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March 31, 2025

ELECTRONIC FILING

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

Re: Docket 20250029-GU, Petition for Rate Increase by Peoples Gas System, Inc.

Dear Mr. Teitzman:

Attached for filing on behalf of Peoples Gas System, Inc. in the above-referenced docket is the Direct Testimony of Helen Wesley and Exhibit No. HW-1.

Thank you for your assistance with this matter.

(Document 2 of 16)

Sincerely,

A handwritten signature in blue ink, appearing to read 'J. Jeffrey Wahlen', with a long horizontal flourish extending to the right.

J. Jeffrey Wahlen

cc: Major Thompson, OGC
Jacob Imig, OGC
Walt Trierweiler, Public Counsel
Jon Moyle, FIPUG

JJW/dh
Attachments



BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 20250029-GU
IN RE: PETITION FOR RATE INCREASE
BY PEOPLES GAS SYSTEM, INC.

PREPARED DIRECT TESTIMONY AND EXHIBIT
OF
HELEN WESLEY

TABLE OF CONTENTS
PREPARED DIRECT TESTIMONY AND EXHIBIT
OF
HELEN WESLEY

I. ABOUT PEOPLES.....	5
II. CHANGES AND ACCOMPLISHMENTS SINCE LAST RATE CASE.....	25
III. NEED AND REQUEST FOR RATE INCREASE.....	32
IV. SUMMARY.....	49
EXHIBIT.....	50

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

PREPARED DIRECT TESTIMONY

OF

HELEN WESLEY

Q. Please state your name, address, occupation and employer.

A. My name is Helen Wesley. My business address is 702 North Franklin Street, Tampa, Florida 33602. I am employed by Peoples Gas System, Inc. ("Peoples" or the "company") as its President and Chief Executive Officer ("CEO"). I serve as President and CEO of Peoples' parent company, TECO Gas Operations, Inc., which is a subsidiary of TECO Holdings, Inc. I am also President and CEO of the company's subsidiary, TECO Partners, Inc. ("TPI") and its affiliate, SeaCoast Gas Transmission, LLC ("SeaCoast"). SeaCoast is an intrastate natural gas transmission company and TPI performs sales services for Peoples.

Q. Please describe your duties and responsibilities as President and CEO of Peoples.

A. I have overall responsibility and accountability for every aspect of Peoples. This includes operational functions such as safety and compliance, customer

1 experience, gas supply and development, operations,
2 construction and engineering, and corporate functions
3 such as regulatory affairs, supply chain management,
4 human resources, marketing and communications, external
5 affairs, information technology, finance and accounting,
6 and legal.

7
8 I am responsible for managing our organization in a
9 fiscally responsible manner that is accountable to our
10 team members, customers, regulators, shareholders,
11 strategic suppliers, financing partners, and other
12 community partners.

13
14 I lead the company to ensure that our customers across
15 the state receive safe and reliable natural gas service,
16 our team members enjoy a high quality of employment, and
17 we serve as a positive force in the communities in which
18 we operate.

19
20 I also make certain that Peoples remains financially sound
21 and complies with the numerous rules and regulations that
22 govern businesses in general and local gas distribution
23 companies specifically.

24
25 **Q.** Please provide a brief outline of your educational

1 background and business experience.

2
3 **A.** I earned a Bachelor of Commerce degree in Marketing from
4 the University of Calgary, and a Master of Business
5 Administration degree in International Business from
6 Bentley University in Boston. I have over 30 years of
7 energy industry experience in Canada, the United States,
8 Europe, the Middle East, and Africa.

9
10 Since 2010, I have been leading large groups within
11 complex organizations. My energy experience spans both
12 upstream and downstream oil and gas, as well as commodity
13 and specialty chemicals, electric utilities, and gas
14 utilities. Additionally, I served for five years as the
15 Chief Financial Officer for a regulated electric utility.

16
17 I joined Peoples in 2020 as Chief Operating Officer,
18 became President in late 2021, and was named President
19 and CEO effective January 1, 2023.

20
21 I hold a Chartered Financial Analyst designation and a
22 Directors Designation from the Institute of Corporate
23 Directors.

24
25 **Q.** What are the purposes of your prepared direct testimony?

1 **A.** My prepared direct testimony:

- 2 1. provides an overview of Peoples, our core values,
3 our commitment to customers, and strategic priorities;
4 2. describes how we have changed and what we have
5 accomplished since our last rate case;
6 3. explains our need for the rate increase we are
7 proposing; and
8 4. introduce the witnesses in the case.

9
10 Throughout my testimony, I will explain our ongoing
11 commitment to manage our business in a prudent manner in
12 a dynamic environment where natural gas continues to earn
13 great popularity for its safety, reliability,
14 convenience, and affordability. I will also introduce the
15 other witnesses who filed prepared direct testimony in
16 support of our request.

17
18 **Q.** Have you prepared a document summarizing the witnesses
19 filing prepared direct testimony in support of the
20 company's petition?

21
22 **A.** Yes. Document No. 1 of my exhibit reflects a List of
23 Peoples witnesses and the purposes of their prepared
24 direct testimonies.

1 Q. Please describe your Exhibit No. HW-1.

2
3 A. Exhibit No. HW-1, entitled "Exhibit of Helen Wesley," was
4 prepared under my direction and supervision and consists
5 of five documents:

6
7 Document No. 1 Witnesses and Purposes

8 Document No. 2 Peoples Service Territory Map

9 Document No. 3 Corporate Structure Diagram

10 Document No. 4 2025 Balanced Scorecard

11 Document No. 5 Bill Comparisons at Proposed Rates

12
13 The contents of my exhibit were derived from the business
14 records of the company and are true and correct to the
15 best of my information and belief.

16
17 **I. ABOUT PEOPLES**

18 A. OVERVIEW

19 Q. Please describe Peoples.

20
21 A. Peoples was formed in 1895 and is the largest natural gas
22 local distribution company in Florida. Through our 14
23 service areas, the company safely and reliably serves over
24 508,000 residential, commercial, industrial, and electric
25 power generation customers in 43 of Florida's 67 counties,

1 including five major metropolitan areas.

2
3 As of December 31, 2024, our system included approximately
4 15,765 miles of gas mains. A map showing the reach of our
5 gas distribution system is included in Document No. 2 of
6 my exhibit.

7
8 At year-end 2024, we employed approximately 812 team
9 members to serve our customers. Focusing solely on the
10 number of people we employ provides an incomplete view of
11 the company. Peoples also uses outside contractors to help
12 serve its customers, and we have recently insourced
13 several roles from contractors.

14
15 Peoples is an indirect subsidiary of Emera Incorporated
16 ("Emera"), a geographically diverse energy and services
17 company headquartered in Halifax, Nova Scotia, Canada.
18 Emera also indirectly owns our affiliate, Tampa Electric
19 Company ("Tampa Electric"). Peoples' place in the
20 corporate structure of Emera is shown on the diagram
21 included as Document No. 3 of my exhibit.

22
23 **Q.** Please describe the company's customer base.

24
25 **A.** As of December 31, 2024, Peoples served approximately

1 508,000 customers ranging from residential customers to
2 small businesses to large commercial customers like
3 hospitals, hotels, industrial users, and electricity
4 generators. We are increasingly serving transportation
5 providers, health care providers, and core essential
6 services like waste management companies, all of which
7 are vital to the economy, the tourism industry and day-
8 to-day operations of Florida. At the end of 2024, the
9 distribution of customers across our rate classes was
10 467,290 Residential, 40,941 Commercial, and 54 Industrial
11 and power generation customers.

12
13 **Q.** How has Peoples grown since its last rate case?
14

15 **A.** Florida continues to be one of the fastest growing states
16 in America, both in terms of population and size of
17 economy, and Peoples serves many of its fastest growing
18 areas. Florida attracts over 1,000 newcomers each day due
19 to its strong economy, appealing lifestyle, and diverse
20 natural resources. This influx of people spurs the
21 construction of new homes, hotels, hospitals, stores,
22 restaurants, and roads, while also prompting
23 redevelopment of existing areas. Additionally, the
24 growing population increases the demand for electricity,
25 with natural gas currently fueling over 70 percent of

1 Florida's electric generation. This growth increases the
2 demand for natural gas.

3
4 To keep up with this demand, we installed approximately
5 1,260 miles of new main and service gas lines from January
6 2023 to December 2024, and plan to add another 1,200 miles
7 by December 2026.

8
9 If laid end to end, our new gas lines for this period
10 would stretch farther than the driving distance from Tampa
11 to New York City.

12
13 In 2023, the company welcomed approximately 20,905 new
14 residential customers and 884 small commercial customers,
15 reflecting increases of 4.9 percent and 2.3 percent,
16 respectively. In 2024, the company added another 17,845
17 Residential customers and 689 Small Commercial customers,
18 representing increases of 4.0 percent and 1.7 percent,
19 respectively.

20
21 Peoples anticipates adding nearly 19,141 new residential
22 customers and 718 new small commercial customers in 2025,
23 followed by an additional 17,642 residential customers
24 and 698 small commercial customers in 2026.

