



February 13, 2026

Matthew Vogel, Chief of Surveillance and Rate Filings
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 **December 2025**.

Please let me know if you have any questions.

Respectfully,

Signed by:

Andrew Nichols

Andrew Nichols

Director of Business Planning

Enclosures

cc: Office of Public Counsel – Charles Rehwinkel

**PEOPLES GAS SYSTEM
EARNINGS SURVEILLANCE REPORT SUMMARY
Dec 2025
(In \$ Thousands)**

SCHEDULE 1

	(1) Actual <u>Per Books</u>	(2) FPSC <u>Adjustments</u>	(3) FPSC <u>Adjusted</u>	(4) Pro Forma <u>Adjustments</u>	(5) Pro Forma <u>Adjusted</u>
I. AVERAGE RATE OF RETURN (JURISDICTIONAL)					
<u>NET OPERATING INCOME</u>	\$ 171,904	\$ (944)	\$ 170,960	\$ 0	\$ 170,960
<u>AVERAGE RATE BASE</u>	\$ 2,683,474	\$ (131,190)	\$ 2,552,284	\$ 0	\$ 2,552,284
<u>AVERAGE RATE OF RETURN</u>	6.41 %		6.70 %		6.70 %

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

LOW	6.66 %
MIDPOINT	7.14 %
HIGH	7.63 %

III. EARNED RETURN ON EQUITY

	FPSC <u>ADJUSTED</u>	PRO FORMA <u>ADJUSTED</u>
A. INCLUDING FLEX RATE REVENUES	9.23 %	9.23 %
B. EXCLUDING FLEX RATE REVENUES	8.84 %	8.84 %

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/ Andrew Nichols, Director of Business Planning
(Name and Title)

Andrew Nichols
(Signature)

2/13/2026
(Date)

PSC/AFA13

**PEOPLES GAS SYSTEM
AVERAGE RATE BASE
Dec 2025
(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	3,566,372	-	1,008,479	26,237	2,531,656	1,940	119,962	2,653,558	29,916	2,683,474
FPSC ADJUSTMENTS:										
Property for Future Use						(1,940)		(1,940)		(1,940)
Temporary Cash Investment									(2)	(2)
Non-Utility (RNG Alliance)									(14,714)	(14,714)
Accounts Rec./Pay. - Assoc Companies									(7,829)	(7,829)
Other Accounts Receivable									(3,975)	(3,975)
Non-Utility Allocation	(1,436)		(493)		(942)			(942)		(942)
Remove Unamort. Debt Expense									(2,247)	(2,247)
Remove Unrecovered Gas Cost									-	-
Remove Dividends Declared									-	-
Remove Unrec. Conservation Costs									-	-
Remove Unrec. CIBSR Costs									-	-
Remove Unrec. MUNICosts									(377)	(377)
Remove Competitive Rate Adjustment									(6,271)	(6,271)
Remove Unamortized Rate Case Expense									(1,573)	(1,573)
Gain on Sale of Property										-
Remove Acquis. Adjustment (WFNG)		-	-		-			-		-
Remove Derivative (FAS 133)										-
Cast Iron/Bare Steel Rider (CIBSR)	(19,712)		(2)		(19,710)		(9,239)	(28,949)		(28,949)
Infrastructure Rider (Muni)	(24,103)		(242)		(23,861)		(1,467)	(25,329)		(25,329)
AFUDC - Eligible CWIP							(35,616)	(35,616)		(35,616)
Remove Investment in Subsidiaries									(1,426)	(1,426)
TOTAL FPSC ADJUSTMENTS	(45,250)	-	(737)	-	(44,513)	(1,940)	(46,322)	(92,775)	(38,415)	(131,190)
FPSC ADJUSTED	3,521,122	-	1,007,742	26,237	2,487,143	-	73,640	2,560,783	(8,499)	2,552,284
FLEX RATE REVENUES										
ADJUSTED FOR										
FLEX RATE REVENUES	3,521,122	-	1,007,742	26,237	2,487,143	-	73,640	2,560,783	(8,499)	2,552,284
PRO FORMA REVENUE INCREASE AND ANNUALIZATION ADJUSTMENTS:										
TOTAL PRO FORMA ADJUSTMENTS	-	-	-	-	-	-	-	-	-	-
PRO FORMA ADJUSTED	3,521,122	-	1,007,742	26,237	2,487,143	-	73,640	2,560,783	(8,499)	2,552,284

