

FLORIDA PUBLIC SERVICE COMMISSION
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Tallahassee, Florida 32399-0850

MEMORANDUM

FEBRUARY 26, 1998

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FPC Reporting

TO: DIRECTOR, DIVISION OF RECORDS AND REPORTING (BAYO)

FROM: DIVISION OF LEGAL SERVICES (C. KEATING) WCK T/S RUE
DIVISION OF AUDITING AND FINANCIAL ANALYSIS (LEE) POK
DIVISION OF ELECTRIC AND GAS (DUDLEY) RT

RE: DOCKET NO. 970537-EI - 1997 DEPRECIATION STUDY BY FLORIDA
PUBLIC UTILITIES COMPANY, MARIANNA DIVISION

AGENDA: 03/10/98 - REGULAR AGENDA - PROPOSED AGENCY ACTION -
INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: S:\PSC\LEG\WP\970537-2.RCM

CASE BACKGROUND

By Proposed Agency Action Order No. PSC-97-1609-FOF-EI, issued December 22, 1997, in this docket, the Commission approved changes to the depreciation rates of Florida Public Utilities Company's Marianna Division ("FPU-C-Marianna" or "Company"). No persons whose substantial interests were affected by the Order timely filed a petition for a formal proceeding, and the Order became final.

DOCUMENT NUMBER-DATE

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FPC REPORTING

DOCKET NO. 970537-EI
DATE: FEBRUARY 26, 1998

DISCUSSION OF ISSUES

ISSUE 1: Should the Commission, on its own motion, modify Order No. PSC-97-1609-FOF-EI to find that a five-year amortization period for FPUC-Marianna's gain on the sale of a hydraulic plant is appropriate?

RECOMMENDATION: Yes. The Commission should, on its own motion, modify Order No. PSC-97-1609-FOF-EI. The Commission determined that a five-year amortization period for gain on the sale of a warehouse and land was appropriate. A five-year amortization period for gain on the sale of a hydraulic plant was not addressed. Based on the similarity of these issues, the Commission should determine that a five-year amortization period for gain on the sale of a hydraulic plant is appropriate.

STAFF ANALYSIS: In its November 20, 1997, recommendation concerning FPUC-Marianna's 1997 depreciation study, staff recommended that the Commission approve a four-year amortization period for both gain on the sale of a warehouse and land (Issue 7 of the recommendation) and gain on the sale of a hydraulic plant (Issue 8 of the recommendation). At its December 2, 1997, Agenda Conference, the Commission voted on this matter. The Commission discussed the four-year amortization period recommended in Issue 7 and found that a five-year amortization period was more appropriate and in line with its previous decisions. The Commission made no mention, however, of the four-year amortization period recommended in Issue 8.

Order No. PSC-97-1609-FOF-EI was issued December 22, 1997. To reflect the Commission's vote, the Order showed authorization for a five-year amortization period for gain on the sale of a warehouse and land and a four-year amortization period for gain on the sale of a hydraulic plant. However, because the issue of appropriate amortization period is identical for both gains, staff believes the Commission should determine that a five-year amortization period for gain on the sale of a hydraulic plant is appropriate. Accordingly, staff recommends that the Commission modify Order No. PSC-97-1609-FOF-EI to find that a five-year amortization period for FPUC-Marianna's gain on the sale of a hydraulic plant is appropriate.

DOCKET NO. 970537-EI
DATE: FEBRUARY 26, 1998

ISSUE 2: Should this docket be closed?

RECOMMENDATION: Yes. If no person whose substantial interests are affected by the Commission's proposed agency action files a protest within twenty-one days of the issuance of the order, this docket should be closed.

STAFF ANALYSIS: Pursuant to Rule 25-22.029(4), Florida Administrative Code, any person whose substantial interests are affected by the Commission's proposed agency action shall have 21 days after issuance of the order to file a protest. If no timely protest is filed, this docket should be closed.