



FILED 3/31/2025
DOCUMENT NO. 02373-2025
FPSC - COMMISSION CLERK

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

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 Donna Bluestone and Exhibit No. DB-1.

Thank you for your assistance with this matter.

(Document 6 of 16)

Sincerely,

A handwritten signature in blue ink, appearing to read 'Jeff Wahlen', with a stylized flourish at the end.

J. Jeffry 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
DONNA BLUESTONE

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24

TABLE OF CONTENTS	
PREPARED DIRECT TESTIMONY AND EXHIBIT	
OF	
DONNA BLUESTONE	
I. HUMAN RESOURCES OVERVIEW.....	4
II. HR ACCOMPLISHMENTS AND UPDATES SINCE THE LAST RATE CASE	12
III. EMPLOYEE COMPENSATION.....	22
IV. COMPENSATION.....	24
V. BENEFITS.....	34
VI. 2026 TEST YEAR TOTAL COMPENSATION EXPENSES.....	48
VII. SUMMARY.....	70
EXHIBIT.....	72

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

PREPARED DIRECT TESTIMONY

OF

DONNA BLUESTONE

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

A. My name is Donna Bluestone. My business address is 702 North Franklin Street, Tampa, Florida 33602. I am the Vice President of Human Resources, and I am employed by Peoples Gas System, Inc. ("Peoples" or the "company").

Q. Please describe your duties and responsibilities in that position.

A. I am responsible for the leadership and strategic direction of the Human Resources ("HR") function for Peoples. My duties include: (1) talent acquisition; (2) HR operations; and (3) leadership and organizational development. I am also responsible for coordinating the HR functions provided to Peoples by Tampa Electric Company ("Tampa Electric") via shared services.

Q. Please provide a brief outline of your educational background and business experience.

1 **A.** I received a Bachelor of Science degree in Psychology
2 from Longwood College in Farmville, Virginia and a Master
3 of Business Administration from the University of Florida
4 in Gainesville, Florida.

5
6 I joined Peoples in September 2022 as the Vice President
7 of Human Resources. Prior to joining Peoples, I served as
8 the Vice President of HR and Shared Services for Bloomin'
9 Brands, Inc., where I was responsible for talent
10 acquisition, leadership development, and shared services.
11 I also provided strategic HR support to the Executive
12 Leadership team. My background includes other HR
13 leadership roles with varying levels of responsibilities.

14
15 **Q.** What are the purposes of your prepared direct testimony
16 in this proceeding?

17
18 **A.** The purposes of my direct testimony are to: (1) provide
19 an overview of the company's HR activities; (2) explain
20 the company's team member compensation system; (3) show
21 that the company's proposed levels of operations and
22 maintenance ("O&M") expenses related to HR for the 2026
23 projected test year are reasonable and prudent; (4)
24 demonstrate that Peoples' payroll and benefits costs for
25 the 2026 projected test year are reasonable; and (5) show

1 that the additional O&M team members included in the rate
2 case are appropriate.

3

4 **Q.** Did you prepare any exhibits in support of your prepared
5 direct testimony?

6

7 **A.** Yes. Exhibit No. DB-1, entitled "Exhibit of Donna
8 Bluestone", was prepared under my direction and
9 supervision. The contents of my exhibit were derived
10 from the business records of the company and are true and
11 correct to the best of my information and belief. My
12 exhibit consists of 10 documents:

13

14 Document No. 1 List of Minimum Filing Requirement
15 Schedules Co-Sponsored by Donna
16 Bluestone

17 Document No. 2 2023 Rate Case Team Member Count
18 Reconciliation

19 Document No. 3 2023 Rate Case Positions
20 Reconciliation

21 Document No. 4 Base Wage Adjustments for Union
22 Members 2020-2025

23 Document No. 5 Total Annual Compensation Analysis
24 for Exempt and Non-Covered/Non-
25 Exempt Benchmarked Positions

1	Document No. 6	Description of TECO Peoples Gas
2		Benefits Package
3	Document No. 7	TECO Benefits Valuation Executive
4		Summary (2023 Mercer BENVAL)
5	Document No. 8	Average Annual Health Benefits Cost
6		per Employee 2011-2024 (Mercer)
7	Document No. 9	Peoples' Retirement Results (2023
8		Mercer BENVAL)
9	Document No. 10	Peoples' FERC Account 926 Pension
10		Benefits 2024-2026

11

12 **I. HUMAN RESOURCES OVERVIEW**

13 **Q.** Please describe the company's Human Resources department.

14

15 **A.** Peoples' Human Resources ("HR") department consists of
16 three areas: (1) Talent Acquisition; (2) HR Operations;
17 and (3) Leadership and Organizational Development. As of
18 December 31, 2024, there were 12 team members within the
19 HR Department. The Talent Acquisition area is responsible
20 for attracting and hiring the right candidates. HR
21 Operations oversees employee and labor relations. The
22 Leadership and Organizational Development area creates
23 and conducts training focused on leadership development
24 and is responsible for the company's employee engagement
25 survey.

1 **Q.** Do certain HR functions remain shared with Tampa Electric?

2
3 **A.** Yes. A few HR functions remain shared with Tampa Electric
4 so we can benefit from the economies of scale available
5 due to the transactional nature of the service, including:
6 (1) HR Technology and Systems, (2) payroll, (3) benefit
7 plan design and administration, and (4) compensation
8 design. The company pays a shared services allocation to
9 Tampa Electric for these functions. Peoples witness
10 Andrew Nichols addresses the shared service allocation in
11 his prepared direct testimony.

12
13 GUIDING PRINCIPLES

14 **Q.** Please describe the company's commitment to its team
15 members.

16
17 **A.** Peoples' philosophy with respect to team members is rooted
18 in the belief that they are the key drivers of our
19 company's value to both our customers and the communities
20 we serve. It is essential for our team members to be
21 committed to maintaining a safe work environment to
22 benefit the public, and to commit to safety every moment
23 of every day.

24
25 Peoples is committed to hiring and retaining skilled team

1 members who: (1) are dedicated to safety, collaboration,
2 and innovation; (2) can adapt to the company's changing
3 industry needs; and (3) embrace innovations that help the
4 company deliver clean, affordable, and reliable energy
5 safely. To support the retention of skilled team members
6 beyond its compensation and benefits package, the company
7 offers various programs such as leadership development,
8 tuition reimbursement, and flexible work options for
9 certain positions. Additionally, apprentices are eligible
10 to earn up to 30 credit hours of college credit towards
11 an associate degree should they choose to pursue that
12 path.

13
14 **Q.** What are the company's core principles in the way it
15 conducts business?

16
17 **A.** Peoples' core principles, as articulated in its Code of
18 Conduct are:

- 19
20 1. Safety, health, and the environment;
21 2. Customers;
22 3. Integrity;
23 4. Respect and collaboration; and
24 5. Excellence.
25

1 **Q.** What leadership competencies does the company seek to
2 develop in its team members?

3
4 **A.** The following leadership competencies serve to guide all
5 team members and build upon Peoples' Code of Conduct:

- 6
7 1. Speaks up on Safety, Health, and the Environment;
8 2. Takes Ownership and Acts with Integrity;
9 3. Drives Operational Excellence for Customers;
10 4. Builds Strong, Collaborative Relationships;
11 5. Develops People and Teams;
12 6. Cultivates Innovation and Embraces Change; and
13 7. Thinks Strategically and Exercises Sound Judgment.

14
15 **Q.** What are the objectives of Peoples' total compensation
16 and benefits programs?

17
18 **A.** The company recognizes that a fair and market-based
19 compensation and benefits package is critical to
20 attracting and retaining skilled and experienced team
21 members. The company's total compensation and benefits
22 programs include (1) base salary; (2) short-term
23 incentive; (3) long-term incentive (where applicable);
24 (4) pension/401k; (5) paid time off programs; (6) an
25 Employee Common Share Purchase Plan; and (7) medical,

1 dental and insurance plans. All team members, except for
2 co-op/student team members, are eligible to participate
3 in the company's medical, dental, and vision insurance
4 plans. I will discuss Peoples' compensation system in more
5 detail later in my direct testimony.

6
7 **Q.** What is the Peoples' philosophy with respect to staffing
8 and building team member capability as the organization
9 grows?

10
11 **A.** Peoples is very deliberate as we build our team. The
12 company works to hire internally for skills that are
13 necessary as our organization grows. For example, process
14 improvement and change management skills are essential to
15 building the organizational capability to be more
16 productive and efficient. Another example is reflected in
17 our recent insourcing of the locator role in Gas
18 Operations. By hiring these team members we can
19 significantly reduce the cost of external consultants or
20 service providers, while also becoming more efficient.

21
22 TEAM MEMBER OVERVIEW

23 **Q.** How many team members are employed by Peoples?

24
25 **A.** As of December 31, 2024, Peoples employed 812 team

members.

Q. Does Peoples have team members that are part of a collective bargaining unit?

A. Yes. Approximately 107 team members, as of December 31, 2024, were part of a collective bargaining unit. As of December 31, 2024, the company had Collective Bargaining Agreements ("CBAs") with four unions: (1) International Brotherhood of Electrical Workers 108 ("IBEW 108"); (2) United Food and Commercial Workers International Union Local 1625 ("UFCW"); (3) International Brotherhood of Electrical Workers 2072 ("IBEW 2072"); and (4) Office and Professional Employees International Union ("OPEIU"). The table below reflects the number of team members per union as of December 31, 2024.

Union	Team Member Count
IBEW (2072)	25
IBEW (108)	28
OPEIU (46)	11
UFCW (1625)	43
Grand Total	107

Q. Have there been changes to the collective bargaining units since December 31, 2024?

1 **A.** Yes. In February 2025, the IBEW 2072 officially
2 decertified from union representation. This union
3 previously covered 25 team members in Daytona, Eustis and
4 Lakeland service areas. Also, in February 2025, the IBEW
5 108, which covers 28 team members in our Sarasota service
6 area, submitted a notice of intent to decertify to the
7 National Labor Relations Board. This bargaining unit will
8 hold a decertification vote in April 2025 to determine
9 its status. The decertification notifications signal that
10 these team members recognize the value of the increased
11 engagement support by leadership.

12
13 **Q.** With this recent decertification of the IBEW 2072, how
14 many remaining covered team members do you have?

15
16 **A.** Following the decertification of IBEW 2072, we have 82
17 covered team members, which represents 10 percent of our
18 team members.

19
20 **Q.** What is the status of the remaining three currently active
21 union contracts: (1) IBEW 108; (2) UFCW 1625; and (3)
22 OPEIU.

23
24 **A.** The contract for the IBEW 108 will expire on May 26, 2025,
25 if the decertification process is not complete before that

1 time. As previously mentioned, these members will vote in
2 April on the decertification. UFCW's contract will expire
3 on November 6, 2025. The company will engage in
4 negotiations with this union at the appropriate time. The
5 company recently successfully negotiated a new contract
6 with the OPEIU, with terms effective January 1, 2025 and
7 terminating on December 31, 2027.

8
9 **Q.** What other team member categories does the company have
10 beyond team members that are covered by a CBA as described
11 above?

12
13 **A.** The company also has exempt, non-exempt, part-time and
14 co-op student team members in addition to the company's
15 "covered" team members.

16
17 **Q.** What does "exempt" and "non-exempt" mean?

18
19 **A.** The terms "exempt" and "non-exempt" refer to a team
20 member's status under the Fair Labor Standards Act. Exempt
21 team members are not subject to certain requirements of
22 wage and hour laws, such as provisions governing when
23 overtime must be paid. There are additional wage and hour
24 laws that are applicable to non-exempt team members that
25 the company must follow for such employees.

1 Q. How many non-exempt team members did the company have as
2 of December 31, 2024?

3
4 A. The company had 374 noncovered non-exempt team members as
5 of December 31, 2024.

6
7 Q. How many exempt team members did the company have as of
8 December 31, 2024?

9
10 A. The company had 331 exempt team members as of December
11 31, 2024.

12
13 **II. HR ACCOMPLISHMENTS AND UPDATES SINCE THE LAST RATE CASE**

14 Q. How has Peoples addressed some of the HR needs identified
15 in the prior rate case?

16
17 A. In 2023 and 2024, the company strengthened its HR area
18 by: (1) reviewing internal processes and systems to ensure
19 they effectively support the company's growth, (2)
20 assisting the company's team members with career
21 advancement goals, and (3) providing company leaders with
22 tools to keep Peoples' team members engaged.

23
24 The HR department focused on improving internal processes
25 and systems to better support the company's growth. In

particular, the Talent Acquisition team:

1. Implemented proactive sourcing methods to identify candidates earlier in the recruitment process, which increased the number of qualified candidates,
2. Launched a stand-alone career website that showcases the company's culture and available career opportunities, thereby enhancing its ability to attract talent interested in the gas industry,
3. Introduced an initial candidate screening stage before the panel interview in the hiring process, allowing hiring managers to better evaluate candidates earlier in the process, and
4. Increased communication touchpoints with candidates to keep them engaged throughout the recruitment process.

These improvements in the Talent Acquisition process helped the company reduce the average time to fill a position from 59 days in 2023 to 45 days in 2024.

Additionally, HR made process improvements that reduced the time spent performing transactional items associated with internal transfers, offer approvals, offboarding checklist and onboarding communications.

