

State of Florida



## Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD  
TALLAHASSEE, FLORIDA 32399-0850

**-M-E-M-O-R-A-N-D-U-M-**

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**DATE:** November 12, 2014  
**TO:** Carlotta S. Stauffer, Commission Clerk, Office of Commission Clerk  
**FROM:** Stephen E. Garl, Utilities Analyst, Division of Economics  
**RE:** Docket No. 140183-GU

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Please place in the Docket file the attached responses from Peoples Gas System to Citizen's First Set of Interrogatories and First Request for Production of Documents.

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**BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION**

In re: Petition for approval of	)	DOCKET NO. 140183-GU
Cast Iron/Bare Steel Pipe	)	FILED: OCTOBER 27, 2014
Replacement Rider (Rider CI/BSR),	)	
<u>By Peoples Gas System</u>	)	

**PEOPLES GAS SYSTEM'S  
ANSWERS TO FIRST REQUEST FOR  
PRODUCTION OF DOCUMENTS (NO. 1) OF  
OFFICE OF PUBLIC COUNCIL**

Peoples Gas files this its Answers to Production of Documents (No. 1) propounded and served on October 9, 2014 by the Office of Public Council.

PEOPLES GAS SYSTEM  
DOCKET NO. 140183-GU  
INDEX TO OPC'S FIRST REQUEST FOR  
PRODUCTION OF DOCUMENTS (NO. 1)

<u>Number</u>	<u>Subject</u>	<u>Bates Stamped Pages</u>
1	Total Qualified Investment. Please provide all budget variance analyses identified in Citizens' First Set of Interrogatories, Interrogatory No.4.	1

PEOPLES GAS SYSTEM  
DOCKET NO. 140183-GU  
OPC'S FIRST REQUEST FOR  
PRODUCTION OF DOCUMENTS  
INTERROGATORY NO. 1  
BATES STAMPED PAGE: 1  
FILED: OCTOBER 27, 2014

1. Total Qualified Investment. Please provide all budget variance analyses identified in Citizens' First Set of Interrogatories, Interrogatory No.4.
  - A. See spreadsheet in Response to Interrogatory No. 4.

**BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION**

In re: Petition for approval of	)	DOCKET NO. 140183-GU
Cast Iron/Bare Steel Pipe	)	FILED: OCTOBER 27, 2014
Replacement Rider (Rider CI/BSR),	)	
By Peoples Gas System	)	

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**PEOPLES GAS SYSTEM'S  
ANSWERS TO FIRST SET OF INTERROGATORIES (NOS. 1-5)  
OF  
OFFICE OF PUBLIC COUNCIL**

Peoples Gas files this its Answers to Interrogatories (Nos. 1-5) propounded and served on October 9, 2014 by the Office of Public Council.

**PEOPLES GAS SYSTEM  
DOCKET NO. 140183-GU  
INDEX TO OPC'S FIRST SET OF INTERROGATORIES (NOS. 1-5)**

<u>Number</u>	<u>Witness</u>	<u>Subject</u>	<u>Bates Stamped Page</u>
1	Floyd	<p>Total Qualified Investment. Please reference Exhibit C, Page 1 of 2, attached to the Petition filed September 5, 2014. The "Gross Plant-in-Service/Depreciation Base" projected through December 31, 2015 is \$30,966,879. Please explain why the projected investment after three years of the program is 44% of the total projected investment for the ten-year program submitted in Docket No. 110320-GU (Exhibit C, Page 32).</p> <p>a. How does the number of miles of replaced mains and services which are projected to be replaced through 2015 compare to the total number of miles of mains and services projected to be replaced in the program as originally projected in Docket No. 110320-GU?</p> <p>b. What are the unit costs for mains and services which are projected to be replaced through 2015 compared to the unit costs for mains and services which are projected to be replaced for the total program as originally projected in Docket No. 110320-GU?</p>	1
2	Floyd	<p>The utility response to Staff's First Data Request, Question 2 in Docket No. 110320-GU identified approximately 567 miles of mains to be replaced (411 miles of bare steel and 156 miles of cast iron.) The quarterly reports submitted by the utility appear to indicate that approximately 93 miles of mains have been replaced as of June 30, 2014, or about 16%.</p> <p>a. Are the numbers in these quarterly reports accurate?</p> <p>b. How does this percentage (16%) affect the current timeline for full completion of the replacement program?</p> <p>c. If only 16% of the mains have been replaced, what are the causes of the higher than pro rata level of investment costs in the current projections?</p>	3

