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June 25, 1997

Ms. Patricia S. Lee
US/C Engineer Supervisor
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0865

RECEIVED

JUL 10 1997
FPSC - Records Reporting
ANALYSIS DIV.

Re: Docket No. 970428-GU

Dear Ms. Lee:

Attached please find Chesapeake Utilities Corporation's responses to your initial review of our 1996 Depreciation Study. Please contact me at (941) 299-2883 if you have any questions. Thank-you for your cooperation.

Sincerely,

Anne V. Wood

Anne V. Wood
Accounting and Rates Manager

- ACK _____
- AFA _____
- APP _____
- CAF _____
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- CV _____
- YC _____

cc: Tom Geoffroy
Wayne L. Schiefelbein

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**CHESAPEAKE UTILITIES CORPORATION
1997 DEPRECIATION STUDY – DOCKET NO. 970428-GU**

INITIAL REVIEW

1. Since the Company proposes January 1, 1998 as the date of implementation for new depreciation rates, the recovery status for each account needs to be determined at that date. Rule 25-7.045(5)(b), Florida Administrative Code, sets forth this requirement. Please provide December 31, 1997 estimated investment and reserve balances, as well as 1997 estimated additions and retirements for each account. The data may involve both recorded activity, to the extent it is available; and projected activity, for the remainder of 1997. Also, please bring forward to December 31, 1997 the information provided on Attachment A, Schedule 1, titled in part "Comparison of Current Depreciation Rates and Proposed Depreciation Rates."

2.
 - a. For Account 392.3, and for each year since the last study, please provide retirements booked by vehicle type, showing the in-service date, retirement date, and original cost of each vehicle. Also provide the gross salvage realized, and any incurred cost of removal for each retired vehicle.
 - b. For your surviving investment for Account 392.3, please provide a listing of all vehicles in service as of January 1, 1998, showing the in-service date and original cost of each.

3. As a result of the recently completed CPR audit, adjustments were made in 1996 to Accounts 378 and 385 to remove inappropriately capitalized additions from plant in service. There was not any corresponding adjustment shown for reserve.
 - a. What amount of reserve is correctly associated with the plant adjustment amounts for these accounts for 1996?
 - b. Does Chesapeake have a procedure which triggers an adjustment to reserve when an adjustment is made to plant? If so, please provide a copy of the procedure.

4. In the course of the recently completed CPR audit, an issue was raised regarding the treatment of services inactive for five years or longer. The Company stated that all such services had been retired as of December 31, 1996. Both steel and plastic services show a high level of retirements for the year 1996, compared to prior years, which reflect this effort. Staff would like to understand the circumstances which produced the costs of removal shown for plastic services and for steel services for the years 1992 through 1996.

The data indicates that removal of plastic services is far less costly than removal of steel services, which generally may be reasonable. In review of the situation, several factors can be noted. The removal activity is labor intensive; if an early vintage service were removed in 1996, the labor costs associated with the

removal could have been multiples of the capitalized investment associated with the service being retired. Since vintages for surviving steel services go back into the 1930's, cost of removal of several hundred percent may be expected in some instances when those early vintage services are involved.

The vintages for plastic services are more recent. All investments date after 1981, and the average investment age is 5 years. Consider a case where the same labor hours are spent removing an old steel service as are required to remove a plastic service of late eighties vintage. Then for the plastic, the percentage calculated for cost of removal could readily be less than 100%, while the percentage for the older steel installation might exceed 200%.

The data indicates that percentage cost of removal for steel services has been decreasing, from almost 240% in 1992 to less than 140% in 1996. For plastic services, the annual cost of removal has always been less than 50%.

Staff would like information on any additional factors which are thought to contribute to the variance in costs shown in the data. Please provide any explanatory information which is available.

- a. Please provide a description of the typical physical activity involved in the abandonment of a plastic service and of a steel service, for the service located under pavement and not under pavement.
- b. What percentage of each type of service (plastic and steel) is under pavement?
- c. What is the estimated time required to abandon each type of service under pavement, as compared to one not under pavement?
- d. Please provide loaded hourly labor rate(s), as well as the cost(s) for any materials which are necessary, to abandon each type of service in each situation.

