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September 4, 2015

**E-PORTAL FILING**

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

**Re: Docket No. 150162-EI– Petition for approval of 2015 depreciation study by Florida  
Public Utilities Company**

Dear Ms. Stauffer:

Attached for filing, please find Florida Public Utilities Company's Responses to Commission Staff's First Set of Data Requests in the above-referenced docket.

Thank you for your assistance with this filing. As always, please don't hesitate to let me know if you have any questions whatsoever.

Kind regards,



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MEK

**Docket 150162-EI-- Petition for approval of 2015 depreciation study by Florida Public Utilities Company.**

**Florida Public Utilities Company's Responses to Staff's First Data Requests**

Florida Public Utilities Company (hereinafter "FPUC" or "Company") provides its responses to Staff's First Data Requests, dated August 14, 2015.

General Questions

1. For the purposes of the following request, please refer to Schedule F (2015 Projected), of the Company's 2015 Depreciation Study. Please specify what plant, or types of plant, Accounts 360, 380, and 389 contain and the Company's proposed treatment of the balances of these Accounts.

**Company Response:**

**As required in the FERC Chart of Accounts, Accounts 360, 380 and 389 are related to land and land rights. These are Land accounts and, as such, are not normally depreciated. However, prior to 2009 when the Company transferred ownership, land rights of \$6,703.60 were included in account 389 and were fully depreciated at the transfer and in 1990 when FPU's old accounting system began. Therefore, we are not proposing depreciation rates for this account. Please refer to Schedules 1-4 of the depreciation study showing proposed depreciation rates by account. Also, please refer to the Company's 2011 depreciation study and resulting order showing no depreciation rates prescribed for these accounts.**

2. Please specify the Whole Life Rates for all Accounts (as listed on 2015 Study Schedule 4) utilized for the purposes of the Company's 2011 Depreciation Study.

**Company Response:**

**Whole Life Depreciation Rates were not proposed in the 2011 Depreciation Study and are not proposed in the 2015 Depreciation Study for any account.**

**The Whole Life Rates provided in the Company's 2011 Depreciation Study can be found in the attached file FPSC 1<sup>st</sup> ROG 2. This Schedule is a copy of what was filed on the FPSC Website in Document Number 08440-11.**

3. Please confirm that the Whole Life Rates contained on Schedule 4 are the Company's proposed Whole Life Rates for the purposes of its 2015 Depreciation Study.

**Company Response:**

**As a point of clarification, the Company is not proposing Whole Life Depreciation Rates but is rather proposing Remaining Life Depreciation Rates, which has been the Company's practice in previous studies. The Whole Life Rates contained on Schedule 4 of FPUC's 2015 Depreciation Study are shown only for purposes of the theoretical reserve calculations to determine the need for any reserve allocations. Again, the Company is not proposing Whole Life Depreciation Rates.**

4. For the purposes of the following request, please refer to Schedule G. The beginning balance date shown for plant amounts is 12/31/2010. Please specify whether this is the correct date for the amounts shown.

**Company Response:**

**The date used in the previous depreciation study was inadvertently left in this schedule. This is not the correct date. The correct date is 12/31/14.**

5. Please refer to FPUC's 2015 Depreciation Study, "Narrative of Service Environment and Factors Leading to Proposed Depreciation Rates and Explanation for Categories of Depreciable Plant," page 2. The Company indicated that retirements and net salvage data projected for 2015 are based on an average of actual retirements and net salvage amounts for 2011-2014. Please explain how the projected 2015 Additions data were derived.

**Company Response:**

**The Projected Monthly Plant additions on Schedule H of the study are comprised of two types of data. Actual additions for January to April 2015 were used for the first four months of the year. The 2015 Electric Combined Capital Budget was used to determine the additions for May to December 2015. However, the 2015 activity found in Schedule F, page 5, was not used in the determination of the Company proposed depreciation rates.**

6. For the purposes of the following requests, please refer to FPUC's 2015 Depreciation Study, Schedule F, Page 5.
  - a. For Account 356 - Overhead Conductors and Devices, please explain why the 2015 projected Cost of Removal is zero rather than the account's 2011-2014 average of (\$13,721).

**Company Response:**

The 2015 activity found in Schedule F, page 5, was not used in the determination of the Company proposed depreciation rates. However, due to the inquiry (#21), the Company has revised Schedule F, Page 5. Please see response 21a below.

- b. For Account 370 - Meters, please explain why the 2015 projected retirement is (\$60,466) rather than the account's 2011-2014 average of (\$61,000).

**Company Response:**

The 2015 data was not used as a basis in the Company's calculation of rates in this study. The 2015 data was only provided for informational purposes. However, a formula on Schedule A for account 370 for the year 2000 was inadvertently not included in the calculation. Staff's calculation is correct.

- c. For Account 371 - Installation on Customers' Premises, please explain why the 2015 projected retirement is (\$17,975) rather than the account's 2011-2014 average of (\$21,435).

**Company Response:**

The 2015 data was not used as a basis in the Company's calculation of rates in this study. The 2015 data was only provided for informational purposes. However, a formula on Schedule A for account 371 for the year 2000 was inadvertently not included in the calculation. Staff's calculation is correct.

Transmission PlantAccount 352 – Structures and Improvements

7. Please refer to Schedule F, page 2. What is the nature of \$122,143 of Additions (or 555 percent annual growth rate<sup>1</sup>) to this Account?

**Company Response:**

**The Company upgraded the stepdown substation for flood control by installing rock over the ground grid.**

8. Please refer to Schedule F, page 3. What is the nature of \$53,610 of Additions (or 37 percent annual growth rate) to this Account?

**Company Response:**

**The additions relate to installing Spill Prevention and Control Countermeasures (SPCC) equipment around distribution transformers. This equipment is used for oil spill control.**

Account 353 – Station Equipment

9. Please refer to Schedule F, page 2. Please explain the cause of (\$1,000) Cost of Removal given zero retirements.

**Company Response:**

**Since the merger with Chesapeake Utilities, the Company has gone through some changes in which those familiar with the records and processes may no longer be with the Company making it difficult to obtain additional data other than what is in the general ledger. Based on the data available, we believe the (\$1,000) Cost of Removal in 2012 related to retirements made in 2013.**

10. For the purposes of the following requests, please refer to Schedule F, page 2.

- a. What is the nature of \$121,443 of Transfers to Reserve?

**Company Response:**

**Commission Order No. PSC -12-0065-PAA-EI in Docket No. 110207-EI established reserve allocations on page 9 of the order. As detailed in the Order on pages 8 and 9, the calculated reserve surpluses in Accounts 352, 354, 355.1, and 356 were transferred to help correct the calculated reserve deficiency in Account 353, Station Equipment. The reserve allocations were**

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<sup>1</sup> For the purposes of staff calculated growth rates, the formula is (Ending Year Account Balance - Beginning Year Account Balance) / Beginning Year Account Balance, or (2014 Plant balance – 2011 Plant balance) / 2011 Plant balance. Staff has elected not to include estimated 2015 amounts in our growth rates analyses of FPUC's Plant in Service.

recorded in January 2012. These transfers only affected the reserve and did not change plant in service balances.

- b. Please identify the source account(s) from which the reserve was transferred, if any.

**Company Response:**  
See 10a. above.

- c. Please explain why there is no corresponding transfer to Plant in Service.

**Company Response:**  
See 10a. above.

11. Please refer to Schedule F, page 3. What is the nature of \$791,577 of Additions to this Account?

**Company Response:**  
The Company modified the existing stepdown substation 69KV configuration to be in compliance with the National Electric Safety Code requirements. As part of this project, work was done to improve ground fault protection and breakers.

Account 354 - Towers and Fixtures

12. For the purposes of the following requests, please refer to Schedule F, page 2.

- a. What is the nature of (\$16,866) of Transfers to Reserve?

**Company Response:**  
Commission Order No. PSC -12-0065-PAA-EI in Docket No. 110207-EI established reserve allocations on page 9 of the order. As detailed in the Order on pages 8 and 9, the calculated reserve surpluses in Accounts 352, 354, 355.1, and 356 were transferred to help correct the calculated reserve deficiency in Account 353, Station Equipment. A journal entry was made to the general ledger January 31, 2012 to record these reserve allocations. These transfers only affected the reserve and did not change plant in service balances.

- b. Please identify the source account(s) from which the reserve was transferred, if any.

**Company Response:**  
See 12a. above.

- c. Please explain why there is no corresponding transfer to Plant in Service.

**Company Response:**

See 12a. above.

Account 355 – Poles and Fixtures

13. For the purposes of the following requests, please refer to Schedule F, page 1.

- a. Please define the abbreviations “355E&W” and “355C”.

**Company Response:**

Prior to the 2007 depreciation study, there was no separate designation for wood and concrete poles. The general ledger used Account 355 for all electric poles. In the 2007 depreciation study, the Commission decided to separate concrete poles and calculate a separate rate at which time 355.1 was designated as concrete poles. However, after the merger with Chesapeake Utilities, the ledger accounts were recorded as 355C and 355 E&W for concrete and wood respectively.

The charges to Account 355C began in 2010. Unfortunately, the concrete poles that existed prior to 2010 in Account 355E&W were not transferred to Account 355C.

In the 2011 study concrete poles were manually separated and shown in the correct account but for this study, concrete poles (Account 355C) were not properly reflected. After review of the continuing property records, the Company has determined that \$723,879 included in Account 355E & W are concrete and will be recording a correction to the general ledger.

Because the concrete poles were never transferred to the correct account and were not depreciated at the correct depreciation rates, the Company has calculated the effect of the error as follows:

Plant Account	Investment 2010	Depreciation Rate 2011	Acc. Dep. 2010	Depreciation 2011	Depreciation Rate 2012-2014	Depreciation 2012	Depreciation 2013	Depreciation 2014	Total Acc. Dep.
355E&W	(723,870)	4.2%	(218,598)	(30,403)	3.4%	(24,612)	(24,612)	(24,612)	(322,835)
355C	723,870	3.3%	218,598	23,888	2.9%	20,992	20,992	20,992	305,462

The pages that changed in the filing as a result of the changes for questions 13, 14, and 21 were revised. FPSC 1<sup>st</sup> ROG 13 provides revised Schedule E page 1, Schedule F page 1-4, Schedule J page 1 and 2, Schedule M page 1 and 3, and Schedule N page 1 and 2 with the reclassification of concrete poles for 2011 to 2014, and retirement changes in Account 355 and Account 356 as if they were recorded in 2014. The attachment shows changes in the schedules to Account 355, Account 355.1, and Account 356 but only changes the rates proposed for Account 355. The original rate proposed for Account 355 was 3.6%. It has been revised to 3.5%.

- b. Please confirm, if it is the case, that Account 355E&W on page 1 of Schedule F and Account 355 - Poles and Fixture on pages 2 – 5 of Schedule F, as well as in all the other Schedules, are the same accounts.

**Company Response:**

**Yes, they are the same accounts. Please refer to the explanation provided in Number 13a.**

- c. Please confirm, if it is the case, that Account 355C on page 1 of Schedule F and Account 355.1 Poles and Fixture-Concrete on pages 2 – 5 of Schedule F, as well as in all the other Schedules, are the same accounts.

**Company Response:**

**Yes, they are the same accounts. Please refer to the explanation provided in Number 13a.**

- d. Please explain the (\$5,138) Cost of Removal given zero retirement.

**Company Response:**

**Since the merger with Chesapeake Utilities, the Company has gone through some changes in which those familiar with the records and processes may no longer be with the Company making it difficult to obtain additional data other than what is in the general ledger. The (\$5,138) cost of removal related to retirements initiated in 2010. However, the costs to remove were not recorded until 2011.**

14. Please refer to Schedule F, page 4. Please specify the cause of (\$40,217) (or approximately 262 percent) Cost of Removal.

**Company Response:**

**As a result of this inquiry, the Company determined that 35 transmission poles and conductors that were replaced in 2013 and 2014 were never retired in the general ledger. The retirement of \$74,358 is being recorded in 2015. We have attached the revised schedules in FPSC 1<sup>st</sup> ROG 13 which show the retirements in 2014 for filing purposes. Revisions on Schedule J page 2 show that the negative net salvage decreased from the 262% in the filing to 44.82%.**

15. For the purposes of the following requests, please refer to Schedule F, page 5.

- a. Please specify the cause of (\$11,385) (or 296 percent) Cost of Removal.

**Company Response:**

**The 2015 activity found in Schedule F, page 5, was not used in determination of the Company proposed depreciation rates. However, Schedule F, page 5 estimates 2015 based on an average of actuals for four years. The Company recognizes that it has experienced removal costs over**



**200 percent related to the retirement of its wood poles during the 2011-2014 period. However, as stated in our filing, the Company believes that this type activity, relating to less than 1 percent retirement activity, should not be taken as indicative of future retirement expectations for the entire account investment.**

- b. What is the nature of \$1,287,795 of Additions (or 54 percent annual growth rate) estimated for 2015 to this Account?

**Company Response:**

**The 2015 activity found in Schedule F, page 5, was not used in determination of the Company proposed depreciation rates. However, the Additions of \$1,287,795 to this account relate to a 69KV Line Relocation to Rayonier in accordance with the cogeneration agreement between Florida Public Utilities and Rayonier.**

16. On page 3 of the Study's Narrative, FPUC stated Account 355 - Poles and Fixtures has experienced 2.2 percent growth since 2011. Please explain how the 2.2 percent growth rate was derived. Please also provide any work papers the Company may have to support its response.

**Company Response:**

**The rate was computed as follows:**

$$\frac{[(1/1/15 \text{ Plant Balance} - 1/1/11 \text{ Plant Balance}) / 1/1/11 \text{ Plant Balance}] * 100}{[(\$2,376,525 - \$2,324,662) / \$2,324,662]} * 100 = 2.2\%$$

Account 355.1 – Poles and Fixtures-Concrete

17. For the purposes of the following requests, please refer to Schedule F, page 2.

- a. What is the nature of (\$44,925) of Transfers to Reserve?

**Company Response:**

**Commission Order No. PSC -12-0065-PAA-EI in Docket No. 110207-EI established reserve allocations on page 9 of the order. As detailed in the Order on pages 8 and 9, the calculated reserve surpluses in Accounts 352, 354, 355.1, and 356 were transferred to help correct the calculated reserve deficiency in Account 353, Station Equipment. A journal entry was made to the general ledger January 2012 to record these reserve allocations. These transfers only affected the reserve and did not change plant in service balances.**

- b. Please identify the source account(s) from which the reserve was transferred, if any.

**Company Response:**

**See 17a. above.**

- c. Please explain why there is no corresponding transfer to Plant in Service.

**Company Response:**

See 17a. above.

18. Please refer to Schedule F, page 3. What is the nature of \$378,823 of Additions (or approximately 96 percent annual growth rate) to this Account?

**Company Response:**

**To comply with FPSC Order No. PSC-06-0144, the Company implemented an eight year cycle wood pole inspection program, which identified a large number of decayed wood poles that had to be replaced to comply with the FPSC storm hardening requirements.**

19. Please refer to Schedule F, page 4. What is the nature of \$1,157,370 of Additions (or 149 percent annual growth rate) to this Account?

**Company Response:**

**Most of the additions related to the program are discussed in the response to No. 18 above.**

Account 356 – Overhead Conductors and Device

20. For the purposes of the following requests, please refer to Schedule F, page 2.

- a. What is the cause of (\$800) Cost of Removal given zero retirements?

**Company Response:**

**While certain historical data is not readily available, to the Company's best knowledge, it appears that the cost of removal was payroll associated with a repair project and the time sheet was likely misclassified to cost of removal instead of the project's costs..**

- b. What is the nature of (\$58,652) of Transfers to Reserve? Please identify the source account(s) from which the amount of reserve was transferred, if any. Please also explain why there is no corresponding transfer to Plant in Service.

**Company Response:**

**Commission Order No. PSC -12-0065-PAA-EI in Docket No. 110207-EI established reserve allocations on page 9 of the order. As detailed in the Order on pages 8 and 9, the calculated reserve surpluses in Accounts 352, 354, 355.1, and 356 were transferred to help correct the calculated reserve deficiency in Account 353, Station Equipment. A journal entry was made to the general ledger January 2012 to record these reserve allocations. These transfers only affected the reserve and did not change plant in service balances.**

21. For the purposes of the following requests, please refer to Schedule F, page 4.
- a. Please explain the (\$54,085) Cost of Removal given zero retirements.

**Company Response:**

As a result of this inquiry, the Company determined that the Overhead Conductors and Devices related to the 35 wood transmission poles that were replaced as a result of the climbing inspections were not retired. The retirement of \$43,905 is being recorded in 2015. We have attached revised schedules in FPSC 1<sup>st</sup> ROG 13 that show these retirements in 2014. Revisions on Schedule J page 2 show the revised net salvage to be 123.19%.

To prevent customer outages, removals are performed on poles and equipment with the attached lines still energized at 12,470 volts. For safety of workers, this requires extra time to install insulation covers over adjacent lines and equipment to prevent contact with live parts while removals are performed. Then, after pole or equipment removals are completed, these covers have to be removed. Additionally, on many of these removal projects, traffic control measures are put in place as required by the Department of Transportation which adds to the time required to complete the job. The additional labor and time required for these removals translated into higher removal costs.

- b. What is the nature of \$497,204 of Additions (or approximately 24 percent annual growth rate) to this Account?

**Company Response:**

Overhead Conductors were installed when poles were replaced as a result of the climbing inspections.

Distribution Plant

Account 360 – Land

22. Please refer to Schedule F, page 3. What is the nature of \$314,352 of Additions (or 2,316 percent annual growth rate) to this Account?

**Company Response:**

The Company originally booked this land purchase to account 360. As shown on Schedule F, page 4, this amount was transferred in 2014 to account 389-Land. It was then determined that the \$314,352 and an additional \$5,653 for a total of \$320,005 was for the purchase of land for a new substation and subsequently transferred the \$320,005 to the proper account, 380-Transmission Land.

Land is not depreciable. Therefore, it does not accrue depreciation expense.

23. Please refer to Schedule F, page 3. What is the nature of the (\$314,352) adjustment to Plant in Service? Please explain why there is no corresponding adjustment to Reserve.

