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January 30, 2025

VIA ELECTRONIC FILING

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

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 Mr. Teitzman:

Attached for filing on behalf of Peoples Gas System, Inc. are the company's answers to Staff's Second Data Request (Nos. 1-5) served via email on January 16, 2025.

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

cc: Andrew Kunkler, akunkler@psc.state.fl.us

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing answers, filed on behalf of People Gas System, Inc., has been furnished by electronic mail on this 30th day of January, 2025 to the following:

Jennifer Crawford
Zachary Bloom
Office of General Counsel
Florida Public Service Commission
Room 390L – Gerald L. Gunter Building
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ATTORNEY

PEOPLES GAS SYSTEM, INC.
DOCKET 20240157-GU
STAFF'S SECOND DATA REQUEST
REQUEST NO. 1
BATES PAGE(S): 15 - 16
JANUARY 30, 2025

1. If the Commission were to approve PGS's request in this docket, please identify the resulting benefits and detriments to the Company, as well as to the Company's customers and shareholders.
 - A. The benefit of approving the company's request to establish a new subaccount and a change to a 20-year amortization period outweighs possible drawbacks for the company, its customers, and its shareholders. Benefits to the company include accurately reflecting the asset's life in its financial records and allocating costs more fairly among the different customer classes. The company is not proposing a rate change for 2025 as the Company expects to be earning below its allowed return on equity (ROE) range. The Company plans to file a rate case in 2025, and if approved, customers will see a new rate change take effect on January 1, 2026.

Additional benefits if the Commission were to approve PGS' request include the following:

Benefits to Customers

- The depreciation adjustment helps to mitigate the need for rate relief (e.g., interim rates). PGS expects to earn below the authorized ROE band in 2025, and changes like this, if approved, provide a reasonable opportunity for PGS to earn near the Commission approved band.
- This helps with rate stabilization. If we continue using a 15-year life, the subaccount will be over-depreciated in the next depreciation study.

Benefits to Company and Shareholders

- Because depreciation and amortization are accounting methods used to match the costs of an asset to the period of benefit or use, the Commission's approval of this request would allow PGS' financials to better reflect the cost of this asset over the expected useful life. Making this change now avoids further separation from the WAM in-service date and prevents over-depreciating the asset.
- Provide PGS a reasonable opportunity to achieve a financial result that is closer to its Commission ordered ROE band authorized in Commission Order No. PSC-2023-0388-FOF-GU.

Detriments resulting from the Commission's approval of PGS' request in this docket now include the following:

Customer

- The Company does not see a direct detriment to customers resulting from Commission approval of PGS' request in this docket.

Company and Shareholder

- The labor, time, and effort required to create subaccounts in the accounting system.
- The labor, time, and effort to update MFRs in future rate case filings.

**PEOPLES GAS SYSTEM, INC.
DOCKET 20240157-GU
STAFF'S SECOND DATA REQUEST
REQUEST NO. 2
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- 2.** Please refer to the Company's petition, paragraph 12. PGS indicates a \$650,159 reduction in depreciation/amortization expense results from the proposed increase in service life of the WAM software from 15 to 20 years. Absent a customer base rate change, will the Company's customers continue to pay this excess depreciation/amortization expense annually until the Company's next rate case?
- A.** Yes, customers will continue to pay this excess depreciation/amortization expense, but only for a very brief period. PGS submitted a test year letter on January 30, 2025, for new base rates effective January 1, 2026. If the company's depreciation rate change is approved, then its revenue requirement should be reduced by that amount. Reducing the depreciation expense will ultimately benefit all parties.

**PEOPLES GAS SYSTEM, INC.
DOCKET 20240157-GU
STAFF'S SECOND DATA REQUEST
REQUEST NO. 3
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- 3.** Please refer to the Company's petition, paragraph 12. Assuming the Commission were to approve PGS's proposed depreciation rate change with the resulting reduction to depreciation/amortization expense, what would be the monthly bill impact on a residential customer bill (at 20 therms) if the Company were to credit the reduction in depreciation/amortization expense to customers via a bill credit or other means? Please provide the calculations.

- A.** If the Commission approves PGS's proposed depreciation rate change, this will lead to a reduction in depreciation and amortization expenses. Based on forecasted sales, residential customers who use 20 therms would see an estimated monthly bill credit of approximately \$0.08. Please see the attached calculations of the credit.

