



May 15, 2026

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

Dear Ms. Gatlin:

Attached is the Rate of Return calculation of Peoples Gas System for the period ending **March 2026**.

Please let me know if you have any questions.

Respectfully,

Signed by:

/s/ Andrew Nichols

Andrew Nichols

Director of Business Planning

Enclosures

cc: Office of Public Counsel – Charles Rehwinkel

**PEOPLES GAS SYSTEM
EARNINGS SURVEILLANCE REPORT SUMMARY
Mar 2026
(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)					
<u>NET OPERATING INCOME</u>	\$ 188,064	\$ (1,049)	\$ 187,014	\$ 0	\$ 187,014
AVERAGE RATE BASE	\$ 2,737,116	\$ (109,776)	\$ 2,627,340	\$ 0	\$ 2,627,340
AVERAGE RATE OF RETURN	<u>6.87</u> %		<u>7.12</u> %		<u>7.12</u> %

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	<u>6.68</u> %		
MIDPOINT	<u>7.16</u> %	A. INCLUDING FLEX RATE REVENUES	<u>10.21</u> %
HIGH	<u>7.64</u> %	B. EXCLUDING FLEX RATE REVENUES	<u>9.92</u> %

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/ Andrew Nichols, Director of Business Planning
(Name and Title)

Andrew Nichols
(Signature)

5/11/2026

(Date)

PSC/AFA13

**PEOPLES GAS SYSTEM
AVERAGE RATE BASE
Mar 2026
(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	3,656,726	-	1,026,459	26,619	2,603,648	1,940	103,929	2,709,517	27,598	2,737,116
FPSC ADJUSTMENTS:									(2,318)	
Property for Future Use						(1,940)		(1,940)		(1,940)
Temporary Cash Investment Non-Utility (RNG Alliance)									(2)	(2)
Accounts Rec./Pay. - Assoc Companies									(14,535)	(14,535)
Other Accounts Receivable									(7,695)	(7,695)
Non-Utility Allocation	(2,376)		(540)		(1,835)			(1,835)	(2,069)	(2,069)
Remove Unamort. Debt Expense									(1,835)	(1,835)
Remove Unrecovered Gas Cost									(2,164)	(2,164)
Remove Dividends Declared									-	-
Remove Unrec. Conservation Costs									-	-
Remove Unrec. CIBSR Costs									-	-
Remove Unrec. MUNICosts									(1,155)	(1,155)
Remove Competitive Rate Adjustment									(6,117)	(6,117)
Remove Unamortized Rate Case Expense									(1,886)	(1,886)
Gain on Sale of Property										-
Remove Acquis. Adjustment (WFNG)		-	-		-			-		-
Remove Derivative (FAS 133)									-	-
Cast Iron/Bare Steel Rider (CIBSR)	(8,323)		53		(8,376)		(12,740)	(21,117)		(21,117)
Infrastructure Rider (Muni)	(28,811)		(394)		(28,417)		(1,152)	(29,569)		(29,569)
AFUDC - Eligible CWIP							(18,209)	(18,209)		(18,209)
Remove Investment in Subsidiaries									(1,483)	(1,483)
TOTAL FPSC ADJUSTMENTS	(39,510)	-	(882)	-	(38,629)	(1,940)	(32,101)	(72,670)	(37,106)	(109,776)
FPSC ADJUSTED	3,617,215	-	1,025,577	26,619	2,565,020	-	71,828	2,636,848	(9,508)	2,627,340
FLEX RATE REVENUES										
ADJUSTED FOR										
FLEX RATE REVENUES	3,617,215	-	1,025,577	26,619	2,565,020	-	71,828	2,636,848	(9,508)	2,627,340
PRO FORMA REVENUE INCREASE AND ANNUALIZATION ADJUSTMENTS:										-
TOTAL PRO FORMA ADJUSTMENTS	-	-	-	-	-	-	-	-	-	-
PRO FORMA ADJUSTED	3,617,215	-	1,025,577	26,619	2,565,020	-	71,828	2,636,848	(9,508)	2,627,340

**PEOPLES GAS SYSTEM
NET OPERATING INCOME
Mar 2026
(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	783,155	188,156	190,219	98,704	74,085	19,720	24,763	-	(557)	595,091	188,064
FPSC ADJUSTMENTS:											
Remove Conservation Charges	(34,176)		(34,176)			(0)				(34,176)	(0)
Non-Utility Allocation				(68)	-	17				(51)	51
Interest Synchronization						326				326	(326)
Parent Debt Adjustment						(2,967)				(2,967)	2,967
Remove Fuel Revenues	(188,829)	(188,156)			(673)	0				(188,829)	-
Economic Development Adjustment			(27)			7				(20)	20
Employee Activities			(52)			13				(38)	38
Franchise/Gross Receipts Taxes	(37,944)				(37,769)	(44)				(37,813)	(131)
Maintenance of General Plant			(70)			18				(52)	52
Maint. of Structures and Improvements			(6)			2				(5)	5
Remove Acquisition Adj. Amortiz. (WFNG)				-		-				-	-
Gain on Sale of Property						-				-	-
Lease of PHFFU	(134)					(34)				(34)	(100)
Remove ITC Amortization						-		-		-	-
Cast Iron/Bare Steel Rider (CIBSR)	(1,774)		(1,545)	(142)	(87)	(0)				(1,774)	(0)
Cast Iron/Bare Steel Rider (CIBSR) - ROI	(1,973)					(500)				(500)	(1,473)
Infrastructure Rider (Muni)	(905)		-	(746)	(159)	0				(905)	0
Infrastructure Rider (Muni) - ROI	(2,884)					(731)				(731)	(2,153)
OSS Adjustment	-					-				-	-
TOTAL FPSC ADJUSTMENTS	(268,619)	(188,156)	(35,875)	(956)	(38,688)	(3,894)	-	-	-	(267,570)	(1,049)
FPSC ADJUSTED	514,536	-	154,344	97,748	35,397	15,826	24,763	-	(557)	327,522	187,014
FLEX RATE REVENUES	(4,991)					(1,265)				(1,265)	(3,726)
ADJUSTED FOR											
FLEX RATE REVENUES	509,545	-	154,344	97,748	35,397	14,561	24,763	-	(557)	326,257	183,288
PRO FORMA REVENUE INCREASE AND ANNUALIZATION ADJUSTMENTS:											
Deferred Tax True-up						-				-	-
TOTAL PRO FORMA ADJUSTMENTS	-		-			-			-	-	-
PRO FORMA ADJUSTED	514,536	-	154,344	97,748	35,397	15,826	24,763	-	(557)	327,522	187,014
PER BOOKS											
CURRENT MONTH AMOUNT	71,081	20,423	16,614	7,716	6,425	2,144	1,768	-	-	55,089	15,992

