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July 31, 2020

VIA ELECTRONIC FILING

Mr. Adam Teitzman
Office of the Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

RE: Undocketed

In re: Amendment of Rules 25-6.0141, Allowance for Funds Used During Construction, and 25-30.116, Allowance for Funds Used During Construction, and Adoption of Rule 25-7.0141, Allowance for Funds Used During Construction and Proposed Amendment of Rule 25-6.0143, F.A.C., and Proposed Adoption of Rule 25-7.0143, F.A.C.

1. Peoples Gas System (“Peoples” or “the Company”), submits the following Post-Workshop Comments addressing the Florida Public Service Commission Staff’s proposed amendments to Rule 25-7.0141, Allowance for Funds Used During Construction and Proposed Adoption of Rule 25-7.0143 of the Florida Administrative Code. Although Staff also addressed amendments to Rule 25-6.0141, Rule 25-30.116 and separately 25-6.0143, Peoples’ comments are limited to the proposed amendments to Rule 25-7.0141 and Proposed Adoption of Rule 25-7.0143.

2. Peoples is a public utility as defined in 366.02 *Florida Statutes* engaged in the distribution and sale of natural gas to approximately 400,000 residential, commercial, industrial and electric generation customers located in 14 separate geographic areas of the state, or “service areas” in the following locations: Tampa, St. Petersburg, Lakeland, Avon Park, Sarasota, Daytona Beach, Eustis, Orlando, Palm Beach, Southwest Florida, Dade/Broward, Jacksonville, Panama City and Ocala.

Proposed Amendment to Rule 25-7.0141

The proposed rule as provided by Staff mirrors the electric rule with the exception of the threshold contained in 25-7.041(2)(a)(1). Peoples offers the following comments which are generally consistent with the comments provided by Tampa Electric Company in all respects other than Peoples comments concerning the threshold amounts contained in subparagraph 3.

1. Definition of “Project”

One of Staff’s proposed changes to Rule 25-7.0141 is to add a definition for the term “project.” Peoples is concerned that the inclusion of the phrase “specific location and design” could inadvertently exclude certain investments from eligibility for accrual of allowance for funds used during construction (“AFUDC”). First, the phrase could potentially exclude necessary but distinct phases of a single project. For example, if a company were to construct a new pipeline and also construct a compressor station necessary to integrate the pipeline into the company’s existing system, a third party could challenge inclusion of the compressor station construction in the “project” on the grounds that it has a different “location and design” than the pipeline itself. Second, the phrase could exclude intangible capital investments from eligibility for AFUDC since intangible capital investments may not be considered to have a specific location or design in a traditional geographical sense. Third, the phrase could exclude linear facilities work such as

construction of new natural gas pipelines, given that these facilities arguably may not have a specific “location.”

2. Bundling Provision

Staff proposes including a section to the Rule that would prohibit utilities from bundling projects to meet the threshold for accrual of AFUDC unless the utility can demonstrate that “the overall cost of the bundled projects with AFUDC is less than the total overall cost of the unbundled projects without AFUDC.” Peoples has no objection to this proposed change and agrees that utilities should be allowed to make a showing that bundling specific projects would be more cost-effective.

3. Threshold for Accrual of AFUDC

Peoples agrees with Staff’s proposed threshold as identified in the AFUDC Rule 25-7.0141(2)(a)(1) and also agrees with the comments offered by Florida City Gas to the effect that natural gas LDC projects are typically smaller in scale than electric utility projects resulting in the need for a smaller threshold.

Proposed Adoption of Rule 25-7.0143

The proposed adoption of Rule 25-7.0143 is generally consistent with proposed amended Rule 25-6.0143. Accordingly, Peoples agrees with the comments provided by Tampa Electric as filed on July 27, 2020 and a number of the comments previously submitted by Florida Public Utilities Company. Specifically, Peoples agrees with the comments regarding the need to change the jurisdictional revenues in subparagraph 1(h) to 1.5% in order to be consistent with subparagraph 1(d); the recommendation to remove references to nuclear accidents and power plants in 25-7.0143(1)(a); and, the suggestion to include vegetation management in as a type of

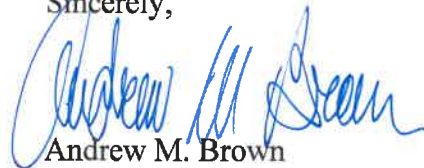
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cost to be included in the storm account given that vegetation management is a cost that is typically incurred solely as the result of a storm.

Peoples would like to thank Staff for their hard work in preparing the initial draft revisions to the Rule and appreciated the opportunity to provide comments. The Company looks forward to working with Staff on these topics as rulemaking proceeds. Please do not hesitate to contact me with any questions or concerns regarding these comments.

Sincerely,

A handwritten signature in blue ink, appearing to read "Andrew M. Brown", is written over the typed name.

Andrew M. Brown

AMB/plb

cc: Adria Harper (aharper@psc.state.fl.us)