



ATTORNEYS & COUNSELORS AT LAW EST. 1884

One Tampa City Center, Suite 2000
201 N. Franklin Street
P.O. Box 1531 (33601)
Tampa, FL 33602
813.273.4200 Fax: 813.273.4396

WWW.MFMLEGAL.COM
EMAIL: INFO@MFMLEGAL.COM

625 Court Street, Suite 200
P.O. Box 1669 (33757)
Clearwater, FL 33756
727.441.8966 Fax: 727.442.8470

In Reply Refer to:
Tampa
ab@macfar.com

September 27, 2017

VIA E-PORTAL FILING

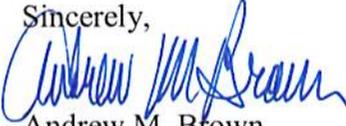
Ms. Carlotta S. Stauffer
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: Docket No. 20170192- Petition for Approval of 2016 True-up, the
Projected 2017 True-up and 2018 Revenue Requirements and Surcharges
Associated with Cast Iron/Bare Steel Pipe Replacement Rider, by Peoples
Gas System

Dear Ms. Stauffer:

Attached for electronic filing in the above docket on behalf of Peoples Gas System,
please find its Response to Staff's First Data Request (Nos. 1-11).

Your assistance in this matter is greatly appreciated.

Sincerely,

Andrew M. Brown

AB/plb
Attachment

cc: Office of Public Counsel
Ms. Kandi M. Floyd
Ansley Watson, Jr., Esq.

**PEOPLES GAS SYSTEM
DOCKET NO. 20170192-GU
STAFF'S FIRST DATA REQUEST
REQUEST NO. 1
BATES STAMPED PAGE: 1
FILED: SEPTEMBER 27, 2017**

1. Please update the following table contained in Peoples' response to staff's fifth data request, No. 1, in Docket No. 160159-GU.

	CI/BSR Miles Replaced	PPP Miles Replaced	CI/BSR Investment	PPP Investment	CI/BSR Revenue Requirement	PPP Revenue Requirement
2017	48	25	\$10,875,000	\$ 6,000,000	\$ 2,754,634	\$ 1,519,798
2018	48	34	\$12,112,500	\$ 7,929,163	\$ 5,399,682	\$ 3,534,775
2019	48	28	\$13,505,875	\$ 6,535,788	\$ 7,681,509	\$ 3,717,250
2020	48	26	\$13,911,051	\$ 6,130,612	\$ 9,585,874	\$ 4,224,503
2021	48	24	\$14,328,383	\$ 5,713,280	\$ 11,560,102	\$ 4,609,460
2022	5	22	\$14,758,234	\$ 5,283,429	\$ 13,605,542	\$ 4,870,766
2023		55	\$ -	\$ 12,075,000	\$ -	\$20,274,774
2024		57	\$ -	\$ 12,425,000	\$ -	\$21,448,337
2025		61	\$ -	\$ 13,375,000	\$ -	\$22,624,017
2026		65	\$ -	\$ 14,375,000	\$ -	\$23,888,531
2027		67	\$ -	\$ 14,875,000	\$ -	\$25,247,824
2028		76	\$ -	\$ 16,875,000	\$ -	\$26,782,621

- A. See table below:

Year	CI/BS Miles Replaced	PPP Miles Replaced	CI/BSR Investment	PPP Investment	CI/BSR Revenue Requirement	PPP Revenue Requirement
2017	49	23	\$14,882,508	\$4,363,585	\$5,377,195	\$ 1,576,606
2018	90	55	\$22,850,000	\$12,825,000	\$6,559,722	\$ 3,681,770
2019	70	50	\$18,215,000	\$10,925,000	\$9,102,830	\$ 5,427,604
2020	40	50	\$10,254,500	\$11,198,125	\$8,479,704	\$ 9,202,390
2021	12	50	\$ 2,460,759	\$11,478,078	\$3,510,446	\$16,231,667
2022		50		\$11,765,030		\$21,042,130
2023		50		\$12,059,156		\$22,173,862
2024		50		\$12,360,635		\$23,308,036
2025		50		\$12,669,651		\$24,450,384
2026		50		\$12,986,392		\$25,601,296
2027		50		\$13,311,052		\$26,760,986
2028		24		\$6,276,161		\$27,527,248

Note: The Revenue Requirement Columns do not account for true-up adjustments. The PPP Revenue Requirement column for years 2022 – 2028 includes the total revenue requirement for both CIBS and PPP. Additionally, miles of main and years replaced for both CIBS and PPP have shifted from original forecast.

