

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for approval of new
depreciation rates effective January 1, 2018, by
St. Joe Natural Gas Company, Inc.

DOCKET NO. 20170265-GU
ORDER NO. PSC-2018-0368-PAA-GU
ISSUED: July 25, 2018

The following Commissioners participated in the disposition of this matter:

ART GRAHAM, Chairman
JULIE I. BROWN
DONALD J. POLMANN
GARY F. CLARK
ANDREW GILES FAY

NOTICE OF PROPOSED AGENCY ACTION
ORDER APPROVING NEW DEPRECIATION RATES

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission that the action discussed herein is preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code (F.A.C.).

Background

Rule 25-7.045(4)(a), Florida Administrative Code (F.A.C.), requires natural gas public utilities to file a comprehensive depreciation study with the Florida Public Service Commission (Commission) for review at least once every five years from the submission date of the previous study. On December 21, 2017, St. Joe Natural Gas Company (St. Joe or Company) filed its 2017 depreciation study in compliance with the rule. We note that the Company's last depreciation study was filed December 31, 2012. For a brief profile of the Company, St. Joe had total 2017 operating revenues of approximately \$2,005,700, in serving 2,997 customers.¹ We have completed our review of St. Joe's current 2017 Depreciation Study and present our findings herein.

This Commission is vested with jurisdiction over these matters through several provisions of the Florida Statutes (F.S.), including Sections 350.115, 366.05, and 366.06, F.S.

¹ St Joe's Annual Report of Natural Gas Utilities, Form PSC/ECR 020-G, at December 31, 2017, filed with the Florida Public Service Commission on June 7, 2018.

Decision

Revision of currently prescribed depreciation rates for St. Joe Natural Gas Company

St. Joe's last depreciation filing was made on December 31, 2012. By Order No. PSC-13-0174-PAA-GU, this Commission approved revised depreciation rates that became effective January 1, 2013.²

The Company filed its current study in accordance with Rule 25-7.045(4)(a), F.A.C. A review of the Company's plant activity and other relevant data indicates the need to revise depreciation rates. Our approved depreciation rates and underlying components are specifically discussed below.

Implementation date for newly proposed depreciation rates

Rule 25-7.045(4)(d), F.A.C., requires that the data submitted in a depreciation study, including plant and reserve balances or Company estimates, "shall be brought to the effective date of the proposed rates." The supporting data and calculations provided by St. Joe match an implementation date of January 1, 2018.

Appropriate depreciation parameters and resulting rates

The purpose of this period depreciation review is to ensure that capital prudently invested, as well as future costs of retirement are recovered over the useful lives of the assets studied. To this end, our findings are the result of a comprehensive review of St. Joe's depreciation and plant-related data filed in this docket. Attachment A to this Order shows a comparison of certain currently-approved depreciation parameters and rates to those we are approving to become effective on January 1, 2018.³ We and the Company are in agreement on all proposed depreciation parameters and resulting rates.⁴ Displayed on Attachment B is a comparison of depreciation expenses between currently-approved and the rates to be implemented pursuant to this order that based on December 31, 2017, investments.⁵

2017 Study Overview

In general and with little exception, there has been relatively minimal plant addition and retirement activity during the study period of 2013-2017, with no property/accounts appearing to experience abnormal life characteristics. Thus, St. Joe initially proposed to retain all of its previously ordered average service life (ASL) durations, as well as net salvage (NS) values.⁶ We note that, in general, an ASL is the average expected life of all units of a group of assets when new. NS represents the difference between the value of salvage and cost of removal resulting

² Order No. PSC-13-0174-PAA-GU, issued April 26, 2013, in Docket No. 20120325-GU, In re: Application for approval of new depreciation rates, effective January 1, 2013, by St. Joe Natural Gas Company.

³ Order No. PSC-13-0174-PAA-GU.

⁴ See Commission Document No. 03668-2018.

⁵ Order No. PSC-13-0174-PAA-GU.

⁶ Id.

from plant retirement and disposal. Both are key considerations or parameters when formulating depreciation rates. As further discussed later in this Order, we find that the service lives of three accounts shall be moderately lengthened. All else equal, the lengthening of service life will ultimately reduce annual depreciation expense.

