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July 20, 2016

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

Re: Petition for Approval of 2016 Depreciation Study

Dear Ms. Stausser,

Enclosed for the filing, please find the original and 5 copies of the Petition for Approval of 2016 Depreciation Study, which is submitted for approval today via FedEx Delivery by Sebring Gas Systems, Inc.

Please do not hesitate to let me know if you have any questions or concerns.

Sincerely,

A handwritten signature in black ink, appearing to read 'Cong Nguyen'.

Cong Nguyen, CPA
Brimmer, Burek and Keelan LLP

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Members of:
Center for Audit Quality

American Institute of
Certified Public Accountants

Florida Institute of Certified
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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition for Approval of Sebring)
Gas Systems, Inc depreciation study)
for six-year period 2011 through)
2016.)

Docket No. _____
Filed: July 20, 2016

FLORIDA PUBLIC UTILITIES COMPANY'S
PETITION FOR APPROVAL OF 2015
DEPRECIATION STUDY

As required by Rule 25-7.045(8)(a), Florida Administrative Code, attached is the depreciation study projected through December 31, 2016. In support of this Petition, the Company states as follows:

1. Name and mailing address of the Company:

Sebring Gas Systems, Inc
3515 US Highway 27 South
Sebring, FL 33870-5449

2. Names and mailing addresses of the persons authorized to receive notices and communications with respect to this Petition are:

Cong Nguyen, CPA
Brimmer, Burek and Keelan LLP

5601 Mariner Street, Suite 200
Tampa, FL 33609

Jerry Melendy Jr.
Vice President
Sebring Gas Systems
3515 US Highway 27 South
Sebring, FL 33870-5449

3. The Company has implemented the purchases of major infrastructure investments and these assets are being depreciated at approved rate per PSC order PSC-12-0043-PAA-GU issued on January 26, 2012. Assets still in service are expected to have continued useful life as noted in the depreciation study proposed depreciation rates based on management's best estimate of the salvage value and the remaining useful life of the assets. Management's assessment of salvage value is based on prior experience in disposition of similar assets, while the assessment of useful life is based on the asset's performance actual operating environment.

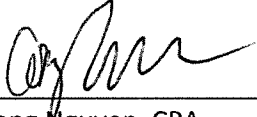
4. Management propose adjustment to the following assets useful life or depreciate rates:

- a. 376.1 Mains- Steel
- b. 379 Measuring and Regulating Eq.- City Gate
- c. 380.1 Services- Steel
- d. 380.2 Services- Plastic
- e. 392.1 Transportation- Trucks
- f. 397 Communication Equipment

5. The Company respectfully asks that the Commission approve these adjustments as proposed.

6. As of the filing date, the Company is not aware of any disputed issues of material fact regarding this filing
7. Sebring Gas is requesting the effective date of the determined depreciation rates to be on January 1, 2017.

Respectfully submitted this 20th day of July, 2016



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Accountants for Sebring Gas Systems, Inc

**COMPARISON OF CURRENT AND PROPOSED INPUTS
FOR EACH DEPRECIABLE ACCOUNT**

Account	Current Approved			Company Proposed		
	Age	Curve Shape	Average Service Life	Age	Curve Shape	Average Service Life
	(Yrs.)	(e.g., L-2.5)	(Yrs.)	(Yrs.)	(e.g., L-2.5)	(Yrs.)
DISTRIBUTION PLANT						
Account number and description, as applicable:						
376.1 - Mains - Steel	32.30		45.00	32.00		45.00
376.2 - Mains - Plastic	10.80		45.00	15.00		45.00
378 - Measuring and Regulating Ept. Gen - Embedded	19.90		33.00	19.90		33.00
379 - Measuring and Regulating Ept. - City Gate	15.50		32.00	7.00		32.00
380.1 - Services - Steel	33.70		48.00	41.00		48.00
380.2 - Services - Plastic	8.00		40.00	10.00		40.00
381 - Meters	12.90		25.00	12.90		25.00
382 - Meter Installations	16.90		34.00	16.00		34.00
383 - House Regulations	19.50		30.00	19.50		30.00
384 - House Regulator Installations	20.30		34.00	20.30		34.00
386 - Property on Customers' Premises	15.50		25.00	15.50		25.00
387 - Other Equipment	9.50		25.00	9.50		25.00
GENERAL PLANT						
Account number and description						
390.0 - Leasehold Improvements	2.00		40.00	2.00		40.00
391.1 - Office Furniture	16.20		25.00	16.20		25.00
391.2 - Office Equipment	9.20		15.00	9.20		15.00
392.1 - Transportation - Trucks	5.30		8.00	5.00		8.00
394 - Tools, Shop & Garage Equipment	4.70		15.00	4.70		15.00
396 - Power Operated Equipment - New	9.60		15.00	9.60		15.00
397 - Communication Equipment	13.00		18.00	13.00		18.00