**Company Response:**

**There is no adjustment to Account 360 on Schedule F, page 3 for (\$314,352). This adjustment is on Schedule F, page 4. This adjustment is explained in the response to item 22 above. There is no accumulated depreciation on land and therefore, no adjustment to the reserve account.**

Account 361 – Structures and Improvements

24. For the purposes of the following requests, please refer to Schedule F, page 2.

a. What is the nature of the (\$3,013) of Transfer to Reserve?

**Company Response:**

**Commission Order No. PSC -12-0065-PAA-EI in Docket No. 110207-EI established reserve allocations on page 9 of the order. As detailed in the Order on pages 8 and 9, the calculated reserve surpluses in Accounts 352, 354, 355.1, and 356 were transferred to help correct the calculated reserve deficiency in Account 353, Station Equipment. A journal entry was made to the general ledger January 2012 to record these reserve allocations. These transfers only affected the reserve and did not change plant in service balances.**

b. Please identify the source account(s) from which the reserve was transferred, if any.

**Company Response:**

**See 24a. above.**

c. Please also explain why there is no corresponding transfer to Plant in Service.

**Company Response:**

**See 24a. above.**

25. For the purposes of the following request, please refer to Schedule F, page 3. What is the nature of \$73,177 of Additions (or approximately 73 percent annual growth rate) to this Account?

**Company Response:**

**The additions included a new road sign, air conditioning unit for the Northwest Division Office, and parking lot re-engineering.**

Account 362 – Station Equipment

26. Please refer to Schedule F, page 1. Please explain the cause of (\$1,171) Cost of Removal given zero retirement.

**Company Response:**

While certain historical data is not readily available, to the Company's best knowledge, it appears that the cost of removal was misclassified and should have been recorded in Account 353 Station Equipment. Making this adjustment would not affect the average age and revised schedules have not been provided.

27. Please refer to Schedule F, page 2. Please explain the cause of \$58,264 Salvage given zero retirement.

**Company Response:**

The salvage was received for equipment that had been stored at the A.I. Plantation and J. L. Terry Substations. The items had been kept for some time in case the equipment could be re-used. The actual retirements were in prior years. The decision was made that the equipment could not be re-used and it was sold.

Account 364 – Poles, Towers and Fixtures

28. For the purposes of the following requests, please refer to Schedule F. The data indicates that FPUC has experienced removal costs of retirements over 391 percent during the 2011-2014 periods; and the Company has projected that the removal cost for 2015 will be close to 393 percent.

a. Please specify the cause of the apparently large Cost of Removal.

**Company Response:**

To comply with FPSC Order No. PSC-06-0144, the Company implemented an eight year cycle wood pole inspection program, which identified a large number of decayed wood poles that had to be replaced to comply with the FPSC storm hardening requirements. To prevent customer outages, removals are performed on poles and equipment with the attached lines still energized. For safety of workers, this requires extra time to install insulation covers over adjacent lines and equipment to prevent contact with live parts while removals are performed. Then, after pole or equipment removals are completed, these covers have to be removed. Additionally, on many of these removal projects, traffic control measures are put in place as required by the Department of Transportation which adds to the time required to complete the job. The additional labor and time required for these removals translated into higher removal costs.

- b. Is the recent level of removal costs for retiring plant indicative of FPUC's future expectation for this Account? Please explain your response in detail.

**Company Response:**

**Although an increased level of removal costs are likely in the near term, until all decayed poles are identified and replaced, the Company does not believe the recent level of removal costs for retiring plant is indicative of future expectations. This is due to the very minimal retirement activity compared to the total investment in the account. The retirement rate during the 2011-2014 period has averaged less than 1 percent making reliance on industry expectations necessary.**

29. Please refer to Schedule F, page 2. What is the nature of the (\$120,263) adjustment to Plant in Service? Please explain why there is no corresponding adjustment to Reserve.

**Company Response:**

**The (\$120,263) is comprised of \$80,000 from the City of Marianna as a Contribution In Aid of Construction and various forfeitures of Advances for Construction. Contributions In Aid of Construction reduce plant balances before depreciation is computed. Therefore, an adjustment to the Reserve is not necessary.**

30. Please refer to Schedule F, page 4. What is the nature of the (\$6,914) adjustment to Plant in Service? Please explain why there is no corresponding adjustment to Reserve.

**Company Response:**

**The (\$6,914) is comprised of various forfeitures of Advances for Construction. Contributions In Aid of Construction reduce plant balances before depreciation is computed. Therefore, an adjustment to the Reserve is not necessary.**

Account 365 – Overhead Conductors and Devices

31. For the purposes of the following requests, please refer to Schedule F, page 2.

- a. What is the nature of the (\$92,395) adjustment to Plant in Service? On page 4 of the Narrative, FPUC indicated the adjustment reflected Contributions in Aid of Construction (CIAC) amounts received. Please explain in detail.

**Company Response:**

**The Company received \$70,000 in Contributions in Aid of Construction to relocate an overhead conductor from Highway 90 to Jackson St. The remaining \$22,395 were forfeited Advances for Construction from various customers. CIAC reduces the plant balance that is used to compute depreciation. Therefore, there is no need to adjust the Reserve.**

- b. What is the cause of (\$117,645) (or approximately 460 percent) Cost of Removal.

**Company Response:**

Some of the retirements were from the 1940's and 1960's when the cost of the equipment and the cost to install were very low. Therefore, the retirement of the assets would be low dollars. The labor, benefits, vehicle costs, and traffic control costs have increased significantly since the retired equipment was put in service. The cost of removal is related to retirements of conductor wire, arrestors, cutouts, load breaks, and switches in 2012, of which a portion of these related to removal of primary lines on North and South Fletcher Avenue. FPU recognizes that negative net salvage has averaged over 100 percent over the last four years. However, this activity relates to minimal retirements and is not expected to be the norm for the entire account investment.

32. Please refer to Schedule F, page 3. Please specify the cause of (\$68,709) (or 276 percent) Cost of Removal.

**Company Response:**

Some of the retirements were from the 1940's and 1960's when the cost of the equipment and the cost to install were very low. Therefore, the retirement of the assets would be low dollars. The labor, benefits, vehicle costs, and traffic control costs have increased significantly since the retired equipment was put in service. The cost of removal is related to retiring cutouts, arrestors, wire, and switches. As stated in response to No. 31 above, FPU recognizes that negative net salvage has averaged over 100 percent over the last four years. However, this activity relates to minimal retirements and is not expected to be the norm for the entire account investment.

33. Please refer to Schedule F, page 4. What is the nature of the (\$2,963) adjustment to Plant in Service? On page 4 of the Narrative, FPUC indicated the adjustment reflected CIAC amounts received. Please explain in detail.

**Company Response:**

The (\$2,963) adjustment to Plant in Service is comprised of advances for construction that did not meet the requirements for refunding. This amount was comprised of Contributions from two customers. CIAC reduces the plant balance that is used to compute depreciation. Therefore, there is no need to adjust the Reserve.

34. On page 4 of the Study's Narrative, FPUC indicated that the retirement rate<sup>2</sup> of Account 365 for the 2011-2014 period has averaged approximately 1 percent. Please explain how this figure was derived. Please also provide any work papers the Company may have to support its response.

**Company Response:**

**Actually, the retirement rate for the 2011-2014 period for Account 365 averaged less than 1 percent rather than that stated in the Narrative. Some of the plant balances were inadvertently not included in the calculation.**

The average retirement rate is calculated by dividing the total retirements for the period by the total exposures. Exposures denote the amount exposed to retirement during the period (end of year plant balance plus retirements for each year). Retirements for the period divided by exposures for the period (retirements plus end of year plant balances) equal \$158,924 / \$48,113,028 or 0.3 percent.

Account 366 – Underground Conduit

35. For the purposes of the following requests, please refer to Schedule F, page 2.

- a. What is the nature of the (\$73,439) adjustment to Plant in Service? Please explain why there is no corresponding adjustment to Reserve.

**Company Response:**

**The (\$73,439) adjustment to Plant in Service is comprised of advances for construction that did not meet the requirements for refunding. This amount was comprised of Contributions from five customers. CIAC reduces the plant balance that is used to compute depreciation. Therefore, there is no need to adjust the Reserve.**

- b. What is the nature of (\$53,958) of Transfers to Reserve? Please identify the source account(s) from which the amount of reserve was transferred, if any. Please also explain why there is no corresponding transfer to Plant in Service.

**Company Response:**

**Commission Order No. PSC -12-0065-PAA-EI in Docket No. 110207-EI established reserve allocations on page 9 of the order. As detailed in the Order on pages 8 and 9, the calculated reserve surpluses in Accounts 352, 354, 355.1, and 356 were transferred to help correct the calculated reserve deficiency in Account 353, Station Equipment. A journal entry was made to the general ledger January 2012 to record these reserve allocations. These transfers only affected the reserve and did not change plant in service balances.**

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<sup>2</sup> For the purposes of staff calculated retirement rates, the formula is Total Retirements of the period / (Total Retirement of the period + Total End of Year Plant Balance of the period), or (2011+2012+2013+2014) Retirements / ((2011+2012+2013+2014) Retirements + (2011+2012+2013+2014) Ending Plant Balance). Staff has elected not to include estimated 2015 amounts in our retirement rates analyses of FPUC's plant.



36. Please refer to Schedule F, page 3. What is the nature of the (\$38,115) adjustment to Plant in Service? Please explain why there is no corresponding adjustment to Reserve.

**Company Response:**

**This amount consists of advances for construction that did not meet the requirements for refund to the customer. CIAC reduces the plant balance that is used to compute depreciation. Therefore, there is no need to adjust the Reserve.**

37. For the purposes of the following requests, please refer to Schedule F, page 4.

- a. Please specify the cause of (\$2,280) (or 3,304 percent) Cost of Removal.

**Company Response:**

**Although this percent seems high, retirements have averaged less than 1% during the 2011-2014 period. The majority of this account's investment is abandoned in place. Manholes make up the majority of the costs to remove and represent a very small portion of the account investment, as evidenced by the activity seen on Schedule F. Labor costs in 2014 to actually remove these smaller value items are much higher today than when the items were installed and \$2,280 is a very minimal amount.**

- b. What is the nature of the (\$986) adjustment to Plant in Service? Please explain why there is no corresponding adjustment to Reserve.

**Company Response:**

**The adjustment to plant related to Contributions In Aid of Construction (CIAC) received from one customer. CIAC reduces the plant balance that is used to compute depreciation. Therefore, there is no need to adjust the Reserve.**

Account 367 – Underground Conductors and Devices

38. Please refer to Schedule F, page 1. Please specify the cause of (\$40,393) (or 935 percent) Cost of Removal.

**Company Response:**

**The majority of costs related to retiring conductors due to age and multiple failures and to replacing porcelain terminators. While the account has experienced almost 50 percent removal costs during the 2011-2014 period, these costs are associated with minimal retirements and are not expected from the retirement of the majority of the investment. The Company's proposal recognizes some removal costs expected upon retirement. While the majority of the investment in this account is not likely to incur any removal costs upon retirement, history shows that a portion of the account is likely to experience removal costs. A review of industry expectations also indicates minor removal costs projected for the account.**

39. For the purposes of the following requests, please refer to Schedule F, page 2.

- a. What is the nature of the (\$128,144) adjustment to Plant in Service? Please explain why there is no corresponding adjustment to Reserve.

**Company Response:**

**The adjustment of (\$128,144) to Plant in Service was related to Contributions In Aid of Construction (CIAC) received from several customers. CIAC reduces the plant balance that is used to compute depreciation. Therefore, there is no need to adjust the Reserve.**

- b. What is the cause of (\$25,579) (or 288 percent) Cost of Removal?

**Company Response:**

**The labor, benefits, vehicle costs, and traffic control costs have increased significantly since the retired equipment was put in service. The majority of the cost of removal was due to removal of unjacketed conductors because they were replaced with jacketed conductors and retirements made related to a project where a major customer doubled its capacity. Contractors were used to remove the conductors, arrestors, and cutouts. Cost of removal is not expected on the majority of the investment as discussed in the response to Number 38 above.**

40. Please refer to Schedule F, page 3. What is the nature of the (\$32,844) adjustment to Plant in Service? Please explain why there is no corresponding adjustment to Reserve.

**Company Response:**

**The adjustment of (\$32,844) to Plant in Service related to Contributions In Aid of Construction (CIAC) received from several customers. CIAC reduces the plant balance that is used to compute depreciation. Therefore, there is no need to adjust the Reserve.**

41. For the purposes of the following requests, please refer to Schedule F, page 4.

- a. What is the nature of the (\$16,745) adjustment to Plant in Service? Please explain why there is no corresponding adjustment to Reserve.

**Company Response:**

**The adjustment of (\$16,745) to Plant in Service related to Contributions In Aid of Construction (CIAC) received from several customers. CIAC reduces the plant balance that is used to compute depreciation. Therefore, there is no need to adjust the Reserve.**

- b. What is the cause of (\$15,404) (or 131 percent) Cost of Removal?

**Company Response:**

**The labor, benefits, vehicle costs, and traffic control costs have increased significantly since the retired equipment was put in service. Retirements are minimal compared to the investment in the account.**

42. FPUC indicated, page 5 of the Study's Narrative that the retirement rate for Account 367 has averaged 1.3 percent over the 2011-2014 period. Please explain how this figure was derived. Please also provide any work papers the Company may have to support its response.

**Company Response:**

**Actually, the retirement rate for Account 367 has averaged less than 1 percent over the 2011-2014 period rather than the 1.3 percent stated in the Narrative. Some of the plant balances were inadvertently not included in the original calculation.**

**Total retirements for 2011-2014 are \$105,821. Total end of year plant balances for 2011-2014 are \$28,869,143. Retirements for the period divided by exposures for the period (retirements plus end of year plant balances) equal  $\$105,821 / \$28,974,964$  or 0.4 percent. The Company believes that the lack of retirements makes any statistical analysis for life or salvage unreliable. A review of industry expectations indicates that there is no need to revise the average service life or curve shape underlying the currently prescribed average remaining life.**

43. FPUC indicated, page 5 of the Study's Narrative, that Account 367 has experienced almost 50 percent removal costs during the 2011-2014 period. Please explain how this figure was derived. Please also provide any work papers the Company may have to support its response.

**Company Response:**

**Cost of removal percent is calculated by dividing total removal costs for the 2011-2014 period by total retirements for the same period. Total retirements for the 2011-2014 are \$105,821 and total removal costs for the same period are \$51,930. The percent removal costs are  $\$51,930 / \$105,821$  or 49%. This amount was rounded to 50%.**

Account 368 – Line Transformers

44. For the purposes of the following requests, please refer to Schedule F, page 2.

- a. What is the nature of the (\$2,500) adjustment to Plant in Service? Please explain why there is no corresponding adjustment to Reserve.

**Company Response:**

**The adjustment of (\$2,500) to Plant in Service related to Contributions In Aid of Construction (CIAC) received from several customers. CIAC reduces the plant balance that is used to compute depreciation. Therefore, there is no need to adjust the Reserve.**

- b. What is the nature of the \$113,164 of Transfer to Reserve? Please identify the source account(s) from which the amount of reserve was transferred, if any. Please also explain why there is no corresponding transfer to Plant in Service.

**Company Response:**

**Commission Order No. PSC -12-0065-PAA-EI in Docket No. 110207-EI established reserve allocations on page 9 of the order. As detailed in the Order on pages 8 and 9, the calculated reserve surpluses in Accounts 352, 354, 355.1, and 356 were transferred to help correct the calculated reserve deficiency in Account 353, Station Equipment. A journal entry was made to the general ledger January 2012 to record these reserve allocations. These transfers only affected the reserve and did not change plant in service balances.**

45. For the purposes of the following requests, please refer to Schedule F, page 4.

- a. What is the nature of the (\$11,100) adjustment to Plant in Service? Please explain why there is no corresponding adjustment to Reserve.

**Company Response:**

**The adjustment of (\$11,100) to Plant in Service related to Contributions In Aid of Construction (CIAC) received from several customers. CIAC reduces the plant balance that is used to compute depreciation. Therefore, there is no need to adjust the Reserve.**

- b. Please specify the cause of the (\$64,007) (or 203 percent) Cost of Removal.

**Company Response:**

**Several of the retirements were from investments placed in service in the 1950's and 1960's when the cost of the equipment and the cost to install were very low. Therefore, the retirement of the assets would be low dollars. The labor, benefits, vehicle costs, and traffic control costs have increased significantly since the retired equipment was put in service.**

Account 369 – Services

46. Please refer to Schedule F, page 1. Please specify the cause of the (\$29,937) (or 1,262 percent) Cost of Removal.

**Company Response:**

**Most of the retirements were from investments placed in service in the 1960's and 1970's when the cost of the equipment and the cost to install were very low. Therefore, the retirement of the assets would be low dollars. The labor, benefits, vehicle costs, and traffic control costs have increased significantly since the retired equipment was put in service. In addition, costs related to 2010 retirements were included in 2011 when the actual retirements may have been recorded in 2010.**

47. Please refer to Schedule F, page 2. Please specify the cause of the (\$11,346) (or 211 percent) Cost of Removal.

**Company Response:**

**Most of the retirements were from investments placed in service in the early 1980's when the cost of the equipment and the cost to install were very low. Therefore, the retirement of the assets would be low dollars. The labor, benefits, vehicle costs, and traffic control costs have increased significantly since the retired equipment was put in service.**

48. Please refer to Schedule F, page 3. Please specify the cause of the (\$15,299) (or 427 percent) Cost of Removal.

**Company Response:**

**Most of the retirements were from investments placed in service in the 1960's, 1970's, and early 1980's when the cost of the equipment and the cost to install were very low. Therefore, the retirement of the assets would be low dollars. The labor, benefits, vehicle costs, and traffic control costs have increased significantly since the retired equipment was put in service.**

49. For the purposes of the following requests, please refer to Schedules F and J. The data indicates that FPUC has experienced significant negative net salvage in each year of the study period. The average net salvage rate is negative (101) percent for the period 2011 - 2014.

- a. Please specify the cause of the apparently significant net salvage rate.

**Company Response:**

**The high percent of cost of removal appears to relate to both the age of the investments being retired during the period and the small dollar value associated with them.**

- b. Is the recent level of removal costs for retiring plant indicative of FPUC's future expectation for this Account? Please explain your response in detail.

