

DOCUMENT NO. 09822-2017
FPSC - COMMISSION CLERK

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

In the Matter of:

DOCKET NO. 20170192-GU

PETITION FOR APPROVAL OF 2016 TRUE-UP, PROJECTED 2017
TRUE-UP, AND 2018 REVENUE REQUIREMENTS AND SURCHARGES
ASSOCIATED WITH CAST IRON/BARE STEEL PIPE REPLACEMENT
RIDER, BY PEOPLES GAS SYSTEM.

PROCEEDINGS: COMMISSION CONFERENCE AGENDA
ITEM NO. 15

COMMISSIONERS
PARTICIPATING: CHAIRMAN JULIE I. BROWN
COMMISSIONER ART GRAHAM
COMMISSIONER RONALD A. BRISÉ
COMMISSIONER DONALD J. POLMANN
COMMISSIONER GARY F. CLARK

DATE: Tuesday, November 7, 2017

PLACE: Betty Easley Conference Center
Room 148
4075 Esplanade Way
Tallahassee, Florida

REPORTED BY: ANDREA KOMARIDIS
Court Reporter and
Notary Public in and for
the State of Florida at Large

PREMIER REPORTING
114 W. 5TH AVENUE
TALLAHASSEE, FLORIDA
(850) 894-0828

1 P R O C E E D I N G S

2 THE CHAIRMAN: Item 5 -- 15.

3 MS. OLLILA: Item 15 is a petition from
4 Peoples Gas to approve its cast iron/bare steel
5 replacement and problematic plastic pipe surcharges
6 for 2018. For 2018, the proposed surcharge for a
7 typical residential customer is a \$1.06.

8 There have been no customer contacts. Staff
9 recommends approval. And staff notes that
10 representatives from the company and Public Counsel
11 are here.

12 THE CHAIRMAN: Hello. Hello. Good morning.

13 Ms. Christensen, would you like to address the
14 Commission on this one, too? Ditto?

15 MS. CHRISTENSEN: Yes, I would. And we do
16 have some brief comments regarding Peoples Gas bare
17 iron/steel pipe replacement problem. And it's --
18 as we said before, we do not object to the safety-
19 related issues. We -- we support that.

20 My understanding, however, from the petition
21 and information provided is that the utility also
22 has been highly aggressive in replacing the cast
23 iron and bare steel and, now, with the problematic
24 plastic pipe replacement portions of program.

25 Again, the projected investment costs for 2016

1 are approximately 35.6 million, which is
2 approximately 85 percent greater than the costs
3 were for the previously-project- -- were previously
4 projected for 2017.

5 So, while we recognize that the plastic pipe
6 replacement costs will increase the total cost over
7 the term of the program, we wanted to make sure
8 that the cost will continue to undergo the
9 necessary scrutiny to make sure that the -- only
10 the appropriate costs for these programs are being
11 collected via the pipeline replacement surcharge.

12 Our expectations have been, and continue to
13 be, that the right of recovery would be balanced by
14 reasonable bill impacts with the appropriately-
15 aggressive safety measures.

16 And that's -- concludes our comments. Thank
17 you.

18 THE CHAIRMAN: Thank you, Ms. Christensen.

19 And I would like to hear from Peoples Gas,
20 but I -- I did notice that, too, in this particular
21 docket as well.

22 MR. BROWN: Andy Brown with the Law firm of
23 Macfarlane, Ferguson & McMullen in Tampa. I'm here
24 with Kandi Floyd, the manager of regulatory for
25 Peoples Gas, and Rick Wall, vice president of

1 operations. And we are here to answer any
2 questions that the Commission may have.

3 THE CHAIRMAN: All right. Thank you.

4 Commissioners, any questions on this?

5 Commissioner Polmann.

6 COMMISSIONER POLMANN: Thank you, Madam
7 Chairman.

8 I think this is a question for staff. Can
9 I -- can I please have a clarification -- the title
10 for this item refers to 2016, '17, and '18. Maybe
11 I just don't understand. The issues stated the --
12 specific to 2018 -- can you please clarify the
13 distinction there for '16 and '17?

14 MS. OLLILA: You're correct, Commissioner.
15 '16 is the final -- is -- the final true-up for
16 2016 feeds into 2017, which is an actual and
17 estimated true-up. And the number that comes out
18 of the 2017 actual estimated true-up is used in
19 calculating the surcharge amount for 2018.

