



FILED 7/28/2025
DOCUMENT NO. 06939-2025
FPSC - COMMISSION CLERK

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July 28, 2025

ELECTRONIC FILING

Mr. Adam J. Teitzman, Commission Clerk
Office of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: Docket 20250029-GU, Petition for Rate Increase by Peoples Gas System, Inc.

Dear Mr. Teitzman:

Attached for filing on behalf of Peoples Gas System, Inc. in the above-referenced docket is the Rebuttal Testimony of Andrew Nichols and Exhibit No. AN-2.

Thank you for your assistance with this matter.

(Document 1 of 7)

Sincerely,

A handwritten signature in blue ink, appearing to read 'V. Ponder'.

Virginia Ponder

cc: Major Thompson, OGC
Jacob Imig, OGC
Walt Trierweiler, Public Counsel
Jon Moyle, FIPUG

VLP/dh
Attachments



BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 20250029-GU

PETITION FOR RATE INCREASE
BY PEOPLES GAS SYSTEM, INC.

REBUTTAL TESTIMONY AND EXHIBIT
OF
ANDREW NICHOLS

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

REBUTTAL TESTIMONY

OF

ANDREW NICHOLS

I. INTRODUCTION

Q. Please state your name, address, occupation and employer.

A. My name is Andrew Nichols. My business address is 3600 Midtown Drive, Tampa, FL 33607. I am employed by Peoples Gas System, Inc. ("Peoples" or the "company") as the Director, Business Planning.

Q. Are you the same Andrew Nichols who filed direct testimony in this proceeding?

A. Yes, I am.

Q. What are the purposes of your rebuttal testimony?

A. My rebuttal testimony addresses the following topics discussed in the testimony of Office of Public Counsel's ("OPC") witness Lane Kollen:

1. Closing construction work in progress ("CWIP") to Gas Plant In Service;

2. Property taxes;
3. Supplemental Executive Retirement Plan ("SERP") expense;
4. Board of Directors expenses filing mistake;
5. Proposed adjustments to Directors and Officers Insurance expenses, Investor Relations expenses, and Board of Director expenses;
6. Work and Asset Management System ("WAM") amortization expense; and
7. Parent Debt Adjustment.

I also present the company's revised, lower 2026 revenue increase request that reflects the company's agreement with OPC on certain proposed adjustments and the adjustments necessary to (a) update the off-system sales ("OSS") sharing percentage recently approved by the Florida Public Service Commission ("Commission" or "FPSC") and (b) remove natural gas facility relocation costs out of this proceeding so they can be recovered in a proceeding under the new clause.

Finally, I address the company's position on the two audit findings presented in the direct testimony of Commission Staff's witness Wesley Thurmond.

Q. Have you prepared an exhibit supporting your rebuttal testimony?

1 **A.** Yes. Exhibit No. AN-2 consists of 3 documents that were
2 prepared by me or under my supervision as follows:
3 Document No. 1 Revised Revenue Requirements
4 Document No. 2 CWIP Closing to Plant Detail Analysis
5 Document No. 3 Discovery Responses and Other
6 Referenced Documents
7
8 **Q.** If you do not address an issue or state a position in your
9 testimony, does that indicate you agree with the intervenors
10 on that point?
11
12 **A.** No. I have not attempted to respond to every argument made by
13 the intervenor witnesses. The fact that I may not have
14 responded to any specific argument or statement does not
15 indicate my agreement with that argument or statement.
16
17 **II. CLOSING CWIP TO GAS PLANT IN SERVICE**
18 **Q.** Does the company agree with OPC's witness Kollen's proposed
19 adjustment on closing Construction Work in Process ("CWIP")
20 to Gas Plant in Service?
21
22 **A.** No. The company does not agree with witness Kollen's proposed
23 high-level analysis and proposed adjustment to CWIP closing
24 to Gas Plant in Service for two reasons.
25

1 First, his analysis does not delineate between specific
2 projects with assigned in-service dates and recurring capital
3 spending funding projects that automatically close to Plant
4 in Service every month.

5
6 Second, witness Kollen's analysis improperly compares the
7 FPSC-adjusted CWIP for the 2026 test year and unadjusted CWIP
8 balances for the years 2020 through 2023. For example, witness
9 Kollen quotes a CWIP amount of \$120.248 million in 2020, which
10 was reduced to \$40.210 million after the FPSC adjustments for
11 AFUDC-eligible projects and Cast Iron/Bare Steel Replacement
12 Rider CWIP. This adjusted amount is shown on Schedule 2 of
13 Peoples' December 2020 Earnings Surveillance Report, which is
14 included on page 1 of Document No. 3 of my exhibit.

15
16 **Q.** If witness Kollen's analysis is corrected to properly use
17 FPSC adjusted CWIP balances for the years 2020 through 2023,
18 what would be the 13-month average CWIP balance for the period
19 2020 to 2024?

20
21 **A.** As shown on pages 1 through 4 of Document No. 3 of my exhibit,
22 the FPSC adjusted CWIP 13-month average balances for years
23 2020 through 2023 are \$40.210 million, \$63.732 million,
24 \$98.720 million, and \$144.945 million, respectively. With
25 these corrected amounts and the \$101.150 million FPSC

1 adjusted CWIP amount that witness Kollen properly included
2 for year 2024, the five-year average for the period 2020 to
3 2024 is \$89.751 million. This is a \$74.916 million reduction
4 to the \$164.667 million CWIP amount witness Kollen presented
5 in his testimony on page 23, line 9.

6
7 **Q.** With the correction to witness Kollen's calculations, would
8 you then agree with his proposed adjustment?

9
10 **A.** No. I still do not agree that an adjustment is necessary,
11 considering the range of FPSC adjusted CWIP balances over the
12 five-year period analyzed. However, if the Commission
13 determines that an adjustment is necessary, a thorough
14 analysis should be completed using the project level details
15 for the 2026 test year and an evaluation of specific projects.

16
17 **Q.** Have you performed an analysis for the 2026 test year using
18 specific project details?

19
20 **A.** Yes. I performed a "stress test" on the 2026 test year using
21 specific projects detail data as follows.

22
23 First, I started with the Bates Stamped page 18311 information
24 provided to the parties in response to Staff's Tenth Set of
25 Interrogatories, No. 104, that calculated the company's 2026

1 test year monthly Plant in Service, Depreciation expense,
2 Accumulated Depreciation and Deferred Income Taxes using
3 project level detail.

4
5 Second, to "stress test" these amounts, I conservatively
6 shifted the in-service dates of all 2026 specific funding
7 projects that are expected to close to gas plant within the
8 test year to December 2026. This stress test included 35
9 specific funding projects that are listed on page 1 of
10 Document No. 2 of my exhibit. I excluded the Main Replacement
11 Downtown Tampa project from the stress test as it is AFUDC
12 eligible, and its associated CWIP has already been removed
13 from FPSC adjusted rate base.

14
15 Third, I recalculated the company's 2026 test year monthly
16 Plant in Service, Depreciation expense, Accumulated
17 Depreciation and Deferred Income Taxes.

18
19 Fourth, I expanded the Bates Stamped page 18311 Excel file to
20 calculate the impacts of these in-service date adjustments on
21 the monthly CWIP balance and to capture the changes in the
22 2026 test year 13-month average Plant in Service,
23 Depreciation expense, Accumulated Depreciation and Deferred
24 Income Taxes.

