



ATTORNEYS & COUNSELORS AT LAW EST. 1884

One Tampa City Center, Suite 2000
201 N. Franklin Street
P.O. Box 1531 (33601)
Tampa, FL 33602
813.273.4200 Fax: 813.273.4396

WWW.MFMLEGAL.COM
EMAIL: INFO@MFMLEGAL.COM

625 Court Street, Suite 200
P.O. Box 1669 (33757)
Clearwater, FL 33756
727.441.8966 Fax: 727.442.8470

In Reply Refer to:
Tampa
ab@macfar.com

September 1, 2021

VIA E-PORTAL FILING

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

Re: Petition for approval of 2020 True-Up, the Projected 2021 True-Up and
2022 Revenue Requirements and Surcharges associated with Cast
Iron/Bare Steel Pipe Replacement Rider, by Peoples Gas System

Dear Mr. Teitzman:

Attached for electronic filing in the above docket on behalf of Peoples Gas System,
please find Peoples' Petition referenced above.

Please note that this tariff filing is not being made pursuant to the file-and-suspend
provisions of Section 366.06(3), *Florida Statutes*, in order to permit the Commission Staff
sufficient time to address the filing. Peoples hereby waives the 60-day requirement set
forth in the statute for the handling of this petition and tariff filing.

Your assistance in this matter is greatly appreciated.

Sincerely,

Andrew M. Brown

AB/plb

Attachments

cc: Office of Public Counsel
Ms. Kandi M. Floyd
Thomas R. Farrior, Esq.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for approval of 2020 True-up,)
the Projected 2021 true-up and 2022)
Revenue Requirements and Surcharges)
associated with Cast Iron / Bare Steel)
Replacement Rider, by Peoples Gas)
System.)
_____)

Docket No. _____

Submitted for Filing:
September 1, 2021

**PETITION OF PEOPLES GAS SYSTEM FOR APPROVAL OF 2020 TRUE-UP,
THE PROJECTED 2021 TRUE-UP AND 2022 REVENUE REQUIREMENTS
AND SURCHARGES ASSOCIATED WITH CAST IRON/BARE STEEL
REPLACEMENT RIDER**

Peoples Gas System (“Peoples” or the “Company”), by its undersigned counsel, petitions the Commission for approval of (i) the 2020 true-up amount, (ii) the projected true-up amount for 2021, (iii) the Revenue Requirements to be recovered by the Company during the period January through December 2022, and (iv) the Surcharges to be collected from customers for such recovery, all as provided by the Company’s Cast Iron/Bare Steel Replacement Rider (Rider CI/BSR), and in support of this petition states:

1. The name of the petitioner and the mailing address of its principal office are:

Peoples Gas System
P.O. Box 2562
Tampa, Florida 33601-2562

2. The names and mailing address of the persons authorized to receive notices and communications with respect to this petition are:

Andrew M. Brown
Thomas R. Farrior
Macfarlane Ferguson & McMullen
P. O. Box 1531
Tampa, Florida 33601-1531

Ms. Paula K. Brown
Regulatory Affairs
Peoples Gas System
P. O. Box 111
Tampa, Florida 33601-0111

Ms. Kandi M. Floyd
Director – Regulatory Affairs
Peoples Gas System
P. O. Box 2562
Tampa, Florida 33601-2562

3. The Commission has jurisdiction to entertain this petition pursuant to Sections 366.04(1), 366.05(1) and 366.06, *Florida Statutes*.

4. Peoples is a natural gas local distribution company providing sales and transportation delivery of natural gas throughout most of the State of Florida and is a natural gas public utility subject to the Commission’s statutory jurisdiction to establish rates and charges under Section 366.06.

BACKGROUND

5. By its Order No. PSC-12-0476-TRF-GU, issued on September 18, 2012, in Docket No. 20110320-GU, the Commission approved Peoples’ Rider CI/BSR, together with projected Revenue Requirements contemplated by the rider for recovery during 2013 and Surcharges through which to recover the projected Revenue Requirements. Additionally, it was contemplated that the replaced infrastructure would continue to be recovered through the Rider CI/BSR and would be rolled into Peoples’ overall rate base and the surcharge would be “reset to zero” in a future rate proceeding.

6. Peoples’ petition for approval of Rider CI/BSR contemplated annual capital expenditures of approximately \$8 million for the replacement of bare steel and cast iron infrastructure but made clear that annual amount was only an estimate, and that the actual expenditures could be more or less than the estimate during any year in which the program is in effect. In Peoples’ 2008 rate case, the Commission approved \$1 million in rate base for the 2009 projected test year for replacement of aging infrastructure. As such, in continuing with its

commitment to spend \$1 million annually for replacement activities, Peoples excludes the first \$1 million of its annual capital expenditures for replacement activities and those dollars will be included in rate base in a future rate case.

7. The rider, and the Commission's order approving it, contemplates the filing by Peoples in September of each year of a petition to establish revised Surcharges to be effective the following calendar year (in the case of this petition, calendar year 2022). The petitions are to contain an actual/estimated true-up showing seven months of actual and five months of projected costs and revenues for the calendar year in which the petition is filed, and a projection showing 12 months of projected rider Revenue Requirements for the 12-month period beginning January 1 following the filing of the petition. The order also requires a final true-up showing the actual replacement costs and actual Surcharge revenues for the most recent 12-month historical period from January 1 through December 31 that ends prior to the annual petition filing, including the final over- or under-recovery for the final true-up period.

8. By its Order No. PSC-17-0066-AS-GU, issued February 28, 2017, in Docket No. 20160159-GU, the Commission approved a Settlement Agreement between Peoples and the Office of Public Counsel ("OPC") that allows for cost recovery through Rider CI/BSR associated with Peoples' replacement of Problematic Plastic Pipe ("PPP") beginning in 2017 and continuing through 2028.

9. On August 8, 2018, Peoples, OPC and the Florida Industrial Power Users Group, ("FIPUG") (collectively referred to as the "Parties") filed in Docket No. 20180044-GU a joint motion for Commission approval of a Settlement Agreement addressing certain impacts of the Tax Cuts and Jobs Act of 2017 ("TCJA") on Peoples. In the Settlement Agreement, the Parties agreed to a reduction of Peoples' 2019 depreciation expense of approximately \$10.3 million resulting

from extending the lives of certain main and service assets. The resulting revised rates reduced the depreciation expense collected through the Rider CI/BSR. Additionally, the federal income tax expense reflected in the calculations contemplated by the rider were affected by the TCJA's reduction in the federal income tax rate.

10. By its Order No. PSC-2020-0485-FOF-GU, issued December 10, 2020, in Docket No. 20200051-GU, the Commission approved a Settlement Agreement between Peoples, the OPC and the FIPUG that moved \$23.6 million of the 2021 Rider CI/BSR revenue requirement related to Peoples' Rider CI/BSR investments made through December 31, 2020 (\$200.7 million) from recovery through the Rider CI/BSR Surcharges, to recovery through base rates, effective January 1, 2021. The Settlement Agreement also required Peoples to record the difference between the actual December 31, 2020 Rider CI/BSR net book value and the \$200.7 million referred to above as an adjustment to the January 1, 2021 Rider CI/BSR net book value. This adjustment is a reduction of approximately \$2.2 million (\$198.5 million - \$200.7 million) and has been reflected in the 2021 projections referred to below. Additionally, the Settlement Agreement identified the deletion of rate schedule Natural Gas Vehicle Service -1 ("NGVS-1") from its tariff as this rate schedule had been closed to new customers since 2013 and upon approval of the Settlement Agreement, the remaining customers shifted to their otherwise applicable rate schedule. As such, the filing reflects the removal of the CI/BSR rate for the NGVS-1 rate class.

