

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: July 9, 2015
TO: Carlotta S. Stauffer, Commission Clerk, Office of Commission Clerk
FROM: Pamela H. Page, Senior Attorney, Office of the General Counsel *PH*
RE: Docket 150000-OT

Please place the attached email in Docket 150000-OT.

Thank you.

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COMMISSION
CLERK

July 7, 2015

ELECTRONIC MAIL
PHPAGE@PSC.STATE.FL.US

Pamela Page, Esquire
Office of the General Counsel
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Proposed Rulemaking to Modify Depreciation Rules (Rules 25-6.0436, 25-04364, 25-7.045, and 7.046, F.A.C.)

Dear Ms. Page:

Thank you for the opportunity to offer brief comment, on behalf of Florida Public Utilities Company ("Company"), regarding the proposed changes to the Commission's depreciation rules for electric and gas utilities. We appreciate Staff's efforts in this regard.

Our comments with regard to the latest draft are very limited. The Company understands that, as a general matter, the Staff has endeavored to update and clarify the Rules with an eye towards making the Rules somewhat more consistent in their application to electric and gas utilities. In that regard, the Company offers specific comment on the changes proposed to Rules 25-6.0436(5) and 25-7.045(5).

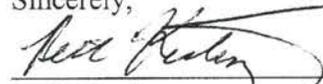
While new paragraph (5) of the referenced Rules appears generally designed to implement the same requirements for depreciation studies for electric and gas utilities, there remain some differences in the wording of the two Rules. The Company suggests that making the two versions of these Rules more consistent, particularly with regard to Paragraphs (5)(a) and (5)(b), will promote consistency in filed depreciation studies across the two industries and may reduce confusion that could arise as a result of the differences in the wording of these provisions. The Company respectfully suggests that the differences in wording could be interpreted to suggest different requirements for the depreciation studies submitted by gas utilities as compared to electric utilities, but it is the Company's understanding that that is not the Staff's intent. Therefore, the Company suggests that the following provisions be amended to be consistent across the electric and gas Rules:

- In the electric Rule 25-6.0436 (5)(a), the phrase “rates and” has been struck, but is retained in the gas Rule 25-7.045(5)(a);
- In electric Rule 25-6.0436 (5)(a), the following sentence is included “Components include average service life, age, curve shape, net salvage, and average remaining life.” That language is not, however, included in gas Rule 25-7.045 (5)(a);
- In the electric Rule 25-6.0436(5)(a), the following sentence has been struck: “Current rates shall be identified as to the effective date and proposed rates as to the proposed effective date.” However, the same deletion is not reflected in gas Rule 25-7.045(5)(a); and
- In electric Rule 25-6.0436(5)(b), the proposed additions and deletions are significantly different than those reflected in the gas Rule 25-7.045(5)(b). The gas Rule, as amended, would now simply provide that: “A comparison of annual depreciation expense resulting from current rates with those produced by the proposed rates for each category of depreciable plant.” In contrast, the electric Rule 25-6.0436(5)(b), includes much greater specificity, including detail on the calculation of current and proposed annual expense, as well requirements as to the comparative detail required for each category of plant. The electric rule also requires that the utility identify the requested effective date for the new depreciation, which is absent from Rule 25-7.045(5)(b).

In all, the Company does not believe that the distinctions between the Rules would be significantly problematic. Nonetheless, as a utility that operates under both the electric and gas Rules, the Company suggests that the differences may ultimately lead to more confusion than would otherwise occur if the two Rules were more similarly structured. The Company thus proposes that Rule 25-7.045(5)(a) and (5)(b) be further amended to be consistent with the language reflected in the current version of Rule 25-6.0436(5)(a) and (5)(b).

Again, thank you for this opportunity to offer comment. As always, please don't hesitate to let me know 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

MEK