miscellaneous power plant				
(4 Year Recovery Schedule)				
<b>DISTRIBUTION PLANT</b>				
300 - Land Rights	50.0	0.0	12.5	1.8
301 - Structures and Improvements	29.0	0.0	33.3	2.3
302 - Station Equipment	23.0	(10.0)	41.1	3.0
304 - Pole, Towers, and Fittings	21.0	(25.0)	38.9	4.1
305 - Overhead Conductors & Devices	18.9	(15.0)	40.4	3.9
306 - Underground Conduit	41.0	0.0	21.4	1.9
307 - Underground Conductors & Devices	27.0	0.0	22.8	2.9
308 - Low Transformers	16.0	(10.0)	43.1	4.2
309 - Services	19.4	(20.0)	37.1	4.3
370 - Meters	13.8	(10.0)	51.6	4.2
371 - Installation on Customer Premises	9.4	15.0	18.6	7.1
373 - Street Lighting & Signal Systems	13.5	(5.0)	27.8	5.7
<b>GENERAL PLANT</b>				
390 - Structures & Improvements	44.0	(5.0)	8.4	2.2
392.1 - Transportation-Cars	2.0	15.0	51.0	17.0
392.2 - Transportation-Light Trucks & Vans	3.5	10.0	41.0	14.0
392.3 - Transportation - Heavy Trucks	7.5	10.0	29.6	8.0
392.4 - Transportation - Vans	18.6	5.0	27.3	3.6
393.1 - Stores Equipment-Fixed	22.0	0.0	34.9	3.0
394.1 - Tools, Shop & Garage Equipment	14.9	0.0	37.5	4.2
395.1 - Laboratory Equipment	14.3	0.0	47.1	3.7
396 - Power Operated Equipment	7.8	10.0	32.1	7.4
397 - Communication Equipment	3.3	0.0	83.5	5.0