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September 27, 2019

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. 20190171-GU – In re: Petition for Approval of 2018 True-up, Projected 2019 True-up and 2020 Revenue Requirements and Surcharges Associated with Cast Iron/Bare Steel Pipe Replacement Rider, by Peoples Gas System

Dear Mr. Teitzman:

Attached for electronic filing in the above docket on behalf of Peoples Gas System, please find its Response to Staff's First Data Request (Nos. 1-5).

Your assistance in this matter is greatly appreciated.

Sincerely,

Andrew M. Brown

AB/plb
Attachments

cc: Office of Public Counsel
Ms. Kandi M. Floyd
Ansley Watson, Jr., Esq.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for approval of 2018 True-up,)
the Projected 2019 true-up and 2020)
Revenue Requirements and Surcharges)
associated with Cast Iron / Bare Steel)
Replacement Rider, by Peoples Gas)
System.)

Docket No. 20190171-GU

Submitted for Filing:
9-27-2019

**NOTICE OF SERVICE OF RESPONSE TO
STAFF'S FIRST DATA REQUEST (Nos. 1-5)**

Peoples Gas System, by its undersigned attorneys, files this its Notice of Service of Response to Staff's First Data Request (Nos. 1-5).

Dated this 27th day of September, 2019.



ANDREW M. BROWN

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Attorneys for Peoples Gas System

CERTIFICATE OF SERVICE

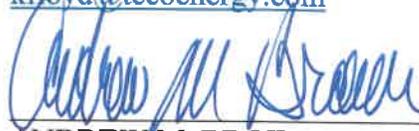
I HEREBY CERTIFY that a true and correct copy of the foregoing Notice of Service of Peoples Gas System's Response to Staff's First Data Request (Nos. 1-5) has been furnished by electronic mail this 27th day of September, 2019, to the following:

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ANDREW M. BROWN

**PEOPLES GAS SYSTEM
DOCKET NO. 20190171-GU
STAFF'S FIRST DATA REQUEST
REQUEST NO. 1
PAGE: 1 OF 4
FILED: SEPTEMBER 27, 2019**

1. Please update the tables below, contained in Peoples' response to staff's first data request No. 1, in docket No. 20180173-GU.

	CI/BS Miles Replaced	PPP Miles Replaced	CI/BS Investment	PPP Investment	CI/BS Revenue Requirement	PPP Revenue Requirement
2017	51	*	\$ 17,588,366	\$ 2,915,802	\$ 6,868,302	\$ 74,021
2018	74	51	\$ 23,663,223	\$ 14,068,995	\$ 8,361,137	\$ 881,106
2019	60	33	\$ 27,080,000	\$ 8,550,000	\$ 10,175,696	\$ 2,141,380
2020	50	50	\$ 19,617,274	\$ 16,065,338	\$ 12,655,856	\$ 3,307,722
2021	23	50	\$ 9,479,959	\$ 16,936,076	\$ 14,173,638	\$ 4,847,383
2022		50		\$ 17,359,478	\$ 14,618,848	\$ 6,350,953
2023		50		\$ 17,793,465	\$ 14,452,013	\$ 7,778,876
2024		45		\$ 16,563,052	\$ 14,267,295	\$ 9,223,330
2025		45		\$ 16,824,833	\$ 14,082,002	\$ 10,687,428
2026		45		\$ 17,245,454	\$ 13,896,689	\$ 12,171,746
2027		45		\$ 17,676,591	\$ 13,711,388	\$ 13,676,795
2028		45		\$ 18,118,505	\$ 13,526,075	\$ 15,203,100

* 2017 investment costs for retiring PPP in early 2018

** 2028 PPP investment includes rollover costs to occur in 2029

*** See revised response to Staff's 1st Data request No. 1 in Docket No. 20170192-GU, filed October 18, 2017.

Year	Main Replacements				Service Replacements		
	Replaced Cast Iron (miles)	Replaced Bare Steel (miles)	Remaining Cast Iron at Year End (miles)	Remaining Bare Steel at Year End (miles)	Total Miles Remaining of CI/BS Mains	Replaced Number of Bare Steel Services	Total Number of Remaining Bare Steel Services
2012			100	354	454		14978
2013	13	38	87	316	403	907	14071
2014	2	18	85	298	383	7964	6107
2015	26	60	59	238	297	1019	5088
2016	15	35	44	203	247	1050	6963
2017	15	36*	29	178*	207	1135	4279
2018 (projected)	10	64	19	114	133	1500	4685
2019	9	51	10	63	73	1200	3485
2020	5	45	5	18	23	1200	2285