**Company Response:**

**The Company does not believe that the recent level of removal costs for retiring plant is indicative of future expectations given the minimal retirement activity, averaging less than 1 percent during the 2011-2014 period. Such data makes reliance on statistical analysis for determining life or salvage factors not meaningful. The Company believes that there is not sufficient retirement activity to warrant a change in the currently approved negative net salvage percent of negative 35 percent at this time.**

Account 371 – Installation on Customers' Premises

50. For the purposes of the following request, please refer to Schedules F and J. The data indicates that FPUC has experienced greater than 40% removal cost and zero salvage each year during the study period. Is the recent level of (negative) net salvage indicative of FPUC's future expectation for this Account? Please explain your response in detail.

**Company Response:**

**The investment in this account is primarily commercial lighting equipment located on a customer's premise. The in-plant cost relates to the cost of the equipment and installation thereof on the customer's side of the meter. The retirement rate has averaged less than 1 percent making statistical analysis results meaningless for determining life or salvage factors.**

Account 373 – Street Lighting and Signal Systems

51. For the purposes of the following requests, please refer to Schedules F and J. The data indicates that FPUC has experienced greater than 130% removal cost (with 4 year average of 272 percent) and zero salvage each year during the study period.
- a. Please specify the cause of the apparently high Cost of Removal rate.

**Company Response:**

**Several poles were replaced during this time period because of the inspections and storm hardening efforts. At this time, street lighting would have been removed from the poles which caused costs for removal. However, if the street lights fixture still had a useful life, it would have been re-used and not retired. In addition, part of the reason for the high percentages is due to the small value of the items retired.**

- c. Is the recent level of removal costs for retiring plant indicative of FPUC's future expectation for this Account? Please explain your response in detail.

**Company Response:**

Given the lack of retirement activity (retirement rate averaged less than 1 percent during the 2011-2014 period), the Company does not believe that the recent level of negative net salvage is indicative of future expectations for Account 373. The Company believes that there is not sufficient historical or current data to support a change from the currently prescribed net salvage factor of negative 10 percent.

52. For the purposes of the following requests, please refer to Schedule F, page 2.

- a. What is the nature of the (\$55,899) of Transfer to Reserve?

**Company Response:**

Commission Order No. PSC -12-0065-PAA-EI in Docket No. 110207-EI established reserve allocations on page 9 of the order. As detailed in the Order on pages 8 and 9, the calculated reserve surpluses in Accounts 352, 354, 355.1, and 356 were transferred to help correct the calculated reserve deficiency in Account 353, Station Equipment. A journal entry was made to the general ledger January 2012 to record these reserve allocations. These transfers only affected the reserve and did not change plant in service balances.

- b. Please identify the source Account(s) from which the reserve was transferred, if any.

**Company Response:**

See 52a. above.

- c. Please also explain why there is no corresponding transfer to Plant in Service.

**Company Response:**

See 52a. above.

53. Please refer to Schedule F, page 5. What is the nature of the \$38,945 of Additions (or approximately 32 percent annual growth rate) to this Account?

**Company Response:**

The 2015 activity found in Schedule F, page 5, was not used in determination of the Company proposed depreciation rates. However, the 2015 projection of \$38,945 was based on normal additions. This projection seems consistent with additions made in prior years.

Account 389 - Land and Rights

54. Please refer to Schedule F, page 2. What is the nature of the \$752,627 of Additions (or over 1,038 percent annual growth rate) to this Account?

**Company Response:**

**These additions relate to Land that was purchased for the new Fernandina Office Compound. This account is not prescribed a depreciation rate. Land is not depreciable.**

55. For the purposes of the following requests, please refer to Schedule F, page 4.

- a. Please provide the name and description of Account 380.

**Company Response:**

**According to the FERC Chart of Accounts, Account 380 is used for land and land rights related to regional transmission and market operations.**

- b. What is the nature of the (\$320,005) of transfer from Account 389 to Account 380?

**Company Response:**

**As discussed in the response to No. 22, the land related to the new substation was transferred from Account 389 to 380 since it is being used for transmission plant.**

General Plant

56. Please specify the Company's proposed amortization periods (or rates of amortization) for the amortizable Accounts contained in its 2015 Depreciation Study by populating the chart below.

Account No. and Name		Proposed Amortization period
391	Office Furniture & Equipment	
391.1	Office Furniture	
391.2	Office Machines	
391.3	Computer Equipment	
391.4	Software	
393	Stores Equipment	
394	Tools/Shop Equipment	
395	Lab Equipment	
397	Communications Equipment	
397.3	Communications Equipment Post 98	
398	Miscellaneous Equipment	
399	Misc. Tangible Assets	



**Company Response:**

The amortization periods are those set forth in the Commission's List of Retirement Units, pages 100-101, and 103, for the above accounts. The Company does not propose any changes to those established amortization periods. The amortization for Miscellaneous Tangible Assets is addressed in a revenue rate proceeding.

	Account No. and Name	Proposed Amortization period
391	Office Furniture & Equipment	7 Years
391.1	Office Furniture	7 Years
391.3	Office Machines	7 Years
391.2	Computer Equipment	5 Years
391.4	Software	5 Years
393	Stores Equipment	7 Years
394	Tools/Shop Equipment	7 Years
395	Lab Equipment	7 Years
397	Communications Equipment	5 Years
397.3	Communications Equipment Post 98	5 Years
398	Miscellaneous Equipment	7 Years
399	Misc. Tangible Assets	5 Years

Account 390 – Structures & Improvements

For the purposes of the following requests, please refer to Schedule F.

57. Staff has calculated an investment growth rate of approximately 196% (2011-2014) for this Account. Please briefly discuss what is driving this Account's rate of growth and if the Company expects a comparable growth rate going forward for 2015 and beyond.

**Company Response:**

**Account 390 has increased because of the addition in 2013 of the new Fernandina Beach office. The growth rate is not expected to continue.**

58. Please describe the nature of the 2013 additions of \$2,461,681 to this Account.

**Company Response:**

**The additions were for the new Fernandina Beach office.**

59. Please describe the nature of the projected 2015 retirement of (\$479,780) to this Account.

**Company Response:**

**The 2015 activity found in Schedule F, page 5, was not used in determination of the Company proposed depreciation rates. However, the retirement is related to the old Fernandina Beach Office and include the office building, generator, heat pump, shutters and renovations.**

Account 392.1 – Transportation - Cars

For the purposes of the following requests, please refer to Schedule F.

60. Please explain the retirement amounts in years 2012 (\$21,030) and 2014 (\$30,091) to this Account.

**Company Response:**

**The retirement of (\$21,030) was for a 2002 Chevrolet Impala and the retirement of (\$30,091) was for a 2007 Buick Lucerne.**

61. Please describe the nature of the positive 2012 transfer of \$30,091 and the negative 2014 transfer of (\$39,170) to this Account.

**Company Response:**

**In 2012 a 2007 Buick Lucerne was transferred from Account 392.2 (Transportation-Light Trucks and Vans) to Account 392.1 (Transportation-Cars). It was then retired, as discussed in response No. 60, in 2014.**

**The negative transfer of (\$39,170) in 2014 was due to a 2015 Ford Transit Van being recorded to Account 392.1 in the ledger. It was determined that the Van should have been recorded in Account 392.2. Therefore, Account 392.1 was reduced by the \$39,170 and account 392.2 was increased by the \$39,170. This amount is included with other adjustments in the amount shown on Schedule F in 2014 of \$19,710.**

62. Please describe the nature of the negative 2012 addition of (\$2,500) to this Account, and why this amount was not recorded as an adjustment. What are the reserve implications of this negative addition?

**Company Response:**

The negative addition of (\$2,500) to this Account was a rebate on a 2012 Ford Explorer that was actually purchased in 2011 but the rebate was received in 2012. There are no reserve implications. Depreciation accruals were adjusted when the credit was received.

63. Please describe the nature of the 2014 reserve adjustment of (\$1,693) to this Account. Please also discuss the implications to Plant in Service of this adjustment.

**Company Response:**

The adjustment of (\$1,693) was to remove the depreciation for January to August 2014 associated with a mobile air compressor that had been misclassified in Account 392.1. The Company had corrected its error in August and the plant transfer was included in the addition column in 2014 for Account 392.1 and in the Purchase and Adjustment column for Account 396.

64. Please describe the nature of the projected 2015 addition of \$55 to this Account and why the Company believes this amount should be considered a capital addition.

**Company Response:**

The 2015 data was provided for informational purposes only and as such, the Company is not basing its calculation of rates on this data. However, the \$55 addition to Plant in Service was for corrections to the initial title fees paid for vehicles purchased late in 2014. The Company often receives adjustments to these fees from the dealer after the vehicles are purchased and the title information is submitted to the State.

65. The four-year (2011-2014) average net salvage for this Account, derived (no 2015 data included for the analysis) from information shown on Schedule J, page 2 of 2, is approximately 13%. The currently approved net salvage rate is equal to 15%, which is also the Company's proposal for calculating future rates. Please describe why the Company is proposing to maintain the net salvage rate at 15% rather than aligning it more closely to the recent historical four-year experience.

**Company Response:**

Even though the past four years of net salvage and retirement experience averaged slightly less than 15 percent, the Company believes 15 percent net salvage continues to be indicative of future expectations and should be retained. The Company does not believe that recent experience should be taken in isolation in estimating life and salvage factors. Other companies in the State are estimating a 15 percent net salvage factor for this account.

Additionally, the Company believes that transportation equipment should reasonably be expected to experience similar life and salvage characteristics between companies unless specific

policies dictate otherwise. The Company has no specific policies with respect to the retirement of motor vehicles. Replacement needs are reviewed on an annual basis taking into consideration maintenance costs, age, and mileage.

Account 392.2 – Transportation - Light Truck & Vans

66. For the purposes of the following request, please refer to Schedule F.

- a. Please describe the nature of the 2012-2014 Plant in Service adjustments of \$72,589, \$22,079, and \$19,710 to this Account. Please also discuss the reserve implications of these adjustments.

**Company Response:**

**2012**

The 2012 Plant in Service adjustment of \$72,589 was for the following transfers:

1. Transfer of the 2012 Ford Escape from the natural gas division for \$34,226.18.
2. Transfer of the 2006 Chevrolet Silverado from the natural gas division for \$22,079.28.
3. Transfer of the 1999 Ford F-150 from the natural gas division for \$16,283.19.

The Reserve for these vehicles was also transferred as follows:

1. \$1,118 was transferred for the 2012 Ford Escape. It was inadvertently included with the depreciation accruals instead of with the other transfers.
2. \$13,886 was originally transferred from gas for the 2006 Chevrolet Silverado. It was inadvertently included with the depreciation accruals instead of the other transfers. (Please note that this amount was reversed in 2013 and corrected to \$22,079.28 since the vehicles was fully depreciated.)
3. \$16,283.19 was transferred from gas for the 1999 Ford F-150 since it was fully depreciated. This amount was included in the \$46,374 under purchase adjustments in schedule F for 2012.

**2013**

The 2013 Plant in Service adjustment of \$22,079 was to correct the journal entry to record the transfer of the 2006 Chevrolet Silverado discussed in the 2012 adjustments above. However, the reversal of the 2012 entry was included in the \$97,380 shown as additions on Schedule F for 2013.

The \$8,193 shown on Schedule F for 2013 is the difference between the original entry to record the accumulated depreciation for the Chevy Silverado of \$13,886 discussed in item 2 for 2012 and the \$22,079.28 cost of the vehicle since it was fully depreciated.

#### 2014

The 2014 Plant in Service adjustment of \$19,710 was for the following:

1. Transfer of the 2015 Ford Transit Van of \$39,170 discussed in No. 61 from Account 392.1.
2. Transfer of (\$33,073.70) to Account 392.4 for the trailer refurbishing.
3. Transfer of a 2009 Chevrolet Trailblazer from Division FC for \$27,160.91.
4. Transfer out of the 2013 entry to record the Mobile Air Compressor of (\$13,546.80) which was discussed in No. 63.

The Reserve adjustments for the 2014 Plant adjustments are as follows:

1. Since the Van was purchased in December, no depreciation had been taken and no transfer was necessary.
2. Although the \$33,070.70 for the trailer refurbishing was recorded in the general ledger in the wrong account, the depreciation was correctly computed and recorded in account 392.4 in the ledger and on the F Schedules.
3. The Reserve for the transfer of the 2009 Chevrolet Trailblazer of \$18,169 was included in the transfer amount of \$14,549 on Schedule F for 2014.
4. The \$1,511.42 of depreciation in Schedule F for 2014 in the Accrual amount was not transferred out of the Reserve when the \$13,546.80 was transferred to plant Account 396. In 2015, the \$1,511.42 was adjusted to \$1,400.79.
  - b. Please describe the nature of the 2013 reserve adjustment of \$8,193 to this Account. Please also discuss the implications to Plant in Service of this adjustment.

#### **Company Response:**

The \$8,193 shown on Schedule F for 2013 is the difference between the original entry to record the accumulated depreciation for the Chevy Silverado of \$13,886 discussed in No. 66 item 2 for 2012 and the \$22,079.28 cost of the vehicle which was fully depreciated.

- c. Please describe the nature of the 2014 reserve transfer of \$14,549 to this Account. Please also discuss the implications to Plant in Service of this adjustment.

**Company Response:**

**The Schedule F 2014 reserve transfer consisted of the \$18,169, discussed in response No. 66 for 2014 item 3 above, related to the 2009 Chevy Trailblazer. There was also an adjustment to reduce the reserve for (\$3,620) to correct the depreciation rate on the Chevy Trailblazer.**

67. The four-year average net salvage for this Account, as shown on Schedule J, page 2 of 2, is approximately 16%. The currently approved net salvage rate is equal to 12%, which is also the Company's proposal for calculating future rates. Please describe why the Company is proposing to maintain the net salvage rate at 12% rather than aligning it more closely to the recent historical four-year experience.

**Company Response:**

**The Company believes that reliance on recent historical experience in estimating life or net salvage factors should not be taken in isolation. A 12 percent net salvage factor is in the range of estimations made by other companies in the State for this account.**

**Additionally, the Company believes that transportation equipment should reasonably be expected to experience similar life and salvage characteristics between companies unless specific policies dictate otherwise. The Company has no specific policies with respect to the retirement of motor vehicles. Replacement needs are reviewed on an annual basis taking into consideration maintenance costs, age, and mileage. The Company does not believe a change in net salvage factors is warranted for this account at this time.**

Account 392.3 – Transportation - Heavy Trucks

68. For the purposes of the following requests, please refer to Schedule F.
  - a. Please describe the nature of the 2012 reserve adjustment of (\$51,858) to this Account. Please also discuss the implications to Plant in Service of this adjustment.

**Company Response:**

**Commission Order No. PSC -12-0065-PAA-EI in Docket No. 110207-EI established reserve allocations on page 9 of the order. A journal entry was made to the general ledger January 31, 2012 to record these reserve allocations to the books. These transfers only affected the reserve and did not change plant in service balances.**

- b. Please describe the nature of the 2015 additions of \$710,000 to this Account.

**Company Response:**

**The 2015 activity found in Schedule F, page 5, was not used in determination of the Company proposed depreciation rates. However, the projection of \$710,000 is for bucket trucks that are expected to be purchased in 2015.**

69. The four-year average (2011-2014) net salvage for this Account, derived from information shown on Schedule J, page 2 of 2, is approximately 5%. The currently approved net salvage rate is equal to 10%, which is also the Company's proposal for calculating future rates. Please describe why the Company is proposing to maintain the net salvage rate at 10% rather than aligning it more closely to the recent historical four-year experience.

**Company Response:**

**The Company believes that recent historical experience to estimate life or net salvage factors should not be taken in isolation. A 10 percent net salvage factor is in the range of estimations made by other companies in the State for this account. Recent experience averaging 5 percent net salvage is lower than other company expectations or experience.**

**The Company believes that transportation equipment should reasonably be expected to experience similar life and salvage characteristics between companies unless specific policies dictate otherwise. The Company has no specific policies with respect to the retirement of motor vehicles. Replacement needs are reviewed on an annual basis taking into consideration maintenance costs, age, and mileage. The Company does not believe a change in net salvage factors is warranted for this account at this time.**

Account 392.4 – Transportation - Trailers

70. For the purposes of the following requests, please refer to Schedule F.

- a. Please describe the nature of the 2014 plant transfer of \$33,074 to this Account. Please also discuss the implications to Reserve of this adjustment.

**Company Response:**

**As discussed above in the answer to No. 66, entries to record the trailer refurbishing of \$33,074 were originally charged to account 392.2. This amount was transferred to the appropriate account, 392.4 in 2014.**

- b. Please describe the nature of the 2014 reserve adjustment of \$1,990 to this Account. Please also discuss the implications to Plant in Service of this adjustment.

**Company Response:**

**The \$1,990 was a transfer of the reserve for the \$33,074 correction of the trailer refurbishment as stated in the response to No. 70 above.**

Account 396 – Power Operated Equipment

71. For the purposes of the following requests, please refer to Schedule F.

- a. Please describe the nature of the 2014 addition of \$82,007 to this Account.

**Company Response:**

**The additions were for a Towmaster trailer and a Caterpillar 305.5E Hydraulic Excavator.**

- b. Please describe the nature of the 2014 Plant in Service Purchase and Adjustment of \$13,547 to this Account. Please also discuss the Purchase and Adjustment of (\$7,245) to the Reserve.

**Company Response:**

**The \$13,547 transfer to plant was to transfer the Mobile Air Compressor, which was discussed in the response to No. 63, and originally charged to Account 392.1. The \$1,511.42 of depreciation was not transferred out of the Reserve when the \$13,546.80 was transferred to plant Account 396. In 2015, the \$1,511.42 was adjusted to \$1,400.79. The (\$7,245) Adjustment to the Reserve for Account 396 in 2014 was an adjustment to remove over-depreciation that was booked to the account because the Company continued to depreciate a fully depreciated asset.**

Account 398 – Miscellaneous Equipment

72. For the purposes of the following requests, please refer to Schedule F.

- a. Please describe the nature of the 2012 plant transfer of (\$50,790) to this Account. Please also discuss the implications to Plant in Service of this adjustment.

