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July 28, 2025

**ELECTRONIC FILING**

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

Re: Docket 20250029-GU, Petition for Rate Increase by Peoples Gas System, Inc.

Dear Mr. Teitzman:

Attached for filing on behalf of Peoples Gas System, Inc. in the above-referenced docket is the Rebuttal Testimony of Jeff Chronister and Exhibit No. JC-2.

Thank you for your assistance with this matter.

(Document 5 of 7)

Sincerely,

A handwritten signature in blue ink, appearing to read 'V. Ponder'.

Virginia Ponder

cc: Major Thompson, OGC  
Jacob Imig, OGC  
Walt Trierweiler, Public Counsel  
Jon Moyle, FIPUG

VLP/dh  
Attachments



BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 20250029-GU

PETITION FOR RATE INCREASE  
BY PEOPLES GAS SYSTEM, INC.

REBUTTAL TESTIMONY AND EXHIBIT  
OF  
JEFF CHRONISTER

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

REBUTTAL TESTIMONY

OF

JEFF CHRONISTER

**Q.** Please state your name, address, occupation and employer.

**A.** My name is Jeff Chronister. My business address is 3600 Midtown Drive, Tampa, FL 33607. I am employed by Tampa Electric Company ("Tampa Electric") as Vice President Finance. I am also Vice President of Finance for TECO Holdings, Inc., which is a parent company of Peoples Gas System, Inc. ("Peoples" or the "company").

**Q.** Are you the same Jeff Chronister who filed direct testimony in this proceeding?

**A.** Yes, I am.

**Q.** What are the purposes of your rebuttal testimony?

**A.** My rebuttal testimony addresses two topics reflected in the testimony filed by Office of Public Counsel's ("OPC") witnesses David Garrett and Lane Kollen. Specifically, I will explain why the Commission should not adopt OPC's proposal on

1 the company's equity ratio and why the Commission should  
2 disregard Mr. Kollen's observations and proposals on the  
3 company's proposed 2027 subsequent year adjustment ("SYA").  
4

5 **Q.** Have you prepared an exhibit supporting your rebuttal  
6 testimony?  
7

8 **A.** Yes. Exhibit No. JC-2, entitled "Rebuttal Exhibit of Jeff  
9 Chronister", was prepared under my direction and supervision  
10 and accompanies my rebuttal testimony. The contents of my  
11 rebuttal exhibit were derived from the business records of  
12 the company and are true and correct to the best of my  
13 knowledge and belief. My rebuttal exhibit consists of one  
14 document as follows:  
15

16 Document No. 1 Peoples' Historical Investor Sources  
17 Equity Ratio (2005-2024)  
18

19 **I. EQUITY RATIO**

20 **Q.** Do you agree with OPC's proposal to reduce the company's  
21 equity ratio to 49 percent for ratemaking purposes?  
22

23 **A.** No. The capital structure proposed by Peoples is important to  
24 ensuring the long-term financial integrity of the company.  
25 The test year equity ratio of 54.7 percent is consistent with

1 the capital structure as previously approved by the  
2 Commission and entirely consistent with two Florida-based  
3 peers given the 55.1 percent approved equity ratio for Florida  
4 Public Utilities and the 59.6 percent equity ratio approved  
5 for Florida City Gas.

6  
7 Further, as Peoples' witness Dylan D'Ascendis explains, the  
8 company's 54.7 percent equity ratio is consistent with its  
9 peers and appropriate for ratemaking purposes because it is  
10 both typical and important for utilities to have significant  
11 proportions of common equity in their capital structures. A  
12 more highly leveraged capital structure with a lower overall  
13 authorized return would make it more difficult for the company  
14 to achieve credit metrics sufficient to support its current  
15 credit rating of A.

16  
17 **Q.** How would credit rating agencies view a downward change to  
18 the company's equity ratio?