1 Q. What are the results of your stress test on CWIP closing to
2 Plant in Service in the 2026 test year?

3
4 A. As shown on page 2 of Document No. 2 of my exhibit, line 12,
5 the stress test increased the 2026 test year 13-month average
6 FPSC Adjusted CWIP balance by \$35,950,977, which translates
7 to the filed FPSC adjusted CWIP, increasing from \$36,165,984
8 to \$72,116,961. Consistent with witness Kollen's analysis,
9 the increase in the CWIP balance was offset by an equal
10 reduction to the test year's Plant in Service as shown on
11 line 10. Using the hypothetical later in-service dates for
12 the 35 projects, the stress test resulted in a reduction to
13 the 2026 test year Depreciation Expense of \$1,058,822 and
14 decreased the 13-month average Accumulated Depreciation by
15 \$311,772.

16
17 If the Commission determines that any adjustment to CWIP
18 closing to Plant in Service in the test year is warranted, a
19 similar detailed project level process should be followed,
20 with these stress test results being the maximum amounts of
21 reductions to depreciation expense and 13-month average
22 accumulated depreciation.

23
24 **III. PROPERTY TAXES**

25 Q. Does the company agree with OPC's proposed adjustment to

1 reduce 2026 test year property taxes by \$777,000?

2

3 **A.** Yes. The company agrees that the 2026 estimate for property
4 tax expense relied upon an old forecast of net operating
5 income ("NOI") for 2024 and 2025, and an adjustment would be
6 appropriate. The company confirmed the amounts calculated by
7 witness Kollen in the property tax valuation model for the
8 2026 test year and does not oppose his proposed property tax
9 adjustment.

10

11 **IV. SERP EXPENSES**

12 **Q.** Does the company agree with OPC's proposed adjustment to
13 reduce 2026 test year O&M expenses by \$124,000 related to the
14 company's SERP?

15

16 **A.** The company believes that costs associated with its SERP are
17 properly recoverable through base rates; however, the company
18 will not contest OPC's proposed adjustment, considering the
19 Commission's decision in Docket No. 20240026-EI.

20

21 **V. BOARD OF DIRECTORS EXPENSE FILING ERROR**

22 **Q.** Does the company agree with OPC's proposed adjustment to
23 reduce 2026 test year O&M expenses by \$105,000 to correct a
24 filing mistake?

25

1 **A.** Yes. As stated in the company's response to OPC's First Set
2 of Interrogatories No. 26, the company does not oppose this
3 adjustment.
4

5 **VI. PROPOSED ADJUSTMENTS TO DIRECTORS AND OFFICERS INSURANCE**
6 **EXPENSES, INVESTOR RELATIONS EXPENSES, AND BOARD OF DIRECTORS**
7 **EXPENSES**

8 **Q.** Does the company agree with OPC's proposed adjustments to
9 Directors and Officers Insurance expenses, Investor Relations
10 expenses, and Board of Directors expenses?
11

12 **A.** The company believes that costs associated with its Directors
13 and Officers Insurance expenses, Investor Relations expenses,
14 and Board of Directors expenses are properly recoverable
15 through base rates; however, the company will not contest
16 OPC's proposed adjustments on these items, considering the
17 Commission's decision in Docket No. 20240026-EI.
18

19 **VII. WAM AMORTIZATION EXPENSE**

20 **Q.** Does the company agree with OPC's proposed adjustment on WAM
21 Amortization expense in the 2026 test year?
22

23 **A.** Yes. Peoples agrees with witness Kollen's adjustment to the
24 2026 test year revenue requirement for WAM Amortization
25 expense, and it is reflected in the company's revised, lower

1 2026 revenue increase request presented later in my rebuttal
2 testimony.

3
4 **VIII. PARENT DEBT ADJUSTMENT**

5 **Q.** Does the company agree with OPC's proposed adjustment to the
6 amount of the parent debt adjustment in the 2026 test year?

7
8 **A.** No. Although the company does agree that the parent debt
9 adjustment for Tampa Electric Company in Docket No. 20240026-
10 EI did not reduce adjusted common equity by excluding retained
11 earnings, Peoples notes that the Commission stated the
12 following regarding Rule 25-14.004 on page 114 of Order No.
13 PSC-2025-0038-FOF-EI:

14
15 Rule 25-14.004(4), F.A.C., describes the parent debt
16 adjustment calculation adjustment as multiplying the
17 debt ratio of the parent by the debt cost of the parent,
18 with the result multiplied by the tax rate applicable
19 to the consolidated entity and then applied to the
20 equity dollars of the subsidiary, *excluding its retained*
21 *earnings* (emphasis added).

22
23 Due to the last phrase quoted above with emphasis added,
24 Peoples believes excluding retained earnings from the balance
25 of common equity in determining the parent debt adjustment in

1 accordance with Rule 25-14.004 is appropriate. The amount of
2 Retained Earnings on Peoples' books and records is well-
3 established because Peoples has historically maintained
4 separate regulatory books and records from Tampa Electric and
5 has filed separate Annual Reports with the Commission that
6 disclosed Peoples' Retained Earnings in FERC Account 216 on
7 its Comparative Balance Sheet.

8
9 **IX. UPDATED 2026 REVENUE INCREASE REQUEST**

10 **Q.** Has the company prepared a revised 2026 revenue increase
11 request that reflects the company's agreement with OPC on
12 certain proposed adjustments, and the company's own proposed
13 adjustments necessary to remove natural gas facility
14 relocation costs out of this proceeding?

15
16 **A.** Yes. As shown in Document No. 1 of my exhibit, I calculated
17 revisions to the company's revenue requirement increase with
18 adjustments netting to a reduction of \$10,440,975 which are
19 discussed below. With this adjustment, the company's filed
20 revenue requirement increase of \$96,857,794, net of
21 \$6,733,295 Cast Iron Bare Steel Rider revenue requirements,
22 is reduced to \$86,416,819. These referenced amounts can be
23 seen on lines 2, 3, 22 and 24 of Document No. 1 of my exhibit.

24
25 **Q.** Please summarize the company's adjustments that are

1 consistent with certain OPC proposed adjustments?

2
3 **A.** As discussed earlier in my rebuttal testimony and as shown on
4 Document No. 1 of my exhibit, the company agrees with the
5 correction of its filing error related to Board of Directors
6 expenses. Moreover, the company does not object to OPC's
7 proposed adjustments to Property taxes, SERP expense, Board
8 of Directors expense, Investor Relations expense, Directors
9 and Officers Insurance expense, and WAM Amortization expense.
10 These items are shown on lines 7 through 13 of my adjustment
11 Document No. 1, of my exhibit. In addition, as discussed in
12 the rebuttal testimony of company witness Luke Buzard and as
13 shown on line 6 of my adjustment Document No. 1, of my
14 exhibit, the company revised its OSS to reflect the
15 Commission's approval of the revised OSS sharing mechanism in
16 Docket No. 20250026-GU but does not agree with OPC's
17 adjustment to use a four-year average.

18
19 **Q.** Please explain the company's adjustments necessary to remove
20 natural gas facility relocation costs from this proceeding.

