



November 15, 2022

Amber Mitchell Norris, Public Utilities Supervisor
Division of Accounting and Finance
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Dear Ms. Norris:

Attached is the Rate of Return calculation of Peoples Gas System for the period ending **September 2022**.

Please let me know if you have any questions.

Respectfully,

Rachel B. Parsons

rbparsons@tecoenergy.com

/s/

Rachel B. Parsons
Vice President Finance & Planning

Enclosures

cc: Office of Public Counsel – Charles Rehwinkel

**PEOPLES GAS SYSTEM
EARNINGS SURVEILLANCE REPORT SUMMARY
September 2022
(In \$ Thousands)**

SCHEDULE 1

	(1) <u>Actual</u> <u>Per Books</u>	(2) <u>FPSC</u> <u>Adjustments</u>	(3) <u>FPSC</u> <u>Adjusted</u>	(4) <u>Pro Forma</u> <u>Adjustments</u>	(5) <u>Pro Forma</u> <u>Adjusted</u>
I. AVERAGE RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	\$ 99,307	\$ (927)	\$ 98,381	\$ 0	\$ 98,381
AVERAGE RATE BASE	\$ 1,814,277	\$ (142,324)	\$ 1,671,953	\$ 0	\$ 1,671,953
AVERAGE RATE OF RETURN	5.47 %		5.88 %		5.88 %

II. REQUIRED RATES OF RETURN
AVERAGE CAPITAL STRUCTURE
(FPSC ADJUSTED BASIS)

III. EARNED RETURN ON EQUITY

			FPSC <u>ADJUSTED</u>	PRO FORMA <u>ADJUSTED</u>
LOW	5.48 %			
MIDPOINT	5.94 %	A. INCLUDING FLEX RATE REVENUES	9.77 %	9.77 %
HIGH	6.46 %	B. EXCLUDING FLEX RATE REVENUES	9.43 %	9.43 %

I am aware that Section 837.06, Florida Statutes, provides:

Whoever knowingly makes a false statement in writing with
the intent to mislead a public servant in the performance of his or her
official duty shall be guilty of a misdemeanor of the second degree
punishable as provided in s. 775.082 or s. 775.083.

/s/ Rachel B. Parsons, VP of Finance and Planning (Name and Title)	<i>Rachel B. Parsons</i> rbparsons@tecoenergy.com (Signature)	11/15/2022 (Date)
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**PEOPLES GAS SYSTEM
AVERAGE RATE BASE
September 2022
(In \$ Thousands)**

SCHEDULE 2

	(1)	(2)	(3)	(4)	(5)	(7)	(8)	(9)	(10)	(11)
	Plant in Service	Plant Acquisition Adjustment	Accumulated Depreciation & Amortization	Customer Advances for Construction	Net Plant in Service	Property Held for Future Use	Construction Work in Progress	Net Utility Plant	Working Capital	Total Rate Base
PER BOOKS	2,511,711	5,032	859,354	19,259	1,638,130	1,940	184,457	1,824,527	(10,250)	1,814,277
FPSC ADJUSTMENTS:										
Property for Future Use						(1,940)		(1,940)		(1,940)
Temporary Cash Investment									(3)	(3)
Notes Receivable									-	-
Accounts Rec./Pay. - Assoc Companies									(9,814)	(9,814)
Other Accounts Receivable									(1,262)	(1,262)
Non-Utility Allocation	(1,300)		(419)		(881)			(881)		(881)
Remove Unamort. Debt Expense									(4,297)	(4,297)
Remove Unrecovered Gas Cost									(1,459)	(1,459)
Remove Dividends Declared									2,273	2,273
Remove Unrec. Conservation Costs									-	-
Remove Unrec. CIBSR Costs									(288)	(288)
Remove Competitive Rate Adjustment									(3,637)	(3,637)
Remove Unamortized Rate Case Expense									(741)	(741)
Gain on Sale of Property										-
Remove Acquis. Adjustment (WFNG)		(2,947)	(2,947)		-			-		-
Remove Derivative (FAS 133)									-	-
Cast Iron/Bare Steel Rider (CIBSR)	(24,701)		(19)		(24,681)		(21,414)	(46,096)		(46,096)
AFUDC - Eligible CWIP							(73,118)	(73,118)		(73,118)
Remove Investment in Subsidiaries									(1,062)	(1,062)
TOTAL FPSC ADJUSTMENTS	(26,000)	(2,947)	(3,385)	-	(25,562)	(1,940)	(94,532)	(122,034)	(20,290)	(142,324)
FPSC ADJUSTED	2,485,711	2,085	855,969	19,259	1,612,568	-	89,925	1,702,493	(30,540)	1,671,953
FLEX RATE REVENUES										
ADJUSTED FOR										
FLEX RATE REVENUES	2,485,711	2,085	855,969	19,259	1,612,568	-	89,925	1,702,493	(30,540)	1,671,953
PRO FORMA REVENUE INCREASE AND ANNUALIZATION ADJUSTMENTS:										
										-
TOTAL PRO FORMA ADJUSTMENTS	-	-	-	-	-	-	-	-	-	-
PRO FORMA ADJUSTED	2,485,711	2,085	855,969	19,259	1,612,568	-	89,925	1,702,493	(30,540)	1,671,953

