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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 Christian Richard and Exhibit No. CR-1.

Thank you for your assistance with this matter.

(Document 5 of 16)

Sincerely,

A handwritten signature in blue ink, appearing to read 'J. Jeffrey Wahlen', with a long horizontal flourish extending to the right.

J. 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  
CHRISTIAN RICHARD**

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**OF**  
**CHRISTIAN RICHARD**

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1                                   **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2                                   **PREPARED DIRECT TESTIMONY**

3                                   **OF**

4                                   **CHRISTIAN RICHARD**

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

7  
8   **A.**   My name is Christian Richard. 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 its Vice President of Engineering, Construction and  
12          Technology ("ECT").

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

16  
17   **A.**   I am responsible for: (1) the engineering and construction  
18          of the company's transmission facilities ("E&C"); (2) the  
19          design and construction of the company's distribution  
20          facilities ("D&C") which includes the company's Gas Control  
21          and Measurement & Regulation groups; (3) long-term planning  
22          and oversight of the company's capital program (Work and  
23          Capital Management, or "WCM"); (4) supply chain management  
24          ("SC"); and (5) information technology ("IT").  
25          Collectively, the E&C, D&C, WCM, SC and IT functions

1           constitute the ECT team.

2

3   **Q.**   Please provide a brief outline of your educational  
4           background and business experience.

5

6   **A.**   I graduated from the University of New Brunswick (New  
7           Brunswick, Canada) with a bachelor's degree in engineering  
8           in 2000 and earned a master's degree in business  
9           administration ("MBA") from l'Université de Moncton (New  
10          Brunswick, Canada) in 2003. I have worked in the utility  
11          industry for over seventeen years, including seven years  
12          at an electric utility and ten years in the natural gas  
13          sector. I served as General Manager of Emera Brunswick  
14          Pipeline and was on the Management Committees of Maritimes  
15          and Northeast Pipeline United States and Maritimes and  
16          Northeast Pipeline Canada. My work experience also includes  
17          managing industrial operations in the forestry sector  
18          (sawmills) and the tidal energy sector. I joined Peoples  
19          in 2019 as its Vice President-Strategy and assumed my  
20          current position in 2022.

21

22   **Q.**   What are the purposes of your prepared direct testimony in  
23           this proceeding?

24

25   **A.**   The purpose of my direct testimony is to highlight ECT's

1 critical role in maintaining the safe operation of the  
2 Peoples system, providing essential support services for  
3 reliable operations, ensuring prudent capital project  
4 planning, and executing those capital projects on time and  
5 on budget.

6  
7 My direct testimony will: (1) describe the company's ECT  
8 team; (2) describe Peoples' achievements and changes in  
9 the ECT area since the company's last rate case; (3)  
10 demonstrate the ECT team's effectiveness at facilitating  
11 the company's capital planning process and providing  
12 oversight for the execution of capital projects; (4)  
13 describe the company's prudent capital investments in the  
14 ECT area to promote safe, efficient, and reliable service  
15 to our customers and meet the needs of a growing, aging,  
16 and increasingly more complex system; and (5) demonstrate  
17 that Peoples' proposed levels of operations and maintenance  
18 ("O&M") expenses for the ECT team for the 2026 projected  
19 test year are reasonable and prudent.

20  
21 **Q.** Did you prepare any exhibits in support of your prepared  
22 direct testimony?

23  
24 **A.** Yes. Exhibit No. CR-1, entitled "Exhibit of Christian  
25 Richard", was prepared under my direction and supervision

1 and accompanies my prepared direct testimony. The contents  
2 of my exhibit and the Minimum Filing Requirement ("MFR")  
3 Schedules referenced in them were derived from the business  
4 records of the company and are true and correct to the best  
5 of my knowledge and belief. My exhibit consists of the  
6 following nine documents:

7  
8 Document No. 1 List of Minimum Filing Requirement  
9 Schedules Sponsored or Co-Sponsored by  
10 Christian Richard

11 Document No. 2 Supply Chain Savings Achieved from  
12 2023 to 2024

13 Document No. 3 Actual Capital Expenditures Compared  
14 to the 2023 Rate Case Capital Plan for  
15 2023 and 2024

16 Document No. 4 Peoples Capital Plan for 2025 and 2026

17 Document No. 5 Peoples Capital Plan for 2025 and 2026  
18 - Portion Managed by Peoples' ECT team

19 Document No. 6 Actual ECT Positions Filled Compared  
20 to Positions Approved in 2023 Rate  
21 Case

22 Document No. 7 ECT O&M by FERC for 2024 to 2026

23 Document No. 8 ECT Non-Trended Labor Costs by FERC  
24 for 2025 and 2026

25

1 Document No. 9 ECT team Member Additions for 2025 and  
2 2026  
3

4 **Q.** Are you sponsoring any MFR Schedules?

5  
6 **A.** Yes. I sponsor or co-sponsor the MFR Schedules listed in  
7 Document No. 1 of my exhibit. These include MFR Schedules  
8 C-38, G-01, G-02, and G-06.  
9

10 **I. ECT OVERVIEW**

11 **Q.** Please describe the company's ECT team.  
12

13 **A.** Peoples ECT team consists of 185 team members (as of  
14 December 31, 2024) who work in five distinct functional  
15 areas including 34 in E&C, 127 in D&C, two in WCM, 10 in  
16 SC, and 12 in IT. Each functional area team performs a  
17 separate and distinct function on behalf of customers.  
18

19 **Q.** Please describe the E&C and D&C team and their  
20 responsibilities.  
21

22 **A.** E&C and D&C team member responsibilities include: design  
23 and engineering, cost estimating, construction management  
24 and oversight; maintenance of the company's "as built"  
25 construction records and its Geographic Information System

1 ("GIS"); integrity management; codes and standards; and  
2 gas control, measurement, and regulation. The E&C and D&C  
3 team oversee the strategic contracts that deploy between  
4 450 and 500 people to perform our construction activity  
5 across the state and deployed the majority of the \$314.1  
6 million of our total capital budget in 2024 safely,  
7 reliably, on-time, and on-budget. The team also provides  
8 support to the Gas Operations team during emergency events  
9 such as pipeline damages or storms. The Gas Control team  
10 monitors and controls the company's pipeline system from a  
11 centralized location. Finally, the Measurement and  
12 Regulation ("M&R") team within D&C performs all  
13 maintenance, operations, compliance, and safety work on  
14 the company's large measurement and regulation assets and  
15 operates the company's compressor stations.

16  
17 **Q.** Please describe the WCM team.

18  
19 **A.** The WCM team consists of two people and is tasked with  
20 providing oversight and management of strategic capital  
21 planning, including governance, budgeting, scheduling,  
22 execution, monitoring, and reporting for all capital  
23 activities at Peoples. The department is also responsible  
24 for the development and maintenance of the company's long-  
25 term capital plan, including preparation of the company's

1 initial Integrated Resource Plan ("IRP") in 2024 and the  
2 annual updates to that plan.

3  
4 **Q.** Please describe the SC team.

5  
6 **A.** Established in 2023 with three team members, Peoples' SC  
7 team is now comprised of 10 team members as of the end of  
8 2024. The SC team ensures efficient procurement of  
9 materials and services to support Gas Operations and  
10 capital execution. The team is responsible for the  
11 lifecycle management of contracts; strategic sourcing of  
12 materials and services; inventory management; fleet and  
13 facilities management; and imposing governance procedures  
14 and controls. Tampa Electric's SC team also continues to  
15 provide some SC functions on a shared services basis - an  
16 arrangement that uses economies of scale to benefit both  
17 electric and gas customers. Tampa Electric charges the cost  
18 of these shared services to Peoples. Peoples witness Jeff  
19 Chronister's prepared direct testimony provides more  
20 information on the treatment of shared service costs.

21  
22 **Q.** Please describe the company's IT team members within ECT  
23 and their activities.

24  
25 **A.** Peoples IT team consists of 12 professionals, including an

1 IT Director, that are focused on Peoples' IT and  
2 operational technology investments. This team works with  
3 the company's other business units to help them identify  
4 and use technology to solve problems and improve efficiency  
5 and safety. The company continues to rely on Tampa Electric  
6 for shared IT services including cybersecurity,  
7 telecommunications, IT infrastructure, customer systems,  
8 and corporate solutions. These shared services are directly  
9 charged or allocated by Tampa Electric to Peoples. Witness  
10 Chronister's testimony provides more information on the  
11 treatment of shared service costs. Like with SC, this  
12 arrangement takes advantage of economies of scale to  
13 benefit both electric and gas customers.

14  
15 **Q.** What is the Technology Strategy Council?  
16

17 **A.** Peoples' Technology Strategy Council ("TSC") consists of  
18 20 representatives from various functional areas within  
19 Peoples and TECO Partners, Inc. ("TPI").  
20

21 The TSC has three major functions: (1) to complete annual  
22 updates of the company's Technology Strategy and Roadmap;  
23 (2) to review and approve all technology projects prior to  
24 execution; and (3) to prioritize time and resources related  
25 to the company's technology planning.

1 Q. What is the Technology Strategy and Roadmap?

2

3 A. The Technology Strategy and Roadmap ("Roadmap") is a five-  
4 year view of the company's planned technology investments.  
5 The Roadmap is refreshed in a series of annual workshops  
6 with the company's various functional areas and is based  
7 on each area's challenges, needs, and possible solutions.  
8 The TSC analyzes each potential project through a  
9 "chartering process" that further defines the scope of the  
10 project and enables prioritization and value analysis. The  
11 TSC also reviews and approves each of the technology  
12 projects to ensure there is no duplication of functionality  
13 with existing investments, to assess project execution  
14 feasibility, to evaluate cybersecurity risks, and to gauge  
15 supplier support.

16

17 Q. What role does the ECT team play with respect to safety  
18 and compliance?

19

20 A. ECT collaborates with the Gas Operations and Safety team  
21 to ensure the company's system complies with federal and  
22 state safety requirements. Each ECT team plays a part in  
23 ensuring that Peoples operates its system reliably and  
24 according to the company's integrated Pipeline Safety  
25 Management System ("PSMS"), which helps ensure the safety

1 of our team members, contractors, and the public. The M&R  
2 and Gas Control team operate the transfer points between  
3 Peoples and Inter/Intrastate pipelines, ensure pipelines  
4 are operated at safe pressures, and can operate protective  
5 measures such as Rupture Mitigation Valves ("RMV") to  
6 reduce the consequence of a pipeline rupture if one were  
7 ever to occur. The Codes and Standards team (within E&C)  
8 ensures that the company follows proper work processes and  
9 uses appropriate materials and controls. The Integrity  
10 Management team (within E&C) ensures that the company  
11 complies with integrity standards for distribution and  
12 transmission gas assets. Finally, the GIS team maintains  
13 records of the company's system.

14  
15 **II. ECT ACCOMPLISHMENTS AND CHANGES SINCE LAST RATE CASE**

16 **Q.** Please describe any changes to the ECT team since the last  
17 rate case.

18  
19 **A.** The ECT team has grown since the last rate case in several  
20 ways. These include the evolution of the WCM function, the  
21 transition of some business functions from our affiliate  
22 Tampa Electric, and team member additions to accommodate  
23 the growth of Peoples' customer base and distribution  
24 system.

25

1 Q. Please describe the growth of the distribution system since  
2 January of 2023 and the impact of that growth on the ECT  
3 team's operations and responsibilities.  
4

5 A. Peoples has safely designed and constructed over 783 miles  
6 of distribution main, nearly 43,000 new services, and 75  
7 district regulator stations since January 2023. The company  
8 also completed the 29-mile Dade City Connector Project. As  
9 described in Peoples witness Timothy O'Connor's prepared  
10 direct testimony, system growth increases the effort needed  
11 by the Gas Operations team to maintain and operate the  
12 company's system. System growth also means an increase in  
13 system data, which the ECT team must gather and monitor  
14 for the company's integrity management programs, more  
15 complex system records, which the ECT team maintains  
16 through its GIS system, and a larger system for the Gas  
17 Control team to operate. Finally, the M&R team must ensure  
18 that Gas Control can monitor and control this growing  
19 system through instrumentation and automation.  
20

21 This growth affects the company's capital budgeting, as  
22 Peoples must increase its capital investment level in  
23 Reliability, Resiliency, and Efficiency ("RRE") projects  
24 in 2025 and 2026 to address the needs of a growing, aging,  
25 and increasingly complex system. I will explain our RRE

1 capital investment plan later in my testimony.

2  
3 **Q.** Have there been any other significant accomplishments or  
4 changes in the ECT area since 2023?

5  
6 **A.** Yes. The ECT team has continued to implement programs which  
7 help improve the overall efficiency of our capital spending  
8 and ensure each dollar reaches its best use. Each of the  
9 five functional areas within the ECT team has also had its  
10 own significant changes and successes since 2023.

11  
12 E&C AND D&C TEAM

13 **Q.** What successes have the E&C and D&C team had since 2023?

14  
15 **A.** Since the last rate case, the E&C and D&C team were  
16 successful in prudently managing the company's capital  
17 budget, as illustrated by our ability to stay within one  
18 percent of the capital budget in both 2023 and 2024.

