



**May 13, 2022**

Andrew L. Maurey, Public Utilities Supervisor  
Division of Accounting and Finance  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850

Dear Mr. Maurey:

Attached is the Rate of Return calculation of Peoples Gas System for the period ending **March 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  
March 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>
<b>I. AVERAGE RATE OF RETURN</b>					
<b>(JURISDICTIONAL)</b>					
NET OPERATING INCOME	\$ 94,613	\$ 223	\$ 94,836	\$ 0	\$ 94,836
AVERAGE RATE BASE	\$ 1,676,777	\$ (117,826)	\$ 1,558,951	\$ 0	\$ 1,558,951
AVERAGE RATE OF RETURN	5.64 %		6.08 %		6.08 %

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

LOW	5.39 %
MIDPOINT	5.85 %
HIGH	6.36 %

**III. EARNED RETURN ON EQUITY**

	<u>FPSC</u> <u>ADJUSTED</u>		<u>PRO FORMA</u> <u>ADJUSTED</u>
A. INCLUDING FLEX RATE REVENUES	10.40 %		10.40 %
B. EXCLUDING FLEX RATE REVENUES	10.06 %		10.06 %

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	<i>Rachel B. Parsons</i>	05/13/2022
(Name and Title)	(Signature)	(Date)

PSC/AFA13

**PEOPLES GAS SYSTEM  
AVERAGE RATE BASE  
March 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	2,394,830	5,032	842,795	17,631	1,539,435	1,940	153,065	1,694,440	(17,663)	1,676,777
<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									(9,844)	(9,844)
Other Accounts Receivable									(735)	(735)
Non-Utility Allocation	(1,279)		(398)		(881)			(881)		(881)
Remove Unamort. Debt Expense									(4,228)	(4,228)
Remove Unrecovered Gas Cost									(806)	(806)
Remove Dividends Declared									2,084	2,084
Remove Unrec. Conservation Costs									-	-
Remove Unrec. CIBSR Costs									(1,271)	(1,271)
Remove Competitive Rate Adjustment									(3,601)	(3,601)
Remove Unamortized Rate Case Expense									(951)	(951)
Gain on Sale of Property									-	-
Remove Acquis. Adjustment (WFNG)		(2,947)	(2,941)		(6)			(6)		(6)
Remove Derivative (FAS 133)									-	-
Cast Iron/Bare Steel Rider (CIBSR)	(13,367)		107		(13,474)		(13,423)	(26,897)		(26,897)
AFUDC - Eligible CWIP							(67,654)	(67,654)		(67,654)
Remove Investment in Subsidiaries									(1,093)	(1,093)
TOTAL FPSC ADJUSTMENTS	(14,647)	(2,947)	(3,233)	-	(14,360)	(1,940)	(81,077)	(97,377)	(20,449)	(117,826)
FPSC ADJUSTED	2,380,184	2,085	839,562	17,631	1,525,075	-	71,988	1,597,063	(38,112)	1,558,951
<b>FLEX RATE REVENUES</b>										
ADJUSTED FOR										
FLEX RATE REVENUES	2,380,184	2,085	839,562	17,631	1,525,075	-	71,988	1,597,063	(38,112)	1,558,951
<b>PRO FORMA REVENUE INCREASE AND ANNUALIZATION ADJUSTMENTS:</b>										
TOTAL PRO FORMA ADJUSTMENTS	-	-	-	-	-	-	-	-	-	-
PRO FORMA ADJUSTED	2,380,184	2,085	839,562	17,631	1,525,075	-	71,988	1,597,063	(38,112)	1,558,951

