



**November 12, 2024**


Matthew Vogel, Public Utilities Supervisor  
Division of Accounting and Finance  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850

Dear Mr. Vogel:

Attached is the Rate of Return calculation of Peoples Gas System for the period ending **September 2024**.

Please let me know if you have any questions.

Respectfully,

DocuSigned by:  
  
FCEA039064924EE...  
**Jon DeVries**  
Director of Finance VP of Finance

Enclosures

cc: Office of Public Counsel – Charles Rehwinkel

PEOPLES GAS SYSTEM  
EARNINGS SURVEILLANCE REPORT SUMMARY  
Sep 2024  
(In \$ Thousands)

SCHEDULE 1

	(1) Actual Per Books	(2) FPSC Adjustments	(3) FPSC Adjusted	(4) Pro Forma Adjustments	(5) Pro Forma Adjusted
I. AVERAGE RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	\$ 158,569	\$ 1,074	\$ 159,643	\$ 0	\$ 159,643
AVERAGE RATE BASE	\$ 2,400,885	\$ (108,071)	\$ 2,292,814	\$ 0	\$ 2,292,814
AVERAGE RATE OF RETURN	6.60 %		6.96 %		6.96 %

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

III. EARNED RETURN ON EQUITY

			FPSC ADJUSTED	PRO FORMA ADJUSTED
LOW	6.57 %			
MIDPOINT	7.04 %	A. INCLUDING FLEX RATE REVENUES	9.99 %	9.99 %
HIGH	7.51 %	B. EXCLUDING FLEX RATE REVENUES	9.61 %	9.61 %

I am aware that Section 837.06, Florida Statutes, provides:

Whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his or her official duty shall be guilty of a misdemeanor of the second degree punishable as provided in s. 775.082 or s. 775.083.

/s/ Jon DeVries, VP of Finance  
(Name and Title)

DocuSigned by:  
Jon DeVries  
(Signature)

11/12/2024

(Date)

PSC/AFA13

**PEOPLES GAS SYSTEM  
AVERAGE RATE BASE  
Sep 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	3,148,201	1,161	928,310	27,319	2,193,733	1,940	176,621	2,372,293	28,592	2,400,885
<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									(8,900)	(8,900)
Other Accounts Receivable									(932)	(932)
Non-Utility Allocation	(1,367)		(477)		(891)			(891)		(891)
Remove Unamort. Debt Expense									(1,960)	(1,960)
Remove Unrecovered Gas Cost									-	-
Remove Dividends Declared									-	-
Remove Unrec. Conservation Costs									(6,908)	(6,908)
Remove Unrec. CIBSR Costs									(54)	(54)
Remove Competitive Rate Adjustment									(4,525)	(4,525)
Remove Unamortized Rate Case Expense									(1,876)	(1,876)
Gain on Sale of Property										-
Remove Acquis. Adjustment (WFNG)		-	-		-			-		-
Remove Derivative (FAS 133)									-	-
Cast Iron/Bare Steel Rider (CIBSR)	(16,512)		(122)		(16,390)		(10,024)	(26,414)		(26,414)
AFUDC - Eligible CWIP							(52,368)	(52,368)		(52,368)
Remove Investment in Subsidiaries									(1,301)	(1,301)
TOTAL FPSC ADJUSTMENTS	(17,880)	-	(599)	-	(17,281)	(1,940)	(62,393)	(81,613)	(26,458)	(108,071)
FPSC ADJUSTED	3,130,321	1,161	927,711	27,319	2,176,453	-	114,228	2,290,680	2,134	2,292,814
<u>FLEX RATE REVENUES</u>										
ADJUSTED FOR										
FLEX RATE REVENUES	3,130,321	1,161	927,711	27,319	2,176,453	-	114,228	2,290,680	2,134	2,292,814
<u>PRO FORMA REVENUE INCREASE AND ANNUALIZATION ADJUSTMENTS:</u>										
										-
TOTAL PRO FORMA ADJUSTMENTS	-	-	-	-	-	-	-	-	-	-
PRO FORMA ADJUSTED	3,130,321	1,161	927,711	27,319	2,176,453	-	114,228	2,290,680	2,134	2,292,814

