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STATE OF FLORIDA



TIMOTHY DEVLIN, DIRECTOR
DIVISION OF ECONOMIC REGULATION
(850) 413-6900

Public Service Commission

December 17, 2007

Ms. Cheryl Martin, Controller
Florida Public Utilities Company
P.O. Box 3395
West Palm Beach, FL 33402-3395

Re: Docket No. 070382-EI – 2007 Depreciation Study by Florida Public Utilities Company

Dear Ms. Martin:

Enclosed is the Staff Report regarding your current depreciation study filed in the above-referenced docket. The Company's response to this report is due on January 3, 2007, in order to meet the targeted recommendation date of January 16, 2008. In your response, please provide us with any concurrences, differences, and/or additional input.

Should you have any questions, or need further information, please do not hesitate to contact Anne Marsh at (850) 413-6554.

Sincerely,

A handwritten signature in cursive script that reads "John Slemkewicz".

John Slemkewicz
Public Utilities Supervisor

JS/AEM

Attachment

cc: Office of the General Counsel (Brown)
~~Office of the General Counsel (Christensen)~~
Office of the Public Counsel (Christensen)
Division of Economic Regulation (Devlin, Willis, Bulecza-Banks, Marsh)
Jim Mestite, FPUC

DOCUMENT NUMBER-DATE

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2007 DEPRECIATION STUDY
Florida Public Utilities Company
Docket No. 070382-EI

This depreciation study uses the company's December 31, 2007 estimated investment and reserves to calculate the revised depreciation rates with an effective date of January 1, 2008. This report is preliminary. Additional information is needed for completion of the report, as listed below.

Staff noted a number of discrepancies with FPUC's Exhibit F, page 5 of 5. For a number of accounts, in both the plant and the reserve, beginning of year balances for 2007 did not tie to end of year balances for 2006. Additionally, the salvage and cost of removal debits and credits were reversed. Staff restated the amounts in the schedule, as shown in Attachment A. Staff determined that the revised plant figures matched the aging report, Exhibit M. Staff also verified that the plant and reserve balances, as restated by staff, tied to the company's 2006 annual status report (ASR), with the exception of account 364. Staff's review of Exhibit F, page 1 of 5, revealed that the company showed a transfer in that account that was not reflected in the ASR filed with the Commission in 2003, but was reflected in the beginning balance for 2004. Other changes are noted, if any, in the accounts discussed below.

Staff's recommended changes are discussed below. The staff's recommended average service lives and average remaining lives are rounded to one decimal point up to 20 years and to the nearest whole year is used thereafter.

Staff notes that investigation is continuing in the study. Thus, as additional information becomes available, changes may be made as appropriate.

Account 350.1 – Land Rights

The company's filing showed a remaining life of 42.5 years for this account. The previous study showed an age of 29 years. There has been no activity in the account. Thus, there is no reason for the amount of increase in the age. Staff has recalculated the age to be 33 years. A review of schedule N of the company's filing shows that this is the correct age.

FPUC proposed an increase in the Average Service Life (ASL) from 50 to 56 years. This is in line with the industry average of 56.6 years. Therefore, staff believes the proposed increase should be accepted.

Account 352 – Structures and Improvements

The company proposes a change in ASL from 45 to 50 years. This is in line with the industry average of 49.4 years. Therefore, the change should be accepted. No other changes have been proposed, nor has staff identified any that are needed.

Account 353 – Station Equipment

The company proposes a change in ASL from 40 to 38 years. The industry average is 43.6 years. Thus, the change would move the ASL farther from the average. Staff's analysis shows that the current S3 curve with a 40 year life provides a reasonable fit. Accordingly, staff believes the ASL should remain 40 years.

Account 354 – Towers and Fixtures

The current ASL of 50 years is in line with the industry average of 50.2 years. However, the S2 curve should be changed to an S5 curve to provide a remaining life that is a better fit than that provided using the current curve. The company proposes a change in net salvage from -20 to -15 percent. Although this change moves away from the industry average, FPUC's own experience shows moderate amounts of salvage and cost of removal. The company's proposed change in salvage should be accepted.

Account 355 – Poles and Fixtures

The company did not propose any changes to this account. However, staff notes that the R1 curve is not providing a good fit. Staff believes a change to R4 would be appropriate. No other changes are needed.

