

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for rate increase by Peoples Gas System, Inc.	DOCKET NO. 20230023-GU
In re: Petition for approval of 2022 depreciation study, by Peoples Gas System, Inc.	DOCKET NO. 20220219-GU
In re: Petition for approval of depreciation rate and subaccount for renewable natural gas facilities leased to others, by Peoples Gas System, Inc.	DOCKET NO. 20220212-GU ORDER NO. PSC-2023-0157-PCO-GU ISSUED: May 15, 2023

The following Commissioners participated in the disposition of this matter:

ANDREW GILES FAY, Chairman
ART GRAHAM
GARY F. CLARK
MIKE LA ROSA
GABRIELLA PASSIDOMO

ORDER SUSPENDING REQUEST FOR RATE INCREASE
AND ALL ASSOCIATED TARIFF REVISIONS

BY THE COMMISSION:

Background

On April 4, 2023, Peoples Gas System, Inc. (PGS or Company) filed a petition in Docket No. 20230023-GU seeking our approval of a rate increase and associated depreciation rates. PGS is a natural gas local distribution company providing sales and transportation delivery of natural gas, and is a public utility subject to our regulatory jurisdiction under Section 366.02, Florida Statutes (F.S.). As a wholly owned subsidiary of TECO Gas Operations, Inc., PGS currently serves approximately 470,000 residential, commercial, industrial, and electric power generation customers in 39 counties.

PGS requested an increase of approximately \$139.3 million in base rates. Of that amount, about \$11.7 million is associated with revenue requirements transferred from the Cast Iron/Base Steel Replacement Rider (CI/BSR). The remaining \$127.6 million is necessary, according to PGS, for the Company to earn a fair return on its investment. PGS based its request on a 13-month average rate base of \$2.4 billion for the projected test year ending December 31, 2024. The requested overall rate of return is 7.42 percent based on a mid-point return on equity of 11.00 percent.

On December 15, 2022, PGS filed a petition in Docket No. 20220212-GU (RNG Depreciation Docket) seeking approval of a new depreciation rate and subaccount for renewable natural gas facilities leased to others. On December 28, 2022, PGS filed a petition seeking approval of the Company's 2022 Depreciation Study in Docket No. 20220219-GU (Depreciation Study Docket). On April 4, 2023, PGS filed a motion seeking to consolidate the RNG Depreciation Docket, the Depreciation Study Docket, and the rate proceeding in Docket No. 20230023-GU. By Order No. PSC-2023-0128-PCO-GU, issued April 12, 2023, the three dockets were consolidated.

This Order addresses the suspension of PGS's proposed final rates and charges. PGS did not request interim rate relief in this proceeding.

The Company's last rate case, in Docket No. 20200051-GU, was resolved by our approval of a settlement agreement (2020 Agreement).¹ The Commission-approved 2020 Agreement allowed PGS to generate an additional \$58 million in revenues for the projected test year ended December 31, 2021. The 2020 Agreement also authorized a return on equity of 9.90 percent. The 2020 Agreement will expire on December 31, 2023.

Pursuant to Sections 366.06(2) and (4), F.S., PGS requested this rate case be considered using our hearing process. Accordingly, in compliance with Section 366.06(2), F.S., an administrative hearing has been scheduled for August 29 through September 1, 2023. We have jurisdiction over this request under Section 366.06, F.S.

Decision

The requested permanent increases in rates and charges for PGS are hereby suspended to allow staff and the parties time to analyze the case and for us to conduct an administrative hearing.

Pursuant to Section 366.06(3), F.S., we may withhold consent to the operation of all or any portion of a new rate schedule, delivering to the utility requesting such a change, a reason, or written statement of good cause for doing so within 60 days. We find that the reason stated above is a good cause consistent with the requirement of Section 366.06(3), F.S.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Peoples Gas System's request for a \$139.3 million rate increase and all associated tariff revisions are hereby suspended pending a final decision in this docket. It is further

ORDERED that this docket shall remain open pending final resolution of Peoples Gas System's petition for a permanent rate increase.

¹Order No. PSC-2020-0485-FOF-GU, issued December 10, 2020, in Docket No. 20200051- GU, *In re: Petition for rate increase by Peoples Gas System*.

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By ORDER of the Florida Public Service Commission this 15th day of May, 2023.



ADAM J. TEITZMAN
Commission Clerk
Florida Public Service Commission
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Copies furnished: A copy of this document is provided to the parties of record at the time of issuance and, if applicable, interested persons.

MRT

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

Any party adversely affected by this order, which is preliminary, procedural or intermediate in nature, may request: (1) reconsideration within 10 days pursuant to Rule 25-22.0376, Florida Administrative Code; or (2) judicial review by the Florida Supreme Court, in the case of an electric, gas or telephone utility, or the First District Court of Appeal, in the case of a water or wastewater utility. A motion for reconsideration shall be filed with the Office of Commission Clerk, in the form prescribed by Rule 25-22.0376, Florida Administrative Code. Judicial review of a preliminary, procedural or intermediate ruling or order is available if review of the final action will not provide an adequate remedy. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.