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April 4, 2023

ELECTRONIC FILING

Mr. Adam J. Teitzman, Commission Clerk
Office of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: Docket 20230023-GU, Petition for Rate Increase by Peoples Gas System, Inc.

Dear Mr. Teitzman:

Attached for filing on behalf of Peoples Gas System, Inc. in the above-referenced docket is the Direct Testimony of Timothy O'Connor and Exhibit No. TO-1.

Thank you for your assistance in connection with this matter.

(Document 4 of 18)

Sincerely,

A handwritten signature in blue ink, appearing to read 'J. Jeffrey Wahlen', with a long horizontal flourish extending to the right.

J. Jeffrey Wahlen

cc: Charles J. Rehwinkel, Public Counsel
Jon Moyle, FIPUG
Major Thompson, OGC
Ryan Sandy, OGC

JJW/ne
Attachment



**BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION**

DOCKET NO. 20230023-GU

**IN RE: PETITION FOR RATE INCREASE
BY PEOPLES GAS SYSTEM, INC.**

**PREPARED DIRECT TESTIMONY AND EXHIBIT
OF
TIMOTHY O'CONNOR**

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OF
TIMOTHY O'CONNOR

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
PREPARED DIRECT TESTIMONY
OF
TIMOTHY O'CONNOR

POSITION, QUALIFICATIONS, AND PURPOSE

Q. Please state your name, address, occupation, and employer.

A. My name is Timothy O'Connor. My business address is 702 North Franklin Street, Tampa, Florida 33602. I am employed by Peoples Gas System, Inc. ("Peoples" or the "company") as Vice President, Operations, Sustainability and External Affairs.

Q. Please describe your duties and responsibilities in that position.

A. I am responsible for all aspects of utility operations ("Gas Operations") for Peoples, which consists of the following areas: gas operations, sustainable operations, business operations support ("BOSS"), technical training, and external affairs. I lead the team of people who operate and maintain our transmission and distribution assets across the company's 14 service areas. My duties include overseeing the preparation of my area's capital and operating budgets and planning and directing the company's operations and

1 maintenance activities to promote the delivery of safe,
2 efficient, and reliable natural gas services to our
3 customers. My duties also include overseeing the newest form
4 of sustainable energy in Florida, which is renewable natural
5 gas ("RNG"). Gas Operations' staffing includes technicians
6 and other functional roles dedicated to customer service,
7 distribution maintenance, meter reading, locating,
8 compliance, and leak surveying, among other responsibilities.
9 I work closely with our Pipeline Safety and Engineering and
10 Construction teams. I am responsible for the safety,
11 training, and evaluation of our Operations team members and
12 external affairs team members.

13
14 **Q.** Please summarize your educational background and business
15 experience.

16
17 **A.** I earned Bachelor of Science degrees in Finance and Economics
18 from New York University and a Master of Business
19 Administration degree from Fordham University.

20
21 I began my career in the energy industry in 2006 when I joined
22 Emera Maine (formerly Bangor Hydro-Electric Company), and
23 thereafter held numerous positions of increasing
24 responsibility in Accounting, Strategy Development, and
25 Business Development with other subsidiaries of Emera

1 Incorporated ("Emera").

2
3 I joined Peoples in November 2016 as Vice President of
4 Business Development, became the Director of Operations in
5 January 2021, and assumed my current role in January 2022.

6
7 **Q.** What are the purposes of your prepared direct testimony in
8 this proceeding?

9
10 **A.** The purposes of my direct testimony are to:

11 (1) describe the functions of the company's Gas Operations
12 and the factors influencing that part of the business.

13 (2) describe our Pipeline Safety team and compliance
14 activities.

15 (3) explain what Peoples is doing to improve and evolve Gas
16 Operations with changing conditions.

17 (4) detail how the company invests capital in Gas Operations
18 to promote safe, efficient, and reliable service to our
19 customers.

20 (5) demonstrate that the company's proposed levels of
21 operations and maintenance ("O&M") expenses for Gas
22 Operations and Pipeline Safety for the 2024 projected test
23 year are reasonable and prudent.

24 (6) summarize the company's activities and plans to promote
25 sustainability.

1 I will also explain the company's plans for a Work and Asset
2 Management ("WAM") platform, our proposals to begin an
3 Advanced Metering Infrastructure ("AMI") pilot, and to
4 recover economic development expenses in accordance with
5 Florida Administrative Code ("FAC") Rule 25-7.042, and I will
6 present information supporting MFR schedule Nos. I-1, I-2,
7 and I-3.

8

9 **Q.** Did you prepare an exhibit to support your prepared direct
10 testimony?

11

12 **A.** Yes. Exhibit No. TO-1, entitled "Exhibit of Timothy
13 O'Connor", was prepared under my direction and supervision,
14 and accompanies my prepared direct testimony. My exhibit
15 consists of these four documents entitled:

16

17 Document No. 1 List of Minimum Filing Requirements
18 ("MFR") Sponsored or Co-Sponsored by
19 Timothy O'Connor

20 Document No. 2 Map of Peoples' Operations Service Areas

21 Document No. 3 Reliability, Resiliency, and Efficiency
22 ("RRE") Project's Actual and Projected
23 Capital Expenditures by Type

24 Document No. 4 Customer Growth by Service Area

25

1 The contents of my exhibit were derived from the business
2 records of the company and are true and correct to the best
3 of my information and belief.
4

5 **GAS OPERATIONS**

6 **Q.** Please describe the company's Gas Operations and the basic
7 operating functions performed.
8

9 **A.** Peoples currently serves over 470,000 customers in 39
10 counties across Florida. The company's Gas Operations team
11 serves customers in three territories (North, Central and
12 South) divided into 14 service areas. A map showing these
13 territories and service areas is included as Document No. 2
14 of my exhibit.
15

16 Gas Operations has four basic operating functions: (1)
17 customer service; (2) distribution maintenance; (3) damage
18 prevention and emergency response; and (4) compliance. Safety
19 considerations permeate all functions the company performs
20 and will be discussed later in my direct testimony.
21

22 **Q.** What customer service functions does Gas Operations perform?
23

24 **A.** The company's commitment to exceptional customer service is
25 second only to its commitment to safety. Members of Gas

1 Operations perform all customer service field activities,
2 including installing new meters, meter changeouts, meter
3 reading, meter investigations, account turn-ons, account
4 turn-offs, dunning disconnects, dunning reconnects, and meter
5 and other trouble investigations. Our field personnel often
6 interact personally with our customers as our field
7 activities require us to interact with home and business
8 owners. Although electric utilities are increasingly digital
9 and remote, our gas field activities require our technicians
10 to be on-site to serve our customers. Peoples is proud to do
11 this and value this opportunity to interact directly with our
12 customers.

13
14 **Q.** Please explain the distribution maintenance activities
15 performed by Gas Operations.

16
17 **A.** Gas Operations is responsible for the safe and efficient
18 operation and maintenance of the company's gas distribution
19 system, which consists of gas mains, laterals, and service
20 lines, and equipment such as meters, regulators, and pressure
21 monitoring equipment. Gas Operations performs routine
22 pipeline and meter maintenance, and monitors and maintains
23 system integrity. Activities include: leak repair, equipment
24 replacement, cathodic protection, valve maintenance, valve
25 relocation related to road construction, regulator and meter

1 replacement on large volume meter installations, cleaning and
2 painting above ground facilities, adjusting pipe clearances
3 for construction by others, and various other items.

4
5 **Q.** What damage prevention and gas emergency response functions
6 are performed by Gas Operations?

7
8 **A.** Peoples' transmission and distribution systems operate and
9 serve customers across the major metropolitan areas of
10 Florida and are buried in rights-of-way, easements, and
11 private property. The significant amount of new commercial
12 and residential development in Florida involves equally
13 significant excavation activity to build and expand roads and
14 other infrastructure. Gas Operations is responsible for
15 locating our system infrastructure related to this excavation
16 activity. For 2022, this represented a significant volume of
17 "locates" of over 600,000 tickets submitted through the
18 Sunshine State One Call 811 System ("Sunshine 811 System").
19 Gas Operations is also responsible for emergency response due
20 to damages to our pipeline system caused by excavation
21 activities, regardless of whether the company was called
22 through the Sunshine 811 System beforehand or not. For 2022,
23 this represented nearly 1,800 damages requiring emergency
24 response. Both the volume of locates and emergency responses
25 are significant non-discretionary work requirements for our

1 team. Later in my direct testimony, I will demonstrate the
2 considerable efforts Peoples has made to reduce the number of
3 damaged facilities and to improve public safety surrounding
4 damage prevention activities.

5
6 **Q.** What pipeline safety compliance activities are performed by
7 the Gas Operations team?

8
9 **A.** Peoples is subject to pipeline safety regulations promulgated
10 by the federal government and the State of Florida. The most
11 significant compliance requirements are contained in
12 regulations adopted by the Transportation Administration and
13 the Pipeline and Hazardous Materials Safety Administration
14 ("PHMSA"). These compliance requirements for local
15 distribution companies ("LDCs") transporting natural gas
16 include regulations on integrity management, incident
17 management and communications, engineering design, operator
18 qualifications, pipeline inspections and testing, records
19 retention, and others.

20
21 The Gas Operations team performs many activities to comply
22 with these federal and state requirements including leak and
23 atmospheric corrosion surveys, continuing surveillance
24 surveys, cathodic protection, odorant tests, and regulator,
25 valve, and meter inspections. These activities also require

1 significant records management. The Gas Operations team
2 members perform hundreds of thousands of compliance
3 inspection schedules annually.

4
5 **Q.** What work is performed by the Gas Operations Technical
6 Training team?

7
8 **A.** The Gas Operations Technical Training ("Technical Training")
9 team is responsible for providing apprentices and experienced
10 utility technicians with PHMSA required operator
11 qualification ("OQ") training and testing, which ensures that
12 Gas Operations team members are competent to perform specific
13 natural gas-related tasks. The frequency of required task-
14 level training depends on the complexity and associated
15 hazards of the task and ranges from annually to triennially.
16 The instruction provided by the Technical Training team
17 addresses the 52 covered tasks needed so technicians can
18 comply with operator qualifications associated with their job
19 duties. In addition to the covered tasks, there are 68 tasks
20 not covered by the Apprentice program but are administered by
21 the OQ coordinators for our teams.

22
23 Peoples uses our company-run training center, a simulated
24 community with a fully functional natural gas system called
25 GasWorX, and a standardized training program with classroom

1 instruction and field experience to train all apprentices.