3	Floyd	<p>Total Qualified Investment. Please provide a breakdown of the actual costs reported incurred, by month for the calendar year 2013 and for the months January through June 2014. You should provide the monthly costs broken down as follows:</p> <ul style="list-style-type: none"> <li>a. Subcontractor costs</li> <li>b. In-house labor</li> <li>c. In-house overhead (Peoples)</li> <li>d. In-house overhead (Other)</li> <li>e. Materials</li> <li>f. Other (please describe)</li> </ul>	6
4	Floyd	<p>Total Qualified Investment. For the period January 1, 2012 through October 8, 2014, please identify each budget variance analysis for the pipeline replacement program.</p>	10
5	Floyd	<p>Total Qualified Investment. Does the utility continue to believe that the tariff filing is subject to Commission audit, as indicated in its response to Staff's First Data Request, Question #13, in Docket No. 110320-GU?</p>	13

Kandi Floyd  
Manager, Regulatory Rates

Peoples Gas System  
702 N. Franklin Street  
Tampa, Florida 33602

PEOPLES GAS SYSTEM  
DOCKET NO. 140183-GU  
OPC'S FIRST SET OF  
INTERROGATORIES  
INTERROGATORY NO. 1  
PAGE 1 OF 2  
FILED: OCTOBER 27, 2014

1. Total Qualified Investment. Please reference Exhibit C, Page 1 of 2, attached to the Petition filed September 5, 2014. The "Gross Plant-in-Service/Depreciation Base" projected through December 31, 2015 is \$30,966,879. Please explain why the projected investment after three years of the program is 44% of the total projected investment for the ten-year program submitted in Docket No. 110320-GU (Exhibit C, Page 32).
  - a. How does the number of miles of replaced mains and services which are projected to be replaced through 2015 compare to the total number of miles of mains and services projected to be replaced in the program as originally projected in Docket No. 110320- GU?
  - b. What are the unit costs for mains and services which are projected to be replaced through 2015 compared to the unit costs for mains and services which are projected to be replaced for the total program as originally projected in Docket No. 110320-GU?
- A.
  - a. When Peoples filed its original petition in Docket No. 110320-GU requesting approval of the cast iron / bare steel replacement rider (CI/BSR), Peoples projected the replacement of the total number of known cast iron / bare steel miles in its system as reported in the U.S. Department of Transportation "Annual report for year-end 2010, Gas Distribution System" report of 156 miles of cast iron and 411 miles of bare steel for a total of 567 system miles. During 2011 and 2012, while the docket was pending before the Commission, Peoples replaced 56 miles of cast iron and 57 miles of bare steel, which reduced the amount of cast iron and bare steel miles remaining in the system to 100 and 354 miles, respectively. This represented a combined total of 454 miles of eligible infrastructure to be replaced beginning January 2013. The total miles replaced since the inception of the accelerated approved CI/BSR program in 2013 are as follows:



PEOPLES GAS SYSTEM  
DOCKET NO. 140183-GU  
OPC'S FIRST SET OF  
INTERROGATORIES  
INTERROGATORY NO. 1  
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Year	Replaced Cast Iron	Replaced Bare Steel	Remaining Cast Iron at Year-End	Remaining Bare Steel at Year End	Total Remaining
2012			100	354	454
2013	14	46	86	308	394
*2014	9	59	77	249	326
2015	13	35	64	214	278
2016	13	35	51	179	230
2017	13	35	38	144	182
2018	13	35	25	109	134
2019	13	35	12	74	86
2020	12	35	0	39	39
2021	0	35	0	4	4
2022	0	4	0	0	0

\*9+3 Forecast

The total "replaced cast iron and bare steel" columns do not include "other" materials included in the rider that may be part of a replacement project. Other materials represent approximately 6 miles since inception of the program. This would include sections of pipe other than cast iron / bare steel which would have to be replaced as part of the replacement of cast iron / bare steel during a replacement project.

- b. In its original petition, Peoples provided an overall estimate of the total replacement project of \$80 million and also an overall estimate of average replacement cost by Division, and indicated that the costs could be more or less than the average of \$8 million in any year during which the program was in effect. Peoples did not individually estimate unit cost for mains and services based on project replacement by year as each project differs significantly by geographic location and asset type. While unknown or difficult to project by year, the unit cost will likely be greater than originally estimated. Peoples is focused on replacing the aging infrastructure in a reasonable accelerated manner while considering contractor availability and priorities based on considerations of vintage and safety. Also see response to Interrogatories 2b and 2c.

