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

STATE OF FLORIDA

DIVISION OF ECONOMICS
JUDY HARLOW
DIRECTOR
(850) 413-6842

Public Service Commission

June 11, 2019

Mike Cassel
Florida Public Utilities Company/
Florida Division of Chesapeake
1750 South 14th Street
Suite 200
Fernandina Beach, FL 32034

Re: Docket No. 20190056-GU - 2019 Consolidated Depreciation Study Petition by Florida Public Utilities Company, Florida Public Utilities Company - Indiantown Division, Florida Public Utilities Company - Fort Meade, and the Florida Division of Chesapeake Utilities Corporation.

Mr. Cassel:

Please find the enclosed Staff Report concerning Florida Public Utilities Company's Consolidated 2019 Depreciation Study. Staff has included a number of questions as part of its report, which we ask be responded to by July 2, 2019.

Should you have any questions, or need further information, please do not hesitate to contact Devlin Higgins at (850) 413-6433.

Sincerely,

Devlin Higgins
Public Utilities Analyst

Attachment
cc: Beth Keating/Gunster Law Firm
Office of Public Counsel
Office of Commission Clerk

General

Both the Company's proposals and staff's initial positions are based on actual plant balances as of December 31, 2018. Additionally, rather than citing all occurrences of currently-approved depreciation parameters and rates, staff notes that all depreciation rates in effect were ordered by Florida Public Service Commission (Commission) Order No. PSC-14-0698-PAA-GU.[1]

Due to certain matters raised during Florida Public Utilities Company's (FPUC) preceding depreciation study review in 2014, the Commission wrote in Order No. PSC-14-0698-PAA-GU, "[t]he Company shall implement a procedure of maintaining clear documentation on each gross salvage and [cost of removal] booked so that we can verify these records through the Annual Status Report reviewing process."[2] Staff understands that the factors which led to the aforementioned issues continue to be addressed. In response to staff inquiry, the Company remarked that it is currently in the process of implementing standardized practices and procedures across all business units regarding retirement-related bookkeeping. However, Company efforts have been partially impeded by high employee turnover, communication issues, and corporate-level restructuring. Although given these challenges, newly-revised policies regarding FPUC's fixed-asset accounting, which aim to mitigate future reoccurrences of similar issues, will go into effect August 1, 2019. Staff will monitor the effects of new Company policies regarding retirement-related bookkeeping through its Annual Depreciation Status Report (ADSR) review process.[3]

Staff discusses its initial positions regarding the Revised 2019 Consolidated Depreciation Study by Florida Public Utilities Company, Florida Public Utilities Company - Indiantown Division, Florida Public Utilities Company - Fort Meade, and the Florida Division of Chesapeake Utilities Corporation (2019 Study) further below. If a depreciation parameter for any given Federal Energy Regulatory Commission (FERC) account was not specifically discussed, staff accepted and/or agreed with the Company's proposal. This was the case for all proposed net salvage (NS) values for example. This is also the case for any account not listed in this report. Complete tabulations of staff's initial depreciation parameter positions, as well as depreciation rates and expense comparisons (to FPUC's currently-approved depreciation rates) are shown on Attachments A and B located at the end of this report.

Reserve Transfers

When a reserve imbalance exists, which is the difference between the theoretical reserve and the book reserve, reserve transfers may possibly be performed.[4] The Commission has approved reserve transfers to reduce or eliminate reserve imbalances in the past. However, Rule 25-7.045(4)(e), Florida Administrative Code, does not require that reserve transfers be performed, only that reserve imbalances be identified. As a functional matter, the remaining life depreciation

---

[1] 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*.
[2] Id.
[3] Rule 25-7.045(6), Florida Administrative Code.
[4] The theoretical reserve is the calculated balance that would be in the reserve if the estimates of depreciation life and salvage now considered appropriate had always been applied. The book reserve is the amount of plant investment actually recovered to date.

rate, which is calculated using the reserve percentage as one of the input parameters, corrects any reserve imbalance over the life of the account, thus "self-correcting" any imbalance. However, when a significant reserve imbalance is observed, a reserve transfer (if possible) may become necessary due to magnitude.

