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February 13, 2026

VIA ELECTRONIC FILING

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

Re: New Docket No. _____
Petition of Peoples Gas System, Inc. Petition for Approval of Change in Rate Used
to Capitalize Allowance for Funds Used During Construction

Dear Mr. Teitzman:

Attached for filing on behalf of Peoples Gas System, Inc. is the company's Petition
for Approval of Change in Rate Used To Capitalize Allowance for Funds Used During
Construction.

Thank you for your assistance in connection with this matter.

Sincerely,

A handwritten signature in blue ink that reads 'V. Ponder'.

Virginia Ponder

VLP/dk
Attachment

cc: Via Email

Major Thompson
Jacob Imig
Walt Trierweiler
Charles Rehwinkel
Octavio Ponce

Jon Moyle, Jr.
Karen Putnal
Amber Norris
Dylan Andrews

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for approval of change in rate)
used to capitalize allowances for funds used) DOCKET NO. _____
during construction from 7.08% to 7.18%)
effective January 1, 2026, by Peoples Gas) FILED: February 13, 2026
System, Inc.)
)

**PETITION FOR APPROVAL OF CHANGE IN RATE USED TO CAPITALIZE
ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION
FROM 7.08% TO 7.18% EFFECTIVE JANUARY 1, 2026**

Peoples Gas System, Inc. (“Peoples” or the “company”), pursuant to Rule 25-7.0141, Florida Administrative Code, hereby petitions the Florida Public Service Commission (“Commission”) for approval of a change in rate used to capitalize allowance for funds used during construction (“AFUDC”) from **7.08** percent to **7.18** percent, to become effective as of January 1, 2026, and in support of its request states:

1. The name of the petitioner and the mailing address of its principal office are:

Peoples Gas System, Inc.
P.O. Box 2562
Tampa, Florida 33601-2562

2. The names and mailing address of the persons authorized to receive notices and communications with respect to this Petition are:

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Director, Regulatory Affairs
Peoples Gas System, Inc.
Post Office Box 2562
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3. The Commission has jurisdiction to entertain this Petition pursuant to

Sections 366.04(1), 366.05(1) and 366.06, Florida Statutes.

4. Peoples is a natural gas local distribution company providing sales and transportation delivery of natural gas throughout most of the State of Florida and is a natural gas public utility subject to the Commission's statutory jurisdiction to establish rates and charges under Section 366.06, Florida Statutes.

Background

5. On February 16, 2024, Peoples filed a Petition for Approval of a Change in AFUDC Rate from 6.00 percent to 7.08 percent. The Commission approved the requested change in Order No. PSC-2024-0168-PPA-GU, issued May 23, 2024, Docket No. 20240035-GU (Petition for Approval of Change in AFUDC Rate).

6. On March 31, 2025, the company filed a Petition for Rate Increase, including minimum filing requirements and supporting testimony, in Docket No. 20250029-GU. On August 13, 2025, the company filed its Motion to Approve 2025 Stipulation and Settlement Agreement ("2025 Settlement Agreement") resolving all matters in Docket No. 20250029-GU. The 2025 Settlement Agreement provided for a return on equity of 10.30 percent with a permitted range of plus or minus 100 basis points, an equity ratio of 54.7 percent, and an overall rate of return ("Weighted Average Cost of Capital") of **7.18** percent, effective January 1, 2026.

7. Following a final hearing held on October 7, 2025, the Commission approved the 2025 Settlement Agreement via Order No. PSC-2025-0413-S-GU, issued October 31, 2025, Docket No. 20250029-GU (Petition for Rate Increase) (the "Final Order Approving 2025 Settlement Agreement").

8. The requested AFUDC rate of **7.18** percent reflects, and is consistent with,

the Commission approved return on common equity of 10.30 percent and the 54.7 percent equity ratio from investor sources, as authorized in the Final Order Approving 2025 Settlement Agreement.

Relief Requested

9. In accordance with subsection (5) of Rule 25-7.0141, the company submits schedules A, B and C together with this Petition.

10. Schedule A provides the capital structure, cost rates, and weighted average cost of capital that are the basis for the requested AFUDC rate, which has been calculated in accordance with subsection (3) of Rule 25-7.0141. Schedule B provides the capital structure adjustments, including the unadjusted capital structure, reconciling adjustments and adjusted capital structure that are the basis for the AFUDC rate in subsection (3) of Rule 25-7.0141. Schedule C provides the calculation of the monthly AFUDC rate using the methodology set out in subsection (4) of Rule 25-7.0141.

11. The company will continue to monitor the cost of capital for material changes and request a modification of the AFUDC rate as appropriate.

