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August 24, 2020

VIA E-PORTAL FILING

Mr. Adam J. Teitzman
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

**Re: Docket No. 20200051-GU – Petition for rate increase by Peoples Gas System
Docket No. 20200166-GU-Petition for approval of 2020 depreciation study
by Peoples Gas System**

Dear Mr. Teitzman:

Attached for electronic filing in the above docket on behalf of Peoples Gas System, please find its Notice of Intent to Request Confidential Treatment.

Your assistance in this matter is greatly appreciated.

Sincerely,

Andrew M. Brown

AB/plb
Attachment

cc: J.R. Kelly/Mireille Fall-Fry (kelly.jr@leg.state.fl.us; fall-fry.mireille@leg.state.fl.us)
Kurt Schrader/Jennifer S. Crawford/Bianca Lherisson (kschrade@psc.state.fl.us;
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Jon C. Moyle, Jr., Esq./Karen A. Putnal, Esq. (jmoyle@moylslaw.com;
kputnal@moylslaw.com; mqualls@moylslaw.com)
Paula K. Brown
Kandi Floyd
Karen Bramley
Thomas F. Farrior, Esq.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for rate increase by
Peoples Gas System.

Docket No. 20200051-GU

Submitted for Filing: August 24, 2020

**PEOPLES GAS SYSTEM'S
NOTICE OF INTENT TO REQUEST CONFIDENTIAL TREATMENT**

Pursuant to Sections 366.093 and 119.07, *Florida Statutes* and 25-22.006, *Florida Administrative Code*, Peoples Gas System ("Peoples") submits the following Request for Confidential Treatment of Numbers 126, 129, 130 and 131 of Peoples' Response to OPC's Third Set of Interrogatories to Peoples Gas System dated August 4, 2020 (the "Response").

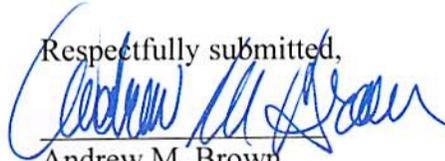
1. In its Response to Interrogatory No. 126, Peoples has redacted the premiums paid for insurance policies and certain comments about those policies..
2. In its Response to Interrogatory No. 129, Peoples includes a table which contains the 2019 balance sheet and income statement for Emera US Holding, Inc. (EUSHI).
3. In its Response to Interrogatory No. 130, Peoples includes the most recent balance sheet for EUSHI.
4. In its response to Interrogatory 131, Peoples includes O & M reductions to its proposed budget.
5. Accordingly, the Material for which confidential classification is sought is intended to be and is treated as private by Peoples because it contains proprietary confidential business information under Section 366.093(3), *Florida Statutes*.
6. Peoples requests that the information for which it seeks confidential classification not be declassified until 18 months after the date of the Commission's order

granting this request (see Section 366.093(4), *Florida Statutes*). The time period requested is necessary to protect the competitive information regarding the pricing of Peoples's proposals for the installation and operation of LNG facilities. The period of time requested will ultimately protect Peoples and its customers.

7. As a result of the foregoing, Peoples has attached hereto, as **Exhibit A**, a copy of the Response with portions redacted.

WHEREFORE, Peoples submits the foregoing as its request for confidential treatment of the information identified in Exhibit A to this request.

Respectfully submitted,



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Attorneys for Peoples Gas System

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Notice of Intent to Request Confidential Treatment of Peoples Gas System has been furnished via electronic mail to the following, this 24th day of August, 2020:

J.R. Kelly, Esq.
Office of Public Counsel
c/o The Florida Legislature
111 West Madison St., Room 812
Tallahassee, FL 32399-1400
kellyjr@leg.state.fl.us

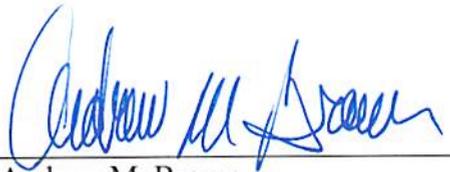
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Andrew M. Brown

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for rate increase by
Peoples Gas System.

Docket No. 20200051-GU

Submitted for Filing: August 24, 2020

**PEOPLES GAS SYSTEM'S NOTICE OF SERVING ANSWERS TO OPC'S
THIRD SET OF INTERROGATORIES (NOS. 114-133)**

Peoples Gas System, by its undersigned attorneys, files this Notice of Serving
Answers to OPC's Third Set of Interrogatories (Nos. 114-133).

Dated this 24th day of August, 2020.

Respectfully submitted,



Andrew M. Brown
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Attorneys for Peoples Gas System

EXHIBIT A

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Notice of Serving Answers to OPC's Third Set of Interrogatories (Nos. 114-133) of Peoples Gas System has been furnished via electronic mail to the following, this 24th day of August, 2020:

J.R. Kelly, Esq.
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Andrew M. Brown

**PEOPLES GAS SYSTEM
DOCKET NO. 2020051-GU
DOCKET NO. 20200166-GU
OPC'S THIRD SET OF
INTERROGATORIES
INTERROGATORY NO. 114
PAGE 1 OF 1
FILED: AUGUST 24, 2020**

114. For each of the Utility Plant in Service adjustments shown in Schedule G-1, page 4, please provide the underlying projected monthly balances from December 31, 2020, through December 31, 2021, and show how PGS calculated the amount of each adjustment in Schedule G-1, page 4.

A. See electronic attachment titled (BS 16704) IRR No. 114.xlsx posted to Peoples' External SharePoint Site.

This site, including any attachment(s) hereto, is intended for use only by the authorized addressee(s) and may contain legally privileged and/or confidential information. If you are not the authorized participant, then you are hereby notified that any dissemination, distribution, or copying of confidential the information on this site and/or any attachment(s) hereto is strictly prohibited.

https://tecoenergy.sharepoint.com/sites/extranet/Regulatory/PGS_RC/PGSDiscovRespSer

**PEOPLES GAS SYSTEM
DOCKET NO. 20200051-GU
DOCKET NO. 20200166-GU
OPC'S THIRD SET OF
INTERROGATORIES
INTERROGATORY NO. 115
PAGE 1 OF 1
FILED: AUGUST 24, 2020**

- 115.** For each of the Accumulated Depreciation adjustments shown in Schedule G-1, page 4, please provide the underlying projected monthly balances from December 31, 2020, through December 31, 2021, and show how PGS calculated the amount of each adjustment in Schedule G-1, page 4.
- A.** See electronic attachment titled (BS 16705) IRR No. 115.xlsx posted to Peoples' External SharePoint Site.

This site, including any attachment(s) hereto, is intended for use only by the authorized addressee(s) and may contain legally privileged and/or confidential information. If you are not the authorized participant, then you are hereby notified that any dissemination, distribution, or copying of confidential the information on this site and/or any attachment(s) hereto is strictly prohibited.

https://tecoenergy.sharepoint.com/sites/extranet/Regulatory/PGS_RC/PGSDisco vRespSer

**PEOPLES GAS SYSTEM
DOCKET NO. 2020051-GU
DOCKET NO. 20200166-GU
OPC'S THIRD SET OF
INTERROGATORIES
INTERROGATORY NO. 116
PAGE 1 OF 4
FILED: AUGUST 24, 2020**

116. Please provide the actual utility plant in service and actual accumulated depreciation for each month from December 31, 2019, through the latest month available.

A. See attached.

**PEOPLES GAS SYSTEM
UTILITY PLANT IN SERVICE & ACCUMULATED DEPRECIATION ACTUALS**

Description	Actuals							
	2019 December	2020 January	2020 February	2020 March	2020 April	2020 May	2020 June	2020 July
1 Plant in Service	1,940,875,542.97	1,950,239,570.07	1,964,551,365.47	1,982,872,322.78	1,996,012,222.30	2,008,227,864.21	2,022,803,449.22	2,033,865,645.61
2 Accumulated Depreciation & Amortization	(784,450,415.15)	(792,431,402.93)	(788,885,879.93)	(791,623,000.71)	(794,409,437.69)	(797,443,213.01)	(800,239,976.68)	(802,710,543.95)

*NOTE: For the accounts associated to the description, refer to each respective tab based on the line item number found above.

