



DOCKET NO. 20250106-GU

Attorneys and Counselors at Law
123 South Calhoun Street
P.O. Box 391 32302
Tallahassee, FL 32301

P: (850) 224-9115
F: (850) 222-7560

ausley.com

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August 29, 2025

VIA ELECTRONIC FILING

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

Re: New Docket No. _____
Petition of Peoples Gas System, Inc. for Approval of 2024 True-Up, the Projected 2025 True-Up and 2026 Revenue Requirements and Surcharges Associated with Cast Iron/Bare Steel Replacement Rider

Dear Mr. Teitzman:

Attached for filing is Peoples Gas System, Inc.'s Petition for Approval of 2024 True-Up, the Projected 2025 True-Up and 2026 Revenue Requirements and Surcharges Associated with Cast Iron/Bare Steel Replacement Rider.

Thank you for your assistance in connection with this matter.

Sincerely,

A handwritten signature in blue ink, appearing to read 'V. Ponder'.

Virginia Ponder

VLP/dh
Attachment

cc: Walt L. Trierweiler, Office of Public Counsel (w/ att.)
Charles J. Rehwinkel, Office of Public Counsel (w/ att.)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for approval of 2024 True-up,)
the Projected 2025 true-up and 2026)
Revenue Requirements and Surcharges)
associated with Cast Iron / Bare Steel)
Replacement Rider, by Peoples Gas)
System, Inc.)
_____)

DOCKET No. _____

DATED:
August 29, 2025

**PETITION OF PEOPLES GAS SYSTEM, INC. FOR APPROVAL OF 2024 TRUE-UP,
THE PROJECTED 2025 TRUE-UP AND 2026 REVENUE REQUIREMENTS
AND SURCHARGES ASSOCIATED WITH THE CAST IRON/BARE STEEL
REPLACEMENT RIDER**

Peoples Gas System, Inc. (“Peoples” or the “company”), in accordance with Order No. PSC-12-0476-TRF-GU and the company’s Cast Iron/Bare Steel Replacement Rider (Rider CI/BSR”), Tariff Sheet No. 7.806, petitions the Florida Public Service Commission (“Commission”) for approval of (i) the 2024 true-up amount, (ii) the projected true-up amount for 2025, (iii) the revenue requirements to be recovered by the company during the period January through December 2026, and (iv) the surcharges to be collected from customers for such recovery. In support of this Petition, the company states:

Introduction

1. The name of the petitioner and the mailing address of its principal office are:

Peoples Gas System, Inc.
P.O. Box 2562
Tampa, Florida 33601-2562

2. The names and mailing address of the persons authorized to receive notices and communications with respect to this petition are:

Jeff Wahlen
jwahlen@ausley.com
Virginia Ponder
vponder@ausley.com
Matt J. Jones

Ms. Paula K. Brown
Regulatory Affairs
Peoples Gas System, Inc.
P. O. Box 111
Tampa, Florida 33601-0111

mjones@ausley.com
Ausley McMullen
123 S. Calhoun St.
Tallahassee, FL 32301-1517

Karen L. Bramley
Director, Regulatory Affairs
Peoples Gas System, Inc.
P. O. Box 2562
Tampa, Florida 33601-2562

Matthew E. Elliott
Manager, Regulatory Affairs
Peoples Gas System, Inc.
P.O. Box 2562
Tampa, FL 33601-2562

3. The Commission has jurisdiction to entertain this petition pursuant to Sections 366.04(1), 366.05(1) and 366.06, Florida Statutes.

4. Peoples is a natural gas local distribution company providing sales and transportation delivery of natural gas throughout most of the State of Florida and is a natural gas public utility subject to the Commission's statutory jurisdiction to establish rates and charges under Section 366.06, Florida Statutes.

Background - Rider CI/BSR

5. In Order No. PSC-12-0476-TRF-GU, issued on September 18, 2012 (the "2012 Order"), in Docket No. 20110320-GU, the Commission approved Peoples' Rider CI/BSR to recover the cost of accelerating the replacement of CI/BS distribution pipes on its system through a surcharge on customers' bills. In approving Rider CI/BSR, the Commission recognized that in the company's 2008 rate case, it approved \$1 million in rate base for the 2009 projected test year for replacement of CI/BS infrastructure.¹

6. The 2012 Order, in part approved the projected revenue requirements contemplated by the rider for recovery during 2013 and the surcharges through which to recover the projected

¹ Order No. PSC-09-0411-FOF-GU, issued June 9, 2009, in Docket No. 20080318-GU, *In re: Petition for a Rate Increase by Peoples Gas System*.

revenue requirements. The Commission also stated that the replaced infrastructure would continue to be recovered through the Rider CI/BSR and rolled into Peoples' overall rate base and the surcharge would be "reset to zero" in a future rate proceeding.²

7. Additionally, the 2012 Order approved the company's request to capture the replacement costs over a 10-year period with an estimated annual capital investment of approximately \$8 million, with \$7 million recovered through the surcharge, and the company excluding recovery of first \$1 million of replacement activities.³ As acknowledged in the 2012 Order, the company cautioned that the \$8 million annual amount was only an estimate, and that the actual expenditures could be more or less than estimated during any year in which the program is in effect.⁴

8. Lastly, the 2012 Order established a procedure for setting surcharges, requiring the filing of annual petitions by September 1 to revise the surcharges to be effective the following calendar year.⁵ These annual filings must include: (a) a final true-up showing the actual replacement costs and actual surcharge revenues for the most recent 12-month historical period from January 1 through December 31 that ends prior to the annual petition filing (including the final over- or under-recovery for the final true-up period); (b) an actual/estimated true-up showing seven months of actual and five months of projected costs and revenues; and (c) a projection showing 12 months of projected Rider CI/BSR revenue requirements for the 12-month period beginning January 1 following the filing of the petition.⁶

9. In 2017, the Commission approved a settlement agreement between Peoples and

² 2012 Order, page 3 - 9.

³ See 2012 Order, page 3.

⁴ 2012 Order, page 6.

⁵ 2012 Order, page 8.

⁶ *Id.*

the Office of Public Counsel that, in part, added the material Problematic Plastic Pipe (“PPP”) to the “Eligible Requirements” definition under Rider CI/BSR permitting cost recovery through the rider of PPP installed in the company’s distribution system beginning in 2017 and continuing through 2028.⁷

10. The company’s 2020 rate case was resolved by the Commission’s approval of a Stipulation and Settlement Agreement.⁸ This agreement set a revenue increase of \$58.0 million, of which \$23.6 million was a transfer of the Rider CI/BSR surcharge into base rates.⁹

11. In Order No. PSC-2023-0388-FOF-GU (the “2023 Rate Case Order”), issued December 27, 2023, in Docket No. 20230023-GU, the Commission approved Peoples’ petition for rate increase. The 2023 Rate Case Order impacted Rider CI/BSR in two ways. First, pursuant to the 2012 Order, the Commission authorized the transfer of \$11.2 million of the 2024 Rider CI/BSR revenue requirement into base rates, effective January 1, 2024.¹⁰ The company recorded the difference between the actual Rider CI/BSR net book value as of December 31, 2023, and the \$93.3 million referred to above as an adjustment to the Rider CI/BSR net beginning book value as of January 1, 2024. Second, the Commission approved the Long-Term Debt Cost Rate True-Up Mechanism¹¹ (“LTDR True-Up Mechanism”) which allowed the company to make a one-time adjustment to the company’s forecasted long-term debt cost rate after its inaugural debt issuance.

12. The purpose of the LTDR True-Up Mechanism was to reflect the actual embedded costs of the company’s inaugural long-term debt issuance in its revenue requirement and rates.¹²

⁷ Order No. PSC-2017-0066-AS-GU, issued February 28, 2017, in Docket No. 20160159-GU, *In re: Petition for approval of settlement agreement pertaining to Peoples Gas System’s 2016 depreciation study, environmental reserve account, problematic plastic pipe replacement, and authorized ROE*.

⁸ Order No. PSC-2020-0485-FOF-GU, issued December 10, 2020, in Docket No. 20200051-GU, *In re: Petition for rate increase by Peoples Gas System*.

⁹ *Id.* at page 3.