21
22 **A.** As discussed in the rebuttal testimony of company witness
23 Buzard, I present information about how the company's
24 proposed 2026 revenue requirement increase should be adjusted
25 downward to reflect the removal of facilities relocation

costs for recovery in a future proceeding. The company proposes to remove the revenue requirements in 2026 related to natural gas facility relocation costs, that includes a return on \$44,578,889 of 13-month average rate base, \$588,597 of Property Tax expense, and \$1,050,742 of Depreciation expense, which is reflected in the company's revised filing of OPC's Fourth Set of Interrogatories, No. 125, that was filed on July 28, 2025 (see Document No. 3 of my exhibit, pages 6 to 9). After grossing up for regulatory assessment fees and bad debt expense, the effect of the reduction in Property Tax and Depreciation expense is a \$1,652,290 impact on 2026 test year revenue requirements as shown on line 14 of Document No. 1 of my exhibit. The 13-month average rate base reduction is the result of a decrease in Plant in Service of \$44,255,550, a decrease in CWIP of \$1,403,233, and a decrease in Accumulated Depreciation of \$1,079,894. The rate base reduction effect on the 2026 revenue requirements is \$4,205,920 as shown on line 18 of Document No. 1 of my exhibit.

X. AUDIT FINDINGS

Q. Are adjustments necessary to the 2026 test year revenue requirement for the six work orders discussed by Commission Staff witness Thurmond, as discussed on page 2 of his direct testimony regarding the first audit finding?

1 **A.** No. As explained in the company's response to Staff's Twelfth
2 Set of Interrogatories No. 119, filed on July 28, 2025 (see
3 Document No. 3 of my exhibit, pages 10 to 12),
4 reclassifications for a portion of the amounts recorded in
5 FERC Account 374 for three of the six work orders is
6 appropriate. This will slightly increase the 2026 test year
7 revenue requirement, so the company believes the adjustment
8 should not be made. The small increase in the 2026 revenue
9 requirement would result from the reclassifications, as the
10 2026 Depreciation expense amount would increase and would
11 partially be offset by a decrease in the return on rate base
12 related to the small increase in Accumulated Depreciation.

13
14 **Q.** Did the company update and refile the MFR schedule reflected
15 in Staff's second audit finding?

16
17 **A.** Yes. On June 16, 2025, the company updated and refiled MFR
18 Schedule B-15 to reflect the correct balance of Account 354
19 - Other Regulatory Liabilities. As stated in Staff witness
20 Thurmond's testimony, the correct amount for this account was
21 accurately reflected in the MFR Schedules B-1 and B-13.
22 Therefore, the correction to MFR Schedule B-15 had no impact
23 on the 2026 test year revenue requirements.

24
25

1 **XI. SUMMARY**

2 **Q.** Please summarize your rebuttal testimony.

3

4 **A.** My rebuttal testimony has addressed my disagreement with
5 witness Kollen's high-level analysis and proposed adjustment
6 to revenue requirements related to the company's 2026 test
7 year closing of CWIP to Gas Plant in Service. I have presented
8 the company's revised revenue increase request, which removes
9 facilities relocation costs for recovery in a future
10 proceeding, corrects an error, adjusts for Commission
11 precedents set in Tampa Electric's rate case proceeding,
12 includes updates from the Commission's decision on another
13 open docket, as well as other new information on the company's
14 test year revenue requirements. Taking into consideration
15 these adjustments, I have proposed reducing the company's
16 requested net revenue requirement increase from \$96,857,794
17 to \$86,416,819, which is net of the \$6,733,295 in Cast
18 Iron/Bare Steel Rider revenues that the company proposed to
19 move from the rider to base rates. Finally, I have addressed
20 the company's position on the Commission Staff audit report
21 findings.

22

23 **Q.** Does this conclude your rebuttal testimony?

24

25 **A.** Yes, it does.

PEOPLES GAS SYSTEM, INC.
DOCKET NO. 20250029-GU
WITNESS: NICHOLS

REBUTTAL EXHIBIT

OF

ANDREW NICHOLS

PEOPLES GAS SYSTEM, INC.
DOCKET NO. 20250029-GU
EXHIBIT NO. AN-2
WITNESS: NICHOLS
FILED: 07/28/2025

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PEOPLES GAS SYSTEM, INC.
ADJUSTMENTS TO NET REVENUE REQUIREMENT INCREASE
DOCKET NO. 20250029-GU
TEST YEAR ENDING DECEMBER 31, 2026

Line		Adjustment Before Gross Up	Gross-Up Factor	Adjustment After Gross Up
1	Gross Revenue Requirement Increase Requested by Company Per Filing (incl. CI/BSR roll-in)			\$ 103,591,089
2	Less: Transfer of Cast Iron/ Bare Steel Rider Revenue Requirement to Base Rates			6,733,295
3	Net Revenue Requirement Increase Requested by Company Per Filing (excl. CI/BSR roll-in)			<u>\$ 96,857,794</u>
4				
5	Operating Income Adjustments:			
6	Increase in Off-System Sales Net Revenues to Reflect 50/50 Sharing	(2,645,888)	1.0079	(2,666,791)
7	Reduce Property Tax Expense Using Corrected Net Operating Income	(777,000)	1.0079	(783,138)
8	Correction to reduce Emera executive participation on Peoples Board of Directors	(105,000)	1.0079	(105,830)
9	Remove 50% of Board of Directors Expense to Share with Shareholders	(116,127)	1.0079	(117,044)
10	Remove 50% of Investor Relations Expense to Share with Shareholders	(21,544)	1.0079	(21,714)
11	Remove 50% of D&O Insurance Expense to Share with Shareholders	(73,000)	1.0079	(73,577)
12	Remove SERP Expense	(124,014)	1.0079	(124,994)
13	Reflect Amortization of WAM Costs Over 20 Years Instead of 15 Years	(717,633)	1.0079	(723,303)
14	Remove Depreciation Expense and Property Taxes on Relocation Clause Investments	(1,639,339)	1.0079	(1,652,290)
15				
16				
17	Rate Base Adjustments:			
18	Remove Relocation Clause Investments from Rate Base			(4,205,920)
19	Adjusted Accum Amort of WAM Costs Over Extended Amortization Period			33,625
20				
21				
22	Total Peoples Adjustments			<u>(10,440,975)</u>
23				
24	Net Revenue Requirement Increase After Peoples' Adjustments			<u><u>\$ 86,416,819</u></u>
25				

Peoples Gas System, Inc
Specific Funding Projects Included In "Stress Test"