19  
20 The D&C team initiated and successfully completed the  
21 Design and Construction Performance Improvement ("DCPI")  
22 project. This project included a comprehensive review of  
23 the company's major businesses processes for distribution  
24 growth projects and implemented a new structured management  
25 framework with key performance metrics to promote greater

1 work transparency, better decision-making, and better  
2 accountability. This program resulted in gains in capital  
3 efficiency by changing how Peoples uses project inspectors  
4 and by minimizing reliance on external contractors for  
5 inspections. This nine-month project allowed the company  
6 to realize a net \$6.5 million of annualized capital  
7 savings.

8  
9 The Gas Control team improved controller performance by  
10 enhancing alarm management, creating a quality assurance  
11 plan to review controller log entries, and implementing  
12 disaster recovery training with controllers. The Gas  
13 Control team will move into our affiliate Tampa Electric's  
14 new Bearss Operations Center later this year. The Bearss  
15 Operations Center is a modern, storm-hardened secure  
16 operations center. This relocation will benefit customers  
17 because the team members and technology that operate our  
18 gas system will be housed in a more resilient, storm-  
19 hardened facility.

20  
21 The M&R team implemented several new technologies,  
22 including new state-of-the-art measurement systems, the  
23 Work and Asset Management ("WAM") system, and a new  
24 monitoring system to provide visibility and surveillance  
25 of our critical cyber assets. These improvements in

1 technology help support pipeline safety and accurate  
2 measurement of customer usage.

3  
4 The E&C team also continued to execute large projects, such  
5 as the Dade City Connector Project, and deliver those  
6 projects on time and at or below budget. This success is  
7 based on the many construction management improvements  
8 shared during Peoples' last rate case, including issuing  
9 four comprehensive manuals to guide team members through  
10 the project management process. The guidance provided by  
11 these manuals enhances cost control and helps ensure that  
12 projects stay within or below the approved budget. The team  
13 also introduced standardized cost tracking sheets to ensure  
14 consistent project controls and transparency for tracking  
15 costs. The insights gained from this process will be used  
16 to refine future estimates, improving accuracy by  
17 accounting for both positive and negative variances.

18  
19 WCM TEAM

20 **Q.** What successes has the WCM team had since 2023?

21  
22 **A.** The WCM team made significant advancements in work and  
23 capital planning; budgeting and execution; and  
24 strengthening oversight and governance to ensure  
25 disciplined investment and execution. The best

1 illustration of these improvements is that Peoples was able  
2 to stay within one percent of our capital budget in both  
3 2023 and 2024. The WCM team also successfully developed  
4 the 2024 IRP. This document is used to identify and  
5 prioritize capital projects that are necessary to address  
6 customer growth, maintain reliability, and keep the system  
7 safe over the long-term. The 2024 IRP provides a first step  
8 in a clear 10-year roadmap for future investments.

9  
10 SC TEAM

11 **Q.** Has Peoples changed the way it manages procurement of  
12 materials and supplies since 2023?

13  
14 **A.** Yes. Peoples historically received supply chain management  
15 services from our affiliate company Tampa Electric. Peoples  
16 engaged a consultant in 2022 to assess insourcing the  
17 supply chain function from Tampa Electric. This process  
18 resulted in the development of the Peoples Supply Chain  
19 Operating Model ("SCOM"), which is designed to create long-  
20 term value for the company. Peoples established its own SC  
21 team in 2023 and is taking a cautious, phased approach to  
22 filling out the team and implementing the SCOM, which is  
23 on track for full implementation by 2026. Peoples engaged  
24 the same consultant for a follow-up assessment in 2024,  
25 which reaffirmed the original recommendations and

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validated Peoples' supply chain transition strategy.

The SC team also assumed responsibility for fleet operations, a function previously performed by Tampa Electric. SC oversees 701 vehicles as of December 2024. Peoples established a new fleet management committee and introduced structured processes for vehicle procurement, job-specific vehicle standardization, safety equipment requirements, third-party maintenance management, cost tracking, and planned replacements based on cost and age. This professional approach ensures the company will have a safer, more cost-effective fleet.

**Q.** Has Peoples faced any major supply chain challenges related to procuring materials and supplies since the last rate case?

**A.** Yes. Peoples continues to face difficulties in procuring some materials and supplies. For example, Peoples had difficulty procuring residential and commercial meters in the first several months of 2024 due to manufacturer part shortages. The SC team implemented several steps to mitigate these critical meter shortages and was able to manage through the situation without customer disruptions.

1 Q. Has Peoples faced any significant cost increases for  
2 materials, supplies, and services since the last rate case?

3

4 A. Yes. Cost increases have not spared the natural gas  
5 industry. For example, the company experienced cost  
6 increases of 35 percent on meters, 33 percent on meter  
7 accessories, and 22 percent on valves from 2023 to 2024.  
8 This example alone represents approximately \$2.5 million  
9 in price increases.

10

11 Q. Has Peoples' new SC team identified any opportunities for  
12 savings?

13

14 A. Yes. In addition to providing rapid response to operational  
15 issues such as the meter shortage, the SC team delivered  
16 value through "hard savings", which are easily quantifiable  
17 savings such as realizing rebates, securing lower-cost  
18 vendors and supplies, and salvaging excess pipelines. The  
19 SC team also delivered "soft savings", which are harder to  
20 quantify savings such as negotiating smaller price  
21 increases from suppliers. The SC team achieved  
22 approximately \$4.0 million of total savings in 2023 and  
23 2024. These savings are presented in Document No. 2 of my  
24 exhibit.

25

1 IT TEAM

2 **Q.** Are there any changes in the way Peoples obtains IT  
3 services since 2023?

4  
5 **A.** Yes. Peoples established its own IT team in 2023 with the  
6 cost-neutral transfer of 11 professionals from Tampa  
7 Electric's IT team to Peoples' IT organization. This shift  
8 has resulted in faster technology delivery, improved system  
9 support, and a more agile response to business needs.

10  
11 **Q.** In Peoples' last rate case you testified regarding the  
12 company's planned implementation of a WAM System. Did that  
13 project go into service since the last rate case?

14  
15 **A.** Yes. Peoples successfully completed the WAM Project and  
16 the system is fully functional. Peoples rolled out the WAM  
17 system over three releases - in late 2022 for the ECT team,  
18 in May of 2023 for Gas Operations, and in September of 2023  
19 for Compliance and Damage Billing. An internal team of  
20 technical and functional experts worked directly with Gas  
21 Operations, the ECT team, and Compliance in 2024 to improve  
22 system adoption and to identify and provide necessary  
23 training.

24  
25 **Q.** Has implementation of WAM resulted in any efficiencies or

1 cost savings for Peoples?  
2

3 **A.** Yes. Witness O'Connor's testimony explains how  
4 implementation of WAM resulted in increased productivity  
5 and efficiency for Gas Operations team members.  
6

7 **Q.** Why does Peoples seek approval of a 20-year amortization  
8 period for WAM, creating a new FERC subaccount 303.02, and  
9 transferring the WAM investment into the new subaccount  
10 effective January 1, 2026?  
11

12 **A.** The company included WAM in FERC Account 303.1 Custom  
13 Software, in its 2022 Updated Depreciation Study filed on  
14 April 4, 2023, because that was the most appropriate  
15 approved depreciation account in which to place it. That  
16 account has a designated service life of 15 years.  
17

18 Tampa Electric, Peoples, and New Mexico Gas Company  
19 ("NMGC") share the core enterprise resource planning  
20 ("ERP") system SAP R/3. This version has been on the market  
21 for 33 years and it is scheduled to reach its end of life  
22 on December 31, 2027. For the WAM initiative, Peoples chose  
23 to implement SAP's latest version of ERP, SAP S/4 HANA.  
24 This selection was based on SAP's product roadmap, as well  
25 as new user functionality, enhanced speed, and improved

1 performance. Given that SAP's R/3 ERP system has been on  
2 the market for over three decades, we anticipate that SAP  
3 S/4 HANA will have a similar lifespan in the market.

4  
5 The benefits of making this change include that it more  
6 appropriately reflects the asset's life and depreciation  
7 in the company's financial records. Peoples witness Andrew  
8 Nichols prepared direct testimony explains Peoples'  
9 recommendation that the Florida Public Service Commission  
10 ("Commission") adjust the company's revenue requirement  
11 downward for rates effective January 1, 2026 if the  
12 Commission approves this change.

13  
14 **Q.** Has Peoples completed any other technology projects since  
15 2023?

16  
17 **A.** Yes. Peoples implemented many significant technology  
18 projects since the last rate case. I will describe these  
19 investments later in my testimony.

20  
21 **Q.** What is the Probabilistic Risk Model project and what is  
22 its status?

23  
24 **A.** Peoples implemented a new probabilistic risk model, known  
25 as the JANA Distribution Integrity Management Program

1 ("DIMP") in 2023. This is a tool that allows gas local  
2 distribution companies ("LDCs") to create probabilistic  
3 models that enable proactive leak management and corrosion  
4 issues on gas pipelines in alignment with Pipeline and  
5 Hazardous Materials Safety Administration ("PHMSA") best  
6 practice. The company uses the tool to assess risks at the  
7 individual pipe asset level. Peoples will also use the  
8 model output to identify future safety-driven RRE projects  
9 through the IRP process and to plan field inspection and  
10 maintenance work, which will in turn reduce system  
11 integrity risk.

12  
13 OTHER CHANGES

14 **Q.** In Peoples' last rate case you testified that the company  
15 faced difficulties in recruiting new employees. Are those  
16 challenges still present?

17  
18 **A.** Yes. Peoples continues to face challenges in recruiting  
19 new team members. The company faces a highly active labor  
20 market, particularly for technical roles such as designers,  
21 engineers, project managers, specialized technicians, IT  
22 professionals and other industry specialists. As the  
23 largest LDC in the state, the pool of skilled natural gas  
24 talent outside the company is limited. Recruiting for these  
25 highly technical positions typically requires more time

1 and often necessitates out-of-state recruitment,  
2 compelling the company to compete with external markets  
3 for compensation levels. This situation exerts upward  
4 pressure on labor costs. Hiring experienced and technically  
5 trained experts is crucial as it directly impacts the  
6 safety and reliability of Peoples' gas distribution system.  
7

### 8 **III. CAPITAL PROJECT FORECASTING, BUDGETING, AND EXECUTION**

9 **Q.** Please describe how Peoples classifies capital projects  
10 for internal purposes and capital budgeting.  
11

12 **A.** The company classifies capital projects into three groups:  
13 (1) Growth projects; (2) RRE projects; and (3) Legacy Pipe  
14 Replacement ("Legacy") projects. Technology projects are  
15 considered RRE projects.  
16

17 **Q.** Please explain how Peoples manages capital budgets.  
18

19 **A.** The WCM team within ECT plays a critical role in managing  
20 capital expenditure throughout the year, ensuring a balance  
21 between Growth, RRE, and Legacy projects while meeting  
22 budget commitments. This requires a proactive and dynamic  
23 approach based on continuous forecasting of projects and  
24 growth to determine whether certain projects should be  
25 delayed or accelerated to meet business demands or needs

1 of customers. Unexpected challenges inevitably arise, and  
2 Peoples must make careful adjustments to optimize capital  
3 deployment while staying as close as possible to budget.  
4 The company has successfully demonstrated its ability to  
5 prudently manage capital, delivering results within one  
6 percent of our capital budget for the past two years  
7 despite these complexities. This achievement underscores  
8 our disciplined and strategic approach to capital planning  
9 and execution.

10  
11 **Q.** Please describe the company's process for budgeting for  
12 new residential and small commercial projects and any  
13 changes to that process since 2023.

14  
15 **A.** Peoples budgets the capital required for new mains,  
16 services, meters, regulators, and equipment needed to serve  
17 anticipated new residential and small commercial customers  
18 by considering historical performance and forecasted  
19 demand. Growth projects often span multiple years, with  
20 schedules that ebb and flow due to real estate market  
21 variability. Peoples periodically estimates the current  
22 project workload for identified residential developments  
23 expected in the upcoming year. The company then uses market  
24 data to estimate additional projects for scattered  
25 residential services and developments that are still in

1 early stages. Peoples then combines identified and  
2 forecasted projects to arrive at the total forecasted  
3 number of new units. The company next applies historical  
4 average unit rates, such as services, feet of main, and  
5 meter/regulators, to the units by service area as well as  
6 an inflationary adjustment factor to arrive at the budget.  
7 Peoples used a slightly different approach to prepare the  
8 budget for new residential and small commercial projects  
9 for 2026. The D&C team used the company's load forecast,  
10 instead of known projects and forecasted projects, to  
11 estimate the capital required to serve new customers by  
12 service area. Peoples validated this result by comparing  
13 it with the IRP and then applied the same historical  
14 average unit rates, adjusted for inflation, to develop the  
15 budget for these projects. This approach had two benefits.  
16 First, it allowed the company to complete the budget  
17 earlier than usual to accommodate development of the MFR  
18 Schedules and testimony for the company's 2025 rate request  
19 filing. Second, this method allowed the company to prepare  
20 the budget without relying on developer forecasts of  
21 identified projects in 2026 that may not be accurate.

22  
23 **Q.** Please describe how Peoples budgets for large customer and  
24 RRE projects and any changes to that process.

25

1 **A.** Peoples' capital planning and budgeting processes for large  
2 customer and RRE projects are undergoing a transition. The  
3 2024 IRP process led to a comprehensive review of all major  
4 projects, including an evaluation of existing capital  
5 project charters and the identification of new projects.  
6 Peoples assesses these capital projects based on safety,  
7 reliability, compliance, and growth and uses the IRP  
8 project database to develop preliminary cost estimates for  
9 the company's 2025 and 2026 budgets. Peoples then built  
10 its large project capital budget based on the IRP findings.