¹⁰ 2023 Rate Case Order, page 30-31, 103-104.

¹¹ 2023 Rate Case Order, page 107-110.

¹² 2023 Rate Case Order, page 107-109.

The 2023 Rate Case order also required that if the impact to the incremental revenue requirement was greater than \$500,000 for the period between the implementation of the base rate increase and the implementation of the LTDR true-up mechanism, then the incremental revenue requirement would be recovered through the Rider CI/BSR for 2025.¹³

13. In May 2024, the Commission approved the incremental revenue requirement of \$874,084 associated with the LTDR True-Up Mechanism and the company's request to defer recovery of the incremental revenue increase for the six-month period from January 1, 2024, through June 30, 2024, to Rider CI/BSR for 2025.¹⁴ The company's Rider CI/BSR 2024 annual filing made with the Commission on August 30, 2024, demonstrated that the amount associated with the LTDR True-Up Mechanism for the first six months of 2024 to be recovered through the Rider CI/BSR 2025 annual filing was \$476,034.¹⁵

14. In Exhibit B, Page 2 of 4 of the company's Rider CI/BSR 2024 annual filing made, the company provided actual revenues for January through July and forecasted revenues for August through December of 2024, totaling \$883,056 (Line 1), compared to an actual/estimated revenue requirement of \$576,693 (Line 4d), resulting in an over-recovery of \$306,363 (Line 5 plus Line 8).¹⁶ As set out in the Commission's order approving the company's 2025 surcharges, the final 2023 under-recovery of \$102,499 (Line 7), the 2024 over-recovery of \$306,363 (Line 5 plus Line 8), 2024 LTDR True-Up Mechanism adjustment of \$476,034 (Line 9a) for the first six months of 2024, and interest associated with any over- and under-recoveries, resulted in a total 2024 under-

¹³ 2023 Rate Case Order, page 108.

¹⁴ Order No. PSC-2024-0170-TRF-GU, issued May 23, 2024, in Docket No. 20240028-GU, *In re: Petition to implement long-term debt cost true-up mechanism, by Peoples Gas Inc.*

¹⁵ Petition of Peoples Gas System, Inc. for Approval of 2023 True-Up, the Projected 2024 True-Up and 2025 Revenue Requirements and Surcharges Associated with the Cast Iron/Bare Steel Replacement Rider, filed in Docket No. 20240133 (DN 08764-2024).

¹⁶ See Order No. PSC-2024-0511-TRF-GU, issued December 20, 2024, in Docket No. 20240133-GU, *In re: Petition for approval of 2023 true-up, projected 2024 true-up, and 2025 revenue requirements and surcharges associated with cast iron/bare steel pipe replacement rider, by Peoples Gas System, Inc.* p. 4.

recovery of \$276,028 (Line 10).¹⁷

2025 Rider CI/BSR Annual Filing

15. This Petition constitutes the company's 2025 annual filing as contemplated by the 2012 Order and the company's Rider CI/BSR (Tariff Sheet No. 7.806).

16. On March 31, 2025, Peoples filed its petition for a base rate increase ("2025 Rate Case Petition") with the Commission in Docket Number 20250029-GU. In its 2025 Rate Case Petition, Peoples requested to move \$53,380,436 of Rider CI/BSR investments made between January 1, 2024 and December 31, 2025 into rate base, thereby adding the related \$6,733,295 of revenue requirements currently recovered via the company's Rider CI/BSR from recovery through the Rider CI/BSR into base rates effective January 1, 2026.

17. On August 13, 2025, Peoples filed a Motion to Approve 2025 Stipulation and Settlement Agreement ("2025 Agreement") in settlement of the issues presented in the 2025 Rate Case Petition filed March 31, 2025, with the Commission. Two provisions in the 2025 Agreement impact (i) the 2025 annual filing; and (ii) Rider CI/BSR, more generally, during the term of the 2025 Agreement. Subject to Commission approval, the 2025 Agreement (1) permits the transfer of \$6,733,295 in Rider CI/BSR investments into rate base, and (2) reflects the specific agreement by the company that it will not seek to expand the categories of costs to be recovered under its Rider CI/BSR and will not recover PPP costs associated with the Tampa Downtown project or any other PPP costs included for recovery in the rate case pursuant to this 2025 Rider CI/BSR annual filing.

RELIEF REQUESTED

18. Peoples seeks the Commission's approval of the final true-up amount for the

¹⁷ *Id.*

calendar year 2024 of \$331,724 under-recovery (including interest). This amount is calculated in Exhibit A, Page 2 of 3, attached to this petition.

19. Peoples also seeks approval of the projected true-up for calendar year 2025, as shown in Exhibit B, to this petition, and has projected that its actual expenditures for eligible replacements under Rider CI/BSR during 2025 will be \$31,645,521 (Exhibit B, Page 1 of 4, sum of Lines 1a through 1f). This projected total does not include the first \$1 million in such expenditures. Exhibit B, Page 2 of 4, reflects on line 10 an “End of Period Total True-up” of \$69,991 over-recovery, derived as the addition of the remaining 2024 under-recovery of \$26,000 (Line 7 plus Line 8), and the estimated 2025 over-recovery including interest of \$95,991 (Line 5 plus Line 6) for CI/BS and PPP replacement.

20. The company seeks the revenue requirement and surcharge for CI/BS and PPP replacement. Exhibit C, Page 1 of 2, includes projected capital expenditures for the replacement of cast iron/bare steel infrastructure and PPP during calendar year 2026 and Exhibit D, Page 1 of 1, contains surcharges to be collected from customers commencing with bills rendered for the first billing cycle of 2026. The estimated total true-up for 2025, an over-recovery of \$69,991 (Exhibit B, Page 2 of 4, Line 10), reduces the total amount to be collected through the revised surcharges during 2026. Projected capital expenditures for replacements during 2026 are \$62,143,657 (Exhibit C, Page 1 of 2, sum of Lines 1a through 1f). Sixteenth Revised Sheet No. 7.806 to Peoples’ Natural Gas Tariff, Original Volume No. 3, setting forth the revised surcharges accompanies the filing of this petition in Exhibit E.

WHEREFORE, Peoples respectfully requests that the Commission enter an order approving:

- A. The final true-up for calendar year 2024, the calculation of which is contained in Exhibit A;
- B. The projected revenue requirements for 2026 (as calculated in Exhibit C and as adjusted by the projected true-up for 2025 calculated in Exhibit B); and
- C. Peoples' billing of the recovery surcharges for 2026 set forth in Exhibit D to this petition commencing with bills rendered for the first billing cycle of 2026.

DATED this 29th day of August,

Respectfully submitted,



JEFF WAHLEN
jwahlen@ausley.com
VIRGINIA PONDER
vponder@ausley.com
Matt J. Jones
mjones@ausley.com
Ausley McMullen
Post Office Box 391
Tallahassee, FL 32302
(850) 224-9115

Attorneys for Peoples Gas System, Inc.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing petition has been furnished by electronic mail this 29th day of August 2024, to the following:

Walt Trierweiler
Charles Rehwinkel
Office of Public Counsel
111 W. Madison Street – Room 812
Tallahassee, Florida 32399-1400.
Trierweiler.walt@leg.state.fl.us
rehwinkel.charles@leg.state.fl.us

A handwritten signature in blue ink, appearing to read "V. Bander", is positioned above a horizontal line.

ATTORNEY

PEOPLES GAS SYSTEM, INC.

