



**May 12, 2023**

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 **March 2023**.

Please let me know if you have any questions.

Respectfully,

DocuSigned by:  
  
/s/ 0D97E209221942C...  
Rachel B. Parsons  
Vice President Finance & Planning

Enclosures

cc: Office of Public Counsel – Charles Rehwinkel

**PEOPLES GAS SYSTEM  
EARNINGS SURVEILLANCE REPORT SUMMARY  
March 2023  
(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	\$ 100,100	\$ (3,065)	\$ 97,035	\$ 0	\$ 97,035
AVERAGE RATE BASE	\$ 1,949,016	\$ (156,878)	\$ 1,792,138	\$ 0	\$ 1,792,138
AVERAGE RATE OF RETURN	5.14 %		5.41 %		5.41 %

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	5.72 %		
MIDPOINT	6.19 %	A. INCLUDING FLEX RATE REVENUES	8.25 %
HIGH	6.71 %	B. EXCLUDING FLEX RATE REVENUES	7.94 %

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)

*Rachel Parsons*  
(Signature)

(Date)

PSC/AFA13

**PEOPLES GAS SYSTEM  
AVERAGE RATE BASE  
March 2023  
(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	2,625,057	5,032	874,036	21,376	1,734,677	1,940	222,540	1,959,156	(10,140)	1,949,016
<b>FPSC ADJUSTMENTS:</b>										
Property for Future Use						(1,940)		(1,940)		(1,940)
Temporary Cash Investment									(3)	(3)
Notes Receivable									-	-
Accounts Rec./Pay. - Assoc Companies									(9,788)	(9,788)
Other Accounts Receivable									(1,581)	(1,581)
Non-Utility Allocation	(1,122)		(429)		(693)			(693)		(693)
Remove Unamort. Debt Expense									(3,384)	(3,384)
Remove Unrecovered Gas Cost									-	-
Remove Dividends Declared									3,521	3,521
Remove Unrec. Conservation Costs									-	-
Remove Unrec. CIBSR Costs									(132)	(132)
Remove Competitive Rate Adjustment									(3,625)	(3,625)
Remove Unamortized Rate Case Expense									(529)	(529)
Gain on Sale of Property										-
Remove Acquis. Adjustment (WFNG)		-	-		-			-		-
Remove Derivative (FAS 133)									-	-
Cast Iron/Bare Steel Rider (CIBSR)	(33,311)		(221)		(33,090)		(20,952)	(54,043)		(54,043)
AFUDC - Eligible CWIP							(83,778)	(83,778)		(83,778)
Remove Investment in Subsidiaries									(903)	(903)
<b>TOTAL FPSC ADJUSTMENTS</b>	<b>(34,433)</b>	<b>-</b>	<b>(650)</b>	<b>-</b>	<b>(33,783)</b>	<b>(1,940)</b>	<b>(104,730)</b>	<b>(140,453)</b>	<b>(16,425)</b>	<b>(156,878)</b>
<b>FPSC ADJUSTED</b>	<b>2,590,623</b>	<b>5,032</b>	<b>873,386</b>	<b>21,376</b>	<b>1,700,894</b>	<b>-</b>	<b>117,809</b>	<b>1,818,703</b>	<b>(26,565)</b>	<b>1,792,138</b>
<b>FLEX RATE REVENUES</b>										
<b>ADJUSTED FOR</b>										
<b>FLEX RATE REVENUES</b>	<b>2,590,623</b>	<b>5,032</b>	<b>873,386</b>	<b>21,376</b>	<b>1,700,894</b>	<b>-</b>	<b>117,809</b>	<b>1,818,703</b>	<b>(26,565)</b>	<b>1,792,138</b>
<b>PRO FORMA REVENUE INCREASE AND ANNUALIZATION ADJUSTMENTS:</b>										
										-
<b>TOTAL PRO FORMA ADJUSTMENTS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>PRO FORMA ADJUSTED</b>	<b>2,590,623</b>	<b>5,032</b>	<b>873,386</b>	<b>21,376</b>	<b>1,700,894</b>	<b>-</b>	<b>117,809</b>	<b>1,818,703</b>	<b>(26,565)</b>	<b>1,792,138</b>

