

Eric Fryson

120081-60

From: Keating, Beth [BKeating@gunster.com]
Sent: Wednesday, April 11, 2012 5:02 PM
To: Filings@psc.state.fl.us
Subject: Petition for Waiver of Rule 25-7.045(8)(a) by Chesapeake
Attachments: 20120411165727191.pdf

Attached for electronic filing, please find the Petition of the Florida Division of Chesapeake Utilities Corporation for a waiver of Rule 25-7.045(8)(a), F.A.C. As always, please do not hesitate to contact me if you have any questions.

a. Person responsible for this electronic filing:

Beth Keating
Gunster, Yoakley & Stewart, P.A.
215 S. Monroe St., Suite 618
Tallahassee, FL 32301
bkeating@gunster.com
Direct Line: (850) 521-1706

b. **New Filing – Petition for Waiver of Rule 25-7.045(8)(a), F.A.C., by the Florida Division of Chesapeake Utilities Corporation**

c. On behalf of: Florida Division of Chesapeake Utilities Corporation

d. There are a total pages: 6

e. Description: Petition for Waiver



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DOCUMENT NUMBER: DATE

02205 APR 12 09

FPSC-COMMISSION CLERK

4/12/2012



Writer's Direct Dial Number: (850) 521-1706
Writer's E-Mail Address: bkeating@gunster.com

April 11, 2012

VIA ELECTRONIC FILING - **FILINGS@PSC.STATE.FL.US**

Ms. Ann Cole, Commission Clerk
Office of the Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

120081-GU

Re: Petition for Waiver of Rule 25-7.045(8)(a), Florida Administrative Code, by the Florida Division of Chesapeake Utilities Corporation

Dear Ms. Cole:

Attached for electronic filing, please find the Petition of the Florida Division of Chesapeake Utilities Corporation for a waiver of Rule 25-7.045(8)(a), Florida Administrative Code.

Thank you for your assistance with this filing, and as always, please do not hesitate to contact me if you have any questions whatsoever.

Sincerely,

Beth Keating
Gunster, Yoakley & Stewart, P.A.
215 South Monroe St., Suite 601
Tallahassee, FL 32301
(850) 521-1706

DOCUMENT NUMBER-DATE

02205 APR 12 02

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for waiver of depreciation study
filing requirement in Rule 25-7.045(8)(a),
Florida Administrative Code, by the Florida
Division of Chesapeake Utilities Corporation

Docket No. 120081-GJ
Filed: April 11, 2012

**PETITION OF THE FLORIDA DIVISION OF
CHESAPEAKE UTILITIES CORPORATION FOR
WAIVER OF RULE 25-7.045(8)(A), FLORIDA ADMINISTRATIVE CODE**

The Florida Division of Chesapeake Utilities Corporation (“CHPK” or “Company”), through undersigned counsel and pursuant to Rule 28-104.002, F.A.C., and Section 120.542, Florida Statutes, hereby petitions the Commission for a waiver of Rule 25-7.045(8)(a), F.A.C., which requires the Company to file its next depreciation study within five years of the filing of its previous depreciation study. In requesting this waiver, CHPK seeks leave to file its depreciation study on or before August 17, 2012. In support of this request, the Company states:

1. The Company is a natural gas utility with its principal office located at:

Florida Division of Chesapeake Utilities
Corporation
1641 Worthington Road, Suite 220
West Palm Beach, FL 33409-6703

2. Please send copies of all notices, pleadings and other communications and documents in this docket to the following:

Beth Keating
Gunster, Yoakley & Stewart, P.A.
215 South Monroe St., Suite 601
Tallahassee, FL 32301

Florida Division of Chesapeake
Utilities Corporation
Cheryl Martin, Director/Regulatory Affairs
1641 Worthington Road, Suite 220
West Palm Beach, FL 33409-6703

3. CHPK is a natural gas utility subject to regulation by the Commission in accordance with Chapter 366, Florida Statutes.

4. Rule 25-7.045(8)(a), F.A.C. , provides that:

Each company shall file a study for each category of depreciable property for Commission review at least once every five years from the submission date of the previous study unless otherwise required by the Commission.