**PEOPLES GAS SYSTEM
NET OPERATING INCOME
Dec 2025
(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	742,285	176,625	187,325	96,127	71,712	18,608	20,542	-	(557)	570,381	171,904
<u>FPSC ADJUSTMENTS:</u>											
Remove Conservation Charges	(37,558)		(37,558)			(0)				(37,558)	(0)
Non-Utility Allocation				(40)	-	10				(30)	30
Interest Synchronization						700				700	(700)
Parent Debt Adjustment						(3,213)				(3,213)	3,213
Remove Fuel Revenues	(177,261)	(176,625)			(636)	0				(177,261)	-
Economic Development Adjustment			(20)			5				(15)	15
Employee Activities			(53)			14				(40)	40
Franchise/Gross Receipts Taxes	(37,510)				(37,331)	(45)				(37,377)	(133)
Maintenance of General Plant			(69)			18				(52)	52
Maint. of Structures and Improvements			(7)			2				(5)	5
Remove Acquisition Adj. Amortiz. (WFNG)				-		-				-	-
Gain on Sale of Property						-				-	-
Lease of PHFFU	(134)					(34)				(34)	(100)
Remove ITC Amortization						-		-		-	-
Cast Iron/Bare Steel Rider (CIBSR)	(1,552)		(998)	(318)	(237)	0				(1,552)	0
Cast Iron/Bare Steel Rider (CIBSR) - ROI	(2,372)					(601)				(601)	(1,771)
Infrastructure Rider (Muni)	(574)		-	(548)	(26)	(0)				(574)	(0)
Infrastructure Rider (Muni) - ROI	(2,136)					(541)				(541)	(1,595)
OSS Adjustment	-					-				-	-
TOTAL FPSC ADJUSTMENTS	(259,096)	(176,625)	(38,706)	(905)	(38,230)	(3,687)	-	-	-	(258,152)	(944)
FPSC ADJUSTED	483,189	-	148,619	95,222	33,482	14,921	20,542	-	(557)	312,229	170,960
FLEX RATE REVENUES	(6,555)					(1,661)				(1,661)	(4,894)
ADJUSTED FOR											
FLEX RATE REVENUES	476,634	-	148,619	95,222	33,482	13,260	20,542	-	(557)	310,568	166,066
<u>PRO FORMA REVENUE INCREASE AND ANNUALIZATION ADJUSTMENTS:</u>											
Deferred Tax True-up						-				-	-
TOTAL PRO FORMA ADJUSTMENTS	-		-			-			-	-	-
PRO FORMA ADJUSTED	483,189	-	148,619	95,222	33,482	14,921	20,542	-	(557)	312,229	170,960
PER BOOKS											
CURRENT MONTH AMOUNT	71,081	20,423	16,614	7,716	6,425	2,144	1,768	-	-	55,089	15,992

**PEOPLES GAS SYSTEM
CAPITAL STRUCTURE
FPSC ADJUSTED BASIS
Dec 2025
(In \$ Thousands)**

SCHEDULE 4

<u>AVERAGE</u>	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	925,000			(2,247)	(39,234)	883,519	34.62%	5.68	1.97
SHORT TERM DEBT	116,308	(377)	(4,929)	111,001	4.34%	5.22	0.23	5.22	0.23	5.22	0.23
CUSTOMER DEPOSITS	31,183		(892)	30,291	1.19%	2.43	0.03	2.43	0.03	2.43	0.03
COMMON EQUITY	1,293,920	(4,069)	(54,842)	1,235,009	48.39%	9.15	4.43	10.15	4.91	11.15	5.40
DEFERRED INCOME TAX	317,063	(15,984)	(8,615)	292,464	11.46%						
TAX CREDITS - ZERO COST	-	-	-	-	0.00%						
TOTAL	<u>2,683,474</u>	<u>(22,677)</u>	<u>(108,513)</u>	<u>2,552,284</u>	<u>100.00%</u>		<u>6.66</u>		<u>7.14</u>		<u>7.63</u>

