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March 31, 2025

ELECTRONIC FILING

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

Re: Docket 20250029-GU, Petition for Rate Increase by Peoples Gas System, Inc.

Dear Mr. Teitzman:

Attached for filing on behalf of Peoples Gas System, Inc. in the above-referenced docket is the Direct Testimony of Timothy O'Connor and Exhibit No. TO-1.

Thank you for your assistance with this matter.

(Document 4 of 16)

Sincerely,

A handwritten signature in blue ink that reads 'Jeffrey Wahlen'.

Jeffrey Wahlen

cc: Major Thompson, OGC
Jacob Imig, OGC
Walt Trierweiler, Public Counsel
Jon Moyle, FIPUG

JJW/dh
Attachments



**BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION**

**DOCKET NO. 20250029-GU
IN RE: PETITION FOR RATE INCREASE
BY PEOPLES GAS SYSTEM, INC.**

**PREPARED DIRECT TESTIMONY AND EXHIBIT
OF
TIMOTHY O'CONNOR**

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OF
TIMOTHY O'CONNOR

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1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2 **PREPARED DIRECT TESTIMONY**

3 **OF**

4 **TIMOTHY O'CONNOR**

5
6 **Q.** Please state your name, address, occupation and employer.

7
8 **A.** My name is Timothy O'Connor. My business address is 702
9 North Franklin Street, Tampa, Florida 33602. I am employed
10 by Peoples Gas System, Inc. ("Peoples" or the "company")
11 as Vice President, Safety, Operations, and
12 Sustainability.

13
14 **Q.** Please describe your duties and responsibilities in that
15 position.

16
17 **A.** I am responsible for all aspects of utility operations
18 for Peoples to safely operate and maintain our
19 transmission and distribution assets across the company's
20 14 service areas. My responsibilities consist of the
21 following areas: gas operations, safety, compliance,
22 emergency management, sustainable operations, business
23 operations support services ("BOSS"), and environmental.
24 My duties include overseeing the preparation of my areas'
25 capital and operating budgets and planning and directing

1 the company's activities. I am accountable for
2 approximately 500 team members, including management,
3 administrative, and field team members dedicated to
4 safety, compliance, customer service, distribution
5 maintenance, meter reading, locating, compliance, leak
6 surveying, and training, among other responsibilities. We
7 refer to these team members collectively as the "Gas
8 Operations" team. Since the last rate case, I assumed
9 responsibility for public safety, team member safety,
10 compliance, emergency response, and damage prevention. We
11 transferred Peoples' External Affairs team to the
12 Regulatory Affairs team when I received responsibility
13 for Safety and Compliance.

14
15 **Q.** Please provide a brief outline of your educational
16 background and business experience.

17
18 **A.** I earned Bachelor of Science degrees in Finance and
19 Economics from New York University and a Master of
20 Business Administration degree from Fordham University.
21 I began my career in the energy industry in 2006 when I
22 joined Emera Maine (formerly Bangor Hydro-Electric
23 Company) and thereafter held numerous positions of
24 increasing responsibility in accounting, strategy
25 development, and business development with other

1 subsidiaries of Emera Incorporated ("Emera"). I joined
2 Peoples in November 2016 as Vice President of Business
3 Development, added the role of Director of Operations to
4 my responsibilities in January 2021, and became Vice
5 President of Operations, Sustainability and External
6 Affairs in 2022. I assumed my current role effective April
7 1, 2024.

8
9 **Q.** What are the purposes of your prepared direct testimony
10 in this proceeding?

11
12 **A.** The purposes of my direct testimony are to:

- 13 1. Describe the company's Gas Operations functions and
14 the factors influencing these parts of the business;
- 15 2. Describe Peoples' achievements and changes in Gas
16 Operations since the company's last rate case;
- 17 3. Demonstrate that the company's proposed levels of
18 operations and maintenance ("O&M") expenses for Gas
19 Operations for the 2026 projected test year are
20 reasonable and prudent;
- 21 4. Detail how the company invests capital in Gas
22 Operations to promote safe, efficient, and reliable
23 service to our customers; and
- 24 5. Present information supporting Minimum Filing
25 Requirement ("MFR") Schedules I-1, I-2, and I-3.

1 My direct testimony demonstrates that Gas Operations has
2 maintained an excellent safety record, high levels of
3 customer service, and is mitigating O&M expense through
4 more efficient operations, including implementation of
5 our Work and Asset Management ("WAM") system and
6 insourcing of work performed by contractors. Peoples is
7 managing its operations functions efficiently and
8 prudently.

9
10 **Q.** Did you prepare any exhibits in support of your prepared
11 direct testimony?

12
13 **A.** Yes. Exhibit No. TO-1, entitled "Exhibit of Timothy
14 O'Connor," was prepared under my direction and
15 supervision. My exhibit consists of seven documents:

16
17 Document No. 1 List of Minimum Filing Requirement
18 Schedules Sponsored or Co-Sponsored
19 by Timothy O'Connor

20 Document No. 2 Year-end Operations and Safety Team
21 Members Summary

22 Document No. 3 Map of Peoples' Operations Service
23 Areas

24 Document No. 4 Gas Operations Key Performance
25 Indicators

- 1 Document No. 5 Gas Operations O&M Analysis
- 2 Document No. 6 Positions Approved and Filled by FERC
- 3 Account
- 4 Document No. 7 Projected Capital Expenditures by
- 5 Type
- 6

7 The contents of my exhibit were derived from the business
8 records of the company and are true and correct to the
9 best of my information and belief.

10
11 **Q.** Are you sponsoring or co-sponsoring any MFR Schedules?

12
13 **A.** Yes. I sponsor or co-sponsor the MFR Schedules listed in
14 Document No. 1 of my exhibit. These include co-sponsoring
15 MFR Schedules C-38, G-1 pages 23 and 26, G-2 pages 12a-
16 14 and 19a-g, G-6, and I sponsor MFR Schedules I-1, I-2,
17 and I-3. The information reflected on these schedules was
18 taken from the business records of the company and is
19 true and correct to the best of my information and belief.

20
21 **I. GAS OPERATIONS OVERVIEW**

22 **Q.** Please describe the Gas Operations team.

23
24 **A.** The Gas Operations team consists of 504 team members
25 representing 14 service areas serving over 508,000

1 customers. As shown in Document No. 2 of my exhibit, 427
2 team members are in Field Operations, 34 team members are
3 in Safety, and 43 team members are in centralized roles
4 for Gas Administration, including sustainability, as of
5 year-end 2024. My testimony will describe each of these
6 teams and their responsibilities. A map showing Peoples'
7 north and south territories and service areas is included
8 as Document No. 3 of my exhibit.

9
10 SAFETY TEAM

11 **Q.** Please describe the company's Safety team within Gas
12 Operations.

13
14 **A.** The Safety team has six groups. These are: (1)
15 Occupational Safety and Health Administration ("OSHA")
16 Workplace Safety; (2) Contractor Safety; (3) Assurance;
17 (4) Damage Prevention and Public Awareness; (5) Pipeline
18 Safety Compliance; and (6) Emergency Management. The
19 Safety Team has delivered a high level of performance for
20 Peoples for the last several years.

21
22 **Q.** What role does safety play at Peoples?

23
24 **A.** Safety is the top priority at Peoples and is foundational
25 to all decision-making and planning.

1 Peoples goal is to prevent all serious injuries related
2 to our business considering the public, our customers,
3 our team members, and contractors. We pursue this goal by
4 strictly adhering to the industry standard Pipeline
5 Safety Management System ("PSMS") approach established by
6 the American Petroleum Institute's Recommended Practice
7 1173. The PSMS provides 10 essential risk-based
8 requirements for a complete safety program. Peoples
9 developed its systems, processes, and culture around PSMS
10 through a "Plan, Do, Check and Act" cycle. Peoples created
11 a culture of continuous improvement around safety to
12 ensure that we adhere to the PSMS.

13
14 **Q.** How many team members work in Safety?

15
16 **A.** As of the end of 2024, 34 team members work in Safety as
17 shown in Document No. 2 of my exhibit.

18
19 **Q.** What safety and compliance regulations impact how Peoples
20 conducts business?

21
22 **A.** Peoples is subject to pipeline safety regulations
23 promulgated by the federal government and the state of
24 Florida. The most significant regulations are those
25 adopted by the Pipeline and Hazardous Materials Safety

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Administration ("PHMSA"), which is part of the United States Department of Transportation. The PHMSA develops and enforces regulations for the safe, reliable, and environmentally sound operation of gas pipelines. The compliance requirements set by PHMSA for local distribution companies ("LDC") that transport natural gas include: regulations related to integrity management; incident management and communications; engineering design; operator qualifications ("OQs"); pipeline inspections and testing; records retention; and others.

The Florida Public Service Commission ("Commission") also conducts annual reviews of Peoples' compliance with the requirements of 49 C.F.R. § 191 and 192 and Chapter 25-12 of the Florida Administrative Code.

Peoples is also subject to workplace safety regulations imposed by OSHA and environmental regulations enacted by federal and state environmental regulatory agencies.

Q. How do these safety regulations and compliance requirements influence the company's cost of doing business?

A. Complying with federal and state safety regulations is

1 essential to ensure the safety of our customers and the
2 public. However, meeting these compliance requirements
3 also contributes to the cost of constructing and operating
4 assets and increases the company's O&M expense.

5
6 To illustrate, regulations may require the company to
7 install new equipment or design and construct facilities
8 to specific standards. On the O&M side, complying with
9 these regulations requires additional labor and travel
10 expenses. The company's Gas Operations team is
11 responsible for a range of activities and performs
12 hundreds of thousands of compliance inspection schedules
13 annually to comply with federal and state requirements.
14 These inspections include conducting leak and atmospheric
15 corrosion surveys, continuing surveillance surveys,
16 cathodic protection readings, odorant tests, and
17 regulator, valve, and meter inspections. These activities
18 also demand extensive records management.

19
20 Peoples allocates resources to comply with federal and
21 state regulations as soon as new rules or amendments are
22 proposed. It also monitors rule developments to assess
23 potential impacts on its gas system and operations and
24 provides input to ensure customer costs and benefits are
25 considered.

1 FIELD OPERATIONS

2 **Q.** Please describe the company's Field Operations teams.

3
4 **A.** As of year-end 2024, Peoples served over 508,000 customers
5 in 43 counties across Florida. The company's Gas
6 Operations team divides these customers into two
7 territories (North and South), which are further divided
8 into 14 service areas. A map showing these territories
9 and service areas is included as Document No. 3 of my
10 exhibit.

11
12 Field Operations has four basic operating functions: (1)
13 customer service; (2) distribution maintenance; (3)
14 compliance; and (4) damage prevention and emergency
15 response. Field Operations represents our team members
16 primarily deployed in the 14 service areas.

17
18 The Field Operations team has continued to provide a high
19 level of customer service and maintain the reliability of
20 our system even as our customer base grows.

21
22 **Q.** How many team members work in Field Operations?

23
24 **A.** As of the end of 2024, 427 team members worked in Field
25 Operations. Document No. 2 of my exhibit provides a

1 detailed breakdown of team members by service area.

2

3 **Q.** What customer service functions do Field Operations
4 perform?

5

6 **A.** Members of Field Operations are responsible for a range
7 of customer service field activities. This includes
8 installing new meters, meter changeouts, meter readings,
9 conducting meter investigations, account turn-ons,
10 account turn-offs, handling dunning disconnects and
11 reconnects, and meter and other trouble investigations.
12 Unlike electric utilities that are increasingly adopting
13 digital and remote customer service solutions, our gas
14 field operations require technicians to be on-site to
15 serve our customers. As a result, Gas Operations team
16 members frequently interact with our customers. On
17 average, Peoples performs 230,000 various customer
18 service work orders each year. These orders include new
19 meter installations, meter turn-ons and turn-offs,
20 responses to odor and carbon monoxide complaints, bill
21 investigations, and meter maintenance. Peoples values
22 these customer interactions, and the company's commitment
23 to exceptional customer service is second only to its
24 commitment to safety.