11  
12 Once a project is included in the capital budget, the ECT  
13 team refines its design and cost estimates through the  
14 class estimating and gating process. Each project next  
15 undergoes internal approval governance, which varies based  
16 on project value, before being released for construction.

17  
18 The IRP refresh and budget approval are annual events, but  
19 the needs of the business change constantly. All functional  
20 areas responsible for capital execution meet monthly to  
21 discuss capital execution performance, variances, new  
22 demand for capital, and other issues as a part of the new  
23 capital management process implemented by the WCM team.  
24 This process enables the company to react quickly to  
25 changing business needs, system needs, and customer needs.

1 Q. Once WCM develops a capital budget, how is that budget  
2 approved?

3

4 A. The company's capital budgets are approved by senior  
5 management and the company's Board of Directors annually  
6 as part of the overall budget approval process. Peoples  
7 also has an internal system of management approvals that  
8 considers construction, design, costs, safety, risks, and  
9 other factors before individual projects are approved for  
10 construction. The levels of approval are dependent on the  
11 project's materiality.

12

13 Q. Please explain the approval process for the company's  
14 higher dollar value projects and any changes to that  
15 process since 2023.

16

17 A. The process has not changed. Approval of Peoples' capital  
18 projects is governed by TECO Holdings' procurement policy.  
19 Peoples has a Capital Leadership Team ("CLT") that is made  
20 up of executives from Peoples, Tampa Electric, and Emera  
21 that are appointed by the Emera Chief Financial Officer  
22 ("CFO"). The CLT reviews all projects that exceed five  
23 million dollars. The CLT works with the project team  
24 proposing the project to ensure that the customer benefit,  
25 customer impact, financial analysis, and risk assessment

1 information used to evaluate the project is accurate and  
2 complete. The CLT then performs its review of the project  
3 and ultimately makes a recommendation to the President and  
4 CEO of Peoples, TECO Holdings' CEO, and the TECO Holdings'  
5 CFO. These officers then approve or reject the project.  
6 All company projects over \$10 million must also be approved  
7 by the company's Board of Directors.  
8

9 **Q.** Once the capital budget is approved, how does the company  
10 execute the approved projects?  
11

12 **A.** Peoples proceeds with design, permitting, and construction  
13 work after a project is approved. ECT is responsible for  
14 engineering, construction, and commissioning for all  
15 project types (Growth, RRE, and Legacy).  
16

17 The company uses construction contractors with negotiated  
18 "blanket" contract rates for construction of residential  
19 and commercial services, and other smaller projects. This  
20 encompasses most Growth and RRE projects including  
21 services, mains, the corresponding meter and regulator  
22 installations, and associated equipment. Peoples installed  
23 nearly 43,000 new services over the two-year period of 2023  
24 and 2024.  
25

1 Projects between \$250,000 and \$1.5 million are assigned to  
2 a project manager who leads the design, engineering, and  
3 construction process or designs the project and uses  
4 contractors to complete the work.

5  
6 Larger and more complex projects not covered by blanket  
7 contracts require the use of formal construction bids and  
8 proposals.

9  
10 **Q.** Why does the company use outside contractors to build  
11 capital projects?

12  
13 **A.** Peoples engages experienced national contractors to  
14 deliver the safest and most cost-effective methods for  
15 constructing an annual average of 20,000 new services and  
16 managing all large-scale construction projects. These  
17 contractors have the equipment, expertise, and programs to  
18 ensure that Peoples can execute planned projects safely,  
19 timely and cost-effectively. Using outside construction  
20 contractors gives Peoples the ability to rapidly increase  
21 or decrease the resources applied to construction contracts  
22 and shift resources from one geographic area to another  
23 based-on customer demand. Relying solely on internal labor  
24 and owning and operating construction equipment for  
25 construction projects would otherwise limit Peoples'

1 ability to meet customer demand in a cost-effective and  
2 timely manner.

3

4 **Q.** What policies and procedures does Peoples use to ensure  
5 that capital projects are constructed at the lowest  
6 reasonable cost?

7

8 **A.** Peoples competitively sources or bids contractors to  
9 perform blanket capital projects. These contracts are  
10 typically in effect for multiple years. Peoples bids out  
11 larger construction projects on a project-by-project  
12 basis. The company uses construction project managers, job-  
13 site inspectors, and system-wide project management to  
14 monitor construction projects for compliance with  
15 construction standards and contractual provisions and to  
16 help avoid problems that may cause costly delays before  
17 they occur.

18

19 **Q.** What is the status of the company's existing blanket  
20 contracts?

21

22 **A.** Peoples has effectively tempered cost increases for blanket  
23 contract work over the last several years by using five-  
24 year contracts with fixed unit rates and set annual  
25 escalators. This arrangement shielded customers from

1 significant annual cost increases, even as inflation rates  
2 surged in the broader economy. Blanket contracts limited  
3 cost escalation over the past five years to well below  
4 general inflation rates.

5  
6 These contracts are set to expire in mid-2025. To secure  
7 the best possible value for customers, the company is  
8 issuing a Request for Proposals ("RFPs") for blanket work.  
9 This RFP will focus on price, safety, and technical  
10 capabilities. Peoples plans to work with a smaller number  
11 of contractors to facilitate alignment between contractors  
12 and the company. Despite this proactive approach and the  
13 capital savings from DCPI, Peoples expects a step cost  
14 increase to reflect current market conditions when the new  
15 contracts are awarded. The major contributors to the cost  
16 increases are (1) higher material costs; (2) strong  
17 industry demand for outside contractors; (3) governmental,  
18 regulatory, and compliance requirements, including  
19 permitting and maintenance of traffic; (4) higher costs to  
20 retire, remove, and restore existing plant; and (5) new  
21 construction safety protocols and enhanced construction  
22 management, inspection, and quality control activities.

23  
24 **Q.** Please describe how Peoples manages safety performance of  
25 construction activities and any updates to that process.

1 **A.** In 2016, Peoples developed a robust construction quality  
2 assurance program. The Quality Assurance team performs  
3 audits of operational controls, safety programs, and  
4 contractor operator qualification programs. This program  
5 is designed to ensure continuous improvement and is  
6 governed by Peoples' PSMS.

7  
8 In 2018, Peoples implemented a Contract Business Partner  
9 Safety Program that helps to ensure pipelines are built  
10 safely, even though this has resulted in an increase in  
11 construction costs. This program is designed to ensure that  
12 there is adequate oversight of the contractors working on  
13 and constructing Peoples' system and reduce costs to  
14 customers by mitigating safety incidents. Peoples uses a  
15 third-party system, ISNetWorld.com, to track and review  
16 pertinent contractor documentation (e.g., drug and alcohol  
17 plan, safety program participation, insurance  
18 certification, etc.) and to verify the contractor's  
19 operator qualifications and inspection reports recorded by  
20 the company's inspectors. Peoples' Contractor Safety and  
21 Construction Management team monitor the inspection  
22 reporting for any potential safety issues including  
23 operator qualifications and respond when needed.

24  
25 **Q.** What happens when construction projects are completed?

1 **A.** From an operations perspective, completed projects are  
2 placed under the care of the Operations and Measurement  
3 and Regulation team when they are placed in service and  
4 are monitored by the Gas Control team.

5

6 **IV. ECT CAPITAL - 2026 TEST YEAR**

7 **Q.** Please generally describe Peoples' plan for capital  
8 investment in the ECT area over the next two years.

9

10 **A.** Over the next two years, Peoples needs to make significant  
11 capital investments in RRE projects to ensure that the  
12 system remains safe, reliable, and resilient as our  
13 customer base grows, our system ages and becomes more  
14 complex. The company will also continue to forecast and  
15 plan for Growth projects and work towards replacement of  
16 Legacy pipes. My testimony describes our investments in  
17 2024 and this plan for future capital investment in greater  
18 detail below.

19

20 **Q.** What was Peoples' Commission-approved capital budget for  
21 Growth, RRE, and Legacy projects in 2023, and how much did  
22 the company invest in those projects in 2023?

23

24 **A.** Peoples invested \$359.1 million in Growth, Legacy, and RRE  
25 projects in 2023, as compared to \$363.7 million in the

1 Commission-approved budget for those projects in 2023. This  
2 information is presented in Document No. 3 of my exhibit.  
3 The company's actual investment is within one percent of  
4 the Commission-approved budget.

5  
6 The variances from the Growth and RRE categories shown in  
7 Document No. 3 of my exhibit are due to higher growth  
8 spending for blanket services, blanket mains, meters and  
9 regulators, and municipal relocation projects. Peoples  
10 responded to this growth by reducing spending where it  
11 could without compromising safety or reliability. The  
12 result was a reduction in RRE capital through deferment of  
13 certain projects, including the Tampa Main Downtown  
14 Project.

15  
16 **Q.** How much capital investment did the Commission approve in  
17 Growth, RRE, and Legacy projects in the last rate case for  
18 the year 2024, and how does that compare to the company's  
19 actual investment in those projects in 2024?

20  
21 **A.** Peoples met the Commission-approved capital budget in 2024.  
22 The company invested \$314.1 million in 2024, as compared  
23 to \$314.1 million in the 2024 capital plan approved by the  
24 Commission. This information is presented in Document No.  
25 3 of my exhibit.

1 The variances in each budget category shown in Document  
2 No. 3 of my exhibit are due to increased growth spending,  
3 an unplanned customer-backed RNG Pipeline Project, and a  
4 Large Municipal Relocation Project. The company balanced  
5 the needs of customers, system safety, reliability  
6 requirements, and budget commitments and determined that  
7 the best course of action was to defer some projects,  
8 including the Tampa Main Downtown Project, Technology  
9 Investments, and others.

10  
11 **Q.** How much capital does the company plan to invest in Growth,  
12 RRE, and Legacy projects in 2025 and 2026?

13  
14 **A.** The company plans to invest \$175.7 million in Growth  
15 projects in 2025 and \$186.0 million on those projects in  
16 2026. The company also plans to invest \$144.5 million in  
17 2025 and \$224.3 million in 2026 on RRE projects. Finally,  
18 the company plans to invest \$36.6 million in 2025 and \$64.4  
19 million in 2026 in Legacy Pipe Replacement. This  
20 information is shown in Document No. 4 of my exhibit.

21  
22 The company's 2025 capital budget represents a 13 percent  
23 increase over 2024 and a 33 percent increase from 2025 to  
24 2026. The material increase in 2026 capital spending is  
25 related to higher construction costs associated with

1 inflation as well as increased RRE spending, mostly in main  
2 replacements, distribution system improvements, gate  
3 station improvements, and technology investments required  
4 for a growing, aging, and increasingly complex system.  
5 These investments are prudent and necessary to maintain a  
6 safe, reliable, and resilient system.

7  
8 **Q.** Do any of the other Peoples witnesses address the company's  
9 planned capital spending and rate base growth and why those  
10 investments are prudent and should be included in rate base  
11 for the 2026 test year?

12  
13 **A.** Yes. Peoples' witnesses will address the company's capital  
14 spending as shown in Document No. 4 of my exhibit.

15  
16 GROWTH PROJECTS

17 **Q.** Please describe the Growth projects managed by ECT planned  
18 for 2025 and 2026.

19  
20 **A.** ECT plans to spend \$150.2 million and \$176.5 million in  
21 2025 and 2026, respectively, on new revenue growth, which  
22 represents a one percent reduction in 2025 from 2024 and  
23 an 18 percent increase from 2025 to 2026. This is described  
24 in Document No. 5 of my exhibit. The company projects  
25 relatively stable residential and small commercial growth

1 over the period, with cost pressures resulting from the  
2 renewal of blanket contract rates coming into effect in  
3 the third quarter of 2025. These increases are somewhat  
4 offset by the DCPI project savings. The Growth budget also  
5 includes \$25.5 million in 2025 and \$9.5 million in 2026  
6 for customer-backed RNG and CNG service pipelines. These  
7 projects make up the balance of the company's Growth  
8 budget.

9  
10 **Q.** What categories of projects are included in the Growth  
11 Category of capital investment?

12  
13 **A.** These projects include New Revenue Mains, New Revenue  
14 Services, Meters and Regulators, Measuring and Regulation  
15 Station Equipment, and CNG Interconnection and RNG  
16 Interconnection Pipeline.

17  
18 **Q.** Please describe the New Revenue Mains, New Revenue  
19 Services, Meters and Regulators, and Measuring and  
20 Regulation Station Equipment Projects.

21  
22 **A.** The New Revenue Mains, New Revenue Services, Meters and  
23 Regulators, and Measuring and Regulation Station Equipment  
24 Projects consist of construction and installation of  
25 facilities needed to meet new customer demand and extend

1 service to those customers.

2

3 **Q.** Please describe the company's investments in New Revenue  
4 Mains over the years 2024 through 2026.

5

6 **A.** Peoples invested approximately \$55.3 million in New Revenue  
7 Mains, and \$0.4 million in Allowance for Funds Used During  
8 Construction ("AFUDC")-earning projects for Revenue Mains  
9 in 2024. The company also plans to invest approximately  
10 \$59.6 million in 2025 and \$87.4 million in 2026 in Revenue  
11 Mains Projects. These figures are presented in Document  
12 No. 5 of my exhibit.

13

14 **Q.** Please describe the company's investments in New Revenue  
15 Services Projects over the years 2024 through 2026.

