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ATTORNEYS & COUNSELORS AT LAW EST. 1884

One Tampa City Center, Suite 2000 201 N. Franklin Street P.O. Box 1531 (33601) Tampa, FL 33602 813.273.4200 Fax: 813.273.4396

<u>www.mfmlegal.com</u> Email: info@mfmlegal.com 625 Court Street, Suite 200 P.O. Box 1669 (33757) Clearwater, FL 33756 727.441.8966 Fax: 727.442.8470

> In Reply Refer to: Tampa <u>ab@macfar.com</u>

October 16, 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:

Enclosed for filing on behalf of Peoples Gas System ("Peoples") is a Request for Confidential Treatment of certain portions of Peoples' Response to Interrogatory Nos. 139, 140, 141, 142, 146, and 148 of Staff's Twelfth Set of Interrogatories. This request includes Exhibits A through C.

Exhibit A is being provided under separate cover and consists of the confidential documents, and all information that Peoples asserts is entitled to confidential treatment has been highlighted. Exhibit B is an edited version of Exhibit A, in which the information Peoples asserts is confidential has been redacted. Exhibit C consists of Peoples' justification table supporting its Request for Confidential Treatment.

Your assistance in this matter is greatly appreciated.

Sincerely,

Andrew M. Brown

AB/plb Attachment Mr. Adam J. Teitzman Commission Clerk October 16, 2020 Page 2

cc: J.R. Kelly/Mireille Fall-Fry (kelly.jr@leg.state.fl.us;fall-fry.mireille@leg.state.fl.us) Kurt Schrader/Jennifer S. Crawford/Bianca Lherisson (kschrade@psc.state.fl.us; jcrawfor@psc.state.fl.us; blheriss@psc.state.fl.us)

Jon C. Moyle, Jr., Esq./Karen A. Putnal, Esq. (jmoyle@moylelaw.com; kputnal@moylelaw.com; mqualls@moylelaw.com)

Paula K. Brown Kandi Floyd Karen Bramley Thomas F. Farrior, Esq.

### 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 16, 2020

### PEOPLES GAS SYSTEM'S REQUEST FOR CONFIDENTIAL TREATMENT

Pursuant to Section 366.093 and 119.07, *Florida Statutes*, and Rule 25-22.006, *Florida Administrative Code*, Peoples Gas System ("Peoples") requests confidential treatment to Peoples Response to Interrogatory Nos. 139, 140, 141, 142, 146, and 148 of Staff's Twelfth Set of Interrogatories, and in support thereof states:

1. Peoples has previously filed a Notice of Intent to Request Confidential Treatment on these documents on October 9, 2020.

2. Peoples has provided documents 17221 – 17223 in response to Interrogatory No. 139 of Staff's Twelfth Set of Interrogatories which contain confidential information.

3. Peoples has provided document 17224 in response to Interrogatory No. 140 of Staff's Twelfth Set of Interrogatories which contains confidential information.

4. Peoples has provided responses to Interrogatory Nos. 141, 142, 146, and 148 which contain confidential information.

- 5. The following exhibits are included with and made a part of this request:
  - a. Exhibit A consists of the following documents are a copy of the confidential pages on which information that Peoples asserts to

be entitled to confidential treatment has been highlighted.

- b. Exhibit B consists of a copy of the confidential pages on which all information that Peoples asserts is entitled to confidential treatment has been redacted.
- c. Exhibit C is a table containing an identification of the information highlighted in Exhibit A, together with references to the specific statutory basis or bases for the claim of confidentiality and to the affidavit in support of the requested classification.

6. Peoples submits that the highlighted information in Exhibit A is proprietary confidential business information within the meaning of Section 366.093(3), *Florida Statutes*. Section 366.093(3), *Florida Statutes*, defines confidential information as information that is intended to be and is treated by the company as private in that disclosure of the information would cause harm to the company's business operations or its customers, and has not been disclosed publicly. The confidential information is intended to be and has been treated by Peoples as private, its confidentiality has been maintained, and its disclosure would cause harm to Peoples and its customers. Pursuant to Section 366.093(3)(2), such information is entitled to confidential treatment and it is exempt from the disclosure provisions of the public records law. Thus, once the Commission determines that the information in question is proprietary confidential business information, the Commission is not required to engage in any further analysis or review such as weighing the harm of disclosure against the public interest in access to the information.

