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April 3, 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. 20200085-GU – Joint Petition for approval of territorial agreement in Sumter County by Peoples Gas System, the City of Leesburg, and South Sumter Gas Company

Dear Mr. Teitzman:

Attached for electronic filing in the above docket on please find the Joint Response of The City of Leesburg and Peoples Gas System to the Staff's First Data Request (Nos. 1-18).

Your assistance in this matter is greatly appreciated.

Sincerely,

Andrew M. Brown

AB/plb

Attachment

cc: Office of Public Counsel (via email: wtrierwe@psc.state.fl.us)
Jon Moyle, Esq. (via email: jmoyle@moylelaw.com)
Ms. Paula K. Brown
Ms. Kandi M. Floyd

**PEOPLES GAS SYSTEM
DOCKET NO. 20200085-GU
STAFF'S FIRST DATA REQUEST
REQUEST NO. 1
BATES STAMPED PAGES: 1
FILED: APRIL 03, 2020**

All Parties: (Joint response No. 1-8)

1. The title of the docket indicates that the joint petition for the approval of the territorial agreement is between Peoples Gas System (PGS), City of Leesburg (Leesburg), and South Sumter Gas Company (SSGC). However, the Territorial Agreement and signature page of the Agreement do not include SSGC. Please confirm whether SSGC is part of the proposed Territorial Agreement.

A. Joint response:

South Sumter Gas Company (SSGC) is not a part of the proposed Territorial Agreement.

**PEOPLES GAS SYSTEM
DOCKET NO. 20200085-GU
STAFF'S FIRST DATA REQUEST
REQUEST NO. 2
BATES STAMPED PAGES: 2
FILED: APRIL 03, 2020**

2. Paragraph 12 of the petition states that the parties have entered into a Settlement Agreement which delineates rights and responsibilities of the parties in Sumter County. Please provide a copy of the referenced Settlement Agreement for informational purposes.

A. Joint response:

A copy of the above-referenced Settlement Agreement was provided to the Commission's counsel on March 24, 2020.

**PEOPLES GAS SYSTEM
DOCKET NO. 20200085-GU
STAFF'S FIRST DATA REQUEST
REQUEST NO. 3
BATES STAMPED PAGES: 3
FILED: APRIL 03, 2020**

3. Paragraph 16 of the petition states that without the Commission's approval of the Territorial Agreement in Exhibit A, that the parties would likely be involved in litigation in the future. Please elaborate on paragraph 16 of the petition without disclosing privileged or confidential matters.

A. Joint response:

The Commission Order on the territorial dispute awarded Peoples the right to serve Bigham East, Bigham North, and Bigham West. There are additional developments under construction which the Villages plans to serve with natural gas service provided by Leesburg. Peoples believes that these developments are in Peoples' service area and Leesburg believes these developments are in Leesburg's service territory. Accordingly, in the absence of a territorial agreement approved by the Commission, the parties would likely file additional territorial disputes seeking a determination from the Commission as to which party should serve future developments in portions of southern Sumter County. Approval of the parties' Territorial Agreement will definitively establish respective service areas for the parties and avoid litigation.

