



July 20, 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 No. 20230023-GU; Petition for Rate Increase by Peoples Gas System, Inc.

Docket No. 20220219-GU; Peoples Gas System's Petition for Rate Approval of 2022 Depreciation Study

Docket No. 20220212-GU; Peoples Gas System's Petition for Approval of Depreciation Rate and Subaccount for Renewable Natural Gas Facilities Leased to Others

Dear Mr. Teitzman:

Attached for filing on behalf of Peoples Gas System, Inc. in the above-referenced docket is the Rebuttal Testimony of Timothy O'Connor and Exhibit No. TO-2.

Thank you for your assistance in connection with this matter.

Sincerely,

A handwritten signature in blue ink that reads 'J. Jeffry Wahlen'.

J. Jeffry Wahlen

JJW/ne

Attachment

cc: All parties of record



BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 20230023-GU

PETITION FOR RATE INCREASE  
BY PEOPLES GAS SYSTEM, INC.

REBUTTAL TESTIMONY AND EXHIBIT  
OF  
TIMOTHY O'CONNOR

1                                   **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2   **REBUTTAL TESTIMONY**

3   **OF**

4   **TIMOTHY O'CONNOR**

5  
6 **Q.** Please state your name, address, occupation and employer.

7  
8 **A.** My name is Timothy O'Connor. My business address is 702 North  
9 Franklin Street, Tampa, Florida 33602. I am employed by  
10 Peoples Gas System, Inc. ("Peoples" or the "company") as Vice  
11 President, Operations, Sustainability and External Affairs.

12  
13 **Q.** Are you the same Timothy O'Connor who filed direct testimony  
14 in this proceeding?

15  
16 **A.** Yes, I am.

17  
18 **Q.** What is the purpose of your rebuttal testimony?

19  
20 **A.** The purpose of my rebuttal testimony is to address arguments  
21 made by the Office of Public Counsel's witness Lane Kollen in  
22 his direct testimony. Specifically, the purpose of my  
23 rebuttal testimony is to address misconceptions and  
24 inaccurate conclusions drawn by witness Kollen regarding the  
25 company's projected test year staffing and payroll expenses.

1 Q. Have you prepared an exhibit supporting your rebuttal  
2 testimony?

3

4 A. Yes, Exhibit TO-2, entitled "Rebuttal Exhibit of Timothy  
5 O'Connor," was prepared under my direction and supervision,  
6 and accompanies my rebuttal testimony.

7

8 Q. Please summarize your areas of disagreement with witness  
9 Kollen's testimony.

10

11 A. In his direct testimony, witness Kollen argues that Peoples  
12 has overstated the need for additional employees in the  
13 projected test year for three main reasons: (1) the addition  
14 of employees is discretionary; (2) the company is already  
15 staffed for continued growth; and (3) the company did not  
16 reduce contractor expense by an amount that justifies the  
17 increase in new employees. As I will explain in my rebuttal  
18 testimony, each of these conclusions is incorrect. Instead,  
19 Peoples faces an increasing workload that cannot safely be  
20 met by the company's existing workforce.

21

22 Q. In your direct testimony, you explained that you oversee gas  
23 operations. Generally speaking, what work activities are  
24 included in gas operations?

25

1 **A.** As I explained in my direct testimony, the main functions in  
2 gas operations are service, distribution maintenance, damage  
3 prevention and emergency response including locates, and  
4 compliance.

5  
6 **Q.** For the work activities in gas operations, how discretionary  
7 are the work requirements?

8  
9 **A.** The majority of work activities in gas operations are not  
10 discretionary. As a natural gas LDC and an essential service  
11 provider, Peoples must meet all safety and compliance  
12 requirements as regulated by the PSC and PHMSA, and  
13 requirements of Peoples' tariff, which means all activities  
14 that include safety, compliance, maintenance, emergency  
15 response and locate requirements must be completed within  
16 defined time frames and appropriate quality levels.

17  
18 **Q.** Please provide some examples of different work activities and  
19 the nondiscretionary requirements for completion.

20  
21 **A.** Service activities include jobs such as installation of new  
22 meter sets, meter reads, "why no gas" calls and other jobs  
23 related to serving our current and new customers. For any  
24 job where a customer is calling about an issue with gas  
25 service, including a leak report, Peoples must respond

1 promptly to ensure safe service with appropriately trained  
2 technicians and therefore these activities are not  
3 discretionary.

4  
5 Compliance and maintenance activities include jobs such as  
6 atmospheric inspections and main and service line leak  
7 surveying. These activities are governed and regulated and  
8 have specific time requirements for completion. For example,  
9 atmospheric inspection of our meters is on a 3-year cycle  
10 where Peoples must inspect each meter to meet our compliance  
11 obligation. Therefore, these work activities are not  
12 discretionary.

13  
14 Locates are jobs whereby Peoples must locate our existing  
15 infrastructure related to any construction and excavation  
16 activities throughout Florida by marking the ground with  
17 paint or flags. Through the Sunshine 811 system, Peoples  
18 must locate our infrastructure within 2 business days of  
19 receiving a locate ticket. Peoples must accurately complete  
20 locate ticket requests to ensure public safety and the  
21 protection of our infrastructure and therefore these  
22 activities are not discretionary.

23  
24 Leak and damage response are activities whereby Peoples must  
25 respond to an emergency call for a damaged line or a call for

1 a potential leak. Safety of our customers, the public, first  
2 responders and emergency personnel and our team members is  
3 paramount. Responses to such calls are immediate and require  
4 Peoples to stop any other activity in progress and travel to  
5 the site impacted. Given the vast distribution of our  
6 pipeline system across the state, our resourcing must also  
7 ensure staff availability within the vicinity to respond on  
8 a timely basis. There is absolutely nothing discretionary  
9 about Peoples' response in a leak, damaged line or storm  
10 event.

11  
12 **Q.** How do the proposed headcount additions support the  
13 increasing levels of nondiscretionary work activities?

14  
15 **A.** The proposed staffing additions in gas operations are  
16 intended to ensure timely responses to non-discretionary  
17 activities. Peoples' industry experience and commitment to  
18 safety drives the proposed gas operations staffing needs  
19 within this base rate request. With the addition of these  
20 resources, Peoples will be positioned to continue to meet new  
21 customer demand, meet compliance requirements, adequately  
22 respond to potentially hazardous conditions and serve  
23 customers in the manner our customers deserve. Based on our  
24 JD Power results and Peoples' customer complaint record shown  
25 in witness Helen J. Wesley's rebuttal testimony, we believe

1 it is clear that Peoples is serving our customers in an  
2 exemplary fashion and we intend on maintaining that  
3 performance.

4  
5 **Q.** Are some work activities within gas operations discretionary?  
6

7 **A.** For some work activities, Peoples has some discretion in the  
8 timing of when to complete certain jobs. Activities such as  
9 a new meter set or a move in / move out job to serve our  
10 customers can be scheduled for convenience with the customer  
11 and with consideration of operational work loads. However,  
12 high customer satisfaction with natural gas and with Peoples  
13 is a priority and Peoples strives to be as responsive and  
14 customer-oriented as possible to meet homeowner and business  
15 needs. With high growth in our customer base, there is also  
16 high demand to perform these activities.  
17

18 **Q.** Witness Kollen argues that the addition of employees is  
19 discretionary. Do you agree?  
20

21 **A.** No. The largely nondiscretionary nature of the work  
22 activities performed by gas operations, as I have described,  
23 requires adequate and trained internal and external resources  
24 to complete this work. Peoples has grown significantly over  
25 the past years and forecasts continued growth that will drive



1 the volume of nondiscretionary work activities in gas  
2 operations higher. This will require more employees to  
3 continue to provide safe, reliable natural gas service with  
4 the continued and proven excellent customer service record.  
5 The highly technical nature of much of our work means our  
6 staffing levels plan for routine attrition for such things as  
7 retirements or job movement.

8  
9 **Q.** How has the level of activity in each of the gas operations  
10 functional areas changed over the last several years?

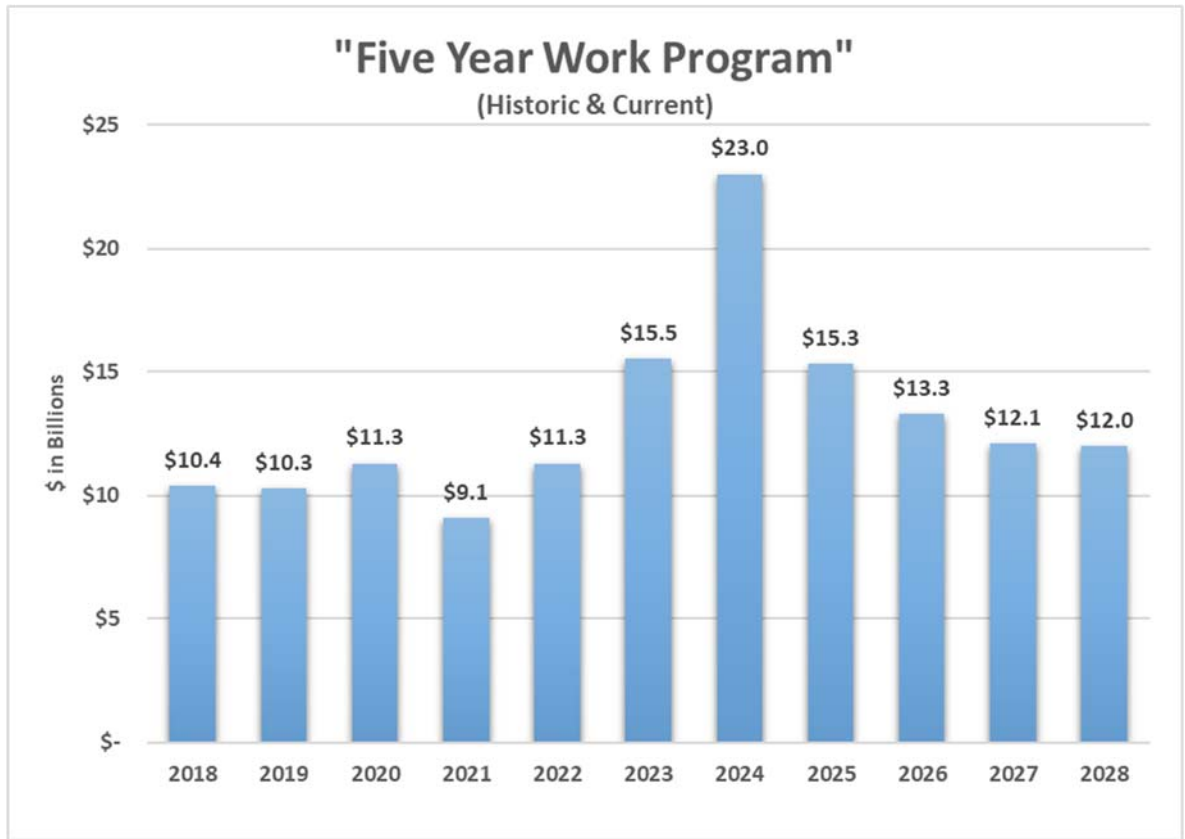
11  
12 **A.** My Exhibit TO-2 includes the main functional work activities  
13 performed by gas operations since 2020 and the company's  
14 projections to 2024. There are two main drivers to the  
15 increasing level of work activities: 1) customer growth, and  
16 2) Florida's growth.

