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FCG's Response to Staff's Second  
Interrogatories Nos. 5-6

Florida City Gas  
Docket No: 20210004  
Staff's Second Set of Interrogatories  
Interrogatory No: 5

QUESTION:

5. In the 2021 Projection filing, witness Miguel Bustos states on Page 8, Lines 2-3, that "Currently, there are a total of seven FCG customers in Rate Classes GS-1250K, GS-11M, and GS-25M." Exhibit No. MB-2, attached to that testimony reflects that six customers are in the GS-1250K Rate Class, and one is in the GS-11M Rate Class.
  - A. In the 2022 Projection filing, Schedule C-1, Page 1 of 1, from Exhibit No. MB-2, indicates that ten customers are projected to be in the GS-1250K Rate Class, which is up from six (referenced in the 2021 Projection filing). Comparing the entries in the 2022 and 2021 Projection filings, please provide more details regarding the projected growth in the GS-1250-K Rate Class for the January through December 2022 period. Address in your response whether any of the additional (projected) customers received service under another rate class in 2021.
  - B. In the 2022 Projection filing, Schedule C-1, Page 1 of 1, from Exhibit No. MB-2, indicates that no customers are projected to be in the GS-11M or GS-25M Rate Classes, which is down from one (referenced in the 2021 Projection filing). Comparing the entries in the 2022 and 2021 Projection filings, please provide more details regarding the projected loss of a customer in the GS-11M Rate Class for the January through December 2022 period. Address in your response whether that customer is projected to be receiving service under another rate class.
  - C. For the period January through December 2021, what amount of (actual/estimated) revenue was collected from customers in the GS-1250K Rate Class?

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- D. For the period January through December 2021, what conservation program(s) did the customers receiving service under the GS-1250K Rate Class participate in?
- E. For the period January through December 2021, what amount of (actual/estimated) revenue was collected from customers in the GS-11M Rate Class?
- F. For the period January through December 2021, what conservation program(s) did the customers receiving service under the GS-11M Rate Class participate in?
- G. Please describe what efforts, if any, are planned in 2022 in order to attract customers to the GS-11M and the GS-25M Rate Classes.

RESPONSE:

- A. The projected number of customers in the GS-1250k Rate Class included in the 2021 projection filing at Docket No. 2020003 and the projected number of customers in the GS-1250k Rate Class included in the 2022 projection filing at Docket No. 20210003 are both forecasted numbers. A forecast is a forward-looking projection based on the best information available at the time of the forecast, and subsequent forecasts may be higher or lower than the original forecast due to many different factors. Forecasting by definition always includes an element of uncertainty and no one can predict with absolute certainty the number of customers in the future. The difference in the projected number of customers in the GS-1250K Rate Class in the 2022 projection filing as compared to the 2021 projection filing is due to: (i) the fact that the two forecasts are for different time periods; and (ii) the fact that the customer forecast for the 2021 projection filing was prepared mid-2020 and the forecast for the 2022 projection filing was prepared mid-2021, and each was prepared based on the best information that was available at those times.

FCG currently has eight customers in the GS-1250k Rate Class and is forecasting to add two additional customers by the end of 2022 based on FCG's outreach efforts and communications with potential new customers. As part of FCG's annual customer classification update, one former GS-120k customer was reclassified to the GS-1250k Rate Class in 2021 based on the customer's annual usage and throughput characteristics.

- B. See FCG's response to subpart (A) above regarding forecasts. The one potential GS-11M/GS-25M customer included in FCG's 2021 projection filing at Docket No. 20200003 was forecasted based on the best information available at the time. The originally forecasted customer did not materialize in 2021. Additionally, at the time forecast for the 2022 projection filing was prepared, there was not a sufficient information or data to support a forecast of additional new GS-11M or GS/-25M customers in 2022.
- C. The estimated conservation revenue for 2021 for customer in the GS-1250k Rate Class is \$397,793. This estimation is based on six months actual and six months forecast.
- D. As of the time this response was prepared, FCG has not received yet any conservation requests from customers in the GS-1250k Rate Class. As part of its standard business and client relationship practices, FCG continues its outreach and communication efforts to all customers, including customers in the GS-1250k Rate Class, regarding energy efficiency and conservation measures that may be available to the customer. FCG also notes that all customers, both participants and non-participants, benefit from the conservation programs offered by FCG through reductions in peak load, availability of gas supply and capacity, and overall conservation benefits.
- E. For the period January through December 2021 no revenue has been collected or estimated to collect because there are no current or forecasted customers in GS-11M for 2021.
- F. None. Currently there are no customers under the GS-11M Rate Class.