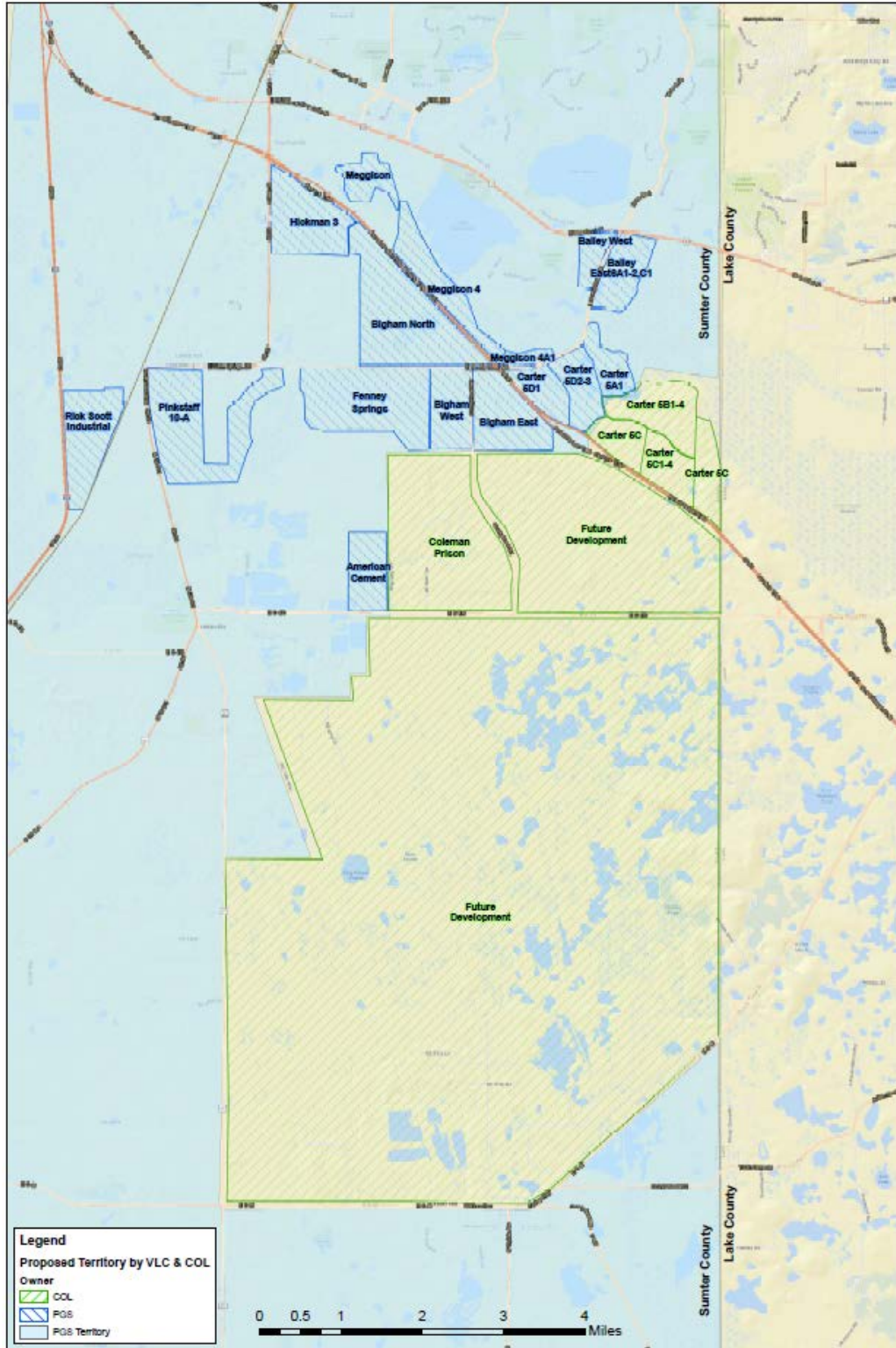
**PEOPLES GAS SYSTEM
DOCKET NO. 20200085-GU
STAFF'S FIRST DATA REQUEST
REQUEST NO. 4
BATES STAMPED PAGES: 4-5
FILED: APRIL 03, 2020**

4. Paragraph 7 of the Territorial Agreement refers to a map (included with Agreement) depicting areas where Leesburg would provide natural gas in future Villages developments within Sumter County. Please provide a large scale map clearly labeled, indicating the description of the areas to be served by Leesburg and PGS. Additionally, please verify if the above discussed map is the same as the map referenced as Exhibit A in Section 2.1 on page 3 of the Territorial Agreement.

A. Joint response:

Yes, the map attached to the petition and the territorial agreement, page 16 in Docket No. 20200085-GU should be labeled as Exhibit A.

See attached map.



**PEOPLES GAS SYSTEM
DOCKET NO. 20200085-GU
STAFF'S FIRST DATA REQUEST
REQUEST NO. 5
BATES STAMPED PAGES: 6
FILED: APRIL 03, 2020**

5. Referring to Section 2.3 of the Territorial Agreement, please review, and correct if needed, the first sentence which concludes as follows: “territory reserved under this Territorial Petition Peoples.”

A. Joint Response:

There is a word missing in Section 2.3 of the agreement. It should read “territory reserved under this Territorial Petition to Peoples.”