Account 356 – Overhead Conductors and Devices

FPUC has proposed a change in net salvage from -20 to -10 percent, which reflects a reduction in cost of removal. Although this change moves away from the industry average, FPUC's own experience shows moderate amounts of salvage and cost of removal. The company's proposed change in salvage should be accepted.

Account 359 – Roads and Trails

This account shows an average age of 22.7 years. However, the age in the previous study was 41.1 years. Staff determined that an adjustment was made to the account in 1994. In subsequent studies, FPUC treated the entire amount as having a 1962 vintage. Accordingly, staff has continued the age of 45.1 years, consistent with previous studies.

Account 361 – Structures and Improvements

FPUC proposes an increase in the ASL from 45 to 50 years. This is slightly higher than the industry average, but is within reason, since the company has vintages in the account dating back to 1959. No other changes are proposed.

Account 364 – Poles, Towers and Fixtures

The company proposes an increase in ASL from 33 to 35 years, and a change in net salvage from -40 to -45 percent. Staff believes both of these changes are reasonable given the company's experience. Additionally, staff recommends a change from an R1 to an R4 curve.

· Account 365 – Overhead Conductors and Devices

FPUC proposes a change in net salvage from -30 to -35 percent, reflecting an increase in cost of removal. Staff believes this change is appropriate given the company's experience. The curve should be changed to R5.

Account 368 – Line Transformers

No changes have been proposed. Staff believes the curve should be changed to an S6.

Account 369 – Overhead Services

FPUC proposes a change in net salvage from -30 to -35 percent, reflecting an increase in cost of removal. Staff believes this change is reasonable given the company's experience. The curve should be changed to an R5.

Account 370 – Meters

FPUC proposes a change in net salvage from -10 to -5 percent, reflecting an increase in cost of removal. This is in line with the company's recent experience and should be accepted. The curve should be changed to an R5.

Account 373 – Street Lighting and Signal Systems

Staff proposes a change to an R-3 curve. No other changes are needed.

Account 392.1 – Transportation – Cars

FPUC proposes a change in ASL from 6 to 8 years. Staff agrees with this proposal. The age of the cars in the account ranges from 5 to 8 years. Thus, a longer life is more representative of the actual experience. Staff notes, however, that the change causes volatility in the depreciation rate. Therefore, staff believes that it is appropriate to take a more gradual approach. Staff recommends a 7 year ASL.

Account 392.2– Transportation – Light Trucks and Vans

FPUC proposes a change in net salvage from 10 to 20 percent. This appears to be reasonable based on the company's experience. FPUC proposes a change in ASL from 8 to 10 years. However, as discussed above, staff believes a 9 year life would smooth out resulting volatility.

Account 392.3 – Transportation – Heavy Trucks and Vans

FPUC proposes a change in ASL from 12 to 15 years. However, as discussed above, staff believes a 13 year life would smooth out resulting volatility.

Account 392.4 – Transportation – Trailers

FPUC proposes a change in net salvage from 5 percent to 0. Although the company's experience has been limited, it shows a 10 percent salvage. The industry average is 28 percent. However, staff notes that this account has little activity. Therefore, staff believes it is appropriate to retain a 5 percent salvage at this time.

Account 396 – Power Operated Equipment

The company proposes an increase in ASL from 15 to 25 years. No other changes are proposed. The industry average for this account is 13 years.

Staff notes that the amount of retirements shown in Exhibit M for this account, \$1,088, does not tie to Exhibit A, \$1,630. A comparison of the vintages of the retirements shown in Exhibit A to FPUC's last depreciation study and to the 2005 retirements in the current study leads staff to conclude that the particular vintages impacted were fully retired in 2005. Staff has adjusted the amount in the plant and reserve balances. There is no material impact on the aging.

Staff also notes that the company based its 2007 depreciation expense on the plant balance that included an adjustment of \$82,717, even though a reserve increase of an equal amount had been made. This caused depreciation expense for 2007 to be substantially overstated in the amount of \$12,223. Staff recalculated the expense at \$6,963.