We note that St. Joe's as-proposed average remaining lives (ARLs) were not calculated using retirement dispersion curves. To address this, we applied the last known Iowa-Type Survivor Curves applicable to St. Joe's plant on an account-by-account basis and derived new ARL values.⁷ For background, an ARL is the future expected service life in years of the asset-group survivors at a given age, whereas the age of investments is the dollar-weighted length of time that vintage assets have been in service. Overall, the effects of using the newly-derived ARLs in calculating depreciation rates of St. Joe's plant were mixed, with greater rates of depreciation for some accounts, lesser rates of depreciation for others.

We note that many of St. Joe's currently-approved service lives were retained and used in the curve/life selection process.⁸ Further, we accept or agree with the Company's initial proposals for many proposed net salvage values as well. An account-by-account analysis and discussion concerning depreciation parameter formulation and rate development follows below.

Account 375 – Buildings & Improvements

The age of this account is 33.6 years. We approve the S3 Iowa curve with a 40-year ASL (S3-40) curve/life combination. Based on these parameters and a negative 5, or (5), percent NS level, a 10.8-year ARL and remaining life depreciation rate of 1.6 percent are calculated for this account.

Account 376.1 – Mains-Plastic

The age of this account is 21.2 years. We approve the S3-40 curve/life combination. Based on these parameters and a (30) percent NS level, a 19.4-year ARL and a remaining life depreciation rate of 3.2 percent are calculated for this account.

Account 376.2 – Mains-Steel

The age of this account is 26.2 years. We approve the S3-40 curve/life combination. Based on these parameters a 15.4-year ARL is calculated. As Account 376.2 is in a theoretical reserve⁹ surplus position, we also order that a reserve adjustment (transfer to Accounts 378,

⁷ Bulletin 125, *Statistical Analysis of Industrial Reporting*, published in 1935, by Robley Winfrey of the Iowa State College Engineering Experimental Station. The retirement distributions (depicted as the "Iowa Curves") published in Bulletin 125 are widely-accepted representations of utility property retirement patterns. Iowa curves are comprised of a set of standardized patterns (or curve shapes), of asset retirement dispersion organized into four broad classes: "S," "R," "L," and "O" curves. The inherent logic of the Iowa Curves is that the same type of plant, living in the same environments, generally experiencing the same external factors, will continue to follow the same mortality pattern, or until factors/considerations change.

⁸ Order No. PSC-13-0174-PAA-GU.

⁹ See Commission Rule 25-7.045(1)(k), F.A.C., which prescribes a Theoretical Reserve being equal to: Book Investment minus Future Accruals minus Future Net Salvage.

380.1, and 384 respectively) totaling (\$63,019) shall be made in order to reduce the account's reserve surplus. The post-reserve transfer remaining life depreciation rate with a (30) percent NS level is calculated to be 3.1 percent for this account.

Account 378 – Meas. & Reg. Equip. (Distribution)

The age of this account is 21.6 years. We approve the R3-35 curve/life combination. Based on these parameters a 15.6-year ARL is calculated. As Account 378 is in a theoretical reserve deficit position, we also order that a reserve transfer of \$256 be made (from Account 376.2 – Mains-Steel) to correct the account's theoretical reserve deficiency. The post-reserve transfer remaining life depreciation rate with a (5) percent NS level is calculated to be 3.0 percent for this account.

Account 379 – Meas. & Reg. Equip. (City Gate)

The age of this account is 25.2 years. We approve the S3-35 curve/life combination. Based on these parameters and a (5) percent NS level, a 11.9-year ARL and a remaining life depreciation rate of 2.5 percent are calculated for this account.

Account 380.1 – Services-Plastic

The account has an age of 17.1 years and an ASL of 40 years. St. Joe reports that inspections of plastic service lines (randomly selected) are performed on a regular basis and all lines continue to be found in acceptable condition with every indication of many years of service remaining.¹⁰ Taking this into consideration, we approve a moderate increase in ASL by 2 years. This will bring the ASL of the account to 42 years. Based on the S3-42 curve/life combination, a 25-year ARL is calculated. As Account 380.1 is in a theoretical reserve deficit position, we also order that a reserve transfer of \$57,246 be made (from Account 376.2 – Mains-Steel) to correct the account's theoretical reserve deficiency. The post-reserve-transfer remaining life depreciation rate with a (22) percent NS level is calculated to be 2.9 percent for this account.

Account 380.2 – Services-Steel

This account has an age of 46.9 years and an ASL of 50 years. St. Joe reports that inspections of steel service lines (randomly selected) are performed on a regular basis and all lines continue to be found in acceptable condition with every indication of many years of service remaining.¹¹ Taking this into consideration, we order a moderate increase in ASL by 3 years. Based on the SQ-53 curve/life combination, a 6.1-year ARL is calculated for this account.