1 I'm very proud to say that we have continued our strong
2 safety and exceptional customer service record while
3 meeting the challenges associated with this growth.
4

5 **B.** CORE VALUES

6 **Q.** What are the company's core values?
7

8 **A.** Our values include a commitment to safety, focusing on
9 customers, fiscal responsibility, and supporting the
10 communities we serve with a strong foundational focus on
11 integrity and respect. We embrace innovation to
12 continuously improve our systems and ways of working. We
13 strive to achieve outstanding results. We promote safety
14 and reliability and deliver exceptional customer
15 experiences. These values are exemplified each day by our
16 team members and help guide our expectations of our
17 partners as we deliver natural gas to customers.
18

19 **Q.** Please describe Peoples' commitment to safety.
20

21 **A.** The safety of Peoples' team members, contractors,
22 customers, and the public is paramount. We focus on the
23 safety of people and our pipeline in everything we do,
24 and our efforts yield strong results. Protecting our gas
25 distribution system from damages caused by third parties

1 during construction and from cyber-attacks is vital, and
2 in turn, protects the public and the communities we serve.
3 Peoples witness Timothy O'Connor, Vice President of
4 Safety, Operations, and Sustainability, will explain, in
5 his prepared direct testimony, our outstanding safety
6 record and the need to continue to invest in the safety
7 of our growing system to maintain the company's high
8 safety performance.

9
10 **Q.** Please describe the company's commitment to customer
11 service.

12
13 **A.** Peoples' commitment to providing exceptional customer
14 service is a hallmark of the company and is inextricably
15 linked to our safety record and prompt responses to
16 possible gas leaks and other service requests. Our Florida
17 Public Service Commission ("FPSC" or "Commission")
18 complaint level is extremely low and we consistently rank
19 at or near the top in national customer surveys on
20 customer satisfaction. Peoples witness Rebecca
21 Washington, Director of Customer Experience Revenue
22 Operations, will explain our very strong customer service
23 results and rankings in her prepared direct testimony.

24
25 **Q.** How is fiscal responsibility integrated into the way

1 Peoples does business?

2
3 **A.** Sound financial management and good business decision
4 making are vitally important to Peoples and our customers.
5 We work diligently to ensure that the goods and services
6 we use to serve our customers are procured using proven
7 business practices that provide value to our customers.
8 Our commitment to cost discipline is a primary reason
9 that the cost profile for operating our business is
10 reasonable and prudent. We have a mindset of continuous
11 improvement that is evidenced across many areas of the
12 business and reflected in our annual Balanced Scorecard
13 ("BSC").

14
15 The business practices and controls we employ and the
16 supply chain management improvements we have implemented
17 are described in the prepared direct testimony of Peoples
18 witnesses Christian Richard, Vice President of
19 Engineering, Construction & Technology, and Andrew
20 Nichols, Director, Business Planning. Our other operating
21 witnesses will also discuss our success in managing our
22 cost profile. As I explain later, we use our BSC to make
23 prudent financial management the business of each Peoples
24 team member.
25

1 C. OUR ROLE IN FLORIDA AND THE COMMUNITIES WE SERVE

2 Q. How does Peoples support the communities it serves?

3
4 A. For over a century, Peoples has worked alongside various
5 organizations to build stronger and safer communities.
6 Peoples has an established history of helping its
7 customers navigate challenges related to public health
8 crises, economic volatility, and severe weather
9 conditions. To support customers with their utility
10 bills, Peoples operates the Share program in partnership
11 with Tampa Electric. This program is administered by the
12 Salvation Army, Metropolitan Ministries, and Catholic
13 Charities. Peoples helps to match donations made by
14 customers and employees, contributing up to \$500,000
15 annually; the cost of these donations is borne by the
16 company's shareholders, not its customers.

17
18 Peoples also makes a concerted effort to connect customers
19 who need financial assistance with organizations like the
20 Low-Income Home Energy Assistance Program ("LIHEAP").
21 Witness Washington will describe these efforts in her
22 prepared direct testimony.

23
24 After Hurricane Helene, Peoples donated \$75,000 to United
25 Way organizations aiding impacted communities. Following

1 Hurricane Milton, the company established an employee
2 assistance program with an initial \$50,000 donation.
3

4 Collectively in 2024, Peoples contributed over \$400,000
5 to organizations like the American Red Cross, American
6 Cancer Society, United Way, and others across its service
7 areas. Shareholders, not customers, fund these amounts
8 and we consider them investments in the communities we
9 serve. Additionally, our team members annually volunteer
10 many hours to support not-for-profit organizations in
11 communities throughout Florida.
12

13 **Q.** How does Florida depend on Peoples?
14

15 **A.** The businesses and entities that drive Florida's economy
16 depend on Peoples for safe and reliable natural gas every
17 hour of every day and every day of the year. Our
18 distribution system provides services to the food
19 service, hospitality, and tourism industries. Critical
20 infrastructure such as hospitals, healthcare facilities,
21 nursing homes, schools, law enforcement, ports, and the
22 military rely on natural gas to serve the public.
23 Commercial and Industrial enterprises, along with
24 electric power generators, are crucial for Florida's
25 economic growth and depend on natural gas from Peoples.

1 We are proud to serve both small businesses and large-
2 volume customers, all of whom contribute to the state's
3 economy and development, and military bases, which
4 support national security. Peoples' capital investments
5 also generate property tax revenue that supports schools,
6 infrastructure, and community services.

7
8 **Q.** How does Peoples help Florida during extreme weather
9 events?

10
11 **A.** Natural gas service is extremely important during
12 emergencies. According to the Commission's website,
13 Hurricanes Helene and Milton left over 1.3 million and
14 3.3 million Florida electric customers without power,
15 respectively; however, fewer than 1,500 of Peoples' over
16 500,000 customers (less than 0.5 percent) experienced a
17 gas service interruption. None of our 53 Compressed
18 Natural Gas customers, providing waste management and
19 transportation services to thousands of Floridians,
20 experienced fuel disruptions.

21
22 As electric utilities worked to restore electricity to
23 their customers, Peoples' gas distribution system
24 provided fuel for vital emergency backup electric
25 generation for homes, businesses, emergency shelters, and

1 healthcare facilities. When ports impacted by electric
2 outages could not deliver gasoline or diesel to critical
3 transportation services, Peoples was able to support
4 waste management and other vehicles fueled by compressed
5 natural gas. Resilience and reliability are now the
6 cornerstones of Florida's energy policy, and our electric
7 generating customers are increasingly focused on those
8 two goals. Natural gas is essential to Florida's energy
9 resilience and reliability.

10
11 **Q.** How have customer usage patterns changed and how do those
12 changes impact how Peoples evaluates and manages the
13 capacity and capabilities of its distribution system?

14
15 **A.** Our customers (including residential, small and large
16 businesses, nursing homes, and hospitals) continue to use
17 our service to cook, heat water, launder, run boilers,
18 and heat swimming pools; however, power outages caused by
19 extreme weather have caused many of our customers to
20 become more focused on reliability and resilience, and to
21 install natural gas generators for backup power. This
22 additional power source requires safe and reliable
23 delivery of natural gas, and also, at times, requires an
24 upgrade in system infrastructure to serve these expanding
25 needs. We are also experiencing higher demand in some

1 parts of our service territory that have been re-developed
2 since we originally installed our facilities. Witness
3 Richard will explain the steps we are taking to improve
4 the capability of our system to accommodate re-
5 development and to meet weather emergencies as more
6 customers seek alternative sources of power to contend
7 with the effects of extreme weather.

8
9 **D.** STRATEGIC PRIORITIES

10 **Q.** What are the company's strategic priorities?

11
12 **A.** The company's strategic priorities are anchored by three
13 pillars: safety and risk management; foundational
14 improvements; and strategic shifts, all of which are aimed
15 at enabling us to continue to effectively serve customer
16 needs today and tomorrow. These three pillars serve as a
17 long-term compass for our company while we also navigate
18 the more near-term priorities outlined in our BSC, which
19 I will describe further later. Every company needs a "true
20 north," and ours is reflected in these pillars as we keep
21 safety and risk at the forefront of our minds, we strive
22 to make our business better every day, and we make
23 strategic shifts to anticipate what lies ahead for our
24 customers and the company.

1 The BSC anchors us in achieving the day-to-day outcomes
2 that lead us toward this "true north." At Peoples, every
3 team member is connected to the BSC, which aligns our
4 strategic pillars and near-term priorities. This synergy
5 propels us forward thoughtfully and strategically,
6 allowing us to create value for customers and other
7 stakeholders.

8
9 **Q.** Please describe the company's focus on safety and risk
10 management.

11
12 **A.** The safety of customers, the public, our employees, and
13 contractors continues to be our top priority. The company
14 has robust safety management and pipeline safety systems,
15 with specific goals for occupational and public safety,
16 vehicle safety, damage prevention, emergency management,
17 and leak responses. Witness O'Connor explains these
18 systems and goals in his prepared direct testimony.