25

1 **Q.** Please explain the distribution maintenance activities
2 performed by Field Operations.

3
4 **A.** Field Operations is responsible for the safe and efficient
5 operation and maintenance of the company's gas
6 distribution system. This system includes gas mains,
7 laterals, service lines, and equipment such as meters,
8 regulators, and pressure monitoring devices. Field
9 Operations conducts routine pipeline and meter
10 maintenance and monitors and maintains system integrity.
11 Their activities include leak repair, equipment
12 replacement, cathodic protection, valve maintenance,
13 valve relocation related to road construction, regulator
14 and meter replacement on large volume meter
15 installations, cleaning and painting above ground
16 facilities, adjusting pipe clearances for construction by
17 others, and performing various other maintenance tasks.

18
19 **Q.** What pipeline safety compliance activities are performed
20 by the Field Operations team?

21
22 **A.** As a LDC regulated by PHMSA and the Commission, Peoples
23 must complete annual or periodic inspections, surveys,
24 and associated records management. These include main and
25 service leak surveys, atmospheric corrosion surveys,

1 continuing surveillance surveys, cathodic protection
2 inspections, odorant tests, city gate station and
3 district regulator station inspections, and valve and
4 meter inspections.

5
6 **Q.** What damage prevention and gas emergency response
7 functions are performed by Field Operations?

8
9 **A.** Peoples' transmission and distribution systems operate
10 and serve customers across the major metropolitan areas
11 of Florida and are located underground within rights-of-
12 way, easements, and private property. The substantial
13 amount of new small commercial and residential
14 developments in Florida has led to significant excavation
15 activities to build and expand roads and other
16 infrastructure. Field Operations is responsible for
17 locating our system infrastructure to help ensure this
18 excavation activity can proceed safely. Field Operations
19 is also responsible for emergency response when
20 excavation activities damage our distribution system.

21
22 **Q.** What are the regulatory or legal requirements for Peoples
23 to perform damage prevention and emergency response
24 activities?

25

1 **A.** Peoples is required to locate our underground gas
2 distribution and transmission systems within two full
3 business days of receiving a locate request through
4 Florida's Sunshine State One Call 811 System ("811
5 System"). Peoples must also comply with PHMSA's Public
6 Awareness requirements.

7
8 Peoples has implemented a damage prevention program in
9 accordance with 49 C.F.R. § 192.614 and Chapter 556,
10 Florida Statutes. Peoples has also developed pipeline
11 emergency procedures and maintains communication with
12 public safety officials as required by 49 C.F.R. §
13 192.615. For public education, we execute an ongoing
14 education program as required by: Section 25-12.009,
15 Florida Administrative Code; 49 C.F.R. § 192.616; and API
16 RP 1162.

17
18 GAS ADMINISTRATION

19 **Q.** Please describe the Gas Administration team.

20
21 **A.** Gas Administration consists of centralized team members
22 who support our field operations. This group consists of
23 the BOSS team, the Technical Training team, and the
24 Sustainable Operations team.

25

1 Q. How many team members work in Gas Administration?
2

3 A. A total of 43 team members worked in Gas Administration
4 as of year-end 2024 as shown on Document No. 2 of my
5 exhibit.
6

7 Q. What is the BOSS Team, and how does it support the
8 activities of Gas Operations and the company?
9

10 A. The BOSS team optimizes work deployment and resource
11 utilization to schedule and dispatch work for Gas
12 Operations. The team oversees the creation,
13 implementation, publication, and measurement of work and
14 resource plans for all internal and external resources
15 across Gas Operations. The team is heavily engaged in the
16 Customer Relation & Billing system and the WAM system
17 functionality and improvements and is responsible for
18 strategy and process development to optimize operations
19 across all gas operating divisions.
20

21 Q. How many team members work in BOSS?
22

23 A. At the end of 2024, the BOSS team consisted of 27 team
24 members. This includes two Managers, two Supervisors, 16
25 Dispatchers, five Customer Specialists, and two WAM

1 Specialists.

2

3 **Q.** What work is performed by the Gas Operations Technical
4 Training team ("Technical Training")?

5

6 **A.** The Technical Training team is responsible for providing
7 apprentices and experienced utility technicians with
8 PHMSA required OQ training and testing, which ensures that
9 Gas Operations team members are competent to perform
10 specific natural gas-related tasks. The frequency of
11 required task-level training depends on the complexity
12 and associated hazards of the task and ranges from
13 annually to triennially. The Technical Training team
14 provides instruction on the 52 covered tasks needed so
15 technicians can comply with OQs associated with their job
16 duties. In addition to the covered tasks, there are 68
17 tasks that are not covered by the apprentice program but
18 are administered by the OQ coordinators for our teams.

19

20 **Q.** How does the company train its technicians?

21

22 **A.** Peoples owns and operates a simulated, fully functional
23 natural gas system training facility called GasWorX. The
24 company also uses a standardized training program with
25 classroom instruction and field experience to train all

1 apprentices. Due to our growing workforce, Peoples plans
2 to expand our training facilities, which I will detail
3 later in my testimony.

4
5 Technician new hires begin as apprentices and progress
6 through six levels of classroom and field study to attain
7 OQs. This career development program is a talent
8 attraction tool for new team members to learn and develop
9 critical skills and contribute to the safe and reliable
10 operation of our system. Our training program is
11 accredited by the Florida Department of Education and each
12 graduate receives 30 credit hours towards an Associate
13 degree. It requires a minimum of approximately 24 months
14 to adequately train a team member to respond to all
15 operational needs of the gas system, including being "on
16 call." This program is essential because Florida lacks a
17 labor pool of trained gas technicians, making it necessary
18 to grow and train our workforce organically to meet
19 customer demand without relying on expensive third-party
20 contractors.

21
22 Training our team members does not stop when they achieve
23 fully operator qualified status. Our Gas Operations team
24 members undergo routine, periodic training to reinforce
25 our safe work practices, and learn how to use new

1 technology to comply with new safety and damage prevention
2 requirements.

3
4 By the end of 2024, the Technical Training team comprised
5 of 10 individuals, as indicated in Document No. 2 of my
6 exhibit. The team included one Manager, two Supervisors,
7 six Trainers/Coordinators, and one Administrative Support
8 Professional.

9
10 **Q.** Please describe the Sustainable Operations team.

11
12 **A.** The Sustainable Operations team within Gas Administration
13 supports the company's services provided to renewable
14 natural gas ("RNG") and compressed natural gas ("CNG")
15 customers. The CNG operations team operates and maintains
16 various CNG fill stations across the service territory
17 and various compressors related to RNG and CNG facilities.
18 Additionally, there are four team members supporting the
19 WAM system. The Sustainable Operations team consisted of
20 six team members as of year-end 2024, as shown in Document
21 No. 2 of my exhibit.

22
23 **II. GAS OPERATIONS ACCOMPLISHMENTS SINCE LAST RATE CASE**

24 **Q.** Please summarize Peoples performance in the Gas
25 Operations area since 2023.

1 **A.** Peoples' Gas Operations team is proud of our performance
2 in serving our customers, team member and contractor
3 safety, customer satisfaction, compliance, and leak and
4 emergency response since 2023. Peoples tracks its
5 performance in these areas through several key
6 indicators, which are depicted on Document No. 4 of my
7 exhibit. Like any high-performing company, we also
8 believe in continuous improvement and recognizing areas
9 for growth.

10

11 **Q.** Please describe the company's customer growth.

12

13 **A.** Peoples expects its fastest-growing areas for 2025 and
14 2026 to be Jacksonville, Sarasota, and Ft. Myers (SW FL),
15 with annual growth rates ranging from seven percent to
16 nine percent. System-wide customer growth is projected to
17 be 3.9 percent in 2025 and 3.5 percent in 2026. Peoples'
18 witness Luke Buzard provides additional information about
19 the company's customer growth in his prepared direct
20 testimony.

21

22 **Q.** How has this growth impacted Gas Operations?

23

24 **A.** Growth significantly increases the workload of the Gas
25 Operations team. There are several metrics which

1 illustrate this impact, such as miles of pipeline
2 installed, compliance orders, and the number of damage
3 incidents to our system. The impact of growth varies
4 across our system, as our fast-growing service areas are
5 subject to higher levels of construction activity.
6

7 **Q.** How has Peoples' distribution system grown over the last
8 few years?
9

10 **A.** Peoples installed approximately 1,260 miles of new
11 natural gas main and service lines from January 1, 2023
12 to December 31, 2024. In 2023, the company welcomed
13 approximately 20,905 new residential customers and 884
14 small commercial customers, reflecting increases of 4.9
15 percent and 2.3 percent, respectively. In 2024, the
16 company added another 17,845 residential customers and
17 689 small commercial customers, representing increases of
18 4.0 percent and 1.7 percent, respectively.
19

20 **Q.** What are locate tickets and how many tickets did Peoples
21 respond to in 2024?
22

23 **A.** Construction contractors and others planning to excavate
24 can call the 811 System and submit a request to locate
25 Peoples' underground facilities prior to excavation

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associated with new residential and commercial construction, new road construction, road widenings, utility undergrounding, landscaping, fence installation, etc.

The company responded to 541,912 locate tickets in 2024. This marks a slight reduction in the number of locate tickets compared to prior years thanks in part to Peoples' efforts to persuade contractors to request locate tickets closer to the actual time they are needed, instead of flooding the 811 System with repetitive locate requests. This is a positive development, as it allows Peoples to concentrate on locate tickets that correspond with immediate construction activities.

Peoples also receives locate tickets for longer portions of our system. Previously, we may have received multiple locate tickets for adjacent areas but are now receiving a single ticket for large areas. This change results in a lower volume of locate tickets, but it does not necessarily decrease the amount of labor required to complete the locate tickets within the required two full business days.

1 SAFETY

2 **Q.** Please describe the company's safety record and
3 accomplishments since 2023.

4
5 **A.** Peoples' safety record remains exemplary. Since our last
6 rate case, Peoples has not had a significant injury or
7 fatality to our team members or our contractors.

8
9 Peoples earned a Safety Certificate from the American Gas
10 Association for several consecutive years for a DART (Days
11 Away, Restricted, Job Transfer) - Rate below industry
12 average.

13
14 From 2022 to 2024, the total OSHA recordable injuries
15 remained below our targets. As illustrated in Document
16 No. 4 of my exhibit, the OSHA recordable incident rate in
17 2023 experienced a slight increase compared to 2022, while
18 2024 showed minimal change relative to 2023. More than
19 half of the injuries recorded in 2024 were low-severity
20 injuries, such as insect stings and non-avoidable motor
21 vehicle accidents. The remaining injuries primarily
22 involved muscle sprains and strains.

23
24 **Q.** Please explain Peoples' avoidable vehicle accident rate
25 performance.

1 **A.** Peoples' avoidable vehicle accident rate is a key
2 performance indicator for safety given the fact that our
3 team members drive over nine million miles a year and
4 given that driving is one of the most dangerous activities
5 those team members complete. Although the 2024 rate
6 increased slightly year over year, it remained lower than
7 our 5-year average (2020-2024).

8
9 **Q.** Why did the avoidable vehicle accident rate increase in
10 2024?

11
12 **A.** Beginning in 2022, Peoples outfitted our vehicles with an
13 array of safety equipment including strobes, lights, and
14 safety markings. Additionally, advanced technologies such
15 as telematics, cameras, and in-cab coaching systems have
16 been implemented to alert drivers to potential hazards.
17 This investment in enhanced safety technology features
18 has allowed for video data collection and has contributed
19 to increased reporting of minor vehicle accidents
20 relative to prior years. For instance, a technician may
21 have not recorded a minor bump of a light post before we
22 installed monitoring equipment but now is more likely to
23 report the event. This increased transparency enables us
24 to address potential hazards more proactively, for
25 instance by reviewing video footage with team members,

1 which helps ensure the ongoing safety of our workforce
2 and the general public.

