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In Reply Refer to:
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August 31, 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@moylelaw.com;
kputnal@moylelaw.com; mqualls@moylelaw.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

In re: Petition for approval of 2020
depreciation study by Peoples Gas
System.

Docket No. 20200166-GU

Submitted for Filing: August 31, 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 Number 36 of Peoples’ Response to Staff’s Fourth Set of Interrogatories To Peoples Gas System dated August 10, 2020 (the “Response”).

1. In its Response to Interrogatory No. 36, Peoples includes a table which contains consolidated financial information of Emera and Peoples needed to make the calculations requested in the interrogatories.

2. Accordingly, the Material (for which confidential classification is sought) is intended to be and is treated as private by Peoples and Emera because it contains proprietary confidential business information under Section 366.093(3), *Florida Statutes*.

3. 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 Emera and Peoples’ financials. The period of time requested will ultimately protect Peoples and its customers.

4. 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,

/s/ Andrew M. Brown, Esq.

Andrew M. Brown

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Macfarlane Ferguson & McMullen

P. O. Box 1531

Tampa, Florida 33601-1531

Fax: (813) 273-4396

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 31st day of August, 2020:

J.R. Kelly, Esq.
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c/o The Florida Legislature
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TECO Energy, Inc.
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Kurt Schrader, Esq.
Bianca Lherisson, Esq.
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ATTORNEYS & COUNSELORS AT LAW EST. 1884

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In Reply Refer to:
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August 31, 2020

VIA E-PORTAL FILING

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

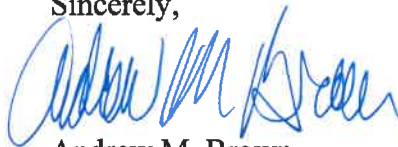
**Re: Docket No. 20200051-GU – Petition for rate increase by Peoples Gas System
Docket No. 20200166-GU-Petition for approval of 2020 depreciation study
by Peoples Gas System**

Dear Mr. Teitzman:

Attached for electronic filing in the above docket on behalf of Peoples Gas System, please find its Notice of Serving Answers to Staff's Fourth Set of Interrogatories (Nos. 32-37).

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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kputnal@moylelaw.com; mqualls@moylelaw.com)
Paula K. Brown
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Karen Bramley
Thomas F. Farrior, Esq.

EXHIBIT A

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

Docket No. 20200051-GU

In re: Petition for approval of 2020
depreciation study by Peoples Gas
System.

Docket No. 20200166-GU

Submitted for Filing: August 31, 2020

**PEOPLES GAS SYSTEM'S NOTICE OF SERVING ANSWERS TO STAFF'S
FOURTH SET OF INTERROGATORIES (NOS. 32-37)**

Peoples Gas System, by its undersigned attorneys, files this Notice of Serving
Answers to Staff's Fourth Set of Interrogatories (Nos. 32-37).

Dated this 31st day of August, 2020.

Respectfully submitted,

/s/ Andrew M. Brown, Esq.
Andrew M. Brown
Thomas R. Farrior
Macfarlane Ferguson & McMullen
Post Office Box 1531
Tampa, Florida 33601
(813) 273-4300
ab@macfar.com
trf@macfar.com

Attorneys for Peoples Gas System

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Notice of Serving Answers to Staff's Fourth Set of Interrogatories (Nos. 32-37) of Peoples Gas System has been furnished via electronic mail to the following, this 31st day of August, 2020:

J.R. Kelly, Esq.
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kfloyd@tecoenergy.com

Mireille Fall-Fry, Esq.
Associate Public Counsel
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fall-fry.mireille@leg.state.fl.us

Florida Industrial Power Users Group
c/o Jon C. Moyle, Jr.
Karen A. Putnal
Moyle Law Firm, P.A.
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/s/ Andrew M. Brown, Esq.
Andrew M. Brown

**PEOPLES GAS SYSTEM
DOCKET NO. 20200051-GU
DOCKET NO. 20200166-GU
STAFF'S FOURTH SET OF
INTERROGATORIES
INTERROGATORY NO. 32
PAGE 1 OF 1
FILED: AUGUST 31, 2020**

- 32.** Please refer to PGS' response to Staff's Interrogatory No. 7. PGS indicated that the required ten year testing of all of its customer meters were not completed due to workforce shortages. As a result, contractors were hired to help complete the meter testing in the Miami and Orlando areas.
- a. How many contractors were added in each of the areas to complete the required testing of the listed meters?
 - b. When does PGS expect the required testing to be finished?
- A.**
- a. Peoples added three contractors who performed, and continue to perform, meter changeouts in Miami (2 contractors) and Orlando (1 contractor).
 - b. By the end of 2020.