1 HR developed a "Career Path Tool" for the Gas Operations
2 team to assist team members with career advancement goals.
3 This tool provides a detailed summary of roles, job
4 descriptions, and career path opportunities within the
5 company. It also includes a performance coach guide to
6 facilitate discussions with team members about navigating
7 their careers and supporting development plans. Moreover,
8 the company developed and piloted an "Emerging Leader"
9 Program to enhance career advancement opportunities and
10 team member engagement. The Program prepares team members
11 interested in leadership positions for future leadership
12 roles within our organization. Each participant completes
13 self-paced pre-work, attends facilitated sessions with
14 fellow program members and completes post-work with their
15 performance coach. The HR team facilitated two "Emerging
16 Leader Program" cohorts by the end of 2024, with a total
17 of 25 team members completing the program. Three
18 additional cohorts will complete the program by the end
19 of 2025, totaling approximately 36 team members.

20
21 **Q.** Did the company implement any new programs to support its
22 team members since its last rate case?

23
24 **A.** Yes. Following Hurricanes Helene and Milton, Peoples,
25 Tampa Electric, and TECO Partners, Inc., established an

1 "Employee Relief Fund" for team members with hurricane
2 recovery needs. Both Tampa Electric and Peoples made the
3 initial contributions to establish the fund, with Peoples
4 donating \$50,000. HR helped in the establishment of the
5 fund and the process for team members to submit for
6 financial assistance. This program is intended to assist
7 team members with emergency relief grants when facing
8 certain disaster events. A third party, E4E Relief LLC,
9 administers the fund to ensure both confidentiality and
10 equity in financial distributions.

11
12 **Q.** Has the company experienced any talent market challenges
13 since the last rate case?

14
15 **A.** Yes. The talent market in Florida remains competitive.
16 Compensation continues to be a challenge for us as the
17 cost of living in the state continues to increase. To
18 address these challenges, the company hired a few key
19 roles to work remotely outside the state.

20
21 TEAM MEMBER SURVEYS

22 **Q.** In order to engage, develop, and retain team members,
23 does the company use surveys or other means to get
24 feedback from its team members?

1 **A.** Yes. The company typically conducts a team member
2 engagement survey every two years, supplemented by a
3 shorter "pulse" survey in the off years. Both surveys
4 provide valuable feedback on many subjects, such as
5 satisfaction with leadership, compensation, benefits,
6 retention, opportunities for growth, and communication.
7 The company benchmarks these survey results both
8 internally and externally. In addition to the surveys,
9 the company gathers feedback from town halls, roadshows,
10 and leadership meetings. These events are well attended
11 and encourage open two-way communication. In both 2023
12 and 2024, the company held five town hall meetings each
13 year.

14
15 **Q.** What feedback did the company receive in the most recent
16 2023 engagement survey?

17
18 **A.** The feedback from the 2023 engagement survey revealed
19 several key points, including that our team members (1)
20 desire more career opportunities, (2) have a concern that
21 compensation is not keeping pace with the economy, (3)
22 would like more open and effective communication by
23 leadership, and (4) have an interest in increased
24 visibility from leadership. Despite these concerns, the
25 survey results also indicated that responding team

1 members feel engaged in meaningful work and appreciate
2 the team-oriented culture.

3
4 **Q.** How has the company addressed the feedback from the 2023
5 engagement survey?

6
7 **A.** As discussed above, the company developed both the "Career
8 Path Tool" and the "Emerging Leader Program" in direct
9 response to team member feedback received in 2023. Both
10 initiatives address concerns about career advancement
11 opportunities. We created and rolled out the "Performance
12 Coach Toolkit" to assist performance coaches in their
13 discussions with team members regarding career
14 opportunities.

15
16 The organization held town halls and conducted leadership
17 roadshows to address the desire for more open and
18 effective communication and leadership visibility.
19 Peoples also revamped the way our functional directors
20 interact to boost engagement from mid and senior-level
21 leaders. Additionally, HR enhanced the monthly HR
22 Newsflash to include more relevant information. The HR
23 Newsflash serves to communicate company activities, share
24 resources and education, recognize achievements, and
25 highlight important information across the organization.

1 HR also implemented "drop-in calls" for performance
2 coaches to share important and timely topics. These calls
3 provide an opportunity to share detailed information and
4 resources about key initiatives, enabling performance
5 coaches to effectively engage and educate their team
6 members.

7
8 TEAM MEMBER COUNT

9 **Q.** In the company's last rate case the Florida Public Service
10 Commission ("Commission") approved a total employee count
11 of 824 employees in 2024. You testified above that the
12 company had 812 team members as of December 31, 2024.
13 Please explain this variance.

14
15 **A.** On January 1, 2023, Peoples had 706 active team members.
16 In 2023 and 2024, Peoples had 237 team members who were
17 either hired, rehired or transferred into the company.
18 In addition, we had 131 team members who terminated or
19 transferred out of the company (to another affiliate).
20 Document No. 2 of my exhibit provides a reconciliation of
21 the Commission-approved team member count for 2024 of 824
22 and the actual team member count as of December 31, 2024,
23 of 812.

24
25 **Q.** In the company's last rate case, the Commission found

1 record evidence to support 142 positions between 2023 and
2 2024. Did the company fill all of the 142 approved
3 positions?
4

5 **A.** No. Of the 142 positions approved by the Commission in
6 the 2023 rate case, the company hired 102. Twenty-one of
7 the 142 approved positions were repurposed as different
8 positions or different locations to better align to the
9 business needs and roles directly tied to staffing to
10 meet customer demands. After careful consideration, the
11 company postponed hiring or otherwise did not hire 19 of
12 the 142 approved positions. In January 2024, the company
13 updated the budget for 2024 that it prepared in 2022 and
14 used in its last rate case. During the process, the
15 company faced lower than expected revenues, and higher
16 than expected costs for: transportation; insurance; and
17 labor and employee benefits. We managed through these
18 changes by slightly reducing the number of new employee
19 positions to be filled in 2024, finding operating
20 efficiencies, and updating the amount of administrative
21 and general (A&G) expense we capitalize. Peoples witness
22 Helen Wesley discusses these actions in her prepared
23 direct testimony.
24

25 Document No. 3 of my exhibit provides a reconciliation of

1 the Commission approved team member positions for 2023
2 and 2024 of 142 with the actual positions filled as of
3 December 31, 2024.

4
5 **Q.** Which 16 positions were disallowed by the Commission in
6 the 2023 rate case?

7
8 **A.** The Commission disallowed one Business Development
9 Manager position in FERC Account 920, and the following
10 fifteen positions in the non-finance general A&G area:

- 11 • Marketing - Coordinator
- 12 • Marketing - Manager
- 13 • Strategy - Coordinator
- 14 • Strategy - Co-op
- 15 • Marketing - Service Coordinator
- 16 • Marketing - Manager Strategic Communications and
17 Media Relations
- 18 • Process Improvement - Lead Business Innovation
19 Coordinator
- 20 • Analytics - Business Analytics and Insights Analyst
- 21 • Analytics - Co-op
- 22 • Regulatory Affairs - Senior Analyst (2 positions)
- 23 • Regulatory Affairs - Manager
- 24 • Real Estate - Manager
- 25 • Real Estate - Technician (2 positions)

1 **Q.** Did the company hire any of the 16 disallowed positions?

2
3 **A.** Yes. As shown on Document No. 3 of my exhibit, the company
4 made a business decision to hire six of the disallowed
5 positions. In 2023, before the Commission's decision, the
6 company had already filled the (1) Regulatory Affairs
7 Manager position and the (2) Marketing - Manager Strategic
8 Communications and Media Relations positions. Following
9 the Commission's decision, the company hired the
10 following four positions to fill essential functions:
11 Marketing - Manager, Regulatory Sr. Analyst, Regulatory
12 Analyst and Business Development Manager.

13
14 **Q.** In the last rate case the Commission approved the
15 following three team members for HR in 2023: an (1)
16 Analyst Lead, (2) HR Business Partner, and (3) Talent
17 Acquisition Specialist. Did the HR team hire these team
18 members in 2023?

19
20 **A.** In December 2023, the HR Business Partner and the Talent
21 Acquisition Specialist positions were filled. The Talent
22 Acquisition Specialist started their position in January
23 2024.

24
25 The company made a business decision not to hire the

Analyst Lead position but instead hire the position of Learning & Development Specialist to allow the company to address talent management, assist with leadership development, and the needs of our growing workforce. The company hired this position in 2024 and the team member began work in January 2025. Therefore, this position is part of this rate case request.

Q. Did HR add any team members since the last rate case that were not part of the 2023 rate case?

A. Yes. In January 2025, the company added one additional position to the Leadership Development team. This "Technical Trainer" position is needed as we continue to prioritize leadership and team member development and enhance engagement among our team members. The addition of this position addresses feedback received from the engagement survey and is included in our current rate case request.

III. EMPLOYEE COMPENSATION

Q. What is Peoples' overall compensation philosophy?

A. The company recognizes that a competitive pay program is a critical component of a team member's total

1 compensation. Peoples must have a reasonable and
2 competitive compensation program to attract and retain
3 skilled team members. The company evaluates the
4 competitiveness of our pay program by focusing on total
5 direct compensation, which includes base pay (salaried
6 and hourly), short-term incentive plans ("STIP"), and
7 long-term incentive plans ("LTIP"). All three elements
8 are important, serve specific purposes, and work
9 together.

10
11 **Q.** Please describe the company's general system for
12 compensating its team members.

13
14 **A.** Peoples compensates its team members with a combination
15 of direct compensation and benefits. The direct
16 compensation component consists of three parts: base
17 compensation, short-term incentive compensation, and
18 long-term incentive compensation. Additionally, the
19 company offers different types of health insurance and
20 retirement plans as part of its benefits package. I will
21 explain these compensation and benefits components later
22 in my direct testimony.

23
24 All team members, whether hourly or salaried, are eligible
25 to participate in the company's benefits program and

1 short-term incentive pay program. The only exception is
2 our co-op/students. In general, department directors and
3 officers are also eligible to participate in the company's
4 long-term incentive pay program. I will describe these
5 programs further in my testimony.

6
7 Peoples' compensation system reflects a pay for
8 performance model that emphasizes total compensation that
9 aligns the interests of our team members and customers.
10 We have designed our compensation system to reflect market
11 values, promote internal equity, and be viewed as
12 reasonable when we establish the rates to be paid by our
13 customers. This approach keeps our compensation packages
14 competitive by making an appropriate portion of a team
15 member's total compensation "variable" or "at-risk"
16 through incentive compensation programs that reward good
17 performance. Peoples' incentive compensation programs
18 encourage team members to prioritize safety, reliability,
19 overall organizational performance, and improving the
20 customer experience.

21 22 **IV. COMPENSATION**

23 BASE COMPENSATION

24 **Q.** What is base compensation?
25

1 **A.** Base compensation (or base pay) is the pay team members
2 regularly receive biweekly and is either paid as hourly
3 wages or salary.

4
5 **Q.** What is compa-ratio?

6
7 **A.** Compa-ratio is a measurement of pay that compares a team
8 member's base compensation to the median compensation for
9 similar positions within the target market. For example,
10 a compa-ratio of 100 percent or 1.0 would mean that a
11 team member's base compensation is considered "at market"
12 because it is at the midpoint of compensation for that
13 role.

14
15 **Q.** What is total direct compensation or TDC?

16
17 **A.** TDC is the relationship between the market and the total
18 compensation package: (1) base pay (which includes base
19 pay plus commissions); (2) STIP; and (3) LTIP, where
20 applicable.

21
22 **Q.** Do non-covered team members automatically get a base pay
23 increase each year?

24
25 **A.** No. Non-covered team members do not automatically receive

1 an annual base pay increase but are eligible for an annual
2 merit increase based on the company's talent management
3 process.

4
5 **Q.** Are covered team members eligible for merit increases?
6

7 **A.** No. Team members who are covered by a CBA do not
8 participate in the company's annual merit process. Team
9 members who are covered by a CBA are eligible for a base
10 pay increase based on the applicable CBA. The company
11 negotiates with each union during each contract cycle,
12 and an annual base wage adjustment is normally included
13 in the final overall agreement. Confidential Document No.
14 4 of my exhibit summarizes the base wage adjustments for
15 each union during the period 2023 to 2024.
16

17 **Q.** Please explain the company's process for making merit pay
18 increases.
19

20 **A.** The company has an annual merit review process designed
21 to offer team members an opportunity to earn an increase
22 in their base pay based on performance. Our merit review
23 process enables the company to retain strong performing
24 team members and remain competitive with the market.
25

1 Our merit process is a component of our talent management
2 process by which we assess the annual performance of each
3 team member. The first part of the process includes goal
4 setting and the second part requires assessment of
5 performance or a performance review.

6
7 At the beginning of each year, team members establish
8 performance goals with their performance coach. During
9 this process, the team members and performance coaches
10 ensure that the annual goals and position
11 accountabilities align with their specific role and are
12 aligned with the company's annual objectives as set out
13 in the company's STIP program. The company evaluates a
14 team member's performance against established goals at
15 least twice a year, once at mid-year and again at the end
16 of the year. Team members and performance coaches also
17 discuss leadership competencies during the annual review
18 process. We assess team members on a five-point scale
19 based on expectations: Significantly Exceeds; Exceeds
20 Many; Fully Meets; Meets Most; and Does Not Meet Job
21 Expectations.