3
4 **Q.** Please describe the company's performance against the
5 Commission's safety rules.

6
7 **A.** One of our goals is to have zero violations annually from
8 the Commission. Peoples has reached very close to zero
9 violations annually over the last two years as shown on
10 Document No. 4 of my exhibit. We strive to advance our
11 compliance technologies, controls, quality assurance, and
12 related processes to achieve zero violations.

13
14 This strong safety performance is particularly impressive
15 given our increasing workload, the growth in our team
16 member count, and our expanding customer base as I
17 previously described. This illustrates how Peoples'
18 intense focus on safety, while executing an increased
19 workload, has resulted in a low avoidable vehicle accident
20 rate, zero serious injuries, and minimal violations from
21 the Commission.

22
23 **Q.** Has Peoples experienced any major pipeline safety
24 incidents since 2023 that were not due to a third-party
25 damage incident?

1 **A.** In 2023, Peoples had one incident not related to third-
2 party damages that exceeded the PHMSA reporting
3 threshold. On December 18, 2023, an active leak was
4 identified originating from a 6-inch polyethylene main in
5 St. Johns County that resulted in an outage affecting
6 over 1,500 customers. The cause of the leak was determined
7 to be a fusion failure and was made safe within hours.
8 While customer outages were necessary, there were no
9 injuries associated with the event, which illustrates
10 Peoples' commitment to protecting its team members and
11 the communities they serve. The incident had a total cost
12 of \$278,933.

13

14 **Q.** How many damages did Peoples experience in 2023 and 2024?

15

16 **A.** Peoples experienced 1,707 pipeline damage incidents in
17 2023 and 1,719 in 2024, which is a significant reduction
18 from the 1,810 damage incidents in 2022. These damage
19 statistics are shown on Document No. 4 of my exhibit.

20

21 **Q.** How many significant pipeline damages were caused by
22 third-parties since 2023?

23

24 **A.** In 2024, Peoples responded to three significant third-
25 party damage incidents which triggered notification to

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PHMSA due to cost to repair exceeding thresholds.

On March 14, 2024, a third-party contractor driving steel pilings struck a four-inch polyethylene high priority gas main in Jupiter. Peoples completed a permanent replacement of the damaged pipeline on March 29, 2024. While the contractor did have a valid locate ticket, Peoples asked the contractor to contact the company prior to initiation of excavation; however, no contact was received to coordinate and discuss the contractor's installation. This incident had a total cost of \$250,000.

On April 5, 2024, a third-party contractor attempting to drive steel sheet pilings into the ground struck a 10-inch steel high priority gas main in Miami. Peoples' response involved a 10-day repair, which included installing a new eight-inch steel pipe under the Miami River. This incident required significant traffic management, contractor resources and high levels of coordination with emergency management personnel within the city and county. The subcontractor performing the work did not request a locate ticket; further, a vertical pipeline marker was present and visible at the time of the incident. This incident had a total cost of \$4.3 million.

1 On June 26, 2024, Peoples received a leak report that a
2 third-party contractor had hit a six-inch steel gas main
3 while attempting to directional drill in Jacksonville.
4 Following Peoples' immediate response, the damaged
5 section of the six-inch steel pipe was fully replaced on
6 July 6, 2024. The contractor performing the drilling was
7 found to have failed to maintain clearance after verifying
8 the markers. This incident had a total cost of \$200,000.
9

10 **Q.** Please describe the impacts of these damages on the
11 company.
12

13 **A.** The impacts associated with these damages are
14 substantial. Direct costs to respond to and repair damage
15 to the system include labor, materials, equipment,
16 transportation, outside services or contractors,
17 logistics, lodging, meals, and other related items.
18 Additionally, there are substantial indirect costs,
19 including missed opportunities to serve customers,
20 delayed compliance and maintenance activities, and
21 inability to perform locates for other construction
22 projects. When Peoples needs to respond to a damage
23 incident, we often must stop our other work. This
24 disruption creates inefficiencies in our operations
25 because our team may have scheduled work but must shift

1 their focus to respond to a damage incident, leading to
2 the rescheduling of other work, inefficiency and
3 increased costs. The volume of emergency responses also
4 creates significant non-discretionary work requirements
5 for the Gas Operations team.
6

7 **Q.** What action is the company taking to reduce damages?
8

9 **A.** Peoples is actively working to improve its risk reduction
10 efforts and minimize damages even as the company's
11 distribution system grows. To accomplish this, Peoples
12 has identified "high priority" pipelines, which are
13 pipelines that may result in a material incident if
14 damaged. While Peoples would like to prevent all damages,
15 we have focused our resources first on higher risk
16 possibilities. Peoples also uses public communications,
17 targeted outreach to excavators, and dedicated Damage
18 Prevention Coordinators to minimize damages. Finally, the
19 company has also increased the number of Damage Prevention
20 Supervisors, improved its damage processing system, and
21 implemented further claims assessment reviews to increase
22 the recovery of damage repair costs from those responsible
23 for the damage.
24

25 **Q.** Please describe Peoples' storm preparation and response

1 efforts since 2023.

2

3 **A.** Due to the company's extensive storm preparation and
4 response efforts, the major storms of 2023 and 2024 had
5 minimal impact on our system and customers. Peoples
6 prepares for storms year-round with mock drills for all
7 team members, training in the Incident Command Structure,
8 outreach to emergency and government stakeholders, and
9 incident preparation in all field locations. Peoples also
10 communicates reminders regarding storm preparation and
11 natural gas safety to its customers and the general
12 public. The Safety and Compliance team at Peoples includes
13 two professionals who focus on Emergency Management and
14 coordinate and plan for storm preparation and response.
15 The Commission's previous authorization of these two
16 positions has improved Peoples' ability to prepare and
17 effectively react to emergencies like damaged lines and
18 protect our team members and the general public.

19

20 **Q.** Was Peoples impacted by any named storms in 2023 or 2024?

21

22 **A.** Yes. Peoples was impacted by Hurricane Idalia in August
23 of 2023, Hurricane Helene in September of 2024, and
24 Hurricane Milton in October of 2024.

25

1 Q. How did these storms impact Peoples' system and customers?

2

3 A. Thanks to the company's storm restoration efforts, the
4 impacts of these storms on the company's system and its
5 customers were minimal, with less than 1,500 outages this
6 past storm season. The underground nature of our system
7 improves its resiliency by reducing its exposure to storm-
8 related hazards, such as fallen trees or debris that can
9 heavily impact the electric grid. Peoples incurred
10 approximately \$162,000 in damages from Hurricane Idalia,
11 \$672,000 in damages from Hurricane Helene, and \$669,000
12 from Hurricane Milton.

13

14 Q. Have any new safety-related rules or regulations been
15 implemented that Peoples must comply with since 2023?

16

17 A. Yes. PHMSA's Mega Rule Phase 2 went into effect on May 5,
18 2023, and February 23, 2024. The amendments in this final
19 rule clarify certain integrity management provisions,
20 codify a management of change process, update and bolster
21 corrosion control requirements for gas transmission
22 pipelines, and require operators to inspect pipelines
23 following extreme weather events. Furthermore, it
24 strengthens integrity management assessment requirements,
25 adjusts repair criteria for high-consequence areas,

1 introduces new repair criteria for non-high consequence
2 areas, and revises or creates specific definitions
3 related to the above amendments. Peoples has prepared for
4 this rule and implemented updated processes and programs
5 to ensure compliance. Another PHMSA rule, the Leak
6 Detection and Repair rule, remains pending but our teams
7 will continue to assess compliance options for this rule.

8

9 **Q.** Please describe Peoples' WAM system.

10

11 **A.** Peoples' WAM system is a centralized technology platform
12 designed to track all aspects of a pipeline system asset's
13 life cycle including planning, design, construction, use,
14 and retirement. WAM enables better work planning and
15 execution, facilitates centralized asset management,
16 enhances customer service, and system safety.

17

18 Peoples completed implementation of the customer service
19 and the operations components of WAM in May 2023 and the
20 compliance components in September 2023.

21

22 Now that WAM is in-service, we maintain all pipeline asset
23 data within one enterprise asset management system. The
24 company manages and tracks customer service appointments,
25 compliance inspections, and maintenance and repair

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schedules in one system. Work order routing and optimization occur during the assignment of work to technicians, ensuring that each technician has the required qualifications for their job assignment. This has streamlined operations and improved efficiency. Additionally, WAM allows for real-time updates and tracking, resulting in quicker response times and more effective resource allocation. The system also integrates with other software to enhance data analysis and reporting capabilities.

Q. How has WAM changed the way Gas Operations performs its functions?

A. The implementation of WAM has significantly improved the way Gas Operations functions. Field team members have experienced substantial changes in their daily responsibilities, as they adjusted to using tablet computers for managing and completing daily work requirements. They also underwent training on the new system.

One of the main improvements from WAM is that it centralizes work planning and scheduling, which allows Peoples to more efficiently schedule and route work to

1 field team members. Although Peoples is still acclimating
2 to the system, WAM enables the collection and management
3 of data on travel time to job sites and the actual "wrench
4 time" to complete a job. This data provides greater
5 insight into current and past performance across team
6 members and service areas, which will allow us to continue
7 to optimize our operations and better serve our customers.
8

9 **Q.** Has the implementation of WAM resulted in any efficiencies
10 or cost savings for Gas Operations?
11

12 **A.** The shift from paper records to a digital system has
13 resulted in numerous operational advantages. These
14 benefits encompass streamlining work planning and
15 execution, enhancing data analytics and decision-making,
16 reducing lead times for report generation, and optimizing
17 the utilization of company resources. The company has
18 gained the ability to monitor productivity and
19 performance metrics at the technician level, including
20 the number of work orders completed, time taken to
21 complete jobs, and travel time between jobs. These
22 insights provide valuable information on overall
23 productivity and efficiency, aiding in future resource
24 planning and the timing of potential team member additions
25 to ensure our operations and maintenance remain cost-

1 effective for our customers.

2

3 **Q.** Please provide an update on the Advanced Metering
4 Infrastructure ("AMI") Pilot Project that Peoples
5 presented in its last rate case.

6

7 **A.** Peoples continues to pursue an AMI Pilot Project to
8 evaluate the potential customer benefits of using these
9 meters and in this case seeks the Commission's approval
10 to continue doing so. Following the last rate case,
11 Peoples delayed the pilot project due to capital
12 prioritization and a necessary system upgrade by our
13 technology vendor, Itron.

14

15 **Q.** Please describe the company's AMI pilot.

16

17 **A.** Peoples AMI pilot is divided into two parts:

18

19 Evaluation of Smart Meter Technology - This phase will
20 assess smart meter technology and potential applications
21 for Peoples' gas distribution system. The pilot will
22 evaluate features, including remote shutoff and remote
23 detection of high flow rates and potential high-pressure
24 anomalies. This evaluation is expected to continue into
25 2026.

1 Deployment of Automated Meters - During this phase,
2 Peoples will deploy approximately 1,000 200-and 400-class
3 automated meters and approximately 400 ERT retrofits for
4 600- to 1000-class meters in South Tampa. Peoples chose
5 this location due to the potential customer service
6 benefits and the existing Tampa Electric Company metering
7 infrastructure supported by Itron. The timeline for this
8 phase is expected to last eight to 12 months, beginning
9 in January 2025.

10
11 The project will act as a foundational step in modernizing
12 metering technology and operations, aligning with
13 Peoples' strategic objectives of enhancing operational
14 efficiency, improving billing accuracy, and fulfilling
15 regulatory commitments. AMI meters may also offer safety
16 features such as remote shut-off when a leak is reported.
17 It also provides an opportunity to validate the benefits
18 and challenges of AMI systems and smart gas meter
19 technology, ensuring informed decision-making for future
20 expansion or investment.

21
22 **Q.** What challenges will Gas Operations encounter in the
23 future?