**PEOPLES GAS SYSTEM
DOCKET NO. 2020051-GU
DOCKET NO. 20200166-GU
STAFF'S FOURTH SET OF
INTERROGATORIES
INTERROGATORY NO. 33
PAGE 1 OF 1
FILED: AUGUST 31, 2020**

- 33.** On MFR Schedule G-3, page 8 of 11, line 4, PGS indicates that PGS will receive equity infusions from TECO Energy of \$180 million in 2020 and \$96 million in 2021. Please explain how TECO Energy will obtain the funds to provide the equity infusions to PGS?
- A.** TECO Energy, Inc. receives funds from its subsidiaries in two ways. Peoples and other subsidiaries dividend up to TECO Energy, Inc. 100 percent of its earnings and make surrogate tax payments to TECO Energy, Inc. As needed, funds will also be obtained through equity contributions from Emera U.S. Holdings Inc. ("EUSHI").

**PEOPLES GAS SYSTEM
DOCKET NO. 20200051-GU
DOCKET NO. 20200166-GU
STAFF'S FOURTH SET OF
INTERROGATORIES
INTERROGATORY NO. 34
PAGE 1 OF 1
FILED: AUGUST 31, 2020**

- 34.** Please refer to MFR Schedule G-3, page 8 of 11. Please describe the entity that will issue the Bonds listed in rows 1, 2, and 3.
- A.** Tampa Electric Company, which Peoples Gas System is a division of, will issue the bonds listed in rows 1, 2 and 3.

PEOPLES GAS SYSTEM
DOCKET NO. 20200051-GU
DOCKET NO. 20200166-GU
STAFF'S FOURTH SET OF
INTERROGATORIES
INTERROGATORY NO. 35
PAGE 1 OF 1
FILED: AUGUST 31, 2020

35. Please provide schedules depicting the capital structure of TECO Energy for the historic base year ended December 31, 2019, the projected test year ended December 31, 2020, and the projected test year ended December 31, 2021.

A. Below is the 2019 actual, 2020 and 2021 projected capital structure for TECO Energy, Inc.

	<u>2019 Actual</u>	<u>2020 Budget</u>	<u>2021 Projected</u>
Short Term Debt	-	-	-
Long Term Debt	-	-	-
Equity	<u>\$3,870,094,739</u>	<u>\$4,556,902,288</u>	<u>\$5,003,337,982</u>
Total Capital	<u>\$3,870,094,739</u>	<u>\$4,556,902,288</u>	<u>\$5,003,337,982</u>
Debt %	0.00%	0.00%	0.00%
Equity %	100.00%	100.00%	100.00%

PEOPLES GAS SYSTEM
DOCKET NO. 2020051-GU
DOCKET NO. 20200166-GU
STAFF'S FOURTH SET OF
INTERROGATORIES
INTERROGATORY NO. 36
PAGE 1 OF 2
FILED: AUGUST 31, 2020

36. Please provide a revised MFR Schedule C-26 using Emera Incorporated as the parent of PGS, including a parent debt adjustment in row 10.