5. Within the filing of the study in this docket, Chesapeake has requested approval to amortize an amount of \$19,000 over a three-year period. That amount is cited as cost for the study filed. Staff would like to understand the reasoning behind this request.

- a. For what reason(s) did Chesapeake elect to request amortization in place of the normal accounting treatment for this expense?
- b. Please explain how the three year amortization period, as proposed by the Company, was determined.
- c. Would any additional expenses be anticipated, in particular if this matter should go to hearing?

CHESAPEAKE UTILITIES CORPORATION
1997 DEPRECIATION STUDY - DOCKET NO. 970428-GU
COMPANY RESPONSES TO DATA REQUEST #1

1. The Company has revised its Attachment A, Schedule 1, as of December 31, 1997. Please see the attached schedules. The projected plant and reserve balances as of December 31, 1997 were developed using a combination of April 1997 actual year-to-date activity as well as projected activity for the remainder of the year. Projected additions and retirements to plant were based on the Company's approved capital budget and PSC rules regarding retirement of inactive meters and services. For the latter two items, the Company projected the level of retirement activity for the balance of the year based on Company records. Cost of removal for all accounts was based on the actual 1996 percentage experienced in each plant account. Salvage estimates for vehicles were based on actual bids received from dealers as trade-in values for the vehicles we are retiring this year.

The Company projected depreciation expense based on the average monthly balance in each account times the current depreciation rate divided by twelve.

To date, the Company has not recalculated the theoretical reserve as of December 31, 1997. To do this, the Company would incur additional consulting fees. At Staff's request, we will contact our consultant and direct him to extend the study.

2.
 - a. Please see attached summary.
 - b. Please see attached summary.
3.
 - a. Please see attached summary. The Company recorded this journal entry in May 1997.
 - b. Chesapeake does not have a written policy that triggers an adjustment to reserve when an adjustment is made to plant. The situation addressed by Staff was an oversight by Chesapeake. Chesapeake routinely records adjustments to reserve when an adjustment is made to plant even though there is no written policy.
4. The costs of removal associated with the retirement of both plastic and steel services result primarily from labor and associated overhead and vehicle charges. These retirement activities are very labor intensive. During 1996, depending on the type of service, payroll costs equated for approximately 55-60% of the total cost of removal. Payroll overhead accounted for approximately 20-30% and vehicle charges approximately 16%. The

balance of costs (4-5%) relate primarily to miscellaneous inventory and asphalt or sod.

A primary factor to consider when calculating the percentage of cost of removal to the original retirement cost is the age of the services being retired. The majority of the Company's retirements are steel services with original costs which are quite low when compared to today's costs of removal. For example, in 1996, the Company retired approximately 303 services. 222 of these services were steel. 81 of these services were plastic. Of the 222 steel services retired, 129 (58%) of them were placed in service between 1935 and 1970 with original costs ranging from \$15.36 to \$93.89. An additional 47 steel services retired were from vintages dating from 1971 to 1979.¹ The remaining 46 steel services retired were from vintages dating between 1980 and 1990.

In contrast, all 81 plastic services retired during 1996 were from vintages post 1981 with original costs ranging from \$189.82 to \$623.01. As a result, as noted in your letter to us, it is reasonable for cost of removal for steel services to exceed 200% of the original cost while cost of removal for plastic services could be less than 100%.

Below are our responses to the four questions posed in your data request.

a. The physical steps necessary to abandon steel and plastic services are detailed below:

Steel service - Construction crew first locates the line. After locating the line, the crew digs up the tie-in to the main. Old bare steel lines that have been in service for many years are likely to be under concrete or asphalt. If the service is located under pavement, the crew has to jackhammer, saw or bust out the pavement to get to the service. If the service is not located under pavement, the crew blocks out an area of sod and removes it. After the sod, asphalt or concrete is removed, the crew digs down to the line. The hole that is dug for steel services is approximately three times larger than the hole dug for a plastic service. At this point, the crew continues to abandon the service as follows.