19
20 In addition to these safety measures, we also address
21 other risks associated with operating a regulated local
22 natural gas distribution company. These risks include
23 global and domestic political and economic developments,
24 cyber and physical security, possible fuel supply and
25 supply chain disruptions, and extreme weather events. We

1 regularly assess these and other risks to ensure that our
2 business plans and ability to serve customers are not
3 harmed by activities we cannot control in the changing
4 world around us.

5
6 These increasing risks require us to invest in protecting
7 our information technology and distribution plant assets
8 and to be ready for extreme weather events. For example,
9 the Automated Meter Infrastructure Project we are
10 piloting holds promise in mitigating operational
11 challenges and safety risks by enabling us to remotely
12 shut off the supply of gas in emergency situations. The
13 company's approach to addressing these risks is discussed
14 by witnesses Richard and O'Connor.

15
16 **Q.** What do you mean by "foundational improvements?"

17
18 **A.** Peoples has a sound system of business practices but
19 always strives to be more efficient, and to find new ways
20 for our employees to better serve our customers. Our
21 program for foundational improvements focuses on the
22 "nuts and bolts" of our business and includes more
23 training for our employees, pursuing process
24 improvements, making smart investments in technology
25 (e.g. customer facing platforms), evaluating reliance on

1 outside service providers, continued implementation of
2 our work and asset management system ("WAM"), and
3 establishing baseline productivity measures across the
4 business. Our efforts in these areas are explained in the
5 prepared direct testimony of Peoples witnesses Donna
6 Bluestone, Vice President of Human Resources, O'Connor,
7 and Richard. The testimony of our witnesses shows our
8 focus on streamlining operations while we serve growing
9 and changing customer demand.

10
11 **Q.** What strategic shifts is the company making as it
12 continues to see strong demand for natural gas in Florida?

13
14 **A.** We are fortunate to serve in one of the fastest growing
15 states in America, with substantial customer growth,
16 which impacts Peoples in multiple ways. We must manage
17 this customer growth effectively to ensure we also
18 consider the affordability of our service among the myriad
19 of household expenses for residential customers, and
20 business expenses for commercial and industrial
21 customers.

22
23 Adding gas lines to serve new neighborhoods requires
24 significant capital investment. The vastness of Florida
25 and the availability of green space to build new

1 residential and small commercial developments contribute
2 to the additional capital and operating and maintenance
3 ("O&M") expenses incurred with a more extensive
4 distribution system.

5
6 In addition, we are investing in improving the reliability
7 and resilience of the company's existing system, which is
8 costly. Peoples is continually evaluating and upgrading
9 existing facilities to meet demand not anticipated when
10 the facilities were installed initially, such as
11 redevelopment of existing service areas, greater customer
12 additions, and higher volume requirements for backup
13 electricity generators. These demands on our existing
14 system impose new and higher costs.

15
16 These factors, together with increasing compliance costs
17 and the inflationary pressures facing all businesses and
18 consumers in Florida put substantial pressure on our
19 ability to earn a reasonable rate of return on our rate
20 base investments and contribute to our need for rate
21 relief more frequently than we would prefer. Peoples is
22 working to find the right balance for growth, working
23 within available regulatory processes to address our
24 needs for rate relief, while ensuring the affordability
25 of our services.

1 **Q.** What is Peoples doing to manage this growth effectively
2 for customers?

3
4 **A.** We are focused in three areas.

5
6 First, we are focused on enhancing the resilience,
7 reliability, and efficiency of our existing distribution
8 system. The importance of reliability and resilience of
9 our gas distribution facilities became clearer during
10 Hurricanes Helene and Milton in 2024. We must ensure that
11 our system has the ability in the right places to meet
12 growing demand from existing customers. We have
13 implemented an enhanced integrated resource planning
14 process ("IRP") to prioritize our work in this area.
15 Witness Richard will explain our IRP process and how we
16 will invest capital for reliability, resilience, and
17 efficiency to improve the capacity on portions of our
18 system, both for storm resilience and for the purposes of
19 meeting new anticipated demand.

20
21 Second, in 2024 we developed, and are currently executing,
22 a "focused growth" strategy aimed specifically at serving
23 Large Commercial customers such as ports, military bases,
24 healthcare institutions, hotels, and restaurants so they
25 can use gas to optimize their own energy usage. Focusing

1 on these types of customers will diversify our revenue
2 sources and will generate additional revenues that will
3 help recover the fixed costs of our operations. This will
4 benefit all customers as fixed costs can be spread over
5 a larger number of customers and our capital becomes more
6 efficiently deployed.

7
8 Finally, serving new residential and small commercial
9 customers will always be important to us. We continue to
10 see strong demand for our services from these customer
11 classes.

12
13 **Q.** How is Peoples working within available regulatory
14 processes to address its needs for rate relief?

15
16 **A.** We have made several petitions before the Commission to
17 provide for other avenues of timely rate relief. We have
18 filed a petition with the Commission that is currently
19 pending and is designed to moderate residential bills and
20 the portion of our overall revenue requirement to be
21 recovered through base rates. Specifically, we are
22 requesting changes to our swing service charge and off-
23 system sales mechanism that would reduce the amount of
24 upstream capacity costs allocated to residential
25 customers in our purchase gas adjustment and increase the

1 incentives as we pursue off-system capacity sales (Docket
2 No. 20250026-GU). The updated incentive will continue to
3 provide benefits to the general body of customers.

4
5 To help moderate the impact of our rate increase in this
6 proceeding, we filed a petition requesting that the
7 amortization life for our WAM system be extended from the
8 15 years approved in our last rate case to 20 years but
9 dismissed it without prejudice so we could make the same
10 request in this case. Granting this request would lower
11 the annual amortization expense associated with WAM and
12 our proposed 2026 base rate increase.

13
14 Witness Nichols explains how we have accounted for both
15 off-system sales and the WAM amortization in our 2026
16 test year forecast in his prepared direct testimony.
17 Witness Richard explains why the amortization period for
18 WAM assets should be extended to 20 years in his
19 testimony.

20
21 Finally, we have been actively involved in the
22 Commission's efforts to adopt Rule 25-7.150, Florida
23 Administrative Code. This rule will create a Natural Gas
24 Facilities Relocation Cost Recovery Clause that would
25 allow the company to recover costs associated with

1 relocating natural gas facilities when required by a
2 government authority for road and other public
3 infrastructure projects.

4
5 This new clause will allow the company to recover
6 significant governmentally imposed relocation costs
7 through a clause mechanism rather than through a full or
8 limited base rate proceeding. Witness Nichols explains
9 how we have accounted for natural gas facility relocation
10 costs in our 2026 test year forecast in his prepared
11 direct testimony.

12
13 We are hopeful that these efforts, among others, will
14 moderate our need to file future general base rate
15 increases and the size of the requests when we make them.
16 With ongoing customer demand that far outpaces our ability
17 to effectively recover costs in a timely manner and to
18 manage our company in a prudent manner, we need to keep
19 exploring these and similar mechanisms. As always, we are
20 open to further conversation and welcome the Commission's
21 input.

22
23 **Q.** How does the company align its day-to-day activities with
24 these strategic priorities?
25

1 **A.** Our strategic pillars set the tone for and are reflected
2 in our 2025 Balanced Scorecard, which is included as
3 Document No. 4 of my exhibit (with specific and
4 confidential financial targets redacted). Our BSC applies
5 to all of our approximately 812 team members and serves
6 to align them around our strategic pillars as they are
7 translated into the company's annual goals.

8
9 Our BSC reflects a balance of safety, people, customer,
10 asset management, and financial goals that promote the
11 interests of our customers. This balance was key to our
12 strong safety, operational, and financial performance in
13 2024.

14
15 How our BSC goals focus the efforts of our employees and
16 influence employee compensation are explained in the
17 prepared direct testimony of witness Bluestone.

18
19 **II. CHANGES AND ACCOMPLISHMENTS SINCE LAST RATE CASE**

20 **Q.** When was the company's last rate case?

21
22 **A.** We filed our last general base rate increase request two
23 years ago on April 4, 2023 ("last rate case"). We
24 requested a net annual revenue increase of approximately
25 \$127.6 million and a mid-point return on equity ("ROE")

1 of 11.0 percent based on a forecasted 2024 test year. The
2 Commission issued Order No. PSC-2023-0388-FOF-GU on
3 December 27, 2023 in Docket No. 20230023-GU, which
4 approved our proposed test year, granted a net annual
5 revenue increase of approximately \$106.7 million, and set
6 our midpoint ROE at 10.15 percent.
7

8 **Q.** What organizational and people changes has Peoples made
9 since its last rate case?
10

11 **A.** We transferred responsibility for our safety efforts from
12 Luke Buzard, Vice President of Regulatory and External
13 Affairs, to Timothy O'Connor and responsibility for
14 External Affairs from witness O'Connor to witness Buzard.
15

16 We improved our supply chain management efforts and
17 increased the number of Peoples employees providing
18 information technology support by moving them from Tampa
19 Electric to Peoples. These changes streamline functions
20 and benefit our customers as described in the prepared
21 direct testimony of witnesses O'Connor, Buzard, and
22 Richard.
23

24 Jon DeVries, Vice President of Finance, joined the company
25 in late 2023 to succeed Rachel Parsons and recently left

1 the company. Andrew Nichols and Jeff Chronister, Vice
2 President of Finance for Tampa Electric and TECO Holdings,
3 Inc. (parent company of TECO Gas Operations, Inc.) are
4 testifying on budgeting, finance, and revenue requirement
5 issues in this case. Witness Buzard has taken on interim
6 leadership of the Finance function.

