

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: September 21, 2023

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Economics (Ward, Hampson) *EJD*
Office of the General Counsel (Sandy) *JSC*

RE: Docket No. 20230098-GU – Petition for approval of 2022 true-up, projected 2023 true-up, and 2024 revenue requirements and surcharges associated with cast iron/bare steel pipe replacement rider, by Peoples Gas System.

AGENDA: 10/03/23 – Regular Agenda – Tariff Suspension – Participation is at the Commission’s discretion

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: 10/31/23 (60-Day Suspension Date)

SPECIAL INSTRUCTIONS: None

Case Background

On September 1, 2023, Peoples Gas System, Inc. (Peoples or utility) filed a petition for approval of the 2022 true-up, projected 2023 true-up, and 2024 revenue requirements and surcharges associated with its cast iron/bare steel (CI/BS) pipe replacement rider. The rider was originally approved in Order No. PSC-12-0476-TRF-GU (2012 Order) to recover the cost of accelerating the replacement of cast iron and bare steel pipes through a surcharge on customers' bills.¹ As established by the 2012 Order, Peoples would roll replaced infrastructure into rate base during a rate case, and the CI/BS surcharge would be “reset to zero.”² The surcharge is set to terminate when all applicable CI/BS pipes have been replaced and included in rate base. During the 2020

¹ Order No. PSC-12-0476-TRF-GU, issued September 18, 2012, in Docket No. 20110320-GU, *In re: Petition for approval of Cast Iron/Bare Steel Pipe Replacement Rider (Rider CI/BSR), by Peoples Gas System.*

² See page 3 of Order No. PSC-12-0476-TRF-GU.

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Peoples rate case, CI/BS investments as of December 31, 2020, were moved into rate base pursuant to Order No. PSC-2020-0485-FOF-GU.³

Currently, Peoples has an ongoing rate case in Docket No. 20230023-GU and has proposed to move CI/BS investments made between January 1, 2021, and December 31, 2023, into rate base. The parties reached a Type 2 stipulation on the issue, which the Commission approved at the beginning of the hearing on September 12, 2023.⁴

As part of its petition in the subject docket, Peoples is requesting Commission approval of the final true-up amount for the calendar year of 2022 of \$787,888 under-recovery (including interest). Additionally, Peoples is requesting an estimated end of period total true-up for 2023 of an under-recovery of \$10,683, and projected capital expenditures for replacement during 2024 of \$18,802,302. Peoples is also requesting approval of revised CI/BS replacement rider surcharges that would go into effect January 1, 2024. Peoples' current surcharges were approved in Order No. PSC-2022-0405-TRF-GU.⁵

Staff issued a data request to the utility on September 12, 2023, to which responses are pending. This is staff's recommendation to suspend the proposed tariffs. The Commission has jurisdiction over this matter pursuant to Sections 366.03, 366.04, 366.05, and 366.06, Florida Statutes (F.S.).

³ Order 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*.

⁴ See page 46, Issue 14 in Order No. PSC-2023-0273-PHO-GU, in Docket No. 20230023-GU.

⁵ Order No. PSC-2022-0405-TRF-GU, issued November 21, 2022, in Docket No. 20220152-GU, *In re: Petition for approval of 2021 true-up, projected 2022 true-up, and 2023 revenue requirements and surcharges associated with cast iron/bare steel pipe replacement rider, by Peoples Gas System*.

Discussion of Issues

Issue 1: Should the Commission suspend Peoples' proposed revised CI/BS rates and associated tariff for the period January through December 2024?

Recommendation: Yes. Staff recommends that Peoples' proposed revised CI/BS rates and associated tariff for the period January through December 2024 be suspended to allow staff sufficient time to review the petition and gather all pertinent information in order to present the Commission with an informed recommendation on the tariff proposals. (Ward)

Staff Analysis: Staff recommends that Peoples' proposed revised CI/BS rates and associated tariff for the period January through December 2024 be suspended to allow staff sufficient time to review the petition and gather all pertinent information in order to present the Commission with an informed recommendation on the tariff proposal.

Pursuant to Section 366.06(3), F.S., the Commission 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. Staff believes that the reason stated above is a good cause consistent with the requirements of Section 366.06(3), F.S.

Issue 2: Should this docket be closed?

Recommendation: No. This docket should remain open pending the Commission's decision on the proposed tariffs. (Sandy)

Staff Analysis: This docket should remain open pending the Commission's decision on the proposed tariffs.