Bare steel - Bare steel services are usually connected to the main with a saddle type fitting. The crew removes the fitting from the saddle in order to remove the service. Once the service is removed from the saddle, the crew plugs the hole to stop the flow of gas. Occasionally, the fitting will break off when the crew attempts to remove it from the saddle. If this occurs, the crew has to squeeze off the pipe and blow down the line. After the line has been blown down, the crew cuts out a section of the service. The crew threads the end of the remaining service and installs a threaded cap to stop the flow of gas.

Coated steel - A coated service will usually have a No-Blo tap tee welded on the main. After the crew removes the tape-coat off of the tee, they remove the cap on top of the tee and run an insert down to shut off the flow of gas. After the gas is shut off, the crew cuts out a section of the pipe. Depending on the gas pressure, a threaded cap or weld cap is

installed on the end of the remaining pipe. The crew also installs a 17# anode and then roskoats or tapes the pipe.

Plastic service - Construction crew first locates the line. Plastic services are generally located under sod. After locating the line, the crew blocks out an area of sod and removes it so they can access the service. The crew then digs up the tie-in to the main. The crew squeezes off the service and blows the line down. After the line is blown down, the crew cuts out a section of the pipe with P.E. cutters. The crew then socket fuses a plastic cap on the end of the service to cut off the flow of gas.

For all services, the crew also removes the service riser at the location and purges the abandoned line with air. The crew seals the ends of the abandoned service. At this point the hole is filled and the sod or asphalt is replaced by the crew.

b. The Company estimates approximately 20% of its steel services and 5% of its plastic services lie under pavement.

c. The typical man-hour requirement for abandoning a plastic service is three hours. The typical man-hour requirement for abandoning a steel service is four to six hours depending on whether or not the service is under pavement.

d. The average payroll rate for the Company's construction department is currently \$10.52 per hour. The overhead rate for 1996 was approximately 37% of payroll or an additional \$3.89 per hour. As stated above, vehicle charges would also be charged to a retirement and represent approximately 26% of payroll charged to retirements.

The materials required to abandon a service are a weld cap, screw cap or plastic cap, depending on the type of service, and cost approximately \$2.00. Additional expenses would be required for sod or asphalt.

5. Chesapeake believes that regulatory expenses, such as those incurred in preparing and filing a depreciation study, are expenses recoverable from ratepayers. We also believe it may be appropriate to account for such expenses in a variety of ways. As depreciation studies are required by the Commission at least once every five years, it would be reasonable to amortize these expenses over a five-year period. On the other hand, where earnings suffice, it may be more expedient to expense all costs in the year incurred to eliminate the tracking and administrative costs involved in amortization.

Chesapeake's proposal to amortize its costs over a three-year period was based primarily on the following factors. Given Chesapeake's current earnings situation, Chesapeake will not be able to recover the costs of preparing and filing this study from its ratepayers during 1997. Our March 31, 1997 surveillance report indicates a earned return of 7.86% compared to an allowed range of 8.42% to 9.46%. Expensing the entire \$19,000 during

1997 would further erode Chesapeake's earnings. Although Chesapeake recognizes that the Commission does not "guarantee" our earnings, we do believe that it is appropriate to allow for recovery of regulatory expenses.

Chesapeake is anticipating filing for a general rate increase during the fourth quarter of 1997. Given the recurring nature of this expense and the fact that depreciation studies are required by Commission rule, our proposal would allow us to include the cost of this study in our cost of service requirements for setting rates which would go into effect sometime during 1998 thus providing for recovery of this cost prospectively.

Chesapeake chose a three-year amortization period because we believe it is a reasonable period to amortize these costs (approximately \$19,000). Other than if required to do so in response to Question 1 (calculating theoretical reserve balances would require the assistance of our consultant), Chesapeake does not intend to incur additional expenses with respect to this docket. It is our intent to work with Staff to resolve our differences, if any, in an expedient manner. However, if additional expenses arise, Chesapeake believes the total amount of amortization granted should be "trued-up" to include those expenses.