**Company Response:**

**The transfer out of Account 398 for (\$50,790) was for meter testing equipment that was transferred to Account 394 Tools and Shop Equipment. No transfer to the reserve was necessary because it was transferred prior to the depreciation being accrued.**



- b. Please describe the nature of the 2012 reserve adjustment of (\$1,508) to this Account. Please also discuss why there is no readily apparent/similar adjustment to Plant in Service for the same year.

**Company Response:**

**The Adjustment to the 2012 Reserve for Account 398 of (\$1,508) was to adjust the electric division's portion of the loss on the sale of the old FPU office building.**

Account 399 – Misc. Tangible Assets

73. Please specify the investment items contained in Account 399 and the Company's proposal for this fully depreciated Account.

**Company Response:**

**There have not been any additions to this account since 2003. The asset was for a license for Power Pro from Tampa Electric, which is a training program. This account is not depreciated, but rather amortized. The Company has no proposal for this Account and no further amortization is needed.**

74. Does the Company anticipate any additions or retirements to Account 399 within the next five years?

**Company Response:**

**The Company does not anticipate any additions or retirements to Account 399 within the next five years. The investment in this account is amortizable, not depreciable. Also, its amortization period is not established by the Commission's electric retirement unit list.**

Docket No. 150162-EI

**FPSC 1<sup>ST</sup> ROG 2 ('Whole Life Rates')**

FLORIDA PUBLIC UTILITIES  
2011 DEPRECIATION STUDY  
COMPARISON OF ACCUMULATED BOOK RESERVE AND THEORETICAL RESERVE - PROPOSED RATES

Schedule 4

ACCOUNT	01/01/2012 INVESTMENT	01/01/2012 RESERVE	THEORETICAL RESERVE (%)	THEORETICAL RESERVE	IMBALANCE	WLR (%)	ARL (YEARS)	NET SALV (%)
<b>TRANSMISSION PLANT</b>								
350.1 - Land Rights	\$41,471	\$17,633	71.2	\$29,627	(\$11,894)	1.8	16.0	0.0
352 - Structures and Improvements	\$22,007	\$11,403	52.4	\$11,532	(\$129)	2.0	23.8	0.0
353 - Station Equipment	\$2,756,824	\$856,665	36.9	\$1,016,441	(\$159,776)	2.3	23.1	16.0
354 - Towers and Fixtures	\$224,802	\$192,844	86.3	\$183,892	(\$1,048)	2.3	12.5	(15.0)
355 - Poles and Fixtures	\$1,603,401	\$1,016,739	68.3	\$1,094,062	(\$76,223)	3.3	18.7	(30.0)
355.1 - Poles and Fixtures - Concrete	\$1,570,082	\$271,716	14.2	\$222,481	\$49,234	3.3	35.1	(30.0)
356 - Overhead Conductors and Devices	\$2,002,251	\$743,867	39.7	\$765,294	(\$51,427)	2.8	25.1	(10.0)
359 - Roads and Trails	\$6,788	\$5,195	49.1	\$3,330	\$1,885	1.8	28.3	0.0
<b>Total Transmission Assets</b>	<b>\$8,227,626</b>	<b>\$3,116,063</b>		<b>\$3,367,459</b>	<b>(\$251,396)</b>			
<b>DISTRIBUTION PLANT</b>								
360.1 - Land Rights	\$56,996	\$26,757	46.9	\$26,731	\$26	1.8	29.5	0.0
361 - Structures and Improvements	\$211,042	\$37,547	18.2	\$38,410	(\$863)	2.0	40.9	0.0
362 - Station Equipment	\$7,552,943	\$2,004,552	29.1	\$2,197,161	(\$192,609)	2.9	27.9	(10.0)
364 - Poles, Towers, and Fixtures	\$11,473,520	\$5,909,445	57.6	\$6,608,747	(\$699,302)	3.8	23.0	(45.0)
365 - Overhead Conductors & Devices	\$11,240,286	\$7,263,204	79.1	\$8,214,387	(\$951,093)	3.6	17.2	(35.0)
366 - Underground Conduit	\$4,009,979	\$789,121	21.4	\$858,136	(\$89,015)	2.0	39.3	0.0
367 - Underground Conductors & Devices	\$6,205,266	\$2,125,636	35.6	\$2,210,318	(\$84,680)	2.9	22.2	0.0
368 - Line Transformers	\$15,121,861	\$10,187,203	70.8	\$10,706,277	(\$519,074)	4.1	12.0	(20.0)
369 - Services	\$9,916,136	\$5,502,595	58.2	\$5,771,191	(\$268,596)	4.0	19.2	(35.0)
370 - Meters	\$3,734,975	\$2,091,626	58.8	\$2,196,165	(\$104,539)	3.5	13.2	(5.0)
371 - Installation on Customers' Premises	\$2,673,273	\$1,166,144	46.4	\$1,294,666	(\$128,522)	5.3	6.9	15.0
373 - Street Lighting & Signal Systems	\$1,344,020	\$936,232	74.0	\$994,575	(\$59,343)	5.0	7.2	(10.0)
<b>Total Distribution Assets</b>	<b>\$73,540,270</b>	<b>\$38,040,153</b>		<b>\$41,116,752</b>	<b>(\$3,076,599)</b>			
<b>GENERAL PLANT</b>								
390 - Structures & Improvements	\$1,588,452	\$621,592	39.4	\$617,970	\$3,622	2.0	30.3	0.0
392.1 - Transportation - Cars	\$6,719	(\$617)	52.3	\$3,618	(\$4,133)	12.1	2.7	15.0
392.2 - Transportation - Light Trucks & Vans	\$797,661	\$398,316	60.0	\$483,058	(\$84,742)	9.8	2.8	12.0
392.3 - Transportation - Heavy Trucks	\$2,955,322	\$1,350,472	42.4	\$1,252,761	\$97,711	6.9	6.9	10.0
392.4 - Transportation - Vans	\$111,011	\$47,378	42.9	\$47,668	(\$290)	3.8	13.7	5.0
396 - Power Operated Equipment	\$222,523	\$188,042	92.8	\$206,056	(\$18,014)	4.8	0.5	5.0
<b>Total General Plant Assets</b>	<b>\$5,881,677</b>	<b>\$2,605,183</b>		<b>\$2,611,029</b>	<b>(\$5,846)</b>			
<b>GRAND TOTAL</b>	<b>\$87,429,562</b>	<b>\$43,761,399</b>		<b>\$47,095,240</b>	<b>(\$3,333,841)</b>			

Filed by FPUC. See document 08440-11 on the PSC website.

Docket No. 150162-EI

**FPSC 1<sup>ST</sup> ROG 13**

**Revised Schedule E, page 1, Revised Schedule F, pages 1-4, Revised Schedule J, pages 1 and 2, Revised Schedule M, pages 1 and 3, and Revised Schedule N, pages 1 and 2**

RESPONSE TO HQC 1ST RQG 13

FLORIDA PUBLIC UTILITIES  
2014 DEPRECIATION STUDY  
COMPARISON OF CURRENT AND PROPOSED DEPRECIATION RATES

Schedule 1  
REVISED

Using a 2015 Implementation revised lives, salvage, and curves.

ACCOUNT	01/01/2015 INVESTMENT	01/01/2015 RESERVE	CURRENT					COMPANY PROPOSED				
			AVERAGE SERVICE LIFE (YRS.)	AVERAGE REMAINING LIFE (YRS.)	NET SALVAGE (%)	AGE (YRS.)	CURVE	AVERAGE SERVICE LIFE (YRS.)	AVERAGE REMAINING LIFE (YRS.)	NET SALVAGE (%)	(Sub. M) AGE (YRS.)	CURVE
<b>TRANSMISSIONS</b>												
350.1 - Land Rights	\$29,842	\$16,183	65.0	28.0	0.0	40.0	SQ	70.0	28.0	0.0	44.2	SQ
352 - Structures and Improvements	\$197,790	\$17,519	66.0	28.0	0.0	26.0	S6	68.0	50.0	0.0	3.2	S6
313 - Station Equipment	\$3,743,621	\$789,934	40.0	23.0	10.0	17.0	S3	40.0	30.0	30.0	13.4	S3
314 - Towers and Poles	\$274,602	\$190,990	66.0	17.0	(16.0)	37.4	S6	66.0	14.7	(36.0)	40.6	S6
316 - Poles and Structures - Concrete	\$1,073,208	\$1,237,384	40.0	19.3	(30.0)	20.7	R4	40.0	17.8	(40.0)	23.2	R4
365.1 - Poles and Structures - Concrete	\$2,659,276	\$334,634	48.0	40.0	(30.0)	6.0	R4	46.0	41.0	(40.0)	4.5	R4
370 - Overhead Conductors and Devices	\$2,637,738	\$744,689	46.0	31.0	(10.0)	14.0	S2	60.0	36.0	(20.0)	13.9	S2
316 - Roads and Trails	\$0,796	\$5,680	66.0	16.6	0.0	40.6	SQ	65.0	12.6	0.0	62.6	SQ
<b>Total Transmission Assets</b>	<b>\$10,974,023</b>	<b>\$3,844,420</b>										
<b>DISTRIBUTION</b>												
314.1 - Land Rights	\$69,995	\$20,640	66.0	30.0	0.0	20.0	SQ	60.0	31.0	0.0	29.5	SQ
351 - Structures and Improvements	\$174,632	\$41,168	65.0	46.0	(6.0)	9.0	SQ	60.0	47.0	(6.0)	13.0	SQ
352 - Station Equipment	\$9,254,690	\$2,614,669	40.0	30.0	(10.0)	10.0	S3	45.0	34.0	(10.0)	11.2	S3
314 - Poles, Towers, and Structures	\$44,243,651	\$7,604,645	38.0	23.0	(45.0)	16.0	R4	38.0	24.0	(46.0)	14.4	R4
315 - Overhead Conductors & Devices	\$13,103,624	\$6,334,009	37.0	17.2	(35.0)	19.8	R6	40.0	21.0	(36.0)	19.8	R4
316 - Underground Conductors & Devices	\$5,051,124	\$832,369	37.0	48.0	0.0	11.0	R6	38.0	50.0	(6.0)	10.4	R6
369 - Line Transformers	\$9,086,210	\$11,680,072	23.0	12.6	(20.0)	17.0	R3	36.0	23.0	(6.0)	12.4	R3
319 - Services	\$10,187,082	\$6,051,127	34.0	20.6	(35.0)	14.0	R3	30.0	22.4	(20.0)	17.7	R4
370 - Meters	\$3,013,686	\$2,335,032	30.0	13.2	(6.0)	16.8	R5	37.0	21.0	(35.0)	17.1	R3
371 - Installation on Customers' Premises	\$3,043,360	\$1,673,237	16.0	7.2	(6.0)	0.0	S3	23.0	9.8	(6.0)	10.7	S3
375 - Street Lighting & Sign Systems	\$1,480,129	\$1,054,774	22.0	6.0	(10.0)	13.1	R3	22.0	7.6	(10.0)	16.6	R3
<b>Total Distribution Assets</b>	<b>\$85,639,004</b>	<b>\$14,010,314</b>										
<b>GENERAL PLANT</b>												
350 - Structures & Improvements	\$1,490,084	\$748,472	60.0	31.0	0.0	10.7	R4	60.0	41.0	0.0	9.0	R4
352.1 - Transportation - Cars	\$60,828	\$8,747	7.0	0.0	16.0	0.9	S2	7.0	6.0	16.0	1.0	S2
352.2 - Transportation - Light Trucks & Vans	\$900,748	\$479,904	9.0	2.0	12.0	6.2	S4	9.0	4.9	12.0	4.1	S4
352.3 - Transportation - Heavy Trucks	\$3,584,919	\$1,600,669	13.0	7.0	10.0	6.0	S3	13.0	0.4	10.0	0.8	S3
352.4 - Transportation - Trains	\$144,064	\$63,989	26.0	13.9	5.0	11.2	R4	26.0	13.8	5.0	11.4	R4
353 - Power Operated Equipment	\$302,991	\$191,666	26.0	6.6	0.0	19.6	S6	26.0	6.4	0.0	16.6	S6
<b>Total General Plant Assets</b>	<b>\$9,482,621</b>	<b>\$3,060,798</b>										
<b>GRAND TOTALS</b>	<b>108,046,848</b>	<b>\$1,341,541</b>										

\* Reflects restated reserve after proposed curative reserve allocations.

**FLORIDA PUBLIC UTILITIES  
2014 DEPRECIATION STUDY  
COMPARISON OF CURRENT AND PROPOSED DEPRECIATION COMPONENTS**

**Schedule 2  
REVISED**

ACCOUNT	CURRENT EFFECTIVE 1/1/2012			COMPANY PROPOSED - Proposed Effective Date 1/1/2015			
	AVERAGE REMAINING LIFE (YRS.)	NET SALVAGE (%)	REMAINING LIFE RATE (%)	AVERAGE REMAINING LIFE (YRS.)	NET SALVAGE (%)	1/1/2015 RESERVE (%)	REMAINING LIFE RATE (%)
<b>TRANSMISSION PLANT</b>							
350.1 - Land Rights	25.0	0.0	2.3	26.0	0.0	63.60 *	1.4
352 - Structures and Improvements	29.0	0.0	1.8	50.0	0.0	8.86	1.8
353 - Station Equipment	23.0	10.0	2.4	30.0	10.0	21.04 *	2.3
354 - Towers and Fixtures	17.8	(15.0)	2.1	14.7	(15.0)	84.65	2.1
355 - Poles and Fixtures	19.3	(30.0)	3.4	17.6	(40.0)	78.40 *	3.5
355.1 - Poles and Fixtures - Concrete	40.0	(30.0)	2.9	41.0	(40.0)	12.61	3.1
356 - Overhead Conductors and Devices	31.0	(10.0)	2.4	36.0	(20.0)	29.35	2.5
359 - Roads and Trails	15.5	0.0	1.5	12.5	0.0	81.03	1.5
<b>DISTRIBUTION PLANT</b>							
360.1 - Land Rights	30.0	0.0	1.8	31.0	0.0	51.83	1.6
361 - Structures and Improvements	46.0	(5.0)	1.9	47.0	(5.0)	23.65	1.7
362 - Station Equipment	30.0	(10.0)	2.8	34.0	(10.0)	28.40 *	2.4
364 - Poles, Towers, and Fixtures	23.0	(45.0)	4.1	24.0	(45.0)	63.80 *	3.8
365 - Overhead Conductors & Devices	17.2	(35.0)	4.1	21.0	(35.0)	63.60 *	3.4
366 - Underground Conduit	49.0	0.0	1.6	50.0	(5.0)	15.00 *	1.8
367 - Underground Conductors & Devices	23.0	0.0	2.9	23.0	(5.0)	32.11	3.2
368 - Line Transformers	12.0	(20.0)	4.3	12.4	(20.0)	70.40 *	4.0
369 - Services	20.0	(35.0)	4.0	21.0	(35.0)	59.40 *	3.6
370 - Meters	13.2	(5.0)	3.7	11.9	(10.0)	59.66 *	4.2
371 - Installation on Customers' Premises	7.2	15.0	5.7	9.6	15.0	51.69	3.5
373 - Street Lighting & Signal Systems	8.9	(10.0)	5.0	7.6	(10.0)	72.94	4.9
<b>GENERAL PLANT</b>							
390 - Structures & Improvements	31.0	0.0	2.0	41.0	0.0	16.67	2.0
392.1 - Transportation-Cars	0.0	15.0	12.1	6.0	15.0	13.41	11.9
392.2 - Transportation-Light Trucks & Vans	2.9	12.0	9.8	4.9	12.0	49.90	7.8
392.3 - Transportation - Heavy Trucks	7.0	10.0	6.6	6.4	10.0	45.29	7.0
392.4 - Transportation - Trailers	13.9	5.0	3.8	13.8	5.0	44.38	3.7
396 - Power Operated Equipment	5.5	0.0	2.8	8.4	0.0	63.23	4.4

\* Reflects restated reserve after proposed corrective reserve allocations.