Line	Account	Funding Projects	Revised In Service Date	As Filed In Service Date
1	30301	Capital Inv. Planning Solution	12/31/2026	5/31/2026
2	30301	Design Tools Upgrade	12/31/2026	3/31/2026
3	30301	PC Hardware Upgrade 2026	12/31/2026	9/30/2026
4	30301	PGS Technology Projects	12/31/2026	Monthly
5	30301	SCADA Upgrade	12/31/2026	9/1/2026
6	30301	WAM Upgrade	12/31/2026	Monthly
7	37602	Coconut Grove - Brickell Bkfd SFRP	12/31/2026	9/30/2026
8	37602	Dade Broward Critical Cust Backfeed	12/31/2026	Monthly
9	37602	Dr Martin Luther King Jr Blvd	12/31/2026	3/31/2026
10	37602	FGT - JEF	12/31/2026	10/31/2026
11	37602	Ft. Myers Loop	12/31/2026	5/1/2026
12	37602	Hammock Oaks Residential Dev Ph II	12/31/2026	3/31/2026
13	37602	Harbor Lights Bay Pines Replacement	12/31/2026	6/30/2026
14	37602	Main Replace-Pottsburg Creek Cross	12/31/2026	9/30/2026
15	37602	Main-Cemex Brooksville South Plant	12/31/2026	6/30/2026
16	37602	Main-EverRange - Parc Group	12/31/2026	Monthly
17	37602	Main-Kingston Ranch	12/31/2026	Monthly
18	37602	Main-LinerSource Greenhouse	12/31/2026	11/30/2026
19	37602	Main-Margaritaville Latitudes	12/31/2026	Monthly
20	37602	Main-Related Group - Oceanside	12/31/2026	6/30/2026
21	37602	Main-Saratoga Springs	12/31/2026	Monthly
22	37602	Main-Silverleaf Village Developer	12/31/2026	Monthly
23	37602	Main-Two Rivers Subdivision ph V	12/31/2026	6/30/2026
24	37602	Miami Upgrades - 5 to 60 PSI - SFRP	12/31/2026	Monthly
25	37602	SAFIR-Cedar Hills Area	12/31/2026	Monthly
26	37602	SAFIR-Sherwood Area Rplc.	12/31/2026	Monthly
27	37602	Sheridan Street - I-75 Crossing	12/31/2026	7/30/2026
28	37602	South Tampa I-1 Upgrade	12/31/2026	Monthly
29	37602	SR 44 System Improvement	12/31/2026	9/30/2026
30	37900	Gate-Dania Rebuild	12/31/2026	11/30/2026
31	37900	Gate-Ft.Myers Rebuild	12/31/2026	8/1/2026
32	37800	Jericho Regulator Station	12/31/2026	3/31/2025
33	33600	Manatee Co - RNG Pipeline	12/31/2026	3/1/2026
34	33600	St. Pete WWTP RNG	12/31/2026	3/1/2026
35	33600	Trail Ridge RNG	12/31/2026	5/31/2026

Peoples Gas System, Inc
Results of CWIP Closing to Plant "Stress Test"

LINE NO.	ASSETS	BEG. BALANCE	JANUARY 2026	FEBRUARY 2026	MARCH 2026	APRIL 2026	MAY 2026	JUNE 2026	JULY 2026	AUGUST 2026	SEPTEMBER 2026	OCTOBER 2026	NOVEMBER 2026	DECEMBER 2026	13 MONTH AVERAGE
<u>"STRESS TEST" ADJUSTED NET PLANT</u>															
1	GAS PLANT IN SERV.	\$3,834,140,214	\$3,855,072,833	\$3,877,167,160	\$3,899,699,349	\$3,921,704,039	\$3,942,987,648	\$3,964,598,728	\$3,986,836,380	\$4,030,903,437	\$4,055,862,555	\$4,079,951,815	\$4,104,555,116	\$4,261,059,635	\$3,985,733,762
2	PROPERTY HELD FOR FUTURE USE	1,939,552	1,939,552	1,939,552	1,939,552	1,939,552	1,939,552	1,939,552	1,939,552	1,939,552	1,939,552	1,939,552	1,939,552	1,939,552	1,939,552
3	CWIP	26,838,142	40,681,262	56,088,810	71,036,582	85,411,354	99,870,945	115,351,505	129,870,363	118,938,030	128,293,370	136,456,307	145,363,739	20,355,860	90,350,482
4	GAS PLANT ACQ. ADJ.	2	0	0	0	0	0	0	0	0	0	0	0	0	0
5	GROSS UTILITY PLANT	3,862,917,909	3,897,693,647	3,935,195,521	3,972,675,483	4,009,054,945	4,044,798,145	4,081,889,785	4,118,646,294	4,151,781,018	4,186,095,476	4,218,347,674	4,251,858,407	4,283,355,046	4,078,023,796
6	ACCUM. PROVISION FOR DEPR.	(1,018,776,201)	(1,023,896,345)	(1,028,899,096)	(1,033,876,520)	(1,038,997,716)	(1,043,587,859)	(1,047,847,236)	(1,052,862,556)	(1,055,831,807)	(1,060,263,057)	(1,065,332,689)	(1,069,707,144)	(1,072,758,069)	(1,047,125,869)
7	NET PLANT	2,844,141,708	2,873,797,301	2,906,296,425	2,938,798,963	2,970,057,229	3,001,210,285	3,034,042,549	3,065,783,738	3,095,949,211	3,125,832,419	3,153,014,985	3,182,151,263	3,210,596,977	3,030,897,927
8	As Filed MFR G-1, p 7	\$2,844,141,708	\$2,873,797,302	\$2,906,293,128	\$2,938,789,072	\$2,970,022,350	\$3,001,145,667	\$3,033,888,078	\$3,065,517,334	\$3,095,561,786	\$3,125,309,955	\$3,152,326,639	\$3,181,288,849	\$3,209,538,156	\$3,030,586,156
9	Difference	(0)	(0)	3,297	9,891	34,879	64,618	154,471	266,404	387,425	522,464	688,346	862,413	1,058,822	311,772
<u>"STRESS TEST" ADJUSTMENTS:</u>															
10	GAS PLANT IN SERV.	(\$0)	(\$1,777,158)	(\$3,554,315)	(\$10,613,321)	(\$12,654,763)	(\$36,440,414)	(\$49,605,244)	(\$54,109,591)	(\$60,849,652)	(\$73,037,985)	(\$76,468,380)	(\$88,246,679)	(\$0)	(\$35,950,577)
11	PROPERTY HELD FOR FUTURE USE	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12	CWIP	0	1,777,157	3,554,314	10,613,320	12,654,763	36,440,414	49,605,243	54,109,590	60,849,651	73,037,984	76,468,379	88,246,678	0	35,950,577
13	GAS PLANT ACQ. ADJ.	0	0	0	0	0	0	0	0	0	0	0	0	0	0
14	GROSS UTILITY PLANT	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
15	ACCUM. PROVISION FOR DEPR.	0	0	3,298	9,891	34,880	64,619	154,472	266,405	387,425	522,465	688,347	862,414	1,058,822	311,772
16	NET PLANT	(0)	(0)	3,297	9,891	34,879	64,618	154,471	266,404	387,425	522,464	688,346	862,413	1,058,822	311,772
<u>ADIT IMPACTS FROM ABOVE:</u>															
17	Adjusted ADIT due to Above Adj.	\$0	(\$1,222,804)	(\$2,418,310)	(\$3,582,907)	(\$4,749,152)	(\$5,764,032)	(\$6,679,735)	(\$7,779,785)	(\$8,324,183)	(\$9,211,338)	(\$10,255,573)	(\$11,082,388)	(\$11,567,897)	(\$6,356,777)
18	ADIT Estimate as Filed	-	(1,222,804)	(2,417,475)	(3,580,401)	(4,740,312)	(5,747,655)	(6,640,585)	(7,712,265)	(8,225,991)	(9,078,920)	(10,081,112)	(10,863,809)	(11,299,538)	(6,277,759)
19	Difference	\$0	\$0	(\$836)	(\$2,507)	(\$8,840)	(\$16,377)	(\$39,150)	(\$67,520)	(\$98,192)	(\$132,418)	(\$174,461)	(\$218,579)	(\$268,358)	(\$79,018)
<u>DEP. & AMORT. EXP IMPACTS:</u>															
20	Adjusted Dep. & Amort. Exp. due to above		\$8,511,152	\$8,552,232	\$8,595,385	\$8,639,829	\$8,682,234	\$8,723,682	\$8,766,485	\$8,808,841	\$8,884,329	\$8,931,261	\$8,976,466	\$9,022,440	\$105,094,338
21	Dep. & Amort. Exp. per MFR G-2, p 23		8,511,152	8,555,529	8,601,978	8,664,818	8,711,973	8,813,535	8,878,418	8,929,862	9,019,369	9,097,143	9,150,534	9,218,849	106,153,159
22	Difference		\$0	(\$3,297)	(\$6,593)	(\$24,989)	(\$29,739)	(\$89,853)	(\$111,933)	(\$121,021)	(\$135,039)	(\$165,882)	(\$174,067)	(\$196,408)	(\$1,058,822)