7
8 **Q.** Has Peoples had any significant accomplishments since its
9 last rate case?

10
11 **A.** Yes. Among other things, the company's safety record
12 continues to be strong. The company has one of the lowest
13 OSHA Lost Time Injury rates for team members and
14 contractors in the gas industry. Peoples received the
15 Industry Leader Accident Prevention Award from the
16 American Gas Association for maintaining a DART (Days
17 Away, Restricted, or Transferred) rate below the industry
18 average in 2023.

19
20 Since 2022, Peoples' intense focus on reducing pipeline
21 damages through public education and locator training has
22 resulted in fewer operator-caused, no-notification, and
23 high-risk damages, all of which improve public safety.

24
25 We continue to have a solid driving record, which is

1 important, because we drive over 9 million miles a year
2 to serve our customers. Witness O'Connor explains these
3 accomplishments further in his prepared direct testimony.
4

5 In the customer service area, according to J.D. Power
6 2024 studies, customers ranked Peoples first in brand
7 appeal for gas utilities in the South, as well as second
8 overall in customer satisfaction for gas utilities in the
9 South Mid-Size Segment. That same year Cogent Syndicated
10 named Peoples a Most Trusted Brand and Customer Champion.
11 The company also received high scores from Cogent for
12 ease of doing business.
13

14 Peoples received fewer than 100 FPSC complaints (just 0.02
15 percent of our over 508,000 customers) annually in the
16 past three years. Witness Washington explains these
17 accomplishments further in her prepared direct testimony.
18

19 We have further developed our talent management and
20 development processes and experienced low attrition in
21 2024.
22

23 Finally, I am also very proud of our project execution,
24 capital management and financial management process
25 improvements. Our Design and Construction Performance

1 Improvement ("DCPI") Project yielded approximately \$6.5
2 million in annualized capital and efficiency savings for
3 customers. In addition, our enhanced supply chain ("SC")
4 organization has also realized value savings of
5 approximately \$4 million. Witness Richard provides
6 additional details regarding both the DCPI and SC value
7 creation in his prepared direct testimony.

8
9 Each of these accomplishments is a critical performance
10 indicator as we continue to grow and advance as a company.

11
12 **Q.** How was the company's financial performance in 2024?

13
14 **A.** The company's jurisdictional revenues in 2024 were \$460.8
15 million, which is within about half a percent of the
16 Commission approved 2024 test year revenues in our last
17 rate case. Our O&M expenses for 2024 were \$138.1 million,
18 or about \$2.0 million (1.4 percent) lower than the O&M
19 expense level approved by the Commission in our last rate
20 case. We earned 10.37 percent ROE, which is slightly above
21 our FPSC-approved mid-point ROE.

22
23 **Q.** Do you consider the company's 2024 financial performance
24 to be an accomplishment?

1 **A.** Yes. It is reasonable for a utility to earn close to its
2 mid-point ROE in the first year new base rates go into
3 effect; however, it was not clear in January 2024 that we
4 would be able to do that.

5
6 **Q.** Why wasn't it clear?

7
8 **A.** As part of our routine management activities, we prepared
9 a re-forecast of 2024 operating revenues in January 2024.
10 Our updated forecast pointed to lower 2024 revenues than
11 those reflected in the forecast we used in our rate case,
12 which was prepared in the fall of 2022. We also became
13 aware that certain forecasted costs for 2024, such as
14 transportation, insurance, and labor and employee
15 benefits, would be higher than expected compared to our
16 last rate case forecast, which by then was 16 months old.
17 It also became clear that costs associated with renewing
18 long-term contracts with construction and other outside
19 service providers would be higher than those reflected in
20 the existing contracts. The combination of these factors
21 pointed to an unexpectedly challenging 2024. While the
22 increases are consistent with the inflationary
23 environment in Florida, the extent of the inflation could
24 not have been foreseen in late 2022 when we prepared the
25 budget used in our last rate case.

1 **Q.** What actions did the company take in early January 2024
2 in response to these challenges?

3
4 **A.** We took several steps, each of which are more fully
5 explained by witnesses Nichols, Chronister, Bluestone,
6 O'Connor, and Richard in their prepared direct testimony.
7 They included aggressive actions to identify incremental
8 revenue from large customers, moderating our employee
9 hiring, evaluating our approach for charging and
10 allocating costs to SeaCoast, reviewing our accounting
11 policies for capitalizing operations and maintenance
12 expenses, and pushing our team to be even more efficient.
13 We were also cognizant that interest rates were above
14 recent levels in early 2024, so like other utilities in
15 North America, we made modest adjustments to our capital
16 spending plans.

17
18 **Q.** Should Peoples be criticized for adjusting in January 2024
19 the 2024 forecast it prepared in late 2022 for its last
20 rate case?

21
22 **A.** No. The leadership team at Peoples makes decisions to
23 manage our business every day as new information becomes
24 available and conditions change. However, we always
25 review our core priorities, i.e., safely and reliably

1 serving both our current and new customers. Updating the
2 forecasts we use to manage our operations and to serve
3 customers is part of running our business. We took
4 reasonable actions to modestly adjust our business plans
5 to ensure that we could provide excellent customer
6 service, executed the plans, and had reasonable financial
7 results in 2024. I am proud of the work we accomplished
8 in 2024 and expect to continue managing our operations to
9 provide safe, reliable, and high-quality customer service
10 in 2025, 2026, and beyond.

11
12 **III. NEED AND REQUEST FOR RATE INCREASE**

13 **Q.** What is the company's financial outlook for 2025 and 2026?
14

15 **A.** Based on current rates, base revenues are expected to
16 increase from 2024 by 3.8 percent or \$16.6 million to
17 approximately \$459.1 million in the 2026 projected test
18 year. In part because a high proportion of our new
19 customer growth is residential, the associated revenue
20 growth will not be sufficient to cover the cost increases
21 our business is experiencing (labor, materials,
22 insurance, property taxes, and cost of capital), nor will
23 it allow the company to earn a reasonable return on its
24 investments to serve our customers. Despite our efforts
25 to manage our cost profile in light of this revenue

1 reality, the company projects that it will earn below the
2 bottom of our currently approved ROE range of 9.15 percent
3 in 2025 and approximately a 5.70 percent ROE in 2026
4 without rate relief.

5
6 **Q.** What rate increases does the company propose in this
7 proceeding?

8
9 **A.** Peoples requests that the Commission approve new base
10 rates and charges to be effective with the first billing
11 cycle in January 2026 to generate a net incremental base
12 rate revenue increase of approximately \$96.9 million with
13 a subsequent year adjustment ("SYA") to be effective with
14 the first billing cycle of 2027 of approximately \$26.7
15 million. As discussed by witness Chronister, the
16 company's proposed 2027 SYA will allow the company to
17 recover the revenue requirement associated with the
18 annualized incremental capital investment at the end of
19 2026 and an associated adjustment for related operating
20 expenses. The company's 2026 request includes about \$6.7
21 million in revenue requirements that will be transferred
22 from the current Cast Iron/Bare Steel Replacement Rider
23 ("Rider CI/BSR") into base rates.

24
25 Witness Nichols will explain the calculation of the

1 company's proposed 2026 base rate increase in his prepared
2 direct testimony. Witness Chronister will explain the
3 calculation of and reasons to approve our proposed 2027
4 SYA in his prepared direct testimony. Witness Buzard and
5 company witness John Taylor will present the base rates
6 and charges the company proposes to implement in its 2026
7 base rate increase and 2027 SYA in their direct testimony.
8

9 **Q.** What factors contribute to the company's need for a base
10 rate increase in 2026?
11

12 **A.** Rate base growth to support new customers and maintain
13 appropriate safety, reliability, and resiliency
14 standards, related depreciation and property tax expense
15 increases, pipeline safety and compliance costs, and
16 higher costs affecting all aspects of the company's
17 operations are the major factors contributing to our need
18 for a rate increase.
19

20 **Q.** How does rate base growth contribute to the company's
21 need for a rate increase in 2026?
22

23 **A.** Peoples operates its system across the state of Florida
24 and is expanding to serve residential and small commercial
25 development while expectations of natural gas service

1 have evolved. To meet this demand and new expectations,
2 Peoples must invest capital to serve the next home or
3 business while ensuring the safety, reliability,
4 resiliency, and efficiency of the existing distribution
5 system. Peoples expects to invest over \$831 million in
6 capital projects in 2025 and 2026. About \$362 million
7 will be invested to support customer growth and about
8 \$369 million will be directed towards enhancing
9 reliability, resilience, and efficiency.