24
25 **A.** Peoples has made notable advancements in various areas of

1 Gas Operations since 2023, but there are still aspects,
2 such as emergency response and appointment time, where
3 performance can be improved.

4
5 Emergency Response - The emergency response rate within
6 60 minutes is currently below the target of 98.5 percent.
7 This industry metric evaluates our efficiency in
8 addressing damage or leak reports and ensuring the safety
9 of the site or premises. Due to the geographic expansion
10 of our pipeline system and the extensive regions our
11 technicians must cover to address emergencies, Peoples
12 has not met this objective since 2020.

13
14 Appointment Time - In 2024, Peoples successfully met
15 expected appointment times for 90 percent of customer
16 appointments. To continue challenging the team, our goal
17 is to achieve at least 95 percent in 2025. Since our
18 technicians must physically visit customer locations, we
19 target appointment windows of four hours to ensure that
20 customers are present when our technicians arrive.

21
22 **III. GAS OPERATIONS O&M EXPENSES - 2026 TEST YEAR**

23 **Q.** What are the major components of O&M expense in the Gas
24 Operations areas?
25

1 **A.** Most of the O&M cost in Gas Operations is labor. The
2 remaining components of O&M involve outside services,
3 materials and supplies, team member travel and training,
4 and utilities.

5
6 **Q.** Describe the trends in Gas Operations O&M since 2022 and
7 the Gas Operations team's performance in managing O&M
8 expense increases.

9
10 **A.** Gas Operations does not use any single metric to measure
11 and monitor performance in managing O&M expense. Instead,
12 Gas Operations uses a group of metrics that each provide
13 a different perspective on the company's operations and
14 efficiency. These metrics are ratios of O&M expenses to:
15 (1) team member count ("O&M per Team Member"); (2) average
16 miles of pipeline installed ("O&M per Avg Mile
17 Installed"); (3) work order volumes ("O&M per Order");
18 (4) average customer count ("O&M per Customer"); and (5)
19 average rate base ("O&M per Rate Base").

20
21 The graphics in Document No. 5 of my exhibit show a
22 comparison between two variants of each metric. The metrics
23 depicted with blue bars are a combination of our actual
24 historical ratios through 2024, along with ratios based on
25 our 2025 and 2026 projections. We will refer to these as

1 our "actual" metrics. The orange lines present the
2 inflation-normalized versions of these metrics. A
3 comparison of these metrics with our normalized metrics
4 indicates that while O&M costs may be rising, Peoples has
5 effectively mitigated the effects of inflation and growth
6 on our business operations by remaining below our
7 normalized benchmarks.

8
9 **Q.** Please describe each of these metrics and the information
10 they present.

11
12 **A.** The metrics included in Document No. 5 of my exhibit are:

13
14 O&M per Team Member - This metric measures the O&M expense
15 per each Gas Operations team member, which illustrates how
16 efficiently Peoples manages labor costs. O&M per Team
17 Member has declined since 2022 due to increased operational
18 efficiencies that have offset higher costs from team
19 growth. When we compare the actual and normalized versions
20 of these metrics, the reduction of our actual O&M per Team
21 Member since 2022 is even more pronounced.

22
23 O&M per Avg Mile Installed - This metric quantifies the
24 total O&M efforts required to service our pipeline system,
25 as the number of miles installed is a significant

1 indicator of the geographical extent of our network. This
2 metric is increasing over time, which indicates that
3 Peoples continues to have incremental O&M expenses, such
4 as labor and transportation costs, that are required to
5 cover the physical geography of our system.

6
7 In absolute terms, O&M has grown at a faster rate than
8 our pipeline miles for this period as shown by our actual
9 metric. While our actuals metric has increased through
10 2026, we have remained below the normalized metric for
11 the entire period. This indicates that increased
12 efficiencies in O&M have partially offset the
13 inflationary pressures for this period but not to the
14 level of a decrease in absolute terms.

15
16 O&M per Order - This metric measures the total O&M
17 required to meet required work volumes for customer
18 service, operations and maintenance, locates, damage
19 prevention, compliance and emergency response. This
20 metric measures how efficient Peoples is in completing
21 work tasks on a volume basis but does not factor
22 variability in the amount of time it takes for tasks to
23 be completed.

24
25 Our actual O&M per Order metric has increased since 2022,

1 which indicates that O&M has grown at a faster rate than
2 our work volumes for this period. Although work volumes
3 have not increased at the same rate as O&M, the amount of
4 time required to complete these volumes is commensurate
5 with O&M increases. The actual O&M per Order metric
6 remains below the normalized metric, which shows that
7 increased efficiencies in O&M have partially offset the
8 inflationary pressures for this period.

9
10 O&M per Customer - This metric measures the amount of O&M
11 incurred to serve Peoples' customers. Due to the continued
12 demand for natural gas service and resulting increases to
13 customer count, Peoples incurs incremental operating
14 costs. For example, each new customer requires a new
15 meter, which in turn requires ongoing compliance and
16 inspection, maintenance, and customer service.

17
18 Our O&M per Customer actuals metric has increased since
19 2022, reflecting the higher labor and operating costs to
20 serve Peoples' growing customer base. Our actual metric,
21 however, remains below the normalized metric, showing
22 that increased efficiencies in O&M more than offset the
23 inflationary and growth pressures for this period.

24
25 O&M per Rate Base - This metric shows Peoples' O&M expense

1 relative to our growing system, which in turn illustrates
2 how our O&M expense supports our overall business needs.
3 This metric offers an alternative perspective compared to
4 the O&M per Avg Miles Installed metric, as it includes
5 not only miles of pipe but also other assets such as
6 vehicles, information systems, and buildings.

7
8 Our actual O&M per Rate Base metric has decreased since
9 2022, which shows increasing efficiency in operations as
10 we invest in our business. For example, new vehicles will
11 simultaneously add to rate base and increase O&M
12 efficiency through better fuel mileage, lower maintenance
13 costs, and improved safety performance, leading to fewer
14 repairs. Another example is the company's investment in
15 WAM, which allows us to better manage our work and find
16 opportunities to increase efficiency. This decrease in
17 our actual metric indicates that we have achieved some
18 success in this regard.

19
20 Lastly, when comparing our actual O&M per Rate Base metric
21 against our normalized metric, the decrease in O&M per
22 Rate Base from 2022 to 2026 is more pronounced. This
23 decrease shows that increased efficiencies in O&M more
24 than offset the inflationary pressures for this period.

25

1 Q. What conclusions should the Commission draw from the
2 trends in these metrics?

3

4 A. The trends in these metrics collectively demonstrate that
5 Peoples is becoming more efficient, especially when
6 measured against inflation.

7

8 Q. What level of O&M expense did the Commission approve for
9 FERC Accounts 413, 871, 874, 878, 879, 880, 881, 886,
10 887, 892, 893, 894, and 902 in the last rate case for the
11 year 2024, and how does that compare to Peoples' actual
12 O&M expense in Gas Operations for 2024?

13

14 A. The Commission approved approximately \$40.7 million for
15 these FERC Accounts. Peoples spent approximately \$37.8
16 million for these FERC Accounts, or \$2.9 million below
17 the approved amount, in 2024. This was due primarily to
18 lower labor from unfilled positions and contractor cost
19 reductions from insourced activities involving Pipeline
20 Locators and Meter Technicians, which are reflected in
21 FERC Accounts 874, 878, and 880.

22

23 The company updated its 2024 budget in January of 2024 to
24 address lower than expected revenues, and higher than
25 expected costs for: transportation; insurance; and labor

1 and employee benefits. Peoples' witness Donna Bluestone's
2 prepared direct testimony addresses the higher than
3 expected costs for insurance, labor, and employee
4 benefits. We navigated through these changes by managing
5 team member hiring and looking for cost savings and
6 efficiencies through continual evaluation of workloads.
7

8 **Q.** Did Gas Operations fill all team member positions approved
9 in the last rate case?
10

11 **A.** In the last rate case, the Commission approved 40
12 additional positions in 2023 and 38 additions in 2024
13 between Gas Operations, Pipeline Safety & Operational
14 Support and External Affairs (formerly under my
15 responsibility). As of December 31, 2024, the company
16 filled 55 of the 78 positions as shown in Document No. 6
17 of my exhibit. The unfilled positions include 14 in FERC
18 Account 874, three in FERC Account 880, one in FERC
19 Account 887, one in FERC Account 903, and four in FERC
20 Account 925.
21

22 **Q.** Please explain why Gas Operations did not fill the 14
23 positions in FERC Account 874.
24

25 **A.** Gas Operations replaced three Utility Technician

1 positions and one Apprentice position with Pipeline
2 Locators, replaced one Utility Coordinator position and
3 two Utility Technician positions with Apprentices, and
4 replaced two Apprentice positions and one Leak Survey
5 Technician position with Meter Technicians. These
6 adjustments to planned position types were based on
7 evolving workloads in service areas as we managed expenses
8 throughout our organization. Additionally, one Apprentice
9 position was repurposed as a Utility Technician, and one
10 Corrosion Coordinator and one Apprentice were repurposed
11 to a different service area. Finally, Peoples outsourced
12 one Pipeline Locator at a service area. The company
13 continues to evaluate workload and balance the lower cost
14 of internal labor with the flexibility of contracted
15 labor.

16
17 **Q.** Please explain why Gas Operations did not fill the three
18 positions in FERC Account 880.

19
20 **A.** Gas Operations did not fill two positions approved in the
21 last rate case under FERC Account 880, including a
22 Supervisor for the Jupiter service area and a Technical
23 Trainer in the company's Technical Training team, based
24 on further evaluation of workload and prioritization
25 after the last rate case. The company included the

1 Technical Trainer position in the budget for 2025 based
2 on expected need this year. Finally, the filling of a
3 third position, ENG Tech Training - Admin, under FERC
4 Account 880 was not filled until January 2025.

5

6 **Q.** Please explain why Gas Operations did not fill the
7 position in FERC Account 887.

8

9 **A.** Gas Operations did not fill one position approved in the
10 last rate case under FERC Account 887, a Quality Assurance
11 - CAPA Program Specialist, based on further evaluation of
12 workload and prioritization after the last rate case.

13

14 **Q.** Please explain why Gas Operations did not fill the
15 position in FERC Account 903.

16

17 **A.** Gas Operations did not fill one position approved in the
18 last rate case under FERC Account 903, an Ops Processes
19 - Support Specialist, based on further evaluation of
20 workload and prioritization after the last rate case. The
21 company expects it will need this position in 2025 and
22 has included this position in the budget for 2025.

23

24 **Q.** Please explain why Gas Operations did not fill the four
25 positions in FERC Account 925.

1 **A.** Gas Operations did not fill four positions approved in
2 the last rate case under FERC Account 925. The company
3 did not fill a Field Damage Prevention Leader position
4 based on the evaluation of workload after the last rate
5 case; however, the company included this position in the
6 2025 budget based on expected need for the position this
7 year. The company did not fill a Compliance
8 Analyst/Engineer position due to a delay in finalizing a
9 new PHMSA pipeline compliance rule. Gas Operations did
10 not fill the Security Coordinator position because the
11 company opted to stay with the shared services model and
12 allow an affiliate security group to continue to provide
13 that service. Finally, Peoples did not fill the position
14 of Environmental Scientist because the company decided to
15 continue using affiliate and external services to meet
16 its needs.

17
18 **Q.** Does Peoples plan to add any team members in Gas
19 Operations and Pipeline Safety in 2025 and 2026?

20
21 **A.** Yes. Peoples plans to add 41 team members in Gas
22 Operations in 2025 and 31 in 2026 for a total of 72
23 incremental positions. In 2025, 23 out of the 41 additions
24 for Gas Operations will be replacements to fill team
25 member vacancies as of the end of 2024. Peoples also plans

1 to add three team members to the Pipeline Safety team in
2 2025 and eight in 2026 for a total of 11 incremental
3 positions. In 2025, one out of the three additions for
4 Pipeline Safety and Operational Support will be a
5 replacement to fill a vacant position as of the end of
6 2024. These positions are reflected on MFR Schedule G-2,
7 page 19c-19e for their respective FERC Accounts as non-
8 trended labor.

