State of Florida

Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: July 23, 2026

TO: Adam J. Teitzman, Commission Clerk, Office of Commission Clerk

FROM: Lynn M. Deamer, Chief of Auditing, Office of Auditing and Performance Analysis LL

RE: Docket No.: 20260003- GU
Company Name: Peoples Gas System, Inc.
Company Code: GU608
Audit Purpose: A3c: Purchased Gas Adjustment Clause
Audit Control No.: 2026-016-1-1

Attached is the final audit report for the Utility stated above, I am sending the Utility a copy of this memo and audit report. If the Utility desired to file a response to the audit report, it should send a response to the Office of the Commission Clerk. There are no confidential work papers associated with this audit.

Attachement: Audit Report

Cc: Office of Audit & Performance Analysis

State of Florida

Public Service Commission

Office of Auditing and Performance Analysis
Bureau of Auditing

Auditor's Report

Peoples Gas System, Inc.
Purchased Gas Adjustment Clause

Twelve Months Ended December 31, 2025

Docket No. 20260003-GU
Audit Control No. 2026-016-1-1
July 20, 2026

Eduard A. Dukov
Audit Manager

Lynn M. Deamer
Reviewer

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Purpose

To: Florida Public Service Commission

We have performed the procedures described later in this report to meet the objectives set forth by the Division of Economics in its audit service request dated January 7, 2026. We have applied these procedures to the attached summary exhibit and to several related schedules prepared by Peoples Gas System, Inc. in support of its 2025 filing for the Purchased Gas Adjustment Clause in Docket No. 20260003-GU.

The report is intended only for internal Commission use.

Objectives and Procedures

General

Definition

Company refers to the Peoples Gas System, Inc..
PGA refers to the Purchased Gas Adjustment Clause.

Revenue

Operating Revenues

Objectives: The objectives were to determine the actual therms sold for the period January 1, 2025, through December 31, 2025, and whether the Company applied the Commission-approved cost recovery factor to actual therm sales for the PGA.

Procedures: We reconciled the Company's revenues recorded in the general ledger to the Company's filing. A sample of residential and commercial customer bill tests were performed by rate class, to verify that the correct tariff rate was used. No exceptions were notes.

Expense

Operation and Maintenance Expense

Objectives: The objectives were to verify that Operation and Maintenance (O&M) Expenses listed on the Company's filing are supported by adequate documentation and that the expenses are appropriately recoverable through the PGA.

Procedures: We traced 2025 expenses in the filing to the general ledger. We selected a sample of O&M Expenses for testing for 2025. The source documentation for selected items was reviewed to ensure that the expenses were for the current period, changed to the current accounts, and appropriately recoverable through the PGA. No exceptions were noted.

True-up

Objective: The objective was to determine if the True-Up and Interest Provision as filed on Schedule A-2 was properly calculated.

Procedures: We traced the December 31, 2024, True-Up Provision to the Commission Order. We recalculated the True-Up and Interest Provision amounts as of December 31, 2025, using the Commission-approved beginning balance as of December 31, 2024, the Financial Commercial Paper rates, and the PGA revenues and costs. No exceptions were noted.

Analytical Review

Objective: The objective was to perform an analytical review of the Company's PGA Revenues and Expenses to determine if there were any material changes or inconsistencies from the prior year.

Procedures: We compared 2025 Purchased Gas and Transportation Costs to those same costs in 2024. There were not any significant variances. No further work was performed.