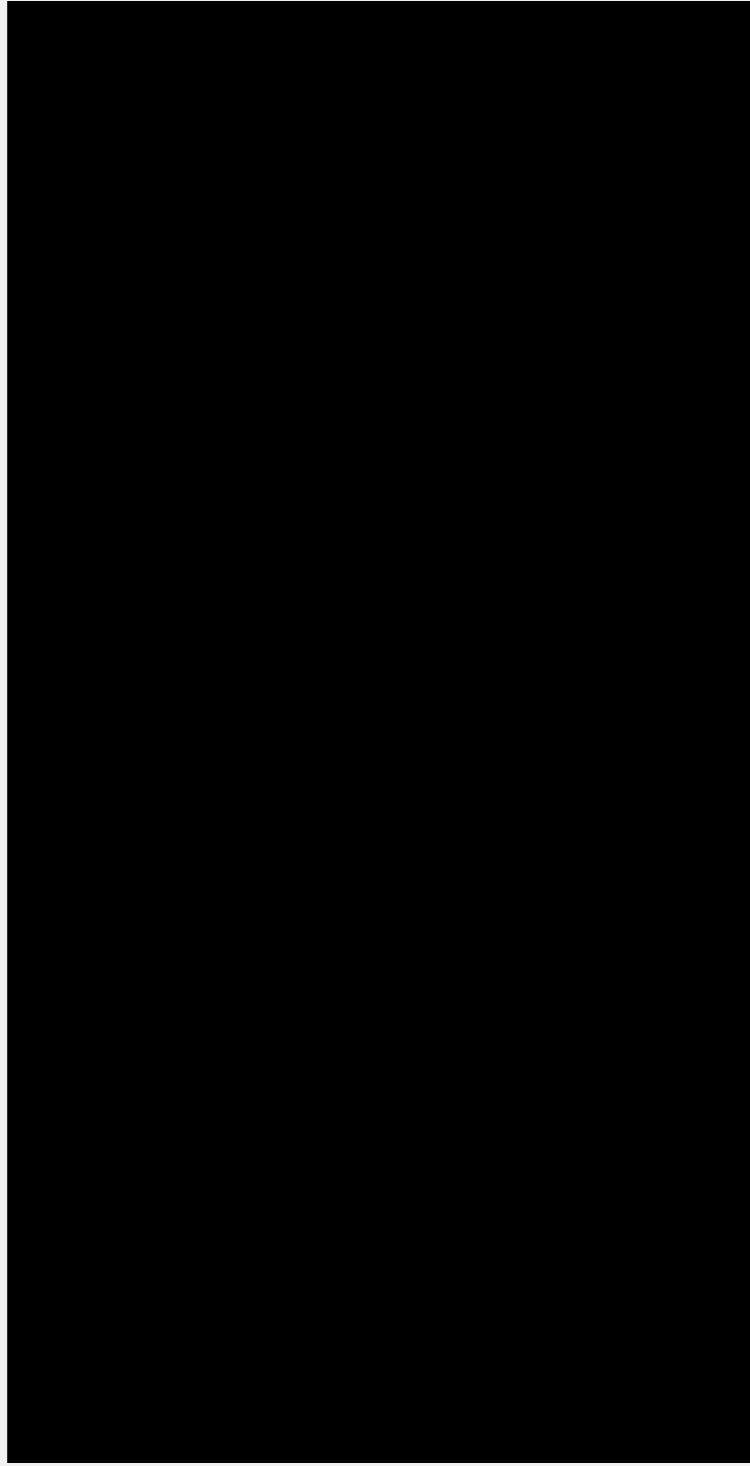
A. Peoples Gas System ("Peoples") is a division of Tampa Electric Company, which is a wholly owned subsidiary of TECO Energy, Inc. TECO Energy, Inc. is a subsidiary of Emera US Holdings, Inc. ("EUSHI"), which is a subsidiary of Emera, Inc. ("Emera"), a Canadian company. Peoples files a consolidated U.S. income tax return with EUSHI. Emera is not a U.S. taxpayer and not a party to the EUSHI U.S. consolidated tax return. Emera only files a U.S. Form 1120F informational treaty-based return.