PEOPLES GAS SYSTEM, INC.
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PEOPLES GAS SYSTEM
AVERAGE RATE BASE
December 2020
(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	2,040,721	5,032	800,625	14,222	1,230,906	1,940	120,246	1,353,093	(39,051)	1,314,032
<u>FPSC ADJUSTMENTS:</u>										
Property for Future Use						(1,940)		(1,940)		(1,940)
Temporary Cash Investment									(3)	(3)
Notes Receivable									-	-
Accounts Rec./Pay. - Assoc Companies								(1,497)		(1,497)
Merchandise Inventory									-	-
Other Accounts Receivable								(1,255)		(1,255)
Non-Utility Allocation	(1,225)		(268)		(827)			(837)		(837)
Remove Unfunding Transition Charges									-	-
Remove Non-Utility Accrued Liability									-	-
Remove Non-Utility Martin City expansion							(115)	(115)		(115)
Remove Unamort. Debt Expense								(2,168)		(2,168)
Remove Unrecovered Gas Cost									-	-
Remove Dividends Declared									-	-
Remove Unrec. Conservation Costs								(1,585)		(1,585)
Remove Unrec. CIBSR Costs								(3,107)		(3,107)
Remove Competitive Rate Adjustment								(3,061)		(3,061)
Remove Unamortized Rate Case Expense								(32)		(32)
Gain on Sale of Property									-	-
Remove Acquis. Adjustment (WFNB)		(2,947)	(2,651)		(55)			(86)		(86)
Remove MSEA Adjustment										-
Cost Iron/Bare Steel Rider (CIBSR)	(173,646)		(7,773)		(165,859)		(80,149)	(175,010)		(175,010)
AFUDC - Eligible CWIP							(86,773)	(86,773)		(86,773)
Other Comp. Income (Unrealized hedge)									-	-
Remove Investment in Subsidiaries									(1,068)	(1,068)
TOTAL FPSC ADJUSTMENTS	(174,872)	(2,947)	(11,027)	-	(166,793)	(1,940)	(80,088)	(248,770)	(13,798)	(262,566)
FPSC ADJUSTED	1,865,846	2,085	789,598	14,222	1,064,113	-	40,210	1,104,323	(52,857)	1,051,466
<u>FLEX RATE REVENUES</u>										
ADJUSTED FOR										
FLEX RATE REVENUES	1,865,846	2,085	789,598	14,222	1,064,113	-	40,210	1,104,323	(52,857)	1,051,466
<u>PRO FORMA REVENUE INCREASE AND ANNUALIZATION ADJUSTMENTS:</u>										
										-
TOTAL PRO FORMA ADJUSTMENTS	-	-	-	-	-	-	-	-	-	-
PRO FORMA ADJUSTED	1,865,846	2,085	789,598	14,222	1,064,113	-	40,210	1,104,323	(52,857)	1,051,466

December 2020 Earnings Surveillance Report

**PEOPLES GAS SYSTEM
AVERAGE RATE BASE
December 2021
(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	2,325,441	6,032	833,062	16,970	1,480,410	1,940	148,987	1,631,337	(27,648)	1,603,791
<u>FPSC ADJUSTMENTS:</u>										
Property for Future Use						(1,940)		(1,940)		(1,940)
Temporary Cash Investment									(3)	(3)
Notes Receivable									-	-
Accounts Rec./Pay. - Assoc. Companies									(9,869)	(9,869)
Other Accounts Receivable									(720)	(720)
Non-Utility Allocation	(1,270)		(392)		(878)			(878)		(878)
Remove Unamort. Debt Expense									(3,748)	(3,748)
Remove Unrecovered Gas Cost									-	-
Remove Dividends Declared									2,084	2,084
Remove Unrec. Conservation Costs									(547)	(547)
Remove Unrec. CIBSR Costs									(2,146)	(2,146)
Remove Competitive Rate Adjustment									(3,485)	(3,485)
Remove Unamortized Rate Case Expense									(1,053)	(1,053)
Gain on Sale of Property									-	-
Remove Acquis. Adjustment (WFMG)		(2,947)	(2,932)		(15)			(15)		(15)
Remove Derivative (FAS 133)									-	-
Cast Iron/Bare Steel Rider (CIBSR)	(6,799)		138		(6,936)		(9,473)	(16,410)		(16,410)
AFUDC - Eligible CWIP							(75,782)	(75,782)		(75,782)
Remove Investment in Subsidiaries									(1,150)	(1,150)
TOTAL FPSC ADJUSTMENTS	(8,069)	(2,947)	(3,188)	-	(7,829)	(1,940)	(85,255)	(95,024)	(20,837)	(115,661)
FPSC ADJUSTED	2,317,372	2,086	829,908	16,970	1,472,581	-	63,732	1,536,313	(48,183)	1,488,130
<u>FLEX RATE REVENUES</u>										
ADJUSTED FOR										
FLEX RATE REVENUES	2,317,372	2,086	829,908	16,970	1,472,581	-	63,732	1,536,313	(48,183)	1,488,130
<u>PRO FORMA REVENUE INCREASE AND ANNUALIZATION ADJUSTMENTS:</u>										
TOTAL PRO FORMA ADJUSTMENTS	-	-	-	-	-	-	-	-	-	-
PRO FORMA ADJUSTED	2,317,372	2,086	829,908	16,970	1,472,581	-	63,732	1,536,313	(48,183)	1,488,130

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PEOPLES GAS SYSTEM
AVERAGE RATE BASE
December 2022
(In \$ Thousands)

