



March 2, 2026

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

Dear Ms. Gatlin:

In accordance with Rule 25-7.1353, enclosed is the Forecasted Earnings Surveillance Report of Peoples Gas System, Inc. for the year ending in **December 31, 2026**.

Please let me know if you have any questions.

Respectfully,

Signed by:

/s/ Andrew Nichols

Andrew Nichols

Director of Business Planning

Enclosures

cc: Office of Public Counsel – Charles Rehwinkel

PEOPLES GAS SYSTEM, INC.
EARNINGS SURVEILLANCE REPORT SUMMARY
2026 Budget
(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)					
<u>NET OPERATING INCOME</u>	\$ 211,866	\$ (2,471)	\$ 209,396	\$ 0	\$ 209,396
AVERAGE RATE BASE	\$ 2,984,939	\$ (145,254)	\$ 2,839,684	\$ 0	\$ 2,839,684
AVERAGE RATE OF RETURN	<u>7.10 %</u>		<u>7.37 %</u>		<u>7.37 %</u>

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

LOW	<u>6.74 %</u>
MIDPOINT	<u>7.22 %</u>
HIGH	<u>7.70 %</u>

III. EARNED RETURN ON EQUITY

	FPSC ADJUSTED	PRO FORMA ADJUSTED
	<u>10.62 %</u>	<u>10.62 %</u>
FLEX RATE REVENUES	<u>10.28 %</u>	<u>10.28 %</u>

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.

Signed by: Andrew Nichols 2/27/2026

<u>/s/ Andrew Nichols, Director of Business Planning</u>	<u>2ED3ADD708D4CE...</u>	<u>2/27/2026</u>
(Name and Title)	(Signature)	(Date)

PSC/AFA13

PEOPLES GAS SYSTEM, INC.
AVERAGE RATE BASE
2026 Budget

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	3,962,048	-	1,066,253	29,308	2,866,487	1,940	78,240	2,946,667	38,272	2,984,939
<u>FPSC ADJUSTMENTS:</u>										
Property for Future Use						(1,940)		(1,940)		(1,940)
Temporary Cash Investment									(2)	(2)
Non-Utility (RNG Alliance)									(13,844)	(13,844)
Accounts Rec./Pay. - Assoc Companies									(9,367)	(9,367)
Other Accounts Receivable									(1,492)	(1,492)
Non-Utility Allocation	(2,917)		(600)		(2,317)			(2,317)		(2,317)
Remove Unamort. Debt Expense									(2,506)	(2,506)
Remove Unrecovered Gas Cost PGA									-	-
Remove Dividends Declared									-	-
Remove Unrec. Conservation Costs									-	-
Remove Unrec. CIBSR Costs									-	-
Remove Unrec. Facilities Relocation Costs									(2,971)	(2,971)
Remove Competitive Rate Adjustment									(6,482)	(6,482)
Remove Unamortized Rate Case Expense									(2,730)	(2,730)
Gain on Sale of Property									-	-
Remove Acquis. Adjustment (WFNG)		-	-		-			-		-
Remove Derivative (FAS 133)									-	-
Cast Iron/Bare Steel Rider (CIBSR)	(25,255)		145		(25,401)		(3,224)	(28,625)		(28,625)
Facilities Relocation Clause	(48,530)		914		(49,444)		(1,413)	(50,857)		(50,857)
AFUDC - Eligible CWIP							(21,023)	(21,023)		(21,023)
Remove Investment in Subsidiaries									(1,098)	(1,098)
TOTAL FPSC ADJUSTMENTS	(76,702)	-	460	-	(77,162)	(1,940)	(25,660)	(104,762)	(40,493)	(145,254)
FPSC ADJUSTED	3,885,346	-	1,066,713	29,308	2,789,325	-	52,580	2,841,905	(2,221)	2,839,684
<u>FLEX RATE REVENUES</u>										
ADJUSTED FOR										
FLEX RATE REVENUES	3,885,346	-	1,066,713	29,308	2,789,325	-	52,580	2,841,905	(2,221)	2,839,684
<u>PRO FORMA REVENUE INCREASE AND ANNUALIZATION ADJUSTMENTS:</u>										
										-
TOTAL PRO FORMA ADJUSTMENTS	-	-	-	-	-	-	-	-	-	-
PRO FORMA ADJUSTED	3,885,346	-	1,066,713	29,308	2,789,325	-	52,580	2,841,905	(2,221)	2,839,684

