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

Re: Docket No. 20260004-GU; Natural Gas Conservation Cost Recovery

Dear Mr. Teitzman:

Attached for filing in the above docket is Peoples Gas System, Inc.'s Testimony of Charles T. Morgan and Exhibit CTM-2.

Thank you for your assistance in connection with this matter.

Sincerely,

VLPonder

Virginia L. Ponder

VLP/dk
Attachment

cc: All Parties of Record (w/attachment)

BEFORE THE

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 20260004-GU

IN RE: NATURAL GAS CONSERVATION

COST RECOVERY CLAUSE

TESTIMONY AND EXHIBIT

OF

CHARLES T. MORGAN II

FILED: AUGUST 3, 2026

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

PREPARED DIRECT TESTIMONY

OF

CHARLES T. MORGAN II

Q. Please state your name, business address, by whom you are employed, and in what capacity.

A. My name is Charles T. Morgan II. My business address is 3600 Midtown Drive, Tampa, Florida 33607. I am employed by Peoples Gas System, Inc. ("Peoples" or the "company"), as Supervisor, Conservation Programs, in the Regulatory Affairs Department.

Q. Please describe your educational and employment background.

A. I graduated from Florida State University in 2009 with a Bachelor of Science degree in Social Science. My work experience includes nine years of utility regulatory experience, including three years with the Florida Public Service Commission ("Commission") as a Public Utility Analyst and three years as a Regulatory Analyst with Peoples. I was promoted to Supervisor, Conservation Programs, in 2024 and have served in this capacity for three years. In my current role, I am responsible for Peoples' Natural Gas Conservation Cost Recovery ("NGCCR") Clause, other Conservation and demand-side management ("DSM") activities, and regulatory coordination.

Q. What is the purpose of your testimony in this docket?

A. The purpose of my testimony is to support Peoples' actual conservation costs incurred during the period January through December 2025, the actual/estimated period January to December 2026, and the projected period January through December 2027. The projected 2027 NGCCR factors have been calculated based on the currently approved allocation methodology.

Q. Are you sponsoring any exhibits with your testimony?

A. Yes, I am sponsoring Exhibit No. CTM-2, which was prepared under my direction and supervision. This document consists of Schedules C-1 through C-5 and associated data, which contain information that supports the development of the natural gas conservation cost recovery factors to be applied to customer bills during the period January through December 2027.

Q. Does Exhibit No. CTM-2 meet the requirements of Rule 25-17.015, Florida Administrative Code, which requires the projection filing to include the annual estimated/actual true-up filing showing actual and projected common costs, individual program costs, and any revenues collected?

A. Yes, it does.

Q. Please describe the conservation program costs projected by Peoples during the period January through December 2025.

A. For the period January through December 2025, Peoples projected conservation program costs to be $28,570,070. The Commission authorized collections to recover these expenses in Order No. PSC-2025-0440-FOF-GU, issued November 24, 2025, in Docket No. 20250004-GU.

Q. For the period January through December 2025, what were Peoples’ conservation costs, and what was recovered through the NGCCR Clause?

A. For the period January through December 2025, Peoples incurred actual net conservation costs of $27,191,247. The amount collected in the NGCCR Clause was $38,124,766, plus applicable regulatory assessment fees of $190,624. The conservation revenue applicable to this period was $36,640,930, which includes the $38,124,766 amount collected in the NGCCR Clause, and the prior period true-up under-recovery of $1,483,836. These calculations are shown in detail on Schedule CT-3, Page 2 of 3, of Exhibit CTM-1.

Q. What is the true-up amount for Peoples for the period January through December 2025?

A. Peoples' true-up amount for the period January through December 2025 was an over-recovery of $874,452, including interest, as detailed on Schedule CT-1 of Exhibit No. CTM-1.

Q. What timeframe did Peoples use in developing its 2026 annual actual/estimated true-up filing?

A. Peoples developed its 2026 annual actual/estimated true-up filing showing actual and projected common costs, individual program costs, and any revenues collected based on six months of actuals and six months of estimates.

Q. Please describe the conservation program costs projected to be incurred by Peoples during the period January through December 2026?

A. Peoples' actual conservation program costs incurred through June 2026, together with projected costs for July through December 2026, total $25,088,456, as shown on Schedule C-3, Page 1 of 4. For the period, Peoples projects an over-recovery of $3,257,750, which includes the 2025 true-up and interest. These actual costs and estimates are detailed on Schedule C-3.

Q. Please summarize the reasons for the over-recovery.

A. The projected over-recovery is driven by lower-than-forecasted participation across Peoples' DSM programs. The actual/estimated costs for each program are detailed on Schedule C-3, Page 1 of 4.

Q. Has participation in the Residential Online Energy Audit (the "Online Audit") increased since Peoples' 2025 NGCCR Projection Filing?