10
11 This includes approximately \$66.9 million (excluding
12 AFUDC charges) for the total capital costs associated with
13 our move to a new corporate office. Of this, \$14.8 million
14 has been budgeted for capital expenditures in 2025. The
15 new building is not located in a potential flood zone and
16 is designed to promote reliable service during weather
17 events when our customers need us the most.

18
19 The remaining \$101 million will be spent to replace legacy
20 pipe under the company's Rider CI/BSR.

21
22 Rate base growth and related impacts will account for
23 more than 70 percent of the company's proposed base rate
24 increase.
25

1 Witness Richard will further explain the company's
2 capital spending plans in his prepared direct testimony.

3

4 **Q.** How does depreciation expense contribute to the company's
5 need for a rate increase in 2026?

6

7 **A.** Using the company's currently approved depreciation
8 rates, depreciation and amortization expense is projected
9 to increase by 21 percent, rising from \$87 million in
10 2024 to \$106 million in 2026. This increase is attributed
11 to the projected growth in rate base described above.
12 Witness Nichols will further explain the company's
13 projected 2026 level of depreciation and amortization
14 expense in his prepared direct testimony.

15

16 **Q.** How do pipeline safety and compliance contribute to the
17 company's need for a rate increase in 2026?

18

19 **A.** As Peoples' customer base and distribution system grow,
20 so do the company's efforts and costs to ensure safety
21 and compliance. Evolving federal safety and security
22 requirements add to the need for more activities and
23 investments. Peoples' safety and compliance programs
24 prevent incidents by establishing rigorous safety
25 standards and procedures for the design, construction,

1 operation, and maintenance of the natural gas
2 distribution system.

3
4 Essential safety and maintenance activities like
5 locating, leak and atmospheric surveillance, emergency
6 response, and cathodic protection continue to expand in
7 volume and breadth as the system grows to serve Florida.

8
9 Although revenue from new customers helps offset some of
10 these costs, the influence of distance, labor costs and
11 contractor pricing, among many other inflationary
12 factors, make operating and maintaining our system safely
13 and in compliance with applicable pipeline safety
14 requirements more expensive. Witness O'Connor will
15 explain this further in his prepared direct testimony.

16
17 **Q.** How do higher prices for the goods and services Peoples
18 uses to serve customers contribute to the company's need
19 for a rate increase in 2026?

20
21 **A.** Higher prices continue to add to the cost of doing
22 business, and Peoples is not immune to these impacts.
23 These higher prices are reflected in O&M and capital costs
24 during 2025 and our proposed 2026 test year. The long-
25 term blanket contracts Peoples had with vendors shielded

1 its customers from increases in construction costs over
2 the last five years. However, in 2025, the company
3 anticipates a significant rise in costs due to
4 renegotiated blanket contract rates.

5
6 O&M expenses have also been subject to market inflationary
7 pressures. However, the company's process improvement
8 initiatives, supply chain efficiencies, updated
9 capitalization policies, and avoided costs will keep its
10 forecasted 2026 O&M expenses below the Commission's
11 benchmark on an overall basis. As further discussed by
12 witness Nichols, the company's forecasted total 2026
13 adjusted O&M expenses are below the calculated total 2026
14 O&M benchmark by about \$1.7 million when using the
15 Commission's O&M compound multiplier methodology. This
16 shows that the company's overall 2026 O&M expense level
17 is reasonable.

18
19 Nevertheless, rising expenses related to higher labor
20 costs, contractors, materials, insurance, and healthcare
21 benefits continue to exert considerable upward pressure
22 on the company's overall business costs. Peoples'
23 witnesses O'Connor, Richard, and Nichols will further
24 explain how higher costs impact our need for a rate
25 increase in their prepared direct testimony.

1 **Q.** How do changes to the cost of capital contribute to the
2 company's need for a rate increase in 2026?

3
4 **A.** A reasonable ROE is essential for a regulated utility to
5 attract the capital necessary to make long-term
6 investments, maintain and improve the company's quality
7 of service, and control costs for customers over time.
8 Peoples believes that its currently approved mid-point
9 ROE is too low and requests that the Commission approve
10 an authorized midpoint ROE of 11.1 percent, with a range
11 of plus or minus 100 basis points. This proposed 95 basis
12 point increase accounts for approximately \$18.3 million
13 or 17.7 percent of the company's 2026 requested revenue
14 increase. Company witness Dylan D'Ascendis explains the
15 basis for this recommendation in his prepared direct
16 testimony.

17
18 **Q.** Why is the company proposing an SYA for 2027?

19
20 **A.** As I previously noted, Peoples is working to find the
21 right balance for growth and a way to work within
22 available regulatory processes to address our needs for
23 rate relief as we continue to see significant demand from
24 new customers. Fundamentally, we believe that approving
25 a SYA as part of this proceeding is a more efficient and

1 cost-effective process than filing another time consuming
2 and expensive base rate increase proceeding as soon as
3 this one is over. Witness Chronister explains other
4 reasons to approve our proposed 2027 SYA in his prepared
5 direct testimony.

6
7 **Q.** What actions and measures has Peoples taken to avoid
8 requesting or minimizing its request for rate relief?

9
10 **A.** Peoples continues to search for ways to boost efficiency
11 and control costs in running its growing distribution
12 system. Peoples has allocated resources and implemented
13 process improvements to efficiently operate its business
14 and will continue to do so.

15
16 More specifically, Peoples has taken the following steps
17 to avoid requesting rate relief and to moderate the amount
18 of the increase that we are requesting:

19
20 1. Our Design and Construction Performance Improvement
21 project achieved capital cost savings by enhancing
22 inspector productivity and improving processes, which
23 resulted in reduced labor and consulting expenses.
24 Witness Richard explains this project further in his
25 prepared direct testimony.

1 2. We employ a strategy for hiring that includes
2 insourcing capabilities required of a growing,
3 increasingly complex company when appropriate. We have
4 avoided cost increases by insourcing various operations
5 activities previously conducted by outside contractors,
6 including locators, meter readers, and inspectors. We
7 also hire corporate roles to focus on things like change
8 management and process improvements that otherwise would
9 be fulfilled through the use of more expensive external
10 contractors. The company has also delayed planned hiring
11 to accommodate rising costs that are influencing our
12 business. Witnesses Richard, O'Connor, and Bluestone
13 explain these efforts further in their prepared direct
14 testimonies.

15
16 3. We have made smart use of technology to be more
17 efficient, which moderates operating and maintenance
18 expenses. Our new WAM system has improved operating
19 efficiency as predicted in our last rate case when we
20 agreed to adjust O&M expenses to reflect future
21 efficiencies. Witnesses Richard and O'Connor explain
22 these efforts further in their prepared direct
23 testimonies.

24
25 4. Through our Supply Chain team, Peoples has attained

1 cost savings by negotiating better contracts, finding
2 more favorable material pricing, and capturing rebates.
3 Witness Richard explains this effort further in his
4 prepared direct testimony.

5
6 5. Peoples has evaluated labor and corresponding costs
7 and updated assumptions used to allocate costs to capital.
8 These updates better align accounting treatment with the
9 cost causes, which benefited customers through lower O&M
10 by over \$6 million in 2024. Witness Nichols explains these
11 changes further in his prepared direct testimony.

12
13 **Q.** Which witnesses will be testifying on the key elements of
14 the company's proposed 2026 test revenue requirement and
15 2027 SYA?

16
17 **A.** The prepared direct testimony of Peoples witnesses
18 Chronister, D'Ascendis and Eric Fox support the equity
19 ratio, ROE, and load forecast components of our proposal,
20 respectively. Witness Buzard explains how the company
21 used the load forecast prepared by the company's
22 forecasting team, which was evaluated by witness Fox to
23 develop its 2026 test year revenue forecast.

24
25 Witnesses Washington, O'Connor, Richard, and Bluestone,

1 Buzard, and Nichols support the level of test year rate
2 base and O&M expenses in their areas.

3
4 Witness Nichols presents and explains our revenue
5 requirement calculation, which includes our 2026
6 financial forecast (and all of its major elements) and
7 proposed overall rate of return in his prepared direct
8 testimony. He will also explain why 2026 is a reasonable
9 test year for ratemaking and how our forecasting process
10 yields a test-year budget that is appropriate for
11 ratemaking purposes. He will also explain the work we did
12 on cost allocations to SeaCoast and the capitalization of
13 administrative and general expenses. Witness Chronister
14 will present the calculation of our 2027 proposed SYA.

15
16 **Q.** Is the company proposing any cost-of-service methodology
17 or major tariff changes as part of its petition?

