



DOCKET NO. 20210183-GU

FILED 11/18/2021

DOCUMENT NO. 12767-2021  
FPSC - COMMISSION CLERK

## Brimmer, Burek & Keelan, LLP

### Certified Public Accountants

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November 18, 2021

Mr. Adam J. Teitzman, Commission Clerk  
Office of the Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

Re: Petition for Approval of 2021 Depreciation Study

Dear Ms. Teitzman:

Enclosed for the filing, please find the original and 5 copies of the Petition for Approval of 2021 Depreciation Study, which is submitted for approval today via the Florida Public Service Commission Portal.

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

Sincerely,

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  
Public Accountants

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition for Approval of Sebring )  
Gas Systems, Inc depreciation study )  
for six-year period 2016 through )  
2021. )

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Docket No. \_\_\_\_\_  
Filed: November 18, 2021

FLORIDA PUBLIC UTILITIES COMPANY'S  
PETITION FOR APPROVAL OF 2021  
DEPRECIATION STUDY

As required by Rule 25-7.045(8)(a), Florida Administrative Code, attached is the depreciation study projected through December 31, 2021. In support of this Petition, the Company states as follows:

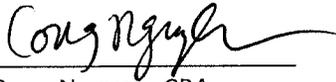
1. Name and mailing address of the Company:  
Sebring Gas Systems, Inc  
3515 US Highway 27 South  
Sebring, FL 33870-5449
  
2. Names and mailing addresses of the persons authorized to receive notices and communications with respect to this Petition are:  

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
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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 December 19, 2016. 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. 376.2 Mains- Plastic
  - b. 379 Measuring and Regulating Eqt.- City Gate
  - c. 381 Meters
  - d. 382 Meter Installations
  - e. 383 House Regulations
  - f. 384 House Regulator Installations
  - g. 386 Property on Customers' Premises
  - h. 390 Leasehold Improvements

- i. 391.2 Office Equipment
- j. 392.1 Transportation -Trucks
- k. 394 Tools, Shop & Garage Equipment
- l. 396 Power Operated Equipment- New
- m. 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, 2022.

Respectfully submitted this 18th day of November 2021



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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.)
<b>DISTRIBUTION PLANT</b>						
Account number and description, as applicable:						
376.1 - Mains - Steel	30.40		45.00	32.00		45.00
376.2 - Mains - Plastic	11.20		45.00	17.00		45.00
378 - Measuring and Regulating Ept. Gen - Embedded	17.00		33.00	19.90		33.00
379 - Measuring and Regulating Ept. - City Gate	4.40		32.00	7.00		32.00
380.1 - Services - Steel	36.20		48.00	44.00		48.00
380.2 - Services - Plastic	9.30		40.00	10.00		40.00
381 - Meters	15.60		25.00	12.90		25.00
382 - Meter Installations	14.50		34.00	16.00		34.00
383 - House Regulations	23.00		30.00	19.50		30.00
384 - House Regulator Installations	19.30		34.00	20.30		34.00
386 - Property on Customers' Premises	18.10		25.00	15.50		25.00
387 - Other Equipment	8.20		25.00	9.50		25.00
<b>GENERAL PLANT</b>						
Account number and description						
390.0 - Leasehold Improvements	0.00		40.00	2.00		40.00
391.1 - Office Furniture	0.00		25.00	16.20		25.00
391.2 - Office Equipment	0.00		15.00	9.20		15.00
392.1 - Transportation - Trucks	0.00		8.00	5.00		8.00
394 - Tools, Shop & Garage Equipment	0.00		15.00	4.70		15.00
396 - Power Operated Equipment - New	0.00		15.00	9.60		15.00
397 - Communication Equipment	3.00		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.)	(%)	(%)	(%)
<b>DISTRIBUTION</b>							
Account number and description, as applicable							
376.1 - Mains - Steel	14.60	-30.00%	2.900%	13.00	-30.00%	70.724	2.900%
376.2 - Mains - Plastic	33.80	-30.00%	2.900%	28.00	-30.00%	37.291	3.500%
378 - Measuring and Regulating Ept. Gen - Embedded	16.00	-2.00%	3.100%	13.10	-2.00%	60.275	3.100%
379 - Measuring and Regulating Ept. - City Gate	27.60	-2.00%	3.200%	25.00	-2.00%	21.839	3.500%
380.1 - Services - Steel	11.80	-30.00%	1.000%	4.00	-30.00%	91.342	1.000%
380.2 - Services - Plastic	30.70	-30.00%	3.200%	30.00	-30.00%	24.475	3.200%
381 - Meters	9.40	0.00%	3.800%	12.10	0.00%	51.600	2.500%
382 - Meter Installations	19.50	-5.00%	3.100%	18.00	-5.00%	46.982	3.200%
383 - House Regulations	7.00	0.00%	3.100%	10.50	0.00%	65.000	3.300%
384 - House Regulator Installations	14.70	-3.00%	3.000%	13.70	-3.00%	59.664	3.200%
386 - Property on Customers' Premises	6.90	0.00%	2.300%	9.50	0.00%	62.000	2.500%
387 - Other Equipment	16.80	0.00%	4.000%	15.50	0.00%	38.000	4.000%
<b>GENERAL PLANT</b>							
Account number and description							
390.0 - Leasehold Improvements	40.00	0.00%	2.500%	38.00	0.00%	5.00	4.000%
391.1 - Office Furniture	25.00	0.00%	4.000%	8.80	0.00%	64.80	4.000%
391.2 - Office Equipment	15.00	0.00%	4.400%	5.80	0.00%	61.33	2.600%
392.1 - Transportation - Trucks	8.00	15.00%	9.000%	3.00	15.00%	62.71	8.500%
394 - Tools, Shop & Garage Equipment	15.00	0.00%	6.700%	10.30	0.00%	31.33	5.500%
396 - Power Operated Equipment - New	15.00	0.00%	5.900%	5.40	0.00%	64.00	3.500%
397 - Communication Equipment	15.00	0.00%	5.600%	5.00	0.00%	72.22	6.200%
<b>CAPITAL RECOVERY SCHEDULES, as applicable</b>							