**PEOPLES GAS SYSTEM**  
**NET OPERATING INCOME**  
**March 2023**  
**(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	622,988	241,430	155,305	47,764	54,313	(1,800)	26,241	-	(363)	522,889	100,100
<b>FPSC ADJUSTMENTS:</b>											
Remove Conservation Charges	(27,904)		(27,904)			(0)				(27,904)	(0)
Non-Utility Allocation				(3)	-	1				(2)	2
Interest Synchronization						126				126	(126)
Parent Debt Adjustment						(2,099)				(2,099)	2,099
Remove Fuel Revenues	(241,778)	(241,430)			(348)	-				(241,778)	-
Economic Development Adjustment			(19)			5				(14)	14
Employee Activities			(78)			20				(58)	58
Franchise/Gross Receipts Taxes	(30,810)				(30,679)	(33)				(30,712)	(98)
Maintenance of General Plant			(65)			16				(48)	48
Maint. of Structures and Improvements			(8)			2				(6)	6
Remove Acquisition Adj. Amortiz. (WFNG)				-		-				-	-
Gain on Sale of Property						-				-	-
Lease of PHFFU	(5)					(1)				(1)	(4)
Remove ITC Amortization						-		-		-	-
Cast Iron/Bare Steel Rider (CIBSR)	(6,021)		(4,874)	(627)	(521)	0				(6,021)	0
Cast Iron/Bare Steel Rider (CIBSR) - ROI	(6,784)					(1,719)				(1,719)	(5,065)
OSS Adjustment	-					-				-	-
<b>TOTAL FPSC ADJUSTMENTS</b>	<b>(313,301)</b>	<b>(241,430)</b>	<b>(32,946)</b>	<b>(630)</b>	<b>(31,548)</b>	<b>(3,683)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(310,236)</b>	<b>(3,065)</b>
<b>FPSC ADJUSTED</b>	<b>309,687</b>	<b>-</b>	<b>122,359</b>	<b>47,134</b>	<b>22,765</b>	<b>(5,483)</b>	<b>26,241</b>	<b>-</b>	<b>(363)</b>	<b>212,653</b>	<b>97,035</b>
<b>FLEX RATE REVENUES</b>	<b>(3,520)</b>					<b>(892)</b>				<b>(892)</b>	<b>(2,628)</b>
<b>ADJUSTED FOR</b>											
<b>FLEX RATE REVENUES</b>	<b>306,168</b>	<b>-</b>	<b>122,359</b>	<b>47,134</b>	<b>22,765</b>	<b>(6,375)</b>	<b>26,241</b>	<b>-</b>	<b>(363)</b>	<b>211,761</b>	<b>94,407</b>
<b>PRO FORMA REVENUE INCREASE AND ANNUALIZATION ADJUSTMENTS:</b>											
Deferred Tax True-up						-				-	-
<b>TOTAL PRO FORMA ADJUSTMENTS</b>	<b>-</b>		<b>-</b>			<b>-</b>			<b>-</b>	<b>-</b>	<b>-</b>
<b>PRO FORMA ADJUSTED</b>	<b>309,687</b>	<b>-</b>	<b>122,359</b>	<b>47,134</b>	<b>22,765</b>	<b>(5,483)</b>	<b>26,241</b>	<b>-</b>	<b>(363)</b>	<b>212,653</b>	<b>97,035</b>
<b>PER BOOKS</b>											
<b>CURRENT MONTH AMOUNT</b>	<b>45,815</b>	<b>12,387</b>	<b>13,298</b>	<b>163</b>	<b>4,732</b>	<b>(1,339)</b>	<b>4,363</b>	<b>-</b>	<b>-</b>	<b>33,603</b>	<b>12,212</b>

**PEOPLES GAS SYSTEM  
CAPITAL STRUCTURE  
FPSC ADJUSTED BASIS  
March 2023  
(In \$ Thousands)**

SCHEDULE 4

	<u>AVERAGE</u>	ADJUSTMENTS				RATIO (%)	LOW POINT		MIDPOINT		HIGH POINT	
		PER BOOKS	SPECIFIC	PRO RATA	ADJUSTED		COST	WEIGHTED	COST	WEIGHTED	COST	WEIGHTED
							RATE (%)	COST (%)	RATE (%)	COST (%)	RATE (%)	COST (%)
LONG TERM DEBT	512,374	(3,768)	(37,132)	487,000	27.17%	4.02	1.09	4.02	1.09	4.02	1.09	
SHORT TERM DEBT	219,556	(132)	(16,019)	210,102	11.73%	3.50	0.41	3.50	0.41	3.50	0.41	
CUSTOMER DEPOSITS	29,162		(1,875)	27,287	1.52%	2.47	0.04	2.47	0.04	2.47	0.04	
COMMON EQUITY	931,575	448	(68,044)	841,755	46.97%	8.90	4.18	<b>9.90</b>	4.65	11.00	5.17	
DEFERRED INCOME TAX	256,349	(14,828)	(15,527)	225,994	12.61%							
TAX CREDITS - ZERO COST	-	-	-	-	0.00%							
<b>TOTAL</b>	<b>1,949,016</b>	<b>(18,281)</b>	<b>(138,597)</b>	<b>1,792,138</b>	<b>100.00%</b>		<b>5.72</b>		<b>6.19</b>		<b>6.71</b>	