**PEOPLES GAS SYSTEM
DOCKET NO. 20200085-GU
STAFF'S FIRST DATA REQUEST
REQUEST NO. 6
BATES STAMPED PAGES: 7
FILED: APRIL 03, 2020**

- 6.** Paragraph 7 of the petition refers to Docket No. 20180185-GU regarding natural gas service to the Suwannee American Cement. Section 2.1 of the Territorial Agreement lists Suwannee American Cement as being served by PGS. Please confirm that the issues disputed by Leesburg in the above referenced docket will be resolved and whether Leesburg will withdraw its counter-petition to resolve a territorial dispute if the Commission approves the proposed Agreement.

A. Joint response:

The issues in Docket No. 20180185-GU will be resolved by the Territorial Agreement and once it is approved by the Commission, Leesburg will dismiss its Petition in this docket.

**PEOPLES GAS SYSTEM
DOCKET NO. 2020085-GU
STAFF'S FIRST DATA REQUEST
REQUEST NO. 7
BATES STAMPED PAGES: 8-9
FILED: APRIL 03, 2020**

7. Please state the process and timeline for notifying customers to be transferred from Leesburg to PGS. Please explain the type and methods of customer communication implemented and provide a copy of customer notification(s) indicating and explaining the differences in rates.

A. Joint response:

On February 23, 2018, Peoples Gas filed a petition with the FPSC to resolve a territorial dispute between Peoples and the City of Leesburg and/or South Sumter Gas Company, LLC. In this proceeding, Docket No. 20180055-GU – *Petition to resolve territorial dispute in Sumter County and/or Lake County with City of Leesburg and/or South Sumter Gas Company, LLC, by Peoples Gas System* was issued a Final Order No. PSC-2020-0052-FOF-GU on February 11, 2020, and awarded the right to provide natural gas service to Bigham North, Bigham West and Bigham East. As a result of this Order a majority of the 3,625 customers will be transferred from Leesburg to Peoples effective June 1, 2020.

Approximately 3 additional customers will be transferred to Peoples as a result of the approval of this territorial agreement in Docket No. 2020085-GU. Any new customers that will be built or connected in the areas contained within this agreement will be served by either Peoples or Leesburg according to the future service area identified in the map.

The parties are working to notify affected Leesburg natural gas customers who will be transferred to PGS. Leesburg has advised its affected customers that the transfer will occur on June 1, 2020. PGS will be communicating with these customers shortly, and the transfer is not expected to affect the reliability of natural gas service or the rates paid. A copy of Leesburg's letter of April 1, 2020 to its affected customers is attached.



April 1, 2020

«Customer_Name»

«Customer_Master_Mailing_Address»

Re: Important changes to account # «Customer_ID»-«Location_ID»

Location: «Location_Address_Without_Jurisdiction»

Dear Valued Customer:

We're reaching out to let you know that your natural gas service and account will be transferred to TECO Peoples Gas on **June 1, 2020**. There will be no interruption of your service during the transfer.

The transfer of your account is a result of service territory changes between the City of Leesburg and Peoples Gas regarding the areas each company serves with natural gas. These changes were approved by the Florida Public Service Commission in January 2020.

We are working closely with Peoples Gas to make this transition as smooth as possible. You do not need to do anything at this time regarding the transfer of service. Peoples Gas will be reaching out to you to set up your account.

If you have a deposit with the City of Leesburg, your deposit will be applied to the outstanding balance on your City of Leesburg gas account and any remaining deposit funds will be refunded directly to you. Peoples Gas, however, may require an account deposit. It is not expected that the transfer will affect your rates.

Please know we have appreciated the opportunity to serve you and are confident in the service you will receive from Peoples Gas. You'll hear from Peoples Gas soon, but should you have any questions about the transfer of your natural gas service in the meantime, please don't hesitate to call us at **352-728-9800** or Peoples Gas at **352-671-4550** or toll free at **866-896-1222**. You can also contact Peoples Gas via email at LeesburgNewCustomer@tecoenergy.com.

