



April 21, 2023

VIA ELECTRONIC FILING

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

Re: Docket No. 20230023-GU; Petition for Rate Increase by Peoples Gas System, Inc.

Docket No. 20220212-GU; Peoples Gas System, Inc.'s Petition for Approval of Depreciation Rate and Subaccount for Renewable Natural Gas Facilities Leased to Others

Dear Mr. Teitzman:

Attached for filing in the above-styled matter is Peoples Gas System Inc.'s Answers to Staff's Fourth Data Request (Nos. 1-6), served by electronic mail on March 31, 2023, in Dkt. 20220212-GU. Peoples is filing these responses in Docket No. 20230023 in compliance with Order PSC-2023-0128-PCO-GU.

Thank you for your assistance in connection with this matter.

Sincerely,

A handwritten signature in blue ink that reads 'Malcolm N. Means'.

Malcolm N. Means

MNM/bml
Attachment

cc: All parties of record.

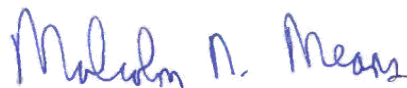
CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Answers to Staff's Fourth Data Request (Nos. 1-6), filed on behalf of Peoples Gas System, Inc., have been furnished by electronic mail on this 21st day of April 2023 to the following:

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ATTORNEY

**PEOPLES GAS SYSTEM, INC.
DOCKET NO. 20220212-GU
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STAFF'S FOURTH DATA REQUEST
REQUEST NO. 1
BATES PAGE(S): 1
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1. Please refer to Peoples Gas System's (PGS or Utility) response to Staff's First Data Request, No. 4(b), and the Utility's Renewable Natural Gas (RNG) Service Tariff, Sheet No. 7.404. Please explain how the inclusion of anaerobic digesters in the proposed Account 336.01 comports with the RNG Service Tariff (Applicability section), which limits PGS to "(1) upgrading/conditioning biogas to RNG to be utilized onsite by the Customer; (2) interconnecting to an interstate or intrastate pipeline; or, (3) RNG delivering into Company's distribution system."
 - a. Please indicate whether or not PGS would be producing biogas for the Brightmark Project with the anaerobic digesters. If yes, identify all facilities associated with the production of biogas (such as feedstock handling or digestate processing), and explain how the production of biogas is addressed within the RNG Service Tariff.
 - b. If PGS will not be producing biogas for the Brightmark Project, please explain who is producing biogas and with what facilities, as well as how these facilities are being accounted for by PGS in its instant Petition in terms of the RNG plant investment.

- A. Inclusion of anaerobic digesters in Account 336.01 is consistent with the company's RNG Services Tariff. Anaerobic digesters are a necessary component of "upgrading/conditioning biogas to RNG." Furthermore, the company's RNG Service Tariff expressly lists "digesters" among the types of equipment that the company may provide pursuant to the tariff and recover through a monthly services charge.
 - a. No, Peoples will not produce biogas for the Brightmark project. Biogas is a natural byproduct of the decomposition of organic matter. Peoples will own the equipment utilized to capture biogas and then upgrade/condition the captured biogas into RNG.
 - b. Please see the response to Data Request No. 1(a) above.