CHESAPEAKE UTILITIES CORPORATION
 FLORIDA DIVISION
 COMPARISON OF CURRENT DEPRECIATION RATES
 AND PROPOSED DEPRECIATION RATES
 FOR RATES EFFECTIVE JANUARY 1, 1988

Revised
 Attachment A, Schedule 1
 1988 DEPRECIATION STUDY
 DOCKET NO. 87063-GU
 RESPONSE TO DATA REQUEST
 QUESTION #1

LINE NO.	ACCT NO.	DESCRIPTION	PROJECTED 12/31/87 BALANCE			CURRENT RATES				PROPOSED RATES			
			INVESTMENT	BOOK RESERVE	THEORETICAL RESERVE	REMAINING LIFE	SALVAGE	RATE	EXPENSE	REMAINING LIFE	SALVAGE	RATE	EXPENSE
1	374	LAND AND LAND RIGHTS	\$28,484	\$0	(2)	N/A		N/A	\$0	N/A		N/A	\$0
2	375	STRUCTURES AND IMPROVEMENTS	\$228,888	\$30,884		38.0	(18)	3.0%	\$8,871	48.0	(18)	2.75%	\$8,184
3	376	MAINS - STEEL	\$8,887,880	\$3,918,204		30.0	(38)	3.4%	\$304,888	37.0	(38)	3.85%	\$248,818
4	376	MAINS - PLASTIC	\$2,888,881	\$372,882		37.0	(38)	3.5%	\$84,412	38.0	(38)	3.9%	\$111,884
5	376	M & R EQUIPMENT - GENERAL	\$881,888	\$81,882		27.0		3.5%	\$18,287	30.0	(8)	3.85%	\$18,788
6	376	M & R EQUIPMENT - CITY	\$887,888	\$143,888		28.0	(7)	3.5%	\$31,834	30.0	(8)	3.85%	\$38,888
7	380	SERVICES - STEEL	\$888,732	\$313,888		24.0	(8)	6.7%	\$88,873	31.0	(18)	7.75%	\$78,888
8	380	SERVICES - PLASTIC	\$1,873,888	\$138,848		32.0	(38)	3.5%	\$88,888	32.0	(38)	4.18%	\$88,487
9	381	METERS	\$888,388	\$388,318		18.7		4.5%	\$48,127	28.0		5.85%	\$38,848
10	382	METER INSTALLATIONS	\$878,888	\$111,881		28.0	(8)	3.7%	\$21,748	28.0	(8)	8.1%	\$24,728
11	388	REGULATORS	\$888,373	\$188,727		24.0		3.4%	\$21,488	28.0		3.85%	\$22,888
12	388	M & R EQUIPMENT - INDUSTRIAL	\$1,284,281	\$187,178		27.0		3.4%	\$42,888	31.0	(18)	3.85%	\$48,843
13	387	OTHER EQUIPMENT	\$188,288	\$38,482		22.0		3.5%	\$7,188	28.0		3.9%	\$7,178
14	388	LAND AND LAND RIGHTS	\$88,288	\$1,843		N/A		N/A	\$0	N/A		N/A	\$0
15	388	STRUCTURES AND IMPROVEMENTS	\$31,387	\$73,277		38.0	(8)	2.8%	\$8,287	37.0	(8)	3.85%	\$8,888