“EXHIBIT A”

CALCULATION OF THE FINAL AMOUNT FOR 2024 (PAGE 1 OF 3)

***CALCULATION OF THE FINAL TRUE-UP AMOUNT FOR 2024
(PAGE 2 OF 3)***

INTEREST PROVISION FOR 2024 (PAGE 3 OF 3)

PEOPLES GAS SYSTEM, INC.
Cast Iron / Bare Steel Replacement Rider
Calculation of the Final Amount for the Period
January 2024 to December 2024

Exhibit A
Page 1 of 3

Total Return on CI/BS & PPP Capital Investments, Depreciation and Taxes for Eligible Replacements
(in Dollars)

| Line | Description | Beginning of Period Amount | Actual January | Actual February | Actual March | Actual April | Actual May | Actual June | Actual July | Actual August | Actual September | Actual October | Actual November | Actual December | End of Period Total |
|------|--|-------------------------------|-------------------|--------------------|-----------------|-----------------|---------------|----------------|----------------|------------------|---------------------|-------------------|--------------------|--------------------|---------------------------|
| 1. | Investments | | | | | | | | | | | | | | |
| a. | Eligible Replacements - Mains (Plastic) | | 1,393,207 | 1,465,779 | 1,600,509 | 2,230,952 | 2,515,288 | 3,012,620 | 1,710,946 | 2,456,258 | 1,379,882 | 1,887,571 | 626,983 | 1,133,157 | 21,413,150 |
| b. | Eligible Replacements - Mains (Steel) | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| c. | Eligible Replacements - Services (Plastic) | | 2,458 | 17,927 | 16,044 | 17,254 | 25,846 | 20,096 | 47,019 | 56,879 | 19,287 | 34,839 | 121,337 | 266,292 | 645,277 |
| d. | Eligible Replacements - Services (Steel) | | (2,556) | 19,391 | 2,917 | 0 | 0 | 414 | 0 | 0 | 0 | 0 | 0 | 0 | 20,166 |
| e. | Eligible Replacements - Regulators | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| f. | First \$1,000,000 Adjustment to Rate Base | | (190,838) | (377,863) | (431,299) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (1,000,000) |
| g. | Clearings to Plant | | 228,880 | 1,273,288 | 305,917 | 899,026 | 671,098 | 1,820,929 | 846,772 | 6,424,477 | 1,470,520 | 1,990,603 | 200,652 | 5,154,713 | 21,286,876 |
| 2. | Gross Plant-in-Service/Depreciation Base | (7,477,158) | (7,248,279) | (5,974,990) | (5,669,073) | (4,770,046) | (4,098,949) | (2,278,020) | (1,431,248) | 4,993,229 | 6,463,749 | 8,454,353 | 8,655,005 | 13,809,718 | |
| 3. | Less: Accumulated Depreciation | 89,929 | 102,895 | 115,518 | 126,610 | 137,774 | 147,723 | 156,980 | 163,864 | 169,677 | 167,075 | 162,368 | 154,912 | 147,093 | |
| 4. | CWIP - NonInterest Bearing | 6,686,251 | 7,659,642 | 7,511,588 | 8,393,841 | 9,743,020 | 11,613,055 | 12,825,256 | 13,736,449 | 9,825,109 | 9,753,757 | 9,685,563 | 10,233,232 | 6,477,968 | |
| 5. | Net Book Value (Lines 2 + 3 + 4) | (700,978) | 514,258 | 1,652,116 | 2,851,377 | 5,110,747 | 7,661,830 | 10,704,217 | 12,469,065 | 14,988,014 | 16,384,582 | 18,302,284 | 19,043,148 | 20,434,779 | |
| 6. | Average Net Book Value | | (93,360) | 1,083,187 | 2,251,747 | 3,981,062 | 6,386,289 | 9,183,024 | 11,586,641 | 13,728,539 | 15,686,298 | 17,343,433 | 18,672,716 | 19,738,964 | |
| 7. | Return on Average Net Book Value | | | | | | | | | | | | | | |
| a. | Equity component Grossed up for taxes (A) | | (499) | 5,783 | 12,022 | 21,256 | 34,098 | 49,030 | 61,864 | 73,301 | 83,754 | 92,601 | 99,698 | 105,391 | 638,299 |
| b. | Debt component (B) | | (111) | 1,279 | 2,660 | 4,703 | 7,544 | 10,847 | 13,687 | 16,217 | 18,530 | 20,487 | 22,058 | 23,317 | 141,218 |
| | | | (610) | 7,062 | 14,682 | 25,959 | 41,642 | 59,877 | 75,551 | 89,518 | 102,284 | 113,088 | 121,756 | 128,708 | 779,517 |
| 8. | Investment Expenses | | | | | | | | | | | | | | |
| a. | Depreciation Expense (C) | | (11,014) | (10,671) | (8,761) | (8,278) | (6,911) | (5,876) | (3,121) | (1,799) | 7,900 | 10,127 | 13,151 | 13,586 | (11,668) |
| b. | Amortization | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| c. | Property Taxes (D) | | (9,622) | (9,622) | (9,622) | (9,622) | (9,622) | (9,622) | (9,622) | (9,622) | (9,622) | (9,622) | (9,622) | (9,621) | (115,463) |
| d. | Depreciation Savings | | (1,952) | (1,952) | (2,331) | (2,886) | (3,039) | (3,381) | (3,762) | (4,014) | (5,298) | (5,420) | (5,695) | (5,767) | (45,496) |
| 9. | Total Recoverable Costs (Lines 7 + 8) | | (23,198) | (15,183) | (6,032) | 5,173 | 22,071 | 40,999 | 59,045 | 74,083 | 95,263 | 108,173 | 119,590 | 126,906 | 606,890 |

Notes:

(A) Line 7a = Line 6 x 6.4071% x 1/12. Based on ROE of 10.15%, and weighted income tax rate of 25.345%, Net Operating Income Multiplier of 1.34623

(B) Line 7b = Line 6 x 1.4175% x 1/12

(C) Depreciation rates: 1.8% Mains Plastic, 2.4% Mains Steel, 3.1% Services Plastic, 4.3% Services Steel; 3.0% Regulator Station (prior: 1.6% Mains Plastic, 2.1% Mains Steel, 2.7% Services Plastic, 4.0% Services Steel, 2.7% Regulator Stations)

(D) Ad Valorem Tax Rate is 1.563%

PEOPLES GAS SYSTEM, INC.
CAST IRON / BARE STEEL RIDER
EXHIBIT A
PAGE 1 OF 3
FILED: AUGUST 29, 2025

PEOPLES GAS SYSTEM, INC.
Cast Iron / Bare Steel Replacement Rider
Calculation of the Final True-Up Amount
January 2024 to December 2024
Final True-Up Amount
(in Dollars)

Exhibit A
Page 2 of 3

| <u>Line</u> | <u>Description</u> | <u>Actual January</u> | <u>Actual February</u> | <u>Actual March</u> | <u>Actual April</u> | <u>Actual May</u> | <u>Actual June</u> | <u>Actual July</u> | <u>Actual August</u> | <u>Actual September</u> | <u>Actual October</u> | <u>Actual November</u> | <u>Actual December</u> | <u>End of Period Total</u> |
|-------------|---|---------------------------|----------------------------|-------------------------|-------------------------|-----------------------|------------------------|------------------------|--------------------------|-----------------------------|---------------------------|----------------------------|----------------------------|------------------------------------|
| 1. | CIBSR Revenues (net of Revenue Taxes) | 95,811 | 92,401 | 86,367 | 81,831 | 70,317 | 46,281 | 58,653 | 56,659 | 56,912 | 60,105 | 66,847 | 85,427 | 857,610 |
| 2. | True-Up Provision | (890) | (890) | (890) | (890) | (890) | (890) | (890) | (890) | (890) | (890) | (890) | (893) | (10,683) |
| 3. | CIBSR Revenues Applicable to Period (Lines 1 + 2) | 94,921 | 91,511 | 85,477 | 80,941 | 69,427 | 45,391 | 57,763 | 55,769 | 56,022 | 59,215 | 65,957 | 84,534 | 846,927 |
| 4. | CIBSR Costs | | | | | | | | | | | | | |
| a. | Return on Investment | (610) | 7,062 | 14,682 | 25,959 | 41,642 | 59,877 | 75,551 | 89,518 | 102,284 | 113,088 | 121,756 | 128,708 | 779,517 |
| b. | Depreciation | (11,014) | (10,671) | (8,761) | (8,278) | (6,911) | (5,876) | (3,121) | (1,799) | 7,900 | 10,127 | 13,151 | 13,586 | (11,668) |
| c. | Property Taxes | (9,622) | (9,622) | (9,622) | (9,622) | (9,622) | (9,622) | (9,622) | (9,622) | (9,622) | (9,622) | (9,622) | (9,621) | (115,463) |
| d. | Depreciation Savings | (1,952) | (1,952) | (2,331) | (2,886) | (3,039) | (3,381) | (3,762) | (4,014) | (5,298) | (5,420) | (5,695) | (5,767) | (45,496) |
| d. | Total CIBSR Costs | (23,198) | (15,183) | (6,032) | 5,173 | 22,070 | 40,998 | 59,046 | 74,083 | 95,264 | 108,173 | 119,590 | 126,906 | 606,890 |
| 5. | Over/(Under) Recovery (Line 3 - Line 4d) | 118,119 | 106,694 | 91,509 | 75,768 | 47,357 | 4,393 | (1,283) | (18,314) | (39,241) | (48,958) | (53,633) | (42,372) | 240,037 |
| 6. | Interest Provision | (191) | 311 | 271 | 163 | 441 | (10) | (568) | (605) | (703) | (848) | (1,018) | (1,156) | (3,913) |
| 7. | Beginning Balance True-Up & Interest Provision | (102,499) | 16,319 | 124,214 | (1,636) | 75,185 | 123,873 | (128,368) | (129,329) | (147,358) | (186,412) | (235,328) | (289,089) | (102,499) |
| 8. | True-Up Collected/(Refunded) | 890 | 890 | 890 | 890 | 890 | 890 | 890 | 890 | 890 | 890 | 890 | 893 | 10,683 |
| 9. | End of Period Total True-Up (Lines 5+6+7+8) | 16,319 | 124,214 | 216,884 | 75,185 | 123,873 | 129,146 | (129,329) | (147,358) | (186,412) | (235,328) | (289,089) | (331,724) | 144,308 |
| 9.a | Regulatory Adjustment (Long Term Debt True Up) | 0 | 0 | (218,520) | 0 | 0 | (257,514) | 0 | 0 | 0 | 0 | 0 | 0 | (476,034) |
| 10. | Adjusted End of Period Total True Up | \$16,319 | \$124,214 | (\$1,636) | \$75,185 | \$123,873 | (\$128,368) | (\$129,329) | (\$147,358) | (\$186,412) | (\$235,328) | (\$289,089) | (\$331,724) | |