PEOPLES GAS SYSTEM, INC.
WAM Depreciation Refund Calculation
Estimated Bill Impact for Refunding (April - December)
Based on 2025 Forecasted Therms

RATE SCHEDULE	MAINS NET PLANT*	SERVICES NET PLANT*	TOTAL NET PLANT*	% OF TOTAL PLANT	WAM DEPREC. REFUND	FORECASTED THERM SALES	CREDIT PER THERM	AVG. THERMS PER BILL	AVG. CHARGE PER BILL	PER MONTH RES @ 20 THERMS
RS, RS-SG & RS-HP	\$ 243,510,379	\$ 378,346,643	\$ 621,857,022	34.72%	\$ (225,707)	57,048,369	(\$0.00396)	RS-1 = 6 RS-2 = 16 RS-3 = 46	RS-1 = -\$0.02 RS-2 = -\$0.06 RS-3 = -\$0.18	(0.08)
SGS	\$ 25,400,386	\$ 15,745,257	\$ 41,145,643	2.30%	\$ (14,934)	7,002,258	(\$0.00213)	57	\$ (0.12)	
GS-1, CS-SG, & CS-HP	\$ 220,747,691	\$ 34,610,695	\$ 255,358,386	14.26%	\$ (92,684)	71,256,704	(\$0.00130)	408 (GS1)	\$ (0.55)	
GS-2	\$ 320,669,194	\$ 12,978,605	\$ 333,647,799	18.63%	\$ (121,100)	101,236,488	(\$0.00120)	1,424	\$ (1.70)	
GS-3	\$ 181,708,434	\$ 1,883,068	\$ 183,591,501	10.25%	\$ (66,636)	56,890,748	(\$0.00117)	7,392	\$ (8.66)	
GS-4	\$ 109,694,165	\$ 423,136	\$ 110,117,301	6.15%	\$ (39,968)	50,466,431	(\$0.00079)	33,377	\$ (26.43)	
GS-5	\$ 187,853,902	\$ 747,199	\$ 188,601,101	10.53%	\$ (68,454)	126,300,397	(\$0.00054)	82,549	\$ (44.74)	
CSLS	\$ 956,317	\$ -	\$ 956,317	0.05%	\$ (347)	420,202	(\$0.00083)	1,556	\$ (1.29)	
WHS	\$ 6,372,784	\$ 44,698	\$ 6,417,482	0.36%	\$ (2,329)	3,324,944	(\$0.00070)	21,732	\$ (15.22)	
SIS	\$ 27,183,515	\$ 610,012	\$ 27,793,527	1.55%	\$ (10,088)	33,010,243	(\$0.00031)	135,845	\$ (41.51)	
IS	\$ 21,502,743	\$ 297,849	\$ 21,800,592	1.22%	\$ (7,913)	110,316,038	(\$0.00007)	942,872	\$ (67.63)	
ISLV	\$ -	\$ -	\$ -	0.00%	\$ -	0	\$0.00000	\$0.00000	\$ -	
TOTAL	\$1,345,599,510	\$445,687,161	\$1,791,286,672	100%	\$ (650,159)	617,272,822				

* Source: Data in these columns are from Schedule H-2 of the Cost of Service Study approved in Peoples' most recent rate case.

**PEOPLES GAS SYSTEM, INC.
DOCKET 20240157-GU
STAFF'S SECOND DATA REQUEST
REQUEST NO. 4
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- 4.** Did PGS consider deferring its request for a new subaccount at a lower depreciation rate for WAM software investment until the time it files its next rate case or depreciation study? Please explain.
- A.** Yes. PGS considered deferring its request for a new subaccount at a lower depreciation rate for WAM software investment. However, as the company evaluated this change in 2024, and since the asset was placed into service in 2023, PGS desired to update the rate promptly to align costs more closely with the asset's usage.

**PEOPLES GAS SYSTEM, INC.
DOCKET 20240157-GU
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- 5.** Please refer to PGS' response to Staff's First Data Request in the instant docket, specifically Question 4.(b) and identify the "peer utility" referenced in the company's answer.
 - A.** Florida Public Utilities Company.