22
23 After the end of year performance reviews are complete,
24 performance coaches can recommend a merit adjustment for
25 each eligible non-covered/non-union team member based on

1 established guidelines. The guidelines for recommending
2 a merit increase are based on the performance rating
3 scale, the position of the team member's base salary
4 within the base salary range, and the annual merit budget.

5
6 Merit adjustments typically are a base pay increase;
7 however, a team member may not be eligible for a base
8 salary increase if the individual's performance does not
9 meet expectations or if the team member's base salary is
10 already positioned competitively relative to the salary
11 grade mid-point. The company's officers review and
12 approve each proposed merit increase, and the President
13 and Chief Executive Officer approves the final total
14 annual merit amount.

15
16 **Q.** How is the compensation set for those team members that
17 participate in collective bargaining units?

18
19 **A.** Compensation for team members who are covered under a CBA
20 is determined by the terms of the contract between the
21 company and the labor union, which governs the working
22 conditions. Specifically, the CBA addresses wage scales,
23 working hours, training, health and safety, overtime,
24 grievance mechanisms, and rights to participate in
25 workplace or company affairs. Most of the company's

1 "covered" team members are non-exempt, are paid by the
2 hour, and are eligible for overtime or shift differential
3 pay. The same market and benchmark comparable data is
4 used during the collective bargaining process to ensure
5 alignment.

6
7 SHORT-TERM INCENTIVE PLAN

8 **Q.** Please describe the company's short-term incentive plan
9 or STIP.

10
11 **A.** The company's STIP compensates team members for the
12 achievement of annual company objectives. This variable
13 bonus plan rewards individual performance and individual
14 contribution to the annual company goals. The objectives
15 for STIP are centered around performance in the areas of
16 Safety, People, Customer, Asset Management, and
17 Financial. The STIP payment is calculated using four
18 components:

- 19
20 1. Eligible Earnings (base pay, sales commission, and
21 overtime, if applicable),
22 2. Incentive Target Level (a pre-defined percentage
23 based on the job level and is standardized across the
24 organization),
25 3. Balanced Scorecard ("BSC") Result Percentage

1 Achieved (annual goals achieved for the organization),
2 and

3 4. Performance Multiplier (calculation to differentiate
4 each eligible team member's level of performance).

5
6 The STIP links the company's success to financial
7 incentives for Peoples' team members for achieving the
8 company's annual goals and objectives. Team members who
9 score higher on the annual performance review are entitled
10 to a higher STIP payout as a percentage of base pay.

11
12 **Q.** How is the STIP applied to team members?

13
14 **A.** All eligible team members receive STIP payment based on
15 company performance (the BSC) and their individual
16 performance multiplier. Team members who have
17 underperformed and received positive discipline (the name
18 of the company's discipline process) and/or a performance
19 rating of "1- Does Not Meet Expectations" are not eligible
20 to receive an STIP payment.

21
22 **Q.** Please describe the Balanced Scorecard or BSC.

23
24 **A.** The company develops its BSC to define the organization's
25 goals for that calendar year. The BSC includes threshold,

1 target, and stretch goals across the five previously
2 identified categories: Safety, People, Customer, Asset
3 Management, and Financial Goals. The percentage of
4 variable pay potential is based on the BSC results, job
5 grade, and individual team members' performance. The
6 payout ranges from 50 percent to 150 percent depending on
7 the overall achieved results. The BSC is a key component
8 of the STIP, linking the company's success to financial
9 incentives for the team members who achieve or exceed
10 their annual performance goals.

11 12 LONG-TERM INCENTIVE PLAN

13 **Q.** Please describe the company's long-term incentive plan,
14 or LTIP.

15
16 **A.** The company's LTIP is a compensation and retention program
17 for team members in key senior leadership positions. The
18 LTIP encourages team members to focus on delivering long-
19 term value for customers and aligns the long-term
20 incentive pay for senior leaders with corporate and
21 shareholder goals. LTIPs like ours are commonly offered
22 by companies that compete for senior leadership talent.
23 The company's LTIP is an important part of our competitive
24 total compensation program for senior leaders. Together
25 with our base pay and STIP, the company's LTIP allows

1 Peoples to attract and retain skilled leaders.

2
3 LTIP is administered through the Emera Performance Share
4 Unit ("PSU") Plan and the Emera Restricted Share Unit
5 ("RSU") Plan. A PSU or RSU is an equity-based compensation
6 granted to team members and refers to a unit equivalent
7 value of an Emera common share. Each grant has a
8 performance, or vesting, period of three calendar years.
9 Both PSU and RSU grants are affected by the Emera share
10 price. A PSU grant is subject to the achievement of pre-
11 determined financial objectives. At the end of the three-
12 year vesting or performance period, the grants for that
13 period are paid out. A PSU payout factor is a comparison
14 of Emera's performance results against the financial
15 objectives set for that period. The purpose of these
16 plans is to align leaders' long-term pay with Emera
17 corporate goals that focus on creating and preserving
18 long-term stakeholder value, which in turn, is guided by
19 creating long-term customer value. Each year, team
20 members at the director level or above are awarded PSUs
21 based on a percentage of base pay.

22
23 REASONABLENESS OF TOTAL DIRECT COMPENSATION

24 **Q.** You have explained that Total Direct Compensation, or TDC,
25 consists of base pay, STIP, and LTIP. What is the

1 company's "target" for TDC?

2
3 **A.** The company targets the median (middle) of the market.
4 Using the market median is considered a compensation best
5 practice and is better than using the mean or average
6 because the median is less sensitive to outliers in the
7 market data. Targeting the median helps balance the
8 company's desire to hire and retain quality team members
9 and to maintain reasonable customer rates.

10
11 **Q.** What tools does the company use to align TDC with the
12 market median?

13
14 **A.** To align TDC with the market, the company first benchmarks
15 positions against the labor market using data from the
16 U.S. Mercer Benchmark database and the Willis Towers
17 Watson MMPS Survey. This determines the appropriate
18 compensation range for specific positions. TDC, as
19 previously explained, comprises base salary (or base
20 pay), STIP, and LTIP. All three elements are important to
21 ensure the company's team members receive competitive
22 compensation and that the company attracts and retains
23 talented people. Peoples then calculates the TDC and
24 measures it against the market to determine where the team
25 members' compensation falls. This is a standard HR

1 practice that looks at the placement of an individual's
2 salary within a defined compensation range.

3

4 **Q.** How does Peoples' compa-ratio compare to the market?

5

6 **A.** The company's team members were at an average .96 compa-
7 ratio in January 2025.

8

9 **Q.** Do you have any analyses showing how Peoples' salary
10 levels compare to the market over time?

11

12 **A.** Document No. 5 of my exhibit shows the total annual
13 compensation analysis for exempt and non-exempt
14 benchmarked positions as of December 22, 2024.

15

16 **Q.** Are the company's compensation systems and levels for 2025
17 reasonable?

18

19 **A.** Yes. As explained above, the company benchmarks its total
20 compensation against applicable markets using relevant
21 and competitive benchmarks for compensation.

22

23 **V. BENEFITS**

24 **Q.** Please describe the company's health and welfare benefits
25 package.

1 **A.** Peoples' benefits are administered as a shared service
2 through Tampa Electric and are held at the parent company
3 (TECO Energy, Inc.) level. The Tampa Electric internal HR
4 team actively manages these benefit plans, partnering
5 with Mercer, to identify and address issues efficiently
6 and implement solutions that operate the benefit programs
7 effectively. The company's benefit package is designed to
8 maintain a competitive position within the market so the
9 company can attract, retain, and develop competent and
10 qualified team members. Our benefits package includes
11 the following: (1) health plans; (2) pharmacy plans, (3)
12 employee family assistance plans; (4), dental and vision
13 plans; (5) flexible benefits plans (Healthcare FSA,
14 Dependent Care FSA, and Transportation and Parking FSA);
15 (6) life insurance (basic life, accidental death &
16 dismemberment, supplemental, spousal and child); (7)
17 short term and long term disability insurance (part-time
18 team members are not eligible for short-term disability);
19 (8) long-term care insurance; (9) paid parental leave;
20 (10) group retirement plans; (11) retiree medical, (12)
21 holiday and paid time off; and (13) employee relief fund.
22 Document No. 6 of my exhibit includes a more detailed
23 description of these plans.

24
25 **Q.** How does the company manage the design and cost of its

benefit programs?

A. The HR Shared Services team partners with Mercer to identify and address issues efficiently and implement solutions that operate the benefits programs effectively.

While the company has a broad benefits program, the cost is driven by two main components; medical and pharmacy. The company uses data from Mercer to ensure that it is aware of its competitive positioning on an ongoing basis. Mercer provides benchmarking data for the benefit program, updated annually, that includes both design details as well as program cost data. The cost data includes employee contributions as well as the company's gross and net costs. The company compares this data to its own information. Thus, the company consistently knows the programs' competitive positioning relative to relevant peer groups (e.g., industry, geography, etc.).

To manage the cost of medical programs, the company employs Blue Cross and Blue Shield ("BCBS") medical management programs. These programs identify and manage patients with chronic and acute conditions who are most likely to increase costs. They work with affected patients and medical providers to ensure optimal treatment in the

1 most cost-effective setting.

2
3 For pharmacy cost management, the company participates in
4 a collective purchasing agreement, which capitalizes on
5 the purchasing power of over a million members to achieve
6 a lower ingredient access cost and maximized net cost
7 efficiency.

8
9 All health providers are routinely evaluated for ongoing
10 cost management effectiveness through discount analyses
11 across all relevant vendors. The company uses competitive
12 bidding exercises every three to five years and routine
13 audits to ensure claims are processing accurately
14 according to plan design.

15
16 The organization also uses the Mercer Benefits Valuation
17 Analysis ("BENVAL") study which was last performed in
18 2023. The company follows best practices and updates this
19 study at least every five years. The company's BENVAL
20 index score is shown in Document No. 7 of my exhibit.

21
22 The BENVAL study is a nationally recognized and accepted
23 actuarial tool that compares the relative value of a
24 company's overall benefit plan and its various components
25 with other companies' plans contained within the Benefits

1 Data Source - United States database. The most recent
2 group used for the comparison included 25 utility
3 companies in addition to Peoples.
4

5 BENVAL uses consistent actuarial methods applied to a
6 fixed population to determine a relative value index for
7 each plan component. As a result, the differences in value
8 among employer plans are exclusively a function of
9 differences in the plan provisions. The BENVAL study
10 includes a relative value index score for each company's
11 benefit plan components. The index score is calculated by
12 analyzing and determining the value of each company's
13 benefit plan component and then dividing each company's
14 value by the average benefit plan value for each component
15 among all the companies in the benchmark group. A relative
16 index of 100 represents an average company value.
17

18 The company's BENVAL index score for each benefit plan
19 component is shown in Document No. 7 of my exhibit. The
20 company's index score is slightly above the market for
21 retirement, dental, and short-term and long-term
22 disability. These components of the company's benefit
23 plan allow it to be competitive in the marketplace and
24 attract skilled team members
25

1 HEALTHCARE BENEFITS

2 **Q.** How does the company evaluate the design and cost of its
3 health care programs?

4
5 **A.** The company manages its health plans with appropriate due
6 diligence. The company assesses the design and costs of
7 these plan using benchmark data provided by Mercer. This
8 allows the company to evaluate its competitive
9 positioning regarding to plan design, employee
10 contributions, and aggregate costs, compared to various
11 groups. Benchmark data is available for all of our
12 benefit plans. The company then compares its current
13 position against these benchmarks with its desired
14 position as outlined in its total rewards philosophies,
15 and adjustments are made as needed. Document No. 8 of my
16 exhibit shows the average annual health benefits cost per
17 employee.

18
19 The company employs Mercer, who uses underwriting
20 techniques based on actuarial guidelines to project
21 future plan costs for the self-funded plans. The key
22 factor in projecting future results is the prior
23 experience of the group. The process of forecasting past
24 claims experience into the future considers plan designs,
25 member demographics, trends, and group credibility. These

1 processes are widely accepted within the insurance market
2 as the standard for establishing budget and premium levels
3 that are appropriate to cover future risks.
4

5 **Q.** Has the company evaluated its healthcare plan against the
6 market?
7

8 **A.** Yes. The company annually benchmarks its medical,
9 pharmacy, and dental plans using Mercer's proprietary
10 database. Additionally, based on the results from Mercer
11 BENVAL (described above) and as shown in Document No. 7
12 of my exhibit, the company's relative value index score
13 of 100 (median value) for medical and 116 (above median
14 value) for dental indicates market competitiveness for
15 medical, and above market positioning for dental, because
16 the company provides a richer dental plan compared to the
17 median plan.
18

19 **Q.** How does the company's healthcare plan compare to industry
20 standards?
21

22 **A.** The company uses Mercer's BENVAL which compares the market
23 value of the company's benefit plan to those of peer
24 organizations. Mercer displays the data by plan grouping
25 and by individual plan, based on Mercer's national

1 composite workforce, which consists of generic employee
2 profiles, representing a typical employee population. The
3 relative value is determined using consistently applied
4 assumptions to estimate the dollar value attributed to
5 all benefits offered by the employer; however, this value
6 does not equate to direct employer costs. This approach
7 removes influences of negotiating power, utilization, and
8 other factors tied to cost so that the focus is on the
9 value determined by plan design and employee cost-share.
10 The group used for the comparison includes 25 utility
11 companies. To compare our competitive position relative
12 to the peer group, the charts referenced in Document No.
13 7 of my exhibit show where Peoples leads and lags
14 according to the following criteria:

- 15
- 16 • Values: Shows the range of dollar values for all
- 17 organizations in the peer group.
- 18 • Rank: Identifies your organization's plan value
- 19 position relative to the peer group values.
- 20 • Quartile: Shows the distribution of the peer group's
- 21 plan values by showing the 1st and 3rd quartiles and
- 22 median dollar values.
- 23 • Index: Illustrates the relationship of your benefit
- 24 values to the median values of the peer group (the
- 25 median value equals an index of 100).

