



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

August 24, 2018

VIA E-PORTAL FILING

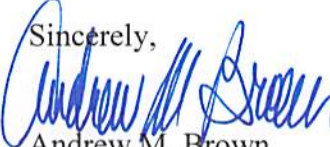
Ms. Carlotta S. Stauffer
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: DOCKET NO. 20180044-GU - In re: Consideration of the tax impacts associated with Tax Cuts and Jobs Act of 2017 for 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. 1-2).

Your assistance in this matter is greatly appreciated.

Sincerely,

Andrew M. Brown

AB/plb
Attachment

cc: Parties of Record
Ms. Kandi M. Floyd
Ansley Watson, Jr., Esq.

**PEOPLES GAS SYSTEM
DOCKET NO. 20180044-GU
STAFF'S FIRST DATA REQUEST
REQUEST NO. 1
BATES STAMPED PAGES: 1 - 10
FILED: AUGUST 24, 2018**

1. In paragraph E., titled New Base Rates Effective for 2019, in the Settlement Agreement, it states that the parties have agreed to a base rate reduction across all customer classes amounting to \$11,599,038 that is attributable to the Tax Cuts and Jobs Act of 2017. Please provide work papers to show the calculation of the revised base rates that implement the \$11,599,038 reduction.
 - A. The requested information is attached.

Peoples Gas System
Tax Reform Rate Adjustment
Allocation of Revenue Change to Rate Schedules

<u>Description</u>	<u>Forecasted Revenues</u>	<u>Allocation of Revenue Decrease</u>
<u>Residential Rates:</u>		
RS-1	\$14,841,870	(\$737,594)
RS-2	\$41,520,089	(\$2,063,418)
RS-3	\$29,431,864	(\$1,462,672)
Residential Standby Generators	\$195,988	(\$9,740)
Subtotal - Residential	<u>\$85,989,810</u>	<u>(\$4,273,424)</u>
<u>Commercial Rates:</u>		
SGS	\$6,754,837	(\$335,694)
GS-1	\$31,891,284	(\$1,584,897)
GS-2	\$37,656,637	(\$1,871,417)
GS-3	\$19,494,459	(\$968,814)
GS-4	\$12,632,284	(\$627,785)
GS-5	\$14,620,022	(\$726,569)
Commercial Streetlighting	\$115,643	(\$5,747)
Commercial Standby Generators	\$457,001	(\$22,712)
Natural Gas Vehicles	\$9,996	(\$497)
Commercial Wholesale	\$575,448	(\$28,598)
Subtotal - Commercial	<u>\$124,207,612</u>	<u>(\$6,172,730)</u>
<u>Industrial Rates:</u>		
Small Interruptible Service	\$3,151,657	(\$156,627)
Interruptible Service	\$3,724,082	(\$185,075)
Subtotal - Industrial	<u>\$6,875,739</u>	<u>(\$341,703)</u>
Total Excluding Contract Rates	<u>\$217,073,161</u>	<u>(\$10,787,857)</u>

Peoples Gas System
Tax Reform Rate Adjustment
Allocation of Revenue Change to Rate Schedules

<u>Description</u>	<u>Forecasted Revenues</u>	<u>Allocation of Revenue Decrease</u>
<u>Contract Rates:</u>		
Special Contracts	\$15,722,583	(\$781,363)
Off-System Sales	\$600,000	(\$29,818)
Subtotal - Contract Sales	<u>\$16,322,583</u>	<u>(\$811,181)</u>
Grand Total	<u>\$233,395,744</u>	<u>(\$11,599,038)</u>

**Peoples Gas System
Tax Reform Rate Adjustment
Derivation of Proposed Rates**

RATE SCHEDULE	PRESENT RATES			PROPOSED RATES		
	BILLING DETERMINANTS	PRESENT RATES	REVENUE	BILLING DETERMINANTS	PROPOSED RATES	REVENUE
RESIDENTIAL (1)						
CUSTOMER CHARGE	1,094,053	\$ 12.00	\$13,128,635	1,094,053	\$ 11.40	\$12,472,204
DISTRIB. CHARGE	6,396,964	0.26782	1,713,235	6,396,964	0.25465	1,628,987
TOTAL			\$14,841,870			\$14,101,190
RESIDENTIAL (2)						
CUSTOMER CHARGE	2,200,965	\$ 15.00	\$33,014,480	2,200,965	\$ 14.25	\$31,363,756
DISTRIB. CHARGE	31,758,678	0.26782	8,505,609	31,758,678	0.25465	8,087,347
TOTAL			\$41,520,089			\$39,451,103
RESIDENTIAL (3)						
CUSTOMER CHARGE	1,018,827	\$ 20.00	\$20,376,539	1,018,827	\$ 19.01	\$19,367,900
DISTRIB. CHARGE	33,811,233	0.26782	9,055,324	33,811,233	0.25465	8,610,031
TOTAL			\$29,431,864			\$27,977,931
RESIDENTIAL STAND BY GENERATORS						
CUSTOMER CHARGE	9,799	\$ 20.00	\$195,988	9,799	\$ 19.01	\$186,286
DISTRIB. CHARGE	0	0.26782	0	0	0.25465	0
TOTAL			\$195,988			\$186,286

