

**PEOPLES GAS SYSTEM**  
**BEFORE THE**  
**FLORIDA PUBLIC SERVICE COMMISSION**

**Docket No. 080318-GU**

**In Re: Petition for rate increase  
by Peoples Gas System**

**Submitted for Filing:  
August 11, 2008**

**DIRECT TESTIMONY OF:**

**BRUCE NARZISSENFELD  
On Behalf of Peoples Gas System**

COM	5+1
<del>ECR</del>	—
GCL	2
OPC	—
RCP	1
SSC	3
SGA	—
ADM	—
CLK	—

DOCUMENT NUMBER - DATE  
07202 AUG 13 08

FPSC - COMMISSION CLERK

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Bruce Narzissenfeld and my business address is 702 North  
3 Franklin Street, Tampa, Florida 33602.

4 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

5 A. I am employed by Peoples Gas System ("Peoples" or the "Company") as  
6 Vice President - Operations, having held that position since July 2006.

7 **Q. PLEASE PROVIDE A BRIEF OUTLINE OF YOUR**  
8 **EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE.**

9 A. I graduated from the University of Florida in 1979 with a Bachelor of  
10 Science degree in accounting. Upon graduation, I was employed by  
11 Arthur Andersen, where I worked for four years in the auditing group. On  
12 leaving Arthur Andersen, I joined Florida Power & Light Company where  
13 I worked in Finance from 1984 to 1985. I have been with the TECO  
14 Energy family of companies since 1985, and have been employed by  
15 Peoples since 1998. I served as Peoples' Assistant Controller until  
16 becoming Vice President - Operations. I have been a Certified Public  
17 Accountant since 1980, and earned a Masters in Business Administration  
18 from the University of Tampa in 1988.

19 **Q. WHAT ARE YOUR CURRENT RESPONSIBILITIES?**

20 A. As Vice President - Operations, I am responsible for all operations  
21 maintenance and construction activities throughout the state and work  
22 closely with our sales organization to ensure seamless coordination of  
23 customer additions and expansion projects. Additionally, I am responsible  
24 for development, communication and implementation of business  
25 strategies.

DOCUMENT NUMBER - DATE

07202 AUG 13 08

FPSC-COMMISSION CLERK

1 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

2 A. My testimony addresses Peoples' capital expenditures for 2008 and the  
3 2009 projected test year, and how those projections were developed.

4 **Q. HAVE YOU PREPARED OR CAUSED TO BE PREPARED ANY**  
5 **EXHIBITS TO BE INTRODUCED IN THIS PROCEEDING?**

6 A. Yes. I am sponsoring, and prepared or caused to be prepared, the  
7 following schedules of the minimum filing requirements ("MFRs")  
8 Composite Exhibit \_\_ (PGS-1) required by Rule 25-7.039, *Florida*  
9 *Administrative Code*:

10 -- Schedule G-1, page 23, which consists of the Company's 2008  
11 construction budget;

12 -- Schedule G-1, page 24, listing monthly plant additions for 2008;

13 -- Schedule G-1, page 26, consisting of the Company's 2009 construction  
14 budget; and

15 -- Schedule G-1, page 27, showing monthly plant additions for 2009.

16 **Q. PLEASE EXPLAIN HOW PEOPLES DETERMINES ITS ANNUAL**  
17 **CAPITAL EXPENDITURE BUDGET.**

18 A. To determine its annual capital budget Peoples quantifies two categories,  
19 normal expenditures and major projects. Normal expenditures are those  
20 recurring costs required to provide service to new customers as well as  
21 routine costs associated with the replacement and/or relocation of existing  
22 facilities and equipment. Major projects generally represent expansions  
23 with costs in excess of \$500,000. In quantifying its annual capital budget  
24 for normal expenditures, Peoples details all existing revenue-producing  
25 projects having activity in the current year. This information is used in the

1 establishment of capital expenditures by budget category to be incurred  
2 the next fiscal year. Information obtained from this analysis aids in the  
3 forecast of new customers and is used to calculate blanket expenditures  
4 such as meter sets and service lines. In addition, main expansion within a  
5 development, city, or into new areas will be projected. Maintenance  
6 capital is forecasted by budget category and consists of known projects  
7 and an average amount based on historical experience.

8 **Q. WHAT ARE THE COMPANY'S PROJECTED CAPITAL**  
9 **EXPENDITURES FOR 2008?**

10 A. Capital expenditures for 2008 are projected to be \$62 million. Of this  
11 amount, \$39 million is projected to be spent to construct revenue  
12 producing facilities to serve new customers or to accommodate increased  
13 use by existing customers. This includes construction of mains and  
14 services, together with installation of metering and pressure regulation  
15 stations, control equipment, corrosion prevention systems and other  
16 appurtenances. Another \$15 million of the total capital expenditures  
17 forecasted for 2008 is for investment in the replacement or removal of  
18 mains and services, improvements to the distribution systems and  
19 relocations and replacements to accommodate municipal, state and federal  
20 road construction. Capital expenditures of this nature are required  
21 annually to assure adequate and efficient service for Peoples' customers  
22 and to assure compliance with this Commission's rules. The remaining \$8  
23 million is forecasted to be required for improvements to structures,  
24 replacement of vehicles, office equipment and communication systems,  
25 and other tools and equipment.

1 **Q. PLEASE QUANTIFY THE COMPANY'S PROJECTED CAPITAL**  
2 **EXPENDITURES FOR 2009.**

3 A. Our planned expenditures for 2009 total \$60 million of which \$42 million  
4 is for facilities to serve new customers or accommodate increased use by  
5 existing customers. In addition, we plan to spend \$13 million for  
6 replacement or removal of mains and services, improvement of the  
7 distribution systems, and relocations and replacements to accommodate  
8 municipal, state and federal road construction. The remaining \$5 million  
9 is forecasted to be required for improvements to structures, replacement of  
10 vehicles, office equipment and communication systems, and other tools  
11 and equipment.

12 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

13 A. Yes, it does.

14

15

16

17

18

19

20

21

22

23

24

25