7. Upon a finding by the Commission that the information highlighted in

Exhibit A, and referenced in Exhibit C, is proprietary confidential business information, the information should not be declassified for a period of at least eighteen (18) months and should be returned to Peoples as soon as the information is no longer necessary for the Commission to conduct its business. *See* § 366.093(4), Fla. Stat.

WHEREFORE, Peoples respectfully requests confidential classification of the material described herein.

Respectfully submitted,

Andrew M. Brown, Esq. Thomas R. Farrior, Esq. Macfarlane Ferguson & McMullen Post Office Box 1531 Tampa, Florida 33601 (813) 273-4300 ab@macfar.com trf@macfar.com

Attorneys for Peoples Gas System

### **CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a true and correct copy of the foregoing Request for

Confidential Treatment of Peoples Gas System has been furnished via electronic mail to

the following, this 16th day of October, 2020:

J.R. Kelly, Esq. Office of Public Counsel c/o The Florida Legislature 111 West Madison St., Room 812 Tallahassee, FL 32399-1400 kelly.jr@leg.state.fl.us Paula K. Brown Regulatory Department TECO Energy, Inc. P.O. Box 111 Tampa, FL 33601-0111 regdept@tecoenergy.com Jennifer S. Crawford, Esq. Kurt Schrader, Esq. Bianca Lherisson, Esq. Office of General Counsel Florida Public Service Commission 2540 Shumard Oak Boulevard Tallahassee, FL 32399-0850 jcrawfor@psc.state.fl.us kschrade@psc.state.fl.us blheriss@psc.state.fl.us

Mireille Fall-Fry, Esq. Associate Public Counsel Office of Public Counsel c/o The Florida Legislature 111 West Madison Street, Room 812 Tallahassee, FL 32399-1400 fall-fry.mireille@leg.state.fl.us Kandi M. Floyd Peoples Gas System P.O. Box 111 Tampa, FL 33601-0111 kfloyd@tecoenergy.com

Florida Industrial Power Users Group c/o Jon C. Moyle, Jr. Karen A. Putnal Moyle Law Firm, P.A. 118 North Gadsden Street Tallahassee, FL 32301 jmoyle@moylelaw.com kputnal@moylelaw.com mqualls@moylelaw.com

Andrew M. Brown, Esq.

# **EXHIBIT A**

# CONFIDENTIAL

# FILED UNDER SEPARATE COVER

.

