

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for approval of Settlement Agreement Pertaining to Peoples Gas System's 2016 Depreciation Study, Environmental Reserve Account, Problematic Plastic Pipe Replacement, and Authorized ROE.

DOCKET NO. 160159-GU  
ORDER NO. PSC-17-0018-PCO-GU  
ISSUED: January 11, 2017

ORDER ESTABLISHING PROCEDURE  
FOR COMMISSION CONSIDERATION OF SETTLEMENT AGREEMENT

Background

On June 28, 2016, Peoples Gas System (PGS), pursuant to Rule 25-7.045, Florida Administrative Code (F.A.C.), filed a petition for approval of the company's 2016 Depreciation Study. Intervention by the Office of Public Counsel (OPC) was acknowledged by Order No. PSC-16-0324-PCO-GU, issued August 11, 2016. Commission staff issued multiple sets of data requests and staff reports to PGS, and held noticed meetings with respect to the docket. On December 15, 2016, PGS and OPC (the signatories) filed a joint motion seeking Commission approval of a Settlement Agreement as being in the public interest, proposing resolution of all matters to be addressed in the depreciation docket, as well as other issues identified in the settlement agreement. The Settlement Agreement proposed approval of new depreciation rates, which would become effective on January 1, 2016, resulting in a nearly \$16.1 million reduction in annual depreciation expense for 2016, and for certain reserve transfers. In addition, the settlement addresses PGS's manufactured gas plant environmental reserve accruals and amortization, the inclusion of replacements for problematic plastic pipe as "eligible replacements" under PGS's Rider CI/BSR, and the reduction of PGS's range of return on equity (ROE) to the bottom of the currently authorized range from 9.75% to 9.25% through the year 2020 (or until rates are established in the company's next general base rate proceeding).

In response to a Commission staff data request and pursuant to discussions with the parties held in noticed meetings, PGS clarified that obtaining a final decision approving the Settlement Agreement by February 7, 2017, would enable PGS to utilize the proposed new depreciation rates in its Securities Exchange Commission 10-K filing due February 10, 2017. Otherwise, PGS would be required to recompute this data using the current depreciation rates, which would result in higher depreciation expense without the benefit of the offsets negotiated in the proposed Settlement Agreement.

In order to effectuate a final decision by this Commission on the proposed settlement so PGS can meet its February 10, 2017 filing date, the signatories have agreed to waive (a) all notice requirements for a hearing as set forth in Section 120.569(2)(b), Florida Statutes (F.S.), or other applicable provisions of law; (b) their right to require a hearing on the merits; (c) their respective rights to seek reconsideration pursuant to Rule 25-22.060, F.A.C., of any final order that approves the Settlement Agreement in its entirety and without change; and (d) their

respective rights to judicial review of any such final agency action approving the Settlement Agreement afforded by Section 120.68, F.S.

#### Scheduling Administrative Hearing

Section 120.57(4), F.S., permits the Commission to informally dispose of any proceeding by stipulation, agreed settlement, or consent order. In compliance with Sections 120.569 and 120.57, F.S., an administrative hearing will be held on February 7, 2017. Pursuant to Rule 28-106.302(2), F.A.C., the purpose of this hearing is for the Commission to take oral evidence or argument regarding whether approval of the proposed Settlement Agreement filed by PGS and OPC is in the public interest. Subject to the Presiding Officer's authority and discretion, the hearing agenda may include the following:

- Commission staff presentation;
- Signatories presentation of oral evidence or argument and response to Commissioner questions regarding the Settlement Agreement;
- Admission of any evidentiary documents moved into the record; and
- A bench vote may be conducted at the discretion of the Commissioners, if post-hearing briefs are waived by the parties.

#### Discovery

Commission staff and parties will be permitted a limited time to send no more than 100 data requests. Parties are directed to respond to the data requests in writing so the response is received within seven days receipt of the request. Affidavits must accompany all written data responses. All data request responses must be received by February 3, 2017. Information obtained through data requests may be used by the parties in their oral arguments, by Commission staff in advising the Commissioners, and by the Commissioners in consideration of the proposed Settlement Agreement.

#### Use of Confidential Information at Hearing

It is the policy of this Commission that all Commission hearings be open to the public at all times. The Commission also recognizes its obligation pursuant to Section 366.093, F.S., to protect proprietary confidential business information from disclosure outside the proceeding. Therefore, any party wishing to use at the hearing any proprietary confidential business information, as that term is defined in Section 366.093, F.S., shall adhere to the following:

- (1) When confidential information is used in the hearing, parties must have copies for the Commissioners, necessary staff, and the court reporter, in red envelopes clearly marked with the nature of the contents. Any party wishing to examine the confidential material that is not subject to an order granting confidentiality shall be provided a copy in the same fashion as provided to the Commissioners, subject to execution of any appropriate protective agreement with the owner of the material.

- (2) Counsel and witnesses are cautioned to avoid verbalizing confidential information in such a way that would compromise confidentiality. Therefore, confidential information should be presented by written exhibit when reasonably possible.

At the conclusion of that portion of the hearing that involves confidential information, all copies of confidential exhibits shall be returned to the proffering party. If a confidential exhibit has been admitted into evidence, the copy provided to the court reporter shall be retained in the Office of Commission Clerk's confidential files. If such information is admitted into the evidentiary record at hearing and is not otherwise subject to a request for confidentiality filed with the Commission, the source of the information must file a request for confidential classification of the information within 21 days of the conclusion of the hearing, as set forth in Rule 25-22.006(8)(b), F.A.C., if continued confidentiality of the information is to be maintained.

#### Statement of Jurisdiction

This Order is issued pursuant to the authority granted by Rule 28-106.211, Florida Administrative Code (F.A.C.), which provides that the presiding officer before whom a case is pending may issue any orders necessary to effectuate discovery, prevent delay, and promote the just, speedy, and inexpensive determination of all aspects of the case.

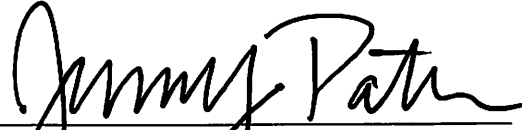
The Commission has jurisdiction pursuant to Chapter 366, F.S., and is proceeding under its authority pursuant to Sections 366.04, 366.041, 366.05, 366.06, and 120.57, F.S.

Based upon the foregoing, it is

ORDERED by Commissioner Jimmy Patronis, as Prehearing Officer, that the provisions of this Order shall govern this proceeding unless modified by the Commission.

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By ORDER of Commissioner Jimmy Patronis, as Prehearing Officer, this 11th day  
of January, 2017.



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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.

JSC

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.