This account is experiencing a substantial amount of volatility in its depreciation rates. To smooth out the impact, staff suggests establishing a subaccount for all assets acquired since the last depreciation study. Staff believes that this will correct the problems experienced in this account. When account 396 is fully depreciated, no further depreciation expense should be accrued. All new acquisitions should be booked to account 396.1.

Reserve Transfers

Based on current information, staff believes the following reserve transfers are appropriate.

Transmission

350.1	Land Rights	(\$ 1,056)
352	Structures and Improvements	(\$ 1,078)
356	Overhead Conductors	(\$40,402)
355	Poles and fixtures	\$42,536

2007 DEPRECIATION STUDY
Florida Public Utilities Company
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Distribution

361	Structures and Improvements	(\$ 3,919)
366	Underground Conduit	(\$45,467)
367	Underground Conductors and devices	(\$35,966)
373	Street Lighting and Signal Systems	\$85,352

General Plant

390	Structures and Improvements	\$17,477
392.4	Transportation - Trailers	\$ 581
392.3	Transportation – Heavy Trucks	(\$18,058)

The following additional information is needed for completion of the study.

1. Refer to Exhibit F, page 4 of 5. For account 392.2, please explain the \$39,487 adjustment in the plant and the \$30,080 adjustment in the reserve.
2. Refer to Exhibit F, page 4 of 5. For account 396, please explain the \$82,717 adjustment in the plant and the reserve.
3. Please provide updated 2007 monthly plant balances as shown in Exhibit G, page 1 of 1.
4. Please provide updated 2007 report of depreciation data as shown in Exhibit F, page 5 of 5.

Attachment A
Florida Public Utilities Company
Staff Restated Plant and Reserve Balances
December 17, 2007

PLANT				RESERVE						
Acct	2006 Balance	Additions	Retirements	2007 EOY Balance	2006 Balance	Retirements	Accruals	Salvage	COR	2007 EOY Balance
3501	56,519			56,519	33,788		388			34,176
352	22,006			22,006	10,258		440	75	(12)	10,761
353	2,414,633	26400		2,441,033	609,363		55,934		(14,271)	651,026
354	224,665			224,665	167,445		4,943		(3)	172,385
355	2,362,224			2,362,224	835,078		89,765		(649)	924,194
356	1,876,726			1,876,726	574,937		60,055		(1,545)	633,447
359	6,788			6,788	3,917		265			4,182
3601	21,388			21,388	4,948		406			5,354
361	96,042			96,042	30,619		2,113			32,732
362	5,809,937	1318090	(105,616)	7,022,411	1,263,344	(105,616)	182,141	475	(12,229)	1,328,115
364	8,929,469	558967	(44,918)	9,443,518	4,029,819	(44,918)	383,838	4,064	(60,876)	4,311,927
365	9,644,105	393146	(21,437)	10,015,814	4,980,856	(21,437)	372,076	15,120	(38,940)	5,307,675
366	2,575,295	507552	(760)	3,082,087	544,957	(760)	55,960	445	(359)	600,243
367	4,855,463	611349	(19,217)	5,447,595	1,564,860	(19,217)	148,099	1,023	(2,730)	1,692,035
368	13,025,580	523359	(70,088)	13,478,851	7,390,832	(70,088)	557,714	2,713	(19,611)	7,861,560
369	8,208,933	300800	(11,982)	8,497,751	3,764,825	(11,982)	317,145	4,505	(13,937)	4,060,556
370	3,334,586	197721	(67,506)	3,464,801	1,745,254	(67,506)	122,434	811	(4,827)	1,796,166
371	2,077,796	120270	(47,537)	2,150,529	670,029	(47,537)	128,884	4,447	(4,939)	750,884
373	1,200,228	38400	(12,710)	1,225,918	455,299	(12,710)	67,984	75	(2,279)	508,369
389	72,462			72,462	6,704					6,704
390	1,441,205	702100	(136)	2,143,169	463,883	(136)	28,850			492,597
3911	7,370			7,370	7,026					7,026
3912	25,834			25,834	23,734					23,734
3913	220,623			220,623	146,364					146,364
391305	682,414			682,414	350,227					350,227
392.1	96,021	20000		116,021	80,374		9,447			89,821
392.2	559,867	40500	(25,212)	575,155	365,860	(25,212)	64,366	9,184		414,198
392.3	2,047,140	320637	(141,372)	2,226,405	1,166,217	(141,372)	197,567			1,222,412
392.4	111,010			111,010	25,498		4,440	275		30,213
393.1	106,918			106,918	103,490					103,490
393.2	761			761	761					761
394.1	35,928			35,928	35,792					35,792
394.2	101,981			101,981	71,255					71,255
395.1	63,665			63,665	55,474					55,474
395.2	32,089			31,001	27,796					27,796
396	194,335		(1,088)	194,335	177,237	(1,088)	6,963			183,112
397	144,032			144,032	122,015					122,015
398	16,988			16,988	11,941					11,941
399	10,000			10,000	6,000					6,000
	72,703,026	5,679,291	(569,579)	77,812,738	31,928,076	(569,579)	2,862,217	43,212	(177,207)	34,086,719