## COMPARISON OF EXPENSES

ACCOUNT	PROJECTED		CURRENT RATES		PROPOSED RATES		CHANGE IN EXPENSES (\$)
	INVESTMENT AS OF 12/31/21 (\$)	RESERVE AS OF 12/31/21 (\$)	DEPRECIATION RATE (%)	EXPENSES (\$)	DEPRECIATION RATE (%)	EXPENSES (\$)	
	(a)	(b)	(c)	(d) = (c)*(a)	(e)	(f) = (e)*(a)	
<b>DISTRIBUTION PLANT</b>							
Account number and description, as applicable:							
376.1 - Mains - Steel	\$ 187,405	\$ 190,678	2.900%	5,435	2.9%	5,435	-
376.2 - Mains - Plastic	2,947,715	1,122,211	2.900%	85,484	3.5%	103,170	17,686
378 - Measuring and Regulating Ept. Gen - Embedded	22,737	11,709	3.100%	705	3.1%	705	-
379 - Measuring and Regulating Ept. - City Gate	1,241,627	366,705	3.200%	39,732	3.5%	43,457	3,725
380.1 - Services - Steel	349,838	431,236	1.000%	3,498	1.0%	3,498	-
380.2 - Services - Plastic	1,075,001	349,250	3.200%	34,400	3.2%	34,400	-
381 - Meters	373,128	237,067	3.800%	14,179	2.5%	9,328	(4,851)
382 - Meter Installations	223,686	78,323	3.100%	6,934	3.2%	7,158	224
383 - House Regulations	52,204	31,472	3.100%	1,618	3.3%	1,723	104
384 - House Regulator Installations	83,489	48,880	3.000%	2,505	3.2%	2,672	167
386 - Property on Customers' Premises	35,310	34,087	2.300%	812	2.5%	883	71
387 - Other Equipment	23,209	11,988	4.000%	928	4.0%	928	-
<b>TOTAL DISTRIBUTION PLAN</b>	<b>\$ 6,615,349</b>	<b>\$ 2,913,606</b>		<b>\$196,230</b>		<b>\$213,357</b>	<b>\$ 17,126</b>
<b>GENERAL PLANT</b>							
Account number and description, as applicable:							
390.0 - Leasehold Improvements	13,278	4,296	2.500%	332	4.0%	531	199
391.1 - Office Furniture	3,033	1,023	4.000%	121	4.0%	121	-
391.2 - Office Equipment	33,424	33,179	4.400%	1,471	2.6%	869	(602)
392.1 - Transportation - Trucks	307,698	230,098	9.000%	27,693	8.5%	26,154	(1,538)
394 - Tools, Shop & Garage Equipment	33,758	17,776	6.700%	2,262	5.5%	1,857	(405)
396 - Power Operated Equipment - New	30,902	28,306	5.900%	1,823	3.5%	1,082	(742)
397 - Communication Equipment	46,858	14,634	5.600%	2,624	6.2%	2,905	281
<b>TOTAL GENERAL PLANT</b>	<b>\$ 468,951</b>	<b>\$ 329,312</b>		<b>36,326</b>		<b>33,519</b>	<b>(2,807)</b>
<b>CAPITAL RECOVERY SCHEDULES, as applicable</b>							
<b>TOTAL PLANT</b>	<b>\$ 7,084,300</b>	<b>\$ 3,242,918</b>		<b>\$ 232,556</b>		<b>\$246,876</b>	<b>\$ 14,320</b>

