

Writer's E-Mail Address: bkeating@gunster.com

November 4, 2019

VIA E-PORTAL

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

Re: Docket No. 20190083-GU: Petition for Rate Increase by Sebring Gas System, Inc.

Dear Mr. Teitzman:

Attached, for electronic filing in the above referenced matter, please find Sebring Gas System's Responses to Staff's Twelfth Set of Data Requests.

Thank you for your assistance with this filing. As always, please do not hesitate to contact me if you have any questions whatsoever.

Sincerely,



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

MEK

ATTACHMENTS

cc:// Office of Public Counsel (Kelly/Fall-Fry)



**Sebring Gas System, Inc.
Docket No. 20190083-GU
Responses to Staff's
Twelfth Set of Data Requests**

Please Refer to page 17, lines 17-21 of the Direct Testimony of Jerry Melendy, Jr. for the following questions:

1. Please complete the table below for Sebring's calculation of the CPI for the year 2018.

Month	CPI
January	
February	
March	
April	
May	
June	
July	
August	
September	
October	
November	
December	

Response: Please see attached Excel spreadsheet, tab "Question 1"

2. On MFR Schedule C-37, CPI is used to derive the Inflation Multiplier. What additional purposes did Sebring have for this Multiplier other than the calculation of the Inflation X Growth Multiplier in it's current filing?

Response: The CPI is only used for the trending factors supporting the O&M Expense projections for the Projected Test Year. The Company is aware of no additional purpose in this filing for the CPI.

3. On MFR Schedule C-37, please validate the percent increase in Average CPI for the year 2003. If there is an error in the value, a correction could lead to the increase in the Inflation X Growth Multiplier.



SEBRING GAS SYSTEM, INC.

Response: The Company concurs that the percent increase in Average CPI for the year 2003 is incorrect. Instead of it being 1.60%, it should be 2.28%. The change in Inflation X Growth Multiplier is from 1.8694 to 1.8819.

Please refer to Sebring's witness Russell Melendy's Direct Testimony (Testimony) and MFR Schedules G-2 and E-2 for questions 4 – 6 below:

4. With respect to the forecast for customer growth in the Cities of Wauchula and Arcadia discussed in the Testimony, pages 2 - 3, please provide responses to the questions below:

a. Please explain in detail on what bases the customer additions associated with the Cities of Wauchula and Arcadia are projected.

Response: As stated in the Direct Testimony of Mr. Russell Melendy, the basis for the projected customer additions in the Cities of Wauchula and Arcadia are primarily based on his local knowledge (and that of Mr. Jerry Melendy) as a propane company business owner, who serves several of these projected customers currently, and as a two-term County Commission who has knowledge of future growth opportunities as they present themselves to the County for zoning, permitting, etc. Also, Company personnel drove around each community to ensure that most existing commercial accounts were accounted for. The Company provided a specific list of potential customers for Wauchula and Arcadia in response to Staff's Sixth Set of Data Requests (attached hereto for convenience see "Potential Natural Gas Customers – Wauchula and Arcadia – redacted").

b. Has Sebring received any written, verbal, or other form of commitment/intention/interest for subscribing gas service from these potential customers? If so, please provide details.

Response: Please see attached Excel spreadsheet "Response to Sixth Set of Data Requests", tab "Question 6". The data reflects 2019 data (January to date of response to Sixth Set). Rows labeled Residential and Commercial "Deposits Received" means customers are now active. Rows labeled "Request for Service" for each customer type means that the Company is in the process of finalizing the connections and conversions for these potential customers.

c. Was Sebring's forecast of the new customer additions associated with the Cities of Wauchula and Arcadia solely derived from management's



judgement? If the answer is affirmative, please explain. If not, please explain other sources that were used for this forecast.

Response: No, the Company physically drove through both Cities, recording the location of each potential existing commercial account. The Company, in its response to Staff's Tenth Set of Data Requests, has provided detailed maps showing the location and expected rate classification of each potential customer.

- d. Please specify the number of the customer additions associated with each of the Cities of Wauchula and Arcadia, for 2019 and 2020, respectively.

Response: Please see attached Excel spreadsheet "Response to Sixth Set Data Requests", tabs "Question 2" and "Question 3", respectively for 2019 and 2020.

- e. Referring to MFR Schedules G-2, pages 6 – 9, and E-2, page 1 of 1, please identify the Bills and therms (or, Customer Charge and Transportation Charge as presented in E-2) that are related to the customer additions associated with the Cities of Wauchula and Arcadia for each Rate Classification in each Schedule.

Response: Please see attached Excel spreadsheet "Response to Tenth Set Data Requests", tabs "2019" and "2020". Also, filed MFR Schedule G-2, page 6. Excel rows 139 through 143 detail the customer additions ("Bills") for Sebring, Wauchula and Arcadia by month. Excel rows 122 through 126 show the average therm use per customer, by month, for each rate classification. Customer Charges are simply a calculation of the applicable rate times the number of customers, including the new additions, billed each month. Similar information was also filed with MFR Schedule G-2, page 8 in the same Excel rows as described above for Schedule G-2, page 6.

