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March 13, 2012

VIA FEDEX

Bill McNulty
c/o Ann Cole
Commission Clerk
Office of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: Docket No. 110303 -- Section 120.745, F.S. (2011), Legislative review of agency rules in effect on or before November 16, 2010

Dear Mr. McNulty:

Enclosed for filing with the Commission, please find the original and five (5) copies of Peoples Gas System's responses to the Commission Staff's Survey Questions regarding Rules 25-7.0131 and 25-22.032 dated February 24, 2012 in the above docket.

Please acknowledge your receipt of the enclosures on the enclosed copy of this letter, and return the same to me in the enclosed preaddressed envelope.

Thank you for your usual assistance.

Sincerely,

Paula K. Brown
Administrator Regulatory Coordination

COM _____ Enclosures
APA _____
ECR 1 cc: Mr. Ansley Watson, Esquire
GCL 2 Ms. Kandi Floyd
RAD 1
SRC 1
ADM _____ Peoples Gas
OPC _____ 702 North Franklin Street
CLK _____ P.O. Box 2562
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AN EQUAL OPPORTUNITY COMPANY

DOCUMENT NUMBER-DATE
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Rule 25-7.0131

1. What are the Company's estimated transactional costs resulting from the Company's compliance with Rule 25-7.0131, F.A.C., for the five year period beginning July 1, 2011? Please identify regulatory assessment fees separately from all other transactional costs required to comply with the rule.
 - A. The estimated transactional costs resulting from Peoples Gas ("Peoples") compliance with Rule 25-7.0131, F.A.C., for the five year period beginning July 1, 2011 is \$8,400,00 for the fee itself and \$10,000 in other costs.

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2. What is the Company's estimate of the likely impact, stated in terms of costs and/or benefits, on small businesses (as defined by s. 288.703) located in the Company's service territory, resulting from the implementation of Rule 25-7.0131, F.A.C., for the five year period beginning July 1, 2011?
 - A. The definition of a small business under Section 788.703 F.S. is "...an independently owned and operated business concern that employs 200 or fewer permanent full-time employees and that, together with its affiliates, has a net worth of not more than \$5 million or any firm based in this state which has a Small Business Administration 8(a) certification. As applicable to sole proprietorships, the \$5 million net worth requirement shall include both personal and business investments." Peoples Gas does not keep statistics on its non-residential customer base in sufficient detail to enable it to identify which customers might qualify under this definition and, thus, is unable to estimate what, if any, impact implementation of the rule has on this group.

With respect to general costs and benefits associated with implementation of this rule, please refer to the company's response to Staff's First Data Request No. 7.

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3. What is the Company's estimate of the likely impact, stated in terms of costs and/or benefits, on small counties and small cities (as defined in s. 120.52) located in the Company's service territory, resulting from the implementation of Rule 25-7.0131, F.A.C., for the five year period beginning July 1, 2011?
- A. Section 120.52, F.S. defines "Small county" as any county that has an unincarcerated population of 75,000 or less according to the most recent decennial census and "Small city" as any municipality that has an unincarcerated population of 10,000 or less according to the most recent decennial census. Peoples Gas provides retail gas service within 32 counties in Florida. Six of these counties would qualify as small counties. Peoples Gas provides retail gas service to a number of cities that could be defined as "small cities"; however, Peoples Gas does not know what, if any, impact implementation of the rule has on these cities.

With respect to general costs and benefits please refer to the company's response to Staff's First Data Request No. 7.

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- 4.** What is the Company's estimate of the likely impact, stated in terms of costs and/or benefits, on entities located in the Company's service territory other than those specifically identified in Questions 2 and 3, resulting from the implementation of Rule 25-7.0131, F.A.C., for the five year period beginning July 1, 2011 ?
- A.** Peoples Gas does not know what, if any, impact implementation of the rule has on entities located in the company's service territory other than those specifically identified in Requests 2 and 3.

With respect to general costs and benefits associated with implementation of this rule, please refer to the company's response to Staff's First Data Request No. 7.

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- 5.** What does the Company believe is the expected impact of Rule 25-7.0131, F.A.C., on economic growth, private sector job creation or employment, and private sector investment in the Company's service territory for the five year period beginning July 1,2011?
 - A.** Peoples Gas does not know what, if any, impact this rule has on economic growth, private sector job creation or employment, and private sector investment for the five year period beginning July 1, 2011 in the company's service territory.

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- 6.** What does the Company believe is the expected impact of Rule 25-7.0131, F.A.C., on business competitiveness, including the ability of persons doing business in the Company's service territory to compete with persons doing business in states other than Florida or other domestic markets, productivity, and innovation, for the five year period beginning July 1, 2011?
- A.** While customers who purchase natural gas from a local distribution company pay a higher regulatory assessment fee than other customers with alternative energy use such as electric, Peoples Gas does not know what, if any, impact this rule could be expected to have on business competitiveness, including the ability of persons doing business in the company's service territory to compete with persons doing business in states other than Florida or other domestic markets, productivity, and innovation, for the five year period beginning July 1, 2011 in the company's service territory.