**PEOPLES GAS SYSTEM
DOCKET NO. 20190171-GU
STAFF'S FIRST DATA REQUEST
REQUEST NO. 1
PAGE: 2 OF 4
FILED: SEPTEMBER 27, 2019**

2021	5	18	0	0	0	1200	1085
2022	0	0	0	0	0	0	0

	PPP (miles)	Total Remaining PPP Mains (miles)	Replaced Number of PPP Services	Total Number of Remaining PPP Services*
2016	0	551	0	-
2017	**	509	1396	26,841**
2018	51	458	2100	24,741
2019	33	425	Not yet Determined**	-
2020	50	375	Not yet Determined**	-
2021	50	325	Not yet Determined**	-
2022	50	275	Not yet Determined**	-
2023	50	225	Not yet Determined**	-
2024	45	180	Not yet Determined**	-
2025	45	135	Not yet Determined**	-
2026	45	90	Not yet Determined**	-
2027	45	45	Not yet Determined**	-
2028	45	0	Not yet Determined**	-

A.

	CI/BS Miles Replaced	PPP Miles Replaced	CI/BS Investment	PPP Investment	CI/BS Revenue Requirement	PPP Revenue Requirement
2017	51	*	\$ 17,588,366	\$ 2,915,802	\$ 6,868,302	\$ 74,021
2018	62	56	\$ 27,035,678	\$ 15,890,424	\$ 8,510,823	\$ 848,201
2019	66	33	\$ 30,672,038	\$ 10,513,608	\$ 10,855,703	\$ 2,526,584
2020	51	50	\$ 19,328,072	\$ 15,685,267	\$ 13,511,689	\$ 3,812,655
2021	27	50	\$	\$ 16,077,399	\$ 14,905,884	\$ 5,464,964
2022	0	54		\$ 16,479,334	\$ 15,298,303	\$ 7,158,192
2023		50		\$ 16,891,317	\$ 15,117,501	\$ 8,874,103
2024		50		\$ 17,659,872	\$ 14,920,474	\$ 10,628,394
2025		45		\$ 15,971,797	\$ 14,722,925	\$ 12,334,602

**PEOPLES GAS SYSTEM
DOCKET NO. 20190171-GU
STAFF'S FIRST DATA REQUEST
REQUEST NO. 1
PAGE: 3 OF 4
FILED: SEPTEMBER 27, 2019**

2026		45		\$ 16,371,091	\$ 14,525,360	\$ 13,931,631
2027		45		\$ 16,593,231	\$ 14,327,795	\$ 15,539,094
2028**		25		\$ 16,260,325	\$ 14,130,227	\$ 17,124,548

* 2017 investment costs for retiring PPP in early 2018

** 2028 PPP investment includes rollover costs to occur in 2029

Year	Main Replacements					Service Replacements	
	Replaced Cast Iron (miles)	Replaced Bare Steel (miles)	Remaining Cast Iron at Year End (miles)	Remaining Bare Steel at Year End (miles)	Total Miles Remaining of CI/BS Mains	Replaced Number of Bare Steel Services	Total Number of Remaining Bare Steel Services
2012			100	354	454		14978
2013	13	38	87	316	403	907	14071
2014	2	18	85	298	383	7964	6107
2015	26	60	59	238	297	1019	5088
2016	15	35	44	203	247	1050	6963
2017	15	36	29	178	207	1135	4279
2018	10	52	18*	126	144	1970	2309
2019 (projected)	7	59	11	67	78	1200	1109
2020	6	45	5	22	23	1000	109
2021	5	18	0	4	4	109	0
2022	0	4	0	0	0	0	0

**PEOPLES GAS SYSTEM
DOCKET NO. 20190171-GU
STAFF'S FIRST DATA REQUEST
REQUEST NO. 1
PAGE: 4 OF 4
FILED: SEPTEMBER 27, 2019**

