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# Public Service Commission

March 20, 2023

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## STAFF'S SECOND DATA REQUEST *via e-mail*

**Re: 20220212-GU - Petition for approval of depreciation rate and subaccount for renewable natural gas facilities leased to others by Peoples Gas System.**

Dear Sirs:

By this letter, the Commission staff requests that Peoples Gas Systems (PGS) provide responses to the following data requests:

1. Please refer to PGS's response to Staff's First Data Request (1<sup>st</sup> DR), No. 4, for questions below:
  - a. PGS's response to 1<sup>st</sup> DR, No. 4(a), reads "The Alliance RNG project pro forma plant additions to Account 336.00 include the pipeline facilities from the outlet of the RNG plant to the various transmission pipeline interconnects. These plant additions include plastic and steel mains, [...]" Please specify in which of the following accounts the plant assets of the stated "plastic and steel mains" are booked, and explain PGS's reasons for selecting the account that it did:

Account 376.00 – Main Steel,  
Account 376.02 – Mains Plastic, or  
Account 336.00 – RNG
  - b. PGS's response to 1<sup>st</sup> DR, No. 4(b), reads "Account 336.01 include all RNG equipment and RNG facilities from [...] to the outlet of the RNG Plant (e.g., covered lagoon digester, plastic main, [...] and other RNG equipment)." Please explain why PGS determined that the "plastic main" should be booked to Account 336.01, instead of Account 376.02 – Mains Plastic.

- c. Please provide a simplified drawing (using a box to represent RNG equipment and a line to represent a pipeline) to illustrate your response to Question No. 4(c). Within this drawing, please include each and all of the major RNG equipment, as well as the steel and plastic pipelines (including the “pipeline extension” discussed in PGS’s responses to 1<sup>st</sup> DR Nos. 5(a) and 8(b)), with every box and line clearly marked with the plant asset description and the depreciation account used for booking the plant asset.
2. Please refer to PGS’s response to 1<sup>st</sup> DR, No. 6.
  - a. Referring to Staff’s question in, and PGS’s response to, 1<sup>st</sup> DR, No. 6(a), what is the commencement date of the Brightmark Project?
  - b. Based upon PGS’s response to 1<sup>st</sup> DR, No. 6(c), is it fair to say that PGS believes that the Brightmark Project would result in no risk to the general body of ratepayers? Please explain your response.
3. Please refer to PGS’s response to 1<sup>st</sup> DR, No. 8.
  - a. Please confirm that the “FGT pipeline,” referred to in the response to 8(a), stands for “Florida Gas Transmission pipeline.”
  - b. Is it correct that the “pipeline extension” will not be included in the RNG plant that PGS will buy and lease back to Brightmark as discussed in Paragraph 21.c. of the instant petition? Please explain your response.
4. Referring to PGS’s response to 1<sup>st</sup> DR, No. 9(c):
  - a. Please explain whether all the renewable natural gas generated at the Larson Dairy Farm will be sold to PGS.
  - b. If the response to Question No. 4(a) is affirmative, please explain how the Larson Dairy Farm-produced RNG will be priced.
5. Please refer to PGS’s responses to questions Nos. 5(a) and 10(b):
  - a. PGS’s response to No. 10(b) reads “[PGS] plans to recover the investment in the pipeline extension over a 15-year period through the Monthly Service Charge.” Based on this, is that correct that the “pipeline extension” will be depreciated at an annual rate of 6.7 (= 1/15) percent? Please explain your response.
  - b. PGS’s response to question No. 5(a) reads “the pipeline extension will be included in Account 376.00 Main Steel.” PGS’s currently approved depreciation rate for Account 376.00 is 2.1 percent; and in its 2022 Depreciation Study, PGS proposed to increase it to 2.4 percent for this account, is that correct? Please explain your response.

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- c. Please explain in detail how PGS would recover the “pipeline extension” using an annual depreciation rate of 6.7 percent while booking the plant asset in an account which has an annual recovery rate of 2.1 percent or 2.4 percent (if approved by the Commission).
6. Referring to PGS’s response to 1<sup>st</sup> DR, No. 12(b) and (c), please identify the estimated annual amount of RNG (therms) that will be transported from the Larson Dairy Farm to the interstate transmission pipeline.

Please file all responses electronically no later than Monday, April 10, 2023, from the Commission’s website at [www.floridapsc.com](http://www.floridapsc.com), by selecting the Clerk’s Office tab and Electronic Filing Web Form. Please feel free to call me at (850) 413-6846 if you have any questions.

Sincerely,

*/s/ Daniel Dose*

Daniel Dose

Office of the General Counsel

DD/crv

cc: Office of Commission Clerk