¹⁰ See St. Joe's 2017 Depreciation Study, Filing Requirements 6(f).

¹¹ Id.

The current-approved NS level of the account is (30) percent which is at the highest end of the industry range.¹² During the current study period of 2013 through 2017, the account experienced a 59.6 percent average cost of removal with no gross salvage.¹³ During the period of St. Joe's last depreciation study, the account had experienced an average 48 percent cost of removal with no gross salvage; this Commission ordered a decrease in the level of NS from the then-approved (25) percent to the currently-approved (30) percent.¹⁴ Given the trend of the account's NS level in the past 10 years and considering the industrial average, we order St. Joe to further decrease the NS level to (40) percent. We note that this degree of reduction does not fully reflect the account's actual experience and still leaves the NS level at the high end (least negative) of the industry range. However, we find that whenever possible, a gradual rather than abrupt and/or incremental rather than large-magnitude change is preferable.

With a 6.1-year ARL and a (40) percent NS level, the remaining life depreciation rate is calculated to be 3.9 percent for this account.

Account 381 – Meters

The age of this account is 14 years. We approve the R4-25 curve/life combination. Based on these parameters and a zero percent NS level, a 11.5-year ASL and a remaining life depreciation rate of 3.8 percent are calculated for this account.

Account 382 – Meters Installations

The age of this account is 29 years. We approve the S2-40 curve/life combination. Based on these parameters and a (25) percent NS level, a 15.3-year ARL and a remaining life depreciation rate of 3.0 percent are calculated for this account.

Account 383 – Regulators

The age of the account is 18.8 years. We approve the R4-30 curve/life combination. Based on these parameters and a zero percent NS level, a 12.0-year ARL and a remaining life depreciation rate of 3.1 percent are calculated for this account.

¹² Approved NS levels (steel services) for Florida's gas utilities range from (125) percent to (30) percent, with an arithmetic mean of (77) percent. See Order No. PSC-14-0698-PAA-GU, issued December 18, 2014, in Docket No. 140016-GU, In re: 2014 depreciation study by Florida Public Utilities Company; Order No. PSC-17-0066-AS-GU, issued February 28, 2017, in Docket No. 160159-GU, In re: Petition for approval of settlement agreement pertaining to Peoples Gas System's 2016 depreciation study, environmental reserve account, problematic plastic pipe replacement, and authorized ROE; Order No. PSC-16-0574-PAA-GU, issued December 19, 2016, in Docket No. 160174-GU, In re: Request for approval of 2016 depreciation study by Sebring Gas System, Inc.; Order No. PSC-2018-0190-FOF-GU, issued April 20, 2018, Docket No. 20170179-GU, In re: Petition for rate increase by Florida City Gas.

¹³ Net Salvage is equal to: Gross Salvage - Cost of Removal.

¹⁴ Order No. PSC-13-0174-PAA-GU.

Account 384 – Regulator Install

This account has an age of 22.3 years. We note that the account has experienced significant changes, with plant investment being added and retired every year throughout the study period. Taken with the account's growth rate of 14.5 percent and retirement rate of 1.4 percent, we approve the S3 curve shape with a 40-year ASL as it closely depicts this account's activity. Based on these parameters, a 18.4-year ARL is calculated. As Account 384 is in a theoretical reserve deficit position, we also order that a reserve transfer of \$5,517 be made (from Account 376.2 – Mains-Steel) to correct the account's theoretical reserve deficiency. The post-reserve-transfer remaining life depreciation rate with a (40) percent NS level is calculated to be 3.5 percent for this account.

Account 385 – Industrial Meas. & Reg. Equipment

The age of the account is 6.4 years. We approve the S4-30 curve/life combination. Based on these parameters with a (5) percent NS level, a 24-year ARL and a remaining life depreciation rate of 3.4 percent are calculated for this account.

Account 387 – Other Equipment

This account is near fully depreciated at the study date of December 31, 2017. It has also experienced no activity (e.g. plant addition, retirement, etc.) during the study period. The Company seeks to apply a depreciation rate when new investment is added.¹⁵ Due to the account's current reserve position, we find that a whole life rate, rather than a remaining life depreciation rate, shall be applied to any newly-added investments as an interim measure until St. Joe's depreciation rates are re-reviewed by this Commission.