1 The charts reflect the average of the national composite
2 workforce and the company's position is described in terms
3 of the index:

- 4 • Above Median: Index of 106 and above.
- 5 • Aligned with Median: Index between 95 and 105.
- 6 • Below Median: Index of 94 and below.

7
8 As represented on Document No. 7 of my exhibit, the
9 company's BENVAL Index score for its medical benefit
10 program is 100, which indicates the company's plan
11 provisions and cost share fall near the median of the
12 peer group.

13
14 **Q.** What factors are driving healthcare costs in the United
15 States ("U.S.")?

16
17 **A.** The main reasons for increased medical cost in the U.S.
18 are (1) inflation in unit prices; (2) increases in the
19 use of services (primarily due to population aging and
20 the overall deterioration of the health of U.S. citizens);
21 (3) the availability of advanced medical technology; and
22 (4) the expense of high-cost claimants. The increases in
23 cost for prescription drugs are similar, with specialty
24 drugs representing a disproportionately higher percentage
25 of the cost increases than non-specialty drugs. Key trend

1 indices include new drug innovations, legislative
2 changes, and patent expirations.

3
4 The current environment of higher inflation may impact
5 healthcare costs, which makes it important to consider
6 the potential additional impact of inflation on trends
7 for the 2025 plan year. Since the provider contracts
8 typically span multiple years, it may take some time for
9 the full effects of inflation to emerge. At the end of
10 2024, we were at the end of a three-year period where a
11 majority of contracts may have been renewed during an
12 elevated inflationary environment. Those contract
13 negotiations during 2023, 2024, and into 2025 will have
14 the benefit of hindsight in securing higher increases to
15 mitigate historically persistent inflationary pressures.

16
17 Ultimately, the cost increases negotiated by the carriers
18 with network facilities and providers will be a key
19 determinant of the magnitude of inflationary impact. The
20 company is projecting an increase in its health benefit
21 costs in 2025 and beyond. The projected increase in the
22 company's healthcare costs is consistent with and caused
23 by the same factors at work for healthcare costs in the
24 U.S. generally.

1 Q. What specific actions has Peoples taken to ensure its
2 healthcare costs are reasonable?

3
4 A. In partnership with industry experts such as Mercer and
5 BCBS, the company has implemented initiatives to ensure
6 its healthcare costs are reasonable. These initiatives
7 include:

- 8
- 9 • Implementation of a pricing strategy to encourage
10 cost effective plan selections;
 - 11 • Annual review and increase in the monthly team member
12 contributions;
 - 13 • Promotion of team member and retiree awareness and
14 education so that they can be smart consumers of the
15 healthcare options available in their healthcare
16 plans (i.e., health advocacy, telemedicine, carrier
17 resources);
 - 18 • Provision of the comprehensive disease management
19 Personal Care Connections program for team members,
20 which includes health coaching, to facilitate the
21 effective medical treatment of plan participants
22 with specific diseases that, if not properly
23 managed, can generate expensive claim costs;
 - 24 • Vendor analyses and determination that BCBS
25 continues to show favorable results in cost

- 1 containment due to network discounts, network
2 breadth, and wellness credits;
- 3 • A prescription coverage collective financial review,
4 confirming the current vendor offered the most
5 competitive pricing and was the least disruptive;
6 and
 - 7 • Annual benchmarking of healthcare programs to ensure
8 value and competitiveness is reasonable.

9

10 **Q.** How does the increase in Peoples' medical and dental costs
11 per team member from 2023 to 2024 compare to the average
12 national increase for those years?

13

14 **A.** For 2023 and 2024, Peoples' healthcare costs for active
15 team members were \$7.9 million and \$9.9 million, which
16 translates to \$10,902 and \$12,491 per team member,
17 respectively. As shown in Document No. 8 of my exhibit,
18 the average national healthcare cost per team member based
19 on the most current data available was \$16,506 for 2021
20 and was \$17,056 for 2022. This shows that Peoples'
21 healthcare costs are lower than the national average.

22

23 PENSION AND RETIREMENT BENEFITS

24 **Q.** Please describe the pension and retirement savings plans
25 and how they compare to industry standards?

1 **A.** Peoples' team members participate in the following
2 retirement plans:

3 1. TECO Energy Group Retirement Plan (a qualified
4 defined benefit pension plan);

5 2. TECO Energy Group Retirement Savings Plan (a
6 qualified defined contribution 401(k) plan);

7 3. TECO Energy Group Benefit Restoration Plan (a non-
8 qualified defined benefit pension plan for applicable
9 employees); and

10 4. TECO Energy Group Postretirement Health and Welfare
11 Plan (a retiree medical plan).
12

13 **Q.** How does the company evaluate these plans for
14 reasonableness?
15

16 **A.** The company uses an independent consultant, Mercer, to
17 evaluate the competitive positioning of these qualified
18 pension and savings plans. Mercer conducted a
19 benchmarking study of 25 peer companies in 2023 and found
20 that 11, including Peoples, provide an active defined
21 benefit plan to newly hired team members. Of the plans
22 that are offered today, the value of Peoples' combined
23 and defined contribution program for non-union team
24 members is at the 50th percentile of all 26 companies in
25 the peer group.

1 **Q.** Is it common to use an independent actuarial firm to
2 compute pension and post-retirement benefit costs?

3
4 **A.** Yes. Based on the benefits provided and team member
5 demographics, an actuary for a defined benefit plan
6 estimates the value of employer obligations. The
7 calculation of liabilities considered several complex
8 variables including expected future compensation
9 increases, asset returns, rates of retirement,
10 disability, death, and other reasons for termination.
11 Actuaries use historical data and future expectations to
12 make assumptions for these variables. Actuaries for
13 defined benefit plans also ensure the employer is
14 following laws and regulations regarding pension plans.
15 This includes the timely certification of minimum
16 contributions and the funded status under the Employee
17 Retirement Income Security Act of 1974 ("ERISA"). As there
18 are extensive variables and regulations to consider, it
19 is common and often necessary for companies to engage
20 actuarial firms to compute pension and post-retirement
21 benefit costs.

22
23 **Q.** Do the actuarial assumptions and methods provide a
24 reasonable basis for determining the level of pension
25 costs to be included in the company's operating cost?

1 **A.** Yes. The actuarial assumptions and methods are reasonable
2 and consistent with Financial Accounting Standards Board
3 ("FASB") standards and industry practice and provide a
4 reasonable basis for determining the level of pension cost
5 included in the company's cost of service studies. The
6 company's pension costs are reflected in FERC Account 926
7 on MFR Schedule G-2, page 18a.

8
9 **Q.** How does the company's pension plan and retirement savings
10 plan compare to industry standards?

11
12 **A.** Based on the results from the 2023 Mercer Benefits
13 Valuation Study, Peoples' relative value index score for
14 the combination of the defined benefit and defined
15 contribution plans is 102 for non-union (Exempt and NC/NE)
16 team members, slightly above the index median of 100,
17 which means the company's defined benefit and defined
18 contribution plans are competitive relative to its peers.
19 This is shown in Document No. 9 of my exhibit.

20
21 **VI. 2026 TEST YEAR TOTAL COMPENSATION EXPENSES**

22 **Q.** Please explain the company's process for deciding on which
23 positions to budget for and fill.

24
25 **A.** A functional leader in each area of the company identifies

1 the need to hire a new position or fill an existing vacant
2 position (known as a "replacement" position). The
3 company's decision to hire a new position or a replacement
4 position is made after careful examination of the
5 justifications provided by the functional leader for that
6 position. Positions are prioritized across the
7 organization based on business need.

8
9 Given the inflationary environment and our need to manage
10 O&M expenses to minimize rate impacts on customers, both
11 new and replacement positions are reviewed and approved
12 by the functional executive leader. The President and
13 Chief Executive Officer must approve all new positions
14 within the company. Each position included in the budget
15 is thoroughly considered to ensure it aligns with the
16 specific business needs of that function.

17
18 **Q.** What is Peoples' projected employee count for 2025 and
19 2026?

20
21 **A.** Peoples' projected employee counts for 2025 and 2026 are
22 892 and 981, respectively. MFR Schedule G-2 pages 19c
23 through 19e, lists all of the budgeted team member
24 additions for 2025 and 2026, including new positions and
25 replacements. As reflected in "Payroll not trended Item"

1 of this MFR schedule, 46 replacement positions and 34 new
2 positions are budgeted for 2025, and 89 new positions in
3 2026. These increases reflect a continued focus on in-
4 sourcing where applicable to remove dependency on more
5 expensive outside contractors.

6
7 The company budgeted its replacement positions as "not
8 trended labor" as there was not a full year of labor
9 expense in the historical base year to use as the starting
10 point to budget for the projected 2026 test year.

11
12 **Q.** Why are the number of team members increasing in 2025 and
13 2026?

14
15 **A.** The company plans to increase the number of team members
16 in 2025 and 2026 to support customer growth.
17 Specifically, this increase will focus on several areas:
18 (1) Gas Operations to support the increase in activity
19 levels due to customer growth on Peoples' system and the
20 addition of new capital assets; (2) Pipeline Safety to
21 mitigate risk, and to ensure safety remains our top
22 priority for the safety of our team members and customers;
23 (3) Engineering and Construction to effectively manage
24 increasingly complex systems and workload as we grow; and
25 (4) Technology Support to provide Peoples with the ability

1 to own, govern and effectively manage its data, enabling
2 more informed business decisions. Some of the additions
3 represent a deliberate move by the company to insource
4 talent and decrease the use of outside services. Overall,
5 these additions are essential to meet the demands of our
6 growing customer base and to maintain our commitment to
7 safety and operational efficiency.

8
9 **Q.** Does the HR area plan to add team members in 2025 and
10 2026?

11
12 **A.** Yes. In 2025, in addition to the new position of Learning
13 & Development Specialist, discussed above, HR added a
14 "Technical Trainer" position within HR's Leadership
15 Development area. This position will address talent
16 management gaps and support the learning and development
17 of our team members. Additionally, this position will
18 design tailored programs aimed at upskilling our team
19 members which will enhance retention and engagement.

20
21 In 2026, HR will add a "Business Partner" position to
22 support our workforce across the state. This role will
23 handle complex HR issues, labor relations, employee
24 engagement, and performance management. By adding this
25 position, we will increase the support HR can provide to

1 the business, improve overall effectiveness, and boost
2 retention and engagement.

3
4 **Q.** Are you supporting any other employee additions in 2025
5 and 2026 as the leader of HR?

6
7 **A.** Yes. The company budgeted to add 12 A&G team members in
8 the following functional areas that I am sponsoring: (1)
9 Strategy, Marketing and Communications (five positions),
10 and (2) Gas Supply and Development (seven positions).

11
12 **Q.** Please explain the responsibilities of the Strategy,
13 Marketing and Communications ("SM&C") department and how
14 many team members are currently employed in this area.

15
16 **A.** The SM&C team includes 13 team members and is responsible
17 for long-range strategic planning, centralized data
18 analytics, business and process improvement projects, and
19 marketing and communications. As Peoples continues to
20 grow and seeks better ways of working, it is imperative
21 that functional support roles, such as those in SM&C,
22 expand to assist with more complex ways of working,
23 meeting internal and external customer needs, and
24 responding to changes in market dynamics. Therefore,
25 Peoples determined additional team members are necessary

1 for these functions to keep pace with the rapidly changing
2 business environment, foster long-term growth, and drive
3 industry-leading initiatives.

4
5 **Q.** Please explain the five new positions in SM&C and why
6 these new team members are necessary for the company.

7
8 **A.** The SM&C area will add one new position - a Director of
9 Project Management and Change in 2025.

10
11 In 2026, this area will add the following four new
12 positions: (1) a Lead Business Innovation Specialist, (2)
13 a Data Scientist, (3) a Digital Communications
14 Coordinator, and (4) a Communications Strategist.

15
16 **1. Director of Project Management and Change (New):**

17 This new position is an example of the company's
18 efforts to insource talent and minimize the use of
19 consultants. This Director will work with ongoing
20 business improvement projects and is needed for
21 change leadership in our rapidly growing and
22 evolving environment. The term "change leadership"
23 refers to the process of leading an organization to
24 manage change and process improvement effectively.
25 This position will direct, lead, and manage

1 strategic business process improvement projects and
2 organizational change management initiatives to
3 drive transformation, improve business performance,
4 and enhance customer service delivery. This position
5 will oversee the Business Innovation team, which
6 currently includes two team members, and collaborate
7 with Business Strategy, Data Analytics,
8 Communications, HR, and other areas within the
9 company to further develop a change leadership and
10 continuous improvement culture.