**PEOPLES GAS SYSTEM**  
**NET OPERATING INCOME**  
**Sep 2024**  
**(In \$ Thousands)**

**SCHEDULE 3**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	Operating Revenues	O & M Gas Expense	O & M Other	Depreciation & Amortization	Taxes Other Than Income	Income Taxes Current	Deferred Income Taxes (Net)	Investment Tax Credit (Net)	Gain/Loss on Disposition	Total Operating Expenses	Net Operating Income
PER BOOKS	661,527	148,400	183,230	75,159	62,951	22,954	10,793	-	(531)	502,958	158,569
<u>FPSC ADJUSTMENTS:</u>											
Remove Conservation Charges	(46,792)		(46,792)			(0)				(46,792)	(0)
Non-Utility Allocation				(36)	-	9				(27)	27
Interest Synchronization						471				471	(471)
Parent Debt Adjustment						(3,213)				(3,213)	3,213
Remove Fuel Revenues	(148,980)	(148,400)			(580)	(0)				(148,980)	-
Economic Development Adjustment			(17)			4				(13)	13
Employee Activities			(44)			11				(33)	33
Franchise/Gross Receipts Taxes	(35,172)				(35,015)	(40)				(35,055)	(117)
Maintenance of General Plant			(61)			15				(45)	45
Maint. of Structures and Improvements			(6)			2				(5)	5
Remove Acquisition Adj. Amortiz. (WFNG)				-		-				-	-
Gain on Sale of Property						-				-	-
Lease of PHFFU	(131)					(33)				(33)	(98)
Remove ITC Amortization						-		-		-	-
Cast Iron/Bare Steel Rider (CIBSR)	(949)		(668)	(216)	(66)	0				(949)	0.00
Cast Iron/Bare Steel Rider (CIBSR) - ROI	(2,110)					(535)				(535)	(1,576)
OSS Adjustment	-					-				-	-
TOTAL FPSC ADJUSTMENTS	(234,134)	(148,400)	(47,587)	(251)	(35,661)	(3,308)	-	-	-	(235,208)	1,074
FPSC ADJUSTED	427,393	-	135,643	74,908	27,290	19,646	10,793	-	(531)	267,750	159,643
<u>FLEX RATE REVENUES</u>	(5,477)					(1,388)				(1,388)	(4,089)
ADJUSTED FOR											
FLEX RATE REVENUES	421,915	-	135,643	74,908	27,290	18,258	10,793	-	(531)	266,361	155,554
<u>PRO FORMA REVENUE INCREASE AND</u>											
<u>ANNUALIZATION ADJUSTMENTS:</u>											
Deferred Tax True-up						-				-	-
TOTAL PRO FORMA ADJUSTMENTS	-		-			-			-	-	-
PRO FORMA ADJUSTED	427,393	-	135,643	74,908	27,290	19,646	10,793	-	(531)	267,750	159,643
PER BOOKS											
CURRENT MONTH AMOUNT	51,179	8,733	13,066	7,389	4,978	1,275	1,607	-	-	37,048	14,131

PEOPLES GAS SYSTEM  
CAPITAL STRUCTURE  
FPSC ADJUSTED BASIS  
Sep 2024  
(In \$ Thousands)

SCHEDULE 4

AVERAGE	PER BOOKS	ADJUSTMENTS		ADJUSTED	RATIO (%)	LOW POINT		MIDPOINT		HIGH POINT	
		SPECIFIC	PRO RATA			COST RATE	WEIGHTED COST	COST RATE	WEIGHTED COST	COST RATE	WEIGHTED COST
						(%)	(%)	(%)	(%)	(%)	(%)
LONG TERM DEBT	837,235	(1,960)	(31,209)	804,066	35.07%	5.51	1.93	5.51	1.93	5.51	1.93
SHORT TERM DEBT	115,579	(6,962)	(4,058)	104,558	4.56%	6.45	0.29	6.45	0.29	6.45	0.29
CUSTOMER DEPOSITS	29,415		(891)	28,524	1.24%	2.43	0.03	2.43	0.03	2.43	0.03
COMMON EQUITY	1,127,332	(3,905)	(41,976)	1,081,452	47.17%	9.15	4.32	10.15	4.79	11.15	5.26
DEFERRED INCOME TAX	291,323	(8,543)	(8,567)	274,214	11.96%						
TAX CREDITS - ZERO COST	-	-	-	-	0.00%						
TOTAL	2,400,885	(21,370)	(86,701)	2,292,814	100.00%		6.57		7.04		7.51

**PEOPLES GAS SYSTEM**  
**EARNED RETURN ON COMMON EQUITY**  
**FPSC ADJUSTED BASIS**  
**Sep 2024**  
**(In \$ Thousands)**