SCHEDULE 2

	(1)	(2)	(3)	(4)	(5)	(7)	(8)	(9)	(10)	(11)
	Plant in	Plant	Accumulated	Customer	Net	Property Held	Construction	Net	Working	Total
	Service	Acquisition	Depreciation &	Advances for	Plant in	for Future Use	Work in	Utility Plant	Capital	Rate Base
		Adjustment	Amortization	Construction	Service		Progress			
PER BOOKS	2,573,845	5,032	867,174	20,228	1,891,475	1,940	195,972	1,889,367	(8,153)	1,881,233
<u>FPSC ADJUSTMENTS:</u>										
Property for Future Use						(1,940)		(1,940)		(1,940)
Temporary Cash Investment									(3)	(3)
Notes Receivable									-	-
Accounts Rec./Pay. - Assoc Companies									(9,807)	(9,807)
Other Accounts Receivable									(1,592)	(1,592)
Non-Utility Allocation	(1,110)		(419)		(691)			(691)		(691)
Remove Unamort. Debt Expense									(4,359)	(4,359)
Remove Unrecovered Gas Cost									-	-
Remove Dividends Declared									3,521	3,521
Remove Unrec. Conservation Costs									-	-
Remove Unrec. CIBSR Costs									(190)	(190)
Remove Competitive Rate Adjustment									(3,640)	(3,640)
Remove Unamortized Rate Case Expense									(635)	(635)
Gain on Sale of Property										-
Remove Acquis. Adjustment (WFNG)		(2,947)	(2,947)		-			-		-
Remove Derivative (FAS 133)									-	-
Cast Iron/Bare Steel Rider (CIBSR)	(29,840)		(112)		(29,728)		(24,999)	(54,727)		(54,727)
AFUDC - Eligible CWIP							(72,253)	(72,253)		(72,253)
Remove Investment in Subsidiaries									(959)	(959)
TOTAL FPSC ADJUSTMENTS	(30,950)	(2,947)	(3,478)	-	(30,418)	(1,940)	(97,252)	(129,610)	(17,664)	(147,274)
FPSC ADJUSTED	2,542,895	2,085	863,696	20,228	1,861,057	-	98,720	1,759,777	(25,818)	1,733,959
<u>FLEX RATE REVENUES</u>										
ADJUSTED FOR										
FLEX RATE REVENUES	2,542,895	2,085	863,696	20,228	1,661,057	-	98,720	1,759,777	(25,818)	1,733,959
PRO FORMA REVENUE INCREASE AND										
<u>ANNUALIZATION ADJUSTMENTS:</u>										
TOTAL PRO FORMA ADJUSTMENTS	-	-	-	-	-	-	-	-	-	-
PRO FORMA ADJUSTED	2,542,895	2,085	863,696	20,228	1,661,057	-	98,720	1,759,777	(25,818)	1,733,959

December 2022 Earnings Surveillance Report

**PEOPLES GAS SYSTEM
AVERAGE RATE BASE
Dec 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	2,844,678	4,645	898,976	25,420	1,924,928	1,940	256,977	2,183,844	1,787	2,185,631
<u>FPSC ADJUSTMENTS:</u>										
Property for Future Use						(1,940)		(1,940)		(1,940)
Temporary Cash Investment									(3)	(3)
Notes Receivable									-	-
Accounts Rec./Pay. - Assoc Companies									(9,582)	(9,582)
Other Accounts Receivable									(1,631)	(1,631)
Non-Utility Allocation	(1,277)		(451)		(826)			(826)		(826)
Remove Unamort. Debt Expense									(503)	(503)
Remove Unrecovered Gas Cost									-	-
Remove Dividends Declared									-	-
Remove Unrec. Conservation Costs									(4,595)	(4,595)
Remove Unrec. CIBSR Costs									(19)	(19)
Remove Competitive Rate Adjustment									(3,738)	(3,738)
Remove Unamortized Rate Case Expense									(424)	(424)
Gain on Sale of Property									-	-
Remove Acquis. Adjustment (WFNG)		-	-		-			-	-	-
Remove Derivative (FAS 133)									-	-
Cast Iron/Bare Steel Rider (CIBSR)	(81,216)		(687)		(80,529)		(21,826)	(82,355)		(82,355)
AFUDC - Eligible CWIP							(90,205)	(90,205)		(90,205)
Remove Investment in Subsidiaries									(1,109)	(1,109)
TOTAL FPSC ADJUSTMENTS	(62,493)	-	(1,138)	-	(61,355)	(1,940)	(112,031)	(175,326)	(21,603)	(196,929)
FPSC ADJUSTED	2,782,185	4,645	897,838	25,420	1,863,573	-	144,945	2,008,518	(19,816)	1,988,702
<u>FLEX RATE REVENUES</u>										
ADJUSTED FOR										
FLEX RATE REVENUES	2,782,185	4,645	897,838	25,420	1,863,573	-	144,945	2,008,518	(19,816)	1,988,702
<u>PRO FORMA REVENUE INCREASE AND ANNUALIZATION ADJUSTMENTS:</u>										
										-
TOTAL PRO FORMA ADJUSTMENTS	-	-	-	-	-	-	-	-	-	-
PRO FORMA ADJUSTED	2,782,185	4,645	897,838	25,420	1,863,573	-	144,945	2,008,518	(19,816)	1,988,702

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**PEOPLES GAS SYSTEM
AVERAGE RATE BASE
Dec 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	3,236,118	-	941,120	27,285	2,287,732	1,940	160,617	2,430,288	47,559	2,477,848
FPSC ADJUSTMENTS:										
Property for Future Use						(1,940)		(1,940)		(1,940)
Temporary Cash Investment									(3)	(3)
Non-Utility (RNG Alliance)									(14,058)	(14,058)
Accounts Rec./Pay. - Assoc Companies									(8,553)	(8,553)
Other Accounts Receivable									(1,448)	(1,448)
Non-Utility Allocation	(1,195)		(477)		(717)			(717)		(717)
Remove Unamort. Debt Expense									(2,524)	(2,524)
Remove Unrecovered Gas Cost									-	-
Remove Dividends Declared									1,824	1,824
Remove Unrec. Conservation Costs									(5,248)	(5,248)
Remove Unrec. CIBSR Costs									(93)	(93)
Remove Competitive Rate Adjustment									(5,092)	(5,092)
Remove Unamortized Rate Case Expense									(2,302)	(2,302)
Gain on Sale of Property										-
Remove Acquis. Adjustment (WFNG)		-	-		-			-		-
Remove Derivative (FAS 133)									-	-
Cast Iron/Bare Steel Rider (CIBSR)	(284)		142		(405)		(9,550)	(9,955)		(9,955)
AFUDC - Eligible CWIP							(49,917)	(49,917)		(49,917)
Remove Investment in Subsidiaries									(1,166)	(1,166)
TOTAL FPSC ADJUSTMENTS	(1,459)	-	(336)	-	(1,123)	(1,940)	(59,466)	(62,529)	(38,882)	(101,191)
FPSC ADJUSTED	3,234,659	-	940,785	27,285	2,286,609	-	101,150	2,367,759	8,898	2,376,657
FLEX RATE REVENUES										
ADJUSTED FOR										
FLEX RATE REVENUES	3,234,659	-	940,785	27,285	2,286,609	-	101,150	2,367,759	8,898	2,376,657
PRO FORMA REVENUE INCREASE AND ANNUALIZATION ADJUSTMENTS:										
										-
TOTAL PRO FORMA ADJUSTMENTS	-	-	-	-	-	-	-	-	-	-
PRO FORMA ADJUSTED	3,234,659	-	940,785	27,285	2,286,609	-	101,150	2,367,759	8,898	2,376,657