WHEREFORE, Peoples respectfully requests that the Commission enter an order approving the change in AFUDC rate from **7.08** percent to **7.18** percent, to become effective January 1, 2026, as set forth above and in the supporting schedules.

DATED this 13th day of February 2026.



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(850) 224-9115

Attorneys for Peoples Gas System, Inc.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Petition, filed on behalf of Peoples Gas System, Inc., has been furnished by electronic mail on this 13th day of February 2026 to the following:

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ATTORNEY

**PEOPLES GAS COMPANY
CAPITAL STRUCTURE USED FOR AFUDC CALCULATION
DECEMBER 2025
(In \$ Thousands)**

SCHEDULE A

CAPITAL COMPONENTS	ADJUSTED AVERAGE BALANCE	CAPITAL RATIO	COST OF CAPITAL	WEIGHTED COST OF CAPITAL
LONG TERM DEBT	\$ 897,250	35.15%	5.68% **	2.00%
SHORT TERM DEBT	112,727	4.42%	5.22% **	0.23%
CUSTOMER DEPOSITS	30,291	1.19%	2.43% **	0.03%
COMMON EQUITY	1,219,552	47.78%	10.30%	4.92%
DEFERRED INCOME TAX	292,464	11.46%	0.00%	-
INVESTMENT TAX CREDITS	-	0.00%	0.00%	-
TOTAL	\$ 2,552,284	100.00%		7.18%

** 13-MONTH AVERAGE

Note: The current AFUDC rate of 7.08% was authorized in Order No. PSC-2024-0168-PAA-GU Docket No. 20240035-GU, effective January 1, 2024.

Debt Ratio	45.30%
Equity Ratio*	54.70%

A 10.30% equity midpoint and 54.7% equity ratio (any difference to actual equity ratio spread ratably over long-term and short term debt) shall be used for all regulatory purposes including the calculation of the Company's AFUDC rate was authorized in Order No. PSC-2025-0413-S-GU Docket No. 20250029-G starting Jan 1, 2026.

*Note: Calculation of equity and debt ratios above excludes Customer Deposits and Deferred Income Tax.

**PEOPLES GAS SYSTEM
CAPITAL STRUCTURE USED FOR AFUDC CALCULATION
DECEMBER 2025
(In \$ Thousands)**

SCHEDULE B

CAPITAL COMPONENTS	PER BOOKS	COMMISSION ADJUSTMENTS*	ADJUSTED AVERAGE BALANCE
LONG TERM DEBT	\$ 925,000	\$ (27,750)	\$ 897,250
SHORT TERM DEBT	116,308	(3,581)	\$ 112,727
CUSTOMER DEPOSITS	31,183	(892)	\$ 30,291
COMMON EQUITY	1,293,920	(74,368)	\$ 1,219,552
DEFERRED INCOME TAX	317,063	(24,599)	\$ 292,464
INVESTMENT TAX CREDITS	-	-	-
TOTAL	\$ 2,683,474	\$ (131,190)	\$ 2,552,284

* FOR ADJUSTMENT DETAILS, SEE SCHEDULE 2.

Note: The current AFUDC rate of 7.08% was authorized in Order No. PSC-2024-0168-PAA-GU Docket No. 20240035-GU, effective January 1, 2024.

A 54.7% equity ratio (any difference to actual equity ratio spread ratably over long-term and short term debt) shall be used for all regulatory purposes including the calculation of the Company's AFUDC rate was authorized in Order No. PSC-2025-0413-S-GU Docket No. 20250029-G starting Jan 1, 2026.

**PEOPLES GAS COMPANY
METHODOLOGY FOR MONTHLY COMPOUNDING
OF THE AFUDC RATE
DECEMBER 2025**

SCHEDULE C

MONTHS	AFUDC BASE	MONTHLY AFUDC	CUMULATIVE AFUDC
JAN	1.000000	0.005795	0.005795
FEB	1.005795	0.005829	0.011624
MAR	1.011624	0.005862	0.017486
APR	1.017486	0.005896	0.023382
MAY	1.023382	0.005931	0.029313
JUN	1.029313	0.005965	0.035278
JUL	1.035278	0.005999	0.041277
AUG	1.041277	0.006034	0.047311
SEP	1.047311	0.006069	0.053381
OCT	1.053381	0.006104	0.059485
NOV	1.059485	0.006140	0.065625
DEC	1.065625	0.006175	0.071800

Annual Rate (R) = 0.071800

Monthly Rate = $((1 + R)^{(1/12)}) - 1 = 0.005795$