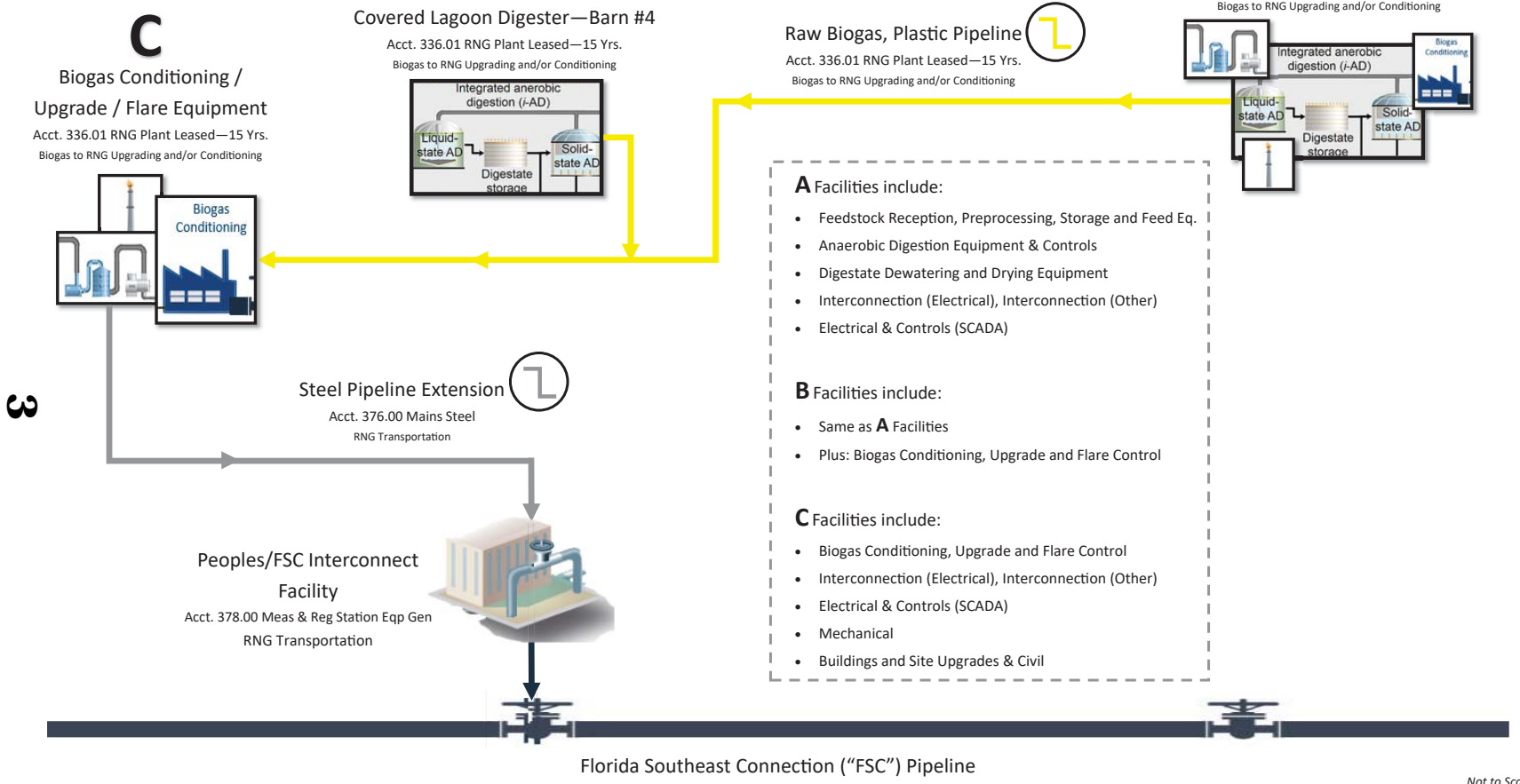
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- 2.** Please provide a flow chart depicting the anticipated process of biogas production, RNG conditioning, and transportation for the Project and the associated facilities. As part of this response, please identify each facility associated with each process step and the associated accounts.

- A.** See attached diagrams provided for the Brightmark Project located in files “Staffs 4th DR No 2 Brightmark Barns 3 & 4 Diagram.pdf” and “Staffs 4th DR No 2 Brightmark Barns 5 & 8 Diagram.pdf”.

