

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 DATED: August 10, 2023

COMMISSION STAFF’S PREHEARING STATEMENT

Pursuant to Order No. PSC-2023-0128-PCO-GU, filed April 12, 2023, the Staff of the Florida Public Service Commission files its Prehearing Statement.

1. All Known Witnesses

Witness	Subject Matter	Issues #
Direct		
Donna D. Brown	Staff Audit Report	As needed
Angela L. Calhoun	Customer Complaints	4

2. All Known Exhibits

Witness	Proffered By	Exhibit #	Description
Direct			
Donna D. Brown	Commission Staff	DDB-1	Auditor’s Report
Angela L. Calhoun	Commission Staff	ALC-1	List of Service Complaints
Angela L. Calhoun	Commission Staff	ALC-2	List of Billing Complaints
Angela L. Calhoun	Commission Staff	ALC-3	List of Warm Transfers

3. Staff's Statement of Basic Position

Staff's positions are preliminary and based on materials filed by the parties and on discovery. The preliminary positions are offered to assist the parties in preparing for the hearing. Staff's final positions will be based upon all the evidence in the record and may differ from the preliminary positions stated herein.

4. Staff's Position on the Issues

TEST PERIOD AND FORECASTING

ISSUE 1: Is PGS's projected test period of the twelve months ending December 31, 2024, appropriate?

POSITION: Staff has no position at this time.

ISSUE 2: Should the Commission approve PGS's forecasts of customers and therms by rate class for the projected test year ending December 31, 2024? If not, what adjustments should be made?

POSITION: Staff has no position at this time.

ISSUE 3: Are PGS's estimated revenues from sales of gas by rate class at present rates for the projected test year appropriate? If not, what adjustments should be made?

POSITION: Staff has no position at this time.

QUALITY OF SERVICE

ISSUE 4: Is the quality of service provided by PGS adequate?

POSITION: Staff has no position at this time.

DEPRECIATION STUDY

ISSUE 5: Should PGS's request to establish a new subaccount and annual depreciation rate applicable to its renewable natural gas (RNG) plant leased to others for 15 years be approved, and, if so, what depreciation rate and implementation date should be approved?

POSITION: Staff has no position at this time.

ISSUE 6: Are vehicle retirements, including salvage, properly matched with the prudent level of additional vehicles included in rate base? If not, what adjustments should be made?

POSITION: Staff has no position at this time.

ISSUE 7: What depreciation parameters (remaining life, net salvage percentage, and reserve percentage) and resulting depreciation rates for each distribution and general plant account should be approved?

POSITION: Staff has no position at this time.

ISSUE 8: In establishing the projected test year's depreciation expense, should the approved depreciation rates be calculated using a depreciation study date of December 31, 2023 or December 31, 2024?

POSITION: Staff has no position at this time.

ISSUE 9: Based on the application of the depreciation parameters to PGS's data that the Commission has adopted, and a comparison of the theoretical reserves to the book reserves, what, if any, are the resulting imbalances?

POSITION: Staff has no position at this time.

ISSUE 10: What, if any, corrective depreciation reserve measures should be taken with respect to any imbalances identified in Issue 9?

POSITION: Staff has no position at this time.

ISSUE 11: What should be the implementation date for revised depreciation rates, capital recovery schedules, and amortization schedules?

POSITION: Staff has no position at this time.

RATE BASE

ISSUE 12: Has PGS made the proper adjustments to remove all non-utility activities from the projected test year Plant in Service, Accumulated Depreciation, and Working Capital? If not, what adjustments should be made?

POSITION: Staff has no position at this time.

ISSUE 13: Has PGS made the proper adjustments to remove all costs attributable to the operations of Seacoast Gas Transmission (SGT)? If not, what adjustments should be made?

POSITION: Staff has no position at this time.

ISSUE 14: Has PGS made the proper adjustments to reflect Cast Iron/Bare Steel Rider (CI/BSR) investments as of December 31, 2023, in rate base? If not, what adjustments should be made?

POSITION: Staff has no position at this time.

ISSUE 15: Should PGS's proposed Advanced Metering Infrastructure (AMI) Pilot be approved? If not, what adjustments should be made?

POSITION: Staff has no position at this time.

ISSUE 16: Should the New River RNG project be included in rate base, and if so, are the revenues under Service Agreement pursuant to the RNG Service Tariff adequate to cover the revenue requirements of the project? If not, what adjustments should be made?

POSITION: Staff has no position at this time.

ISSUE 17: Should the Brightmark RNG project be included in rate base, and if so, are the revenues under Service Agreement pursuant to the RNG Service Tariff adequate to cover the revenue requirements of the project? If not, what adjustments should be made?

POSITION: Staff has no position at this time.