16

17 **A.** Peoples invested approximately \$64.6 million in 2024 in  
18 New Revenue Services Projects and plans to invest \$63.9  
19 million and \$62.7 million in 2025 and 2026, respectively.  
20 These figures are presented in Document No. 5 of my  
21 exhibit.

22

23 **Q.** Please describe the company's investments in Meters and  
24 Regulators Projects over the years 2024 through 2026.

25

1 **A.** Peoples invested approximately \$29.4 million in Meters and  
2 Regulators in 2024 and plans to invest \$25.7 million in  
3 this category in 2025 and \$24.6 million in 2026. These  
4 figures are presented in Document No. 5 of my exhibit.

5  
6 **Q.** Please describe the company's investments in Measuring and  
7 Regulation Station Equipment projects over the years 2024  
8 through 2026.

9  
10 **A.** Peoples invested approximately \$2.3 million in 2024 and  
11 plans to invest approximately \$1.0 million in 2025 and  
12 approximately \$1.8 million in 2026 in Measuring and  
13 Regulation Station Equipment. These figures are presented  
14 in Document No. 5 of my exhibit.

15  
16 **Q.** Why is the amount invested in Revenue Mains, Revenue  
17 Services, Measuring and Regulation Equipment, and Meters  
18 and Regulators Projects in 2024 prudent?

19  
20 **A.** Revenue Mains, Revenue Services, Measuring and Regulation  
21 Stations, and Meters and Regulators Growth Projects are  
22 driven by customer demand and are subject to a business  
23 case evaluation process and the company's project approval  
24 processes. The company ensures that it is making prudent  
25 investments by advancing only the projects that serve

1 customer needs and are financially viable. Peoples follows  
2 the project management policies and procedures I previously  
3 described, including competitive bidding and project  
4 construction management, to ensure that these Growth  
5 capital projects are completed safely and cost-  
6 effectively.

7  
8 **Q.** How did the company budget the amount it plans to spend on  
9 New Revenue Mains, New Revenue Services, and Meters and  
10 Regulators, and Measuring and Regulation Station Growth  
11 Projects in 2025 and 2026 and why are those amounts  
12 prudent?

13  
14 **A.** Peoples' budget for these projects in 2025 and 2026 is  
15 reasonable and prudent because it follows the process for  
16 budgeting for new small residential and commercial projects  
17 that I previously described.

18  
19 **Q.** Please describe the CNG and RNG Interconnection Pipeline  
20 Projects and the company's investments in those projects  
21 over the years 2024 through 2026.

22  
23 **A.** CNG and RNG Interconnection Pipeline Projects are  
24 investments in pipelines (new revenue mains) that will  
25 serve customer-backed CNG and RNG Projects.

1 Peoples invested approximately \$6.3 million in CNG and RNG  
2 Interconnection Pipeline Projects in 2024. Peoples plans  
3 to invest approximately \$25.5 million in these projects in  
4 2025. The company also plans to invest approximately \$9.5  
5 million in 2026. This information is included in Document  
6 No. 5 of my exhibit.  
7

8 **Q.** Why is the amount invested in CNG and RNG Interconnection  
9 Pipeline Projects in 2024 prudent?  
10

11 **A.** CNG and RNG Interconnection Pipeline investments are  
12 prudent investments because they are customer-backed  
13 projects and have a positive business case. A prospective  
14 CNG or RNG customer pays a monthly service charge through  
15 the relevant rate schedule that recovers the total  
16 installed cost, including a reasonable rate of return, of  
17 the facilities necessary to provide reliable CNG and RNG  
18 interconnection pipeline service. The agreement between  
19 the company and the customer may require a commitment by  
20 the customer to purchase service for a minimum period, to  
21 take or pay for a minimum amount of service, and/or to  
22 comply with other provisions as determined appropriate by  
23 the company. Peoples follows the project management  
24 policies and procedures I previously described, including  
25 competitive sourcing, to ensure that it completes these

1 projects at the lowest reasonable cost.

2

3 **Q.** How did the company budget the amount it plans to invest  
4 in CNG and RNG Interconnection Pipeline Projects in 2025  
5 and 2026 and why is that amount prudent?

6

7 **A.** The company's Gas Supply and Development team has  
8 established relationships and ongoing discussions with CNG  
9 and RNG developers. The team assesses the likelihood of  
10 possible projects based on these discussions and submits  
11 projects for approval once a customer commits. Peoples  
12 identified two CNG Pipeline and four RNG Pipeline Projects  
13 in 2025 and 2026. These investments are prudent because  
14 CNG and RNG Pipeline investments are customer-backed  
15 projects with a positive business case.

16

17 RRE PROJECTS

18 **Q.** Please describe the RRE Projects managed by ECT that are  
19 planned for 2025 and 2026.

20

21 **A.** Projects in the RRE category: (1) ensure Peoples meets  
22 compliance requirements; (2) ensure continued safe  
23 operations; and (3) continue to proactively address any  
24 potential system capacity issues to deliver the resiliency  
25 customers depend on.

1 ECT plans to manage \$65.0 million and \$142.2 million in  
2 RRE capital in 2025 and 2026, respectively, to further  
3 these goals. This investment is presented in Document No.  
4 5 of my exhibit. The technology investments described below  
5 for 2025 and 2026 are included in the planned RRE budget.  
6

7 **Q.** What categories of projects are included in the RRE budget  
8 managed by ECT?  
9

10 **A.** These projects include Distribution System Improvements,  
11 Main Replacements, Municipal Improvements, Measuring and  
12 Regulation Station Equipment, Measuring and Regulation  
13 Improvements, GIS GPS Barcode, Technology Projects, and  
14 Technology Projects (Shared).  
15

16 **Q.** Please describe why the Distribution System Improvements,  
17 Main Replacements, Measuring and Regulation System  
18 Equipment, and Measuring and Regulation Improvement RRE  
19 Projects are prudent.  
20

21 **A.** These projects are necessary to meet needs such as  
22 compliance requirements, improving system reliability,  
23 addressing capacity issues, and to ensure safety and  
24 pipeline integrity.  
25

1 **Q.** Please describe the company's investments in Distribution  
2 System Improvements projects managed by ECT over the years  
3 2024 through 2026.

4  
5 **A.** Peoples invested \$2.6 million in distribution system  
6 improvements in 2024. The company also plans to invest  
7 \$13.6 million in 2025. Peoples plans to invest \$49.8  
8 million in distribution system improvements in 2026. These  
9 figures are presented in Document No. 5 of my exhibit.

10  
11 Peoples will reinforce its system in 2025 and 2026 with  
12 critical investments to support safety and compliance and  
13 increase system resiliency in critical areas of South  
14 Florida (Miami-Dade), Ft. Myers, and Tampa. Some of the  
15 major projects in this area are a reconfirmation of the  
16 Maximum Allowable Operating Pressure ("MAOP") on the Dade  
17 City Pipeline in 2025 (\$6.8 million). For 2026 we have  
18 identified several projects including: looping the Ft.  
19 Myers system to improve capacity and provide resiliency  
20 (\$11.0 million); construction of a back feed between Stuart  
21 and Palm Beach to address system capacity concerns (\$8.0  
22 million); construction of a back feed for Coconut Grove -  
23 Brickell to enhance resilience and reliability (\$7.8  
24 million); and investments to increase system capacity in  
25 Dade-Broward (\$6.0 million).

1 Q. Please describe the company's investments in Main  
2 Replacement projects managed by ECT over the years 2024  
3 through 2026.

4  
5 A. Peoples invested \$3.4 million in main replacement projects  
6 in 2024. The company plans to invest \$6.4 million in  
7 general main replacement projects in 2025, and \$4.3 million  
8 for the Downtown Tampa Main Replacement Project (AFUDC-  
9 earning). In 2026, Peoples plans to invest in multiple main  
10 replacement projects including \$6.5 million in general main  
11 replacement projects and \$27.6 million in the Downtown  
12 Tampa Main Replacement Project (AFUDC-earning). These  
13 figures are presented in Document No. 5 of my exhibit.

14  
15 Q. Please describe the company's investments in Measuring and  
16 Regulation Station Equipment and Measuring and Regulation  
17 Improvements Projects managed by ECT over the years 2024  
18 through 2026.

19  
20 A. Peoples invested \$0.3 million in Measuring and Regulation  
21 Station Equipment in 2024 and plans to invest \$0.3 million  
22 and \$15.4 million in those projects managed by ECT in 2025  
23 and 2026, respectively. Peoples also plans to invest \$0.2  
24 million in Measuring and Regulation Improvements in 2026.  
25 These figures are presented in Document No. 5 of my

1 exhibit. A large portion of the company's planned  
2 investment in this area relates to improvements at two  
3 existing gate stations in 2026 (\$9.6 million).

4  
5 **Q.** How did the company budget the amount it plans to invest  
6 in general Distribution System Improvements, Main  
7 Replacements, and Measuring and Regulation Station  
8 Equipment in 2025 and 2026 and why is that amount prudent?

9  
10 **A.** The company identifies the need for RRE projects based on  
11 the expertise of subject matter experts across the company,  
12 including in Integrity Management, Operations, and  
13 Engineering. As I previously explained, the company uses  
14 the IRP database of projects to develop preliminary designs  
15 and cost estimates for the 2025 and 2026 budgets. These  
16 projects then go through the company's project review and  
17 approval process.

18  
19 **Q.** Please describe the Downtown Tampa Main Replacement  
20 Project, how the company budgeted for this project, and  
21 why it is prudent for Peoples to invest in it.

22  
23 **A.** This project involves the replacement of 12 miles of  
24 "cased" gas main and accompanying service lines in downtown  
25 Tampa. A cased pipe is a pipeline that is surrounded by a

1 protective casing pipe. In the case of the Tampa Downtown  
2 Main, this is a plastic pipe inserted in a steel pipe.  
3 Inserting a new plastic pipeline within an existing  
4 abandoned steel pipe was formerly an accepted practice  
5 because it simplified construction. This practice,  
6 however, can lead to integrity and leak detection risks.

7  
8 Peoples originally planned to begin construction on this  
9 project in 2023 and complete construction in 2025. Due to  
10 higher growth in 2023 and 2024, the company deferred some  
11 RRE projects to meet its budget commitments. This included  
12 delaying the Tampa Downtown Main Project, which is now  
13 planned to begin in 2025 and be completed by the end of  
14 2026, or one year later than originally planned.

15  
16 Investment in this project is prudent because replacement  
17 of these mains will enable proper leak detection, provide  
18 easier pipeline location, allow operation at higher  
19 pressures, and provide better service for increased load  
20 in the downtown area. Peoples budgeted for this project  
21 using current high-level material and labor estimates to  
22 complete the project scope but has not completed  
23 engineering for the project at this time. Peoples ensures  
24 that it completes projects like this one cost-effectively  
25 and prudently using the project budgeting and management

1 methods I previously described.

2

3 **Q.** Please describe the Municipal Improvements Projects and  
4 the company's investments in those projects over the years  
5 2024 through 2026.

6

7 **A.** Municipal Improvement Projects consist of work to relocate  
8 system assets located in existing rights-of-way to  
9 accommodate municipal construction such as road widenings.  
10 Peoples is subject to relocation requirements as a  
11 condition of its occupancy of public right-of-way.  
12 Relocation projects vary in size and scope. These projects  
13 can range from hundreds of thousands of dollars, such as  
14 for an intersection improvement, to tens of millions of  
15 dollars, for highway widening projects. These projects are  
16 necessary and prudent because the company is obligated to  
17 relocate natural gas assets due to municipal improvement  
18 projects. The company completes these projects prudently  
19 by following its construction and project management  
20 practices, including competitive bidding for larger  
21 projects or assignment of the work to blanket contractors.  
22 Peoples manages these projects with the same rigor as other  
23 projects and strives to safely deliver the projects on-  
24 time and on-budget.

25

1 Peoples invested \$16.5 million in general municipal  
2 improvements projects in 2024 and \$23.8 million for the  
3 AFUDC-earning U.S. Route 98 Relocation Project. The company  
4 plans to invest \$24.2 million and \$16.3 million in 2025  
5 and 2026, respectively. Investments in 2025 include the  
6 conclusion of the US Route 98 Relocation Project (\$5.9  
7 million), eight smaller projects (\$6.9 million), and  
8 approximately \$11.4 million for other projects based on  
9 trending. In 2026, there is only one small known project  
10 (\$0.5 million) and the balance of investment for that year,  
11 or approximately \$15.8 million, is related to anticipated  
12 or projected work. Budgeting is based on historical trends.

13  
14 **Q.** Please describe the U.S. Route 98 Relocation Project, how  
15 the company budgeted for this project, and why it is  
16 prudent for Peoples to invest in it.

17  
18 **A.** The Florida Department of Transportation ("FDOT") is  
19 currently working on a project to widen U.S. Route 98 in  
20 Polk and Pasco Counties. Peoples is required to relocate  
21 12 miles of pipe located in FDOT right-of-way to  
22 accommodate the highway project and to upgrade three main  
23 line valves due to a new PHMSA requirement.

24  
25 FDOT advised Peoples of the project in late 2022, which

1 allowed the company to plan for and budget the project.  
2 The project was budgeted to cost \$40.1 million with  
3 construction starting in July 2024 and ending in April  
4 2025.