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2. The following questions concern replacement progress tables.
- a. Please update the cast iron/bare steel table shown below (Attachment 1, Order No. PSC-16-0524-TRF-GU, issued November 21, 2016 in Docket No. 20160201-GU).
 - b. Please either add the information for problematic plastic pipe (PPP) to the table or provide a separate table in the same format for PPP replacements.

Peoples' Pipe Replacement Program Progress

Year	Main Replacements					Service Replacements	
	Replaced Cast Iron (miles)	Replaced Bare Steel (miles)	Remaining Cast Iron at Year End (miles)	Remaining Bare Steel at Year End (miles)	Total Miles Remaining	Replaced Number of Steel Services	Total Number of Remaining Steel Services
2012			100	354	454		14,978
2013	13	38	87	316	403	907	14,071
2014	2	18	85	298	383	950	13,121
2015	26	60	59	238	297	3,521	9,600
2016 (projected)	9	40	50	198	248	1,600	8,000
2017	10	39	40	159	199	1,400	6,600
2018	10	38	30	121	151	1,400	5,200
2019	10	38	20	83	103	1,300	3,900
2020	10	38	10	45	55	1,300	2,600
2021	10	38	0	7	7	1,300	1,300
2022	0	7	0	0	0	1,300	0

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A.

a. See table below:

Year	Main Replacements					Service Replacements	
	Replaced Cast Iron (miles)	Replaced Bare Steel (miles)	Remaining Cast Iron at Year End (miles)	Remaining Bare Steel at Year End (miles)	Total Miles Remaining of CI/BS Mains	Replaced Number of Bare Steel Services	Total Number of Remaining Bare Steel Services
2012			100	354	454		14978
2013	13	38	87	316	403	907	14071
2014	2	18	85	298	383	7964	6107
2015	26	60	59	238	297	1019	5088
2016	15	35	44	203	247	1050	6963**
2017 (projected)	15	34	29	183*	212*	1078	5885
2018	10	80	19	103	122	1200	4685
2019	10	60	9	43	52	1200	3485
2020	9	31	0	12	12	1200	2285
2021	0	12	0	0	0	1200	1085
2022	0	0	0	0	0	1085	0

*Additional Bare Steel Mains identified in 2017 - Broward - 12 miles, Orlando - 1 mile and Jacksonville - 1 mile.

** In 2016, Peoples upgraded its asset classification system and changed from CIS to GIS. During this change additional bare and unprotected steel services lines were identified in Peoples operating system. This change resulted in a new total number remaining of 6963.

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b. See table below:

	PPP (miles)	Total Remaining PPP Mains (miles)	Replaced Number of PPP Services	Total Number of Remaining PPP Services*
2016	0	551	0	-
2017	23	528	1800	-
2018	55	473	3600	-
2019	50	423	Not yet Determined**	-
2020	50	373	Not yet Determined**	-
2021	50	323	Not yet Determined**	-
2022	50	273	Not yet Determined**	-
2023	50	223	Not yet Determined**	-
2024	50	173	Not yet Determined**	-
2025	50	123	Not yet Determined**	-
2026	50	73	Not yet Determined**	-
2027	50	23	Not yet Determined**	-
2028	23	0	Not yet Determined**	-

* Peoples Gas is in the process of determining the total number of PPP service lines.

** This will be determined during the replacement year.

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- 3.** Referring to page 3 of Exhibits A and B, please provide the source of the interest rates used.
 - A.** For actuals, the month-end AA financial 30-day Commercial Paper Rate is used to set the interest rate in the subsequent month on line 6. (For example, in June 2017, the June 30th AA financial 30-day Commercial Paper Rate of 1.08% was entered on line 6 as the interest rate to use in the subsequent month of July on line 5).

For forecasted periods, the last available actual month-end AA financial 30-day Commercial Paper Rate is used to set the interest rate for all subsequent months. (For example, the July 31, 2017 AA financial Commercial Paper rate of 1.12% was entered on line 6 in July as the interest rate to use for the subsequent month of August).

