

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition to implement long-term debt
cost true-up mechanism, by Peoples Gas
System, Inc.

DOCKET NO. 20240028-GU
ORDER NO. PSC-2024-0090-PCO-GU
ISSUED: April 8, 2024

The following Commissioners participated in the disposition of this matter:

MIKE LA ROSA, Chairman
ART GRAHAM
GARY F. CLARK
ANDREW GILES FAY

ORDER SUSPENDING TARIFF

BY THE COMMISSION:

Background

Peoples Gas System, Inc. (PGS or Company) is a wholly-owned subsidiary of TECO Gas Operations, Inc., which is a subsidiary of TECO Energy, Inc., which is a wholly-owned subsidiary of Emera United States Holdings, Inc., which is a wholly-owned subsidiary of Emera Incorporated. PGS owns and operates natural gas distribution facilities in Florida and provides service to 470,000 customers in 39 of Florida's 67 counties. The Company's current rates were approved in Docket No. 20230023-GU which included approval of the Long-Term Debt True-Up Mechanism (LTD True-Up Mechanism) to make adjustments to the cost rate of long-term debt without the need of a new rate case.¹

On February 2, 2024, PGS filed a petition to implement the aforementioned LTD True-Up Mechanism. The LTD True-Up Mechanism would allow the Company to make a one-time adjustment to its projected cost of long-term debt for the projected test year ending December 31, 2024, to reflect the actual cost of PGS's inaugural long-term debt issuance.

In its petition, PGS requested our approval of a long-term debt cost rate increase from 5.54 percent to 5.64 percent, which would increase the weighted average cost of capital from 7.02 percent to 7.05 percent, and results in a base rate revenue requirement increase of \$874,085. The Company also requested our approval of the updated base rates and charges and associated tariffs, effective for the first billing cycle of June 2024. PGS also requested that we specify the amount of incremental revenue requirement from January 1, 2024, to the effective date of the Company's updated 2024 tariffs to be deferred by the Company for recovery through the Cast

¹Order No. PSC-2023-0388-FOF-GU, issued December 27, 2023, in Docket No.20230023-GU, *In re: Petition for rate increase by Peoples Gas System, Inc.*

Iron/Bare Steel Replacement Rider for 2025 as approved in Order No. PSC-2023-0388-FOF-GU.²

During the review process, our staff issued two data requests to PGS. The first data request was issued on February 13, 2024, and the Company's response was received on February 23, 2024.³ The second data request was issued on February 29, 2024, and a response was received on March 11, 2024. Commission staff needs additional time to review the petition and gather all pertinent information in order to present us with an informed recommendation. We have jurisdiction over this matter pursuant to Sections 366.03, 366.04, 366.05, and 366.06, Florida Statutes (F.S.).

Decision

The proposed LTD True-Up Mechanism rate and associated tariff shall be suspended to allow Commission staff sufficient time to review the petition and gather all pertinent information in order to present us with an informed recommendation on the tariff proposal.

Pursuant to Section 366.06(3), F.S., we may withhold consent to the operation of all or any portion of the new rate schedules, delivering to the utility requesting such a change a reason or written statement of a good cause for doing so within 60 days. We find that the reason stated above is a good cause consistent with the requirement of Section 366.06(3), F.S.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that People Gas System, Inc.'s proposed Long-Term Debt True-Up Mechanism shall be suspended to allow Commission staff sufficient time to review the petition and gather all pertinent information in order to present us with an informed recommendation.

ORDERED that this docket shall remain open pending our decision on the proposed tariff revision.

²*Id.*

³Document No. 00892-2024

By ORDER of the Florida Public Service Commission this 8th day of April, 2024.



ADAM J. TEITZMAN
Commission Clerk
Florida Public Service Commission
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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.

MRT

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

Any party adversely affected by this order, which is preliminary, procedural or intermediate in nature, may request: (1) reconsideration within 10 days pursuant to Rule 25-22.0376, Florida Administrative Code; or (2) judicial review by the Florida Supreme Court, in the case of an electric, gas or telephone utility, or the First District Court of Appeal, in the case of a water or wastewater utility. A motion for reconsideration shall be filed with the Office of Commission Clerk, in the form prescribed by Rule 25-22.0376, Florida Administrative Code. Judicial review of a preliminary, procedural or intermediate ruling or order is available if review of the final action will not provide an adequate remedy. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.