11
12 **2. Lead Business Innovation Specialist (New):** This
13 position, which is part of the Business Innovation
14 team, will support process improvement strategy
15 implementation across the company. The specialist
16 will expand the Business Innovation team's capacity
17 to meet the organization's needs through increased
18 process improvement and project management technical
19 skills, collaborating at all organizational levels.

20
21 **3. Data Scientist (New):** The Data Scientist will join
22 three existing Data Analytics team members. Adding
23 another data scientist is crucial to enhancing our
24 efforts to transform company data into actionable
25 insights. This transformation will contribute to

1 more efficient operations, improved customer
2 experiences, and optimized decision-making. This
3 position will also strengthen our ability to
4 integrate Artificial Intelligence ("AI") into our
5 daily operations, improving efficiency and
6 productivity across the business. It is essential to
7 have team members educated in AI, including its
8 applications, to maximize its benefits for the
9 organization.

10
11 **4. Digital Communications Coordinator (New):** This
12 position will join six existing team members in
13 Marketing and Communications, serving as an
14 additional resource and backup to the current
15 Digital Communications Channel Manager. This team
16 member will manage and optimize the company's
17 communication strategies and channels in today's
18 digital-first world. As digital engagement becomes
19 increasingly vital for customer satisfaction and
20 operational success, this role will help ensure that
21 Peoples meets the expectations of our customers,
22 stakeholders, and team members by delivering clear,
23 relevant, and engaging communications across all
24 digital platforms.

1 **5. Communications Strategist (New):** The Communications
2 Strategist will be an addition to our existing
3 Marketing and Communications team to ensure the
4 effective implementation of the company's internal
5 and external communication strategies across various
6 platforms. This role supports our strategy of
7 ensuring our messaging aligns with the company's
8 mission and strategic goals. Clear, concise, and
9 consistent messaging is crucial to fostering and
10 maintaining strong relationships with customers,
11 regulators, team members, the public, and other
12 stakeholders.

13
14 Our Marketing and Communications team manages the
15 company's websites, social media platforms, and internal
16 communications platforms. This role involves content
17 development and optimization, data analytics,
18 maintenance, and technical support. These functions are
19 difficult to outsource due to the need for specific
20 company knowledge, timely execution, and adherence to
21 security protocols.

22
23 **Q.** Please explain the responsibilities of the Gas Supply and
24 Development ("GS&D") department and how many team members
25 currently work in this area?

1 **A.** GS&D is comprised of two main areas: (1) Gas Supply and
2 Trading, and (2) Large Commercial and Industrial
3 Development. This department develops and implements
4 business activities to meet the growing demand of unserved
5 areas, works to expand the system to new customers, and
6 integrates long-term system resource requirements with
7 new customer growth.

8
9 This team focuses on the full utilization and optimization
10 of the company's existing asset base, including the
11 current gas pipeline system, upstream transportation
12 capacity, and existing customer relationships. GS&D is
13 made up of 26 team members who are responsible for
14 negotiating contracts and overseeing natural gas services
15 for major customers. They also negotiate the construction
16 of expansion facilities to serve the increasing demand
17 for pipeline transportation.

18
19 **Q.** Please explain the seven positions in GS&D and why they
20 are needed.

21
22 **A.** In 2025, GS&D plans to add the following four replacement
23 positions: (1) Manager, (2) Senior Gas Trader, (3) Fuels-
24 Co-op, and (4) Compressed Natural Gas ("CNG") Business
25 Development Manager. In addition, GS&D seeks to add three

1 new positions in 2026: (1) Manager Business Planning and
2 Analysis, (2) Senior Manager, Business Development, and
3 (3) Program Manager. These positions are described in
4 further detail below.

5
6 **1. Manager (Replacement).** The Manager of Business
7 Development position will join nine existing team
8 members in the Large Commercial and Industrial
9 Development area. This replacement position fills a
10 vacancy from 2024.

11
12 The company is experiencing significant interest
13 from Renewable Natural Gas ("RNG") developers and
14 customers seeking pipeline interconnection services.
15 This position will focus on building relationships
16 with RNG developers and customers and will serve as
17 a primary point of contact for corporate or
18 industrial customer representatives looking to
19 utilize cleaner sources of natural gas. The Manager
20 will play a key role in the origination, development,
21 and management of RNG projects to deliver cleaner
22 energy solutions. This team member will implement
23 the company's tariff offerings for RNG
24 interconnection services and coordinate planning and
25 development activities to meet the growing demand

for cleaner energy solutions.

2. Senior Gas Trader (Replacement). This replacement position joins 18 existing team members in the Gas Supply and Trading area and is essential for meeting the gas supply demands of our growing customer base. The role is primarily responsible for supporting the company's activities in gas supply and wholesale origination, focusing on the administration of gas supply and upstream transportation capacity activities. This position is responsible for ensuring that the company has adequate gas supply and pipeline transportation capacity to serve our expanding system needs.

3. Fuels - Co-op (Replacement). This replacement Co-op position in Gas Supply and Trading will provide an opportunity to assist in creating efficiencies for the fuels team by improving processes and procedures for data collection, data entry, models and reporting.

4. CNG Business Development Manager (Replacement). This replacement position in the Large Commercial and Industrial Development will fill a vacancy left in

2024. This position is necessary to meet existing CNG customer needs and manage workload associated with the continued growth in the CNG market that has evolved as a resilient source of energy for our customers. This replacement position restores the team back to its historical count of four team members.

5. Manager Business Planning and Analysis (New). This position replaces a previous position due to the internal promotion of an existing team member within the Gas Supply and Trading department. The purpose of this role is to create overall efficiencies in the GS&D department by managing data analysis, modeling, and gas planning to improve system reliability, optimize the portfolio, reduce expenses, and increase revenue for the company.

6. Senior Manager, Business Development (New). In response to growing demand, the new role of Senior Manager in the Large Commercial and Industrial Development area will support the addition of large volume customer load. The Senior Manager is responsible for (1) identifying opportunities to add load from existing and new large customers to the

1 system, (2) negotiating agreements with existing and
2 new large customers, (3) preparing the business case
3 for integrating large volumes of load to the system,
4 and (4) coordinating with multiple internal
5 functions required to ensure the needs of the large
6 customer are met.

7
8 **7. Program Manager (New).** In response to the increase
9 in customer growth initiatives, there is a need for
10 a dedicated program manager in the Large Commercial
11 and Industrial Development area. This new role will
12 focus on administering contracts and ensuring proper
13 billing setup for accurate customer bills and
14 revenue tracking. The program manager will build and
15 maintain customer relationships throughout the life
16 cycle of a customer's contract. This position is
17 responsible for managing contracts related to
18 alternative fuels, including RNG, CNG, and Liquefied
19 Natural Gas (LNG). The program manager will ensure
20 adherence to all commercial contract terms, such as
21 term, volume, and rates, while providing excellent
22 customer service to facilitate proper billing.
23 Additionally, the program manager will coordinate
24 and implement all alternative fuel agreements with
25 internal and external stakeholders, e.g., customers,

agents, engineering team, customer service team, accounting team, development team and gas supply team.

Q. What actions has Peoples taken since its last rate case in 2023 to manage the increase in the number of employees?

A. As previously mentioned in my testimony, Peoples' decision to hire a new or a replacement position is based on a careful examination of the justifications identified by the functional leader for that position. Positions are prioritized across the organization based on business needs. The new and replacement positions are reviewed and approved by the functional executive leader. The President and Chief Executive Officer must approve all new positions within the company. Each position the company budgets for is well thought through to ensure it meets the business need for that specific function.

Q. What number of employees should be approved for ratemaking purposes for the 2026 test year?

A. Peoples' is seeking approval for 981 team members in 2026.

Q. What is the projected gross average total compensation

1 per active team member for the 2026 test year as compared
2 to 2023?

3

4 **A.** Peoples' 2026 budgeted gross average total compensation
5 per active team member is \$102,061 as compared to \$98,256
6 in 2023. This represents a compound average growth rate
7 ("CAGR") of 1.3 percent since 2023. These increases are
8 reasonable based on the market comparisons described in
9 my testimony.

10

11 **Q.** What is the projected gross average compensation,
12 benefits, and payroll tax cost per team member for 2026
13 as compared to 2023?

14

15 **A.** Peoples' 2026 budgeted gross average compensation,
16 benefits, and payroll tax cost per active team member is
17 \$130,330 as compared to \$124,775 in 2023. This represents
18 a CAGR of 1.5 percent since 2023.

19

20 **Q.** You testified that the company's TDC in 2026 is reasonable
21 and explained why. What level of merit increases is the
22 company projecting for 2025 and 2026?

23

24 **A.** As shown on MFR Schedule G-2, pages 12 to 19, the company
25 has budgeted 4.0 percent for merit increases for 2025 and

2026.

Q. What is the amount of O&M expenses for FERC Account 920: A&G Salaries for 2026 and how does it compare to 2024, and what was approved by the Commission for 2024?

A. The Commission approved costs in FERC Account 920 totaling approximately \$22.7 million for 2024, and the actual 2024 was \$23.6 million, or \$0.9 million higher. The \$0.4 million related to higher than budgeted STIP based on score card performance as well as variances in labor cost contributed to this variance.

The total O&M expenses for FERC Account 920 for 2026 is \$28.4 million, which is \$4.8 million higher than the \$23.6 million for 2024. Approximately \$1.2 million of this increase is administrative salaries that were budgeted on a trended basis using the 4.0 percent merit increase. Approximately \$2.5 million of this increase is not trended labor cost consisting of new and replacement team member positions for 2025 and 2026, as shown on MFR Schedule G-2, page 19e. The not trended labor cost is addressed in the direct testimonies of Peoples witnesses Luke Buzard, Timothy O'Connor, Andrew Nichols, and Christian Richard. The remaining increase, or \$1.7 million, is related to

1 STIP.

2
3 **Q.** What is the company's projected STIP cost for 2026 and
4 how does that amount compare to the 2024 historic base
5 year?

6
7 **A.** Peoples projected STIP costs for 2026 is \$10.1 million,
8 which is shown as a not trended item on MFR Schedule G-
9 2, page 19b. This increase of \$1.7 million is due to the
10 budgeted team member hiring in 2025 and 2026.

11
12 **Q.** What is the company's projected LTIP cost for the 2026
13 projected test year and how does that amount compare to
14 the 2024 historic base year?

15
16 **A.** The company's projected LTIP expenses for the 2026
17 projected test year is approximately \$3.5 million. This
18 compares to the 2024 historical base of \$2.4 million.
19 This represents a 50 percent increase in expenses. This
20 increase is caused by added eligible senior level
21 positions along with increases in stock price per the
22 plan calculation.

23
24 **Q.** Are the 2026 projected amounts for STIP and LTIP
25 reasonable?

1 **A.** Yes. Based on the projected increase in employee count,
2 these amounts are reasonable.

3
4 **Q.** Is the 2026 projected amount of base compensation
5 reasonable?

6
7 **A.** Yes. The company's team members have maintained an average
8 comp-ratio of 0.97 compa-ratio from 2022 through 2024,
9 with the compa-ratio at 0.96 as of January 2025. This
10 indicates that the company is paying team members just
11 below the market median, which is reasonable.

12
13 **Q.** What level of merit increases is the company projecting
14 for 2025 and 2026?

15
16 **A.** For the years 2025 and 2026, the merit increase is 4.0
17 percent for non-covered team members. These adjustments
18 are reflected in the base pay component of projected 2026
19 salary and wages expenses. Based on national market
20 sources such as Mercer, World at Work, and Gartner, salary
21 increases are trending at between 3.5 to 4.0 percent.

22
23 **Q.** What level of payroll cost increases for covered employees
24 were included in projected payroll costs for 2026?

1 **A.** The company negotiated increases included in the current
2 CBA to calculate payroll increases for covered team
3 members. These increases are reflected in confidential
4 Document No. 4 of my exhibit. As previously mentioned in
5 my testimony, Peoples may negotiate two CBAs in 2025,
6 which could impact the budgeted payroll costs for 2025
7 and 2026.

8
9 **Q.** What is the company's gross benefits cost for the 2026
10 projected test year as compared to 2024?

11
12 **A.** Peoples' pension and benefits costs in O&M FERC Account
13 926 are projected to be approximately \$16.6 million in
14 2026 as compared to \$13.0 million in 2024. This increase
15 is primarily attributed to projected employee additions.

16
17 **Q.** How do the gross benefits costs compare with the amounts
18 the company has included in O&M FERC Account 926 Pension
19 and Benefits?

20
21 **A.** A portion of benefits costs are capitalized with labor or
22 are clause recoverable. Therefore, the amount in FERC
23 Account 926 is lower than the gross benefits costs. Please
24 see Document No. 10 of my exhibit which shows the
25 capitalization of a portion of the FERC Account 926 costs.

1 **Q.** What is the company's projected healthcare cost for the
2 2026 test year?

3
4 **A.** The company's projected 2026 healthcare costs are \$11.8
5 million.

6
7 **Q.** What is the appropriate amount of pensions and post-
8 retirement benefits expense to include in the 2026 test
9 year?