PEOPLES GAS SYSTEM, INC.
Cast Iron / Bare Steel Replacement Rider
Calculation of the Final True-Up Amount
January 2024 to December 2024
Interest Provision
(in Dollars)

Exhibit A
Page 3 of 3

| Line | Description | Actual January | Actual February | Actual March | Actual April | Actual May | Actual June | Actual July | Actual August | Actual September | Actual October | Actual November | Actual December | End of Period Total |
|------|--|-------------------|--------------------|-----------------|-----------------|---------------|----------------|----------------|------------------|---------------------|-------------------|--------------------|--------------------|---------------------------|
| 1. | Beginning True-Up Amount | (\$102,499) | \$16,319 | \$124,214 | (\$1,636) | \$75,185 | \$123,873 | (\$128,368) | (\$129,329) | (\$147,358) | (\$186,412) | (\$235,328) | (\$289,089) | |
| 2. | Ending True-Up Amount Before Interest | 16,510 | 123,903 | (1,907) | 75,022 | 123,432 | (128,358) | (128,761) | (146,753) | (185,709) | (234,480) | (288,071) | (330,568) | |
| 3. | Total of Beginning & Ending True-Up (Lines 1 + 2) | (85,989) | 140,222 | 122,307 | 73,386 | 198,617 | (4,485) | (257,129) | (276,082) | (333,067) | (420,892) | (523,399) | (619,657) | |
| 4. | Average True-Up Amount (Line 3 x 1/2) | (42,995) | 70,111 | 61,154 | 36,693 | 99,309 | (2,243) | (128,565) | (138,041) | (166,534) | (210,446) | (261,700) | (309,829) | |
| 5. | Interest Rate (First Day of Reporting Business Month) | 5.34% | 5.34% | 5.29% | 5.33% | 5.34% | 5.31% | 5.30% | 5.31% | 5.21% | 4.91% | 4.75% | 4.58% | |
| 6. | Interest Rate (First Day of Subsequent Business Month) | 5.34% | 5.29% | 5.33% | 5.34% | 5.31% | 5.30% | 5.31% | 5.21% | 4.91% | 4.75% | 4.58% | 4.36% | |
| 7. | Total of Beginning & Ending Interest Rates (Lines 5 + 6) | 10.68% | 10.63% | 10.62% | 10.67% | 10.65% | 10.61% | 10.61% | 10.52% | 10.12% | 9.66% | 9.33% | 8.94% | |
| 8. | Average Interest Rate (Line 7 x 1/2) | 5.340% | 5.315% | 5.310% | 5.335% | 5.325% | 5.305% | 5.305% | 5.260% | 5.060% | 4.830% | 4.665% | 4.470% | |
| 9. | Monthly Average Interest Rate (Line 8 x 1/12) | 0.445% | 0.443% | 0.443% | 0.445% | 0.444% | 0.442% | 0.442% | 0.438% | 0.422% | 0.403% | 0.389% | 0.373% | |
| 10. | Interest Provision for the Month (Line 4 x Line 9) | (\$191) | \$311 | \$271 | \$163 | \$441 | (\$10) | (\$568) | (\$605) | (\$703) | (\$848) | (\$1,018) | (\$1,156) | (\$3,913) |

PEOPLES GAS SYSTEM, INC.
CAST IRON / BARE STEEL RIDER
EXHIBIT A
PAGE 3 OF 3
FILED: AUGUST 29, 2025

PEOPLES GAS SYSTEM, INC.

“EXHIBIT B”

***CALCULATION OF ACTUAL AND REFORECAST AMOUNT
FOR 2025 (PAGE 1 OF 4)***

PROJECTED TRUE-UP AMOUNT FOR 2025 (PAGE 2 OF 4)

INTEREST PROVISION FOR 2025 (PAGE 3 OF 4)

***CALCULATION OF DEBT AND EQUITY RETURN
(PAGE 4 OF 4)***

PEOPLES GAS SYSTEM, INC.
Cast Iron/Bare Steel Replacement Rider
Calculation of the Actual and Forecast Amount for the Period
January 2025 to December 2025
Total Return on CI/BS & PPP Capital Investments, Depreciation and Taxes for Eligible Replacements
(in Dollars)

