



May 23, 2024

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

Dear Mr. Vogel:

Attached is the Rate of Return calculation of Peoples Gas System for the period ending **March 2024**.

Please let me know if you have any questions.

Respectfully,

DocuSigned by:

1EF33C87A9D2484...

Lee Thomson for Jon DeVries
Director of Finance VP of Finance

Enclosures

cc: Office of Public Counsel – Charles Rehwinkel

**PEOPLES GAS SYSTEM
EARNINGS SURVEILLANCE REPORT SUMMARY
Mar 2024
(In \$ Thousands)**

SCHEDULE 1

	(1) Actual <u>Per Books</u>	(2) FPSC <u>Adjustments</u>	(3) FPSC <u>Adjusted</u>	(4) Pro Forma <u>Adjustments</u>	(5) Pro Forma <u>Adjusted</u>
I. AVERAGE RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	\$ 131,693	\$ (1,300)	\$ 130,393	\$ 0	\$ 130,393
AVERAGE RATE BASE	\$ 2,268,719	\$ (161,741)	\$ 2,106,978	\$ 0	\$ 2,106,978
AVERAGE RATE OF RETURN	5.80 %		6.19 %		6.19 %

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	6.30 %		
MIDPOINT	6.77 %	A. INCLUDING FLEX RATE REVENUES	8.90 %
HIGH	7.24 %	B. EXCLUDING FLEX RATE REVENUES	8.60 %

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/ Lee Thomsom Director of Finance for Jon DeVries, VP of Finance
(Name and Title)

Lee Thomsom
(Signature)

5/23/2024
(Date)

PSC/AFA13

**PEOPLES GAS SYSTEM
AVERAGE RATE BASE
Mar 2024
(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	2,950,880	3,484	906,695	26,659	2,021,009	1,940	229,244	2,252,193	16,526	2,268,719
FPSC ADJUSTMENTS:										
Property for Future Use						(1,940)		(1,940)		(1,940)
Temporary Cash Investment									(3)	(3)
Notes Receivable									-	-
Accounts Rec./Pay. - Assoc Companies									(9,516)	(9,516)
Other Accounts Receivable									(1,433)	(1,433)
Non-Utility Allocation	(1,304)		(457)		(847)			(847)		(847)
Remove Unamort. Debt Expense									(773)	(773)
Remove Unrecovered Gas Cost									-	-
Remove Dividends Declared									-	-
Remove Unrec. Conservation Costs									(6,472)	(6,472)
Remove Unrec. CIBSR Costs									-	-
Remove Competitive Rate Adjustment									(3,840)	(3,840)
Remove Unamortized Rate Case Expense									(936)	(936)
Gain on Sale of Property										-
Remove Acquis. Adjustment (WFNG)		-	-		-			-		-
Remove Derivative (FAS 133)									-	-
Cast Iron/Bare Steel Rider (CIBSR)	(44,210)		(476)		(43,734)		(15,351)	(59,085)		(59,085)
AFUDC - Eligible CWIP							(75,627)	(75,627)		(75,627)
Remove Investment in Subsidiaries									(1,269)	(1,269)
TOTAL FPSC ADJUSTMENTS	(45,514)	-	(933)	-	(44,581)	(1,940)	(90,978)	(137,499)	(24,242)	(161,741)
FPSC ADJUSTED	2,905,366	3,484	905,762	26,659	1,976,428	-	138,266	2,114,694	(7,716)	2,106,978
FLEX RATE REVENUES										
ADJUSTED FOR										
FLEX RATE REVENUES	2,905,366	3,484	905,762	26,659	1,976,428	-	138,266	2,114,694	(7,716)	2,106,978
PRO FORMA REVENUE INCREASE AND ANNUALIZATION ADJUSTMENTS:										
										-
TOTAL PRO FORMA ADJUSTMENTS	-	-	-	-	-	-	-	-	-	-
PRO FORMA ADJUSTED	2,905,366	3,484	905,762	26,659	1,976,428	-	138,266	2,114,694	(7,716)	2,106,978

PEOPLES GAS SYSTEM
NET OPERATING INCOME
Mar 2024
(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	597,068	151,176	169,110	59,207	58,680	8,874	18,829	-	(500)	465,375	131,693
FPSC ADJUSTMENTS:											
Remove Conservation Charges	(38,005)		(38,005)			0				(38,005)	0
Non-Utility Allocation				(35)	-	9				(26)	26
Interest Synchronization						872				872	(872)
Parent Debt Adjustment						(3,213)				(3,213)	3,213
Remove Fuel Revenues	(151,777)	(151,176)			(601)	0				(151,777)	-
Economic Development Adjustment			(16)			4				(12)	12
Employee Activities			(59)			15				(44)	44
Franchise/Gross Receipts Taxes	(32,935)				(32,810)	(32)				(32,842)	(93)
Maintenance of General Plant			(57)			14				(42)	42
Maint. of Structures and Improvements			(7)			2				(5)	5
Remove Acquisition Adj. Amortiz. (WFNG)				-		-				-	-
Gain on Sale of Property						-				-	-
Lease of PHFFU	(122)					(31)				(31)	(91)
Remove ITC Amortization						-		-		-	0
Cast Iron/Bare Steel Rider (CIBSR)	(2,112)		(1,017)	(685)	(409)	0				(2,112)	0
Cast Iron/Bare Steel Rider (CIBSR) - ROI	(4,806)					(1,218)				(1,218)	(3,588)
OSS Adjustment	-					-				-	-
TOTAL FPSC ADJUSTMENTS	(229,756)	(151,176)	(39,161)	(720)	(33,821)	(3,578)	-	-	-	(228,456)	(1,300)
FPSC ADJUSTED	367,312	-	129,948	58,487	24,859	5,296	18,829	-	(500)	236,919	130,393
FLEX RATE REVENUES	(3,961)					(1,004)				(1,004)	(2,957)
ADJUSTED FOR											
FLEX RATE REVENUES	363,351	-	129,948	58,487	24,859	4,292	18,829	-	(500)	235,915	127,436
PRO FORMA REVENUE INCREASE AND ANNUALIZATION ADJUSTMENTS:											
Deferred Tax True-up						-				-	-
TOTAL PRO FORMA ADJUSTMENTS	-	-	-	-	-	-	-	-	-	-	-
PRO FORMA ADJUSTED	367,312	-	129,948	58,487	24,859	5,296	18,829	-	(500)	236,919	130,393
PER BOOKS											
CURRENT MONTH AMOUNT	61,507	13,316	17,036	7,118	5,809	2,509	972	-	-	46,760	14,747