11. This petition is the filing contemplated by the rider and the Commission's order approving it. Revised Surcharges for the recovery by Peoples of revised Revenue Requirements as provided by Rider CI/BSR for calendar year 2020 were approved by the Commission's Order No. PSC-19-0549-TRF-GU, issued December 30, 2019. The Commission's Order No. PSC-20-0507-TRF-GU, issued December 18, 2020, approved the true-up for calendar year 2019, the

estimated true-up for calendar year 2020, the Revenue Requirements and Surcharges for calendar year 2021, and the application of the Rider CI/BSR Surcharge to the three interruptible rate classes (Small Interruptible Service (SIS), Interruptible Services (IS), and Interruptible Service – Large Volume (ISLV)).

RELIEF REQUESTED

12. Peoples seeks the Commission’s approval of the final true-up amount for the calendar year 2020 of \$4,581,212 under-recovery (including interest). The calculation of this amount is contained in Exhibit A attached to this petition.

13. Peoples also seeks approval of the projected true-up for calendar year 2021, as shown in Exhibit B to this petition, and has re-projected that its actual expenditures for eligible replacements under Rider CI/BSR during 2021 will be \$37,955,814. This re-projected total does not include the first \$1 million in such expenditures. Exhibit B, Page 3 of 5, reflects on line 9 an “End of Period Total True-up” of \$344,870 under-recovery, derived as the addition of the remaining 2020 under recovery of \$556,871 offset by the over recovery in 2021 of \$212,001. Additionally, “Calculation of Revenue Requirement Rate of Return” schedules have been included to reflect any changes.

14. Exhibit C includes projected capital expenditures for the replacement of cast iron/bare steel infrastructure and PPP during calendar year 2022 and Exhibit D contains revised Surcharges to be collected from customers commencing with bills rendered for meter readings taken on and after January 1, 2022. The estimated total true-up for 2021, an under-recovery of \$344,870, increases the total amount to be collected through the revised Surcharges during 2022. Projected capital expenditures for replacements during 2022 are \$29,917,839, (not including the

first \$1 million of such expenditures).

15. Eleventh Revised Sheet No. 7.806 to Peoples' Natural Gas Tariff, Original Volume No. 3, setting forth the revised surcharges, accompanies the filing of this petition.

WHEREFORE, Peoples respectfully requests that the Commission enter its order:

- A. approving the final true-up for calendar year 2020, the calculation of which is contained in Exhibit A;
- B. approving the projected Revenue Requirements for 2022 (as calculated in Exhibit C, and as adjusted by the projected true-up for 2021 calculated in Exhibit B); and
- C. approving Peoples' billing of the recovery Surcharges for 2022 set forth in Exhibit D to this petition commencing with bills rendered for meter readings taken on and after January 1, 2022.

Respectfully submitted,



ANDREW M. BROWN

Phone: (813) 273-4209

E-mail: ab@macfar.com

THOMAS R. FARRIOR

Phone: (813) 273-4232

E-mail: trf@macfar.com

Macfarlane Ferguson & McMullen

P. O. Box 1531

Tampa, Florida 33601-1531

Fax: (813) 273-4396

Attorneys for Peoples Gas System

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing petition has been furnished by electronic mail this 1st day of September 2021, to Office of Public Counsel, Richard Gentry (gentry.richard@leg.state.fl.us)/Charles Rehwinkel (rehwinkel.charles@leg.state.fl.us), c/o The Florida Legislature, 111 W. Madison Street, Room 812, Tallahassee, Florida 32399-1400.



ANDREW M. BROWN

PEOPLES GAS SYSTEM

***Tariff Sheet 7.806
Legislative / Clean***

**CAST IRON/BARE STEEL REPLACEMENT RIDER
RIDER CI/BSR**

The monthly bill for Gas Service in any Billing Period shall be increased by the CI/BSR Surcharge determined in accordance with this Rider. CI/BSR Surcharges approved by the Commission for bills rendered for meter readings taken on or after January 1, ~~2021~~²⁰²², are as follows with respect to Customers receiving Gas Service under the following rate schedules:

<u>Rate Schedule</u>	<u>CI/BSR Surcharge</u>
Residential/Residential Standby Generator / Residential Gas Heat Pump Service	\$ 0. 02188 ⁰²⁰¹⁴ per therm
Small General Service	\$ 0. 01706 ⁰¹²⁰⁷ per therm
General Service – 1/ Commercial Standby Generator Service / Commercial Gas Heat Pump Service	\$ 0. 00872 ⁰⁰⁷³⁶ per therm
General Service – 2	\$ 0. 00840 ⁰⁰⁷⁰⁸ per therm
General Service – 3	\$ 0. 00756 ⁰⁰⁷²⁴ per therm
General Service – 4	\$ 0. 00489 ⁰⁰⁵⁷⁴ per therm
General Service – 5	\$ 0. 00205 ⁰⁰³⁶⁹ per therm
Commercial Street Lighting	\$ 0. 01414 ⁰⁰⁶⁶⁶ per therm
Natural Gas Vehicle Service	\$ 0.02011 per therm
Wholesale	\$ 0. 00641 ⁰⁰⁵⁰⁹ per therm
Small Interruptible Service	\$ 0. 00081 ⁰⁰³¹¹ per therm
Interruptible Service	\$ 0. 00022 ⁰⁰⁰⁷² per therm
Interruptible Service – Large Volume	\$ 0. 00001 ⁰⁰⁰⁰⁰ per therm

The CI/BSR Surcharges set forth above shall remain in effect until changed pursuant to an order of the Commission.

CI/BSR Surcharges shall be determined in accordance with the provisions of this Rider set forth below.

Definitions

For purposes of this Rider:

“Eligible Replacements” means the following Company plant investments that (i) do not increase revenues by directly connecting new customers to the plant asset, (ii) are in service and used and useful in providing utility service and (iii) were not included in the Company’s rate base for purposes of determining the Company’s base rates in its most recent general base rate proceeding:

Mains and service lines, as replacements for existing materials recognized/identified by the Pipeline Safety and Hazardous Materials Administration as being obsolete and that present a potential safety threat to operations and the general public, including cast iron, wrought iron, bare steel, and specific polyethylene/plastic facilities, and regulators and other pipeline system components the installation of which is required as a consequence of the replacement of the aforesaid facilities.

“CI/BSR Revenues” means the revenues produced through CI/BSR Surcharges, exclusive of revenues from all other rates and charges.

**CAST IRON/BARE STEEL REPLACEMENT RIDER
RIDER CI/BSR**

The monthly bill for Gas Service in any Billing Period shall be increased by the CI/BSR Surcharge determined in accordance with this Rider. CI/BSR Surcharges approved by the Commission for bills rendered for meter readings taken on or after January 1, 2022, are as follows with respect to Customers receiving Gas Service under the following rate schedules:

<u>Rate Schedule</u>	<u>CI/BSR Surcharge</u>
Residential/Residential Standby Generator / Residential Gas Heat Pump Service	\$ 0.02014 per therm
Small General Service	\$ 0.01207 per therm
General Service – 1/ Commercial Standby Generator Service / Commercial Gas Heat Pump Service	\$ 0.00736 per therm
General Service – 2	\$ 0.00708 per therm
General Service – 3	\$ 0.00724 per therm
General Service – 4	\$ 0.00574 per therm
General Service – 5	\$ 0.00369 per therm
Commercial Street Lighting	\$ 0.00666 per therm
Wholesale	\$ 0.00509 per therm
Small Interruptible Service	\$ 0.00311 per therm
Interruptible Service	\$ 0.00072 per therm
Interruptible Service – Large Volume	\$ 0.00000 per therm

The CI/BSR Surcharges set forth above shall remain in effect until changed pursuant to an order of the Commission.