PEOPLES GAS SYSTEM  
DOCKET NO. 140183-GU  
OPC'S FIRST SET OF  
INTERROGATORIES  
INTERROGATORY NO. 2  
PAGE 1 OF 3  
FILED: OCTOBER 27, 2014

2. The utility response to Staff's First Data Request, Question 2 in Docket No. 110320-GU identified approximately 567 miles of mains to be replaced (411 miles of bare steel and 156 miles of cast iron.) The quarterly reports submitted by the utility appear to indicate that approximately 93 miles of mains have been replaced as of June 30, 2014, or about 16%.
- a. Are the numbers in these quarterly reports accurate?
  - b. How does this percentage (16%) affect the current timeline for full completion of the replacement program?
  - c. If only 16% of the mains have been replaced, what are the causes of the higher than pro rata level of investment costs in the current projections?
- A.
- a. Yes; however, as previously stated, at the inception of the CI/BSR program, Peoples had 454 miles of cast iron and bare steel. Therefore, the 93 miles of mains replaced as of June 30, 2014 represents approximately 20% of the total (as opposed to 16% as included in the above interrogatory).
  - b. Peoples originally anticipated a 10-year replacement period; however, Peoples is projecting replacement of approximately 48 miles per year until all known cast iron and bare steel materials in its system have been replaced. By continuing to replace at this level, Peoples anticipates that the full replacement of known cast iron and bare steel in the system should be completed by 2022. See response to Interrogatory 1a.
  - c. Peoples utilizes a risk-based prioritization to determine the order in which cast iron and bare steel pipelines will be replaced. The prioritization is primarily identified by the FERC-required Distribution Integrity Management Program (DIMP) and other factors including leak incident rates, the pressure under which the pipeline is operating, areas of significant construction and the age (vintage) of the pipeline. Accordingly, Peoples has focused on pipeline replacement in urban and high consequence areas that traditionally have an average higher replacement cost due to the complexities of the replacement project. Higher cost can be

**PEOPLES GAS SYSTEM  
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OPC'S FIRST SET OF  
INTERROGATORIES  
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attributable to the location of the project, dense population, contractor cost, permitting, additional government / local jurisdiction mandates where specific procedures must be utilized such as traffic control, work hours, and transferring from footage rates to time and material rates.

In addition, contractor availability is competitive due to pipeline replacement projects. Peoples originally evaluated cast iron / bare steel replacements utilizing historical trending for main and service installation that is not consistent with today's construction cost. As a result of the natural gas industry in Florida and nationally shifting towards accelerated replacement of obsolete and aging infrastructure, construction costs continue to trend higher because of a significantly increased demand for contractor and construction resources.

It should be understood that the dollars spent by Peoples, the dollar amounts included as Eligible Replacements on which expenses are to be recovered through the surcharges authorized by Rider CI/BSR, and the miles of cast iron / bare steel infrastructure replaced under the program, will likely not "match." Just as in a rate case, in which Peoples is authorized to earn a return on, and recover depreciation and ad valorem tax expense associated with, its investments, the "investments" must first be included in Plant in Service. The same is true in the case of Rider CI/BSR.

In any replacement project, Peoples may actually spend dollars for sometimes up to a year for the "replacement" infrastructure because the infrastructure to be replaced must continue to provide gas service to the Company's customers while the replacement infrastructure is installed. Only when the new replacement infrastructure has been placed in service (i.e., becomes Plant in Service) are the investments in that Plant in Service included as Eligible Replacements on which expenses are to be recovered through the surcharges authorized by Rider CI/BSR. It is only after the replacement infrastructure has been placed in service that the "replaced" infrastructure is retired. Only after that retirement are the miles associated with the replaced infrastructure known, and accounted for in Peoples' replaced infrastructure totals.

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INTERROGATORY NO. 2  
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The point to be gleaned from the above is that there can be, and are, timing differences among (i) Peoples' capital expenditures for the replacement of aged infrastructure, (ii) Peoples' inclusion of those expenditures as Eligible Replacements on which certain expenses are to be recovered through the surcharges authorized by the Rider, and (iii) the actual retirement of the aged infrastructure being replaced as a result of the expenditures. It is not until the retirement of the aged infrastructure that the miles associated with the "replaced" infrastructure become known and are accounted for in Peoples' replaced infrastructure totals.

