

COMMISSIONERS:
MIKE LA ROSA, CHAIRMAN
ART GRAHAM
GARY F. CLARK
ANDREW GILES FAY
GABRIELLA PASSIDOMO SMITH

STATE OF FLORIDA



DIVISION OF ECONOMICS
ELISABETH J. DRAPER
DIRECTOR
(850) 413-6410

Public Service Commission

December 20, 2024

Karen L. Bramley
klbramley@tecoenergy.com
Director, Regulatory Affairs
Peoples Gas System, Inc.
Post Office Box 2562
Tampa, FL 33601-2562

RECEIVED-FPSC
2025 JAN 13 AM 9:24
COMMISSION
CLERK

RE: Docket 20240157-GU - Petition for Approval to Establish a New Regulatory Subaccount and an Amortization Rate and to Reclassify Customer Software Investment and Reserve Balance.

Dear Ms. Bramley,

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

1. Please refer to Peoples Gas System, Inc.'s (PGS) Petition for Approval to Establish a New Regulatory Subaccount and an Amortization Rate and to Reclassify Customer Software Investment and Reserve Balance (Petition) filed in the instant docket, for the questions below.
 - a. Please identify the developer of the Company's WAM software.
 - b. PGS filed its revised depreciation study in Docket No. 20220219-GU on April 4, 2023 in which it included WAM in Account 303.1 Custom Software – 15 years. Please explain how the original service life of 15 years was determined for this specific asset.
 - c. Did the developer identified in Question 1.(a.) provide an estimated service life for the software, and if so, what was that service life?
2. Please refer to the Petition, Paragraph (10), for the questions below:
 - a. Does the Company's WAM software carry a warranty/service contract?

- b. If so, please specify or approximate the typical warranty/service contract period.
 - c. What protections are in place for PGS' customers if the warranty/service contract period is less than the requested 20 year service life?
3. Please refer to the Petition, Paragraph (10), for the questions below:
 - a. Please elaborate on the “additional modifications and improvements” PGS made to the WAM software.
 - b. Please explain whether or not the modifications/improvements detailed in Question 2.(a.) contributed to PGS' request to extend the service life of the WAM software. If so, please explain how.
4. Please refer to the Petition, Paragraph (12), for the questions below:
 - a. Please describe in detail the new service life information the Company became aware of related to WAM that has led the Company to propose a five year extension to the service life of this asset.
 - b. Please explain when PGS became aware of the need for a 5-year extension of the amortization period of the WAM software.
 - c. On what basis does this asset merit a longer amortization period than the other assets included in Account 303.1 Custom Software – 15 years?
 - d. Provide all related documents the Company possesses pertaining to Questions 4.a.-c. above.
5. Please list all the Commission orders by which the same amortization period was approved for a similar plant account and/or plant asset, if known. Please also identify any other companies in other jurisdictions that utilize this software, and the approved amortization periods, if known.
6. The Petition at Paragraph 12 indicates the change in annual expense associated with changing the amortization period from 15 years to 20 years is a reduction in expense of \$650,159. If the Company's request is approved, what is the expected impact of the change in service life for the WAM software on the Company's earnings in 2025 (in dollars and basis points ROE), assuming it were in effect for the entire calendar year? Please provide all calculations.
7. Please refer to the Petition, Paragraph (12).

- a. Is it correct that, for various assets, PGS may become aware of different average service life expectations following the Commission's decision setting depreciation rates subsequent to the Company filing of a depreciation study?
- b. What is the process by which PGS becomes aware of changes in service lives between depreciation studies?
- c. What is/are PGS's key criterion/criteria for choosing to seek an immediate change in depreciation service lives during the period between depreciation rates being set based on a full depreciation study and the filing of the next full depreciation study, typically filed four years after the prior study?
- d. How did PGS's WAM asset meet such criteria?

Please file all responses electronically no later than Friday, January 10, 2025, through the Commission's website at www.floridapsc.com, by selecting the Clerk's Office tab and Electronic Filing Web Form. *In addition, please email the filed response to discoverygcl@psc.state.fl.us.*

Please feel free to call me at (850) 413- 6648 if you have any questions.

Sincerely,

Andrew Kunkler

Public Utility Analyst
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399
(850) 413-6648
akunkler@psc.state.fl.us

cc: Office of Commission Clerk