2

3 New hires begin as apprentices and progress through six levels
4 of classroom and field study to attain operator
5 qualifications. This career development program is a talent
6 attraction tool for new team members to learn and develop
7 critical skills and contribute to the safe and reliable
8 operation of our system. Training a team member so he or she
9 can respond to all gas system operational needs (i.e., be
10 "on-call"), takes a minimum of approximately 18 months.

11

12 Training our team members does not stop when they achieve
13 operator status. Our Gas Operations team members undergo
14 routine, periodic training to reinforce our safe work
15 practices, and learn about how to use new technology and
16 comply with new safety and damage prevention requirements.

17

18 The Technical Training team currently consists of one
19 manager, two supervisors and six trainers.

20

21 **Q.** How does the BOSS team support the activities of Gas
22 Operations and the company?

23

24 **A.** The BOSS team supports Gas Operations and serves as the
25 interface with our Customer Experience team that is shared

1 with Tampa Electric. The responsibilities of the BOSS team
2 are to manage the Gas Operations requirements resulting from
3 our customer service, billing, and credit and collections
4 activities. This includes meter reading, meter management,
5 collections, customer follow-ups, service dispatching, data
6 analytics and reporting, and other operational controls.
7 Through the BOSS team, Peoples is able to standardize
8 Operations' practices across all 14 service areas and
9 effectively interface with Customer Experience.

10
11 The company also has a Centralized Dispatch team that is
12 included within the BOSS team. This team is responsible for
13 the scheduling, planning, and dispatching of service work to
14 all 14 service areas. This centralized function benefits
15 customers by providing a dedicated focus to the customer,
16 consistent dispatch and processing of work assignments, and
17 knowledge of each customer's usage and activities.

18
19 The BOSS team currently consists of one manager, two
20 supervisors, 10 dispatchers and four customer specialists.

21
22 **Q.** What are the responsibilities of the Sustainable Operations
23 team in Gas Operations?

24
25 **A.** The Sustainable Operations team in Gas Operations supports

1 our existing and planned RNG facilities as part of Peoples'
2 overall operations. RNG is an emerging, important business
3 segment and represents a different operational profile than
4 our conventional pipeline system. The company utilizes
5 contractors to design, construct, and operate these
6 facilities. The Sustainable Operations team is responsible
7 for managing these outside resources to meet our safety,
8 compliance, maintenance, and operational requirements for
9 these sustainable assets. The team is also responsible for
10 coordinating with Peoples' gas supply and business
11 development, engineering and construction, safety, and other
12 teams. The company anticipates three RNG facilities will be
13 online and operational in 2023. Although Peoples' obligations
14 and commitments are different for each project and with each
15 counterparty, we have responsibilities to ensure the gas
16 quality meets appropriate pipeline standards and that the RNG
17 facility and pipeline equipment are operating appropriately.

18
19 The Sustainable Operations group is a new team established in
20 2021 and consists of three team members.

21
22 **Q.** What functions does the company's external affairs group
23 perform?

24
25 **A.** The external affairs group is responsible for maintaining the

1 company's relationships with local governments, community
2 groups, trade associations, and non-profits. The external
3 affairs group reports to me and supports Gas Operations and
4 other parts of the company by managing a wide range of
5 relationships, opportunities, and issues.

6
7 As of 2023, the company has 119 franchise agreements with
8 various cities, towns, and municipalities that are managed by
9 this team. This team is also actively engaged with nearly
10 100 economic development organizations, chambers, non-
11 profits, associations, and Boards of Directors in numerous
12 counties and regions to support future growth across Florida.
13 As the largest LDC in Florida, this team leads the company's
14 engagement in natural gas industry groups and associations
15 such as the American Gas Association ("AGA"), the Southern
16 Gas Association ("SGA") and the Florida Natural Gas
17 Association ("FNGA") to facilitate industry and peer best
18 practices and communications. Covering five defined regions
19 of Florida (North Florida, Central Florida, Tampa Bay,
20 Southwest Florida & Southeast Florida), this team maintains
21 relationships with key stakeholders, political office
22 holders, and customers. In storm situations, the external
23 affairs team participates as members of the Emergency
24 Operations Centers ("EOCs"), where they provide updates to
25 and assist key stakeholders and communities with our team's

1 preparation and response to a significant event.

2
3 Lastly, the external affairs team educates and advocates for
4 natural gas and our customers across the state. They are
5 often the first in our organization to learn of emerging
6 issues, opportunities, and challenges and to effectively
7 communicate externally and internally to best position the
8 company.

9
10 In 2021, the company moved resources from a shared service
11 basis with Tampa Electric and formed a dedicated team for
12 Peoples. Creating a dedicated and geographically diverse
13 external affairs team focused on Peoples, its customers, and
14 the communities it serves is part of the evolution of the
15 company described by company witness Helen J. Wesley's direct
16 testimony.

17
18 **Q.** Please describe how many team members work in Gas Operations.

19
20 **A.** As of December 31, 2022, the Gas Operations Organization,
21 including External Affairs, employed 401 team members.
22 Peoples employs 100, 142, and 125 team members, respectively,
23 in our North, Central, and South Territories which are split
24 into 14 service areas. They provide gas service to
25 approximately 138,000, 172,000, and 158,000 customers in

1 those areas, respectively. The company's Gas Operations
2 organization employs nine team members in its Technical
3 Training team, 16 in Business Operations Support, three in
4 Sustainable Operations and six in External Affairs.

5
6 **Q.** Does Gas Operations use contractor resources to supplement
7 the work done by employed team members?

8
9 **A.** Yes. Given our team's obligation to safely operate our
10 pipeline system and provide the aforementioned customer
11 service, distribution maintenance, damage prevention and
12 emergency response and compliance activities, contractors are
13 used to supplement our internal resources. Our approach is
14 dependent on workload volumes and needs, availability of
15 contractors and cost. Later in my direct testimony, I will
16 explain how the company uses contractors to support Gas
17 Operations and how the recent challenging labor market
18 conditions have influenced the company's use of contractors
19 in Gas Operations.

20
21 **Q.** How has Peoples performed in Gas Operations?

22
23 **A.** Peoples is proud of our record. Our team members provide
24 safe, reliable, and affordable service to our customers each
25 day and with industry-leading performance. Peoples' witness

1 Karen K. Sparkman will testify regarding Peoples' leading
2 customer service over the last decade, as exemplified by its
3 J.D. Power top ranking for residential customer overall
4 satisfaction in the South Midsize segment for the past 10
5 years. Our continual focus on serving our customers shows how
6 well our Gas Operations team members are performing.

7
8 **Q.** How did Peoples perform in responding to the service areas
9 impacted by Hurricane Ian?

10
11 **A.** Emergency Preparedness and Response is a key function of the
12 utility to provide safe and reliable service through life
13 safety, incident stabilization, and property conservation.
14 In 2022, Hurricane Ian tested the organization's capabilities
15 when it made landfall on September 28th as a Category Four
16 hurricane through Charlotte Harbor, on the line between
17 Peoples' Sarasota and Ft. Myers service areas.

18
19 The company's response started well ahead of landfall.
20 Starting five days before landfall, the company activated
21 Incident Command and initiated checklists for preparedness
22 and response. The company's preparedness effort includes
23 customer relationship management; safety management; system
24 response and upstream supply; declaration of extraordinary
25 circumstances; logistics, mutual aid disclosures; contractor

1 preparedness; Peoples' resource management; excavations;
2 mobilization of support staff and Incident Management Teams;
3 and site preparation of critical facilities and construction
4 sites.

5
6 Per Peoples' training and procedures, the company's response
7 started with assessments, mobilizing resources, and
8 logistical support as soon as it was safe to begin those
9 activities. Over the next two weeks, the Damage Assessment
10 teams completed approximately 28,000 damage assessments and
11 10 bridge crossings, over 1,200 miles of main were evaluated
12 with the MobileGuard Mobile Leak Survey, and approximately 90
13 emergency leaks were repaired while Logistics, Planning, and
14 Finance teams worked to support the staff and operations.

15
16 Once the assessments and immediate repairs were completed,
17 the company began demobilization. During this extensive
18 effort, there were zero at-fault accidents or injuries of
19 Peoples' team members and zero pipeline safety incidents. The
20 system showed resiliency, and after the Incident Support team
21 demobilized, the company's efforts continued through the
22 public awareness plan to support damage prevention,
23 construction, and operations to continue to recover.

24
25 Consistent with the Peoples' Pipeline Safety Management

1 System and Emergency Preparedness Plan, the company completed
2 an after-action review once normal operations were resumed.
3 The company is actively incorporating lessons learned into
4 the business to enhance an already robust emergency response
5 capability. The incremental costs associated with Peoples'
6 response to Hurricane Ian are shown in Document No. 7 of
7 company witness Rachel B. Parsons' direct testimony and
8 exhibit.

9
10 **Q.** How did the Fort Myers system perform during and after
11 Hurricane Ian?

12
13 **A.** Given that Hurricane Ian was a Category 4 hurricane, Peoples
14 prepared for extensive damage to the area where the storm had
15 the potential to impact our pipeline system. During such a
16 storm, damage to buildings can rip our equipment out of place,
17 uprooted trees can hit our pipelines, water and flooding can
18 potentially immerse our infrastructure, and during recovery,
19 electric power pole repair and other excavation can damage
20 lines.

21
22 Hurricane Ian demonstrated the resilience of Peoples' system.
23 At the peak, the company had approximately 700 customers
24 without service, but many were not at their residences or
25 businesses. Within two weeks, the company had restored most

1 customers who were able to receive service and, for some areas
2 like Fort Myers Beach, our teams were ready to resume service
3 once the local infrastructure was back in place. Furthermore,
4 there were many customers who had home generation fueled by
5 natural gas that were able to maintain hot water and cook
6 food while they waited for the local electric companies to
7 restore power.

8
9 **Q.** Given the increasing number of customers, compliance and
10 customer service levels, does Peoples require additional team
11 members to meet expected work requirements?

12
13 **A.** Yes. For all the areas of Gas Operations previously detailed,
14 additional resources are required to meet future work
15 requirements and to maintain safe and reliable operations to
16 serve our customers. As shown on MFR schedule G-2, pages
17 19c-19e, this amounts to 38 additional positions in 2023 and
18 36 additional positions in 2024, many of which are
19 replacements for vacant positions. As I will discuss later
20 in my direct testimony, these new positions are needed to
21 perform the incremental level of work activities driven by
22 Florida's remarkable growth, and to comply with increasingly
23 stringent compliance requirements and evolving risks across
24 pipeline safety, damage prevention and emergency management.

