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COMMISSION
PEOPLES GAS SYSTEM CLERK

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

Docket No. 080318-GU

In Re: Petition for rate increase
by Peoples Gas System

Submitted for Filing:
August 11, 2008

DIRECT TESTIMONY
AND EXHIBIT OF:

RICHARD F. WALL
On Behalf of Peoples Gas System

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1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Richard F. Wall and my business address is 5101 Northwest
3 21st Avenue, Suite 460, Fort Lauderdale, Florida 33309.

4 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

5 A. I am employed by Peoples Gas System ("Peoples" or the "Company") as
6 General Manager of the South Region, having held that position since
7 May 2005.

8 **Q. PLEASE PROVIDE A BRIEF OUTLINE OF YOUR**
9 **EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE.**

10 A. My career in the natural gas industry began in 1979, and I was employed
11 by two Florida natural gas local distribution companies before becoming
12 employed by Peoples. At the time I accepted employment with Peoples, I
13 was the Director of Utility Operations of NUI Utilities, Inc., then the
14 parent company of City Gas Company of Florida.

15 I began my employment with Peoples in May 2005 as the General
16 Manager of the Company's South Region.

17 My education in the natural gas business includes specialized
18 courses conducted by the ASME & Institute of Gas Technology, the
19 Southern Natural Gas Association, the American Gas Association and
20 other professional industry groups in areas such as Distribution,
21 Regulation, Corrosion Control, Natural Gas Distribution Systems, and
22 Measurement and Engineering. I am a former Gas Research Institute
23 Technical Advisor and a past President of the Florida Natural Gas
24 Association. I am a former member of the Licensing and Examination
25 Board of Miami-Dade County. I hold Master Gas licenses in Miami-Dade

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1 and Broward Counties, and serve as one of the Company's qualifiers in
2 these operating areas.

3 **Q. WHAT ARE YOUR CURRENT RESPONSIBILITIES?**

4 A. As General Manager of Peoples' South Region, I am responsible for all
5 aspects of the daily operations of the Region, and the six operating
6 divisions within the South Region's business structure. These divisions
7 include Orlando, Eustis, Daytona Beach, Palm Beach, Southwest Florida,
8 and the Dade-Broward division. My responsibilities include developing
9 annual operating budgets, and directing and planning the operation and
10 maintenance of the distribution system to ensure maximum efficiency and
11 safety of gas delivery to Peoples' natural gas customers. I assist in
12 developing marketing and sales strategies and am responsible for the
13 direction of employee training and evaluation, employee safety,
14 organizational and employee development, and compensation for all
15 Region employees.

16 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

17 A. My testimony addresses the miscellaneous service charges in the
18 Company's tariff, such as the charges for connecting and reconnecting
19 service to a customer or changing the customer's name and/or address, and
20 how the amounts of those charges were developed.

21 **Q. HAVE YOU PREPARED OR CAUSED TO BE PREPARED ANY
22 EXHIBITS TO BE INTRODUCED IN THIS PROCEEDING?**

23 A. Yes. The schedules of the minimum filing requirements ("MFRs")
24 (Composite Exhibit __ (PGS-1)) listed in Exhibit __ (RFW-1) were
25 prepared by me or under my supervision. Each schedule contains a

1 general explanation of what is called for and shown on the schedule.

2 **Q. PLEASE DESCRIBE THE METHODOLOGY THAT WAS USED**
3 **IN DETERMINING THE COSTS TO PERFORM EACH OF THE**
4 **TASKS REFLECTED IN MFR SCHEDULE E-3.**

5 A. We performed a comprehensive time and motion study for each of the
6 identified tasks. The studies involved capturing all relevant order and
7 activity-based statistical data for each aspect of our process and service to
8 the customer, beginning with order origination and continuing through
9 completion of the last processing step required to finalize the customer-
10 requested activity, or required utility service.

11 **Q. WHAT LABOR AND MATERIAL COSTS WERE USED IN**
12 **DEVELOPING THE COST OF EACH IDENTIFIED TASK?**

13 A. While all associated tasks and processes studied were based on current
14 performance and operating conditions required to complete each task
15 identified in MFR Schedule E-3, the labor and material rates used to
16 determine the cost of each task were adjusted to reflect the projected test
17 year assumptions. In short, if a task took X number of minutes to
18 complete, the labor rate applied to that time was the rate projected to exist
19 in the projected test year.

20 **Q. WHERE DID YOU OBTAIN THE ASSUMPTIONS USED TO**
21 **DETERMINE THE PROJECTED TEST YEAR RATES AND**
22 **COSTS?**

23 A. The labor rates were adjusted to reflect the Company's assumptions listed
24 in MFR Schedule G-2, page 10, supported by the testimony of Paul
25 Higgins. By way of example, those assumptions reflect a labor increase of

1 4% for 2009. The costs of materials were adjusted by applying the
2 Company's inflationary assumptions for material costs for periods 2008
3 and 2009 shown in MFR Schedule G-2, page 10.

4 **Q. IS PEOPLES PROPOSING ANY CHANGES IN THE**
5 **MISCELLANEOUS SERVICE CHARGES IN THIS**
6 **PROCEEDING?**

7 A. Yes. Based on the cost of the activities involved, as developed in the time
8 and motion studies we performed, Peoples is proposing various increases
9 and decreases in the miscellaneous service charges in the tariff. These
10 proposed changes are shown on Sheets 5.101 and 5.101-1 of the
11 legislative versions of the revised tariff sheets contained in MFR Schedule
12 E-9.

13 **Q. PLEASE SUMMARIZE YOUR TESTIMONY.**

14 A. I was responsible for performing the time and motion studies used to
15 determine Peoples' cost of performing the activities for which
16 miscellaneous service charges are provided in the Company's tariff.
17 These charges cover activities such as providing the initial service
18 connection for a customer, reconnecting a previously disconnected
19 customer, and providing final notice of termination. Peoples is proposing
20 to increase several miscellaneous service charges as shown on MFR
21 Schedule E-1, page 3.

22 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

23 A. Yes, it does.

24

25

**MFR SCHEDULES SPONSORED BY
RICHARD F. WALL**

<u>MFR Schedule No. (page)</u>	<u>Title</u>
E-3 (1a – 1c)	Cost Study - Connections and Reconnections - Residential
E-3 (2a – 2c)	Cost Study - Connections and Reconnections - Commercial
E-3 (3a – 3c)	Cost Study - Disconnection and Reconnections - Residential
E-3 (4a – 4c)	Cost Study - Disconnection and Reconnections - Commercial
E-3 (5a – 5b)	Cost Study - Cost of Temporary Disconnection
E-3 (6a – 6b)	Cost Study - Administrative Cost for Name and Address Changes
E-3 (7)	Cost Study - Trip Charge/Collection at Customer Premise Charge
E-3 (8a – 8b)	Cost Study - Failed Trip Charge
E-3 (9)	Cost Study - Pool Manager Termination Fee
E-3 (10)	Cost Study - ITS Administration Fee
E-7	Cost Study – Meter Set