**Peoples Gas System
Tax Reform Rate Adjustment
Derivation of Proposed Rates**

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	BILLING DETERMINANTS	PRESENT RATES	REVENUE	BILLING DETERMINANTS	PROPOSED RATES	REVENUE	
RESIDENTIAL							
GHP	CUSTOMER CHARGE	0 \$	20.00	\$0	0 \$	19.01	\$0
	DISTRIB. CHARGE	0	0.10100	0	0	0.09598	0
	TOTAL		\$0			\$0	
COMMERCIAL STREET LIGHTING							
	CUSTOMER CHARGE	0	N/A	\$0	0	N/A	\$0
	DISTRIB. CHARGE	613,200	0.18859	115,643	613,200	0.17922	109,898
	TOTAL		\$115,643			\$109,898	

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**Peoples Gas System
Tax Reform Rate Adjustment
Derivation of Proposed Rates**

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	BILLING DETERMINANTS	PRESENT RATES	REVENUE	BILLING DETERMINANTS	PROPOSED RATES	REVENUE	
COMMERCIAL STANDBY GENERATORS							
	CUSTOMER CHARGE	11,268 \$	35.00	\$394,380	11,268 \$	33.26	\$374,774
	DISTRIB. CHARGE	184,756	0.33894	62,621	184,756	0.32206	59,502
	TOTAL			\$457,001			\$434,276
SMALL GENERAL SERVICE COMMERCIAL							
	CUSTOMER CHARGE	143,843 \$	25.00	\$3,596,085	143,843 \$	23.76	\$3,417,719
	DISTRIB. CHARGE	9,319,501	0.33894	3,158,752	9,319,501	0.32206	3,001,439
	TOTAL			\$6,754,837			\$6,419,158
GENERAL SERVICE (1) COMMERCIAL							
	CUSTOMER CHARGE	218,119 \$	35.00	\$7,634,148	218,119 \$	33.26	\$7,254,622
	DISTRIB. CHARGE	90,511,702	0.26800	24,257,136	90,511,702	0.25468	23,051,520
	TOTAL			\$31,891,284			\$30,306,142
COMMERCIAL GHP							
	CUSTOMER CHARGE	0 \$	35.00	\$0	0 \$	33.26	\$0
	DISTRIB. CHARGE	0	0.20630	0	0	0.19605	0

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**PEOPLES GAS SYSTEM
DOCKET NO. 20180044-GU
STAFF'S FIRST DATA REQUEST
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**Peoples Gas System
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TOTAL			\$14,841,870			\$14,101,190
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	DISTRIB. CHARGE	0	0.10100	0	0	0.09598	0
	TOTAL		\$0			\$0	
COMMERCIAL STREET LIGHTING							
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	TOTAL		\$115,643			\$109,898	

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	TOTAL			\$457,001			\$434,276
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	TOTAL			\$6,754,837			\$6,419,158
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	CUSTOMER CHARGE	218,119 \$	35.00	\$7,634,148	218,119 \$	33.26	\$7,254,622
	DISTRIB. CHARGE	90,511,702	0.26800	24,257,136	90,511,702	0.25468	23,051,520
	TOTAL			\$31,891,284			\$30,306,142
COMMERCIAL GHP							
	CUSTOMER CHARGE	0 \$	35.00	\$0	0 \$	33.26	\$0
	DISTRIB. CHARGE	0	0.20630	0	0	0.19605	0

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**Peoples Gas System
Tax Reform Rate Adjustment
Derivation of Proposed Rates**