**PEOPLES GAS SYSTEM
DOCKET NO. 20200051-GU
DOCKET NO. 20200166-GU
OPC'S THIRD SET OF
INTERROGATORIES
INTERROGATORY NO. 116
PAGE 2 OF 4
FILED: AUGUST 24, 2020**

**PEOPLES GAS SYSTEM
UTILITY PLANT IN SERVICE ACTUALS**

G/L ACCOUNTS	Actuals 2019 December	Actuals 2020 January	Actuals 2020 February	Actuals 2020 March	Actuals 2020 April	Actuals 2020 May	Actuals 2020 June	Actuals 2020 July
1010000	1,719,277,611.57	1,722,370,602.39	1,717,543,335.01	1,733,113,857.91	1,737,708,178.29	1,752,095,483.46	1,770,287,739.92	1,775,799,561.42
1040000	13,128,442.31	13,128,442.31	13,128,442.31	13,128,442.31	13,128,442.31	13,128,442.31	13,128,442.31	13,128,442.31
1060000	208,469,489.09	214,740,525.37	233,879,588.15	236,630,022.56	245,175,601.70	243,003,938.44	239,387,266.99	244,937,641.88
Total	1,940,875,543.0	1,950,239,570.1	1,964,551,365.5	1,982,872,322.8	1,996,012,222.3	2,008,227,864.2	2,022,803,449.2	2,033,865,645.6

**PEOPLES GAS SYSTEM
DOCKET NO. 20200051-GU
DOCKET NO. 20200166-GU
OPC'S THIRD SET OF
INTERROGATORIES
INTERROGATORY NO. 116
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FILED: AUGUST 24, 2020**

**PEOPLES GAS SYSTEM
ACCUMULATED DEPRECIATION ACTUALS**

G/L ACCOUNTS	Actuals 2019 December	Actuals 2020 January	Actuals 2020 February	Actuals 2020 March	Actuals 2020 April	Actuals 2020 May	Actuals 2020 June	Actuals 2020 July
1080000	(792,260,827.19)	(794,749,524.53)	(798,094,187.42)	(801,441,902.24)	(804,632,969.16)	(807,458,306.65)	(809,022,082.59)	(812,000,239.71)
1080001	12,667,895.71	7,188,034.09	14,090,648.80	14,713,671.66	15,130,730.42	14,934,721.41	13,714,162.50	14,234,181.17
1080100	9,090,008.87	8,987,353.35	9,017,983.25	9,053,478.09	9,084,514.82	9,112,597.42	9,110,198.01	9,060,385.19
1080110	(9,090,008.87)	(8,987,353.35)	(9,017,983.25)	(9,053,478.09)	(9,084,514.82)	(9,112,597.42)	(9,110,198.01)	(9,060,385.19)
1080200	172,710,168.48	170,759,713.66	171,341,681.82	172,016,083.63	172,605,781.63	173,139,350.93	173,093,762.10	172,147,318.60
1080210	(172,710,168.48)	(170,759,713.66)	(171,341,681.82)	(172,016,083.63)	(172,605,781.63)	(173,139,350.93)	(173,093,762.10)	(172,147,318.60)
1150000	(4,857,483.67)	(4,869,912.49)	(4,882,341.31)	(4,894,770.13)	(4,907,198.95)	(4,919,627.77)	(4,932,056.59)	(4,944,485.41)
Total	(784,450,415.2)	(792,431,402.9)	(788,885,879.9)	(791,623,000.7)	(794,409,437.7)	(797,443,213.0)	(800,239,976.7)	(802,710,544.0)

PEOPLES GAS SYSTEM
DOCKET NO. 20200051-GU
DOCKET NO. 20200166-GU
OPC'S THIRD SET OF
INTERROGATORIES
INTERROGATORY NO. 116
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FILED: AUGUST 24, 2020

**PEOPLES GAS SYSTEM
DOCKET NO. 2020051-GU
DOCKET NO. 20200166-GU
OPC'S THIRD SET OF
INTERROGATORIES
INTERROGATORY NO. 117
PAGE 1 OF 2
FILED: AUGUST 24, 2020**

117. Regarding Schedule G-1, page 2, please itemize what is included in the Projected Test Year balance for Other Deferred/Misc in the amount of \$55,841,385.

A. See attached.

PEOPLES GAS SYSTEM
OTHER DEFERRED_MISC BALANCE

Account	Description	Budget	2021												
		Dec 2020	Jan 2021	Feb 2021	Mar 2021	Apr 2021	May 2021	Jun 2021	Jul 2021	Aug 2021	Sep 2021	Oct 2021	Nov 2021	Dec 2021	13 mnth avg
A_1823345	Oth Reg Asset-Environmental Remediatio	-	1,280,000	1,280,000	1,280,000	1,280,000	1,280,000	1,280,000	1,280,000	1,280,000	1,280,000	1,280,000	1,280,000	1,280,000	1,181,538
A_1823100	Oth Reg Asset-FAS 158 Benefit Current	1,097,400	1,097,400	1,097,400	1,097,400	1,097,400	1,097,400	1,097,400	1,097,400	1,097,400	1,097,400	1,097,400	1,097,400	1,097,400	1,097,400
A_1823200	Oth Reg Asset-FAS 158 Benefit Non-Currer	28,607,800	28,607,800	28,607,800	28,607,800	28,607,800	28,607,800	28,607,800	28,607,800	28,607,800	28,607,800	28,607,800	28,607,800	28,607,800	28,607,800
A_1823245	Oth Reg Asses-Enviromental Remediatio	10,343,500	11,011,800	11,680,100	12,348,500	12,356,800	12,385,100	12,373,500	12,398,500	12,423,500	12,448,500	12,534,500	12,620,500	12,706,500	12,123,946
A_1823340	Oth Reg Asset-Environmental Remediatio	9,617,100	8,865,400	8,113,700	7,362,100	7,270,400	7,178,700	7,087,100	6,978,700	6,870,400	6,762,100	6,592,700	6,423,400	6,254,100	7,336,608
A_1823610	Oth Reg Asset-FAS 109 Income Tax	1,176,800	1,212,300	1,252,000	1,299,200	1,354,900	1,417,800	1,457,300	1,469,300	1,485,800	1,510,700	1,545,800	1,591,100	1,646,200	1,416,862
A_1860020	Deferred Debits - SERP Trust	1,676,500	1,676,500	1,676,500	1,676,500	1,676,500	1,676,500	1,676,500	1,676,500	1,676,500	1,676,500	1,676,500	1,676,500	1,676,500	1,676,500
A_1860800	Deferred Debits - Other	2,384,900	2,500,900	2,482,900	2,484,900	2,447,000	2,429,000	2,411,000	2,393,100	2,375,100	2,357,100	2,339,200	2,321,200	2,303,200	2,400,731
Other Deferred_Misc Balance		<u>54,904,000</u>	<u>56,252,100</u>	<u>56,190,400</u>	<u>56,136,400</u>	<u>56,090,800</u>	<u>56,052,300</u>	<u>55,990,600</u>	<u>55,901,300</u>	<u>55,816,500</u>	<u>55,740,100</u>	<u>55,673,900</u>	<u>55,617,900</u>	<u>55,571,700</u>	<u>55,841,385</u>

PEOPLES GAS SYSTEM
DOCKET NO. 20200051-GU
DOCKET NO. 20200166-GU
OPC'S THIRD SET OF
INTERROGATORIES
INTERROGATORY NO. 117
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**PEOPLES GAS SYSTEM
DOCKET NO. 2020051-GU
DOCKET NO. 20200166-GU
OPC'S THIRD SET OF
INTERROGATORIES
INTERROGATORY NO. 118
PAGE 1 OF 2
FILED: AUGUST 24, 2020**

118. Regarding Schedule G-1, page 3, please itemize what is included in the Projected Test Year balance for Misc. Current Liabilities ES in the amount of \$7,691,610.