A. Yes. In early April 2026, while Peoples was modifying its website, the company discovered that a "switch" or redirect had been erroneously activated. As a result, customers who signed in to participate in the Online Audit were instead directed to a page containing their usage history. Peoples deactivated the switch on April 7, 2026, and Online Audit participation increased immediately. Peoples recorded 398 total participants from January 1 through – March 30, 2026. Beginning April 2026, participation increased to over 2,000 customers per month.

Q. Do the terms and conditions of the 2025 Stipulation and Settlement Agreement ("2025 Agreement") approved by the Commission in Docket No. 20250029-GU impact the proposed 2027 NGCCR factors?

A. Yes. Consistent with the 2025 Agreement, Peoples calculated the proposed 2027 NGCCR factors using the revenue distribution reflected in Exhibit B to the 2025 Agreement. Accordingly, Schedule C-1 was updated to align the factor calculation with this approved revenue distribution, including the treatment of rate schedules that are ineligible for NGCCR recovery subject to the Energy Conservation Cost Recovery Adjustment Clause.

Q. What specific changes did the company make to Schedule C-1 to conform to the requirements of the 2025 Agreement?

A. To conform Schedule C-1 to the requirements of the 2025 Agreement, the company revised the schedule to reflect the revenue distribution reflected in Exhibit B to the 2025 Agreement. Specifically, the company removed the "CUSTOMER CHARGE", "NON-GAS ENERGY CHARGE", "TOTAL CUST & ENGY CHARGE" and "ECCR AS % OF TOTAL REVENUES" columns and added the "REVENUE CHANGE UNDER SETTLEMENT" and the "REVENUE APPORTIONMENT PER SETTLEMENT" columns. Peoples also included the "SPECIAL CONTRACTS" rate schedule designation in the calculation of the proposed 2027 NGCCR calculation.

Q. Please explain the line "RATE SCHEDULES NOT ELIGIBLE FOR NGCCR (SIS, IS, ISLV, WHS)" on Schedule C-1.

A. This line sums the "REVENUE CHANGE UNDER SETTLEMENT" amounts for rate schedules that are *not* eligible for participation in Peoples' Demand-Side Management programs and that are not subject to the NGCCR. These rate schedules include (i) Small Interruptible Service (SIS), (ii) Interruptible Service (IS), (iii) Interruptible Service – Large Volume (ISLV), and (iv) Wholesale Service (WHS). The company included this line to align with the total base rate revenue changes reflected in Exhibit B of the 2025 Agreement.

Q. Please summarize the proposed conservation costs for the period January through December 2027 and the annualized recovery factors applicable for the period January through December 2027.

A. Peoples projects that the total conservation costs (less program revenues) during the period will be $25,660,908, plus true-up. Including true-up estimates, the January through December 2027 conservation cost recovery factors for retail rate classes are as follows:

Rate Schedule	Cost Recovery Factors (Dollars per Therm)
RS & RS-SG & RS-GHP	$0.12379
SGS	$0.10689
GS-1 & CS-SG & CS-GHP	$0.01136
GS-2	$0.01988
GS-3	$0.01920
GS-4	$0.01530
GS-5	$0.01332
CSLS	$0.00663

Exhibit No. CTM-2, Schedule C-1, Page 1 of 1, Energy Conservation Adjustment, Summary of Cost Recovery Clause

Calculation, contains the Commission-prescribed form which details these estimates.

Q. Does this conclude your testimony?

A. Yes, it does.

PEOPLES GAS SYSTEM, INC.

ENERGY CONSERVATION ADJUSTMENT
SUMMARY OF COST RECOVERY CLAUSE CALCULATION
January 2027 through December 2027

1. TOTAL INCREMENTAL COSTS (SCHEDULE C-2, PAGE 1)	$ 25,660,908
2. TRUE-UP (SCHEDULE C-3, PAGE 3, LINE 11)	$ (3,257,750)
3. TOTAL (LINE 1 AND LINE 2)	$ 22,403,158

RATE SCHEDULE	BILLS	THERMS	REVENUE CHANGE UNDER SETTLEMENT*	REVENUE APPORTIONMENT PER SETTLEMENT	ECCR REVENUES	DOLLARS THERM	TAX FACTOR	**CONSERV FACTOR**
RS & RS-SG & RS-GHP	5,990,871	100,101,873	$ 34,637,160	55.04%	$ 12,329,874	$ 0.12317	1.00503	**$0.12379**
SGS	164,548	10,231,758	$ 3,057,132	4.86%	$ 1,088,255	$ 0.10636	1.00503	**$0.10689**
GS-1 & CS-SG & CS-GHIP	269,792	104,289,971	$ 3,311,909	5.26%	$ 1,178,948	$ 0.01130	1.00503	**$0.01136**
GS-2	97,528	146,269,291	$ 8,126,690	12.91%	$ 2,892,878	$ 0.01978	1.00503	**$0.01988**
GS-3	10,437	83,273,319	$ 4,468,926	7.10%	$ 1,590,814	$ 0.01910	1.00503	**$0.01920**
GS-4	1,852	56,290,856	$ 2,407,005	3.82%	$ 856,827	$ 0.01522	1.00503	**$0.01530**
GS-5	2,282	184,510,930	$ 6,869,884	10.92%	$ 2,445,489	$ 0.01325	1.00503	**$0.01332**
CSLS	336	547,171	$ 10,143	0.02%	$ 3,611	$ 0.00660	1.00503	**$0.00663**
SPECIAL CONTRACTS CARVE OUT	266	1,125,001,435	$ 46,242	0.07%	$ 16,461	N/A	N/A	**No Charge** (b)
TOTAL	6,537,912	1,810,516,604	$ 62,935,091		$ 22,403,158			
RATE SCHEDULES NOT ELIGIBLE FOR NGCCR (SIS, IS, ISLV, WHS)			$ 2,768,385					
TOTAL PER EXHIBIT B TO THE 2025 SETTLEMENT AGREEMENT			$ 65,703,476 *					

