

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: October 27, 2023

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Accounting and Finance (McGowan, D. Buys) *ALM*
Office of the General Counsel (Imig, Marquez) *AH*

RE: Docket No. 20230100-GU - Application for authority to issue and sell securities for 12 months ending December 31, 2024, by Peoples Gas System, Inc.

AGENDA: 11/9/2023 - Consent Agenda - Final Action - Interested Persons May Participate

SPECIAL INSTRUCTIONS: None

Please place the following application for authority to issue and sell securities on the consent agenda for approval.

Docket No. 20230100-GU - Application for authority to issue and sell securities for 12 months ending December 31, 2024, by Peoples Gas System, Inc.

On January 1, 2023, a new corporate entity, Peoples Gas System, Inc., was formed as a wholly owned subsidiary of a newly formed gas operations holding company, TECO Gas Operations, Inc., which is a subsidiary of TECO Energy, Inc. As a result, this is the first independent application filed on behalf of Peoples Gas System, Inc., seeking authority to issue and sell securities as a new corporate entity.

Peoples Gas System, Inc., (PGS or Company) seeks the authority to issue, sell, and/or exchange equity securities and issue, sell, exchange, and/or assume long-term or short-term debt securities and/or to assume liabilities or obligations as guarantor, endorser, or surety during calendar year 2024. PGS also seeks authority to enter into interest rate swaps or other derivative instruments related to debt securities during calendar year 2024.

The amount of all equity and long-term debt securities issued, sold, exchanged, or assumed and liabilities and obligations assumed or guaranteed as guarantor, endorser, or surety will not exceed in the aggregate \$750 million during calendar year 2024, including any amounts issued to retire existing long-term debt securities. The maximum amount of short-term debt outstanding at any one time will not exceed \$500 million during calendar year 2024.

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In its application, PGS states it confirms that the capital raised pursuant to this application will be used in connection with the regulated gas activities of PGS and not the unregulated activities of the Company or its affiliates.

Staff has reviewed PGS's projected capital expenditures in Exhibit B. PGS's estimated construction expenditures for 2024 is \$362 million. The amount requested by the Company (\$1.25 billion) exceeds its estimated capital expenditures (\$362 million). The additional amount requested exceeding the estimated capital budget expenditures allows for financial flexibility for unexpected events such as hurricanes, financial market disruptions, and other unforeseen circumstances. Staff believes the requested amounts are appropriate. Staff recommends PGS's application for authority to issue and sell securities during calendar year 2024 be approved.

For monitoring purposes, this docket should remain open until May 2, 2025, to allow the Company time to file the required Consummation Report.