9
10 **Q.** Please describe why the new team member additions proposed
11 for 2025 are necessary.

12
13 **A.** In 2025, nine of the 18 new team member additions planned
14 for Gas Operations will be Meter Technicians for five
15 service areas, replacing outside contractors for meter
16 reading. To transition the company to a 24/7 dispatch
17 cycle, five positions will be introduced. These include
18 two Dispatch Analysts, a Dispatch Supervisor, a Business
19 Operations Support Specialist, and a Scheduling
20 Supervisor. To manage the increasing workload in the
21 Sarasota service area, Peoples is adding one Damage
22 Prevention Supervisor. To support the necessary growth of
23 our Technical Training program, Peoples is adding a
24 Technical Trainer and an Administrative Specialist.
25 Lastly, Gas Operations is adding one Manager of

1 Sustainable Operations to oversee operational support for
2 CNG and RNG pipeline projects. Fifty percent of the labor
3 costs for this position will be classified as below-the-
4 line expenses, as some of the manager's direct reports
5 will be dedicated to maintaining the Alliance RNG
6 facilities.

7
8 The two new positions planned for the Pipeline Safety
9 team in 2025 are Damage Prevention Coordinators. These
10 positions will support the company's effort to protect
11 its pipeline system and perform awareness and damage
12 prevention training to third-party excavators and the
13 public.

14
15 **Q.** Please describe why the new team member additions in 2026
16 are necessary.

17
18 **A.** Ten of the 31 new positions planned for Gas Operations in
19 2026 are Apprentices who are needed to support increasing
20 activity levels across seven different service areas.
21 These Apprentices will start in the company's training
22 program collectively, with the goal of becoming fully
23 qualified gas technicians.

24
25 Gas Operations will also add: (1) three new Pipeline

1 Locators and one Leak Survey Technician to support
2 increasing activity levels in three of the company's
3 service areas; (2) two Utility Technicians to the Ocala
4 service area to improve leak response (added labor will
5 be partially offset by a reduction in outside services
6 costs); (3) four Administrative Specialists for four
7 separate service areas to support WAM and compliance
8 efforts; (4) two Storekeepers to manage storerooms in two
9 service areas with growing activity levels; (5) three
10 Regional Inventory Specialists to improve inventory
11 management and reduce inventory carrying costs; (6) four
12 additional Dispatch Analysts to assist in the transition
13 to a 24/7 internal dispatch cycle and eliminate the need
14 for Tampa Electric Company's support during non-business
15 hours; and (7) two RNG/CNG coordinators to manage the
16 Alliance RNG facility. These last two positions do not
17 impact O&M as the associated labor costs will be 100
18 percent below the line.

19
20 The eight new positions planned for Pipeline safety are:
21 (1) three new Damage Prevention Coordinators to support
22 protection of the company's pipeline system; (2) two
23 Damage Claims & Billing Support Coordinators to support
24 the implementation of improved damage claims, billing
25 processes and systems designed to achieve maximum

1 recovery; (3) a Business Continuity Coordinator to create
2 and maintain detailed continuity plans and provide
3 periodic training; (4) a new security professional to,
4 among other things, provide timely responses to
5 Transportation Security Administration requirements and
6 support incident response; and (5) a fleet safety
7 professional to manage all safety aspects of the company's
8 growing vehicle fleet.

9
10 **Q.** Has Gas Operations made any changes to its approach to
11 recruitment and training since 2023?

12
13 **A.** Yes. Peoples implemented several improvements to the
14 candidate recruiting process which reduced the company's
15 average time to fill a vacancy from 59 days in 2023 to 45
16 days in 2024. This means there is less lag between when
17 a team member leaves and when the new team member starts.
18 Witness Bluestone provides additional detail on these
19 improvements in her direct testimony.

20
21 Peoples also implemented additional training classes for
22 Meter Technicians, Pipeline Locators, and Leak Survey
23 Technicians. The company plans to make additions to the
24 GasWorX training facility and staff in 2025 that will
25 allow the company to provide additional refresher

1 training for Senior Utility Technicians and Utility
2 Coordinators. Investing in our training program reduces
3 third-party training costs and helps Peoples grow its
4 workforce cost-effectively.

5
6 **Q.** How does Peoples manage outside contractor usage?

7
8 **A.** Peoples balances outside contractor expenses with the
9 need to maintain a flexible and responsive workforce. Part
10 of this balance is insourcing contractor functions where
11 it makes sense from an operational perspective. While
12 insourcing does increase labor and other O&M costs, the
13 reduction in contractor expenses mitigates the costs of
14 adding team members, resulting in a lower overall cost to
15 the benefit of Peoples' customers.

16
17 **Q.** How many team members did Peoples insource from
18 contractors in 2023 and 2024?

19
20 **A.** The company hired 21 Gas Operations team members in 2023
21 whose compensation was previously charged to outside
22 services. These included 18 Pipeline Locators and three
23 Utility Technicians or Apprentices.

24
25 The company hired 14 Gas Operations team members in 2024

1 whose compensation was previously charged to outside
2 services. These included one Pipeline Locator, two Leak
3 Survey Technicians, and 11 Meter Technicians or
4 Apprentices.

5
6 **Q.** Does Peoples expect any additional cost reductions from
7 these insourcing efforts?

8
9 **A.** Yes. Gas Operations anticipates non-trended reductions to
10 FERC Accounts 874 and 878 of approximately \$260,642 and
11 \$618,702, respectively, in the 2026 projected test year.
12 These trends are depicted on MFR Schedule G-2, page 19b.
13 These savings result from reduced contractor expenses as
14 Gas Operations recognizes efficiency gains by performing
15 various meter-related and leak survey activities with
16 internal resources. Additionally, Gas Operations plans to
17 expand its insourcing efforts by performing all meter
18 reading functions internally by the end of 2025. Peoples
19 expects a \$734,444 non-trended reduction to contractor
20 costs in FERC Account 902 which offsets the corresponding
21 non-trended labor addition of \$284,848 in the 2026
22 projected test year. The non-trended labor addition
23 includes nine Meter Technicians to fully insource the
24 meter reading function.

25

1 **Q.** What are the forecasted O&M amounts for FERC Accounts
2 413, 871, 874, 878, 879, 880, 881, 886, 887, 892, 893,
3 894, and 902 for 2025 and 2026, and are those amounts
4 reasonable?

5
6 **A.** The total O&M amounts for the FERC Accounts listed above
7 for 2025 and 2026 are approximately \$39.1 million and
8 \$44.5 million, respectively, as shown on MFR Schedule G-
9 2, pages, 12a-14 and 19a. These expenses represent the
10 costs to safely operate our gas distribution system in
11 service to our customers and the public, meet all
12 compliance requirements, protect the public and our
13 system from outside damage, and equip our team members
14 with appropriate training and development to perform
15 their duties.

16
17 **Q.** Is the total projected amount of 2026 O&M expense for
18 these FERC Accounts higher than the actual amount in 2024?

19
20 **A.** Yes. The projected amount of O&M expense for these FERC
21 Accounts in 2026 is \$6.7 million higher than the company's
22 actual O&M expense 2024.

23
24 **Q.** Please describe the reasons for this increase.

25

1 **A.** Approximately \$2.0 million of this increase is related to
2 labor costs that were budgeted on a trended basis, as
3 described in the direct testimony of witness Bluestone.
4 Another \$1.6 million is attributed to other costs that
5 Peoples budgeted based on trends as detailed in the
6 prepared direct testimony of Peoples' witness Andrew
7 Nichols. The remainder of the increase consists of \$3.1
8 million of payroll not trended costs reflected on MFR
9 Schedule G-2, pages 19c to 19e.

10

11 **Q.** What steps is Gas Operations taking to control the level
12 of O&M expense for 2025 and 2026 while maintaining safe
13 and reliable gas service?

14

15 **A.** Gas Operations is taking several steps to control O&M
16 expense, including reducing Outside Services expenses
17 through insourcing and relying on internal Meter
18 Technician resources for all meter reading activities in
19 Peoples northern service areas. These resources will be
20 shared between service areas as needed to ensure they
21 maintain a full workload and to provide operational
22 flexibility. Gas Operations also uses technology such as
23 route optimization and resource sharing across service
24 areas. The benefits of these efforts are evident in the
25 plotted metrics shown in Document No. 5 of my exhibit.

1 Q. How does the projected total Distribution O&M compare to
2 inflation and growth adjusted benchmark projection?

3
4 A. Total Distribution O&M for 2026 is projected to be
5 approximately \$51.7 million. The Distribution O&M
6 embedded in this rate filing is lower than the projected
7 benchmark of approximately \$54.6 million by \$2.9 million,
8 or five percent, when adjusted for growth and inflation.
9 This shows the efficiency gains included in Peoples' rate
10 request and that Peoples is offsetting the impacts of
11 inflation in our business to the benefit of our customers.

12
13 **IV. SAFETY, GAS OPERATIONS, AND SUSTAINABILITY RATE BASE -**
14 **2026 TEST YEAR**

15 Q. What kinds of capital investments does Peoples make in
16 the Gas Operations area?

17
18 A. Most capital projects identified by Gas Operations serve
19 to promote the reliability, resiliency, and efficiency
20 ("RRE") of the company's gas distribution system. These
21 projects involve the replacement, improvement, or
22 relocation of facilities to maintain system safety and
23 reliability. Gas Operations team members identify these
24 projects through their regular work of operating the gas
25 distribution system. The Gas Operations team also

1 executes pipeline installation projects to provide system
2 looping, which ensures that significant customer bases
3 are not dependent on a single gas feed and avoids
4 reliability issues caused by damage to the company's
5 system. Gas Operations works with the company's
6 Engineering, Construction, and Technology team on larger
7 RRE capital projects that require longer planning and
8 implementation schedules. Peoples' witness Christian
9 Richard describes in his prepared direct testimony the
10 process for identifying, evaluating, budgeting, and
11 implementing major RRE projects. Gas Operations also
12 invests capital in vehicles, building improvements, and
13 tools and equipment.

14
15 **Q.** How much capital investment did the Commission approve in
16 the last rate case for Gas Operations for the year 2024,
17 and how does that compare to the company's actual capital
18 investment in Gas Operations for 2024?

19
20 **A.** The Commission approved approximately \$68.6 million of
21 capital investment in the Gas Operations area for 2024.
22 Peoples spent \$44.3 million in 2024, which is \$24.3
23 million less than projected in the last rate case. This
24 variance is primarily driven by deferrals of
25 Improvements to Property, Meters and Regulators, the AMI

1 Pilot, and Distribution System Improvements, which will
2 be further explained later in my testimony. We undertook
3 these deferments as part of Peoples' efforts to prudently
4 manage the overall capital plan, which requires Peoples
5 to delay some projects and accelerate others to meet both
6 business demands and the needs of customers.

7
8 **Q.** How much capital does the company plan to invest in Gas
9 Operations in 2025 and 2026?

10
11 **A.** Gas Operations plans to invest \$62.7 million in capital
12 projects in 2025 and \$79.3 million in capital projects in
13 2026, as shown in Document No. 7 of my exhibit. This
14 investment is largely related to sustaining activities
15 such as the replacement of damaged main and service lines
16 as well as distribution system improvements. This capital
17 investment also covers additional vehicles for new team
18 members, replacements of aging vehicles, and improvements
19 to our service area offices.

20
21 **Q.** For all capital investments completed or planned for the
22 years 2024 through 2026, describe the categories of
23 capital investment and the amount the company invested or
24 plans to invest in each category.

25

1 **A.** The major categories of completed and planned capital
2 investments, and the planned amount of investment in those
3 categories, are as follows:

4
5 Cathodic Protection - These projects involve the
6 replacement, retirement, or addition of cathodic
7 protection on existing gas mains and services. The company
8 spent \$2.9 million on these projects in 2024 and plans to
9 spend \$2.3 million and \$2.7 million in 2025 and 2026,
10 respectively.