**PEOPLES GAS SYSTEM**  
**DOCKET NO. 140183-GU**  
**OPC'S FIRST SET OF**  
**INTERROGATORIES**  
**INTERROGATORY NO. 3**  
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**FILED: OCTOBER 27, 2014**

3. Total Qualified Investment. Please provide a breakdown of the actual costs reported incurred, by month for the calendar year 2013 and for the months January through June 2014. You should provide the monthly costs broken down as follows:
- a. Subcontractor costs
  - b. In-house labor
  - c. In-house overhead (Peoples)
  - d. In-house overhead (Other)
  - e. Materials
  - f. Other (please describe)
- A. See attached. Also, please reference legend below for the appropriate charge category.

Legend:

Interrogatory Request	PGS Charge Category
a. Subcontractor costs	Outside Services - WO
b. In-house labor	Labor & Fringe - WO
c. In-house overhead (Peoples)	Overheads - WO
d. In-house overhead (Other)	n/a
e. Materials	Material & Supply - WO
f. Other	Other Costs – WO (Examples of "Other" can include: permit fees, barricade charges, rental equipment
	Transportation - WO

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OPC'S FIRST SET OF  
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Month-Year	Project Type	Charge Category	Amount
Jan-13	FP-PGS-Cast Iron/Bare Steel Main Re	Labor & Fringe - WO	\$ 31,956
Feb-13	FP-PGS-Cast Iron/Bare Steel Main Re	Labor & Fringe - WO	\$ 55,381
Mar-13	FP-PGS-Cast Iron/Bare Steel Main Re	Labor & Fringe - WO	\$ 65,813
Apr-13	FP-PGS-Cast Iron/Bare Steel Main Re	Labor & Fringe - WO	\$ 94,289
May-13	FP-PGS-Cast Iron/Bare Steel Main Re	Labor & Fringe - WO	\$ 107,958
Jun-13	FP-PGS-Cast Iron/Bare Steel Main Re	Labor & Fringe - WO	\$ 113,586
Jul-13	FP-PGS-Cast Iron/Bare Steel Main Re	Labor & Fringe - WO	\$ 109,383
Aug-13	FP-PGS-Cast Iron/Bare Steel Main Re	Labor & Fringe - WO	\$ 112,445
Sep-13	FP-PGS-Cast Iron/Bare Steel Main Re	Labor & Fringe - WO	\$ 101,378
Oct-13	FP-PGS-Cast Iron/Bare Steel Main Re	Labor & Fringe - WO	\$ 104,114
Nov-13	FP-PGS-Cast Iron/Bare Steel Main Re	Labor & Fringe - WO	\$ 130,665
Dec-13	FP-PGS-Cast Iron/Bare Steel Main Re	Labor & Fringe - WO	\$ 112,923
Jan-13	FP-PGS-Cast Iron/Bare Steel Main Re	Material & Supply - WO	\$ 41,765
Feb-13	FP-PGS-Cast Iron/Bare Steel Main Re	Material & Supply - WO	\$ 87,627
Mar-13	FP-PGS-Cast Iron/Bare Steel Main Re	Material & Supply - WO	\$ 75,010
Apr-13	FP-PGS-Cast Iron/Bare Steel Main Re	Material & Supply - WO	\$ 101,819
May-13	FP-PGS-Cast Iron/Bare Steel Main Re	Material & Supply - WO	\$ 126,385
Jun-13	FP-PGS-Cast Iron/Bare Steel Main Re	Material & Supply - WO	\$ 161,984
Jul-13	FP-PGS-Cast Iron/Bare Steel Main Re	Material & Supply - WO	\$ 273,328
Aug-13	FP-PGS-Cast Iron/Bare Steel Main Re	Material & Supply - WO	\$ 86,464
Sep-13	FP-PGS-Cast Iron/Bare Steel Main Re	Material & Supply - WO	\$ 164,804
Oct-13	FP-PGS-Cast Iron/Bare Steel Main Re	Material & Supply - WO	\$ 212,388
Nov-13	FP-PGS-Cast Iron/Bare Steel Main Re	Material & Supply - WO	\$ 119,479
Dec-13	FP-PGS-Cast Iron/Bare Steel Main Re	Material & Supply - WO	\$ 142,219
Jan-13	FP-PGS-Cast Iron/Bare Steel Main Re	Other Costs - WO	\$ 2,571
Feb-13	FP-PGS-Cast Iron/Bare Steel Main Re	Other Costs - WO	\$ 4,894
Mar-13	FP-PGS-Cast Iron/Bare Steel Main Re	Other Costs - WO	\$ 7,008
Apr-13	FP-PGS-Cast Iron/Bare Steel Main Re	Other Costs - WO	\$ 16,018
May-13	FP-PGS-Cast Iron/Bare Steel Main Re	Other Costs - WO	\$ 75,688
Jun-13	FP-PGS-Cast Iron/Bare Steel Main Re	Other Costs - WO	\$ 2,113
Jul-13	FP-PGS-Cast Iron/Bare Steel Main Re	Other Costs - WO	\$ 32,238
Aug-13	FP-PGS-Cast Iron/Bare Steel Main Re	Other Costs - WO	\$ 27,997
Sep-13	FP-PGS-Cast Iron/Bare Steel Main Re	Other Costs - WO	\$ 4,914
Oct-13	FP-PGS-Cast Iron/Bare Steel Main Re	Other Costs - WO	\$ 13,690
Nov-13	FP-PGS-Cast Iron/Bare Steel Main Re	Other Costs - WO	\$ 10,810
Dec-13	FP-PGS-Cast Iron/Bare Steel Main Re	Other Costs - WO	\$ 44,352
Jan-13	FP-PGS-Cast Iron/Bare Steel Main Re	Outside Services - WO	\$ 111,624
Feb-13	FP-PGS-Cast Iron/Bare Steel Main Re	Outside Services - WO	\$ 400,931
Mar-13	FP-PGS-Cast Iron/Bare Steel Main Re	Outside Services - WO	\$ 265,382
Apr-13	FP-PGS-Cast Iron/Bare Steel Main Re	Outside Services - WO	\$ 510,929
May-13	FP-PGS-Cast Iron/Bare Steel Main Re	Outside Services - WO	\$ 661,990
Jun-13	FP-PGS-Cast Iron/Bare Steel Main Re	Outside Services - WO	\$ 561,022
Jul-13	FP-PGS-Cast Iron/Bare Steel Main Re	Outside Services - WO	\$ 551,810
Aug-13	FP-PGS-Cast Iron/Bare Steel Main Re	Outside Services - WO	\$ 734,412
Sep-13	FP-PGS-Cast Iron/Bare Steel Main Re	Outside Services - WO	\$ 815,431
Oct-13	FP-PGS-Cast Iron/Bare Steel Main Re	Outside Services - WO	\$ 688,284
Nov-13	FP-PGS-Cast Iron/Bare Steel Main Re	Outside Services - WO	\$ 1,674,185