# EXHIBIT B

# **REDACTED COPIES**

| STAFF 12T         | 2021 CAPITAL BUDGET<br>H SET OF INTERROGATORIES | NO 139                          |            |       |   |                        |  |   |
|-------------------|---|---------------------------------|------------|-------|---|------------------------|--|---|
|                   |   |                                 |            |       |   | 139b.Identi            | y when each                                      |   |
|                   |   | Up                              | dated Fore | ecast |   |                        | ct was:  |   |
| Project<br>Number | Project   | Estimated<br>In-Service<br>Date | 2020       | 2021  | 139 a. Explain why each project was not considered<br>sufficiently priority to be included in its original budget<br>submitted for this proceeding.   | 139b.(1)<br>initiated* | 139b.(2)<br>added to the<br>current<br>budget.** | 139c.Provide a description of the project and why it is needed, expanding up<br>the project charters. As part of your response for growth projects, include a<br>estimate of new customers added and the buildout period, if applicable.        |
| NEW-15203         | NEW PROJECTS                                    | 12/31/2020                      |            |       |   |                        | April 2020                                       |   |
| NEW-15203         |   | 14/31/2020                      |            |       | In 2020, the Company decided that a change in design was necessary to<br>allow for 2 way flow of gas through the new 16° Callahan line to allow for<br>more system flexibility. The initial design of the interconnection between<br>the new 16° Callahan Pipeline and the PGS facility at Radio Road was a one<br>way feed from the 16° Callahan pipeline south into the Jacksonville PGS<br>system. |                        | April 2020                                       | and flow control equipment and a pig buncher at the uprated   |
| NEW-12204         |   | 8/31/2021                       |            |       | Project change. Developer accelerated additional phases of this<br>development after the initial budget was established.  |                        | March 2020                                       |   |
| NEW-13023         |   | in service                      |            |       | This is a small project for a regulator station that is now complete and in   |                        | March 2020                                       | This is a small project for a regulator station that is now complete and in service.  |
| NEW-14663         |   | in service                      |            |       | vervice.<br>The acquisition of this Leesburg main was not finalized until after January<br>2020, when the capital budget was finalized. This June 2020 purchase was<br>the result of a settlement on a territorial dispute with the City of Leesburg.   |                        | March 2020                                       | The project includes the acquisition of the system from the City of Leasburg which include 30,000' of<br>PE and 6,500' of 2' PE gas main.<br>This project includes 3,625 customers in the Villages community that were previously served by the |
| NEW-14923         |   | 11/30/2020                      | 6-51       |       | Builder requested service after initial budget established. New Builder   |                        | March 2020                                       | The project includes 3,625 customers in the villages community that were previously served by the<br>of Leesburg.   |
| NCW-14923         |   | 11/30/2020                      |            |       | rounder requestes service arer initia outget established. New builder<br>Agreement signed June 2020.  |                        | March 2020                                       |   |
| NEW-14943         |   | 5/1/2021                        |            |       | Builder requested service after initial budget established. Builder Agreeme<br>expected in 2020.  | nt                     | March 2020                                       |   |
| NEW-14967         |   | 12/31/2021                      |            |       | Due to the nature of this project, the scope was not known prior to the 20<br>Budget being completed in January 2020.   |                        | March 2020                                       |   |
| NEW-15083         |   | 12/31/2020                      |            |       | The territorial agreement was not completed until after January 2020, whe<br>the capital budget was finalized. The customers and services in the new<br>Villages community was the result of a settlement on a territorial dispute<br>with the City of Leesburg with details of the buildout not determined until<br>March 2020.  | nj                     | March 2020                                       |   |
| NEW-15243         |   | 12/31/2020                      |            |       | Shadow Wood's Home Owners Association (HOA) requested service after t<br>initial budget was established. The agreement was signed and CIAC fundin<br>provided by Shadow Wood HOA in April 2020.   |                        | April 2020                                       |   |
| NEW-15405         |   | 4/30/2021                       |            |       | Builder requested service after initial budget established. Builder Agreeme<br>signed in early 2020.  | n¢                     | June 2020  |   |
| NEW-15419         |   | 6/30/2021                       |            |       | Builder requested service after initial budget established. Builder Agreeme<br>signed in early 2020.  |                        | June 2020  |   |

PEOPLES GAS SYSTEM DOCKET NO. 20200051-GU DOCKET NO. 20200166-GU STAFF'S TWELFTH SET OF INTERROGATORIES INTERROGATORY NO. 139 FILED: 10/9/2020