Exhibit B
Page 1 of 4

| Line | Description | Beginning of Period Amount | Actual January | Actual February | Actual March | Actual April | Actual May | Actual June | Actual July | Forecast August | Forecast September | Forecast October | Forecast November | Forecast December | End of Period Total |
|------|--|-------------------------------|-------------------|--------------------|-----------------|-----------------|---------------|----------------|----------------|--------------------|-----------------------|---------------------|----------------------|----------------------|---------------------------|
| 1. | Investments | | | | | | | | | | | | | | |
| a. | Eligible Replacements - Mains (Plastic) | | 1,023,840 | 841,777 | 1,706,195 | 623,406 | 758,308 | 1,319,599 | 1,967,365 | 3,311,553 | 4,192,409 | 5,698,692 | 5,787,735 | 5,041,604 | 32,272,484 |
| b. | Eligible Replacements - Mains (Steel) | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| c. | Eligible Replacements - Services (Plastic) | | 21,847 | 38,491 | 48,252 | 27,981 | 168,086 | 37,958 | 27,795 | 0 | 0 | 0 | 0 | 0 | 370,411 |
| d. | Eligible Replacements - Services (Steel) | | 0 | 109 | 2,518 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,627 |
| e. | Eligible Replacements - Regulators | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| f. | First \$1,000,000 Adjustment to Rate Base | | (293,056) | (110,653) | (364,193) | (154,923) | (77,174) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (1,000,000) |
| g. | Clearings to Plant | | 668,413 | 1,944,436 | 1,259,818 | 327,677 | 618,378 | 586,226 | 476,451 | 4,536,189 | 4,890,672 | 5,845,819 | 5,875,820 | 5,294,200 | 32,324,098 |
| 2. | Gross Plant-in-Service/Depreciation Base | 13,809,718 | 14,478,131 | 16,422,567 | 17,682,385 | 18,010,062 | 18,628,928 | 19,214,666 | 19,691,116 | 24,227,305 | 29,117,977 | 34,963,796 | 40,839,616 | 46,133,815 | |
| 3. | Less: Accumulated Depreciation | 147,093 | 125,580 | 103,399 | 78,485 | 53,593 | 28,417 | 2,128 | (24,055) | (50,759) | (84,069) | (124,503) | (173,457) | (230,983) | |
| 4. | CWIP - NonInterest Bearing | 6,477,968 | 6,562,185 | 5,387,472 | 5,520,426 | 5,689,214 | 5,920,056 | 6,691,388 | 8,210,097 | 6,985,461 | 6,287,198 | 6,140,072 | 6,051,988 | 5,799,392 | |
| 5. | Net Book Value (Lines 2 + 3 + 4) | 20,434,779 | 21,165,896 | 21,913,438 | 23,281,297 | 23,752,869 | 24,577,401 | 25,908,181 | 27,877,158 | 31,162,007 | 35,321,106 | 40,979,364 | 46,718,147 | 51,702,224 | |
| 6. | Average Net Book Value | | 20,800,337 | 21,539,667 | 22,597,367 | 23,517,083 | 24,165,135 | 25,242,791 | 26,892,670 | 29,519,583 | 33,241,557 | 38,150,235 | 43,848,756 | 49,210,185 | |
| 7. | Return on Average Net Book Value | | | | | | | | | | | | | | |
| a. | Equity component Grossed up for taxes (A) | | 112,266 | 116,257 | 121,966 | 126,930 | 130,428 | 136,243 | 145,149 | 159,327 | 179,416 | 205,909 | 236,666 | 265,604 | 1,936,161 |
| b. | Debt component (B) | | 31,939 | 33,074 | 34,698 | 36,110 | 37,105 | 38,760 | 41,294 | 45,328 | 51,042 | 58,580 | 67,330 | 75,563 | 550,823 |
| | | | 144,205 | 149,331 | 156,664 | 163,040 | 167,533 | 175,003 | 186,443 | 204,655 | 230,458 | 264,489 | 303,996 | 341,167 | 2,486,984 |
| 8. | Investment Expenses | | | | | | | | | | | | | | |
| a. | Depredation Expense (C) | | 21,611 | 22,613 | 25,530 | 27,420 | 27,911 | 29,024 | 29,945 | 30,690 | 37,494 | 44,830 | 53,599 | 62,413 | 413,078 |
| b. | Amortization | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| c. | Property Taxes (D) | | 18,179 | 18,179 | 18,179 | 18,179 | 18,179 | 18,179 | 18,179 | 18,179 | 18,179 | 18,179 | 18,179 | 18,176 | 218,145 |
| d. | Depreciation Savings | | (97) | (432) | (616) | (2,528) | (2,735) | (2,735) | (3,762) | (3,986) | (4,183) | (4,396) | (4,645) | (4,886) | (35,002) |
| 9. | Total Recoverable Costs (Lines 7 + 8) | | 183,898 | 189,690 | 199,757 | 206,111 | 210,888 | 219,472 | 230,804 | 249,538 | 281,948 | 323,102 | 371,128 | 416,870 | 3,083,205 |

Notes:

- (A) Line 7a = Line 6 x 6.47681% x 1/12. Based on ROE of 10.15%, weighted income tax rate of 25.345%, and Net Operating Income Multiplier of 1.34623.
(B) Line 7b = Line 6 x 1.8426% x 1/12
(C) Depredation rates: 1.8% Mains Plastic, 2.4% Mains Steel, 3.1% Services Plastic, 4.3% Services Steel; 3.0% Regulator Station
(D) Ad Valorem Tax Rate is 1.563%

PEOPLES GAS SYSTEM, INC.
CAST IRON / BARE STEEL RIDER
EXHIBIT B
PAGE 1 OF 4
FILED: AUGUST 29, 2025

PEOPLES GAS SYSTEM, INC.
Cast Iron/Bare Steel Replacement Rider
Calculation of the Actual and Forecast Amount for the Period
January 2025 to December 2025
Current Period Actual / Reforecast True-Up Amount
(In Dollars)

Exhibit B
Page 2 of 4

| Line | Description | Actual January | Actual February | Actual March | Actual April | Actual May | Actual June | Actual July | Forecast August | Forecast September | Forecast October | Forecast November | Forecast December | End of Period Total |
|------|---|-------------------|--------------------|-----------------|-----------------|---------------|----------------|----------------|--------------------|-----------------------|---------------------|----------------------|----------------------|---------------------------|
| 1. | CIBSR Revenues (net of Revenue Taxes) | 421,109 | 408,562 | 355,450 | 329,463 | 295,119 | 244,323 | 233,528 | 236,800 | 236,800 | 236,800 | 236,800 | 236,800 | 3,471,552 |
| 2. | True-Up Provision | (25,477) | (25,477) | (25,477) | (25,477) | (25,477) | (25,477) | (25,477) | (25,477) | (25,477) | (25,477) | (25,477) | (25,477) | (305,724) |
| 3. | CIBSR Revenues Applicable to Period (Lines 1 + 2) | 395,632 | 383,085 | 329,973 | 303,986 | 269,642 | 218,846 | 208,051 | 211,323 | 211,323 | 211,323 | 211,323 | 211,323 | 3,165,828 |
| 4. | CIBSR Costs | | | | | | | | | | | | | |
| a. | Return on Investment | 144,205 | 149,331 | 156,664 | 163,040 | 167,533 | 175,003 | 186,443 | 204,655 | 230,458 | 264,489 | 303,996 | 341,167 | 2,486,984 |
| b. | Depreciation | 21,611 | 22,613 | 25,530 | 27,420 | 27,911 | 29,024 | 29,945 | 30,690 | 37,494 | 44,830 | 53,599 | 62,413 | 413,078 |
| c. | Property Taxes | 18,179 | 18,179 | 18,179 | 18,179 | 18,179 | 18,179 | 18,179 | 18,179 | 18,179 | 18,179 | 18,179 | 18,176 | 218,145 |
| d. | Depreciation Savings | (97) | (432) | (616) | (2,528) | (2,735) | (2,735) | (3,762) | (3,986) | (4,183) | (4,396) | (4,645) | (4,886) | (35,002) |
| d. | Total CIBSR Costs | 183,898 | 189,691 | 199,757 | 206,111 | 210,888 | 219,472 | 230,804 | 249,538 | 281,948 | 323,102 | 371,128 | 416,869 | 3,083,205 |
| 5. | Over/(Under) Recovery (Line 3 - Line 4d) | 211,734 | 193,394 | 130,217 | 97,876 | 58,754 | (626) | (22,753) | (38,215) | (70,625) | (111,779) | (159,806) | (205,547) | 82,624 |
| 6. | Interest Provision | (774) | 51 | 727 | 1,223 | 1,608 | 1,815 | 1,867 | 1,855 | 1,758 | 1,527 | 1,136 | 574 | 13,367 |
| 7. | Beginning Balance True-Up & Interest Provision | (331,724) | (95,287) | 123,635 | 280,056 | 404,632 | 490,471 | 517,137 | 521,728 | 510,845 | 467,455 | 382,680 | 249,487 | (331,724) |
| 8. | True-Up Collected/(Refunded) | 25,477 | 25,477 | 25,477 | 25,477 | 25,477 | 25,477 | 25,477 | 25,477 | 25,477 | 25,477 | 25,477 | 25,477 | 305,724 |
| 9. | End of Period Total True-Up (Lines 5+6+7+8) | (95,287) | 123,635 | 280,056 | 404,632 | 490,471 | 517,137 | 521,728 | 510,845 | 467,455 | 382,680 | 249,487 | 69,991 | 69,991 |
| 9.a | Adjustment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 10. | Adjusted End of Period Total True Up | (\$95,287) | \$123,635 | \$280,056 | \$404,632 | \$490,471 | \$517,137 | \$521,728 | \$510,845 | \$467,455 | \$382,680 | \$249,487 | \$69,991 | \$69,991 |

PEOPLES GAS SYSTEM, INC.
CAST IRON / BARE STEEL RIDER
EXHIBIT B
PAGE 2 OF 4
FILED: AUGUST 29, 2025

PEOPLES GAS SYSTEM, INC.
Cast Iron/Bare Steel Replacement Rider
Calculation of the Actual and Forecast Amount for the Period
January 2025 to December 2025
Interest Provision
(in Dollars)

