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June 9, 2014

E-Portal

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


Re: Docket No. 140051-GU - 2014 depreciation study by Florida City Gas.

Dear Ms. Stauffer:

Attached for filing, please find Florida City Gas's responses to Staff's Second Set of Data Requests in the referenced docket.

Thank you for your assistance in connection with this filing. If you have any questions whatsoever, please do not hesitate to let me know.

Sincerely,



Beth Keating
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MEK

**Florida City Gas 2014 Depreciation Study – Docket No. 140051-GU
RESPONSES TO STAFF’S SECOND SET OF DATA REQUESTS**

Data Request 2 - 1: Please refer to Attachment D to the Company’s response to Staff’s First Data Request. For Account 380.0 Meter Installations, please explain why the reserve, which is \$249,527, is significantly lower than the theoretical reserve, which is \$3,994,304, that only yields a Reserve to Theoretical Reserve Ratio 6.2%.

RESPONSE

When referring to Attachment D to the Company’s Response to Staff’s First Data Request, the reserve amount of \$249,527 is related to Account 381.0 Meters opposed to Account 380.0 Meter Installations. The response addressed the reserve balance for Account 381.0 Meters.

The reason that the reserve balance is significantly lower than the theoretical reserve is that FCG recorded a significant amount of meter retirements since the last depreciation study. These retirements related to the replacement of over 25,000 meters in connection with our PT program. The meters retired were not fully depreciated and as a result the retirements caused the reserve to be low relative to the theoretical reserve.

The table below provides a roll forward since the last depreciation study of the reserve for Account 381.0 Meters.

| | |
|--|-------------|
| Reserve Beginning Balance 12-2008 | 2,135,077 |
| Reserve Activity | 2,532,644 |
| Retirements | (4,532,305) |
| Adjustments (Refer to DR3) | 10,527 |
| Proforma Adjustment – Meter Reinstatements (Refer to Depr Study, Attachment D, Page 2) | 267,899 |
| Proforma Adjustment – RWIP Allocation (Refer to Depr Study, Attachment D, Page 2) | (164,316) |
| Reserve Ending Balance 12-2013 | 249,527 |

Data Request 2 - 2: Please refer to Attachment D to the Company’s response to Staff’s First Data Request. For Account 392.0 Transportation Equip. - Combined, please explain why the reserve, which is negative \$125,502, is significantly lower than the theoretical reserve, which is \$776,469, that only yields a Reserve to Theoretical Reserve Ratio negative 16.2%.

RESPONSE

The reason that the reserve Account 392.0 Transportation Equip. - Combined is negative and significantly less than the theoretical reserve is that FCG replaced and retired vehicles prior to the vehicles being fully depreciated.

The table below provides a roll forward since the last depreciation study of the reserve for Account 392 Transportation Equip. - Combined.

| | |
|-----------------------------------|-------------|
| Reserve Beginning Balance 12-2008 | 1,213,233 |
| Reserve Activity | 906,922 |
| Retirements | (2,570,456) |
| Adjustments (from DR 3) | 324,799 |
| Balance 12-2013 | (125,502) |