Dec-13	FP-PGS-Cast Iron/Bare Steel Main Re	Outside Services - WO	\$ 1,175,583
Jan-13	FP-PGS-Cast Iron/Bare Steel Main Re	Overheads - WO	\$ 19,767
Feb-13	FP-PGS-Cast Iron/Bare Steel Main Re	Overheads - WO	\$ 50,368
Mar-13	FP-PGS-Cast Iron/Bare Steel Main Re	Overheads - WO	\$ 43,862
Apr-13	FP-PGS-Cast Iron/Bare Steel Main Re	Overheads - WO	\$ 46,921
May-13	FP-PGS-Cast Iron/Bare Steel Main Re	Overheads - WO	\$ 53,078
Jun-13	FP-PGS-Cast Iron/Bare Steel Main Re	Overheads - WO	\$ 49,507
Jul-13	FP-PGS-Cast Iron/Bare Steel Main Re	Overheads - WO	\$ 58,622
Aug-13	FP-PGS-Cast Iron/Bare Steel Main Re	Overheads - WO	\$ 55,713
Sep-13	FP-PGS-Cast Iron/Bare Steel Main Re	Overheads - WO	\$ 58,461
Oct-13	FP-PGS-Cast Iron/Bare Steel Main Re	Overheads - WO	\$ 46,235
Nov-13	FP-PGS-Cast Iron/Bare Steel Main Re	Overheads - WO	\$ 69,160
Dec-13	FP-PGS-Cast Iron/Bare Steel Main Re	Overheads - WO	\$ 33,196
Jan-13	FP-PGS-Cast Iron/Bare Steel Main Re	Transportation - WO	\$ 3,927
Feb-13	FP-PGS-Cast Iron/Bare Steel Main Re	Transportation - WO	\$ 8,869
Mar-13	FP-PGS-Cast Iron/Bare Steel Main Re	Transportation - WO	\$ 9,282
Apr-13	FP-PGS-Cast Iron/Bare Steel Main Re	Transportation - WO	\$ 11,375
May-13	FP-PGS-Cast Iron/Bare Steel Main Re	Transportation - WO	\$ 10,412
Jun-13	FP-PGS-Cast Iron/Bare Steel Main Re	Transportation - WO	\$ 12,688
Jul-13	FP-PGS-Cast Iron/Bare Steel Main Re	Transportation - WO	\$ 13,335
Aug-13	FP-PGS-Cast Iron/Bare Steel Main Re	Transportation - WO	\$ 14,638
Sep-13	FP-PGS-Cast Iron/Bare Steel Main Re	Transportation - WO	\$ 13,358
Oct-13	FP-PGS-Cast Iron/Bare Steel Main Re	Transportation - WO	\$ 14,681
Nov-13	FP-PGS-Cast Iron/Bare Steel Main Re	Transportation - WO	\$ 15,076
Dec-13	FP-PGS-Cast Iron/Bare Steel Main Re	Transportation - WO	\$ 12,995