COMPARISON OF CURRENT AND PROPOSED COMPONENTS AND RATES

Account	Current Approved			Company Proposed			
	Average Remaining Life	Net Salvage	Remaining Life Rate	Average Remaining Life	Net Salvage	Reserve	Remaining Life Rate
	(Yrs.)	(%)	(%)	(Yrs.)	(%)	(%)	(%)
DISTRIBUTION							
Account number and description, as applicable							
376.1 - Mains - Steel	12.70	-30.00%	2.900%	13.00	-30.00%	70.724	2.500%
376.2 - Mains - Plastic	34.20	-30.00%	2.900%	30.00	-30.00%	32.833	2.900%
378 - Measuring and Regulating Ept. Gen - Embedded	13.10	-2.00%	3.100%	13.10	-2.00%	60.275	3.100%
379 - Measuring and Regulating Ept. - City Gate	16.50	-2.00%	3.200%	25.00	-2.00%	21.839	3.000%
380.1 - Services - Steel	14.30	-30.00%	1.700%	7.00	-30.00%	85.073	1.000%
380.2 - Services - Plastic	32.00	-30.00%	3.100%	30.00	-30.00%	24.475	3.000%
381 - Meters	12.10	0.00%	4.000%	12.10	0.00%	51.600	4.000%
382 - Meter Installations	17.10	-5.00%	3.100%	18.00	-5.00%	46.982	3.100%
383 - House Regulations	10.50	0.00%	3.300%	10.50	0.00%	65.000	3.300%
384 - House Regulator Installations	13.70	-3.00%	3.000%	13.70	-3.00%	59.664	3.000%
386 - Property on Customers' Premises	9.50	0.00%	4.000%	9.50	0.00%	62.000	4.000%
387 - Other Equipment	15.50	0.00%	4.000%	15.50	0.00%	38.000	4.000%
GENERAL PLANT							
Account number and description							
390.0 - Leasehold Improvements	38.00	0.00%	2.500%	38.00	0.00%	5.00	2.500%
391.1 - Office Furniture	8.80	0.00%	4.000%	8.80	0.00%	64.80	4.000%
391.2 - Office Equipment	5.80	0.00%	6.700%	5.80	0.00%	61.33	6.700%
392.1 - Transportation - Trucks	2.70	15.00%	10.600%	3.00	15.00%	62.71	9.500%
394 - Tools, Shop & Garage Equipment	10.30	0.00%	6.700%	10.30	0.00%	31.33	6.700%
396 - Power Operated Equipment - New	5.40	0.00%	6.700%	5.40	0.00%	64.00	6.700%
397 - Communication Equipment	5.00	0.00%	5.600%	5.00	0.00%	72.22	6.700%
CAPITAL RECOVERY SCHEDULES, as applicable							

COMPARISON OF EXPENSES

ACCOUNT	PROJECTED		CURRENT RATES		PROPOSED RATES		CHANGE IN EXPENSES (\$)
	INVESTMENT AS OF 12/31/16	RESERVE AS OF 12/31/16	DEPRECIATION		DEPRECIATION		
	(\$)	(\$)	RATE (%)	EXPENSES (\$)	RATE (%)	EXPENSES (\$)	
	(a)	(b)	(c)	(d) = (c)*(a)	(e)	(f) = (e)*(a)	(g) = (f)-(d)
DISTRIBUTION PLANT							
Account number and description, as applicable:							
376.1 - Mains - Steel	\$ 186,533	\$ 161,159	2.900%	5,409	2.5%	4,663	(746)
376.2 - Mains - Plastic	2,260,250	734,500	2.900%	65,547	2.9%	65,547	-
378 - Measuring and Regulating Ept. Gen - Embedded	16,301	8,619	3.100%	505	3.1%	505	-
379 - Measuring and Regulating Ept. - City Gate	1,232,577	166,488	3.200%	39,442	3.0%	36,977	(2,465)
380.1 - Services - Steel	352,463	415,007	1.700%	5,992	1.0%	3,525	(2,467)
380.2 - Services - Plastic	673,915	208,821	3.100%	20,891	3.0%	20,217	(674)
381 - Meters	276,107	180,152	4.000%	11,044	4.0%	11,044	-
382 - Meter Installations	113,841	50,598	3.100%	3,529	3.1%	3,529	-
383 - House Regulations	32,227	25,206	3.300%	1,063	3.3%	1,063	-
384 - House Regulator Installations	63,066	37,319	3.000%	1,892	3.0%	1,892	-
386 - Property on Customers' Premises	35,806	30,032	4.000%	1,432	4.0%	1,432	-
387 - Other Equipment	22,339	7,174	4.000%	894	4.0%	894	-
TOTAL DISTRIBUTION PLAN	\$ 5,265,426	\$ 2,025,075		\$157,642		\$151,290	\$ (6,352)
GENERAL PLANT							
Account number and description, as applicable:							
390.0 - Leasehold Improvements	13,278	2,636	2.500%	332	2.5%	332	-
391.1 - Office Furniture	835	485	4.000%	33	4.0%	33	-
391.2 - Office Equipment	31,292	26,029	6.700%	2,097	6.7%	2,097	-
392.1 - Transportation - Trucks	183,039	146,463	10.600%	19,402	9.5%	17,389	(2,013)
394 - Tools, Shop & Garage Equipment	15,982	7,120	6.700%	1,071	6.7%	1,071	-
396 - Power Operated Equipment - New	39,512	19,358	6.700%	2,647	6.7%	2,647	-
397 - Communication Equipment	30,588	41,700	5.600%	1,713	6.7%	2,049	336
TOTAL GENERAL PLANT	\$ 314,525	\$ 243,791		27,295		25,618	(1,677)
CAPITAL RECOVERY SCHEDULES, as applicable							
TOTAL PLANT	\$ 5,579,951	\$ 2,268,866		\$ 184,937		\$176,908	\$ (8,029)

