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**FCG's Response to Staff's Second Set of  
Interrogatories, Nos. 2-5**

Florida City Gas  
Docket No: 20210003  
Staff's Second Set of Interrogatories  
Interrogatory No: 2

QUESTION:

Referring to the August 6, 2021 filing of witness Bustos's direct testimony on page 5, lines 21-22, please state the schedule and line number where the referenced \$12,000 allocated to the Florida Gas Transmission (FGT) rate case is included.

RESPONSE:

The estimated \$12,000 allocation related to the FGT rate case is included in line 6 "Other" on FCG Exhibit MB-2, page 3, Schedule E-1/R.

Florida City Gas  
Docket No: 20210003  
Staff's Second Set of Interrogatories  
Interrogatory No: 3

QUESTION:

Schedule E-1, line 6, indicates the Other Total for 6 months is \$604,413. Please discuss what is included in Other costs that total to \$604,413.

RESPONSE:

The other cost category consists of the following:

- Natural gas purchased from a third-party utility to supply service for two small communities and a hospital at the border of FCG's service territory.
- A temporary supply of compressed natural gas to a new natural gas customer in the northern part of FCG's territory while new pipe-line infrastructure is completed.
- Internal administrative costs associated with procurement, transportation, balancing, and trading of gas supply and capacity that are incremental to and not recovered in base rates.

Florida City Gas  
Docket No: 20210003  
Staff's Second Set of Interrogatories  
Interrogatory No: 4

QUESTION:

Schedule E-5 indicates January total customers as 118,194 and December total customers as 120,738. What are the reasons for the customer growth as shown in Schedule E-5?

RESPONSE:

The projected number of customers shown in Schedule E-5 was determined based on a forecasting methodology using regression analysis based on historical growth data. Based on this forecasting methodology, FCG projects that there will be a slight increase in total customers between January 2022 and December 2022. It also must be remembered that a forecast is a forward-looking projection based on the best information available at the time of the forecast, and that the actual number may be higher or lower than the original forecast due to many different factors that are largely beyond FCG's control.

Florida City Gas  
Docket No: 20210003  
Staff's Second Set of Interrogatories  
Interrogatory No: 5

QUESTION:

Please discuss the components and assumptions that were made in developing the company's 2022 projections.

RESPONSE:

The company used two components for gas cost projections: (1) Projected therms and (2) projected commodity cost per therm. These components are summarized below.

(1) Projected therms

A combination of forecasting techniques was used to develop the 2022 projection of therms. Each FCG rate class was forecasted independently. Regression was used for the following classes: RS-1, RS-100, RS-600, GS-1, GS-1 (Transportation), and GS-6k. Other classes were forecasted using Exponential smoothing models or simple historical averages. Regression models were constructed using heating degree hours as the primary variable in conjunction with indicator variables. For the RS-1 class specifically, a use-per-customer exponential smoothing model was developed. The output of the use-per-customer model was multiplied by the RS-1 customer forecast to derive the appropriate therms forecast. Heating degree hours were based on the system composite temperature derived by weighting 3 weather stations within FCG's service territory. The weather station data is obtained from WSI, a division of the Weather Company, an IBM business.

(2) Projected Fuel Cost

To calculate this charge, FCG estimates the City Gate price by adding an internally developed NYMEX price, the historical FGT zonal basis from the prior 12 months, the current FGT fuel cost, and swing option premium. The swing option premium is estimated by using the historical spot price premium in relation to the term gas cost. The forecasted City Gate gas price by either projected volumes for each month to calculate a monthly commodity (other) cost.

**DECLARATION**

I sponsored the answers to Interrogatories Nos. 2-5 from **STAFF'S SECOND SET OF INTERROGATORIES (NOS. 2-5)** to Florida City Gas in Docket No. 20210003-GU. The responses are true and correct based on my personal knowledge. Under penalties of perjury, I declare that I have read the foregoing declaration and the interrogatory answers identified above, and that the facts stated therein are true.

A handwritten signature in blue ink, appearing to be 'Miguel Bustos', is written over a horizontal line. The signature is enclosed within a hand-drawn oval.

Miguel Bustos

Date: 9/30/21