25

1 **SAFETY OPERATIONS**

2 **Q.** What role does safety play at Peoples?

3
4 **A.** The safety of Peoples' team members, contractors, customers,
5 and the public is paramount. The company seeks to set the
6 standard for LDCs in Florida and beyond. As the largest gas
7 utility in Florida, we seek to lead by example with safe and
8 reliable operations and a sharp focus on customer service.
9 Peoples expects its contractors to follow the company's
10 safety and customer service standards and devotes resources
11 to ensure that they do.

12
13 Peoples' goal is to prevent all serious injuries related to
14 our business considering our customers, the public, our team
15 members, and contractors. We pursue this goal by strict
16 adherence to the industry standard Pipeline Safety Management
17 System ("PSMS") approach established by American Petroleum
18 Institute's Recommend Practice 1173.

19
20 The PSMS has 10 key elements that define essential
21 requirements for a complete safety program that are risk based
22 and leadership driven. Peoples began implementation of PSMS
23 in 2016 and continues to develop its systems, processes, and
24 culture around PSMS, through a "Plan, Do, Check and Act"
25 cycle. Implementing the PSMS involves a concerted team effort

1 by our team members and outside service providers.

2

3 **Q.** Please describe the company's Pipeline Safety team.

4

5 **A.** The company's safety teams operate under the leadership of
6 the company's Vice President of Pipeline Safety and
7 Regulatory Affairs. Pipeline Safety is included in my direct
8 testimony because that team works seamlessly with Gas
9 Operations, and I am personally familiar with the company's
10 safety programs and activities.

11

12 The Safety Operations team has two groups. The first focuses
13 on environmental safety and compliance, contractor safety,
14 and Occupational Safety and Health Administration ("OSHA")
15 workplace safety. The second focuses on damage prevention and
16 public awareness, pipeline safety compliance, and emergency
17 management.

18

19 **Q.** Please describe how many team members work in Safety
20 Operations.

21

22 **A.** At the end of 2022, Safety Operations consisted of a total of
23 35 team members.

24

25 **Q.** What safety regulations impact how Peoples conducts business?

1 **A.** As an LDC, Peoples is subject to federal and state regulations
2 to promote the safety and reliability of the transportation
3 of natural gas for our customers.

4
5 The PHMSA, which is part of the United States Department of
6 Transportation, develops and enforces regulations for the
7 safe, reliable, and environmentally sound operation of
8 America's 2.6 million miles of gas pipeline and the nearly
9 1.0 million daily shipments of hazardous materials by land,
10 sea, and air.

11
12 The Florida Public Service Commission ("Commission") annually
13 inspects Peoples' compliance with the requirements under 49
14 C.F.R. § 191 and 192 and Chapter 25-12 of the Florida
15 Administrative Code.

16
17 As an employer, Peoples is subject to workplace safety
18 regulations imposed by OSHA, and environmental regulations
19 enacted by federal and state environmental regulatory
20 agencies.

21
22 The company understands that following applicable safety and
23 other regulations is one of its fundamental obligations and
24 works diligently to meet and exceed the compliance
25 requirements under these laws.

1 Q. In general, how do these regulations and compliance
2 requirements influence the company's costs of doing business?

3
4 A. While complying with federal and state safety including
5 damage prevention and other regulations which promote the
6 safety of our customers and the public, these compliance
7 requirements affect the company's costs to construct assets
8 and its level of O&M expenses.

9
10 Regulations may specify that the company install new pieces
11 of equipment or design and construct facilities to a certain
12 standard. On the O&M side, Peoples begins dedicating
13 resources to federal and state compliance as soon as new rules
14 or rule amendments are noticed for adoption. Peoples monitors
15 rule development and amendment activity to assess their
16 potential impacts on the company's gas system and operations,
17 and to provide input as appropriate so the costs and benefits
18 of new rules and rule amendments to its customers are properly
19 considered.

20
21 For example, a recent Rupture Mitigation Valve ("RMV") Rule
22 requires process improvements over the entire lifecycle of
23 the pipeline. The RMV rule was issued April 4, 2022 and became
24 effective October 5, 2022. It requires new capital assets
25 (valves and telemetry) to be designed and installed for

1 pipeline facilities fitting certain PHMSA criteria. The RMV
2 rule also imposes requirements for construction standards and
3 how valves and telemetry must be operated and maintained.
4 This federal rule change is compelling Peoples to update its
5 design and construction standards, operation and maintenance
6 practices, gas control room procedures, testing protocols,
7 and training programs.

8
9 Peoples considers this safety compliance work to be important
10 and valuable in the pursuit of safety, but it does increase
11 the costs the company incurs to construct, operate, and
12 maintain its distribution system.

13
14 **Q.** How has Peoples performed in the safety area?

15
16 **A.** Peoples is proud of its safety record.

17
18 The company's OSHA injury rate for team members and
19 contractors is an industry low. Its OSHA incident rate
20 declined from 1.22 in 2020 to 1.13 in 2022. Its avoidable
21 vehicle incident rate declined from 2.26 in 2020 to 1.84 in
22 2022.

23
24 Peoples was awarded the Industry Leader Accident Prevention
25 Award from the American Gas Association for a "DART" (days

1 away, restricted, or transferred) incidence rate below the
2 industry average in 2022.

3
4 Peoples received Gold Shovel Standard Certification for its
5 use of underground damage prevention best practices and has
6 required the same of its strategic partners. The company
7 continues to have excellent PHMSA compliance results.

8
9 **EXTERNAL FORCES AND THE EVOLUTION OF GAS OPERATIONS**

10 **Q.** What external forces are significantly influencing the
11 activities of Gas Operations?

12
13 **A.** The major forces influencing the activities of Gas Operations
14 are: (1) the remarkable population growth of Florida, (2) the
15 challenging market dynamics for internal and external labor,
16 (3) increasing safety compliance obligations, (4) increasing
17 damage prevention activities, and (5) growing customer demand
18 for, and opportunities to support, compressed natural gas
19 ("CNG"), liquefied natural gas ("LNG"), and RNG customers.

20
21 **GROWTH OF FLORIDA**

22 **Q.** How does Peoples describe the recent growth of Florida?

23
24 **A.** As noted by witness Wesley and supported by company witness
25 Dr. Richard K. Harper, Florida's growth has been remarkable,

1 especially over the past few years. Florida's population
2 growth means more new home construction; more hotels,
3 hospitals, stores, and restaurants; new and expanded roads
4 and other construction; and more gas-fired electricity
5 generation. As Florida grows, Peoples must invest in new
6 mains, laterals, service lines, and meters; hire team members
7 to operate and maintain a growing system; and spend money
8 building, upgrading, and moving the company's gas
9 distribution infrastructure to accommodate Florida's growth
10 and construction.

11
12 **Q.** What impact has the recent growth of Florida had on the
13 company's Gas Operations?

14
15 **A.** Florida's growth is providing Peoples the opportunity to
16 serve more customers and grow the size of the distribution
17 system and resources we use to serve them. As our system
18 expands, the company must increase the resources we spend on
19 safety compliance and the different functions performed by
20 Gas Operations. It also has increased the work that must be
21 done to accommodate third-party construction activities such
22 as new residential and commercial construction and road
23 construction. Identifying the location of our gas
24 infrastructure before building contractors, road contractors
25 and landowners dig is an important and growing part of the

1 work done in Gas Operations.

2
3 **Q.** Has Florida grown uniformly across Peoples' service area?
4

5 **A.** No. The percentage of customer growth by service area as
6 provided in Document No. 4 of my exhibit, showcases the
7 remarkable growth of Florida. For 2021 and 2022 respectively,
8 Jacksonville has grown 12.9 percent and 11.9 percent;
9 Southwest Florida has grown 11.6 percent and 12.1 percent;
10 and Sarasota has grown 8 percent and 8.4 percent. For those
11 three service areas, the overall growth for 2018-2022 has
12 been 57.9 percent, 53.7 percent, and 35.2 percent. These
13 percentage increases underscore our higher growth areas. The
14 company continues to see growth in other service areas, but
15 not at the same levels as illustrated above. Dade-Broward,
16 Tampa and Orlando represent three of our largest service
17 areas. For 2021 and 2022 respectively, Dade Broward has grown
18 1.1 percent and 0.7 percent, Tampa has grown 3.1 percent and
19 2.7 percent, and Orlando has grown 2.6 percent and 2.1
20 percent. For those three service areas, the overall growth
21 for 2018-2022 has been 3 percent, 12.9 percent, and 9.5
22 percent, respectively.
23

24 **Q.** Do you have data that reflects the impact of Florida's growth
25 on Gas Operations?

1 **A.** Since 2020, Gas Operations is experiencing an increased
2 workload in all areas, which I have highlighted in key areas
3 below:

4 (1) Customer growth has increased from 425,990 customers at
5 the end of 2020 to 467,975 at the end of 2022 and is expected
6 to be 496,812 by the end of 2024. This increase of 70,822
7 customers in this time frame drives higher customer service
8 volumes to Gas Operations. Our teams have more customers to
9 serve which can include new meter sets, meter reading,
10 maintenance and investigations, leak responses, customer
11 inquiries, meter compliance requirements and all activities
12 required to serve our customers and operate the system safely
13 and properly.

14 (2) In 2020, the company's distribution system consisted of
15 approximately 14,175 miles of mains. Those numbers increased
16 to approximately 14,880 by the end of 2022 and are expected
17 to grow to 15,494 by the end of 2024.

18 (3) Locate ticket requests have increased from approximately
19 535,000 at the end of 2020 to approximately 618,000 at the
20 end of 2022 and are expected to exceed 700,000 by the end of
21 2024. This increase of over 50,000 tickets annually in this
22 time frame drives higher locate activity in every service
23 area. The Sunshine 811 System process requires Peoples to
24 respond to locate tickets within two business days. Coupled
25 with the remarkable business, roadway and construction growth

1 in Florida, the volume of locate tickets is a significant
2 resource driver to Peoples. Furthermore, the expected
3 infrastructure investments for Florida related to the
4 Inflation Reduction Act will add to this already high growth
5 environment.

