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OFFICE OF THE GENERAL COUNSEL S. CURTIS KISER
GENERAL COUNSEL
(850) 413-6199

COMMISSION

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## Aublic Service Commission

March 15, 2012

Ansley Watson, Jr.
Macfarlane Ferguson & McMullen
P.O. Box 1531
Tampa, FL 33601-1531

STAFF'S THIRD DATA REQUEST

Re: Docket No. 110320-GU - Petition for approval of Cast Iron/Bare Steel Pipe Replacement Rider (Rider CI/BSR), by Peoples Gas System.

Dear Mr. Watson:

By this letter, the Commission staff requests that Peoples Gas System (PGS or utility) provide responses to the following data requests.

- 1. In Peoples response to staff's first data request Items 12 c and 12 e, Peoples stated that the return on equity component and aggregate ad valorem tax rate utilized in the original petition should be updated. Does Peoples intend to file a revised "Original Sheet No. 7.806-2" tariff from Exhibit B on page 19 of the petition?
- 2. In response to item 11, Peoples stated that "The assumptions for the \$7 million annual investment to be recovered through the rider is based upon a historical review of main replacement costs and the future costs to replace facilities based on current contractor pricing for the company's east and west regions." Then, on pages 517 and 518, the Company provided a breakdown of the projected total costs for the east and west regions, respectively. Based on this information:
  - a. Please explain why the total project costs for the east region, shown on page 517, are not adjusted for inflation, as indicated in note 3 of the schedule, while the cost rates for the west region, shown on page 518, are adjusted for inflation.
  - b. On page 518, please explain how the weighted average replacement costs for 2012 of \$80,000 and \$900, for mains and services, respectively, relate to the weighted averages shown for 2011, with the Company's 4% annual inflation assumption.
  - c. Please provide the assumptions, calculations, or indices used to arrive at the 4% annual inflationary rate used in the Company's calculations, as shown on page 518.

Ansley Watson, Jr. Page 2 March 15, 2012

Please file the original and five copies of the requested information by Thursday, March 29, 2012, with Ms. Ann Cole, Commission Clerk, Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida, 32399-0850. Please feel free to call me at (850) 413-6187 if you have any questions.

Sincerely,

Marka C. Brown

Martha C. Brown Senior Attorney Office of the General Counsel

MCB/sh

cc: Office of Commission Clerk

Ms. Paula K. Brown Ms. Kandi M. Floyd