| TOTO MIA  | D 2021 CAPITAL BUDGET                      |                         |              |           |  |             |                           |  |
|-----------|--|-------------------------|--------------|-----------|--|-------------|---------------------------|--|
| STAFF 1   | 2TH SET OF INTERROGATORI                   | ES NO 139               |              |           |  |             |                           |  |
|           |  | Up                      | dated Foreca | ast       |  |             | ify when each<br>ect was: |  |
| Project   |  | Estimated<br>In-Service |              |           | 139 a. Explain why each project was not considered<br>sufficiently priority to be included in its original budget  | 139b.(1)    | current                   | the project charters. As part of your response for growth projects, include an |
| Number    | Project<br>Main-West Villages-Venice       | Date                    | 2020         | 2021      | submitted for this proceeding.   | initiated*  | budget.**                 | estimate of new customers added and the buildout period, if applicable.        |
| NEW-15425 | Main-West villages-venice                  | 12/33/2020              | 200,000      | 750,000   | Builder requested service after 2020 Budget was finalized in January 2020.   | 7/16/2020   | August 2020               |  |
| NEW-15430 | Main-Vulcan                                | 8/25/2021               | 520,000      | 1,460,000 | Customer requested service after 2020 budget was linalized in January 2020.  | . 7/31/2020 | August 2020               |  |
| NEW-15103 | Mobile CNG Station                         | 3/31/2021               | 1,417,104    |           | The decision to proceed with this project occurred after the initial budget<br>was established. The project was approved in February 2020  | 3/5/2020    | March 2020                |  |
| PRE-09300 | Combee Rd & East Gate 5 to Eaton Pk        | 12/31/2022              | -            |           | Additional pressure issues were identified in the winter of 2019 and a<br>solution was necessary sooner than originally planned. The best solution<br>was not selected until after the 2020 Budget was finalized in January 2020.  | 2/11/2020   | March 2020                |  |
| PRE-09380 | County Line & Drane Field Rd Loop          | 5/15/2021               | 275,000      | 405,000   | The decision to proceed with this project was made after the initial budget was established. The project was approved in February 2020   | 2/28/2020   | March 2020                |  |
| CRR-11778 | Main-Replace Ortega River Crossing         | 7/31/2021               | 46,476       |           | The decision to replace this main was made after the 2020 Budget was<br>(Inalized In January 2020. The replacement is required for saferty and<br>reliability purposes. The project schedule is undetermined at this time due<br>to pending easements with adjacent property owner and CSX Railway.                  | 9/27/2017   | March 2020                |  |
| CRR-16116 | Main Replace-Casing&Above Grnd Pipe        | 12/31/2023              | 225,000      |           | This maintenance issue was identified after 2020 Budget was finalized in<br>January 2020.  | 2/10/2020   | August 2020               |  |
| CRR-16136 | Main Replace-Tampa Downtown                | 12/31/2023              | · · · · · ·  |           | Flow and pressure constraints were identified by operations after the 2020<br>Budget was finalized in January 2020.  | 2/11/2020   | March 2020                |  |
| CRR-16801 | Main Replace-New Pass Sarasota             | 9/30/2021               | 30,000       |           | This maintenance issue was identified after 2020 Budget was finalized in<br>January 2020.  | 7/10/2020   | August 2020               |  |
| CRR-16815 | Main Replace-Tropicana                     | 4/30/2021               | 20,000       |           | This maintenance issue was identified after 2020 Budget was finalized in<br>January 2020.  | 7/16/2020   | August 2020               |  |
| NCP-15211 | Industrial Training Services (ITS) Upgrade | 6/30/2021               | -            |           | Details around the scope of this project were not available at the time the 2020 Budget was finalized in January 2020.   | 2/11/2020   | August 2020               |  |
| NCP-15665 | PGS Technology Projects                    | 12/31/2021              |              |           | At the time the original 2021 capital expenditure budget was completed, the<br>Technical Strategic Planning process was just underway and not complete.<br>Since the original rate case capital budget, these technical project needs for<br>2021 were identified and included in the Company's updated 2021 Budget. | 7/15/2020   | August 2020               |  |

PEOPLES GAS SYSTEM DOCKET NO. 20200051-GU DOCKET NO. 20200166-GU STAFF'S TWELFTH SET OF INTERROGATORIES INTERROGATORY NO. 139 FILED: 10/9/2020