18
19 **A.** The rapid growth of our distribution system has led
20 Peoples to reevaluate the appropriateness of the cost-of-
21 service methodology and rate design it has used for many
22 years. The company's proposed base rate increases will
23 rely on an updated cost of service study and rate design
24 changes to simplify customer bills, promote fairness
25 based on cost-causation principles, improve

1 administrative efficiency, and enhance revenue stability.
2 These improvements will simplify billing classes and
3 better allocate growth-related costs to customers.
4 Witnesses Buzard and Taylor will explain these proposed
5 changes in their prepared direct testimonies.

6
7 Our filing also includes proposed tariff wording changes
8 and updated service charges all of which will be explained
9 by witness Buzard in his direct testimony.

10
11 **Q.** What impact will the requested 2026 base rate increase
12 have on typical Residential and Small Commercial
13 customers' bills?

14
15 **A.** Based on the company's current gas commodity price
16 forecast and our proposed 2026 base rate increase, we
17 expect the typical monthly bill for Residential (RS-2)
18 customers to be approximately \$72. For Small Commercial
19 (GS-1) customers, we expect our typical monthly bill in
20 2026 to be approximately \$306, not including gas commodity
21 costs. On a percentage basis, our typical Residential (RS-
22 2) and Small Commercial (GS-1) monthly bills will be about
23 18 percent and 4 percent higher than in 2025,
24 respectively.

1 **Q.** What impact will the company's proposed 2027 SYA have on
2 the bills of typical Residential and Small Commercial
3 customers?
4

5 **A.** If the Commission approves our 2026 base rate increase
6 and 2027 SYA as requested, and using the company's current
7 gas commodity price forecast, we expect our typical
8 monthly bill for Residential (RS-2) customers in 2027 to
9 be approximately \$75. For Small Commercial (GS-1)
10 customers, we expect our typical monthly bill in 2027 to
11 be about \$306 (without gas commodity), which is the same
12 as in 2026. On a percentage basis, our 2027 typical
13 Residential (RS-2) bill will be about 23 percent over
14 2025 bills and about 4 percent over 2026 bills. Our
15 typical Small Commercial monthly bill for 2027 will be
16 about the same as in 2026. These bill impacts are
17 reflected in Document No. 5 of my exhibit.
18

19 Witness Buzard explains our proposed base rates and
20 charges for 2026 and 2027 (with the SYA) and other typical
21 bill information in his prepared direct testimony and
22 exhibit.
23

24 **Q.** Has Peoples considered the impact its proposed rate
25 changes will have on the affordability of its services?

1 **A.** Yes. Peoples understands that our customers choose to use
2 natural gas and has been mindful of the affordability of
3 our services long before the Legislature introduced the
4 concept of "affordability" into Florida's energy policy
5 in 2024. We believe that our services remain affordable
6 for our current and future customers if our rate increase
7 requests are granted.

8
9 **Q.** How does Peoples think about affordability?

10
11 **A.** We generally agree with the Commission's view of
12 affordability reflected in Order No. PSC-2025-0038-FOF-
13 EI, dated February 3, 2025 in Docket No. 20240026-EI
14 ("Tampa Electric Final Order"). Therein, the Commission
15 noted that "affordability" must be considered within the
16 confines of the "fair, just, and reasonable" rates
17 standard in Section 366.06(1), Florida Statutes, and that
18 the Commission must consider a number of factors when
19 applying that standard.

20
21 Peoples believes the term "affordable" is difficult to
22 describe because its meaning varies from person to person
23 and what may be "affordable" varies from household to
24 household. We also believe that the affordability of
25 utility bills depends on many factors beyond the control

1 of a utility or the Commission, such as: individual
2 perceptions, income levels, financial obligations,
3 spending priorities, and spending decisions. Indeed, two
4 families with the same income and utility bills may view
5 the affordability of natural gas differently based on
6 their different circumstances.

7
8 We also note that there is no universally accepted
9 definition or metric for affordability of gas rates or
10 bills.

11
12 **Q.** What factors does Peoples consider when evaluating
13 whether its services are affordable?

14
15 **A.** We begin our consideration of "affordability" by noting
16 that our customers must choose to use gas and that only
17 about three percent of our Residential customers live in
18 zip codes that are identified as "low-income" for purposes
19 of accessing LIHEAP.

20
21 We listen to the feedback we get from customers via our
22 customer experience team members and from home builders
23 and developers. We also consider changes in the level of
24 our bad debt expense and the demand we are experiencing
25 from our customers for LIHEAP assistance.

1 **Q.** Do those factors point to an affordability issue?

2
3 **A.** No. The slight increase in bad debt expense for 2024 was
4 in line with our overall revenue increase and below
5 industry average, and we do not expect unusual increases
6 in 2025 and 2026. In addition, a large portion of the
7 LIHEAP money available to our low-income customers went
8 unclaimed in 2024. Witness Washington will provide more
9 information on these points in her prepared direct
10 testimony.

11
12 **Q.** Are the company's proposed 2026 base rates and charges
13 fair, just and reasonable?

14
15 **A.** Yes. We understand that our customers do not like rate
16 increases, but we believe the total proposed price, along
17 with our proposed base rates and charges, are fair, just,
18 and reasonable. We further believe that our proposed
19 rates, if approved, will continue to position our gas
20 service as a valuable alternative to other energy choices
21 and that our services will continue to be cost-effective,
22 affordable, and provide value for current and future
23 customers in all of our customer classes.

24
25 While affordability is frequently considered from the

1 viewpoint of Residential customers, it is equally crucial
2 for Commercial and Industrial customers. Natural gas
3 promotes energy security for all of our customers and
4 enhances economic efficiency for many businesses, both of
5 which contribute to the safety, success, and economic
6 health of Florida.

7
8 **IV. SUMMARY**

9 **Q.** Please summarize your prepared direct testimony.

10
11 **A.** I am proud of the progress Peoples has made since our
12 last rate case and believe we are continuing to improve
13 the way we provide safe and reliable gas service to our
14 customers. Our proposed rate increase request reflects
15 the level of resources we need to: continue growing with
16 Florida; to improve the reliability, resilience, and
17 efficiency of our system; and to maintain our financial
18 integrity. Our proposed rates reflect a fair return on
19 equity, prudent capital investments, and reasonable
20 levels of operations and maintenance expenses, and are
21 fair, just, and reasonable.

22
23 **Q.** Does this conclude your prepared direct testimony?

24
25 **A.** Yes.

PEOPLES GAS SYSTEM, INC.
DOCKET NO. 20250029-GU
WITNESS: WESLEY

EXHIBIT

OF

HELEN WESLEY

PEOPLES GAS SYSTEM, INC.
DOCKET NO. 20250029-GU
WITNESS: WESLEY
FILED: 03/31/2025

Table of Contents

DOCUMENT NO.	TITLE	PAGE
1	Witnesses and Purposes	52
2	Peoples Service Territory Map	56
3	Corporate Structure Diagram	57
4	2025 Balanced Scorecard	58
5	Bill Comparisons at Proposed Rates	59