10
11 **A.** The total retirement expense for pension in the 2026
12 projected test year is approximately \$3.9 million. The
13 postretirement benefits in the 2026 projected test year
14 is approximately \$1.0 million. These projected expenses
15 are included within the "Other Not Trended" portion of
16 FERC Account 926 on MFR Schedule G-2, page 18.

17
18 **Q.** What is the appropriate amount of salaries and benefits
19 to include in base rate O&M expense for the 2026 projected
20 test year?

21
22 **A.** Peoples' projected total compensation and benefits for
23 the 2026 projected test year is \$92.5 million as shown on
24 MFR Schedule G-2, pages 18a - 19b.

1 **Q.** Are the company's total compensation and benefits costs
2 for 2026 reasonable?

3
4 **A.** Yes. As noted above, the company evaluates its total
5 compensation and benefits by comparing them to relevant
6 benchmarks. The results indicate that these costs are at
7 the market median. Furthermore, the company's salaries
8 align with the median of the market, supporting Peoples
9 compensation philosophy aimed at attracting, retaining,
10 developing and incentivizing talent. In addition, Peoples
11 monitors its pay practices to ensure compliance with
12 policy guidelines.

13
14 **Q.** What steps has the HR Department taken to promote
15 affordability?

16
17 **A.** To enhance affordability, the HR Department has focused
18 on cost avoidance and efficiency optimization. In 2024,
19 the Talent Acquisition team enhanced recruitment
20 processes to boost efficiency and avoid previous expenses
21 when third-party recruitment firms were utilized.
22 Additionally, HR identified hard to fill roles and
23 utilized flexible hiring options, such as remote work
24 arrangements. This enabled the recruitment of top-tier
25 talent from outside Florida, thus reducing time-to-fill

1 and outsourcing needs.

2
3 MFR SCHEDULES SPONSORED

4 **Q.** Are you sponsoring any MFR schedules?

5
6 **A.** Yes. I am co-sponsoring MFR Schedules C-38, G-2 and G-6.

7
8 **Q.** Please provide an explanation of the MFR schedules you
9 are co-sponsoring.

10
11 **A.** MFR Schedules C-38, G-2, and G-6 detail O&M expenses for
12 HR labor and employee pensions and benefits.

13
14 **VII. SUMMARY**

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

16
17 **A.** Peoples' total compensation package is reasonable and
18 benefits customers by ensuring the company attracts and
19 retains skilled, talented, and customer-focused team
20 members who can safely and reliably serve the company's
21 customers. Peoples' pay program is structured to align
22 with the market median and is based on total direct
23 compensation, making it a reasonable approach.

24
25 The company's O&M expenses related to HR in the company's

1 2026 projected test year are reasonable and prudent.
2 Additionally, the company's benefits and retirement
3 programs are reasonable and competitive and allow the
4 company to retain and attract high quality team members
5 who are committed to safely and reliably serving Peoples'
6 customers.

7
8 Finally, additional O&M resources are required and will
9 create business value, protect the company from risk,
10 enable business improvements, and ensure the safe and
11 reliable delivery of natural gas to our customers.

12
13 **Q.** Does this conclude your prepared direct testimony?

14
15 **A.** Yes.
16
17
18
19
20
21
22
23
24
25

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

EXHIBIT

OF

DONNA BLUESTONE

Table of Contents

DOCUMENT NO.	TITLE	PAGE
1	List of Minimum Filing Requirement Schedules Co-Sponsored by Donna Bluestone	75
2	2023 Rate Case Team Member Count Reconciliation	76
3	2023 Rate Case Positions Reconciliation	77
4	Base Wage Adjustments for Union Members 2020-2025	78
5	Total Annual Compensation Analysis for Exempt and Non-Covered/Non-Exempt Benchmarked Positions	79
6	Description of TECO Peoples Gas Benefits Package	80
7	TECO Benefits Valuation Executive Summary (2023 Mercer BENVAL)	83
8	Average Annual Health Benefits Cost per Employee 2011-2024 (Mercer)	84
9	Peoples' Retirement Results (2023 Mercer BENVAL)	85

DOCUMENT NO.	TITLE	PAGE
10	Peoples' FERC Account 926 Pension Benefits 2024-2026	92

PEOPLES GAS SYSTEM, INC.
DOCKET NO. 20250029-GU
EXHIBIT NO. DB-1
WITNESS: BLUESTONE
DOCUMENT 1
PAGE 1 OF 1
FILED: 03/31/2025

LIST OF MINIMUM FILING REQUIREMENT SCHEDULES
CO-SPONSORED BY DONNA BLUESTONE

MFR Schedule	Page No.	MFR Title
C-38	P. 4	O&M Benchmark Variance by Function
G-02	P. 17	Projected Test Year – Calculation of Admin. and General Expenses
G-02	P. 18a	Projected Test Year – Calculation of Admin. and General Expenses (Cont.)
G-02	P. 19a	Projected Test Year – Total Expenses
G-02	P. 19b	Projected Test Year – Total Expenses
G-02	P. 19e-g	Projected Test Year – Total Expenses
G-06	P. 1-9	Projected Test Year – Major Assumptions

Peoples Gas System, Inc.
TM Count Reconciliation

Hires as of 12/31/2024

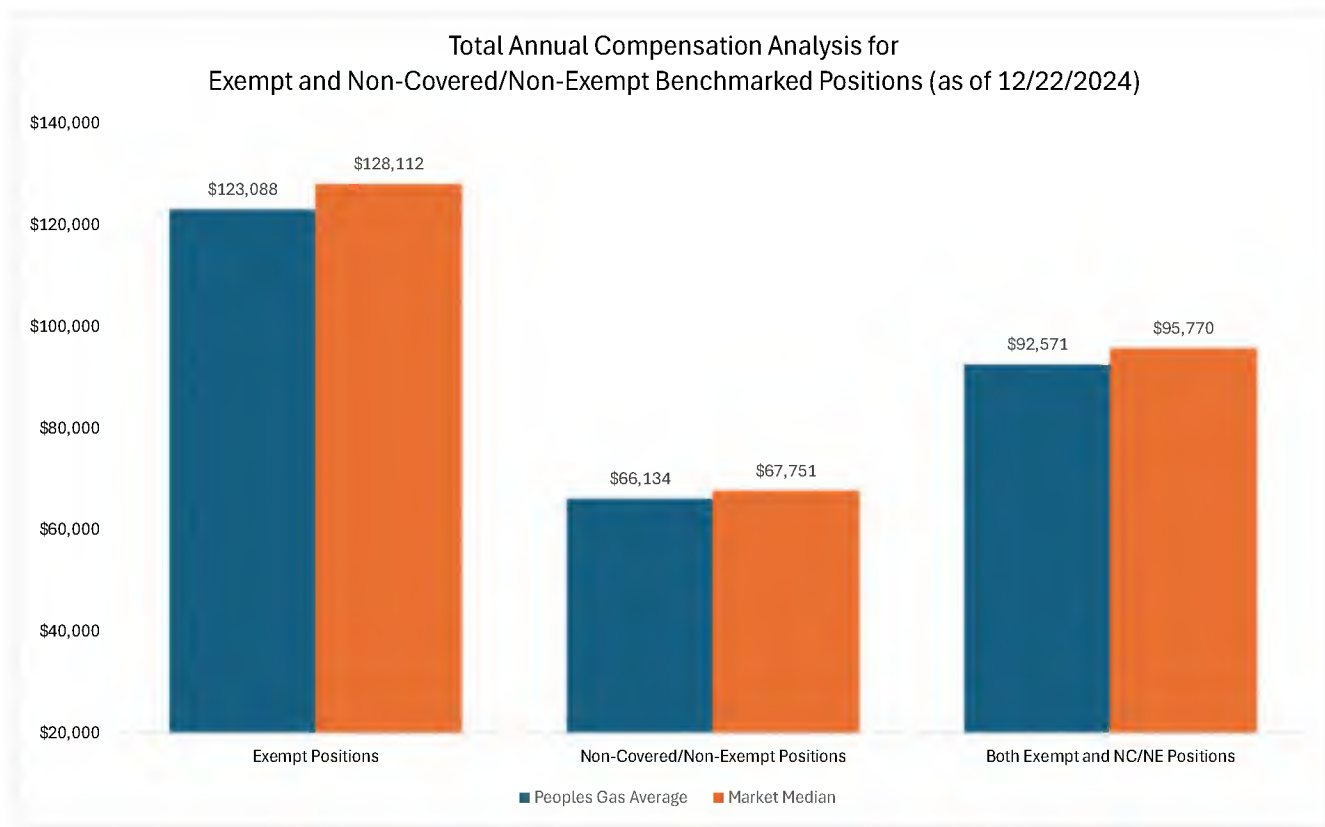
Rate Case: Team Member Count - 12/31/2022	708
Team Member Count - 1/1/2023	<u>706</u>
External Hires, Rehires, Return to Active Status, and Transfers In	237
Terms and Transfers Out	131
Team Member Count - 12/31/2024	<u>812</u>

Peoples Gas System, Inc.
 2023 Rate Case Positions Reconciliation

Hires as of 12/31/2024	
Rate Case: Team Member Count - 12/31/2022	708
Rate Case: Team Member Count - 12/31/2024	812
	2023 Rate Case
2023 Rate Case Additions - Ask	158
2023 Rate Case Additions - Approved	142
2023 Rate Case Additions - Disallowed	16
	Actual
2023 Rate Case Approved Positions Filled - Approved	101
2023 Rate Case Approved Positions Filled - Repurposed Location	4
2023 Rate Case Approved Positions Filled - Repurposed Job	16
<i>Total</i>	<i>121</i>
	Actual
2023 Rate Case Approved Positions Filled - Disallowed	6

Union	2020	2021	2022	2023	2024	2025
IBEW (International Brotherhood of Electrical Workers) 108 Sarasota	<p>*A Member with: Current straight-time hourly wages above the applicable step of the PGS Wage and Skill Progression Program will receive a lump sum equal to 1.375% of current straight-time annual wages plus a 1.375% BWI from current straight-time base wage rate. *Wages less than 2.75% below applicable step will receive incremental BWI from current rate up to applicable step. *Current straight-time hourly wage between 2.75% and 3% will receive incremental BWI from current rate up to applicable step and the difference between 2.75% and their BWI in a lump sum payment.</p>	<p>*A Member with: Current straight-time hourly wages above the applicable step of the PGS Wage and Skill Progression Program will receive a lump sum equal to 1.5% of current straight-time annual wages plus a 1.5% BWI from current straight-time base wage rate. *Wages less than 3% below applicable step will receive incremental BWI from current rate up to applicable step. *Current straight-time hourly wage between 3% and 3.25% will receive incremental BWI from current rate up to applicable step and the difference between 3% and their BWI in a lump sum payment.</p>	<p>*For all classifications, except Apprentices, Apprentices, Level 1: 2.2% increase Apprentices, Level 2: 1.5% increase Apprentices, Level 3: 1.0% increase</p>	<p>3% for all classifications</p>	<p>3% for all classifications</p>	
UFCW Local 1625 (United Food and Commercial Workers International Union) Orlando	<p>*Members with current straight-time hourly wages above the applicable step of the PGS Wage and Skill Progression Program will receive an incremental base wage increase from their current rate up to the applicable step as published in the PGS Wage & Skill Progression Program. *Members with current straight-time hourly wages between 3.0% and 3.25% below the applicable step of the PGS Wage and Skill Progression Program will receive an incremental base wage increase from their current rate of 3.0%.</p> <p>*Members with current straight-time hourly wages at 3.0% below the applicable step of the PGS Wage and Skill Progression Program will receive an incremental base wage increase from their current rate up to the applicable step as published in the PGS Wage & Skill Progression Program.</p>	<p>*Members with current straight-time hourly wages at 3.0% below the applicable step of the PGS Wage and Skill Progression Program will receive an incremental base wage increase from their current rate up to the applicable step as published in the PGS Wage & Skill Progression Program. *Members with current straight-time hourly wages between 3.0% and 3.25% below the applicable step of the PGS Wage and Skill Progression Program will receive an incremental base wage increase from their current rate of 3.25%.</p> <p>*Members with current straight-time hourly wages at 3.25% below the applicable step of the PGS Wage and Skill Progression Program will receive an incremental base wage increase from their current rate up to the applicable step as published in the PGS Wage & Skill Progression Program.</p>	<p>1. Apprentice, Level 1: 1.5% increase Apprentice, Level 2: 1.4% increase Apprentice, Level 3: 1.0% increase 2. Utility Technician: 8% increase 3. Senior Utility Technician: 8% increase 4. Utility Coordinator: 15% increase 5. Corrosion Apprentice: 8% increase 6. Corrosion Technician: 10% increase 7. Senior Corrosion Technician: 14% increase</p>	<p>3% for all classifications</p>	<p>3% for all classifications</p>	<p>3% for all classifications</p>
IBEW 2072 (International Brotherhood of Electrical Workers) Lakeland, Daytona, Eustis	<p>*Members with current straight-time hourly wages above the applicable step of the PGS Wage and Skill Progression Program will receive a lump sum (1) equal to 1% of current straight-time annual wages plus a 2% base wage increase from their current straight-time base wage rate.</p> <p>*Member with a current straight-time hourly wage less than 3% below the applicable step of the PGS Wage and Skill Progression Program will receive an incremental base wage increase from their current rate up to the applicable step.</p> <p>*Member with a current straight-time hourly wage between 3% below the applicable step of the PGS Wage and Skill Progression Program and the applicable step will receive an incremental base wage increase from their current rate up to the applicable step and the difference between 3% and their base wage increase in a lump sum (1) payment.</p>	<p>*Members with current straight-time hourly wages above the applicable step of the PGS Wage and Skill Progression Program will receive a lump sum (1) equal to 1% of current straight-time annual wages plus a 2% base wage increase from their current straight-time base wage rate.</p> <p>*Member with a current straight-time hourly wage less than 3% below the applicable step of the PGS Wage and Skill Progression Program will receive an incremental base wage increase from their current rate up to the applicable step.</p> <p>*Member with a current straight-time hourly wage between 3% below the applicable step of the PGS Wage and Skill Progression Program and the applicable step will receive an incremental base wage increase from their current rate up to the applicable step and the difference between 3% and their base wage increase in a lump sum (1) payment.</p>	<p>*Members with current straight-time hourly wages above the applicable step of the PGS Wage and Skill Progression Program will receive a lump sum (1) equal to 1% of current straight-time annual wages plus a 2% base wage increase from their current straight-time base wage rate.</p> <p>*Member with a current straight-time hourly wage less than 3% below the applicable step of the PGS Wage and Skill Progression Program will receive an incremental base wage increase from their current rate up to the applicable step.</p> <p>*Member with a current straight-time hourly wage between 3% below the applicable step of the PGS Wage and Skill Progression Program and the applicable step will receive an incremental base wage increase from their current rate up to the applicable step and the difference between 3% and their base wage increase in a lump sum (1) payment.</p>	<p>1. Apprentice: 7.75% - 13.81% increase 2. Utility Technician: 5.25% - 5.47% increase 3. Senior Utility Technician: 6.07% - 6.08% increase 4. Utility Coordinator: 7.30% - 12.99% increase 5. Corrosion Apprentice: 6.07% - 6.09% increase 6. Corrosion Technician: 7.27% - 9.84% increase 7. Senior Corrosion Technician: 8.16% - 8.17% increase</p>	<p>3% for all classifications</p>	
OPGEU (Office and Professional Employees International Union) TEC & Peoples Gas	<p>3.25%</p>	<p>3%</p>	<p>2.75%</p>	<p>2.75%</p>	<p>3%</p>	