BRIGHTMARK RNG PROJECT

(BARN #3 AND #4)



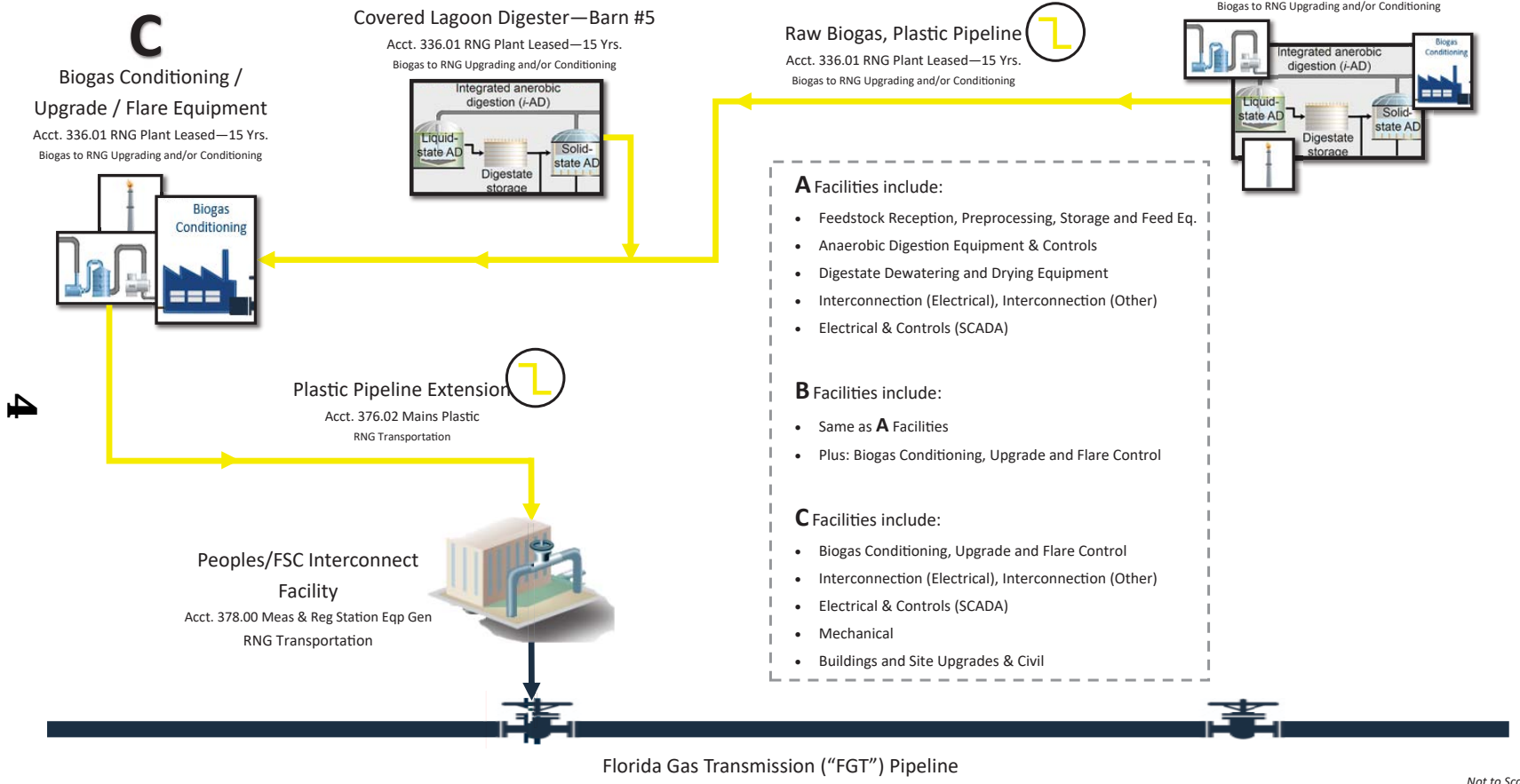
- A** Facilities include:
- Feedstock Reception, Preprocessing, Storage and Feed Eq.
 - Anaerobic Digestion Equipment & Controls
 - Digestate Dewatering and Drying Equipment
 - Interconnection (Electrical), Interconnection (Other)
 - Electrical & Controls (SCADA)
- B** Facilities include:
- Same as **A** Facilities
 - Plus: Biogas Conditioning, Upgrade and Flare Control
- C** Facilities include:
- Biogas Conditioning, Upgrade and Flare Control
 - Interconnection (Electrical), Interconnection (Other)
 - Electrical & Controls (SCADA)
 - Mechanical
 - Buildings and Site Upgrades & Civil

