

State of Florida



Public Service Commission

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TALLAHASSEE, FLORIDA 32399-0850

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

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FPSC - COMMISSION CLERK

DATE: November 14, 2025

TO: Adam J. Teitzman, Commission Clerk, Office of Commission Clerk

FROM: Oakley Ward, Public Utility Analyst III, Division of Economics *Ow*

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, Inc.

Please place the attached email in the docket file.

Thank you.

From: Zachary Bloom
To: Oakley Ward
Subject: FW: Flow-up Questions from PSC Staff to PGS Concerning PGS's Response to the Second Data Request in Docket 20250106: PGS true-up and revenue requirements for CI/BS replacement
Date: Thursday, November 13, 2025 1:14:11 PM
Attachments: image001.png
image002.png
image003.png
image004.png

Hi Oakley,

Below are PGS's responses to your follow up questions in Docket 20250106. Let me know if you need any more help.

Best,

Zachary Bloom / Attorney
Office of General Counsel
Florida Public Service Commission
(850) 413-6524
ZBloom@PSC.STATE.FL.US

From: Malcolm N. Means <MMeans@ausley.com>
Sent: Thursday, November 13, 2025 1:07 PM
To: Zachary Bloom <ZBloom@psc.state.fl.us>
Cc: Matt Jones <MJones@ausley.com>; Virginia Ponder <VPonder@ausley.com>
Subject: RE: Flow-up Questions from PSC Staff to PGS Concerning PGS's Response to the Second Data Request in Docket 20250106: PGS true-up and revenue requirements for CI/BS replacement

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Zachary,

Please see the responses to Staff's questions below:

1. The impact of the correction to the depreciation savings in the 2026 Rider CI/BSR calculation for commercial customers varies depending on the rate class. The average bill impact for Commercial customers ranges from a reduction of \$0.03 to a reduction of \$15.28 as shown in the schedule below. The company maintains that the change in surcharge and bill impact of this correction to the Depreciations Savings is de minimis when compared to the total bill for all rate classes and that the difference between the projection and actuals can be trued up in 2027.

PEOPLES GAS SYSTEM, INC.
2026 Rider CI/BSR Projection
Impact of Correction to Depreciation Saving - By Rate Class

Rate Class	Surcharge Per Amended Petition	Surcharge w/ Depr. Savings Correction	Change	Bill Impact Per Amended Petition	Bill Impact w/ Depr. Savings Correction	Change
RS, RS-SG & RS-HP	\$ 0.01593	\$ 0.01544	\$ (0.00049)*	\$ 0.33	\$ 0.32	\$ (0.01)
SGS	\$ 0.01373	\$ 0.01331	\$ (0.00042)	\$ 0.82	\$ 0.80	\$ (0.03)
GS-1, CS-SG, & CS-HP	\$ 0.00145	\$ 0.00141	\$ (0.00004)	\$ 0.58	\$ 0.56	\$ (0.02)
GS-2	\$ 0.00254	\$ 0.00247	\$ (0.00008)	\$ 3.66	\$ 3.55	\$ (0.11)
GS-3	\$ 0.00240	\$ 0.00232	\$ (0.00007)	\$ 19.47	\$ 18.88	\$ (0.60)
GS-4	\$ 0.00203	\$ 0.00196	\$ (0.00006)	\$ 59.84	\$ 58.01	\$ (1.83)
GS-5	\$ 0.00144	\$ 0.00140	\$ (0.00004)	\$ 127.21	\$ 123.32	\$ (3.89)
CSLS	\$ 0.00086	\$ 0.00083	\$ (0.00003)	\$ 1.25	\$ 1.21	\$ (0.04)
WHS	\$ 0.00126	\$ 0.00122	\$ (0.00004)	\$ 34.71	\$ 33.65	\$ (1.06)
SIS	\$ 0.00101	\$ 0.00098	\$ (0.00003)	\$ 142.63	\$ 138.27	\$ (4.36)
IS	\$ 0.00046	\$ 0.00044	\$ (0.00001)	\$ 499.72	\$ 484.44	\$ (15.28)

*The company also recognizes that we misstated the per therm change in the surcharge for Residential customers in our response to No.1 of Staff's Second Data Request – the change should be (\$0.00049) rather than (\$0.00001).