CI/BSR Surcharges shall be determined in accordance with the provisions of this Rider set forth below.

Definitions

For purposes of this Rider:

“Eligible Replacements” means the following Company plant investments that (i) do not increase revenues by directly connecting new customers to the plant asset, (ii) are in service and used and useful in providing utility service and (iii) were not included in the Company’s rate base for purposes of determining the Company’s base rates in its most recent general base rate proceeding:

Mains and service lines, as replacements for existing materials recognized/identified by the Pipeline Safety and Hazardous Materials Administration as being obsolete and that present a potential safety threat to operations and the general public, including cast iron, wrought iron, bare steel, and specific polyethylene/plastic facilities, and regulators and other pipeline system components the installation of which is required as a consequence of the replacement of the aforesaid facilities.

“CI/BSR Revenues” means the revenues produced through CI/BSR Surcharges, exclusive of revenues from all other rates and charges.

PEOPLES GAS SYSTEM

“EXHIBIT A”

CALCULATION OF THE FINAL AMOUNT FOR 2020 (PAGE 1 OF 3)

***CALCULATION OF THE FINAL TRUE-UP AMOUNT FOR 2020
(PAGE 2 OF 3)***

INTEREST PROVISION FOR 2020 (PAGE 3 OF 3)

Docket No.
 Exhibit A
 Page 1 of 3

Peoples Gas System
 Cast Iron / Bare Steel Replacement Rider
 Calculation of the Final Amount for the Period
 January 2020 to December 2020
 Total Return on CIBES & PPP Capital Investments, Depreciation and Taxes for Eligible Replacements
 (in Dollars)

Line	Description	Beginning of Period Amount	Actual January	Actual February	Actual March	Actual April	Actual May	Actual June	Actual July	Actual August	Actual September	Actual October	Actual November	Actual December	End of Period Total
1.	Investments														
a.	Eligible Replacements - Mains (Plastic)	\$ 2,915,893	\$ 4,114,495	\$ 2,287,681	\$ 3,560,270	\$ 2,793,832	\$ 4,729,091	\$ 3,175,837	\$ 3,040,337	\$ 4,751,085	\$ 3,574,452	\$ 5,853,968	\$ 43,207,863		
b.	Eligible Replacements - Mains (Steel)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
c.	Eligible Replacements - Services (Plastic)	27,342	39,924	22,668	14,691	27,864	13,811.57	5,637	15,560.78	5,433.23	28,105.88	13,188.98	220,975		
d.	Eligible Replacements - Services (Steel)	0	0	0	0	1,858	0	0	2,058.26	0.00	0.00	0.00	3,916		
e.	Eligible Replacements - Regulators	0	0	0	0	0	0	0	0	0	0	0	0		
f.	Other	0	0	0	0	0	0	0	0	0	0	0	0		
g.	Clearings to Plant	1,148,952	9,890,584	2,164,551	2,390,831	770,678	1,686,415.74	5,115,096.86	840,441.55	2,708,201.16	5,259,319.58	9,926,615.08	45,487,947		
2.	Gross Plant-in-Service/Depreciation Base	\$ 153,357,727	\$ 154,506,679	\$ 158,092,940	\$ 167,983,524	\$ 170,148,075	\$ 172,538,906	\$ 173,309,584	\$ 174,996,000	\$ 180,111,086	\$ 180,951,538	\$ 183,659,739	\$ 188,919,059	\$ 198,845,674	
3.	Less: Accumulated Depreciation	(6,607,342)	(6,788,909)	(6,971,313)	(7,157,520)	(7,355,088)	(7,555,168)	(7,757,791)	(7,961,268.13)	(8,166,505)	(8,377,748)	(8,589,932)	(8,806,320)	(9,026,888)	
4.	CWIP - Noninterest Bearing	10,696,524	12,490,817	11,355,400	5,601,929	5,754,830	6,938,960	8,967,752	12,024,238.88	10,100,589	12,309,244	14,357,561	12,700,789	8,641,241	
5.	Net Book Value (Lines 2 + 3 + 4)	\$ 157,446,918	\$ 160,208,586	\$ 162,477,027	\$ 166,427,933	\$ 168,547,817	\$ 171,922,698	\$ 174,515,544	\$ 179,058,970	\$ 182,047,180	\$ 184,883,034	\$ 189,427,368	\$ 192,814,538	\$ 198,460,127	
6.	Average Net Book Value	158,827,752	161,342,807	164,452,505	167,487,900	170,235,258	172,221,121	176,789,257	180,553,080	183,465,112	187,155,201	191,120,953	195,637,332		
7.	Return on Average Net Book Value														
a.	Equity component Grossed up for taxes (A)	\$ 841,972	\$ 855,305	\$ 871,790	\$ 887,881	\$ 902,445	\$ 916,274	\$ 931,190	\$ 957,142	\$ 972,580	\$ 992,141	\$ 1,013,164	\$ 1,037,106	\$ 11,186,990	
b.	Debt component (B)	221,458	224,966	229,402	233,534	237,364	241,528	245,004	251,752	255,811	260,957	266,486	272,784	2,942,446	
		\$ 1,063,430	\$ 1,080,271	\$ 1,101,092	\$ 1,121,415	\$ 1,139,809	\$ 1,159,802	\$ 1,183,694	\$ 1,208,894	\$ 1,228,391	\$ 1,253,098	\$ 1,279,650	\$ 1,309,890	\$ 14,129,436	
8.	Investment Expenses														
a.	Depreciation Expense (C)	\$ 189,957	\$ 191,355	\$ 195,686	\$ 199,686	\$ 207,571	\$ 210,189	\$ 213,069	\$ 213,997	\$ 216,031	\$ 222,182	\$ 223,195	\$ 226,449	\$ 232,780	\$ 2,542,460
b.	Amortization	0	0	0	0	0	0	0	0	0	0	0	0	0	0
c.	Property Taxes (D)	218,903	218,903	218,903	218,903	218,903	218,903	218,903	218,903	218,903	218,903	218,903	218,899	218,899	2,626,832
d.	Depreciation Savings	(8,390)	(8,951)	(9,480)	(10,002)	(10,446)	(10,899)	(11,374)	(11,864)	(12,369)	(12,884)	(13,418)	(13,961)	(14,514)	(122,914)
9.	Total Recoverable Costs (Lines 7 + 8)	\$ 1,463,901	\$ 1,481,578	\$ 1,506,202	\$ 1,537,887	\$ 1,558,792	\$ 1,581,328	\$ 1,606,074	\$ 1,633,084	\$ 1,658,537	\$ 1,684,186	\$ 1,713,941	\$ 1,750,357	\$ 19,175,814	

Notes:

- (A) Line 7a = Line 6 x 0.3614% x 1/12. Based on ROE of 10.75%, and weighted income tax rate of 24.522%. Net Operating Income Multiplier of 1.33761
- (B) Line 7b = Line 6 x 1.6732% x 1/12
- (C) Depreciation rates: 1.4% Mains Plastic, 1.8% Mains Steel, 2.3% Services Steel, 3.3% Regulator Stations
- (D) Ad Valorem Tax Rate is 1.79%

Docket No.
 Exhibit A
 Page 2 of 3

Peoples Gas System
 Cast Iron / Bare Steel Replacement Rider
 Calculation of the Final True-Up Amount
 January 2020 to December 2020
 Final True-Up Amount
 (in Dollars)