16	381.1	DATA PROCESSING EQUIPMENT	\$74,888	\$38,818		3.8	2	7.8%	\$8,888	7.0		14.75%	\$11,888
17	381.2	OFFICE FURNITURE	\$88,818	\$88,288		8.2		8.8%	\$8,488	17.0	18	4.85%	\$4,288
18	381.3	OFFICE EQUIPMENT	\$87,778	\$18,888		7.2		8.8%	\$8,481	11.0		18.18%	\$8,882
19	381.4	VAX SYSTEMS EQUIPMENT	\$81,813	\$7,888		8.8		11.2%	\$8,781	8.8		28.8%	\$12,134
20	382.3	TRANSPORTATION EQUIPMENT	\$118,128	\$88,148		7.2	18	8.7%	\$8,781	18.0	18	3.85%	\$8,884
21	388	STORES EQUIPMENT	\$0	\$0		28.0		4.5%	\$0	28.0		4.85%	\$0
22	384	TOOLS AND WORK EQUIPMENT	\$78,888	\$34,178		18.0		5.7%	\$4,284	28.0		4.85%	\$3,721
23	388	POWER OPERATED EQUIPMENT	\$288,481	\$88,888		8.4		8.8%	\$18,288	13.0	18	8.85%	\$12,281
24	387	COMMUNICATION EQUIPMENT	\$87,848	\$38,888		14.8		8.7%	\$8,832	28.0		4.85%	\$2,878
25	388	MISC. EQUIPMENT	\$48,888	\$8,888		8.8		3.8%	\$1,731	32.0		3.8%	\$1,482
26	382.1	TRANSPORTATION EQUIP. AUTOBLT. TRUCKS	\$882,878	\$428,888		3.4	12	28.8%	\$141,127	8.8	18	17.25%	\$188,188
28		SUBTOTAL DEPRECIABLE ACCOUNTS	\$22,188,888	\$8,288,288					\$882,884				\$888,878
29	381	ORGANIZATION	\$28,228	\$18,288				3.8%	\$788			3.8%	\$788
30	382	FRANCHISE AND CONSENT	\$14,134	\$4,887				3.8%	\$434			3.8%	\$434
31	388	MISCELLANEOUS INTANGIBLE PLANT	\$1,888,818	\$384,781				18.8%	\$188,282			18.8%	\$188,282
32	1142	COST OF ACQUISITION (1)	\$117,888	\$117,888				N/A	\$0			N/A	\$0
33	114	COST OF ACQUISITION (1)	\$8,848	\$8,848				N/A	\$0			N/A	\$0
34	1141	COST OF ACQUISITION-CPS NEW	\$888,422	\$418,234				8.7%	\$38,881			8.7%	\$38,881
35	111-878	RESERVE DEFICIT - 8 (1)	\$0	\$0				N/A	\$0			N/A	\$0
36	111-887	RESERVE DEFICIT - 7 (1)	\$0	\$0				N/A	\$0			N/A	\$0
37	382	GAS HOLDERS (DISPERSED ENVIRONMENTAL)	\$718,288	\$1,127,838				N/A	\$71,114			N/A	\$71,114
39		SUBTOTAL AMORTIZED ACCOUNTS	\$2,281,478	\$1,888,887					\$288,481				\$288,481
40		TOTAL ACCOUNTS	\$24,888,888	\$8,888,222					\$1,128,218				\$1,172,887