For the 2019 Study, FPUC calculated a reserve surplus of $2.3 million applying the Company's proposed depreciation life and salvage parameters. The most significant reserve imbalances are found in the plastic and Gas Reliability Infrastructure Program (GRIP) mains accounts (376.1 and 376G), which are $11.1 million surplus and $7.1 deficit respectively; and plastic and GRIP services accounts (380.1 and 380G), which are $2.6 million surplus and $3.1 million deficit respectively.[5,6] However, FPUC proposed that plastic mains and GRIP mains accounts are combined for one depreciation rate; and plastic services and GRIP services accounts are combined for one depreciation rate. Staff agrees with the Company's proposal. In so doing, the reserve imbalances are reduced to approximately $4 million surplus for the total plastic mains account and approximately $0.5 million deficit for the total plastic services account. Thus staff believes that it is reasonable not to perform any reserve transfers in the current proceeding, but rather re-investigate the matter during the Company's next depreciation study review.

<u>General Plant Amortization</u>

With the adoption of vintage group accounting for certain General Plant accounts, assets (at the date of adoption) that meet or exceed the average service life (ASL) of the relevant accounts must be retired. The total amount of retirement dollars due to the adoption of vintage group accounting is approximately $690,500. Further, all General Plant accounts that are moved to vintage group accounting must be set to their theoretically correct reserve level at that time. This is achieved by comparing actual book reserves to theoretical reserves to determine if an imbalance exists. The resulting reserve imbalance for FPUC's General Plant accounts moving to vintage group accounting is a deficiency of $1,350,980. FPUC has proposed, and staff will recommend, to amortize the deficiency over 5 years resulting in an annual expense of $270,196.

<u>Data Request</u>

1. Please refer to the 2019 Study, Exhibit I, for the following request. Please discuss why the Company is not seeking a change in the approved NS rate for Account 390 – Structures & Improvements.

2. Please refer to FPUC's response to Staff's First Data Request, Nos. 8, 13, 15, 17, 23, 26, and 30. In these responses, FPUC indicated that "[a]t this time the Company has not been able to obtain any additional information regarding the lack of retirement activity and is unable to definitively determine the cause of this discrepancy" associated with the Cost of Removal (COR) and salvage shown in Table 1 below. Knowing that the Company "continues its endeavor in developing and implementing standard practices and

---

[5] Revised Attachment 2, Exhibit DD, and FPUC's response to Staff's Data Request, No. 38.
[6] Order No. PSC-12-0490-TRF-GU, Issued September 24, 2012, in Docket No. 120036-GU, *<u>In re: Joint petition for approval of Gas Reliability Infrastructure Program (GRIP) by Florida Public Utilities Company and the Florida Division of Chesapeake Utilities Corporation</u>*.

procedures governing retirements and removal costs," should the Company discover the cause of the discussed discrepancies and makes corresponding corrections in the course of implementing the said practices and procedures, please report the outcomes in FPUC's Depreciation Study and/or ADSR to be filed in the future.[7]

Table 1: Non-retirement-associated COR and salvage activities

Acct No.	Description	Year	COR Amount	Gross Salvage Amount	DR No.
379.0	Measuring & Regu. Equip. - City Gate	2014	($13,211)		8b
		2015	($4,175)		8c
378.0	Measuring & Regu. Equip. - General	2013	($8,599)		13
		2014	($4,299)		15
		2017	($23,565)		26
		2018	($13,373)		30
				$5,509	30
382.0	Meter - Installations	2014	($103,142)		17
		2016	($64,280)		23

3. Please refer to FPUC's response to Staff's First Data Request, Nos. 22a and 22b. In its DR responses, FPUC indicated that "entries will be made in the 2019 GL to correct accounts" regarding the CORs shown in Table 2 below. Please notify the Commission that these correcting entries have been made, as part of FPUC's 2019 ADSR.

