

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

July 23, 2019

**VIA E-PORTAL**

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

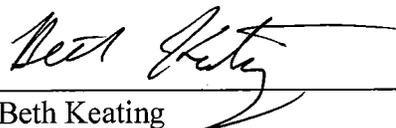
**Re: Docket No. 20190083-GU: Petition for Rate Increase by Sebring Gas System, Inc.**

Dear Mr. Teitzman:

Attached, for electronic filing in the above referenced matter, please find confirmation on behalf of Sebring Gas System of its compliance with Rule 25-22.0406, Florida Administrative Code, as it relates to issuance of the attached Staff-Approved Customer Notice to its customers.

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

Sincerely,



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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)

**AFFIDAVIT**

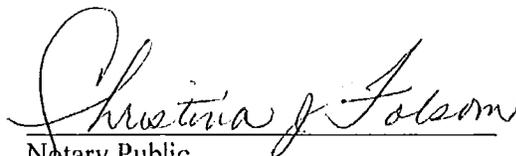
STATE OF FLORIDA

COUNTY OF HIGHLANDS

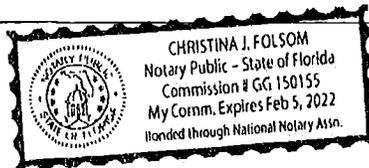
BEFORE ME, the undersigned authority, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared **Jerry Melendy**, who deposed and stated that the Customer Notice of Sebring Gas System's Application for a Rate Increase, assigned Florida Public Service Commission Docket No. 20190083-GU, has been sent to all customers of the Company in accordance with Commission Rule 25-22.0406(2)(f), Florida Administrative Code.

Sworn to and subscribed before me this 22<sup>nd</sup> day of July, 2019.

In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this 22<sup>nd</sup> day of July, 2019.

  
Notary Public  
State of Florida, at Large

My Commission Expires:





## NOTICE TO CUSTOMERS

On June 5, 2019, for the first time in almost fifteen years, the Company filed a request for a rate increase with the Florida Public Service Commission (“Commission”) asking for a permanent increase in rates. Since the Company’s initial rates were set in 1992, the Company has sought rate relief only once, in 2004. In the 15 years since that proceeding, the Company has seen substantial changes in both its distribution system and workforce, as well as the industry overall. The Company serves the Sebring and the surrounding areas, as well as two (2) state prisons, one in rural Hardee County, off of State Road 62, and the other approximately seven (7) miles east of Arcadia, Florida on State Highway 70. It is also presently constructing facilities to serve Wauchula, Florida.

The Commission is the agency, under Florida law<sup>1</sup>, charged with setting and regulating the rates, fees, and services of Florida utilities and will review the Company’s request. The Docket Number assigned by the Commission for this proceeding is Docket No. 20190083-GU. The Company is asking that the Commission allow the Company to increase the Company’s rates and charges to the extent necessary to generate additional gross annual revenues in the amount of \$309,847, which will enable the Company to continue to provide safe, reliable natural gas service at a level the customers have come to expect.

The major factors necessitating the Company’s request for an increase in rates are:

A) Current rates do not include a provision for state or federal income taxes, which are now being incurred. Since the Company’s rates were first set back in 1992, a provision for state or federal income taxes has never been included. The Company sustained consistent income losses in the early formative years of the Company, creating substantial tax loss carry-forwards to offset more recent taxable income of the Company. The loss carry-forwards have now been depleted, having provided significant benefits to the rate-payers since the inception of the Company and eliminating any income tax expense prior to 2018.

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<sup>1</sup> Chapter 366, Florida Statutes.

B) The Company has increased its service territory in recent years, including extending service to serve two state prisons. This increase in rate base is not reflected in the Company's current rates, thus the Company is not earning an appropriate return on its investment.

C) As a result of our growth, the Company has also had to increase the number of employees to serve its expanded territory. Coinciding with the increase in the overall number of employees, the Company has increasingly found it more difficult to attract and retain quality, experienced personnel. The Company must implement proactive strategies to engage and train new employees, or the Company's ability to provide safe and efficient service will begin to suffer.

D) In addition, the Company has seen an overall increase in operating, maintenance, and administrative costs as a result of the Company's growth, increases in the cost of materials, as well as almost fifteen years of inflation.

In addition, the Company is also seeking Commission approval to take several additional actions, including:

- Approval of a shift in its rate design to recover a more significant portion of its revenue requirement through its fixed Customer Charge component. This shift will provide the Company with a greater degree of revenue stability, while also encouraging the direct use of natural gas by customers and a more predictable monthly bill; and
- The Company is also proposing to update its tariff provisions addressing customer deposits to be consistent with the revisions made to Section 366.05(1), Florida Statutes, in 2015.