SCHEDULE 5

**A. FPSC ADJUSTED AVERAGE JURISDICTIONAL RETURN ON COMMON EQUITY**  
**INCLUDING FLEX RATE REVENUES**

FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	6.96 %	(Schedule 1)
LESS: RECONCILED AVERAGE JURISDICTIONAL		
WEIGHTED COST RATES FOR:		
LONG TERM DEBT	(1.93) %	
SHORT TERM DEBT	(0.29) %	
PREFERRED STOCK	0.00 %	
CUSTOMER DEPOSITS	(0.03) %	
TAX CREDITS-WEIGHTED COST(MIDPOINT)	0.00 %	
SUBTOTAL	<u>(2.25) %</u>	
TOTAL	4.71 %	
DIVIDED BY RECONCILED COMMON EQUITY RATIO	<u>47.17 %</u>	
JURISDICTIONAL RETURN ON COMMON EQUITY	<u><u>9.99 %</u></u>	

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

NET OPERATING REVENUE EXCLUDING FLEX RATE REVENUES	\$ 155,554	(Schedule 3)
RATE BASE EXCLUDING FLEX RATE REVENUES	\$ <u>2,292,814</u>	(Schedule 2)
FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	<u>6.78 %</u>	
LESS: RECONCILED AVERAGE JURISDICTIONAL		
WEIGHTED COST RATES FOR:		
LONG TERM DEBT	(1.93) %	
SHORT TERM DEBT	(0.29) %	
PREFERRED STOCK	0.00 %	
CUSTOMER DEPOSITS	(0.03) %	
TAX CREDITS-WEIGHTED COST(MIDPOINT)	0.00 %	
SUBTOTAL	<u>(2.25) %</u>	
TOTAL	4.53 %	
DIVIDED BY RECONCILED COMMON EQUITY RATIO	<u>47.17 %</u>	
JURISDICTIONAL RETURN ON COMMON EQUITY	<u><u>9.61 %</u></u>	

**PEOPLES GAS SYSTEM**  
**EARNED RETURN ON COMMON EQUITY**  
**PRO FORMA ADJUSTED BASIS**  
**Sep 2024**

SCHEDULE 5-2

**A. PRO FORMA ADJUSTED AVERAGE JURISDICTIONAL RETURN ON COMMON EQUITY**  
**INCLUDING FLEX RATE REVENUES**

PRO FORMA ADJUSTED AVERAGE EARNED RATE OF RETURN	6.96 %	(Schedule 1)
LESS: RECONCILED AVERAGE JURISDICTIONAL		
WEIGHTED COST RATES FOR:		
LONG TERM DEBT	(1.93) %	
SHORT TERM DEBT	(0.29) %	
PREFERRED STOCK	0.00 %	
CUSTOMER DEPOSITS	(0.03) %	
TAX CREDITS-WEIGHTED COST(MIDPOINT)	0.00 %	
SUBTOTAL	<u>(2.25) %</u>	
TOTAL	4.71 %	
DIVIDED BY RECONCILED COMMON EQUITY RATIO	<u>47.17 %</u>	
JURISDICTIONAL RETURN ON COMMON EQUITY	<u><u>9.99 %</u></u>	

**B. PRO FORMA AVERAGE JURISDICTIONAL RETURN ON COMMON EQUITY**  
**EXCLUDING FLEX RATE REVENUES**

NET OPERATING REVENUE EXCLUDING FLEX RATE REVENUES	\$ 155,554	(Schedule 2, p. 2 of 2)
RATE BASE EXCLUDING FLEX RATE REVENUES	\$ <u>2,292,814</u>	(Schedule 2, p. 1 of 2)
FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	<u>6.78 %</u>	
LESS: RECONCILED AVERAGE JURISDICTIONAL		
WEIGHTED COST RATES FOR:		
LONG TERM DEBT	(1.93) %	
SHORT TERM DEBT	(0.29) %	
PREFERRED STOCK	0.00 %	
CUSTOMER DEPOSITS	(0.03) %	
TAX CREDITS-WEIGHTED COST(MIDPOINT)	0.00 %	
SUBTOTAL	<u>(2.25) %</u>	
TOTAL	4.53 %	
DIVIDED BY RECONCILED COMMON EQUITY RATIO	<u>47.17 %</u>	
JURISDICTIONAL RETURN ON COMMON EQUITY	<u><u>9.61 %</u></u>	