	PPP (miles)	Total Remaining PPP Mains (miles)	Replaced Number of PPP Services	Total Number of Remaining PPP Services*
2016	0	551	0	-
2017	**	509	1396	26,841
2018	56	461	3941	22,958
2019	33	413	Not yet Determined**	-
2020	50	364	Not yet Determined**	-
2021	50	314	Not yet Determined**	-
2022	54	260	Not yet Determined**	-
2023	50	210	Not yet Determined**	-
2024	50	160	Not yet Determined**	-
2025	45	115	Not yet Determined**	-
2026	45	70	Not yet Determined**	-
2027	45	25	Not yet Determined**	-
2028	25	0	Not yet Determined**	-

**PEOPLES GAS SYSTEM
DOCKET NO. 20190171-GU
STAFF'S FIRST DATA REQUEST
REQUEST NO. 2
PAGE: 1 OF 2
FILED: SEPTEMBER 27, 2019**

- 2.** Please provide the Excel spreadsheets for petition Exhibits A, B, and C with formulas unlocked.

- A.** The unlocked Excel spreadsheets have been provided as requested.

(BS_6) DR 2 FINAL - Exhibits ABC with Formulas Unlocked.xlsx

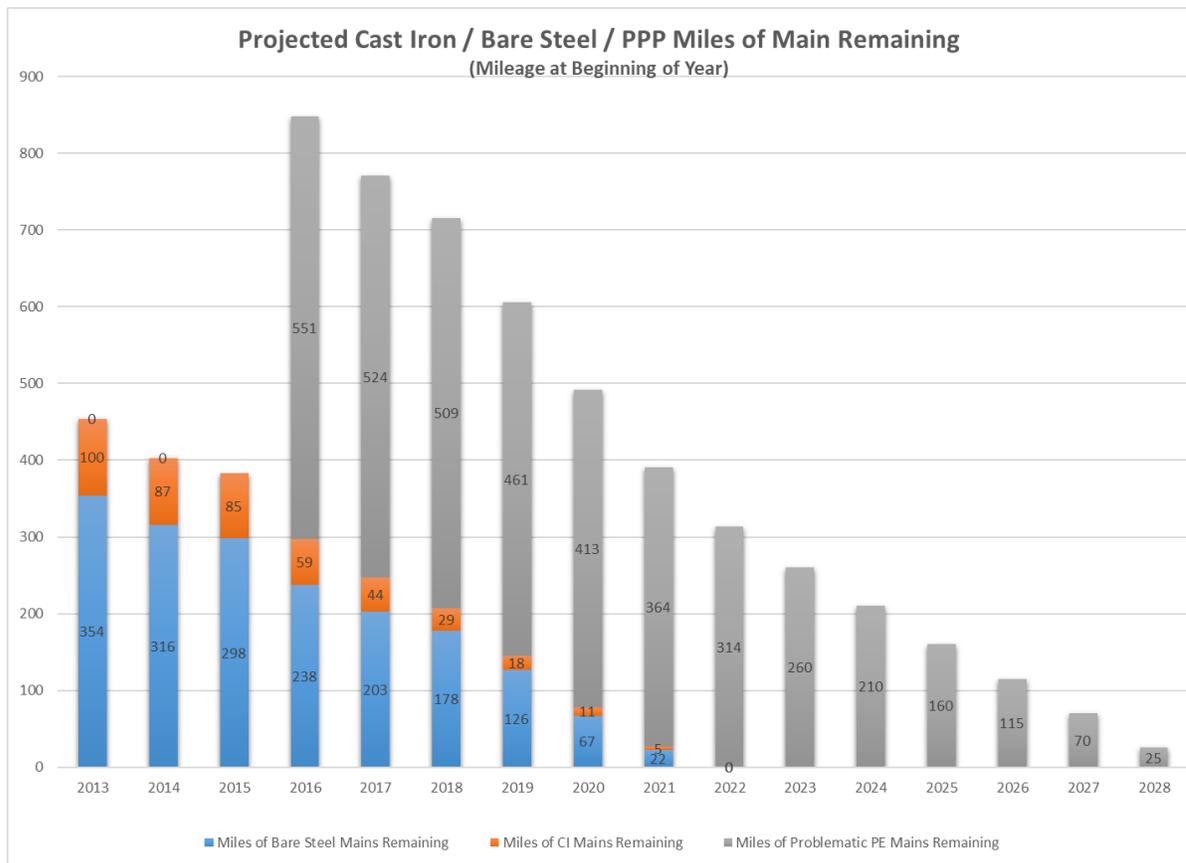
**PEOPLES GAS SYSTEM
DOCKET NO. 20190171-GU
STAFF'S FIRST DATA REQUEST
REQUEST NO. 3
PAGE: 1 OF 1
FILED: SEPTEMBER 27, 2019**