**List of Peoples Gas System, Inc. Witnesses
And Purposes of Their Direct Testimony**

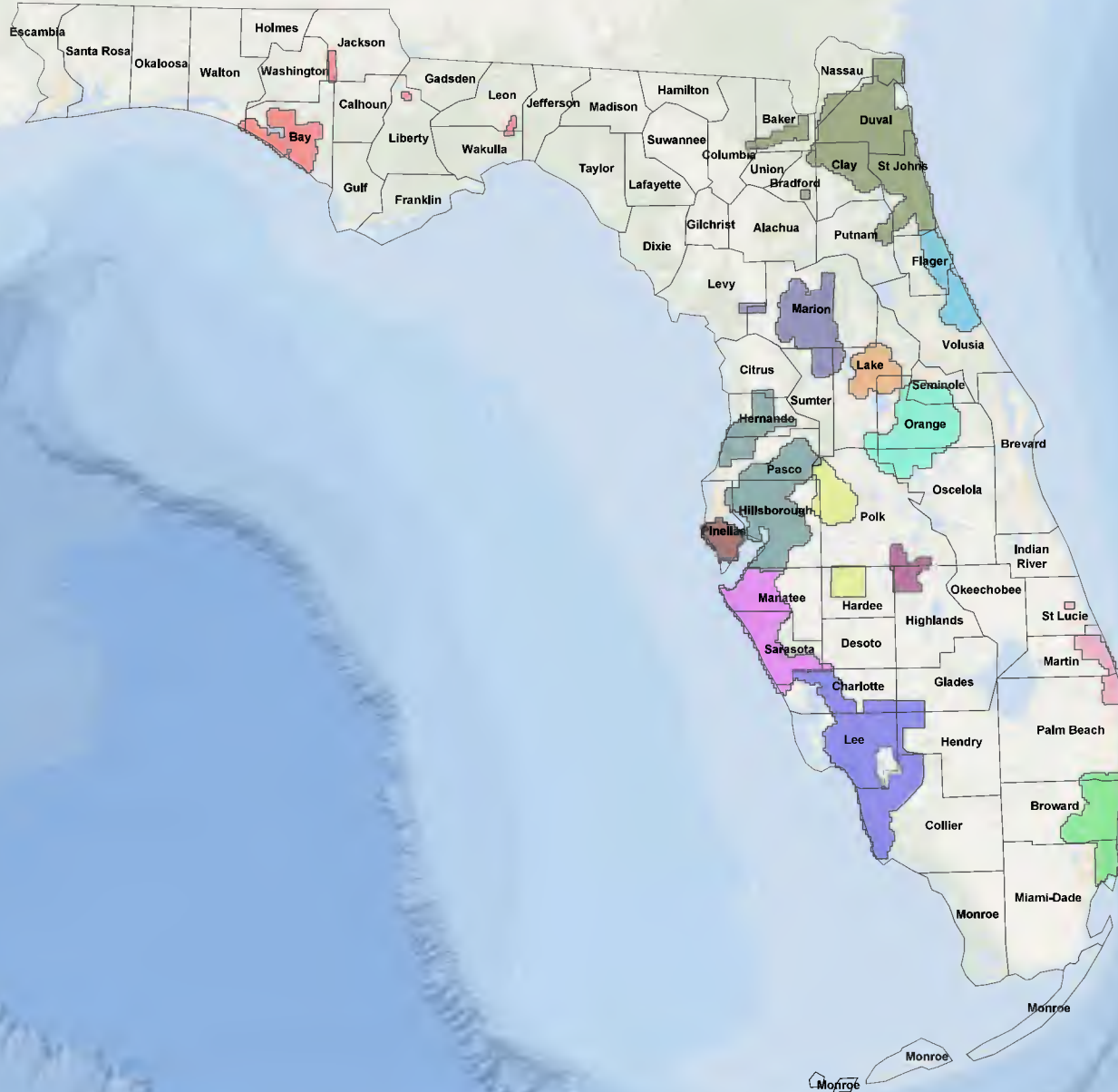
Helen Wesley	(1) Provide an overview of Peoples Gas, its core values, commitment to customers and strategic priorities; (2) describe changes and accomplishments since the last general base rate proceeding; (3) explain why the company is seeking base rate increases and the things it has done to moderate the request; and (4) introduce the witnesses in the case.
Rebecca Washington	(1) Provide an overview of the Peoples Gas Customer Experience area; (2) highlight the company's focus on excellent customer service; (3) explain the company's plans to enhance the customer experience it provides; (4) describe the improvements made to customer experience since the last general base rate case; and (5) demonstrate that the Customer Experience area rate base amounts and operations and maintenance levels for the 2026 test year are reasonable and prudent.
Timothy O'Connor	(1) Describe the company's Gas Operations functions and the factors influencing these parts of the business; (2) describe the company's achievements and changes in Gas Operations since the company's last base rate case; (3) demonstrate that the company's proposed levels of operations and maintenance ("O&M") expenses for Gas Operations for the 2026 projected test year are reasonable and prudent; and (4) detail how the company invests capital in Gas Operations to promote safe, efficient, and reliable service to our customers.

Christian Richard	(1) Describe the company's ECT team; (2) describe the achievements and changes in the ECT area since the company's last rate case; (3) demonstrate the ECT team's effectiveness at facilitating the company's capital planning process and providing oversight for the execution of capital projects; (4) describe the company's prudent capital investments in the ECT area to promote safe, efficient, and reliable service to our customers and meet the needs of a growing, aging, and increasingly more complex system; and (5) demonstrate that Peoples' proposed levels of operations and maintenance ("O&M") expenses for the ECT team for the 2026 projected test year are reasonable and prudent.
Donna Bluestone	(1) Provide an overview of the company's Human Resource activities; (2) explain the company's employee compensation system; (3) demonstrate that the company's proposed levels of O&M expense for the 2026 projected test year are reasonable; (4) demonstrate that the payroll and benefits costs for the 2026 projected test year are reasonable; and (5) show the additional O&M team members included in the rate case are appropriate.
Eric Fox	(1) Support the company's 2026 Test Year Residential and Small Commercial load forecast; (2) address the change from 20-year normal to 10-year normal weather for the forecast; and (3) discuss the performance of the 2023 rate case forecast.
John Taylor	(1) Present and explain the company's filed cost of service studies; and (2) discuss the proposed rate design changes.

Dylan D'Ascendis	(1) Discuss the recommendation that the Commission should authorize Peoples Gas the opportunity to earn an ROE of 11.10 percent on its jurisdictional rate base; and (2) provide an assessment of the capital structure to be used for ratemaking purposes.
Andrew Nichols	(1) Provide an overview of the company's request for rate relief in 2026; (2) describe the company's 2026 test year; (3) explain the 2026 budget process used to develop the financial projections for the test year; (4) Explain the calculation of and adjustments used to develop the 2026 test year rate base, present the proposed 2026 capital structure, and the 2026 net operating income; and (5) present and explain the calculation of the revenue requirement and test year revenue deficiency for the 2026 test year.
Jeff Chronister	(1) Provide an overview of changes to the company's financial profile and the reasons it needs the rate increase proposed in this case; (2) discuss the importance of maintaining Peoples Gas' financial integrity, why the Commission should approve the company's proposed 54.7 percent equity ratio, and how the company forecasted short-term and long-term debt costs for the test year; (3) provide a high-level view of the company's long-term financial outlook for serving its current and new customers and explain why approving the company's proposed subsequent year adjustment ("SYA") for 2027 is appropriate in this proceeding; and (4) describe the processes and procedures used by affiliates in the Emera family of companies to account for costs charged to each other, including how costs are direct charged, assessed, and allocated by, to, and among affiliates.

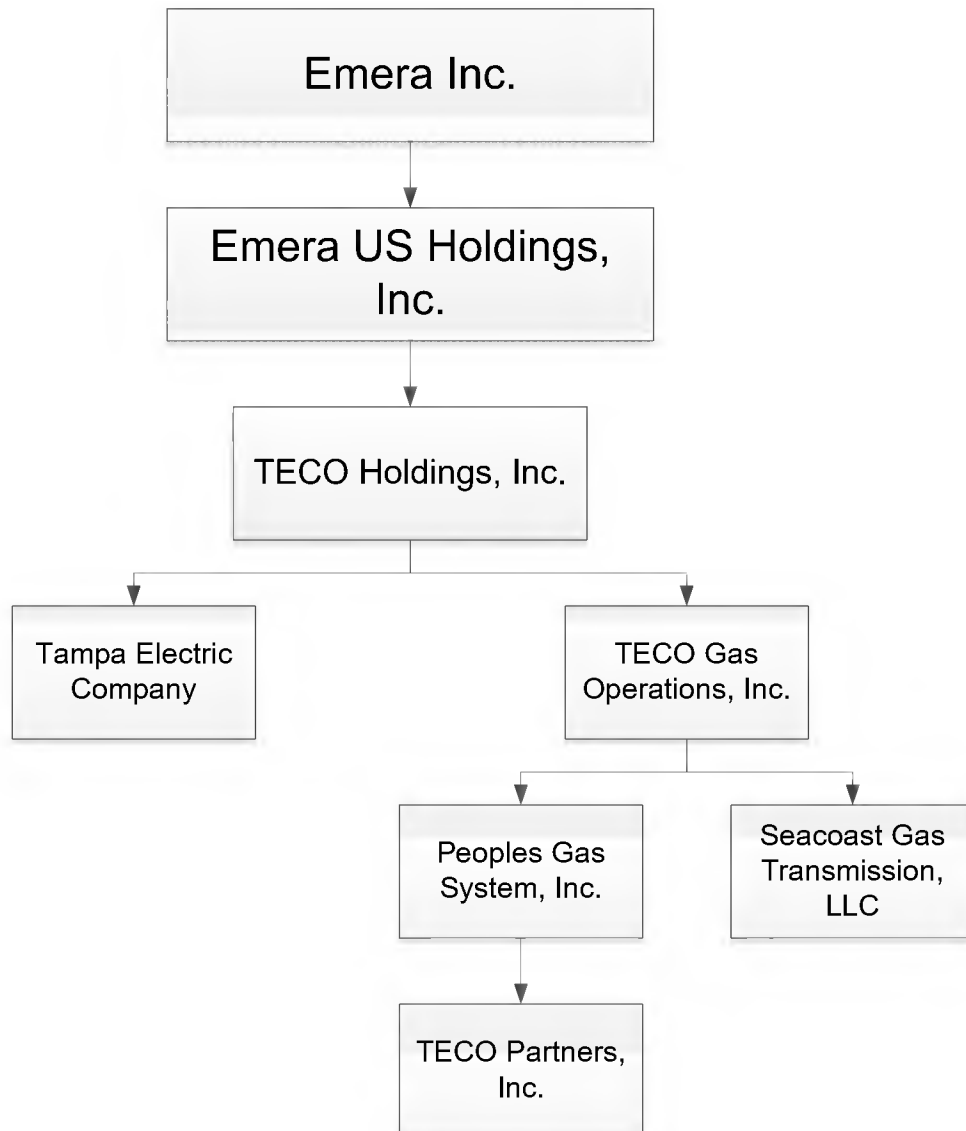
Luke Buzard	(1) Describe the function and job responsibilities of the Regulatory, External Affairs, and Finance departments; (2) Discuss Regulatory, External Affairs, and Finance operations and maintenance expense ("O&M"); (3) describe the current status of the company's recent filings before the FPSC; (4) describe the company's revenue and load forecasting processes; (5) present the load forecast used in the test year budget which supports its request for a base rate increase; (6) propose and support the tariff modifications, including the proposed base rates and miscellaneous service charges and non-rate rate related language; and (7) support economic development expenses.
-------------	---

Peoples Gas System, Inc. Areas Served



Note: Areas highlighted in various colors are served by Peoples Gas System, Inc.