PEOPLES GAS SYSTEM
NET OPERATING INCOME
September 2022
(In \$ Thousands)

SCHEDULE 3

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	Operating Revenues	O & M Gas Expense	O & M Other	Depreciation & Amortization	Taxes Other Than Income	Income Taxes Current	Deferred Income Taxes (Net)	Investment Tax Credit (Net)	Gain/Loss on Disposition	Total Operating Expenses	Net Operating Income
PER BOOKS	627,692	253,671	151,873	45,674	52,206	5,768	19,279	-	(85)	528,385	99,307
FPSC ADJUSTMENTS:											
Remove Conservation Charges	(27,514)		(27,514)			0				(27,514)	0
Non-Utility Allocation				(41)	-	10				(31)	31
Interest Synchronization						170				170	(170)
Parent Debt Adjustment						(2,099)				(2,099)	2,099
Remove Fuel Revenues	(254,472)	(253,671)			(802)	(0)				(254,472)	-
Economic Development Adjustment			(19)			5				(14)	14
Employee Activities			(81)			21				(61)	61
Franchise/Gross Receipts Taxes	(30,835)				(30,523)	(79)				(30,602)	(233)
Maintenance of General Plant			(49)			12				(37)	37
Maint. of Structures and Improvements			(7)			2				(5)	5
Remove Acquisition Adj. Amortiz. (WFNG)				-		-				-	-
Gain on Sale of Property						-				-	-
Lease of PHFFU	(118)					(30)				(30)	(88)
Remove ITC Amortization						-		-		-	-
Cast Iron/Bare Steel Rider (CIBSR)	(2,416)		(1,769)	(336)	(311)	(0)				(2,416)	(0)
Cast Iron/Bare Steel Rider (CIBSR) - ROI	(3,593)					(911)				(911)	(2,683)
OSS Adjustment	-					-				-	-
TOTAL FPSC ADJUSTMENTS	(318,947)	(253,671)	(29,440)	(377)	(31,635)	(2,898)	-	-	-	(318,021)	(927)
FPSC ADJUSTED	308,745	-	122,433	45,297	20,570	2,870	19,279	-	(85)	210,364	98,381
FLEX RATE REVENUES	(3,596)					(911)				(911)	(2,685)
ADJUSTED FOR FLEX RATE REVENUES	305,149	-	122,433	45,297	20,570	1,958	19,279	-	(85)	209,453	95,696
PRO FORMA REVENUE INCREASE AND ANNUALIZATION ADJUSTMENTS:											
Deferred Tax True-up						-				-	-
TOTAL PRO FORMA ADJUSTMENTS	-		-			-			-	-	-
PRO FORMA ADJUSTED	308,745	-	122,433	45,297	20,570	2,870	19,279	-	(85)	210,364	98,381
PER BOOKS											
CURRENT MONTH AMOUNT	49,363	20,760	13,793	380	3,364	744	1,451	-	-	40,493	8,870