Legend:

<u>Interrogatory Request</u>	<u>PGS Charge Category</u>
a. Subcontractor costs	Outside Services - WO
b. In-house labor	Labor & Fringe - WO
c. In-house overhead (Peoples)	Overheads - WO
d. In-house overhead (Other)	n/a
e. Materials	Material & Supply - WO
f. Other	Other Costs - WO
	Transportation - WO

PEOPLES GAS SYSTEM  
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Month-Year	Project Type	Charge Category	Amount
Jan-14	FP-PGS-Cast Iron/Bare Steel Main Re	Labor & Fringe - WO	\$ 78,698
Jan-14	FP-PGS-Cast Iron/Bare Steel Main Re	Material & Supply - WO	\$ 67,299
Jan-14	FP-PGS-Cast Iron/Bare Steel Main Re	Other Costs - WO	\$ 2,407
Jan-14	FP-PGS-Cast Iron/Bare Steel Main Re	Outside Services - WO	\$ 171,312
Jan-14	FP-PGS-Cast Iron/Bare Steel Main Re	Overheads - WO	\$ 26,879
Jan-14	FP-PGS-Cast Iron/Bare Steel Main Re	Transportation - WO	\$ 10,227
Feb-14	FP-PGS-Cast Iron/Bare Steel Main Re	Labor & Fringe - WO	\$ 66,149
Feb-14	FP-PGS-Cast Iron/Bare Steel Main Re	Material & Supply - WO	\$ 107,102
Feb-14	FP-PGS-Cast Iron/Bare Steel Main Re	Outside Services - WO	\$ 1,109,013
Feb-14	FP-PGS-Cast Iron/Bare Steel Main Re	Overheads - WO	\$ 66,411
Feb-14	FP-PGS-Cast Iron/Bare Steel Main Re	Transportation - WO	\$ 8,366
Mar-14	FP-PGS-Cast Iron/Bare Steel Main Re	Labor & Fringe - WO	\$ 83,519
Mar-14	FP-PGS-Cast Iron/Bare Steel Main Re	Material & Supply - WO	\$ 61,297
Mar-14	FP-PGS-Cast Iron/Bare Steel Main Re	Other Costs - WO	\$ 84,300
Mar-14	FP-PGS-Cast Iron/Bare Steel Main Re	Outside Services - WO	\$ 808,725
Mar-14	FP-PGS-Cast Iron/Bare Steel Main Re	Overheads - WO	\$ 52,243
Mar-14	FP-PGS-Cast Iron/Bare Steel Main Re	Transportation - WO	\$ 9,417
Apr-14	FP-PGS-Cast Iron/Bare Steel Main Re	Labor & Fringe - WO	\$ 74,322
Apr-14	FP-PGS-Cast Iron/Bare Steel Main Re	Material & Supply - WO	\$ 62,479
Apr-14	FP-PGS-Cast Iron/Bare Steel Main Re	Other Costs - WO	\$ 4,347
Apr-14	FP-PGS-Cast Iron/Bare Steel Main Re	Outside Services - WO	\$ 570,714
Apr-14	FP-PGS-Cast Iron/Bare Steel Main Re	Overheads - WO	\$ 34,504
Apr-14	FP-PGS-Cast Iron/Bare Steel Main Re	Transportation - WO	\$ 8,329
May-14	FP-PGS-Cast Iron/Bare Steel Main Re	Labor & Fringe - WO	\$ 93,903
May-14	FP-PGS-Cast Iron/Bare Steel Main Re	Material & Supply - WO	\$ 139,733
May-14	FP-PGS-Cast Iron/Bare Steel Main Re	Other Costs - WO	\$ 56,577
May-14	FP-PGS-Cast Iron/Bare Steel Main Re	Outside Services - WO	\$ 938,400
May-14	FP-PGS-Cast Iron/Bare Steel Main Re	Overheads - WO	\$ 69,988
May-14	FP-PGS-Cast Iron/Bare Steel Main Re	Transportation - WO	\$ 8,344
Jun-14	FP-PGS-Cast Iron/Bare Steel Main Re	Labor & Fringe - WO	\$ 68,574
Jun-14	FP-PGS-Cast Iron/Bare Steel Main Re	Material & Supply - WO	\$ 142,056
Jun-14	FP-PGS-Cast Iron/Bare Steel Main Re	Other Costs - WO	\$ 89,517
Jun-14	FP-PGS-Cast Iron/Bare Steel Main Re	Outside Services - WO	\$ 871,093
Jun-14	FP-PGS-Cast Iron/Bare Steel Main Re	Overheads - WO	\$ 53,983
Jun-14	FP-PGS-Cast Iron/Bare Steel Main Re	Transportation - WO	\$ 8,687

