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IN REPLY REFER TO:

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December 8, 2015

VIA E-PORTAL FILING

Carlotta S. Stauffer, Director
Office of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: Docket No. 150218-GU -- Petition for approval to discontinue charging multiple purchased gas adjustment (PGA) factors, by Peoples Gas System

Dear Ms. Stauffer:

Attached for filing with the Commission on behalf of Peoples Gas System, please find Peoples' responses to the Commission Staff's First Data Request in the above docket.

Thank you for your usual assistance.

Sincerely,



Ansley Watson, Jr.

AWjr/a
Enclosures

cc: Kyesha Mapp, Esquire
Danielle M. Roth, Esquire
Ms. Kandi M. Floyd

**PEOPLES GAS SYSTEM
DOCKET NO: 150218-GU
STAFF'S 1ST DATA REQUEST
REQUEST NO. 1
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1. Please explain why the Residential PGA is higher than the Commercial PGA as shown in Exhibit A to the petition.
 - A. The Commission approved the Company's charging separate PGA factors to commercial and residential customers in Docket No. 981698-GU in 1999. In this docket, Peoples requested a revision to the Purchased Gas Adjustment (PGA) methodology to allocate costs between the residential and commercial customers based on the different load profiles or "swings" between these classes of customers (residential and commercial). Since the commercial customer classes typically have a more consistent load profile than the residential customer classes, the commercial PGA has been allocated less reserved pipeline capacity to manage their "swings".

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- 2.** Please explain the variation in the Residential PGA (highest PGA in June, July, August and in December, lowest PGA January through May) as shown in Exhibit A to the petition.
 - A.** The allocation of PGA expense (consisting of primarily upstream capacity and supply (commodity) cost) is on a per therm basis. In the winter, residential sales are higher which distributes the residential PGA expense across a greater volume of therms. This results in a lower PGA rate. In the summer, residential sales are lower which results in the distribution of PGA expense across a lower volume, which results in a higher PGA rate.

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- 3.** Please provide a comparison of PGA factors for 2015 similar to the 2014 table provided.
- A.** Please see exhibit A on the following page.

Exhibit A

	January-14	February-14	March-14	April-14	May-14	June-14	July-14	August-14	September-14	October-14	November-14	December-14
Combined PGA	\$ 0.8807	\$ 0.8638	\$ 0.8442	\$ 0.8702	\$ 0.8514	\$ 0.8853	\$ 0.8863	\$ 0.8923	\$ 0.8660	\$ 0.8581	\$ 0.8447	\$ 0.8550
Residential PGA	\$ 0.8811	\$ 0.8811	\$ 0.8811	\$ 0.8811	\$ 0.8811	\$ 0.9185	\$ 0.9185	\$ 0.9185	\$ 0.8985	\$ 0.8985	\$ 0.8985	\$ 0.9185
Commercial PGA	\$ 0.8807	\$ 0.8398	\$ 0.7965	\$ 0.8538	\$ 0.8110	\$ 0.8401	\$ 0.8417	\$ 0.8549	\$ 0.8214	\$ 0.7852	\$ 0.7523	\$ 0.7553

	January-15	February-15	March-15	April-15	May-15	June-15	July-15	August-15	September-15	October-15	November-15	December-15
Combined PGA	\$ 0.8701	\$ 0.8076	\$ 0.7714	\$ 0.7792	\$ 0.8165	\$ 0.8552	\$ 0.8589	\$ 0.8674	\$ 0.8692	\$ 0.8591		
Residential PGA	\$ 0.8885	\$ 0.8085	\$ 0.8085	\$ 0.8085	\$ 0.8585	\$ 0.8985	\$ 0.8985	\$ 0.8985	\$ 0.8985	\$ 0.8985		
Commercial PGA	\$ 0.8361	\$ 0.8056	\$ 0.7105	\$ 0.7400	\$ 0.7625	\$ 0.7993	\$ 0.8068	\$ 0.8273	\$ 0.8317	\$ 0.7927		

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- 4.** Paragraph 9 of the petition states that as of December 2014 there were 22,123 NCTS customers. Please state how many commercial customers take sales service.
 - A.** As of December 31, 2014, 14,080 commercial customers were taking sales service. Of those commercial customers, approximately 50% were taking service under Rate Schedule SGS (Small General Service, 0-1,999 therms per year).

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- 5.** Please state the most recent annual therms consumed by the commercial sales customers and the commercial NCTS customers.
- A.** Commercial sales customers consumed 40,850,028 therms in 2014. NCTS customers consumed 305,061,543 therms in 2014.

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- 6.** Referring to paragraph 9 of the petition, please explain why the 1999 approved methodology resulted in the residential customers bearing more of the costs included in the PGA charge.
 - A.** The split or dual PGA methodology distributes costs between commercial customers and residential customers based on the winter/summer load variance percentage for these two classes of customers (*i.e.*, based on the contribution to the swing of each class). See also response to Data Request No. 1.

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7. Please refer to the direct testimony filed by Ms. Floyd on August 21, 2015, in Docket No. 150003-GU, Exhibit KMF-2, seasonal peak allocation factors. The residential class' contribution to the company's peak month is higher than the commercial class' contribution (67.31% vs 32.69% in the winter, 60.49% vs 39.51% in the summer). Explain why it is appropriate to discontinue recognizing the residential class' higher sales during winter and summer peak months to assign fixed interstate pipeline costs.

- A. When the split PGA was first implemented in 1999, the NCTS transportation program did not exist. As required by the Commission's Rule 25-7.0335, since 2000, commercial sales customers have had the opportunity to switch to transportation service under the Peoples NCTS rider. Removal of the split PGA should incentivize many remaining commercial sales customers (currently only about 12% of total commercial throughput) to switch to the NCTS transportation service. Since the commodity price is negotiated with a third party, switching to NCTS transportation service may serve to reduce the overall cost to the commercial customer. In addition, recent changes approved by the Commission in Docket No. 150220-GU to the company's Swing Service Charge (the revenues from which are credited to the PGA) will result in approximately \$4 million annually being shifted to NCTS transportation customers. Finally, the single PGA will reduce the administrative burden of calculating and maintaining separate PGA rates.