*The “Revenue Change Under Settlement” column is based on Exhibit B to Peoples’ 2025 Stipulation and Settlement Agreement (the “2025 Agreement”), adjusted to exclude rate classes that are not eligible for the NGCCR Clause.

(b) Special Contracts are shown only to carve out the $16,461 allocated dollars attributable to Special Contract therms that were not included in the original allocation. No Conservation Factor is proposed or billed to Special Contract customers on this line; those customers continue to pay under their normal contract rate/terms. Because these allocated dollars are not recovered through a Special Contract Conservation Factor, the clause may have a revenue shortfall of up to $16,461.

PEOPLES GAS SYSTEM, INC.
ESTIMATED CONSERVATION PROGRAM COSTS BY PROGRAM BY MONTH
January 2027 through December 2027

	PROGRAM	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL
1	RESIDENTIAL CUSTOMER ASSISTED AUDIT	16,667	16,667	16,667	16,667	16,667	16,667	16,667	16,667	16,667	16,667	16,667	16,663	**$200,000**
2	RESIDENTIAL NEW CONSTRUCTION	1,259,433	1,259,433	1,259,433	1,259,433	1,259,433	1,259,433	1,259,433	1,259,433	1,259,433	1,259,433	1,259,433	1,259,430	**$15,113,193**
3	RESIDENTIAL RETROFIT	11,334	11,334	11,334	11,334	11,334	11,334	11,334	11,334	11,334	11,334	11,334	11,337	**$136,011**
4	RESIDENTIAL RETENTION	212,058	212,058	212,058	212,058	212,058	212,058	212,058	212,058	212,058	212,058	212,058	212,058	**$2,544,696**
5	COMMERCIAL WALKTHROUGH AUDIT	13,101	13,101	13,101	13,101	13,101	13,101	13,101	13,101	13,101	13,101	13,101	13,105	**$157,216**
6	COMMERCIAL NEW CONSTRUCTION	216,373	216,373	216,373	216,373	216,373	216,373	216,373	216,373	216,373	216,373	216,373	216,372	**$2,596,475**
7	COMMERCIAL RETROFIT	44,573	44,573	44,573	44,573	44,573	44,573	44,573	44,573	44,573	44,573	44,573	44,573	**$534,876**
8	COMMERCIAL RETROFIT CHP	0	0	0	0	0	0	0	0	0	0	0	0	**$0**
9	COMMERCIAL RETROFIT ELECTRIC REPLACEMENT	0	0	0	0	0	0	0	0	0	0	0	0	**$0**
10	COMMERCIAL RETENTION	131,869	131,869	131,869	131,869	131,869	131,869	131,869	131,869	131,869	131,869	131,869	131,866	**$1,582,425**
11	CONSERVATION R&D	0	0	0	0	0	0	0	0	0	0	0	0	**$0**
12	COMMON COSTS	233,001	233,001	233,001	233,001	233,001	233,001	233,001	233,001	233,001	233,001	233,001	233,005	**$2,796,016**
	TOTAL ALL PROGRAMS	$2,138,409	$2,138,409	$2,138,409	$2,138,409	$2,138,409	$2,138,409	$2,138,409	$2,138,409	$2,138,409	$2,138,409	$2,138,409	$2,138,409	**$25,660,908**

PEOPLES GAS SYSTEM, INC.
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SCHEDULE C-2
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PEOPLES GAS SYSTEM, INC.
ESTIMATED CONSERVATION PROGRAM COSTS PER PROGRAM
January 2027 through December 2027

