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October 9, 2020

VIA E-PORTAL FILING

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

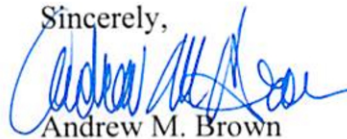
**Re: Docket No. 20200051-GU – Petition for rate increase by Peoples Gas System
Docket No. 20200166-GU-Petition for approval of 2020 depreciation study
by Peoples Gas System**

Dear Mr. Teitzman:

Attached for electronic filing in the above docket on behalf of Peoples Gas System, please find its Notice of Intent to Request Confidential Treatment in the above case.

Your assistance in this matter is greatly appreciated.

Sincerely,


Andrew M. Brown

AB/plb
Attachment

cc: J.R. Kelly/Mireille Fall-Fry (kelly.jr@leg.state.fl.us;fall-fry.mireille@leg.state.fl.us)
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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for rate increase by Peoples Gas System.

Docket No. 20200051-GU

In re: Petition for approval of 2020 depreciation study by Peoples Gas System.

Docket No. 20200166-GU

Submitted for Filing: October 9, 2020

**PEOPLES GAS SYSTEM'S NOTICE OF INTENT TO
REQUEST CONFIDENTIAL TREATMENT**

Pursuant to Sections 366.093 and 119.07, *Florida Statutes* and 25-22.006, *Florida Administrative Code*, Peoples Gas System ("Peoples") submits the following Request for Confidential Treatment to documents, produced in its Answer to Interrogatory Nos. 139, 140, 141, 142, 146, 158 of Staff's Twelfth Set of Interrogatories which response is submitted for filing concurrently herewith or has heretofore been filed:

1. Peoples has not attached a line by line redaction of the responsive material regarding its Answer to Interrogatory Number 139 because Peoples is asserting confidential treatment for the entire document. The documents bates numbered BS 17,221 – 17,223 contain proprietary confidential information and is treated as private by Peoples. A line by line redaction of the responsive material would make it is necessary to redact the entire documents and there would be no purpose served in attaching blank pieces of paper corresponding to the number of documents at issue.

2. Peoples has not attached a line by line redaction of the responsive material regarding its Answer to Interrogatory Number 140 because Peoples is asserting confidential treatment for the entire document. The document bates numbered BS 17224 contain

proprietary confidential information and is treated as private by Peoples. A line by line redaction of the responsive material would make it is necessary to redact the entire documents and there would be no purpose served in attaching blank pieces of paper corresponding to the number of documents at issue.

3. In its Response to Interrogatory Nos. 141, 142, 146, 158, Peoples has included redactions of confidential proprietary information, the disclosure of which would cause harm to ratepayers and/or the Company's competitive business operations.

4. The material for which confidential classification is sought is intended to be and is treated as private by Peoples, and contains proprietary confidential business information as defined under Section 366.093(2), and (3)(d), and 3(e), *Florida Statutes*, and disclosure of the information would hurt Peoples or its ratepayers.

5. Peoples gives notice that the documents for which it seeks confidential classification not be declassified until 18 months after the date of the Commission's order granting this request (see Section 366.093(4), *Florida Statutes*). The time period requested is necessary to protect the competitive information regarding Peoples' current and future capital projects which includes Peoples future expansion plans. The period of time requested will ultimately protect Peoples.

6. As a result of the foregoing, Peoples has attached hereto, as Exhibit A, a copy of those portions of the Response with partially redacted pages.

WHEREFORE, Peoples submits the foregoing as its request for confidential treatment of the information of the documents to be produced in its answer to Interrogatory Nos. 89, 90 and 91 of Staff's Tenth Set of Interrogatories.

Respectfully submitted,



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Attorneys for Peoples Gas System

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Notice of Intent to Request Confidential Treatment of Peoples Gas System has been furnished via electronic mail to the following, this 9th day of October, 2020:

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Andrew M. Brown, Esq.

REDACTED

**PEOPLES GAS SYSTEM
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STAFF'S TWELFTH SET OF
INTERROGATORIES
INTERROGATORY NO. 141
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141. Please refer to witness Wall's rebuttal testimony, page 6, line 23 through page 7, line 13 and PGS's Response to Staff's 7th Request for POD, No. 15, BSP 16765 – 16766.

141a. In reference to projects PRE-06481, CRR-13316, NCP-12428, expand on the explanation given.