PEOPLES GAS SYSTEM
EARNED RETURN ON COMMON EQUITY
FPSC ADJUSTED BASIS
Dec 2025
(In \$ Thousands)

SCHEDULE 5

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

FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	6.70 %	(Schedule 1)
LESS: RECONCILED AVERAGE JURISDICTIONAL		
WEIGHTED COST RATES FOR:		
LONG TERM DEBT	(1.97) %	
SHORT TERM DEBT	(0.23) %	
PREFERRED STOCK	0.00 %	
CUSTOMER DEPOSITS	(0.03) %	
TAX CREDITS-WEIGHTED COST(MIDPOINT)	0.00 %	
SUBTOTAL	<u>(2.23) %</u>	
TOTAL	4.47 %	
DIVIDED BY RECONCILED COMMON EQUITY RATIO	<u>48.39 %</u>	
JURISDICTIONAL RETURN ON COMMON EQUITY	<u><u>9.23 %</u></u>	

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

NET OPERATING REVENUE EXCLUDING FLEX RATE REVENUES	\$ 166,066	(Schedule 3)
RATE BASE EXCLUDING FLEX RATE REVENUES	\$ <u>2,552,284</u>	(Schedule 2)
FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	<u>6.51 %</u>	
LESS: RECONCILED AVERAGE JURISDICTIONAL		
WEIGHTED COST RATES FOR:		
LONG TERM DEBT	(1.97) %	
SHORT TERM DEBT	(0.23) %	
PREFERRED STOCK	0.00 %	
CUSTOMER DEPOSITS	(0.03) %	
TAX CREDITS-WEIGHTED COST(MIDPOINT)	0.00 %	
SUBTOTAL	<u>(2.23) %</u>	
TOTAL	4.28 %	
DIVIDED BY RECONCILED COMMON EQUITY RATIO	<u>48.39 %</u>	
JURISDICTIONAL RETURN ON COMMON EQUITY	<u><u>8.84 %</u></u>	

**PEOPLES GAS SYSTEM
EARNED RETURN ON COMMON EQUITY
PRO FORMA ADJUSTED BASIS
Dec 2025**

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	6.70 %	(Schedule 1)
LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:		
LONG TERM DEBT	(1.97) %	
SHORT TERM DEBT	(0.23) %	
PREFERRED STOCK	0.00 %	
CUSTOMER DEPOSITS	(0.03) %	
TAX CREDITS-WEIGHTED COST(MIDPOINT)	0.00 %	
SUBTOTAL	<u>(2.23) %</u>	
 TOTAL	 4.47 %	
 DIVIDED BY RECONCILED COMMON EQUITY RATIO	 <u>48.39 %</u>	
 JURISDICTIONAL RETURN ON COMMON EQUITY	 <u><u>9.23 %</u></u>	

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

NET OPERATING REVENUE EXCLUDING FLEX RATE REVENUES	\$ 166,066	(Schedule 2, p. 2 of 2)
 RATE BASE EXCLUDING FLEX RATE REVENUES	 \$ <u>2,552,284</u>	 (Schedule 2, p. 1 of 2)
 FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	 <u>6.51 %</u>	
LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:		
LONG TERM DEBT	(1.97) %	
SHORT TERM DEBT	(0.23) %	
PREFERRED STOCK	0.00 %	
CUSTOMER DEPOSITS	(0.03) %	
TAX CREDITS-WEIGHTED COST(MIDPOINT)	0.00 %	
SUBTOTAL	<u>(2.23) %</u>	
 TOTAL	 4.28 %	
 DIVIDED BY RECONCILED COMMON EQUITY RATIO	 <u>48.39 %</u>	
 JURISDICTIONAL RETURN ON COMMON EQUITY	 <u><u>8.84 %</u></u>	

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