5  
6 Peoples' investment in this project is prudent because it  
7 is required under Title XXVI, Chapter 337, Section 403 of  
8 the Florida Statutes, which requires utilities in conflict  
9 to relocate assets at owner's expense. Peoples will  
10 complete the project using the company's judicious project  
11 cost management, which I previously described. Peoples  
12 currently projects that the project will be completed on  
13 time and under budget.

14  
15 **Q.** Please describe the Technology Projects and the company's  
16 investments in those projects over the years 2024 through  
17 2026.

18  
19 **A.** Peoples invested approximately \$5.2 million in Technology  
20 Projects in 2024 and plans to invest \$14.4 million and  
21 \$21.9 million in those projects in 2025 and 2026,  
22 respectively, as shown on Document No. 5 of my exhibit.

23  
24 **Q.** Why was the amount invested in the Technology Projects in  
25 2024 prudent?

1 **A.** Investments in technology support safe and efficient  
2 operations. The \$5.2 million invested in 2024 was spread  
3 over 16 different Technology Projects with only one over  
4 \$0.5 million. These smaller projects supported efficient  
5 operations, such as WAM upgrades and enhancement, and  
6 safety investments including upgrades to integrity  
7 management software, GIS, management of change, and safety  
8 training and cyber security requirements from the  
9 Transportation Safety Administration ("TSA"). The only  
10 project over \$0.5 million was the PGAS to FlowCal Project  
11 (\$2.1 million), which improved the company's measurement  
12 capabilities for large industrial customers. These  
13 investments in efficiency, safety, compliance, and cyber  
14 security are all necessary and prudent investments.

15  
16 **Q.** How much capital does the company plan to invest in  
17 technology Projects in 2025 and 2026?

18  
19 **A.** Peoples plans to invest \$16.3 million and \$26.4 million in  
20 Technology Projects in 2025 and 2026, respectively, as  
21 shown in Document No. 5 of my exhibit. This excludes \$2.0  
22 million and \$2.9 million in Customer Experience Technology  
23 Projects in 2025 and 2026, respectively, as discussed by  
24 Peoples witness Rebecca Washington in her direct testimony.  
25 It includes asset allocations from Tampa Electric for

1 enterprise technology investments of \$1.9 million in 2025  
2 and \$4.5 million in 2026, resulting in net direct  
3 investments by Peoples of \$14.4 million in 2025 and \$21.9  
4 million in 2026.

5  
6 The direct technology investments by Peoples include  
7 numerous smaller projects, including 17 in 2025 and 19 in  
8 2026. These projects are necessary to serve a variety of  
9 needs including the replacement of legacy systems,  
10 providing better decision-making insights, upgrades to  
11 existing systems, and investments in safety and efficient  
12 operations. The most notable of the direct Peoples  
13 technology investments in 2025 is the Pipeline Insights  
14 data and governance project (\$3.3 million) and a new Ticket  
15 Management System (\$2.0 million). For 2026, the most  
16 notable technology investment is phase two of Pipeline  
17 Insights (\$5.0 million). The remaining projects are smaller  
18 in scope, consisting mostly of upgrades and maintenance.

19  
20 **Q.** Please describe Pipeline Insights.

21  
22 **A.** Peoples is implementing a Data Strategy and Governance  
23 Framework, also known as Pipeline Insights, to create a  
24 well-organized and reliable cloud-based data repository  
25 that will house the company's data and support business

1 needs. The company is also establishing a Data Governance  
2 Committee and processes that will oversee data management  
3 to maintain data quality and accessibility. This strategy  
4 will address several challenges identified by a team within  
5 Peoples, including multiple disconnected data sources; a  
6 lack of centralized data management; unclear governance  
7 structures and processes; concerns with data accuracy; and  
8 delays in retrieving critical business information.

9  
10 Peoples will use Tampa Electric's existing cloud  
11 environment to host its own data and will incorporate Tampa  
12 Electric's lessons learned and best practices. This will  
13 provide Peoples with full control over its data, better  
14 governance, improved data management, more reliable  
15 analytics and, in the future, deployment of artificial  
16 intelligence. This approach simplifies the costly and  
17 complex challenges that business functions face, ensuring  
18 they have access to accurate and timely data for decision-  
19 making.

20  
21 **Q.** How did the company budget the amount it plans to invest  
22 in Technology Projects in 2025 and 2026 and why is that  
23 amount prudent?

24  
25 **A.** The IT team and the TSC oversee development of Peoples'

1 Technology Roadmap through the process I previously  
2 described. Like all other projects, Technology Projects  
3 must go through the company's approval process before  
4 proceeding to execution. This process ensures that Peoples'  
5 technology investments are prudent.

6

7 **Q.** Please describe the Technology Projects (Shared) and the  
8 company's investments in those projects over the years 2024  
9 through 2026.

10

11 **A.** Peoples invested \$2.3 million in Technology Projects  
12 (Shared) in 2024 and plans to invest \$1.9 and \$4.5 million  
13 in those projects in 2025 and 2026, respectively, as shown  
14 on Document No. 5 of my exhibit. These investment amounts  
15 exclude investment in Customer Experience related  
16 technology, which is addressed by witness Washington's  
17 testimony.

18

19 **Q.** Why was the amount invested in the Technology Projects  
20 (Shared) in 2024 prudent?

21

22 **A.** This project category represents Peoples' portion of IT  
23 investment for shared systems with affiliates. These  
24 projects include upgrades and enhancements to applications  
25 that support key business functions, including safety,

1 legal, regulatory, data governance, data management, real  
2 estate, security, and compliance. These improvements  
3 ensure applications are well supported by their providing  
4 vendors, are cyber secure, and meet business and compliance  
5 requirements.

6  
7 **Q.** How did the company budget the amount it plans to invest  
8 in Technology Projects (Shared) in 2025 and 2026 and why  
9 is that amount prudent?

10  
11 **A.** All expenditures shown in Document No. 5 of my exhibit were  
12 selected after careful consideration of the company's IT  
13 needs and examination of available alternatives. Peoples  
14 will complete these projects using the company's  
15 procurement practices, which are designed to purchase goods  
16 and services at the lowest reasonable cost. The projects  
17 enable the company to provide safe, reliable, resilient,  
18 and efficient service to customers and are prudent.

19  
20 LEGACY PROJECTS

21 **Q.** Please describe the Legacy Projects planned for 2025 and  
22 2026.

23  
24 **A.** Peoples has legacy assets such as legacy cast iron pipe  
25 and bare steel pipe ("CI/BS") and problematic plastic pipe

1 ("PPP") that it must replace to ensure long-term  
2 reliability and system integrity.

3  
4 In 2012, Peoples began a program to retire and replace all  
5 CI/BS pipe from its system through the CI/BS Replacement  
6 Rider ("Rider CI/BSR"), which was approved by the  
7 Commission in Docket No. 20110320-GU, by Order No. PSC-12-  
8 0476-TRF-GU, issued on September 18, 2012. The Commission  
9 later approved extending the program to include PPP.

10  
11 Replacement of high-risk legacy pipe is prudent because it  
12 will minimize safety risks and improve operational  
13 reliability for Peoples' customers and the public. The  
14 CI/BS replacement program has enhanced the safety of  
15 Peoples' distribution system and has reduced methane  
16 emissions by mitigating pipeline assets that have a higher  
17 prevalence for leaks.

18  
19 **Q.** Please describe the company's investments in Legacy  
20 Projects over the years 2024 through 2026.

21  
22 **A.** Peoples invested \$7.6 million in CI/BS Replacements and  
23 \$16.8 million in PPP Replacements in 2024. The company  
24 plans to invest \$4.5 million in CI/BS Replacements and  
25 \$32.0 million in PPP Replacements in 2025. Finally, Peoples

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plans to invest \$3.9 million in CI/BS Replacements and \$60.4 million in PPP Replacements in 2026. These figures are shown in Document No. 5 of my exhibit.

**Q.** What progress has the company made replacing legacy pipe?

**A.** Peoples will have replaced all but approximately 0.5 miles of CI/BS pipe, or a total of 447 miles, by the end of 2025. The replacement of the remaining 0.5 miles of CI/BS is delayed due to a local government-imposed construction moratorium in place until 2027.

Peoples removed all remaining low-pressure pipelines from the system as of mid-2019. These low-pressure pipelines were considered high safety risks since there are no added protections (e.g., pressure regulators) installed at the connected customer premises.

Peoples began replacing PPP on July 1, 2017, and has replaced approximately 278 miles of PPP since that date. By the end of 2025, the company will have approximately 235 miles of PPP remaining for replacement. The company expects to complete PPP replacements by 2028.

1 **V. ECT O&M BUDGET - 2026 TEST YEAR**

2 **Q.** What level of O&M expense did the Commission approve in  
3 the last rate case for the year 2024 for the FERC Accounts  
4 sponsored in your testimony, Accounts 870, 872, 873,  
5 875,876, 877, 885, 888, 889, 890, 891 and how does that  
6 compare to the company's actual O&M expense related to  
7 these accounts for 2024?

8  
9 **A.** The Commission approved approximately \$7.0 million of O&M  
10 expense for the FERC Accounts I sponsored in the last rate  
11 case. The company's actual O&M expense for these accounts  
12 in 2024 was \$7.2 million.

13  
14 **Q.** How do the employee counts in ECT compare to the employee  
15 counts in Peoples' last rate case?

16  
17 **A.** Peoples projected that ECT would have 195 team members in  
18 2024 and ECT had 185 team members at the end of the year.

19  
20 **Q.** Please explain why ECT did not hire all the positions  
21 approved in the last rate case.

22  
23 **A.** The Commission approved 41 additional ECT positions for  
24 2023 and 2024 in the last rate case. The company filled 30  
25 of the 41 positions as of December 31, 2024 as shown in

1 Document No. 6 of my exhibit.

2

3 These 11 unfilled positions, which were all in FERC Account  
4 870, include the following: (1) Peoples postponed the  
5 hiring of five positions in the WCM group while the company  
6 developed its IRP and capital management processes; (2)  
7 Peoples outsourced a Construction Coordinator and a  
8 Construction Inspector position while the company  
9 continues to evaluate and monitor workload; (3) the company  
10 continues active recruitment for a System Modeler, a very  
11 specialized and difficult to fill position, while relying  
12 on consultants in the interim; and (4) two Contractor  
13 Inspectors and a Gas Design Project Manager were both  
14 repurposed to service areas differing from what was request  
15 in the company's last rate case.

16

17 **Q.** Does ECT plan to hire team members in 2025 and 2026?

18

19 **A.** Yes. We plan to hire 24 team members in 2025 and 39 in  
20 2026. The 2025 additions include 15 replacements to fill  
21 vacancies as of the end of 2024 and nine new positions. Of  
22 the nine new positions in 2025, two positions are the  
23 result of insourcing. In 2026, all 39 additions are new,  
24 with 12 resulting from insourcing. The planned positions  
25 are included in MFR Schedule G2 pages 19c - 19e.

1 Q. Why is it necessary to hire these new team members?

2

3 A. ECT's need for new team members is primarily due to three  
4 contributing factors: customer growth, insourcing, and  
5 filling vacancies.

6

7 First, as Peoples' customer base grows, so does its system.  
8 ECT must match this growth to meet the ongoing demand for  
9 system expansion and to ensure continued safe and reliable  
10 operations. Seven of the planned additions in 2025 and 27  
11 additions in 2026 are intended to meet Peoples' increasing  
12 workload associated with customer growth. Second, Peoples  
13 is also working to insource some functions that are  
14 currently performed by external contractors. This  
15 insourcing effort is associated with two additional  
16 positions in 2025 and 12 in 2026. These additions will  
17 result in offsetting costs from external contractors or  
18 Tampa Electric. Finally, 15 of the proposed hires for 2025  
19 are not new positions but are instead hires to fill  
20 existing vacancies.

21

22 Each of ECT's functional areas have different requirements  
23 and justifications for the additional team members, each  
24 based on the above-mentioned contributing factors.

25

1 Q. Please describe the team member additions by functional  
2 area.

3

4 A. As shown in Document No. 9 of my exhibit, for 2025, Peoples'  
5 ECT team plans to expand its workforce in 2025 by adding  
6 three team members in E&C, 13 team members in D&C, two in  
7 WCM, and six in IT. In 2026, the ECT team plans to add two  
8 team members in E&C, 24 in D&C, two in WCM, four in SC,  
9 and seven in IT. These include new positions and  
10 replacements to fill vacancies.

11

12 Q. Please explain why team member additions are needed for  
13 the E&C team.

14

15 A. As shown in Document No. 9 of my exhibit, Peoples plans in  
16 2025 to replace three E&C positions vacant as of December  
17 31, 2024. In 2026, Peoples plans to hire two new positions  
18 for the E&C function including an Estimator and a Records  
19 Specialist. Engineers currently provide estimates for new  
20 large projects driven by customer demand and/or  
21 reliability. Over the past two years, the engineering team  
22 has completed approximately 140-150 estimates annually,  
23 averaging 2-3 estimates per week. The division of estimates  
24 among team members has led to inconsistencies in work  
25 products. The team also must rely on outside contractors

1 at times due to customer-required timelines or capacity  
2 issues. Hiring a dedicated Estimator will free up higher-  
3 skilled engineers to focus on more complex and challenging  
4 engineering work, reduce external contractor costs, and  
5 enable more consistent and timely internal estimates or  
6 engineering designs to ensure the needs of customers are  
7 met.

