

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 documents, titled "Staff's First Data Request" and "Sebring's Responses to Staff's First Data Request," to the above referenced docket file. Thank you.



Brimmer, Burek & Keelan, LLP

Certified Public Accountants

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Members of:
Center for Audit Quality

American Institute of
Certified Public Accountants

Florida Institute of Certified
Public Accountants

December 17, 2021

To: Lee Smith
Public Utilities Analyst
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Sebring Gas Systems 2021 Depreciation Study

Dear Mr. Smith:

Please see the responses to the staff's inquiries below. We are emailing the electronic version to you.

Should you have any questions, or need further information, please do not hesitate to contact Cong Nguyen at 813-282-3400.

Sincerely,

Cong Nguyen

CC: Jerry Melendy Jr.
Sebring Gas Systems, Inc

Responses to 2021 Depreciation Study Staff's Inquiries

- 1) The Company is using the depreciation rates in the Order No. PSC-16-0574-PAA-GU.
- 2) The average approved remaining life for account 397 should be 18 years.
- 3) For the calculation of the remaining useful life rates, see the attached schedules for the updated remaining useful life rates on the Theo. Reserve worksheet adjusted for the Company's experience.
- 4) The 2021 estimated Plant depreciation and accumulated is attached.
- 5) The Company did not file the 2021 depreciation study timely by July 20, 2021 was due to the lack of awareness the report was due on July 20, 2021.
- 6) No, the Company does not maintain the gross salvage and cost of removal ledger
- 7) The Company did not have additions less than \$500, the \$238 in 2020 should be expensed.

**Sebring Gas Systems
2021 Projections**

ACCOUNT	<u>PROJECTED</u>		<u>PROJECTED</u>		<u>PROJECTED</u>		<u>RESERVE</u>		<u>RESERVE</u>	
	INVESTMENT AS OF 12/31/21 (\$)	INVESTMENT AS OF 12/31/20 (\$)	INVESTMENT ADDITIONS (\$)	RETIREMENTS	AS OF 12/31/21 (\$)	AS OF 12/31/20 (\$)				
DISTRIBUTION PLANT										
Account number and description, as applicable:										
376.1 - Mains - Steel	\$ 187,405	\$ 187,405	\$ -		\$ 190,678	\$ 185,243				
376.2 - Mains - Plastic	2,947,715	2,816,906	130,809	0	1,122,211	1,038,995				
378 - Measuring and Regulating Ept. Gen - Embedded	22,737	22,737	0	0	11,709	11,004				
378.1 - Measuring and Regulating Ept. - new		0	0		0					
379 - Measuring and Regulating Ept. - City Gate	1,241,627	1,241,627	0	0	366,705	326,972				
380.1 - Services - Steel	349,838	349,838	0	0	431,236	427,738				
380.2 - Services - Plastic	1,075,001	1,040,497	34,504	0	349,250	315,318				
381 - Meters	373,128	367,721	5,407	0	237,067	222,999				
382 - Meter Installations	223,686	210,360	13,326	0	78,323	71,609				
383 - House Regulations	52,204	50,201	2,003	0	31,472	29,889				
384 - House Regulator Installations	83,489	82,677	812	0	48,880	46,388				
386 - Property on Customers' Premises	35,310	35,310	0	0	34,087	33,275				
387 - Other Equipment	23,209	23,209	0	0	11,988	11,060				
TOTAL DISTRIBUTION PLAN	\$ 6,615,349	\$ 6,428,488	\$ 186,861	\$ -	\$ 2,913,603	\$ 2,720,490				
GENERAL PLANT										
Account number and description, as applicable:										
390.0 - Leasehold Improvements	13,278	13,278	0	0	4,296	3,964				
391.1 - Office Furniture	3,033	2,835	198	0	1,023	908				
391.2 - Office Equipment	33,424	33,424	0	0	33,179	31,709				
392.1 - Transportation - Trucks	307,698	307,698	0	0	230,098	202,406				
392.3 - Transportation - Other		0	0		0					
394 - Tools, Shop & Garage Equipment	33,758	26,062	7,696	0	17,776	15,682				
396 - Power Operated Equipment - Embedded		0	0		0					
396 - Power Operated Equipment - New	30,902	30,902	0	0	28,306	26,483				
397 - Communication Equipment	46,858	44,359	2,499	0	14,634	12,115				
TOTAL GENERAL PLANT	\$ 468,951	\$ 458,558	\$ 10,393	\$ -	\$ 329,313	\$ 180,545				
CAPITAL RECOVERY SCHEDULES, as applicable										
TOTAL PLANT	\$ 7,084,300	\$ 6,887,046	\$ 197,254		\$ 3,242,917	\$ 2,901,035				

COMMISSIONERS:
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GABRIELLA PASSIDOMO

STATE OF FLORIDA



DIVISION OF ECONOMICS
JUDY HARLOW
DIRECTOR
(850) 413-6410

Public Service Commission

December 13, 2021

Mr. Jerry Melendy, Jr.
Vice President
Sebring Gas Systems
3515 Highway 27 South
Sebring, FL 33870-5452

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

Mr. Melendy:

Staff has completed its initial review regarding Sebring Gas System's current depreciation study and have a few questions. Please provide your response to the attached data request by January 13, 2022.

Should you have any questions, or need further information, please do not hesitate to contact me at (850) 413-6433.

Sincerely,

/s/ Lee Smith
Public Utilities Analyst

Attachment

cc: Cong Nguyen, of Brimmer, Burek & Keelan LLP
Office of Public Counsel

DEPRECIATION STUDY REVIEW

Staff's First Data Request

1. Please refer to Sebring's Petition for Approval of 2021 Depreciation Study (2021 Petition). Paragraph 3 states that "assets are being depreciated at approved rate per PSC order PSC-12-0043-PAA-GU issued on December 19, 2016." Sebring's most recent depreciation rates were approved in Order No. PSC-16-0574-PAA-GU issued December 19, 2016. Please confirm which depreciation rates Sebring is currently using to depreciate its assets.
2. Please refer to Sebring's 2021 Petition, Schedule B. The Current Approved Average Remaining Life for account 397 – Communication Equipment is reflected as 15 years. However, Order No. PSC-16-0574-PAA-GU approved 18 years as the Average Remaining Life for this account. Please confirm which Average Remaining Life Sebring used to calculate the Remaining Life Rate for this account.
3. Please refer to Sebring's 2021 Petition. Please provide the calculations for the Average Remaining Life rates reflected on Schedule B for all of Sebring's depreciable accounts for 2021 in Excel format.
4. Please provide the actual and estimated Plant and Accumulated Depreciation activity for all of Sebring's depreciable accounts for 2021 in Excel format.
5. Please explain why Sebring did not timely file its 2021 Depreciation Study by July 20, 2021, as required by Rule 25-7.045(4)(a), Florida Administrative Code.
6. Does Sebring maintain a gross salvage and cost of removal ledger for analyzing/determining the required net salvage level of its depreciation rates? If so, please provide a copy of the account-by-account analysis.
7. Please refer to Sebring's 2020 ADSR. Account 379 M&R Station Equipment – Gate reflects an addition of \$238. Please confirm that this amount should have been expensed rather than capitalized. If not, explain. Further, please confirm that no other amounts less than \$500 were capitalized during the 2017-2021 timeframe.