17  
18 Due to Peoples' strong customer growth in all fourteen service  
19 areas, the operational work requirements are also growing.  
20 Simply, as we have more customers and a larger system, we  
21 have more customer service, compliance and maintenance, meter  
22 reading and other such activities. Florida's overall strong  
23 economic and population growth are also driving a high level  
24 of construction and excavation, which in turn drives higher  
25 damage prevention, relocation or expansion of facilities,

1 locate and emergency response activities for Peoples.  
2 Particularly with locates, these volumes are growing faster  
3 than the rate of new customers. This increase in locate  
4 volume is not due to customer activity, but instead is the  
5 result of construction activity across all of Florida. In  
6 2022, Peoples received over 618,000 locate tickets and had  
7 approximately 1,800 damaged lines. The high volume of locate  
8 tickets and damages to our system are a result of Florida's  
9 robust construction and development.

10  
11 Florida's economic and population growth are also driving  
12 higher damage prevention and relocation or expansion of  
13 facilities work levels. This is illustrated in Graph 1,  
14 included below, which depicts the anticipated increase in  
15 funding for Florida Department of Transportation ("FDOT" road  
16 projects, which will potentially lead to higher locate  
17 requests and higher damages to our system.

1 **Graph 1: FDOT Five Year Work Program (Current and Historic)**



15 Source: <https://fdotewpl.dot.state.fl.us/fmsupportapps/workprogram/WorkProgram.aspx>

16

17 **Q.** How does Peoples use workload forecasts for resource

18 planning?

19

20 **A.** Peoples estimates workload levels for service, compliance,

21 locates and meter reading for each service area. Each service

22 area evaluates internal resources for their capacity to meet

23 expected workload levels which factors in that team's

24 experience and training. External resources are utilized if

25 the internal resources potentially can't meet the full

1 workload, if special skills or expertise are required, or if  
2 an outside resource offers a good option for cost or  
3 availability. Because the nature of our work activity is  
4 largely nondiscretionary, Peoples supplements our team with  
5 outside services to ensure all work activity is completed  
6 while we increase internal staffing and train our team  
7 members. As indicated in my original testimony, a new  
8 apprentice can take approximately 18 months to be fully  
9 trained and therefore overlap with outside services can  
10 occur.

11  
12 **Q.** What are the growth forecasts for work activities in gas  
13 operations?

14  
15 **A.** For customer service related work activities, Peoples  
16 forecasts a 6 percent annual growth rate. For compliance and  
17 maintenance activities, Peoples forecasts a 0 to 1 percent  
18 annual growth rate. For locate activities, Peoples forecasts  
19 a 6 percent annual growth rate. For meter reading activities,  
20 Peoples forecasts a 4 percent annual growth rate. These  
21 forecasted annual growth rates are included on page 14 of my  
22 Exhibit TO-2.

23  
24 **Q.** In your direct testimony, you explained that the gas  
25 operations team is divided into 14 service areas. Are work

1 levels increasing in all 14 service areas?

2

3 **A.** Yes, work levels are increasing in all service areas due to  
4 the aforementioned customer growth and the overall economic  
5 and population growth in Florida. Each service area has its  
6 own profile, but I believe Jacksonville is a good example of  
7 our approach to resource planning for expected work levels.  
8 As I mentioned previously, my Exhibit TO-2 sets out the  
9 company's work levels in all services areas, including  
10 Jacksonville.

11

12 **Q.** How is Peoples' operations workload changing in the  
13 Jacksonville service area?

14

15 **A.** Like the rest of Florida, Jacksonville is experiencing strong  
16 economic growth throughout its entire region. Our  
17 Jacksonville system covers portions of seven counties,  
18 including Duval, Clay, Baker, St. Johns, Putnam, Union and  
19 Bradford. For context, these seven counties combined are  
20 roughly twice the square miles of the state of Delaware.  
21 Strong customer growth and high levels of overall  
22 construction, municipal relocations, and other development in  
23 Jacksonville are driving higher locate volumes. The region's  
24 expanding geographic footprint is also increasing overall  
25 workload and requiring additional resources.

1 This growth is reflected in the increasing workload faced by  
2 Peoples in the Jacksonville service area. Between 2020 and  
3 2022, Jacksonville has experienced double digit percentage  
4 growth in work volumes for service, compliance, locates and  
5 meter reading, which are all job types performed by the  
6 operations team. Peoples forecasts that this double digit  
7 growth will continue for 2023 and 2024 and beyond. These  
8 trends are included on page 1 of my Exhibit TO-2. This  
9 increasing work activity reflects a robust economic growth  
10 profile for northeast Florida, which is a great outcome and  
11 story for Jacksonville and Florida.

12  
13 **Q.** How is Peoples planning to meet this increasing workload?

14  
15 **A.** To meet these growing needs, the Jacksonville service area is  
16 planning for 51 total headcount, an increase of 7 from 2022.  
17 This increase is set out on page 1 of my Exhibit TO-2. The  
18 company also plans to use outside services when necessary.

19  
20 **Q.** Has this increased workload translated into higher O&M  
21 expense to perform the required work in Jacksonville?

22  
23 **A.** Yes. In evaluating these O&M costs, it is useful to examine  
24 the total labor expense due to internal headcount and the  
25 total outside service expense due to contractors performing

1 operational work activity for Peoples. This is not the total  
2 O&M for Jacksonville but just the internal labor and outside  
3 services. As shown on page 1 of my Exhibit TO-2, this total  
4 O&M (internal labor and outside services) was \$3.4 million in  
5 2020 and is projected to increase to \$4.7 million in 2024.  
6 Both internal labor expense related to new headcount and  
7 external outside service expense increased due to the higher  
8 required work volumes and inflation. This increase is  
9 expected and justified due to the growth in Jacksonville.

10  
11 However, while the total workload and projected O&M expense  
12 for Jacksonville are increasing, the company is still able to  
13 find efficiencies. To illustrate, page 1 of my Exhibit TO-2  
14 shows that the total O&M per team member has decreased, from  
15 \$101,000 per operations team member in 2020 to \$91,000 per  
16 team member projected in 2024. This is an indicative metric  
17 used for comparative purposes that highlights how Peoples is  
18 reducing the impact of its labor costs required to complete  
19 work volumes on a team member basis. This reduction is  
20 especially meaningful when considering broader market  
21 conditions, inflation and other factors that drove increased  
22 O&M expense in the 2020 to 2024 timeframe.

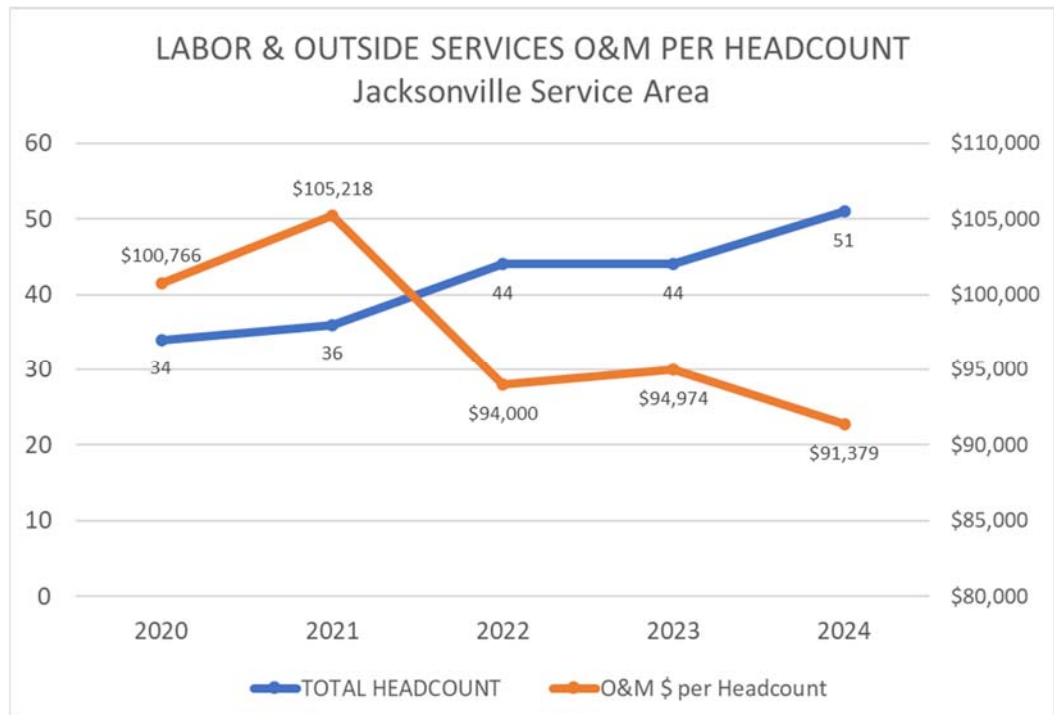
23  
24 The O&M labor totals referenced above also show a decreasing  
25 cost profile for O&M labor per work activity in the

1 Jacksonville service area. In 2020, total O&M per work  
2 activity was \$5.71. This means Jacksonville spent \$5.71 on  
3 average to complete each work activity, regardless of type.  
4 In 2024, this total decreased to \$4.91. This trend is  
5 illustrated on page 1 of my Exhibit TO-2. Again, this is an  
6 indicative metric used for comparative purposes that  
7 identifies increasing efficiency and capacity to complete the  
8 work required.