	PROGRAM	CAPITAL INVEST	PAYROLL & BENEFITS	MATERIALS & SUPPLIES	ADVERT	INCENTIVES	OUTSIDE SERVICES	VEHICLE	OTHER	TOTAL
1	RESIDENTIAL CUSTOMER ASSISTED AUDIT	0	0	0	0	0	200,000	0	0	**$200,000**
2	RESIDENTIAL NEW CONSTRUCTION	0	0	0	0	15,113,193	0	0	0	**$15,113,193**
3	RESIDENTIAL RETROFIT	0	0	0	0	136,011	0	0	0	**$136,011**
4	RESIDENTIAL RETENTION	0	0	0	0	2,544,696	0	0	0	**$2,544,696**
5	COMMERCIAL WALKTHROUGH AUDIT	0	0	0	0	0	157,216	0	0	**$157,216**
6	COMMERCIAL NEW CONSTRUCTION	0	0	0	0	2,596,475	0	0	0	**$2,596,475**
7	COMMERCIAL RETROFIT	0	0	0	0	534,876	0	0	0	**$534,876**
8	COMMERCIAL RETROFIT CHP	0	0	0	0	0	0	0	0	**$0**
9	COMMERCIAL RETROFIT ELECTRIC REPLACEMENT	0	0	0	0	0	0	0	0	**$0**
10	COMMERCIAL RETENTION	0	0	0	0	1,582,425	0	0	0	**$1,582,425**
11	CONSERVATION R&D	0	0	0	0	0	0	0	0	**$0**
12	COMMON COSTS	0	876,588	0	1,650,000	0	178,550	0	90,878	**$2,796,016**
	PROGRAM COSTS	**$0**	**$876,588**	**$0**	**$1,650,000**	**$22,507,676**	**$535,766**	**$0**	**$90,878**	**$25,660,908**

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PEOPLES GAS SYSTEM, INC.
ESTIMATED CONSERVATION PROGRAM COSTS PER PROGRAM
Estimated For Months July 2026 through December 2026

	PROGRAM	CAPITAL INVEST	PAYROLL BENEFITS	MATERIALS & SUPPLIES	ADVERT	INCENTIVES	OUTSIDE SERVICES	VEHICLE	OTHER	TOTAL
1	RESIDENTIAL CUSTOMER ASSISTED AUDIT									
	A. ACTUAL	0	0	0	0	0	128,750	0	0	**128,750**
	B. ESTIMATED	0	0	0	0	0	0	0	0	**0**
	C. TOTAL	0	0	0	0	0	128,750	0	0	**128,750**
2	RESIDENTIAL NEW CONSTRUCTION									
	A. ACTUAL	0	0	0	0	7,394,500	0	0	0	**7,394,500**
	B. ESTIMATED	0	0	0	0	7,118,400	0	0	0	**7,118,400**
	C. TOTAL	0	0	0	0	14,512,900	0	0	0	**14,512,900**
3	RESIDENTIAL RETROFIT									
	A. ACTUAL	0	0	0	0	98,525	0	0	0	**98,525**
	B. ESTIMATED	0	0	0	0	59,118	0	0	0	**59,118**
	C. TOTAL	0	0	0	0	157,643	0	0	0	**157,643**
4	RESIDENTIAL RETENTION									
	A. ACTUAL	0	0	0	0	1,229,350	0	0	0	**1,229,350**
	B. ESTIMATED	0	0	0	0	922,014	0	0	0	**922,014**
	C. TOTAL	0	0	0	0	2,151,364	0	0	0	**2,151,364**
5	COMMERCIAL WALKTHROUGH AUDIT									
	A. ACTUAL	0	0	0	0	0	41,109	0	0	**41,109**
	B. ESTIMATED	0	0	0	0	0	114,642	0	0	**114,642**
	C. TOTAL	0	0	0	0	0	155,751	0	0	**155,751**
6	COMMERCIAL NEW CONSTRUCTION									
	A. ACTUAL	0	0	0	0	1,342,147	0	0	0	**1,342,147**
	B. ESTIMATED	0	0	0	0	1,702,148	0	0	0	**1,702,148**
	C. TOTAL	0	0	0	0	3,044,295	0	0	0	**3,044,295**
7.	COMMERCIAL RETROFIT									
	A. ACTUAL	0	0	0	0	295,818	0	0	0	**295,818**
	B. ESTIMATED	0	0	0	0	266,657	0	0	0	**266,657**
	C. TOTAL	0	0	0	0	562,475	0	0	0	**562,475**
8.	COMMERCIAL RETROFIT CHP									
	A. ACTUAL	0	0	0	0	0	0	0	0	**0**
	B. ESTIMATED	0	0	0	0	0	0	0	0	**0**
	C. TOTAL	0	0	0	0	0	0	0	0	**0**
9.	COMMERCIAL RETROFIT ELECTRIC REPLACEMENT									
	A. ACTUAL	0	0	0	0	0	0	0	0	**0**
	B. ESTIMATED	0	0	0	0	0	0	0	0	**0**
	C. TOTAL	0	0	0	0	0	0	0	0	**0**
10.	COMMERCIAL RETENTION									
	A. ACTUAL	0	0	0	0	886,643	0	0	0	**886,643**
	B. ESTIMATED	0	0	0	0	801,965	0	0	0	**801,965**
	C. TOTAL	0	0	0	0	1,688,608	0	0	0	**1,688,608**
11.	CONSERVATION R&D									
	A. ACTUAL	0	0	0	0	0	0	0	0	**0**
	B. ESTIMATED	0	0	0	0	0	0	0	0	**0**
	C. TOTAL	0	0	0	0	0	0	0	0	**0**
12	COMMON COSTS									
	A. ACTUAL	0	431,028	641	746,012	0	86,533	0	93,360	**1,357,574**
	B. ESTIMATED	0	425,528	0	798,488	0	104,329	0	751	**1,329,096**
	C. TOTAL	0	856,556	641	1,544,500	0	190,862	0	94,111	**2,686,670**
	TOTAL	**$ -**	**$ 856,556**	**$ 641**	**$ 1,544,500**	**$ 22,117,285**	**$ 475,363**	**$ -**	**$ 94,111**	**$ 25,088,456**