Legend:

<u>Interrogatory Request</u>	<u>PGS Charge Category</u>
a. Subcontractor costs	Outside Services - WO
b. In-house labor	Labor & Fringe - WO
c. In-house overhead (Peoples)	Overheads - WO
d. In-house overhead (Other)	n/a
e. Materials	Material & Supply - WO
f. Other	Other Costs - WO
	Transportation - WO



PEOPLES GAS SYSTEM  
DOCKET NO. 140183-GU  
OPC'S FIRST SET OF  
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4. Total Qualified Investment. For the period January 1, 2012 through October 8, 2014, please identify each budget variance analysis for the pipeline replacement program.
  - A. Peoples interprets "Total Qualified Investment" as the eligible spending for replacements of mains, services and regulators identified as "Additions" in the attachment. Spending that occurs in a particular month may not impact the rider for several months because the recovery is based only on projects that have been placed in service. Peoples did not commence its Commission approved CI/BSR program until January 2013. See attached schedules that show budget variances for 2013 through September 2014. Variances in budget versus actual are attributable to the reasons provided in Peoples' response to Interrogatory 2c.

Peoples Gas System  
Cast Iron/Bare Steel Replacement Forecast  
Period Ending: Dec 2013

	Quarter 1			Quarter 2			Quarter 3			Quarter 4			Y/E
	Jan Actuals	Feb Actuals	Mar Actuals	Apr Actuals	May Actuals	June Actuals	Jul Actuals	Aug Actuals	Sep Actuals	Oct Actuals	Nov Actuals	Dec Actuals	
Additions	211,610	608,070	466,358	781,352	1,066,630	960,294	1,038,717	1,036,905	1,158,346	1,079,392	2,019,376	1,521,269	11,948,318
Retirements	21,923	56,749	74,169	108,517	98,697	80,748	92,052	199,123	170,497	149,189	190,941	176,727	1,419,333
Cast Iron/Bare Steel Main Repl.	233,533	664,820	540,527	889,868	1,165,327	1,041,042	1,130,769	1,236,028	1,328,843	1,228,581	2,210,317	1,697,996	13,367,652
Budget	1,070,416	1,070,417	1,070,417	1,070,417	1,070,417	1,070,417	1,070,417	1,070,417	1,070,417	1,070,417	1,070,417	1,070,416	12,845,000
Variance to Budget	836,884	405,597	529,889	180,548	(94,911)	29,375	(60,352)	(165,612)	(258,426)	(158,165)	(1,139,900)	(627,579)	(522,652)

	Amount "Eligible" for Clause												
Cast Iron Bare Steel Additions Only	211,610	608,070	466,358	781,352	1,066,630	960,294	1,038,717	1,036,905	1,158,346	1,079,392	2,019,376	1,521,269	11,948,318
1st \$1m Not Eligible	(211,610)	(608,070)	(180,320)	-	-	-	-	-	-	-	-	-	(1,000,000)
Month	-	-	286,038	781,352	1,066,630	960,294	1,038,717	1,036,905	1,158,346	1,079,392	2,019,376	1,521,269	10,948,318
<b>YTD</b>	<b>0</b>	<b>-</b>	<b>286,038</b>	<b>1,067,390</b>	<b>2,134,020</b>	<b>3,094,314</b>	<b>4,133,031</b>	<b>5,169,936</b>	<b>6,328,281</b>	<b>7,407,673</b>	<b>9,427,049</b>	<b>10,948,318</b>	