This account has an age of 5.2 years, a currently-approved 10-year ASL and a zero percent NS.¹⁶ We note that a 10-year ASL is at the lowest end of the industry range of Florida gas utilities for this account.¹⁷ We find an increase in ASL by 4 years is appropriate. Therefore, we approve a 7.1 percent whole life depreciation rate to be applied to any new investment added to this account.

Account 390 – Structures & Improvements

The age of this account is 26.0 years. We approve the R3-40 curve/life combination. Based on these parameters and a zero percent NS level, a 16.8-year ARL and 1.9 percent remaining life depreciation rate are calculated for this account.

¹⁵ See St. Joe's 2017 Depreciation Study, Filing Requirements 6(f), and St. Joe's response to Staff's First Data Request, No. 10.

¹⁶ Order No. PSC-13-0174-PAA-GU.

¹⁷ Approved ASLs (Account 387 – Other Equipment) for Florida's gas utilities range from 10 to 30 years, with an arithmetic mean of 21.2 years. See Order No. PSC-14-0698-PAA-GU, Order No. PSC-17-0066-AS-GU, Order No. PSC-16-0574-PAA-GU, and Order No. PSC-2018-0190-FOF-GU.

Account 391.1 – Office Furniture

The age of this account is 13.7 years. We approve the S2-15 curve/life combination. Based on these parameters and a zero percent NS level, a 4.4-year ARL and 1.7 percent remaining life depreciation rate are calculated for this account.

Account 391.2 – Office Devices

The age of this account is 4.9 years. We approve the S1-8 curve/life combination. Based on these parameters and a 5 percent NS level, a 4.1-year ARL and 8.4 percent remaining life depreciation rate are calculated for this account.

Account 391.3 – Office Computers

The age of this account is 8.3 years. We approve the S3-16 curve/life combination. Based on these parameters, a 7.9-year ARL is calculated. As Account 391.3 is in a theoretical reserve deficit position, we also order that a reserve transfer of \$5,190 (from Account 392 – Transportation Equipment) be made in order to correct the account's theoretical deficiency. The post-reserve-transfer remaining life depreciation rate with a zero percent NS level is calculated to be 6.3 percent for this account.

Account 392 – Transportation Equipment

The age of this account is 4.6 years. We approve the S2-7 curve/life combination. Based on these parameters, a 3.0-year ARL is calculated. As Account 392 is in a theoretical reserve surplus position, we also order that a reserve adjustment of (\$5,190) be made (transfer to Account 391.3 – Office Computers) to correct the theoretical reserve deficiency in Account 391.3. The post-reserve-transfer remaining life depreciation rate with a 10 percent NS level is calculated to be 9.3 percent for this account.

Account 394 – Tools, Shop & Garage Equipment

The age of this account is 4.2 years. We approve the S3-20 curve/life combination. Based on these parameters and a zero percent NS level, a 15.8-year ARL and 4.9 percent remaining life depreciation rate are calculated for this account.

Account 396 – Power Operated Equipment

The age of this account is 9.2 years. We approve the S4-15 curve/life combination. Based on these parameters and a 5 percent NS level, a 5.9-year ARL and 0.6 percent remaining life depreciation rate are calculated for this account.

Account 397 – Communication Equipment

The age of this account is 9.2 years. We approve the S3-12 curve/life combination. Based on these parameters and a zero percent NS level, a 3.7-year ARL and 6.2 percent remaining life depreciation rate are calculated for this account.

Summary Schedules

Complete tabulations of our approved depreciation parameters and rates, as well as annual expense comparisons to St. Joe's currently-approved depreciation rates, are contained in Attachments A and B to this Order.

Revision of current amortization of investment tax credits (ITCs) and flow back of excess deferred income taxes (EDITs) to reflect the approved depreciation rates and amortization schedules

Above, we ordered approval of revised depreciation rates for the Company to be effective January 1, 2018, which reflect changes to most accounts' remaining lives to be effective January 1, 2018. Revising a utility's book depreciation lives generally results in a change in its rate of ITC amortization in order to comply with the normalization requirements of the Internal Revenue Code (IRC or Code) set forth in Sections 168(f)(2) and (i)(9),¹⁸ former IRC Section 167(l),^{19, 20} former IRC Section 46(f),^[21,22] Federal Tax Regulations under the Code sections,²³ and Section 203(e) of the Tax Reform Act of 1986 (the Act).²⁴

This Commission, the Internal Revenue Service (IRS), and independent outside auditors examine a company's books and records, and the orders and rules of the jurisdictional regulatory authorities to determine if the books and records are maintained in the appropriate manner. The books are also reviewed to determine if they are in compliance with the regulatory guidelines regarding normalization.

