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September 15, 2020

VIA FEDEX: 7715 3379 0358

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

REDACTED

**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:

We enclose for filing with the Commission:

The original and seven (7) copies of Peoples Gas System’s Request for Confidential Treatment which was filed on September 15, 2020.

Also, attached are copies of pages 9 and 15 of Andrea Crane’s testimony, one original that is highlighted in yellow and one redacted.

Thank you for your usual assistance.

Sincerely,

Andrew M. Brown

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AFD _____
APA _____
ECO 7
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IDM _____

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COMMISSION CLERK

AB/plb
Attachments

cc: J.R. Kelly/Mireille Fall-Fry (kelly.jr@leg.state.fl.us;fall-fry.mireille@leg.state.fl.us)
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Mr. Adam J. Teitzman
Commission Clerk
September 15, 2020
Page 2

Kandi Floyd
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1

	Growth 2009-2019	Growth 2019-2021
Gross Plant in Service	74.43%	31.63%
CWIP	44.57%	485.82%
Total	73.89%	38.51%

2 Gross plant and CWIP increased by 73.89% from 2009 to 2019 and is projected to
3 increase by another 38.51% in the two-year period between the Historic Base Year and
4 the Projected Test Year in this case. Thus, while there are 12 years between the
5 Projected Test Year in the last case and the Projected Test Year in this case, a
6 disproportionate amount of the rate base growth is due to the two years of projections
7 included by PGS in this case. [REDACTED]

8

9 **Q. How do the Company's 2020 and 2021 capital budgets compare with the amounts**
10 **traditionally budgeted by PGS?**

11 A. As shown in its response to OPC IRR-30 and Exhibit SPH-1 (Document No. 6), the
12 Company's capital budgets have increased dramatically over the past five years, and
13 additional growth is projected for 2020 and 2021:

	Approved Capital Budget (\$000)
2015	\$103,970
2016	\$106,539
2017	\$148,892
2018	\$195,929
2019	\$240,014
2020	\$358,693
2021	\$263,805

14

³ PGS response to OPC POD No. 34 at Bates No. 5212.

1 **Q. Doesn't your recommendation effectively move the Test Year up by one year,**
2 **from calendar year December 31, 2021, to calendar year December 31, 2020?**

3 **A.** No, it does not. While the Company's filing is based on the Projected Test Year ending
4 December 31, 2021, the Company reflected average Test Year balances in its rate base
5 claim. Assuming the Company added plant consistently during the year, the
6 Company's filing would effectively represent plant balances at June 30, 2021, the
7 midpoint of the Projected Test Year. Since I am recommending that the PSC utilize
8 Projected Plant Balances at December 31, 2020, my recommendation essentially
9 represents a difference of only six months from the Company's claim.

10 The purpose of my adjustments is not to change the Test Year selected by the
11 Company. It is simply to update the capital spending anticipated for that Test Year.
12 The data that was originally projected by the Company at December 31, 2020, is a
13 proxy for my recommended adjustments during the Projected 2021 Test Year. Given
14 the extremely ambitious capital program proposed in the filing, the inherent speculative
15 nature of any projected test year, and the unique economic situation that is currently
16 evolving in Florida, it is reasonable and appropriate for the PSC to set rates based on a
17 less ambitious capital program. [REDACTED]

18 [REDACTED]

19 [REDACTED]

20 **Q. What is the net impact on rate base of the plant-in-service, CWIP, and reserve**
21 **adjustments that you are recommending in this case?**

22 **A.** As shown in Exhibit ACC-2, Schedule 3, my recommendations will result in a rate base