PEOPLES GAS SYSTEM, INC.
CONSERVATION PROGRAM COSTS BY PROGRAM
ACTUAL/ESTIMATED
Estimated For Months July 2026 through December 2026

	PROGRAM NAME	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	**TOTAL**
1	RESIDENTIAL CUSTOMER ASSISTED AUDIT	0	0	0	0	0	128,750	0	0	0	0	0	0	**$128,750**
2	RESIDENTIAL NEW CONSTRUCTION	1,310,300	937,050	737,900	792,550	888,850	2,727,850	1,186,400	1,186,400	1,186,400	1,186,400	1,186,400	1,186,400	**$14,512,900**
3	RESIDENTIAL RETROFIT	27,525	22,100	15,800	8,200	9,600	15,300	9,853	9,853	9,853	9,853	9,853	9,853	**$157,643**
4	RESIDENTIAL RETENTION	79,550	391,550	120,350	174,550	118,800	344,550	153,669	153,669	153,669	153,669	153,669	153,669	**$2,151,364**
5	COMMERCIAL WALKTHROUGH AUDIT	0	9,915	0	0	11,771	19,423	19,107	19,107	19,107	19,107	19,107	19,107	**$155,751**
6	COMMERCIAL NEW CONSTRUCTION	76,486	289,191	185,755	272,000	234,261	284,454	283,691	283,691	283,691	283,691	283,691	283,691	**$3,044,293**
7	COMMERCIAL RETROFIT	3,500	74,871	38,375	44,417	58,704	75,951	44,443	44,443	44,443	44,443	44,443	44,443	**$562,476**
8	COMMERCIAL RETROFIT CHP	0	0	0	0	0	0	0	0	0	0	0	0	**$0**
9	COMMERCIAL RETROFIT ELECTRIC REPLACEM	0	0	0	0	0	0	0	0	0	0	0	0	**$0**
10	COMMERCIAL RETENTION	99,500	91,176	118,113	182,000	193,248	202,606	133,661	133,661	133,661	133,661	133,661	133,661	**$1,688,609**
11	CONSERVATION R&D	0	0	0	0	0	0	0	0	0	0	0	0	**$0**
12	COMMON COSTS	229,057	82,294	356,296	85,148	524,100	80,679	221,516	221,516	221,516	221,516	221,516	221,516	**$2,686,670**
13	TOTAL ALL PROGRAMS	**$1,825,918**	**$1,898,147**	**$1,572,589**	**$1,558,865**	**$2,039,334**	**$3,879,563**	**$2,052,340**	**$2,052,340**	**$2,052,340**	**$2,052,340**	**$2,052,340**	**$2,052,340**	**$25,088,456**

PEOPLES GAS SYSTEM, INC.
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SCHEDULE C - 3
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PEOPLES GAS SYSTEM, INC.
ENERGY CONSERVATION ADJUSTMENT
January 2026 through December 2026

