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November 6, 2020

**VIA E-PORTAL FILING**

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

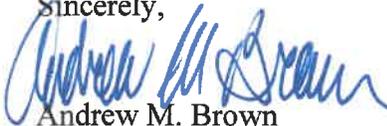
**Re: Docket No. 20200051-GU – Petition for rate increase by Peoples Gas System  
Docket No. 20200166-GU-Petition for approval of 2020 depreciation study  
by Peoples Gas System**

Dear Mr. Teitzman:

Attached for electronic filing in the above docket on behalf of Peoples Gas System (“Peoples”), please find their Response to Staff’s First Data Request Nos. 1-6 in the above case. Peoples has consulted with OPC and FIPUG and they are both in agreement with the attached Responses. Also, we are providing by separate cover a thumb drive, via FedEx to the Commission Clerk, containing the Excel spreadsheet attachment to Response #4.

Your assistance in this matter is greatly appreciated.

Sincerely,

  
Andrew M. Brown

AB/plb  
Attachment

cc: Charles Rehwinkel ([Rehwinkel.charles@leg.state.fl.us](mailto:Rehwinkel.charles@leg.state.fl.us))  
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**PEOPLES GAS SYSTEM  
OFFICE OF PUBLIC COUNSEL  
FLORIDA INDUSTRIAL POWER  
USERS GROUP  
DOCKET NO. 20200051-GU  
DOCKET NO. 20200166-GU  
STAFF'S FIRST DATA REQUEST  
REQUEST NO. 1  
FILED: NOVEMBER 6, 2020**

**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 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.
  
- A. As described in Staff's 2<sup>nd</sup> Production of Documents Request Numbers 2 and 3, Peoples does not have a territorial or service agreement with the City of Tallahassee and Peoples provided a revised tariff sheet showing the City of Tallahassee removed. However, Peoples inadvertently left Leon County off the table. Peoples has a trunk line and gate station in unincorporated Leon County to serve customers in Wakulla County and in an effort to fully disclose the location of its infrastructure has included Leon County in its Counties and Communities served.

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REQUEST NO. 2  
FILED: NOVEMBER 6, 2020**

- 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).
  
- A.** The identified non-capitalizable software implementation costs and amounts are associated with the Company's New Work Asset Management system and were provided in response to Staff's Tenth Set of Interrogatories, Nos. 120 and 125.

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REQUEST NO. 3  
FILED: NOVEMBER 6, 2020**

- 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?
  
- A.**
  - a. The \$34 million is a cumulative amount that may be amortized from 2020 through 2023.
  - b. Yes, an amount up to \$34 million may be amortized through 2023 and any unamortized balance cannot be amortized to any period that ends before January 1, 2020 or begins after December 31, 2023.

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REQUEST NO. 4  
FILED: NOVEMBER 6, 2020**

- 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.
  
- A.** The \$23,608,583 of revenue requirements is associated with the \$200,687,200 net book value of investments in the CI/BS Rider made through December 31, 2020 being rolled into rate base on January 1, 2021, and will be recovered through base rates in 2021. The \$16,488,118 of CI/BS Rider-associated plant in service and \$84,198 of accumulated depreciation shown on MFR Schedule G-1, page 4 is the estimated amount of CI/BS Rider eligible investments made during the period January 1, 2021 to December 31, 2021, and the related revenue requirements will be recovered through the CI/BS Rider in 2021.

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REQUEST NO. 5  
FILED: NOVEMBER 6, 2020**

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.

- A. Peoples agrees with Staff’s analysis in that when applying the 2020 Agreement NS parameters, the Company’s theoretical reserve as of December 31, 2020, would be \$531,219,857 and the theoretical reserve surplus as of December 31, 2020 would be \$268,891,570. See the attached file “Exhibit C and D to PGS Settlement revised.xlsx”, tabs “Plant & Reserve” and “Theoretical Reserve” for the analysis and calculations supporting these amounts.

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REQUEST NO. 6  
FILED: NOVEMBER 6, 2020**

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.
- A.
- a. The currently projected in-service date for the Dade City Connector Project is December 2022 and the accounts used to record the plant additions for this project is Account 37600 Mains Steel.
  - b. The currently projected in-service date for the Work and Asset Management System is in the first quarter of 2023, and the accounts used to record the plant additions for this project is Account 30301 Custom Intangible Plant.
  - c. Yes. The parties agree that the proposed depreciation accounts are appropriate.