Table 2: Correction of COR entries to be made in the 2019 GL

Acct No.	Description	Year	COR Amount	DR No.
389.0	Land and Land Rights	2015	$1,318	22a
390.0	Structures and Improvements	2015	($1,318)	22b

4. Please refer to FPUC's response to Staff's First Data Request, No. 35. In its DR response, FPUC indicated that "entries will be made in the 2019 general ledger (GL) to correct accounts" regarding the plant balances shown in Table 3 below. Please notify the Commission that these correcting entries have been made, as part of FPUC's 2019 ADSR.

Table 3: DR No. 35-related correction of year ending balance to be made in the 2019 GL

Acct No.	Name	Exh. G 2018 Ending Balance	Exhs. AA, CC & DD 1/1/19 Investment	Difference
376.1	Mains - Plastic	$93,906,023	$93,902,357	$3,666
376.2	Mains - Steel	$60,145,894	$60,146,931	($1,037)
379.0	Measuring & Regulating Equip. - City Gate	$13,017,664	$13,020,294	($2,630)
381.1	Meters - AMR Equip.	$2,216,411	$2,232,914	($16,503)
382.1	Meter Installation - MTU/DUC	$593,040	$596,662	($3,622)

5. Please refer to FPUC's response to Staff's First Data Request, No. 37. In its DR response, FPUC indicated that "entries will be made in the 2019 GL to correct accounts" regarding the inconsistencies shown in Table 4 below. Please notify the Commission that these correcting entries have been made, as part of FPUC's 2019 ADSR.

[7] Revised Attachment 1 of the 2019 Study, page 5.

Table 4: DR No. 37-related correction of entries to be made in the 2019 GL

Schedule	Column	Account	Value reported on p. 50/86	Value reported on p. 51/86	Difference
Reserve	Accruals	380.1	$1,111,798	$1,198,324	($86,526)
Reserve	COR	380.1	($577,358)	($522,678)	($54,680)
Reserve	Adjustments	376.1	$583	$555	$28
Reserve	Adjustments	376.2	($181)	($143)	($38)
Reserve	Adjustments	379.0	($596)	($206)	($390)

Staff's Initial Positions

The following section of this report details staff's initial positions which are based on information found in FPUC's 2019 Study as well as Company responses to Staff's First Data Request, dated May 17, 2019.[8] Both the Company's proposals and staff's initial positions are based on actual plant balances as of December 31, 2018. The recommended effective date for new depreciation rates will be January 1, 2019.

Account 374.1 – Land Rights

This account contains investment associated with easements, and it has an average age of 27.6 years. The current investment of the account was made in 1990 and 1991, and FPUC has no plans for near-term retirement. Given these factors, FPUC proposed an increase in the account's ASL from 30 years to 35 years. Staff believes this proposal is reasonable. Using the account's average age with an SQ retirement dispersion, an average remaining life (ARL) of 7.4 years is calculated. With respect to the NS parameter, FPUC proposed to retain the existing zero percent level. Considering the nature of the account and the industry averages, staff agrees with FPUC's NS proposal.

Account 376 – Distribution Mains Accounts

Mains accounts consist of plastic mains (Account 376.1), steel mains (Account 376.2), and GRIP mains (Account 376G). Collectively, these accounts comprise 64 percent of FPUC's distribution plant investment and more than 60 percent of FPUC's total plant investment under study. In 2012, the Commission approved FPUC's GRIP initiative.[9] GRIP provides for the accelerated replacement of FPUC's bare steel and cast iron piping. The program was initiated in response to concerns regarding aging infrastructure, reliability, and safety. As a result, GRIP-related plant investment has increased by approximately 150 percent during the current study period; and the mains accounts have also experienced increased retirements due to the GRIP. However, FPUC indicated that it "believes this situation will return to normal once GRIP ends in 2022."[10]

Each of the mains accounts has a currently-approved ASL of 45 years. FPUC proposed to increase the ASL of all three mains accounts to 55 years. The Company believes that with the replacement of the problematic mains, the new mains investment should experience a longer life. With the current expectation that plastic mains will experience an average life expectancy of more than 55 years, staff concurs with FPUC's service life proposals for the mains accounts.