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7. What does the Company believe are the benefits of Rule 25-7.0131, F.A.C.?
- A. Section 366.14, F.S., requires each regulated company under the jurisdiction of the Commission to pay a regulatory assessment fee based upon its gross operating revenues. The statute authorizes the Commission to assess investor-owned natural gas distribution utilities up to .5 percent of their gross operating revenues derived from intrastate business. Rule 25-7.0131 sets forth the appropriate regulatory assessment fee rate, within the statutorily allowed range, that must be paid by natural gas distribution utilities. The Commission's rule also sets forth due dates, forms and other procedures, thereby creating an orderly process for payment of the regulatory assessment fee.

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Rule 25-22.032

1. What are the Company's estimated transactional costs resulting from the Company's compliance with Rule 25-22.032, F.A.C., for the five year period beginning July 1, 2011?
 - a. For the five year period beginning July 1, 2011, which requirements of Rule 2522.032, F.A.C., if any, would be performed by the Company assuming the rule were not in effect? Please explain.
 - b. For each of the requirements identified in la., what are the estimated transactional costs associated with such requirements for the five year period beginning July 1, 2011 ?
 - c. What are your actual transactional costs resulting from your Company's compliance with Rule 25-22.032, F.A.C., for the period July 1,2011 to December 31, 2011?

- A. Peoples estimated transactional costs for compliance with Rule 25-22.032, F.A.C. are as follows:

July 1 – Dec 31, 2011	\$26,436
2012	\$53,533
2013	\$54,871
2014	\$56,243
2015	\$57,649
Jan 1 – July 31, 2016	\$29,545

- a. Peoples would continue to try and resolve any disputes in a fair and reasonable manner if the requirements of Rule 25-22.032, F.A.C. were not in effect. Procedures for dispute resolution would have to be established as the Staff currently serves as an independent third party on issues where the parties cannot reach a satisfactory resolution.
- b. Peoples has staff in place that can resolve the majority of disputes that do arise. For the few that escalate requiring third party intervention, steps would have to be put in place. A determination of the transactional costs necessary to perform the tasks in absence of the rule would depend on the resolution process established. However, it would be fair to assume

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that the transactional costs would be significantly greater than what currently exists.

- c. Transactional costs to comply with Rule 25-22.032 for July 1, 2011 to December 31, 2011 were approximately \$26,436.

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- 2.** What is the Company's estimate of the likely impact, stated in terms of costs and/or benefits, on small businesses (as defined by Section 288.703, F.S.) located in the Company's service territory, resulting from the implementation of 25-22.032, F.A.C., for the five year period beginning July 1, 2011?
 - A.** Peoples believes the impact on small businesses as defined by Section 288.703, F.S. is minimal as Peoples' small business customer complaints account for less than one percent of total customer complaints and of those none have resulted in an informal conference with the Commission Staff. There is a benefit with the rule in that in the event of an unresolved complaint the Commission Staff would be available as an independent third-party to assist in reaching resolution.

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3. What is the Company's estimate of the likely impact, stated in terms of costs and/or benefits, on small counties and small cities (as defined in Section 120.52, F.S.) located in the Company's service territory, resulting from the implementation of 25-22.032, F.A.C., for the five year period beginning July 1, 2011?
 - A. Peoples' is not aware of any significant costs or benefits on small counties or cities resulting from the implementation of Rule 25-22.032, F.A.C. However, the Rule does provide local government officials and small cities the ability to direct questions to the state Commission rather than the burden of having the local governments or cities attempt to assist their residents in resolving complaints.

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- 4.** What is the Company's estimate of the likely impact, stated in terms of costs and/or benefits, on entities located in the Company's service territory other than those specifically identified in Questions 2 and 3, resulting from the implementation of 25-22.032, F.A.C., for the five year period beginning July 1, 2011 ?
- A.** Peoples' is not aware of any other significant costs or benefits within its service territory resulting from the implementation of Rule 25-22.032, F.A.C.

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5. What does the Company believe is the expected impact of Rule 25-22.032, F.A.C., on economic growth, private sector job creation or employment, and private sector investment for the five year period beginning July 1, 2011 in the Company's service territory?
 - A. Peoples is not aware of any impact of Rule 25-22.032 F.A.C. on economic growth, private job sector job creation or employment, and private sector investment in the company's service territory.

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- 6.** What does the Company believe is the expected impact of Rule 25-22.032, F.A.C., on business competitiveness, including the ability of persons doing business in the Company's service territory to compete with persons doing business in states other than Florida or other domestic markets, productivity, and innovation, for the five year period beginning July 1, 2011?
- A.** Peoples is not aware of any impact of Rule 25-22.032 F.A.C. on business competitiveness, including the ability of persons doing business in the company's service territory to compete with persons doing business in states other than Florida or other domestic markets, productivity, and innovation.

