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# Public Service Commission

March 13, 2023

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**STAFF'S FIRST DATA REQUEST**  
*via e-mail*

**Re: Docket No. 20220219-GU - Petition for approval of 2022 depreciation study, by Peoples Gas System.**

Dear Mr. Means:

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

Please refer to PGS's 2022 Depreciation Study (2022 Study) for the questions below:

1. Please explain why, in its 2022 Study, PGS is projecting depreciation activities through 12/31/2024, instead of 12/31/2023, given that the latter would match (i) the proposed implementation date of the 2022 Study, and (ii) the proposed change in the customer's rates in the anticipated PGS rate case which has 2024 as the test year per the Company's Test Year Notification dated 02/03/2023.
2. Referring to Bates Stamped Page (BSP) 13 of 180, please explain why the historical data ends at December 2021, rather than a later month such as June 2022, which was used in preparing the 2022 Study.
3. Please provide January 2022 through December 2024 actual/projected monthly plant additions for each depreciable account.
4. Please refer to BSPs 115 through 149. Why does each BSP's title reference Retirements, etc. for the period 1982-2018, when the table presented on the BSP includes data from 1982 through 2021?

5. Referring to BSPs 162-164 and 174-176 of the 2022 Study, please provide the preliminary 2022, 2023 and 2024 Annual Depreciation Status Reports (ADSRs) in electronic format (MS Excel version) with formulas intact and unlocked to comport with Rule 25-7.045(4)(a) and (6), F.A.C.
6. The following questions pertain to Account 37600 – Mains Steel:
  - a. Referring to BSP 174 of the 2022 Study, please explain how the actual/projected 2022 depreciation accrual, in the amount of negative \$4,593,577, was derived.
  - b. Referring to BSP 175 of the 2022 Study, please explain how the projected 2022 depreciation accrual, in the amount of \$294,374, was derived.
  - c. Referring to BSP 176 of the 2022 Study, please explain how the projected 2022 depreciation accrual, in the amount of \$19,958,760, was derived.
7. Please refer to the 2024 ADSR, BSP 176 of the 2022 Study, column “Adj/Xfers,” and respond to the questions below:
  - a. Please explain why PGS projected that, in 2024, Accounts 37402 through 38700 (except Account 37600) will incur certain negative adjustments and/or transfers of reserve, and Account 37600 will incur positive adjustments and/or transfers of reserve.
  - b. Please explain the nature and cause for each of the estimated Adj/Xfers of reserve.
  - c. Please identify the destination account(s) to which the reserve will be transferred, if applicable, for each of the afore-discussed Adj/Xfers.
  - d. For each of the aforementioned Adj/Xfers amounts, please explain why there is no corresponding Adj/Xfers amount recorded on the plant side (BSP 164).
8. Note 1 in the 2024 ADSR (BPS 176) reads:

The \$34 million Amortization of Excess Depreciation Reserve was allocated over Distribution Plant based on the excess Theoretical Reserve as of 12/31/2024. Prior to the transfer the full \$34 million was all recorded in account 37600 - Mains Steel.

- a. In the 2024 ADSR, it appears that Account 37600 is the only account that received (positive adjustment/transfer) the reserve adjustment/transfer, in the amount of \$26,018,49. Please explain where the remainder of the \$34 million excess reserve was allocated.

- b. Please clarify whether the \$34 million excess depreciation reserve discussed in Note 1 is the \$34 million of the theoretical excess depreciation reserve addressed on page 3 of PSC Order No. PSC-2020-0485-FOF-GU, issued 12/10/2020.
9. Please refer to the PSC Order No. PSC-2020-0485-FOF-GU, page 15, for the questions below:
  - a. Please identify how the \$34 million of the theoretical excess depreciation reserve was amortized each year from 2020 through 2023.
  - b. Please identify the in-service date of PGS's Dade City Connector Project.
  - c. Please identify the in-service date of PGS's Work and Asset Management Project.
10. The following questions pertain to Accounts 37600 – Main Steel, 37602 - Main Plastic, 38000 - Services Steel, and 38002 - Services Plastic:
  - a. Please extend the actual/estimated data and/or calculation for the retirements, gross salvage (NS), and cost of removal (COR) from 2021 to 2024 for BSP 121, 122, 125 and 126 of the 2022 Study.
  - b. Please provide each account's retirement rate for the respective period 2017-2020 and 2021-2024.
  - c. Please identify the dollar amounts of each account's cast iron and bare steel pipe (CI/BS)-related retirement.
  - d. Please provide each account's annual percentage of the CI/BS-related retirement over the account's total retirement for years 2017-2024.
  - e. BSP 14 of the 2022 Study notes that PGS estimates that the majority of the CI/BS pipe will be removed from its system by the end of 2022. Please explain how this will affect each account's retirement, COR, and NS for 2023 and going forward.