CONSERVATION REVS.	Actuals Jan	Actuals Feb	Actuals Mar	Actuals Apr	Actuals May	Actuals Jun	Projected Jul	Projected Aug	Projected Sep	Projected Oct	Projected Nov	Projected Dec	TOTAL
RCS AUDIT FEES	-	-	-	-	-	-	-	-	-	-	-	-	$ -
a. OTHER PROG. REV.	(2,086,922)	(2,368,878)	(1,928,272)	(1,699,063)	(1,328,692)	(1,167,623)	(1,279,019)	(1,279,019)	(1,279,019)	(1,279,019)	(1,279,019)	(1,279,019)	$ **(18,253,564)**
b. CONSERV. ADJ. REV.	-	-	-	-	-	-	-	-	-	-	-	-	$ -
c.	-	-	-	-	-	-	-	-	-	-	-	-	$ -
CONSERV. ADJ REV. (NET OF REV. TAXES)	-	-	-	-	-	-	-	-	-	-	-	-	$ -
TOTAL REVENUES	(2,086,922)	(2,368,878)	(1,928,272)	(1,699,063)	(1,328,692)	(1,167,623)	(1,279,019)	(1,279,019)	(1,279,019)	(1,279,019)	(1,279,019)	(1,279,019)	$ **(18,253,564)**
PRIOR PERIOD TRUE-UP NOT APPLIC. TO PERIOD	(744,032)	(744,032)	(744,032)	(744,032)	(744,032)	(744,032)	(744,032)	(744,032)	(744,032)	(744,032)	(744,032)	(744,032)	$ **(8,928,384)**
CONSERVATION REVS. APPLIC. TO PERIOD	(2,830,954)	(3,112,910)	(2,672,304)	(2,443,095)	(2,072,724)	(1,911,655)	(2,023,051)	(2,023,051)	(2,023,051)	(2,023,051)	(2,023,051)	(2,023,051)	$ **(27,181,948)**
CONSERVATION EXPS. (FORM C-3, PAGE 2)	1,825,918	1,898,147	1,572,589	1,558,865	2,039,334	3,879,563	2,052,340	2,052,340	2,052,340	2,052,340	2,052,340	2,052,340	$ **25,088,456**
TRUE-UP THIS PERIOD	(1,005,036)	(1,214,763)	(1,099,715)	(884,230)	(33,390)	1,967,908	29,289	29,289	29,289	29,289	29,289	29,289	$ **(2,093,492)**
REGULATORY ADJUSTMENTS													$ -
INTEREST THIS PERIOD (C-3,PAGE 5)	(30,098)	(31,091)	(32,536)	(33,715)	(33,056)	(27,920)	(22,661)	(20,365)	(18,063)	(15,753)	(13,436)	(11,112)	$ **(289,806)**
TRUE-UP & INT. BEG. OF MONTH	(9,802,836)	(10,093,938)	(10,595,760)	(10,983,979)	(11,157,892)	(10,480,306)	(7,796,286)	(7,045,626)	(6,292,670)	(5,537,412)	(4,779,844)	(4,019,959)	$ **(9,802,836)**
PRIOR TRUE-UP COLLECT./(REFUND.)	744,032	744,032	744,032	744,032	744,032	744,032	744,032	744,032	744,032	744,032	744,032	744,032	$ **8,928,384**
END OF PERIOD TOTAL NET TRUE-UP	**$ (10,093,938)**	**$ (10,595,760)**	**$ (10,983,979)**	**$ (11,157,892)**	**$ (10,480,306)**	**$ (7,796,286)**	**$ (7,045,626)**	**$ (6,292,670)**	**$ (5,537,412)**	**$ (4,779,844)**	**$ (4,019,959)**	**$ (3,257,750)**	**$ (3,257,750)**

PEOPLES GAS SYSTEM, INC.
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PEOPLES GAS SYSTEM, INC.
CALCULATION OF TRUE-UP AND INTEREST PROVISION
January 2026 through December 2026

INTEREST PROVISION	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL
BEGINNING TRUE-UP	(9,802,836)	(10,093,938)	(10,595,760)	(10,983,979)	(11,157,892)	(10,480,306)	(7,796,286)	(7,045,626)	(6,292,670)	(5,537,412)	(4,779,844)	(4,019,959)	
END. T-UP BEFORE INT.	(10,063,840)	(10,564,669)	(10,951,443)	(11,124,177)	(10,447,250)	(7,768,366)	(7,022,965)	(6,272,305)	(5,519,349)	(4,764,091)	(4,006,523)	(3,246,638)	
TOT. BEG. & END. T-UP	(19,866,676)	(20,658,607)	(21,547,203)	(22,108,156)	(21,605,142)	(18,248,672)	(14,819,251)	(13,317,931)	(11,812,019)	(10,301,503)	(8,786,367)	(7,266,597)	
AVERAGE TRUE-UP	(9,933,338)	(10,329,304)	(10,773,602)	(11,054,078)	(10,802,571)	(9,124,336)	(7,409,626)	(6,658,966)	(5,906,010)	(5,150,752)	(4,393,184)	(3,633,299)	
INT. RATE-FIRST DAY OF REPORTING BUS. MTH	3.6600%	3.6200%	3.6000%	3.6500%	3.6700%	3.6800%	3.6700%	3.6700%	3.6700%	3.6700%	3.6700%	3.6700%	
INT. RATE-FIRST DAY OF SUBSEQUENT BUS. MTH	3.6200%	3.6000%	3.6500%	3.6700%	3.6800%	3.6700%	3.6700%	3.6700%	3.6700%	3.6700%	3.6700%	3.6700%	
TOTAL	7.2800%	7.2200%	7.2500%	7.3200%	7.3500%	7.3500%	7.3400%	7.3400%	7.3400%	7.3400%	7.3400%	7.3400%	
AVG INTEREST RATE	3.6400%	3.6100%	3.6250%	3.6600%	3.6750%	3.6750%	3.6700%	3.6700%	3.6700%	3.6700%	3.6700%	3.6700%	
MONTHLY AVG. RATE	0.30300%	0.3010%	0.3020%	0.3050%	0.3060%	0.3060%	0.3058%	0.3058%	0.3058%	0.3058%	0.3058%	0.3058%	
INTEREST PROVISION	**(30,098)**	**(31,091)**	**(32,536)**	**(33,715)**	**(33,056)**	**(27,920)**	**(22,661)**	**(20,365)**	**(18,063)**	**(15,753)**	**(13,436)**	**(11,112)**	**(289,806)**

PEOPLES GAS SYSTEM, INC.
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PROGRAM DESCRIPTION AND PROGRESS

Program Title: RESIDENTIAL ONLINE ENERGY AUDIT

Program Description: The Residential Online Energy Audit is designed to save energy by increasing residential customer awareness of natural gas energy use in personal residences. This program allows new and prospective residential customers to engage in an online energy audit. Recommendations provided to the customer include an estimated range of energy savings and insightful advice on managing their overall energy usage.