A. PRE-06481 [REDACTED] – This project is a system improvement project in Broward County along [REDACTED]. The project includes the installation of a 6-inch plastic pipeline to provide additional supply, capacity, and backup to the growing cities of Coral Spring and Parkland in Broward County, Florida.

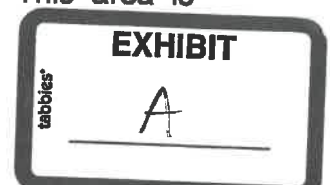
CRR-13316 [REDACTED] – This project includes the replacement of two deteriorating 4-inch steel gas mains with 3,500 feet of 8-inch steel gas main crossing the Manatee River along US-301 between the cities of Palmetto and Bradenton.

NCP-12428 (PragmaCad) - This project is an upgrade project to keep the application current and to take advantage of new functionality. The majority of expenses were spent during the project. The carry over costs were charged to the Company for a portion of the Contractor implementation Costs that were booked in 2020.

141b. In reference to projects NEW-14683 ([REDACTED]) and PRE-09300 ([REDACTED]), provide a description of the project and why it is needed.

A. NEW-14683 ([REDACTED]) – This project consists of a new gate station on Florida Gas Transmission and 1.5 miles of 26" steel pipeline to the existing 20" [REDACTED]. It will provide redundant gas supply to the [REDACTED] from a secondary pipeline in case of an outage from the existing interstate pipeline source.

PRE-09300 ([REDACTED]), - The project includes the design and construction of a main required to provide a back feed to the existing system in [REDACTED]. The route and main size and length will be determined in the engineering/design phase of the project. This area is



REDACTED

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142. Please refer to Docket 20200166-GU PGS's witness Watson's Rebuttal Testimony, page 65, lines 5 – 6 and PGS's Response to Staff's 7th Request for POD, No. 15, BSP 16766. Please detail how each of PGS's proposed new depreciation accounts (33600 RNG Plant, 36400 LNG Plant, and 37700 Compressor Equipment) relate to the projects mentioned in BSP 16766.

A. The proposed new depreciation accounts relate to the projects mentioned in BSP 16766 as follows:

NUMBER	PROJECT	DEPRECIATION ACCOUNT
NEW-12863	Main-Baldwin Compressor Station	37700 Compressor Equipment
NEW-13663	LNG - Blue Marlin	36400 LNG Plant
NEW-13703	[REDACTED]	33600 RNG Plant
NEW-15433	[REDACTED]	33600 RNG Plant
NEW-15435	[REDACTED]	33600 RNG Plant

REDACTED

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146. Please refer to PGS witness Hillary's rebuttal testimony, page 21, lines 18-21, wherein witness Hillary states that, if the Commission elects to rely upon an updated CPI-U based inflation factor, then it should also rely upon an updated customer growth factor in its final trend factors.

146a. Please explain why PGS believes it would be appropriate to use a growth rate to project O&M expense that is different from the growth rate the Company relies upon for cost of service (i.e. rate setting) in this rate case.

A. Peoples did not use different growth rates for cost of service and for O&M expense. The Company agrees that the customer growth rate used in determining the O&M trend factor should align with the customer growth rate the Company's used in determining revenues and cost of service, thereby aligning O&M and revenue forecasts in this rate case.

146b. Does PGS intend to update its customer forecast in this proceeding?

A. Peoples does not intend to update its customer forecast without also updating capital expenditures, rate base, financing plans, and expenses in order to provide a true picture of the revenue requirement. The Company believes a decision to update the customer forecast should be aligned with adjustments made to capital expenditures that affect revenues, in accordance with the revenue matching principal. See the Company's response to Staff IRR-148b for a complete discussion and analysis of aligning all of the related adjustments for updated information.

As an example, removing from rate base the delayed NEW-13703, [REDACTED] capital project should also include an associated adjustment to the test year forecast to exclude the RNG facility fee revenue associated with this project of \$1,768,395 (see Peoples' response to OPC's IRR-156). Justification for making the associated revenue adjustment is based on the revenue matching principal. As well, adjusting out of rate base in the projected test year the delayed NEW-13704, [REDACTED] should also include an associated adjustment to the test year forecast to exclude the CNG facility fee revenue associated with this project of \$271,620 (see Peoples' response to OPC's IRR-156). These facility fees are included in miscellaneous revenue on MFR Schedule E-1, page 5, line 63, Gas Plant Leased to Others.