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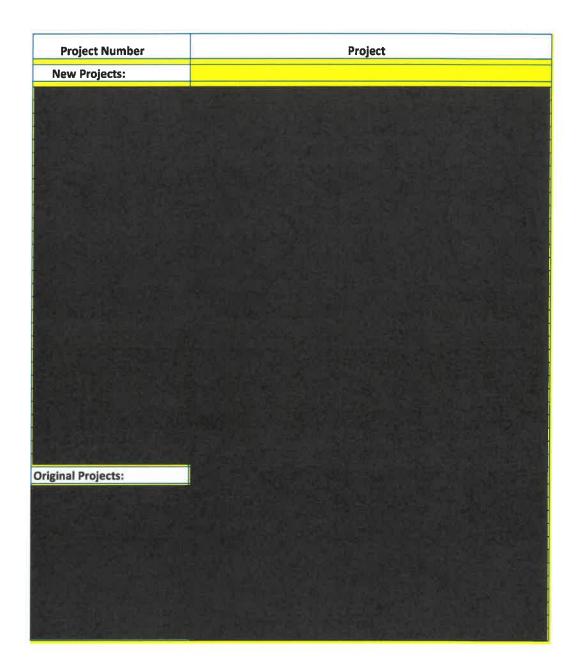
| STAFF 1              | 12TH SET OF INTERROGATORIES                  | NO 139                   |                     |            |   |                         |                               |   |
|----------------------|--|--------------------------|---------------------|------------|---|-------------------------|-------------------------------|---|
|                      |  |                          | dated Fore          | cast       |   |                         | y when each<br>ct was:        |   |
| Project<br>Number    |  | Estimated<br>In-Service  | 2020                | 2021       | 139 a. Explain why each project was not considered<br>sufficiently priority to be included in its original budget   | 139b.(1)                | current                       | 139c.Provide a description of the project and why it is needed, expanding upon<br>the project charters. As part of your response for growth projects, include ar  |
| CP-15666             | Project PG5 CCM and IVR                      | Date<br>6/30/2021        | 2,519,446           |            | submitted for this proceeding.<br>The project was included in the Company's claim as an annual Asset Usage  | initiated*<br>7/15/2020 | budget.**<br>August 2020      | estimate of new customers added and the buildout period, if applicable.   |
| CF-13000             |  | 473672021                | 2,519,440           | 2,337,336  | Fee from Tampa Electric (\$209,735 included in Exhibit SPH-1, Document No.<br>5, line 14) and was not included in the originally filed 2020 and 2021<br>Budget.   | 7/15/2020               | August 2020                   |   |
| EW-14683             | Main-FGT to BigBend Lateral Ph1              | 8/31/2021                | 10,292,088          | 6,421,362  | This project was considered too preliminary to include in the 2020 and 2021<br>budget finalized in January 2020, and was primarily due to a delayed<br>customer decision on a final scope option. The Customer decided on its<br>need for additional fuel capacity and optionality in early 2020.   | 1/9/2020                | May 2020                      |   |
| IEW-15003            | Main-FGT to Big Bend Lateral Ph2             | 5/31/2022                | 1,005,734           | 6,862,825  | This project was considered too preliminary to include in the 2020 and 2021<br>budget finalized in January 2020, and was primarily due to a delayed<br>customer decision on a final scope option. The Customer decided on its<br>need for additional fuel capacity and optionality in early 2020.   | 2/17/2020               | May 2020                      |   |
| IEW-15433            | RNG Pipe Brightmark                          | 6/30/2022                | -                   |            | This project was considered too preliminary to include in the original budget<br>submitted for this proceeding. PGS had been working with the developer<br>since the summer of 2019. As the customer began to evaluate its<br>development options in 2020 the Customer, Brightmark has indicated that<br>they intend to proceed with this project.  | 8/14/2020               | August 2020                   |   |
| IEW-15435            | RNG Station Brightmark                       | 6/30/2022                |                     | 17,400,000 | This project was considered too preliminary to Include In the original budget<br>submitted for this proceeding. PGS had been working with the developer<br>since the summer of 2019. As the customer begun to evaluate the<br>development options in 2020 the Customer, Brightmark has indicated that<br>they intend to proceed with this project.  | 8/14/2020               | August 2020                   |   |
| DITION               | IAL PROJECT NUMBER                           |                          |                     |            |   |                         |                               |   |
|                      |  | 1/31/2021                | 2,000,000           |            | This project is included in the original PGS budget that was submitted for<br>this proceeding and is a part of project NEW-12786. This new project<br>number was created to better identify the Phase 3 cost, schedule and scope<br>of the Panama (Uig Expansion activities. It is part of the Panama City<br>Expansion Project that was approved in November 2018. NEW-15437 for<br>Section 3 of the FGT Guil Power Lateral to Maple Station was created in<br>Suphember 2020 to separate the costs from Section 1. Section 1 and Section<br>3 were both previously included in the same project number NEW-12786. | 9/4/2020                | This is not a new<br>project. |   |
| ARRYOV               | ER PROJECTS - from prior years               |                          |                     |            |   |                         |                               |   |
|                      | Gate-Orlando N Rebuild-"Y" Fittings          | in service               | 25,120              |            | Carryover from prior years  |                         | (C                            | The second |
|                      | Gate-Ft. Myers<br>Gate-Coconut Creek Gate HP | In service<br>in service | 22,480              |            | Carryover from prior years<br>Carryover from prior years  |                         |                               |   |
|                      | Fleming Island                               | In service               | 21,141              |            | Case yover from prior years   |                         | 8                             |   |
| EW-10864             | Clay County Expansion                        | In service               | 192,659             |            | Carryover from prior years  |                         |                               |   |
| EW-12263<br>EW-12703 |  | 9/30/2020<br>in service  | (169,277)<br>13,598 |            | Carryover from prior years<br>Carryover from prior years  |                         | -                             |   |
| RE-06481             | SR-7 Improvements                            | in service               | 78.617              |            | Carryover from prior years  |                         |                               |   |
| RR-11292             | Main Replace-Orient Road in Tampa            | in service               | 1,060,107           |            | Carryover from prior years  | -                       |                               |   |
| RR-13316             | Main Replace-Manatee River Crossing          | In service               | 43,807              |            | Carryover from prior years  |                         | 14                            |   |
| EL-05340<br>CP-12428 | Sand Lake Rd SR 482 Replacement PragmaCad    | 2/28/2021                | 94,477              |            | Carryover from prior years  | -                       |                               |   |
| CP-12428<br>CP-12431 | PragmaCad<br>MVRS Metering System            | in service               | 2,220               |            | Carlyover from prior years<br>Carlyover from prior years  |                         |                               |   |