Exhibit B
Page 3 of 4

| <u>Line</u> | <u>Description</u> | <u>Actual January</u> | <u>Actual February</u> | <u>Actual March</u> | <u>Actual April</u> | <u>Actual May</u> | <u>Actual June</u> | <u>Actual July</u> | <u>Forecast August</u> | <u>Forecast September</u> | <u>Forecast October</u> | <u>Forecast November</u> | <u>Forecast December</u> | <u>End of Period Total</u> |
|-------------|--|---------------------------|----------------------------|-------------------------|-------------------------|-----------------------|------------------------|------------------------|----------------------------|-------------------------------|-----------------------------|------------------------------|------------------------------|------------------------------------|
| 1. | Beginning True-Up Amount | (\$331,724) | (\$95,287) | \$123,635 | \$280,056 | \$404,632 | \$490,471 | \$517,137 | \$521,728 | \$510,845 | \$467,455 | \$382,680 | \$249,487 | |
| 2. | Ending True-Up Amount Before Interest | (94,513) | 123,584 | 279,329 | 403,409 | 488,863 | 515,322 | 519,861 | 508,990 | 465,697 | 381,153 | 248,351 | 69,417 | |
| 3. | Total of Beginning & Ending True-Up (Lines 1 + 2) | (426,238) | 28,296 | 402,963 | 683,464 | 893,494 | 1,005,792 | 1,036,997 | 1,030,717 | 976,541 | 848,607 | 631,030 | 318,903 | |
| 4. | Average True-Up Amount (Line 3 x 1/2) | (213,119) | 14,148 | 201,482 | 341,732 | 446,747 | 502,896 | 518,499 | 515,359 | 488,271 | 424,304 | 315,515 | 159,452 | |
| 5. | Interest Rate (First Day of Reporting Business Month) | 4.36% | 4.35% | 4.35% | 4.32% | 4.28% | 4.35% | 4.31% | 4.32% | 4.32% | 4.32% | 4.32% | 4.32% | |
| 6. | Interest Rate (First Day of Subsequent Business Month) | 4.35% | 4.35% | 4.32% | 4.28% | 4.35% | 4.31% | 4.32% | 4.32% | 4.32% | 4.32% | 4.32% | 4.32% | |
| 7. | Total of Beginning & Ending Interest Rates (Lines 5 + 6) | 8.71% | 8.70% | 8.67% | 8.60% | 8.63% | 8.66% | 8.63% | 8.64% | 8.64% | 8.64% | 8.64% | 8.64% | |
| 8. | Average Interest Rate (Line 7 x 1/2) | 4.355% | 4.350% | 4.335% | 4.300% | 4.315% | 4.330% | 4.315% | 4.320% | 4.320% | 4.320% | 4.320% | 4.320% | |
| 9. | Monthly Average Interest Rate (Line 8 x 1/12) | 0.363% | 0.363% | 0.361% | 0.358% | 0.360% | 0.361% | 0.360% | 0.360% | 0.360% | 0.360% | 0.360% | 0.360% | |
| 10. | Interest Provision for the Month (Line 4 x Line 9) | (\$774) | \$51 | \$727 | \$1,223 | \$1,608 | \$1,815 | \$1,867 | \$1,855 | \$1,758 | \$1,527 | \$1,136 | \$574 | \$13,367 |

PEOPLES GAS SYSTEM, INC.
CAST IRON / BARE STEEL RIDER
EXHIBIT B
PAGE 4 OF 4
FILED: AUGUST 29, 2025

PEOPLES GAS SYSTEM, INC.
Cast Iron/Bare Steel Replacement Rider
Calculation of Debt and Equity Return
January 2025 to December 2025
Dec 2023 Cap Structure with 10.15% ROE
Calculation of Revenue Requirement Rate of Return
(In Dollars)

Exhibit B
Page 4 of 4

| | (1) | (2) | (3) | (4) |
|------------------------------------|-----------------------------|------------|--------------------|-------------------------------|
| | Rate Base ESR (\$000) | Ratio % | Cost Rate % | Weighted Cost Rate % |
| Long Term Debt | \$ 543,872 | 27.35% | 4.07% | 1.1131% |
| Short Term Debt | 236,704 | 11.90% | 5.84% | 0.6950% |
| Preferred Stock | - | 0.00% | 0.00% | 0.0000% |
| Residential Customer Deposits | - | 0.00% | 0.00% | 0.0000% |
| Commercial Customer Deposits | 28,387 | 1.43% | 2.41% | 0.0345% |
| Inactive Customer Deposits | - | 0.00% | 0.00% | 0.0000% |
| Common Equity | 942,551 | 47.40% | 10.15% | 4.8111% |
| Deferred Income Tax | 237,187 | 11.93% | 0.00% | 0.0000% |
| Tax Credits - Zero Cost | - | 0.00% | 0.00% | 0.0000% |
| Total | \$ 1,988,701 | 100% | | 6.6537% |
| ITC split between Debt and Equity: | | | | |
| Long Term Debt | \$ 543,872 | | Long Term Debt | 36.59% |
| Equity - Preferred | 0 | | Equity - Preferred | 0.00% |
| Equity - Common | 942,551 | | Equity - Common | 63.41% |
| Total | \$ 1,486,423 | | Total | 100.00% |
| Deferred ITC - Weighted Cost: | | | | |
| Debt = 0.0% * 38.73% | 0.0000% | | | |
| Equity = 0.0% * 61.27% | 0.0000% | | | |
| Weighted Cost | 0.0000% | | | |
| Total Equity Cost Rate: | | | | |
| Preferred Stock | 0.0000% | | | |
| Common Equity | 4.8111% | | | |
| Deferred ITC - Weighted Cost | 0.0000% | | | |
| | 4.8111% | | | |
| Times Tax Multiplier (A) | 1.34623 | | | |
| Total Equity Component | 6.4768% | | | |
| Total Debt Cost Rate: | | | | |
| Long Term Debt | 1.1131% | | | |
| Short Term Debt | 0.6950% | | | |
| Customer Deposits | 0.0345% | | | |
| Deferred ITC - Weighted Cost | 0.0000% | | | |
| Total Debt Component | 1.8426% | | | |
| | 8.3194% | | | |

(A) The bad debt rate has been removed from the tax multiplier.

PEOPLES GAS SYSTEM, INC.

“EXHIBIT C”

***CALCULATION OF THE PROJECTED AMOUNT FOR
2026 (PAGE 1 OF 2)***

***CALCULATION OF DEBT AND EQUITY RETURN FOR
2026 (PAGE 2 OF 2)***

PEOPLES GAS SYSTEM, INC.
Cast Iron/Bare Steel Replacement Rider
Return on Capital Investments, Depreciation and Taxes for Eligible Replacements
January 2026 to December 2026
(in Dollars)