The current prescribed retirement dispersion for plastic (inclusive of GRIP) and steel mains accounts is S3 curve shape. FPUC acknowledged that during this study period the retirement activities in mains accounts indicated retirement dispersions with higher infant mortality than S3 curve shape provides. However, the Company believes, and staff concurs, that the retirement dispersions used for estimating future lives should be based on the expectation of a return to normalcy (with less infant mortality), as the retirement activities are expected to return to normal

[8] FPSC Document No. 04383-2019.
[9] Order No. PSC-12-0490-TRF-GU.
[10] Revised Attachment 1 of the 2019 Study, page 5.

when the GRIP ends. Thus, FPUC believes the current S3 dispersion remains reasonable. Consequently, for the combined plastic and GRIP mains account, an ARL of 48 years is calculated using a 55 year ASL with the account's average age of 7.3 years. For the steel mains account, an ARL of 37 years is calculated using a 55 year ASL with the account's average age of 18.5 years.

The mains accounts currently have prescribed NS parameters of negative 16 percent and negative 28 percent, respectively, for plastic (including GRIP) and steel mains. During the current study period, the plastic mains experienced NS activities ranging from negative 24 percent to negative 668 percent with an average of negative 147 percent; and the steel mains experienced NS activities ranging from negative 56 percent to negative 1228 percent with an average of negative 172 percent. FPUC considers that such atypical activities' patterns were due to the GRIP replacement, and expects that the NS activities of these mains accounts will return to some normalcy in the future as GRIP replacements decrease and the program ends.

The Company also acknowledged that although FPUC is unable to discern the exact cause for the erratic removal costs it recorded, it anticipates such anomalies will be reduced as the Company continues in its endeavor of developing and implementing standard practices and procedures governing retirements and removal costs. As such, FPUC proposed retaining the currently prescribed NS parameters for plastic (inclusive of GRIP) and steel mains accounts. Staff believes this is reasonable and concurs with FPUC's proposals.

Account 379 – Measuring & Regulating Equip. (City Gate)

This account consists of pipes, controls and other equipment used at city gate stations. During the current study period, the account has experienced an increase of approximately 72 percent in plant investment with no plant retirement. This makes statistical analysis of life unreliable and reliance on industry averages becomes necessary. Acknowledging "[a]verage service lives for other gas companies in the State range from 31 years to 35 years," FPUC proposed a slight increase in the ASL from 30 to 32 years. Staff agrees with FPUC's proposal which is reasonable and moderate. This results in an ARL of 23 years calculated by using the account's average age of 9.5 years and existing R3 retirement dispersion.

Regarding the NS parameter, FPUC proposed to retain the currently prescribed value of negative 5 percent. Staff concurs with the Company's proposal recognizing the account's limited level of retirement activities during the study period.

Account 380 – Distribution Services Accounts

Services accounts consist of plastic services (Account 380.1), steel services (Account 380.2), and GRIP services (Account 380G). Collectively, these services accounts comprise approximately 20 percent of FPUC's distribution plant investment and 19 percent of FPUC's total plant investment under study. As with the mains accounts, bare steel and cast iron services pipes are being replaced as a result of GRIP and in response to concerns regarding reliability and safety of the aging infrastructure.