PRELIMARY
FLORIDA PUBLIC UTILITIES
2006 STUDY

DATA ENTRY SHEET

ACCOUNT	01/01/2008 INVESTMENT (000)	01/01/2008 RESERVE (000)	C U R R E N T					STAFF SUGGESTED				
			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
TRANSMISSION PLANT												
350.1 - Land Rights	56,519	33,120 *	50.0	21.0	0.0	29.0	SQ	56.0	23.0	0.0	33.0	SQ
352 - Structures and Improvements	22,006	9,683 *	45.0	25.0	0.0	20.0	S5	50.0	28.0	0.0	22.2	S5
353 - Station Equipment	2,441,033	651,026	40.0	24.0	10.0	16.4	S3	40.0	25.0	10.0	15.3	S3
354 - Towers and Fixtures	224,665	172,385	50.0	24.0	(20.0)	28.9	S2	50.0	16.5	(15.0)	33.5	S5
355 - Poles and Fixtures	2,362,224	966,730 *	35.0	27.0	(30.0)	11.5	R1	37.0	21.0	(30.0)	14.2	R4
356 - Overhead Conductors and Devices	1,876,726	593,045 *	40.0	31.0	(20.0)	9.0	S2	40.0	28.0	(10.0)	12.2	S2
359 - Roads and Trails	6788	4,182	55.0	13.9	0.0	41.1	SQ	55.0	10.0	0.0	45.1	SQ
Total Transmission Assets	6,989,961	2,430,171										
DISTRIBUTION PLANT												
360.1 - Land Rights	21,388	5,354	56.0	40.0	0.0	15.6	SQ	56.0	42.0	0.0	13.9	SQ
361 - Structures and Improvements	96,042	28,813 *	45.0	34.0	0.0	11.3	SQ	50.0	35.0	0.0	15.3	SQ
362 - Station Equipment	7,022,411	1,328,115	38.0	24.0	(10.0)	13.8	S3	38.0	31.0	(10.0)	7.4	S3
364 - Poles, Towers, and Fixtures	9,443,518	4,311,927	33.0	23.0	(40.0)	13.9	R1	35.0	21.0	(45.0)	14.3	R4
365 - Overhead Conductors & Devices	10,015,814	5,307,675	34.0	22.0	(30.0)	17.2	L1	34.0	15.7	(35.0)	18.3	R5
366 - Underground Conduit	3,082,087	554,776 *	50.0	41.0	0.0	9.1	R5	50.0	41.0	0.0	9.5	R5
367 - Underground Conductors & Device	5,447,595	1,656,069 *	35.0	24.0	0.0	11.3	R3	35.0	24.0	0.0	11.1	R3
368 - Line Transformers	13,478,851	7,861,560	29.0	15.8	(20.0)	14.3	R3	29.0	13.6	(20.0)	15.4	S6
369 - Services	8,497,751	4,060,556	34.0	23.0	(30.0)	12.0	R3	34.0	21.0	(35.0)	13.1	R5
370 - Meters	3,464,801	1,796,166	30.0	15.4	(10.0)	15.9	R3	30.0	14.3	(5.0)	15.7	R5
371 - Installation on Customers' Premise	2,150,529	750,884	15.0	9.0	15.0	7.1	S3	15.0	8.3	15.0	7.8	S3
373 - Street Lighting & Signal Systems	1,225,918	593,721 *	22.0	14.6	(10.0)	10.6	R1	22.0	9.5	(10.0)	12.5	R3
Total Distribution Assets	63,946,705	28,255,616										
GENERAL PLANT												
390 - Structures & Improvements	2,143,169	510,074 *	50.0	36.0	0.0	14.3	R4	50.0	38.0	0.0	11.9	R4
392.1 - Transportation-Cars	116,021	89,821	6.0	3.1	15.0	3.2	S2	7.0	1.0	15.0	6.1	S2
392.2 - Transportation-Light Trucks & Ve	575,155	414,198	8.0	3.9	10.0	4.1	S4	9.0	3.1	12.0	5.9	S4
392.3 - Transportation - Heavy Trucks	2,226,405	1,204,354 *	12.0	3.7	10.0	8.3	S5	13.0	7.5	10.0	5.5	S5
392.4 - Transportation - Trailers	111,010	30,794 *	25.0	20.0	5.0	4.8	R4	25.0	17.7	5.0	7.3	R4
396 - Power Operated Equipment	192,837	182,941	15.0	4.3	5.0	13.8	S2	25.0	5.0	5.0	20.0	S3
396.1 - Power Operated Equipment	1,498	171	15.0	4.3	5.0	13.8	S2	25.0	22.0	5.0	3.0	S3
Total General Plant Assets	5,366,095	2,432,353										
GRAND TOTAL	76,302,761	33,118,140										