19  
20 **A.** Credit rating agencies view the regulatory environment as a  
21 key consideration when assessing the creditworthiness of an  
22 energy utility. Regulators determine an appropriate capital  
23 structure and define the allowed return on equity ("ROE").  
24 These are two of the key variables used to calculate a  
25 utility's revenue requirement, and by extension, the debt

1 level and cash flow generating capability of the company.  
2 Accordingly, a change to either or both will have an impact  
3 on the company's financial metrics and creditworthiness.  
4

5 Peoples' obligation to serve its customers and the  
6 significant capital expenditure requirements needed to  
7 maintain and grow its system are better served by stronger  
8 financial integrity. Therefore, the maintenance of the  
9 requested capital structure, coupled with an appropriate ROE,  
10 should lead to adequate coverage ratios and provide the  
11 financial strength and credit parameters necessary to achieve  
12 the company's current credit rating and assure access to  
13 capital.  
14

15 **Q.** How does Peoples' proposed 54.7 percent equity ratio for 2026  
16 compare to its actual equity ratio in prior years?  
17

18 **A.** As shown on Document No. 1 of my exhibit, Peoples' proposed  
19 54.7 percent equity ratio for 2026 is consistent with or below  
20 its actual equity ratio for the past 20 years. OPC's proposal  
21 to reduce Peoples' equity ratio to 49 percent is inconsistent  
22 with the equity ratio actually maintained by the company since  
23 2005 and should be rejected.  
24  
25

1   **II.   2027 SYA**

2   **Q.**   Do you agree with OPC's position that the company's proposed  
3           2027 SYA is unreasonable and the Commission should not approve  
4           it?

5  
6   **A.**   No. The proposed SYA is reasonable because it provides Peoples  
7           the opportunity to earn adequate returns on its invested  
8           capital and maintain its financial integrity in years  
9           subsequent to the test year. Also, importantly, the SYA  
10          mitigates the need for costly successive rate cases. The  
11          company has requested an SYA that addresses the additional  
12          annualized costs of capital investments made during the 2026  
13          test year that will not be reflected in the Commission-  
14          approved 2026 revenue requirements. As confirmed by the  
15          Legislature and the Florida Supreme Court regarding  
16          incremental revenue adjustments in years following the test  
17          year, the Commission has the authority to approve incremental  
18          adjustments in rates for periods subsequent to the initial  
19          period in which new rates will be in effect. The Commission  
20          has the authority to approve the annualization of assets  
21          placed in service in a period prior to the proposed SYA.

22  
23   **Q.**   Do you agree with OPC's characterization of the company's  
24          proposed 2027 SYA as "aggressive"?  
25

1 **A.** No. The company's proposed SYA does not include any capital  
2 expenditures projected to occur in 2027. Although, as noted  
3 in my direct testimony, 2027 capital investments will have  
4 the effect of degrading 2027 earned Return on Equity, the  
5 company has not included these assets in our proposal for the  
6 SYA mechanism.

7  
8 Additionally, the company is not proposing recovery of any  
9 incremental O&M expense in the SYA. Although an annualization  
10 of the O&M related to the assets placed in service in 2026  
11 would be a logical component of a proposed SYA, the company  
12 chose to only request incremental depreciation and property  
13 tax expense.

14  
15 **Q.** Do you agree with OPC's proposal to reduce the SYA amount for  
16 an annualization of base revenues using the end of test year  
17 customers?

18  
19 **A.** No. First, as noted above, the company's SYA proposal does  
20 not call for the recovery of costs for 2027 capital  
21 expenditures or the annualization of O&M expense. Any  
22 annualization of revenue would not be logical given the  
23 absence of SYA revenue requirements for these two items.  
24 Additionally, including additional customer growth revenue as  
25 a credit against the SYA would reduce the intended effect of



1 the 2027 SYA and could cause the need for additional base  
2 rate relief sooner.

3  
4 **Q.** Do you agree with OPC's assertion that the company made an  
5 error in the calculation of the annualized year end plant  
6 related to rate base components carried over into 2027?

7  
8 **A.** No. The company did not make an error in the calculation  
9 because the company did not calculate its SYA proposal using  
10 the logic advocated by witness Kollen on page 56 of his direct  
11 testimony. His proposed adjustment for total rate base growth  
12 (an SYA reduction of \$534,000) is not reasonable given the  
13 logic I presented above regarding his proposed revenue  
14 adjustment for customer growth.

15  
16 **Q.** Do you agree with OPC's assertion that the company made an  
17 error in the Accumulated Deferred Income Tax ("ADIT") balance  
18 used in the calculation of the capital structure and rate of  
19 return for the SYA?