A. See attached.

PEOPLES GAS SYSTEM
MISC CURRENT LIABILITIES BALANCE

Account	Description	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	2021	
		Dec 2020	Jan 2021	Feb 2021	Mar 2021	Apr 2021	May 2021	Jun 2021	Jul 2021	Aug 2021	Sep 2021	Oct 2021	Nov 2021	Dec 2021	13 mth avg	
A_2320008	AP 401K Fixed Match**	151,600	-	-	-	-	-	-	-	-	-	-	-	-	156,200	23,677
A_2320015	AP Group Life Insurance	500	7,800	7,900	7,700	7,700	7,800	7,800	7,700	7,800	7,900	14,300	8,000	-	-	7,146
A_2320020	AP HSA Employee Contribution	(200)	(4,900)	(10,100)	(200)	(10,700)	(200)	(200)	(100)	400	-	5,900	(100)	(100)	(100)	(1,577)
A_2420191	Long-Term Incentive - Current	1,506,200	1,506,200	-	389,700	389,700	389,700	779,300	779,300	779,300	1,169,000	1,169,000	1,169,000	1,558,700	1,558,700	891,162
A_2282010	I&D General Liability Reserve	5,099,100	5,099,100	5,099,100	5,099,100	5,099,100	5,099,100	5,099,100	5,099,100	5,099,100	5,099,100	5,099,100	5,099,100	5,099,100	5,099,100	5,099,100
A_2282020	I&D Workers Compensation Reserve	363,000	363,000	363,000	363,000	363,000	363,000	363,000	363,000	363,000	363,000	363,000	363,000	363,000	363,000	363,000
A_2284030	Accum Misc Provision - Contractor Damage Res	57,600	60,500	56,300	64,700	75,800	75,200	85,000	85,000	114,900	111,700	105,200	80,400	57,600	57,600	79,223
A_2420321	Misc Accru Liab-PGS MGP Environmental Liabil	9,617,100	8,865,400	8,113,700	7,362,100	7,270,400	7,178,700	7,087,100	6,978,700	6,870,400	6,762,100	6,592,700	6,423,400	6,254,100	6,254,100	7,336,608
A_2420800	Misc Accru Liab-Miscellaneous	152,400	166,900	168,800	169,100	169,100	169,100	169,100	169,100	196,200	196,200	155,200	155,200	152,400	152,400	168,369
A_2283200	Pension Liability - Non-Current	(21,740,600)	(22,267,300)	(22,125,000)	(21,982,600)	(22,509,300)	(22,367,000)	(22,224,600)	(22,751,300)	(22,609,000)	(23,135,600)	(22,993,300)	(22,851,000)	(22,708,600)	(22,708,600)	(22,481,938)
A_2283232	FAS106 Liability-Retired - Non-Current	15,890,200	15,847,700	15,851,200	15,854,700	15,858,200	15,861,600	15,865,100	15,868,600	15,872,100	15,875,500	15,879,000	15,882,500	15,885,900	15,885,900	15,868,638
A_2282110	I&D Gen Liab Expected Recoveries - Curren	(400,000)	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	338,462
	Other/Rounding	(204)	(230)	(222)	(255)	(399)	(195)	(289)	(249)	(260)	(224)	(267)	(354)	(232)	(232)	(259)
Misc Current Liabilities Balance		<u>10,696,696</u>	<u>10,044,170</u>	<u>7,924,678</u>	<u>7,727,045</u>	<u>7,112,601</u>	<u>7,176,805</u>	<u>7,630,412</u>	<u>6,998,851</u>	<u>7,093,950</u>	<u>6,948,676</u>	<u>6,789,833</u>	<u>6,729,146</u>	<u>7,218,068</u>	<u>7,691,610</u>	

PEOPLES GAS SYSTEM
DOCKET NO. 20200051-GU
DOCKET NO. 20200166-GU
OPC'S THIRD SET OF
INTERROGATORIES
INTERROGATORY NO. 118
PAGE 2 OF 2
FILED: AUGUST 24, 2020

**PEOPLES GAS SYSTEM
DOCKET NO. 2020051-GU
DOCKET NO. 20200166-GU
OPC'S THIRD SET OF
INTERROGATORIES
INTERROGATORY NO. 119
PAGE 1 OF 2
FILED: AUGUST 24, 2020**

119. Regarding Schedule G-1, page 3, please itemize what is included in the Projected Test Year balance for Other Deferred Credits in the amount of \$3,918,208.

A. See attached.

PEOPLES GAS SYSTEM
OTHER DEFERRED CREDITS BALANCE

Account	Description	Budget	2021												
		Dec 2020	Jan 2021	Feb 2021	Mar 2021	Apr 2021	May 2021	Jun 2021	Jul 2021	Aug 2021	Sep 2021	Oct 2021	Nov 2021	Dec 2021	13 mnth avg
A_2540330	Oth Reg Liab-Gas Research Regulatory Liab	150,000	8,400	40,100	(129,900)	(98,300)	(66,700)	(35,000)	(3,300)	28,300	60,000	86,700	118,300	150,000	23,738
A_2530299	Oth Defd CR-Contract Retentions (RECON)	1,506,100	1,236,000	1,307,900	1,395,800	1,457,200	1,357,700	1,549,900	1,715,100	1,155,800	1,231,600	1,399,100	1,531,400	1,506,100	1,411,515
A_2530310	Oth Defd CR-Unclaimed Items	10,000	-	-	-	-	-	-	-	-	-	-	-	-	769
A_2530340	Oth Defd CR Long-term Incentive	3,185,300	1,521,100	1,521,100	1,910,800	1,910,800	1,910,800	2,300,400	2,300,400	2,300,400	2,690,100	2,690,100	2,690,100	3,079,800	2,308,554
A_2530800	Oth Defd CR-Miscellaneous	256,600	243,600	226,500	209,400	192,300	175,300	158,200	141,100	124,000	106,900	89,800	72,800	260,700	173,631
	Other Deferred Credits Balance	<u>5,108,000</u>	<u>3,009,100</u>	<u>3,095,600</u>	<u>3,386,100</u>	<u>3,462,000</u>	<u>3,377,100</u>	<u>3,973,500</u>	<u>4,153,300</u>	<u>3,608,500</u>	<u>4,088,600</u>	<u>4,265,700</u>	<u>4,412,600</u>	<u>4,996,600</u>	<u>3,918,208</u>

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- 120.** Please confirm that the off-system sales revenue of \$1,312,714 shown in Schedule 8f is included in the Projected Test Year revenue of \$245,355,065 per page 1 of Schedule G-2.
- A.** Yes. The \$1,312,714 represents 25 percent of the margin on Off-System Sales ("OSS") and is included in the \$245,355,065 on page 1 of MFR Schedule G-2.

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- 121.** If actual off-system sales revenue is greater than the amount estimated by the Company in its filing, how is the additional revenue treated for rate making purposes? In your response, please discuss the rate making treatment, if applicable, for both the Company's 25% share and the ratepayers' 75% share of the margin.
- A.** Consistent with the treatment of OSS in Peoples' 2009 rate case Order PSC-09-0411-FOF-GU, the Company's 2021 test year filing assumes maintaining the 75/25 percent sharing mechanism and the rate making treatment being proposed has not changed. The \$1,312,714 estimated amount included in the Company's 2021 projected test year filing, which is equal to the actual 25 percent of OSS margin achieved in 2019, is included in the Company's estimated 2021 Net Operating Income calculation. Under the sharing mechanism, the 75 percent share of OSS margin is passed through the Purchase Gas Adjustment ("PGA") and reduces the net cost of the PGA to customers. If more OSS margin is achieved, customers receive a greater benefit through reduced PGA costs and the Company benefits from a higher Net Operating Income ("NOI"). Therefore, the 75/25 sharing mechanism provides an incentive for the Peoples to achieve more OSS margin for both customers and the Company.

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122. Regarding the outside consultant costs of \$764,500 per Schedule C-13, page 1, please itemize the outside consultant costs by consultant. For each consultant, please provide the total amount billed to date and the total number of hours billed, by consultant.

A. See table below.

Schedule C-13 Outside Consultant Costs

Consultant	Estimated Cost	Billed to Date*	Billed Hours
PWC	\$ 105,000	\$ 107,943	258.60
ScottMadden	120,000	41,806	140.50
Dan Yardley	287,000	128,700	390.00
Susan Richards (S3)	95,000	104,126	1,305.12
Alliance Consulting	80,000	39,963	195.75
Richard Harper/Economic Consulting Service	75,000	18,061	54.75
Mercer	2,500	2,500	
Total	\$ 764,500	\$ 443,099	2,344.72

** Billed amount includes reimbursement for out of pocket expenses.*

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- 123.** Regarding the Payroll Trended labor costs shown in Schedule G-2, page 19 of \$36,783,023, please a) identify the number of employees included in this amount, and b) separately identify amounts included in the \$36,783,023 for base salaries, short-term incentive compensation, long-term incentive compensation, relocation, and other.
- A.**
- a) The \$36,783,023 is the result of trending forward the \$34,671,527 base year (2019) amount by 3.0 percent in 2020 and 3.0 percent in 2021. The 2021 projected test year trended payroll amount of \$36,783,023 reflects the number of employees in 2019. Please see Peoples' response to OPC's Interrogatory No. 4 that details the 2019 number of employees.
 - b) The amount of \$36,783,023 only includes costs for base salaries, wages and overtime related to non-clause O&M.