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- 4.** Has Peoples identified any O&M expense savings since its filing in Docket No. 20160201-GU? Please explain your response and include the amount of O&M expense savings, if applicable.
 - A.** No. Peoples has not identified any O&M expenses savings since its filing in Docket 2016201-GU.

**PEOPLES GAS SYSTEM
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REQUEST NO. 5
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- 5.** Referring to Exhibit A, page 1, please confirm that the total investments were \$13,331,026 for 2016 (sum of lines 1a – 1d).

- A.** The total investment for CI/BS additions in 2016 was \$14,331,026. After absorbing the first \$1,000,000 of that spend, the remaining \$13,331,026 was included in the filing on lines 1.a. through 1.f. on page 1 of Exhibit A.

**PEOPLES GAS SYSTEM
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REQUEST NO. 6
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- 6.** Referring to Exhibit B, page 1, please confirm that the total actual and reforecast investments are \$19,246,093 for 2017 (sum of lines 1a – 1e).

- A.** The total 2017 investment (which includes 7 months actual and 5 months projected additions) for CI/BS and PPP is \$20,246,093. After absorbing the first \$1,000,000 of spend, the remaining \$19,246,093 was included in the filing on lines 1.a. through 1.e. on page 1 of Exhibit B.

**PEOPLES GAS SYSTEM
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7. The forecasted 2017 investment amount in Docket No. 20160201-GU was \$10,875,000 (Exhibit C, page 1). Please explain the reason for the increase to \$19,246,093 in this proceeding and include in the explanation a breakdown of cast iron/bare steel replacements and PPP replacements.

- A. The additional increase in the original amount of \$10,875,000 in Docket No. 20160201-GU is due to the inclusion of PPP per Peoples' February 2017 Settlement Agreement in Docket No. 20160159-GU.

See Response to Data Request No. 1 and No. 8.

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- 8.** Please explain the increase in actual and reforecast investments of \$19,246,093 in 2017 (Exhibit B, page 1) to the projected \$35,675,000 in 2018 (Exhibit C, page 1).
- A.** PGS is taking a very proactive approach to removing all pipes that PHMSA has identified as being of concern.

In 2018, the company plans to improve its efforts by securing additional contractors, facilitating:

