

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Palm Beach County Utilities)	DOCKET NO. 880107-GU
Corporation - 1987 Depreciation)	ORDER NO. 22260
Study)	ISSUED: 12-4-89
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The following Commissioners participated in the disposition of this matter:

MICHAEL McK. WILSON, Chairman
 THOMAS M. BEARD
 BETTY EASLEY
 JOHN T. HERNDON

NOTICE OF PROPOSED AGENCY ACTIONORDER PRESCRIBING 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 adversely affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

Rule 25-7.045(7), Florida Administrative Code, adopted November, 1982, requires natural gas companies subject to this Commission's jurisdiction to file a comprehensive depreciation study at least once every five (5) years. In compliance with that rule, Palm Beach County Utilities Corporation (Palm Beach or utility) filed a depreciation study on January 19, 1988 which was later amended and supplemented on October 5, 1989. The current study represents the utility's initial transition to the reserve-sensitive remaining life depreciation methodology. Palm Beach's present depreciation rates were approved in 1976 and are based on the whole life methodology.

DOCUMENT NUMBER-DATE

11689 DEC -4 1989

FPSC-RECORDS/REPORTING

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The Commission Staff has reviewed Palm Beach's study and has recommended certain modifications to the depreciation rate components. Having reviewed the utility's study and having considered the modifications proposed by Staff, we find that Palm Beach's rates should be represeted consistent with our Staff's recommendation. The specific rates and components being approved by this order are set forth on Attachment 1.

RESERVE REALLOCATIONS

Since this is the first overall study of Palm Beach's depreciation rates utilizing the depreciation reserve in the rate design, it gives us our first opportunity to review the distribution of the reserve by account. Reserve reallocations were necessary within the accounts of Mains, Services, Meters/Installations and Regulators/Installations to match the sub-accounting. This reflects plastic versus steel and the separation of the costs of installations from the meters and regulators. We find the reserve reallocations on Attachment 2 to this order to be appropriate and approve them.

DEPRECIATION RATES

Palm Beach has proposed the use of whole life rates. We are now consistently approving the use of remaining life methodology where the data supports its application due to the inherent self-correcting tendency of the reserve-sensitive formula. The utility provided data necessary to develop remaining life sensitive to depreciation rates and we are herein ordering the implementation of this methodology and the rates as shown on Attachment 1, to be effective January 1, 1989.

Based upon the foregoing, it is

ORDERED by the Florida Public Service Commission that the depreciation rates set forth in Attachment 1 to this order are hereby approved for Palm Beach County Utilities Corporation. It is further

ORDERED that Palm Beach County Utilities Corporation shall submit their next comprehensive depreciation study in compliance with Rule 25-7.045, Florida Administrative Code, by January 19, 1993. It is further

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ORDERED that the effective date of the new depreciation rates is January 1, 1989.

By ORDER of the Florida Public Service Commission,
this 4th day of DECEMBER, 1989.

STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)

MRC

by: Karl Flynn
Chief, Bureau of Records

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, 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 or judicial review will be granted or result in the relief sought.

The action proposed herein is preliminary in nature and will not become effective or final, except as provided by Rule 25-22.029, Florida Administrative Code. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, as provided by Rule 25-22.029(4), Florida Administrative Code, in the form provided by Rule 25-22.036(7)(a) and (f), Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting at his office at 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on December 26, 1989.

In the absence of such a petition, this order shall become effective on the day subsequent to the above date as provided by Rule 25-22.029(6), Florida Administrative Code, and as reflected in a subsequent order.

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

If this order becomes final and effective on the date described above, any party adversely affected may request judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or by the First District Court of Appeal in the case of a water or sewer utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days of the effective date of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

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ATTACHMENT 1

PALM BEACH COUNTY UTILITIES CORP.
DEPRECIATION STUDY
(Effective 1-1-89)
(Rates and Components)

<u>ACCOUNT</u>	REM. LIFE yr.s	NET SALV. %	DEPR RATE %
Distribution Plant -			
Mains - Plastic	37	(30)	3.3
- Other	34	(30)	3.4
Compressor Station	21	(5)	2.0
Regulator Station	33	(5)	3.0
Services - Plastic	31	(30)	3.7
- Other	31	(30)	3.7
Meters	21	0	4.0
Meter Installations	31	(5)	3.0
Regulators	27	0	3.3
Regulator Installs.	32	(5)	3.0
General Plant -			
Structures & Improv.	38	0	2.5
Office Furniture	18	2	4.4
Ofc. Equip. (New adds)	12	2	8.2
Transport. Equipment	4.7	20	13.4
Stores Equipment	23	0	4.1
Tools, Shop, Garage	13.8	0	5.3
Power Op. Equipment	10.8	0	5.7
Communic. Equipment	10.2	0	6.8
Computer Equipment	4.8	5	15.7
Other Equipment	13.2	0	4.7

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ATTACHMENT 2

PALM BEACH COUNTY UTILITIES CORP.
DEPRECIATION STUDY
(Effective 1-1-89)
(Reserve allocation - Mains, Services,
Meters/Installations and Regulators/Installations)

<u>ACCOUNT</u>	<u>BOOK RESERVE</u> \$	<u>ALLOCATED RESERVE</u> \$
Mains	274,694	0
" Plastic	0	65,693
" Other	0	209,001
Services	81,495	0
" Plastic	0	77,420
" Other	0	4,075
Meters	60,256	36,110
Installations	1,533	25,679
Regulators	10,658	5,080
Installations	1,107	6,685
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Totals	\$429,743	\$429,743