



November 13, 2024

VIA ELECTRONIC FILING

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

Re: Docket No. _____
Petition for Approval to Establish a New Regulatory Subaccount and an Amortization Rate and to
Reclassify Customer Software Investment and Reserve Balance.

Dear Mr. Teitzman:

Attached for filing on behalf of Peoples Gas System, Inc. is the company's Petition for
Approval to Establish a New Regulatory Subaccount and an Amortization Rate and to Reclassify
Customer Software Investment and Reserve Balance.

Thank you for your assistance in connection with this matter.

Sincerely,

A handwritten signature in blue ink that reads 'V. Ponder'.

Virginia Ponder

VLP/dh
Attachment

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition by Peoples Gas System, Inc.)
for Approval to Establish New Subaccounts)
and an Amortization Rate and to Reclassify)
Customer Software Investment and Reserve)
Balance.)

DOCKET NO.

FILED: November 13, 2024

PETITION

Pursuant to Section 366.06, Florida Statutes, and Rules 25-7.045 and 28-106.301, Florida Administrative Code, Peoples Gas System, Inc. (“Peoples” or the “company”), files this Petition for Approval to Establish a New Regulatory Subaccount and an Amortization Rate and to Reclassify Customer Software Investment and Reserve Balance.

Introduction

1. In this petition, Peoples requests that the Florida Public Service Commission (“Commission”) approve (a) a 20-year amortization period for the company’s investment in the customized software associated with the company’s Work and Asset Management system (“WAM”), (b) the creation of a new subaccount 303.02 - Customized Software – 20 years, and (c) the transfer of the WAM software investments into the new subaccount, all effective January 1, 2025.

2. The Petitioner’s name and address are:

Peoples Gas System, Inc.
P.O. Box 2562
Tampa, Florida 33601-2562

3. Peoples is a wholly owned subsidiary of TECO Gas Operations, Inc., which is a subsidiary of TECO Holdings, Inc., which is an indirect wholly owned subsidiary of Emera United States Holdings, Inc., which is a wholly owned subsidiary of Emera Incorporated. Peoples is a natural gas distribution public utility subject to the Commission jurisdiction under Chapter 366, Florida Statutes.

4. Peoples owns and operates natural gas distribution facilities in Florida and provides service to over 490,000 customers in 39 of Florida's 67 counties.

5. Correspondence, notices, orders, and other documents filed or served in this docket should be sent to:

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Applicable Statutes, Rules, and Orders

6. The Commission has jurisdiction over this matter pursuant to Section 366.06, Florida Statutes, which authorizes the Commission to “keep a current record of the net investment of each public utility company in such property which value, as determined by the commission, shall be used for ratemaking purposes and shall be the money honestly and prudently invested by the public utility company in such property used and useful in serving the public, less accrued depreciation.”

7. Rule 25-7.045(3)(a), Florida Administrative Code, requires gas utilities to “maintain depreciation rates and accumulated depreciation reserves in accounts or subaccounts in

accordance with the Uniform System of Accounts for Natural Gas Companies.” Section 25-7.045(2)(a), Florida Administrative Code, provides that “[n]o utility shall change any existing depreciation rate or initiate any new depreciation rate without prior Commission approval.”

8. The company’s current depreciation rates became effective January 1, 2024, pursuant to Order No. PSC-202300388-FOF-GU, issued on December 27, 2023, in Docket No. 20230023-GU.

Background

9. The FERC Uniform System of Accounts (18 C.F.R. Part 101) defines the costs to be recorded in the General (Nos. 389 through 399.1) and Intangible Plant Accounts (Nos. 301, 302, and 303). The instructions for Miscellaneous Intangible Plant Account 303 state: “[this account] shall include the cost of patent rights, licenses, privileges, and other intangible property necessary or valuable in the conduct of utility operations and not specifically chargeable to any other account.” The software investment at issue in this request is the company’s investment in its customized WAM software.

10. WAM is the company’s asset management system. It consolidated the management of new construction, system reliability, maintenance and compliance into a single interconnected system.¹ WAM was initially deployed in two phases, which went into service in November 2022 and May 2023, respectively.² The first phase addressed the needs of the Engineering, Construction and Technology team and the second phase addressed the needs of the Gas and Safety Operations teams.³ The company made additional modifications and improvements based on its experiences using the WAM system and placed them in service in September 2023.

¹ See Order No. PSC-2023-0388-FOF-GU, issued December 27, 2023, in Docket Nos. 20230023-GU, 20220219-GU, and 20220212-GU (pages 33 – 34).

² *Id.* at 34.

³ *Id.*

11. Peoples currently records its capitalized software in Subaccount 303.01- Custom Software, which has an approved 15-year average service life for depreciation/amortization purposes. This balance in this subaccount includes (a) software that generally serves Peoples; and (b) the company’s dedicated customized WAM software program.

Need for Proposed Changes

12. Peoples believes that its investment in customized software for WAM should be amortized over 20 years, not the 15-year period associated with subaccount 303.01, with a resulting annual amortization/depreciation rate of 5 percent. This change will better align cost recovery for the WAM software investment with the expected life of the software. This longer amortization period will reduce annual depreciation/amortization expense by approximately \$650,000 per year as shown in Table 1, below, and will decrease the company’s revenue requirement when the company’s base rates are next set.

Table 1: Change in Annual Expense

	Current			Proposed			Inc./(Dec.)
Investment	Account	Rate	Dep. Exp.	Account	Rate	Dep. Exp.	Change in Exp.
40,634,908	30301- Customized Software	6.6	2,681,904	30302- Customized Software 20yr	5.0	2,031,745	(650,159)

13. If the Commission approves a 20-year amortization period for its WAM software investment, the company also requests approval to create a new subaccount named “Subaccount 303.02 – Customized Software - 20 Years” and to move its investment and associated reserve balances for customized WAM software as of December 31, 2024, out of Subaccount 303.01 (15-

year amortization period) into the new subaccount effective as of January 1, 2025. If approved, the WAM software plant in service and reserve balances, as of January 1, 2025 (expected to be \$40,634,908 and \$4,097,761), will be transferred from Subaccount 303.01 to Subaccount 303.02.

14. These requests will not require changes to any other depreciation rate or amortization period in effect.

Other

15. This petition represents an original pleading and is not in response to any proposed action by the Commission. Accordingly, the company is not responding to any proposed agency action.

16. The ultimate facts that entitle Peoples to the relief requested are set forth in paragraphs 1 through 14, above.

17. This petition initiates a proceeding that may involve disputed issues of material fact; however, Peoples does not know which material facts may be disputed by parties to this proceeding.

18. Peoples is entitled to the relief requested pursuant to Chapters 366 and 120, Florida Statutes, and pursuant to the statutes and rules cited in this Petition.

Relief Requested

WHEREFORE, Peoples respectfully requests that the Commission enter an Order:

- A. Approving a 20-year amortization period for the customized software associated with the company's WAM system.
- B. Approving the creation of a new Subaccount 303.02 – Customized Software - 20 Years.

- C. Authorizing the company to transfer the WAM software plant in service and reserve balances as of January 1, 2025, from Subaccount 303.01 to Subaccount 303.02, with A, B, and C effective as of January 1, 2025.
- D. Granting other relief as may be reasonable and appropriate.

DATED this 13th day of November 2024.

Respectfully submitted,



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