As stated in the prepared direct testimony of Valerie Strickland, Docket No. 2020051-GU, Peoples believes that EUSHI is the parent entity that should be considered for the purpose of calculating the parent debt adjustment. Florida Administrative Code (F.A.C) Rule 25.14.004 entitled "Effect of Parent Debt on Federal Corporate Income Tax" provides that "the income tax expense of a regulated company shall be adjusted to reflect the income tax expense of the parent debt that may be invested in the equity of the subsidiary where a parent-subsidiary relationship exists and the parties to the relationship join in the filing of a consolidated income tax return" (emphasis added). Additionally, paragraph (2) of this rule provides that "where the regulated utility is a subsidiary of tiered parents, the adjusted income tax effect of the debt of all parents invested in the equity of the subsidiary utility shall reduce the income tax expense of the utility". Since EUSHI is the highest tiered parent and the ultimate parent company which files the U.S. consolidated tax return, and Emera Inc. does not join in the filing of a consolidated US income tax return with Peoples, the Company used the capital structure of EUSHI parent for the purpose of calculating the parent debt adjustment.

Although we do not accept that Emera should be considered the Parent for purposes of Rule 25.14.004, attached is a version of MFR Schedule C-26 using Emera's 2019 and projected 2021 data.

REDACTED

**PEOPLES GAS SYSTEM
DOCKET NO. 2020051-GU
DOCKET NO. 20200166-GU
STAFF'S FOURTH SET OF
INTERROGATORIES
INTERROGATORY NO. 36
PAGE 2 OF 2
FILED: AUGUST 31, 2020**



**PEOPLES GAS SYSTEM
DOCKET NO. 20200051-GU
DOCKET NO. 20200166-GU
STAFF'S FOURTH SET OF
INTERROGATORIES
INTERROGATORY NO. 37
PAGE 1 OF 2
FILED: AUGUST 31, 2020**

37. Please refer to MFR Schedule G-2, page 29 of 31. Please explain how the utility adjustment of (\$335,316) was derived.

A. The utility adjustment was determined as provide in the attached table.

PEOPLES GAS SYSTEM
DOCKET NO. 2020051-GU
DOCKET NO. 20200166-GU
STAFF'S FOURTH SET OF
INTERROGATORIES
INTERROGATORY NO. 37
PAGE 2 OF 2
FILED: AUGUST 31, 2020

PEOPLES GAS SYSTEM
TAX UTILITY ADJUSTMENT

	Adjustment on MFR G2-02	Line No. On MFR G2-02	Adjustment \$	State Tax	Federal Tax	Total Tax
Revenues						
CAST IRON/BARE STEEL RIDER (CIBSR) - ROI		Line No. 5	(1,541,208)	68,707	309,225	377,932
LEASE OF PHFFU		Line No. 6	(103,210)	4,601	20,708	25,309
Expenses						
EMPLOYEE ACTIVITIES		Line No. 12	(86,278)	(3,846)	(17,311)	(21,157)
ECONOMIC DEVELOPMENT ADJUSTMENT		Line No. 15	(37,500)	(1,672)	(7,524)	(9,196)
MAINTENANCE OF GENERAL PLANT		Line No. 17	(55,364)	(2,468)	(11,108)	(13,576)
MAINT. OF STRUCTURES AND IMPROVEMENTS		Line No. 18	(7,187)	(320)	(1,442)	(1,762)
NON-UTILITY USE OF COMMON PLANT		Line No. 20	(44,199)	(1,970)	(8,868)	(10,838)
NON-REGULATED ASSETS (WFNG)		Line No. 22	(46,469)	(2,072)	(9,323)	(11,395)
			<u>(1,921,415)</u>	<u>60,960</u>	<u>274,357</u>	<u>335,316</u>

Federal Tax Rate 21.00%
State Tax Rate 4.458%

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 Staff's Fourth Set of Interrogatories, (Nos. 32-37) in Docket Nos. 20200051-GU and 20200166, 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.

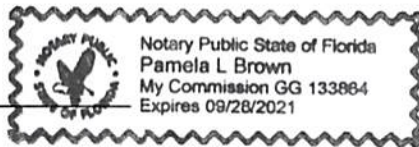
Dated at Tampa, Florida this 14th day of August, 2020.

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 _____



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kschrade@psc.state.fl.us
blheriss@psc.state.fl.us

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/s/ Andrew M. Brown, Esq.
Andrew M. Brown