6 (4) Damages to the distribution system have increased from
7 1,500 at the end of 2020 to 1,800 at the end of 2022 and are
8 expected to be 2,000 by the end of 2024. This increase of
9 approximately 100 damages each year in this time frame drives
10 higher emergency response activity in each service area. With
11 our ever-expanding geographic service area to cover,
12 responding to damages quickly is becoming more challenging
13 without more resources. The emergency response time
14 percentage under 60 minutes was 98.5 percent at the end of
15 2020, 98 percent at the end of 2021 and 98 percent at the end
16 of 2022. The general industry standard is no less than 98.5
17 percent. The increase in damages, the greater mileage to cover
18 per technician, and the impact of Florida's population growth
19 on traffic and roads is slowing our response times. Given
20 where some team members live within a service area, it is
21 sometimes physically impossible to safely travel to a damaged
22 line in under 60 minutes. Lastly, given that a technician
23 must be prepared for any situation in an emergency response
24 scenario, only fully trained, operationally qualified team
25 members are on-call and able to respond. In other words, a

1 new apprentice will not have the adequate training necessary
2 to respond to emergency scenarios and as a result are unable
3 to immediately contribute to the growing emergency response
4 resourcing need related to damages.

5
6 **Q.** How is Gas Operations responding to this growing level of
7 work activity?

8
9 **A.** Due to our growing customer base and increased compliance,
10 locate, emergency response and other operational needs, Gas
11 Operations is increasing our trained workforce while
12 selectively engaging contractors. Through this process,
13 Peoples is also actively working to ensure we have qualified
14 personnel available in locations to meet the 60 minutes
15 response time.

16
17 Total headcount in Gas Operations at the end of 2022 was 395.
18 For 2021 and 2022, total headcount was 360 and 395,
19 respectively. For 2023 through 2024, the total headcount is
20 expected to be 433 and 466, respectively. Including budgeted
21 vacancy allowances of five percent, the net headcount
22 reflected in the 2023 and 2024 budgets is expected to be 413
23 and 445, respectively. MFR schedule G-2, pages 19c-19e shows
24 the position breakdown for 2023 and 2024 for these increases.

25

1 In 2023, 39 total new positions are planned, not including
2 any vacancy assumption:

3
4 (1) 32 positions are planned for various field personnel -
5 supervisors, utility technicians, line locators, apprentices,
6 corrosion technicians and utility coordinators,

7 (2) six positions are planned for dispatchers and support
8 specialists within the BOSS team, and

9 (3) one position is planned for an external affairs analyst.

10

11 For budgeting purposes, a five percent vacancy assumption was
12 used on the total 39 positions planned, thereby reducing the
13 total 2023 planned positions to a net of 37.

14

15 In 2024, 33 total new positions are planned, not including
16 any vacancy assumption:

17

18 (1) 30 positions are planned for various field personnel -
19 supervisors, utility technicians, line locators, apprentices,
20 corrosion technicians and utility coordinators,

21 (2) Two positions are planned for technical trainers, and

22 (3) One position is planned for a damage prevention
23 supervisor.

24

25 For budgeting purposes, a five percent vacancy assumption was

1 used on the total 33 positions planned, thereby reducing the
2 total 2024 planned positions to a net of 31.

3
4 **CHALLENGING LABOR MARKETS**

5 **Q.** Have you found it challenging to meet the internal and
6 external labor needs for Gas Operations?

7
8 **A.** Yes. Since 2020, the labor market in Florida is more
9 competitive, and as a result Peoples has experienced
10 challenges in attracting and retaining qualified team
11 members. In this more competitive labor environment,
12 candidates are seeking higher wages, flexible work
13 arrangements, rapid career promotion and other job
14 opportunities that have made it more difficult to attract
15 workers for field operations roles as well as other key roles
16 within the company.

17
18 Although Florida is an attractive place to live and work, the
19 gas industry employs fewer workers when compared to electric
20 utilities in Florida, so the number of fully trained people
21 available to work in the gas industry is not as large here as
22 it is in other states. The company finds it difficult to
23 recruit trained gas industry workers from northern states
24 where gas loads and penetration are greater, because the
25 prevailing wage rates where they are working are higher than

1 our wage scales. These challenges are explained more fully
2 by company witness Donna L. Bluestone in her direct testimony.

3
4 **Q.** What impact has the challenging labor market had on Gas
5 Operations?

6
7 **A.** The challenging labor market has impacted Gas Operations by:
8 (1) increasing activities aimed at recruitment, training, and
9 retention, (2) regular review of our wage rates to determine
10 their competitiveness, and (3) balancing our use and
11 associated costs with contractors.

12
13 RECRUITMENT, TRAINING AND RETENTION

14 Total team members in Gas Operations have increased from 360
15 in 2021 to 395 in 2022, with planned additions of 38 in 2023
16 and 33 for 2024. These increases are necessary due to the
17 growth of the pipeline system and our obligation to serve
18 customers safely and reliably. The increases are also due to
19 some reduction in the number of contractors by bringing some
20 positions in house.

21
22 In addition to the impact of the challenging labor market
23 related to hiring new team members, the development timeframe
24 required to ensure new hires are sufficiently trained and
25 obtain operator qualifications results in a lag before team

1 members can fully participate in the required work. For
2 example, a new apprentice with no prior gas utility experience
3 cannot perform any tasks for a minimum of three months as
4 they acquire operator qualifications. It takes a minimum of
5 approximately 18 months for the same apprentice to acquire
6 sufficient operator qualifications to perform on-call duties.
7 What this means is that although Peoples is adding to our
8 team members, the impact on the increasing workforce is not
9 realized immediately and will lag for a period.

10
11 Lastly, the company has been challenged in its ability to
12 retain team members over the long-term. Due to this
13 competitive environment and the necessary onboarding and
14 training requirements to ensure a proficient and skilled
15 workforce, Peoples is experiencing higher turnover and
16 attrition. While this is unfortunate, the company knows that
17 it is a phenomenon affecting others in the utility sector as
18 geographic migration for similar roles but at higher pay
19 continues.

20
21 COMPETITIVE COMPENSATION

22 The starting hourly wage rate for an apprentice in Gas
23 Operations was \$16 in 2020 and has risen to \$20 in 2022.
24 Peoples anticipates needing to continue increasing wage rates
25 in 2023 and 2024 to attract and retain qualified team members.

1 Witness Bluestone's direct testimony will provide more detail
2 on labor rates and compensation.

3
4 USE OF CONTRACTORS

5 The company's obligation to provide a safe and reliable
6 natural gas distribution system is largely dependent upon
7 non-discretionary job activities. Accordingly, Peoples must
8 ensure the labor needs related to operations, compliance,
9 safety, maintenance, customer service and emergency response
10 activities do not go unmet. Peoples can secure the services
11 of fully qualified gas technicians by contracting outside
12 service providers. While these contractors are more costly on
13 a per-hour basis, use of contractors allows the company to
14 meet its immediate needs and to quickly adjust the size of
15 its total work force, including both team members and
16 contractors, to meet its operational, performance and
17 geographic needs.

18
19 **Q.** What actions is Gas Operations taking to mitigate the impact
20 of current labor market conditions?

21
22 **A.** Gas Operations collaborates with the company's Human
23 Resources group to hire team members to meet our needs. The
24 actions taken to mitigate market conditions include: 1)
25 providing market competitive wages and benefits to our team

1 members, 2) increasing the volume of new apprentices through
2 our GasWorx apprentice program for future workload needs, and
3 3) reducing the need for some contractors by increasing
4 internal teams.

5
6 Witness Bluestone's direct testimony details the company's
7 efforts to adjust wages and benefits to align with market
8 conditions. To attract and retain new team members, the
9 company must be competitive in the marketplace by offering a
10 strong compensation package.

11
12 In 2022, the company worked diligently to recruit for our
13 apprentice classes. The company recruited three new
14 apprentice classes, the most completed in any year, and
15 trained 38 new apprentices to meet our higher workload and to
16 reduce the usage of contractors. This is not an immediate
17 cost savings between internal and external costs due to the
18 amount of time required to train new team members.

19
20 **SAFETY COMPLIANCE**

21 **Q.** Please describe how the company's safety compliance
22 requirements are increasing.

23
24 **A.** Recent PHMSA regulation changes include enhanced requirements
25 in the categories of integrity management, management of

1 change, rupture detection, valve installations, leak
2 management, safety reporting requirements, environmental
3 standards and procedures, and pipeline assessment
4 requirements. Looking ahead, Peoples is facing changes from
5 the PIPES 2020 Act, MegaRule RIN1, RIN2, and RIN3, and RMV
6 Rule, and rulemaking is expected to arise from the 2024 PHMSA
7 reauthorization. Company witness Christian C. Richard
8 provides greater detail of these compliance requirements in
9 his direct testimony.

10
11 **Q.** Why did the company add to the Pipeline Safety team in 2022?

12
13 **A.** In 2022, the company added 11 team members to Safety
14 Operations for the following business reasons:

15
16 The company added six members (including a supervisor and
17 manager) to its Damage Prevention team due to the rise in
18 construction activity in the state and the resulting increase
19 in locate tickets and damages. These new team members work
20 in the field in different locations around the company's
21 service territory and dedicate their efforts to preventing
22 underground pipeline damages

23
24 Peoples added one Emergency Management Manager, who is
25 dedicated to planning our response to and responding to

1 emergencies, including large customer outages and severe
2 weather events. Improving the resiliency of utility
3 infrastructure and promoting prompt response by utilities to
4 severe weather events is becoming a more important public
5 policy goal in Florida. Additionally, the expansion of our
6 system results in the need for a position that focuses on
7 emergency management.

8
9 As our capital program has expanded, so has the number of
10 contractors employed and therefore the need for more safety
11 supervision of those contractors. The company added three
12 coordinators assigned geographically across the state to our
13 Contractor Safety team. Peoples works with 150 contractor
14 crews to meet the construction demands of its growing system.
15 Our Contractor Safety team is responsible for collaborating
16 with contractors and conducting field inspections to ensure
17 compliance with safety programs and safe construction
18 practices.

19
20 The company added a Compliance Analyst to the
21 PHMSA/Commission Compliance team to manage the hundreds of
22 thousands of compliance activities and the almost 30
23 compliance inspections which occur annually while pursuing
24 process improvements in the compliance function.

25

1 Q. How is Peoples adding to the Safety Operations team in 2023?

2

3 A. The company is adding one additional team member to its
4 Quality Assurance and Pipeline Safety Management team to
5 accommodate pending regulatory requirements and safety risk
6 mitigation efforts. This position is needed to support the
7 growing regulatory workload (e.g., Management of Change) and
8 the Corrective and Preventive Action Program ("CAPA") we are
9 developing.

