

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-

DATE: September 25, 2025

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Economics (Ward) *JP*
Office of the General Counsel (Bloom) *JSC*

RE: Docket No. 20250106-GU – Petition for approval of 2024 true-up, projected 2025 true-up; and 2026 revenue requirements and surcharges associated with cast iron/bare steel pipe replacement rider, by Peoples Gas System.

AGENDA: 10/07/25 – Regular Agenda – Tariff Suspension – Participation is at the Commission's Discretion

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: 10/28/25 (60-Day Suspension Date)

SPECIAL INSTRUCTIONS: None

Case Background

On August 29, 2025, Peoples Gas System, Inc. (Peoples or utility) filed a petition for approval of the 2024 true-up, projected 2025 true-up, and 2026 revenue requirements and surcharges associated with its cast iron/bare steel (CI/BS) pipe replacement rider. The rider was originally approved by Order No. PSC-12-0476-TRF-GU (2012 Order) to recover the cost of accelerating the replacement of cast iron and bare steel pipes through a surcharge on customers' bills.¹ As established by the 2012 Order, Peoples would roll replaced infrastructure into rate base during a rate case, and the CI/BS surcharge would be "reset to zero".² The surcharge is set to terminate

¹ Order No. PSC-12-0476-TRF-GU, issued September 18, 2012, in Docket No. 20110320-GU, *In re: Petition for approval of Cast iron/Bare Steel Pipe Replacement Rider (Rider CI/BSR), by Peoples Gas System.*

² *Id.*, p. 3.

when all applicable CI/BS pipes have been replaced and included in rate base. Since the 2012 Order was issued, investments have been rolled into rate base at the end of every rate case.

Currently, Peoples has an ongoing rate case in Docket No. 20250029-GU, and it has proposed to move \$6,733,295 of CI/BS investments made between January 1, 2024 and December 31, 2025 into rate base. On August 13, 2025, Peoples filed a Motion to Approve 2025 Stipulation and Settlement Agreement (2025 Agreement). Subject to Commission approval, the 2025 Agreement provides for the transfer of the \$6,733,295 in CI/BS investments into rate base and reflects the specific agreement by the utility that it will not seek to expand the categories of costs to be recovered under the CI/BS rider during the term of the 2025 Agreement. Additionally, the 2025 Agreement reflects the agreement by the utility that it will not recover Problematic Plastic Pipe (PPP) costs associated with the Tampa Downtown project or any other PPP costs included for recovery in its initial rate case filing through the CI/BS rider.

As part of its petition in the instant docket, Peoples is requesting Commission approval of the final true-up amount for the calendar year of 2024 of \$331,724 under-recovery (including interest). Additionally, Peoples is requesting an estimated end of period total true-up for 2025 of an over-recovery of \$69,991, and projected capital expenditures for replacement during 2026 of \$62,143,657. Peoples is requesting approval of revised CI/BS replacement rider surcharges that would go into effect January 1, 2026. Peoples' current surcharges were approved by Order No. PSC-2024-0511-TRF-GU.³

This is staff's recommendation to suspend the proposed tariffs. The Commission has jurisdiction over this matter pursuant to Sections 366.04, 366.05, and 366.06, Florida Statutes (F.S.).

³ Order No. PSC-2024-0511-TRF-GU, issued December 20, 2024, in Docket No. 20240133-GU, *In re: Petition for approval of 2023 true-up, projected 2024 true-up, and 2025 revenue requirements and surcharges associated with cast iron/bare steel pipe replacement rider, by Peoples Gas System, Inc.*

Discussion of Issues

Issue 1: Should the Commission suspend Peoples' proposed CI/BS rates and associated tariff for the period January through December 2026?

Recommendation: Yes. Staff recommends that Peoples' proposed CI/BS rates and associated tariff for the period January through December 2026 be suspended to allow staff sufficient time to review the petition and gather all pertinent information in order to present the Commission with an informed recommendation on the tariff proposal. (Ward)

Staff Analysis: Staff recommends that Peoples' proposed CI/BS rates and associated tariff for the period January through December 2026 be suspended to allow staff sufficient time to review the petition and gather all pertinent information in order to present the Commission with an informed recommendation on the tariff proposal.

Pursuant to Section 366.06(3), F.S., the Commission may withhold consent to the operation of all or any portion of a new rate schedule, delivering to the utility requesting such a change a reason or written statement of good cause for doing so within 60 days. Staff believes that the reason stated above is a good cause consistent with the requirements of Section 366.06(3), F.S.

Issue 2: Should this docket be closed?

Recommendation: No. This docket should remain open pending the Commission's decision on the proposed tariffs. (Bloom)

Staff Analysis: This docket should remain open pending the Commission's decision on the proposed tariffs.