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- 124.** Regarding the Payroll Not Trended labor costs shown in Schedule G-2, page 19 of \$4,282,254, please a) identify the number of employees included in this amount, and b separately identify amounts included in the \$4,282,254 for base salaries, short-term incentive compensation, long-term incentive compensation, relocation and other.
- A.**
- a) Please see Peoples' response to OPC's Interrogatory No. 50, pages 4-5 of 5.
 - b) The amount of \$4,282,254 only includes costs for base salaries, wages and overtime related to non-clause O&M.

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- 125.** Please confirm that the depreciation expenses on Schedule G-2 page 23 are developed by applying the depreciation rates on that page to the plant balances on Schedule G-1, page 10. If that is not correct, then please provide the underlying calculation for the depreciation expenses on Schedule G-2, page 23.
- A.** Yes, Peoples confirms that the depreciation expenses on MFR Schedule G-2, page 23 are developed by applying the depreciation rates on the page to the plant balances on MFR Schedule G-1, page 10.

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126. Regarding the response to interrogatory 60, for each insurance policy included in this response, please provide the current premiums and the effective dates (beginning and ending dates) of each policy.

A. See attached confidential table.

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**PEOPLES GAS SYSTEM
INSURANCE PREMIUMS**

CATEGORY	DESCRIPTION	SAP	Policy Period	Most Recent Premium Paid	Notes
Marsh - AEGIS	Auto - XS Auto (Included Under XS GL)	6700506	12/1/19 - 6/1/21		
Marsh - AEGIS	Excess GL + Auto - XS Auto	6700507	12/1/19 - 6/1/21		
Marsh - EM	1st Tier Excess	6700507	12/1/19 - 6/1/21		
Marsh - M. Calln	2nd Tier Excess GL	6700507	12/1/19 - 12/1/20		
Marsh - GGL	3rd Tier Excess GL	6700507	12/1/19 - 12/1/20		
Marsh - Argo	4th Tier Excess GL	6700507	12/1/19 - 12/1/20		
Marsh - Scargo	5th Tier Excess GL	6700507	12/1/19 - 12/1/20		
Marsh - AIG/Non-Star	6th Tier Excess GL	6700507	12/1/19 - 12/1/20		
Marsh - HDVSRU	7th Tier Excess GL	6700507	12/29/19 - 12/1/21		
Marsh - AWAC	8th Tier Excess GL	6700507	12/29/19 - 12/1/21		
Marsh	\$100M tier over \$300M GL	6700507			
Marsh - AEGIS	Positive Damages	6700515	12/1/19 - 6/1/21		
Marsh	Crime & Fidelity	6700503	12/31/19 - 12/31/20		
Marsh	Directors & Officers	6700504	12/31/19 - 12/31/20		
Marsh	Fiduciary Liability	6700508	12/31/19 - 12/31/20		
Marsh	Property	6700514	3/1/20-3/1/21		
Marsh	Property Terrorism	6700514	12/1/19 - 3/1/21		
Marsh - AEGIS	Professional Liability	6700505	12/1/19 - 12/1/20		
	Special Risk	6700516	12/31/19 - 12/31/20		
	Surety Bonds	6700517	NA		
	Travel Accident	6700518	1/1/20 - 1/1/23		
BKS	Personal Umbrella	6700509	3/1/20 - 3/1/21		
Marsh - Everest	Railroad Protective - PGS - FDOT	6700520	10/14/19 - 10/14/20		
Marsh - Everest	Railroad Protective - TEC & PGS - CSX	6700520	3/7/19 - 3/7/20		
	PGS Retro Annual Adjustment	6700596	NA		
	Cyber Liability	6700526	6/1/19 - 6/1/20		
	Brokerage Fees	6700502	NA		
	Actuary-Mark	6700502	NA		
	Loss Control Cost	98700000	NA		
Liberty	Excess Workers' Comp-PGS & TEC	6700519	12/1/19 - 12/1/20		
	Workers' Comp Self Insurance - FSICA Quarterly Assessments	6700519	NA		
	Grand Total				

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- 127.** Regarding the response to POD-3, please provide the hourly rates, estimated hours, and total costs for Mr. Yardley's services in this case.
- A.** The hourly rate for Mr. Yardley's services is \$330 per hour. To date, the hours for rate case services and expense is 388 hours and \$137,085, respectively.

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128. Please provide the actual taxes paid to, or payments received from, EUSHI in each of the past three years, and as projected for 2020 and 2021.

A. The actual taxes paid to, or (payments received) from, EUSHI in each of the past three years, and as projected for 2020 and 2021 are:

2017	(3,252,293)
2018	7,197,209
2019	7,496,805
2020	4,317,464
2021	(7,800,983)

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129. Please provide the 2019 Balance Sheet and Income Statement for EUSHI.

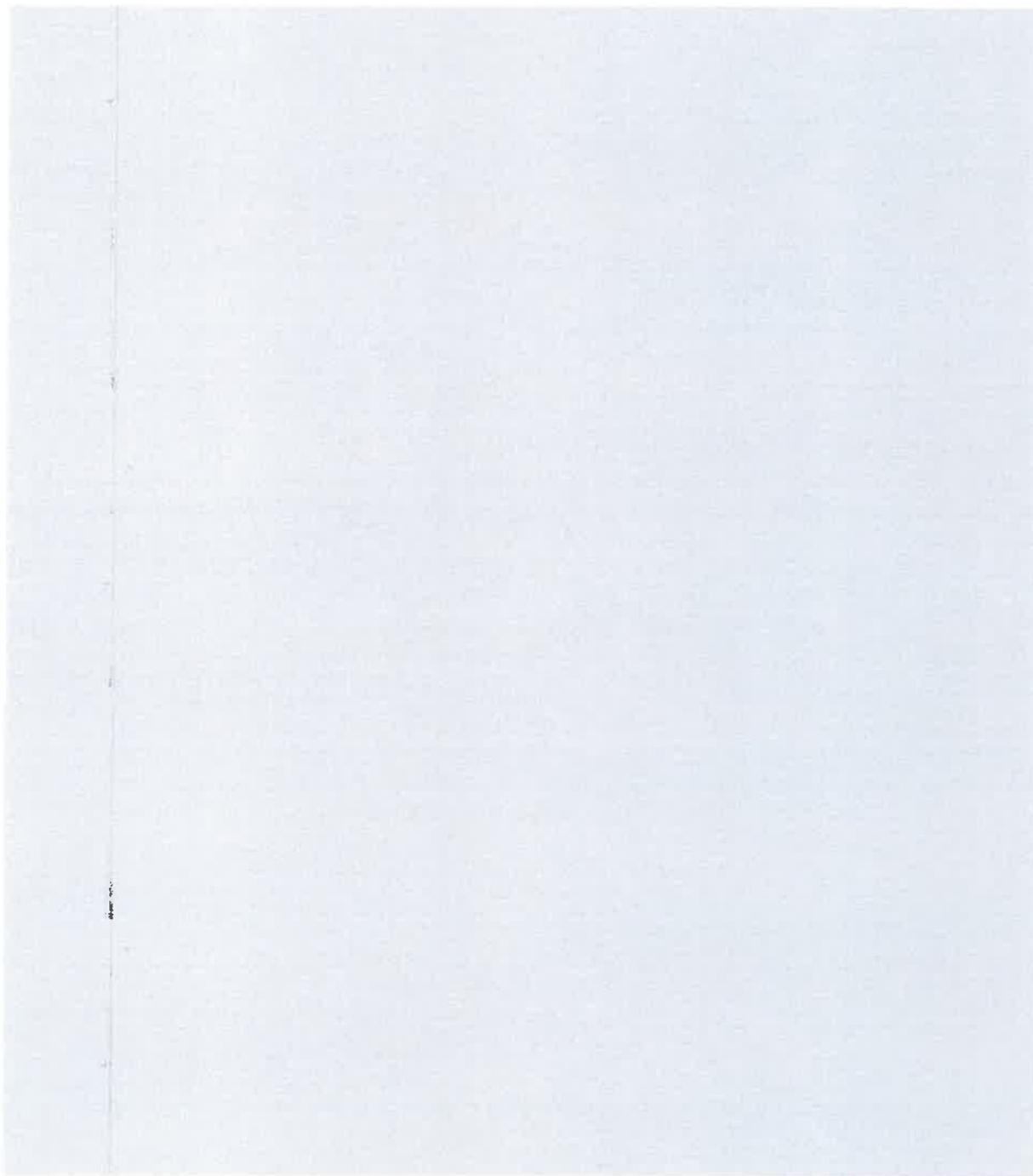
A. See the confidential document titled (BS 16706-16711) IRR 129_CONF_FINAL.pdf provided in the Peoples' Confidential Discovery Responses folder on the External SharePoint site.

