

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: January 6, 2022

TO: Adam J. Teitzman, Commission Clerk, Office of Commission Clerk

FROM: Lee Smith, Public Utility Analyst III, Division of Economics

RE: Docket No. 20210183-EI, Petition for approval of 2021 depreciation study by Sebring Gas Systems, Inc.

Please add the attached document, titled "Sebring Gas System's Revised 2021 Depreciation Study," to the above referenced docket file. This document is a revision to DN 12767-2021. Thank you.

**COMPARISON OF CURRENT AND PROPOSED INPUTS
FOR EACH DEPRECIABLE ACCOUNT**

Account	Current Approved			Company Proposed		
	Age	Curve Shape	Average Service Life	Age	Curve Shape	Average Service Life
	(Yrs.)	(e.g., L-2.5)	(Yrs.)	(Yrs.)	(e.g., L-2.5)	(Yrs.)
DISTRIBUTION PLANT						
Account number and description, as applicable:						
376.1 - Mains - Steel	30.40		45.00	32.00		45.00
376.2 - Mains - Plastic	11.20		45.00	15.00		40.00
378 - Measuring and Regulating Ept. Gen - Embedded	17.00		33.00	19.90		33.00
379 - Measuring and Regulating Ept. - City Gate	4.40		32.00	7.00		32.00
380.1 - Services - Steel	36.20		48.00	44.00		48.00
380.2 - Services - Plastic	9.30		40.00	10.00		40.00
381 - Meters	15.60		25.00	12.90		25.00
382 - Meter Installations	14.50		34.00	16.00		34.00
383 - House Regulations	23.00		30.00	19.50		30.00
384 - House Regulator Installations	19.30		34.00	20.30		34.00
386 - Property on Customers' Premises	18.10		25.00	15.50		25.00
387 - Other Equipment	8.20		25.00	9.50		25.00
GENERAL PLANT						
Account number and description						
390.0 - Leasehold Improvements	0.00		40.00	2.00		40.00
391.1 - Office Furniture	0.00		25.00	16.20		25.00
391.2 - Office Equipment	0.00		15.00	9.20		15.00
392.1 - Transportation - Trucks	0.00		8.00	5.00		8.00
394 - Tools, Shop & Garage Equipment	0.00		15.00	4.70		15.00
396 - Power Operated Equipment - New	0.00		15.00	9.60		15.00
397 - Communication Equipment	0.00		18.00	3.00		18.00

COMPARISON OF CURRENT AND PROPOSED COMPONENTS AND RATES

Account	Current Approved			Company Proposed			
	Average Remaining Life	Net Salvage	Remaining Life Rate	Average Remaining Life	Net Salvage	Reserve	Remaining Life Rate
	(Yrs.)	(%)	(%)	(Yrs.)	(%)	(%)	(%)
DISTRIBUTION							
Account number and description, as applicable							
376.1 - Mains - Steel	14.60	-30.00%	2.900%	13.00	-30.00%	70.724	2.280%
376.2 - Mains - Plastic	33.80	-30.00%	2.900%	25.00	-30.00%	37.013	2.530%
378 - Measuring and Regulating Ept. Gen - Embedded	16.00	-2.00%	3.100%	13.10	-2.00%	60.275	3.030%
379 - Measuring and Regulating Ept. - City Gate	27.60	-2.00%	3.200%	25.00	-2.00%	21.839	3.130%
380.1 - Services - Steel	11.80	-30.00%	1.000%	4.00	-20.00%	91.342	2.240%
380.2 - Services - Plastic	30.70	-30.00%	3.200%	30.00	-20.00%	24.475	2.750%
381 - Meters	9.40	0.00%	3.800%	12.10	0.00%	51.600	4.000%
382 - Meter Installations	19.50	-5.00%	3.100%	18.00	-5.00%	46.982	2.950%
383 - House Regulations	7.00	0.00%	3.100%	10.50	0.00%	65.000	3.330%
384 - House Regulator Installations	14.70	-3.00%	3.000%	13.70	-3.00%	59.664	2.950%
386 - Property on Customers' Premises	6.90	0.00%	2.300%	9.50	0.00%	62.000	4.000%
387 - Other Equipment	16.80	0.00%	4.000%	15.50	0.00%	38.000	4.000%
GENERAL PLANT							
Account number and description							
390.0 - Leasehold Improvements	40.00	0.00%	2.500%	38.00	0.00%	5.00	2.500%
391.1 - Office Furniture	25.00	0.00%	4.000%	8.80	0.00%	64.80	4.000%
391.2 - Office Equipment	15.00	0.00%	4.400%	5.80	0.00%	61.33	6.670%
392.1 - Transportation - Trucks	8.00	15.00%	9.000%	3.00	15.00%	62.71	12.500%
394 - Tools, Shop & Garage Equipment	15.00	0.00%	6.700%	10.30	0.00%	31.33	6.670%
396 - Power Operated Equipment - New	15.00	0.00%	5.900%	5.40	0.00%	64.00	6.670%
397 - Communication Equipment	18.00	0.00%	5.600%	15.00	0.00%	16.67	5.560%
CAPITAL RECOVERY SCHEDULES, as applicable							