Sincerely,

City of Leesburg
501 W Meadow Street
Leesburg, FL 34748

**PEOPLES GAS SYSTEM
DOCKET NO. 20200085-GU
STAFF'S FIRST DATA REQUEST
REQUEST NO. 8
BATES STAMPED PAGES: 10
FILED: APRIL 03, 2020**

8. Paragraph 10 of the petition states that the parties wish to provide an orderly transfer of infrastructure. Rule 25-7.041(2)a, F.A.C., requires the Commission to consider the reasonableness of the purchase price of any facilities being transferred. Please explain if Leesburg will sell its infrastructure in the Bigham developments to PGS. If yes, state and show the derivation of the purchase price. If not, please explain.

A. Joint response:

There are approximately 3,625 customers that will be transferred to Peoples and Peoples will be paying for the infrastructure. The amount of the payment is \$5,000,000 with \$500,000 to be retained by Peoples to pay for warranty claims. The balance of the \$500,000 will be paid to South Sumter Gas Company in one year less claims for warranty issues related to the infrastructure being transferred. This would put the per customer amount at a range between \$1,241 to \$1,379 depending on the amount the holdback amount is reduced by warranty expenses. At the trial of the territorial dispute, Peoples testified that its infrastructure expense in the neighboring Fenney development was \$1,580 per customer, therefore, the purchase price is less than what Peoples experience has been in the installation of similar infrastructure for the same developer.

With respect to Leesburg, no purchase price has been affixed to Leesburg's transfer of its Bigham development infrastructure in the PGS developments as Leesburg did not incur significant costs in installing infrastructure in the Bigham developments.

**PEOPLES GAS SYSTEM
DOCKET NO. 20200085-GU
STAFF'S FIRST DATA REQUEST
REQUEST NO. 9
BATES STAMPED PAGES: 11
FILED: APRIL 03, 2020**

PGS response:

9. Will PGS require all Leesburg customers being transferred to pay a deposit as new customers of PGS or can PGS, pursuant to Tariff Sheet No. 5.301, perform a credit verification? Please explain.

A. The customers that will be transferred to Peoples that were approved within Docket No. 20180055-GU previously paid a \$50 deposit to Leesburg. Any remaining deposit balance will be coordinated between Leesburg and each customer according to guidelines established by Leesburg. In consideration of the transfer and to maintain consistency between deposit amounts, Peoples proposes to charge a deposit of a similar amount according to an average usage of a RS-1 customer. Additionally, each customer will be evaluated according to the average annual usage consider the number of appliances within their home to determine the appropriate billing rate. This methodology will assist to maintain consistency of deposit amounts and billing rates for customers.

The 3 customers that will be transferred as a result of this Docket, 20200085-GU and any new customer will pay the deposit requirements according to the terms and conditions in Peoples' tariff Section 5.301.

Peoples' standard procedure for the addition of new customers will be performed for all customers transferring from Leesburg to Peoples as follows:

When a new customer establishes service, Peoples requires a Positive ID identification and a fraud alerts check through Equifax. This process includes obtaining a full name, social security number (Driver's license may be accepted in lieu of SSN), date of birth, as well as a current phone number in order to establish the customer record.

At the customer's request, the above information may also be used to complete a credit check for a possible deposit waiver.

**PEOPLES GAS SYSTEM
DOCKET NO. 20200085-GU
STAFF'S FIRST DATA REQUEST
REQUEST NO. 10
BATES STAMPED PAGES: 12
FILED: APRIL 03, 2020**

PGS response:

10. Please explain how PGS will calculate any required deposits, including assumptions for expected usage and monthly bills for the transferred customers.

A. See response to Data Request No. 9.

**PEOPLES GAS SYSTEM
DOCKET NO. 20200085-GU
STAFF'S FIRST DATA REQUEST
REQUEST NO. 11
BATES STAMPED PAGES: 13
FILED: APRIL 03, 2020**

PGS response:

- 11.** Does PGS anticipate any disruption of service to the transferred customers due to any potential new deposit requirements? Please explain.
- A.** No. PGS does not anticipate any disruption of customers due to new deposit requirements.

PEOPLES GAS SYSTEM
DOCKET NO. 20200085-GU
STAFF'S FIRST DATA REQUEST
REQUEST NO. 12
BATES STAMPED PAGES: 14
FILED: APRIL 03, 2020

Leesburg response:

12. Leesburg customers will be transferred to PGS. Please provide the number of customers, by class, being transferred.
 - A. 3,615 residential customers will be transferred, and 10 commercial customers will be transferred.

