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July 2, 2020

VIA E-PORTAL FILING

Mr. Adam J. Teitzman
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: NEW FILING – In re: Petition of Peoples Gas System to Defer costs through specific accounting treatment associated with COVID-19

Dear Mr. Teitzman:

Attached for electronic filing with the Commission on behalf of Peoples' Petition referenced above.

Your assistance in this matter is greatly appreciated.

Sincerely,

Andrew M. Brown

AB/plb
Attachment

cc: Parties of Record
Ms. Kandi M. Floyd
Ms. Karen Bramley

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition of Peoples Gas System to
Defer costs through specific accounting
treatment associated with COVID-19.

Docket No:
Submitted for Filing:
July 2, 2020

Petition of Peoples Gas System

Peoples Gas System (“Petitioner”, “Peoples” or the “Company”), respectfully petitions the Florida Public Service Commission (the “Commission”) for approval to allow Peoples to track, record as a regulatory asset, and defer incremental costs resulting from the COVID-19 pandemic.

In support of this Petition, the Company states:

1. The names and addresses of the persons authorized to receive notices and communications with respect to this Petition are:

Andrew M. Brown, Esquire
Macfarlane Ferguson & McMullen
P.O. Box 1531
Tampa, Florida 33601

Ms. Paula K. Brown
Peoples Gas System
P.O. Box 2562
Tampa, Florida 33601

Ms. Kandi M. Floyd
Peoples Gas System
P.O. Box 2562
Tampa, Florida 33601

2. Peoples is a natural gas local distribution company (“LDC”) providing sales and transportation delivery of natural gas throughout most of the State of Florida and is a public utility subject to the Commission's regulatory jurisdiction under Chapter 366, *Florida Statutes*.

3. This Petition is being filed consistent with Rule 28-106.201, Florida Administrative Code. The agency affected is the Florida Public Service Commission, located at 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399. This case does not involve reversal or modification of an agency decision or an agency's proposed action. Therefore, subparagraph (c) and portions of subparagraphs (b), (e), (f), and (g) of subsection (2) of that rule are not applicable to this Petition. In compliance with subparagraph (d), Peoples states that it is not known at this time which, if any, of the issues of material fact set forth in the body of this Petition may be disputed by any others who may plan to participate in this proceeding.

4. Peoples' priority is to maintain continued safe, reliable, and affordable services to our customers and is fully committed to meeting our customer's needs during these uncertain and unprecedented times.

5. In March, Governor DeSantis and President Trump issued Executive Orders which began a state of health emergency that resulted in Peoples on March 16, 2020 voluntarily ceasing to disconnect its customers of their natural gas service, for the safety and security of our employees and our customers; unless leaving the service in place presented a safety concern, or the disconnection request was made by the customer.

6. Peoples is working tirelessly to support our customers in this unprecedented time with overdue bills by working with them to facilitate payment arrangements on their accounts. In partnership with Tampa Electric, Peoples has contributed an additional \$500,000 to our Share programs, administered by the Salvation Army to assist our customers in paying their utility bills, along with an additional \$500,000 in contributions to

Florida's charities that are assisting the front lines in fighting the virus and supporting recovery during these difficult economic times.

7. At the same time, however, the socioeconomic impacts of the current public health emergency are having operational and adverse financial impacts on Peoples. Accordingly, Peoples requests deferred accounting treatment for all COVID-19 related expenses, including safety related expenses and uncollectible accounts expense.

Background

8. The world has seen unexpected and unprecedented results from the COVID-19 pandemic, with federal, state, and local officials issuing new social-distancing directives and guidance on a near-daily basis. On March 9, 2020, Governor Ron DeSantis issued Executive Order Number 20-52 and declared a State of Public Health Emergency for the state as a result of COVID-19. On March 13, 2020, the President of the United States declared a National Emergency due to COVID-19.

9. Utility service was declared an essential critical worker function by the U.S. Department of Homeland Security Cybersecurity & Infrastructure Security Agency¹ and was confirmed as an essential service in Florida in the Governor's Executive Order Number 20-91 dated April 1, 2020.² Subsequently, on May 8, 2020, Governor DeSantis issued Executive Order number 20-114, extending the state of emergency declaration an additional 60 days.

¹ See March 28, 2020 Advisory Memorandum on Identification of Essential Critical Infrastructure Workers During COVID-19 Response, available at https://www.cisa.gov/sites/default/files/publications/Version_3.0_CISA_Guidance_on_Essential_Critical_Infrastructure_Workers_2.pdf.