COMPARISON OF EXPENSES

ACCOUNT	PROJECTED		CURRENT RATES		PROPOSED RATES		CHANGE IN EXPENSES
	INVESTMENT AS OF 12/31/21	RESERVE AS OF 12/31/21	DEPRECIATION RATE	EXPENSES	DEPRECIATION RATE	EXPENSES	
	(\$)	(\$)	(%)	(\$)	(%)	(\$)	(\$)
	(a)	(b)	(c)	(d) = (c)*(a)	(e)	(f) = (e)*(a)	(g) = (f)-(d)
DISTRIBUTION PLANT							
Account number and description, as applicable:							
376.1 - Mains - Steel	\$ 187,405	\$ 190,678	2.900%	5,435	2.28%	4,273	(1,162)
376.2 - Mains - Plastic	2,947,715	1,122,211	2.900%	85,484	2.53%	74,577	(10,907)
378 - Measuring and Regulating Ept. Gen - Embedded	22,737	11,709	3.100%	705	3.03%	689	(16)
379 - Measuring and Regulating Ept. - City Gate	1,241,627	366,705	3.200%	39,732	3.13%	38,863	(869)
380.1 - Services - Steel	349,838	431,236	1.000%	3,498	2.24%	7,836	4,338
380.2 - Services - Plastic	1,075,001	349,250	3.200%	34,400	2.75%	29,563	(4,838)
381 - Meters	373,128	237,067	3.800%	14,179	4.00%	14,925	746
382 - Meter Installations	223,686	78,323	3.100%	6,934	2.95%	6,599	(336)
383 - House Regulations	52,204	31,472	3.100%	1,618	3.33%	1,738	120
384 - House Regulator Installations	83,489	48,880	3.000%	2,505	2.95%	2,463	(42)
386 - Property on Customers' Premises	35,310	34,087	2.300%	812	4.00%	1,412	600
387 - Other Equipment	23,209	11,988	4.000%	928	4.00%	928	-
TOTAL DISTRIBUTION PLAN	\$ 6,615,349	\$ 2,913,606		\$196,230		\$183,867	\$ (12,364)
GENERAL PLANT							
Account number and description, as applicable:							
390.0 - Leasehold Improvements	13,278	4,296	2.500%	332	2.50%	332	-
391.1 - Office Furniture	3,033	1,023	4.000%	121	4.00%	121	-
391.2 - Office Equipment	33,424	33,179	4.400%	1,471	6.67%	2,229	759
392.1 - Transportation - Trucks	307,698	230,098	9.000%	27,693	12.50%	38,462	10,769
394 - Tools, Shop & Garage Equipment	33,758	17,776	6.700%	2,262	6.67%	2,252	(10)
396 - Power Operated Equipment - New	30,902	28,306	5.900%	1,823	6.67%	2,061	238
397 - Communication Equipment	46,858	14,634	5.600%	2,624	5.56%	2,605	(19)
TOTAL GENERAL PLANT	\$ 468,951	\$ 329,312		36,326		48,063	11,737
CAPITAL RECOVERY SCHEDULES, as applicable							
TOTAL PLANT	\$ 7,084,300	\$ 3,242,918		\$ 232,556		\$231,930	\$ (626)