**PEOPLES GAS SYSTEM**  
**EARNED RETURN ON COMMON EQUITY**  
**FPSC ADJUSTED BASIS**  
**March 2023**  
**(In \$ Thousands)**

SCHEDUL

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

FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	5.41 %	(Schedule 1)
LESS: RECONCILED AVERAGE JURISDICTIONAL		
WEIGHTED COST RATES FOR:		
LONG TERM DEBT	(1.09) %	
SHORT TERM DEBT	(0.41) %	
PREFERRED STOCK	0.00 %	
CUSTOMER DEPOSITS	(0.04) %	
TAX CREDITS-WEIGHTED COST(MIDPOINT)	0.00 %	
SUBTOTAL	<u>(1.54) %</u>	
TOTAL	3.87 %	
DIVIDED BY RECONCILED COMMON EQUITY RATIO	<u>46.97 %</u>	
JURISDICTIONAL RETURN ON COMMON EQUITY	<u><u>8.25 %</u></u>	

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

NET OPERATING REVENUE EXCLUDING FLEX RATE REVENUES	\$ 94,407	(Schedule 3)
RATE BASE EXCLUDING FLEX RATE REVENUES	\$ <u>1,792,138</u>	(Schedule 2)
FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	<u>5.27 %</u>	
LESS: RECONCILED AVERAGE JURISDICTIONAL		
WEIGHTED COST RATES FOR:		
LONG TERM DEBT	(1.09) %	
SHORT TERM DEBT	(0.41) %	
PREFERRED STOCK	0.00 %	
CUSTOMER DEPOSITS	(0.04) %	
TAX CREDITS-WEIGHTED COST(MIDPOINT)	0.00 %	
SUBTOTAL	<u>(1.54) %</u>	
TOTAL	3.73 %	
DIVIDED BY RECONCILED COMMON EQUITY RATIO	<u>46.97 %</u>	
JURISDICTIONAL RETURN ON COMMON EQUITY	<u><u>7.94 %</u></u>	

**PEOPLES GAS SYSTEM  
EARNED RETURN ON COMMON EQUITY  
PRO FORMA ADJUSTED BASIS  
March 2023**

SCHEDULE

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

PRO FORMA ADJUSTED AVERAGE EARNED RATE OF RETURN	5.41 %	(Schedule 1)
LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:		
LONG TERM DEBT	(1.09) %	
SHORT TERM DEBT	(0.41) %	
PREFERRED STOCK	0.00 %	
CUSTOMER DEPOSITS	(0.04) %	
TAX CREDITS-WEIGHTED COST(MIDPOINT)	0.00 %	
SUBTOTAL	<u>(1.54) %</u>	
TOTAL	3.87 %	
DIVIDED BY RECONCILED COMMON EQUITY RATIO	<u>46.97 %</u>	
JURISDICTIONAL RETURN ON COMMON EQUITY	<u>8.25 %</u>	

B. PRO FORMA AVERAGE JURISDICTIONAL RETURN ON COMMON EQUITY  
EXCLUDING FLEX RATE REVENUES

NET OPERATING REVENUE EXCLUDING FLEX RATE REVENUES	\$ 94,407	(Schedule 2, p. 2 of 2)
RATE BASE EXCLUDING FLEX RATE REVENUES	\$ <u>1,792,138</u>	(Schedule 2, p. 1 of 2)
FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	<u>5.27 %</u>	
LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:		
LONG TERM DEBT	(1.09) %	
SHORT TERM DEBT	(0.41) %	
PREFERRED STOCK	0.00 %	
CUSTOMER DEPOSITS	(0.04) %	
TAX CREDITS-WEIGHTED COST(MIDPOINT)	0.00 %	
SUBTOTAL	<u>(1.54) %</u>	
TOTAL	3.73 %	
DIVIDED BY RECONCILED COMMON EQUITY RATIO	<u>46.97 %</u>	
JURISDICTIONAL RETURN ON COMMON EQUITY	<u>7.94 %</u>	