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Not to Scale

BRIGHTMARK RNG PROJECT

(BARN #5 AND #8)



- A** Facilities include:
- Feedstock Reception, Preprocessing, Storage and Feed Eq.
 - Anaerobic Digestion Equipment & Controls
 - Digestate Dewatering and Drying Equipment
 - Interconnection (Electrical), Interconnection (Other)
 - Electrical & Controls (SCADA)
- B** Facilities include:
- Same as **A** Facilities
 - Plus: Biogas Conditioning, Upgrade and Flare Control
- C** Facilities include:
- Biogas Conditioning, Upgrade and Flare Control
 - Interconnection (Electrical), Interconnection (Other)
 - Electrical & Controls (SCADA)
 - Mechanical
 - Buildings and Site Upgrades & Civil

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3. For each of the major components discussed in PGS's response to Staff's First Data Request, No. 6(b), please clarify to which of the facilities (listed in footnote 8 of PGS's Petition) the component belongs.

A. The biogas blowers, H₂S reduction systems, compressors, chillers, pressure swing absorption units, and flare systems are all associated with the biogas condition, upgrade and flare control facilities.

The O₂ generation and injection equipment belongs to the feedstock reception, preprocessing and storage facility.

The anaerobic digesters belong to the anaerobic digestion and control facility.

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- 4.** For each of the “asset to be owned by PGS and provided to Brightmark” listed in footnote 8 of PGS’s Petition and the “major components of the Brightmark Project” identified in PGS’s response to Staff’s First Data Request, No. 6(b), please clarify its function by the classifications of (i) biogas production, (ii) biogas to RNG upgrading and/or conditioning, and (iii) RNG transportation and/or delivery.

- A.** The seven facilities (i.e., Feedstock Reception, Preprocessing and Storage; Anaerobic Digestion and Control; Biogas Conditioning, Upgrade and Flare Control; Digestate Dewatering and Drying; Electrical and Mechanical Interconnection; Buildings and Building Improvements; and General Mechanical and Electrical Control (SCADA)) listed in footnote 8 of Peoples Petition and the eight major components (i.e., Biogas Blowers, H2S Reductions Systems, Compressors, Chillers, Pressure Swing Absorption Units, Flare Systems, O2 Generation and Injection, and Anaerobic Digesters) noted in Peoples response to Staff’s 1st DR No. 6(b) would all be classified as (ii) biogas to RNG upgrading and/or conditioning.

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5. PGS's response to Staff's First Data Request, No. 12(a), indicates that in the petitioned Account 336.01, the estimated entire investment (installed project cost) pertaining to RNG Plant Leased is approximately \$35.7 million. Referring to footnote 8 of PGS's Petition, please provide responses to the following:
- a. What portion of this investment is associated with the facilities for feedstock reception?
 - b. What portion of this investment is associated with the facilities for preprocessing?
 - c. What portion of this investment is associated with the storage facilities?
 - d. What portion of this investment is associated with the facilities for anaerobic digestion and control?
 - e. What portion of this investment is associated with the facilities for biogas conditioning?
 - f. What portion of this investment is associated with the facilities for flare control equipment?
 - g. What portion of this investment is associated with the facilities for digestate dewatering and drying?
 - h. What portion of this investment is associated with the facilities for electrical and mechanical interconnection?
 - i. What portion of this investment is associated with the facilities for buildings and building improvements?
 - j. What portion of this investment is associated with the facilities for general mechanical and electrical control?
- A. For each response below, refer to Exhibit D: Purchase Price Allocation of the Purchase and Sale Agreement ("PSA") between Brightmark Sobek RNG and Peoples included in Peoples' response to Staff's 1st DR (see Bates Page 98).