Former IRC Section 46(f)(6) of the Code indicated that the amortization of ITC should be determined by the period of time actually used in computing depreciation expense for ratemaking purposes and on the regulated books of the utility.²⁵ While, Section 46(f)(6) was repealed, under IRC Section 50(d)(2), the terms of former IRC Section 46(f)(6) remain applicable to public utility property for which a regulated utility previously claimed ITCs. Because we are approving changes to the Company's remaining lives, it is also important to change the amortization of ITCs to avoid violation of the provisions of IRC Section 50(d)(2) and its underlying Treasury Regulations. The consequence of an ITC normalization violation is a repayment of unamortized ITC balances to the IRS. Therefore, we find that the current amortization of ITCs shall be revised to match the actual recovery periods for the related

¹⁸ 26 USC §§168(f)(2) and (i)(9).

¹⁹ Former 26 USC §167(l), repealed by Revenue Reconciliation Act of 1990, Pub. L. No. 101-508, §11812(a)(1-2)(1990).

²⁰ Under IRC Section 50(d)(2), the terms of former IRC Section 167(l) remain applicable to public utility property for which a regulated utility previously claimed ITCs, which is the case here. (I.R.S. Priv. Ltr. Rul. 200933023, 1n.1 (May 7, 2009)).

²¹ Former 26 USC §46(f), repealed by Revenue Reconciliation Act of 1990, Pub. L. No. 101-508, §11813(1990).

²² Under IRC Section 50(d)(2), the terms of former IRC Section 46(f) remain applicable to public utility property for which a regulated utility previously claimed ITCs, which is the case here. (I.R.S. Priv. Ltr. Rul. 200933023, 1n.1 (May 7, 2009)).

²³ Treas. Reg. §1.168; Treas. Reg. §1.167; Treas. Reg. §1.46.

²⁴ Tax Reform Act of 1986, Pub. L. No. 99-514 (100 Stat. 2085, 2146)(1986).

²⁵ Former 26 USC §46(f)(6) (establishing proper determination of ratable portion).

property. The Company shall file detailed calculations of the revised ITC amortization at the same time it files its earnings surveillance report covering the period ending December 31, 2018, as specified in Rule 25-7.1352, F.A.C.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the review of St. Joe Natural Gas Company, Inc.'s plant and depreciation-related information indicates a need to revise the Company's currently prescribed depreciation rates. It is further

ORDERED that January 1, 2018 is the implementation date for the depreciation rates shown on Attachments A and B to this Order. It is further

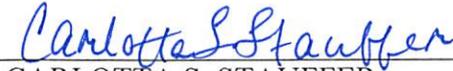
ORDERED that the lives, reserve percentages, net salvage percentages, and resulting depreciation rates applicable to St. Joe's investments that are shown on Attachment A are approved. As shown on Attachment B, the corresponding depreciation expense effect, based on December 31, 2017, investments, of the approved rates is a decrease of \$41,258 annually, or approximately 14.4 percent, from current depreciation rate levels. It is further

ORDERED that the current amortization of ITCs shall be revised to match the actual recovery periods for the related property. The Company shall file detailed calculations of the revised ITC amortization at the same time it files its earnings surveillance report covering the period ending December 31, 2018, as specified in Rule 27-7.1352, F.A.C. It is further

ORDERED that the provisions of this Order, issued as proposed agency action, shall become final and effective upon the issuance of a Consummating Order unless an appropriate petition, in the form provided by Rule 28-106.201, Florida Administrative Code, is received by the Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date set forth in the "Notice of Further Proceedings" attached hereto. It is further

ORDERED that if no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the order, this docket shall be closed upon the issuance of a consummating order.

By ORDER of the Florida Public Service Commission this 25th day of July, 2018.



CARLOTTA S. STAUFFER
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399
(850) 413-6770
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Copies furnished: A copy of this document is provided to the parties of record at the time of issuance and, if applicable, interested persons.

KMS

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing that is available under Section 120.57, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing will be granted or result in the relief sought.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

The action proposed herein is preliminary in nature. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This petition must be received by the Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on August 15, 2018.

In the absence of such a petition, this order shall become final and effective upon the issuance of a Consummating Order.