Line	Description	Actual January	Actual February	Actual March	Actual April	Actual May	Actual June	Actual July	Actual August	Actual September	Actual October	Actual November	Actual December	End of Period Total
1.	CIBSR Revenues (net of Revenue Taxes)	\$ 2,402,489	\$ 2,047,408	\$ 1,908,810	\$ 1,437,140	\$ 1,279,014	\$ 1,276,412	\$ 1,188,942	\$ 1,160,994	\$ 1,149,771	\$ 1,227,320	\$ 1,419,992	\$ 1,813,668	\$ 17,991,960
2.	True-Up Provision	(179,433)	(179,433)	(179,433)	(179,433)	(179,433)	(179,433)	(179,433)	(179,433)	(179,433)	(179,433)	(179,433)	(179,433)	(2,153,196)
3.	CIBSR Revenues Applicable to Period (Lines 1 + 2)	\$ 1,923,056	\$ 1,867,975	\$ 1,729,377	\$ 1,257,707	\$ 1,099,581	\$ 1,096,979	\$ 989,509	\$ 981,561	\$ 970,338	\$ 1,047,887	\$ 1,240,559	\$ 1,634,235	\$ 15,838,764
4.	CIBSR Costs													
a.	Return on Investment	\$ 1,063,430	\$ 1,080,271	\$ 1,101,092	\$ 1,121,415	\$ 1,139,809	\$ 1,159,802	\$ 1,183,694	\$ 1,208,894	\$ 1,228,391	\$ 1,253,098	\$ 1,279,650	\$ 1,309,890	\$ 14,129,436
b.	Depreciation	189,957	191,355	195,686	207,571	210,189	213,069	216,091	218,903	222,182	223,195	226,449	232,780	2,542,460
c.	Property Taxes	218,903	218,903	218,903	218,903	218,903	218,903	218,903	218,903	218,903	218,903	218,903	218,903	2,626,832
d.	Depreciation Savings	(6,390)	(8,951)	(9,480)	(10,002)	(10,109)	(10,446)	(10,521)	(10,794)	(10,939)	(11,011)	(11,061)	(11,211)	(122,914)
	Total CIBSR Costs	\$ 1,463,900	\$ 1,481,578	\$ 1,506,201	\$ 1,537,886	\$ 1,558,792	\$ 1,581,328	\$ 1,606,074	\$ 1,633,034	\$ 1,658,537	\$ 1,684,185	\$ 1,713,941	\$ 1,750,357	\$ 19,175,814
5.	Over/(Under) Recovery (Line 3 - Line 4d)	\$ 459,156	\$ 386,397	\$ 223,176	\$ (280,180)	\$ (459,211)	\$ (484,349)	\$ (616,565)	\$ (651,473)	\$ (688,199)	\$ (636,298)	\$ (473,381)	\$ (116,122)	\$ (3,337,049)
6.	Interest Provision	\$ (4,289)	\$ (3,279)	\$ (3,115)	\$ (1,745)	\$ (122)	\$ (186)	\$ (269)	\$ (315)	\$ (291)	\$ (288)	\$ (450)	\$ (461)	\$ (14,810)
7.	Beginning Balance True-Up & Interest Provision	\$ (3,382,549)	\$ (2,748,249)	\$ (2,185,698)	\$ (1,786,204)	\$ (1,888,696)	\$ (2,168,596)	\$ (2,473,698)	\$ (2,911,099)	\$ (3,383,454)	\$ (3,892,511)	\$ (4,349,664)	\$ (4,644,062)	\$ (3,382,549)
8.	True-Up Collected/(Refunded)	\$ 179,433	\$ 179,433	\$ 179,433	\$ 179,433	\$ 179,433	\$ 179,433	\$ 179,433	\$ 179,433	\$ 179,433	\$ 179,433	\$ 179,433	\$ 179,433	\$ 2,153,196
9.	End of Period Total True-Up (Lines 5+6+7+8)	\$ (2,748,249)	\$ (2,185,698)	\$ (1,786,204)	\$ (1,888,696)	\$ (2,168,596)	\$ (2,473,698)	\$ (2,911,099)	\$ (3,383,454)	\$ (3,892,511)	\$ (4,349,664)	\$ (4,644,062)	\$ (4,581,212)	\$ (4,581,212)
10.	Adjusted End of Period Total True Up	(\$2,748,249)	(\$2,185,698)	(\$1,786,204)	(\$1,888,696)	(\$2,168,596)	(\$2,473,698)	(\$2,911,099)	(\$3,383,454)	(\$3,892,511)	(\$4,349,664)	(\$4,644,062)	(\$4,581,212)	(\$4,581,212)

Peoples Gas System
 Cast Iron / Bare Steel Replacement Rider
 Calculation of the Final True-Up Amount
 January 2020 to December 2020

Interest Provision
 (in Dollars)

Line	Description	Actual January	Actual February	Actual March	Actual April	Actual May	Actual June	Actual July	Actual August	Actual September	Actual October	Actual November	Actual December	End of Period Total
1.	Beginning True-Up Amount	(\$3,382,549)	(\$2,748,249)	(\$2,185,698)	(\$1,786,204)	(\$1,886,696)	(\$2,168,596)	(\$2,473,698)	(\$2,911,099)	(\$3,383,454)	(\$3,892,511)	(\$4,349,664)	(\$4,644,062)	
2.	Ending True-Up Amount Before Interest	(2,743,960)	(2,182,419)	(1,783,089)	(1,886,951)	(2,168,474)	(2,473,512)	(2,910,830)	(3,383,139)	(3,892,220)	(4,349,376)	(4,643,612)	(4,580,751)	
3.	Total of Beginning & Ending True-Up (Lines 1 + 2)	(6,126,509)	(4,930,668)	(3,968,787)	(3,673,155)	(4,057,170)	(4,642,108)	(5,384,528)	(6,294,238)	(7,275,674)	(8,241,887)	(8,993,276)	(9,224,813)	
4.	Average True-Up Amount (Line 3 x 1/2)	(3,063,255)	(2,465,334)	(1,984,394)	(1,836,578)	(2,028,585)	(2,321,054)	(2,692,264)	(3,147,119)	(3,637,837)	(4,120,944)	(4,496,638)	(4,612,407)	
5.	Interest Rate (First Day of Reporting Business Month)	1.71%	1.64%	1.56%	2.21%	0.06%	0.08%	0.11%	0.12%	0.13%	0.07%	0.10%	0.14%	
6.	Interest Rate (First Day of Subsequent Business Month)	1.64%	1.56%	2.21%	0.06%	0.08%	0.11%	0.12%	0.13%	0.07%	0.10%	0.14%	0.10%	
7.	Total of Beginning & Ending Interest Rates (Lines 5 + 6)	3.35%	3.20%	3.77%	2.27%	0.14%	0.19%	0.23%	0.25%	0.20%	0.17%	0.24%	0.24%	
8.	Average Interest Rate (Line 7 x 1/2)	1.675%	1.600%	1.885%	1.135%	0.070%	0.095%	0.115%	0.125%	0.100%	0.085%	0.120%	0.120%	
9.	Monthly Average Interest Rate (Line 8 x 1/12)	0.140%	0.133%	0.157%	0.095%	0.006%	0.008%	0.010%	0.010%	0.008%	0.007%	0.010%	0.010%	
10.	Interest Provision for the Month (Line 4 x Line 9)	(\$4,289)	(\$3,279)	(\$3,115)	(\$1,745)	(\$122)	(\$186)	(\$269)	(\$315)	(\$291)	(\$288)	(\$450)	(\$461)	(\$14,810)

PEOPLES GAS SYSTEM

“EXHIBIT B”