**PEOPLES GAS SYSTEM
CAPITAL STRUCTURE
FPSC ADJUSTED BASIS
Mar 2026
(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	925,000	(2,164)	(30,833)	912,424	34.73%	5.68	1.97	5.68	1.97	5.68	1.97
SHORT TERM DEBT	129,385	(1,155)	(4,284)	126,783	4.83%	4.99	0.24	4.99	0.24	4.99	0.24
CUSTOMER DEPOSITS	31,720		(655)	31,065	1.18%	2.42	0.03	2.42	0.03	2.42	0.03
COMMON EQUITY	1,327,077	(4,793)	(44,179)	1,254,848	47.76%	9.30	4.44	10.30	4.92	11.30	5.40
DEFERRED INCOME TAX	323,934	(15,340)	(6,374)	302,221	11.50%						
TAX CREDITS - ZERO COST	-	-	-	-	0.00%						
TOTAL	<u>2,737,116</u>	<u>(23,451)</u>	<u>(86,325)</u>	<u>2,627,340</u>	<u>100.00%</u>		<u>6.68</u>		<u>7.16</u>		<u>7.64</u>

**PEOPLES GAS SYSTEM
EARNED RETURN ON COMMON EQUITY
FPSC ADJUSTED BASIS
Mar 2026
(In \$ Thousands)**

SCHEDULE 5

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

FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	7.12 %	(Schedule 1)
LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:		
LONG TERM DEBT	(1.97) %	
SHORT TERM DEBT	(0.24) %	
PREFERRED STOCK	0.00 %	
CUSTOMER DEPOSITS	(0.03) %	
TAX CREDITS-WEIGHTED COST(MIDPOINT)	0.00 %	
SUBTOTAL	<u>(2.24) %</u>	
TOTAL	4.88 %	
DIVIDED BY RECONCILED COMMON EQUITY RATIO	<u>47.76 %</u>	
JURISDICTIONAL RETURN ON COMMON EQUITY	<u><u>10.21 %</u></u>	

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

NET OPERATING REVENUE EXCLUDING FLEX RATE REVENUES	\$ 183,288	(Schedule 3)
RATE BASE EXCLUDING FLEX RATE REVENUES	\$ <u>2,627,340</u>	(Schedule 2)
FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	<u>6.98 %</u>	
LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:		
LONG TERM DEBT	(1.97) %	
SHORT TERM DEBT	(0.24) %	
PREFERRED STOCK	0.00 %	
CUSTOMER DEPOSITS	(0.03) %	
TAX CREDITS-WEIGHTED COST(MIDPOINT)	0.00 %	
SUBTOTAL	<u>(2.24) %</u>	
TOTAL	4.74 %	
DIVIDED BY RECONCILED COMMON EQUITY RATIO	<u>47.76 %</u>	
JURISDICTIONAL RETURN ON COMMON EQUITY	<u><u>9.92 %</u></u>	

**PEOPLES GAS SYSTEM
EARNED RETURN ON COMMON EQUITY
PRO FORMA ADJUSTED BASIS
Mar 2026**

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	7.12 %	(Schedule 1)
LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:		
LONG TERM DEBT	(1.97) %	
SHORT TERM DEBT	(0.24) %	
PREFERRED STOCK	0.00 %	
CUSTOMER DEPOSITS	(0.03) %	
TAX CREDITS-WEIGHTED COST(MIDPOINT)	0.00 %	
SUBTOTAL	<u>(2.24) %</u>	
 TOTAL	 4.88 %	
 DIVIDED BY RECONCILED COMMON EQUITY RATIO	 <u>47.76 %</u>	
JURISDICTIONAL RETURN ON COMMON EQUITY	<u>10.21 %</u>	

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

NET OPERATING REVENUE EXCLUDING FLEX RATE REVENUES	\$ 183,288	(Schedule 2, p. 2 of 2)
RATE BASE EXCLUDING FLEX RATE REVENUES	\$ <u>2,627,340</u>	(Schedule 2, p. 1 of 2)
 FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	 <u>6.98 %</u>	
LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:		
LONG TERM DEBT	(1.97) %	
SHORT TERM DEBT	(0.24) %	
PREFERRED STOCK	0.00 %	
CUSTOMER DEPOSITS	(0.03) %	
TAX CREDITS-WEIGHTED COST(MIDPOINT)	0.00 %	
SUBTOTAL	<u>(2.24) %</u>	
 TOTAL	 4.74 %	
 DIVIDED BY RECONCILED COMMON EQUITY RATIO	 <u>47.76 %</u>	
JURISDICTIONAL RETURN ON COMMON EQUITY	<u>9.92 %</u>	