THEORETICAL RESERVE

ACCOUNT	INVESTMENT AS OF 12/31/21 (a)	RESERVE AS OF 12/31/21 (b)	Average Service Life (c)	Net Salvage (d)	Whole Life Rate (e) = (100-d)/c	Average Remaining Life (f)	Theoretical Reserve Percentage (g) = (100-(e*f-d))	Theoretical Reserve Dollars (h) = g * a	Reserve Imbalance (i) = b-h
DISTRIBUTION PLANT									
Account number and description, as applicable:									
376.1 - Mains - Steel	\$ 187,405	\$ 190,678.00	45.0	-30%	2.2	13.0	70.7	132,541.15	58,136.85
376.2 - Mains - Plastic	2,947,715	1,122,211	40.0	-30%	2.5	25.0	37.0	1,091,023.01	31,187.99
378 - Measuring and Regulating Ept. Gen - Embedded	22,737	11,709	33.0	-2%	3.0	13.1	60.3	13,704.75	(1,995.75)
379 - Measuring and Regulating Ept. - City Gate	1,241,627	366,705	32.0	-2%	3.1	25.0	21.8	271,163.58	95,541.42
380.1 - Services - Steel	349,838	431,236	48.0	-30%	2.1	4.0	91.3	319,547.86	111,688.14
380.2 - Services - Plastic	1,075,001	349,250	40.0	-30%	2.5	30.0	24.5	263,106.49	86,143.51
381 - Meters	373,128	237,067	25.0	0%	4.0	12.1	51.6	192,534.05	44,532.95
382 - Meter Installations	223,686	78,323	34.0	-5%	2.9	18.0	47.0	105,092.95	(26,769.95)
383 - House Regulations	52,204	31,472	30.0	0%	3.3	10.5	65.0	33,932.60	(2,460.60)
384 - House Regulator Installations	83,489	48,880	34.0	-3%	2.9	13.7	59.7	49,812.71	(932.71)
386 - Property on Customers' Premises	35,310	34,087	25.0	0%	4.0	9.5	62.0	21,892.20	12,194.80
387 - Other Equipment	23,209	11,988	25.0	0%	4.0	15.5	38.0	8,819.42	3,168.58
TOTAL DISTRIBUTION PLANT	\$ 6,615,349	\$ 2,913,606						\$ 2,503,171	\$410,435.24
GENERAL PLANT									
Account number and description									
390.0 - Leasehold Improvements	13,278	4,296	40.0	0%	2.5	38.0	5.0	663.90	3,632.10
391.1 - Office Furniture	3,033	1,023	25.0	0%	4.0	8.8	64.8	1,965.38	(942.38)
391.2 - Office Equipment	33,424	33,179	15.0	0%	6.7	5.8	61.3	20,500.05	12,678.95
392.1 - Transportation - Trucks	307,698	230,098	8.0	15%	12.5	3.0	62.7	192,945.88	37,152.12
394 - Tools, Shop & Garage Equipment	33,758	17,776	15.0	0%	6.7	10.3	31.3	10,577.51	7,198.49
396 - Power Operated Equipment - New	30,902	28,306	15.0	0%	6.7	5.4	64.0	19,777.28	8,528.72
397 - Communication Equipment	46,858	14,634	18.0	0%	5.6	15.0	16.7	7,809.67	6,824.33
TOTAL GENERAL PLANT	\$ 468,951	\$ 329,312						\$ 254,240	\$75,072.33
TOTAL PROPERTY	\$ 7,084,300	\$ 3,242,918							
CAPITAL RECOVERY SCHEDULES									