**Corporate Structure Diagram
of
Peoples Gas System, Inc.
and its Affiliates**



PGS 2025 Balanced Scorecard

Confidential

	Threshold	Target	Stretch
SAFETY 15%	Achieve 600 unscheduled compliance checks in 2025 (avg 50/month) and document in Cority	Achieve zero team member serious injuries (H-SIFs)	Achieve zero contractor serious injuries (H-SIFs)
		Achieve an avoidable vehicle accident incident rate less than or equal the 5-year average baseline of 2.30	Achieve Lost Time Injury (LTI) rate less than or equal to the 5-year average of 0.28
PEOPLE 15%	Achieve 80% PC training completion rate on compensation philosophy, grades, and ranges	Complete new hire onboarding program implementation and rollout by Q4	Achieve improvements through the implementation of change management programs in Operations and E&C
	95% of PGS employees and contractors will complete cyber security training	Achieve average monthly cyber security phish rate of 4.0% or lower, after removing best and worst months	Achieve average monthly cyber security phish rate of 3.0% or lower, after removing best and worst months
CUSTOMER 15%	Complete the customer journey mapping process for scattered residential customers by the end of Q2	Achieve customer meter-to-cash action item results by the end of Q4. Actions are monthly zero revenue and rate code discrepancies reports, and the governance structure required for process oversight	Achieve #1 national ranking in the 2025 JD Power Residential Customer Satisfaction study
	Achieve a 60 min response rate on 95% of emergency calls	Achieve scattered residential customers pilot results in the Tampa division with a minimum of 50 customer work orders by end of Q4	Achieve a 60 min response rate on 98.5% of emergency calls
ASSET MGMT 15%	Complete the IRP to LTF link and develop and document capital scenarios by the end of Q3	Achieve \$█ in incremental value from strategic growth projects (SGPs) by the end of Q4 2025	Achieve \$█ in incremental value from SGPs by the end of Q4 2025
		Complete the plan to meet the new 2025 compliance requirements of the PHMSA's Leak Detection and Repair (LDAR) rule by the end of Q4	Achieve zero high priority pipeline damages for C4 events with valid locate ticket
FINANCIAL 40%	█ of Net Income	Net Income (█) \$█	█ of Net Income
	█ of Cash Flow	Cash Flow (█) █	█ of Cash Flow

Residential Customer Proposed Bill Comparisons 2025 - 2027

According to the *American Gas Association*, natural gas is recognized as an affordable, safe, reliable, and efficient energy source, trusted by millions of Americans. It is commonly used for heating, cooking, drying clothes, and even powering natural gas vehicles, which makes it an essential part of daily life.

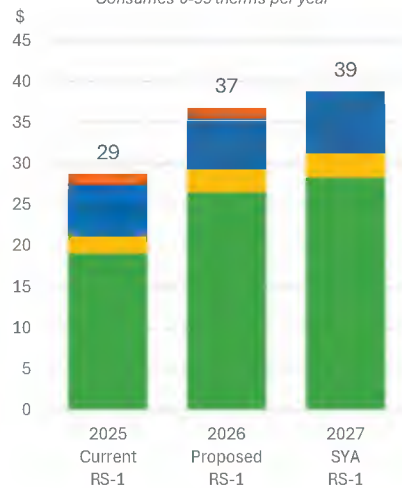
In this analysis of residential bills, we compare the current RS-1 billing class rates with the RS-1 proposed rates. We also evaluate a proxy representing the current rates and the proposed combined RS-2 and RS-3 billing classes (referred to as RS-2 Blend). By combining the RS-2 and RS-3 billing classes, we calculate a weighted average usage rate for these customers and appropriately weight their existing customer charges to illustrate the overall bill impact of the proposed rate design on customer bills.

RS-1 Bills: 2025 - 2027

(6 Therms Monthly)

Consumes 0-99 therms per year

RS-1 Customers may be seasonal or have a single gas appliance like a water heater or range.

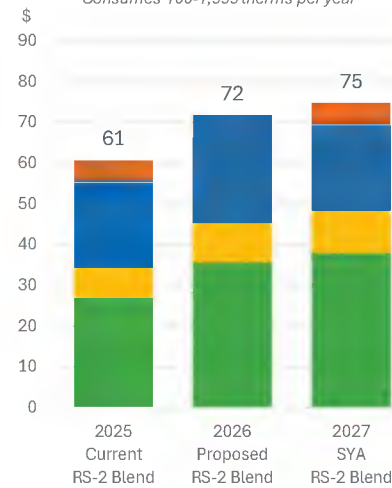


RS-2 Blend Customers have a suite of appliances that typically include a water heater, range, and dryer, and sometimes a pool heater and/or outdoor kitchen.

RS-2 Blend Bills: 2025 - 2027

(21 Therms Monthly)

Consumes 100-1,999 therms per year



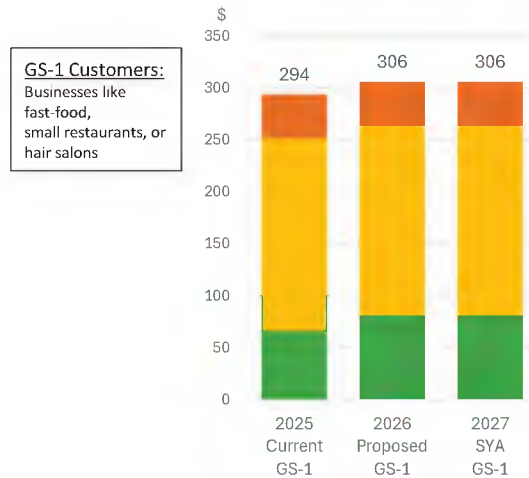
■ Customer Charge ■ Distribution Charge ■ Purchased Gas Adjustment ■ Clauses, Riders, and Taxes



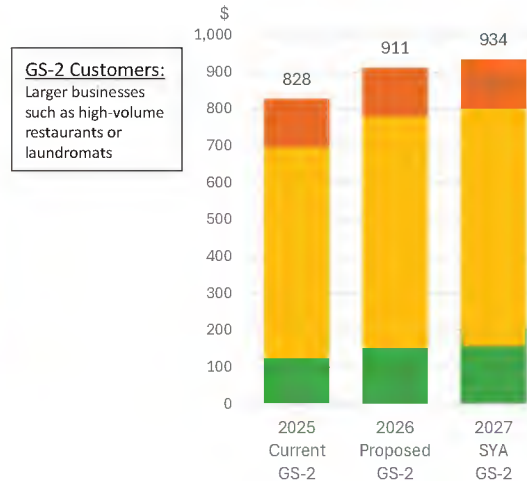
Commercial Customer Proposed Bill Comparisons 2025 - 2027

Natural gas is vital in sectors like hospitality, pharmaceuticals, healthcare, manufacturing, and agriculture. A study by the Center for Strategic Alliance and International Studies "CSIS" and the American Gas Foundation highlights natural gas' importance in energy security and U.S. manufacturing competitiveness while transitioning to a low-carbon economy, especially as energy demand continues to rise. The U.S. hospitality sector uses 387 Bcf of natural gas annually, supplying restaurants, lodging, and amusement parks. In agriculture, affordable natural gas benefits farms, ranches, and beyond through jobs and tax revenue. The affordability of natural gas and its growing popularity is evident with approximately 60 new businesses starting service daily.⁽¹⁾

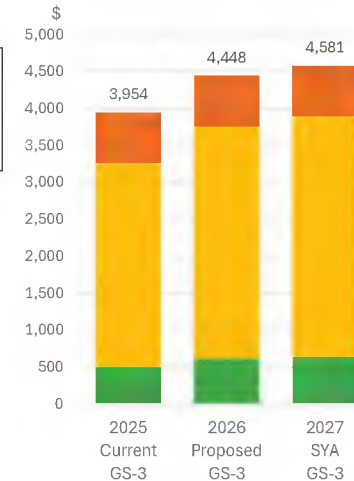
GS-1 Bills: 2025 - 2027
(400 Therms Monthly)*



GS-2 Bills: 2025 - 2027
(1,440 Therms Monthly)*



GS-3 Bills: 2025 - 2027
(8,130 Therms Monthly)*



■ Customer Charge ■ Distribution Charge ■ Clauses, Riders, and Taxes