- f. Please identify the "potential commercial and industrial customers" discussed on page 3, lines 1 – 2, of the Testimony.

Response: The Company, at the time of filing, was aware of a couple of "potential commercial and industrial customers" looking to locate in these areas. A large TS-5 customer had been looking to locate in Wauchula, and, in fact, has recently has completed their facility and became an active customer of the Company. Another large potential TS-5 customer is also looking to locate in the Arcadia area, but is not yet active. Other smaller commercial accounts, such as restaurants, hospitality, etc, are consistently inquiring into these two communities.



5. With respect to the potential customer additions associated with the 50 low-income housing units in and around the City of Sebring discussed in the Testimony, page 3, lines 10 – 13, please provide responses to the following questions:

a. Please explain in detail on what bases such customer additions are projected.

Response: At the time of the instant filing, the Company believed that it had a good chance of providing service to this low-income housing community but, despite the Company's efforts, the project decided to not include natural gas. However, as shown on the attached Excel spreadsheet "Response to Sixth Set of Data Requests", tab "Question 6", the Company, through its Energy Conservation Cost Recovery (ECCR) program, has activated fourteen (14) TS-1 (Residential) customers and received Request for Service for an additional seven (7) TS-1 (Residential) customers in the Sebring area. The Company projected twenty-six (26) total TS-1 customer additions for the Historic Base Year + 1 (2019). Clearly, the Company is ahead of pace to achieve the projected 2019 TS-1 customer additions.

b. Has Sebring received any written, verbal, or other form of commitment/intention/interest for subscribing gas service from these potential customers?

Response: Please see the attached Excel spreadsheet "Response to Sixth Set of Data Requests", tab "Question 6", which details the requested information for the Sebring area.

c. Was Sebring's forecast of the potential customer additions associated with the 50 low-income housing units solely derived from management's judgement? If so, please explain. If not, please explain other sources that were used for this forecast.

Response: At the time of the filing, the Company's forecast was derived from management's judgement; however, given the circumstances described above, the Company believes that the actual year-to-date results demonstrate the reasonableness of the Company's 2019 TS-1 customer addition projections.

d. Please specify the number of customer additions associated with the 50 low-income housing units, for 2019 and 2020, respectively.



SEBRING GAS SYSTEM, INC.

Response: Please see the attached Excel spreadsheet “Response to Sixth Set of Data Requests”, tabs “Question 2” and “Question 3” under the column labeled “Sebring” for TS-1 customers (26 in 2019 and 24 in 2020 for a total of 50 customers). Although the Company’s situation has changed, it stands by its projections for Sebring TS-1 customers for 2019 and 2020, based on actual information provided herein.

- e. Referring to MFR Schedule G-2, pages 6 – 9, and E-2, page 1 of 1, please identify the Bills and therms (or, Customer Charge and Transportation Charge as presented in E-2) that are related to the customer additions associated with the 50 low-income housing units for each Rate Classification in each Schedule.

Response: Please see attached Excel spreadsheet “Response to Tenth Set Data Requests”, tabs “2019” and “2020”. Also, filed MFR Schedule G-2, page 6. Excel rows 139 through 143 detail the customer additions (“Bills”) for Sebring, Wauchula and Arcadia by month. All of the TS-1 Customer additions projected for 2019 are Sebring customers and 24 of the 30 TS-1 additions in 2020 are Sebring customers (50 total over the two years). Excel rows 122 through 126 show the average therm use per customer, by month, for each rate classification. Customer Charges are simply a calculation of the applicable rate times the number of customers, including the new additions, billed each month. Similar information was also filed with MFR Schedule G-2, page 8 in the same Excel rows as described above for Schedule G-2, page 6.

6. Referring to the Testimony, page 5, lines 17 – 19, please explain how Sebring used historical data as a basis for its projections of “normal” customer growth. Please provide workpapers, in MS Excel format, to support your response.

Response: As shown on MFR Schedule G-2, Page 6, excel rows 131 to 135, historic customer additions for 2018 were 30 new TS-1 customers and very little else (net). Therefore, the Company did not project any TS-2 through TS-5 customer additions for Sebring in 2019 and three customer additions in 2020 for TS-2 and one customer addition for TS-3. This is consistent with what the Company has added in the Sebring area historically.

Response Provided By:

1 signature page follows

Jerry H. Melendy, Jr.
President

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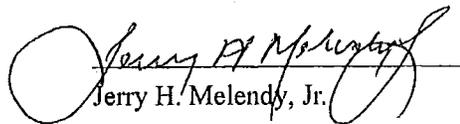
- E. Referring to MFR Schedule G-2, pages 6 – 9, and E-2, page 1 of 1, please identify the Bills and terms (or, Customer Charge and Transportation Charge as presented in E-2) that are related to the customer additions associated with the 50 low-income housing units for each Rate Classification in each Schedule.

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Response Provided By:


Jerry H. Melendy, Jr.

President

10/03/2019
Date