- 3.** Referring to paragraph 10 of the petition, please explain the factors that led to the \$15,885 over-recovery (including interest) in 2018.
 - A.** \$10,399,354 of CI/BSR Revenue was collected during 2018, as shown on line 1 on page 2 of Exhibit A of the filing. This was \$1,220,678 lower than the \$11,620,032 of Revenue estimated for 2018 on line 1 on page 2 of Exhibit B in the 2019 Projection filing. The reduction in revenue, due to slightly lower therm sales, was the main driver for the variance from the \$1,437,164 estimated over-recovery End of Period True-Up for 2018 shown on line 10 on page 2 of Exhibit B in the 2019 Projection filing.

In addition, \$4,962,282 of ROI was earned in 2018, as shown on line 4.a. on page 2 of Exhibit A of the filing. This was \$188,247 higher than had been projected, due mainly to additional investments during the latter portion of the year, as shown on lines 1.a. through 1.d. on page 1 of Exhibit A in the 2020 filing beyond the \$37,732,218 of investment that had been forecasted on lines 1.a through 1.d on page 1 of Exhibit B of the 2019 Projection filing. This higher ROI costs further contributed to the decrease in over-recovery, resulting in the actual over-recovery End of Period Total True-Up of \$15,885 shown on line 10 on page 2 of the 2020 Projection filing.

**PEOPLES GAS SYSTEM
DOCKET NO. 20190171-GU
STAFF'S FIRST DATA REQUEST
REQUEST NO. 4
PAGE: 1 OF 3
FILED: SEPTEMBER 27, 2019**

- 4.** Please discuss the progress of Cast Iron/Bare Steel Pipe Replacement Rider projects and Problematic Plastic Pipe replacement projects in 2018, 2019, and those planned for 2020.
- A.** Peoples Gas has made significant progress towards removing all Cast Iron and Bare Steel pipelines from the system statewide. The Company expects to be completed one year ahead of our initial 10-year estimate for CI/BS and is on schedule for replacing all plastic pipe in its system by 2028.



- Start of CIBS/BS Rider – January 1, 2013 (454 miles)
- Start of PPP Rider – July 1, 2017 (528 miles)
- In 2018, Peoples Gas focused on CIBS projects in St. Petersburg, Tampa, Miami, Jacksonville and Sarasota. The Company also focused on PPP projects in Pompano Beach and Orlando. Key replacement projects include:
 - St Pete
 - Central Ave – CIBS
 - Mobel Americana - CIBS

**PEOPLES GAS SYSTEM
DOCKET NO. 20190171-GU
STAFF'S FIRST DATA REQUEST
REQUEST NO. 4
PAGE: 2 OF 3
FILED: SEPTEMBER 27, 2019**

- Tampa
 - Lake to Hillsborough – CIBS
 - Bayshore Blvd – CIBS
 - E of I-275 N of Hillsborough Ave - CIBS
- Orlando
 - Williamsburg – PPP
 - Deer Run – PPP
- Miami
 - Pompano - CIBS
- In 2019, Peoples Gas has continued focus on replacement projects Miami, Tampa, St. Pete, Orlando, Sarasota and has begun replacement in Jacksonville, Eustis and Daytona.
 - St Pete
 - Central Ave (Phase C and 4) – CIBS
 - Tampa
 - E of I-275 N of Hillsborough Ave - CIBS
 - Hubert - CIBS
 - Granada Empredrado – CIBS
 - Leona Corona – CIBS
 - W of I-275 N of Hillsborough Ave North Phase - CIBS
 - Orlando
 - Deer Run – PPP
 - Sky Lake
 - Sausalito
 - Tuskawilla Point
 - Howell Harbor
 - Howell Cove & Sutter Mills
 - Pepper Mill – PPP
 - Winter Park (Webster Ave) – CIBS
 - Miami
 - NE 3rd Ave (58th Terr & 54th St)- CIBS
 - Victory Homes – CIBS
 - South of SW 8th St – CIBS
 - Cypress Creek – CIBS
 - Federal Highway & NE 39th St – CIBS
 - Pasadena Lakes (Pembroke Pines) - PPP
 - Jacksonville
 - San Marco – PPP
 - King St – CIBS
 - Daytona
 - Shangri-La – PPP