9  
10 The following graphs illustrate these trends. Graph 2 shows  
11 the FTE increases in the Jacksonville service area with the  
12 declining labor and outside services expense by headcount.  
13 Graph 3 shows the work activity increase in the Jacksonville  
14 service area with the declining labor and outside services  
15 expense per work activity.

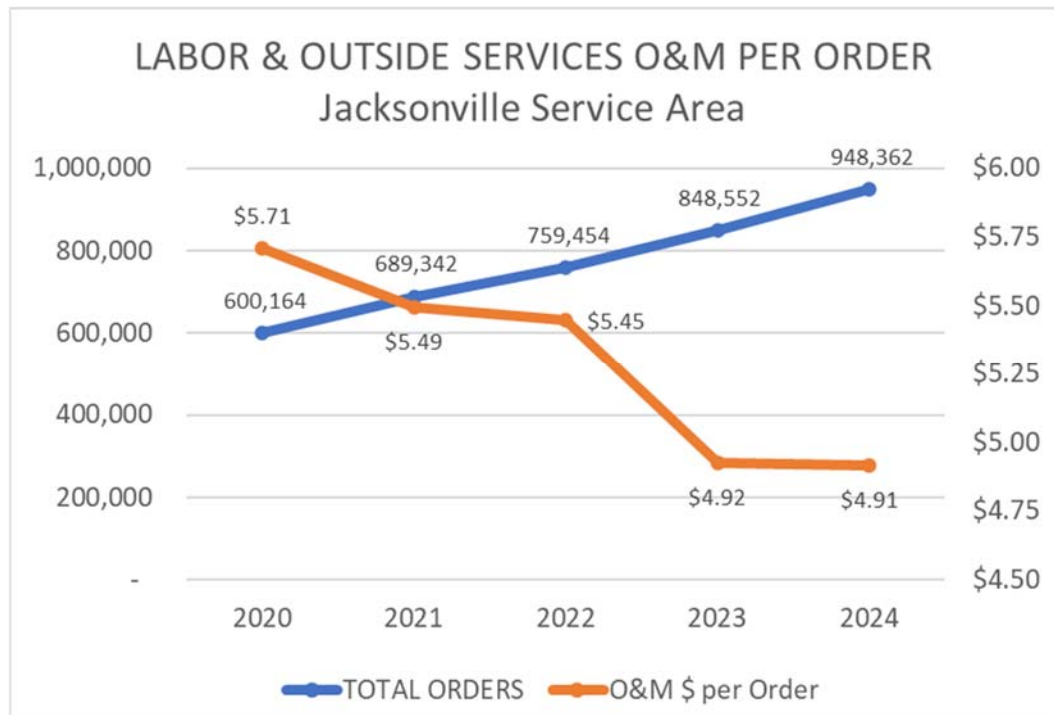


1 **Graph 2: Headcount Compared to Labor and Outside Services O&M**



13

14 **Graph 3: Workload Compared With O&M Per Headcount**



1 Q. How do the other service areas compare to Jacksonville?

2

3 A. Jacksonville is a good example of how increasing work activity  
4 requires additional resources to ensure safe and reliable  
5 performance of all operational requirements. While our  
6 analysis shows that each of our service areas is unique,  
7 Peoples still utilizes the same general approach for resource  
8 planning as the one described in Jacksonville.

9

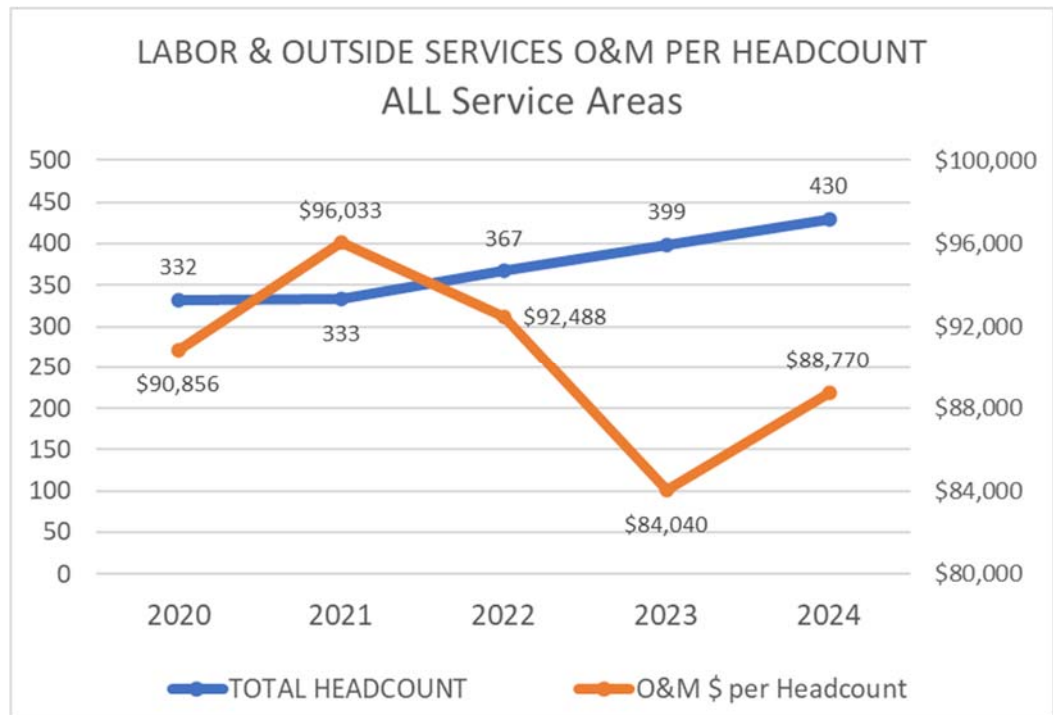
10 Our analysis, which is set out on page 14 of Exhibit TO-2,  
11 includes an aggregate summary for all fourteen service areas.  
12 This summary shows the headcount additions for 2023 and 2024  
13 and the related labor O&M and outside services expense. In  
14 2020, gas operations had O&M per team member of approximately  
15 \$91,000. In 2024, O&M per team member decreased slightly to  
16 approximately \$89,000. Peoples was able to achieve this  
17 decrease in O&M per team member even though the company has  
18 also faced increasing compensation rates, inflation and other  
19 factors for 2020 to 2024. In this same timeframe, O&M per  
20 work order increased from \$4.87 in 2020 to \$5.07 in 2024.  
21 Although this trend shows a slight increase, this is justified  
22 given broader market conditions.

23

24 The following graphs illustrate these trends. Graph 4 shows  
25 the FTE increases in all service areas with the declining

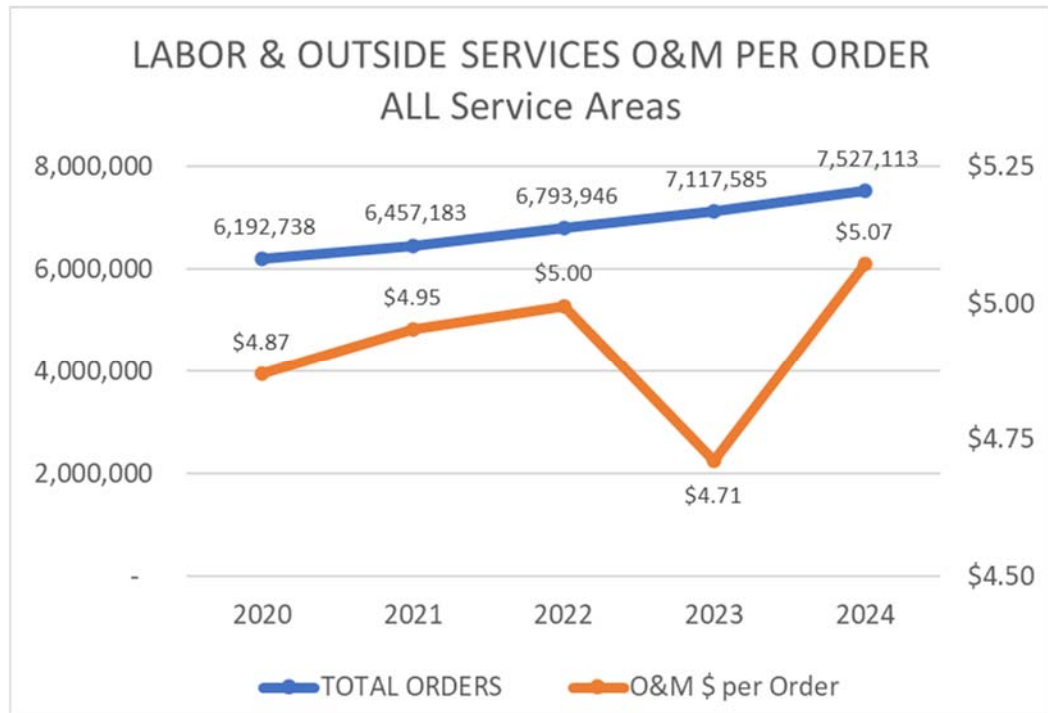
1 labor and outside services expense by headcount. Graph 5  
2 shows the work activity increase in all service areas with  
3 the labor and outside services expense per work activity  
4

5 **Graph 4: Headcount Compared to Labor and Outside Services O&M**



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1 **Graph 5: Workload Compared With O&M Per Headcount**



14 **Q.** Does your Exhibit TO-2 support the headcount additions and  
15 outside service expense projections for gas operations?

16

17 **A.** Yes. This supports our O&M increase included in the 2024  
18 test year and demonstrates a thoughtful and deliberate method  
19 to determining resource needs. Our resource planning  
20 provides supporting information that justifies the 32  
21 headcount additions in 2023 and the 30 planned headcount  
22 additions in 2024 for operations.

23

24 **Q.** Do you expect this level of increased gas operations work  
25 activity to continue in the future?

1 **A.** Yes. Peoples has forecasted continued customer growth, which  
2 will continue to drive operational requirements for customer  
3 service, compliance and maintenance, meter reading and damage  
4 prevention activities. Florida's strong economic development  
5 and population growth is expected to continue to drive  
6 construction throughout the state which will result in high  
7 volumes of locate ticket requests.