REDACTED

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As mentioned previously, the updated net plant projection is approximately \$4.0 million lower. The remainder is due to working capital allowance reductions of \$10,187,085 (see OPC POD 58).

3) OPC IRR-156 – Updated 2021 test year revenues reflecting the updated 2020 and 2021 capital forecast and data now available on COVID-19 impacts on customer usage. The net overall change in base revenue is approximately \$4.0 million. This 2021 update reflects strong Residential customer growth and higher usage per customer, and the addition of the [REDACTED] project, which are offset by much lower Commercial usage due to COVID-19 impacts. In addition, due to removal of the [REDACTED] and [REDACTED] projects, the updated miscellaneous revenues are approximately \$2.1 million lower.

4) Staff IRR 133-135 – Updated financing plans and resulting 2021 test year updated cost of capital of 6.32% compared to 6.63% included in the Company's filing.

5) Staff POD 20 – Updated 2021 test year property taxes of \$15,872,000 compared to \$16,019,000 in the Company's filing, which is a decrease of \$147,000.

The Company's position is that all the above referenced related updates impacting the Company's revenue requirement projection should be consistently applied to align updated test year projections for capital expenditures, rate base, cost of capital, and associated revenues and expenses. Otherwise the revenue deficiency calculation components would be inconsistently determined, and the overall revenue deficiency calculation would be flawed. As shown in the below revenue deficiency calculations, the above updates and associated adjustments to the Company's claim would result in an overall decrease in the revenue deficiency of \$191,006.

REDACTED

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148c. If currently known, what are the main types or broad (if any) categories of plant/investment the "\$8.4 million and \$31.0 million" amounts are in relation to?

A. Project level details of the \$8.4 million and \$31.0 million amounts are provided in the "Variance" columns shown in the Company's response to Staff POD 15. The main types or broad categories making up the 2020 increase of \$8.4 million are increases of \$12.8 million for Growth capital and \$8.8 million for Sustaining capital, offset by a \$13.1 million decrease for AFUDC eligible capital projects. The 2020 Growth capital increase of \$8.4 million primarily reflects higher residential customer growth and the facilities to serve those new customers, including the acquisition of Leesburg related customers in the Commission approved settlement. The updated average customer growth rate in 2020 is 4.38%. The 2020 Sustaining capital increase of \$8.8 million reflects higher replacement or removal of mains and services, improvement of the distribution system, and relocations and replacements to accommodate municipal, state and federal road construction, and the addition of an IVR and Contact Center Management project discussed further below. The \$13.1 million decrease in AFUDC eligible projects is mainly due to the delays in the Blue Marlin Miami LNG and [REDACTED] projects being partially offset by the added [REDACTED] project.

The main types or broad categories making up the 2021 increase of \$31.0 million are increases of \$18.2 million for Growth capital, \$6.0 million for Sustaining capital and \$6.8 million for AFUDC eligible projects. The 2021 Growth capital increase of \$18.2 million primarily reflects higher residential customer growth and the facilities to serve new and existing customers. The updated average customer growth rate in 2021 is 4.52%. The 2021 Sustaining capital increase of \$6.0 million reflects higher replacement or removal of mains and services, improvement of the distribution system, and relocations and replacements to accommodate municipal, state and federal road construction. In addition, the 2021 Sustaining increase reflects the addition of an IVR and Contact Center Management project, which is now approved as an asset at Peoples that is shared with Tampa Electric versus it originally being contemplated as a Tampa Electric asset with a CRB related Asset Usage Fee charged to Peoples (\$209,735 included in Company's filing as O&M in 2021 test year, see Exhibit No. (SPH-1), Document No. 5, line 14). The \$6.8 million increase in AFUDC eligible projects is mainly due to the added [REDACTED] and [REDACTED] project being partially offset by the decreases related to the delays in the Blue Marlin Miami LNG and [REDACTED] projects. The [REDACTED] project and the [REDACTED] projects are not affecting the

REDACTED

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Company's updated projected rate base as both are earning AFUDC and not going into service until after 2021. Setting aside the 2021 capital forecast of \$21.3 million for [REDACTED] and the \$6.9 million for [REDACTED], as they do not impact adjusted rate base in the projected test year, the 2021 increase over the original 2021 budget would be only \$2.8 million.