Audit Findings

None

<u>Exhibit</u>

Exhibit 1: True Up and Interest Provision

COMPANY: PEOPLES GAS SYSTEM	CALCULATION OF TRUE-UP AND INTEREST PROVISION						SCHEDULE A-2	
FOR THE PERIOD OF:	JANUARY 25 through DECEMBER 25							Page 1 of 1
	CURRENT MONTH:December 2025				PERIOD TO DATE			
	ACTUAL	ESTIMATE	DIFFERENCE		ACTUAL	ESTIMATE	DIFFERENCE	
			AMOUNT	%			AMOUNT	%
TRUE-UP CALCULATION								
1 PURCHASED GAS COST (A-1, LINES 4-13)	$10,038,151	$724,318	($9,313,834)	($12.85877)	$87,970,650	$32,474,404	($55,496,246)	(1.70892)
2 TRANSPORTATION COST (A-1, LINES 1+2+3+5+6-7-8-9)	$8,518,630	$8,802,368	$283,737	$0.03223	$81,545,382	$82,123,766	$578,384	0.00704
3 TOTAL	$18,556,781	$9,526,685	($9,030,096)	($0.94787)	$169,516,032	$114,598,170	($54,917,862)	(0.47922)
4 FUEL REVENUES	$14,611,112	$9,526,685	($5,084,426)	($0.53370)	$169,983,459	$114,598,170	($55,385,289)	(0.48330)
(NET OF REVENUE TAX)					$0	$0		
5 TRUE-UP REFUND/(COLLECTION)	$200,560	$200,560	$0	$0.00000	$2,406,687	$2,406,687	$0	0.00000
6 FUEL REVENUE APPLICABLE TO PERIOD *	$14,811,672	$9,727,245	($5,084,426)	($0.52270)	$172,390,146	$117,004,857	($55,385,289)	(0.47336)
(LINE 4 (+ or -) LINE 5)					$0	$0		
7 TRUE-UP PROVISION - THIS PERIOD	($3,745,110)	$200,560	$3,945,670	$19.67325	$2,874,114	$2,406,687	($467,427)	(0.19422)
(LINE 6 - LINE 3)					$0	$0		
8 INTEREST PROVISION-THIS PERIOD (21)	$26,574	$30,270	$3,696	$0.12210	$732,783	$744,340	$11,557	0.01553
9 BEGINNING OF PERIOD TRUE-UP AND	$10,419,393	$9,622,274	($797,719)	($0.08290)	$207,513,012	$211,662,627	$4,149,615	0.01990
INTEREST					$0	$0		
10 TRUE-UP COLLECTED OR (REFUNDED)	($200,560)	($200,560)	$0	$0.00000	($2,406,687)	($2,406,687)	$0	0.00000
(REVERSE OF LINE 5)					$0	$0		
10a OVER EARNINGS REFUND	$0	$0	$0	$0.00000	$0	$0	$0	0.00000
11 TOTAL EST/ACT TRUE-UP (7+8+9+10+10a)	$6,500,897	$9,652,544	$3,151,647	$0.32651	$208,713,222	$212,406,966	$3,693,744	0.01739
11a REFUNDS FROM PIPELINE	$649	$0	($649)	$0.00000	$54,989	$0	($54,989)	0.00000
12 ADJ TOTAL EST/ACT TRUE-UP (11+11a)	$6,501,545	$9,652,544	$3,150,999	0.32644	$208,768,211	$212,406,966	$3,638,755	0.01713
INTEREST PROVISION								
13 BEGINNING TRUE-UP AND	10,419,993	9,622,274	(797,719)	(0.08290)	* If line 5 is a refund add to line 4			
INTEREST PROVISION (9)					If line 5 is a collection ( ) subtract from line 4			
14 ENDING TRUE-UP BEFORE	6,474,971	9,622,274	3,147,303	0.32709				
INTEREST (13+7-5+10a+11a)								
15 TOTAL (13+14)	16,894,964	19,244,548	2,349,584	0.12209				
16 AVERAGE (50% OF 15)	8,447,482	9,622,274	1,174,792	0.12209				
17 INTEREST RATE - FIRST	3.89	3.89	0	0.00000				
DAY OF MONTH								
18 INTEREST RATE - FIRST	3.66	3.66	0	0.00000				
DAY OF SUBSEQUENT MONTH								
19 TOTAL (17+18)	7.550	7.550	0	0.00000				
20 AVERAGE (50% OF 19)	3.775	3.775	0	0.00000				
21 MONTHLY AVERAGE (20/12 Months)	0.31458	0.31458	0	0.00001				
22 INTEREST PROVISION (16x21)	$26,574	$30,270	$3,696	0.12210				