Please refer to "FINAL\_2022 Depr Study Plant and Reserves Forecast 2024.xlsx" (2022 Study.xlsx) contained in the CD that PGS filed in this docket on February 7, 2023, for the following questions:

11. Account 39100 – Office Furniture  
Referring to Tab "Theoretical Reserve" of 2022 Study.xlsx, rows 767:783, please explain why an Average Service Life (ASL) of 15 years, instead of the Company proposed 17 years per Tab "Proposed Rates," Cell N50, was used in calculating the Average Remaining Life (ARL) for this account. Please provide the necessary corrections, if any.
12. Please refer to Tab "Reserve Allocation" of 2022 Study.xlsx, column L, for the questions below:

- a. Referring to column “Allocation of Dpen Credit”, please clarify whether the \$34 million (Cell L35) allocated depreciation credit is the \$34 million of the theoretical excess depreciation reserve addressed on page 3 of Order No. PSC-2020-0485-FOF-GU (the Order).
  - b. If your response to Question 12(a) is affirmative, please explain why PGS allocated the \$34 million in 2024 (as of December 2024 per Cell A5), instead of within the period of 2020-2023 as prescribed in the Order, pages 3 and 15.
  - c. If your response to Question 12(a) is negative, please explain in detail how the negative \$34 million Distribution Subtotal of “Dpen Credit” was derived.
  - d. It appears that PGS allocated negative \$34 million “Dpen Credit” to each of the distribution accounts in proportion to the account’s theoretical depreciation reserve imbalance. Please provide the rationale for doing so.
  - e. Please explain why PGS utilized the “Dpen Credit”-adjusted reserve, instead of the original estimate of the Book Reserve as of 12/31/2024, in deriving the Company’s proposed remaining life depreciation rate for each distribution account for the instant Depreciation Study.
  - f. In column S, “Reserve Transfers,” of Tab “Plant & Reserve,” PGS reported zero dollar reserve transfers. Please explain why PGS did not perform the reserve transfer here instead of the “Allocation of Dpen Credit” in Tab “Reserve Allocation.”
  - g. Please refer to Tab “Reserve Allocation.” Cell J22 shows that Account 37600 – Main Steel has a Theoretical Reserve Deficit, in the amount of \$40,286,627. However, Note 1 of PGS’s 2024 ADSR (BSP 176 of the 2022 Study) indicates that Account 37600 has excess Theoretical Reserve, in the amount of \$34 million. Please provide explanation and reconciliation, if necessary.
  - h. Please refer to Tab “Reserve Allocation.” Cell L22 shows an “Allocation of Depreciation Credit” to Account 37600, in the amount of negative \$7,981,508.90. PGS’s 2024 ADSR (BSP 176 of the 2022 Study) shows a reserve Adj/Xfers for Account 37600, in the amount of \$26,018,491. Please explain the relationship, if any, between these two reserve allocation/adjustment/transfer projected to be incurred in 2024 for Account 37600.
13. Please refer to Tabs “Reserve Allocation” and “Rate Computation” of 2022 Study.xlsx. In Tab “Reserve Allocation,” Account 33601 RNG Leased-15 Years is grouped within PGS’s Total Depreciable Plant; in Tab “Rate Computation,” however, this account is not included in the Total Depreciable Plant. Please clarify whether Account 33601 is a depreciable plant in the context of PGS’s rate base determination.

14. Referring to the 2022 Study, BPS 176, and the 2022 Study.xlsx, Tab “Plant & Reserve,” please explain each of the differences shown in Table 1 below, and provide the necessary reconciliations, if any.