² See State of Florida Office of the Governor Executive Order Number 20-91 (Essential Services and Activities During Covid-19 Emergency)

10. Peoples is closely adhering to governmental mandates and is monitoring the spread of COVID-19 and its impacts on its utility operations. Peoples is taking necessary precautions to limit the spread of the coronavirus and to protect the health and safety of its employees, customers, and the general public. Peoples has implemented practices and procedures in accordance with its business continuity plans and federal (U.S. Centers for Disease Control and Prevention), state, and local disease prevention guidelines. In addition, Peoples and its affiliate Tampa Electric have engaged Tampa General Hospital's infectious disease experts to evaluate the Company's COVID-19 safety measures taken to prevent the spread of the virus including physical adjustments to company facilities. Examples of extraordinary measures include enabling as much of our workforce as possible to work from home, instituting health reporting protocols including nurse facilitation of illness monitoring and employee quarantine measures, providing paid time off to employees that become infected by or are exposed to COVID-19 and cannot work, providing additional personal protective equipment ("PPE") to employees, limiting transfer of employees between work locations, limiting multiple team members in one vehicle, prohibiting visitors to critical operational facilities, and establishing additional cleaning and sanitizing protocols.

Peoples' Safety Costs Attributable to COVID-19

11. Incremental COVID-19 Costs related to Peoples' efforts to follow all necessary guidelines and protocols include, but are not limited to the following:

- i. Personal protective equipment in the form of masks, shields, gloves, shoe covers, and garments;
- ii. Other equipment, materials and supplies to protect employees and

- customers health and safety;
- iii. Additional cleaning and sanitization;
- iv. Nurse monitoring the health of employees;
- v. COVID-19 testing of employees;
- vi. Using more than one vehicle to travel to work sites to allow for social distancing, which in some instances requires rental of vehicles; and,
- vii. Employee overtime related to COVID-19 safety preparations.

Peoples' Bad Debt Expense Attributable to COVID-19

12. Since the start of the COVID-19 pandemic in March 2020, Peoples has seen a continued increase in arrearages for all customer classes. The suspension of disconnections to help customers and the deterioration in the general economy, has led to a continued increase in arrearages that will lead to higher than normal uncollectible accounts in the future. During June 2020, Peoples aged accounts receivable of 60 days or more has exceeded 12 percent of its total accounts receivable balance, or approximately \$2.3 million, which far exceeds the Company's normal level of this measure.

13. Peoples anticipates that COVID-19 related bad debt expense will continue to increase due to higher levels of write-offs for uncollectible accounts. Peoples expects that its bad debt expense attributable to COVID-19, as calculated under Paragraph 15 below, will continue to increase over the coming months.

Requested Deferral Accounting Treatment of COVID-19 Costs

14. Even though it is not possible to fully anticipate the scope of the impacts related to COVID-19, the Company seeks authorization for deferred accounting at this time because of the significant and increasing nature of the Company's COVID-19

Costs. Therefore, Peoples requests approval for the establishment of a regulatory asset to record and preserve its COVID-19 Costs.

15. To determine the COVID-19 related bad debt expense eligible to be deferred as a regulatory asset, the Company proposes to subtract the average bad debt expense for the corresponding month in the three prior years from the same 2020 month (e.g., incremental bad debt expense for April 2020 would be the total bad debt expense for that month less the three-year average of April 2019, 2018 and 2017). The Company proposes to calculate the safety-related costs attributable to COVID-19 based on actual spending on COVID-related activities designed to comply with federal, state, and local guidelines.

16. Although customer disconnections were suspended on March 16, 2020, the Company is proposing to use the later date of April 1, 2020, the date of the Governor's Executive Order Number 20-91, as the beginning date for the calculation of its incremental COVID-19 Costs. Peoples proposes to record the COVID-19 Costs deferral as a regulatory asset in FERC Account 182.3 (Other Regulatory Assets), and credit the appropriate FERC accounts associated with the expenses, such as FERC Account 904 (Uncollectible Accounts), for bad debt expense and other operating expense accounts for COVID-19 related safety costs.

17. The Company acknowledges that the Commission's approval of deferred accounting treatment for the COVID-19 Costs does not constitute approval of the recovery of these deferred costs. Rather, recovery of the costs would be subject to review after such expenses cease and when Peoples base rates are next reset, or at a future preceding.

18. Peoples continues to incur Covid-19 Costs and expects to do so for the foreseeable future. Therefore, the full extent of the Covid-19 Costs may not be known until after the conclusion of Peoples Rate Case proceeding [Docket 20200051-GU].

19. Due to the narrow issue presented, and the limited nature of this request to address emergency conditions, Peoples respectfully requests that the Commission enter an order granting this Motion by August 4, 2020.

CONCLUSION

WHEREFORE, Peoples respectfully requests respectfully requests that the Commission enter an order allowing for the establishment of a regulatory asset for the recording and preservation of the COVID-19 Costs and granting any other relief as may be deemed appropriate.

DATED this 2nd day of July 2020.

Respectfully submitted,



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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that true and correct copies of the foregoing have been furnished electronically, this 2nd day of July 2020, to the following:

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