PEOPLES GAS SYSTEM DOCKET NO. 20200051-GU DOCKET NO. 20200166-GU STAFF'S TWELFTH SET OF INTERROGATORIES INTERROGATORY NO. 139 FILED: 10/9/2020

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PEOPLES GAS SYSTEM DOCKET NO. 20200051-GU DOCKET NO. 20200166-GU STAFF'S TWELFTH SET OF INTERROGATORIES INTERROGATORY NO. 140 FILED: 10/9/2020



PEOPLES GAS SYSTEM DOCKET NO. 20200051-GU DOCKET NO. 20200166-GU STAFF'S TWELFTH SET OF INTERROGATORIES INTERROGATORY NO. 141 PAGE 1 OF 3 FILED: OCTOBER 9, 2020

- 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 This project is a system improvement project in Broward County along \_\_\_\_\_\_\_. 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 — 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
 and

 PRE-09300
 provide a description of

 the project and why it is needed.

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

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

PEOPLES GAS SYSTEM DOCKET NO. 20200051-GU DOCKET NO. 20200166-GU STAFF'S TWELFTH SET OF INTERROGATORIES INTERROGATORY NO. 142 PAGE 1 OF 1 FILED: OCTOBER 9, 2020

- 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 |                                 | 33600 RNG Plant            |
| NEW-15433 |                                 | 33600 RNG Plant            |
| NEW-15435 |                                 | 33600 RNG Plant            |

PEOPLES GAS SYSTEM DOCKET NO. 20200051-GU DOCKET NO. 20200166-GU STAFF'S TWELFTH SET OF INTERROGATORIES INTERROGATORY NO. 146 PAGE 1 OF 1 FILED: OCTOBER 9, 2020

- **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,

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,

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.

PEOPLES GAS SYSTEM DOCKET NO. 20200051-GU DOCKET NO. 20200166-GU STAFF'S TWELFTH SET OF INTERROGATORIES INTERROGATORY NO. 148 PAGE 2 OF 5 FILED: OCTOBER 9, 2020

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) <u>OPC IRR-156</u> – 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 project, which are offset by much lower Commercial usage due to COVID-19 impacts. In addition, due to removal of the project and projects, the updated miscellaneous revenues are approximately \$2.1 million lower.