December 2024 Earnings Surveillance Report

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PEOPLES GAS SYSTEM, INC.
DOCKET NO. 20250029-GU
OPC'S FOURTH SET OF
INTERROGATORIES
INTERROGATORY NO. 125
BATES PAGE(S): 17935 - 17938
JUNE 9, 2025
REVISED: JULY 28, 2025

125. Relocation Costs. Refer to the petition at 26, the Direct Testimony of Andrew Nichols at 38-39, and the Direct Testimony of Luke Buzzard at 20-21 in regard to the new rule in Docket No. 20250020-GU, Rule 25-7.150, Florida Administrative Code, which allows recovery of relocation costs through a Natural Gas Facilities Relocation Cost Recovery Clause ("NGFRCRC"). Refer also to Exhibit AN-1, which shows budgeted capital costs by type for each of the years 2024 through 2026. Finally, refer to the relocation projects and amounts identified in the Company's response to Staff's First Set of Interrogatories, Interrogatory No. 1.
- a. Identify and quantify all relocation related costs included in the Company's test year rate base, operating expenses, and capitalization, including, but not limited to, capital costs, O&M expense, depreciation expense, property tax expense, all reimbursements by project that were included in the test year that could and/or will be recovered through an NGFRCRC. Provide all quantifications in an Excel workbook in live format and with all formulas intact. Annotate the amounts included in the Excel workbook to the Company's filing schedules and/or workpapers if those schedules and/or workpapers were relied on for your response. Also identify all other source documents or other information relied on for your response.
 - b. Quantify the effects of the costs less reimbursements, if any, identified in response to part (a) of this question included in the base revenue requirement. Provide your quantifications in an Excel workbook in live format with all formulas intact.

ANSWER:

- a. Peoples is answering this interrogatory in part by producing records as allowed under Florida Rule of Civil Procedure 1.340(c); the Excel workbook, "2024-2026 Relocation Projects Included in Rate Base - REVISED.xlsx," which reflects relocation related costs included in the company's test year rate base, including capital costs, depreciation expense, and property tax expense, that could be recovered through the Natural Gas Facility

**PEOPLES GAS SYSTEM, INC.
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OPC'S FOURTH SET OF
INTERROGATORIES
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REVISED: JULY 28, 2025**

Relocation Cost Recovery Clause ("NGFRCRC") are in the folder entitled "ROG_4_125 - Revised" or provided via USB.

Please see the list of source documents relied on for this response in the table below. This table also annotates how the various source documents tie to each other, including the capital expenditure amounts for the relevant relocation projects included in the rate base for the project year.

**Peoples Gas System, Inc.
Source Documents for OPC's 4th Set ROG 125**

Document	Description	Annotation
Rate Base Budget for Muni Relocations.xlsx	Detail of budgeted municipal relocations for 2025 and 2026.	Total additions plus cost of removal totals in the "2025 & 2026" tab ties to the capital expenditures for relocation projects included in the capital plans for 2025 and 2026 as shown in the file, "2025 & 2026 Capital Plan - Detailed.xlsx."
2024 NGFRCRC Eligible Projects.xlsx	Detail of actual municipal relocations for 2024. Also includes calculation showing company exceeded relocation costs included in the Commission - approved rate base in the last rate case.	n/a
2025 & 2026 Capital Plan - Detailed.xlsx	Detailed capital plan utilized for constructing the MFRs filed in Docket No. 20250029-GU, with a filter applied to show the NGFRCRC eligible projects.	Total capital actuals for 2024 and total capital planned for 2025 and 2026 tie to the totals in Exhibit AN-1 Document No. 2 to witness Andrew Nichols's direct testimony.
SOH-G3-02.xlsx	Calculation of the Projected Test Year - Cost of Capital	Capital structure used on the "Debt_Equity "Debt_Equity 2026" tabs of the file entitled, "2024-2026 Infrastructure portion of rate base - REVISED.xlsx," to calculate the debt and equity rates used in the revenue requirement calculation for 2026.

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- b. As shown in the "2026 Asset Calc tab" of the file, "2024-2026 Relocation Projects Included in Rate Base - REVISED.xlsx," referred to in Part a above, relocation projects included in rate base for the projected test year and eligible for recovery through the NGFRCRC include a combined total of \$50,928,458 of Plant in Service and Construction Work in Progress ("CWIP"). This total for Plant in Service and CWIP results in a 2026 Revenue Requirement of \$5,845,259 for these relocation projects.

PEOPLES GAS SYSTEM, INC.
Government Mandated Relocations Potential Eligible for Recovery Through the Natural Gas Facilities Relocation Cost Recovery Clause
Return on Infrastructure Capital Investments, Depreciation and Taxes for Eligible Replacements
January 2026 to December 2026
(in Dollars)

Line	Description	Beginning of Period Amount (£)	January	February	March	April	May	June	July	August	September	October	November	December	End of Period Total														
1.	Investments																												
a.	Eligible Replacements - Mains	\$	878,279	\$	878,279	\$	878,279	\$	878,279	\$	878,279	\$	878,279	\$	878,281	\$	10,539,350												
b.	Eligible Replacements - Services	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-												
c.	Eligible Replacements - Regulators	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-												
d.	First \$1,000,000 Adjustment to Rate Base	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-												
e.	Cleanings to Plant	\$	1,167,135	\$	1,109,364	\$	1,063,147	\$	1,026,173	\$	996,595	\$	972,931	\$	954,001	\$	938,857	\$	926,741	\$	917,049	\$	909,295	\$	903,093	\$	11,884,381		
2.	Gross Plant-in-Service/Depreciation Base	\$	38,066,548	\$	39,233,684	\$	40,343,048	\$	41,406,195	\$	42,432,368	\$	43,428,963	\$	44,401,894	\$	45,355,895	\$	46,294,752	\$	47,221,493	\$	48,138,541	\$	49,047,836	\$	49,950,929	\$	44,255,550
3.	Less Accumulated Depreciation	\$	(576,313)	\$	(652,446)	\$	(730,913)	\$	(811,599)	\$	(894,412)	\$	(979,276)	\$	(1,066,134)	\$	(1,154,938)	\$	(1,245,650)	\$	(1,338,239)	\$	(1,432,682)	\$	(1,528,960)	\$	(1,627,055)	\$	(1,079,894)
4.	OWIP - NonInterest Bearing	\$	2,322,561	\$	2,033,704	\$	1,802,619	\$	1,617,751	\$	1,469,857	\$	1,351,541	\$	1,256,889	\$	1,181,167	\$	1,120,589	\$	1,072,127	\$	1,033,358	\$	1,002,342	\$	977,530	\$	1,403,233
5.	Net Book Value (Lines 2 + 3 + 4)	\$	39,812,796	\$	40,614,942	\$	41,414,754	\$	42,212,346	\$	43,007,813	\$	43,801,227	\$	44,592,648	\$	45,382,124	\$	46,169,691	\$	46,955,380	\$	47,739,216	\$	48,521,218	\$	49,301,403	\$	44,578,889
6.	Average Net Book Value	\$	40,213,869	\$	41,014,848	\$	41,813,550	\$	42,610,080	\$	43,404,520	\$	44,196,938	\$	44,987,386	\$	45,775,907	\$	46,562,536	\$	47,347,298	\$	48,130,217	\$	48,911,311				
7.	Return on Average Net Book Value																												
a.	Equity component Grossed up for taxes (A)	\$	241,561	\$	246,373	\$	251,171	\$	255,955	\$	260,727	\$	265,487	\$	270,235	\$	274,972	\$	279,697	\$	284,411	\$	289,114	\$	293,806	\$	298,486	\$	3,213,509
b.	Debt component (B)	\$	74,600	\$	76,086	\$	77,568	\$	79,045	\$	80,519	\$	81,989	\$	83,455	\$	84,918	\$	86,377	\$	87,833	\$	89,286	\$	90,735	\$	92,181	\$	992,411
		\$	316,161	\$	322,459	\$	328,739	\$	335,000	\$	341,246	\$	347,476	\$	353,690	\$	359,890	\$	366,074	\$	372,244	\$	378,400	\$	384,541	\$	390,667	\$	4,205,920
8.	Investment Expenses																												
a.	Depreciation (C)	\$	76,133	\$	78,467	\$	80,686	\$	82,812	\$	84,865	\$	86,858	\$	88,804	\$	90,712	\$	92,590	\$	94,443	\$	96,277	\$	98,096	\$	99,900	\$	1,050,742
b.	Amortization	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
c.	Property Taxes (D)	\$	49,050	\$	49,050	\$	49,050	\$	49,050	\$	49,050	\$	49,050	\$	49,050	\$	49,050	\$	49,050	\$	49,050	\$	49,050	\$	49,050	\$	49,047	\$	588,597
d.	Depreciation Savings	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
9.	Revenue Requirements (Lines 7 + 8)	\$	441,344	\$	448,976	\$	458,475	\$	466,862	\$	475,161	\$	483,384	\$	491,544	\$	499,652	\$	507,714	\$	515,737	\$	523,727	\$	531,684	\$	539,601	\$	5,845,259