A customer meeting has been scheduled in the City of Sebring to allow customers to express their views regarding the quality of service they receive from the Company, as well as other

matters pertaining to the requested rate increase. One or more Commissioners may be present at the customer meeting. The date, time, and location of the customer meeting is as follows:

August 8, 2019  
6:00 p.m.  
Jack Stroup Civic Center  
355 W. Center Avenue  
Sebring, Florida 33870

Customers are urged to be present at the beginning of the meeting, since the meeting may be adjourned once all customers present and wishing to speak have been allowed to speak.

Any person requiring some accommodation at the customer meeting because of a physical impairment should call the Commission's Division of the Commission Clerk and Administrative Services at (850) 413-6770 at least five calendar days prior to the meeting. Any person who is hearing or speech impaired should contact the Florida Public Service Commission by using the Florida Relay Service, which can be reached at 1-800-955-8770 (Voice) or 1-800-955-8771 (TDD).

The Commission is expected to consider the Company's request for permanent rate relief as a proposed agency action on November 5, 2019, in Room 148, Betty Easley Conference Center, 4075 Esplanade Way, Tallahassee, Florida, beginning at 9:30 a.m. Currently, the schedule for this proceeding is as follows:

(1) Sebring's Petition and Testimony and exhibits	June 5, 2019 (complete)
(2) Audit Notice	June 19, 2019
(3) Customer Meeting	August 8, 2019
(4) Audit Report Due	August 20, 2019
(5) PSC Staff Recommendation	October 24, 2019
(6) PSC Agenda Conference	November 5, 2019
(7) Proposed Agency Action Order	November 25, 2019
(8) Protest Period Expires	December 16, 2019
(9) Consummating Order (If no protest)	December 19, 2019

More detailed information regarding the Company's requested rate increase is included in the Company's MFRs and a synopsis of the case, which can be reviewed at the Company's office in the following location:

Sebring Office

3515 Highway 27 S.  
Sebring, Florida 33870  
(9:00 a.m. – 5:00 p.m.)

The Company's MFRs and a synopsis of the case can also be reviewed at the following location during normal operating hours:

Sebring Public Library

319 W. Center Avenue  
Sebring, Florida 33870  
(Hours: Tuesday – Thursday 10:30 a.m. to 6:30 p.m.  
Friday and Saturday 9:30 a.m. to 5:30 p.m.)

A detailed synopsis of the case can also be reviewed at the following locations during normal operating hours:

Desoto County Library

125 North Hillsborough Avenue  
Arcadia, Florida 34266

Hardee County Library

315 North 6<sup>th</sup> Avenue  
Wauchula, Florida 33873

Any customer comments regarding the Company's service or the proposed rate increase should include the docket number assigned to this case, Docket No. 20190083-GU, and should be addressed to:

Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

You may also contact the Commission at their toll free number: **1-800-342-3552**.

Company personnel may be contacted to answer any questions concerning the rate request at the address shown on your bill, by visiting the Company's website: <http://www.sebringgas.com>, or by calling the following telephone number: 1-863-385-0194 (available between the hours of 8:00 a.m. and 5:00 p.m. EST).



**APPENDIX A**

SEBRING GAS SYSTEM, INC.

COMPARISON OF CURRENT AND PROPOSED RATES

The Company is proposing revisions to its rate schedules. Specifically, the Company proposes to change its rate design to recover a more significant portion of its revenue requirement through its fixed Customer Charge component. This shift will provide the Company with a greater degree of revenue stability, while also encouraging the direct use of natural gas by customers.

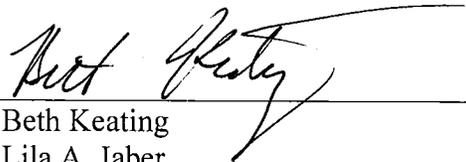
The following table provides information to enable customers to compare current proposed rates in the current and proposed rate classes.

Rate Class		----- PRESENT RATES -----		----- PROPOSED RATES -----	
	Customer Charge	Distr. Charge/Therm	Rate Class	Customer Charge	Distr. Charge/Therm
TS-1	\$9.00	\$0.57140	TS-1	\$15.00	\$0.27949
TS-2	\$12.00	\$0.49327	TS-2	\$30.00	\$0.19660
TS-3	\$35.00	\$0.46677	TS-3	\$200.00	\$0.16325
TS-4	\$150.00	\$0.33861	TS-4	\$650.00	\$0.10317
TS-5	\$500.00	\$0.38136	TS-5	\$3,875.00	\$0.05001
TPS	\$3.00/customer		TPS	\$3.50/customer	

**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing filing has been served by Electronic Mail this 23rd day of July, 2019, upon the following:

J.R. Kelly, Public Counsel  
Mireille Fall-Fry  
Office of the Public Counsel  
c/o The Florida Legislature  
111 West Madison St., Rm 812  
Tallahassee, FL 32399-1400  
Fall-fry.mireille@leg.state.fl.us

By:   
Beth Keating  
Lila A. Jaber  
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