8  
9 The complexity of managing maps and records, a critical  
10 safety task, continues to grow along with Peoples. The  
11 second new position, a Records Specialist, will set  
12 standards for all new records generated and will ensure  
13 all historical records are managed for accuracy and  
14 digitized.

15  
16 **Q.** Please explain why team member additions are needed for  
17 the D&C team.

18  
19 **A.** As shown in Document No. 9 of my exhibit, Peoples plans in  
20 2025 to replace twelve positions vacant as of December 31,  
21 2024. Additionally, Peoples plans to add one new position  
22 to its D&C team in 2025 and 24 new positions in 2026. The  
23 2025 addition will support Peoples' relationship with our  
24 contracted workforce. Two of the 2026 additions will be  
25 Construction Coordinators, one each in the Southwest and

1 North territories. These team members will support permit  
2 closures, update maps and records, and coordinate between  
3 customers and contractors to provide both positive customer  
4 service as well as an efficient construction process. The  
5 company will add one and insource three Gas Design  
6 Technicians (four total) in 2026 to support a growing  
7 system design workload. The company will add an  
8 administrative specialist and a contractor program  
9 manager. These two new team members will help manage the  
10 construction contractors and improve business processes.  
11 Five 2026 additions are insourced construction inspectors.  
12 This group, on average, designs and builds over 20,000 new  
13 services, installs over 400 miles of new mains, and  
14 completes legacy pipe replacement and relocation projects  
15 totaling over 1,700 services and nearly 100 miles of  
16 replacements each year. The D&C team, not including M&R  
17 and Gas Control, is responsible for distribution system  
18 construction and therefore, approximately 90 percent of  
19 their time is charged to capital. The remaining 11 new  
20 positions to the D&C team in 2026 are for the M&R and Gas  
21 Control groups within the D&C team. These additions will  
22 be discussed below.

23  
24 **Q.** Please explain why team member additions are needed for  
25 the M&R team within D&C.

1 **A.** The existing M&R team has been operating at capacity for  
2 some time as work volume continues to increase without  
3 commensurate increases in employee count. Peoples plans to  
4 add eight new positions to this team in 2026, including a  
5 Measurement Engineer; a Compliance Program Manager; three  
6 Instrumentation and Controls Technicians; two Measurement  
7 Technicians; and one Compressor and CNG Technician. These  
8 new team members will help ensure the safe and reliable  
9 operation of the company's measurement and regulating  
10 equipment and compressor station.

11  
12 The M&R team has only increased field staff by two team  
13 members (from 17 to 19) since 2019 to support an  
14 increasingly complex system due to system growth and more  
15 stringent safety and regulatory requirements. The team is  
16 responsible for maintenance and care of 120 gate stations  
17 and measurement sites; 400 SCADA sites, which include over  
18 800 Operational Technology (OT) devices; and the testing  
19 of all industrial meters. The team has seen increased  
20 workload due to the addition of two new gate stations and  
21 two RNG transfer points; new requirements from the TSA for  
22 cyber and physical security; and PHMSA's Mega Rule Rin2,  
23 which required the addition of five new Rupture Mitigation  
24 Valves and gas sampling requirements. A combination of  
25 these factors requires significantly more field visits,

1 and these field visits will continue to increase in the  
2 future due to increased meter testing driven by growth and  
3 additional facilities required by RNG interconnection  
4 pipelines. In addition to the increased quantity of field  
5 visits, field team members cover the entire state, and the  
6 growth of the state and congested roads add to the time to  
7 complete each field visit as well.

8  
9 Not only are these positions needed for the safe and  
10 reliable operation of Peoples' most critical assets during  
11 blue skies, but these are the same team members who ensure  
12 the Gas Control team can safely continue to operate these  
13 facilities 24/7 through all conditions including  
14 hurricanes. These new positions are necessary for the M&R  
15 team to meet evolving operational needs and provide  
16 reliable, efficient, and forward-thinking services.

17  
18 **Q.** Please explain why team member additions are needed for  
19 the Gas Control team within D&C.

20  
21 **A.** Gas Controllers operate gas systems like air traffic  
22 controllers operate airports. These controllers use the  
23 gas control system, known as SCADA, to monitor and control  
24 the gas system. Peoples must hire more highly trained  
25 individuals supported by appropriate systems to ensure safe

1 and reliable service as the number of gas system assets  
2 increases and as the system becomes more complex. Peoples  
3 plans to add three new positions in Gas Control in 2026,  
4 including a Technology Analyst to help maintain and improve  
5 SCADA, and two additional Gas Controllers. These new team  
6 members will help reduce the risk of pipeline incidents by  
7 balancing workloads and preventing fatigue. These  
8 additions will also bring the company closer to the  
9 recommended staffing levels as defined by the PHMSA White  
10 Paper "Staffing of Regular, Cyclic 24/7 Operations".

11

12 **Q.** Please explain why team member additions are needed for  
13 the WCM team.

14

15 **A.** Peoples plans to add two new positions in 2025 and two in  
16 2026 in the WCM team. The new positions represent the  
17 continued staffing of the WCM team established in 2023.  
18 These new positions will further enhance capital planning  
19 and management, advance the IRP as a comprehensive and  
20 sophisticated long-term strategic capital planning tool  
21 and reinforce capital governance for capital planning and  
22 execution to deliver value for customers.

23

24 **Q.** Please explain why team member additions are needed for  
25 the SC team.

1 **A.** Peoples plans to add four new positions in the SC team in  
2 2026. Two of these additions are based on recommendations  
3 from the company's supply chain consultant and the Peoples  
4 SCOM. The first of these two positions, the Fleet Senior  
5 Analyst, is necessary because Peoples currently has one  
6 individual managing a fleet of over 701 vehicles and 14  
7 facilities as of December 2024. The second of the two  
8 positions is a Senior Buyer that will help support the  
9 annual procurement of \$55.0 million in materials. The other  
10 two positions are the result of insourcing from Tampa  
11 Electric, which will result in a reduction of allocations  
12 from Tampa Electric procurement and will assist in contract  
13 administration including preparation, solicitation,  
14 negotiation, award, and commercial management.

15  
16 **Q.** Please explain why team member additions are needed for  
17 the IT team.

18  
19 **A.** Peoples' IT group plans to add six new positions in 2025  
20 and seven in 2026. Four of the 13 new positions are  
21 necessary to support the company's continued investment in  
22 GIS, SCADA, Gas Management System, WAM, and other systems.  
23 Five new positions will support the company's Data  
24 Strategy, also known as Pipeline Insights. The remaining  
25 four positions are due to insourcing to support current

1 systems, including two positions to support WAM.

2

3 **Q.** How are the amounts charged to Peoples in the ECT area  
4 changing in 2025 and 2026?

5

6 **A.** The methodologies for charging costs from Tampa Electric  
7 and Emera to Peoples have not changed. This methodology is  
8 explained by witness Chronister.

9

10 **Q.** What are the budgeted amounts of O&M expense in 2025 and  
11 2026 for the FERC Accounts you sponsor?

12

13 **A.** Peoples projects that the O&M expense for the FERC Accounts  
14 I sponsor will be approximately \$7.6 million in 2025 and  
15 \$8.6 million in 2026.

16

17 **Q.** How does the 2026 projected O&M expense for your sponsored  
18 FERC Accounts compare to inflation and growth adjusted  
19 benchmark projection?

20

21 **A.** My sponsored FERC Accounts are included in Line 1 -  
22 Distribution of the company's benchmarking comparison by  
23 function found in Document No. 10 of Peoples witness  
24 Nichols' testimony exhibit. The Distribution O&M embedded  
25 in this rate filing is lower than the projected benchmark

1 of approximately \$54.6 million by \$2.9 million when  
2 adjusted for growth and inflation. The Distribution line  
3 also includes FERC Accounts sponsored by witness O'Connor  
4 and is therefore also discussed in his direct testimony.

5  
6 **Q.** Please explain the categories of O&M expenses that show an  
7 increase over the level of O&M experienced in 2024.

8  
9 **A.** Table No. 1 in Document No. 7 of my exhibit shows the  
10 categories of O&M expenses that show an increase over  
11 levels in 2024.

12  
13 These increases are largely driven by non-trended costs  
14 related to increased labor (see Table No. 2 in Document  
15 No. 7 of my exhibit) and other costs in FERC Accounts 870,  
16 887, 892, and 930.2. In fact, non-labor, non-trended O&M  
17 cost increases are largely due to FERC Accounts 887 &  
18 930.2. FERC Account 887 represents Transmission Integrity  
19 Management Program ("TIMP") pipeline reassessment and risk  
20 analysis costs. Pipeline integrity compliance costs can  
21 vary from year-to-year depending on which pipelines are  
22 due for assessment and inspection. As discussed in witness  
23 Nichols' testimony, TIMP costs are expenses charged to O&M  
24 using a levelized annual amount with differences in actual  
25 costs recorded as a regulatory asset or liability. The

1 company received Commission approval to use reserve  
2 accounting treatment for TIMP in its last two rate cases.  
3 An increase in the annual levelized expense of \$1.7 million  
4 is required in 2026 (compared to 2024 and 2025) due to  
5 actual costs exceeding the levelized expensed amount for  
6 the last three-year period and significant costs for two  
7 reassessment projects required in the outer year, 2028, of  
8 the coming three-year period. The other FERC Account,  
9 930.2, accounts for an increase of \$0.5 million in 2026  
10 when compared to 2025 or \$0.9 million when compared to  
11 2024. This represents prudent costs including increased  
12 asset usage fees, costs for moving data storage to cloud  
13 base, and licenses and support for integral applications.  
14

15 The remaining drivers of the O&M increases in 2025 and 2026  
16 are due to non-trended labor costs required for the  
17 continued safe and reliable operations of the company's  
18 growing system. A summary of non-trended labor costs is  
19 included in Document No. 8 of my exhibit and a summary of  
20 the positions to be added is included in Document No. 9 of  
21 my exhibit.

22  
23 **Q.** What steps is ECT taking to control the level of O&M expense  
24 for 2025 and 2026 while maintaining safe and reliable gas  
25 service?

1     **A.**    The ECT team takes several steps to control the level of  
2           Peoples' O&M expenses. First, the SC team continually  
3           strives to find savings through competitive bidding  
4           practices, competitive sourcing, and supplier relationship  
5           management, among others. Second, the M&R team is currently  
6           reworking the M&R technician job progression path to  
7           combine roles by cross-training team members. This will  
8           result in reduced truck rolls responding to needs at  
9           individual gate stations and ultimately result in lower  
10          O&M cost per maintenance activity and reduce the number of  
11          additional resources needed in the future. Third, projects  
12          like the DCPI Project largely impact capital efficiency,  
13          but also influence culture by promoting continuous  
14          improvement which impacts all aspects of managing work.  
15          Fourth, Peoples is working to in-source meter testing work  
16          for our large industrial meters. Finally, Peoples is  
17          investing in several technologies to improve the remote  
18          readability of our assets. This includes investment into  
19          an Access Point Name ("APN") network to ensure reliable  
20          and protected customer measurement data, installation of  
21          generators at critical sites for backup power during  
22          storms, and dual communication pathways for critical sites  
23          to enhance reliability of these sites post storms, which  
24          in turn will improve system resilience and safety and  
25          decrease the need for technicians to respond to power or

1 communication outages.

2

3 **Q.** Is the projected level of O&M expense in the FERC Accounts  
4 you sponsor for 2025 and 2026 reasonable?

5

6 **A.** Yes. The O&M budget required by ECT to prudently serve  
7 customers while maintaining safe and reliable operations  
8 is reasonable when considering both trended cost increases,  
9 non-trended cost pressures, and the justifications related  
10 to technology support, integrity management, and  
11 additional team member requirements. The ECT team also  
12 works proactively to manage O&M expenses, as I previously  
13 explained.

14

15 **Q.** What work does ECT perform for SeaCoast Gas Transmission?

16

17 **A.** On occasion, the E&C team provides engineering and  
18 construction services for SeaCoast Gas Transmission  
19 ("SGT") and reviews potential SGT projects. The SGT project  
20 estimating process mirrors Peoples' process. The E&C team  
21 first models the project to assess hydraulic and design  
22 requirements and then prepares a cost estimate. If SGT  
23 decides to advance the project, E&C will continue to refine  
24 the estimate using the class estimating process. The team  
25 will then manage the project for SGT. One exception,

1           however, is the Callahan Pipeline Project, which was  
2           constructed by and is maintained by Peninsula Pipeline  
3           Company ("PPC"). Once a SGT project goes in service,  
4           Peoples' Gas Operations group maintains the project  
5           facilities and Peoples' Gas Control group monitors and  
6           controls those facilities. Peoples witness Chronister  
7           discusses how Peoples attributes and allocates costs to  
8           SeaCoast in his direct testimony.

9  
10       **Q.**    What steps has ECT taken to promote affordability?

11  
12       **A.**    The ECT team works to promote affordability by managing  
13           and controlling costs and improving efficiencies. The ECT  
14           team has completed several projects since 2023 which will  
15           promote affordability, including the DCPI Project, the  
16           blanket contract RFPs, and process management improvements  
17           for large capital projects.

18  
19       **VI.    SYSTEM CAPACITY AND FUTURE RESILIENCE PROJECTS**

20       **Q.**    You mentioned earlier that Peoples often adjusts its  
21           capital plans based on new demand or customer requirements.  
22           Please provide an example.

