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**People's Response to Staff's First  
Interrogatories Nos. 1–5**

**PEOPLES GAS SYSTEM  
DOCKET NO. 20220003-GU  
STAFF'S FIRST SET OF  
INTERROGATORIES  
INTERROGATORY NO. 1  
BATES PAGE: 1  
FILED: SEPTEMBER 28, 2022**

1. What specific methodology does Peoples employ to adjust (flex or not flex) its monthly purchased gas adjustment recovery factor? Please be as specific as possible.
  - A. Peoples' methodology includes a monthly review of its recovery position for the purchased gas adjustment ("PGA") to determine whether the recovery factor should be flexed or not. Peoples' goal is to limit the impacts to customer bills from month to month, as well as targeting a neutral recovery position at year end. In forecasting the recovery position for the remaining months of the year, Peoples considers forecasted load demand, forecasted cost of gas based on the settlement prices for Henry Hub natural gas futures traded on the New York Mercantile Exchange, and any other known inputs (e.g., other revenue) impacting the PGA. Based on this forecast and the goals previously mentioned, Peoples determines each month whether to flex the recovery factor in the upcoming month.

**PEOPLES GAS SYSTEM  
DOCKET NO. 20220003-GU  
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INTERROGATORIES  
INTERROGATORY NO. 2  
BATES PAGE: 2  
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2. What specific methodology does Peoples employ to set its PGA Factor? Please be as specific as possible.

A. Peoples' projection used to calculate the PGA CAP Factor consist primarily of a load demand forecast, pipeline transportation costs, a natural gas price forecast, and other costs and revenues. Peoples also includes the collection or refund (as applicable) of the Peoples' projected true-up balance. Peoples uses the rates in effect at the time of forecasting to determine natural gas pipeline transportation costs. A revenue tax factor is then applied to this cost per therm to calculate the PGA CAP Factor for the coming year.

Peoples' load demand forecasting uses regression modeling, which estimates the mathematical relationships between variables (i.e., independent and dependent) to predict future values of the dependent variable. Population growth as projected by the University of Florida Bureau of Economic and Business Research's Populations Studies Program serves as the independent variable. The dependent variable is Peoples' historical customer data (i.e., customer counts and therm usage).

The monthly natural gas prices for 2023 are forecasted by averaging five consecutive days (i.e., July 18 to July 22, 2022) of the NYMEX Henry Hub natural gas futures settlements for each projected month. An estimated basis cost differential for Florida Gas Transmission's Zone 3 and a volatility factor to account for unforeseen market changes are added to these averages. Finally, this forecasted monthly natural gas pricing is multiplied by the monthly load demand forecast to obtain the forecasted monthly natural gas commodity cost. In addition to the commodity cost, the total cost of gas includes other costs and revenues that are based on historical trends or known amounts for the projected year. Any known revenues are included as an offset to the cost of gas.

**PEOPLES GAS SYSTEM  
DOCKET NO. 20220003-GU  
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INTERROGATORY NO. 3  
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- 3.** Please describe the forecasting methodology the Company used to establish its 2023 forecast of natural gas costs as appears in the Testimony of Karen L. Bramley, Exhibit KLB-2, Schedule E-1 (Cost Recovery Clause Calculation) filed August 5, 2022. Please be as specific as possible.
- A.** Please refer to the response for Interrogatory No. 2.

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INTERROGATORY NO. 4  
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4. Identify any changes to People's forecast methodology discussed in response to Interrogatory No. 3 that may be different from the methodology used by the Company in past years.
  - A. "Peoples' forecast methodology used to project natural gas costs for 2023 is consistent with the methodology used for the past few years. The only exception is the following:
    - The move to utilizing population growth rather than capital expenditures as the independent variable in the load demand forecast regression modeling.

**PEOPLES GAS SYSTEM  
DOCKET NO. 20220003-GU  
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INTERROGATORIES  
INTERROGATORY NO. 5  
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- 5.** Please refer to the referenced pages in Exhibit KLB-2, attached to the testimony of Karen L. Bramley, filed on August 5, 2022, to answer the following questions.
- a. Line 27 in Schedule E-1/R [2022 Actual/Estimated Schedule], reflects that the Company expects total therm sales of 224,542,064 therms in 2022, based on actual amounts for January through June, and estimated amounts for July through December). In Line 27 of Schedule E-1 [2023 Projection Schedule], the whole year projection for 2023 reflects that the Company expects total therm sales of 135,104,286 therms. Please explain why the 2023 projected total therm sales are projected to be 39.8 percent lower than the actual and estimated amounts from 2022.
  - b. Please describe how the amounts shown on Line 27 for January through June, 2022 were calculated.
- A.**
- a. To clarify, the Company expects total therm sales of 244,542,064 in 2022 as reported on line 27 in Schedule E-1/R as opposed to the 224,542,064 referenced in IRR 5.a. above. Peoples does not include the therms associated with off-system sales for purposes of the Purchased Gas Adjustment in the projected year because these types of sales are typically unpredictable and short-term in nature. The 2022 actual therms purchased is the amount purchased through June 2022, which includes off-system sales. The 2023 projections do not include projected amounts for off-system sales. Therefore, the projected therms purchased are lower because this category is not included in the overall projections for therms to be purchased in 2023. This is consistent with Peoples' projection filings in previous purchased gas adjustment dockets.
  - b. The amounts shown on Line 27 for January through June 2022 represent the actual residential and commercial therm sales along with the therms associated with off-system sales as reported in People's monthly filed a-schedules.

**STATE OF FLORIDA** )  
 )  
**COUNTY OF HILLSBOROUGH** )

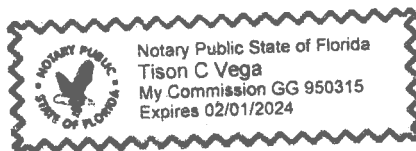
Before me the undersigned authority personally appeared Karen Bramley who deposed and said that she is Manager Regulatory Affairs, Peoples Gas System, and that the individuals listed in Peoples Gas Company's response to Staff's First Set of Interrogatories, (Nos. 1-5) prepared or assisted with the responses to these interrogatories to the best of his information and belief.

Dated at Tampa, Florida this 20<sup>th</sup> day of September, 2022.

Karen L Bramley

Sworn to and subscribed before me this 20<sup>th</sup> day of September, 2022.

Tison C Vega



My Commission expires \_\_\_\_\_