Exhibit C
Page 1 of 2

| | | Beginning of | | | | | | | | | | | | | End of | | | | | | | | | | | | |
|------|--|-------------------|-------------|----------|-----------|-------|------------|------|------------|--------|------------|---------|------------|----------|--------------|----|------------|----|------------|----|------------|----|------------|----|------------|----|-------------|
| Line | Description | Period Amount (E) | January | February | March | April | May | June | July | August | September | October | November | December | Period Total | | | | | | | | | | | | |
| 1. | Investments | | | | | | | | | | | | | | | | | | | | | | | | | | |
| CIBS | a. Eligible Replacements - Mains (Plastic) | \$ | 250,300 | \$ | 316,385 | \$ | 300,581 | \$ | 286,809 | \$ | 302,940 | \$ | 348,234 | \$ | 294,635 | \$ | 341,562 | \$ | 403,821 | \$ | 444,863 | \$ | 418,216 | \$ | 467,475 | \$ | 4,175,820 |
| CIBS | b. Eligible Replacements - Mains (Steel) | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |
| CIBS | c. Eligible Replacements - Services (Plastic) | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |
| PPP | d. Eligible Replacements - Mains (Plastic) | \$ | 4,036,876 | \$ | 4,924,670 | \$ | 4,712,361 | \$ | 4,355,384 | \$ | 4,241,708 | \$ | 4,850,197 | \$ | 3,958,171 | \$ | 4,588,594 | \$ | 5,424,998 | \$ | 5,976,363 | \$ | 5,618,377 | \$ | 6,280,139 | \$ | 58,967,838 |
| PPP | e. Eligible Replacements - Regulators | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |
| CIBS | f. First \$1,000,000 Adjustment to Rate Base | \$ | (1,000,000) | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | (1,000,000) |
| CIBS | g. Clearings to Plant | \$ | 187,725 | \$ | 252,932 | \$ | 256,943 | \$ | 257,523 | \$ | 276,943 | \$ | 317,413 | \$ | 284,918 | \$ | 322,543 | \$ | 373,992 | \$ | 412,231 | \$ | 400,403 | \$ | 441,801 | \$ | 3,785,367 |
| PPP | h. Clearings to Plant | \$ | 3,027,657 | \$ | 3,695,807 | \$ | 3,843,791 | \$ | 3,793,201 | \$ | 3,848,490 | \$ | 4,403,161 | \$ | 3,845,901 | \$ | 4,346,785 | \$ | 5,034,540 | \$ | 5,545,679 | \$ | 5,384,860 | \$ | 5,939,561 | \$ | 52,709,433 |
| 2. | Gross Plant-in-Service/Depreciation Base | \$ | - | \$ | 3,215,382 | \$ | 7,164,122 | \$ | 11,264,856 | \$ | 15,315,580 | \$ | 19,441,012 | \$ | 24,161,585 | \$ | 28,292,404 | \$ | 32,961,732 | \$ | 38,370,264 | \$ | 44,328,174 | \$ | 50,113,438 | \$ | 56,494,800 |
| 3. | Less: Accumulated Depreciation | \$ | - | \$ | (605) | \$ | (6,548) | \$ | (19,042) | \$ | (38,289) | \$ | (64,170) | \$ | (96,784) | \$ | (137,102) | \$ | (184,127) | \$ | (238,748) | \$ | (302,181) | \$ | (375,321) | \$ | (457,864) |
| 4. | CWIP - NonInterest Bearing | \$ | - | \$ | 71,794 | \$ | 1,364,109 | \$ | 2,276,317 | \$ | 2,867,786 | \$ | 3,287,002 | \$ | 3,764,859 | \$ | 3,886,846 | \$ | 4,147,673 | \$ | 4,567,959 | \$ | 5,031,276 | \$ | 5,282,605 | \$ | 5,648,858 |
| 5. | Net Book Value (Lines 2 + 3 + 4) | \$ | - | \$ | 3,286,571 | \$ | 8,521,683 | \$ | 13,522,131 | \$ | 18,145,077 | \$ | 22,663,844 | \$ | 27,829,660 | \$ | 32,042,148 | \$ | 36,925,278 | \$ | 42,699,476 | \$ | 49,057,269 | \$ | 55,020,722 | \$ | 61,685,793 |
| 6. | Average Net Book Value | \$ | 1,643,285 | \$ | 5,904,127 | \$ | 11,021,907 | \$ | 15,833,604 | \$ | 20,404,460 | \$ | 25,246,752 | \$ | 29,935,904 | \$ | 34,483,713 | \$ | 39,812,377 | \$ | 45,878,372 | \$ | 52,038,996 | \$ | 58,353,258 | | |
| 7. | Return on Average Net Book Value | | | | | | | | | | | | | | | | | | | | | | | | | | |
| a. | Equity component Grossed up for taxes (A) | \$ | 8,892 | \$ | 31,948 | \$ | 59,640 | \$ | 85,677 | \$ | 110,410 | \$ | 136,613 | \$ | 161,985 | \$ | 186,594 | \$ | 215,428 | \$ | 248,251 | \$ | 281,588 | \$ | 315,754 | \$ | 1,842,780 |
| b. | Debt component (B) | \$ | 3,113 | \$ | 11,185 | \$ | 20,881 | \$ | 29,996 | \$ | 38,656 | \$ | 47,830 | \$ | 56,713 | \$ | 65,329 | \$ | 75,424 | \$ | 86,917 | \$ | 98,588 | \$ | 110,550 | \$ | 645,182 |
| | | \$ | 12,005 | \$ | 43,133 | \$ | 80,521 | \$ | 115,673 | \$ | 149,066 | \$ | 184,443 | \$ | 218,698 | \$ | 251,923 | \$ | 290,852 | \$ | 335,168 | \$ | 380,176 | \$ | 426,304 | \$ | 2,487,962 |
| 8. | Investment Expenses | | | | | | | | | | | | | | | | | | | | | | | | | | |
| a. | Depreciation (C) | \$ | - | \$ | 4,823 | \$ | 10,746 | \$ | 16,897 | \$ | 22,973 | \$ | 29,162 | \$ | 36,242 | \$ | 42,439 | \$ | 49,443 | \$ | 57,555 | \$ | 66,492 | \$ | 75,170 | \$ | 411,943 |
| b. | Amortization | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |
| c. | Property Taxes (D) | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |
| d. | Depreciation Savings | \$ | 605 | \$ | 1,119 | \$ | 1,748 | \$ | 2,350 | \$ | 2,907 | \$ | 3,452 | \$ | 4,076 | \$ | 4,587 | \$ | 5,178 | \$ | 5,878 | \$ | 6,648 | \$ | 7,373 | \$ | 45,921 |
| 9. | Revenue Requirements (Lines 7 + 8) | \$ | 12,610 | \$ | 49,076 | \$ | 93,016 | \$ | 134,920 | \$ | 174,946 | \$ | 217,057 | \$ | 259,017 | \$ | 298,948 | \$ | 345,473 | \$ | 398,601 | \$ | 453,316 | \$ | 508,847 | \$ | 2,945,826 |
| a. | CIBS/PPP excluding True-up (Existing CIBS Rider) | \$ | 12,610 | \$ | 49,076 | \$ | 93,016 | \$ | 134,920 | \$ | 174,946 | \$ | 217,057 | \$ | 259,017 | \$ | 298,948 | \$ | 345,473 | \$ | 398,601 | \$ | 453,316 | \$ | 508,847 | \$ | 2,945,826 |
| 10. | Est projected 2024 true-up over/(under) | \$ | 69,991 | | | | | | | | | | | | | | | | | | | | | | | | |
| a. | Est. 2024 True-up (CIBS/PPP Only) | \$ | 69,991 | | | | | | | | | | | | | | | | | | | | | | | | |
| b. | Long-term Debt True-up (Jan - Jun 2024) | \$ | - | | | | | | | | | | | | | | | | | | | | | | | | |
| 11. | Revenue Requirements Net of Est Projected Recovery | \$ | (57,381) | \$ | (8,305) | \$ | 84,710 | \$ | 219,631 | \$ | 394,577 | \$ | 611,634 | \$ | 870,650 | \$ | 1,169,599 | \$ | 1,515,071 | \$ | 1,913,672 | \$ | 2,366,989 | \$ | 2,875,835 | | |

Notes:

- (A) Line 7a = Line 6 x 6.4933% x 1/12. Based on ROE of 10.15%, weighted income tax rate of 25.345%, and Net Operating Income Multiplier of 1.34623.
(B) Line 7b = Line 6 x 2.2734% x 1/12
(C) Depreciation rates: 1.8% Mains Plastic, 2.4% Mains Steel, 3.1% Services Plastic, 4.3% Services Steel; 3.0% Regulator Station
(D) Ad Valorem Tax Rate is 1.563%

PEOPLES GAS SYSTEM, INC.
CAST IRON / BARE STEEL RIDER
EXHIBIT C
PAGE 1 OF 2
FILED: AUGUST 29, 2025

PEOPLES GAS SYSTEM, INC.
CAST IRON / BARE STEEL RIDER
EXHIBIT C
PAGE 2 OF 2
FILED: AUGUST 29, 2025

PEOPLES GAS SYSTEM, INC.
Cast Iron/Bare Steel Replacement Rider
Calculation of Debt and Equity Return
January 2026 to December 2026
Dec 2024 Cap Structure with 10.15% ROE & 54.70% Equity Ratio
Calculation of Revenue Requirement Rate of Return
(In Dollars)