**PEOPLES GAS SYSTEM  
NET OPERATING INCOME  
March 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	545,316	183,173	142,811	52,524	49,208	11,303	11,622	-	62	450,702	94,613
<b>FPSC ADJUSTMENTS:</b>											
Remove Conservation Charges	(22,554)		(22,554)			0				(22,554)	0
Non-Utility Allocation				(41)	-	10				(30)	30
Interest Synchronization						144				144	(144)
Parent Debt Adjustment						(2,099)				(2,099)	2,099
Remove Fuel Revenues	(183,919)	(183,173)			(746)	(0)				(183,919)	-
Economic Development Adjustment			(16)			4				(12)	12
Employee Activities			(75)			19				(56)	56
Franchise/Gross Receipts Taxes	(29,969)				(29,622)	(88)				(29,710)	(259)
Maintenance of General Plant			(40)			10				(30)	30
Maint. of Structures and Improvements			(6)			2				(5)	5
Remove Acquisition Adj. Amortiz. (WFNG)				(27)		7				(20)	20
Gain on Sale of Property						-				-	-
Lease of PHFFU	(109)					(28)				(28)	(81)
Remove ITC Amortization						-		-		-	-
Cast Iron/Bare Steel Rider (CIBSR)	(3,873)		(3,668)	(169)	(36)	0				(3,873)	0
Cast Iron/Bare Steel Rider (CIBSR) - ROI	(2,069)					(524)				(524)	(1,545)
OSS Adjustment	-					-				-	-
<b>TOTAL FPSC ADJUSTMENTS</b>	<b>(242,493)</b>	<b>(183,173)</b>	<b>(26,360)</b>	<b>(237)</b>	<b>(30,403)</b>	<b>(2,543)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(242,716)</b>	<b>223</b>
<b>FPSC ADJUSTED</b>	<b>302,823</b>	<b>-</b>	<b>116,451</b>	<b>52,287</b>	<b>18,805</b>	<b>8,760</b>	<b>11,622</b>	<b>-</b>	<b>62</b>	<b>207,986</b>	<b>94,836</b>
<b>FLEX RATE REVENUES</b>	<b>(3,342)</b>					<b>(847)</b>				<b>(847)</b>	<b>(2,495)</b>
<b>ADJUSTED FOR</b>											
<b>FLEX RATE REVENUES</b>	<b>299,480</b>	<b>-</b>	<b>116,451</b>	<b>52,287</b>	<b>18,805</b>	<b>7,913</b>	<b>11,622</b>	<b>-</b>	<b>62</b>	<b>207,139</b>	<b>92,341</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>302,823</b>	<b>-</b>	<b>116,451</b>	<b>52,287</b>	<b>18,805</b>	<b>8,760</b>	<b>11,622</b>	<b>-</b>	<b>62</b>	<b>207,986</b>	<b>94,836</b>
<b>PER BOOKS</b>											
<b>CURRENT MONTH AMOUNT</b>	<b>53,647</b>	<b>20,130</b>	<b>13,154</b>	<b>230</b>	<b>4,862</b>	<b>198</b>	<b>3,034</b>	<b>-</b>	<b>-</b>	<b>41,609</b>	<b>12,038</b>

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

SCHEDULE 4

<b>AVERAGE</b>	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	525,522	(4,654)	(32,706)	486,541	31.21%	3.89	1.21	3.89	1.21	3.89	1.21
SHORT TERM DEBT	119,400	(2,077)	(7,367)	109,591	7.03%	0.44	0.03	0.44	0.03	0.44	0.03
CUSTOMER DEPOSITS	26,685		(1,410)	25,275	1.62%	2.49	0.04	2.49	0.04	2.49	0.04
COMMON EQUITY	767,228	(1,288)	(48,094)	719,833	46.17%	8.90	4.11	<b>9.90</b>	4.57	11.00	5.08
DEFERRED INCOME TAX	237,942	(8,088)	(12,143)	217,711	13.97%						
TAX CREDITS - ZERO COST	-	-	-	-	0.00%						
<b>TOTAL</b>	<u>1,676,777</u>	<u>(16,107)</u>	<u>(101,719)</u>	<u>1,558,951</u>	<u>100.00%</u>		<u>5.39</u>		<u>5.85</u>		<u>6.36</u>

**PEOPLES GAS SYSTEM**  
**EARNED RETURN ON COMMON EQUITY**  
**FPSC ADJUSTED BASIS**  
**March 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	6.08	%	(Schedule 1)
LESS: RECONCILED AVERAGE JURISDICTIONAL			
WEIGHTED COST RATES FOR:			
LONG TERM DEBT	(1.21)	%	
SHORT TERM DEBT	(0.03)	%	
PREFERRED STOCK	0.00	%	
CUSTOMER DEPOSITS	(0.04)	%	
TAX CREDITS-WEIGHTED COST(MIDPOINT)	0.00	%	
SUBTOTAL	<u>(1.28)</u>	%	
TOTAL	4.80	%	
DIVIDED BY RECONCILED COMMON EQUITY RATIO	<u>46.17</u>	%	
JURISDICTIONAL RETURN ON COMMON EQUITY	<u><u>10.40</u></u>	%	

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

NET OPERATING REVENUE EXCLUDING FLEX RATE REVENUES	\$ 92,341		(Schedule 3)
RATE BASE EXCLUDING FLEX RATE REVENUES	\$ <u>1,558,951</u>		(Schedule 2)
FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	<u>5.92</u>	%	
LESS: RECONCILED AVERAGE JURISDICTIONAL			
WEIGHTED COST RATES FOR:			
LONG TERM DEBT	(1.21)	%	
SHORT TERM DEBT	(0.03)	%	
PREFERRED STOCK	0.00	%	
CUSTOMER DEPOSITS	(0.04)	%	
TAX CREDITS-WEIGHTED COST(MIDPOINT)	0.00	%	
SUBTOTAL	<u>(1.28)</u>	%	
TOTAL	4.64	%	
DIVIDED BY RECONCILED COMMON EQUITY RATIO	<u>46.17</u>	%	
JURISDICTIONAL RETURN ON COMMON EQUITY	<u><u>10.06</u></u>	%	