8  
9 **Q.** On page 29 of his direct testimony, witness Kollen states  
10 that the addition of employees is directionary and that  
11 Peoples is already sufficiently staffed for future work  
12 needs. Do you agree?

13  
14 **A.** No. While it is true that Peoples constrained hiring in 2022  
15 and 2023 in an effort to manage expenses, this approach is  
16 not sustainable moving forward. As I explained above, the  
17 required work levels in gas operations to safely respond to  
18 growing customer service demands, compliance, locates and  
19 damage prevention and meter reading have increased over time  
20 and we expect them to continue to increase in the future.

21  
22 These increasing work levels require more team members.  
23 Simply, if we do not increase headcount, locators will be  
24 required to perform more locates each day which could  
25 sacrifice quality and safety. Without added headcount,

1 higher compliance work volumes would be completed by team  
2 members working overtime potentially causing burn-out or poor  
3 performance. Peoples has managed headcount and outside  
4 services as much as reasonably possible but the requested  
5 headcount are needed to maintain our performance levels in  
6 the future.

7  
8 Further, we have summarized our forecasted work activity in  
9 support of our planned headcount additions by service area in  
10 Exhibit TO-2. Witness Kollen's argument that employee  
11 additions are discretionary and that we are already  
12 sufficiently staffed to meet future work needs is too  
13 generalized to the point it is neither useful nor  
14 constructive. Each service area must be considered  
15 multidimensionally to evaluate its ability to meet projected  
16 workload requirements now and into the future. These  
17 considerations must include the experience and expertise of  
18 the current workforce, succession planning, training  
19 requirements, geographical coverage needs related to response  
20 times, and safety in addition to customer and population  
21 growth. Our ability to retain talent in a tight talent market  
22 with higher paying, less physically taxing jobs available is  
23 also a key consideration in managing our workforce.

24  
25 Q. Witness Kollen asserts that Peoples has not reduced

1 contractor expense by an amount that justifies this increase  
2 in new employees. Do you agree?

3  
4 **A.** No, I do not. Witness Kollen's argument is incorrect in two  
5 areas. First, outside services expense for gas operations  
6 has decreased from past years. As shown on page 14 of my  
7 Exhibit TO-2, field operations outside services O&M in 2020  
8 was \$6.3 million, increased to \$9.0 million in 2022 and is  
9 projected to decline to \$7.9 million in 2024. This decrease  
10 is related to the planned headcount additions for 2023 and  
11 2024. Again, high work activity and inflation are driving  
12 increasing O&M costs to meet all requirements, and this  
13 favorable trend in field operations outside services expense  
14 shows that Peoples is managing the balance between internal  
15 and external labor.

16  
17 Second, witness Kollen's argument ignores the practical and  
18 commercial realities of replacing outside contractors. More  
19 specifically, as Peoples adds to its headcount, there is not  
20 an immediate one-for-one offset with an outside contractor.  
21 If an apprentice is hired today, Peoples would maintain an  
22 outside contractor while that new apprentice is trained. It  
23 would be irresponsible to the public and our team members to  
24 deploy new employees without proper training and operator  
25 qualification. Because of this, there must be overlap with

1 new hires and existing outside services.

2 **Q.** Do you expect that these additional hires will ultimately  
3 result in a reduction in contractor expenses?

4  
5 **A.** Yes, but not immediately. As Peoples adds headcount to our  
6 operating service areas, evaluation of outside contractor  
7 expense is completed. We will continue to seek opportunities  
8 to reduce costs overall with new headcount additions. This  
9 transition will extend beyond 2024. The mix of labor and  
10 contracted services embedded in this base rate request is  
11 necessary to properly manage that transition while  
12 maintaining safety, reliability and customer service levels  
13 of operating our growing system and customer base.

14  
15 **Q.** In addition to outside services expense, does Peoples seek  
16 other cost savings for gas operations?

17  
18 **A.** Yes. As set out on page 14 of Exhibit TO-2, Peoples has  
19 estimated a reduction in overtime labor costs due to the  
20 planned headcount additions. In 2020, total overtime was  
21 \$3.6 million, in 2022 it was \$4.0 million, but in 2024,  
22 Peoples projects a reduction to \$3.0 million. This reflects  
23 lower planned overtime amounts due to the higher headcount.  
24 This not only demonstrates an efficiency but an appropriate  
25 balance of workload. The allocation of work activities by



1 team member is an important element of safely and reliably  
2 managing the responsibilities of our resources. With the  
3 growth experienced by Peoples, the projected expansion of  
4 resources is intended to ensure that the forecasted  
5 workload is adequately balanced across our 14 divisional  
6 operation areas.

7  
8 **Q.** On page 30 of his testimony, witness Kollen states that  
9 Peoples' position is that the WAM system will not result in  
10 any cost savings in the 2024 test year. Is that Peoples'  
11 position?

12  
13 **A.** Yes. Due to the timing of the project implementation in 2023,  
14 cost savings are not projected in 2024, nor were they ever  
15 expected. It is important to note that this is entirely  
16 normal for a project of this nature. The WAM system is an  
17 investment to drive future efficiency and productivity in the  
18 way in which we perform our work. With a system  
19 implementation like this, the first twelve to twenty four  
20 months involve team members working to become proficient in  
21 its use, for the data collected to be utilized and optimized,  
22 and for the business to fully integrate its features into all  
23 functions. It is reasonable not to project immediate cost  
24 savings following such an implementation. However, there are  
25 other benefits beyond cost savings from a system like this

1 the Peoples expects to realize in the early years.

2  
3 **SUMMARY**

4 **Q.** Please summarize your rebuttal testimony.

5  
6 **A.** Witness Kollen's testimony argued that headcount additions  
7 were discretionary. This testimony provides supporting data  
8 that describes the nondiscretionary nature of safely  
9 performing gas operations work activities and at the level of  
10 quality our customers expect. Witness Kollen's testimony  
11 argued that Peoples is already staffed for growth. This  
12 testimony provides supporting data that shows expected work  
13 levels for service, compliance, locates and meter reading to  
14 2024 that is reflective of the high customer demand for  
15 natural gas and the overall construction and growth of  
16 Florida. Additional resources are required to meet the  
17 expected growth at Peoples and within Florida. Witness  
18 Kollen's testimony argued that outside contractor costs were  
19 not reduced given headcount additions. This testimony  
20 corrects witness Kollen in that outside contractor expenses  
21 have decreased from 2022 to 2024. Furthermore, witness Kollen  
22 wrongly assumes outside contractor expenses should be reduced  
23 because of additional headcount. This testimony explains the  
24 realities of balancing the use of outside contractors while  
25 training and developing new employees in a responsible and

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safe manner.

Peoples has a strong record of demonstrated safe and reliable operations based on prudent and responsible resource planning and management. The requested headcount and related labor expenses within the rate request for 2024 seeks to maintain our high-quality customer service through the safe and reliable operations to our customers and the public.

**Q.** Does this conclude your rebuttal testimony?

**A.** Yes, it does.

PEOPLES GAS SYSTEM, INC.  
DOCKET NO. 20230023-GU  
WITNESS: O'CONNOR

EXHIBIT

OF

TIMOTHY O'CONNOR

PEOPLES GAS SYSTEM, INC.  
DOCKET NO. 20230023-GU  
EXHIBIT NO. TO-2  
WITNESS: O'CONNOR  
DOCUMENT NO. 1

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1	Labor and Outside Services O&M Compared to Headcount and Workload by Service Area	28

**LABOR AND OUTSIDE SERVICES O&M  
COMPARED TO HEADCOUNT AND WORKLOAD  
BY SERVICE AREA**

<b>Service Area:</b>		<b>Jacksonville</b> (includes Transmission)					
		<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>5-year CAGR</b>
<b>TOTAL HEADCOUNT</b>		<b>34</b>	<b>36</b>	<b>44</b>	<b>44</b>	<b>51</b>	<b>8%</b>
<b>O&amp;M (\$)</b>		<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>5-year CAGR</b>
Total Straight-time Labor	\$	2,111,982	\$ 2,346,172	\$ 2,606,653	\$ 2,587,188	\$ 3,034,783	8%
Total Overtime		382,110	502,693	502,795	385,431	401,890	1%
Total Labor		2,494,092	2,848,865	3,109,448	2,972,620	3,436,673	7%
Total Outside Services		931,945	938,997	1,026,539	1,206,251	1,223,652	6%
<b>TOTAL O&amp;M</b>	<b>\$</b>	<b>3,426,037</b>	<b>\$ 3,787,862</b>	<b>\$ 4,135,987</b>	<b>\$ 4,178,871</b>	<b>\$ 4,660,325</b>	<b>6%</b>
<b>O&amp;M \$ per Headcount</b>	<b>\$</b>	<b>100,766</b>	<b>\$ 105,218</b>	<b>\$ 94,000</b>	<b>\$ 94,974</b>	<b>\$ 91,379</b>	<b>-2%</b>
		<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>5-year CAGR</b>
Service		23,415	27,081	29,794	33,071	36,709	9%
Compliance		27,849	39,106	32,632	36,780	41,676	8%
Locates		75,164	88,099	98,552	108,407	119,248	10%
Meter Reading		473,736	535,056	598,476	670,293	750,728	10%
<b>TOTAL ORDERS</b>		<b>600,164</b>	<b>689,342</b>	<b>759,454</b>	<b>848,552</b>	<b>948,362</b>	<b>10%</b>
<b>O&amp;M \$ per Order</b>	<b>\$</b>	<b>5.71</b>	<b>\$ 5.49</b>	<b>\$ 5.45</b>	<b>\$ 4.92</b>	<b>\$ 4.91</b>	<b>-3%</b>
<b>Year over Year % change</b>			<b>21 v 20 %chg</b>	<b>22 v 21 %chg</b>	<b>23 v 22 %chg</b>	<b>24 v 23 %chg</b>	
Service			16%	10%	11%	11%	
Compliance			40%	-17%	13%	13%	
Locates			17%	12%	10%	10%	
Meter Reading			13%	12%	12%	12%	
<b>TOTAL YEAR OVER YEAR % CHANGE</b>			<b>15%</b>	<b>10%</b>	<b>12%</b>	<b>12%</b>	
2023 Headcount Additions:	No additional headcount planned, only replacements due to employee movement or attrition.						
2024 Headcount Additions:	3 new apprentices to plan for higher workloads, employee movement or attrition; 2 additional locators (Sunshine 811 volumes); 1 leak survey technician and 1 meter technician to address higher workload volumes.						
O&M Spend:	Increase from \$3.4M in 2020 to \$4.2M in 2023 and \$4.7M in 2024 due to increased work activity. 5-year CAGR is 6% which shows labor cost increases and inflation partially offset by efficiency.						
O&M \$ per Headcount:	O&M spend per headcount decreased from ~\$100k in 2020 to ~\$91k in 2024.						
Work Order Activity:	All work types show double digit % increases from 2020 to 2024. Jacksonville is a fast-growing region - customer growth is driving higher meter reading, service and compliance requirements.						
O&M \$ per Order:	O&M spend per work order decreased from \$5.71 in 2020 to \$4.91 in 2024.						
Additional Commentary:	2023 and 2024 headcount additions include locator and apprentice positions which are 100% O&M (no capital). Outside services include Bermex and Heath for meter reading and ongoing locating.						