For the plastic services (inclusive of GRIP) account, the currently-approved ASL is 45 years. For the steel services account, the currently-approved ASL is 40 years. FPUC believes that all of its service accounts' investments now have longer life expectancies as a result of the replacement of the problematic services pipes. FPUC proposed to increase the ASL of all services accounts by 10 years, which brings the ASL of plastic services to 55 years and the ASL of steel services to 50 years. Staff considers FPUC's ASL proposals to be reasonable. The age of the plastic services account is 9.0 years, and the age of the steel services account is 31.3 years. The existing retirement dispersion of plastic services is S3, which FPUC believes may not accurately reflect current retirement dispersion, but is reflective of future expectations. The existing retirement dispersion of steel services is S2. Using these parameters, the ARLs of the plastic services account and the steel services account is 46 years and 22 years, respectively.

For plastic (inclusive of GRIP) and steel services, these accounts currently have a prescribed NS parameter of negative 22 percent and negative 125 percent, respectively. Similar to the mains accounts, the services accounts experienced a large range of NS values during the current study period: the recorded NS of plastic services ranging from negative 58 percent to negative 341 percent with an average of negative 101 percent; and the recorded NS of steel services ranging from negative 49 percent to negative 357 percent with an average of negative 179 percent. FPUC considers this activity atypical and caused by GRIP replacement. The Company expects the NS levels will return to some normalcy in the future as GRIP replacements decrease into the program's completion.

The Company also acknowledged that although FPUC is unable to discern the exact cause for the erratic removal costs it recorded, FPUC anticipates such anomalies and atypical data will be reduced as the Company continues in its endeavor of developing and implementing standard practices and procedures governing retirements and removal costs. As such, FPUC proposes retaining the currently prescribed NS parameters for plastic (inclusive of GRIP) and steel services accounts. Staff agrees with FPUC's proposals.

<u>Account 385 – Industrial Measuring & Regulating Equipment</u>

This account consists of measuring and regulating equipment at industrial stations. The ASL underlying the existing prescribed ARL of the account is 30 years. During the study period, this account experienced moderate growth of 5.2 percent and no retirement activity. This makes reliance on industry averages necessary. Being aware that "[o]ther companies in the State have average service lives ranging from 30 years to 37 years," FPUC proposed a modest increase in the ASL to 35 years. Staff believes this service life proposal is reasonable and concurs with it. Using the account's average age of 18.9 years with existing R3 retirement dispersion, an ARL of 17.7 years is calculated.

In terms of the NS parameter, FPUC proposes to retain the currently approved zero percent value. Since there were no retirement and no salvage activities experienced during the study period, FPUC proposes retaining the currently prescribed NS of zero percent. Staff concurs with the Company's proposal.

Account 390 – Structures & Improvements

The currently-approved NS rate for this account is 10 percent. The most recent 6-year analysis of actual NS is approximately 51 percent. While the Company is not currently seeking a change from the 10 percent level, staff recommends monitoring this account's NS developments over the next study period for determining if the trend towards higher NS persists.

Account 391.0 – Office Furniture

Staff supports the Company's proposal to adopt vintage year accounting for this account.[11] An annual amortization rate of 5 percent will be recommended for approval.

Account 391.2 – Office Equipment

Staff supports the Company's proposal to adopt vintage year accounting for this account. An annual amortization rate of 7.1 percent will be recommended for approval.

Account 391.3 – Computer Hardware

Staff supports the Company's proposal to adopt vintage year accounting for this account. An annual amortization rate of 10 percent will be recommended for approval.

Account 391.4 – Computer Software

Staff supports the Company's proposal to adopt vintage year accounting for this account. An annual amortization rate of 10 percent will be recommended for approval.

Account 393 – Stores Equipment

Staff supports the Company's proposal to adopt vintage year accounting for this account. An annual amortization rate of 3.8 percent will be recommended for approval.

Account 394 – Tools, Shop & Garage Equipment

Staff supports the Company's proposal to adopt vintage year accounting for this account. An annual amortization rate of 6.7 percent will be recommended for approval.

Account 395 – Laboratory Equipment

Staff supports the Company's proposal to adopt vintage year accounting for this account. An annual amortization rate of 5.0 percent will be recommended for approval.

[11] See FERC Accounting Release 15.

