

Florida Public Service Commission, Review of the TYSP

Data Request #4 to Gainesville Regional Utilities, July 14, 2020

Question 1

Please refer to GRU's 2020 TYSP, Schedule 2.3. It appears that Utility's projected growth rate of the annual average customer will decrease each year for the entire forecasting period. Please explain the reasons and/or the drivers behind these growth projections.

GRU's Response

GRU recognizes that its forecast of number of electric customers, and correspondingly its forecasts for energy sales and system loads may include growth rates that are lower than those published by many other Florida electric utilities. Please find discussion of GRU's customer forecast methodology and factors we consider in the development of our forecast as follows.

GRU bases its customer forecast on population projections developed by the Bureau of Economic and Business Research (UF) for Alachua County, Florida. A comparison of population trends for Alachua County versus the State of Florida will reveal that population grows more slowly in Alachua County compared with the State, both historically and as projected.

Population for Alachua County increased at an average rate of 0.87%/year from 2010 to 2019. It is projected by BEBR to increase at an average rate of 0.77%/year from 2020 through 2029. In support of BEBR's projections, we believe it is appropriate to point out that the state and national economies were very strong during the latter half of the most recent decade, associated with the nation's recovery from the 2008 recession.

Number of retail customers for GRU increased 0.70%/year from 2010 to 2019. We are projecting customer growth of 0.62%/year over the next ten years. GRU's customer forecast is directly proportional to the tapering population projections for Alachua County.

Some additional description of GRU's service territory may also be useful in the discussion of our customer forecast. GRU is at the center of a regional economy. Many people travel into Gainesville daily to work, shop and receive services. However, many of these same people are not GRU customers. GRU's service territory is bounded on all sides by other utilities including Clay Electric Cooperative, Duke Energy Florida, Florida Power and Light, the City of Newberry and the City of Alachua. Most of GRU's electric system customer growth relies on infill rather than outward expansion, especially when compared to past decades.

We hope that this explanation lends some plausibility to the conservative nature of our electric system customer forecast.