***TRUE-UP OF BEGINNING 2021 NET INVESTMENT BALANCE
(PAGE 1 OF 5)***

***CALCULATION OF ACTUAL AND REFORECAST AMOUNT FOR 2021
(PAGE 2 OF 5)***

PROJECTED TRUE-UP AMOUNT FOR 2021 (PAGE 3 OF 5)

INTEREST PROVISION FOR 2021 (PAGE 4 OF 5)

***CALCULATION OF REVENUE REQUIREMENT RATE OF RETURN,
JANUARY 2021 THROUGH DECEMBER 2021
(PAGE 5 OF 5)***

Docket No.
 Exhibit B
 Page 1 of 5

Peoples Gas System
 Cast Iron / Bare Steel Replacement Program
 True-Up of Beginning 2021 Net Investment Balance
 January 2021 to December 2021

Return on TOTAL CI/BS + PPP Capital Investments, Depreciation and Taxes for Eligible Replacements
 (in Dollars)

Line	Description	December 31, 2020 2020 CIBSR Actual Amount	December 31, 2020 2021 Rate Case Filing Projected Amount	Difference equals January 1, 2021 Beginning of Period Amount
2.	Gross Plant-in-Service/Depreciation Base	\$ 198,845,674	\$ 206,133,265	\$ (7,287,591)
3.	Less: Accumulated Depreciation	\$ (9,026,888)	\$ (9,180,104)	\$ 153,216
4.	CWIP - NonInterest Bearing	\$ 8,641,341	\$ 3,734,039	\$ 4,907,302
5.	Net Book Value (Lines 2 + 3 + 4)	\$ 198,460,127	\$ 200,687,200	\$ (2,227,074)

	Gross Plant-in-Service/Depreciation Base December 31, 2020 2020 CIBSR Actual Amount	Gross Plant-in-Service/Depreciation Base December 31, 2020 2021 Rate Case Filing Projected Amount	Difference equals January 1, 2021 Beginning of Period Amount
MAINS PLASTIC	\$ 190,203,165	\$ 197,715,648	\$ (7,512,483)
SERVICES PLASTIC	\$ 8,521,564	\$ 8,300,589	\$ 220,975
REGULATOR STN	\$ -	\$ -	\$ -
MAINS STEEL	\$ -	\$ -	\$ -
SERVICES STEEL	\$ 120,945	\$ 117,029	\$ 3,916
	\$ 198,845,674	\$ 206,133,265	\$ (7,287,591)

	Accumulated Depreciation December 31, 2020 2020 CIBSR Actual Amount	Accumulated Depreciation December 31, 2020 2021 Rate Case Filing Projected Amount	Difference equals January 1, 2021 Beginning of Period Amount
MAINS PLASTIC	\$ 8,170,288	\$ 8,326,317	\$ (156,029)
SERVICES PLASTIC	\$ 834,955	\$ 832,192	\$ 2,763
REGULATOR STN	\$ -	\$ -	\$ -
MAINS STEEL	\$ -	\$ -	\$ -
SERVICES STEEL	\$ 21,645	\$ 21,594	\$ 51
	\$ 9,026,888	\$ 9,180,104	\$ (153,216)

Docket No.
 Exhibit B
 Page 2 of 5

Peoples Gas System
 Cast Iron/Bare Steel Replacement Rider
 Calculation of the Actual and Reforecast Amount (7 + 5 forecast) for the Period
 January 2021 to December 2021
 Total Return on C/BS & PPP Capital Investments, Depreciation and Taxes for Eligible Replacements
 (in Dollars)

Line	Description	Beginning of Period Amount (E)	Actual January	Actual February	Actual March	Actual April	Actual May	Actual June	Actual July	Forecast August	Forecast September	Forecast October	Forecast November	Forecast December	End of Period Total
1.	Investments														
a.	Eligible Replacements - Mains (Plastic)	\$	2,501,922	3,900,373	3,717,513	3,065,652	1,373,779	3,524,708	2,053,651	3,677,505	4,014,104	3,971,707	3,372,812	2,562,191	37,735,918
b.	Eligible Replacements - Mains (Steel)		0	0	0	0	0	0	0	0	0	0	0	0	0
c.	Eligible Replacements - Services (Plastic)		9,187	8,438	40,648	13,744	11,754	26,070	43,468	0	0	0	0	0	153,209
d.	Eligible Replacements - Services (Steel)		0	0	0	2,799	0	228	0	0	0	0	0	0	3,026
e.	Eligible Replacements - Regulators		0	0	0	0	0	0	0	0	0	0	0	0	0
f.	Other		0	0	0	0	0	0	0	0	0	0	0	0	0
g.	Clearings to Plant		5,098,157	2,704,513	2,873,384	1,579,205	688,305	1,224,835	1,408,638	5,179,079	5,056,135	4,761,829	4,116,627	3,322,708	37,955,814
2.	Gross Plant-in-Service/Depreciation Base	\$	(7,287,591)	515,478	3,388,862	4,988,067	5,596,371	6,821,206	8,229,845	13,408,924	18,465,668	23,228,887	27,345,515	30,666,223	
3.	Less: Accumulated Depreciation		153,216	162,461	165,093	164,691	160,656	148,463	140,662	131,373	115,740	93,922	66,298	33,710	
4.	CWIP - Noninterest Bearing		4,907,302	2,319,855	3,524,154	4,408,931	5,911,921	8,995,092	9,683,800	8,182,226	7,140,796	6,348,074	5,604,258	4,843,741	
5.	Net Book Value (Lines 2 + 3 + 4)	\$	293,281	4,204,724	7,962,483	11,040,644	12,420,492	15,964,761	18,054,307	21,722,523	25,720,984	29,670,883	33,016,071	35,545,674	
6.	Average Net Book Value		(966,897)	2,249,002	6,083,604	9,501,563	11,730,568	14,192,626	17,009,534	19,888,415	23,721,759	27,695,938	31,343,477	34,280,872	
7.	Return on Average Net Book Value														
a.	Equity component Grossed up for taxes (A)	\$	(4,936)	11,481	31,056	48,504	59,882	74,451	86,831	101,527	121,096	141,384	160,003	174,998	1,004,277
b.	Debt component (B)		(1,314)	3,057	8,269	12,914	15,944	19,290	23,119	27,031	32,242	37,644	42,601	46,594	267,391
		\$	(6,250)	14,538	39,325	61,418	75,826	93,741	109,950	128,558	153,338	179,028	202,604	221,592	1,271,668
8.	Investment Expenses														
a.	Depreciation Expense (C)	\$	(9,245)	(2,608)	917	4,693	6,765	7,593	9,212	11,087	17,820	24,393	30,586	35,937	137,149
b.	Amortization		0	0	0	0	0	0	0	0	0	0	0	0	0
c.	Property Taxes (D)		(10,642)	(10,642)	(10,642)	(10,642)	(10,642)	(10,642)	(10,642)	(10,642)	(10,642)	(10,642)	(10,642)	(10,644)	(127,706)
d.	Depreciation Savings		0	(24)	(515)	(658)	(1,080)	(1,085)	(1,411)	(1,799)	(2,186)	(2,574)	(2,962)	(3,350)	(17,644)
9.	Total Recoverable Costs (Lines 7 + 8)	\$	(26,137)	1,264	29,085	54,810	70,868	87,608	107,109	127,204	158,330	190,204	219,586	249,535	1,263,467

Notes:
 (A) Line 7a = Line 6 x 6.1258% x 1/12. Based on ROE of 9.90%, and weighted income tax rate of 24.522%. Net Operating Income Multiplier of 1.33614
 (B) Line 7b = Line 6 x 1.6310% x 1/12
 (C) Depreciation rates: 1.6% Mains (Plastic), 2.1% Mains (Steel), 2.7% Services (Plastic), 4.0% Services (Steel); 2.7% Regulator Station
 (D) Act Valorem Tax Rate is 1.79%
 (E) Beginning of Period Amount accounts for rolling C/BSR Net Book Value investments into rate base as of January 1, 2021, using the projected amounts reflected in Peoples rate case filing in Docket No. 2020051-GU. See Page 1 of Exhibit B for details of calculations of total differences between the 2020 C/BSR actuals and the 2020 projection based on the Rate Case filing.