Account 397 – Communication Equipment

Staff supports the Company's proposal to adopt vintage year accounting for this account. An annual amortization rate of 7.7 percent will be recommended for approval.

Account 398 – Miscellaneous Equipment

Staff supports the Company's proposal to adopt vintage year accounting for this account. An annual amortization rate of 5.9 percent will be recommended for approval.

Attachment A

Comparison of Rates and Components

Account Number	Account Title	Current[1] Ave. Rem. Life (yrs.)	Current[1] Future Net Salvage (%)	Current[1] Remaining Life Rate (%)	Staff Recommended Ave. Rem. Life (yrs.)	Staff Recommended Reserve (%)	Staff Recommended Future Net Salvage (%)	Staff Recommended Remaining Life Rate (%)
DISTRIBUTION PLANT								
374.1	Land Rights	7.4	0	17.2	7.4	59.02	0	5.5
375	Structures & Improvements	18.9	0	2.5	23.0	42.02	0	2.5
376.1	Mains - Plastic	35.0	(16)	2.6	48.0	17.26	(16)	2.1
376.2	Mains - Steel	28.0	(28)	2.8	37.0	45.56	(28)	2.2
376 G	Mains - GRIP	35.0	(16)		48.0	17.26	(16)	2.1
378	M&R Station Equip. - General	21.0	(5)	3.3	23.0	25.21	(5)	3.5
379	M&R Station Equip. - City Gate	22.0	(5)	3.4	23.0	33.14	(5)	3.1
380.1	Services - Plastic	34.0	(22)	2.7	46.0	20.27	(22)	2.2
380.2	Services - Other	24.0	(125)	6.5	22.0	22.61	(125)	9.2
380 G	Services - GRIP	34.0	(22)		46.0	20.27	(22)	2.2
381	Meters	16.2	0	3.7	17.1	38.26	0	3.6
381.1	Meters - AMR Equipment	16.7	0	4.5	12.1	47.57	0	4.3
382	Meter Installations	25.0	(10)	3.1	27.0	23.76	(10)	3.2
382.1	Meter Installations - MTU/DCU	33.0	(10)	2.6	28.0	37.18	(10)	2.6
383	House Regulators	16.7	0	3.3	16.2	45.98	0	3.3
384	House Regulator Installations	21.0	0	2.7	16.3	55.65	0	2.7
385	Industrial M&R Station Equip.	16.9	0	3.4	17.7	59.64	0	2.3
387	Other Equipment	15.7	0	4.0	15.7	37.24	0	4.0
GENERAL PLANT								
390	Structures & Improvements	31.0	10	2	31.0	17.40	10	2.3
391	Office Furniture	15.6	0	3.7	20-Year Amortization			
391.2	Office Equipment	10.1	0	6.1	14-Year Amortization			
391.3	Computer Hardware	4.3	0	5.2	10-Year Amortization			
391.4	Computer Software	4.3	0	5.2	10-Year Amortization			
392.1	Transportation - Cars	5.1	10	11	4.4	13.54	10	17.4
392.2	Transportation - Light Trucks & Vans	4.8	20	8	5.1	37.37	20	8.4
392.3	Transportation - Heavy Trucks	0.0	10	8.2	0.0	0.00	10	8.2

Attachment A

Comparison of Rates and Components

Account Number	Account Title	**Current**[1] Ave. Rem. Life (yrs.)	**Current**[1] Future Net Salvage (%)	**Current**[1] Remaining Life Rate (%)	**Staff Recommended** Ave. Rem. Life (yrs.)	**Staff Recommended** Reserve (%)	**Staff Recommended** Future Net Salvage (%)	**Staff Recommended** Remaining Life Rate (%)
392.4	Transportation - Other	9.9	0	3.3	9.8	43.27	0	5.8
393	Stores Equipment	5.8	0	5.8	26-Year Amortization			
394	Tools, Shop & Garage Equip.	3.8	0	7.4	15-Year Amortization			
395	Laboratory Equipment	0.0	0	5	20-Year Amortization			
396	Power Operated Equip.	6.0	10	1.1	5.7	61.16	10	5.1
397	Communication Equip.	8.1	0	7	13-Year Amortization			
398	Miscellaneous Equip.	10.5	0	4.6	17-Year Amortization			
399	Miscellaneous Tangible	5-Year Amortization			5-Year Amortization			