*Denotes restated reserve after corrective transfers.

PRELIMARY
FLORIDA PUBLIC UTILITIES
2006 DEPRECIATION STUDY
COMPARISON OF RATES AND COMPONENTS

ACCOUNT	CURRENT			STAFF RECOMMENDED			
	AVERAGE	NET	REMAINING	AVERAGE	ESTIMATED	REMAINING	
	REMAINING	NET	LIFE	REMAINING	NET	1/1/04	LIFE
	LIFE	SALVAGE	RATE	LIFE	SALVAGE	RESERVE	RATE
	(YRS.)	(%)	(%)	(YRS.)	(%)	(%)	(%)
TRANSMISSION PLANT							
350.1 - Land Rights	21.0	0.0	2.2	23.0	0.0	58.6	1.8
352 - Structures and Improvements	25.0	0.0	2.0	28.0	0.0	44	2.0
353 - Station Equipment	24.0	10.0	2.3	25.0	10.0	26.67	2.5
354 - Towers and Fixtures	24.0	(20.0)	2.2	16.5	(15.0)	76.73	2.3
355 - Poles and Fixtures	27.0	(30.0)	3.8	21.0	(30.0)	40.92	4.2
356 - Overhead Conductors and Devices	31.0	(20.0)	3.2	28.0	(10.0)	31.6	2.8
359 - Roads and Trails	13.9	0.0	3.9	10.0	0.0	61.61	3.8
DISTRIBUTION PLANT							
360.1 - Land Rights	40.0	0.0	1.9	42.0	0.0	25.03	1.8
361 - Structures and Improvements	34.0	0.0	2.2	35.0	0.0	30	2.0
362 - Station Equipment	24.0	(10.0)	3.0	31.0	(10.0)	18.91	2.9
364 - Poles, Towers, and Fixtures	23.0	(40.0)	4.2	21.0	(45.0)	45.66	4.7
365 - Overhead Conductors & Devices	22.0	(30.0)	3.8	15.7	(35.0)	52.99	5.2
366 - Underground Conduit	41.0	0.0	2.0	41.0	0.0	18	2.0
367 - Underground Conductors & Devices	24.0	0.0	2.9	24.0	0.0	30.4	2.9
368 - Line Transformers	15.8	(20.0)	4.2	13.6	(20.0)	58.33	4.5
369 - Services	23.0	(30.0)	3.8	21.0	(35.0)	47.78	4.2
370 - Meters	15.4	(10.0)	3.6	14.3	(5.0)	51.84	3.7
371 - Installation on Customers' Premises	9.0	15.0	6.1	8.3	15.0	34.92	6.0
373 - Street Lighting & Signal Systems	14.6	(10.0)	5.6	9.5	(10.0)	48.43	6.5
GENERAL PLANT							
390 - Structures & Improvements	36.0	0.0	2.0	38.0	0.0	23.80	2.0
392.1 - Transportation-Cars	3.1	15.0	9.2	1.0	15.0	77.42	7.6
392.2 - Transportation-Light Trucks & Van	3.9	10.0	11.3	3.1	12.0	72.02	5.2
392.3 - Transportation - Heavy Trucks	3.7	10.0	9.5	7.5	10.0	54.09	4.8
392.4 - Transportation - Trailers	20.0	5.0	4.0	17.7	5.0	27.74	3.8
396 - Power Operated Equipment	4.3	5.0	6.3	5.0	5.0	94.87	0.1
396.1 - Power Operated Equipment	4.3	5.0	6.3	22.0	5.0	11.42	3.8