ISSUE 18: Should the Alliance Dairies RNG project be included in rate base, and if so, are the terms and conditions of the Biogas Incentives Agreement adequate to protect ratepayers and cover the revenue requirements of the project? If not, what adjustments should be made?

POSITION: Staff has no position at this time.

ISSUE 19: Has PGS properly reflected in the projected test year the cost saving benefits to be gained from implementation of the Work and Asset Management (WAM) system? If not, what adjustments should be made?

POSITION: Staff has no position at this time.

ISSUE 20: Should any adjustments be made to the amounts included in the projected test year for acquisition adjustment and accumulated amortization of acquisition adjustment?

POSITION: Staff has no position at this time.

ISSUE 21: What level of projected test year plant in service should be approved?

POSITION: Staff has no position at this time.

ISSUE 22: What level of projected test year plant accumulated depreciation and amortization should be approved?

POSITION: Staff has no position at this time.

ISSUE 23: What level of projected test year Construction Work in Progress (CWIP) should be approved?

POSITION: Staff has no position at this time.

ISSUE 24: Has PGS made the proper adjustments to the Working Capital Allowance to reflect under recoveries and over recoveries in the projected test year related to the Purchased Gas Adjustment, Energy Conservation Cost Recovery, and CI/BSR? If not, what adjustments should be made?

POSITION: Staff has no position at this time.

ISSUE 25: What amount of projected test year unamortized rate case expense should be included in working capital?

POSITION: Staff has no position at this time.

ISSUE 26: What level of projected test year working capital should be approved?

POSITION: Staff has no position at this time.

ISSUE 27: What level of projected test year rate base should be approved?

POSITION: Staff has no position at this time.

COST OF CAPITAL

ISSUE 28: What amount of projected accumulated deferred taxes should be approved for the projected test year capital structure?

POSITION: Staff has no position at this time.

ISSUE 29: What cost rate should be approved for the unamortized investment tax credits for the projected test year capital structure?

POSITION: Staff has no position at this time.

ISSUE 30: What amount and cost rate for customer deposits should be approved for the projected test year capital structure?

POSITION: Staff has no position at this time.

ISSUE 31: What cost rate of short-term debt should be approved for the projected test year capital structure?

POSITION: Staff has no position at this time.

ISSUE 32: What cost rate of long-term debt should be approved for the projected test year capital structure?

POSITION: Staff has no position at this time.

ISSUE 33: Has PGS made the proper adjustments to remove all non-utility investments from the projected test year common equity balance? If not, what adjustments should be made?

POSITION: Staff has no position at this time.

ISSUE 34: What equity ratio should be approved for the projected test year capital structure?

POSITION: Staff has no position at this time.

ISSUE 35: What return on equity (ROE) should be approved for establishing PGS's projected test year revenue requirement?

POSITION: Staff has no position at this time.

ISSUE 36: What capital structure and weighted average cost of capital should be approved for establishing PGS's projected test year revenue requirement?

POSITION: Staff has no position at this time.

NET OPERATING INCOME

ISSUE 37: Has PGS made the proper adjustments to remove the Purchased Gas Adjustment, Natural Gas Conservation Cost Recovery Clause, and CI/BSR Revenues and Expenses from the projected test year? If not, what adjustments should be made?

POSITION: Staff has no position at this time.

ISSUE 38: Has PGS made the proper adjustments to remove all non-utility activities from projected test year operating expenses, including depreciation and amortization expense? If not, what adjustments should be made?

POSITION: Staff has no position at this time.

ISSUE 39: What amount of projected test year Uncollectible Accounts and Bad Debt should be included in the Revenue Expansion Factor?

POSITION: Staff has no position at this time.

ISSUE 40: What non-labor trend factors should be used for inflation and customer growth for the projected test year?

POSITION: Staff has no position at this time.

ISSUE 41: What amount of projected test year contractor and contract services cost should be approved?

POSITION: Staff has no position at this time.

ISSUE 42: What number of projected test year employees should be approved?

POSITION: Staff has no position at this time.

ISSUE 43: What amount of projected test year salaries and benefits, including incentive compensation, should be approved?

POSITION: Staff has no position at this time.

ISSUE 44: Has PGS made the proper adjustments to remove lobbying, charitable contributions, sponsorships, and institutional and image advertising from the projected test year? If not, what adjustments should be made?

POSITION: Staff has no position at this time.

ISSUE 45: What amount of projected test year Economic Development Expense should be approved?

POSITION: Staff has no position at this time.

ISSUE 46: What amount of projected test year annual storm damage accrual and storm damage reserve cap should be approved?

POSITION: Staff has no position at this time.

ISSUE 47: What adjustments, if any, should be made to projected test year expenses being incurred by, or charged to, PGS related to merger & acquisition development or pursuit activity?

POSITION: Staff has no position at this time.

ISSUE 48: What amount of projected test year Rate Case Expense should be approved? What amortization period should be used?

