
Electric & Gas Utility | 2602 Jackson Bluff Road | Tallahassee | FL | 32304 | 850-891-4968

July 24, 2020

Clerk's Office
State of Florida Public Service Commission

Dear Sir/Madam:

The following pages are the City of Tallahassee Utilities' responses to the "DN 20200000-OT - Review of the 2020 Ten-Year Site Plans for Florida's Electric Utilities - Data Request #4" pursuant to the request received from Florida Public Service Commission (FPSC) Staff member Ms. Patti Zellner. Please note that copies of all narrative and non-narrative responses have been separately provided to Mr. Doug Wright and Mr. Donald Phillips in the FPSC's Division of Engineering via e-mail per Ms. Zellner's request.

If you should have any questions regarding this report, please feel free to contact me at (850) 891-3130 or paul.clark@talgov.com. Thank you.

Sincerely,



Paul D. Clark, II
Principal Engineer

Attachments

1. Please refer to TAL’s 2020 TYSP, Schedule 2.3. It appears that the Utility’s projected growth rate of the annual average total customers would reach a peak in 2023-2024, then start to decrease each year for the rest of the forecasting period. Please explain the reasons and/or the drivers behind these projections.

Utility	Year	Total Ave. Number of Customers	Annual Increase	
			Numbers	Percentage
TAL	2020	124,179		
TAL	2021	125,258	1,078	0.87%
TAL	2022	126,397	1,139	0.91%
TAL	2023	127,556	1,159	0.92%
TAL	2024	128,735	1,179	0.92%
TAL	2025	129,910	1,175	0.91%
TAL	2026	131,021	1,111	0.86%
TAL	2027	132,071	1,050	0.80%
TAL	2028	133,115	1,044	0.79%
TAL	2029	134,136	1,021	0.77%

The drivers of the 2023-2024 peak in the rate of customer additions is primarily a function of the long-term projected decline in population growth. TAL relies on a blending of projected economic and demographic data from two sources—Woods and Poole Economics, Inc. (W&P), and the University of Florida’s Bureau of Economic and Business Research (BEBR). Both projections reflect this gradual decline, as shown below in Figure 1 and Table 1.

Figure 1 – Projected Leon County Population Growth (Blend of W&P and BEBR)

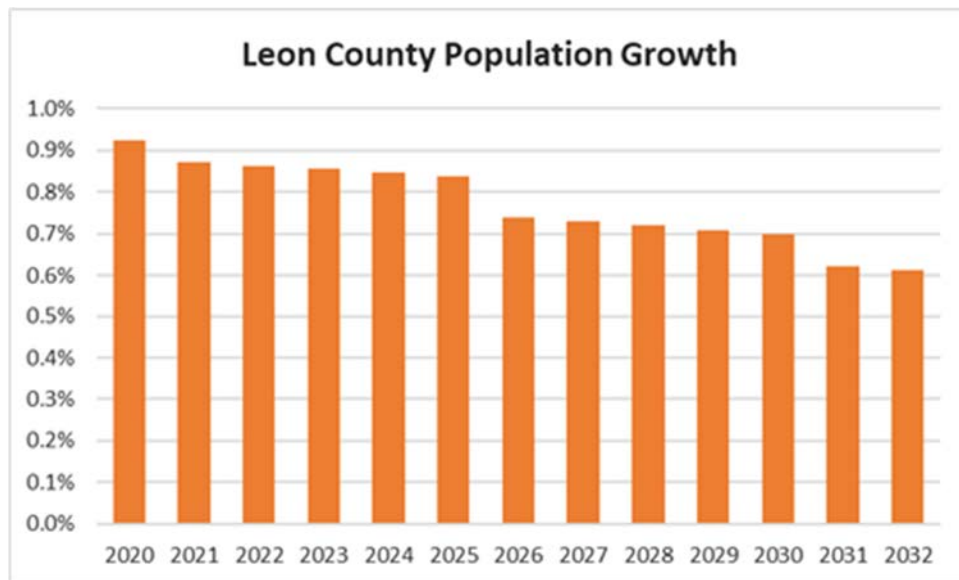


Table 1 – Compound Average Growth Rates of Leon County Population

<u>PERIOD</u>	<u>W&P</u>	<u>BEBR</u>
2020-2025	0.8%	0.9%
2025-2030	0.8%	0.7%
2030-2035	0.7%	0.5%
2035-2040	0.6%	0.5%

Growth rates during the early years of the forecast horizon (2020-2022) are reduced slightly by the gradual return to the long-term relationship between customer counts and county population, as captured by auto-regressive variables included in the forecast equation. This factor in the forecast equation essentially implies that the recent level of customer counts is likely somewhat ahead of the level that should be expected given assumed county population. This positive residual effectively decays over 2020-2022. However, as indicated by the small differences in growth rates, this factor is negligible to the overall forecast.