Docket No.
 Exhibit B
 Page 3 of 5

Peoples Gas System
 Cast Iron/Bare Steel Replacement Rider
 Calculation of the Actual and Reforecast Amount (7 + 5 forecast) for the Period
 January 2021 to December 2021
 Current Period Actual / Reforecast True-Up Amount

Line	Description	Actual January	Actual February	Actual March	Actual April	Actual May	Actual June	Actual July	Forecast August	Forecast September	Forecast October	Forecast November	Forecast December	End of Period Total
1.	CIBSR Revenues (net of Revenue Taxes)	\$ 626,425	\$ 574,545	\$ 491,455	\$ 479,897	\$ 398,065	\$ 369,932	\$ 359,167	\$ 426,555	\$ 433,971	\$ 427,380	\$ 441,457	\$ 474,693	\$ 5,501,540
2.	True-Up Provision	(335,362)	(335,362)	(335,362)	(335,362)	(335,362)	(335,362)	(335,362)	(335,362)	(335,362)	(335,362)	(335,362)	(335,359)	(4,024,341)
3.	CIBSR Revenues Applicable to Period (Lines 1 + 2)	\$ 291,063	\$ 237,183	\$ 156,093	\$ 144,535	\$ 62,703	\$ 34,570	\$ 23,805	\$ 91,193	\$ 98,609	\$ 92,018	\$ 106,095	\$ 139,334	\$ 1,477,199
4.	CIBSR Costs													
a.	Return on Investment	\$ (6,250)	\$ 14,538	\$ 39,325	\$ 61,418	\$ 75,826	\$ 91,741	\$ 109,950	\$ 128,558	\$ 153,338	\$ 179,028	\$ 202,604	\$ 221,592	\$ 1,271,668
b.	Depreciation	(9,245)	(2,608)	917	4,693	6,765	7,593	9,212	11,087	17,820	24,393	30,586	35,937	137,149
c.	Property Taxes	(10,642)	(10,642)	(10,642)	(10,642)	(10,642)	(10,642)	(10,642)	(10,642)	(10,642)	(10,642)	(10,642)	(10,642)	(127,706)
d.	Depreciation Savings	0	(24)	(515)	(658)	(1,080)	(1,085)	(1,411)	(1,799)	(2,186)	(2,574)	(2,962)	(3,350)	(17,644)
d.	Total CIBSR Costs	\$ (26,137)	\$ 1,264	\$ 29,085	\$ 54,810	\$ 70,869	\$ 87,608	\$ 107,109	\$ 127,204	\$ 158,329	\$ 190,205	\$ 219,586	\$ 243,536	\$ 1,263,467
5.	Over/(Under) Recovery (Line 3 - Line 4d)	\$ 317,200	\$ 235,919	\$ 127,008	\$ 89,725	\$ (8,166)	\$ (53,038)	\$ (83,304)	\$ (36,012)	\$ (59,721)	\$ (98,187)	\$ (113,491)	\$ (104,202)	\$ 213,731
6.	Interest Provision	\$ (383)	\$ (328)	\$ (250)	\$ (215)	\$ (115)	\$ (100)	\$ (104)	\$ (73)	\$ (59)	\$ (46)	\$ (34)	\$ (23)	\$ (1,730)
7.	Beginning Balance True-Up & Interest Provision	\$ (4,581,212)	\$ (3,929,033)	\$ (3,358,080)	\$ (2,895,960)	\$ (2,471,088)	\$ (2,144,007)	\$ (1,861,783)	\$ (1,609,829)	\$ (1,310,552)	\$ (1,034,970)	\$ (797,841)	\$ (576,004)	\$ (4,581,212)
8.	True-Up Collected/(Refunded)	\$ 335,362	\$ 335,362	\$ 335,362	\$ 335,362	\$ 335,362	\$ 335,362	\$ 335,362	\$ 335,362	\$ 335,362	\$ 335,362	\$ 335,362	\$ 335,359	\$ 4,024,341
9.	End of Period Total True-Up (Lines 5+6+7+8)	\$ (3,929,033)	\$ (3,358,080)	\$ (2,895,960)	\$ (2,471,088)	\$ (2,144,007)	\$ (1,861,783)	\$ (1,609,829)	\$ (1,310,552)	\$ (1,034,970)	\$ (797,841)	\$ (576,004)	\$ (344,870)	\$ (344,870)
10.	Adjusted End of Period Total True Up	\$ (3,929,033)	\$ (3,358,080)	\$ (2,895,960)	\$ (2,471,088)	\$ (2,144,007)	\$ (1,861,783)	\$ (1,609,829)	\$ (1,310,552)	\$ (1,034,970)	\$ (797,841)	\$ (576,004)	\$ (344,870)	\$ (344,870)

Docket No.
 Exhibit B
 Page 4 of 5

Peoples Gas System
 Cast Iron/Bare Steel Replacement Rider
 Calculation of the Actual and Reforecast Amount (7 + 5 forecast) for the Period
 January 2021 to December 2021
 Interest Provision
 (in Dollars)

Line	Description	Actual January	Actual February	Actual March	Actual April	Actual May	Actual June	Actual July	Forecast August	Forecast September	Forecast October	Forecast November	Forecast December	End of Period Total
1.	Beginning True-Up Amount	(\$4,581,212)	(\$3,929,033)	(\$3,358,080)	(\$2,895,960)	(\$2,471,088)	(\$2,144,007)	(\$1,861,783)	(\$1,609,829)	(\$1,310,552)	(\$1,034,970)	(\$797,841)	(\$576,004)	
2.	Ending True-Up Amount Before Interest	(3,928,650)	(3,357,752)	(2,895,710)	(2,470,873)	(2,143,892)	(1,861,683)	(1,609,725)	(1,310,479)	(1,034,911)	(797,795)	(575,970)	(344,847)	
3.	Total of Beginning & Ending True-Up (Lines 1 + 2)	(8,509,862)	(7,286,785)	(6,253,790)	(5,366,833)	(4,614,980)	(4,005,690)	(3,471,508)	(2,920,308)	(2,345,463)	(1,832,765)	(1,373,811)	(920,851)	
4.	Average True-Up Amount (Line 3 x 1/2)	(4,254,931)	(3,643,393)	(3,126,895)	(2,683,417)	(2,307,490)	(2,002,845)	(1,735,754)	(1,460,154)	(1,172,732)	(916,383)	(686,906)	(460,426)	
5.	Interest Rate (First Day of Reporting Business Month)	0.10%	0.12%	0.09%	0.11%	0.07%	0.04%	0.08%	0.06%	0.06%	0.06%	0.06%	0.06%	
6.	Interest Rate (First Day of Subsequent Business Month)	0.12%	0.09%	0.11%	0.07%	0.04%	0.08%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	
7.	Total of Beginning & Ending Interest Rates (Lines 5 + 6)	0.22%	0.21%	0.20%	0.18%	0.11%	0.12%	0.14%	0.12%	0.12%	0.12%	0.12%	0.12%	
8.	Average Interest Rate (Line 7 x 1/2)	0.110%	0.105%	0.100%	0.090%	0.055%	0.060%	0.070%	0.060%	0.060%	0.060%	0.060%	0.060%	
9.	Monthly Average Interest Rate (Line 8 x 1/12)	0.009%	0.009%	0.008%	0.008%	0.005%	0.005%	0.006%	0.005%	0.005%	0.005%	0.005%	0.005%	
10.	Interest Provision for the Month (Line 4 x Line 9)	(\$383)	(\$328)	(\$250)	(\$215)	(\$115)	(\$100)	(\$104)	(\$73)	(\$59)	(\$46)	(\$34)	(\$23)	(\$1,730)