**FLORIDA PUBLIC UTILITIES  
2014 DEPRECIATION STUDY  
COMPARISON OF ANNUAL DEPRECIATION EXPENSES**

Schedule 3  
REVISED

ACCOUNT	01/01/2015 INVESTMENT	01/01/2015 RESERVE	CURRENT		COMPANY PROPOSED		
			RATE	EXPENSES	RATE	EXPENSES	CHANGE EXPENSES
<b>TRANSMISSION PLANT</b>							
350.1 - Land Rights	\$23,842	\$15,183	2.3	\$548	1.4 *	\$334	(\$214)
352 - Structures and Improvements	\$197,760	\$17,516	1.8	\$3,560	1.8	\$3,560	\$0
353 - Station Equipment	\$3,748,521	\$788,834	2.4	\$89,965	2.3 *	\$86,216	(\$3,749)
354 - Towers and Fixtures	\$224,802	\$190,300	2.1	\$4,721	2.1	\$4,721	\$0
355 - Poles and Fixtures	\$1,578,296	\$1,237,384	3.4	\$53,662	3.5 *	\$55,240	\$1,578
355.1 - Poles and Fixtures - Concrete	\$2,656,275	\$334,834	2.9	\$77,032	3.1	\$82,345	\$5,313
356 - Overhead Conductors and Devices	\$2,537,738	\$744,898	2.4	\$60,806	2.5	\$63,443	\$2,637
359 - Roads and Trails	\$6,788	\$5,500	1.5	\$102	1.5	\$102	\$0
<b>TOTAL TRANSMISSION PLANT</b>	<b>\$10,974,023</b>	<b>\$3,334,429</b>		<b>\$290,496</b>		<b>\$295,961</b>	<b>\$5,465</b>
<b>DISTRIBUTION PLANT</b>							
360.1 - Land Rights	\$56,995	\$29,540	1.8	\$1,028	1.8	\$912	(\$114)
361 - Structures and Improvements	\$174,032	\$41,168	1.9	\$3,307	1.7	\$2,959	(\$348)
362 - Station Equipment	\$8,854,506	\$2,514,680	2.8	\$247,926	2.4 *	\$212,508	(\$35,418)
364 - Poles, Towers, and Fixtures	\$14,246,551	\$7,864,645	4.1	\$584,109	3.8 *	\$541,369	(\$42,740)
365 - Overhead Conductors & Devices	\$13,103,924	\$8,334,096	4.1	\$537,261	3.4 *	\$445,539	(\$91,728)
366 - Underground Conduit	\$5,551,124	\$832,669	1.6	\$88,818	1.8 *	\$99,920	\$11,102
367 - Underground Conductors & Devices	\$8,156,370	\$2,619,264	2.9	\$236,535	3.2	\$261,004	\$24,469
368 - Line Transformers	\$16,855,216	\$11,866,072	4.3	\$724,774	4.0 *	\$674,209	(\$50,565)
369 - Services	\$10,187,082	\$6,051,127	4.0	\$407,483	3.6 *	\$386,735	(\$40,748)
370 - Meters	\$3,913,686	\$2,335,052	3.7	\$144,808	4.2 *	\$164,375	\$19,569
371 - Installation on Customers' Premises	\$3,043,390	\$1,573,237	5.7	\$173,473	3.5	\$106,519	(\$68,954)
373 - Street Lighting & Signal Systems	\$1,446,129	\$1,054,774	5.0	\$72,306	4.9	\$70,880	(\$1,446)
<b>TOTAL DISTRIBUTION PLANT</b>	<b>\$65,589,004</b>	<b>\$44,916,314</b>		<b>\$3,221,824</b>		<b>\$2,946,903</b>	<b>(\$274,921)</b>
<b>GENERAL PLANT</b>							
390 - Structures & Improvements	\$4,490,064	\$748,472	2.0	\$89,801	2.0	\$89,801	\$0
392.1 - Transportation-Cars	\$50,326	\$6,747	12.1	\$6,069	11.9	\$5,989	(\$100)
392.2 - Transportation-Light Trucks & Vans	\$960,748	\$479,394	9.8	\$94,163	7.8	\$74,938	(\$19,215)
392.3 - Transportation - Heavy Trucks	\$3,534,619	\$1,600,669	6.6	\$233,285	7.0	\$247,423	\$14,138
392.4 - Transportation - Vans	\$144,084	\$63,950	3.8	\$5,475	3.7	\$5,331	(\$144)
396 - Power Operated Equipment	\$302,981	\$191,566	2.8	\$8,483	4.4	\$13,331	\$4,848
<b>TOTAL GENERAL PROPERTY</b>	<b>\$9,482,821</b>	<b>\$3,090,798</b>		<b>\$437,286</b>		<b>\$436,813</b>	<b>(\$473)</b>
<b>TOTAL RATES</b>	<b>\$106,045,848</b>	<b>\$51,341,541</b>		<b>\$3,949,806</b>		<b>\$3,679,677</b>	<b>(\$269,929)</b>

\* Reflects restated reserve after proposed corrective reserve allocations.

**FLORIDA PUBLIC UTILITIES  
2014 DEPRECIATION STUDY  
COMPARISON OF ACCUMULATED BOOK RESERVE AND THEORETICAL RESERVE - PROPOSED RATES**

**Schedule 4  
REVISED**

ACCOUNT	01/01/2015 INVESTMENT	01/01/2016 RESERVE	THEORETICAL RESERVE (%)	THEORETICAL RESERVE	IMBALANCE	WLR (%)	ARL (YEARS)	NET SALV (%)
<b>TRANSMISSION PLANT</b>								
350.1 - Land Rights	\$23,842	\$15,183 *	63.6	\$15,183	\$0	1.4	28.0	0.0
352 - Structures and Improvements	\$197,760	\$17,518	10.0	\$19,776	(\$2,280)	1.8	50.0	0.0
353 - Station Equipment	\$3,748,521	\$788,834 *	21.0	\$787,189	\$1,645	2.3	30.0	10.0
354 - Towers and Fixtures	\$224,802	\$180,300	84.1	\$189,126	\$1,174	2.1	14.7	(15.0)
355 - Poles and Fixtures	\$1,578,298	\$1,237,384 *	78.4	\$1,237,384	\$0	3.5	17.8	(40.0)
355.1 - Poles and Fixtures - Concrete	\$2,656,275	\$334,834	12.9	\$342,859	(\$7,625)	3.1	41.0	(40.0)
356 - Overhead Conductors and Devices	\$2,537,738	\$744,898	33.8	\$852,680	(\$107,782)	2.4	38.0	(20.0)
359 - Roads and Trails	\$6,788	\$5,600	81.3	\$5,915	(\$15)	1.5	12.8	0.0
<b>Total Transmission Assets</b>	<b>\$10,974,023</b>	<b>\$3,334,429</b>		<b>\$3,449,492</b>	<b>(\$115,063)</b>			
<b>DISTRIBUTION PLANT</b>								
360.1 - Land Rights	\$56,995	\$29,540	47.3	\$26,959	\$2,581	1.7	31.0	0.0
361 - Structures and Improvements	\$174,032	\$41,158	20.4	\$35,502	\$5,858	1.8	47.0	(5.0)
362 - Station Equipment	\$8,854,508	\$2,514,680 *	28.4	\$2,514,680	\$0	2.4	34.0	(10.0)
364 - Poles, Towers, and Fixtures	\$14,248,551	\$7,884,645 *	53.8	\$7,884,645	\$0	3.8	24.0	(45.0)
365 - Overhead Conductors & Devices	\$13,103,824	\$8,334,098 *	63.8	\$8,334,098	\$0	3.4	21.0	(35.0)
366 - Underground Conduit	\$6,551,124	\$832,689 *	15.0	\$832,689	\$0	1.8	50.0	(5.0)
367 - Underground Conductors & Devices	\$8,156,370	\$2,619,264	36.0	\$2,938,293	(\$317,029)	3.0	23.0	(5.0)
368 - Line Transformers	\$16,855,216	\$11,886,072 *	70.4	\$11,886,072	\$0	4.0	12.4	(20.0)
369 - Services	\$10,187,082	\$6,051,127 *	59.4	\$6,051,127	\$0	3.8	21.0	(35.0)
370 - Meters	\$3,913,688	\$2,335,052 *	66.0	\$2,581,858	(\$246,806)	3.7	11.9	(10.0)
371 - Installation on Customers' Premises	\$3,043,390	\$1,573,237	43.7	\$1,330,570	\$242,667	4.3	9.6	15.0
373 - Street Lighting & Signal Systems	\$1,446,129	\$1,054,774	72.0	\$1,041,213	\$13,561	5.0	7.8	(10.0)
<b>Total Distribution Assets</b>	<b>\$85,589,004</b>	<b>\$44,916,314</b>		<b>\$45,215,684</b>	<b>(\$299,371)</b>			
<b>GENERAL PLANT</b>								
390 - Structures & Improvements	\$4,490,084	\$748,472	18.0	\$808,211	(\$59,739)	2.0	41.0	0.0
392.1 - Transportation - Cars	\$50,326	\$6,747	12.4	\$6,240	\$507	12.1	6.0	15.0
392.2 - Transportation - Light Trucks & Vans	\$980,748	\$479,394	40.0	\$384,107	\$95,287	9.8	4.9	12.0
392.3 - Transportation - Heavy Trucks	\$3,534,619	\$1,600,669	45.8	\$1,620,289	(\$19,600)	6.9	6.4	10.0
392.4 - Transportation - Vans	\$144,084	\$63,950	42.6	\$81,322	\$2,828	3.8	13.8	5.0
396 - Power Operated Equipment	\$302,981	\$191,568	66.4	\$201,179	(\$9,613)	4.0	8.4	0.0
<b>Total General Plant Assets</b>	<b>\$9,482,821</b>	<b>\$3,090,798</b>		<b>\$3,081,328</b>	<b>\$9,470</b>			
<b>GRAND TOTAL</b>	<b>\$106,045,848</b>	<b>\$51,341,541</b>		<b>\$51,746,504</b>	<b>(\$404,983)</b>			

\*Reflects restated reserve after proposed corrective reserve allocations.



**FLORIDA PUBLIC UTILITIES  
2014 DEPRECIATION STUDY  
PROPOSED RESERVE ALLOCATIONS**

**Schedule 5  
REVISED**

ACCOUNT	1/1/2015 BOOK RESERVE	THEORETICAL RESERVE	IMBALANCE	PROPOSED RESERVE ALLOCATIONS	RESTATE RESERVE
350.1 Land Rights	18,962	15,163	3,799	(3,799)	15,163
353 Station Equipment	948,485	787,189	161,296	(159,651)	788,834
355 Poles and Fixtures	1,073,934	1,237,384	(163,450)	163,450	1,237,384
382 Station Equipment	2,682,209	2,514,680	167,529	(167,529)	2,514,680
384 Poles, Towers, and Fixtures	6,805,379	7,664,645	(859,266)	859,266	7,664,645
385 Overhead Conductors & Devices	8,358,899	8,334,096	24,803	(24,803)	8,334,096
386 Underground Conduit	952,886	832,669	120,017	(120,017)	832,669
388 Line Transformers	11,953,804	11,866,072	87,732	(87,732)	11,866,072
389 Services	6,660,065	6,051,127	608,938	(508,938)	6,051,127
370 Meters	2,285,299	2,581,858	(296,559)	49,753	2,335,052
TOTAL	41,639,722	42,311,066		0	41,639,722

0

Schedule E Page 1 of 7

REVISED

FLORIDA PUBLIC UTILITIES COMPANY  
2015 CONSOLIDATED ELECTRIC DIVISIONS  
2014 Aged Retirements

ADJUSTED TO REFLECT ACTUAL, BUDGETED, AND/OR ANTICIPATED ACTIVITY													
AGE YEAR	350.1	WT AVG	352	WT AVG	353	WT AVG	354	WT AVG	355	WT AVG	356	WT AVG	AGE YEAR
74.5   1940	-	-	-	-	-	-	-	-	-	-	-	-	74.5   1940
73.5   1941	-	-	-	-	-	-	-	-	-	-	-	-	73.5   1941
72.5   1942	-	-	-	-	-	-	-	-	-	-	-	-	72.5   1942
71.5   1943	-	-	-	-	-	-	-	-	-	-	-	-	71.5   1943
70.5   1944	-	-	-	-	-	-	-	-	-	-	-	-	70.5   1944
69.5   1945	-	-	-	-	-	-	-	-	-	-	-	-	69.5   1945
68.5   1946	-	-	-	-	-	-	-	-	-	-	-	-	68.5   1946
67.5   1947	-	-	-	-	-	-	-	-	-	-	-	-	67.5   1947
66.5   1948	-	-	-	-	-	-	-	-	-	-	-	-	66.5   1948
65.5   1949	-	-	-	-	-	-	-	-	-	-	-	-	65.5   1949
64.5   1950	-	-	-	-	-	-	-	-	-	-	-	-	64.5   1950
63.5   1951	-	-	-	-	-	-	-	-	-	-	-	-	63.5   1951
62.5   1952	-	-	-	-	-	-	-	-	-	-	-	-	62.5   1952
61.5   1953	-	-	-	-	-	-	-	-	-	-	-	-	61.5   1953
60.5   1954	-	-	-	-	-	-	-	-	-	-	-	-	60.5   1954
59.5   1955	-	-	-	-	-	-	-	-	-	-	-	-	59.5   1955
58.5   1956	-	-	-	-	-	-	-	-	-	-	-	-	58.5   1956
57.5   1957	-	-	-	-	-	-	-	-	-	-	-	-	57.5   1957
56.5   1958	-	-	-	-	-	-	-	-	-	-	-	-	56.5   1958
55.5   1959	-	-	-	-	-	-	-	-	-	-	-	-	55.5   1959
54.5   1960	-	-	-	-	-	-	-	-	-	-	-	-	54.5   1960
53.5   1961	-	-	-	-	-	-	-	-	-	-	-	-	53.5   1961
52.5   1962	-	-	-	-	-	-	-	-	-	-	-	-	52.5   1962
51.5   1963	-	-	-	-	-	-	-	-	-	-	-	-	51.5   1963
50.5   1964	-	-	-	-	-	-	-	-	-	-	-	-	50.5   1964
49.5   1965	-	-	-	-	-	-	-	-	-	-	-	-	49.5   1965
48.5   1966	-	-	-	-	-	-	-	-	-	-	-	-	48.5   1966
47.5   1967	-	-	-	-	-	-	-	-	-	-	-	-	47.5   1967
46.5   1968	-	-	-	-	-	-	-	-	-	-	-	-	46.5   1968
45.5   1969	-	-	-	-	-	-	-	-	-	-	-	-	45.5   1969
44.5   1970	-	-	-	-	-	-	-	-	-	-	-	-	44.5   1970
43.5   1971	-	-	-	-	-	-	-	-	-	-	-	-	43.5   1971
42.5   1972	-	-	-	-	-	-	-	-	9,585.25	477,278.43	-	-	42.5   1972
41.5   1973	-	-	-	-	-	-	-	-	-	-	-	-	41.5   1973
40.5   1974	-	-	-	-	-	-	-	-	-	-	-	-	40.5   1974
39.5   1975	-	-	-	-	-	-	-	-	-	-	-	-	39.5   1975
38.5   1976	-	-	-	-	-	-	-	-	-	-	-	-	38.5   1976
37.5   1977	-	-	-	-	-	-	-	-	-	-	-	-	37.5   1977
36.5   1978	-	-	-	-	-	-	-	-	74,868.60	2,714,081.50	-	-	36.5   1978
35.5   1979	-	-	-	-	-	-	-	-	-	-	-	-	35.5   1979
34.5   1980	-	-	-	-	-	-	-	-	-	-	-	-	34.5   1980
33.5   1981	-	-	-	-	-	-	-	-	-	-	-	-	33.5   1981
32.5   1982	-	-	-	-	-	-	-	-	-	-	-	-	32.5   1982
31.5   1983	-	-	-	-	-	-	-	-	-	-	-	-	31.5   1983
30.5   1984	-	-	-	-	-	-	-	-	-	-	-	-	30.5   1984
29.5   1985	-	-	-	-	-	-	-	-	-	-	-	-	29.5   1985
28.5   1986	-	-	-	-	-	-	-	-	-	-	-	-	28.5   1986
27.5   1987	-	-	-	-	-	-	-	-	3,132.10	89,294.68	-	-	27.5   1987
26.5   1988	-	-	-	-	-	-	-	-	-	-	-	-	26.5   1988
25.5   1989	-	-	-	-	-	-	-	-	-	-	-	-	25.5   1989
24.5   1990	-	-	-	-	-	-	-	-	-	-	-	-	24.5   1990
23.5   1991	-	-	-	-	-	-	-	-	-	-	-	-	23.5   1991
22.5   1992	-	-	-	-	-	-	-	-	23,907.04	597,908.40	-	-	22.5   1992
21.5   1993	-	-	-	-	-	-	-	-	-	-	-	-	21.5   1993
20.5   1994	-	-	-	-	-	-	-	-	-	-	-	-	20.5   1994
19.5   1995	-	-	-	-	-	-	-	-	-	-	-	-	19.5   1995
18.5   1996	-	-	-	-	-	-	-	-	-	-	-	-	18.5   1996
17.5   1997	-	-	-	-	-	-	-	-	-	-	-	-	17.5   1997
16.5   1998	-	-	-	-	-	-	-	-	-	-	-	-	16.5   1998
15.5   1999	-	-	-	-	-	-	-	-	7,289.17	112,842.64	-	-	15.5   1999
14.5   2000	-	-	-	-	-	-	-	-	-	-	-	-	14.5   2000
13.5   2001	-	-	-	-	-	-	-	-	-	-	-	-	13.5   2001
12.5   2002	-	-	-	-	-	-	-	-	-	-	-	-	12.5   2002
11.5   2003	-	-	-	-	-	-	-	-	-	-	-	-	11.5   2003
10.5   2004	-	-	-	-	-	-	-	-	-	-	-	-	10.5   2004
9.5   2005	-	-	-	-	-	-	-	-	15,388.92	146,004.74	-	-	9.5   2005
8.5   2006	-	-	-	-	-	-	-	-	-	-	-	-	8.5   2006
7.5   2007	-	-	-	-	-	-	-	-	-	-	-	-	7.5   2007
6.5   2008	-	-	-	-	-	-	-	-	-	-	-	-	6.5   2008
5.5   2009	-	-	-	-	-	-	-	-	-	-	-	-	5.5   2009
4.5   2010	-	-	-	-	-	-	-	-	-	-	-	-	4.5   2010
3.5   2011	-	-	-	-	-	-	-	-	-	-	-	-	3.5   2011
2.5   2012	-	-	-	-	-	-	-	-	-	-	-	-	2.5   2012
1.5   2013	-	-	-	-	-	-	-	-	-	-	-	-	1.5   2013
0.5   2014	-	-	-	-	-	-	-	-	-	-	-	-	0.5   2014
TOTAL									99,727.33	4,164.36			TOTAL
ACCOUNT													ACCOUNT
WEIGHTED									2,809,888.24	1,147,288.21			WEIGHTED
AGE									31.88	26.13			AGE