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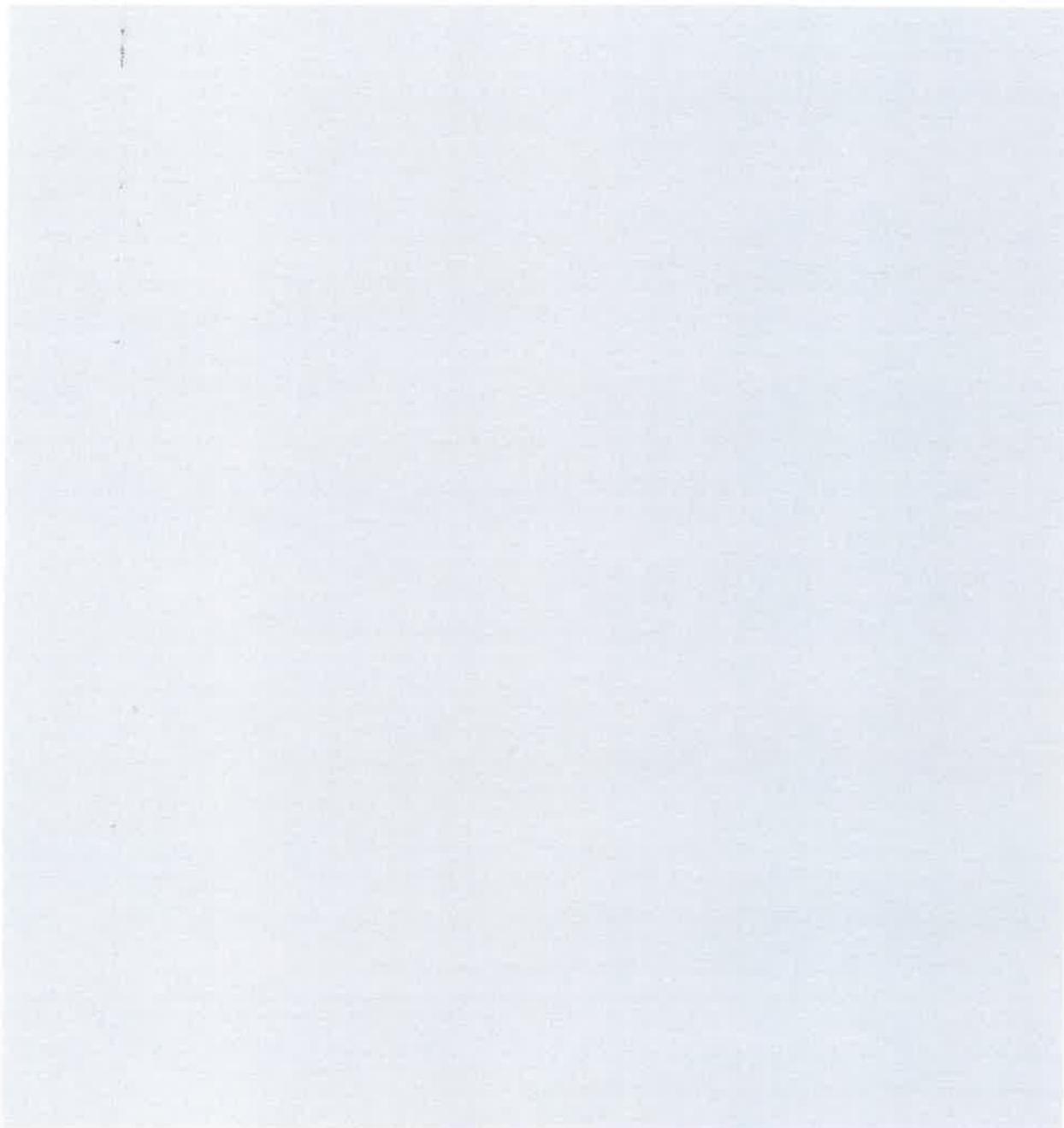
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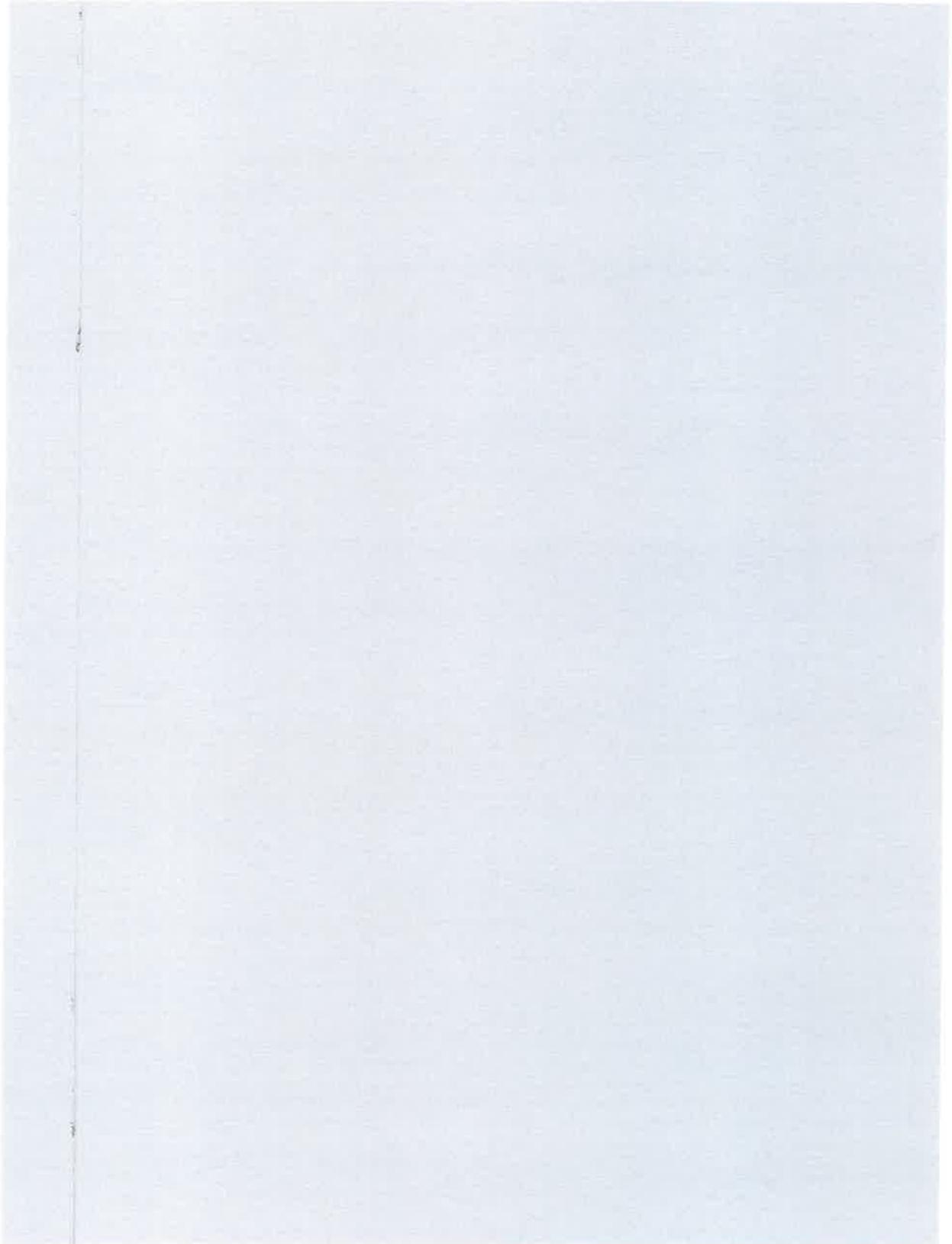
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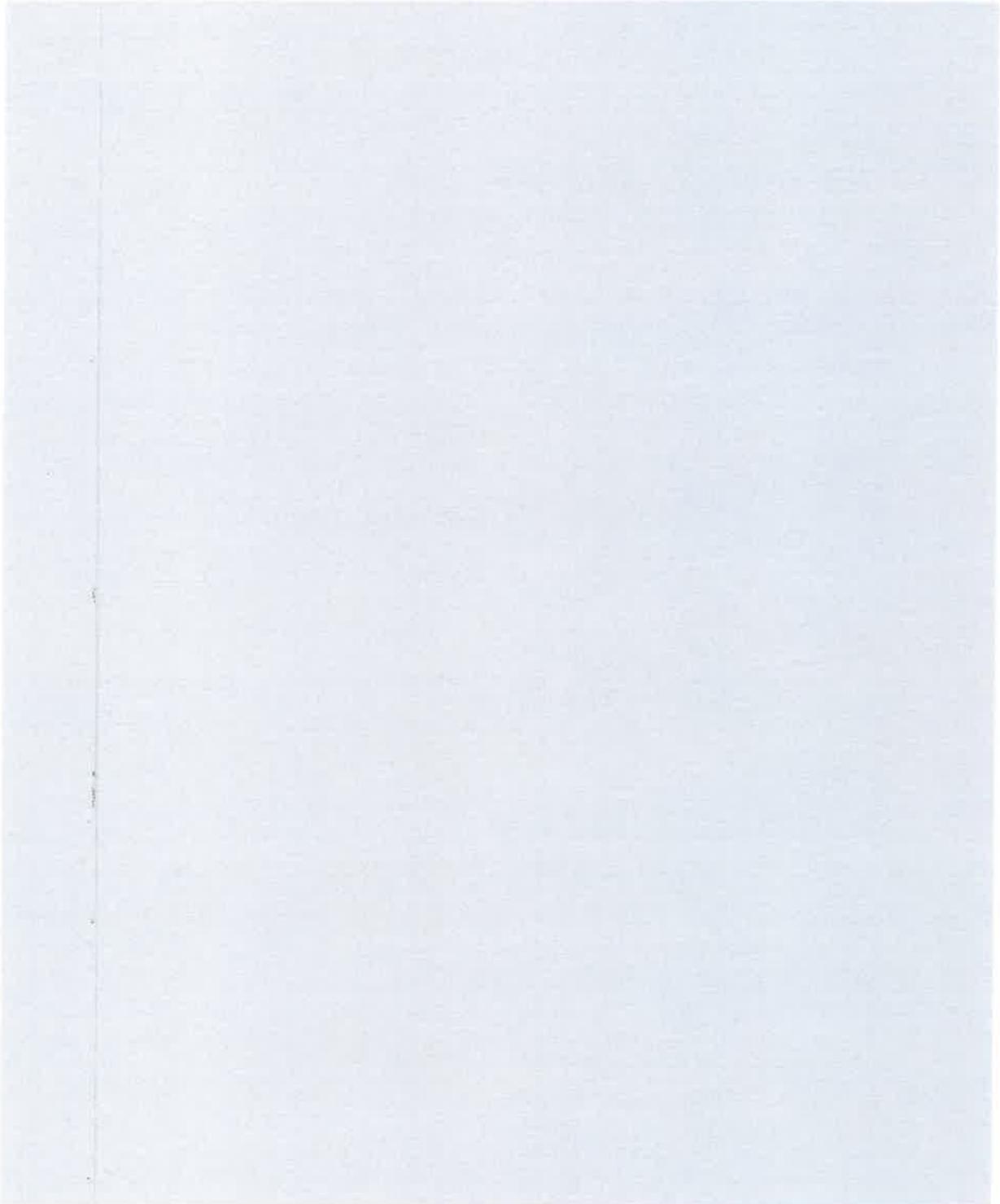
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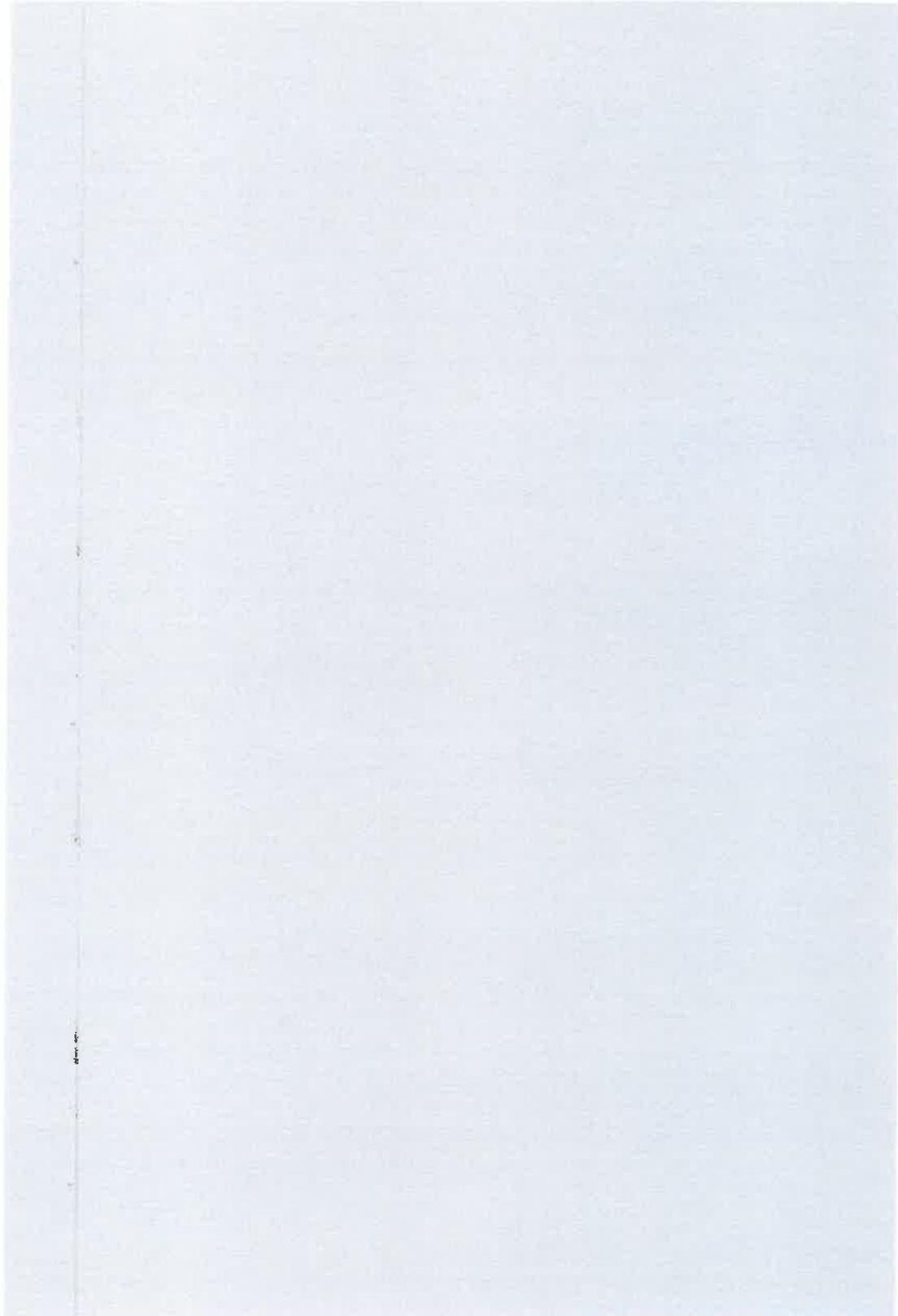
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16709