- Eustis
 - Umatilla - PPP
- In 2020, Peoples Gas will continued focus on replacement projects Miami, Tampa, St. Pete, Orlando, Jacksonville and Lakeland and will begin replacement in Ocala.
 - St Pete – CIBS
 - Tampa – CIBS/PPP
 - Orlando – CIBS/PPP
 - Miami - CIBS
 - Jacksonville - PPP
 - Ocala - PPP

**PEOPLES GAS SYSTEM
DOCKET NO. 20190171-GU
STAFF'S FIRST DATA REQUEST
REQUEST NO. 5
PAGE: 1 OF 2
FILED: SEPTEMBER 27, 2019**

- 5.** Legislative version of Eighth Revised Sheet No.7.806 reflects meter readings taken on or after January 1, 2017. Please file the corrected Sheet No. 7.806 reflecting January 1, 2020.

- A.** Please see attached.

Peoples Gas System
a Division of Tampa Electric Company
No. 7.806
Original Volume No. 3

~~Eighth~~ Ninth Revised Sheet No. 7.806
Cancels ~~Seventh~~ Eighth Revised Sheet

**CAST IRON/BARE STEEL REPLACEMENT RIDER
RIDER CI/BSR**

The monthly bill for Gas Service in any Billing Period shall be increased by the CI/BSR Surcharge determined in accordance with this Rider. CI/BSR Surcharges approved by the Commission for bills rendered for meter readings taken on or after January 1, 20~~17~~20, are as follows with respect to Customers receiving Gas Service under the following rate schedules:

<u>Rate Schedule</u>	<u>CI/BSR Surcharge</u>
Residential/Residential Standby Generator / Residential Gas Heat Pump Service	\$0.05274 <u>0.08845</u> per therm
Small General Service General Service – 1/ Commercial Standby Generator Service /	\$0.03345 <u>0.06255</u> per therm
Commercial Gas Heat Pump Service	\$0.01765 <u>0.03137</u> per therm
General Service – 2	\$0.01708 <u>0.02901</u> per therm
General Service – 3	\$0.01465 <u>0.02545</u> per therm
General Service – 4	\$0.00892 <u>0.01720</u> per therm
General Service – 5	\$0.00500 <u>0.00872</u> per therm
Commercial Street Lighting	\$0.02427 <u>0.04454</u> per therm
Natural Gas Vehicle Service	\$0.04289 <u>0.07326</u> per therm
Wholesale	\$0.00614 <u>0.01080</u> per therm

The CI/BSR Surcharges set forth above shall remain in effect until changed pursuant to an order of the Commission.

CI/BSR Surcharges shall be determined in accordance with the provisions of this Rider set forth below.

Definitions

For purposes of this Rider:

“Eligible Replacements” means the following Company plant investments that (i) do not increase revenues by directly connecting new customers to the plant asset, (ii) are in service and used and useful in providing utility service and (iii) were not included in the Company’s rate base for purposes of determining the Company’s base rates in its most recent general base rate proceeding:

Mains and service lines, as replacements for existing materials recognized/identified by the Pipeline Safety and Hazardous Materials Administration as being obsolete and that present a potential safety threat to operations and the general public, including cast iron, wrought iron, bare steel, and specific polyethylene/plastic facilities, and regulators and other pipeline system components the installation of which is required as a consequence of the replacement of the aforesaid facilities.

“CI/BSR Revenues” means the revenues produced through CI/BSR Surcharges, exclusive of revenues from all other rates and charges.