11
12 Distribution System Improvements - This category includes
13 the replacement, retirement, or addition of gas mains
14 related to the enhancement of the gas distribution
15 system's reliability. The company spent \$1.3 million on
16 these projects in 2024 and plans to spend \$8.8 million
17 and \$10.8 million in 2025 and 2026, respectively. The
18 company completed fewer blanket projects in 2024 than
19 expected as the company managed the capital budget to
20 address competing priorities. The budgets for 2025 and
21 2026 include \$4.5 million and \$4.7 million of undetectable
22 pipeline identification and improvements, respectively.
23 Peoples budgeted for undetectable pipeline improvements
24 in 2024 but could not begin until 2025 due to resource
25 constraints and capital prioritization.

1 Measuring and Regulation Station Equipment - These
2 projects address concerns related to pipeline
3 pressurization monitoring and management. These include
4 projects to upgrade district regulator stations to
5 minimize the risk of over-pressurization from common-
6 mode-of-failure, and to ensure regulator stations have
7 secondary or backup pressure relief or over-
8 pressurization protection technology. Peoples invested
9 zero dollars in these projects in 2024 but expects to
10 invest \$1.6 million in these projects in 2025 and \$1.7
11 million in 2026.

12
13 Improvements to Property - These projects involve the
14 permanent alteration to, repair of, or addition to a
15 property that enhances its value, increases its useful
16 life, or allows for a new use. The company spent \$2.8
17 million on these projects in 2024, which is \$9.3 million
18 below the Commission approved rate case budget. This
19 variance is primarily driven by the \$8.0 million deferment
20 of the investment in the company's Orlando Service Center.
21 The company projects to spend \$4.1 million and \$13.0
22 million on these projects in 2025 and 2026, respectively.
23 The \$4.1 million projection for 2025 includes \$1.3 million
24 for the GasWorX facility improvements and delayed general
25 building repairs and remodeling costs that were deferred

1 from 2024. The estimate for 2026 includes large
2 renovations to several of our service area offices, which
3 includes delayed investment in Peoples' Orlando Service
4 Center and a reallocation of some of the investment in
5 that project for renovations to other field offices.

6
7 Main Replacements - This category encompasses the
8 replacement or retirement of short sections of existing
9 gas mains in an emergency or unplanned event where there
10 is no time to plan, design, permit, or schedule the work.
11 The company spent \$16.0 million on these projects in 2024
12 and estimates it will spend \$17.1 million on these
13 projects in 2025 and \$19.2 million in 2026.

14
15 Meters and Regulators - These investments include
16 replacement, retirement, or addition of metering and
17 regulation equipment to maintain reliability, accurate
18 gas monitoring, and compliance with applicable
19 requirements. The company spent \$3.6 million on these
20 projects in 2024 and estimates it will spend \$4.5 million
21 in 2025 and \$3.5 million in 2026. The budgeted amounts
22 for 2025 and 2026 include approximately \$4.2 million in
23 periodic meter change-outs that the company did not
24 complete in 2024 as planned due to a slower than expected
25 program start.

1 Non-Construction - These investments include tools,
2 machinery, or equipment used to install or maintain
3 company assets, power equipment and tools, and gauges,
4 instruments, devices, or systems used to inspect, test,
5 calibrate, or measure parameters. The company invested
6 \$2.4 million in these devices in 2024 and projects to
7 spend \$2.3 million and \$2.9 million in this area in 2025
8 and 2026, respectively.

9
10 Service Line Replacement - These projects include
11 replacement of a portion or an entire service line in an
12 emergency or unplanned event where there is not time to
13 plan, design, permit, and schedule the work. The company
14 spent \$6.8 million in this area in 2024 and expects to
15 spend \$14.5 million and \$14.4 million on these projects
16 in 2025 and 2026, respectively. Beginning in 2025, this
17 category also includes the cost to cut and cap inactive
18 service lines. This comprises \$6.2 million of the
19 projected 2025 spend and \$6.4 million of the 2026 spend.
20 These costs were formerly grouped with new service line
21 installations. While included in the capital budget, the
22 removal costs associated with the cut and cap of inactive
23 service lines are adjusted out of rate base calculations
24 and recovered through asset depreciation rates.

25

1 Office Equipment - This category primarily encompasses
2 the purchase of computers, printers, and related
3 equipment. The company invested approximately \$0.2
4 million in this equipment in 2024 and projects to spend
5 approximately \$0.6 million in 2025 and \$0.5 million in
6 2026 in this area.

7
8 Purchase of Transportation Vehicles - Peoples spent \$8.3
9 million on the purchase of vehicles in 2024 and expects
10 to spend \$4.6 million in 2025 and \$6.5 million in 2026
11 for vehicles. Peoples plans to purchase 30 and 58 new
12 vehicles in 2025 and 2026, respectively. Peoples
13 evaluates the oldest existing fleet vehicles for
14 retirement as it purchases new vehicles. Overall, Peoples
15 expects its fleet to expand to over 720 vehicles by the
16 end of 2026.

17
18 AMI - As I previously explained, Peoples initially planned
19 to begin work on the AMI Pilot in 2024 but postponed the
20 project to 2025 due to capital prioritization and a
21 necessary system upgrade by Itron, who is a joint vendor
22 along with Tampa Electric. Peoples plans to invest
23 approximately \$2.2 million in this project in 2025 and
24 \$4.0 million in 2026.

25

1 **Q.** You mentioned several categories of capital investments
2 that Peoples originally planned for 2024 that were delayed
3 into later years. Why were these projects delayed?
4

5 **A.** Peoples opted to defer some capital investments and
6 prioritize others as part of its ongoing evaluation of
7 capital and O&M spending. As witness Richard details in
8 his direct testimony, the company prudently managed its
9 capital budget, balanced priorities, and delivered
10 results within one percent of the overall budget over the
11 past two years.
12

13 **Q.** Please identify the delayed projects and explain why they
14 are still necessary.
15

16 **A.** Peoples was able to manage without these capital
17 investments in 2024 but still requires investments in
18 these areas. These delayed investments included: (1) the
19 delay of the \$8.0 million renovation of Peoples' Orlando
20 Service Center to 2026 and reallocation of these funds to
21 other service area centers; (2) a \$4.1 million reduction
22 in periodic meter change-outs due to a slower than
23 expected program start in 2024; (3) a \$2.2 million
24 reduction in distribution system improvements which were
25 delayed until 2025; (4) a reduction of \$2.2 million for

1 the AMI project, which was delayed until 2025; and (5) a
2 reduction of \$1.1 million for GasWorX improvements, which
3 was delayed until 2025.
4

5 **Q.** Were each of Peoples' capital investments in 2024
6 reasonable and prudent?
7

8 **A.** Yes. Each of the investments made in 2024 was necessary
9 to maintain the safe and reliable operation of Peoples'
10 gas distribution system.
11

12 **Q.** Is Gas Operations projected level of capital investment
13 in 2025 and 2026 reasonable and prudent?
14

15 **A.** Yes. The investments I previously described are all
16 necessary to maintain the safe and reliable operation of
17 Peoples' gas distribution system.
18

19 **Q.** What steps does Gas Operations take to ensure these
20 capital projects are completed at the lowest reasonable
21 cost?
22

23 **A.** In his direct testimony, witness Richard describes
24 several methods the company uses to ensure that capital
25 projects are completed at the lowest reasonable cost,

1 including the use of fixed unit price multi-year contracts
2 and project oversight, among others. For non-construction
3 capital expenditures, such as vehicles, office equipment,
4 and improvements to property, Peoples uses competitive
5 bidding to procure these materials and services in
6 accordance with established procurement policies to
7 ensure we obtain the best value for our customers.

8
9 **Q.** What steps has Gas Operations taken to promote
10 affordability?

11
12 **A.** Peoples has successfully offset the impacts of inflation
13 in O&M for Safety, Gas Operations and Sustainability. In
14 an environment where seemingly everything is more
15 expensive, Peoples' success in offsetting inflation
16 directly promotes affordability to our customers. Gas
17 Operations also uses the methods I previously described
18 to ensure that it completes capital projects at the lowest
19 reasonable cost.

20
21 **V. MFR SCHEDULES SPONSORED**

22 **Q.** Please explain MFR Schedules C-38, G-1, G-2, G-6.

23
24 **A.** MFR Schedule C-38 provides an explanation of O&M cost
25 variances by functional area comparing the historic base

1 year to the benchmark. I also sponsor categories
2 containing Distribution and A&G FERC Accounts that are
3 related to Gas Operations activities.
4

5 MFR Schedule G-1, pages 23 and 26, provides a detailed
6 construction budget for the Historic Base Year + 1 and
7 the Projected Test Year. These capital costs represent
8 investments in the distribution system supported by the
9 direct testimony of witness Richard.
10

11 MFR Schedule G-2, pages 12a-14 and 19, provides the
12 calculation of O&M expenses for the Historic Base Year,
13 Historic Base Year + 1, and Projected Test Year by FERC
14 Account by category. The amounts shown are explained
15 through either a justified trended factor or non-trended
16 explanation. My direct testimony supports FERC Accounts
17 413, 871, 874, 878, 879, 880, 881, 886, 887, 892, 893,
18 894, and 902, which substantially represent the cost of
19 operating and maintaining Peoples' natural gas
20 distribution system, as well as the non-trended positions
21 and other costs on MFR Schedule G-2, pages 12a-14 and
22 19a.
23

24 MFR Schedule G-6, pages 1-9, provides an explanation of
25 the major assumptions Peoples took in its projected test

1 year.

2

3 **Q.** Please explain MFR Schedule I-1.

4

5 **A.** MFR Schedule I-1 lists interruptions in service affecting
6 the lesser of 10 percent of all customers, or 500 or more
7 customer meters in a service area.

8

9 **Q.** Please describe MFR Schedule I-2.

10

11 **A.** MFR Schedule I-2 requires a summary of rule violation
12 notices Peoples has received from the Commission since
13 the company's last general rate case proceeding.

14

15 **Q.** Please describe MFR Schedule I-3.

16

17 **A.** MFR Schedule I-3 requires a listing of meters with a rated
18 capacity of (1) 250 cubic feet per hour ("CFH") or less
19 which were not included in an approved statistical
20 sampling plan, (2) between 251 CFH and 2500 CFH, and (3)
21 over 2500 CFH that have not been tested for accuracy
22 within 120 months of the year-end of the last historic
23 test year, which was 2024. All meters with a rated
24 capacity of 250 CFH or less have been included in the
25 approved statistical sampling plan.

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VI. SUMMARY

Q. Please summarize your prepared direct testimony.

A. My direct testimony demonstrates that the Peoples' Gas Operations team is delivering a high level of customer service, safety, reliability, and resiliency while carefully managing O&M expenses and completing capital projects in a prudent manner.

