



Public Service Commission
CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: July 31, 2026

TO: Adam J. Teitzman, Commission Clerk, Office of Commission Clerk

FROM: Lynn M. Deamer, Chief of Auditing, Office of Auditing and Performance Analysis *LD*

RE: Docket No.: 20260004-GU
Company Name: Peoples Gas System, Inc.
Company Code: GU608
Audit Purpose: A3e: Natural Gas Conservation Cost Recovery Clause
Audit Control No.: 2026-015-1-5

Attached is the final audit report for the Utility stated above, I am sending the Utility a copy of this memo and audit report. If the Utility desired to file a response to the audit report, it should send a response to the Office of the Commission Clerk. There are no confidential work papers associated with this audit.

Attachment: Audit Report

Cc: Office of Audit & Performance Analysis

- State of Florida



Public Service Commission

Office of Auditing and Performance Analysis
Bureau of Auditing

Auditor's Report

Peoples Gas System, Inc.
Gas Conservation Cost Recovery Clause

Twelve Months Ended December 31, 2025

Docket No. 20260004-GU
Audit Control No. 2026-015-1-5
July 30, 2026

A handwritten signature in blue ink, reading "Eduard Dukov".

Eduard Dukov
Audit Manager

A handwritten signature in blue ink, reading "Lynn M. Deamer".

Lynn Deamer
Reviewer

Table of Contents

Purpose.....	1
Objectives and Procedures.....	2
Audit Findings	
None.....	4
Exhibit	
1: True-Up.....	5
2: Interest Provision	6

Purpose

To: Florida Public Service Commission

We have performed the procedures described later in this report to meet the objectives set forth by the Division of Economics in its audit service request dated January 15, 2026. We have applied these procedures to the attached summary exhibits and to several related schedules prepared by Peoples Gas System, Inc. in support of its 2025 filing for the Gas Conservation Cost Recovery Clause in Docket No.20260004-GU.

The report is intended only for internal Commission use.

Objectives and Procedures

General

Definition

Company refers to the Peoples Gas System, Inc.

GCCR refers to the Gas Conservation Cost Recovery Clause.

Revenue

Objectives: The objectives were to determine the actual therms sold for the period January 1, 2025, through December 31, 2025, and whether the Company applied the Commission-approved cost recovery factor to actual therm sales for the GCCR.

Procedures: We computed revenues using the factors by rate codes and compared them to Commission Order No. PSC-2025-0440-FOF-GU. We reconciled the revenues from the Company's filing to the general ledger. We judgmentally sampled customer bills from each rate class, and the customer bills have been tested in Purchased Gas Cost Recovery Clause, with Docket No. 20260003-GU, Audit Control No. 2026-015-1-5. No exceptions were noted.

Expense

Objectives: The objectives were to determine whether Operation and Maintenance (O&M) Expenses listed on the Company's filing were supported by adequate documentation and that the expenses were appropriately recoverable through the GCCR.

Procedures: We traced expenses in the filing to the general ledger. We selected a judgmental sample of O&M Expenses to test for the current period, charged to the correct accounts, and appropriately related to the GCCR. We traced cash incentive payments to allowances approved in Order No. PSC-2024-0486-FOF-GU, issued November 25, 2024. Advertising expenses were reviewed for compliance with Rule 25-17.015, Florida Administrative code. No exceptions were noted.

True-up and Interest Provision

Objective: The objective was to determine whether the True-Up and Interest Provision as filed on Schedule CT-3 was properly calculated.

Procedures: We traced the December 31, 2024, True-Up Provision to Commission Order No. PSC-2024-0486-FOF-GU. We recalculated the True-Up and Interest Provision amounts as of December 31, 2025, using the Commission approved beginning balance as of December 31, 2024, the financial commercial paper rates, and the 2025 GCCR revenues and costs. No exceptions were noted.

Analytical Review

Objective: The objective was to perform an analytical review of the Company's GCCR revenues and expenses to determine if there were any material changes or inconsistencies from the prior year.

Procedures: We compared 2025 to 2024 revenues and expenses. We requested detailed explanations by categories and programs from the Company for significant variances. Explanations provided by the Company were sufficient. Further follow-up was not required.

Audit Findings

None

Exhibit

Exhibit 1: True-Up

SCHEDULE CT-3
PAGE 2 OF 3

PEOPLES GAS SYSTEM
Energy Conservation Adjustment
Calculation of True-up and Interest Provision
January 2025 through December 2025