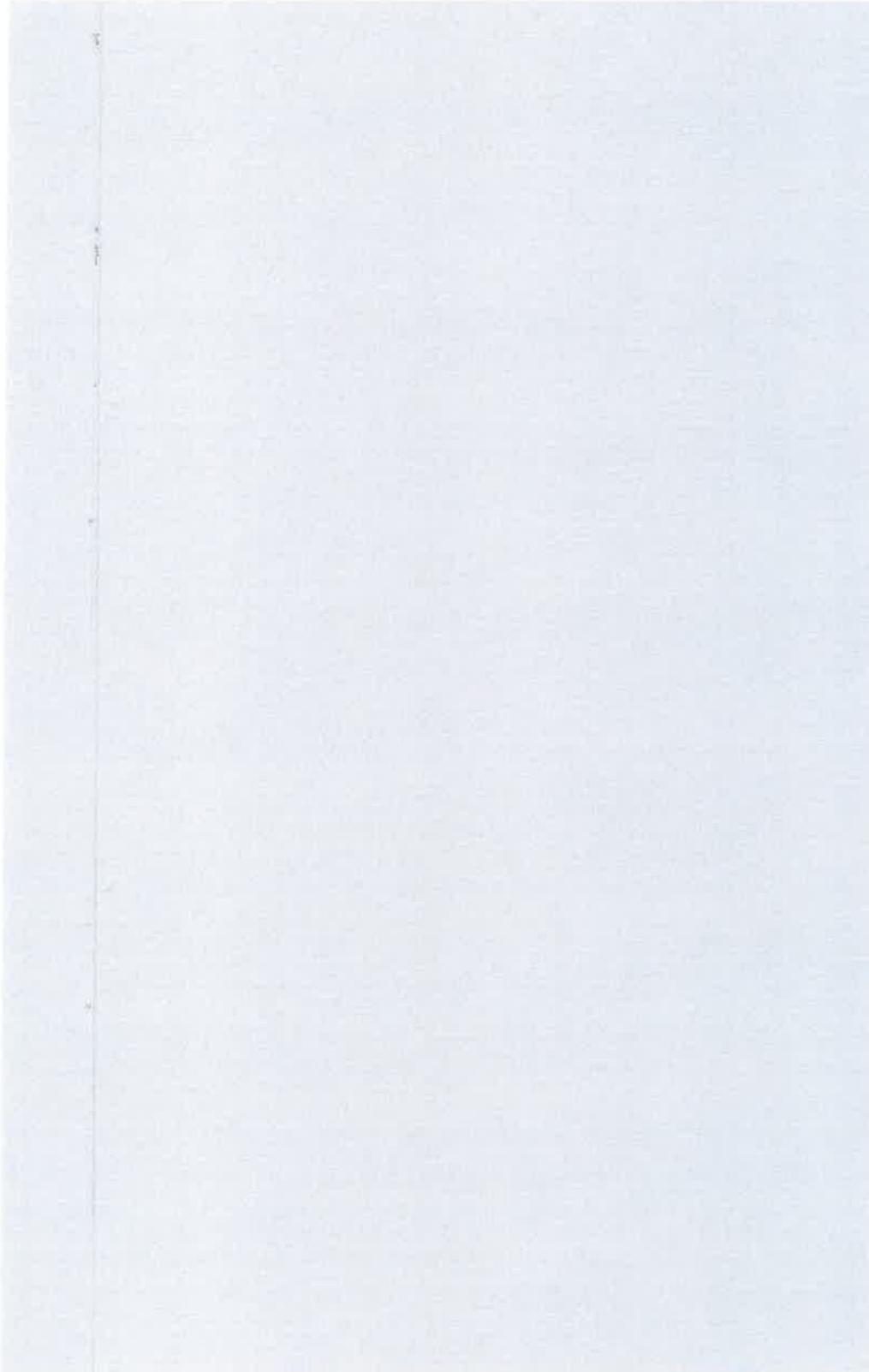
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130. Please provide the most recent balance sheet for EUSHI.