396 rate entered by hand

PRELIMINARY
FLORIDA PUBLIC UTILITIES
2006 DEPRECIATION STUDY
COMPARISON OF EXPENSES

ACCOUNT	01/01/2008 INVESTMENT	01/01/2008 RESERVE	CURRENT		STAFF RECOMMENDED		
			RATE	EXPENSES	RATE	EXPENSES	CHANGE EXPENSES
TRANSMISSION PLANT							
350.1 - Land Rights	56,519	33,120 *	2.2	1,243	1.8	1,017	(226)
352 - Structures and Improvements	22,006	9,683 *	2.0	440	2.0	440	0
353 - Station Equipment	2,441,033	651,026	2.3	56,144	2.5 *	61,026	4,882
354 - Towers and Fixtures	224,665	172,385	2.2	4,943	2.3	5,167	224
355 - Poles and Fixtures	2,362,224	966,730 *	3.8	89,765	4.2	99,213	9,448
356 - Overhead Conductors and Devices	1,876,726	593,045 *	3.2	60,055	2.8 *	52,548	(7,507)
359 - Roads and Trails	6,788	4,182	3.9	265	3.8	258	(7)
TOTAL TRANSMISSION PLANT	6,989,961	2,430,171		212,855.0		219,669.0	6,814
DISTRIBUTION PLANT							
360.1 - Land Rights	21,388	5,354	1.9	406	1.8	385	(21)
361 - Structures and Improvements	96,042	28,813 *	2.2	2,113	2.0	1,921	(192)
362 - Station Equipment	7,022,411	1,328,115	3.0	210,672	2.9	203,650	(7,022)
364 - Poles, Towers, and Fixtures	9,443,518	4,311,927	4.2	396,628	4.7	443,845	47,217
365 - Overhead Conductors & Devices	10,015,814	5,307,675	3.8	380,601	5.2 *	520,822	140,221
366 - Underground Conduit	3,082,087	554,776 *	2.0	61,642	2.0	61,642	0
367 - Underground Conductors & Devices	5,447,595	1,656,069 *	2.9	157,980	2.9	157,980	0
368 - Line Transformers	13,478,851	7,861,560	4.2	566,112	4.5 *	606,548	40,436
369 - Services	8,497,751	4,060,556	3.8	322,915	4.2	356,906	33,991
370 - Meters	3,464,801	1,796,166	3.6	124,733	3.7	128,198	3,465
371 - Installation on Customers' Premises	2,150,529	750,884	6.1	131,182	6.0	129,032	(2,150)
373 - Street Lighting & Signal Systems	1,225,918	593,721 *	5.6	68,651	6.5	79,685	11,034
TOTAL DISTRIBUTION PLANT	63,946,705	28,255,616		2,423,635		2,690,614	266,979
GENERAL PLANT							
390 - Structures & Improvements	2,143,169	510,074 *	2.0	42,863	2.0	42,863	0
392.1 - Transportation-Cars	116,021	89,821	9.2	10,674	7.6	8,818	(1,856)
392.2 - Transportation-Light Trucks & Vans	575,155	414,198	11.3	64,993	5.2 *	29,908	(35,085)
392.3 - Transportation - Heavy Trucks	2,226,405	1,204,354 *	9.5	211,508	4.8 *	106,867	(104,641)
392.4 - Transportation - Trailers	111,010	30,794 *	4.0	4,440	3.8	4,218	(222)
396 - Power Operated Equipment	192,837	182,941	6.3	12,149	0.1	193	(11,956)
396.1 - Power Operated Equipment	1,498	171	6.3	94	3.8	57	(37)
TOTAL GENERAL PROPERTY	5,366,095	2,432,353		346,721		192,924	(153,797)
TOTAL RATES	76,302,761	33,118,140		2,770,356		2,883,538	119,996

*Denotes restated reserve after corrective transfers.