RATE SCHEDULE	PRESENT RATES			PROPOSED RATES		
	BILLING DETERMINANTS	PRESENT RATES	REVENUE	BILLING DETERMINANTS	PROPOSED RATES	REVENUE
TOTAL			\$0			\$0
GENERAL SERVICE (2) COMMERCIAL						
CUSTOMER CHARGE	96,392	\$ 50.00	\$4,819,596	96,392	\$ 47.52	\$4,580,544
DISTRIB. CHARGE	144,364,026	0.22746	32,837,041	144,364,026	0.21615	31,204,284
TOTAL			\$37,656,637			\$35,784,828
GENERAL SERVICE (3) COMMERCIAL						
CUSTOMER CHARGE	11,020	\$ 150.00	\$1,652,976	11,020	\$ 142.55	\$1,570,879
DISTRIB. CHARGE	90,704,031	0.19670	17,841,483	90,704,031	0.18692	16,954,397
TOTAL			\$19,494,459			\$18,525,276

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**Peoples Gas System
Tax Reform Rate Adjustment
Derivation of Proposed Rates**

RATE SCHEDULE	PRESENT RATES			PROPOSED RATES		
	BILLING DETERMINANTS	PRESENT RATES	REVENUE	BILLING DETERMINANTS	PROPOSED RATES	REVENUE
GENERAL SERVICE (4) COMMERCIAL						
CUSTOMER CHARGE	2,280 \$	250.00	\$570,000	2,280 \$	237.58	\$541,682
DISTRIB. CHARGE	79,278,898	0.15215	12,062,284	79,278,898	0.14459	11,462,936
TOTAL			\$12,632,284			\$12,004,618
GENERAL SERVICE (5) COMMERCIAL						
CUSTOMER CHARGE	1,644 \$	300.00	\$493,200	1,644 \$	285.09	\$468,688
DISTRIB. CHARGE	124,784,228	0.11321	14,126,822	124,784,228	0.10758	13,424,287
TOTAL			\$14,620,022			\$13,892,975
NATURAL GAS VEHICLE SALES						
CUSTOMER CHARGE	48 \$	45.00	\$2,160	48 \$	42.76	\$2,052
DISTRIB. CHARGE	42,604	0.18392	7,836	42,604	0.17478	7,446
TOTAL			\$9,996			\$9,499

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**PEOPLES GAS SYSTEM
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**Peoples Gas System
Tax Reform Rate Adjustment
Derivation of Proposed Rates**

RATE SCHEDULE	PRESENT RATES			PROPOSED RATES		
	BILLING DETERMINANTS	PRESENT RATES	REVENUE	BILLING DETERMINANTS	PROPOSED RATES	REVENUE
SMALL INTERRUPTIBLE SERVICE						
CUSTOMER CHARGE	312	\$ 300.00	\$93,600	312	\$ 285.09	\$88,948
DISTRIB. CHARGE	42,883,980	0.07131	3,058,057	42,883,980	0.06777	2,906,247
TOTAL			\$3,151,657			\$2,995,195
INTERRUPTIBLE SERVICE						
CUSTOMER CHARGE	156	\$ 475.00	\$74,100	156	\$ 451.39	\$70,417
DISTRIB. CHARGE	104,554,066	0.03491	3,649,982	104,554,066	0.03318	3,469,104
TOTAL			\$3,724,082			\$3,539,521

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**Peoples Gas System
Tax Reform Rate Adjustment
Derivation of Proposed Rates**

RATE SCHEDULE	PRESENT RATES			PROPOSED RATES		
	BILLING DETERMINANTS	PRESENT RATES	REVENUE	BILLING DETERMINANTS	PROPOSED RATES	REVENUE
INTERRUPTIBLE SERVICE						
LARGE VOLUME						
CUSTOMER CHARGE	0	\$ 475.00	\$0	0	\$ 451.39	\$0
DISTRIB. CHARGE	0	0.00996	0	0	0.00947	0
TOTAL			\$0			\$0
WHOLESALE						
CUSTOMER CHARGE	180	\$ 150.00	\$27,000	180	\$ 142.55	\$25,659
DISTRIB. CHARGE	3,672,477	0.14934	548,448	3,672,477	0.14192	521,198
TOTAL			\$575,448			\$546,857
SUB TOTAL			\$217,073,161			\$206,284,754

**PEOPLES GAS SYSTEM
DOCKET NO. 20180044-GU
STAFF'S FIRST DATA REQUEST
REQUEST NO. 2
BATES STAMPED PAGE: 11
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- 2.** In paragraph G., it states that the new base will be effective with the first billing cycle of January 20 19. Please state when and how PGS will inform the customers of the new rates.

- A.** If approved, Peoples Gas System will notify customers through notices on their bills in month preceding when the new rates are to go into effect.