20 COMMISSIONER POLMANN: Okay. So, if I
21 understand, the 2018 is the surcharge, and that --
22 maybe not the right word, but it's -- the follow-on
23 or a -- or a carry-forward from the prior two
24 years?

25 MS. OLLILA: Well, it includes the effect of

1 any over- or under-recoveries.

2 COMMISSIONER POLMANN: Okay. So, the action
3 here today is -- is the 2018. And that takes care
4 of the prior two years; and hence, that's the --
5 the purpose --

6 MS. OLLILA: Yes, sir.

7 COMMISSIONER POLMANN: -- for the -- for the
8 title.

9 MS. OLLILA: Yes, sir.

10 COMMISSIONER POLMANN: So, the action here
11 takes care of everything.

12 MS. OLLILA: Yes, sir, I --

13 COMMISSIONER POLMANN: All right.

14 MS. OLLILA: The -- yes.

15 COMMISSIONER POLMANN: All right.

16 Thank you so much, Madam Chair.

17 THE CHAIRMAN: All right. Commissioners, any
18 other questions?

19 I do just have a question about this. And
20 it's -- it looks like, from the recommendation,
21 that by 2021, all of the -- all of the pipe is
22 going to be replaced; is that right?

23 MS. FLOYD: Good morning, Commissioners.

24 Kandi Floyd with Peoples Gas System.

25 By 2021, we anticipate all the cast iron and

1 bare steel to be removed from the system. We had a
2 depreciation settlement that was approved last year
3 that included polyethylene plastic pipe, otherwise
4 known as problematic plastic pipe. We will
5 continue to replace that pipe through 2028.

6 THE CHAIRMAN: Well, that's great, though, on
7 the bare-steel side and cast iron.

8 MS. FLOYD: Commissioner -- or Chairman Brown,
9 may I make a comment to -- as far as -- in response
10 to OPC?

11 THE CHAIRMAN: Yes.

12 MS. FLOYD: Thank you. I just wanted to
13 affirm that Peoples is -- we are taking a very
14 active approach for replacing the cast iron and
15 bare steel in our system and also the polyethylene
16 pipe. And of course, we are doing this to -- to
17 ensure safe, reliable system for our customers.

18 I do want to comment that -- and we -- we
19 recognize the comments by OPC. We're very mindful
20 of the spending levels. And we note that 2018 will
21 be a peak spending year for Peoples Gas.

22 And then, beyond that, we will see those
23 spending levels decrease because of the -- because
24 of the replacement activity and the removal of cast
25 iron.

1 We do want to be good stewards, obviously, of
2 this program. And we want to continue to look for
3 ways to -- to have cost savings and cost measures
4 during this program. And I just wanted to make
5 these comments in -- in regards to
6 Ms. Christensen's --

7 THE CHAIRMAN: I'm happy you did. Thank you.
8 That -- that was -- elucidated all of the concerns
9 here, so --

10 MS. FLOYD: Thank you.

11 THE CHAIRMAN: Commissioners, ripe for a
12 motion now.

13 COMMISSIONER GRAHAM: Move staff
14 recommendation.

15 THE CHAIRMAN: Is there a second?

16 COMMISSIONER BRISÉ: Second.

17 THE CHAIRMAN: Any discussion?

18 Seeing none, all those in favor, say aye.

19 (Chorus of ayes.)

20 THE CHAIRMAN: Motion passes.

21 Thank you for bringing all this to our
22 attention.

23 (Agenda item concluded.)

24

25

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CERTIFICATE OF REPORTER

STATE OF FLORIDA)
COUNTY OF LEON)

I, ANDREA KOMARIDIS, Court Reporter, do hereby
certify that the foregoing proceeding was heard at the
time and place herein stated.

IT IS FURTHER CERTIFIED that I
stenographically reported the said proceedings; that the
same has been transcribed under my direct supervision;
and that this transcript constitutes a true
transcription of my notes of said proceedings.

I FURTHER CERTIFY that I am not a relative,
employee, attorney or counsel of any of the parties, nor
am I a relative or employee of any of the parties'
attorney or counsel connected with the action, nor am I
financially interested in the action.

DATED THIS 15th day of November, 2017.



ANDREA KOMARIDIS
NOTARY PUBLIC
COMMISSION #GG060963
EXPIRES February 9, 2021