## FLORIDA PUBLIC UTILITIES COMPANY 2015 CONSOLIDATED ELECTRIC DIVISIONS PLANT IN SERVICE AND RESERVE SUMMARY 2011

PLANT IN SERVICE (\$)							RESERVE (\$)					(CREDIT BALANCES)			
Plant Acct.	Beginning Balance	Additions	Transfers	Retirements	Purch. & Adj.	Ending Balance	Plant Acct.	Beginning Balance	Retirements	Accruals	Salvage	Cost of Removal	Transfers	Purch. & Adj.	Ending Balance
350	17,629.00	-	-	-	-	17,629	350	0.00	-	-	-	-	-	-	-
3501	23,841.97	-	-	-	-	23,842	3501	16,887.41	-	429	-	-	-	-	17,317
352	22,006.92	-	-	-	-	22,007	352	10,963.43	-	440	-	-	-	-	11,404
353	2,588,489.99	36,502	-	(5,035)	-	2,619,957	353	801,689.95	(5,035)	70,504	-	-	-	-	867,160
354	224,802.40	-	-	-	-	224,802	354	187,719.61	-	5,170	-	(69)	-	-	192,821
355E&W	1,600,792.17	67,232	-	-	-	1,668,024	355E&W	968,529.11	-	68,761	-	(5,138)	-	-	1,032,152
355C	1,120,082.20	-	-	-	-	1,120,082	355C	227,946.00	-	36,963	-	-	-	-	264,909
356	2,012,475.07	7,500	-	-	-	2,019,975	356	701,219.49	-	58,547	-	-	-	-	767,766
359	6,787.55	-	-	-	-	6,788	359	4,936.93	-	258	-	-	-	-	5,195
360	13,571.99	-	-	-	-	13,572	360	0.00	-	-	-	-	-	-	-
3601	56,995.37	-	-	-	-	56,995	3601	25,730.85	-	1,026	-	-	-	-	28,767
361	96,041.72	4,813	-	-	-	100,855	361	34,572.03	-	2,019	-	-	-	-	36,591
362	7,253,657.42	273,759	-	-	-	7,527,417	362	1,841,940.47	-	213,412	-	(1,171)	-	-	2,054,181
364	10,799,457.71	608,228	-	(35,944)	-	11,371,741	364	5,476,761.01	(35,944)	519,131	-	(190,081)	-	-	6,769,866
365	10,822,893.44	316,724	-	(35,349)	-	11,104,269	365	6,748,784.32	(35,349)	569,254	-	(33,038)	-	-	7,249,662
366	3,806,649.53	163,021	-	-	-	3,969,670	366	711,757.94	-	76,742	-	-	-	-	788,500
367	5,958,677.62	217,635	-	(4,319)	-	6,171,994	367	1,984,823.63	(4,319)	176,600	-	(40,393)	-	-	2,116,712
368	14,799,262.24	343,046	-	(76,751)	-	15,065,558	368	9,588,690.45	(76,751)	666,552	-	(49,518)	-	-	10,149,973
369	9,632,206.86	161,580	-	(2,372)	-	9,791,415	369	5,121,711.36	(2,372)	412,321	-	(29,937)	-	-	5,501,724
370	3,660,999.04	151,707	-	(85,240)	-	3,727,466	370	2,016,509.70	(85,240)	121,029	-	(14,639)	-	-	2,037,659
371	2,694,781.06	120,692	-	(15,737)	-	2,699,737	371	1,053,652.46	(15,737)	161,798	-	(18,657)	-	-	1,181,058
373	1,332,251.57	34,298	-	(2,895)	-	1,363,655	373	870,520.80	(2,895)	76,664	-	(15,401)	-	-	928,890
389	72,462.15	-	-	-	-	72,462	389	6,703.60	-	-	-	-	-	-	6,704
390	1,456,806.27	260,268	-	-	-	1,717,074	390	592,087.79	-	29,912	-	-	-	-	622,000
3910	42,532.13	14,219	-	-	-	56,751	3910	17,711.77	-	5,577	-	-	-	-	23,289
3911	0.00	-	-	-	-	-	3911	0.00	-	-	-	-	-	-	0
3912	247,117.57	12,000	-	-	-	269,118	3912	155,569.49	-	32,023	-	-	-	-	187,592
3913	8,171.53	-	-	-	-	8,172	3913	7,456.43	-	28	-	-	-	-	7,484
3914	1,003,288.71	8,232	-	-	-	1,011,520	3914	853,623.85	-	78,571	-	-	-	-	932,195
3921	21,030.01	2,500	-	-	-	23,530	3921	11,942.95	-	2,706	-	-	-	-	14,649
3922	639,925.90	317,573	-	-	-	957,499	3922	391,680.90	-	36,016	15,176	-	-	-	442,872
3923	2,527,574.68	-	-	-	-	2,527,575	3923	1,318,330.55	-	108,158	4,000	-	-	-	1,428,489
3924	111,010.78	-	-	-	-	111,011	3924	43,159.88	-	4,218	-	-	-	-	47,378
393	125,205.37	33,248	-	-	-	168,454	393	91,874.60	-	7,791	-	-	-	-	99,665
394	171,226.15	10,765	-	-	-	181,991	394	131,639.40	-	8,861	-	-	-	-	140,500
395	72,993.48	48,054	-	-	-	121,047	395	70,579.79	-	553	-	-	-	-	71,133
396	190,165.45	-	-	-	-	190,165	396	179,183.32	-	9,128	-	-	-	-	188,311
397	178,847.35	36,523	-	-	-	215,371	397	94,317.81	-	14,505	-	-	-	-	108,822
3973	71,588.53	-	-	-	-	71,589	3973	38,810.59	-	2,523	-	-	-	-	41,333
398	16,338.92	-	-	-	-	16,339	398	14,767.01	-	468	-	-	-	-	15,235
399	10,000.00	-	-	-	-	10,000	399	10,000.00	-	-	-	-	-	-	10,000
	85,410,638	3,250,119	0	(263,641)	0	88,397,116		42,424,787	(263,641)	3,594,658	19,176	(398,041)	0	0	45,376,938

## FLORIDA PUBLIC UTILITIES COMPANY 2015 CONSOLIDATED ELECTRIC DIVISIONS PLANT IN SERVICE AND RESERVE SUMMARY 2012

PLANT IN SERVICE (\$)							RESERVE (\$)					(CREDIT BALANCES)			
Plant Acct.	Beginning Balance	Additions	Transfers	Retirements	Purch. & Adj.	Ending Balance	Plant Acct.	Beginning Balance	Retirements	Accruals	Salvage	Cost of Removal	Transfers	Purch. & Adj.	Ending Balance
350	17,629	-	-	-	-	17,629	350	-	-	-	-	-	-	-	-
3501	23,842	-	-	-	-	23,842	3501	17,317	-	548	-	-	-	-	17,865
352	22,007	122,143	-	-	-	144,160	352	11,404	-	396	-	-	(1,000)	-	10,800
353	2,619,957	564,184	-	-	-	3,184,141	353	867,160	-	64,354	-	(1,000)	121,443	-	1,061,957
354	224,802	-	-	-	-	224,802	354	192,821	-	4,721	-	-	183	(16,886)	180,859
355	1,668,024	-	-	-	-	1,668,024	355	1,032,152	-	58,659	-	(183)	-	-	1,090,628
3551	1,120,082	-	-	-	-	1,120,082	3551	264,909	-	32,487	-	(99)	(44,925)	-	252,372
358	2,018,976	2,341	-	-	-	2,022,316	356	757,766	-	47,492	-	(800)	(58,852)	-	745,806
359	6,788	-	-	-	-	6,788	359	5,195	-	102	-	-	-	-	5,297
360	13,572	-	-	-	-	13,572	360	-	-	-	-	-	-	-	-
3601	56,995	-	-	-	-	56,995	3601	26,757	-	1,026	-	-	(294)	-	27,489
361	100,855	-	-	-	-	100,855	361	36,591	-	1,916	-	-	(3,013)	-	35,495
362	7,527,417	127,467	-	-	-	7,654,884	362	2,054,181	-	211,082	58,264	-	-	-	2,323,527
364	11,371,741	849,585	-	(28,421)	(120,263)	12,072,643	364	5,769,866	(28,421)	479,341	-	(119,026)	-	-	6,101,760
365	11,104,269	784,627	-	(25,586)	(92,395)	11,770,915	365	7,249,652	(25,586)	462,211	-	(117,645)	-	-	7,568,632
366	3,969,670	996,421	-	(291)	(73,439)	4,892,361	366	788,500	(291)	64,870	-	(682)	(53,958)	-	798,439
367	6,171,994	722,190	-	(8,864)	(128,144)	6,757,176	367	2,116,712	(8,864)	181,801	18,275	(25,579)	-	-	2,282,346
368	15,065,558	736,502	-	(53,997)	(2,500)	15,746,562	368	10,148,973	(53,997)	669,159	-	(50,580)	113,184	-	10,816,718
369	9,791,415	120,402	-	(5,364)	-	9,906,454	369	5,501,724	(5,364)	382,003	-	(11,346)	-	-	5,867,016
370	3,727,466	80,233	-	(23,848)	-	3,793,851	370	2,037,659	(23,848)	136,910	-	(5,764)	-	-	2,146,966
371	2,699,737	183,121	-	(23,330)	-	2,859,528	371	1,181,058	(23,330)	157,982	-	(13,345)	-	-	1,302,366
373	1,363,655	38,518	-	(2,522)	-	1,399,651	373	928,890	(2,522)	68,874	-	(7,401)	(55,899)	-	931,941
389	72,462	752,627	-	-	-	825,089	389	6,704	-	-	-	-	-	-	6,704
390	1,717,074	128,764	-	-	-	1,845,838	390	622,000	-	36,057	-	-	(25,581)	(9,420)	623,056
3910	56,751	24,752	-	-	-	81,503	3910	23,289	-	7,598	-	-	-	-	30,887
3911	-	-	-	-	-	-	3911	-	-	-	-	-	-	-	0
3912	259,118	-	-	-	-	259,118	3912	187,592	-	26,231	-	-	-	-	213,823
3913	8,172	-	-	(2,775)	-	5,397	3913	7,484	(2,775)	115	-	-	-	-	4,824
3914	1,011,520	-	-	-	-	1,011,520	3914	932,195	-	65,081	-	-	-	-	997,276
3921	23,530	(2,500)	30,091	(21,030)	-	30,091	3921	14,649	(21,030)	843	2,302	-	30,091	-	26,856
3922	957,499	202,240	72,589	(309,160)	-	923,168	3922	442,872	(309,160)	96,834	36,870	-	47,348	46,374	360,938
3923	2,527,575	467,898	-	(120,274)	-	2,875,199	3923	1,428,489	(120,274)	180,271	-	-	(51,858)	-	1,436,628
3924	111,011	-	-	-	-	111,011	3924	47,378	-	4,219	-	-	-	-	51,597
393	158,454	-	-	(8,742)	-	149,712	393	99,665	(8,742)	12,541	-	-	-	-	103,464
394	181,991	84,981	50,790	-	-	317,762	394	140,500	-	9,051	-	-	-	-	149,551
395	121,047	-	-	-	-	121,047	395	71,133	-	7,418	-	-	-	-	78,551
396	190,185	-	-	-	-	190,185	396	188,311	-	5,325	-	-	(150)	-	193,486
397	215,371	-	-	-	-	215,371	397	108,822	-	24,873	-	-	150	-	133,845
3973	71,589	-	-	-	-	71,589	3973	41,333	-	-	-	-	-	-	41,333
398	16,339	72,508	(50,790)	-	-	38,057	398	15,235	-	468	-	-	(1,508)	-	14,195
399	10,000	-	-	-	-	10,000	399	10,000	-	-	-	-	-	-	10,000
<b>88,397,116</b>	<b>7,069,005</b>	<b>102,679</b>	<b>(634,204)</b>	<b>(416,741)</b>	<b>(416,741)</b>	<b>94,517,855</b>	<b>45,376,938</b>	<b>(634,204)</b>	<b>3,494,858</b>	<b>115,511</b>	<b>(353,259)</b>	<b>0</b>	<b>35,445</b>	<b>48,035,290</b>	

## FLORIDA PUBLIC UTILITIES COMPANY 2015 CONSOLIDATED ELECTRIC DIVISIONS PLANT IN SERVICE AND RESERVE SUMMARY 2013

PLANT IN SERVICE (\$)							RESERVE (\$)					(CREDIT BALANCES)			
Plant Acct.	Beginning Balance	Additions	Transfers	Retirements	Purch. & Adj.	Ending Balance	Plant Acct.	Beginning Balance	Retirements	Accretals	Salvage	Cost of Removal	Transfers	Purch. & Adj.	Ending Balance
350	17,629	-	-	-	-	17,629	350	-	-	-	-	-	-	-	-
3501	23,842	-	-	-	-	23,842	3501	17,865	-	548	-	-	-	-	18,413
352	144,150	53,610	-	-	-	197,760	352	10,800	-	3,158	-	-	-	-	13,958
353	3,184,141	791,577	-	(227,196)	-	3,748,521	353	1,051,957	(227,196)	81,766	-	(46,835)	-	-	859,691
354	224,802	-	-	-	-	224,802	354	180,859	-	4,721	-	-	-	-	185,580
355	1,668,024	-	-	-	-	1,668,024	355	1,090,628	-	56,712	-	-	-	-	1,147,340
3551	1,120,082	378,823	-	-	-	1,498,905	3551	252,372	-	35,222	-	-	-	-	287,594
358	2,022,316	62,887	-	(764)	-	2,084,438	356	745,806	(764)	48,513	-	-	-	-	793,555
359	6,788	-	-	-	-	6,788	359	5,297	-	102	-	-	-	-	5,399
360	13,572	314,352	-	-	-	327,924	360	-	-	-	-	-	-	-	-
3601	56,995	-	-	-	-	56,995	3601	27,489	-	1,026	-	-	-	-	28,514
361	100,855	73,177	-	-	-	174,032	361	35,495	-	2,366	-	-	-	-	37,861
362	7,654,884	373,894	-	(83,826)	-	7,944,951	362	2,323,627	(83,826)	222,519	1,317	(17,500)	-	-	2,446,037
364	12,072,643	620,789	-	(19,995)	-	12,673,417	364	6,101,760	(19,995)	506,562	-	(117,250)	-	-	6,471,078
365	11,770,915	387,863	-	(24,868)	-	12,133,920	365	7,568,632	(24,858)	489,921	10,099	(68,709)	-	-	7,975,085
366	4,892,361	541,980	-	(10,822)	(38,115)	5,385,604	366	798,439	(10,622)	83,514	-	(3,598)	-	-	867,732
367	6,757,176	1,140,156	-	(80,884)	(32,844)	7,783,603	367	2,282,346	(80,884)	204,696	51,041	(39,869)	-	-	2,417,329
368	15,745,562	564,370	-	(129,380)	(356)	16,180,196	368	10,816,718	(129,380)	682,503	15,059	(69,394)	-	-	11,315,507
369	9,906,454	153,382	-	(3,582)	-	10,056,253	369	5,867,016	(3,582)	391,908	492	(15,299)	-	-	6,240,535
370	3,793,851	106,938	-	(54,476)	-	3,846,312	370	2,146,966	(54,476)	140,301	-	(3,637)	-	-	2,229,154
371	2,859,528	123,461	-	(26,042)	-	2,956,946	371	1,302,366	(26,042)	165,290	-	(10,290)	-	-	1,431,262
373	1,399,652	32,343	-	(5,178)	-	1,426,817	373	931,941	(5,178)	70,743	-	(9,312)	-	-	988,194
389	825,089	77,445	-	-	-	902,534	389	6,704	-	-	-	-	-	-	6,704
390	1,845,838	2,461,681	-	-	-	4,307,520	390	623,056	-	36,917	-	-	-	-	659,973
3910	81,503	265,833	-	-	-	347,337	3910	30,887	-	11,134	-	-	-	-	42,021
3911	-	10,900	-	-	-	10,900	3911	-	-	-	-	-	-	-	0
3912	259,118	6,700	-	-	-	267,818	3912	213,823	-	15,109	-	-	-	-	228,933
3913	5,397	1,600	-	-	-	6,997	3913	4,824	-	115	-	-	-	-	4,938
3914	1,011,520	4,797	-	-	-	1,016,317	3914	997,276	-	5,412	-	-	-	-	1,002,688
3921	30,091	23,951	-	-	-	54,042	3921	26,855	-	1,930	-	-	-	-	28,785
3922	923,168	97,380	22,079	(65,409)	-	977,219	3922	360,938	(65,409)	54,355	6,650	-	8,193	-	364,728
3923	2,875,199	641,939	-	(260,834)	-	3,256,304	3923	1,436,628	(260,834)	128,310	15,000	-	-	-	1,319,104
3924	111,011	-	-	-	-	111,011	3924	51,597	-	4,230	-	-	-	-	55,827
393	149,712	-	-	-	-	149,712	393	103,464	-	12,541	-	-	-	-	116,005
394	317,762	17,942	-	-	-	335,704	394	149,551	-	27,061	-	-	-	-	176,632
395	121,047	-	-	(1,535)	-	119,512	395	78,551	(1,535)	7,238	-	-	-	-	84,253
396	190,165	17,262	-	-	-	207,427	396	193,486	-	5,325	-	-	-	-	198,811
397	215,371	78,638	-	-	-	294,008	397	193,845	-	24,873	-	-	-	-	168,718
3973	71,589	-	-	-	-	71,589	3973	41,333	-	-	-	-	-	-	41,333
398	38,058	-	-	-	-	38,058	398	14,195	-	3,571	-	-	-	-	17,766
399	10,000	-	-	-	-	10,000	399	10,000	-	-	-	-	-	-	10,000
<b>TOTAL</b>	<b>94,517,856</b>	<b>9,427,649</b>	<b>22,079</b>	<b>(994,582)</b>	<b>(71,315)</b>	<b>102,901,687</b>		<b>48,036,290</b>	<b>(994,582)</b>	<b>3,530,161</b>	<b>99,657</b>	<b>(401,693)</b>	<b>8,193</b>	<b>0</b>	<b>50,277,026</b>