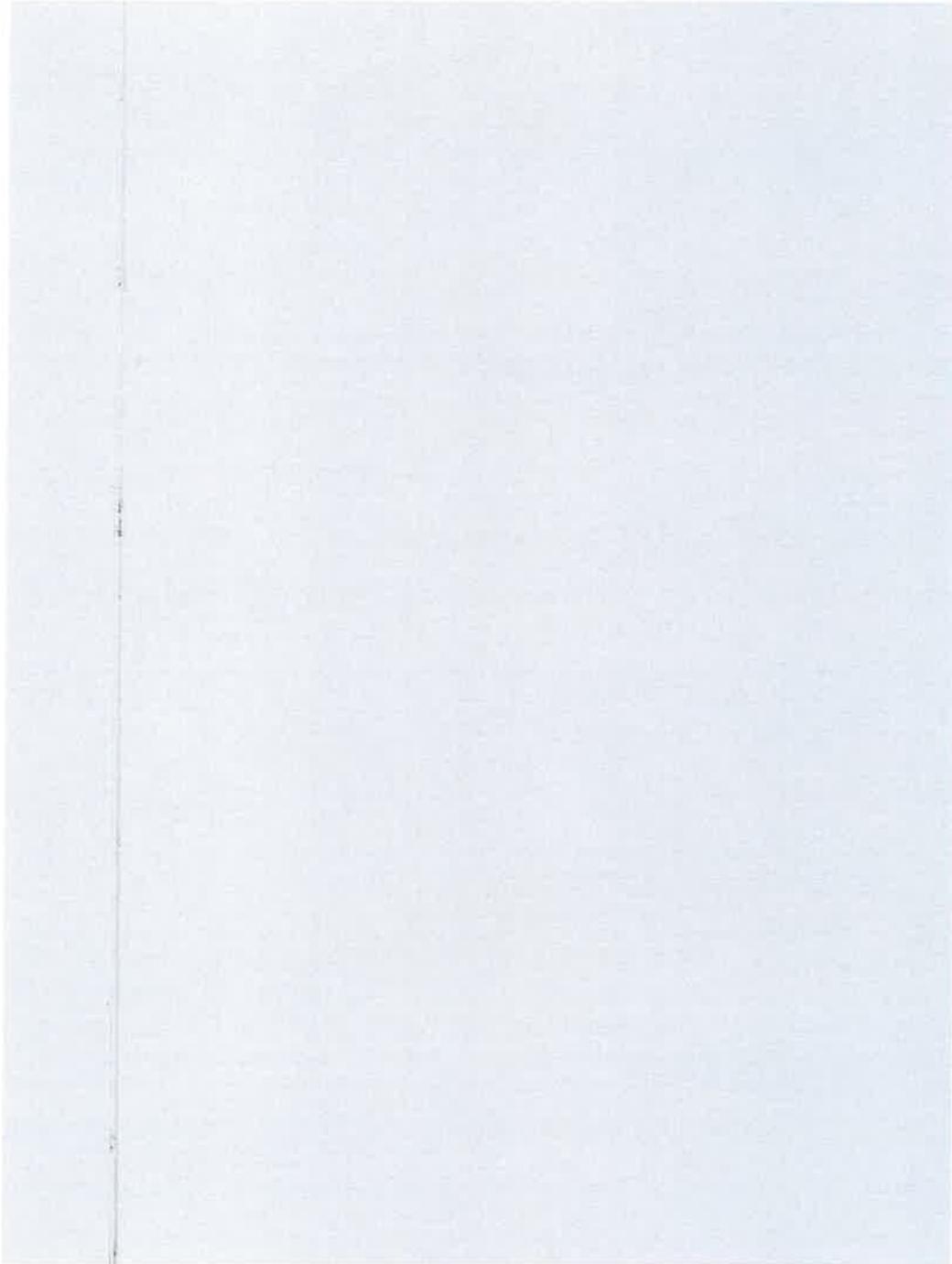
- A. See the confidential document titled (BS 16712-16713) IRR 130_CONF_FINAL.pdf provided in the Peoples' Confidential Discovery Responses folder on the External SharePoint site.