	Amount "Not Eligible"												
Retirements	21,923	56,749	74,169	108,517	98,697	80,748	92,052	199,123	170,497	149,189	190,941	176,727	1,419,333
First \$1 million	211,610	608,070	180,320	-	-	-	-	-	-	-	-	-	1,000,000
<b>Total</b>	<b>233,533</b>	<b>664,820</b>	<b>254,489</b>	<b>108,517</b>	<b>98,697</b>	<b>80,748</b>	<b>92,052</b>	<b>199,123</b>	<b>170,497</b>	<b>149,189</b>	<b>190,941</b>	<b>176,727</b>	<b>2,419,333</b>

**Peoples Gas System**  
**Cast Iron/Bare Steel Replacement Forecast**  
**Period ending: December 2014 (9 + 3 Forecast)**

	Quarter 1			Quarter 2			Quarter 3			Quarter 4			YTD	YE Forecast
	Jan Actuals	Feb Actuals	Mar Actuals	Apr Actuals	May Actuals	Jun Actuals	Jul Actuals	Aug Actuals	Sep Actuals	Oct Forecast	Nov Forecast	Dec Forecast		
Additions	356,821	1,356,832	1,099,502	754,695	1,306,945	1,233,909	1,035,129	1,499,743	1,098,180	948,529	894,577	886,933	9,741,756	12,471,794
Retirements	83,163	183,336	92,169	106,886	148,103	135,656	92,117	164,935	133,720	112,229	105,660	105,067	1,140,085	1,463,041
Cast Iron/Bare Steel Main Repl. Total	<b>439,984</b>	<b>1,540,168</b>	<b>1,191,671</b>	<b>861,582</b>	<b>1,455,049</b>	<b>1,369,565</b>	1,127,246	1,664,677	1,231,899	1,060,758	1,000,236	992,000	<b>10,881,841</b>	13,934,835
Budget	930,000	930,000	940,000	1,160,000	1,195,000	1,195,000	1,025,000	1,025,000	1,050,000	1,020,000	1,020,000	1,010,000	9,450,000	12,500,000
Variance to Budget	490,016	(610,168)	(251,671)	298,418	(260,049)	(174,565)			(102,246)	(40,758)	19,764	18,000	(1,431,841)	(1,434,835)

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<b>Amount "Eligible" for Clause</b>														
Cast Iron Bare Steel Additions Only	356,821	1,356,832	1,099,502	754,695	1,306,945	1,233,909	1,035,129	1,499,743	1,098,180	948,529	894,577	886,933	9,741,756	12,471,794
1st \$1m of Additions Not Eligible	(356,821)	(643,179)	-	-	-	-	-	-	-	-	-	-	(1,000,000)	(1,000,000)
Month	-	713,653	1,099,502	754,695	1,306,945	1,233,909	1,035,129	1,499,743	1,098,180	948,529	894,577	886,933	8,741,756	11,471,794
YTD	-	713,653	1,813,155	2,567,850	3,874,795	5,108,704	6,143,833	7,643,576	8,741,756	9,690,285	10,584,861	11,471,794		

<b>Amount "Not Eligible"</b>														
Retirements (not eligible for clause)	83,163	183,336	92,169	106,886	148,103	135,656	92,117	164,935	133,720	112,229	105,660	105,067	1,140,085	1,463,041
1st \$1 million	356,821	643,179	-	-	-	-	-	-	-	-	-	-	1,000,000	1,000,000
Total	439,984	826,514	92,169	106,886	148,103	135,656	92,117	164,935	133,720	112,229	105,660	105,067	2,140,085	2,463,041

PEOPLES GAS SYSTEM  
DOCKET NO. 140183-GU  
OPC'S FIRST SET OF  
INTERROGATORIES  
INTERROGATORY NO. 5  
PAGE 1 OF 1  
FILED: OCTOBER 27, 2014

5. Total Qualified Investment. Does the utility continue to believe that the tariff filing is subject to Commission audit, as indicated in its response to Staff's First Data Request, Question #13, in Docket No. 110320-GU?

A. Yes.

A F F I D A V I T

STATE OF FLORIDA            )  
  )  
COUNTY OF HILLSBOROUGH )

Before me the undersigned authority personally appeared Kandi Floyd who deposed and said that she is a Manager, Regulatory Rates, Peoples Gas System, and that the individuals listed in Peoples Gas System's response to OPC's First Set of Interrogatories, (Nos. 1-5) prepared or assisted with the responses to these interrogatories to the best of her information and belief.

Dated at Tampa, Florida this 27<sup>th</sup> day of October, 2014.

Kandi M Floyd

Sworn to and subscribed before me this 27<sup>th</sup> day of October, 2014.

Tison C Vega



My Commission expires \_\_\_\_\_