<b>Service Area:</b>		<b>Panama City</b>				
	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>5-year CAGR</b>
<b>TOTAL HEADCOUNT</b>	<b>18</b>	<b>18</b>	<b>19</b>	<b>19</b>	<b>19</b>	<b>1%</b>
<b>O&amp;M (\$)</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>5-year CAGR</b>
Total Straight-time Labor	\$ 1,081,438	\$ 1,078,464	\$ 1,013,821	\$ 1,212,455	\$ 1,278,523	3%
Total Overtime	153,591	159,763	151,228	137,796	143,844	-1%
Total Labor	1,235,029	1,238,227	1,165,049	1,350,251	1,422,367	3%
Total Outside Services	51,667	50,440	72,271	90,000	91,980	12%
<b>TOTAL O&amp;M</b>	<b>\$ 1,286,696</b>	<b>\$ 1,288,667</b>	<b>\$ 1,237,320</b>	<b>\$ 1,440,251</b>	<b>\$ 1,514,347</b>	<b>3%</b>
<b>O&amp;M \$ per Headcount</b>	<b>\$ 71,483</b>	<b>\$ 71,593</b>	<b>\$ 65,122</b>	<b>\$ 75,803</b>	<b>\$ 79,702</b>	
Service	8,564	8,799	10,989	11,538	12,115	7%
Compliance	11,990	12,568	13,010	13,499	14,014	3%
Locates	21,749	24,020	26,098	27,925	29,880	7%
Meter Reading	194,268	199,440	209,892	216,189	222,674	3%
<b>TOTAL ORDERS</b>	<b>236,571</b>	<b>244,827</b>	<b>259,989</b>	<b>269,152</b>	<b>278,683</b>	<b>3%</b>
<b>O&amp;M \$ per Order</b>	<b>\$ 5.44</b>	<b>\$ 5.26</b>	<b>\$ 4.76</b>	<b>\$ 5.35</b>	<b>\$ 5.43</b>	
<b>Year over Year % change</b>		<b>21 v 20 %chg</b>	<b>22 v 21 %chg</b>	<b>23 v 22 %chg</b>	<b>24 v 23 %chg</b>	
Service		3%	25%	5%	5%	
Compliance		5%	4%	4%	4%	
Locates		10%	9%	7%	7%	
Meter Reading		3%	5%	3%	3%	
<b>TOTAL YEAR OVER YEAR % CHANGE</b>		<b>3%</b>	<b>6%</b>	<b>4%</b>	<b>4%</b>	
2023 Headcount Additions:	None					
2024 Headcount Additions:	None					
O&M Spend:	Increase from \$1.3M in 2020 to \$1.4M in 2023 and \$1.5M in 2024 due to increased work activity and merit increases. 5-year CAGR is 3%.					
O&M \$ per Headcount:	O&M spend per headcount increased from ~\$71k in 2020 to ~\$80k in 2024.					
Work Order Activity:	All work types show increasing volumes due to customer growth in the region. Sunshine 811 locate volumes are higher than customer growth increases.					
O&M \$ per Order:	None					
Additional Commentary:						

<b>Service Area:</b>		<b>Ocala</b>					
		<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>5-year CAGR</b>
<b>TOTAL HEADCOUNT</b>		19	19	21	23	27	7%
<b>O&amp;M (\$)</b>		<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>5-year CAGR</b>
Total Straight-time Labor	\$	977,099	\$ 1,097,220	\$ 1,292,322	\$ 1,479,779	\$ 1,842,829	14%
Total Overtime		133,322	165,155	191,833	112,120	117,595	-2%
Total Labor		1,110,421	1,262,375	1,484,154	1,591,900	1,960,423	12%
Total Outside Services		714,726	867,416	664,055	588,574	421,974	-10%
<b>TOTAL O&amp;M</b>	\$	1,825,147	\$ 2,129,791	\$ 2,148,209	\$ 2,180,474	\$ 2,382,397	5%
<b>O&amp;M \$ per Headcount</b>	\$	96,060	\$ 112,094	\$ 102,296	\$ 94,803	\$ 88,237	
		<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>5-year CAGR</b>
Service		13,893	17,352	22,835	24,433	26,144	13%
Compliance		31,430	31,678	32,044	33,006	33,969	2%
Locates		24,453	26,056	27,899	29,852	31,942	5%
Meter Reading		585,960	602,424	654,996	694,296	735,954	5%
<b>TOTAL ORDERS</b>		655,736	677,510	737,774	781,587	828,007	5%
<b>O&amp;M \$ per Order</b>	\$	2.78	\$ 3.14	\$ 2.91	\$ 2.79	\$ 2.88	
<b>Year over Year % change</b>			<b>21 v 20 %chg</b>	<b>22 v 21 %chg</b>	<b>23 v 22 %chg</b>	<b>24 v 23 %chg</b>	
Service			25%	32%	7%	7%	
Compliance			1%	1%	3%	3%	
Locates			7%	7%	7%	7%	
Meter Reading			3%	9%	6%	6%	
<b>TOTAL YEAR OVER YEAR % CHANGE</b>			3%	9%	6%	6%	
2023 Headcount Additions:	2 additional apprentices to plan for higher workloads.						
2024 Headcount Additions:	4 additional apprentices to plan for higher workloads.						
O&M Spend:	Increase from \$1.8M in 2020 to \$2.2M in 2023 and \$2.4M in 2024 due to increased work activity. 5-year CAGR is 5% which shows labor cost increases and inflation partially offset by efficiency.						
O&M \$ per Headcount:	O&M spend per headcount decreased from ~\$96k in 2020 to ~\$88k in 2024.						
Work Order Activity:	Ocala has strong growth particularly in the Villages which is driving higher service and meter reading. Continued growth in that area is also driving higher Sunshine 811 locate volumes.						
O&M \$ per Order:	O&M spend per work order increased from \$2.78 in 2020 to \$2.88 in 2024.						
Additional Commentary:	2023 and 2024 headcount additions include locator and apprentice positions which are 100% O&M (no capital). Outside services include Bermex for meter reading and ongoing locating.						



<b>Service Area:</b>		<b>Daytona</b>				
	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>5-year CAGR</b>
<b>TOTAL HEADCOUNT</b>	9	9	9	10	12	6%
<b>O&amp;M (\$)</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>5-year CAGR</b>
Total Straight-time Labor	\$ 499,006	\$ 486,044	\$ 525,241	\$ 509,970	\$ 684,347	7%
Total Overtime	86,900	81,755	66,765	21,757	24,954	-22%
Total Labor	585,906	567,799	592,006	531,727	709,301	4%
Total Outside Services	39,310	36,938	56,601	93,676	96,676	20%
<b>TOTAL O&amp;M</b>	<b>\$ 625,216</b>	<b>\$ 604,737</b>	<b>\$ 648,606</b>	<b>\$ 625,403</b>	<b>\$ 805,977</b>	<b>5%</b>
<b>O&amp;M \$ per Headcount</b>	<b>\$ 69,468</b>	<b>\$ 67,193</b>	<b>\$ 72,067</b>	<b>\$ 62,540</b>	<b>\$ 67,165</b>	
	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>5-year CAGR</b>
Service	7,418	9,167	9,518	9,899	10,295	7%
Compliance	5,325	6,351	6,518	6,935	7,245	6%
Locates	14,943	18,284	17,330	18,543	19,841	6%
Meter Reading	102,744	111,528	117,144	124,173	131,623	5%
<b>TOTAL ORDERS</b>	<b>130,430</b>	<b>145,330</b>	<b>150,510</b>	<b>159,549</b>	<b>169,004</b>	<b>5%</b>
<b>O&amp;M \$ per Order</b>	<b>\$ 4.79</b>	<b>\$ 4.16</b>	<b>\$ 4.31</b>	<b>\$ 3.92</b>	<b>\$ 4.77</b>	
<b>Year over Year % change</b>		<b>21 v 20 %chg</b>	<b>22 v 21 %chg</b>	<b>23 v 22 %chg</b>	<b>24 v 23 %chg</b>	
Service		24%	4%	4%	4%	
Compliance		19%	3%	6%	4%	
Locates		22%	-5%	7%	7%	
Meter Reading		9%	5%	6%	6%	
<b>TOTAL YEAR OVER YEAR % CHANGE</b>		<b>11%</b>	<b>4%</b>	<b>6%</b>	<b>6%</b>	
2023 Headcount Additions:	1 new apprentice to plan for higher workloads.					
2024 Headcount Additions:	2 new apprentices to plan for higher workloads.					
O&M Spend:	Not increase from 2020 to 2023m but and increase from \$0.6M in prior years to \$0.8M in 2024 due to increased work activity. 5-year CAGR is 5%.					
O&M \$ per Headcount:	O&M spend per headcount decreased from ~\$69k in 2020 to ~\$67k in 2024.					
Work Order Activity:	Daytona is projecting higher service work activity due to customer growth. Sunshine 811 locate volumes are also driving higher work activity that requires additional staffing.					
O&M \$ per Order:	O&M spend per work order decreased from \$4.79 in 2020 to \$4.77 in 2024.					
Additional Commentary:	The Daytona team is a small division which requires all staff to be fully trained on all work activity and operational qualifications. New headcount is required to meet higher work volumes in 2023 and 2024 to ensure adequate coverage.					