- G. As part of its standard business practice to promote customer growth, FCG is actively engaged in outreach and communication efforts to attract new (or convert) industrial customers that may qualify for any available rate class, including GS-11M and GS-25Ms. Specific examples where a GS-11M or GS-25M Rate Classes may become an opportunity for FCG are in the emerging LNG for transportation industry, transporting renewable natural gas, and potential conversions of heavy manufacturing from non-natural gas energy sources to natural gas.

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Interrogatory No: 6

QUESTION:

6. In FCG's 2022 Projection filing, Exhibit No. MB-2, Schedule C-1, Page 1 of 1, indicates that a conservation cost recovery factor of \$0 per therm is projected for customers in the GS-11M or GS-25M Rate Classes for the January through December 2022 period.
  - A. Please explain why conservation cost recovery factors of \$0 per therm are proposed for the GS-11M or GS-25M Rate Classes for the January through December 2022 period.
  - B. Would all rate classes with proposed conservation cost recovery factors greater than \$0 per therm for the January through December 2022 period effectively cross subsidize the GS-11M or GS-25M Rate Classes in the event GS-11M or GS-25M customer(s) begin service during this period and receive conservation assistance consistent with the services described by FCG witness Bustos on Pages 5-7 of his August 7, 2020 direct testimony in Docket No. 20200004-EI.

RESPONSE:

- A. Although FCG is actively engaged in outreach and communication efforts to attract new (or convert) industrial customers that may qualify for any available rate class, including GS-11M and GS-25M as explained in FCG's response to Staff's Second Set of Interrogatories No. 5(G), there currently are no GS-11M or GS-25M customers forecasted for the period January 2022 through December 2022. Due to the large size and significant gas needs of customers that would qualify for the GS-11M or GS-25M Rate Classes, such customers typically require substantial capital investment to install or convert their equipment to natural gas, which often requires moderate to significant lead time. However, based on the best information available at the time the 2022 forecast was prepared, there are no GS-11M or GS-25M customers projected for 2022. As a result, the projected 2022 Conservation Cost Recovery Factor for the GS-11M and GS-25M Rate Classes is projected to be \$0 per therm.
- B. As a preliminary matter, FCG notes that all customers, both participants and non-participants, benefit from the conservation programs offered by FCG through reductions

in peak load, availability of gas supply and capacity, and overall conservation benefits. As a result, the Commission-approved conservation cost recovery factors are paid by all customers regardless of whether they actually participate in such programs. For example, all residential customers are charged the applicable monthly Conservation Cost Recovery Factor even if a customer declines to take advantage of the many benefits provided by participating in one or more of FCG's conservation programs.

Relatedly, the costs incurred for each conservation program offered by FCG are not allocated by program to the rate class eligible to participate in the program. For example, the costs for a program that is only available to the residential customers are not allocated only to the residential rate class. Rather the costs for all of the conservation programs are totaled and the total cost, net of any true-up amounts, is then allocated to the individual rate classes based on the rate design and cost allocation methodology approved by the Commission.

As explained in response to subpart (B) above, there are no GS-11M or GS-25M customers projected for 2022 and, as a result, the projected 2022 Conservation Cost Recovery Factor for the GS-11M and GS-25M Rate Classes is projected to be \$0 per therm. However, in the event customers begin to take service on rates GS-11M or GS-25M prior to or during 2022, FCG's future 2021 final true-up, 2022 actual/estimated, and 2023 projection filings would appropriately reflect the impact of any such customers, including (i) any conservation program costs incurred for these customers; and (ii) the applicable conservation cost recovery factors for these two classes.