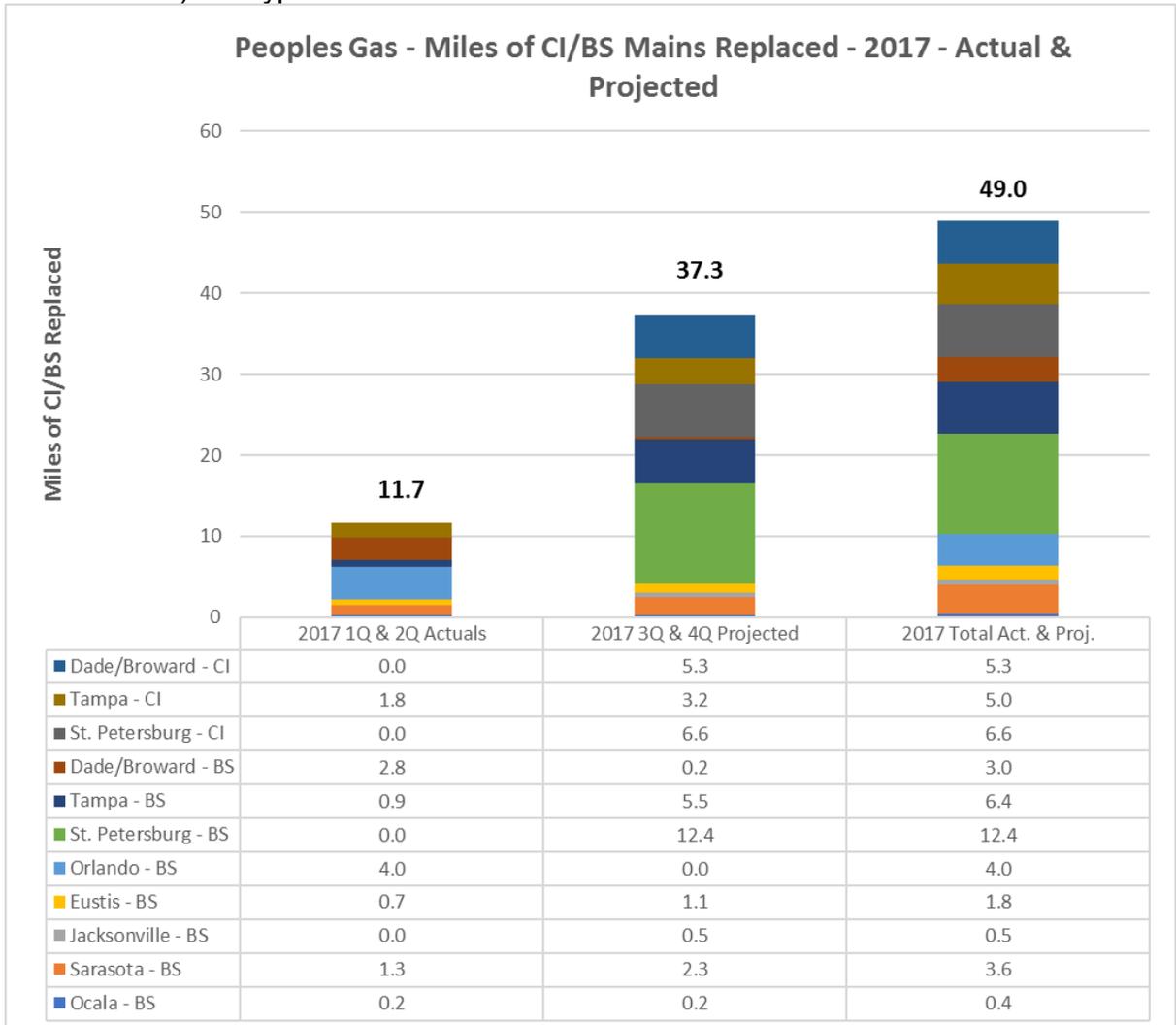
- a. The acceleration of Cast Iron and Bare Steel pipeline replacement on our system from 49 miles in 2017 to 90 miles in 2018.
- i. The company now expects to successfully complete the Cast Iron/Bare Steel replacement program by 2021, a full year earlier than initially envisioned.
 - ii. As a result, the 2018 CIBS costs are expected to be \$8.9 million higher than 2017.
- b. Implementing the first full year for the company's removal efforts for problematic plastic pipe.
- i. The full year cost is expected to be \$11.76 million, an additional \$7 million over the pilot project costs in 2017.

In addition, the accelerated replacement schedule will result in better accessibility to contactors and supplies. Recent experience has shown that with a slower replacement schedule, it can be difficult to mobilize contractors and manage supplies.