<b>Service Area:</b>		<b>Eustis</b>					
		<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>5-year CAGR</b>
<b>TOTAL HEADCOUNT</b>		<b>8</b>	<b>8</b>	<b>7</b>	<b>8</b>	<b>8</b>	<b>0%</b>
<b>O&amp;M (\$)</b>		<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>5-year CAGR</b>
Total Straight-time Labor	\$	382,405	\$ 434,485	\$ 399,654	\$ 402,437	\$ 470,431	4%
Total Overtime		21,931	25,908	23,963	6,781	4,073	-29%
Total Labor		404,336	460,393	423,617	409,218	474,504	3%
Total Outside Services		39,449	23,360	37,120	48,893	49,968	5%
<b>TOTAL O&amp;M</b>	<b>\$</b>	<b>443,785</b>	<b>\$ 483,753</b>	<b>\$ 460,737</b>	<b>\$ 458,111</b>	<b>\$ 524,472</b>	<b>3%</b>
<b>O&amp;M \$ per Headcount</b>	<b>\$</b>	<b>55,473</b>	<b>\$ 60,469</b>	<b>\$ 65,820</b>	<b>\$ 57,264</b>	<b>\$ 65,559</b>	
		<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>5-year CAGR</b>
Service		2,425	2,843	3,216	3,345	3,478	7%
Compliance		4,515	4,611	4,726	4,858	4,994	2%
Locates		5,548	6,065	8,864	9,484	10,148	13%
Meter Reading		74,208	76,044	76,788	78,156	79,212	1%
<b>TOTAL ORDERS</b>		<b>86,696</b>	<b>89,563</b>	<b>93,594</b>	<b>95,843</b>	<b>97,833</b>	<b>2%</b>
<b>O&amp;M \$ per Order</b>	<b>\$</b>	<b>5.12</b>	<b>\$ 5.40</b>	<b>\$ 4.92</b>	<b>\$ 4.78</b>	<b>\$ 5.36</b>	
<b>Year over Year % change</b>			<b>21 v 20 %chg</b>	<b>22 v 21 %chg</b>	<b>23 v 22 %chg</b>	<b>24 v 23 %chg</b>	
Service			17%	13%	4%	4%	
Compliance			2%	2%	3%	3%	
Locates			9%	46%	7%	7%	
Meter Reading			2%	1%	2%	1%	
<b>TOTAL YEAR OVER YEAR % CHANGE</b>			<b>3%</b>	<b>5%</b>	<b>2%</b>	<b>2%</b>	
2023 Headcount Additions:	1 new apprentice as replacement from employee departure in 2022.						
2024 Headcount Additions:	None						
O&M Spend:	\$0.4M in 2020 increased to \$0.5M for 2023 and 2024.						
O&M \$ per Headcount:	O&M spend per headcount increased from ~\$55k in 2020 to ~\$66k in 2024.						
Work Order Activity:	As one of PGS' smaller divisions, Eustis is projected to maintain resource levels to meet future work activity.						
O&M \$ per Order:	O&M spend per work order increased from \$5.12 in 2020 to \$5.36 in 2024.						
Additional Commentary:	None						

<b>Service Area:</b>		<b>Dade-Broward</b>					
		<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>5-year CAGR</b>
<b>TOTAL HEADCOUNT</b>		62	62	75	76	78	5%
<b>O&amp;M (\$)</b>		<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>5-year CAGR</b>
Total Straight-time Labor	\$	4,822,490	\$ 4,707,582	\$ 5,135,070	\$ 5,620,765	\$ 5,954,355	4%
Total Overtime		1,066,853	1,212,779	1,036,152	951,313	994,731	-1%
Total Labor		5,889,343	5,920,361	6,171,222	6,572,079	6,949,086	3%
Total Outside Services		1,274,903	1,334,588	2,194,251	1,708,988	2,056,652	10%
<b>TOTAL O&amp;M</b>	\$	7,164,246	\$ 7,254,949	\$ 8,365,472	\$ 8,281,067	\$ 9,005,738	5%
<b>O&amp;M \$ per Headcount</b>	\$	115,552	\$ 117,015	\$ 111,540	\$ 108,961	\$ 115,458	
		<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>5-year CAGR</b>
Service		33,322	38,372	39,730	41,319	42,972	5%
Compliance		72,126	38,426	60,910	50,113	53,561	-6%
Locates		74,616	82,242	91,732	100,905	110,996	8%
Meter Reading		718,200	726,156	731,460	738,156	744,876	1%
<b>TOTAL ORDERS</b>		<b>898,264</b>	<b>885,196</b>	<b>923,832</b>	<b>930,493</b>	<b>952,405</b>	<b>1%</b>
<b>O&amp;M \$ per Order</b>	\$	7.98	\$ 8.20	\$ 9.06	\$ 8.90	\$ 9.46	
<b>Year over Year % change</b>			<b>21 v 20 %chg</b>	<b>22 v 21 %chg</b>	<b>23 v 22 %chg</b>	<b>24 v 23 %chg</b>	
Service			15%	4%	4%	4%	
Compliance			-47%	59%	-18%	7%	
Locates			10%	12%	10%	10%	
Meter Reading			1%	1%	1%	1%	
<b>TOTAL YEAR OVER YEAR % CHANGE</b>			-1%	4%	1%	2%	
2023 Headcount Additions:	1 new apprentice for expected higher work activity.						
2024 Headcount Additions:	2 new apprentices for expected higher work activity.						
O&M Spend:	Increase from \$7.2M in 2020 to \$8.3M in 2023 and \$9.0M in 2024 due to higher headcount and outside service requirements to meet workloads.						
O&M \$ per Headcount:	O&M spend per headcount decreased from ~\$116k in 2020 to ~\$115k in 2024.						
Work Order Activity:	Miami is experiencing relatively smaller customer growth (compared to other PGS divisions) but is faced with high Sunshine 811 locate ticket volume and leak response needs in an urban environment.						
O&M \$ per Order:	O&M spend per work order increased from \$7.98 in 2020 to \$9.46 in 2024.						
Additional Commentary:	Miami is a challenging area to operate in due to population density. Traffic conditions, parking constraints and overall high development activity that is expected within a large city drives higher resource needs.						

<b>Service Area:</b>		<b>Sarasota</b>				
	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>5-year CAGR</b>
<b>TOTAL HEADCOUNT</b>	<b>20</b>	<b>19</b>	<b>21</b>	<b>32</b>	<b>38</b>	<b>14%</b>
<b>O&amp;M (\$)</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>5-year CAGR</b>
Total Straight-time Labor	\$ 1,295,761	\$ 1,326,401	\$ 1,219,025	\$ 1,544,823	\$ 2,451,963	14%
Total Overtime	195,802	222,646	276,844	60,747	44,693	-26%
Total Labor	1,491,563	1,549,047	1,495,869	1,605,570	2,496,656	11%
Total Outside Services	522,146	884,291	1,139,331	749,001	995,297	14%
<b>TOTAL O&amp;M</b>	<b>\$ 2,013,709</b>	<b>\$ 2,433,338</b>	<b>\$ 2,635,200</b>	<b>\$ 2,354,571</b>	<b>\$ 3,491,953</b>	<b>12%</b>
<b>O&amp;M \$ per Headcount</b>	<b>\$ 100,685</b>	<b>\$ 128,070</b>	<b>\$ 125,486</b>	<b>\$ 73,580</b>	<b>\$ 91,894</b>	
	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>5-year CAGR</b>
Service	20,919	23,362	24,253	26,193	28,289	6%
Compliance	57,553	39,538	40,914	36,093	48,805	-3%
Locates	58,422	69,051	73,507	80,858	88,943	9%
Meter Reading	574,500	620,304	672,708	733,252	799,244	7%
<b>TOTAL ORDERS</b>	<b>711,394</b>	<b>752,255</b>	<b>811,382</b>	<b>876,396</b>	<b>965,281</b>	<b>6%</b>
<b>O&amp;M \$ per Order</b>	<b>\$ 2.83</b>	<b>\$ 3.23</b>	<b>\$ 3.25</b>	<b>\$ 2.69</b>	<b>\$ 3.62</b>	
<b>Year over Year % change</b>		<b>21 v 20 %chg</b>	<b>22 v 21 %chg</b>	<b>23 v 22 %chg</b>	<b>24 v 23 %chg</b>	
Service		12%	4%	8%	8%	
Compliance		-31%	3%	-12%	35%	
Locates		18%	6%	10%	10%	
Meter Reading		8%	8%	9%	9%	
<b>TOTAL YEAR OVER YEAR % CHANGE</b>		<b>6%</b>	<b>8%</b>	<b>8%</b>	<b>10%</b>	
2023 Headcount Additions:	8 new apprentices to right-size this division and 3 technicians. Staffing was too low in 2020-2022.					
2024 Headcount Additions:	3 new apprentices to plan for higher workloads, employee movement or attrition and 3 additional locators (Sunshine 811 volumes)					
O&M Spend:	Increase from \$2.0M in 2020 to \$2.4M in 2023 and \$3.5M in 2024 due to increased work activity.					
O&M \$ per Headcount:	O&M spend per headcount decreased from ~\$100k in 2020 to ~\$94k in 2024.					
Work Order Activity:	All work types show high % increases from 2020 to 2024. Sarasota is a fast-growing region - customer growth is driving higher meter reading, service and compliance requirements. Locates are growing at a very high rate.					
O&M \$ per Order:	O&M spend per work order increased from 2.83 in 2020 to 3.62 in 2024. 2020 O&M showed understaffing which distorts the comparison.					
Additional Commentary:	2023 and 2024 headcount additions include locator and apprentice positions which are 100% O&M (no capital). Outside services include meter reading and ongoing locating.					