Exhibit C
Page 2 of 2

Tie to 2025 Tab

| | (1) | (2) | (3) | (4) |
|------------------------------------|-----------------------------|-------------|--------------------|-------------------------------|
| | Rate Base ESR (\$000) | Ratio % | Cost Rate % | Weighted Cost Rate % |
| Long Term Debt | \$ 885,824 | 37.27% | 5.68% | 2.1169% |
| Short Term Debt | 49,459 | 2.08% | 6.08% | 0.1265% |
| Preferred Stock | - | 0.00% | 0.00% | 0.0000% |
| Residential Customer Deposits | - | 0.00% | 0.00% | 0.0000% |
| Commercial Customer Deposits | 28,725 | 1.21% | 2.48% | 0.0300% |
| Inactive Customer Deposits | - | 0.00% | 0.00% | 0.0000% |
| Common Equity | 1,129,359 | 47.52% | 10.15% | 4.8233% |
| Deferred Income Tax | 283,290 | 11.92% | 0.00% | 0.0000% |
| Tax Credits - Zero Cost | - | 0.00% | 0.00% | 0.0000% |
| Total | \$ 2,376,657 | 100% | | 7.0967% |
| ITC split between Debt and Equity: | | | | |
| Long Term Debt | \$ 885,824 | | Long Term Debt | 43.96% |
| Equity - Preferred | 0 | | Equity - Preferred | 0.00% |
| Equity - Common | 1,129,359 | | Equity - Common | 56.04% |
| Total | \$ 2,015,183 | | Total | 100.00% |
| Deferred ITC - Weighted Cost: | | | | |
| Debt = 0.0% * 38.73% | 0.0000% | | | |
| Equity = 0.0% * 61.27% | 0.0000% | | | |
| Weighted Cost | 0.0000% | | | |
| Total Equity Cost Rate: | | | | |
| Preferred Stock | 0.0000% | | | |
| Common Equity | 4.8233% | | | |
| Deferred ITC - Weighted Cost | 0.0000% | | | |
| | 4.8233% | | | |
| Times Tax Multiplier (A) | 1.34623 | | | |
| Total Equity Component | 6.4933% | | | |
| Total Debt Cost Rate: | | | | |
| Long Term Debt | 2.1169% | | | |
| Short Term Debt | 0.1265% | | | |
| Customer Deposits | 0.0300% | | | |
| Deferred ITC - Weighted Cost | 0.0000% | | | |
| Total Debt Component | 2.2734% | | | |
| | <u>8.7667%</u> | | | |

(A) The bad debt rate has been removed from the tax multiplier.

Note: This is applicable to both Scenario 1 and Scenario 2.

PEOPLES GAS SYSTEM, INC.

“EXHIBIT D”

SURCHARGE CALCULATION FOR 2026 (PAGE 1 OF 1)

PEOPLES GAS SYSTEM, INC.
Cast Iron/Bare Steel Replacement Rider
CI/BS Rider Surcharge Calculation
January 2026 to December 2026

Exhibit D
Page 1 of 1

| RATE SCHEDULE | MAINS NET PLANT* | SERVICES NET PLANT* | TOTAL NET PLANT* | % OF TOTAL PLANT | REVENUES | PROJECTED THERM SALES | SURCHARGE PER THERM | AVERAGE THERMS PER BILL | AVERAGE CHARGE PER BILL |
|----------------------|------------------------|---------------------------|------------------------|---------------------|--------------|-----------------------------|------------------------|---------------------------------|-------------------------------|
| | | | | | | | | RS1 = 5 RS2 = 13 RS3 = 36 | \$ 0.06 \$ 0.14 \$ 0.37 |
| RS, RS-SG & RS-HP | \$ 243,510,379 | \$ 378,346,643 | \$ 621,857,022 | 34.72% | \$ 998,365 | 96,381,542 | \$0.01036 | | |
| SGS | \$ 25,400,386 | \$ 15,745,257 | \$ 41,145,643 | 2.30% | \$ 66,058 | 9,873,474 | \$0.00669 | 60 | \$ 0.40 |
| GS-1, CS-SG, & CS-HP | \$ 220,747,691 | \$ 34,610,695 | \$ 255,358,386 | 14.26% | \$ 409,967 | 101,063,262 | \$0.00406 | 379 | \$ 1.61 |
| GS-2 | \$ 320,669,194 | \$ 12,978,605 | \$ 333,647,799 | 18.63% | \$ 535,657 | 141,622,572 | \$0.00378 | 1,440 | \$ 5.45 |
| GS-3 | \$ 181,708,434 | \$ 1,883,068 | \$ 183,591,501 | 10.25% | \$ 294,748 | 82,620,743 | \$0.00357 | 8,122 | \$ 28.98 |
| GS-4 | \$ 109,694,165 | \$ 423,136 | \$ 110,117,301 | 6.15% | \$ 176,789 | 52,669,966 | \$0.00336 | 29,540 | \$ 99.15 |
| GS-5 | \$ 187,853,902 | \$ 747,199 | \$ 188,601,101 | 10.53% | \$ 302,791 | 212,843,650 | \$0.00142 | 88,317 | \$ 125.64 |
| CSLS | \$ 956,317 | \$ - | \$ 956,317 | 0.05% | \$ 1,535 | 525,047 | \$0.00292 | 1,458 | \$ 4.26 |
| WHS | \$ 6,372,784 | \$ 44,698 | \$ 6,417,482 | 0.36% | \$ 10,303 | 4,615,368 | \$0.00223 | 27,472 | \$ 61.33 |
| SIS | \$ 27,183,515 | \$ 610,012 | \$ 27,793,527 | 1.55% | \$ 44,621 | 47,399,664 | \$0.00094 | 141,070 | \$ 132.80 |
| IS | \$ 21,502,743 | \$ 297,849 | \$ 21,800,592 | 1.22% | \$ 35,000 | 151,139,143 | \$0.00023 | 1,095,211 | \$ 253.62 |
| ISLV | \$ - | \$ - | \$ - | 0.00% | \$ - | 0 | \$0.00000 | \$0.00000 | \$ - |
| TOTAL | \$1,345,599,510 | \$445,687,161 | \$1,791,286,672 | 100% | \$ 2,875,835 | 900,754,430 | | | |

* Source: Data in these columns are from Schedule H-2 of the Cost of Service Study approved in Peoples' most recent rate case.

PEOPLES GAS SYSTEM, INC.

“EXHIBIT E”

Tariff Sheet 7.806

Clean and Legislative

PEOPLES GAS SYSTEM, INC.

***Tariff Sheet 7.806
Clean and Legislative***

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, 2025~~56~~, 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 | \$ 0.01 394 <u>036</u> per therm |
| Small General Service | \$ 0.00 848 <u>669</u> per therm |
| General Service – 1/ Commercial Standby | |
| Generator Service / | |
| Commercial Gas Heat Pump Service | \$ 0.00 546 <u>406</u> per therm |
| General Service – 2 | \$ 0.00 477 <u>378</u> per therm |
| General Service – 3 | \$ 0.00 468 <u>357</u> per therm |
| General Service – 4 | \$ 0.00 333 <u>336</u> per therm |
| General Service – 5 | \$ 0.00 228 <u>142</u> per therm |
| Commercial Street Lighting | \$ 0.00 364 <u>292</u> per therm |
| Wholesale | \$ 0.00 269 <u>223</u> per therm |
| Small Interruptible Service | \$ 0.00 012 <u>70094</u> per therm |
| Interruptible Service | \$ 0.000 302 <u>3</u> per therm |
| Interruptible Service – Large Volume | \$ 0.00000 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.

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, 2026, 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 | \$ 0.01036 per therm |
| Small General Service | \$ 0.00669 per therm |
| General Service – 1/ Commercial Standby | |
| Generator Service / | |
| Commercial Gas Heat Pump Service | \$ 0.00406 per therm |
| General Service – 2 | \$ 0.00378 per therm |
| General Service – 3 | \$ 0.00357 per therm |
| General Service – 4 | \$ 0.00336 per therm |
| General Service – 5 | \$ 0.00142 per therm |
| Commercial Street Lighting | \$ 0.00292 per therm |
| Wholesale | \$ 0.00223 per therm |
| Small Interruptible Service | \$ 0.00094 per therm |
| Interruptible Service | \$ 0.00023 per therm |
| Interruptible Service – Large Volume | \$ 0.00000 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.