Program Projections: January 1 to December 31, 2026

During this period, 18,623 customers are projected to participate.

January 1 to December 31, 2027

During this period, 15,000 customers are projected to participate.

Program Fiscal Expenditures: January 1 to December 31, 2026

Expenditures are estimated to be $128,750.

January 1 to December 31, 2027

Expenditures are estimated to be $200,000.

Historical Program Summary: Since its inception, 49,332 customers have participated in this program.

PROGRAM DESCRIPTION AND PROGRESS

Program Title: RESIDENTIAL NEW CONSTRUCTION

Program Description: The Residential New Construction Program is designed to encourage builders and developers to construct new single family and multi-family homes with energy efficient natural gas appliances to help reduce the new customer's energy consumption and conserve energy resources. The rebates offered to builders and developers under this program are designed to assist in defraying the added cost of gas piping and venting.

Program Projections: January 1 to December 31, 2026

During this period, 12,302 customers are projected to participate.

January 1 to December 31, 2027

During this period, 12,000 customers are projected to participate.

Program Fiscal Expenditures: January 1 to December 31, 2026

Expenditures are estimated to be $14,512,900.

January 1 to December 31, 2027

Expenditures are estimated to be $15,113,193.

Historical Program Summary: Since its inception, 245,639 customers have participated in this program.

PROGRAM DESCRIPTION AND PROGRESS

Program Title: RESIDENTIAL RETROFIT

Program Description: The Residential Retrofit Program is designed to encourage both existing and new natural gas customers to make cost-effective improvements to their residences by installing energy- efficient natural gas appliances. This will help reduce their energy consumption and conserve energy resources. The rebates offered to customers under this program are designed to assist in defraying the added cost of gas piping and venting.

Program Projections: January 1 to December 31, 2026

During this period, customers are projected to install 341 appliances.

January 1 to December 31, 2027

During this period, customers are projected to install 300 appliances.

Program Fiscal Expenditures: January 1 to December 31, 2026

Expenditures are estimated to be $157,643.

January 1 to December 31, 2027

Expenditures are estimated to be $136,011.

Historical Program Summary: Since its inception, 34,188 natural gas appliances have been installed in this program.

PROGRAM DESCRIPTION AND PROGRESS

Program Title: RESIDENTIAL RETENTION

Program Description: The Residential Retention Program is designed to encourage current natural gas customers to make cost-effective improvements to existing residences with the installation of energy-efficient natural gas appliances to help reduce their energy consumption and conserve energy resources. The goal is to offer customer rebates for installing new energy-efficient natural gas equipment.

Program Projections: January 1 to December 31, 2026

During this period, customers are projected to install 5,287 appliances.

January 1 to December 31, 2027

During this period, customers are projected to install 6,300 appliances.

Program Fiscal Expenditures: January 1 to December 31, 2026

Expenditures are estimated to be $2,151,364.

January 1 to December 31, 2027

Expenditures are estimated at $2,544,696.

Historical Program Summary: Since its inception, 248,816 natural gas appliances have been installed in this program.

PROGRAM DESCRIPTION AND PROGRESS

Program Title: COMMERCIAL WALKTHROUGH ENERGY AUDIT

Program Description: The Commercial Walk-Through Energy Audit is designed to reduce the energy consumption of commercial facilities by increasing customer awareness of the energy use in their facilities. The savings are dependent upon the customer's implementation of conservation measures and practices recommended.

Program Projections: January 1 to December 31, 2026

During this period, 150 customers are projected to participate.

January 1 to December 31, 2027

During this period, 150 customers are projected to participate.

Program Fiscal Expenditures: January 1 to December 31, 2026

Expenditures are estimated to be $155,751.

January 1 to December 31, 2027

Expenditures are estimated to be $157,216.

Historical Program Summary: Since its inception, 333 customers have participated in this program.

PROGRAM DESCRIPTION AND PROGRESS

Program Title: COMMERCIAL NEW CONSTRUCTION

Program Description: The Commercial New Construction Program is designed to encourage new natural gas customers to construct commercial facilities with energy efficient natural gas equipment to help reduce the new customer's energy consumption and conserve energy resources. The rebates offered to builders and developers under this program are designed to assist in defraying the added cost of gas piping and venting.

Program Projections: January 1 to December 31, 2026

During this period, customers are projected to install 963 appliances.

January 1 to December 31, 2027

During this period, customers are projected to install 925 appliances.

Program Fiscal Expenditures: January 1 to December 31, 2026

Expenditures are estimated to be $3,044,293.

January 1 to December 31, 2027

Expenditures are estimated to be $2,596,475.

Historical Program Summary: Since its inception, 3,999 pieces of natural gas equipment have been installed in this program.