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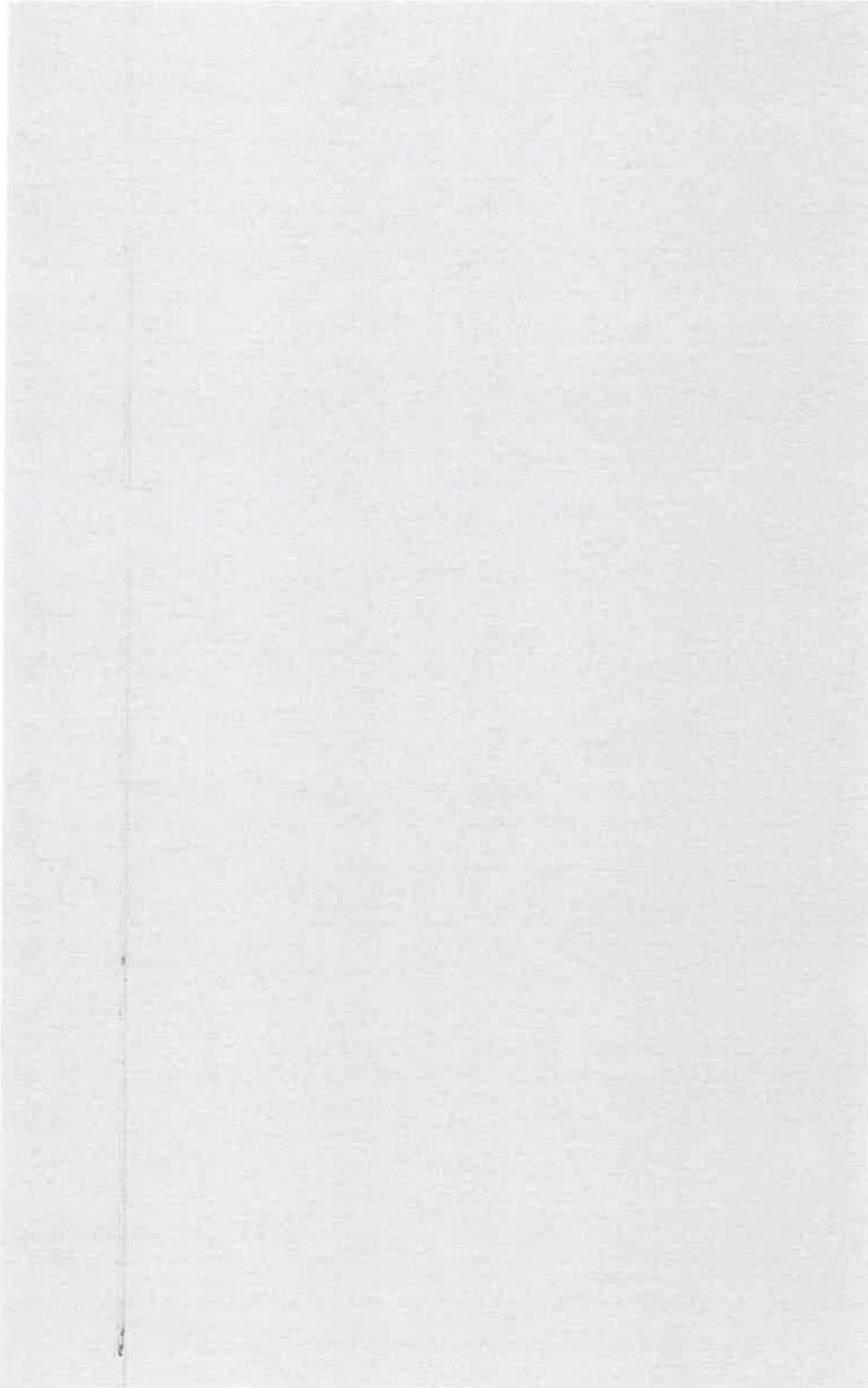
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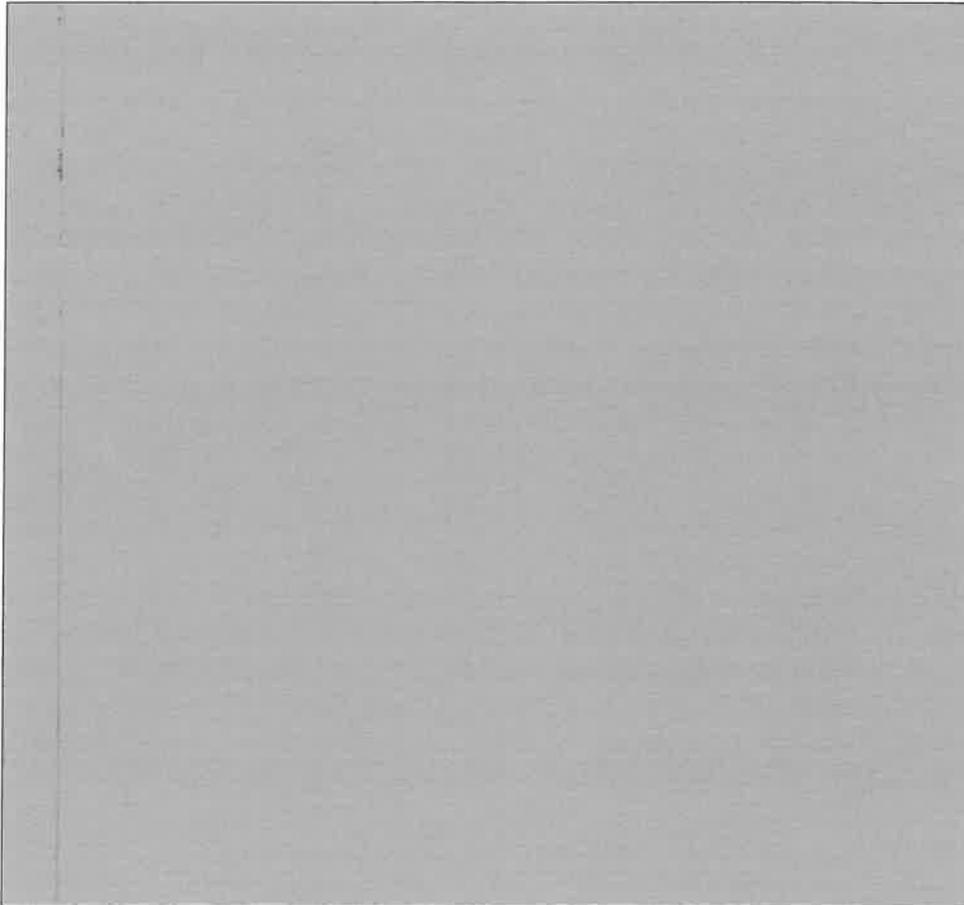
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131. Regarding the response to Interrogatory 40, please identify and itemize all O&M expense reductions made by Peoples' senior management to the proposed O&M budget, as referenced in that response.

A. See the confidential table below.



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- 132.** Regarding the IRS' statement that it will not issue a Private Letter Ruling ("PLR"), as discussed in the response to POD 28, has the IRS issued any further normalization tax guidance on the issues outlined in the request for a PLR? If so, please provide a summary of the IRS action.
- A.** On August 14, 2020, the IRS issued Revenue Procedure ("Rev-Proc") 2020-2039 on TCJA normalization issues. The Rev-Proc did not provide any normalization tax guidance on the issues requested in the Private Letter Ruling ("PLR") filed by the Company in 2019.

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- 133.** Regarding the interest synchronization adjustment of \$93,228 on Schedule G-2, page 3, please confirm that this adjustment is related to changes in operating expense, not changes in rate base. If so, please explain why changes in operating expense give rise to changes in interest expense. If not, then please provide the calculation supporting the Federal Tax for Interest Synchronization adjustment of \$93,228.
- A.** The adjustments made to rate base per books require synchronizing or adjusting the capital structure per books. Some of those rate base adjustments result in adjusting down the amount of debt in the capital structure. As a result of the lower amount of debt in the adjusted capital structure there is lower interest expense than the per books amount. This results in a lower interest tax deduction and ultimately higher income taxes. The \$93,228 adjustment reflects the federal tax portion of the increase in income taxes.

Please see attached table for the calculation of the projected test year Federal Tax for Interest Synchronization adjustment of \$93,228. The interest synchronization adjustment is being calculated consistently with the adjustments being made in Peoples' prior rate case as shown in Order NO. PSC-09-0411-FOF-GU on page 57 of 66.

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PEOPLES GAS SYSTEM
INTEREST SYNCHRONIZATION

CALCULATED INTEREST BASED ON INTEREST COMPONENTS OF FPSC ADJUSTED AVERAGE CAPITAL STRUCTURE:	Amount	Cost Rate	Calculated Interest
LONG TERM DEBT	506,325,941 *	4.47% *	22,632,770
SHORT TERM DEBT	99,010,902 *	2.80% *	2,772,305
CUSTOMER DEPOSITS	<u>25,962,434 *</u>	2.51% *	<u>651,657</u>
TOTAL	631,299,277		26,056,732
ACTUAL INTEREST			<u>26,521,389 **</u>
DIFFERENCE			<u>(464,657)</u>
FEDERAL TAX FOR INTEREST SYNCHRONIZATION	20.06%		93,228
STATE TAX FOR INTEREST SYNCHRONIZATION	4.46%		<u>20,714</u>
INTEREST SYNCHRONIZATION ADJUSTMENT			<u><u>113,942</u></u>

* MFR G3-2

** MFR G2-5

A F F I D A V I T

STATE OF FLORIDA)
)
COUNTY OF HILLSBOROUGH)

The foregoing instrument was acknowledged before me by means of physical presence, this 14th day of August, 2020, by Kandi Floyd who deposed and said that she is Director, Regulatory Affairs, Peoples Gas System, and that the individuals listed in Peoples Gas System's Response to OPC's Third Set of Interrogatories, (Nos. 114-133) in Docket No. 20200051-GU, prepared or assisted with the responses to these interrogatories to the best of her information and belief. She is personally known to me or has produced _____ as identification.

Dated at Tampa, Florida this 14th day of August, 2020.

Kandi Floyd
Kandi Floyd, Director, Regulatory Affairs
Peoples Gas System

Sworn to and subscribed before me this 14th day of August, 2020.

Pamela L. Brown
Notary Public
Name typed, printed or stamped

My Commission expires _____

