



Nov 15, 2021

Andrew L. Maurey, Public Utilities Supervisor
Division of Accounting and Finance
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Dear Mr. Maurey:

Attached is the Rate of Return calculation of Peoples Gas System for the period ending **September 2021**.

Please let me know if you have any questions.

Respectfully,

Rachel B. Parsons

rbparsons@tecoenergy.com

/s/

Rachel B. Parsons

Vice President Finance & Planning

Enclosures

cc: Office of Public Counsel – Charles Rehwinkel

**PEOPLES GAS SYSTEM
EARNINGS SURVEILLANCE REPORT SUMMARY**
September 2021
(In \$ Thousands)

	(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	\$ 85,155	\$ (1,491)	\$ 83,663	\$ 0	\$ 83,663
AVERAGE RATE BASE	\$ 1,529,245	\$ (154,789)	\$ 1,374,457	\$ 0	\$ 1,374,457
AVERAGE RATE OF RETURN	5.57 %		6.09 %		6.09 %

III. EARNED RETURN ON EQUITY

	FPSC ADJUSTED	PRO FORMA ADJUSTED
II. REQUIRED RATES OF RETURN		
AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)		
LOW	5.42 %	
MIDPOINT	5.87 %	
HIGH	6.38 %	
A. INCLUDING FLEX RATE REVENUES	10.36 %	10.36 %
B. EXCLUDING FLEX RATE REVENUES	9.93 %	9.93 %

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.

Rachel B. Parsons

rparsons@tecoenergy.com

11/09/2021

(Date)

/s/ Rachel B. Parsons, VP of Finance and Planning

(Name and Title)

(Signature)

**PEOPLES GAS SYSTEM
AVERAGE RATE BASE
September 2021
(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	2,253,969	5,032	824,857	16,270	1,418,074	1,940	144,629	1,564,643	(35,398)	1,529,245
FPSC ADJUSTMENTS:										
Property for Future Use						(1,940)		(1,940)	(3)	(1,940)
Temporary Cash Investment										(3)
Notes Receivable										-
Accounts Rec./Pay. - Assoc Companies										(8,410)
Other Accounts Receivable										(546)
Non-Utility Allocation	(1,264)		(387)		(877)			(877)		(877)
Remove Unamort. Debt Expense										(3,262)
Remove Unrecovered Gas Cost										-
Remove Dividends Declared										2,084
Remove Unrec. Conservation Costs										(867)
Remove Unrec. CIBSR Costs										(2,950)
Remove Competitive Rate Adjustment										(3,333)
Remove Unamortized Rate Case Expense										(849)
Gain on Sale of Property		(2,947)	(2,919)		(28)			(28)		(28)
Remove Acquis. Adjustment (WFNG)										-
Remove Derivative (FAS 133)										-
Cast Iron/Bare Steel Rider (CIBSR)	(45,647)		(1,867)		(43,780)		(8,485)	(52,265)		(62,265)
AFUDC - Eligible CWIP							(80,406)	(80,406)		(80,406)
Remove Investment in Subsidiaries									(1,138)	(1,138)
TOTAL FPSC ADJUSTMENTS	(46,911)	(2,947)	(5,173)	-	(44,686)	(1,940)	(88,881)	(135,516)	(19,273)	(154,789)
FPSC ADJUSTED	2,207,058	2,085	819,485	16,270	1,373,388	-	55,739	1,429,127	(54,671)	1,374,457
FLEX RATE REVENUES ADJUSTED FOR FLEX RATE REVENUES	2,207,058	2,085	819,485	16,270	1,373,388	-	55,739	1,429,127	(54,671)	1,374,457
PRO FORMA REVENUE INCREASE AND ANNUALIZATION ADJUSTMENTS:										
TOTAL PRO FORMA ADJUSTMENTS	-	-	-	-	-	-	-	-	-	-
PRO FORMA ADJUSTED	2,207,058	2,085	819,485	16,270	1,373,388	-	55,739	1,429,127	(54,671)	1,374,457

**PEOPLES GAS SYSTEM
CAPITAL STRUCTURE
FPSC ADJUSTED BASIS
September 2021
(In \$ Thousands)**

SCHEDULE 4

	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 (%)
AVERAGE											
LONG TERM DEBT	441,201	(3,679)	(39,123)	403,801	29.38%	4.20	1.23	4.20	1.23	4.20	1.23
SHORT TERM DEBT	131,153	(3,817)	(11,386)	117,522	8.55%	0.83	0.07	0.83	0.07	0.83	0.07
CUSTOMER DEPOSITS	26,079		(2,061)	23,998	1.75%	2.48	0.04	2.48	0.04	2.48	0.04
COMMON EQUITY	700,321	(1,343)	(62,503)	629,501	46.80%	8.90	4.08	9.90	4.53	11.00	5.04
DEFERRED INCOME TAX	230,491	(13,546)	(17,310)	199,634	14.52%						
TAX CREDITS - ZERO COST	-	-	-	-	0.00%						
TOTAL	1,529,245	(22,385)	(132,404)	1,374,457	100.00%		5.42		5.87		6.38

SCHEDULE 5

PEOPLES GAS SYSTEM
 EARNED RETURN ON COMMON EQUITY
 FPSC ADJUSTED BASIS
 September 2021
 (In \$ Thousands)

<u>A. FPSC ADJUSTED AVERAGE JURISDICTIONAL RETURN ON COMMON EQUITY INCLUDING FLEX RATE REVENUES</u>		
FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN		6.09 % (Schedule 1)
LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:		
LONG TERM DEBT	(1.23) %	
SHORT TERM DEBT	(0.07) %	
PREFERRED STOCK	0.00 %	
CUSTOMER DEPOSITS	(0.04) %	
TAX CREDITS-WEIGHTED COST (MIDPOINT)	0.00 %	
SUBTOTAL	<u>(1.34) %</u>	
TOTAL	4.75 %	
DIVIDED BY RECONCILED COMMON EQUITY RATIO	45.80 %	
JURISDICTIONAL RETURN ON COMMON EQUITY	<u>10.36 %</u>	

<u>B. FPSC ADJUSTED AVERAGE JURISDICTIONAL RETURN ON COMMON EQUITY EXCLUDING FLEX RATE REVENUES</u>		
NET OPERATING REVENUE EXCLUDING FLEX RATE REVENUES	\$ 80,910 (Schedule 3)	
RATE BASE EXCLUDING FLEX RATE REVENUES	\$ 1,374,457 (Schedule 2)	
FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN		5.89 %
LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:		
LONG TERM DEBT	(1.23) %	
SHORT TERM DEBT	(0.07) %	
PREFERRED STOCK	0.00 %	
CUSTOMER DEPOSITS	(0.04) %	
TAX CREDITS-WEIGHTED COST (MIDPOINT)	0.00 %	
SUBTOTAL	<u>(1.34) %</u>	
TOTAL	4.55 %	
DIVIDED BY RECONCILED COMMON EQUITY RATIO	45.80 %	
JURISDICTIONAL RETURN ON COMMON EQUITY	<u>9.93 %</u>	