



February 12, 2021

VIA ELECTRONIC-FILING

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

**Re: Proposed Rule 25-7.0143, Florida Administrative Code (F.A.C.) Statement
of Estimated Regulatory Costs Staff Data Request.
Undocketed: 20210000-OT**

Dear Mr. Teitzman:

Enclosed is Peoples Gas System's response to Staff's First Data Request (Nos. 1 - 12).

Thank you for your assistance in this matter. If you have any questions, please contact me at
(813) 228-4668.

Sincerely,

A handwritten signature in blue ink that reads "Kandi Floyd".

Kandi Floyd
Director, Regulatory Affairs

Enclosures

cc: Derrick MacDonald
Paula K. Brown
Sevini Guffey

**PEOPLES GAS SYSTEM
UNDOCKETED: PROPOSED
REVISION TO RULE 25-7.0143
STAFF'S (SERC) FIRST
INFORMAL DATA REQUEST
REQUEST NO. 1
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**Re: Rule 25-7.0143 Use of Accumulated Provision Accounts 228.1, 228.2,
and 228.4., F.A.C.**

1. Proposed new Section (1)(a) seek to establish Account No. 228.1 and require the natural gas utility to maintain a schedule of risks with description of property, character of risks and accrual rates used. Considering these new requirements, what is the estimated annual regulatory costs, including transactional costs to your utility to comply?
 - A. Peoples Gas System (the Company) has an established storm reserve and follows this process and therefore does not expect any incremental costs.

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- 2.** Proposed new Section (1)(c) requires the utility to establish a separate subaccount within Account No. 228.1 which is designated to cover storm related damages...” and maintain supporting entries by each storm event. What is the estimated annual regulatory cost, including transactional costs to the utility to comply with this proposed new requirement?
 - A.** The Company has an established storm reserve and follows this process and therefore does not expect any incremental costs.

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- 3.** Proposed new Section (1)(e)1, related to contract labor, states that the utility may adjust historical monthly contract labor costs charged to operation and maintenance expenses and that each adjustment must be accompanied by a detailed explanation of the nature and derivation of the adjustment. Please provide the annual regulatory costs, including transactional costs to the utility to comply with the proposed requirement.

- A.** The Company has an established storm reserve and follows this process, as well as the approved Storm Cost Settlement Agreement in Docket No. 20190109-GU. Therefore, the Company does not expect any incremental costs.

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- 4.** Proposed new Section (1)(e)8 allows the utility to adjust historical monthly payroll related costs charged to operation and maintenance expenses and to prepare detailed explanation of the nature and derivation of the adjustment. Please state the estimated annual regulatory costs, including transactional costs to your utility to comply.

- A.** The Company has an established storm reserve and follows this process and therefore does not expect any incremental costs.

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- 5.** Proposed new Section (1)(e)9 allows the utility to adjust historical monthly fuel cost for company and contractor vehicles costs charged to operation and maintenance expenses and to prepare detailed explanation of the nature and derivation of the adjustment. Please state the estimated annual regulatory costs, including transactional costs to your utility to comply.

- A.** The Company has an established storm reserve and follows this process and therefore does not expect any incremental costs.

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- 6.** Proposed new language in Section (1)(e)11 states that the utility may adjust historical monthly vegetation management costs specifically related to storm restoration activities, charged to operation and maintenance expenses and that each adjustment shall be accompanied by a detailed explanation of the nature and derivation of the adjustment. Considering this requirement, what are the annual incremental regulatory costs including transactional expenses to your utility to prepare the detailed vegetation management cost adjustments?
 - A.** The Company does not incur vegetation management costs and therefore does not expect any incremental costs.

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- 7.** Proposed new language in Section (1)(e)12 requires the utility to report other costs and expenses not identified in 1 through 11, that are directly and solely attributable to a storm restoration event. What are the estimated annual regulatory, including transactional costs to your utility to collect and report this information to the Commission?
 - A.** The Company has an established storm reserve and follows this process and therefore does not expect any incremental costs.

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- 8.** Referring to the new proposed language in Section (1)(g), F.A.C., what are the estimated regulatory costs, including transactional costs to the utility to file a petition for the disposition of any costs deferred prior to June 1 of the year following the storm event?
 - A.** If a petition is required the Company may incur incremental external legal and other administrative costs, which are not expected to be material.

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- 9.** What is the estimated regulatory cost, including transactional cost to the utility to file a Storm Damage Self-Insurance Reserve Study with the Commission by January 15, 2021 and at least every 5 years thereafter pursuant to proposed new language in subsection 1(l)

- A.** The estimated cost to file a Storm Damage Self-Insurance Reserve Study with the Commission would be approximately \$50,000 - \$100,000.

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- 10.** What are the estimated regulatory costs, including transactional costs to establish new accounts 228.1, 228.2, and 228.4 pursuant to Rule 25-7.0143(1), (2), and (3), F.A.C.?
 - A.** The Company has an established storm reserve and does not expect any material incremental costs.

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- 11.** Please state the annual regulatory costs, including transactional costs to your utility to comply with subsection (3) of Rule 25-7.0143, F.A.C.
 - A.** The Company has an established storm reserve and does not expect any material incremental costs.

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- 12.** Please discuss any potential benefits to your utility from the proposed creation of a rule for the accounting of gas utilities' costs that result from storm-related damage.
 - A.** The Company had previously established its storm reserve on the basis of the electric Rule 25-6.0143 F.A.C. The Company believes that application of the three-year average to derive incremental storm restoration costs for certain expense categories, subject to the ability to adjust the three-year average, offers a reasonable way to identify incremental costs, and, may be beneficial to the extent that this methodology helps to avoid litigated issues. The Company does not expect that the creation of Rule 25.7.0143 F.A.C. will result in material incremental costs. The Company supports the creation of the rule that specifically applies to gas distribution LDCs as it provides consistency and clarity for the gas industry.