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January 27, 2017

**VIA E-PORTAL FILING**

Ms. Carlotta S. Stauffer  
Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850

**Re: Docket No. 160159-GU – 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**

Dear Ms. Stauffer:

Attached for filing with the Commission in the above docket on behalf of Peoples Gas System (“Peoples”) please find the following revised or new pages to Peoples’ responses to Staff’s 4<sup>th</sup> Data Request (Nos. 4, 5 and 6):

Bates Stamped Page 8  
Bates Stamped Page 32  
Bates Stamped Page 33  
Bates Stamped Page 33A

The attached pages referenced above supersede and replace the correspondingly numbered pages of Peoples’ responses to Staff’s 4<sup>th</sup> Data Request filed January 13, 2017 (Document No. 00470-17).

Thank you for your usual assistance.

Sincerely,

  
ANSLEY WATSON, JR. *Kf*

**PEOPLES GAS SYSTEM  
DOCKET NO. 160159-GU  
STAFF'S FOURTH DATA REQUEST  
REQUEST NO. 4  
BATES STAMPED PAGE: 8  
FILED: JANUARY 13, 2017  
REVISED: JANUARY 27, 2017**

4. Please provide a continuation of Exhibit E of the Settlement Agreement, by year, from 2018 through 2028.
  - A. See attached. All figures on the attached are estimates, also see Response to No. 6. Exhibit E was prepared only to show the difference between the Rider CI/BSR 2017 surcharges approved by the Commission's Order No. PSC-16-0524-TRF-GU and the 2017 surcharges that would have been approved had the Settlement Agreement been approved at the time the 2017 surcharges were considered. It covered only an estimate for 2017 of the impact on the surcharges as a result of (i) the changes in depreciation rates and (ii) the inclusion of problematic plastic pipe (PPP) under the rider. Those estimates (for both cast iron/bare steel replacements and PPP replacements) are just that – estimates -- and what actually occurs in terms of replacements during the year can be affected by any number of variables. See Peoples' Responses to Staff's First Data Request in Docket No. 160201-GU (Document 07840-16), Request No. 5, Bates Page 6. Notwithstanding the foregoing, had mileages for PPP replacements been used in the preparation of Exhibit E and the continuation thereof through 2028, the total would approximate 539 miles.

**PEOPLES GAS SYSTEM  
DOCKET NO. 160159-GU  
STAFF'S FOURTH DATA REQUEST  
REQUEST NO. 5  
BATES STAMPED PAGE: 32  
FILED: JANUARY 13, 2017  
REVISED: JANUARY 27, 2017**

5. Referring to Paragraph 17 on page 7 of the Settlement Agreement, what is the average per mile replacement cost of cast iron and bare steel (CI/BR) experienced by PGS under Rider CI/BSR?
  - A. Based on historical data in the current cast iron / bare steel program, the average cost to replace Cast Iron Bare Steel is approximately \$260k per mile. Various factors such as location, population, area density and permitting can impact the cost for each mile replaced, and therefore the average cost per mile.

**PEOPLES GAS SYSTEM  
DOCKET NO. 160159-GU  
STAFF'S FOURTH DATA REQUEST  
REQUEST NO. 6  
BATES STAMPED PAGE: 33  
FILED: JANUARY 13, 2017  
REVISED: JANUARY 27, 2017**

6. Please refer to paragraphs 17 and 19, on pages 7 and 8 respectively, of the Settlement Agreement for the following questions.
- a. Is it correct that the estimated total mileage of the problematic plastic pipe (PPP) to be replaced under the CI/BSR Rider is 550 miles as indicated in paragraph 17? If your response is negative, please provide the correct mileage with explanation.
  - b. Please provide a list of the gas utilities, in the United States, which have started a PPP replacement project.
  - c. Please provide a list of the regulated gas utilities, in the United States, which have specifically been authorized to recover the costs for a PPP replacement project.

- A. a. The first sentence of paragraph 17 of the Settlement Agreement reads:

PGS estimates there are approximately 1,100 miles of this plastic pipe installed in its distribution system, approximately half of which is pre-1983 vintage (“problematic plastic pipe”).

“[T]his plastic pipe” in the sentence refers to the types of plastic pipe referenced in the PHMSA advisories cited in paragraph 16 of the Settlement Agreement, so the total mileage of “problematic plastic pipe” or “PPP” could be greater or less than 1,100 miles, greater or less than 550 miles, or somewhere in between. Both mileages (*i.e.*, 550 and 1,100) are estimates or approximations.

The 550-mile estimate in paragraph 17 of the Settlement Agreement relates to the pre-1983 plastic pipe believed to be in the Company’s distribution system. “Problematic plastic pipe,” however, could also include (i) plastic pipe installed by PGS between 1983 and 1992 which is determined to be subject to the “brittle-like cracking” identified in the PHMSA advisories referenced in the Settlement Agreement, and (ii) other plastic materials recognized/identified in the future by PHMSA as being obsolete and that present a potential safety threat to operations and the general public.

**PEOPLES GAS SYSTEM  
DOCKET NO. 160159-GU  
STAFF'S FOURTH DATA REQUEST  
REQUEST NO. 6  
BATES STAMPED PAGE: 33A  
FILED: JANUARY 27, 2017**

- b. See response to 6c.
- c. See attached document that provides a list of companies that have a mechanism or program in place for recovering PPP / Vintage / Aldyl-A pipe. (Note: data extracted from American Gas Association).