4) <u>Staff IRR 133-135</u> – 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) <u>Staff POD 20</u> – 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 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.

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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?
- Α. 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 The 2020 Sustaining capital increase of \$8.8 million reflects higher 4.38%. 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 projects being partially offset by the added and

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 and project being partially offset by the decreases related to the delays in the Blue Marlin Miami LNG and projects. The project and the second second projects are not affecting the

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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 and the \$6.9 million for and the \$6.9 million for a sthey 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.

# **EXHIBIT C**

# **JUSTIFICATION TABLE**

### EXHIBIT C

**Company**: Peoples Gas System **Title**: List of Confidential Documents Included in Peoples' Request for Confidential Treatment

Docket Nos.: 20200051-GU & 20200166-GU

| Document | Description  | No. of<br>Pages | Conf.<br>Y/N | Line No./Col. No.   | Florida<br>Statute<br>366.093(<br>3)<br>Subsecti<br>on |
|----------|--|-----------------|--------------|---|--|
| 1        | Peoples' Response<br>to Staff's 12 <sup>th</sup> Set of<br>Interrogatories No.<br>139 (BS 17221) | 1               | Y            | Columns 2, 4, 5, 7 and<br>portions of column 9<br>except for headings   | (e)  |
| 2        | Peoples' Response<br>to Staff's 12 <sup>th</sup> Set of<br>Interrogatories No.<br>39 (BS 17222)  | 1               | Y            | Column 9 except for<br>headings   | (e)  |
| 3        | Peoples' Response<br>to Staff's 12 <sup>th</sup> Set of<br>Interrogatories No.<br>39 (BS 17223)  | 1               | Y            | Column 9 except for<br>headings   | (e)  |
| 4        | Peoples' Response<br>to Staff's 12 <sup>th</sup> Set of<br>Interrogatories No.<br>140 (BS 17224) | 1               | Y            | Columns 1 and 2 except for headings   | (e)  |
| 5        | Peoples' Response<br>to Staff's 12 <sup>th</sup> Set of<br>Interrogatories No.<br>141a           | 1               | Y            | Portions of lines 1 and<br>2 of the first paragraph<br>of the answer; and<br>portions of lines 1 of<br>second paragraph of<br>answer  | (e)  |
| 6        | Peoples' Response<br>to Staff's 12 <sup>th</sup> Set of<br>Interrogatories No.<br>141b           | 1               | Y            | Portions of lines 1 and<br>2 of the question;<br>portions of lines 1, 3<br>and 4 of the first<br>paragraph of the<br>answer; and portions of<br>lines 1 and 3 of the<br>second paragraph of<br>the answer | (e)  |

| 7 | Peoples' Response<br>to Staff's 12 <sup>th</sup> Set of<br>Interrogatories No.<br>142               | 1 | Y | Portions of column 2 of the table in the answer  | (e) |
|---|---|---|---|--|-----|
| 8 | Peoples' Response<br>to Staff's 12 <sup>th</sup> Set of<br>Interrogatories No.<br>146b – pg. 1 of 5 | 1 | Y | Portions of lines 1, 2, 7<br>and 8 of the second<br>paragraph of the<br>answer   | (e) |
| 9 | Peoples' Response<br>to Staff's 12 <sup>th</sup> Set of<br>Interrogatories No.<br>148b – pg. 2 of 5 | 1 | Y | Portions of lines 5 and<br>7 of the second<br>paragraph on the page.   | (e) |
| 8 | Peoples' Response<br>to Staff's 12 <sup>th</sup> Set of<br>Interrogatories No.<br>148c – pg. 4 of 5 | 1 | Y | Portions of the last two<br>lines of the first<br>paragraph and portions<br>of the last four lines of<br>the of the second<br>paragraph. | (e) |
| 9 | Peoples' Response<br>to Staff's 12 <sup>th</sup> Set of<br>Interrogatories No.<br>148c – pg. 5 of 5 | 1 | Y | Portions of the third and fourth line on this page   | (e) |