**PEOPLES GAS SYSTEM, INC.
NET OPERATING INCOME
2026 Budget**

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	817,055	180,990	187,817	105,793	80,268	19,274	31,271	-	(225)	605,189	211,866
FPSC ADJUSTMENTS:											
Remove Conservation Charges	(28,975)		(28,975)			-				(28,975)	-
Non-Utility Allocation				(85)	-	22				(64)	64
Interest Synchronization						663				663	(663)
Parent Debt Adjustment						(2,967)				(2,967)	2,967
Remove Fuel Revenues	(181,755)	(180,990)			(765)	0				(181,755)	-
Economic Development Adjustment			(20)			5				(15)	15
Employee Activities			(100)			25				(75)	75
Franchise/Gross Receipts Taxes	(38,216)				(38,216)	-				(38,216)	-
Maintenance of General Plant			(70)			18				(53)	53
Maint. of Structures and Improvements			(7)			2				(5)	5
Remove Acquisition Adj. Amortiz. (WFGNG)				-		-				-	-
Gain on Sale of Property						-			-	-	-
Lease of PHFFU	(134)					(34)				(34)	(100)
Remove ITC Amortization						-				-	-
Cast Iron/Bare Steel Rider (CIBSR)	(1,479)		(1,013)	(452)	(14)	(0)				(1,479)	(0)
Cast Iron/Bare Steel Rider (CIBSR) - ROI	(2,467)					(625)				(625)	(1,842)
Facilities Relocation Clause	(1,532)		-	(883)	(649)	0				(1,532)	0
Facilities Relocation Clause - ROI	(4,079)					(1,034)				(1,034)	(3,045)
OSS Adjustment	-					-				-	-
TOTAL FPSC ADJUSTMENTS	<u>(258,637)</u>	<u>(180,990)</u>	<u>(30,186)</u>	<u>(1,421)</u>	<u>(39,644)</u>	<u>(3,926)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(256,167)</u>	<u>(2,471)</u>
FPSC ADJUSTED	<u>558,418</u>	<u>-</u>	<u>157,632</u>	<u>104,373</u>	<u>40,624</u>	<u>15,348</u>	<u>31,271</u>	<u>-</u>	<u>(225)</u>	<u>349,022</u>	<u>209,396</u>
FLEX RATE REVENUES ADJUSTED FOR	<u>(6,335)</u>					<u>(1,605)</u>				<u>(1,605)</u>	<u>(4,729)</u>
FLEX RATE REVENUES	<u>552,084</u>	<u>-</u>	<u>157,632</u>	<u>104,373</u>	<u>40,624</u>	<u>13,743</u>	<u>31,271</u>	<u>-</u>	<u>(225)</u>	<u>347,417</u>	<u>204,666</u>
PRO FORMA REVENUE INCREASE AND ANNUALIZATION ADJUSTMENTS:											
Deferred Tax True-up						-				-	-
TOTAL PRO FORMA ADJUSTMENTS	<u>-</u>		<u>-</u>			<u>-</u>			<u>-</u>	<u>-</u>	<u>-</u>
PRO FORMA ADJUSTED	<u>558,418</u>	<u>-</u>	<u>157,632</u>	<u>104,373</u>	<u>40,624</u>	<u>15,348</u>	<u>31,271</u>	<u>-</u>	<u>(225)</u>	<u>349,022</u>	<u>209,396</u>
PER BOOKS CURRENT MONTH AMOUNT	<u>817,055</u>	<u>180,990</u>	<u>187,817</u>	<u>105,793</u>	<u>80,268</u>	<u>19,274</u>	<u>31,271</u>	<u>-</u>	<u>-</u>	<u>605,414</u>	<u>211,642</u>

**PEOPLES GAS SYSTEM, INC.
CAPITAL STRUCTURE
FPSC ADJUSTED BASIS
2026 Budget**

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	1,088,462			(2,506)	(41,470)	1,045,353	36.81%	5.66	2.08
SHORT TERM DEBT	93,081	(2,971)	(3,441)	86,741	3.06%	5.01	0.15	5.01	0.15	5.01	0.15
CUSTOMER DEPOSITS	29,865		(814)	29,051	1.02%	2.51	0.03	2.51	0.03	2.51	0.03
COMMON EQUITY	1,427,031	(4,768)	(54,313)	1,367,010	48.14%	9.30	4.48	10.30	4.96	11.30	5.44
DEFERRED INCOME TAX	346,501	(26,243)	(8,729)	311,529	10.97%						
TAX CREDITS - ZERO COST	-	-	-	-	0.00%	7.63	-	8.18	-	8.72	-
TOTAL	<u>2,984,939</u>	<u>(36,488)</u>	<u>(108,767)</u>	<u>2,839,684</u>	<u>100.00%</u>		<u>6.74</u>		<u>7.22</u>		<u>7.70</u>

PEOPLES GAS SYSTEM, INC.
EARNED RETURN ON COMMON EQUITY
FPSC ADJUSTED BASIS
2026 Budget

SCHEDULE 5

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

FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	7.37	%	(Schedule 1)
LESS: RECONCILED AVERAGE JURISDICTIONAL			
WEIGHTED COST RATES FOR:			
LONG TERM DEBT	(2.08)	%	
SHORT TERM DEBT	(0.15)	%	
PREFERRED STOCK	0.00	%	
CUSTOMER DEPOSITS	(0.03)	%	
TAX CREDITS-WEIGHTED COST(MIDPOINT)	0.00	%	
SUBTOTAL	(2.26)	%	
 TOTAL	 5.11	 %	
 DIVIDED BY RECONCILED COMMON EQUITY RATIO	 48.14	 %	
JURISDICTIONAL RETURN ON COMMON EQUITY	10.62	%	

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

NET OPERATING REVENUE EXCLUDING FLEX RATE REVENUES	\$ 204,666		(Schedule 3)
RATE BASE EXCLUDING FLEX RATE REVENUES	\$ 2,839,684		(Schedule 2)
 FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	 7.21	 %	
LESS: RECONCILED AVERAGE JURISDICTIONAL			
WEIGHTED COST RATES FOR:			
LONG TERM DEBT	(2.08)	%	
SHORT TERM DEBT	(0.15)	%	
PREFERRED STOCK	0.00	%	
CUSTOMER DEPOSITS	(0.03)	%	
TAX CREDITS-WEIGHTED COST(MIDPOINT)	0.00	%	
SUBTOTAL	(2.26)	%	
 TOTAL	 4.95	 %	
 DIVIDED BY RECONCILED COMMON EQUITY RATIO	 48.14	 %	
JURISDICTIONAL RETURN ON COMMON EQUITY	10.28	%	