THEORETICAL RESERVE

ACCOUNT	INVESTMENT AS OF 12/31/16	RESERVE AS OF 12/31/16	Average Service Life	Net Salvage	Whole Life Rate	Average Remaining Life	Theoretical Reserve Percentage	Theoretical Reserve Dollars	Reserve Imbalance
	(a)	(b)	(c)	(d)	(e) = (100-d)/c	(f)	(g) = (100-(e*f-d))	(h) = g * a	(i) = b-h
DISTRIBUTION PLANT									
Account number and description, as applicable:									
376.1 - Mains - Steel	\$ 186,533	\$ 161,159.00	45.0	-30%	2.2	13.0	70.7	131,924.57	29,234.43
376.2 - Mains - Plastic	2,260,250	734,500	45.0	-30%	2.2	30.0	32.8	742,115.42	(7,615.42)
378 - Measuring and Regulating Ept. Gen - Embedded	16,301	8,619	33.0	-2%	3.0	13.1	60.3	9,825.44	(1,206.44)
379 - Measuring and Regulating Ept. - City Gate	1,232,577	166,488	32.0	-2%	3.1	25.0	21.8	269,187.11	(102,699.11)
380.1 - Services - Steel	352,463	415,007	48.0	-30%	2.1	7.0	85.1	299,850.72	115,156.28
380.2 - Services - Plastic	673,915	208,821	40.0	-30%	2.5	30.0	24.5	164,940.70	43,880.30
381 - Meters	276,107	180,152	25.0	0%	4.0	12.1	51.6	142,471.21	37,680.79
382 - Meter Installations	113,841	50,598	34.0	-5%	2.9	18.0	47.0	53,485.18	(2,887.18)
383 - House Regulations	32,227	25,206	30.0	0%	3.3	10.5	65.0	20,947.73	4,258.27
384 - House Regulator Installations	63,066	37,319	34.0	-3%	2.9	13.7	59.7	37,627.57	(308.57)
386 - Property on Customers' Premises	35,806	30,032	25.0	0%	4.0	9.5	62.0	22,199.72	7,832.28
387 - Other Equipment	22,339	7,174	25.0	0%	4.0	15.5	38.0	8,488.87	(1,314.87)
TOTAL DISTRIBUTION PLANT	\$ 5,265,426	\$ 2,025,075						\$ 1,903,064	\$122,010.77
GENERAL PLANT									
Account number and description									
390.0 - Leasehold Improvements	13,278	2,636	40.0	0%	2.5	38.0	5.0	663.88	1,972.12
391.1 - Office Furniture	835	485	25.0	0%	4.0	8.8	64.8	540.81	(55.81)
391.2 - Office Equipment	31,292	26,029	15.0	0%	6.7	5.8	61.3	19,192.36	6,836.64
392.1 - Transportation - Trucks	183,039	146,463	8.0	15%	12.5	3.0	62.7	114,776.62	31,686.38
394 - Tools, Shop & Garage Equipment	15,982	7,120	15.0	0%	6.7	10.3	31.3	5,007.73	2,112.27
396 - Power Operated Equipment - New	39,512	19,358	15.0	0%	6.7	5.4	64.0	25,287.68	(5,929.68)
397 - Communication Equipment	30,588	41,700	18.0	0%	5.6	5.0	72.2	22,091.33	19,608.67
TOTAL GENERAL PLANT	\$ 314,525	\$ 243,791						\$ 187,560	\$56,230.59
TOTAL PROPERTY	\$ 5,579,951	\$ 2,268,866							
CAPITAL RECOVERY SCHEDULES									