Peoples Gas System
 Cast Iron/Bare Steel Replacement Rider
 Calculation of Debt and Equity Return
 January 2021 through December 2021

Docket No.
 Exhibit B
 Page 5 of 5

Calculation of Revenue Requirement Rate of Return
 (In Dollars)

	(1)	(2)	(3)	(4)
	Rate Base ESR (\$000)	Ratio %	Cost Rate %	Weighted Cost Rate %
Long Term Debt	\$ 284,152	30.02%	4.73%	1.4199%
Short Term Debt	46,599	4.92%	3.04%	0.1496%
Preferred Stock	0	0.00%	0.00%	0.0000%
Residential Customer Deposits	0	0.00%	0.00%	0.0000%
Commercial Customer Deposits	23,652	2.50%	2.46%	0.0615%
Inactive Customer Deposits	0	0.00%	0.00%	0.0000%
Common Equity	438,447	46.31%	9.90%	4.5847%
Deferred Income Tax	153,845	16.25%	0.00%	0.0000%
Tax Credits - Zero Cost	<u>0</u>	<u>0.00%</u>	0.00%	<u>0.0000%</u>
Total	<u>\$ 946,696</u>	<u>100%</u>		<u>6.2157%</u>
ITC split between Debt and Equity:				
Long Term Debt	\$ 284,152		Long Term Debt	39.32%
Equity - Preferred	0		Equity - Preferred	0.00%
Equity - Common	<u>438,447</u>		Equity - Common	<u>60.68%</u>
Total	<u>\$ 722,600</u>		Total	<u>100.00%</u>
Deferred ITC - Weighted Cost:				
Debt = 0.0% * 39.32%		0.0000%		
Equity = 0.0% * 60.68%		<u>0.0000%</u>		
Weighted Cost		<u>0.0000%</u>		
Total Equity Cost Rate:				
Preferred Stock		0.0000%		
Common Equity		4.5847%		
Deferred ITC - Weighted Cost		<u>0.0000%</u>		
		4.5847%		
Times Tax Multiplier		1.33614		
Total Equity Component		<u>6.1258%</u>		
Total Debt Cost Rate:				
Long Term Debt		1.4199%		
Short Term Debt		0.1496%		
Customer Deposits		0.0615%		
Deferred ITC - Weighted Cost		<u>0.0000%</u>		
Total Debt Component		<u>1.6310%</u>		
		<u>7.7568%</u>		

Notes:

Column (1) - From December 2019 PGS ESR with ROE adjusted to 9.90%.
 Column (2) - Column (1) / Total Column (1)
 Column (3) - From December 2019 PGS ESR
 Column (4) - Column (2) x Column (3)

PEOPLES GAS SYSTEM

“EXHIBIT C”

***CALCULATION OF THE PROJECTED AMOUNT FOR 2022
(PAGE 1 OF 2)***

***CALCULATION OF DEBT AND EQUITY RETURN FOR 2022
(PAGE 2 OF 2)***

Docket No.
 Exhibit C
 Page 1 of 2

Peoples Gas System
 Cast Iron/Bare Steel Replacement Rider
 Calculation of the TOTALC/IBS + PPP Projected Amount for the Period
 January 2022 to December 2022
 Return on Capital Investments, Depreciation and Taxes for Eligible Replacements
 (in Dollars)

Line	Description	Beginning of Period Amount	January	February	March	April	May	June	July	August	September	October	November	December	End of Period Total
1.	Investments														
	a. Eligible Replacements - Valians	\$ 2,270,047	\$ 3,270,047	\$ 2,096,881	\$ 2,096,881	\$ 2,096,881	\$ 2,096,881	\$ 2,096,881	\$ 2,096,881	\$ 2,096,881	\$ 2,096,881	\$ 2,096,881	\$ 2,096,881	\$ 2,096,881	\$ 27,291,015
	b. Eligible Replacements - Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	c. Eligible Replacements - Regulators	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	d. Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	e. Cleanings to Plant	\$ 2,913,471	\$ 3,502,615	\$ 2,396,633	\$ 2,321,695	\$ 2,856,492	\$ 2,233,339	\$ 2,191,725	\$ 2,168,014	\$ 2,150,230	\$ 2,136,893	\$ 2,136,893	\$ 2,136,893	\$ 2,136,893	\$ 29,917,839
2.	Gross Plant-In-Service/Depreciation Base	\$ 33,581,693	\$ 37,084,308	\$ 40,235,489	\$ 42,732,040	\$ 45,126,674	\$ 47,450,369	\$ 49,715,861	\$ 51,939,200	\$ 54,130,924	\$ 56,298,938	\$ 58,449,168	\$ 60,586,062	\$ 62,718,821	\$ 648,586,062
3.	Less: Accumulated Depreciation	(2,809)	(42,847)	(87,168)	(135,317)	(186,441)	(240,413)	(297,132)	(356,288)	(418,544)	(483,141)	(550,286)	(619,957)	(699,970)	(6,919,957)
4.	CWIP - Noninterest Bearing	4,843,741	4,200,318	3,967,750	3,695,561	3,295,891	2,996,138	2,771,324	2,602,713	2,476,255	2,381,412	2,310,279	2,256,929	2,216,917	22,169,917
5.	Net Book Value (Line 2 + 3 + 4)	\$ 35,545,674	\$ 41,009,211	\$ 43,843,882	\$ 45,892,614	\$ 47,938,370	\$ 49,981,280	\$ 52,021,442	\$ 54,058,877	\$ 56,099,792	\$ 58,126,076	\$ 60,155,812	\$ 62,183,021	\$ 64,210,934	\$ 641,835,175
6.	Average Net Book Value	\$ 36,652,438	\$ 39,394,207	\$ 42,426,547	\$ 44,868,248	\$ 46,915,492	\$ 48,959,826	\$ 51,001,361	\$ 53,040,184	\$ 55,076,360	\$ 57,109,934	\$ 59,140,944	\$ 61,169,417	\$ 63,188,851	\$ 611,669,417
7.	Return on Average Net Book Value														
	a. Equity component Grossed up for taxes (A)	\$ 193,817	\$ 208,366	\$ 224,405	\$ 237,319	\$ 248,148	\$ 258,961	\$ 269,758	\$ 280,542	\$ 291,312	\$ 302,069	\$ 312,811	\$ 323,540	\$ 334,259	\$ 3,151,148
	b. Debt component (B)	\$ 42,898	\$ 46,095	\$ 48,642	\$ 52,500	\$ 54,895	\$ 57,287	\$ 59,676	\$ 62,061	\$ 64,444	\$ 66,823	\$ 69,200	\$ 71,573	\$ 73,946	\$ 697,094
		\$ 236,815	\$ 254,461	\$ 273,047	\$ 289,819	\$ 303,043	\$ 316,248	\$ 329,434	\$ 342,603	\$ 355,756	\$ 368,892	\$ 382,011	\$ 395,113	\$ 408,205	\$ 3,848,242
8.	Investment Expenses														
	a. Depreciation (C)	\$ 40,257	\$ 44,044	\$ 48,598	\$ 52,694	\$ 55,940	\$ 59,055	\$ 62,074	\$ 65,019	\$ 67,909	\$ 70,758	\$ 73,577	\$ 76,372	\$ 79,149	\$ 716,297
	b. Amortization	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	c. Property Taxes (D)	\$ 45,797	\$ 45,797	\$ 45,797	\$ 45,797	\$ 45,797	\$ 45,797	\$ 45,797	\$ 45,797	\$ 45,797	\$ 45,797	\$ 45,797	\$ 45,797	\$ 45,797	\$ 457,971
	d. Depreciation Savings	(3,738)	(6,007)	(4,276)	(4,546)	(4,815)	(5,084)	(5,354)	(5,623)	(5,893)	(6,162)	(6,431)	(6,701)	(6,970)	(62,630)
9.	Revenue Requirements (Lines 7 + 8)	\$ 319,131	\$ 340,295	\$ 364,165	\$ 383,764	\$ 399,965	\$ 416,016	\$ 431,951	\$ 447,795	\$ 463,570	\$ 479,286	\$ 494,953	\$ 510,583	\$ 526,272	\$ 5,051,475
10.	Est projected 2021 true-up over/(under)	\$ (344,870)													
11.	Revenue Requirements Net of Est Projected Recovery	\$ 664,001	\$ 1,004,296	\$ 1,368,461	\$ 1,732,225	\$ 2,152,130	\$ 2,568,206	\$ 3,000,157	\$ 3,447,952	\$ 3,911,522	\$ 4,390,808	\$ 4,885,761	\$ 5,396,344	\$ 5,917,014	\$ 58,418,900

