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Public Service Commission

May 7, 2012

Ansley Watson, Jr.
Macfarlane Ferguson & McMullen
P.O. Box 1531
Tampa, FL 33601-1531

STAFF'S FOURTH DATA REQUEST

Re: Docket No. 110320-GU - Petition for approval of Cast Iron/Bare Steel Pipe Replacement Rider (Rider CI/BSR), by Peoples Gas System.

Dear Mr. Watson:

By this letter, the Commission staff requests that Peoples Gas System (PGS or utility) provide responses to the following data requests.

1. Would the Company's actual overall cost of capital, including the allowed return on equity from the Company's last rate case, reflected in the Company's most recent December earnings surveillance report more accurately reflect the Company's current cost of capital as opposed to the allowed overall cost of capital from the Company's last rate case?
2. Would the Company agree to use the actual overall cost of capital, including the allowed return on equity from the Company's last rate case, reflected in the Company's most recent December earnings surveillance report as opposed to the allowed overall cost of capital from the Company's last rate case? If not, why not?
3. Please provide second revised Schedules Exhibit C, D, and E reflecting the actual overall cost of capital, including the allowed return on equity from the Company's last rate case, reflected in the Company's most recent December earnings surveillance report.
4. Please identify and provide the testimony, MFR Schedule, and part of the Order of Peoples' last rate case, Docket No. 080318-GU, that shows that one million dollars for the replacement of cast iron and bare steel mains was included in rate base for the 2009 test year.
5. Once any new pipes are in operation, does Peoples expect to incur higher, lower, or the same O&M expenses associated with the new pipes, when compared to the cast iron/bare steel pipes? If the O&M expenses are projected to be different with the new pipes, please quantify any cost differences and explain how that will be reflected (i.e, next rate case)

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Ansley Watson, Jr.

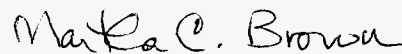
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6. Will the diameter of the new pipes be larger than diameter of the replaced pipes? If yes, please explain why.
7. Is Peoples currently recovering the revenue requirement on its existing bare steel/cast iron pipes through base rates? If yes, please explain if and how Peoples proposes to remove the revenue requirement of its bare steel/cast iron pipes from rate base for ratemaking purposes once the replacement pipes are installed and placed in service and the old pipes are retired.
8. On page 8 of the petition Peoples states that "Collection of the surcharges established each year would continue until such time as Peoples began billing new base rates resulting from a base rate proceeding in which the replacement infrastructure was rolled into the Company's overall rate base for ratemaking purposes."
 - a. Does Peoples propose at the time of a base rate proceeding to also remove the old replaced infrastructure from rate base?
 - b. Referring to Exhibit C of the petition, please consider this hypothetical scenario: Peoples has a rate case in 2014, with a 2015 projected test year. Does that mean the Average Net Investment in December 2014 as shown in Exhibit C would be rolled into rate base, and the replacement infrastructure investment to be recovered through the Rider would be re-set to zero?
9. Please explain when the CI/BSR surcharge would terminate.
10. Please clarify the response to Staff's Second Data Request No. 3. Does Peoples intend to make a filing with the Commission around the 2nd quarter of each year, reflecting the previous year expenses, and another filing around the 3rd quarter, showing the projection of cost? Will the filing in the 3rd quarter include the proposed per therm surcharges for the subsequent year?

Please file the original and five copies of the requested information by Tuesday May 22, 2012, with Ms. Ann Cole, Commission Clerk, Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida, 32399-0850. Please feel free to call me at (850) 413-6187 if you have any questions.

Sincerely,



Martha C. Brown

Senior Attorney

Office of the General Counsel

MCB/sh

cc: Office of Commission Clerk
Ms. Paula K. Brown
Ms. Kandi M. Floyd