

**Diamond Williams**

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**From:** Keating, Beth [BKeating@gunster.com]**Sent:** Friday, October 21, 2011 11:46 AM**To:** Filings@psc.state.fl.us**Subject:** Docket No. 110207-EI**Attachments:** 20111021113518597.pdf

Attached for electronic filing in the referenced docket, please find a copy of FPUC's responses to the Staff Report addressing the Company's Depreciation Study.

Beth Keating

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a. Person responsible for this electronic filing:

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b. Docket No. 110207-EI - **2011 depreciation study by Florida Public Utilities Company.**

c. On behalf of: Florida Public Utilities Company

d. There are a total pages: 3

e. Description: Copy of Letter to Ms. L'Amoreaux with Company Response to Staff Report

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October 21, 2011

**BY E-MAIL**

Ms. Melissa L'Amoreaux  
Division of Economic Regulation  
Florida Public Service Commission  
Gunter Building, Suite 105  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

**Re: Docket No. 110207-EI - 2011 depreciation study by Florida Public Utilities Company.**

Dear Ms. L'Amoreaux:

Attached, please find Florida Public Utilities Company's response to the Staff Report addressing the Company's Depreciation Study.

Please don't hesitate to let me know if you have any questions whatsoever.

Sincerely,

Beth Keating  
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(850) 521-1706

MEK

cc: Commission Clerk (Docket File: 110207)  
Office of Public Counsel (Christensen)

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## Docket No. 110207-EI – FPUC Depreciation Study

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### October 21, 2011 – Florida Public Utilities Company's Response to Staff Report

The Company generally agrees with the Staff's proposed depreciation rates. We have included additional responses and comments by account to the Staff's Report, Docket No. 110207-EI, dated September 27, 2011.

#### **Account 353-Station Equipment:**

It is possible that salvage can be realized upon retirement; however, the Company does not have sufficient historical or current data to support a change from the Current Net Salvage (NS) rate embedded in the current depreciation rates. The current NS rate used is a positive 10 percent.

#### **Account 354-Towers and Fixtures:**

Upon finalization of the depreciation study, the Company plans to correct the error of \$183, transferring \$183 from this account to Account 355.

#### **Account 370-Meters:**

The Company has less than 50% of AMR meter devices in place; however, AMI is not used at this time. At this time, the Company does not have plans to implement. The Company does not have AMR broken out from other meters in the fixed asset records. The Company does not have sufficient historical data or other data to recommend an appropriate asset service life for the new technology.

#### **Account 391.1-Office Furniture:**

This account does not lend itself to a composite depreciation method and rate. The amortization rates are not subject to a depreciation study. The Company tracks additions by vintage year and amortizes assets based on prescribed straight-line amortization rates. Refer to Exhibit B of FPUC's responses to staff's initial review regarding amortization of this account.

#### **Account 391.3-Computer Equipment:**

After further review the transfers into this account, \$18,743, were not from Account 392.1; but, were from Account 391.3, (Corporate Common of \$15,902 and South Florida Propane of \$2,846).

Exhibit K.1/1, page 5 of our 2011 Depreciation Study is correct (5 year amortization). Since the acquisition by Chesapeake Utilities, some account numbers were changed to follow the new Company account number structure. This prior 391.3 account was reclassified into 391.2, which is Computer Equipment and uses a 5 year amortization. Therefore, refer to page 5 of Exhibit B of the Company's responses to staff's initial review for the amortization schedules for Account 391.2, Computer Equipment - 5 year amortization.

Account 391.3 is now Furniture and Fixtures, with a 7 year amortization.

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## Docket No. 110207-EI – FPUC Depreciation Study

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Upon investigation, the remaining transfers were computers, printers and servers.

### **Account 392.2-Transportation Light Trucks:**

After further review, the (\$4,055) reserve amount recorded as "Purch. & Adj." was an adjustment made due to results from the Electric Rate Case audit.

Update for Company's Responses to Staff's initial review, No. 14, page 5: The transfer of the \$13,000 plant and \$3,725 reserve was due to a reassignment of the 1998 Dodge Ram 1500 from the Propane division to the Electric division in Fernandina.

### **Account 396-Power Operated Equipment:**

The Company does not budget for specific retirements and accordingly the Company does not have any plans for retirements in the next four years.

An inventory has not been performed within the last 5 years and at this time, none are scheduled.

Upon finalization of the depreciation study, the Company plans to correct the error of \$150, transferring \$150 from this account to Account 397.

### **Account 397-Communication Equipment:**

Upon finalization of the depreciation study, the Company plans to correct the error disclosed in account 396.