	Exempt Positions	Non-Covered/Non-Exempt Positions	Both Exempt and NC/NE Positions
Peoples Gas Average	\$ 123,087.50	\$ 66,134.23	\$ 92,570.99
Market Median	\$ 128,112.01	\$ 67,751.32	\$ 95,769.75
TDC CR Average	95.1%	97.2%	96.2%






Benefit	Vendor	Description
Medical Plan	BCBSFL	<p>TECO Peoples Gas offers two consumer-driven health plans to eligible active team members and their dependents.</p> <p>Consumerism encourages members to be aware of the cost of services as both plans exclude co-payments. Members are responsible for the plan deductible and co-insurance for most services until the plan out-of-pocket maximum is met. Members have the option to use in or out-of-network providers, however, the plan is designed to cover less if a member goes out-of-network. Both medical plans cover preventive services at 100% (in-network) to encourage wellness and a proactive approach to staying healthy. Telemedicine is a convenient service included in both plan options which allows members to call or video conference with a doctor as a lower cost alternative to an office visit. The plans include coverage for behavioral and mental health as well as dedicated clinical support for high-risk medical conditions.</p> <p>Pre-65 retirees: TECO Energy Group Post-retirement Health and Welfare Plan (a retiree medical plan)</p>
Employee Assistance Program	Telus Health	<p>The EAP is a confidential assessment, counselling, and referral program offered to all TECO Peoples Gas team members and their eligible dependents free of charge. It is designed to address a broad range of difficult issues that typically affect a person's ability to do their job if he or she does not get help. The program is available 24 hours a day, 7 days a week.</p>
Pharmacy Plan	Express Scripts	<p>TECO Peoples Gas team members and their eligible dependents are automatically enrolled in the pharmacy plan when they choose to enroll in one of the company-sponsored medical plan options. The pharmacy plan allows members the choice to purchase medications at retail pharmacies or use the Express Scripts home delivery (mail order) service. The plan has programs built in, such as the generics preferred program and the preferred drug step therapy program which guides members to use lower-cost medications. In addition, the plan requires prior authorizations to ensure certain medications are prescribed accordingly.</p>















Dental Plan	Aetna, Inc.	TECO Peoples Gas team members can choose between two dental plan options with the Company paying most of the cost. The Preferred Provider (PPO) dental plan option allows members the flexibility to go in or out of network with the plan covering more for in-network care. The Exclusive Provide Plan (EPP) is an in-network benefit only. Members must use in-network dental providers, or the plan will not pay. Both plans cover preventive services to encourage wellness and a proactive approach to staying healthy.
Flexible Benefits Plan	Chard Snyder	TECO Peoples Gas team members are offered three types of Flexible Spending Accounts (FSA); Healthcare FSA, Dependent Care FSA and Transportation and Parking FSA. These FSAs allow team members to pay for IRS approved healthcare, work-related dependent care, and transportation and parking expenses with tax-free dollars.
Life Insurance Plan	Lincoln Financial	TECO Peoples Gas provides a basic life insurance policy, and a basic AD&D policy automatically paid in full by the Company for all active full-time and part-time active team members. In addition, TECO Peoples Gas team members can purchase supplemental life insurance and accidental death and dismemberment coverage at a group rate cost. Spouse and dependent child life insurance coverage is also available.
Long Term Care Insurance Program	UNUM	TECO Peoples Gas provides a basic long-term care (LTC) policy to all eligible team members at no cost. In addition, TECO Peoples Gas team members can purchase supplemental LTC directly through UNUM at group rate cost.
Vision Coverage	VSP Vision	TECO Peoples Gas team members can purchase a vision plan at a group rate cost.
Group Retirement Plan	Conduent (Pension Services)	The retirement plan is designed to provide a lifetime retirement income at no cost for eligible TECO Peoples Gas team members. TECO Energy Group Retirement Plan (a Defined Benefit pension plan)
Group Retirement Savings Plan	Empower	TECO Peoples Gas provides team members with a fixed and performance match program towards a 401K retirement plan. TECO Energy Group Retirement Savings Plan (a qualified Defined Contribution 401k plan)
Short Term Disability	Lincoln Financial	Provided at no cost to eligible team members. Planned program to protect income and benefits in the event of illness or disability. Based on certain criteria, 75-100% income replacement for a specified period of time.
Long Term Disability	Lincoln Financial	Provided at no cost to eligible team members. Planned program to protect income and benefits in the event of illness or disability for more than 6 months based on certain criteria. 60% income replacement.

Paid Parental Leave	Lincoln Financial	Six weeks of paid parental leave provided at no cost to eligible team members to spend time with a child newly added to their family through birth or adoption.
Holidays and Paid Time Off	TECO Peoples Gas	TECO Peoples Gas provides team members with 10 company paid holidays and 1 company paid floating holiday + paid time off based on years of service.
Employee Relief Fund	E4E Relief LLC	TECO Peoples Gas team members are eligible to apply for emergency relief grants when facing certain disaster events.

Executive Summary

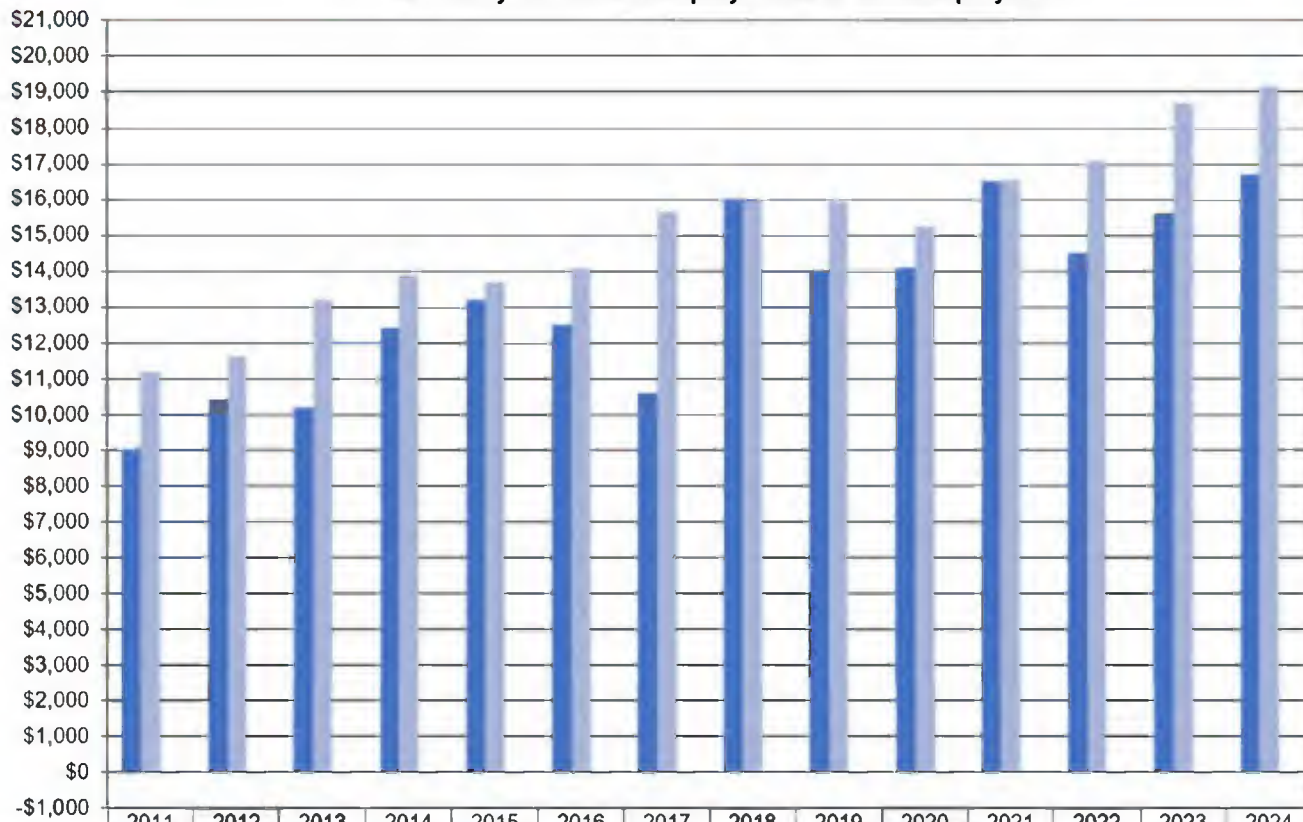
Your benefits are:

-  Above market
-  Aligned with market
-  Varied from market

Benefit	Peer Position	Market Position	Commentary
Retirement	Rank = 13 th Index = 102 	Rank = 75 th Index = 181 	<ul style="list-style-type: none"> TECO provides a total employer contribution of about 11% (Defined Contribution, Defined Benefit and Stock Purchase Plan combined) compared to the peer group median of about 7% TECO is above the median plan thus no plan changes are recommended.
Medical	Rank = 14 th Index = 100 	Rank = 185 th Index = 106 	<ul style="list-style-type: none"> TECO's alignment with the peer group median position is a result of plan provisions and cost share that are competitive compared to the median plan. TECO's slightly above-median position among the general market is a result by plan provisions that are richer compared to the median plan, offset by a cost-share that is slight less favorable. TECO is aligned or slightly above the median plan thus no plan changes are recommended.
Dental	Rank = 7 th Index = 116 	Rank = 72 nd Index = 137 	<ul style="list-style-type: none"> TECO's above-median plan among both the custom peer group and the general market is a result of provisions are richer compared to the median plan combined with the cost-share being more favorable. TECO is above the median plan thus no plan changes are recommended.
Paid Leave	Rank = 18 th Index = 96 	Rank = 309 th Index = 97 	<ul style="list-style-type: none"> Although total number of paid leave days is competitive among the peer group median, the paid Holidays are either one or two days below both peer groups. Although, TECO is aligned with the median plan and no plan changes are recommended, one area TECO could become more competitive is by adding two Holidays to be more aligned with the peer group median.
Life Insurance	Rank = 14 th Index = 79 	Rank = 260 th Index = 100 	<ul style="list-style-type: none"> TECO provides coverage of 1.5 times base pay, which is below the median plan that provides a 2 times pay benefit among the custom peer group; however, the benefit is competitive with the general market. To be aligned with the peer group median TECO should consider increasing to a 2x pay benefit.
Short-Term Disability	Rank = 3 rd Index = 113 	Rank = 63 rd Index = 121 	<ul style="list-style-type: none"> TECO 's above-median result is due to providing a 100% pay replacement for the first 13 weeks after two years of service, and 75% pay replacement thereafter. TECO is above the median plan thus no plan changes are recommended.
Long-Term Disability	Rank = 2 nd Index = 141 	Rank = 34 th Index = 141 	<ul style="list-style-type: none"> TECO's above-median position is a result of providing a salary definition that includes pay plus bonus, versus the median design which only includes base pay within the salary definition. TECO is above the median plan thus no plan changes are recommended.