10

11 Q. Does the company plan to add to the Safety Operations team in
12 2024?

13

14 A. Yes. The company plans to add five members to its Pipeline
15 Safety team in 2024 for the following purposes:

16

17 (1) one additional team member to our occupational safety
18 team to advance safety training across our growing internal
19 and external workforce.

20

21 (2) one additional team member to the Pipeline Safety
22 Compliance team to be the subject matter expert on existing
23 and impending safety compliance regulations. This person is
24 needed to ensure the company complies with the rapidly
25 changing and increasingly complex pipeline safety regulations

1 I previously described in my direct testimony. This highly
2 technical position will advance safety of the system through
3 compliance and participate in the design of our compliance
4 systems to maximize efficiency, compliance, and safety.

5
6 (3) add two members to the Emergency Management team. With
7 14 service areas across the state and a growing customer base,
8 these roles will enhance Peoples' ability to plan for and
9 respond to hurricanes and other emergency events across the
10 state. Developing and executing drills and mock storm events
11 is critical to prepare team members to properly prepare and
12 respond to an emergency event. These mock events will be
13 coordinated and executed with local and state municipal
14 emergency services. Peoples needs to expand its team to
15 properly coordinate and execute these activities.

16
17 (4) add one new team member to its environmental team. Peoples
18 currently employs one dedicated environmental specialist who:
19 (a) helps the company meet environmental permitting
20 requirements, (b) coordinates environmental safety programs,
21 and (c) responds to environmental near misses or incidents.
22 By expanding our environmental team, the company will be
23 positioned for the future to enhance environmental efforts in
24 the areas of methane emission reduction, program management
25 and environmental remediation.

1 **DAMAGE PREVENTION**

2 **Q.** Please describe the challenges and operational requirements
3 of damage prevention and emergency response.

4
5 **A.** In response to excavation activities and locating requests
6 through the Sunshine 811 System, the company responded to
7 approximately 535,000 underground facility "locates" in 2020.
8 This number grew to approximately 618,000 in 2022 and is
9 expected to increase to more than 700,000 in 2024. These
10 locate requests are made by third-party excavators and the
11 company must respond within two business days. These locate
12 requests require a technician or a contractor to confirm the
13 location of our facilities and for those locates that are in
14 the vicinity of our distribution pipeline system, physically
15 mark the gas lines, with yellow paint or flags, to help
16 prevent excavators from damaging an underground pipeline.

17
18 It is important to emphasize the impact of the volume of
19 locates on our business. The approximate 618,000 locate
20 requests in 2022 represents a monthly average of around 51,500
21 locate requests. Given the two-business day response
22 requirement, this volume can represent 20-30 locate tickets
23 per day for our locators or technicians.

24
25 Peoples suffered approximately 1,500, 1,700 and 1,800

1 underground facility damages by third parties in 2020, 2021,
2 and 2022, respectively. Of the damages in 2022, approximately
3 80 percent were caused by the excavator that either failed to
4 call the Sunshine 811 System call center to request a ticket
5 or did not adhere to damage prevention requirements defined
6 in Chapter 556 as required by law.

7
8 Emphasis on the volume of damages is important as the
9 approximately 1,800 damages in 2022 represents about five
10 damages per business day. Damages are not scheduled or
11 planned. When a damage occurs, our team must stop work to
12 respond to the damage. The company does not staff positions
13 to be on standby for possible damages. Our teams must be
14 ready to respond as needed.

15
16 These locate and damage prevention activities are a priority
17 and responsibility of Peoples' Operations and Pipeline Safety
18 teams, and ensuring adequate resources exist to perform these
19 duties is an essential responsibility to the communities of
20 Florida. Appropriate rates to support these costs are
21 beneficial to customers in the interest of public safety,
22 liability, and reliability of gas service.

23
24 **Q.** What actions has the company taken to reduce underground
25 damages by third parties?

1 **A.** Peoples has implemented numerous damage prevention
2 initiatives to mitigate the risks associated with damages to
3 our pipeline system. These initiatives started in 2021 and
4 include: (1)re-organized Gas Operations supervisors and team
5 members to be dedicated to locate and gas emergency response
6 activities for areas with high volumes of locate tickets, (2)
7 initially piloted, then expanded broadly, process improvement
8 efforts led by an external process consultant, (3) expanded
9 the number of Pipeline Safety Damage Prevention team members
10 dedicated to the field and proactive intervention with third-
11 party contractors to prevent damages, (4) obtained
12 certification as a Gold Shovel Gas Operator and required
13 Peoples' contractors to obtain this certification, ensuring
14 we are following damage prevention best practices, and (5)
15 focused efforts on engaging with leadership of high-risk
16 excavators who use mechanized equipment that can damage
17 underground natural gas pipeline with serious consequences.

18
19 Peoples also continues to work with state and local
20 jurisdictions on strengthening enforcement activities to
21 deter future excavation violations. Based on available data,
22 improved communication, education, and enforcement could
23 drive greater utilization of the Sunshine 811 System. By
24 reducing excavation activities that are not preceded by a
25 locate call, the company can better prevent damages.

1 Q. Have these five initiatives increased costs for Peoples and
2 why are they good for customers?

3

4 A. Yes. These initiatives have increased O&M and capital costs.
5 These cost increases were incurred as a result of staffing
6 requirements to properly respond to the increasing ticket
7 volume. These cost increases are prudent and in the best
8 interest of customers as they enhance public safety, lower
9 methane emissions with every prevented damage, reduce
10 liability for Peoples, and prevent costly and disruptive
11 customer outages.

12

13 **SUSTAINABILITY OPPORTUNITIES**

14 Q. What opportunities does Peoples see to support CNG, LNG, and
15 RNG in Florida?

16

17 A. Peoples sees growing opportunities in all three areas.
18 Company witness Lew Rutkin, Jr. describes these growing
19 opportunities, and what Peoples is doing to support customers
20 who seek them, in his prepared direct testimony.

21

22 Q. How have the activities of the Gas Operations area been
23 affected by the work witness Rutkin and his team have been
24 doing in the CNG, LNG, and RNG areas?

25

1 **A.** As discussed earlier in my direct testimony, the company has
2 added three members in the Gas Operations area to operate the
3 facilities used to support the three RNG facilities discussed
4 by witness Rutkin in his direct testimony. In support of the
5 RNG facilities, Sustainable Operations evaluates, procures,
6 and manages contractors to perform O&M services and other
7 obligations.

8
9 **GAS OPERATIONS CAPITAL PROJECTS**

10 **Q.** What kinds of potential capital projects are identified by
11 Gas Operations?

12
13 **A.** Most potential capital projects identified by Gas Operations
14 serve to promote the reliability, resiliency, and efficiency
15 ("RRE") of our gas distribution system. Through the course of
16 operating our distribution systems, members of our Gas
17 Operations team become aware of facilities that need to be
18 replaced (beyond the replacement of Cast Iron/Bare Steel or
19 Problematic Plastic Pipe), improved or relocated to maintain
20 the safe and reliable operation of the system. We work with
21 the company's engineering, construction, and technology team
22 on larger capital projects with longer planning and
23 implementation schedules. Projects also include pipeline
24 installations to loop our system to ensure no significant
25 customer base is dependent on only one feed of gas. As

1 previously discussed, with the significant volume of damaged
2 facilities Peoples experiences, ensuring reliable and looped
3 systems provides for the ability to respond more safely to a
4 damaged facility. Witness Richard describes the process for
5 identifying, evaluating, budgeting, and implementing major
6 RRE projects in his direct testimony.

7
8 **Q.** What dollar value of RRE projects were identified as needed
9 by Gas Operations for 2022 to 2024?

10
11 **A.** Gas Operations identified the need for a total of
12 approximately \$144.5 million of RRE projects for that period.
13 Of that total, approximately \$43.5 million was spent in 2022,
14 and approximately \$37 million and \$64 million are projected
15 to be spent in 2023 and 2024, respectively. A schedule showing
16 the actual and projected capital expenditures by type for
17 these three years is included as Document No. 3 of my exhibit.

18
19 The process the company uses to plan, budget and construct
20 capital projects is explained by witness Richard in his direct
21 testimony. The actual and projected spending amounts shown
22 for 2022, 2023, and 2024 for Gas Operations RRE projects
23 reflect projects that are needed, have been or will be
24 constructed, are prudent and should be included in rate base
25 for the 2024 projected test year.

1 Q. What categories of projects are included in the RRE project
2 totals for 2022, 2023 and 2024?

3
4 A. The categories of projects included in those amounts include
5 cathodic protection, distribution system improvements,
6 improvements to property, main replacements, meters and
7 regulators, non-construction, service line replacements,
8 technology projects and transportation vehicles. The work
9 associated with each of these categories is explained below.

10
11 Cathodic Protection - replacement, retirement, or addition of
12 cathodic protection on existing gas mains and services. The
13 company spent \$3.3 million in 2022 and projects to spend \$2.5
14 million and \$2.6 million in 2023 and 2024, respectively.

15
16 Distribution System Improvements - replacement, retirement,
17 or addition of gas mains related to the enhancement of the
18 gas distribution system's reliability. The company spent \$5.4
19 million in 2022 and projects to spend \$3.0 million and \$3.5
20 million in 2023 and 2024, respectively.

21
22 Improvements to Property - permanent alteration, repair, or
23 addition to a property that enhances its value, increases its
24 useful life, or allows for new use. \$2.4 million was spent in
25 2022 with \$3.0 million and \$12.1 million projected to be spent

1 in 2023 and 2024, respectively. For 2022, our Miami service
2 area building required improvements to renew permits with the
3 city. For 2024, the company projects \$1.1 million for
4 improvements to our GasWorx facility and \$8.0 million for a
5 new or large renovation for our Orlando office. General
6 building repairs and costs were \$1.9 million in 2022 and are
7 projected to be \$3.0 million and \$3.0 million in 2023 and
8 2024, respectively.

9
10 Main Replacements - replacement or retirement of short
11 sections of existing gas mains in an emergency or unplanned
12 event where there is not time to plan, design, permit, or
13 schedule the work. The company spent \$17.6 million in 2022
14 with \$15.0 million and \$16.8 million projected to be spent in
15 2023 and 2024, respectively.

16
17 Meters and Regulators - replacement, retirement, or addition
18 of metering and regulation equipment to maintain reliability,
19 accurate gas monitoring and compliance with applicable
20 requirements. The company spent \$0 in 2022 and projects \$0
21 for 2023. The company projects to spend \$7.8 million in 2024.
22 Due to the continued shortage of small commercial meters, the
23 company is unable to complete periodic change outs ("PCOs")
24 for 2022 and 2023. Peoples is expecting meter supply to become
25 available by 2024 and have reflected the costs of working

1 through any backlog and the 2024 scheduled PCOs.