(1) ACCOUNTS WHICH ARE FULLY AMORTIZED AS OF DECEMBER 31, 1988
 (2) AVAILABLE UPON REQUEST

CHESAPEAKE UTILITIES CORPORATION
 FLORIDA DIVISION
 GAS PLANT IN SERVICE
 1997 ESTIMATED

1998 DEPRECIATION STUDY
 DOCKET NO. 970428-GU
 RESPONSE TO DATA REQUEST #1
 QUESTION #1

ACCT NO.	DESCRIPTION	PER BOOKS ACCT BALANCE 12/31/96	PROJECTED ADDITIONS	PROJECTED RETIREMENTS	PROJECTED CIAC	PROJECTED ADJUST	PROJECTED ACCT BALANCE 12/31/97
374	LAND AND LAND RIGHTS	\$28,484	0	0	0	0	\$28,484
375	STRUCTURES AND IMPROVEMENTS	\$303,213	25,822	0	0	0	\$329,035
376	MAINS - STEEL	\$9,428,079	185,331	35,780	0	0	\$9,577,630
378	MAINS - PLASTIC	\$2,254,242	608,739	0	0	0	\$2,862,981
378	M & R EQUIPMENT - GENERAL	\$483,424	98,984	2,332	0	3,412	\$580,086
378	M & R EQUIPMENT - CITY	\$718,785	122,341	0	0	(3,837)	\$837,289
380	SERVICES - STEEL (1)	\$1,000,637	0	18,805	0	0	\$981,832
380	SERVICES - PLASTIC (1)	\$1,388,211	308,804	15,728	2,882	0	\$1,673,065
381	METERS	\$843,172	115,211	0	0	0	\$958,383
382	METER INSTALLATIONS	\$891,983	84,481	8,888	0	0	\$967,576
383	REGULATORS	\$884,813	68,780	0	0	0	\$953,593
385	M & R EQUIPMENT - INDUSTRIAL	\$1,088,983	228,709	51,021	0	0	\$1,266,671
387	OTHER EQUIPMENT	\$171,007	18,840	1,588	0	0	\$190,259
388	LAND AND LAND RIGHTS	\$98,288	0	0	0	0	\$98,288
388	STRUCTURES AND IMPROVEMENTS	\$321,807	0	0	0	0	\$321,807
3911	DATA PROCESSING EQUIPMENT	\$87,391	22,383	4,781	0	0	\$104,993
3912	OFFICE FURNITURE	\$80,023	3,488	0	0	0	\$83,511
3913	OFFICE EQUIPMENT (1)	\$87,779	0	0	0	0	\$87,779
3914	MAX SYSTEM EQUIPMENT (1)	\$91,813	0	0	0	0	\$91,813
392	TRANSPORTATION EQUIP. AUTOBLT. TRUCKS	\$833,893	138,221	78,244	0	0	\$893,870
3923	TRANSPORTATION EQUIPMENT	\$118,138	0	0	0	0	\$118,138
393	STORES EQUIPMENT	\$0	0	0	0	0	\$0
394	TOOLS AND WORK EQUIPMENT	\$74,888	2,000	0	0	0	\$76,888
398	POWER OPERATED EQUIPMENT	\$228,481	0	0	0	0	\$228,481
397	COMMUNICATION EQUIPMENT	\$87,040	0	0	0	0	\$87,040
399	MISC. EQUIPMENT	\$48,083	0	0	0	0	\$48,083
	SUBTOTAL DEPRECIABLE ACCTS	\$26,488,543	1,912,481	214,228	2,882	(225)	\$28,189,581
	AMORTIZED ACCOUNTS						
301	ORGANIZATION	\$23,328	0	0	0	0	\$23,328
302	FRANCHISE AND CONSENT	\$14,124	0	0	0	0	\$14,124
303	MISCELLANEOUS INTANGIBLE PLANT	\$1,002,818	0	0	0	0	\$1,002,818
1142	COST OF ACQUISITION-PCNG	\$117,898	0	0	0	0	\$117,898
114	COST OF ACQUISITION-CFG OLD	\$5,543	0	0	0	0	\$5,543
114	COST OF ACQUISITION-CFG NEW	\$808,422	0	0	0	0	\$808,422
382	GAS HOLDERS (DEFERRED ENVIRONMENTAL)	\$890,828	57,752	0	0	0	\$948,580
	SUBTOTAL AMORTIZED ACCTS	\$2,333,727	57,752	0	0	0	\$2,391,479
	TOTAL PLANT IN SERVICE	\$28,822,270	1,970,233	214,228	2,882	(225)	\$30,801,070