Account No.	Account Description	2022 Study.xlsx	2022 Study	Difference
		Tab Plant & Reserve Accumulated Reserve 12/31/2024 (\$)	BSP 176 Accumulated Reserve 2024 End of Year (\$)	
		(1)	(2)	(3) = (2) - (1)
	<b><u>Distribution Plant</u></b>			
37402	Land Rights	1,138,086	1,138,086	-
37500	Structures & Improvements	9,096,875	9,096,875	-
37600	Mains Steel	246,447,318	248,942,163	(2,494,845)
37602	Mains Plastic	199,913,997	201,946,603	(2,032,606)
37700	Compressor Equipment	1,898,193	1,898,193	-
37800	Meas & Reg Station Eqp Gen	6,337,845	6,405,323	(67,478)
37900	Meas & Reg Station Eqp City	20,351,711	20,586,002	(234,291)
38000	Services Steel	44,141,119	44,343,273	(202,154)
38002	Services Plastic	211,103,408	213,610,129	(2,506,721)
38100	Meters	45,367,267	45,059,560	307,707
38200	Meter Installations	35,892,252	36,446,253	(554,001)
38300	House Regulators	9,175,076	9,217,201	(42,125)
38400	House Regulator Installs	15,630,869	15,821,020	(190,151)
38500	Meas & Reg Station Eqp Ind	7,348,669	7,333,619	15,050
38600	Other Property Cust Premise	-	-	-
38700	Other Equipment	5,750,484	5,737,260	13,224
	<b><u>Transportation Plant</u></b>			
39201	Vehicles up to 1/2 Tons	7,892,657	8,614,887	(722,230)
39202	Vehicles from 1/2 - 1 Tons	9,585,953	9,868,019	(282,066)
39204	Trailers & Other	959,273	936,242	23,031
39205	Vehicles over 1 Ton	1,621,376	1,577,679	43,697
	<b><u>General Plant</u></b>			
30100	Organization Costs			
30200	Franchise & Consents			
30300	Misc Intangible Plant	815,325	815,325	-
30301	Custom Intangible Plant	37,645,300	37,645,300	-
39000	Structures & Improvements	46,032	11,331	34,701
39100	Office Furniture	1,216,982	1,224,623	(7,641)
39101	Computer Equipment	4,061,127	3,846,553	214,574
39102	Office Equipment	1,063,289	1,052,815	10,474
39300	Stores Equipment	646	647	(1)
39400	Tools, Shop & Garage Equip	4,857,238	4,786,108	71,130
39401	CNC Station Equipment	960,755	51,421	909,334
39500	Laboratory Equipment	-	-	-
39600	Power Operated Equipment	2,196,109	2,218,835	(22,726)
39700	Communication Equipment	3,014,137	3,014,137	-
39800	Miscellaneous Equipment	243,950	240,906	3,044
	<b><u>Gathering &amp; LNG Plant</u></b>			
33600	RNG Plant	595,141	595,141	-
33601	RNG Plant Leased - 15 Years	5,493,888	5,537,318	(43,430)
36400	LNG Plant	78,821	80,336	(1,515)

15. Please refer to BSPs 162-164 and 174-176 for the question below regarding the accounts that are used to book plant asset “CNC Station Equipment”:

a. Referring to the preliminary 2024 ADSR, BSP 176, please explain the differences between the two accounts shown in Table 2 below:

		Plant	Plant	Reserve	Reserve	2024
		2023	2024	2023	2024	Proposed
Account	Depr Description	BOP	BOP	BOP	BOP	Depr Rate
10400	39401 - CNC Station Equipment	2,527,001	2,527,001	783,733	910,083	5.0%
39401	39401 - CNC Station Equipment	748,791	748,791	13,232	51,421	5.1%

Source: 2022 Study, BSPs 164 and 176

b. It appears that, beginning in 2022, PGS includes two accounts (as reflected in Table 2 above) for booking the plant asset “CNC Station Equipment.” Please identify the Commission order, if any, with which the current depreciation rate is prescribed for Account 10400 – 39401- CNC Station Equipment.

c. Please explain why Account 10400 – 39401- CNC Station Equipment is not included in the following portions of the 2022 Study:

Proposed accrual rates	BSP 17
Determination of lives and NS	BSPs 34 - 107
Depreciation rate calculations	BSP 109
Appendixes A - E	BSPs 108 - 151
Summary results	BSPs 177 - 180

d. Please explain how the proposed depreciation rate of 5.0 percent, as reflected in Table 2, was determined.

16. Referring to BSPs 162-164 and 174-176, please provide explanations for Account 11501 – PGS Acq Adj.

17. Please refer to BSPs 162-164 and 174-176 for the question below regarding Account 39002 that is used to book plant asset “Structures & Improvements Leasehold”:

a. When was this account established? Please identify the associated Commission Order that established this account and approved the depreciation rate, if relevant.

b. Will the plant and reserve amounts booked in this account be used in determining the customer’s rates in the anticipated PGS rate case? Please explain your response.

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Please file all responses electronically no later than April 12, 2023, via the Commission's website at [www.floridapsc.com](http://www.floridapsc.com), by selecting the Clerk's Office tab and Electronic Filing Web Form. Please feel free to call me at (850) 413-6076 if you have any questions.

Sincerely,



Major R. Thompson  
Senior Attorney

MRT/crv

cc: Office of Commission Clerk  
Office of Public Counsel