2
3 Non-Construction - tools, tooling, machinery, or equipment
4 used to install or maintain company assets, power equipment
5 and tools, gauges, instruments, devices, or systems used to
6 inspect, test, calibrate, or measure parameters. The company
7 spent \$1.4 million in 2022 and projects to spend \$1.5 million
8 and \$2.1 million in 2023 and 2024, respectively.

9
10 Service Line Replacements - replacement of a portion or entire
11 service lines of existing gas services in an emergency or
12 unplanned event where there is not time to plan, design,
13 permit, and schedule the work. The company spent \$7.6 million
14 in 2022 and projects to spend \$6.8 million and \$7.7 million
15 in 2023 and 2024, respectively.

16
17 Technology Projects - primarily purchase of computers,
18 printers, and related equipment. The company spent
19 approximately \$500,000 in 2022 and projects to spend
20 approximately \$600,000 and \$400,000 in 2023 and 2024,
21 respectively.

22
23 Transportation Vehicles - purchase of vehicles. The company
24 spent \$5.2 million in 2022 and projects to spend \$4.8 million
25 and \$8.3 million in 2023 and 2024, respectively. Capital

1 totals in 2022 and 2023 reflect lower average annual amounts
2 due to ongoing market constraints that have slowed the
3 company's ability to source new vehicles.
4

5 **OPERATIONS AND MAINTENANCE EXPENSES**

6 **Q.** What is the amount of O&M expenses by functional FERC account
7 incurred in 2022 that you are supporting?
8

9 **A.** In 2022, the company recorded a total of \$36.9 million in
10 FERC Accounts 413, 871, 874, 878, 879, 880, 881, 886, 887,
11 892, 893, 894 and 902. The amount for each account is shown
12 on MFR schedule G-2, pages 12a-19a.
13

14 **Q.** What is the projected O&M expenses for these FERC accounts in
15 2023 and 2024?
16

17 **A.** The totals in 2023 and 2024 are \$37.6 million and \$42.5
18 million, respectively. The distribution of these amounts is
19 also shown on MFR schedule G-2, pages 12a-19a.
20

21 **Q.** Why is the total projected amount of 2024 O&M expenses for
22 these FERC accounts higher than the actual amount in 2022?
23

24 **A.** The total in 2024 is \$5.6 million higher than in 2022. \$2.0
25 million of this increase is related to labor costs that were

1 budgeted on a trended basis as described in the direct
2 testimony of witness Bluestone. \$1.9 million of this increase
3 are other costs that were budgeted on a trended basis as
4 described in the direct testimony of witness Parsons. The
5 remainder of the increase consists of \$3.5 million of payroll
6 not trended costs reflected on MFR schedule G-2, pages 19c-
7 19e that is offset by other not trended costs with a \$1.8
8 million decrease.

9
10 **Q.** Why are payroll not trended costs increasing \$3.5 million
11 from 2022 to 2024?

12
13 **A.** Payroll not trended costs are increasing due to the position
14 increases reflected on MFR schedule G-2, page 19c-19e for
15 these respective FERC accounts, to meet the needs discussed
16 earlier in my direct testimony.

17
18 **Q.** Why are not trended other costs decreasing \$1.8 million from
19 2022 to 2024?

20
21 **A.** Due to the company's financial challenges in 2023 described
22 in the direct testimony of witness Wesley, Peoples reduced
23 contractor costs in FERC Account 874 by eliminating
24 contractors for locators, leak surveys and other activities.
25 This is not a sustainable solution in the long-term and will

1 be addressed through the continued balancing of internal
2 resources and contractors. In Account 413, the O&M expenses
3 related to leased CNG stations decreased approximately
4 \$355,000 from 2022 to 2024 due to a customer exercising
5 purchase options on two stations in 2022. In addition, as
6 discussed in the direct testimony of witnesses Richard and
7 Parsons, the company is proposing to decrease its annual
8 expense for Transmission Integrity Management Program costs
9 in FERC Account 887 by approximately \$439,000.

10
11 **Q.** Is the total amount of projected 2024 O&M expenses for the
12 FERC accounts you are supporting reasonable?

13
14 **A.** Yes. The total projected O&M expenses for 2024 for Gas
15 Operations represents the costs to safely operate our gas
16 distribution system in service of our customers and the
17 public, meet all compliance requirements, protect the public
18 and our system from outside damages and equip our team members
19 with appropriate training and development to perform their
20 duties.

21
22 **Q.** Besides the O&M expense in the FERC accounts you have
23 supported above, is there any other O&M expense item you would
24 like to discuss?

25

1 **A.** Yes. The company included O&M expense related to the Alliance
2 RNG project in FERC Account 930.2. The company projected that
3 this project would be in-service in February 2023 and commence
4 operations at that time. The other not trended expenses in
5 2023 of \$3.2 million and in 2024 of \$4.0 million reflected on
6 MFR schedule G-2, page 19b, represent the expected costs to
7 operate the facility. Costs included are the outside services
8 cost for O&M services, property taxes, royalties on revenues
9 and other costs related to operating the facility. As
10 described in the direct testimony of witness Rutkin, the
11 Alliance RNG facility will deliver environmental, economic,
12 and reliability benefits to our customers and to Florida.

13

14 **OTHER TOPICS:**

15 WORK AND ASSET MANAGEMENT

16 **Q.** Please provide a brief description of the WAM system Peoples
17 is implementing.

18

19 **A.** As discussed in further detail in witness Richard's direct
20 testimony, the WAM system is a central technology platform
21 used by most utilities to track all aspects of an asset's
22 life including planning, design, construction, use and
23 retirement and provide for safe operations. WAM is intended
24 to enable better work planning and execution, centralized
25 management of assets, enhanced customer service and system

1 safety. The WAM system will result in efficiency
2 improvements, enable growth, and reduce risk.

3
4 **Q.** How will implementation of WAM change the way of work in Gas
5 and Safety Operations?

6
7 **A.** WAM will change the way in which each team member in these
8 areas performs work. The company currently uses multiple
9 systems to schedule, dispatch, complete, and report on all
10 activities performed by the operations department. WAM will
11 consolidate these activities into a single platform.
12 Although the actual compliance, maintenance, customer
13 service, and emergency response activities will not change,
14 WAM will change how these activities are managed. Individual
15 field operations team members will complete WAM training and
16 be required to manage all work through WAM. Ultimately, WAM
17 will provide opportunities for increased efficiency and
18 productivity, however, as is usually the case when new systems
19 are introduced, it will take time to fully implement and
20 realize the benefits of WAM. Implementing a central work and
21 asset management system will improve the efficiency of the
22 Gas Operations team members and streamline their functions.
23 Currently, Operations team members must use the following
24 systems in conducting their work: (1) Inspection Manager for
25 compliance activities; (2) PragmaCad for service and

1 emergency orders; (3) ad-hoc work tracking for distribution
2 services; (4) a Leak Management System (LMS) to track leak
3 remediation; and (5) Irthnet, a state-operated ticket system
4 for locate response. The consolidation of these work orders
5 into one system over time will create ease of training, ease
6 of use, and efficiency of resource management.

7
8 **Q.** How will WAM impact field personnel in Gas Operations?

9
10 **A.** Field personnel in Gas Operations will experience significant
11 changes in the way in which they perform their duties. I
12 have provided the summary below to detail key changes:

13 (1) Each team member will utilize an iPad to manage and
14 complete all daily work requirements. Each vehicle has been
15 outfitted to accommodate an iPad for optimal use.

16 (2) WAM is a single platform replacing numerous legacy systems
17 so a field technician will immediately recognize a more
18 streamlined work management experience. Rather than logging
19 on to multiple systems for all types of job duties, field
20 technicians will log only into WAM and see all that they need
21 for each day.

22 (3) New technicians will experience an easier learning curve
23 by only learning the WAM system and not the multiple legacy
24 systems.

25 (4) WAM will be an interactive system with work orders mapped

1 and locations highlighted in map view for ease of use. All
2 activity will be electronic and will eliminate paper records.

3 (5) With this single platform, scheduling and planning of
4 work orders will be improved.

5 (6) A technician's time will be recorded through WAM as jobs
6 are completed.

7
8 **Q.** What impact will WAM have on Gas and Safety Operations O&M
9 expenses in the 2024 projected test year and thereafter?

10
11 **A.** Implementing a new system as expansive as WAM takes time
12 because it will result in significant changes to how team
13 members carry out their work. In the short-term, there will
14 likely be disruptions, errors and other challenges as team
15 members adapt to the new system. However, this system will
16 provide an opportunity for mid-term and long-term efficiency
17 gains to offset the volume of work the Gas Operations team
18 continues to experience. Central WAM systems, like the one
19 Peoples is implementing, are industry standard for gas
20 utilities.

21
22 **Q.** Is the level of Gas Operations and Pipeline Safety O&M
23 expenses in the 2024 projected test year reasonable?

24
25 **A.** Yes. The O&M associated with the Pipeline Safety team is

1 reasonable as it supports the effectiveness of our PSMS which
2 in turn ensures the safety of the pipeline, our team members,
3 our customers, contractors, and the public. Peoples has been
4 thoughtful and pointed in expanding these teams as system
5 expansion, customer growth, compliance requirements and
6 damage prevention challenges have all placed pressure on our
7 existing resources. It is essential to authorize the proposed
8 resources in the 2024 Test Year for the Pipeline Safety team
9 for Peoples to deliver continued excellent safety performance
10 and mitigate the potential for an event that could severely
11 impact the communities we serve.

12
13 ADVANCED METERING INFRASTRUCTURE

14 **Q.** Does Peoples propose to begin using AMI?

15
16 **A.** Yes. As part of its request in this case, the company seeks
17 approval to begin an AMI pilot program in the 2024 projected
18 test year ("AMI Pilot"). AMI systems provide granular usage
19 information to utilities and customers. An AMI system has
20 three major components: (1) smart meters (and associated
21 communication modules); (2) a communication network; and (3)
22 AMI back-office information technology (IT) systems to manage
23 the two-way communications enabled by AMI. To date, only a
24 small number of gas utilities have deployed AMI technology,
25 but AMI is widely used across the electric utility industry.

