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Public Service Commission

November 2, 2020

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STAFF'S FIRST DATA REQUEST
via Email

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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. Brown, Ms. Fall-Fry, and Mr. Moyle:

By this letter, the Commission staff requests that Peoples Gas System (PGS), Office of Public Counsel (OPC), and Florida Industrial Power Users Group (FIPUG) provide responses to the following data requests:

Discovery Questions on Stipulation and Settlement Agreement (2020 Agreement) filed on October 22, 2020:

1. In response to Staff's Third Set of interrogatories, No. 24, PGS provided a summary table of modifications to counties and communities served. The summary table removed the listing of Leon County from the table. In addition, in response to Staff's Second Request

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for Production of Documents, No. 2 PGS states the utility does not have a territorial or service agreement with the City of Tallahassee. However, Tariff Sheet No.6.101-3 provided in Exhibit B of the proposed Settlement Agreement does not include the referenced correction. Please explain how the Company plans to address this discrepancy.

2. On page 6, under subsection 2(e)(viii) of the 2020 Settlement Agreement please identify the non-capitalizable software implementation costs and amount(s).
3. On page 9, under subsection 4(c) of the 2020 Agreement, the Company identifies a theoretical accumulated depreciation reserve surplus of approximately \$245 million. The agreement also states that PGS may amortize up to \$34 million of this surplus in annual amounts for the calendar years 2020 through 2023.
 - a. Is \$34 million the cumulative amount that may be amortized from 2020 through 2023, or is it an annual amount that may be amortized each year from 2020 through 2023?
 - b. Is the Company precluded from amortizing any amount of the reserve surplus after 2023?
4. Please refer to the 2020 Agreement, page 4, which indicates that the "Roll in CI/BS" of "Company's 2021 Annual Revenue Requirement and Annual Base Revenue increase" agreed to by the parties is \$23,608,583. Please explain how this amount relates to PGS's projected 2021 test year CI/BS Rider-associated plant in service, in the amount of \$16,488,118, and accumulated depreciation, in the amount of \$84,198, which are shown in MFR Schedule G-1, page 4.
5. The 2020 Agreement, page 9, Item 4(c) reads "[t]he Company's proposed depreciation study reflected a theoretical accumulated depreciation reserve surplus of approximately \$245 million as of December 31, 2020."

Staff noted that when applying the "2020 Agreement" settled Net Salvage (NS) parameters, instead of PGS's originally proposed NS parameters to PGS's MS Excel file "(BS 6)(BS 1)2020 PGS Depr Study Proposed Rates Final.xlsx," tabs "Theoretical Reserve" and "Plant & Reserve," (PGS's response to Staff's 4th Request for Production of Documents, No. 6), PGS's theoretical reserve as of December 31, 2020, would be approximately \$531 million. Thus, PGS's theoretical reserve surplus, as of December 31, 2020, would be approximately \$269 million (after excluding the unregulated Account Nos. 37400, 11501 and 39002-associated book reserves from the calculation).

Please provide a reconciliation of staff's reserve analysis above and PGS's theoretical reserve and surplus/deficit positions as of December 31, 2020, using the 2020 Agreement proposed NS parameters, and provide a MS Excel file to show the calculations.

6. Please refer to the 2020 Agreement, pages 8 – 9 and 25, for the questions below:

- a. Referring to Item 4(c)(ii) of the 2020 Agreement, page 9, please identify PGS's currently projected plant in-service date of its Dade City Connector Project, as well as the depreciation Account(s) that will be used to record the plant additions resulting from this Project.
- b. Referring to Item 4(c)(iii) of the 2020 Agreement, page 9, please identify PGS's currently projected plant in-service date of its Work and Asset Management Project, as well as the depreciation account(s) that will be used to record the plant additions resulting from this Project.
- c. Referring to Item 12(c) and Exhibits C and D of the 2020 Agreement, please confirm that the parties agree that PGS's proposals of establishing new depreciation accounts for the Company's proposed new RNG plant (Account 33600) with a remaining life depreciation rate of 3.5%, new LNG plant (Account 36400) with a remaining life depreciation rate of 3.5%, and new Compressor Equipment plant (Account 37700) with a remaining life depreciation rate of 3.0% are appropriate.

Please file all responses electronically no later than Monday, November 9, 2020, from the Commission's website at www.floridapsc.com, by selecting the Clerk's Office tab and Electronic Filing Web Form. Please feel free to email me at kschrade@psc.state.fl.us if you have any questions.

Sincerely,

/s/ Kurt Schrader

Kurt Schrader
Senior Attorney

KMS/lms

cc: Office of Commission Clerk
Paula K. Brown - Peoples Gas System – Regulatory Affairs