Q. Does this conclude your prepared direct testimony?

A. Yes.

PEOPLES GAS SYSTEM, INC.
DOCKET NO. 20250029-GU
WITNESS: O'CONNOR

EXHIBIT

OF

TIMOTHY O'CONNOR

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DOCUMENT NO.	TITLE	PAGE
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**LIST OF MINIMUM FILING REQUIREMENT SCHEDULES
SPONSORED OR CO-SPONSORED BY TIMOTHY O'CONNOR**

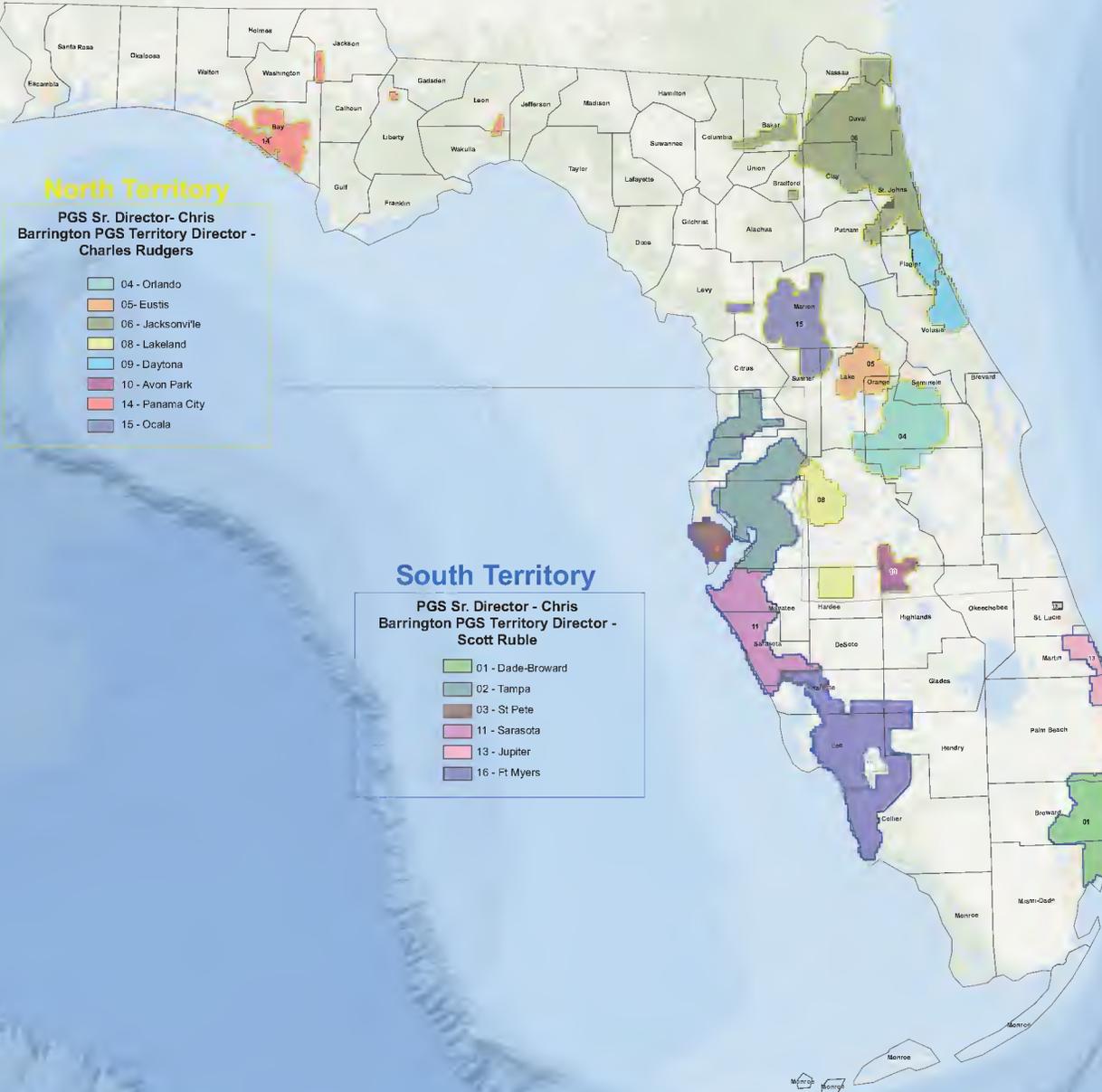
MFR Schedule	Page No.	MFR Title
C-38	P. 1-2	O & M Benchmark Variance By Function
C-38	P. 4-5	O & M Benchmark Variance By Function
G-01	P. 23	Historic Base Year + 1 - Construction Budget
G-01	P. 26	Projected Test Year - Construction Budget
G-02	P. 12 (a-c)	Projected Test Year - Calculation Of Operation & Maintenance Expenses
G-02	P. 13	Projected Test Year - Calculation Of Operation & Maintenance Expenses (Cont.)
G-02	P. 14	Projected Test Year - Calculation Of Customer Account Expenses
G-02	P. 19 (a-g)	Projected Test Year - Total Expenses
G-06	P. 1-9	Projected Test Year - Major Assumptions
I-01	P. 1	Customer Service – Interruptions – Services Affecting 500 Or More Division Meters
I-02	P. 1	Notification Of Commission Rule Violations – Summary
I-03	P. 1 - 7	Meter Testing – Periodic Testing – Meters With Rated Capacity Of 250cfh Or Less

**Peoples Gas System, Inc.
Year-end Operations and Safety Team Members Summary**

Table 1:

Year-end Team Members by Area	Actual 2023	Actual 2024
Dade Broward	74	82
Tampa	53	62
St Pete	30	30
Sarasota	30	33
SWFL	20	24
Jupiter	10	11
Jacksonville	42	52
Orlando	53	57
Ocala	23	27
Panama City	19	18
Lakeland	12	10
Daytona	10	12
Eustis	8	7
Highland	2	2
Field Ops	388	427
BOSS	22	27
Technical Training	10	10
Sustainable Ops	4	6
Gas Delivery Admin	0	0
Gas Administration	36	43
Total Gas Operations	424	470
Safety	8	8
Contractor Safety	4	4
PGS Quality Assurance	5	5
Damage Prevention	14	12
Pipeline Ops Compliance	5	3
Emergency Management	0	2
Total Safety and Compliance	36	34
Operations and Safety Total	460	504

PGS System Map



North Territory

PGS Sr. Director- Chris Barrington
PGS Territory Director - Charles Rudgers

- 04 - Orlando
- 05 - Eustis
- 06 - Jacksonville
- 08 - Lakeland
- 09 - Daytona
- 10 - Avon Park
- 14 - Panama City
- 15 - Ocala

South Territory

PGS Sr. Director - Chris Barrington
PGS Territory Director - Scott Ruble

- 01 - Dade-Broward
- 02 - Tampa
- 03 - St Pete
- 11 - Sarasota
- 13 - Jupiter
- 16 - Ft Myers

Legend

Territory Boundary

- North
- South
- County

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 FILED: 03/31/2025

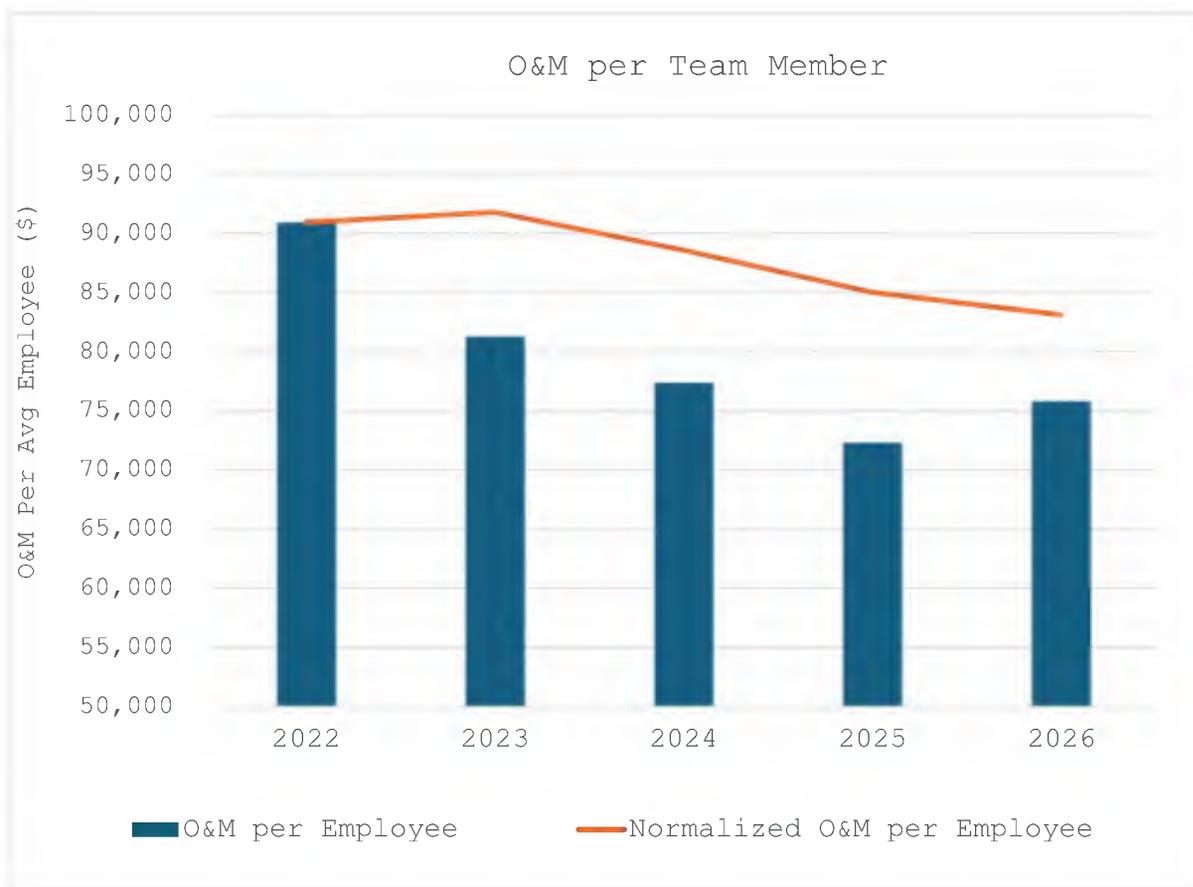
Peoples Gas System, Inc.
Gas Operations Key Performance Indicators

Table 1:

Key Performance Indicator	2022	2023	2024
HSIFs for employees and contractors	1	0	0
Avoidable Vehicle Incident rate	1.84	1.68	2.03
OSHA recordable incident rate	1.13	1.18	1.20
Lost time injury rate	0.28	0.13	0.24
Total safety observations & proactive submissions	5,763	5,309	5,608
Violations	3	1	2
Total leak calls	23,688	24,329	24,547
Total leaks repaired	5,985	5,444	5,736
Total damages to People's system	1,810	1,707	1,719
Emergency response rate less than 60 minutes	98.1%	97.0%	97.7%
Total customers	467,975	489,751	508,289
JD Power national ranking (residential)	1	1	2

Peoples Gas System, Inc.
Operational Statistics based on O&M FERC's Primarily Related to Gas Operations