Any objection or protest filed in this/these docket(s) before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

Comparison of Rates and Components								
Account Number	Account Title	Current ¹			Commission Approved			
		Ave. Rem. Life (yrs.)	Future Net Salvage (%)	Remaining Life Rate (%)	Ave. Rem. Life (yrs.)	Reserve (%)	Future Net Salvage (%)	Remaining Life Rate (%)
DISTRIBUTION PLANT								
375	Structures & Improvements	11.4	(5)	2.7	10.8	88.08	(5)	1.6
376.1	Mains - Plastic	22.0	(30)	3.4	19.4	68.71	(30)	3.2
376.2	Mains - Steel	18.8	(30)	3.3	15.4	81.94	*(30)	3.1
378	M&R Station Equip. - Distribution	18.1	(5)	3.6	15.6	58.20	*(5)	3.0
379	M&R Station Equip. - City Gate	14.8	(5)	3.0	11.9	75.30	(5)	2.5
380.1	Services - Plastic	24.0	(22)	3.4	25.0	49.50	*(22)	2.9
380.2	Services - Steel	8.1	(30)	3.0	6.1	116.13	(40)	3.9
381	Meters	5.6	0	4.2	11.5	56.63	0	3.8
382	Meter Installations	10.3	(25)	4.8	15.3	79.45	(25)	3.0
383	Regulators	13.7	0	3.4	12.0	62.44	0	3.1
384	Regulator Installations	17.5	(40)	4.4	18.4	75.60	*(40)	3.5
385	Industrial M&R Equip.	18.7	(5)	3.8	24.0	22.33	(5)	3.4
387	Other Equipment	5.0	0	11.4	8.8	99.87	0	7.1**
GENERAL PLANT								
390	Structures & Improvements	16.8	0	2.7	16.8	68.50	0	1.9
391.1	Office Furniture	6.0	0	7.4	4.4	92.39	0	1.7
391.2	Office Devices	5.9	5	12.6	4.1	60.45	5	8.4
391.3	Office Computers	5.8	0	6.3	7.9	50.23	*(0)	6.3
392	Transportation Equip.	1.4	10	12.9	3.0	62.10	*(10)	9.3
394	Tools, Shop & Garage Equip.	4.8	0	5.5	15.8	22.24	0	4.9
396	Power Operated Equip.	4.7	5	6.3	5.9	91.57	5	0.6
397	Communication Equip.	4.5	0	8.3	3.7	77.03	0	6.2

¹ Order No. PSC-13-0174-PAA-GU

* Denotes a Reserve Transfer

**Whole Life Dep. Rate

Comparison of Expenses						
Account Number	Account Title	Current ¹		Commission Approved		
		Depreciation Rate (%)	Annual Expense (\$)	Depreciation Rate (%)	Annual Expense (\$)	Change In Expense (\$)
DISTRIBUTION PLANT						
375	Structures & Improvements	2.7	578	1.6	342	(236)
376.1	Mains - Plastic	3.4	36,860	3.2	34,692	(2,168)
376.2	Mains - Steel	3.3	100,521	3.1	94,429	(6,092)
378	M&R Station Equip. - Distribution	3.6	3,560	3.0	2,967	(593)
379	M&R Station Equip. - City Gate	3.0	13,772	2.5	11,477	(2,295)
380.1	Services - Plastic	3.4	22,160	2.9	18,901	(3,259)
380.2	Services - Steel	3.0	3,294	3.9	4,282	988
381	Meters	4.2	23,567	3.8	21,323	(2,244)
382	Meter Installations	4.8	3,477	3.0	2,173	(1,304)
383	Regulators	3.4	6,485	3.1	5,912	(573)
384	Regulator Installations	4.4	1,481	3.5	1,178	(303)
385	Industrial M&R Equip.	3.8	2,059	3.4	1,843	(216)
387	Other Equipment	11.4	1,596	7.1	0	(1,596)
GENERAL PLANT						
390	Structures & Improvements	2.7	4,228	1.9	2,976	(1,252)
391.1	Transportation Equip.	7.4	556	1.7	128	(428)
391.2	Office Devices	12.6	2,687	8.4	1,791	(896)
391.3	Office Computers	6.3	4,686	6.3	4,686	0
392	Transportation Equip.	12.9	46,608	9.3	33,601	(13,007)
394	Tools, Shop & Garage Equip.	5.5	2,467	4.9	2,198	(269)
396	Power Operated Equip.	6.3	5,971	0.6	569	(5,402)
397	Communication Equip.	8.3	449	6.2	336	(113)
Total			287,064		245,804	(41,258)

¹ Order No. PSC-13-0174-PAA-GU