CONSERVATION REVENUES	January	February	March	April	May	June	July	August	September	October	November	December	Total
1. OTHER PROGRAM REVS	-	-	-	-	-	-	-	-	-	-	-	-	-
2. CONSERV. ADJ REVS	4,481,769	4,435,296	3,805,148	3,502,961	3,105,552	2,540,222	2,353,763	2,302,946	2,372,674	2,403,665	3,145,831	3,664,934	38,124,766
3. TOTAL REVENUES	4,481,769	4,435,296	3,805,148	3,502,961	3,105,552	2,540,222	2,353,763	2,302,946	2,372,674	2,403,665	3,145,831	3,664,934	38,124,766
4. PRIOR PERIOD TRUE-UP NOT APPLICABLE TO THIS PERIOD	(123,653)	(123,653)	(123,653)	(123,653)	(123,653)	(123,653)	(123,653)	(123,653)	(123,653)	(123,653)	(123,653)	(123,653)	(1,483,636)
5. CONSERVATION REVS APPLICABLE TO THE PERIOD	4,358,116	4,311,643	3,681,495	3,379,308	2,981,899	2,416,569	2,240,116	2,179,293	2,249,021	2,280,012	3,022,178	3,541,281	36,641,930
6. CONSERVATION EXPS (FROM CT-3, PAGE 1)	2,343,654	2,601,557	2,160,218	2,294,041	2,972,595	2,478,424	1,942,220	2,274,623	1,831,475	1,485,507	1,936,658	2,870,228	27,191,246
7. TRUE-UP THIS PERIOD	2,014,421	1,710,086	1,521,276	1,085,267	9,304	(61,656)	297,896	(95,335)	417,546	794,505	1,085,520	671,053	9,449,684
8. REGULATORY ADJUSTMENTS	-	-	-	-	-	-	-	-	-	-	-	-	-
9. INT. PROV. THIS PERIOD (FROM CT-3, PAGE 3)	(1,034)	6,172	12,439	17,488	20,064	20,544	21,431	22,194	22,642	24,317	27,294	29,534	223,085
10. TRUE-UP & INT. PROV. BEGINNING OF MONTH	(1,353,766)	783,273	2,623,184	4,280,562	5,506,960	5,659,981	5,742,322	6,185,302	6,235,814	6,799,655	7,742,130	8,978,597	(1,353,768)
11. PRIOR TRUE-UP COLLECTED (REFUNDED)	123,653	123,653	123,653	123,653	123,653	123,653	123,653	123,653	123,653	123,653	123,653	123,653	1,483,636
12. TOTAL NET TRUE-UP (SUM LINES 8+9+10+11)	783,273	2,623,184	4,280,562	5,506,960	5,659,981	5,742,322	6,185,302	6,235,814	6,799,655	7,742,130	8,978,597	9,802,937	9,802,937
Expenses	2,343,654	2,601,557	2,160,218	2,294,041	2,972,595	2,478,424	1,942,220	2,274,623	1,831,475	1,485,507	1,936,658	2,870,228	27,191,246
Deferred Expenses	2,014,421	1,710,086	1,521,276	1,085,267	9,304	(61,656)	297,896	(95,335)	417,546	794,505	1,085,520	671,053	9,606,874
Revenues	(4,481,769)	(4,435,296)	(3,805,148)	(3,502,961)	(3,105,552)	(2,540,222)	(2,353,763)	(2,302,946)	(2,372,674)	(2,403,665)	(3,145,831)	(3,664,934)	(38,124,766)
Deferred Revenues	-	-	-	-	-	(61,656)	-	(95,335)	-	-	-	-	(157,191)

Exhibit 2: Interest Provision

SCHEDULE CT-3
PAGE 3 OF 3

PEOPLES GAS SYSTEM
Energy Conservation Adjustment
Calculation of True-up and Interest Provision
January 2025 through December 2025

	INTEREST PROVISION	January	February	March	April	May	June	July	August	September	October	November	December	Total
1.	BEGINNING TRUE-UP	(1,353,769)	793,273	2,623,184	4,260,552	5,506,960	5,659,981	5,742,322	6,185,302	6,235,814	6,799,655	7,742,130	8,978,597	
2.	ENDING TRUE-UP BEFORE INTEREST	784,307	2,617,012	4,268,113	5,489,472	5,635,917	5,721,778	6,163,871	6,213,620	6,777,013	7,717,813	8,951,303	9,773,303	
3.	TOTAL BEGINNING & ENDING TRUE-UP	(569,461)	3,400,285	6,891,297	9,770,024	11,146,877	11,381,759	11,906,193	12,398,922	13,012,827	14,517,468	16,693,433	18,751,900	
4.	AVERAGE TRUE-UP (LINE 3 TIMES 50%)	(284,731)	1,700,143	3,445,649	4,885,012	5,573,439	5,690,880	5,953,097	6,199,461	6,506,414	7,258,734	8,346,717	9,375,950	
5.	INTER. RATE - 1ST DAY OF REPORTING MONTH	4.360%	4.350%	4.350%	4.320%	4.250%	4.350%	4.310%	4.320%	4.260%	4.080%	3.960%	3.890%	
6.	INTER. RATE - 1ST DAY OF SUBSEQUENT MONTH	4.350%	4.350%	4.320%	4.280%	4.350%	4.310%	4.320%	4.260%	4.080%	3.960%	3.890%	3.660%	
7.	TOTAL (SUM LINES 5 & 6)	8.710%	8.700%	8.670%	8.600%	8.630%	8.660%	8.630%	8.580%	8.340%	8.040%	7.850%	7.550%	
8.	AVG INTEREST RATE (LINE 7 TIMES 50%)	4.355%	4.350%	4.335%	4.300%	4.315%	4.330%	4.315%	4.290%	4.170%	4.020%	3.925%	3.775%	
9.	MONTHLY AVG INTEREST RATE	0.36300%	0.363%	0.361%	0.356%	0.360%	0.361%	0.360%	0.358%	0.348%	0.335%	0.327%	0.315%	
10.	INTEREST PROVISION (LINE 4 TIMES LINE 9) (exp./inc)	(1,034)	6,172	12,439	17,488	20,264	20,544	21,431	22,194	22,642	24,317	27,294	29,534	223,085