POSITION: Staff has no position at this time.

ISSUE 49: What amount of projected test year O&M expenses should be approved?

POSITION: Staff has no position at this time.

ISSUE 50: What amount of projected test year Depreciation and Amortization Expense should be approved?

POSITION: Staff has no position at this time.

ISSUE 51: What amount of projected test year Taxes Other than Income should be approved?

POSITION: Staff has no position at this time.

ISSUE 52: What amount of Parent Debt Adjustment is required by Rule 25-14.004, Florida Administrative Code?

POSITION: Staff has no position at this time.

ISSUE 53: What amount of projected test year Income Tax Expense should be approved?

POSITION: Staff has no position at this time.

ISSUE 54: What amount of projected test year Total Operating Expenses should be approved?

POSITION: Staff has no position at this time.

ISSUE 55: What amount of projected test year Net Operating Income should be approved?

POSITION: Staff has no position at this time.

REVENUE REQUIREMENTS

ISSUE 56: What revenue expansion factor and net operating income multiplier should be approved for the projected test year?

POSITION: Staff has no position at this time.

ISSUE 57: What annual operating revenue increase should be approved for the projected test year?

POSITION: Staff has no position at this time.

COST OF SERVICE AND RATE DESIGN

ISSUE 58: Should the Commission approve PGS's proposed cost of service study?

POSITION: Staff has no position at this time.

ISSUE 59: If the Commission grants a revenue increase to PGS, how should the increase be allocated to the rate classes?

POSITION: Staff has no position at this time.

ISSUE 60: What customer charges should be approved?

POSITION: Staff has no position at this time.

ISSUE 61: What per therm distribution charges should be approved?

POSITION: Staff has no position at this time.

ISSUE 62: What miscellaneous service charges should be approved?

POSITION: Staff has no position at this time.

ISSUE 63: Should the Commission approve PGS's revised annual residential rate reclassification review?

POSITION: Staff has no position at this time.

ISSUE 64: Should the Commission approve PGS's revision to the Residential and Commercial Generator rate design?

POSITION: Staff has no position at this time.

ISSUE 65: Should the Commission approve PGS's revised termination fee for the Natural Choice Transportation Program (Tariff Sheet No. 7.803-3)?

POSITION: Staff has no position at this time.

ISSUE 66: Should the Commission approve PGS's revised Individual Transportation Administration Fee (Tariff Sheet No. 7.805)?

POSITION: Staff has no position at this time.

ISSUE 67: Should the Commission approve PGS's new Minimum Volume Commitment provision (Tariff Sheet No. 5.601) and associated Agreement (Tariff Sheet Nos. 8.126-8.126-11)?

POSITION: Staff has no position at this time.

ISSUE 68: Should the Commission approve PGS's non-rate related tariff modifications?

POSITION: Staff has no position at this time.

ISSUE 69: Should the Commission approve PGS's proposed tariffs reflecting the Commission-approved target revenues?

POSITION: Staff has no position at this time.

ISSUE 70: What is the effective date for PGS's revised rates and charges?

POSITION: Staff has no position at this time.

OTHER ISSUES

ISSUE 71: Should the Commission approve PGS's proposed long-term debt cost rate true-up mechanism?

POSITION: Staff has no position at this time.

ISSUE 72: What adjustments, if any, should be made to the projected test year related to the spin-off of PGS?

POSITION: Staff has no position at this time.

ISSUE 73: Should the Commission approve PGS's proposal for addressing a change in tax law?

POSITION: Staff has no position at this time.

ISSUE 74: Should PGS be required to file, within 90 days after the date of the final order in this docket, a description of all entries or adjustments to its annual report, rate of return reports, and books and records which will be required as a result of the Commission's findings in this rate case?

POSITION: Staff has no position at this time.

ISSUE 75: Should this docket be closed?

POSITION: Staff has no position at this time.

5. **Stipulated Issues**

There are no stipulated issues at this time.

6. **Pending Motions**

Commission staff has no pending motions.

7. **Pending Confidentiality Claims or Requests**

Commission staff has no pending confidentiality claims or requests.

8. Objections to Witness Qualifications as an Expert

Commission staff has no objections to witness qualifications as an expert.

9. Compliance with Order No. PSC-2023-0128-PCO-GU

Staff has complied with all requirements of the Order Establishing Procedure entered in this docket.

Respectfully submitted this 10th day of August, 2023.

/s/ Major R. Thompson

MAJOR R. THOMPSON

STAFF COUNSEL

FLORIDA PUBLIC SERVICE COMMISSION

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DOCKET NO. 20230023-GU

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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

DATED: August 10, 2023

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that STAFF'S PREHEARING STATEMENT has been filed with the Office of Commission Clerk and that a true copy has been furnished to the following by electronic mail this 10th day of August, 2023:

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/s/ Major R. Thompson

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