## FLORIDA PUBLIC UTILITIES COMPANY 2015 CONSOLIDATED ELECTRIC DIVISIONS PLANT IN SERVICE AND RESERVE SUMMARY 2014

PLANT IN SERVICE (\$)							RESERVE (\$)					(CREDIT BALANCES)			
Plant Asset	Beginning Balance	Additions	Transfers	Retirements	Purch. & Adj.	Ending Balance	Plant Asset	Beginning Balance	Retirements	Accruals	Salvage	Cost of Removal	Transfers	Purch. & Adj.	Ending Balance
350	17,629					17,629	350	-							-
3501	23,842					23,842	3501	18,413		548					18,962
352	197,760					197,760	352	13,956		3,560					17,516
353	3,748,521					3,748,521	353	869,691		89,864					949,656
354	224,802					224,802	354	186,580		4,721					190,300
355	1,668,024			(89,727)		1,578,296	355	1,147,340	(89,727)	56,538		(40,217)			1,073,934
3551	1,498,905	1,157,370				2,656,275	3551	287,594		47,240					334,834
356	2,084,438	497,204		(43,905)		2,537,738	356	793,555	(43,905)	49,332		(54,055)			744,888
359	6,788					6,788	359	6,398		102					5,600
360	327,924				(314,352)	13,572	360	-		-					-
3601	56,995					56,995	3601	28,514		1,026					29,540
361	174,032					174,032	361	37,851		3,307					41,158
362	7,944,951	909,555				8,854,506	362	2,446,037		235,001					2,681,038
364	12,673,417	1,640,922		(60,874)	(6,914)	14,246,551	364	6,471,078	(60,874)	537,280		(142,105)			6,805,379
365	12,133,920	1,046,099		(73,131)	(2,863)	13,103,924	365	7,975,085	(73,131)	509,092	17,852	(69,998)			8,358,899
366	5,385,604	186,576		(69)	(986)	5,551,124	366	867,732	(69)	87,303		(2,280)			952,686
367	7,783,603	401,267		(11,754)	(16,745)	8,156,370	367	2,417,329	(11,754)	229,093		(15,404)			2,619,264
368	16,180,198	709,472		(23,352)	(11,100)	16,855,216	368	11,315,507	(23,352)	709,072	16,585	(64,007)			11,983,804
369	10,056,253	191,342		(60,513)		10,187,082	369	6,240,535	(60,513)	396,621	2,985	(19,564)			6,560,066
370	3,846,312	148,491		(80,437)	(680)	3,913,886	370	2,229,154	(80,437)	144,727	900	(9,046)			2,285,299
371	2,956,946	107,228		(20,632)	(153)	3,043,390	371	1,431,262	(20,632)	171,097		(8,491)			1,573,237
373	1,426,817	21,630		(2,318)		1,446,129	373	988,194	(2,318)	71,978		(3,078)			1,054,774
380			320,005			320,005	380	-		-					-
389	902,534		(320,005)		314,352	896,881	389	6,704		-					6,704
390	4,307,520	182,544				4,490,064	390	659,973		88,500					748,472
3910	347,337	61,110			(27,066)	381,381	3910	42,021		49,685					91,686
3911	10,900					10,900	3911	-		-					-
3912	267,818					267,818	3912	228,933		16,565					245,498
3913	6,997					6,997	3913	4,938		343					5,282
3914	1,016,317	14,030			27,066	1,057,413	3914	1,002,689		4,727					1,007,416
3921	54,042	65,545	(39,170)	(30,091)		59,326	3921	28,785	(30,091)	5,971	3,776		(1,693)		6,747
3922	977,219		19,710	(36,181)		960,748	3922	364,728	(36,181)	130,282	6,017		14,549		479,394
3923	3,256,304	278,315				3,534,619	3923	1,318,104		281,555					1,600,669
3924	111,011		33,074			144,084	3924	55,827		6,133			1,990		63,950
393	149,712					149,712	393	116,005		12,541					128,546
394	335,704	19,929				355,633	394	176,632		28,784					205,416
395	119,512					119,512	395	84,253		7,019					91,272
396	207,427	82,007			13,547	302,981	396	198,811		-				(7,245)	191,566
397	294,008	1,031				295,039	397	158,718		40,600					199,318
3973	71,589					71,589	3973	41,333		-					41,333
398	38,058	18,811				56,868	398	17,766		3,942					21,708
399	10,000					10,000	399	10,000		-					10,000
<b>TOTAL</b>	<b>102,901,687</b>	<b>7,720,475</b>	<b>13,614</b>	<b>(532,984)</b>	<b>(25,995)</b>	<b>110,076,797</b>		<b>50,277,026</b>	<b>(532,984)</b>	<b>4,024,236</b>	<b>48,116</b>	<b>(428,274)</b>	<b>14,845</b>	<b>(7,245)</b>	<b>53,395,719</b>

## FLORIDA PUBLIC UTILITIES COMPANY 2015 CONSOLIDATED ELECTRIC DIVISIONS PLANT IN SERVICE AND RESERVE SUMMARY 2015 - Projected

PLANT IN SERVICE (\$)							RESERVE (\$)					(CREDIT BALANCES)			
Plant Acct.	Beginning Balance	Additions	Transfers	Retirements	Purch. & Adj.	Ending Balance	Plant Acct.	Beginning Balance	Retirements	Accruals	Salvage	Cost of Removal	Transfers	Purch. & Adj.	Ending Balance
350	17,629	-	-	-	-	17,629	350	-	-	-	-	-	-	-	0
3501	23,842	-	-	-	-	23,842	3501	18,962	-	548	-	-	-	-	19,510
352	197,760	-	-	-	-	197,760	352	17,516	-	3,560	-	-	-	-	21,075
353	3,748,521	600,000	-	(58,058)	-	4,290,463	353	948,485	(58,058)	89,326	-	(12,252)	-	-	967,501
354	224,802	-	-	-	-	224,802	354	190,300	-	4,721	-	-	-	-	195,021
355	1,578,296	1,287,795	-	(22,432)	-	2,843,660	355	1,073,934	(22,432)	64,194	-	(11,385)	-	-	1,104,311
3551	2,656,275	-	-	-	-	2,656,275	3551	334,834	-	77,032	-	-	-	-	411,866
356	2,537,738	202,002	-	(11,167)	-	2,728,573	356	744,898	(11,167)	61,793	-	-	-	-	795,523
359	6,788	-	-	-	-	6,788	359	5,500	-	102	-	-	-	-	5,602
360	13,572	-	-	-	-	13,572	360	-	-	-	-	-	-	-	0
3601	56,995	-	-	-	-	56,995	3601	29,540	-	1,026	-	-	-	-	30,566
361	174,032	-	-	-	-	174,032	361	41,158	-	3,307	-	-	-	-	44,464
362	8,854,506	1,214,704	-	(20,957)	-	10,048,253	362	2,682,209	(20,957)	255,998	14,895	(4,375)	-	-	2,927,771
364	14,246,551	356,698	-	(36,162)	-	14,567,088	364	6,805,379	(36,162)	590,541	-	(142,115)	-	-	7,217,643
365	13,103,924	829,841	-	(39,695)	-	13,894,070	365	8,358,899	(39,695)	548,023	6,988	(72,347)	-	-	8,801,868
366	5,551,124	182,121	-	(2,746)	-	5,730,500	366	952,666	(2,746)	89,730	-	(1,640)	-	-	1,038,030
367	8,156,370	417,939	-	(26,455)	-	8,547,854	367	2,619,264	(26,455)	241,325	17,329	(30,311)	-	-	2,821,151
368	16,855,216	493,044	-	(70,523)	-	17,277,736	368	11,953,804	(70,523)	736,386	7,911	(58,375)	-	-	12,569,202
369	10,187,082	259,206	-	(17,958)	-	10,428,330	369	6,560,065	(17,958)	411,371	869	(19,037)	-	-	6,935,309
370	3,913,686	209,723	-	(60,466)	-	4,062,943	370	2,285,299	(60,466)	146,660	225	(8,269)	-	-	2,363,449
371	3,043,390	110,253	-	(17,975)	-	3,135,668	371	1,573,237	(17,975)	175,861	-	(12,696)	-	-	1,718,427
373	1,446,129	38,945	-	(3,058)	-	1,482,016	373	1,054,774	(3,058)	73,080	-	(8,798)	-	-	1,115,998
380	320,005	-	-	-	-	320,005	380	-	-	-	-	-	-	-	0
389	896,881	-	-	-	-	896,881	389	6,704	-	-	-	-	-	-	6,704
390	4,490,064	-	-	(479,780)	-	4,010,283	390	748,472	(479,780)	85,403	-	-	-	-	354,095
3910	381,381	76,062	-	-	-	457,443	3910	91,686	-	-	-	-	-	-	91,686
3911	10,900	25,000	-	-	-	35,900	3911	-	-	-	-	-	-	-	0
3912	267,818	-	-	-	-	267,818	3912	245,498	-	-	-	-	-	-	245,498
3913	6,997	-	-	-	-	6,997	3913	5,282	-	-	-	-	-	-	5,282
3914	1,057,413	-	-	-	-	1,057,413	3914	1,007,416	-	-	-	-	-	-	1,007,416
3921	50,326	55	-	-	-	50,381	3921	6,747	-	6,095	-	-	-	-	12,843
3922	960,748	-	-	-	-	960,748	3922	479,394	-	94,153	-	-	-	-	573,547
3923	3,534,619	710,000	-	(119,480)	-	4,125,139	3923	1,600,669	(119,480)	235,886	4,750	-	-	-	1,721,824
3924	144,084	-	-	-	-	144,084	3924	63,950	-	5,475	-	-	-	-	69,426
3930	149,712	-	-	-	-	149,712	3930	128,546	-	-	-	-	-	-	128,546
3940	355,633	40,000	-	-	-	395,633	3940	205,416	-	-	-	-	-	-	205,416
395	119,512	-	-	-	-	119,512	395	91,272	-	-	-	-	-	-	91,272
396	302,981	20,000	-	-	-	322,981	396	191,566	-	8,670	-	-	-	-	200,236
397	295,039	-	-	-	-	295,039	397	199,318	-	-	-	-	-	-	199,318
3973	71,589	-	-	-	-	71,589	3973	41,333	-	-	-	-	-	-	41,333
398	56,868	10,000	-	-	-	66,868	398	21,708	-	-	-	-	-	-	21,708
399	10,000	-	-	-	-	10,000	399	10,000	-	-	-	-	-	-	10,000
<b>TOTAL</b>	<b>110,076,797</b>	<b>7,083,388</b>	<b>0</b>	<b>(986,911)</b>	<b>0</b>	<b>116,173,274</b>		<b>53,395,720</b>	<b>(986,911)</b>	<b>4,010,264</b>	<b>52,967</b>	<b>(381,600)</b>	<b>0</b>	<b>0</b>	<b>56,090,439</b>

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REVISED

**FLORIDA PUBLIC UTILITIES COMPANY**  
**2015 CONSOLIDATED ELECTRIC DIVISIONS**  
**2011 - 2015 Net Salvage**  
 (NEGATIVE VALUES INDICATE SALVAGE)

ACCT	DESCRIPTION	2011	2011	2011	2012	2012	2012	2013	2013	2013	2014	2014	2014	2015	2015	2015
		GOR DR	SALVAGE (CR.)	NET	GOR DR	SALVAGE (CR.)	NET	GOR DR	SALVAGE (CR.)	NET	GOR DR	SALVAGE (CR.)	NET	GOR DR	SALVAGE (CR.)	NET
360	Land	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3601	Land Rights	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
362	Structures & Improvements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
363	Station Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
364	Towers & Fixtures	69	-	69	1,000	-	1,000	40,835	-	46,835	-	-	-	11,859	-	11,859
365	Poles & Fixtures	5,138	-	5,138	(183)	-	(183)	-	-	-	-	-	-	-	-	-
3651	Concrete Poles	-	-	-	183	-	183	-	-	-	40,217	-	40,217	11,385	-	11,385
366	Overhead Conductors & Devices	-	-	-	99	-	99	-	-	-	-	-	-	-	-	-
369	Roads & Trails	-	-	-	800	-	800	-	-	-	54,085	-	54,085	-	-	-
360	Land	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3601	Land Rights	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
361	Structures & Improvements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
362	Station Equipment	1,171	-	1,171	-	(58,284)	(58,284)	17,500	(1,317)	16,183	-	-	-	4,668	(14,895)	(10,227)
364	Poles & Fixtures	190,081	-	190,081	119,026	-	119,026	117,250	-	117,250	142,105	-	142,105	142,115	-	142,115
365	Overhead Conductors & Devices	33,038	-	33,038	117,645	-	117,645	88,709	(10,099)	98,808	88,998	(17,652)	71,246	72,347	(6,988)	65,359
366	Underground Conduit	-	-	-	682	-	682	3,598	-	3,598	2,280	-	2,280	1,640	-	1,640
367	Underground Conduit/Device	40,393	-	40,393	25,879	(18,275)	7,304	38,869	(61,041)	(22,172)	15,404	-	15,404	30,311	(17,329)	12,982
368	Line Transformers	49,518	-	49,518	60,580	-	60,580	69,304	(15,059)	54,335	64,007	(16,585)	47,422	88,375	(7,911)	80,464
369	Overhead Services	29,937	-	29,937	11,346	-	11,346	15,299	(492)	14,807	19,564	(2,985)	16,579	19,037	(860)	18,177
370	Meters	14,639	-	14,639	5,754	-	5,754	3,637	-	3,637	9,046	(900)	8,146	8,289	(225)	8,064
371	Installations on Customer Premises	18,657	-	18,657	13,345	-	13,345	10,290	-	10,290	8,491	-	8,491	12,696	-	12,696
373	Street Lighting & Signal	15,401	-	15,401	7,401	-	7,401	9,312	-	9,312	3,078	-	3,078	8,798	-	8,798
389	Land & Land Rights	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
390	Structures & Improvements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3910	Office Furniture & Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3911	Office Furniture	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3912	Office Machines	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3913	Computer Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3914	Software	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3921	Transportation - Cars	-	-	-	-	(2,302)	(2,302)	-	-	-	-	(3,776)	(3,776)	-	-	-
3922	Transportation - Light Trucks & Vans	-	(15,178)	(15,178)	-	(36,670)	(36,670)	-	(8,650)	(8,650)	-	(8,017)	(8,017)	-	-	-
3923	Transportation - Heavy Trucks	-	(4,000)	(4,000)	-	-	-	-	(15,000)	(15,000)	-	-	-	-	(4,750)	(4,750)
3924	Transportation - Trailers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
393	Stores Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
394	Tools/Shop Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
395	Lab Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
396	Power Operated Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
397	Communications Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3973	Communications Equipment Post	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
398	Miscellaneous Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
399	Misc Tangible Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTALS</b>		<b>398,041</b>	<b>(18,178)</b>	<b>379,863</b>	<b>363,269</b>	<b>(116,611)</b>	<b>246,658</b>	<b>401,693</b>	<b>(99,667)</b>	<b>302,026</b>	<b>428,274</b>	<b>(48,115)</b>	<b>380,159</b>	<b>381,600</b>	<b>(52,967)</b>	<b>328,633</b>



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REVISE!

FLORIDA PUBLIC UTILITIES COMPANY  
COMBINED - ELECTRIC DIVISIONS  
2011 - 2015 Net Salvage

Negative Percentage Indicates Negative Salvage

ACCT.	DESCRIPTION	2011			2012			2013			2014			--- Estimated ---			--- Estimated 5 Year Average ---		
		TOTAL	NET	NET BAL.	TOTAL	NET	NET BAL.	TOTAL	NET	NET BAL.	TOTAL	NET	NET BAL.	2015	2016	2017	5 YR TOTAL	5 YR TOTAL NET	5 YR AVERAGE
		RET.	SAL. - (COR)	%	RET.	SAL. - (COR)	%	RET.	SAL. - (COR)	%	RET.	SAL. - (COR)	%	RET.	SAL. - (COR)	%	RET.	SAL. - (COR)	NET BAL. %
350	Land	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3501	Land Rights	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
352	Structures & Improvements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
353	Station Equipment	6,036	-	-	-	(1,000)	-	227,196	(46,639)	(20.61%)	-	-	-	55,058	(11,999)	(20.6%)	290,280	(59,794)	(20.6%)
354	Tools & Fixtures	-	(60)	-	-	183	-	-	-	-	-	-	-	-	-	-	-	114	-
355	Poles & Pickets	-	(6,138)	-	-	(183)	-	-	-	-	80,727	(40,217)	(44.82%)	22,432	(11,365)	(50.75%)	112,159	(58,623)	(50.75%)
3551	Concrete Poles	-	-	-	-	(99)	-	-	-	-	-	-	-	-	-	-	-	(99)	-
356	Overhead Conductors & Devices	-	-	-	-	(800)	-	764	-	-	49,905	(54,065)	(123.19%)	11,167	-	-	55,938	(54,885)	(98.3%)
359	Roads & Traffic	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
360	Land	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3601	Land Rights	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
361	Structures & Improvements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
362	Station Equipment	-	(1,171)	-	-	68,264	-	83,826	(16,183)	(19.31%)	-	-	-	20,967	10,228	48.8%	104,763	51,138	48.8%
364	Poles & Pickets	35,944	(190,061)	(528.82%)	28,421	(119,026)	(419.79%)	19,995	(117,250)	(586.4%)	80,074	(142,105)	(238.44%)	36,162	(142,115)	(393.3%)	101,396	(710,575)	(901.73%)
368	Overhead Conductors & Devices	36,349	(33,038)	(93.46%)	25,588	(117,045)	(459.81%)	24,898	(68,510)	(236.78%)	73,131	(82,140)	(71.3%)	39,694	(63,350)	(164.66%)	198,618	(326,798)	(164.54%)
366	Underground Conduit	-	-	-	291	(682)	(234.2%)	10,622	(3,596)	(33.86%)	60	(2,280)	(3208.23%)	2,746	(1,640)	(59.72%)	13,728	(8,203)	(68.73%)
367	Underground Conduit/Device	4,319	(40,393)	(935.39%)	8,864	(7,304)	(82.4%)	80,894	11,171	13.81%	11,704	(15,404)	(131.05%)	26,456	(12,982)	(49.07%)	132,276	(64,512)	(48.07%)
368	Line Transformers	76,751	(49,518)	(64.62%)	53,997	(50,690)	(93.67%)	129,300	(54,335)	(42.3%)	23,392	(47,422)	(203.07%)	70,823	(60,464)	(71.56%)	364,004	(282,320)	(71.28%)
369	Overhead Devices	2,372	(29,937)	(1262.94%)	5,364	(11,348)	(211.53%)	3,082	(14,807)	(413.94%)	80,513	(15,579)	(27.4%)	17,868	(18,167)	(101.16%)	89,789	(90,836)	(101.17%)
370	Motors	85,240	(14,639)	(17.17%)	23,848	(5,764)	(24.13%)	64,476	(3,637)	(5.65%)	80,437	(3,146)	(10.13%)	60,466	(8,044)	(13.3%)	304,468	(40,218)	(13.21%)
371	Installations on Customer Premises	15,737	(18,687)	(118.56%)	23,330	(13,345)	(57.2%)	26,042	(10,290)	(39.61%)	20,832	(8,401)	(41.18%)	17,975	(12,698)	(70.63%)	103,716	(83,475)	(81.21%)
373	Street Lighting & Signal	2,866	(15,401)	(532.03%)	2,622	(7,401)	(283.63%)	5,178	(9,312)	(179.89%)	2,318	(3,078)	(132.82%)	3,059	(8,799)	(287.67%)	15,870	(43,891)	(276.46%)
380	Land & Land Rights	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
390	Structures & Improvements	-	-	-	-	-	-	-	-	-	-	-	-	479,780	-	-	479,780	-	-
3910	Office Furniture & Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3911	Office Furniture	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3912	Office Machines	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3913	Computer Equipment	-	-	-	2,775	-	-	-	-	-	-	-	-	-	-	-	2,775	-	-
3914	Software	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3921	Transportation - Cars	-	-	-	21,030	2,302	10.95%	-	-	-	30,091	3,778	12.55%	-	-	-	51,121	6,078	11.89%
3922	Transportation - Light Trucks & Vans	-	15,178	-	309,160	36,670	11.88%	66,409	6,650	10.17%	36,161	6,017	16.63%	-	-	-	410,750	84,613	15.71%
3923	Transportation - Heavy Trucks	-	4,000	-	120,274	-	-	260,834	14,000	5.76%	-	-	-	119,480	4,750	3.98%	600,689	23,760	4.74%
3924	Transportation - Trailers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
393	Storage Equipment	-	-	-	8,742	-	-	-	-	-	-	-	-	-	-	-	8,742	-	-
394	Tool/Shop Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
395	Lab Equipment	-	-	-	-	-	-	1,536	-	-	-	-	-	-	-	-	1,536	-	-
396	Power Operated Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
397	Communication Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3973	Communication Equipment Post 66	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
399	Miscellaneous Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
399	Misc Tangible Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>		<b>263,041</b>	<b>(379,895)</b>	<b>(144.31%)</b>	<b>614,204</b>	<b>(237,746)</b>	<b>(37.42%)</b>	<b>684,682</b>	<b>(382,225)</b>	<b>(54.37%)</b>	<b>832,964</b>	<b>(180,188)</b>	<b>(21.39%)</b>	<b>646,911</b>	<b>(828,672)</b>	<b>(128.11%)</b>	<b>3,412,392</b>	<b>(1,427,440)</b>	<b>(47.69%)</b>