PROGRAM DESCRIPTION AND PROGRESS

Program Title: COMMERCIAL RETROFIT

Program Description: The Commercial Retrofit Program is designed to encourage current and new natural gas customers to make cost-effective improvements to existing commercial facilities with the installation of energy-efficient natural gas equipment to help reduce their energy consumption and conserve energy resources.

Program Projections: January 1 to December 31, 2026

During this period, customers are projected to install 165 pieces of equipment.

January 1 to December 31, 2027

During this period, customers are projected to install 159 pieces of equipment.

Program Fiscal Expenditures: January 1 to December 31, 2026

Expenditures are estimated to be $562,476.

January 1 to December 31, 2027

Expenditures are estimated to be $534,876.

Historical Program Summary: Since its inception, 3,128 pieces of natural gas equipment have been installed in this program.

PROGRAM DESCRIPTION AND PROGRESS

Program Title: COMMERCIAL RETROFIT COMBINED HEAT AND POWER

Program Description: The Commercial Retrofit Combined Heat and Power Program is designed to encourage current and new natural gas customers to make cost-effective improvements to existing commercial facilities with the installation of energy efficient natural gas equipment to help reduce their energy consumption and conserve energy resources. The goal is to offer customer rebates for installing new energy-efficient natural gas combined heat and power equipment that utilizes waste heat to displace portions of natural gas usage for on-site heating, cooling, and/or water heating.

Program Projections: January 1 to December 31, 2026

During this period, zero customers are projected to participate.

January 1 to December 31, 2027

During this period, zero customers are projected to participate.

Program Fiscal Expenditures: January 1 to December 31, 2026

Expenditures are estimated to be $0.

January 1 to December 31, 2027

Expenditures are estimated to be $0.

Historical Program Summary: Since its inception, 7 customers have participated in this program.

PROGRAM DESCRIPTION AND PROGRESS

Program Title: COMMERCIAL RETROFIT ELECTRIC REPLACEMENT

Program Description: The Commercial Retrofit Electric Replacement Program is designed to encourage current and new natural gas customers to make cost-effective improvements to existing commercial facilities with the installation of energy-efficient natural gas equipment to help reduce their energy consumption and conserve energy resources. The goal is to offer customer rebates for installing new energy efficient natural gas equipment.

Program Projections: January 1 to December 31, 2026

During this period, zero customers are projected to participate.

January 1 to December 31, 2027

During this period, zero customers are projected to participate.

Program Fiscal Expenditures: January 1 to December 31, 2026

Expenditures are estimated to be $0.

January 1 to December 31, 2027

Expenditures are estimated at $0.

Historical Program Summary: Since its inception, 60,581 kW have been displaced in this program.

PROGRAM DESCRIPTION AND PROGRESS

Program Title: COMMERCIAL RETENTION

Program Description: The Commercial Retention Program is designed to encourage current natural gas customers to make cost-effective improvements to existing commercial facilities with the installation of energy-efficient natural gas equipment to help reduce their energy consumption and conserve energy resources.

Program Projections: January 1 to December 31, 2026

During this period, customers are projected to install 1,007 pieces of equipment.

January 1 to December 31, 2027

During this period, customers are projected to install 975 pieces of equipment.

Program Fiscal Expenditures: January 1 to December 31, 2026

Expenditures are estimated to be $1,688,609.

January 1 to December 31, 2027

Expenditures are estimated to be $1,582,425.

Historical Program Summary: Since its inception, 9,958 pieces of natural gas equipment have been installed in this program.

PROGRAM DESCRIPTION AND PROGRESS

Program Title: CONSERVATION RESEARCH AND DEVELOPMENT

Program Description: This program is in response to Rule 25-17.001 (5) (f), F.A.C., that requires aggressive R&D projects be "…an ongoing part of the practice of every well managed utility's programs." It is also in support of Commission Order No. 22176 dated November 14, 1989, requiring utilities to "…pursue research, development, and demonstration projects designed to promote energy efficiency and conservation." R&D activity will be conducted on proposed measures to determine the impact on the company and its ratepayers and may occur at customer premises, Peoples facilities or at independent test sites.

Program Projections: The company continues to review possible projects for this program and will notify the Commission prior to beginning any research and development projects.

Program Fiscal Expenditures: January 1 to December 31, 2026

Expenditures are estimated to be $0.

January 1 to December 31, 2027

Expenditures are estimated to be $0.

PROGRAM DESCRIPTION AND PROGRESS

Program Title: COMMON COSTS

Program Description: These expenses do not represent a separate program. These are expenses common to all Peoples' conservation programs. These expenses may include labor, advertising, software maintenance, and other administrative costs that cannot be attributed to any specific conservation program.

Program Fiscal Expenditures: January 1 to December 31, 2026

Expenditures are estimated to be $2,686,670.

January 1 to December 31, 2027

Expenditures are estimated to be $2,796,016.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Testimony and Exhibit of Charles T Morgan has been furnished by electronic mail on this 3rd day of August 2026 to the following:

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