

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

September 9, 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 Eighth 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
Eighth Set of Data Requests**

DEFERRED INCOME TAXES

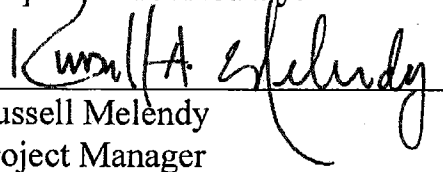
1. On Schedule G-3, page 2 of 11 (page 207), the Company recorded a Deferred Income Tax balance of \$342,671 on Line No. 5 for the projected test year ended December 31, 2020.
 - a. Please identify the amount of the Deferred Income Tax balance that are unprotected deferred income taxes.

Response: The Company is not very familiar with the term "unprotected" deferred income taxes. However, the \$342,671 Deferred Income Tax balance recorded on the Company's books reflect the current State Income Tax rate of 5.50% and current Federal Income Tax rate of 21.00%. All previously recorded Deferred Income Tax balances have been adjusted to the current rates. Also, it is important to note that the Company's rates, since the inception of the Company, have never included any provision for collection of any Current or Deferred Income Taxes.

- b. If applicable, over what period will the unprotected deferred income taxes be amortized?

Response: Please see attached Deferred Income Tax excel spreadsheet, prepared by the Company's external accounting firm, which projects the amortization period for the \$342,671 recorded balance over approximately 19 years.

Response Provided By:


Russell Melendy
Project Manager

9/6/19
Date

| | Tax rates | | | Florida | | Federal | | Combined | | NOL | | | Asset basis - Tax | | | Asset basis - Book | | | Asset basis | | | |
|------|-----------|--------|----------|-------------|-------------------------------|-------------|-------------------------------|---------------------|-------------------------------|------------|------------|--------------------|-------------------|------------|--------------|--------------------|--------------|------------|--------------|--------------|--------------------------|--|
| | Federal | FL | Combined | Expense | Net def'd tax asset / (liab.) | Expense | Net def'd tax asset / (liab.) | Expense | Net def'd tax asset / (liab.) | Used | C/O | Deferred tax asset | Cost | Deprn exp. | A/D | NBV | Cost | Deprn exp. | A/D | NBV | Deferred tax (liability) | |
| 2007 | 34.000% | 5.500% | 37.690% | | | | | 17,626.52 | (17,626.52) | | | 1,945,381.91 | | | | | | | | | | |
| 2008 | 34.000% | 5.500% | 37.690% | | | | | 49,635.40 | (67,261.92) | 132,769.00 | 688,226.00 | 258,979.44 | 2,237,528.70 | | | | | | | | | |
| 2009 | 34.000% | 5.500% | 37.690% | | | | | 31,252.89 | (98,514.81) | 84,494.00 | 470,969.00 | 177,225.63 | 2,422,157.35 | | | | | | | | | |
| 2010 | 34.000% | 5.500% | 37.690% | | | | | 4,770.99 | (103,285.74) | 46,714.00 | 424,255.00 | 159,647.16 | 2,589,843.25 | | | | | | | | | |
| 2011 | 34.000% | 5.500% | 37.690% | | | | | 14,388.34 | (117,674.08) | 41,531.00 | 382,724.00 | 144,019.04 | 2,683,405.59 | | | | | | | | | |
| 2012 | 34.000% | 5.500% | 37.690% | | | | | 37,774.58 | (155,448.66) | 95,623.00 | 172,735.00 | 65,007.71 | 4,549,972.68 | | | | | | | | | |
| 2013 | 34.000% | 5.500% | 37.690% | | | | | 45,981.41 | (201,440.07) | 114,348.00 | 222,316.00 | 83,657.51 | 4,549,972.68 | | | | | | | | | |
| 2014 | 34.000% | 5.500% | 37.690% | | | | | 60,699.82 | (262,139.89) | | | | | | | | | | | | | |
| 2015 | 34.000% | 5.500% | 37.690% | | | | | 56,016.16 | (318,156.05) | | | | | | | | | | | | | |
| 2016 | 34.000% | 5.500% | 37.690% | | | | | 90,066.54 | (408,222.59) | 203,005.00 | 109,395.00 | 41,165.34 | 5,471,915.81 | | | | | | | | | |
| 2017 | 21.000% | 5.500% | 25.345% | | | | | (83,926.56) | (314,296.04) | 109,395.00 | | | 5,670,510.98 | | | | | | | | | |
| 2018 | 21.000% | 5.500% | 25.345% | 6,157.58 | (68,203.91) | 22,217.68 | (246,092.12) | 28,375.27 | (268,309.80) | | | | 5,856,509.47 | 242,162.56 | 3,513,425.70 | 2,343,083.77 | 6,390,843.00 | 201,391.00 | 2,695,732.00 | 3,695,111.00 | (342,671.30) | |
| 2019 | 21.000% | 5.500% | 25.345% | (1,095.39) | (73,266.10) | (3,952.38) | (264,357.42) | (5,047.77) | (337,623.53) | | | | 5,927,694.98 | 252,660.26 | 3,766,085.96 | 2,161,609.02 | 6,390,843.00 | 201,391.00 | 2,897,123.00 | 3,493,720.00 | (337,623.53) | |
| 2020 | 21.000% | 5.500% | 25.345% | 2,490.00 | (75,756.11) | 8,984.38 | (273,341.81) | 11,474.39 | (349,097.91) | | | | 5,927,694.98 | 246,663.78 | 4,012,749.74 | 1,914,945.24 | 6,390,843.00 | 201,391.00 | 3,098,514.00 | 3,292,329.00 | (349,097.91) | |
| 2021 | 21.000% | 5.500% | 25.345% | 2,092.10 | (77,848.21) | 7,548.69 | (280,890.50) | 9,640.79 | (358,738.71) | | | | 5,927,694.98 | 239,429.25 | 4,252,178.99 | 1,675,515.99 | 6,390,843.00 | 201,391.00 | 3,299,905.00 | 3,090,938.00 | (358,738.71) | |
| 2022 | 21.000% | 5.500% | 25.345% | 1,242.94 | (79,091.15) | 4,484.76 | (285,375.26) | 5,727.71 | (364,466.41) | | | | 5,927,694.98 | 223,989.96 | 4,476,168.95 | 1,451,526.03 | 6,390,843.00 | 201,391.00 | 3,501,296.00 | 2,889,547.00 | (364,466.41) | |
| 2023 | 21.000% | 5.500% | 25.345% | 465.61 | (79,556.76) | 1,680.01 | (287,055.27) | 2,145.62 | (366,612.03) | | | | 5,927,694.98 | 209,856.65 | 4,686,025.60 | 1,241,669.38 | 6,390,843.00 | 201,391.00 | 3,702,687.00 | 2,688,156.00 | (366,612.03) | |