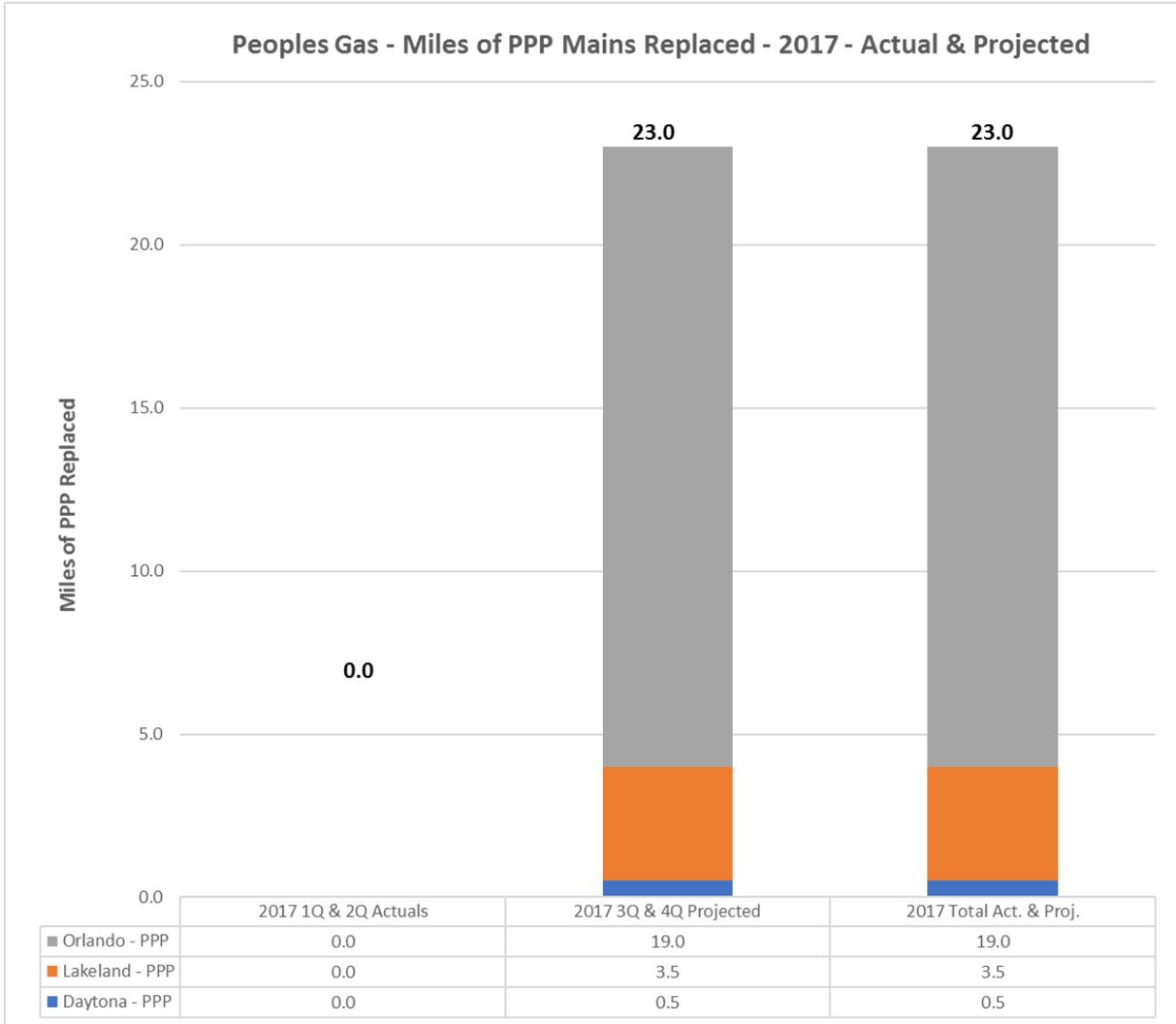
**PEOPLES GAS SYSTEM
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9. Referring to Peoples' response to staff's first data request, No. 2, in Docket No. 20160201-GU, please provide a general overview of the cast iron/bare steel and problematic plastic pipe (PPP) replacement projects undertaken in/forecast for 2017, including locations. Please list cast iron/bare steel projects and PPP projects separately.

A. In 2017, Peoples cast iron and bare steel replacement activity has been in Ocala, Sarasota, Jacksonville, Eustis, Orlando, St. Pete, Miami and Tampa, with the larger concentration of replacement in the Tampa and St. Pete areas. See chart below for a summary of location, mileage replaced (actual and estimated) and type of material.



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- 10.** For the following questions, please refer to Peoples' response to staff's first data request, No. 7, in Docket No. 20160201-GU.
- a. Does Peoples continue to focus its pipeline replacement in urban and high consequent areas?
 - b. Does Peoples continue to use DIMP in determining the replacement projects? Please explain your answer.
- A.**
- a. Yes. The Company's efforts under its replacement program continue to identify and target the replacement need for specific pipeline replacement in the company's more urban and high consequence areas. Peoples utilizes a risk-based prioritization to determine the order of replacement, which are primarily identified by the FERC-required DIMP and other factors including leak incident rates, the pressure under which the pipeline is operating, areas of significant construction and the age of the pipeline.
 - b. Yes. See response to Data Request No.10a.

**PEOPLES GAS SYSTEM
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- 11.** Please refer to Peoples' response to staff's third data request in Docket No. 160159-GU, No. 14, for the following question. Does the forecast for the remainder of 2017 or for 2018 contain any new materials that Peoples has agreed to discuss with Commission staff and the Office of Public Counsel? If yes, please explain.
 - A.** No. All materials that are being replaced are under existing PHMSA advisories that were in place at the time the final order was issued in Docket No. 20160159-GU.