23  
24       **A.**    One recent example of a change in our customers' needs that  
25           affects system planning is the growing number of customer-

1 owned natural gas back-up generators on our system. Peoples  
2 recently became aware of the growth in customer-owned  
3 generators during Hurricanes Helene and Milton.

4  
5 **Q.** What did Peoples learn about customer-owned generators  
6 during Hurricanes Helene and Milton?

7  
8 **A.** These storms caused many large-scale power outages,  
9 including in the Tampa Bay area. During these events,  
10 Peoples customers took advantage of the resiliency of  
11 natural gas to power their homes with home backup  
12 generators fueled by natural gas. Peoples did not  
13 anticipate the load from these generators and the company's  
14 system was not able to keep up with the demand in a few  
15 parts of South Tampa. This caused numerous customers to  
16 contact the company to express concern with their natural  
17 gas service. Peoples learned through this process that  
18 there are approximately five to six times more home  
19 generators connected to the system than previously known.  
20 Peoples' system was not originally designed for this level  
21 of demand from home generators, and some customers had not  
22 appropriately prepared their generators for service.

23  
24 **Q.** What steps can Peoples take to ensure that its system can  
25 support large loads from residential home generators?

1 **A.** There are two critical factors in ensuring the system can  
2 support large residential loads, including home  
3 generators. First, ensuring residential meters have the  
4 proper equipment, and second, ensuring the pipelines have  
5 sufficient capacity to supply adequate volumes of natural  
6 gas for customer appliances. Pipeline capacity is  
7 dependent on pipeline size (diameter) and system pressure.

8  
9 To resolve system capacity issues like the one experienced  
10 in South Tampa, the company needed to confirm and  
11 understand where home generators were on the system  
12 ("generator load") including their location and size (the  
13 kilowatts of each). Peoples obtained high-level  
14 installation data from discussions with the three primary  
15 generator manufacturers and their key authorized  
16 dealers/installers for the area. Peoples then gathered  
17 other data from sources such as permitting information,  
18 discussions with residents, and discussions with City  
19 officials. Peoples also dispatched field technicians to  
20 confirm that house meter equipment was sized adequately  
21 for their appliances, including home generators. These  
22 technicians replaced any house meter equipment they  
23 determined to be inadequately sized.

24  
25 In addition, the company conducted various modelling

1 scenarios to determine what system modifications were  
2 required to ensure adequate supply for each  
3 customer. System modifications include new distribution  
4 interconnections, removal of regulator stations,  
5 installation of excess flow valves, system pressure  
6 testing, and other modifications. Each area has its own  
7 system characteristics and unique customer-load profile,  
8 and so the solution to address the home generator issue in  
9 each area is also unique. The many smaller projects  
10 required to address South Tampa are under construction and  
11 expected to be completed in 2025.

12  
13 **Q.** Are there differences between each residential home's back-  
14 up electric generation? And how does that impact the  
15 system's needs?

16  
17 **A.** Yes. Peoples must consider both load (number and size of  
18 generators in an area) and supply (capacity for the system  
19 to serve the generators in an area) to determine how to  
20 support those generators. Home generators come in various  
21 sizes and capacities (how many kilowatts they can  
22 generate), which dictates how much natural gas they  
23 consume. The number of home generators on a particular  
24 street, neighborhood, or part of the system impacts the  
25 system's ability to serve that load. From the system

1 perspective (supply side), the system characteristics  
2 (size of pipe, maximum operating pressures, etc.) serving  
3 an area with home generators are considered when analyzing  
4 its ability to meet the system load need.

5  
6 **Q.** Is Peoples aware of every back-up residential electric  
7 generator on its system?

8  
9 **A.** No. The experience with South Tampa has proven that many  
10 home generators have been installed on the company's system  
11 without its knowledge. We have also learned that this is a  
12 challenge faced by many of our peers.

13  
14 **Q.** What is Peoples doing to identify the back-up electric  
15 residential generators connected to the system?

16  
17 **A.** The company has a multi-faceted approach to identify  
18 generators on its system and to ensure it is notified when  
19 home generators are installed in the future. This approach  
20 includes asking customers to report home generators,  
21 evaluating permitting data (where available), working with  
22 the major generator manufacturers to better understand  
23 where generators have been sold, working with generator  
24 installers to develop a customer intake process for new  
25 generators, and direct contact with customers via

1 traditional means like bill inserts. Peoples is also using  
2 a generator intake form developed by Peoples and  
3 distributed by generator installers to enable customers to  
4 directly provide generator information in an efficient  
5 manner.

6  
7 **Q.** How does Peoples plan to identify and address other problem  
8 areas on the system?

9  
10 **A.** Based on the experience in South Tampa, Peoples believes  
11 this situation exists elsewhere on the system but cannot  
12 yet define the exact location or magnitude of the issue.  
13 The company is currently working to develop its  
14 understanding of the number, size, and location of home  
15 generators that are currently on the system. Once Peoples  
16 collects this information, the company will complete models  
17 and analysis to determine which areas of the system are a  
18 concern. Lastly, we will design and construct a solution  
19 specific to the area in question. Each solution will be  
20 unique and may include resolving upstream capacity issues.

21  
22 **Q.** Can every customer on Peoples' distribution system add a  
23 home back up natural gas generator?

24  
25 **A.** It is unlikely. We expect that, given the expense of a

1 generator, most homeowners living in areas not prone to  
2 storm damage or electrical outages will not choose to have  
3 generators. As with any system, 100 percent redundancy is  
4 extremely costly, and we expect all customers would not  
5 want to bear it.

6  
7 **Q.** What is the process to identify the needs, design a  
8 solution, and construct that solution to resolve any  
9 existing challenges in meeting a reasonable level of back-  
10 up generation across Peoples' distribution system?

11  
12 **A.** The company is currently developing a comprehensive plan  
13 to outline system capacity issues for each of its 14  
14 service areas, propose prioritized solutions based on risk,  
15 develop a projected timeline to address those issues, and  
16 prepare a detailed implementation strategy. Peoples will  
17 also prepare a multi-year capital plan to ensure the  
18 company can deliver on the resiliency customers have come  
19 to expect from natural gas.

20  
21 **Q.** What areas on Peoples' distribution system are priorities  
22 to improve the ability to meet residential back-up electric  
23 generation?

24  
25 **A.** The priority is to address the issues identified in South

1 Tampa during Hurricanes Helene and Milton. As the company  
2 advances the plan to address the issue in other parts of  
3 the system, it will evaluate each service area based on  
4 the total number of known home generators, hurricane risk,  
5 system characteristics, and other factors. That work is  
6 not yet completed but there is a general sense that other  
7 areas in Tampa (older parts of the system), Jupiter (high-  
8 growth), Miami-Dade (older system) and Ft. Myers (high  
9 growth) will be prioritized areas.

10  
11 **Q.** Are system improvements to address system resiliency  
12 concerns caused by generators included in the 2025 and 2026  
13 budget?

14  
15 **A.** The 2025 and 2026 capital budgets include \$2.8 million in  
16 2025 and another \$2.8 million in 2026 to address the system  
17 resiliency concerns in South Tampa identified during  
18 Hurricanes Helene and Milton. Work to define other areas  
19 of concern is ongoing and the company may seek approval at  
20 a future time to recover any incremental costs once the  
21 company designs a proper solution and develops a cost  
22 estimate for the work.

23  
24 **Q.** Are there other examples of new demand or customer  
25 requirements that will impact the company's future needs

1 for capital?

2

3 **A.** Yes. Back-up generators are not the only source of new  
4 demand in established areas of our service territory. Some  
5 of the areas we serve have been re-developed since we  
6 originally installed our facilities, which can change the  
7 demand for gas in those areas. Peoples is evaluating and  
8 will develop plans to upgrade existing facilities to meet  
9 demand not anticipated when our facilities were originally  
10 installed whether the increased demand is caused by  
11 generators or other factors.

12

13 **VII. MFR SCHEDULES SPONSORED**

14 **Q.** Please provide an explanation of the MFR Schedules you are  
15 sponsoring.

16

17 **A.** The following descriptions summarize the MFR Schedules that  
18 I sponsor or co-sponsor with other witnesses.

19

20 MFR Schedule C-38: I co-sponsor pages one and four which  
21 provide the O&M benchmarking variance for distribution  
22 expenses and administrative and general expenses.

23

24 G-01: Specifically, I co-sponsor pages 23 and 26 which  
25 provide the company's construction budget for the historic

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25

+ 1 and projected test years, respectively.

MFR Schedule G-02: I co-sponsor pages 12, 13 and 19 which provide a schedule of the projected O&M expenses for the company's projected test year.

MFR Schedule G-06: I co-sponsor this schedule which provides the major assumptions used to develop the company's projected test year.

**VIII. SUMMARY**

**Q.** Please summarize your prepared direct testimony.

**A.** Peoples' ECT team prudently forecasts, budgets, and executes capital projects and manages its O&M expenses while ensuring that the company can provide safe, efficient, and reliable service to our customers. The Commission should find that the ECT team's capital investments in 2024, proposed capital budgets for 2025 and 2026, and proposed levels of O&M expense for the projected 2026 test year are reasonable and prudent.

**Q.** Does this conclude your prepared direct testimony?

**A.** Yes.

PEOPLES GAS SYSTEM, INC.  
DOCKET NO. 20250029-GU  
WITNESS: RICHARD

**EXHIBIT**

**OF**

**CHRISTIAN RICHARD**

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<b>DOCUMENT NO.</b>	<b>TITLE</b>	<b>PAGE</b>
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**LIST OF MINIMUM FILING REQUIREMENT SCHEDULES  
SPONSORED OR CO-SPONSORED BY CHRISTIAN RICHARD**

<b>MFR Schedule</b>	<b>Page No.</b>	<b>MFR Title</b>
C-38	P. 1	O&M Benchmark Variance by Function
C-38	P. 4	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. 19 a-g	Projected Test Year – Total Expenses
G-06	P. 1 - 9	Projected Test Year - Major Assumptions

**Peoples Gas System, Inc.**  
***Supply Chain Savings Achieved***  
**for 2023 & 2024**

<b>Savings Type</b>	<b>2023</b>	<b>2024</b>	<b>Total</b>
Hard	\$ 435,233	\$ 690,000	\$ 1,125,233
Soft	\$ 2,048,631	\$ 824,475	\$ 2,873,106
<b>Total</b>	<b>\$ 2,483,864</b>	<b>\$ 1,514,475</b>	<b>\$ 3,998,339</b>

Peoples Gas System, Inc.

**2023 Capital Expenditures Actual vs 2023 Commission Approved Rate Case Budget**

<b>Category</b>	<b>2023 Actual</b>	<b>2023 RC Budget</b>	<b>Variance (\$)</b>	<b>Variance (%)</b>
Growth	\$ 195,205,111	\$ 182,978,995	\$ (12,226,116)	-7%
RRE	\$ 136,976,073	\$ 153,407,622	\$ 16,431,549	11%
Legacy	\$ 26,945,223	\$ 27,339,750	\$ 394,527	1%
<b>Total</b>	<b>\$ 359,126,407</b>	<b>\$ 363,726,367</b>	<b>\$ 4,599,960</b>	<b>1%</b>

Peoples Gas System, Inc.

**2024 Capital Expenditures Actual vs 2023 Commission Approved Rate Case Budget**

<b>Category</b>	<b>2024 Actual</b>	<b>2024 RC Budget</b>	<b>Variance (\$)</b>	<b>Variance (%)</b>
Growth	\$ 158,272,338	\$ 146,389,713	\$ (11,882,625)	-8%
RRE	\$ 131,465,027	\$ 146,881,026	\$ 15,415,999	10%
Legacy	\$ 24,395,604	\$ 20,844,519	\$ (3,551,085)	-17%
<b>Total</b>	<b>\$ 314,132,968</b>	<b>\$ 314,115,257</b>	<b>\$ (17,711)</b>	<b>-0.006%</b>

Peoples Gas System, Inc.  
2025 and 2026 Capital Budget

Project/Spend Type	2024	2025	2026
	Actual	Budget	Budget
New Revenue Mains	\$ 55,330,502	\$ 59,575,821	\$ 87,353,788
New Revenue Mains - AFUDC	431,351	-	-
New Revenue Services	64,553,998	63,907,851	62,695,336
New Revenue Meters and Regulators	29,402,109	25,710,006	24,641,602
New Revenue Measuring and Regulation Station Equipment	2,257,555	983,781	1,810,783
CNG & RNG Interconnection Pipeline	6,296,823	25,541,419	9,473,633
<b>Total Growth</b>	<b>158,272,338</b>	<b>175,718,879</b>	<b>185,975,142</b>
Distribution System Improvements	3,960,693	22,376,667	60,670,453
Main Replacements	19,409,453	23,513,793	25,776,018
Main Replacements - Downtown Tampa - AFUDC	-	4,308,651	27,600,000
Service Line Replacements	6,788,806	14,496,694	14,364,228
Municipal Improvements	16,453,319	18,325,584	16,303,268
Municipal Improvements - US 98 Relocation - AFUDC	23,843,996	5,872,059	-
Meters and Regulators	3,634,050	4,529,431	3,474,356
AMI Pilot	-	2,200,000	4,000,000
Measuring and Regulation Station Equipment	343,479	1,899,102	17,048,696
Measuring and Regulation Improvements	-	-	150,000
Cathodic Protection	2,850,639	2,294,169	2,719,400
Improvements to Property	2,831,019	4,133,428	13,025,168
PGS Project Tampa Building - AFUDC	31,841,875	14,753,518	-
Communication Equipment	41,153	13,000	13,000
Misc. Non-Revenue Producing	41,685	-	-
Office Equipment	246,023	596,095	518,000
Power Operated Equipment	434,707	876,000	1,239,560
Testing and Measuring Equipment	825,779	657,629	610,264
Tools and Shop Equipment	1,016,619	787,700	1,040,692
Transportation Vehicles	8,268,951	4,617,425	6,500,000
Technology Projects	5,173,014	14,391,429	21,880,000
Technology Projects (Shared)	3,459,766	3,874,506	7,365,636
<b>Total Reliability, Resiliency, and Efficiency</b>	<b>131,465,027</b>	<b>144,516,881</b>	<b>224,298,739</b>
Cast Iron/Bare Steel Pipe Replacement	7,593,574	4,535,613	3,919,350
Problematic Plastic Pipe Replacement	16,802,030	32,014,587	60,437,371
<b>Total Legacy</b>	<b>24,395,604</b>	<b>36,550,200</b>	<b>64,356,720</b>
<b>TOTAL</b>	<b>\$ 314,132,968</b>	<b>\$ 356,785,959</b>	<b>\$ 474,630,601</b>