**PEOPLES GAS SYSTEM
CAPITAL STRUCTURE
FPSC ADJUSTED BASIS
Mar 2024
(In \$ Thousands)**

SCHEDULE 4

	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 (%)
AVERAGE											
LONG TERM DEBT	673,131	(817)	(40,938)	631,376	29.97%	4.67	1.40	4.67	1.40	4.67	1.40
SHORT TERM DEBT	228,165	(6,472)	(13,499)	208,194	9.87%	6.01	0.59	6.01	0.59	6.01	0.59
CUSTOMER DEPOSITS	30,305		(1,619)	28,686	1.36%	2.41	0.03	2.41	0.03	2.41	0.03
COMMON EQUITY	1,054,162	(3,808)	(63,957)	986,397	46.82%	9.15	4.28	10.15	4.75	11.15	5.22
DEFERRED INCOME TAX	282,956	(16,389)	(14,241)	252,326	11.98%						
TAX CREDITS - ZERO COST	-	-	-	-	0.00%						
TOTAL	2,268,719	(27,487)	(134,254)	2,106,978	100.00%		6.30		6.77		7.24

PEOPLES GAS SYSTEM
EARNED RETURN ON COMMON EQUITY
FPSC ADJUSTED BASIS
Mar 2024
(In \$ Thousands)

SCHEDULE 5

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

FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	6.19 %	(Schedule 1)
LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:		
LONG TERM DEBT	(1.40) %	
SHORT TERM DEBT	(0.59) %	
PREFERRED STOCK	0.00 %	
CUSTOMER DEPOSITS	(0.03) %	
TAX CREDITS-WEIGHTED COST(MIDPOINT)	0.00 %	
SUBTOTAL	<u>(2.02) %</u>	
 TOTAL	 4.17 %	
 DIVIDED BY RECONCILED COMMON EQUITY RATIO	 <u>46.82 %</u>	
 JURISDICTIONAL RETURN ON COMMON EQUITY	 <u><u>8.90 %</u></u>	

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

NET OPERATING REVENUE EXCLUDING FLEX RATE REVENUES	\$ 127,436	(Schedule 3)
RATE BASE EXCLUDING FLEX RATE REVENUES	\$ <u>2,106,978</u>	(Schedule 2)
FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	<u>6.05 %</u>	
LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:		
LONG TERM DEBT	(1.40) %	
SHORT TERM DEBT	(0.59) %	
PREFERRED STOCK	0.00 %	
CUSTOMER DEPOSITS	(0.03) %	
TAX CREDITS-WEIGHTED COST(MIDPOINT)	0.00 %	
SUBTOTAL	<u>(2.02) %</u>	
 TOTAL	 4.03 %	
 DIVIDED BY RECONCILED COMMON EQUITY RATIO	 <u>46.82 %</u>	
 JURISDICTIONAL RETURN ON COMMON EQUITY	 <u><u>8.60 %</u></u>	

**PEOPLES GAS SYSTEM
EARNED RETURN ON COMMON EQUITY
PRO FORMA ADJUSTED BASIS
Mar 2024**

SCHEDULE 5-2

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

PRO FORMA ADJUSTED AVERAGE EARNED RATE OF RETURN	6.19 %	(Schedule 1)
LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:		
LONG TERM DEBT	(1.40) %	
SHORT TERM DEBT	(0.59) %	
PREFERRED STOCK	0.00 %	
CUSTOMER DEPOSITS	(0.03) %	
TAX CREDITS-WEIGHTED COST(MIDPOINT)	0.00 %	
SUBTOTAL	<u>(2.02) %</u>	
TOTAL	4.17 %	
DIVIDED BY RECONCILED COMMON EQUITY RATIO	<u>46.82 %</u>	
JURISDICTIONAL RETURN ON COMMON EQUITY	<u>8.90 %</u>	

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

NET OPERATING REVENUE EXCLUDING FLEX RATE REVENUES	\$ 127,436	(Schedule 2, p. 2 of 2)
RATE BASE EXCLUDING FLEX RATE REVENUES	\$ <u>2,106,978</u>	(Schedule 2, p. 1 of 2)
FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	<u>6.05 %</u>	
LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:		
LONG TERM DEBT	(1.40) %	
SHORT TERM DEBT	(0.59) %	
PREFERRED STOCK	0.00 %	
CUSTOMER DEPOSITS	(0.03) %	
TAX CREDITS-WEIGHTED COST(MIDPOINT)	0.00 %	
SUBTOTAL	<u>(2.02) %</u>	
TOTAL	4.03 %	
DIVIDED BY RECONCILED COMMON EQUITY RATIO	<u>46.82 %</u>	
JURISDICTIONAL RETURN ON COMMON EQUITY	<u>8.60 %</u>	