Notes:
 (A) Line 7a = Line 6 x 3.471% x 1/12. Based on ROE of 9.90% and weighted income tax rate of 25.345%. Net Operating Income Multiplier of 1.35087
 (B) Line 7b = Line 6 x 1.4041% x 1/12
 (C) Depreciation rates: 3.6% (Main Plastic), 2.1% (Main Steel), 2.7% (Services Plastic), 4.0% (Services Steel), 2.7% (Regulator Station)
 (D) Ad Valorem Tax Rate is 1.70%

Peoples Gas System
 Cast Iron/Bare Steel Replacement Rider
 Calculation of Debt and Equity Return
 January 2022 through December 2022

Docket No.
 Exhibit C
 Page 2 of 2

Calculation of Revenue Requirement Rate of Return
 (In Dollars)

	(1)	(2)	(3)	(4)
	Rate Base ESR (\$000)	Ratio %	Cost Rate %	Weighted Cost Rate %
Long Term Debt	\$ 276,505	26.30%	4.69%	1.2335%
Short Term Debt	107,857	10.26%	1.16%	0.1190%
Preferred Stock	0	0.00%	0.00%	0.0000%
Residential Customer Deposits	0	0.00%	0.00%	0.0000%
Commercial Customer Deposits	21,938	2.08%	2.48%	0.0516%
Inactive Customer Deposits	0	0.00%	0.00%	0.0000%
Common Equity	499,021	47.46%	9.90%	4.6985%
Deferred Income Tax	146,145	13.90%	0.00%	0.0000%
Tax Credits - Zero Cost	<u>0</u>	<u>0.00%</u>	0.00%	<u>0.0000%</u>
Total	\$ 1,051,466	100%		6.1026%
ITC split between Debt and Equity:				
Long Term Debt	\$ 276,505		Long Term Debt	35.65%
Equity - Preferred	0		Equity - Preferred	0.00%
Equity - Common	<u>499,021</u>		Equity - Common	<u>64.35%</u>
Total	\$ 775,526		Total	100.00%
Deferred ITC - Weighted Cost:				
Debt = 0.0% * 39.32%		0.0000%		
Equity = 0.0% * 60.68%		<u>0.0000%</u>		
Weighted Cost		<u>0.0000%</u>		
Total Equity Cost Rate:				
Preferred Stock		0.0000%		
Common Equity		4.6985%		
Deferred ITC - Weighted Cost		<u>0.0000%</u>		
		4.6985%		
Times Tax Multiplier		1.35087		
Total Equity Component		<u>6.3471%</u>		
Total Debt Cost Rate:				
Long Term Debt		1.2335%		
Short Term Debt		0.1190%		
Customer Deposits		0.0516%		
Deferred ITC - Weighted Cost		<u>0.0000%</u>		
Total Debt Component		<u>1.4041%</u>		
		<u>7.7512%</u>		

Notes:

Column (1) - From December 2020 PGS ESR
 Column (2) - Column (1) / Total Column (1)
 Column (3) - From December 2020 PGS ESR
 Column (4) - Column (2) x Column (3)

PEOPLES GAS SYSTEM

“EXHIBIT D”

***SURCHARGE CALCULATION FOR 2022 (PAGE 1 OF 1)
INCLUDING INTERRUPTIBLE CLASSES***

Docket No.
 Exhibit D
 Page 1 of 1

Peoples Gas System
 Cast Iron/Bare Steel Replacement Rider
 Summary of CI/BSR Surcharge Calculation With Interruptible Rate Classes
 January 2022 Through December 2022

RATE SCHEDULE	MAINS NET PLANT*	SERVICES NET PLANT*	TOTAL NET PLANT*	(A)		(B) % OF TOTAL PLANT for 2021 & 2022 Rev Req Allocation	(1) CI/BSR REVENUES 2020 True-Up	(2) CI/BSR REVENUES 2021 & 2022	C/BSR SURCHARGE PER THERM
				% OF TOTAL PLANT for 2020 True-Up Allocation	% OF TOTAL PLANT for 2021 & 2022 Rev Req Allocation				
RS & RS-SG	\$133,714,560	\$208,900,466	\$342,615,026	34.08%	32.45%	\$189,794	\$1,570,233	\$0.02014	
SGS	13,072,491	8,999,737	22,072,229	2.20%	2.09%	\$12,227	\$101,159	\$0.01207	
GS-1 & CS-SG	120,388,376	19,046,809	139,435,186	13.87%	13.20%	\$77,241	\$639,043	\$0.00736	
GS-2	194,486,832	8,085,123	202,571,956	20.15%	19.18%	\$112,216	\$928,404	\$0.00708	
GS-3	114,717,123	1,400,040	116,117,164	11.55%	11.00%	\$64,324	\$532,174	\$0.00724	
GS-4	82,690,786	320,790	83,011,576	8.26%	7.86%	\$45,985	\$380,449	\$0.00574	
GS-5	95,840,847	401,716	96,242,563	9.57%	9.11%	\$53,314	\$441,087	\$0.00369	
CSLS	638,644	0	638,644	0.06%	0.06%	\$354	\$2,927	\$0.00666	
WHS	2,529,027	24,823	2,553,850	0.25%	0.24%	\$1,415	\$11,705	\$0.00509	
SIS	28,996,509	1,035,507	30,032,016	0.00%	2.84%	\$0	\$137,639	\$0.00311	
IS	20,299,251	351,422	20,650,673	0.00%	1.96%	\$0	\$94,644	\$0.00072	
ISLV	0	2,203	2,203	0.00%	0.00%	\$0	\$10	\$0.00000	
TOTAL	\$807,374,448	\$248,568,636	\$1,055,943,085	100%	100%	\$556,871	\$4,839,473	810,167,752	

* Source: Data in these columns are from Schedule H-2 of the Cost of Service Study approved in Peoples' last rate case

Notes:

(1) 2020 True-Up Under-Recovery of (\$556,871) x Column A

(2) [2022 Revenue Requirement per Line 9 Exhibit C (\$5,051,475) - 2021 True-Up Over-Recovery (\$212,001)] x Column B