**PEOPLES GAS SYSTEM
DOCKET NO. 20200085-GU
STAFF'S FIRST DATA REQUEST
REQUEST NO. 13
BATES STAMPED PAGES: 15
FILED: APRIL 03, 2020**

Leesburg response:

- 13.** Please confirm that pursuant to Section 2.3 of the Territorial Agreement, Leesburg will transfer customers to PGS from the developments of Bigham North, Bigham East, and Bigham West, the territory awarded to PGS in the Recommended Order by the Administrative Law Judge and adopted by the Commission and additional customers from Bailey West and the fire station adjacent west to Bailey West.
 - A.** Pursuant to Section 2.3 of the Territorial Agreement, Leesburg will transfer customers to PGS from the developments of Bigham North, Bigham East, and Bigham West, the territory awarded to PGS in the Recommended Order by the Administrative Law Judge and adopted by the Commission. Other than three accounts adjacent to Bailey West, namely the fire station, a district building and the Village Grown account, no customers in Bailey West will be transferred from Leesburg to PGS.

**PEOPLES GAS SYSTEM
DOCKET NO. 20200085-GU
STAFF'S FIRST DATA REQUEST
REQUEST NO. 14
BATES STAMPED PAGES: 16
FILED: APRIL 03, 2020**

Leesburg response:

- 14.** Please state out of the 3,625 customers being transferred, how many are located in Bigham North, Bigham East, and Bigham West and how many in the Bailey West area.
 - A.** 1389 customers in Bigham North will be transferred, 1450 customers in Bigham East will be transferred, and 786 customers in Bigham West will be transferred. Other than three accounts adjacent to Bailey West, namely the fire station, a district building and the Village Grown account, no customers in Bailey West will be transferred from Leesburg to PGS.

**PEOPLES GAS SYSTEM
DOCKET NO. 20200085-GU
STAFF'S FIRST DATA REQUEST
REQUEST NO. 15
BATES STAMPED PAGES: 17
FILED: APRIL 03, 2020**

Leesburg response:

- 15.** Please explain the process for transferring Leesburg customers to PGS, including the length of time to transfer 3,625 customers.
 - A.** Communications have been and will be undertaken with the affected customers to inform them of the transfer, the expected impact on rates, the date of transfer and other pertinent matters. Leesburg and PGS plan to transfer customers as of June 1, 2020 and are working together to make the required main line connections. The respective systems will be separated on June 1, 2020 with no expected interruption of service.

**PEOPLES GAS SYSTEM
DOCKET NO. 20200085-GU
STAFF'S FIRST DATA REQUEST
REQUEST NO. 16
BATES STAMPED PAGES: 18
FILED: APRIL 03, 2020**

Leesburg response:

- 16.** Please provide information with respect to any feedback by the Leesburg customers to be transferred to PGS. Please indicate the number in favor and those opposed to the transfer.
- A.** No customers appeared at the administrative hearing in Division of Administrative Hearing Case No. 18-004422 or intervened in Docket No. 20180055-GU to express support or opposition to the possible transfer of customers. Leesburg informed its customers of the transfer by letter dated April 1, 2020, a copy of which is attached. To date, Leesburg has received no comments in support or opposition to the transfer.

**PEOPLES GAS SYSTEM
DOCKET NO. 20200085-GU
STAFF'S FIRST DATA REQUEST
REQUEST NO. 17
BATES STAMPED PAGES: 19
FILED: APRIL 03, 2020**

Leesburg response:

- 17.** How many of the 3,625 Leesburg customers to be transferred to PGS currently have a deposit on file?
- A.** 1909 customers currently have a deposit on file with Leesburg.

**PEOPLES GAS SYSTEM
DOCKET NO. 20200085-GU
STAFF'S FIRST DATA REQUEST
REQUEST NO. 18
BATES STAMPED PAGES: 20
FILED: APRIL 03, 2020**

Leesburg response:

- 18.** Will Leesburg refund all transferred customers any deposits prior to transitioning the accounts to PGS? Please explain and state when the refund of any deposits will occur.
- A.** Deposits will be applied to the final bill. Any remainder sums will be refunded by check and mailed to the customer within 30 to 45 days of the date of transfer.