<b>Service Area:</b>		<b>SWFL</b>				
	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>5-year CAGR</b>
<b>TOTAL HEADCOUNT</b>	<b>18</b>	<b>18</b>	<b>19</b>	<b>21</b>	<b>23</b>	<b>5%</b>
<b>O&amp;M (\$)</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>5-year CAGR</b>
Total Straight-time Labor	\$ 946,013	\$ 931,637	\$ 932,009	\$ 1,130,934	\$ 1,417,558	8%
Total Overtime	233,679	235,497	300,510	140,576	147,072	-9%
Total Labor	1,179,692	1,167,134	1,232,519	1,271,510	1,564,629	6%
Total Outside Services	165,991	347,299	479,497	344,325	474,268	23%
<b>TOTAL O&amp;M</b>	<b>\$ 1,345,683</b>	<b>\$ 1,514,433</b>	<b>\$ 1,712,016</b>	<b>\$ 1,615,835</b>	<b>\$ 2,038,897</b>	<b>9%</b>
<b>O&amp;M \$ per Headcount</b>	<b>\$ 74,760</b>	<b>\$ 84,135</b>	<b>\$ 90,106</b>	<b>\$ 76,945</b>	<b>\$ 88,648</b>	
	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>5-year CAGR</b>
Service	10,909	12,426	12,922	14,085	15,353	7%
Compliance	8,845	23,176	27,515	14,112	17,789	15%
Locates	48,013	52,197	50,576	53,611	56,827	3%
Meter Reading	258,348	288,384	323,412	354,264	379,572	8%
<b>TOTAL ORDERS</b>	<b>326,115</b>	<b>376,183</b>	<b>414,425</b>	<b>436,072</b>	<b>469,541</b>	<b>8%</b>
<b>O&amp;M \$ per Order</b>	<b>\$ 4.13</b>	<b>\$ 4.03</b>	<b>\$ 4.13</b>	<b>\$ 3.71</b>	<b>\$ 4.34</b>	
<b>Year over Year % change</b>		<b>21 v 20 %chg</b>	<b>22 v 21 %chg</b>	<b>23 v 22 %chg</b>	<b>24 v 23 %chg</b>	
Service		14%	4%	9%	9%	
Compliance		162%	19%	-49%	26%	
Locates		9%	-3%	6%	6%	
Meter Reading		12%	12%	10%	7%	
<b>TOTAL YEAR OVER YEAR % CHANGE</b>		<b>15%</b>	<b>10%</b>	<b>5%</b>	<b>8%</b>	
2023 Headcount Additions:	1 new apprentice and replacement of supervisor vacant in 2022.					
2024 Headcount Additions:	2 additional locators to address increase in Sunshine 811 locate volumes.					
O&M Spend:	Increase from \$1.3M in 2020 to \$1.6M in 2023 and \$2.0M in 2024 due to increased work activity.					
O&M \$ per Headcount:	O&M spend per headcount increased from ~\$75k in 2020 to ~\$89k in 2024.					
Work Order Activity:	SW FL has increased customer count from ~22,000 in 2020 to ~34,000 in 2024. This increase is driving meter reading and compliance work activity volumes. Heavy development from north Ft. Myers to Naples is driving high Sunshine 811 locate volumes.					
O&M \$ per Order:	O&M spend per work order increased from \$4.13 in 2020 to \$4.34 in 2024.					
Additional Commentary:	SWFL division represents a large geographic area requiring resources to cover customer service and emergency response.					

<b>Service Area:</b>		<b>Jupiter</b>					
		<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>5-year CAGR</b>
<b>TOTAL HEADCOUNT</b>		8	8	10	10	12	8%
<b>O&amp;M (\$)</b>		<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>5-year CAGR</b>
Total Straight-time Labor	\$	552,092	\$ 522,618	\$ 670,698	\$ 710,667	\$ 914,996	11%
Total Overtime		109,161	136,164	135,207	97,770	102,539	-1%
Total Labor		661,253	658,782	805,905	808,437	1,017,535	9%
Total Outside Services		164,048	189,583	140,021	278,200	346,428	16%
<b>TOTAL O&amp;M</b>	\$	825,301	\$ 848,365	\$ 945,926	\$ 1,086,637	\$ 1,363,963	11%
<b>O&amp;M \$ per Headcount</b>	\$	103,163	\$ 106,046	\$ 94,593	\$ 108,664	\$ 113,664	
		<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>5-year CAGR</b>
Service		7,562	7,881	6,641	6,973	7,147	-1%
Compliance		14,770	5,751	10,867	8,609	11,110	-6%
Locates		17,063	19,162	17,018	17,869	18,762	2%
Meter Reading		161,316	165,420	168,912	171,600	174,396	2%
<b>TOTAL ORDERS</b>		<b>200,711</b>	<b>198,214</b>	<b>203,438</b>	<b>205,051</b>	<b>211,416</b>	<b>1%</b>
<b>O&amp;M \$ per Order</b>	\$	4.11	\$ 4.28	\$ 4.65	\$ 5.30	\$ 6.45	
<b>Year over Year % change</b>			<b>21 v 20 %chg</b>	<b>22 v 21 %chg</b>	<b>23 v 22 %chg</b>	<b>24 v 23 %chg</b>	
Service			4%	-16%	5%	2%	
Compliance			-61%	89%	-21%	29%	
Locates			12%	-11%	5%	5%	
Meter Reading			3%	2%	2%	2%	
<b>TOTAL YEAR OVER YEAR % CHANGE</b>			-1%	3%	1%	3%	
2023 Headcount Additions:	None						
2024 Headcount Additions:	1 new division supervisor and 1 new apprentice to address new work activity and oversight.						
O&M Spend:	Increase from \$0.8M in 2020 to \$1.1M in 2023 and \$1.4M in 2024 due to increased work activity.						
O&M \$ per Headcount:	O&M spend per headcount slightly increased from ~\$103k in 2020 to ~\$114k in 2024.						
Work Order Activity:	High population density service area with growth due to locates.						
O&M \$ per Order:	O&M spend per work order decreased from \$4.11 in 2020 to \$6.45 in 2024.						
Additional Commentary:	In 2022, a 5% compensation adjustment was made for the entire south territory which includes Jupiter.						

<b>Service Area:</b>		<b>Tampa</b>					
	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>5-year CAGR</b>	
<b>TOTAL HEADCOUNT</b>	<b>48</b>	<b>48</b>	<b>50</b>	<b>57</b>	<b>59</b>	<b>4%</b>	
<b>O&amp;M (\$)</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>5-year CAGR</b>	
Total Straight-time Labor	\$ 2,853,441	\$ 2,755,984	\$ 2,667,616	\$ 2,824,074	\$ 3,188,241	2%	
Total Overtime	411,569	483,499	486,126	281,989	293,804	-7%	
Total Labor	3,265,010	3,239,483	3,153,742	3,106,063	3,482,044	1%	
Total Outside Services	728,060	548,141	1,091,823	990,016	990,016	6%	
<b>TOTAL O&amp;M</b>	<b>\$ 3,993,070</b>	<b>\$ 3,787,624</b>	<b>\$ 4,245,565</b>	<b>\$ 4,096,079</b>	<b>\$ 4,472,061</b>	<b>2%</b>	
<b>O&amp;M \$ per Headcount</b>	<b>\$ 83,189</b>	<b>\$ 78,909</b>	<b>\$ 84,911</b>	<b>\$ 71,861</b>	<b>\$ 75,798</b>		
	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>5-year CAGR</b>	
Service	31,549	31,935	32,763	33,746	34,758	2%	
Compliance	57,862	47,057	33,909	40,424	58,021	0%	
Locates	91,922	91,549	87,513	91,889	96,483	1%	
Meter Reading	947,196	976,404	1,003,032	1,033,123	1,064,117	2%	
<b>TOTAL ORDERS</b>	<b>1,128,529</b>	<b>1,146,945</b>	<b>1,157,217</b>	<b>1,199,182</b>	<b>1,253,379</b>	<b>2%</b>	
<b>O&amp;M \$ per Order</b>	<b>\$ 3.54</b>	<b>\$ 3.30</b>	<b>\$ 3.67</b>	<b>\$ 3.42</b>	<b>\$ 3.57</b>		
<b>Year over Year % change</b>		<b>21 v 20 %chg</b>	<b>22 v 21 %chg</b>	<b>23 v 22 %chg</b>	<b>24 v 23 %chg</b>		
Service		1%	3%	3%	3%		
Compliance		-19%	-28%	19%	44%		
Locates		0%	-4%	5%	5%		
Meter Reading		3%	3%	3%	3%		
<b>TOTAL YEAR OVER YEAR % CHANGE</b>		<b>2%</b>	<b>1%</b>	<b>4%</b>	<b>5%</b>		
2023 Headcount Additions:	3 new apprentices and 4 locators to address increasing work volumes.						
2024 Headcount Additions:	1 new apprentice and 1 locator to address increasing work volumes.						
O&M Spend:	Increase from \$4.0M in 2020 to \$4.1M in 2023 and \$4.5M in 2024 due to increased work activity. 5-year CAGR is 2%.						
O&M \$ per Headcount:	O&M spend per headcount decreased from ~\$83k in 2020 to ~\$76k in 2024.						
Work Order Activity:	Locates and compliance activities are main drivers of work volume increases. The Tampa area is undergoing large amounts of development and construction.						
O&M \$ per Order:	O&M spend per work order remained constant from \$3.54 in 2020 to \$3.57 in 2024.						
Additional Commentary:	None						

<b>Service Area:</b>		<b>Orlando</b>					
		<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>5-year CAGR</b>
<b>TOTAL HEADCOUNT</b>		<b>49</b>	<b>49</b>	<b>52</b>	<b>55</b>	<b>56</b>	<b>3%</b>
<b>O&amp;M (\$)</b>		<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>5-year CAGR</b>
Total Straight-time Labor	\$	2,664,255	\$ 2,853,721	\$ 2,539,457	\$ 3,108,267	\$ 3,416,237	5%
Total Overtime		660,982	934,781	535,528	574,059	595,390	-2%
Total Labor		3,325,237	3,788,502	3,074,985	3,682,325	4,011,627	4%
Total Outside Services		1,278,006	1,176,307	1,375,404	712,686	728,365	-11%
<b>TOTAL O&amp;M</b>	<b>\$</b>	<b>4,603,243</b>	<b>\$ 4,964,809</b>	<b>\$ 4,450,389</b>	<b>\$ 4,395,011</b>	<b>\$ 4,739,992</b>	<b>1%</b>
<b>O&amp;M \$ per Headcount</b>	<b>\$</b>	<b>93,944</b>	<b>\$ 101,323</b>	<b>\$ 85,584</b>	<b>\$ 79,909</b>	<b>\$ 84,643</b>	
		<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>5-year CAGR</b>
Service		27,666	34,314	29,628	30,517	31,432	3%
Compliance		36,871	33,947	37,209	35,414	31,132	-3%
Locates		69,310	68,908	71,924	75,520	79,296	3%
Meter Reading		666,108	683,604	698,160	719,105	740,678	2%
<b>TOTAL ORDERS</b>		<b>799,955</b>	<b>820,773</b>	<b>836,921</b>	<b>860,556</b>	<b>882,538</b>	<b>2%</b>
<b>O&amp;M \$ per Order</b>	<b>\$</b>	<b>5.75</b>	<b>\$ 6.05</b>	<b>\$ 5.32</b>	<b>\$ 5.11</b>	<b>\$ 5.37</b>	
<b>Year over Year % change</b>			<b>21 v 20 %chg</b>	<b>22 v 21 %chg</b>	<b>23 v 22 %chg</b>	<b>24 v 23 %chg</b>	
Service			24%	-14%	3%	3%	
Compliance			-8%	10%	-5%	-12%	
Locates			-1%	4%	5%	5%	
Meter Reading			3%	2%	3%	3%	
<b>TOTAL YEAR OVER YEAR % CHANGE</b>			<b>3%</b>	<b>2%</b>	<b>3%</b>	<b>3%</b>	
2023 Headcount Additions:	3 locators to address increasing work volumes.						
2024 Headcount Additions:	1 new apprentice to address increasing work volumes.						
O&M Spend:	Increase from \$4.6M in 2020 to \$4.4M in 2023 and \$4.7M in 2024 due to increased work activity. 5-year CAGR is 1%.						
O&M \$ per Headcount:	O&M spend per headcount decreased from ~\$94k in 2020 to ~\$85k in 2024.						
Work Order Activity:	General growth in Orlando with locates expected to increase at a faster pace than customers.						
O&M \$ per Order:	O&M spend per work order decreased from \$5.75 in 2020 to \$5.37 in 2024.						
Additional Commentary:	None						