20  
21 **A.** No. The company did not make an error in the calculation  
22 because the company did not calculate its SYA proposal using  
23 the logic advocated by witness Kollen on page 57 of his direct  
24 testimony. Witness Kollen's position is that incremental  
25 assets would produce incremental ADIT and subsequently alter

1 the percentage of ADIT in the capital structure. The company  
2 agrees that asset additions would create ADIT. However, due  
3 to the nature of capital funding and the company's approach  
4 to it - as well as the Commission's application of a pro rata  
5 approach to the capital structure, the percentage of ADIT in  
6 the capital structure would not change.

7  
8 **Q.** Do you agree with OPC's proposal to reduce the SYA amount for  
9 property tax expense based on a recomputed amount resulting  
10 from OPC's NOI assumptions?

11  
12 **A.** No. First, OPC's recomputed amounts reflect witness Kollen's  
13 expectations for outcomes from the Commission's order in this  
14 case. No party can predict what the Commission's decision on  
15 the revenue requirement will be. The company's SYA proposal  
16 uses a projected property tax expense that is consistent with  
17 the assumptions made during our forecasting process.  
18 Additionally, an SYA reduction based on any NOI-driven  
19 property tax adjustment could reduce the intended effect of  
20 the 2027 SYA and could cause the need for additional base  
21 rate relief sooner.

22  
23 **Q.** Do you agree with OPC's proposal to reduce the SYA amount for  
24 \$2.422 million for OPC's adjusted Rate of Return?

1 **A.** No. The company does not agree with the capital structure  
2 adjustments - and associated Weighted Average Cost of Capital  
3 - proposed by OPC in this case. Thus, we do not agree with  
4 the adjustment amount suggested by witness Kollen. However,  
5 the company does agree that the final SYA revenue requirement  
6 amount should reflect the Overall Rate of Return approved by  
7 the Commission in this proceeding.  
8

9 **III. SUMMARY**

10 **Q.** Please summarize your rebuttal testimony.  
11

12 **A.** My rebuttal testimony addresses why the Commission should not  
13 adopt OPC's proposal on the company's equity ratio and why  
14 the Commission should disregard Mr. Kollen's observations and  
15 proposals on the company's proposed 2027 SYA.  
16

17 The company's equity ratio proposal is consistent with its  
18 actual equity ratio amounts for the last 20 years. Commission  
19 approval of the equity ratio that it has authorized in  
20 previous rate cases will provide the financial community with  
21 the confidence that the company's financial integrity will be  
22 maintained in the future. This will support the maintenance  
23 of the company's credit rating and provide customers with the  
24 benefit of lower cost of debt.  
25

1       The SYA is a reasonable request that the Commission has full  
2       authority to approve. The SYA will extend the life of the  
3       base rates approved in this proceeding by mitigating the  
4       annualized cost of 2026 year end rate base. The proposed SYA  
5       is based on reasonable calculations and will contribute to  
6       the company's ability to delay the next request for base rate  
7       relief.

8  
9       **Q.**   Does this conclude your rebuttal testimony?

10  
11       **A.**   Yes, it does.

PEOPLES GAS SYSTEM, INC.  
DOCKET NO. 20250029-GU  
WITNESS: CHRONISTER

REBUTTAL EXHIBIT

OF

JEFF CHRONISTER

PEOPLES GAS SYSTEM, INC.  
DOCKET NO. 20250029-GU  
EXHIBIT NO. JC-2  
WITNESS: CHRONISTER  
FILED: 07/28/2025

### Table of Contents

DOCUMENT NO.	TITLE	PAGE
1	Peoples' Historical Investor Sources Equity Ratio (2005-2024)	13

PEOPLES GAS SYSTEM, INC.  
DOCKET NO. 20250029-GU  
EXHIBIT NO. JC-2  
WITNESS: CHRONISTER  
DOCUMENT NO. 1  
PAGE 1 OF 1  
FILED: 07/28/2025

**Peoples Gas**  
**Historical Investor Sources Equity Ratio**  
**FPSC Adjusted**

2005	59.2%
2006	59.3%
2007	56.3%
2008	54.2%
2009	54.2%
2010	55.1%
2011	55.4%
2012	55.8%
2013	56.5%
2014	56.6%
2015	57.0%
2016	56.9%
2017	55.2%
2018	56.2%
2019	57.0%
2020	56.5%
2021	54.6%
2022	55.7%
2023	54.6%
2024	54.6%