

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for approval of Cast Iron/Bare
Steel Pipe Replacement Rider (Rider CI/BSR),
by Peoples Gas System.

DOCKET NO. 110320-GU
ORDER NO. PSC-12-0067-PCO-GU
ISSUED: February 13, 2012

The following Commissioners participated in the disposition of this matter:

RONALD A. BRISÉ, Chairman
LISA POLAK EDGAR
ART GRAHAM
EDUARDO E. BALBIS
JULIE I. BROWN

ORDER SUSPENDING TARIFF

BY THE COMMISSION:

Peoples Gas System (PGS) filed a petition requesting approval of a Cast Iron/Bare Steel Pipe Replacement Rider (Rider CI/BSR) to recover the cost of accelerating the replacement of cast iron and bare steel distribution lines on its system. Utilities have been urged by the U.S. Department of Transportation to replace these older facilities as a safety measure. We approved \$1 million dollars for replacement of the facilities in PGS' last rate case.¹ PGS believes that amount is insufficient to replace all of its targeted pipes in a timely manner. Its petition requests approval of an annually adjusted recovery factor to capture the cost of replacement of cast iron and bare steel pipes over a 10 year period. We have jurisdiction pursuant to Sections 366.03, 366.04, 366.05 and 366.06, Florida Statutes (F.S.).

Section 366.06(3), F.S., provides that we may suspend operation of a proposed tariff if we provide a reason or written statement of good cause to withhold our consent. While replacement of aging pipelines is sound strategy, previously, such replacement costs were included in base rates. The concept of a cost recovery mechanism outside of base rates merits careful review and analysis to ensure that the mechanism is appropriate and necessary.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Peoples Gas System Inc.'s proposed Cast Iron/Bare Steel Pipe Replacement Rider is suspended pending further review. It is further

ORDERED that the docket shall remain open.

¹ Docket No. 080318-GU, in Re: Petition for a Rate Increase by Peoples Gas System.

DOCUMENT NUMBER-DATE

00836 FEB 13 2012

FPSC-COMMISSION CLERK

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By ORDER of the Florida Public Service Commission this 13th day of February, 2012.



ANN COLE
Commission Clerk
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Copies furnished: A copy of this document is provided to the parties of record at the time of issuance and, if applicable, interested persons.

MCB