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December 26, 2018

**E-PORTAL FILING**

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

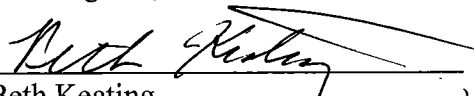
**Re: [New Filing] - In re: Petition for waiver of depreciation study filing requirement in Rule 25-7.045(8)(a), Florida Administrative Code, by the Florida Public Utilities Company – Gas Division**

Dear Ms. Stauffer:

Attached for filing, please find Florida Public Utilities Company's Petition for Waiver of Rule 25-7.045(8)(a), Florida Administrative Code.

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,

  
Beth Keating  
Gunster, Yoakley & Stewart, P.A.  
215 South Monroe St., Suite 601  
Tallahassee, FL 32301  
(850) 521-1706

MEK

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In re: Petition for waiver of depreciation study  
filing requirement in Rule 25-7.045(8)(a),  
Florida Administrative Code, by the Florida  
Public Utilities Company – Gas Division

Docket No.

Filed: December 26, 2018

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PETITION OF THE FLORIDA PUBLIC UTILITIES COMPANY FOR  
WAIVER OF RULE 25-7.045(8)(A), FLORIDA ADMINISTRATIVE CODE

The Florida Public Utilities Company (“FPUC” or “Company”), through undersigned counsel and pursuant to Rule 28-104.002, F.A.C., and Section 120.542, Florida Statutes, hereby petitions the Commission for a waiver of Rule 25-7.045(8)(a), F.A.C., which requires the Company to file its next depreciation study within five years of the filing of its previous depreciation study. In requesting this waiver, FPUC seeks leave to file its depreciation study on or before March 4, 2019. In support of this request, the Company states:

1. The Company is a natural gas utility with its principal office located at:

Florida Public Utilities Company  
1750 S 14th Street, Suite 200  
Fernandina Beach, FL 32034

2. Please send copies of all notices, pleadings and other communications and documents in this docket to the following:

Beth Keating  
Gunster, Yoakley & Stewart, P.A.  
215 South Monroe St., Suite 601  
Tallahassee, FL 32301

Mike Cassel  
Director, Regulatory and Governmental Affairs  
Florida Public Utilities Company  
1750 S 14<sup>th</sup> Street, Suite 200  
Fernandina Beach, FL 32034  
mcassel@fpuc.com

3. FPUC is a natural gas utility subject to regulation by the Commission in accordance with Chapter 366, Florida Statutes.

4. Rule 25-7.045(8)(a), F.A.C. , provides that:

Each company shall file a study for each category of depreciable property for Commission review at least once every five years from the submission date of the previous study unless otherwise required by the Commission.

FPUC filed its last depreciation study on January 13, 2014; thus, FPUC's next study is due to be filed on or before January 14, 2019, in accordance with the Rule. By this Petition, the Company however seeks a temporary waiver of the Rule requirement to provide an additional seven weeks to complete the filing, allowing FPUC to file its depreciation study on or before March 4, 2019. Thereafter, FPUC asks that subsequent depreciation study filing dates be calculated from the March filing date.

5. Pursuant to Section 120.542(2), Florida Administrative Code, the Commission is authorized to grant the requested waiver if the application of the Rule would otherwise work an undue hardship on the Company and if the Company can demonstrate that the purpose of the underlying statute will be achieved by other means.

6. Rule 25-7.045 provides a detailed – and lengthy - list of the items that must be included in the study, and further specifies that the calculations of depreciation rates must be provided using both whole life and remaining life methods. Even under ordinary circumstances, preparing a depreciation study is a time-consuming, difficult task.

7. In recent months, however, the Company's ability to marshal its resources to prepare the depreciation study has been hindered by resource issues associated with hearings in the cost recovery dockets, the tax proceedings for the Company's Florida business units, and a hearing in the docket to establish FPUC's recovery for storm expenses. In addition, the impact of

Hurricane Michael on the electric business unit's Northwest division has also required deployment of personnel in areas not typical for those resources. Consequently, the personnel responsible for plant accounting have been faced with an unusually increased workload, some of which is outside the scope of their typical tasks. Filing on or before January 14 will, therefore, impose an undue hardship on the Company, as a result of these recent, increased demands on personnel and resources of the Company.

8. The purpose of the underlying statutes will still be fulfilled if the Commission grants the requested waiver. Specifically, Section 350.115 authorizes the Commission to “prescribe by rule uniform systems and classifications of accounts for each type of regulated company and approve or establish adequate, fair, and reasonable depreciation rates and charges.” Section 366.06(1)<sup>1</sup> authorizes the Commission to:

. . . investigate and determine the actual legitimate costs of the property of each utility company, actually used and useful in the public service, and to keep a current record of the net investment of each public utility company and such property which value, as determined by the Commission, shall be used for ratemaking purposes and shall be the money honestly and prudently invested by the public utility company in such property used and useful in serving the public, less accrued depreciation and shall not include any goodwill or going concern value or franchise value in excess of the payment made therefore.

FPUC only seeks an extension of time in which to file its study; therefore, the purpose of both underlying statutes will still be fulfilled when the Company files the study in August, providing the Commission with the required data. The waiver will simply enable FPUC to prepare the required study without undue hardship and cost imposed on the Company or its accounting personnel.

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<sup>1</sup> The Company notes Section 366.06 is not specifically referenced in the depreciation rule for natural gas utilities, but is referenced in the corresponding rule applicable to electric utilities, Rule 25-6.0436, F.A.C., but nonetheless appears to provide underlying authority for both depreciation rules.

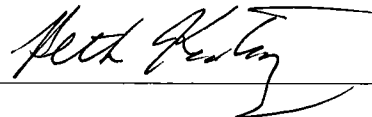
9. In view of the fact that the requested filing date is well within the 1<sup>st</sup> quarter of the calendar year, FPUC notes that it intends to request an effective date of January 1, 2019, for depreciation rates approved as a result of its extended depreciation study filing.

10. The Company therefore asks that a waiver of Rule 25-7.045(8)(a), F.A.C., be granted to allow the Company to file its depreciation study by March 4, 2019. FPUC further asks that the filing date for subsequent depreciation studies be calculated from the extended March filing date.

WHEREFORE, the Florida Public Utilities Company asks that the Commission:

1. Grant the request for a temporary waiver of Rule 25-7.045(8)(a), Florida Administrative Code;
2. Allow the Company until March 4, 2019, to file its next depreciation study; and
3. Calculate the filing dates for subsequent depreciation studies based upon the extended filing date requested herein.

Respectfully submitted this 26<sup>th</sup> day of December, 2018, by:

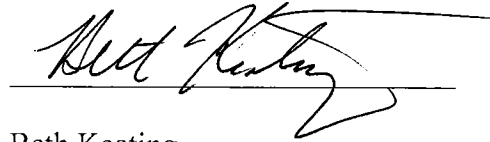


Beth Keating  
Gunster, Yoakley & Stewart, P.A.  
215 South Monroe St., Suite 601  
Tallahassee, FL 32301

*Attorneys for Florida Public Utilities  
Company*

**Certificate of Service**

I HEREBY CERTIFY that a true and correct copy of the foregoing Petition for Waiver has been furnished via U.S. Mail this 26th day of December, 2018, to the Joint Administrative Procedures Committee, 680 Pepper Building, 111 W. Madison Street, Tallahassee, FL 32399-1400.

A handwritten signature in black ink, appearing to read "Beth Keating", is written over a horizontal line.

Beth Keating  
Gunster, Yoakley & Stewart, P.A.  
215 South Monroe St., Suite 601  
Tallahassee, FL 32301