[1] Order No. PSC-14-0698-PAA-GU

Attachment B

Account Number	Account Title	Comparison of Expenses Current[1] Depreciation Rate (%)	Annual Expense ($)	Staff Proposed Depreciation Rate (%)	Annual Expense ($)	Change In Expense ($)
DISTRIBUTION PLANT						
374.1	Land Rights	17.2	2,221	5.5	710	(1,511)
375	Structures & Improvements	2.5	40,109	2.5	40,109	0
376.1	Mains - Plastic	2.6	2,441,461	2.1	$1,971,949	(469,512)
376.2	Mains - Steel	2.8	1,684,114	2.2	1,323,232	(360,882)
376 G	Mains - GRIP	2.6	2,602,559	2.1	2,102,067	(500,492)
378	M&R Station Equip. - General	3.3	143,871	3.5	152,591	8,720
379	M&R Station Equip. - City Gate	3.4	442,690	3.1	403,629	(39,061)
380.1	Services - Plastic	2.7	1,381,087	2.2	$1,125,330	(255,757)
380.2	Services - Other	6.5	116,239	9.2	164,523	48,284
380 G	Services - GRIP	2.7	697,998	2.2	$568,739	(129,259)
381	Meters	3.7	616,414	3.6	599,754	(16,660)
381.1	Meters - AMR Equipment	4.5	100,481	4.3	96,015	(4,466)
382	Meter Installations	3.1	419,307	3.2	432,834	13,527
382.1	Meter Installations - MTU/DCU	2.6	15,513	2.6	15,513	0
383	House Regulators	3.3	175,520	3.3	175,520	0
384	House Regulator Installations	2.7	28,172	2.7	28,172	0
385	Industrial M&R Station Equip.	3.4	62,857	2.3	42,521	(20,336)
387	Other Equipment	4.0	117,769	4.0	117,769	0
GENERAL PLANT						
390	Structures & Improvements	2.0	62,775	2.3	72,192	9,417
391	Office Furniture	3.7	59,572	5.0	80,503	20,931
391.2	Office Equipment	6.1	119,198	7.1	138,738	19,541
391.3	Computer Hardware	5.2	50,833	10.0	97,755	46,922
391.4	Computer Software	5.2	387,213	10.0	744,641	357,428
392.1	Transportation - Cars	11.0	17,852	17.4	28,239	10,387
392.2	Transportation - Light Trucks & Vans	8.0	440,778	8.4	462,817	22,039
392.3	Transportation - Heavy Trucks	8.2	0	8.2	0	0
392.4	Transportation - Other	3.3	3,011	5.8	5,292	2,281
393	Stores Equipment	5.8	1,484	3.8	972	(512)
394	Tools, Shop & Garage Equip.	7.4	68,426	6.7	61,953	(6,473)
395	Laboratory Equipment	5.0	0	5.0	0	0

Attachment B

Comparison of Expenses							
		Current[1]		Staff Proposed		
Account Number	Account Title	Depreciation Rate (%)	Annual Expense ($)	Depreciation Rate (%)	Annual Expense ($)	Change In Expense ($)
396	Power Operated Equip.	1.1	16,776	5.1	77,782	61,006
397	Communication Equip.	7.0	156,963	7.7	172,659	15,696
398	Miscellaneous Equip.	4.6	16,445	5.9	21,092	4,647
399	Miscellaneous Tangible	20.0	0	20.0	0	0
General Plant Reserve Deficiency				20.0	270,196	270,196
	Total		**12,489,709**		**11,595,809**	**(893,899)**

[1] Order No. PSC-14-0698-PAA-GU