CHPK filed its last depreciation study on May 17, 2007; thus, CHPK's next study is due to be filed on or before May 17, 2012, in accordance with the Rule. By this Petition, the Company however seeks a temporary waiver of the Rule requirement to provide an additional 90 days to complete the filing, allowing CHPK to file its depreciation study on or before August 17, 2012. Thereafter, CHPK asks that subsequent depreciation study filing dates be calculated from the August filing date.

5. Pursuant to Section 120.542(2), Florida Administrative Code, the Commission is authorized to grant the requested waiver if the application of the Rule would otherwise work an undue hardship on the Company and if the Company can demonstrate that the purpose of the underlying statute will be achieved by other means.

6. Rule 25-7.045 provides a detailed – and lengthy - list of the items that must be included in the study, and further specifies that the calculations of depreciation rates must be provided using both whole life and remaining life methods. Even under ordinary circumstances, preparing a depreciation study is a time-consuming, difficult task.

7. In recent months, however, the Company's ability to marshal its resources to prepare the depreciation study has been hindered by the recent relocation of its main offices. In addition, the Company is engaged in the preliminary tasks necessary to effectuate the consolidation of CHPK's books and tariffs (and depreciation rates) under Florida Public Utilities Company.

Consequently, the personnel that are responsible for plant accounting have been charged with significant projects that have increased their workload significantly. Filing on or before May 17 will, therefore, impose an undue hardship on the Company, as a result of these recent, increased demands on personnel and resources of the Company.

8. The purpose of the underlying statutes will still be fulfilled if the Commission grants the requested waiver. Specifically, Section 350.115 authorizes the Commission to “prescribe by rule uniform systems and classifications of accounts for each type of regulated company and approve or establish adequate, fair, and reasonable depreciation rates and charges.” Section 366.06(1)¹ authorizes the Commission to:

. . . investigate and determine the actual legitimate costs of the property of each utility company, actually used and useful in the public service, and to keep a current record of the net investment of each public utility company and such property which value, as determined by the Commission, shall be used for ratemaking purposes and shall be the money honestly and prudently invested by the public utility company in such property used and useful in serving the public, less accrued depreciation and shall not include any goodwill or going concern value or franchise value in excess of the payment made therefore.

CHPK only seeks an extension of time in which to file its study; therefore, the purpose of both underlying statutes will still be fulfilled when the Company files the study in August, providing the Commission with the required data. The waiver will simply enable CHPK to prepare the required study without undue hardship and cost imposed on the Company or its accounting personnel.

9. In view of the fact that the requested filing date is well into the 3rd quarter of the calendar year, CHPK notes that it intends to request an effective date of January 1, 2013, for depreciation rates approved as a result of its extended depreciation study filing. The Company further

¹ The Company notes Section 366.06 is not specifically referenced in the depreciation rule for natural gas utilities, but is referenced in the corresponding rule applicable to electric utilities, Rule 25-6.0436, F.A.C., but nonetheless appears to provide underlying authority for both depreciation rules.

commits to provide updated information at year end 2012, as may be necessary, in support of the requested effective date.

10. The Company therefore asks that a waiver of Rule 25-7.045(8)(a), F.A.C., be granted to allow the Company to file its depreciation study by August 17, 2012. CHPK further asks that the filing date for subsequent depreciation studies be calculated from the extended August filing date.

WHEREFORE, the Florida Division of Chesapeake Utilities Corporation asks that the Commission:

1. Grant the request for a temporary waiver of Rule 25-7.045(8)(a), Florida Administrative Code;
2. Allow the Company until August 17, 2012, to file its next depreciation study; and
3. Calculate the filing dates for subsequent depreciation studies based upon the extended filing date requested herein.

Respectfully submitted this 11th day of April, 2012, by:

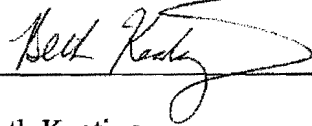


Beth Keating
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215 South Monroe St., Suite 601
Tallahassee, FL 32301

*Attorneys for Florida Division of
Chesapeake Utilities Corporation*

Certificate of Service

I HEREBY CERTIFY that a true and correct copy of the foregoing Petition for Waiver has been furnished via U.S. Mail this 11th day of April, 2012, to the Joint Administrative Procedures Committee, 680 Pepper Building, 111 W. Madison Street, Tallahassee, FL 32399-1400.



Beth Keating
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Tallahassee, FL 32301