

State of Florida



Public Service Commission

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TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: November 15, 2016

TO: Carlotta S. Stauffer, Commission Clerk, Office of Commission Clerk

FROM: Devlin Higgins, Public Utility Analyst IV, Division of Economics

RE: Docket No. 160174-GU, Request for approval of 2016 depreciation study by Sebring Gas Systems, Inc.

Would you be so kind as to add the attached document, titled "Sebring's Responses to Staff's 2013 Annual Status Report Review Data Requests," to the above referenced docket file. I appreciate it, thank you.

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COMMISSION
CLERK



SEBRING GAS SYSTEM, INC.

3515 U.S. Highway 27 South Sebring, Florida 33870-5452 863.385.0194 Fax 863.385.3423

Mr. Devlin Higgins
Public Utilities Analyst
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

2013 Depreciation Status Report Review
Staff's First Data Request

Sebring Gas System reply.

The increases in the Gas Plant in Service accounts of Sebring Gas System, Inc (Sebring) in the year 2013 were due largely to the acquiring of two correctional institutions. The two institutions were: Hardee Correctional Institute (Hardee) in Hardee County and Desoto Correctional Institute (Desoto) in Desoto County.

Sebring negotiated a special contract with the Florida Department of Corrections to transport natural gas from the transmission pipeline to the two facilities. Petitions for approval of the special contracts were filed to the Florida Public Service Commission (PSC) on April 5, 2013 for the Hardee and on May 1, 2014 for Desoto. The PSC approved the special contract for Hardee in order #PSC-13-0367 PAA-GU and Desoto in order #PSC-13-0366-PSS-GU on the same day, August 8, 2013.

The largest investment in plant was for GL Account 379.00, M&R Station Equipment – Gate. The costs incurred were tapping of the transportation pipelines of Gulfstream Natural Gas for Hardee and Florida Gas Transportation for Desoto and the building and installing of two special built gate stations.

Additional investments attributable to the correction institutes were the installation of mains and meters downstream from the gate stations needed to serve the institutions.

The increases in investment for Accounts 376, 379 and 382 totaled \$1,795,965. The increases in the plant accounts attributable to the correction institutes were \$1,750,000

BETTER BECAUSE IT'S GAS. BEST BECAUSE IT'S NATURAL GAS.

Mr. Devlin Higgins
Public Utilities Analyst
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Sebring Gas System reply
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(rounded). The amounts paid to Gulfstream and FGT for the tapping of the transmission lines were estimated by their engineers. In the year 2014, after completion of the construction of the taps by the two pipeline companies, Sebring received refunds from these two pipeline companies in the amount of \$254,315, which will be applied to the annual report for the year 2014.

The remaining \$45,965 (\$1,795,965 less \$1,750,000) added to the three accounts in question was for installation of mains

In addition to the correction institutions above, Sebring also installed plant for several jobs on our mainline system in Sebring. These projects included extending our mainline to a fire department, an auto body shop, into a mobile home park to serve several customers. Sebring also allocates a portion of the manager's, supervisors' and one office staff's salary to these plant accounts.

Jerry Melendy



Sebring Gas System, Inc.