1988 DEPRECIATION STUDY
DOCKET NO. 87043-B-GU
RESPONSE TO DATA REQUEST #1
QUESTION #1

CHEESAPEAKE UTILITIES CORPORATION
FLORIDA DIVISION
ACCUMULATED DEPRECIATED
1987 ESTIMATED

ACCT NO.	DESCRIPTION	PER BOOKS ACCT BALANCE 12/31/86	PROJECTED DEPRIC PROVISION	PROJECTED RETIREMENTS	PROJECTED COST OF REMOVAL	PROJECTED SALVAGE	PROJECTED ADJUST	PROJECTED ACCT BALANCE 12/31/87
374	LAND AND LAND RIGHTS	90	0	0	0	0	0	90
375	STRUCTURES AND IMPROVEMENTS	834,284	6,980	0	0	0	0	830,884
376	MANUFACTURING	83,234,808	323,289	30,760	7,232	0	0	83,181,204
376	MANUFACTURING	3,268,216	89,437	0	0	0	0	3,278,032
376	M & R EQUIPMENT - GENERAL	847,484	17,763	2,332	1,031	0	28	861,862
376	M & R EQUIPMENT - CITY	113,514	28,711	0	0	0	(132)	114,093
380	COST PLANT - SERVICES (GTL)	830,728	59,332	16,905	28,231	0	0	831,698
380	COST PLANT - SERVICES (PLAS)	103,373	80,889	18,728	2,867	0	0	113,948
384	METER INSTALLATIONS	376,427	39,862	0	0	0	0	336,565
385	REGULATORS	100,888	20,088	6,888	2,175	0	0	111,801
385	M & R EQUIPMENT - INDUSTRIAL	138,513	28,214	0	0	0	0	110,299
387	OTHER EQUIPMENT	1173,301	40,807	81,821	3,701	0	(2,027)	1187,179
388	LAND AND LAND RIGHTS	34,091	6,889	1,588	0	0	0	32,402
388	STRUCTURES AND IMPROVEMENTS	81,843	0	0	0	0	0	81,843
389	DATA PROCESSING EQUIPMENT	984,910	6,367	4,791	0	75	0	974,277
391	OFFICE FURNITURE	53,890	6,138	0	0	0	0	50,010
391	OFFICE EQUIPMENT	827,000	6,383	0	0	0	0	833,383
391	OFFICE EQUIPMENT	116,145	5,821	0	0	0	0	118,089
391	OFFICE EQUIPMENT	11,888	6,791	0	0	0	0	17,680
392	TRANSPORTATION VEHICLES	348,833	138,910	78,344	0	18,187	0	342,696
392	TRANSPORTATION EQUIPMENT	988,384	6,791	0	0	0	0	995,145
393	STORAGE EQUIPMENT	90	0	0	0	0	0	90
394	TOOLS AND WORK EQUIPMENT	118,872	4,307	0	0	0	0	124,179
395	POWER OPERATED EQUIPMENT	988,477	18,389	0	0	0	0	1,006,866
397	COMMUNICATION EQUIPMENT	118,883	3,822	0	0	0	0	122,705
398	MISC. EQUIPMENT	84,277	1,731	0	0	0	0	86,008
	SUBTOTAL DEPRECIABLE ACCTS	85,540,263	605,247	214,228	45,037	19,272	(2,131)	86,203,267
	AMORTIZED ACCOUNTS							
301	ORGANIZATION	118,888	700	0	0	0	0	119,588
302	FRANCHISE AND CONSENT	84,094	423	0	0	0	0	84,517
303	MISC INTANGIBLE PLANT	1104,438	100,282	0	0	0	0	1,204,720
114	CPG ACQUISITION ADJUSTMENT	117,888	0	0	0	0	0	117,888
114	CPG OLD ACQUISITION ADJUSTMENT	85,543	0	0	0	0	0	85,543
114	CPG NEW ACQUISITION ADJUSTMENT	378,383	33,861	0	0	0	0	412,244
302	GAS HOLDERS (DEFERRED ENVR)	1,008,488	71,114	0	0	0	0	1,079,602
	SUBTOTAL AMORTIZED ACCTS	1,883,477	208,480	0	0	0	0	2,091,957
	TOTAL ACCUMULATED DEPRECIATION	\$7,723,740	1,111,707	214,228	45,037	19,272	(2,131)	\$8,098,334

CHESAPEAKE UTILITIES CORPORATION
 1986 DEPRECIATION STUDY
 DOCKET NO. 870429-GU
 RESPONSE TO DATA REQUEST #1
 QUESTION #2

A. Retirement data : 1982 - 1986

ACCT	DESCRIPTION	IN-SERVICE DATE	RETIREMENT DATE	ORIGINAL COST	SALVAGE	COST OF REMOVAL
392.3	BACKHOE/TRENCHER (1)	11/30/84	03/31/82	\$18,837	\$9,995	0
392.3	FORKLIFT (1)	03/31/79	03/31/85	\$7,500	\$3,500	0

B. Surviving investment as of January 1, 1988

ACCT	DESCRIPTION	IN-SERVICE DATE	ORIGINAL COST
392.3	CNG EQUIPMENT	05/31/84	\$86,123.20
392.3	DITCHWITCH (1)	07/31/88	\$20,328.08
392.3	TRENCHER TRAILER	03/31/82	\$1,400.00
392.3	EMERGENCY EQUIP TRAILER	10/31/82	\$5,995.00
392.3	DITCHWITCH TRAILER	08/31/83	\$2,120.00
392.3	TRI-AXLE BACKHOE TRAILER	08/30/83	\$3,174.70
	TOTAL INVESTMENT		<u>\$119,138.98</u>

(1) Effective 1/1/82 all self-propelled construction equipment has been recorded in acct 396, CUC will reclass at direction of PSC.