**FLORIDA PUBLIC UTILITIES COMPANY**  
**2015 CONSOLIDATED ELECTRIC DIVISIONS**  
 Computation of Projected Asset Age  
 December 31, 2015

ACCOUNT	DATE	BASIS	AGE	WEIGHT	ACCOUNT	DATE	BASIS	AGE	WEIGHT
3501	Balance 12/31/2014	23,842	44.2	1,053,703	352	Balance 12/31/2014	197,780	5.2	1,028,885
	BALANCE 1/1/2014	23,842	45.2	1,077,857		BALANCE 1/1/2014	197,780	6.2	1,228,112
	ADDITION 2015	-0-	0.5	-0-		ADDITION 2015	-0-	0.5	-0-
	RETIREMENT 2015	-0-	0.0	-0-		RETIREMENT 2015	-0-	0.0	-0-
	BALANCE 12/31/2015	23,842		1,077,857		BALANCE 12/31/2015	197,780		1,226,112
	AGE		45.2			AGE		6.2	
353	Balance 12/31/2014	3,748,522	13.4	59,584,128	354	Balance 12/31/2014	224,802	40.5	9,099,839
	BALANCE 1/1/2014	3,748,522	14.4	53,978,714		BALANCE 1/1/2014	224,802	41.5	9,328,300
	ADDITION 2015	600,000	0.5	300,000		ADDITION 2015	-0-	0.5	-0-
	RETIREMENT 2015	(58,058)	30.8	(1,770,981)		RETIREMENT 2015	-0-	0.0	-0-
	BALANCE 12/31/2015	4,290,464		52,508,053		BALANCE 12/31/2015	224,802		9,328,300
	AGE		12.2			AGE		41.5	
355	Balance 12/31/2014	1,578,297	23.2	36,682,613	356	Balance 12/31/2014	2,537,738	13.9	35,302,248
	BALANCE 1/1/2014	1,578,297	24.2	38,194,791		BALANCE 1/1/2014	2,537,738	14.9	37,812,305
	ADDITION 2015	1,287,785	0.5	643,893		ADDITION 2015	202,082	0.5	101,001
	RETIREMENT 2015	(22,432)	32.9	(737,453)		RETIREMENT 2015	(11,167)	27.2	(303,368)
	BALANCE 12/31/2015	2,843,650		38,101,236		BALANCE 12/31/2015	2,728,573		37,609,908
	AGE		13.4			AGE		13.8	
359	Balance 12/31/2014	6,788	52.5	356,346	3601	Balance 12/31/2014	56,995	28.5	1,681,859
	BALANCE 1/1/2014	6,788	53.5	363,134		BALANCE 1/1/2014	56,995	30.5	1,738,350
	ADDITION 2015	-0-	0.5	-0-		ADDITION 2015	-0-	0.5	-0-
	RETIREMENT 2015	-0-	0.3	-0-		RETIREMENT 2015	-0-	0.0	-0-
	BALANCE 12/31/2015	6,788		363,134		BALANCE 12/31/2015	56,995		1,738,359
	AGE		53.5			AGE		30.5	
361	Balance 12/31/2014	174,032	13.0	2,267,415	362	Balance 12/31/2014	8,854,507	11.2	89,246,584
	BALANCE 1/1/2014	174,032	14.0	2,436,444		BALANCE 1/1/2014	8,854,507	12.2	108,024,890
	ADDITION 2015	-0-	0.6	-0-		ADDITION 2015	1,214,704	0.5	607,862
	RETIREMENT 2015	-0-	0.0	-0-		RETIREMENT 2015	(20,657)	30.9	(948,219)
	BALANCE 12/31/2015	174,032		2,436,444		BALANCE 12/31/2015	10,048,254		107,684,113
	AGE		14			AGE		10.7	

**FLORIDA PUBLIC UTILITIES COMPANY**  
**2015 CONSOLIDATED ELECTRIC DIVISIONS**  
 Computation of Projected Asset Age  
 December 31, 2015

ACCOUNT	DATE	BASIS	AGE	WEIGHT	ACCOUNT	DATE	BASIS	AGE	WEIGHT		
<b>3921</b>	Balance	12/31/2014	50,326	1.0	49,114	<b>3922</b>	Balance	12/31/2014	966,748	4.1	3,944,216
	BALANCE	1/1/2014	50,326	2.0	100,652		BALANCE	1/1/2014	966,748	5.1	4,869,816
	ADDITION	2015	55	0.6	28		ADDITION	2015	-0-	0.5	-0-
	RETIREMENT	2015	-0-	0.0	-0-		RETIREMENT	2015	-0-	0.0	-0-
	BALANCE	12/31/2015	50,381		100,680		BALANCE	12/31/2015	966,748		4,869,816
			<b>AGE</b>	<b>2.0</b>				<b>AGE</b>	<b>5.1</b>		
<b>3923</b>	Balance	12/31/2014	3,534,619	6.3	23,944,368	<b>3924</b>	Balance	12/31/2014	144,084	11.4	1,639,649
	BALANCE	1/1/2014	3,534,619	7.8	27,670,024		BALANCE	1/1/2014	144,084	12.4	1,786,649
	ADDITION	2015	710,000	0.5	385,008		ADDITION	2015	-0-	0.5	-0-
	RETIREMENT	2015	(119,480)	20.5	(2,440,340)		RETIREMENT	2015	-0-	0.0	-0-
	BALANCE	12/31/2015	4,125,139		25,475,684		BALANCE	12/31/2015	144,084		1,786,649
			<b>AGE</b>	<b>6.2</b>				<b>AGE</b>	<b>12.4</b>		
<b>396</b>	Balance	12/31/2014	302,981	16.6	5,037,984	<b>3551</b>	Balance	12/31/2014	2,856,275	4.5	12,013,290
	BALANCE	1/1/2014	302,981	17.6	5,232,496		BALANCE	12/31/2014	2,856,275	5.5	14,806,544
	ADDITION	2015	30,000	0.5	10,000		ADDITION	2011	-0-	0.5	-0-
	RETIREMENT	2015	-0-	0.0	-0-		RETIREMENT	2011	-0-	0.0	-0-
	BALANCE	12/31/2015	322,981		5,342,496		BALANCE	12/31/2015	2,856,275		14,806,544
			<b>AGE</b>	<b>16.5</b>				<b>AGE</b>	<b>5.5</b>		

	A	B	C	D	E	F
1	<b>Florida Public Utilities Company</b>					Schedule N Page 1 of 14
2	<b>CONSOLIDATED ELECTRIC DIVISIONS</b>					<b>REVISED</b>
3	Calculated Asset Age					
4	December 31, 2014					
5		Install				
6	Account	Year	Basis	Age	Weight	
7						
8	3500	1973	17,629.00	41.5	731,603.60	
9	<b>3500 Total</b>		<b>17,629.00</b>	<b>41.5</b>	<b>731,603.60</b>	
10	3501	1982	7,341.97	52.5	385,453.43	
11	3501	1974	16,500.00	40.5	668,250.00	
12	<b>3501 Total</b>		<b>23,841.97</b>	<b>44.2</b>	<b>1,053,703.43</b>	
13	352	1976	12,908.92	38.5	496,993.42	
14	352	1996	1,700.00	18.5	31,450.00	
15	352	1999	7,398.00	15.5	114,669.00	
16	352	2012	122,143.00	2.5	305,357.50	
17	352	2013	53,610.00	1.5	80,415.00	
18	<b>352 Total</b>		<b>197,759.92</b>	<b>5.2</b>	<b>1,028,884.92</b>	
19	353	1976	424,254.41	38.5	16,333,794.79	
20	353	1985	8,850.68	29.5	281,095.06	
21	353	1990	587,782.64	24.5	13,910,674.68	
22	353	1993	326,442.77	21.5	7,018,519.56	
23	353	1994	3,352.39	20.5	68,724.00	
24	353	1997	168,089.56	17.5	2,678,192.30	
25	353	2001	11,877.53	13.5	160,346.66	
26	353	2002	11,613.11	12.5	145,163.88	
27	353	2005	629,425.72	9.5	6,979,544.34	
28	353	2007	11,400.00	7.5	85,500.00	
29	353	2010	208,220.00	4.5	936,990.00	
30	353	2011	36,502.00	3.5	127,757.00	
31	353	2012	564,184.00	2.5	1,410,460.00	
32	353	2013	791,577.00	1.5	1,187,385.50	
33	<b>353 Total</b>		<b>3,748,521.81</b>	<b>13.4</b>	<b>50,304,127.77</b>	
34	354	1974	224,665.40	40.5	9,098,948.70	
35	354	2008	137.00	6.5	890.50	
36	<b>354 Total</b>		<b>224,802.40</b>	<b>40.5</b>	<b>9,099,839.20</b>	
37	355	1970	14,135.90	44.5	629,047.55	
38	355	1974	20,000.00	40.5	810,000.00	
39	355	1975	15,817.82	39.5	624,803.89	
40	355	1978	42,701.27	38.5	1,643,998.90	
41	355	1978		36.5	-	
42	355	1980	71,637.38	34.5	2,471,488.92	
43	355	1982	138,908.53	32.5	4,514,527.23	
44	355	1984	30,495.59	30.5	930,115.50	
45	355	1988	23,364.74	26.5	619,165.61	
46	355	1989	166,844.48	25.5	4,254,534.24	
47	355	1990	142,889.15	24.5	3,495,884.18	
48	355	1991	246,157.18	23.5	5,784,893.73	
49	355	1993	28,072.15	21.5	603,551.23	
50	355	1994	156,443.68	20.5	3,207,095.44	
51	355	1995	106,239.00	19.5	2,071,660.50	
52	355	1996	83,986.04	18.5	1,553,741.74	
53	355	1997	106,097.45	17.5	1,856,705.38	
54	355	1999	53,957.13	15.5	836,335.52	
55	355	2005	40,759.00	9.5	387,210.50	
56	355	2006	12,581.68	8.5	106,944.28	
57	355	2010	10,177.00	4.5	45,796.50	
58	355	2011	67,232.00	3.5	235,312.00	
59	<b>355 Total</b>		<b>1,578,297.15</b>	<b>23.2</b>	<b>36,882,612.84</b>	
60						
61	3551	2000	30,354.50	14.5	440,140.25	
62	3551	2002	877,145.37	12.5	8,464,317.13	
63	3551	2003	14,538.98	11.5	167,198.27	
64	3551	2008	1,689.00	6.5	10,978.50	
65	3551	2009	142.00	6.5	781.00	
66	3551	2010	396,212.35	4.5	1,782,865.58	
67	3551	2013	378,823.00	1.5	568,234.50	
68	3551	2014	1,157,370.00	0.5	578,685.00	
69	<b>3551 Total</b>		<b>2,658,275.20</b>	<b>4.5</b>	<b>12,013,290.23</b>	
70	356	1971	97.09	43.5	4,223.42	
71	356	1972	17,773.80	42.5	755,386.50	
72	356	1974	49,743.49	40.5	2,014,611.35	
73	356	1975	55,385.14	39.5	2,187,713.03	
74	356	1976	27,645.88	38.5	1,064,365.38	
75	356	1980	92.40	34.5	3,187.80	
76	356	1982	133,336.16	32.5	4,333,425.20	
77	356	1983	67,711.21	31.5	2,132,903.12	
78	356	1984	39,307.56	30.5	1,198,880.58	
79	356	1986	7,235.38	28.5	206,208.33	
80	356	1989	101,601.13	25.5	2,590,828.82	

	A	B	C	D	E	F
81	<b>Florida Public Utilities Company</b>					Schedule N Page 2 of 14
82	<b>CONSOLIDATED ELECTRIC DIVISIONS</b>					<b>REVISED</b>
83	<b>Calculated Asset Age</b>					
84	<b>December 31, 2014</b>					
85						
86	<b>Account</b>	<b>Install Year</b>	<b>Basis</b>	<b>Age</b>	<b>Weight</b>	
87	356	1991	74,547.06	23.5	1,751,855.68	
88	356	1992	4,194.22	22.5	94,369.95	
89	356	1993	76,066.18	21.5	1,635,422.87	
90	356	1994	1,500.00	20.5	30,750.00	
91	356	1995	18,414.81	19.5	359,088.80	
92	356	1996	208.00	18.5	3,848.00	
93	356	1999	17,450.76	15.5	270,486.78	
94	356	2000	-	14.5	-	
95	356	2002	1,015,052.78	12.5	12,688,159.78	
96	356	2003	9,141.00	11.5	105,121.50	
97	356	2004	1,856.00	10.5	19,488.00	
98	356	2005	24,154.58	9.5	229,488.04	
99	356	2006	48,645.00	8.5	413,482.50	
100	356	2007	4,295.00	7.5	32,212.50	
101	356	2008	12,213.00	6.5	79,394.50	
102	356	2009	1,814.00	5.5	9,977.00	
103	356	2010	158,325.00	4.5	712,462.50	
104	356	2011	7,500.00	3.5	26,250.00	
105	356	2012	2,341.00	2.5	5,852.50	
106	356	2013	82,887.00	1.5	94,330.50	
107	356	2014	497,204.00	0.5	248,602.00	
108	<b>356 Total</b>		<b>2,537,738.57</b>	<b>13.9</b>	<b>35,302,347.90</b>	
109	359	1962	1,960.55	52.5	102,928.88	
110	359	1962	4,827.00	52.5	253,417.50	
111	<b>359 Total</b>		<b>6,787.55</b>	<b>52.5</b>	<b>356,346.38</b>	
112	360	1957	381.99	57.5	21,964.43	
113	360	1962	4,500.00	52.5	236,250.00	
114	360	1967	1,100.00	47.5	52,250.00	
115	360	1974	5,090.00	40.5	206,146.00	
116	360	2006	2,500.00	8.5	21,250.00	
117	360	2013	-	1.5	-	
118	<b>360 Total</b>		<b>13,571.99</b>	<b>39.6</b>	<b>537,859.43</b>	
119	3601	1928	109.37	86.5	9,460.51	
120	3601	1934	76.30	80.5	6,303.15	
121	3601	1974	4,470.50	40.5	181,065.25	
122	3601	1978	28,206.20	36.5	1,029,526.30	
123	3601	1991	16,000.00	23.5	376,000.00	
124	3601	2004	5,200.00	10.5	54,600.00	
125	3601	2006	2,931.00	8.5	24,913.50	
126	<b>3601 Total</b>		<b>56,995.37</b>	<b>29.5</b>	<b>1,681,858.71</b>	
127	361	1959	92.12	66.5	5,112.66	
128	361	1962	9,401.80	52.5	493,594.80	
129	361	1972	295.00	42.5	12,537.50	
130	361	1976	4,283.49	38.5	164,914.37	
131	361	1979	1,300.00	35.5	46,150.00	
132	361	1980	500.00	34.5	17,250.00	
133	361	1982	321.36	32.5	10,444.20	
134	361	1984	17,316.79	30.5	528,162.10	
135	361	1985	66.10	29.5	1,949.95	
136	361	1998	6,348.00	16.5	104,742.00	
137	361	2001	54,483.10	13.5	735,521.85	
138	361	2002	1,633.96	12.5	20,424.50	
139	361	2011	4,813.00	3.5	16,845.50	
140	361	2013	73,177.00	1.5	109,765.50	
141	<b>361 Total</b>		<b>174,031.72</b>	<b>13.0</b>	<b>2,267,414.63</b>	
142	362	1953	4,220.22	61.5	259,543.53	
143	362	1967	2,091.26	57.5	120,247.45	
144	362	1980	5,254.43	54.5	286,366.44	
145	362	1985	22,322.37	49.5	1,104,957.32	
146	362	1966	14,743.74	48.5	715,071.39	
147	362	1970	27,815.04	44.5	1,228,869.28	
148	362	1973	172,098.09	41.5	7,141,987.74	
149	362	1977	49,673.17	37.5	1,856,993.88	
150	362	1979	700.00	35.5	24,850.00	
151	362	1980	36,210.04	34.5	1,249,248.38	
152	362	1981	32,257.18	33.5	1,080,615.53	
153	362	1982	206,252.23	32.5	6,703,197.48	
154	362	1983	10,662.82	31.5	335,878.83	
155	362	1985	7,882.67	29.5	232,536.77	
156	362	1986	217,450.53	28.5	6,197,340.11	
157	362	1987	5,508.21	27.5	151,475.78	
158	362	1989	340,490.47	25.5	8,682,506.99	
159	362	1990	1,422.87	24.5	34,860.32	
160	362	1993	126,518.61	21.5	2,720,150.12	
161	362	1994	27,572.27	20.5	565,231.54	