<b>Service Area:</b>		<b>St. Pete</b>					
		<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>5-year CAGR</b>
<b>TOTAL HEADCOUNT</b>		<b>30</b>	<b>30</b>	<b>27</b>	<b>31</b>	<b>33</b>	<b>2%</b>
		<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>5-year CAGR</b>
<b>O&amp;M (\$)</b>							
Total Straight-time Labor	\$	1,362,857	\$ 1,339,470	\$ 1,313,013	\$ 1,440,853	\$ 1,703,599	5%
Total Overtime		163,011	187,048	227,406	123,688	129,362	-5%
Total Labor		1,525,868	1,526,518	1,540,419	1,564,541	1,832,961	4%
Total Outside Services		380,790	394,434	458,805	326,169	326,174	-3%
<b>TOTAL O&amp;M</b>	\$	<b>1,906,658</b>	<b>\$ 1,920,952</b>	<b>\$ 1,999,223</b>	<b>\$ 1,890,710</b>	<b>\$ 2,159,135</b>	<b>3%</b>
<b>O&amp;M \$ per Headcount</b>	\$	<b>63,555</b>	\$ <b>64,032</b>	\$ <b>74,045</b>	\$ <b>60,991</b>	\$ <b>65,428</b>	
		<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>5-year CAGR</b>
Service		9,700	9,918	9,800	10,094	10,397	1%
Compliance		11,378	14,835	17,086	15,695	13,201	3%
Locates		26,513	30,041	34,551	37,315	40,300	9%
Meter Reading		286,068	287,856	289,632	298,321	307,271	1%
<b>TOTAL ORDERS</b>		<b>333,659</b>	<b>342,650</b>	<b>351,069</b>	<b>361,425</b>	<b>371,169</b>	<b>2%</b>
<b>O&amp;M \$ per Order</b>	\$	<b>5.71</b>	\$ <b>5.61</b>	\$ <b>5.69</b>	\$ <b>5.23</b>	\$ <b>5.82</b>	
<b>Year over Year % change</b>			<b>21 v 20 %chg</b>	<b>22 v 21 %chg</b>	<b>23 v 22 %chg</b>	<b>24 v 23 %chg</b>	
Service			2%	-1%	3%	3%	
Compliance			30%	15%	-8%	-16%	
Locates			13%	15%	8%	8%	
Meter Reading			1%	1%	3%	3%	
<b>TOTAL YEAR OVER YEAR % CHANGE</b>			<b>3%</b>	<b>2%</b>	<b>3%</b>	<b>3%</b>	
2023 Headcount Additions:	1 new apprentice and 3 replacement positions from 2022.						
2024 Headcount Additions:	2 new apprentices to meet higher work activity.						
O&M Spend:	Increase from \$1.9M in 2020 and 2023 to \$2.2M in 2024 due to increased work activity. 5-year CAGR is 3%.						
O&M \$ per Headcount:	O&M spend per headcount increased from ~\$64k in 2020 to ~\$65k in 2024.						
Work Order Activity:	St. Pete has slow customer growth but locates remain elevated.						
O&M \$ per Order:	O&M spend per work order increased slightly from \$5.71 in 2020 to \$5.82 in 2024.						
Additional Commentary:	None						

<b>Service Area:</b>		<b>Lakeland / Avon Park</b>					
	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>5-year CAGR</b>	
<b>TOTAL HEADCOUNT</b>	9	9	13	13	14	9%	
<b>O&amp;M (\$)</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>5-year CAGR</b>	
Total Straight-time Labor	\$ 618,605	\$ 625,387	\$ 680,126	\$ 779,678	\$ 861,346	7%	
Total Overtime	48,528	57,778	62,412	37,434	38,286	-5%	
Total Labor	667,133	683,165	742,538	817,112	899,632	6%	
Total Outside Services	38,131	276,493	215,880	112,026	112,287	24%	
<b>TOTAL O&amp;M</b>	<b>\$ 705,264</b>	<b>\$ 959,658</b>	<b>\$ 958,418</b>	<b>\$ 929,138</b>	<b>\$ 1,011,919</b>	<b>7%</b>	
<b>O&amp;M \$ per Headcount</b>	<b>\$ 78,363</b>	<b>\$ 106,629</b>	<b>\$ 73,724</b>	<b>\$ 71,472</b>	<b>\$ 72,280</b>		
	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>5-year CAGR</b>	
Service	3,460	4,030	4,667	4,900	5,145	8%	
Compliance	4,941	1,793	6,401	2,446	4,716	-1%	
Locates	6,933	11,172	12,232	13,211	14,267	16%	
Meter Reading	69,180	71,400	71,040	73,171	75,366	2%	
<b>TOTAL ORDERS</b>	<b>84,514</b>	<b>88,395</b>	<b>94,340</b>	<b>93,728</b>	<b>99,495</b>	<b>3%</b>	
<b>O&amp;M \$ per Order</b>	<b>\$ 8.34</b>	<b>\$ 10.86</b>	<b>\$ 10.16</b>	<b>\$ 9.91</b>	<b>\$ 10.17</b>		
<b>Year over Year % change</b>		<b>21 v 20 %chg</b>	<b>22 v 21 %chg</b>	<b>23 v 22 %chg</b>	<b>24 v 23 %chg</b>		
Service		16%	16%	5%	5%		
Compliance		-64%	257%	-62%	93%		
Locates		61%	9%	8%	8%		
Meter Reading		3%	-1%	3%	3%		
<b>TOTAL YEAR OVER YEAR % CHANGE</b>		<b>5%</b>	<b>7%</b>	<b>-1%</b>	<b>6%</b>		
2023 Headcount Additions:	None						
2024 Headcount Additions:	1 new apprentice to meet higher work activity.						
O&M Spend:	Increase from \$0.7M in 2020 to \$0.9M in 2023 and \$1.0M in 2024 due to increased work activity.						
O&M \$ per Headcount:	O&M spend per headcount decreased from ~\$78k in 2020 to ~\$72k in 2024.						
Work Order Activity:	Lakeland is another area in FL with high construction which drives locate volume increases.						
O&M \$ per Order:	O&M spend per work order increased from \$8.34 in 2020 to \$10.17 in 2024.						
Additional Commentary:	None						

**LABOR AND OUTSIDE SERVICES O&M  
COMPARED TO HEADCOUNT AND WORKLOAD  
FOR ALL SERVICE AREAS**

<b>Service Area:</b>		<b>All</b>				
	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>5-year CAGR</b>
<b>TOTAL HEADCOUNT</b>	<b>332</b>	<b>333</b>	<b>367</b>	<b>399</b>	<b>430</b>	<b>5%</b>
<b>O&amp;M (\$)</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>5-year CAGR</b>
Total Straight-time Labor	20,167,444	20,505,185	20,994,702	23,351,890	27,219,207	6%
Total Overtime	3,667,439	4,405,466	3,996,769	2,931,461	3,038,233	-4%
Total Labor	23,834,883	24,910,651	24,991,472	26,283,352	30,257,439	5%
Total Outside Services	6,329,171	7,068,287	8,951,596	7,248,805	7,913,737	5%
<b>TOTAL O&amp;M</b>	<b>30,164,054</b>	<b>31,978,938</b>	<b>33,943,068</b>	<b>33,532,157</b>	<b>38,171,177</b>	<b>5%</b>
<b>O&amp;M \$ per Headcount</b>	<b>90,856</b>	<b>96,033</b>	<b>92,488</b>	<b>84,040</b>	<b>88,770</b>	<b>0%</b>
<b>Order Summary</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>5-year CAGR</b>
Service	200,802	227,480	236,756	250,114	264,235	6%
Compliance	345,455	298,837	323,742	297,984	340,232	0%
Locates	534,649	586,846	617,796	665,388	716,934	6%
Meter Reading	5,111,832	5,344,020	5,615,652	5,904,098	6,205,711	4%
<b>TOTAL ORDERS</b>	<b>6,192,738</b>	<b>6,457,183</b>	<b>6,793,946</b>	<b>7,117,585</b>	<b>7,527,113</b>	<b>4%</b>
<b>O&amp;M \$ per Order</b>	<b>4.87</b>	<b>4.95</b>	<b>5.00</b>	<b>4.71</b>	<b>5.07</b>	<b>1%</b>
<b>Year over Year % change</b>		<b>21 v 20 %chg</b>	<b>22 v 21 %chg</b>	<b>23 v 22 %chg</b>	<b>24 v 23 %chg</b>	
Service		13%	4%	6%	6%	
Compliance		-13%	8%	-8%	14%	
Locates		10%	5%	8%	8%	
Meter Reading		5%	5%	5%	5%	
<b>TOTAL YEAR OVER YEAR % CHANGE</b>		<b>4%</b>	<b>5%</b>	<b>5%</b>	<b>6%</b>	