Average Annual Health Benefit Cost Per Employee 2011 - 2024
All Surveyed Utilities Employers with 500+ Employees



Average annual health benefit cost illustrated from the Mercer National Survey includes total claims and administrative cost for all medical, dental, prescription drug, mental health, vision and hearing benefits for active employees and their covered dependents, divided by the number of covered active employees.



Benefits Valuation Analysis - Retirement



Peoples Gas – Custom Peer Group
June 2023

David McCaw
Senior Associate – Louisville

welcome to brighter

PEOPLES GAS SYSTEM, INC.
DOCKET NO. 20250029-GU
EXHIBIT NO. DB-1
WITNESS: BLUESTONE
DOCUMENT NO. 9
PAGE 1 OF 7
FILED: 03/31/2025

About the Report

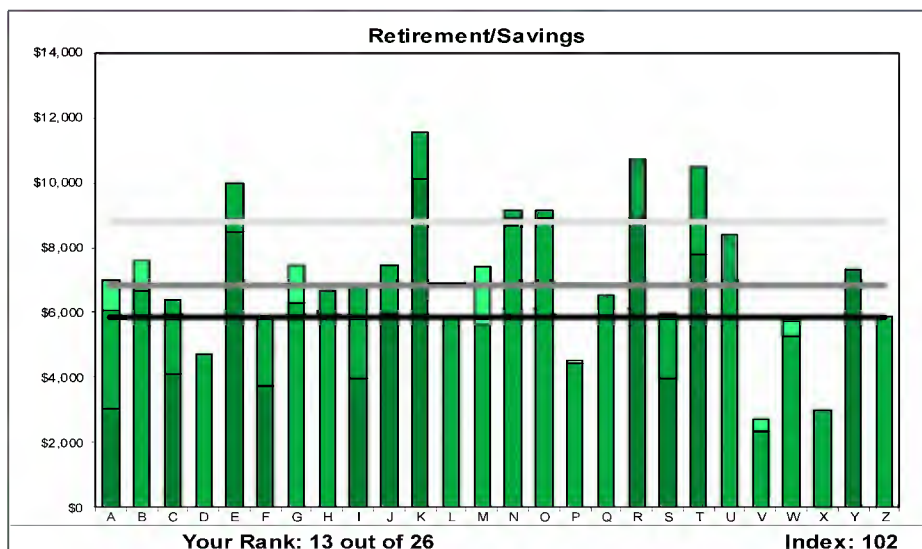
Peoples Gas selected the following 25 organizations as peers for the benefits comparison:

Atmos Energy Corporation
CPS Energy
ERCOT
Georgia System Operations
Georgia Transmission Corporation
Hawaiian Electric Company, Inc.
Hilcorp Energy Company
Lee County Electric Cooperative
LG&E and KU Energy, LLC.
National Grid
NorthWestern Energy
NRG Energy, Inc.
NV Energy, Inc.
NW Natural
ONE Gas, Inc.
Orlando Utilities Commission

Pinnacle West Capital Corporation
Portland General Electric Company
PPL Corporation
Sacramento Municipal Utility District
Salt River Project
Southern California Edison Co.
Southwest Gas Corporation
Spire, Inc.
West Florida Electric Cooperative

PEOPLES GAS SYSTEM, INC.
DOCKET NO. 20250029-GU
EXHIBIT NO. DB-1
WITNESS: BLUESTONE
DOCUMENT NO. 9
PAGE 2 OF 7
FILED: 03/31/2025

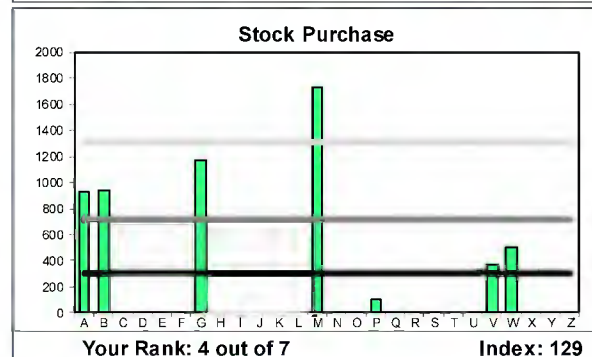
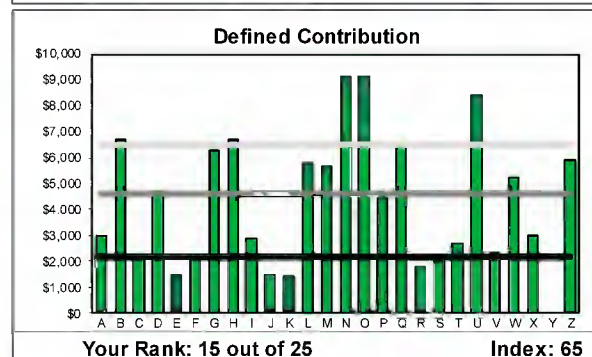
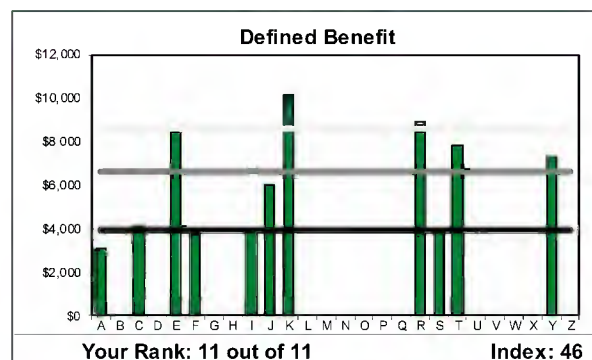
Retirement/Savings



Results and Observations

Peoples Gas' (Organization A) competitive position is driven by providing all three elements of the Retirement Savings that provide a total employer contribution of about 11% which is similar to the peer group median.

- Eleven organizations, including Peoples Gas, provide an active Defined Benefit plan.
- One organization provides their Retirement Savings value in Defined Benefit only and does not provide an employer contribution to their Defined Contribution plan.
- Seven organizations, including Peoples Gas, provide a stock purchase plan that generated a value with the median providing a discount of 15%.



Retirement/Savings – Defined Benefit

Market Position

- Peoples Gas is **below-median** as a result of providing a Pension Equity Plan compared to the Final Average or Cash Balance Plans offered by the peer group.
- Eleven organizations, including Peoples Gas, provide an active Defined Benefit plan for new hire employees.
 - Peoples Gas provides a Pension Equity Plan with percentage points ranging from 2% to 13% based on age + service points.
 - Five peers provide a Final Average Plan
 - Five peers provide a Cash Balance Plan
- Four peers have a grandfathered or frozen plan. Per the valuation methodology, grandfathered and frozen plans are not included in the analysis
- The remaining peers do not provide a Defined Benefit plan to newly hired employees.
- Considerations:** Although Peoples Gas' Defined Benefit plan is underperforming among the peers that offer a Defined Benefit plan, the inclusion of any DB plan boosts Peoples Gas' overall Retirement Savings position to a more competitive level.

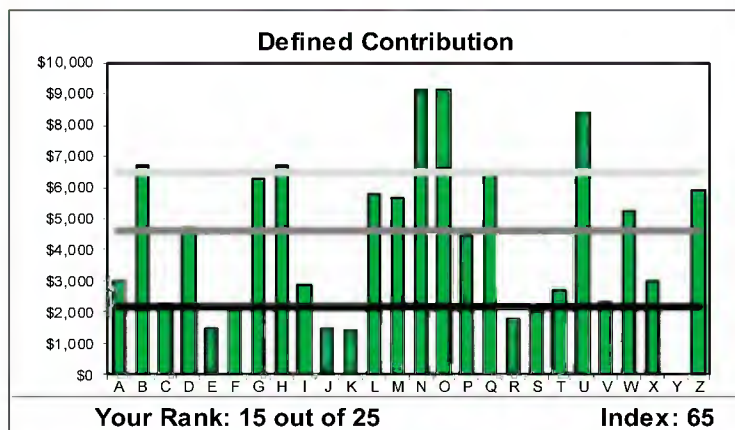


PEOPLES GAS SYSTEM, INC.
DOCKET NO. 20250029-GU
EXHIBIT NO. DB-1
WITNESS: BLUESTONE
DOCUMENT NO. 9
PAGE 4 OF 7
FILED: 03/31/2025

Retirement/Savings – Defined Contribution

Market Position

- Peoples Gas is **below-median** as a result of providing a total employer contribution that is not as rich as the median plan.
- Peoples Gas' total employer contribution is derived from a matching contribution of 75% of the first 6% for a total of 4.5% combined with a discretionary match that averages a total employer contribution of 0.64% using a salary definition that includes bonus compared to a median plan that provides a total employer contribution of 7.5%.
- Considerations:** Although Peoples Gas' Defined Contribution plan is under performing among the peers that offer a Defined Contribution plan; however, Peoples Gas' overall Retirement Savings position is more competitive against the median plan compared to the Defined Contribution position alone.



Yes

No

100%

Offer employer match

50%

Offer employer non-match

54%

Include bonus in the definition of pay

Median Plan Design

401(k) — Plan type

7.5% — Matching contribution of 100% on the first 3% and 50% of the next 3%; plus a nonmatching contribution of 3%

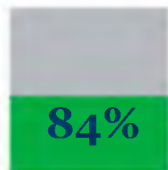
Base + Bonus Pay — Salary definition



Retirement/Savings – Stock Purchase

Market Position

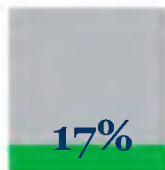
- The primary driver of value in a Stock Purchase plan is the level of employer funding via a match or discount on the purchase of the stock.
- Six peers provide a Stock Purchase plan to employees.
 - Peoples Gas provides a matching contribution.
 - Five of the six peers generate a value by discounting the price of the stock ranging from 5%-15%.
 - The remaining peer provides a “look back” feature allowing the employees to purchase the stock at a less expensive price.
- The remaining organizations did not report a Stock Purchase plan.
- **Considerations:** The added feature of the Stock Purchase Plan increases the overall comparison for Peoples Gas among all elements of Retirement Savings.



Offer a Discount



Offer a match



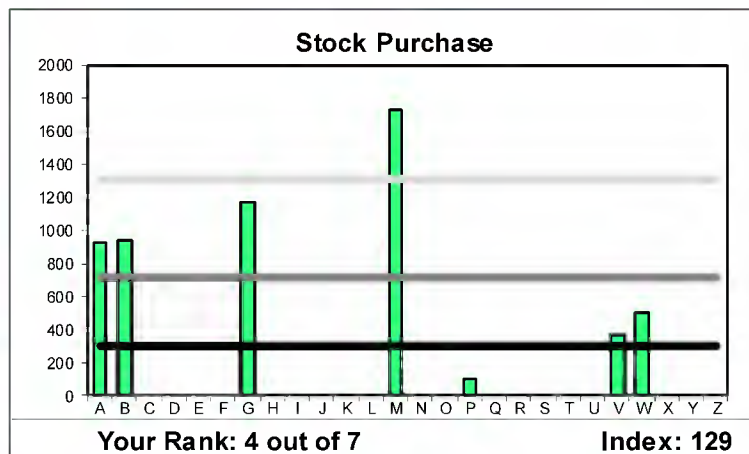
Include bonus in the definition of pay

Median Plan Design

Market Value — Lower of price at beginning and end of offering period

Base Pay — Salary definition

15% — Discount on stock





Peoples Gas System
FERC 926 Account Pension and Benefits

	Actual 2024	Budget 2025	Budget 2026	Variance Drivers
Pensions	\$ 1,644,116	\$ 2,549,151	\$ 3,728,403	Mercer (actuary) estimates
Supplemental Executive Retirement Plan (SERP)	137,884	129,073	124,014	Mercer (actuary) estimates
Restoration Benefit Plan Expense	113,434	108,743	108,137	Mercer (actuary) estimates
Benefit Plan Admin Fees	82,323	98,000	101,920	Primarily to support the additional employees
Life Insurance	120,215	135,000	140,400	Primarily to support the additional employees
Medical Insurance - Active	9,942,921	10,630,000	11,770,000	Primarily to support the additional employees
Post Retirement Benefits FAS 106 - Active	986,111	1,001,899	1,041,975	Mercer (actuary) estimates
Long-term incentive Expense	2,351,491	3,232,580	3,529,017	Increase from 2024 to 2025 due to increase in stock price and additional employees
Employer 401K Match	3,269,000	3,225,220	3,675,220	Primarily to support the additional employees
Long-term Disability	597,499	447,964	650,837	Primarily to support the additional employees
Long-term Disability Premiums	290,419	302,036	314,117	Primarily to support the additional employees
Vacations (accrual)	330,984	240,000	249,600	Vacation accrual was higher in 2024 due to vacation carry-over (empl. not using PTO)
Benefits - Other	758,895	993,000	980,720	Primarily to support the additional employees
Gross Costs in FERC 926	\$ 20,625,292	\$ 23,092,666	\$ 26,414,360	
Less: Capitalized, Clause Recoverable, etc.	(7,661,380)	(8,567,379)	(9,799,728)	Consistent Capitalization/Clause rate of 37.1%
FERC 926 Pension & Benefits O&M	\$ 12,963,911	\$ 14,525,287	\$ 16,614,633	