Notes

- (A) Line 7a = Line 6 x 7.1877 x 1/12. Based on ROE of 10.15%, and weighted income tax rate of 25.345%, Net Operating Income Multiplier of 1.3501
(B) Line 7b = Line 6 x 2.2261% x 1/12
(C) Depreciation rates: 1.8% Mains Plastic, 2.4% Mains Steel, 3.1% Services Plastic, 4.3% Services Steel, 3.0% Regulator Station (prior 1.6% Mains Plastic, 2.1% Mains Steel, 2.7% Services Plastic, 4.0% Services Steel, 2.7% Regulator Stations)
(D) Ad Valorem Tax Rate is 1.57%

ROI WACC-Equity	7.2083%	7.2083%	7.2083%	7.2083%	7.2083%	7.2083%	7.2083%	7.2083%	7.2083%	7.2083%	7.2083%	7.2083%	7.2083%	7.2083%	7.2083%
ROI WACC-Debt	2.2261%	2.2261%	2.2261%	2.2261%	2.2261%	2.2261%	2.2261%	2.2261%	2.2261%	2.2261%	2.2261%	2.2261%	2.2261%	2.2261%	2.2261%

Revised Response to OPC IRR 125 – file “(BS 17938)2024-2026 Relocation projects Included in Rate Base - REVISED.xlsx”, tab
“2026 Asset Calc”

PEOPLES GAS SYSTEM, INC.
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EXHIBIT NO. AN-2
WITNESS: NICHOLS
DOCUMENT NO. 3
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119. Please refer to Audit Finding 1: Land, Table 1. For each work order listed in Table 1, please provide:

- a. A detailed summary of the work completed;
- b. Total cost of the work order;
- c. Time to complete the work order;
- d. For each work order, please explain whether it should be booked in Account 374 or to another depreciable plant account and why;
- e. Please provide all corresponding adjustments to the projected test year, if necessary.

ANSWER:

- a. Detailed summary of the work completed on each work order:

Order	Title	Description
D0056823	Capper Station Relocation	Full cost of replacing the existing Capper Road city gate station.
D0057205	Wildwood Sabal Gate	Full cost of the Sabal Trail (City of) Wildwood city gate station.
D0073366	Sumterville Dade City Connector	Full cost of a 29-mile Dade City Connector steel pipeline project.
D0073541	Baldwin Compressor Station	Full cost to construct a natural gas compressor station in Nassau County.
D0098205	Improvements to Miami Dade Operations Center	Improvements to Property and Structure at Miami Operations Center - mandated 40-year building certification.
D0102346	Repair Asphalt and Seal Parking lot	Repair damaged asphalt at PGS Eustis Operations Center.

- b. Total cost of the work order:

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Order	Title	Total Work Order Costs*
D0056823	Capper Station Relocation	\$2,847,726
D0057205	Wildwood Sabal Gate	\$8,359,739
D0073366	Sumterville Dade City Connector	\$71,424,512
D0073541	Baldwin Compressor Station	\$24,818,330
D0098205	Improvements to Miami Dade Operations Center	\$108,158
D0102346	Repair Asphalt and Seal Parking lot	\$16,796

*Actual costs through June 2025

- c. Time to complete each work order:

Order	Title	Months to Complete
D0056823	Capper Station Relocation	76
D0057205	Wildwood Sabal Gate	98
D0073366	Sumterville Dade City Connector	65*
D0073541	Baldwin Compressor Station	54
D0098205	Improvements to Miami Dade Operations Center	33
D0102346	Repair Asphalt and Seal Parking lot	4

*In service in 2023, trailing costs expected to continue through Sept 2025.

- d. Plant account explanation:

D0056823 – Capper Road Gate Station Relocation. The amount (\$35,157 in account 101 Plant in Service) in the land account 374, is properly classified.

D0057205 – Wildwood Sabal Gate Station. The amount (\$805,757 in account 101 Plant in Service) in the land account 374, is properly classified.

D0073366 – Sumterville Dade City Connector. This project is estimated to be completed and unitized to account 101 in Q3 2025. When unitized, the balance in account 106, plant account 374, will be reversed and a final posting in account 101, plant account 374 will be created. As of June 2025, the amount in account 106, plant account 374 is \$11,173,796. When unitized, the anticipated amount that will post in account 101, plant account 374 will be approximately \$10,000,000.

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D0073541 – Baldwin Compressor Station. The amount (\$5,170,485 in account 101 Plant in Service) in the land account 374, is properly classified.

D0098205 – Improvements to the Miami Dade Operations Center. This project is in the process of being unitized to Plant in Service (account 101), from Completed Construction Not Classified (account 106). This is a standard, continuous process to unitize work orders to the proper retirement level depreciation account. This process will unitize the total amount (\$108,158) of the project to the Structures and Improvements depreciable account (account 375).

D0102346 – Repair Asphalt and Seal Parking lot at the Eustis Operating Center. The asset (\$16,796 account 101, plant account 374) will be transferred to account 375 Structures and Improvements.

e. Adjustments to the projected test year, if necessary:

If adjustments were made to the projected test year, depreciation expense would increase by approximately \$32,000 while rate base would decrease approximately \$100,000 due to the change in accumulated depreciation. This would result in an increase in the revenue requirement in the test year. However, these adjustments are not material, and, since the unitization of work orders is an ongoing process, no changes to the projected test year are necessary.

18575

Response to Staff IRR 119