**PEOPLES GAS SYSTEM
CAPITAL STRUCTURE
FPSC ADJUSTED BASIS
September 2022
(In \$ Thousands)**

SCHEDULE 4

	AVERAGE	PER BOOKS	ADJUSTMENTS		ADJUSTED	RATIO (%)	LOW POINT		MIDPOINT		HIGH POINT	
			SPECIFIC	PRO RATA			COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
LONG TERM DEBT		533,746	(4,690)	(36,663)	497,246	29.74%	3.92	1.17	3.92	1.17	3.92	1.17
SHORT TERM DEBT		160,685	(1,747)	(11,014)	149,382	8.94%	1.19	0.11	1.19	0.11	1.19	0.11
CUSTOMER DEPOSITS		27,770		(1,665)	26,106	1.56%	2.48	0.04	2.48	0.04	2.48	0.04
COMMON EQUITY		846,820	(1,094)	(58,608)	780,807	46.70%	8.90	4.16	9.90	4.62	11.00	5.14
DEFERRED INCOME TAX		245,255	(12,916)	(13,927)	218,411	13.06%						
TAX CREDITS - ZERO COST		-	-	-	-	0.00%						
TOTAL		<u>1,814,277</u>	<u>(20,447)</u>	<u>(121,878)</u>	<u>1,671,953</u>	<u>100.00%</u>		<u>5.48</u>		<u>5.94</u>		<u>6.46</u>

PEOPLES GAS SYSTEM
EARNED RETURN ON COMMON EQUITY
FPSC ADJUSTED BASIS
September 2022
(In \$ Thousands)

SCHEDULE 5

A. FPSC ADJUSTED AVERAGE JURISDICTIONAL RETURN ON COMMON EQUITY
INCLUDING FLEX RATE REVENUES

FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	5.88 %	(Schedule 1)
LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:		
LONG TERM DEBT	(1.17) %	
SHORT TERM DEBT	(0.11) %	
PREFERRED STOCK	0.00 %	
CUSTOMER DEPOSITS	(0.04) %	
TAX CREDITS-WEIGHTED COST(MIDPOINT)	0.00 %	
SUBTOTAL	<u>(1.32) %</u>	
 TOTAL	 4.56 %	
 DIVIDED BY RECONCILED COMMON EQUITY RATIO	 <u>46.70 %</u>	
 JURISDICTIONAL RETURN ON COMMON EQUITY	 <u><u>9.77 %</u></u>	

B. FPSC ADJUSTED AVERAGE JURISDICTIONAL RETURN ON COMMON EQUITY
EXCLUDING FLEX RATE REVENUES

NET OPERATING REVENUE EXCLUDING FLEX RATE REVENUES	\$ 95,696	(Schedule 3)
 RATE BASE EXCLUDING FLEX RATE REVENUES	 \$ <u>1,671,953</u>	(Schedule 2)
 FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	 <u>5.72 %</u>	
LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:		
LONG TERM DEBT	(1.17) %	
SHORT TERM DEBT	(0.11) %	
PREFERRED STOCK	0.00 %	
CUSTOMER DEPOSITS	(0.04) %	
TAX CREDITS-WEIGHTED COST(MIDPOINT)	0.00 %	
SUBTOTAL	<u>(1.32) %</u>	
 TOTAL	 4.40 %	
 DIVIDED BY RECONCILED COMMON EQUITY RATIO	 <u>46.70 %</u>	
 JURISDICTIONAL RETURN ON COMMON EQUITY	 <u><u>9.43 %</u></u>	