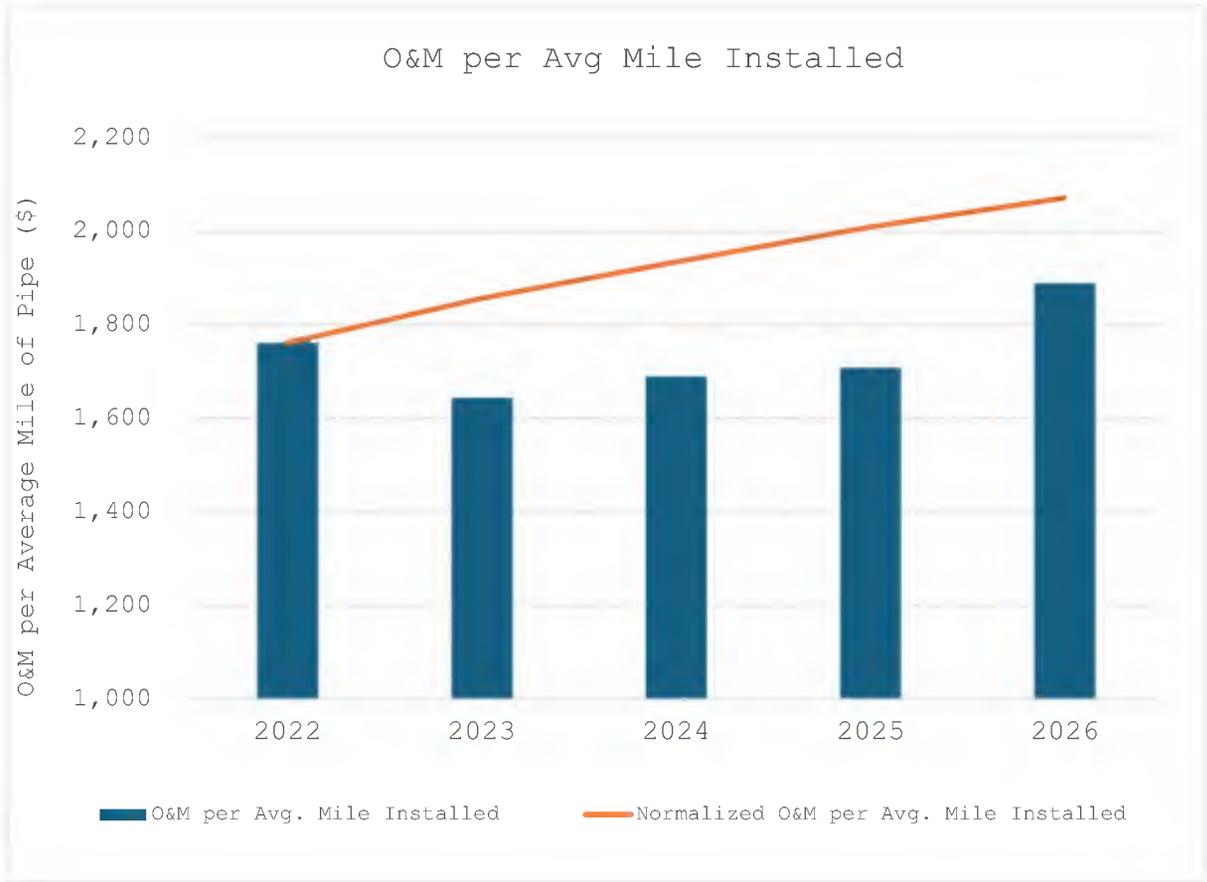
Table No. 1: O&M Per Team Member



75

Peoples Gas System, Inc.
Operational Statistics based on O&M FERC's Primarily Related to Gas Operations

Table No. 2: O&M Per Avg Mile Installed



76

Peoples Gas System, Inc.
Operational Statistics based on O&M FERC's Primarily Related to Gas Operations

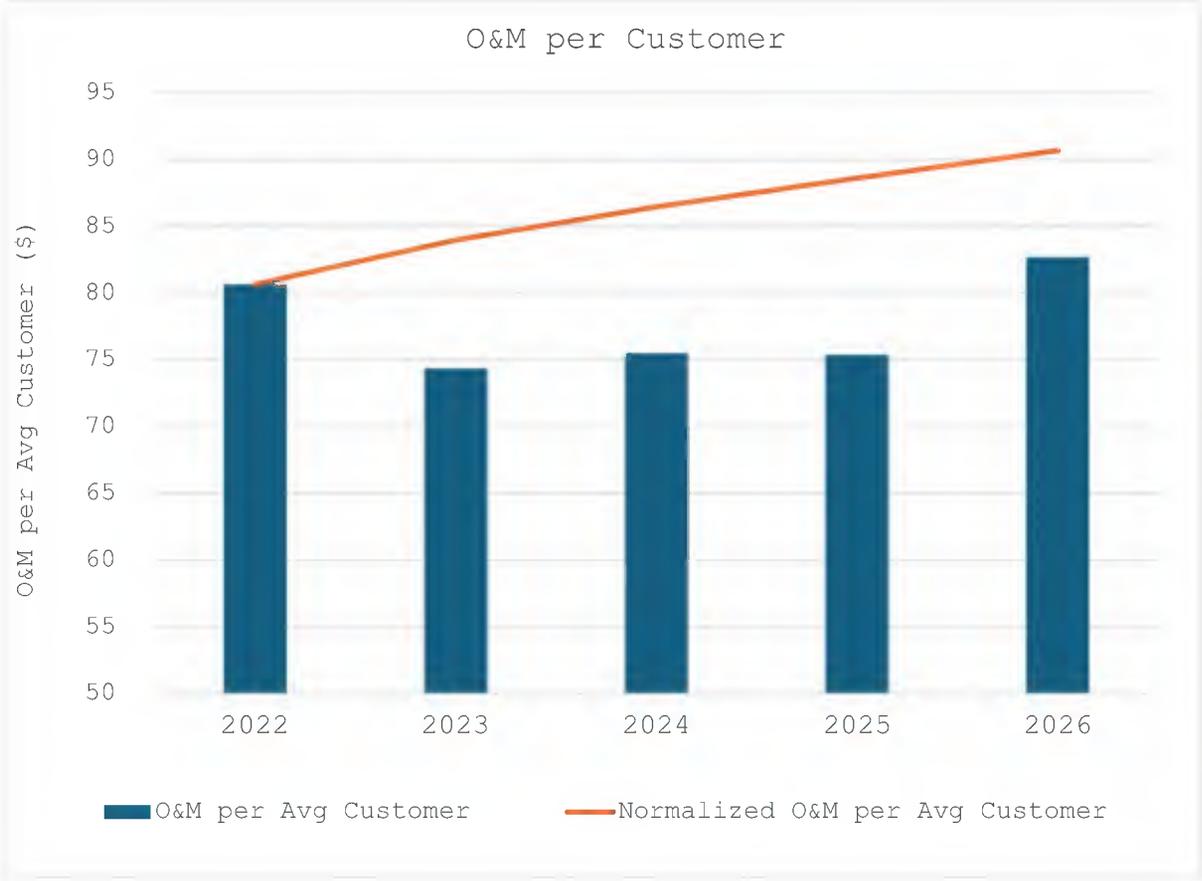
Table No. 3: O&M per Order



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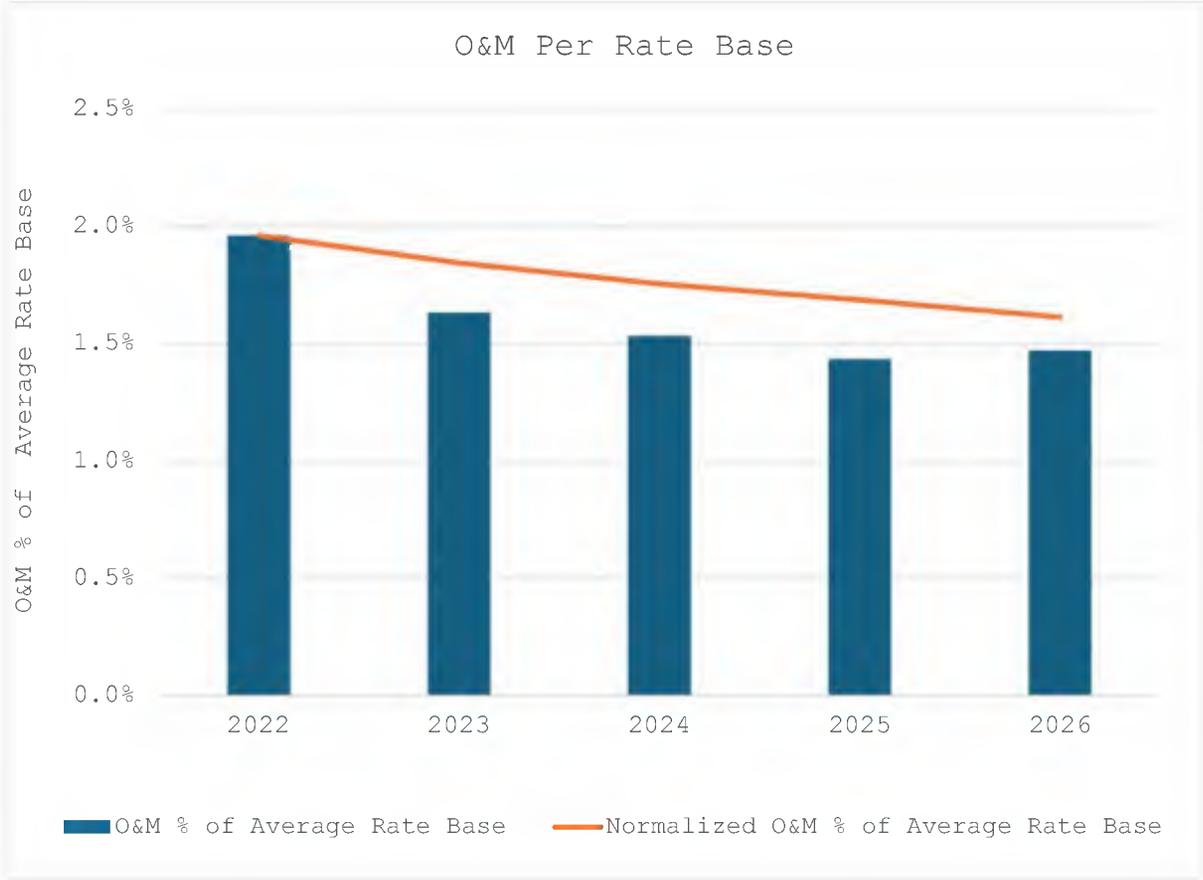
Peoples Gas System, Inc.
Operational Statistics based on O&M FERC's Primarily Related to Gas Operations

Table No. 4: O&M per Customer



Peoples Gas System, Inc.
Operational Statistics based on O&M FERC's Primarily Related to Gas Operations

Table No. 5: O&M Per Rate Base



Peoples Gas System, Inc.
 Positions Approved By the Commission in the 2023 Rate Case
 Gas Operations, Pipeline Safety & Operational Support, and External Affairs
 as of December 31, 2024

FERC Accounts	No. of Positions Approved	No. of Positions Filled	No. of Positions Unfilled
874	59	45	14
880	5	2	3
887	2		2
903	6	5	1
920	1	1	0
925	5	1	4
TOTAL	78	54	24

Peoples Gas System, Inc.
Capital Expenditures by Witness
Witness: Timothy O'Connor

Capital Category	Project/Spend Type	2024 Actual	2025 Budget	2026 Budget
Reliability, Resiliency, and Efficiency	Main Replacements	\$ 16,011,811	\$ 17,076,556	\$ 19,238,188
Reliability, Resiliency, and Efficiency	Service Line Replacements	\$ 6,788,806	\$ 14,496,694	\$ 14,364,228
Reliability, Resiliency, and Efficiency	Meters and Regulators	\$ 3,634,050	\$ 4,529,431	\$ 3,474,356
Reliability, Resiliency, and Efficiency	Distribution System Improvements	\$ 1,329,235	\$ 8,809,972	\$ 10,832,270
Reliability, Resiliency, and Efficiency	Measuring and Regulation Station Equipment	\$ -	\$ 1,649,102	\$ 1,687,031
Reliability, Resiliency, and Efficiency	Cathodic Protection	\$ 2,850,639	\$ 2,294,169	\$ 2,719,400
Reliability, Resiliency, and Efficiency	Improvements to Property	\$ 2,831,019	\$ 4,133,428	\$ 13,025,168
Reliability, Resiliency, and Efficiency	Communication Equipment	\$ 41,153	\$ 13,000	\$ 13,000
Reliability, Resiliency, and Efficiency	Misc. Non-Revenue Producing	\$ 41,685	\$ -	\$ -
Reliability, Resiliency, and Efficiency	Power Operated Equipment	\$ 434,707	\$ 876,000	\$ 1,239,560
Reliability, Resiliency, and Efficiency	Testing and Measuring Equipment	\$ 825,779	\$ 657,629	\$ 610,264
Reliability, Resiliency, and Efficiency	Tools and Shop Equipment	\$ 1,016,619	\$ 787,700	\$ 1,040,692
Reliability, Resiliency, and Efficiency	Office Equipment	\$ 246,023	\$ 596,095	\$ 518,000
Reliability, Resiliency, and Efficiency	AMI Pilot	\$ -	\$ 2,200,000	\$ 4,000,000
Reliability, Resiliency, and Efficiency	Transportation Vehicles	\$ 8,268,951	\$ 4,617,425	\$ 6,500,000
	Subtotal Reliability, Resiliency, and Efficiency	\$ 44,320,477	\$ 62,737,202	\$ 79,262,157

PEOPLES GAS SYSTEM, INC.
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