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7. What does the Company believe are the benefits of Rule 25-22.032, F.A.C.?
 - A. The existing Rules and guidelines provide a smooth and seamless process to resolve complaints easily while minimizing escalated complaints to the Commission.

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- 8.** Assuming Rule 25-22.032, F.A.C., is unchanged over the next five years, do you expect your Company's costs to comply with the rule going forward, to increase, decrease, or remain the same. Please explain your response.

- A.** Peoples expects its costs to comply with Rule 25-22.032, F.A.C., to increase somewhat over time as a result of continued cost increases for various O&M costs being experienced by the industry.

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- 9.** Does your Company currently have procedures/personnel in place to address complaints received directly from your consumers?
- A.** Yes, Peoples has procedures/personnel in place to address complaints received directly or indirectly from our consumers.

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- 10.** If Rule 25-22.032, F.A.C., were repealed would your Company continue to accept and address consumer complaints? Please explain your response.
- A.** Yes, the company would expect to continue to accept and address consumer complaints forwarded by the Commission, but the company would have to determine the appropriate dispute resolution process to follow in the absence of Rule 25-22.032, F.A.C.

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11. Do you believe the costs, if any, incurred by your Company to comply with the records retention, reporting, and auditing requirements of Rule 25-22.032(10), F.A.C., for the five year period beginning July 1, 2011, if any, have an adverse impact on your Company? If so, please provide any and all data which supports your response.

A. There are no significant adverse impacts associated with the records retention, reporting or auditing requirements associated with Rule 25-22.032(10) F.A.C.

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- 12.** Of the transactional costs estimated to be associated with compliance with 25-22.032, F.A.C., what percentage is spent on the following items:
- a. Staffing
 - b. Document storage and retention
 - c. Postage and shipping
 - d. Communications (dedicated phone lines, emails or faxes)
 - e. Other
- A.**
- a. Staffing: 99 percent
 - b. Document storage and retention: Less than 1 percent
 - c. Postage and shipping: Less than 1 percent
 - d. Communications: Less than 1 percent
 - e. Other - The company occasionally incurs legal costs associated with complaints

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- 13.** How many staff members at your Company are currently responsible for handling consumer complaints associated with 25-22.032, F.A.C.?
- a. Are they full time employees?
 - b. Do these employees have responsibilities apart from handling complaints?
- A.**
- a. One full time
 - b. No. In the event additional information is required to resolve/respond to a complaint, individuals in other areas may assist. These individuals also have other responsibilities.

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- 14.** Section 3 of Rule 25-22.032, F.A.C., states that a customer's service shall not be discontinued during the complaint resolution process. Have there been instances within 2010 through 2011, when your Company was uncompensated for service provided as a result of a billing dispute?
- a.** In the majority of these cases, is the Company able to recoup these costs after the complaint is resolved?
- A.** **a.** Peoples is typically able to recoup costs such costs as past due amounts, disconnect and reconnect fees, but not the transactional costs after complaints are resolved.

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- 15.** Does your Company subscribe to the Florida Public Service Commission's telephone "transfer-connect" or email transfer system?
- a. What are the annual costs associated with subscription to these systems, including costs due to additional requirements for staffing, operating hours and document retention?
- A.** a. Yes, Peoples' subscribes to the FPSC's transfer-connect and e-mail transfer system. Annual cost associated with these systems is \$492.

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- 16.** Approximately what percentage of complaints are resolved prior to reaching the Informal Conference stage described in section 8 of Rule 25-22.032, F.A.C.?
- a. How many times has your Company had a consumer complaint that has escalated all the way to the informal conference stage in the previous two years?
 - b. How many times within 2010 through 2011, has your Company had a complaint process that was escalated beyond the informal conference stage?
- A.**
- a. One
 - b. None

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- 17.** Approximately what percentage of complaints from your customers filed with the Florida Public Service Commission are successfully resolved within 30 days?
 - A.** Nearly all of Public Service Commission complaints are resolved by the company within 30 days. Less than one percent result in supplemental requests by the FPSC which may extend beyond 30 days.

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- 18.** How has Rule 25-22.032, F.A.C., affected the way your Company processes complaints?
- a. Has the rule had a positive, negative, or neutral impact on your Company?
 - b. How has the rule affected the Company's cost of handling complaints?
- A.**
- a. Peoples' believes the rule has had a positive impact as it provides a structured process supported by the Commission in resolving customer complaints. Disputes between two parties can sometimes be more expeditiously resolved by an independent third party who reviews all the documentation associated with a dispute.
 - b. While there are costs associated with handling of complaints as described in the response to Staff's First Data Request No. 15, they are not significantly incremental to the costs that would exist without the requirements of Rule 25-22.032, F.A.C.