## THEORETICAL RESERVE

ACCOUNT	INVESTMENT AS OF 12/31/21 (a)	RESERVE AS OF 12/31/21 (b)	Average Service Life (c)	Net Salvage (d)	Whole Life Rate (e) = (100-d)/c	Average Remaining Life (f)	Theoretical Reserve Percentage (g) = (100-(e*f-d))	Theoretical Reserve Dollars (h) = g * a	Reserve Imbalance (i) = b-h
<b>DISTRIBUTION PLANT</b>									
Account number and description, as applicable:									
376.1 - Mains - Steel	\$ 187,405	\$ 190,678.00	45.0	-30%	2.2	13.0	70.7	132,541.15	58,136.85
376.2 - Mains - Plastic	2,947,715	1,122,211	45.0	-30%	2.2	28.0	37.3	1,099,235.68	22,975.32
378 - Measuring and Regulating Ept. Gen - Embedded	22,737	11,709	33.0	-2%	3.0	13.1	60.3	13,704.75	(1,995.75)
379 - Measuring and Regulating Ept. - City Gate	1,241,627	366,705	32.0	-2%	3.1	25.0	21.8	271,163.58	95,541.42
380.1 - Services - Steel	349,838	431,236	48.0	-30%	2.1	4.0	91.3	319,547.86	111,688.14
380.2 - Services - Plastic	1,075,001	349,250	40.0	-30%	2.5	30.0	24.5	263,106.49	86,143.51
381 - Meters	373,128	237,067	25.0	0%	4.0	12.1	51.6	192,534.05	44,532.95
382 - Meter Installations	223,686	78,323	34.0	-5%	2.9	18.0	47.0	105,092.95	(26,769.95)
383 - House Regulations	52,204	31,472	30.0	0%	3.3	10.5	65.0	33,932.60	(2,460.60)
384 - House Regulator Installations	83,489	48,880	34.0	-3%	2.9	13.7	59.7	49,812.71	(932.71)
386 - Property on Customers' Premises	35,310	34,087	25.0	0%	4.0	9.5	62.0	21,892.20	12,194.80
387 - Other Equipment	23,209	11,988	25.0	0%	4.0	15.5	38.0	8,819.42	3,168.58
<b>TOTAL DISTRIBUTION PLANT</b>	<b>\$ 6,615,349</b>	<b>\$ 2,913,606</b>						<b>\$ 2,511,383</b>	<b>\$402,222.58</b>
<b>GENERAL PLANT</b>									
Account number and description									
390.0 - Leasehold Improvements	13,278	4,296	40.0	0%	2.5	38.0	5.0	663.90	3,632.10
391.1 - Office Furniture	3,033	1,023	25.0	0%	4.0	8.8	64.8	1,965.38	(942.38)
391.2 - Office Equipment	33,424	33,179	15.0	0%	6.7	5.8	61.3	20,500.05	12,678.95
392.1 - Transportation - Trucks	307,698	230,098	8.0	15%	12.5	3.0	62.7	192,945.88	37,152.12
394 - Tools, Shop & Garage Equipment	33,758	17,776	15.0	0%	6.7	10.3	31.3	10,577.51	7,198.49
396 - Power Operated Equipment - New	30,902	28,306	15.0	0%	6.7	5.4	64.0	19,777.28	8,528.72
397 - Communication Equipment	46,858	14,634	18.0	0%	5.6	5.0	72.2	33,841.89	(19,207.89)
<b>TOTAL GENERAL PLANT</b>	<b>\$ 468,951</b>	<b>\$ 329,312</b>						<b>\$ 280,272</b>	<b>\$49,040.11</b>
<b>TOTAL PROPERTY</b>	<b>\$ 7,084,300</b>	<b>\$ 3,242,918</b>							
<b>CAPITAL RECOVERY SCHEDULES</b>									