Business Area	2024	2025	2026	Witness
	Actual	Budget	Budget	
Gas Operations Capital Projects	\$ 44,320,477	\$ 62,737,202	\$ 79,262,157	O'Connor
Engineering, Construction and Technology Capital Projects	236,830,773	277,282,240	392,497,444	Richard
Customer Experience Enhancement Projects	1,139,844	2,013,000	2,871,000	Washington
Corporatate Headquarters Project	31,841,875	14,753,518	-	Nichols
	<b>\$ 314,132,968</b>	<b>\$ 356,785,959</b>	<b>\$ 474,630,601</b>	

Peoples Gas System, Inc.  
 Capital Expenditures by Witness  
 Witness: Christian Richard

Capital Category	Project/Spend Type	2024 Actual	2025 Budget	2026 Budget
Growth	New Revenue Mains	\$ 55,330,502	\$ 59,575,821	\$ 87,353,788
Growth	New Revenue Mains - AFUDC	\$ 431,351	\$ -	\$ -
Growth	New Revenue Services	\$ 64,553,998	\$ 63,907,851	\$ 62,695,336
Growth	New Revenue Meters and Regulators	\$ 29,402,109	\$ 25,710,006	\$ 24,641,602
Growth	New Revenue Measuring and Regulation Station Equipment	\$ 2,257,555	\$ 983,781	\$ 1,810,783
	<b>Subtotal New Revenue Pipeline</b>	<b>\$ 151,975,515</b>	<b>\$ 150,177,459</b>	<b>\$ 176,501,509</b>
Growth	CNG & RNG Interconnection Pipeline	\$ 6,296,823	\$ 25,541,419	\$ 9,473,633
	<b>Subtotal CNG &amp; RNG Interconnection Pipeline</b>	<b>\$ 6,296,823</b>	<b>\$ 25,541,419</b>	<b>\$ 9,473,633</b>
	<b>TOTAL GROWTH</b>	<b>\$ 158,272,338</b>	<b>\$ 175,718,879</b>	<b>\$ 185,975,142</b>
Reliability, Resiliency, and Efficiency	Distribution System Improvements	\$ 2,631,458	\$ 13,566,695	\$ 49,838,183
Reliability, Resiliency, and Efficiency	Main Replacements	\$ 3,397,642	\$ 6,437,237	\$ 6,537,830
Reliability, Resiliency, and Efficiency	Main Replacements - Downtown Tampa - AFUDC	\$ -	\$ 4,308,651	\$ 27,600,000
Reliability, Resiliency, and Efficiency	Municipal Improvements	\$ 16,453,319	\$ 18,325,584	\$ 16,303,268
Reliability, Resiliency, and Efficiency	Municipal Improvements - US 98 Relocation - AFUDC	\$ 23,843,996	\$ 5,872,059	\$ -
Reliability, Resiliency, and Efficiency	Measuring and Regulation Station Equipment	\$ 343,479	\$ 250,000	\$ 15,361,665
Reliability, Resiliency, and Efficiency	Measuring and Regulation Improvements	\$ -	\$ -	\$ 150,000
	<b>Subtotal Reliability, Resiliency, and Efficiency</b>	<b>\$ 46,669,894</b>	<b>\$ 48,760,227</b>	<b>\$ 115,790,946</b>
Reliability, Resiliency, and Efficiency	Technology Projects	\$ 5,173,014	\$ 14,391,429	\$ 21,880,000
Reliability, Resiliency, and Efficiency	Technology Projects (Shared)	\$ 2,319,923	\$ 1,861,506	\$ 4,494,636
	<b>Subtotal Technology</b>	<b>\$ 7,492,937</b>	<b>\$ 16,252,935</b>	<b>\$ 26,374,636</b>
	<b>TOTAL RELIABILITY, RESILIENCY, AND EFFICIENCY</b>	<b>\$ 54,162,831</b>	<b>\$ 65,013,162</b>	<b>\$ 142,165,582</b>
Legacy	Cast Iron/Bare Steel Pipe Replacement	\$ 7,593,574	\$ 4,535,613	\$ 3,919,350
Legacy	Problematic Plastic Pipe Replacement	\$ 16,802,030	\$ 32,014,587	\$ 60,437,371
	<b>TOTAL LEGACY</b>	<b>\$ 24,395,604</b>	<b>\$ 36,550,200</b>	<b>\$ 64,356,720</b>
	<b>TOTAL CAPITAL MANAGED BY ENGINEERING, CONSTRUCTION &amp; TECHNOLOGY</b>	<b>\$ 236,830,773</b>	<b>\$ 277,282,240</b>	<b>\$ 392,497,444</b>

PEOPLES GAS SYSTEM, INC.  
 DOCKET NO. 20250029-GU  
 EXHIBIT NO. CR-1  
 WITNESS: RICHARD  
 DOCUMENT NO. 5  
 PAGE 1 OF 1  
 FILED: 03/31/2025

**Peoples Gas System, Inc.**  
**Positions Approved By the Commission in the 2023 Rate Case**  
**Engineering, Construction & Technology**  
**as of December 31, 2024**

<b>FERC Account</b>	<b>No. of Positions Approved</b>	<b>No. of Positions Filled</b>	<b>No. of Positions Unfilled</b>
870	28	17	11
880	8	8	0
920	5	5	0
<b>Total</b>	<b>41</b>	<b>30</b>	<b>11</b>

Peoples Gas System, Inc.  
*O&M by FERC - Witness Richard Sponsored FERC Accounts*  
2024 Actual vs 2025 Budget vs 2026 Budget

Table No. 1

<b>FERC Account Number</b>	<b>2024 Actual</b>	<b>2025 Budget</b>	<b>Percentage From 2024</b>	<b>2026 Budget</b>	<b>Percentage From 2024</b>
870	\$1,944,827	\$2,128,693	9%	\$2,842,329	46%
872	443,720	466,910	5%	490,273	10%
873	52,897	56,283	6%	59,628	13%
875	312,195	329,426	6%	346,688	11%
876	15,071	15,480	3%	15,878	5%
877	214,552	226,535	6%	238,525	11%
885	18,821	19,640	4%	20,484	9%
888	12,487	13,208	6%	13,926	12%
889	944,247	989,238	5%	1,035,027	10%
890	1,080,616	1,116,395	3%	1,152,555	7%
891	2,153,921	2,264,461	5%	2,376,039	10%
<b>TOTAL</b>	<b>\$7,193,354</b>	<b>\$7,626,270</b>	<b>6%</b>	<b>\$8,591,351</b>	<b>19%</b>

Peoples Gas System, Inc.  
*ECT Non-Trended Budgeted Labor Costs by FERC*  
for 2025 & 2026

<b>FERC Account</b>	<b>2024</b>	<b>2025 Budget</b>	<b>2026 Budget</b>
870	\$ -	\$ 99,623	\$ 276,542
880	-	415,595	1,135,608
920	-	179,361	702,323
<b>Total</b>	<b>\$ -</b>	<b>\$ 694,579</b>	<b>\$ 2,114,473</b>

Peoples Gas System, Inc.  
ECT Team Member Additions  
2025 & 2026

**TOTAL ECT:**

	2025			2026			2025 & 2026		
	Replacement	New	Total		New	Total	Replacement	New	Total
D&C	12	1	13	D&C	24	37	12	25	37
E&C	3	0	3	E&C	2	5	3	2	5
IT	0	6	6	IT	7	13	0	13	13
WCM	0	2	2	WCM	2	4	0	4	4
SC	0	0	0	SC	4	4	0	4	4
	<b>15</b>	<b>9</b>	<b>24</b>		<b>39</b>	<b>63</b>	<b>15</b>	<b>48</b>	<b>63</b>

**D&C:**

	2025			2026			2025 & 2026		
	Replacement	New	Total		New	Total	Replacement	New	Total
M&R - Gas Operations Tech II (Replacement)	1	0	1	M&R - Measurement Engineer	1	2	1	1	2
M&R - Measurement Technicians (Replacements)	2	0	2	M&R - Compliance Program Manager	3	4	2	1	3
M&R - Measurement Ops Analyst (Replacement)	1	0	1	M&R - Instrumentation & Control Technicians	2	3	1	3	4
M&R - Gas Operations Tech (Replacement)	1	0	1	M&R - Measurement Technicians/Gas Ops Techs	2	3	1	2	3
M&R - Instrumentation & Control Technician (Replacement)	1	0	1	M&R - Compressor & CNG Ops Tech	1	2	1	1	2
Gas Design Techs (Replacements)	2	0	2	Gas Design Techs	3	5	2	3	5
Construction Project Manager (Replacement)	1	0	1	Construction Coordinator	1	2	1	1	2
Contractor Program Coordinator	0	1	1	Construction Coordinator	1	2	0	2	2
Construction Inspector (Replacement)	1	0	1	Gas Design Tech II	1	2	1	1	2
Gas Control Analyst (Replacement)	1	0	1	Admin Specialist	1	2	1	1	2
Gas Control Coordinator (Replacement)	1	0	1	Contractor Program Manager	1	2	1	1	2
	<b>12</b>	<b>1</b>	<b>13</b>	Construction Inspectors	5	18	12	6	18
				Gas Control - Technology Analyst	1	1	0	1	1
				Gas Control Analyst	2	2	0	2	2
					<b>24</b>	<b>37</b>	<b>12</b>	<b>25</b>	<b>37</b>

**E&C:**

	2025			2026			2025 & 2026		
	Replacement	New	Total		New	Total	Replacement	New	Total
Engineer II (Replacement)	1	0	1	Estimator	1	2	1	1	2
Coop (Replacement)	1	0	1	Record Specialist/Team	1	2	1	1	2
Technology Analyst (Replacement)	1	0	1		2	5	1	0	1
	<b>3</b>	<b>0</b>	<b>3</b>				<b>3</b>	<b>2</b>	<b>5</b>

PEOPLES GAS SYSTEM, INC.  
DOCKET NO. 20250029-GU  
EXHIBIT NO. CR-1  
WITNESS: RICHARD  
DOCUMENT NO. 9  
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FILED: 03/31/2025

**IT:**

<b>2025</b>			
	<b>Replacement</b>	<b>New</b>	<b>Total</b>
Data Engineer	0	1	1
GIS Solution Analyst	0	1	1
Manager IT Data Del. And Supp.	0	1	1
Systems Analyst II	0	1	1
Scrum Master	0	1	1
PGS Gas Ops Business System Analyst	0	1	1
	<b>0</b>	<b>6</b>	<b>6</b>

<b>2026</b>	
	<b>New</b>
Business Intelligence Analyst II	1
Data Engineer II	1
Data Architect	1
Gas Management Systems Analyst	1
SCADA Systems Analyst	1
SAP S4 Systems Analyst	1
SAP Systems Analyst	1
	<b>7</b>

<b>2025 &amp; 2026</b>			
	<b>Replacement</b>	<b>New</b>	<b>Total</b>
	0	2	2
	0	2	2
	0	2	2
	0	2	2
	0	2	2
	0	2	2
	<b>0</b>	<b>13</b>	<b>13</b>

**WCM:**

<b>2025</b>			
	<b>Replacement</b>	<b>New</b>	<b>Total</b>
SAFIR Manager	0	1	1
Sr. Analyst - IRP/Capital	0	1	1
	<b>0</b>	<b>2</b>	<b>2</b>

<b>2026</b>	
	<b>New</b>
Sr. Engineering Analyst - IRP	1
Sr. Manager Strategic System/Capital Planning	1
	<b>2</b>

<b>2025 &amp; 2026</b>			
	<b>Replacement</b>	<b>New</b>	<b>Total</b>
	0	2	2
	0	2	2
	<b>0</b>	<b>4</b>	<b>4</b>

**SC:**

<b>2025</b>			
	<b>Replacement</b>	<b>New</b>	<b>Total</b>
N/A	0	0	0
	<b>0</b>	<b>0</b>	<b>0</b>

<b>2026</b>	
	<b>New</b>
Contract Administrators III	2
Fleet Sr. Analyst	1
Sr. Buyer	1
	<b>4</b>

<b>2025 &amp; 2026</b>			
	<b>Replacement</b>	<b>New</b>	<b>Total</b>
	0	2	2
	0	1	1
	0	1	1
	<b>0</b>	<b>4</b>	<b>4</b>