1 Q. Describe Peoples' proposed AMI Pilot.

2

3 A. Peoples' proposed AMI Pilot is a research and development
4 pilot to support the evaluation of system-wide deployment of
5 AMI infrastructure in a future case. The purpose of the AMI
6 Pilot is intended to test and gain information and data on
7 the deployment, use, benefits, and cost savings associated
8 with AMI two-way communications. As part of the AMI Pilot,
9 Peoples will also test and gather data on (1) the corrosion
10 resistance and life of new smart meters and associated
11 assemblies and (2) the ability of Peoples' back-office system
12 to support and utilize the full potential of two-way
13 communication smart meters. The AMI Pilot is proposed as a
14 one-year roll-out (i.e., installation) of the meters and a
15 subsequent three-year evaluation period in which the
16 performance of the meters and their correlative benefits will
17 be assessed.

18

19 Q. How many meters will be included in the AMI Pilot and what
20 are the intended benefits?

21

22 A. Peoples intends to replace 5,000 meters in Hillsborough
23 County. This replacement effort will provide a sufficient
24 sample size to assess the functionalities and benefits of the
25 meters without undue burden or cost to our system and

1 customers. In Hillsborough County, Peoples serves
2 approximately 70,000 customers, of which the 5,000 meters in
3 the AMI Pilot represents seven percent.

4
5 An added rationale for conducting the AMI Pilot in our Tampa
6 service area is the potential to connect to existing Tampa
7 Electric technology infrastructure. Tampa Electric already
8 uses AMI technology and Peoples is evaluating opportunities
9 to access their existing network to support our pilot.

10
11 The AMI Pilot will allow Peoples the opportunity to assess
12 technology that provides automated remote meter reading, both
13 on an hourly and daily basis. This technology is used widely
14 within the electric industry and uses digital technology to
15 improve utility service. Specifically, the AMI Pilot should
16 allow for the evaluation of cost reduction, remote leak and
17 outage detection, potential remote disconnection,
18 improvements related to billing accuracy, and the opportunity
19 to enhance the customer experience with individual energy
20 data and usage information.

21
22 **Q.** What are the total capital and O&M costs for the AMI Pilot in
23 the 2024 projected test year?

24
25 **A.** For the 2024 projected test year, Peoples has included \$2.2

1 million in capital expenditures and approximately \$100,000 in
2 O&M expenditures for the AMI Pilot.

3
4 ECONOMIC DEVELOPMENT EXPENSES

5 **Q.** What amount of economic development expenses was spent by the
6 company in 2022?

7
8 **A.** The economic development expense spent by Peoples in 2022 was
9 \$321,612.

10
11 **Q.** What level of economic development expense is Peoples asking
12 the Commission to approve for the company based on its 2024
13 projected test year?

14
15 **A.** The company has budgeted \$367,920 of economic development
16 expense in the 2024 projected test year.

17
18 **Q.** What economic development activities will the company perform
19 at this level of spending?

20
21 **A.** It is well understood that utilities are critical to economic
22 development throughout Florida. Natural gas provides
23 affordable, reliable, and safe energy that supports economic
24 development for customers and businesses. The increased
25 expenditures related to economic development, which are

1 recoverable pursuant to Rule 25-7.042 F.A.C, enhance and
2 support many facets of economic development in the major
3 metropolitan and rural areas served by the company. We support
4 the economic vitality of Florida through funding these
5 economic development activities that improve the quality of
6 life for all Floridians, including support to small and
7 minority-owned businesses, attracting new jobs and businesses
8 to Florida, and promoting Florida's goods and services.

9
10 **Q.** Why is this level of economic development expense in the 2024
11 projected test year reasonable and prudent?

12
13 **A.** Gas utilities like Peoples are vital to Florida's economic
14 development activities. We can construct the energy
15 infrastructure needed to attract new businesses to Florida
16 and to help existing businesses expand. The company's
17 proposed level of spending for economic development
18 activities will allow Peoples to work with local governments
19 and economic development organizations to promote business
20 growth in Florida. The amount proposed by Peoples in the 2024
21 projected test year complies with the F.A.C. Rule, is
22 reasonable and should be approved.

23
24 **MFR SCHEDULES**

25 **Q.** Please describe the MFR I schedules you are sponsoring.

1 **A.** I am sponsoring MFR schedules I-1, I-2, and I-3. Each schedule
2 is described below:

3
4 MFR schedule I-1 requires the listing of interruptions in
5 service affecting the lesser of 10 percent of customers, or
6 500 or more customer meters, in a service area. As indicated
7 on the schedule, there have been two interruptions that meet
8 this requirement. In the first instance, 505 customers were
9 interrupted for approximately 72 hours due to damage by a
10 third-party contractor. In the second instance, 823 customers
11 were interrupted for approximately 48 hours due to Hurricane
12 Ian. Both outages were caused by forces beyond the company's
13 control, and the company restored service in a reasonable
14 time given the circumstances.

15
16 MFR schedule I-2 requires a summary of notices Peoples has
17 received from the Commission with respect to rule violations
18 during the period since the last general base rate proceeding
19 in 2020, but not to exceed five years. As shown on the
20 schedule between January 1, 2020, and December 31, 2022,
21 Peoples received eight such notices representing 14
22 violations.

23
24 MFR schedule I-3 requires a listing of meters with a rated
25 capacity of: (1) 250 cubic feet / hour ("cfh") or less which

1 are not included in an approved statistical sampling plan;(2)
2 between 251 cfh and 2500 cfh; and (3) over 2500 cfh that have
3 not been tested for accuracy within 120 months of the 2022
4 historic base year-end.

5
6 In 2022, the company did not perform testing for a portion of
7 the meters required due to limitations on meter supply. Meter
8 supply of these sizes is limited throughout the United States.
9 LDCs across the country are experiencing this impact. The
10 company has actively engaged the Commission to provide
11 updates on 2022 meter levels still to be tested as well as
12 2023 meter testing. The Gas Operations Capital Projects
13 section of my direct testimony includes more information on
14 this item.

15
16 **SUMMARY**

17 **Q.** Please summarize your prepared direct testimony.

18
19 **A.** At Peoples, the delivery of safe, reliable, affordable
20 natural gas is at the core of what we do and who we are. The
21 safety of our distribution system for our customers and the
22 public is our top priority and always will be. Peoples strives
23 to provide the best possible customer experience while
24 meeting every obligation to operate a compliant, efficient
25 pipeline system. Natural gas remains in high demand as an

1 energy option to homeowners and businesses and Peoples seeks
2 to ensure adequate rates to allow for this demand to be met.
3 As a gas distribution company, our technicians are often the
4 friendly face that physically interacts with our customers
5 for new service or maintenance. Our technicians are the
6 professionals who respond to a damaged line or leak call. Our
7 technicians and our teams enjoy this aspect of our business
8 where we can listen and learn from our customers while seeking
9 to provide the best service possible. Peoples does all of
10 this while continually seeking improvements and efficiency to
11 deliver our service while ensuring that the company's
12 proposed levels of O&M expenses for Gas Operations and
13 Pipeline Safety for the 2024 projected test year are
14 reasonable and prudent. As Florida continues to grow, Gas
15 Operations is privileged to support Florida's growth and
16 serve our new and current customers in a prudent and cost-
17 effective manner.

18
19 **Q.** Does this conclude your prepared direct testimony?
20

21 **A.** Yes.
22
23
24
25

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EXHIBIT

OF

TIMOTHY O'CONNOR

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List of Minimum Filing Requirements
Co-Sponsored by Timothy O'Connor

MFR schedule	Page No.	MFR Title
C-38	P. 1	OUTSIDE PROFESSIONAL SERVICES
C-38	P. 2	OUTSIDE PROFESSIONAL SERVICES
C-38	P. 4	O & M BENCHMARK VARIANCE BY FUNCTION
C-38	P. 5	O & M BENCHMARK VARIANCE BY FUNCTION
G-1	P. 23	Historic Base Year + 1 - Construction Budget
G-1	P. 26	Projected Test Year - Construction Budget
G-2	P. 12a	Projected Test Year - Calculation Of Maintenance Expense
G-2	P. 12b	Projected Test Year - Calculation Of Maintenance Expenses
G-2	P. 12c	Projected Test Year - Calculation Of Maintenance Expenses
G-2	P. 13	Projected Test Year - Calculation Of Maintenance Expenses (Cont.)
G-2	P. 14	Projected Test Year - Calculation Of Customer Account Expenses
G-2	P. 17	Projected Test Year - Calculation Of Admin. And General Expenses
G-2	P. 18a	Projected Test Year - Calculation Of Admin. And General Expenses (Cont.)
G-2	P. 19a	Projected Test Year - Total Expenses

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MFR schedule	Page No.	MFR Title
G-2	P. 19c	Projected Test Year - Total Expenses
G-2	P. 19d	Projected Test Year - Total Expenses
G-2	P. 19e	Projected Test Year - Total Expenses
G-6	P. 1-9	Projected Test Year - Major Assumptions
I-1	P. 1	Customer Service – Interruptions – Services Affection 500 Or More Division Meters
I-2	P. 1	Notification Of Commission Rule Violations – Summary
I-3	P. 1 - 14	Meter Testing – Periodic Testing – Meters With Rated Capacity Of 250cfh Or Less