2. In our response to No.1 of Staff's Second Data Request, we state that the correction to Depreciation Savings results in a reduction of ~~\$89,038 to the 2026 Projected Revenue Requirement~~. The actual change in Depreciation Savings is \$91,842, as it is going from \$45,921 to (\$45,921). The difference between the change in Revenue Requirement and the change in Depreciation Savings is a result of this correction's impact on Accumulated Depreciation (Line 3 on Page 1 of Exhibit C) which is reduced by the change Depreciation Savings. The reduction to Accumulated Depreciation results in an increase to Average Net Book Value (Line 6), which then results in an increase to the Return on Average Net Book

Value (Line 7) of \$2,804. The difference between the change in Depreciation Savings (\$91,842) and the change in the Revenue Requirement (\$89,038) is the change to the Return on Average Net Book Value (\$2,804).

PEOPLES GAS SYSTEM, INC.
2026 Rider CI/BSR Projection
Impact of Correction to Depreciation Saving - Revenue Requirements Calculation

	Per Amended Petition	With Correction to Depr. Savings	Change
2. Gross Plant-in-Service/Depreciation Base	\$ 56,494,800	\$ 56,494,800	\$ -
3. Less: Accumulated Depreciation	\$ (457,864)	\$ (366,022)	\$ (91,842)
4. CWIP - NonInterest Bearing	\$ 5,648,858	\$ 5,648,858	\$ -
5. Net Book Value (Lines 2 + 3 + 4)	\$ 61,685,793	\$ 61,777,636	\$ (91,842)
6. Average Net Book Value	\$ 58,353,258	\$ 58,437,727	\$ (84,469)
7. Return on Average Net Book Value	\$ 2,524,574	\$ 2,527,378	\$ (2,804)
8. Investment Expenses			
a. Depreciation (C)	\$ 411,943	\$ 411,943	\$ -
b. Amortization	\$ -	\$ -	\$ -
c. Property Taxes (D)	\$ -	\$ -	\$ -
d. Depreciation Savings	\$ 45,921	\$ (45,921)	\$ 91,842
9. Revenue Requirements (Lines 7 + 8)	\$ 2,982,438	\$ 2,893,400	\$ 89,038
10. Est projected 2024 true-up over/(under)	\$ 69,991	\$ 69,991	\$ -
Revenue Requirements Net of Est Projected			
11. Recovery	\$ 2,912,447	\$ 2,823,409	\$ 89,038

3. The transfer of \$6.7 million in the Settlement Agreement refers to the 2026 revenue requirement for the CI/BS investment that is being rolled into the base revenue requirement. The transfer of the actual/estimated investment for 2024 and 2025 can be seen in the projection calculation for the Rider CI/BSR. The actual/estimated investment for this period is approximately \$52 million as shown on Column R, of Line 5 ("Ending Net Book Value for 2025") on Page 1 of Exhibit B. The transfer of this ending Net Book Value out of the Rider is evident in the beginning Net Book Value for 2026, which is \$0, found in Column F, Line 5 on Page 1 of Exhibit C.

Thanks,



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From: Zachary Bloom <ZBloom@psc.state.fl.us>

Sent: Wednesday, November 12, 2025 2:12 PM

To: Virginia Ponder <VPonder@ausley.com>

Subject: Flow-up Questions from PSC Staff to PGS Concerning PGS's Response to the Second Data Request in Docket 20250106: PGS true-up and revenue requirements for CI/BS replacement

Good Afternoon Virginia,

Our staff asked me to pass along a few quick questions for clarification related to PGS's response to Staff's Second Data Request in Docket 20250106:

1. In response to staff's second data request, question 1, it states that the correction of the depreciation savings error would reduce residential bills by an average of \$0.00001 per therm, or \$0.01 per average bill. What would the change be (average per therm and per bill) for commercial customers? Please

explain.

2. Please explain why the depreciation savings in Schedule C page 1 line 8d is \$45,921, but the corrected depreciation savings in response to staff's second data request, question 1, is \$89,038.
3. Please show in the schedules where the \$6.7 million is moved from the rider to base rates pursuant to the settlement.

If possible, our staff was looking to get answers to these questions **by tomorrow afternoon**. Please let me know if you do not think that is enough time or if you need any clarification regarding this questions.

Best,

Zachary Bloom / Attorney
Office of General Counsel
Florida Public Service Commission
(850) 413-6524
ZBloom@PSC.STATE.FL.US