**PRELIMARY
FLORIDA PUBLIC UTILITIES
2006 STUDY
DATA ENTRY SHEET
THEORETICAL RESERVE CALCULATIONS - USING PROPOSED RATES**

ACCOUNT	01/01/2008 INVESTMENT	01/01/2008 RESERVE	THEORETICAL RESERVE	THEORETICAL RESERVE	IMBALANCE	WLR (%)	ARL (YEARS)	NET SALV (%)
TRANSMISSION PLANT								
350.1 - Land Rights	56,519	33,120	58.6	33,120	0	1.8	23.0	0.0
352 - Structures and Improvements	22,006	9,683	44	9,683	0	2	28.0	0.0
353 - Station Equipment	2,441,033	651,026	32.5	793,336	(142,310)	2.3	25.0	10.0
354 - Towers and Fixtures	224,665	172,385	77.05	173,104	(719)	2.3	16.5	(15.0)
355 - Poles and Fixtures	2,362,224	966,730	56.5	1,334,657	(367,927)	3.5	21.0	(30.0)
356 - Overhead Conductors and Devices	1,876,726	593,045	31.6	593,045	0	2.8	28.0	(10.0)
359 - Roads and Trails	6,788	4,182	82	5,566	(1,384)	1.8	10.0	0.0
Total Transmission Assets	6,989,961	2,430,171		2,942,511	(512,340)			
DISTRIBUTION PLANT								
360.1 - Land Rights	21,388	5,354	24.4	5,219	135	1.8	42.0	0.0
361 - Structures and Improvements	96,042	28,813	30	28,813	0	2.0	35.0	0.0
362 - Station Equipment	7,022,411	1,328,115	20.1	1,411,505	(83,390)	2.9	31.0	(10.0)
364 - Poles, Towers, and Fixtures	9,443,518	4,311,927	58.9	5,562,232	(1,250,305)	4.1	21.0	(45.0)
365 - Overhead Conductors & Devices	10,015,814	5,307,675	72.2	7,231,418	(1,923,743)	4.0	15.7	(35.0)
366 - Underground Conduit	3,082,087	554,776	18	554,776	0	2.0	41.0	0.0
367 - Underground Conductors & Device	5,447,595	1,656,069	30.4	1,656,069	0	2.9	24.0	0.0
368 - Line Transformers	13,478,851	7,861,560	64.24	8,658,814	(797,254)	4.1	13.6	(20.0)
369 - Services	8,497,751	4,060,556	51	4,333,853	(273,297)	4.0	21.0	(35.0)
370 - Meters	3,464,801	1,796,166	54.95	1,903,908	(107,742)	3.5	14.3	(5.0)
371 - Installation on Customers' Premise:	2,150,529	750,884	37.69	810,534	(59,650)	5.7	8.3	15.0
373 - Street Lighting & Signal Systems	1,225,918	593,721	62.5	766,199	(172,478)	5.0	9.5	(10.0)
Total Distribution Assets	63,946,705	28,255,616		32,923,340	(4,667,724)			
GENERAL PLANT								
390 - Structures & Improvements	2,143,169	510,074	24	514,361	(4,287)	2.0	38.0	0.0
392.1 - Transportation-Cars	116,021	89,821	72.9	84,579	5,242	12.1	1.0	15.0
392.2 - Transportation-Light Trucks & Va	575,155	414,198	57.62	331,404	82,794	9.8	3.1	12.0
392.3 - Transportation - Heavy Trucks	2,226,405	1,204,354	38.25	851,600	352,754	6.9	7.5	10.0
392.4 - Transportation - Trailers	111,010	30,794	27.74	30,794	0	3.8	17.7	5.0
396 - Power Operated Equipment	192,837	182,941	76	146,556	36,385	3.8	5.0	5.0
396.1 - Power Operated Equipment	1,498	171	11.4	171	0	3.8	22.0	5.0
Total General Plant Assets	5,386,095	2,432,353		1,959,465	472,888			
GRAND TOTAL	76,302,761	33,118,140		37,825,316	(4,707,176)			