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- a. Feedstock Reception: Included in line items labeled Feedstock, Preprocessing, Storage and Feed Eq.
- b. Reprocessing Facilities: Included in line items labeled Feedstock, Preprocessing, Storage and Feed Eq.
- c. Storage Facilities: Included in line items labeled Feedstock, Preprocessing, Storage and Feed Eq.
- d. Anaerobic Digestion and Control: Included in line items labeled Anaerobic Digest Equipment & Controls and Anaerobic Digestion Equipment.
- e. Biogas Conditioning: Included in line items labeled Biogas Conditioning/ Upgrade/ Flare Equipment.
- f. Flare Control Equipment: Included in line items labeled Biogas Conditioning/ Upgrade/ Flare Equipment.
- g. Digestate Dewatering and Drying: Included in line items labeled Digestate Dewatering and Drying Equipment.
- h. Electrical and Mechanical Interconnection: Included in line items labeled Interconnection (Electrical) and Interconnection (Other).
- i. Buildings and Building Improvements: Included in line item labeled Buildings.
- j. General Mechanical and Electrical Control: Included in line items labeled Mechanical, Electrical & Controls (SCADA) and Electrical & Controls (SCADA/DCS).

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6. In its responses to Staff's First Data Request, Nos. 5(a) and 8(b), PGS indicated that the "pipeline extension" will be booked in Account 376.00 – Main Steel. This account has an average service life of 65 years, an average remaining life of 53 years, and an annual depreciation rate of 2.1 percent (FPSC Order PSC-2020-0485-FOF-GU). In its response to Staff's First Data Request, No, 10(b), PGS indicated that the Utility plans to recover its investment in the "pipeline extension" "over a 15-year period through the Monthly Service Charge."
- a. Please explain in detail how the "pipeline extension" can be recovered in 15 years using an annual depreciation rate of 2.1 percent.
 - b. Please identify the ratepayer(s) with respect to the "pipeline extension"-related Monthly Service Charge.
 - c. Please explain who will be responsible for the recovery of the remaining unrecovered amount of plant investment, if, for any reason, the "series of agreements with Brightmark Sobek RNG LLC" that PGS entered into, are contested or dissolved before the agreed-upon term of 15-years.
 - d. Please explain who will be responsible for the recovery of the remaining unrecovered amount of plant investment, if, for any reason, the ratepayers responsible for the "pipeline extension" portion of the Monthly Service Charge stop their service subscription after year 15 but before year 53 (the remaining life associated with Account 376.00).
- A. a. While Peoples' investment in the pipeline extension is being recovered from Brightmark during the 15-year term of the agreement, Peoples expects that the pipeline's useful life will extend beyond this term and will continue to operate into year 16 and beyond. Furthermore, Peoples expects to continue to provide transportation services to Brightmark or to whomever shall own/operate the plant after the 15-year term. As a result, Peoples has proposed to continue depreciating the "pipeline extension" using the normal useful life of such asset and the depreciation rate of 2.4% proposed for the asset class (i.e., Account 376.00, Steel Mains) with the "Updated" Depreciation Study filed with Peoples' Petition for Rate Increase on April 4, 2023.

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If Commission Staff believes that the pipeline should be fully depreciated during the 15-year term of the agreement, Peoples would not oppose that approach.

- b. Brightmark Sobek RNG LLC is the customer (or ratepayer) under the RNGSA.
- c. In the event that the series of agreements with Brightmark Sobek RNG LLC are contested or dissolved before the agreed-upon term of 15-years, Peoples will seek to recover the unrecovered amount of plant investment by utilizing its available remedies under the project agreements. Please also see the response to Staff's 3rd DR No. 1(a).
- d. If Brightmark or other future owner were to discontinue operation of the RNG Plant beyond the initial 15-year term and thus no longer require transportation services as provided by Peoples using the "pipeline extension," and the "pipeline extension" is depreciated using the proposed 2.4% depreciation rate, the "pipeline extension" would then be retired and depreciation expense would be discontinued. However, as previously mentioned in Peoples' response to No. 6(a) above, Peoples would not be opposed to fully depreciating the "pipeline extension" during the same 15-term for which the full installation cost of the "pipeline extension" is recovered through the Monthly Service Charge paid by Brightmark to Peoples.