PGS System Map



North Territory

PGS Territory Manager - Chris Barrington
 PGS GIS Analyst - Lawree Washington

- 05 - Eustis
- 06 - Jacksonville
- 09 - Daytona
- 15 - Ocala
- 14 - Panama City

Central Territory

PGS Territory Manager - Charles Rudgers
 PGS GIS Analyst - Robert Wilkenson

- 02 - Tampa
- 03 - St Pete
- 04 - Orlando
- 08 - Lakeland
- 10 - Avon Park

South Territory

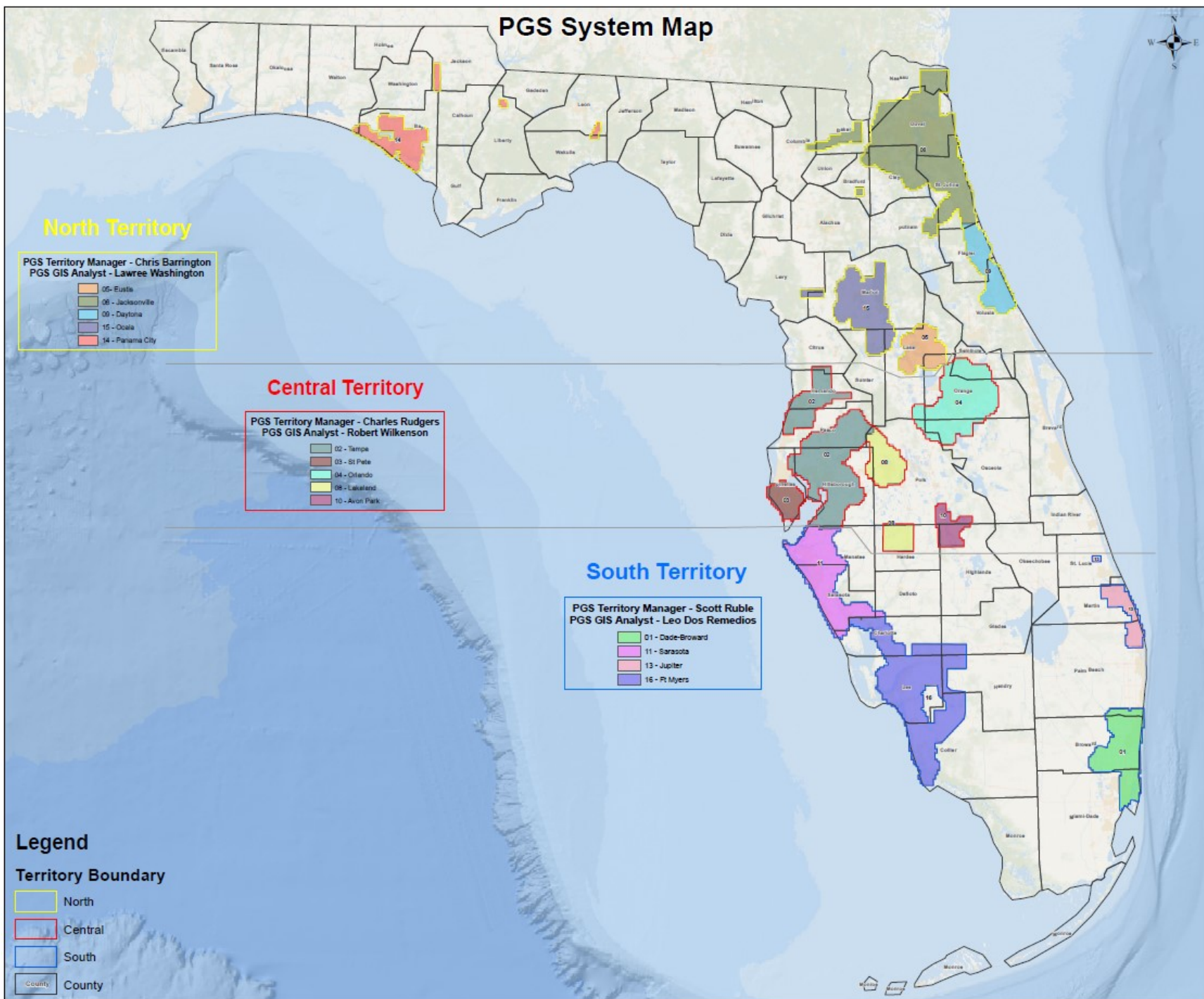
PGS Territory Manager - Scott Ruble
 PGS GIS Analyst - Leo Dos Remedios

- 01 - Dade-Broward
- 11 - Sarasota
- 13 - Jupiter
- 16 - Ft Myers

Legend

Territory Boundary

- North
- Central
- South
- County



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Peoples Gas System, Inc.
Capital Expenditures by Witness
"Purchase Price or Construction Cost + Removal Costs or Related Retirement" on MFR G-2, pages 23 and 26
Witness: Timothy O'Connor

Capital Category	Project / Expenditure	2022	2023	2024
Reliability, Resiliency, and Efficiency	AMI Pilot	\$ -	\$ -	\$ 2,200,000
Reliability, Resiliency, and Efficiency	Cathodic Protection	3,296,778	2,455,000	2,641,000
Reliability, Resiliency, and Efficiency	Distribution System Improvements	5,428,740	2,976,060	3,510,929
Reliability, Resiliency, and Efficiency	Improvements to Property - Miami Service Center	544,266	-	-
Reliability, Resiliency, and Efficiency	Improvements to Property - Orlando Service Center	-	-	8,000,000
Reliability, Resiliency, and Efficiency	Improvements to Property - Gas Worx	-	-	1,100,000
Reliability, Resiliency, and Efficiency	Improvements to Property - Service Centers	1,850,382	2,958,724	3,023,219
Reliability, Resiliency, and Efficiency	Main Replacements	17,629,519	15,000,000	16,832,000
Reliability, Resiliency, and Efficiency	Miscellaneous Non-Revenue Producing	95,648	-	300,000
Reliability, Resiliency, and Efficiency	Periodic Meter Changeouts	-	-	7,800,000
Reliability, Resiliency, and Efficiency	Service Line Replacements	7,622,982	6,785,004	7,747,937
Reliability, Resiliency, and Efficiency	Tools & Equipment	1,359,564	1,454,064	2,093,295
Reliability, Resiliency, and Efficiency	Vehicles	5,180,521	4,757,971	8,300,005
Reliability, Resiliency, and Efficiency	Technology Projects - Office Equipment	525,014	633,966	410,897
	Subtotal Reliability, Resiliency, and Efficiency	\$ 43,533,415	\$ 37,020,789	\$ 63,959,282
Total Witness O'Connor		\$ 43,533,415	\$ 37,020,789	\$ 63,959,282

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Peoples Gas System, Inc.
Customer Count (EOY) and Annual Therm Sales

Customer Count (EOY):

Service Area	2018	2019	2020	2021	2022	% Growth	% Growth	% Growth	% Growth	% Growth
						2019	2020	2021	2022	2018 - 2022
Dade - Broward	59,191	59,378	59,850	60,513	60,955	0.3%	0.8%	1.1%	0.7%	3.0%
Tampa	74,012	75,987	78,933	81,367	83,586	2.7%	3.9%	3.1%	2.7%	12.9%
St. Petersburg	23,180	23,562	23,839	23,988	24,136	1.6%	1.2%	0.6%	0.6%	4.1%
Orlando	53,135	54,469	55,509	56,967	58,180	2.5%	1.9%	2.6%	2.1%	9.5%
Eustis (Triangle)	6,010	6,046	6,184	6,337	6,399	0.6%	2.3%	2.5%	1.0%	6.5%
Jacksonville	31,590	35,198	39,478	44,588	49,873	11.4%	12.2%	12.9%	11.9%	57.9%
Lakeland	5,331	5,365	5,392	5,581	5,551	0.6%	0.5%	3.5%	-0.5%	4.1%
Daytona	7,710	8,180	8,562	9,294	9,762	6.1%	4.7%	8.5%	5.0%	26.6%
Avon Park	381	375	373	369	369	-1.6%	-0.5%	-1.1%	0.0%	-3.1%
Sarasota	41,462	44,327	47,875	51,692	56,059	6.9%	8.0%	8.0%	8.4%	35.2%
Jupiter	12,937	13,221	13,443	13,785	14,076	2.2%	1.7%	2.5%	2.1%	8.8%
Panama City	16,305	15,780	16,189	16,620	17,491	-3.2%	2.6%	2.7%	5.2%	7.3%
Ocala	43,408	44,070	48,830	50,202	54,583	1.5%	10.8%	2.8%	8.7%	25.7%
Ft. Myers (SW FL)	17,530	19,549	21,529	24,032	26,951	11.5%	10.1%	11.6%	12.1%	53.7%
Corporate (OSS)	9	4	4	1	4	N/A	N/A	N/A	N/A	N/A
	392,191	405,511	425,990	445,336	467,975	3.4%	5.1%	4.5%	5.1%	19.3%

Annual Therm Sales:

Service Area	2018	2019	2020	2021	2022	% Growth	% Growth	% Growth	% Growth	% Growth
						2019	2020	2021	2022	2018 - 2020
Dade - Broward	114,694,244	118,084,824	106,417,889	116,693,649	117,303,127	3.0%	-9.9%	9.7%	0.5%	2.3%
Tampa	120,635,911	116,641,627	113,354,484	120,226,743	125,935,835	-3.3%	-2.8%	6.1%	4.7%	4.4%
St. Petersburg	31,894,802	33,438,939	31,795,522	32,852,911	32,695,058	4.8%	-4.9%	3.3%	-0.5%	2.5%
Orlando	347,217,511	389,233,553	400,679,757	387,958,532	410,464,172	12.1%	2.9%	-3.2%	5.8%	18.2%
Eustis (Triangle)	7,694,893	7,031,348	6,944,599	7,549,855	7,840,514	-8.6%	-1.2%	8.7%	3.8%	1.9%
Jacksonville	669,479,192	736,427,247	824,446,234	766,824,723	763,830,813	10.0%	12.0%	-7.0%	-0.4%	14.1%
Lakeland	94,580,224	116,675,270	102,742,461	48,808,538	25,349,326	23.4%	-11.9%	-52.5%	-48.1%	-73.2%
Daytona	18,537,625	18,150,350	17,219,098	18,161,672	17,241,250	-2.1%	-5.1%	5.5%	-5.1%	-7.0%
Avon Park	2,416,065	2,448,814	2,779,738	3,924,860	3,556,437	1.4%	13.5%	41.2%	-9.4%	47.2%
Sarasota	65,334,396	67,208,831	67,714,705	72,963,009	71,931,880	2.9%	0.8%	7.8%	-1.4%	10.1%
Jupiter	145,619,905	142,727,723	149,018,699	147,203,079	156,857,835	-2.0%	4.4%	-1.2%	6.6%	7.7%
Panama City	61,328,589	60,701,729	62,664,018	65,854,606	44,139,845	-1.0%	3.2%	5.1%	-33.0%	-28.0%
Ocala	28,888,682	33,956,674	53,732,624	55,468,914	57,013,542	17.5%	58.2%	3.2%	2.8%	97.4%
Ft. Myers (SW FL)	39,867,613	41,420,294	40,089,715	46,724,898	45,798,853	3.9%	-3.2%	16.6%	-2.0%	14.9%
Corporate (OSS)	217,071,050	187,648,990	126,242,960	47,804,660	108,760,160	N/A	N/A	N/A	N/A	N/A
Unbilled	804,693	903,365	2,482,254	(1,694,236)	(1,381,695)	N/A	N/A	N/A	N/A	N/A
	1,966,065,394	2,072,699,576	2,108,324,756	1,937,326,411	1,987,336,950	5.4%	1.7%	-8.1%	2.6%	1.1%

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