



GUNSTER
ATTORNEYS AT LAW

850-521-1706
bkeating@gunster.com

October 14, 2021

VIA E-PORTAL

Mr. Adam Teitzman
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Docket No. 20210126-GU– Petition for approval of variance to modify the Sebastian area extension program true-up and extend the amortization period, by Florida City Gas.

Dear Mr. Teitzman:

Attached for electronic filing, please find Florida City Gas's Responses to Staff's Second Data Requests in the above-referenced docket.

Thank you for your assistance with this filing. As always, please don't hesitate to let me know if you have any questions or concerns.

Sincerely,

s/Beth Keating
Beth Keating
Gunster, Yoakley & Stewart, P.A.
215 South Monroe St., Suite 601
Tallahassee, FL 32301
(850) 521-1706

MEK

Cc:// Office of Public Counsel (Gentry, Baird)
PSC Staff (Draper, Ward, Coston, Sandy)
Florida City Gas (Wright)

QUESTION:

Please discuss whether FCG reassessed the AEP charge and remaining balance on the third and fifth anniversary of the Sebastian AEP Project in accordance with the AEP tariff and state whether FCG implemented recalculated AEP surcharges on the third and/or fifth anniversary. If not, please explain why FCG did not revise the AEP surcharges.

RESPONSE:

FCG reassessed the Sebastian AEP charge and remaining balance on the third and fifth anniversaries of the Sebastian AEP Project. See FCG's response to Staff's Second Data Request No. 3. FCG did not make a change to the AEP charge at those times because FCG reasonably expected, based on the best information available at the time, that the forecasted customer growth and conversion to natural gas in the Sebastian-Vero Beach area would be realized shortly after these true-up years. However, due to unforeseen delays, the actual rates of new customer growth and conversion to natural gas in the Sebastian-Vero Beach area did not materialize following the third and fifth year true-ups as expected. For example, one major commercial customer with significant expected load and usage, which represents approximately 29% of the total forecast volumes, was originally forecasted to convert to natural gas early during the ten-year Amortization Period. However, the conversion of this commercial customer to natural gas was pushed back each year due to unforeseen customer delays in obtaining the equipment necessary to convert to natural gas, which resulted in actual volumes and revenues being much lower than expected. If this commercial customer and other customers had converted to natural gas shortly after the third or fifth year true-ups as expected, this would have minimized the need to change the AEP charge. Unfortunately, the rates of new customer growth and conversion to natural gas in the Sebastian-Hero Beach area were much slower than expected at the time of the third and fifth year true-ups.

QUESTION:

Has the current \$0.4638 per therm surcharge been in effect for the Sebastian AEP project since the in-service date of December 2014?

RESPONSE:

Yes.

QUESTION:

Given the significant remaining balance in year seven of the project, please explain why FCG did not request Commission approval to modify the Sebastian AEP Project at the time of the three- or five-year reassessment/true-up. In your response, please discuss the findings of the three- and five-year true-up.

RESPONSE:

Based on the actual number of customers, gas volumes, revenues, and project spend at the time of the third and fifth year true-ups, the Sebastian AEP charge would have been reset to \$1.21216 per therm and \$1.08655 per therm following the third and fifth year true-ups, respectively. However, for the reasons stated in FCG's response to Staff's Second Data Request No. 1, FCG reasonably believed, based on the best information available at the time, that modifications to the Sebastian AEP charge would not be necessary at the third and fifth year true-ups and that the forecasted customer growth, conversion, and volumes would materialize in the near term. Therefore, FCG elected not to seek Commission approval to modify the Sebastian AEP Project at that time.

QUESTION:

The petition requests to retain the true-up for year nine, and add true-ups for years thirteen and fourteen for the Sebastian AEP Project. Please clarify whether FCG would revise the AEP surcharge billed to customers, if needed, during one or more of the future scheduled true-ups.

RESPONSE:

Yes, FCG will review the balance on the project for year nine, thirteen and fourteen and calculate a true-up as needed based on the actual number of customers and volumes at those times.