| 2024 | 21.000% | 5.500% | 25.345% | (691.40) | (78,865.36) | (3,186.11) | (284,560.56) | (2,494.71) | (357,655.88) | | | | 5,927,694.98 | 188,820.05 | 4,874,845.65 | 1,052,849.33 | 6,390,843.00 | 201,391.00 | 3,904,078.00 | 2,486,765.00 | (363,625.93) | |
| 2025 | 21.000% | 5.500% | 25.345% | (1,252.56) | (77,612.80) | (4,519.48) | (280,041.09) | (5,772.04) | (357,655.88) | | | | 5,927,694.98 | 178,617.11 | 5,053,462.76 | 874,232.22 | 6,390,843.00 | 201,391.00 | 4,105,469.00 | 2,285,374.00 | (357,655.88) | |
| 2026 | 21.000% | 5.500% | 25.345% | (1,788.57) | (75,824.22) | (6,453.50) | (273,587.58) | (8,242.08) | (349,411.81) | | | | 5,927,694.98 | 168,871.46 | 5,222,334.22 | 705,360.76 | 6,390,843.00 | 201,391.00 | 4,306,860.00 | 2,083,983.00 | (349,411.81) | |
| 2027 | 21.000% | 5.500% | 25.345% | (2,121.66) | (73,702.56) | (7,655.33) | (265,532.25) | (9,776.99) | (339,634.82) | | | | 5,927,694.98 | 162,815.38 | 5,385,149.60 | 540,545.38 | 6,390,843.00 | 201,391.00 | 4,508,251.00 | 1,882,592.00 | (339,634.82) | |
| 2028 | 21.000% | 5.500% | 25.345% | (3,090.46) | (70,612.10) | (11,150.96) | (254,781.29) | (14,241.42) | (325,993.39) | | | | 5,927,694.98 | 145,200.74 | 5,530,350.34 | 397,344.64 | 6,390,843.00 | 201,391.00 | 4,709,842.00 | 1,681,201.00 | (325,993.39) | |
| 2029 | 21.000% | 5.500% | 25.345% | (8,068.00) | (62,544.10) | (29,110.81) | (225,670.48) | (37,178.81) | (288,214.58) | | | | 5,927,694.98 | 54,700.08 | 5,585,050.42 | 342,644.56 | 6,390,843.00 | 201,391.00 | 4,911,033.00 | 1,479,810.00 | (288,214.58) | |
| 2030 | 21.000% | 5.500% | 25.345% | (8,068.00) | (54,476.10) | (29,110.81) | (196,559.67) | (37,178.81) | (251,035.77) | | | | 5,927,694.98 | 54,700.08 | 5,638,750.50 | 287,944.48 | 6,390,843.00 | 201,391.00 | 5,112,424.00 | 1,278,419.00 | (251,035.77) | |
| 2031 | 21.000% | 5.500% | 25.345% | (8,068.00) | (46,408.10) | (29,110.81) | (167,448.86) | (37,178.81) | (213,856.95) | | | | 5,927,694.98 | 54,700.08 | 5,694,450.58 | 233,244.40 | 6,390,843.00 | 201,391.00 | 5,313,815.00 | 1,077,028.00 | (213,856.95) | |
| 2032 | 21.000% | 5.500% | 25.345% | (8,068.00) | (38,340.10) | (29,110.81) | (138,338.04) | (37,178.81) | (176,678.14) | | | | 5,927,694.98 | 54,700.08 | 5,749,150.66 | 178,544.32 | 6,390,843.00 | 201,391.00 | 5,515,206.00 | 875,637.00 | (176,678.14) | |
| 2033 | 21.000% | 5.500% | 25.345% | (8,068.00) | (30,272.10) | (29,110.81) | (109,227.23) | (37,178.81) | (139,499.33) | | | | 5,927,694.98 | 54,700.08 | 5,803,850.74 | 123,844.24 | 6,390,843.00 | 201,391.00 | 5,716,557.00 | 674,266.00 | (139,499.33) | |
| 2034 | 21.000% | 5.500% | 25.345% | (8,068.00) | (22,204.10) | (29,110.81) | (80,116.42) | (37,178.81) | (102,320.51) | | | | 5,927,694.98 | 54,700.08 | 5,858,550.82 | 69,144.16 | 6,390,843.00 | 201,391.00 | 5,917,988.00 | 472,855.00 | (102,320.51) | |
| 2035 | 21.000% | 5.500% | 25.345% | (8,068.00) | (14,136.10) | (29,110.81) | (51,005.60) | (37,178.81) | (65,141.70) | | | | 5,927,694.98 | 54,700.08 | 5,913,250.90 | 14,444.08 | 6,390,843.00 | 201,391.00 | 6,119,379.00 | 271,464.00 | (65,141.70) | |
| 2036 | 21.000% | 5.500% | 25.345% | (10,282.08) | (3,854.02) | (37,099.62) | (13,905.99) | (47,381.70) | (17,760.00) | | | | 5,927,694.98 | 14,444.08 | 5,927,694.98 | - | 6,390,843.00 | 201,391.00 | 6,320,770.00 | 70,073.00 | (17,760.00) | |
| 2037 | 21.000% | 5.500% | 25.345% | (3,854.02) | | | | (17,760.00) | | | | | 5,927,694.98 | | 5,927,694.98 | | 6,390,843.00 | 70,073.00 | 6,390,843.00 | | | |
| | | | | | | | | (342,671.30) | | | | | | | | | | | | | | |

These columns only completed prospectively for these purposes

This column only completed prospectively on an estimated basis for these purposes