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March 31, 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 Direct Testimony of Helen Wesley and Exhibit No. HW-1.

Thank you for your assistance with this matter.

(Document 2 of 16)

Sincerely,

A handwritten signature in blue ink, appearing to read 'J. Jeffrey Wahlen', with a long horizontal flourish extending to the right.

J. Jeffrey Wahlen

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

JJW/dh  
Attachments



BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 20250029-GU  
IN RE: PETITION FOR RATE INCREASE  
BY PEOPLES GAS SYSTEM, INC.

PREPARED DIRECT TESTIMONY AND EXHIBIT  
OF  
HELEN WESLEY

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

PREPARED DIRECT TESTIMONY

OF

HELEN WESLEY

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

**A.** My name is Helen Wesley. My business address is 702 North Franklin Street, Tampa, Florida 33602. I am employed by Peoples Gas System, Inc. ("Peoples" or the "company") as its President and Chief Executive Officer ("CEO"). I serve as President and CEO of Peoples' parent company, TECO Gas Operations, Inc., which is a subsidiary of TECO Holdings, Inc. I am also President and CEO of the company's subsidiary, TECO Partners, Inc. ("TPI") and its affiliate, SeaCoast Gas Transmission, LLC ("SeaCoast"). SeaCoast is an intrastate natural gas transmission company and TPI performs sales services for Peoples.

**Q.** Please describe your duties and responsibilities as President and CEO of Peoples.

**A.** I have overall responsibility and accountability for every aspect of Peoples. This includes operational functions such as safety and compliance, customer

1 experience, gas supply and development, operations,  
2 construction and engineering, and corporate functions  
3 such as regulatory affairs, supply chain management,  
4 human resources, marketing and communications, external  
5 affairs, information technology, finance and accounting,  
6 and legal.

7  
8 I am responsible for managing our organization in a  
9 fiscally responsible manner that is accountable to our  
10 team members, customers, regulators, shareholders,  
11 strategic suppliers, financing partners, and other  
12 community partners.

13  
14 I lead the company to ensure that our customers across  
15 the state receive safe and reliable natural gas service,  
16 our team members enjoy a high quality of employment, and  
17 we serve as a positive force in the communities in which  
18 we operate.

19  
20 I also make certain that Peoples remains financially sound  
21 and complies with the numerous rules and regulations that  
22 govern businesses in general and local gas distribution  
23 companies specifically.

24  
25 **Q.** Please provide a brief outline of your educational

1 background and business experience.

2  
3 **A.** I earned a Bachelor of Commerce degree in Marketing from  
4 the University of Calgary, and a Master of Business  
5 Administration degree in International Business from  
6 Bentley University in Boston. I have over 30 years of  
7 energy industry experience in Canada, the United States,  
8 Europe, the Middle East, and Africa.

9  
10 Since 2010, I have been leading large groups within  
11 complex organizations. My energy experience spans both  
12 upstream and downstream oil and gas, as well as commodity  
13 and specialty chemicals, electric utilities, and gas  
14 utilities. Additionally, I served for five years as the  
15 Chief Financial Officer for a regulated electric utility.

16  
17 I joined Peoples in 2020 as Chief Operating Officer,  
18 became President in late 2021, and was named President  
19 and CEO effective January 1, 2023.

20  
21 I hold a Chartered Financial Analyst designation and a  
22 Directors Designation from the Institute of Corporate  
23 Directors.

24  
25 **Q.** What are the purposes of your prepared direct testimony?

1     **A.**   My prepared direct testimony:

- 2           1.    provides an overview of Peoples, our core values,  
3           our commitment to customers, and strategic priorities;  
4           2.    describes how we have changed and what we have  
5           accomplished since our last rate case;  
6           3.    explains our need for the rate increase we are  
7           proposing; and  
8           4.    introduce the witnesses in the case.

9  
10          Throughout my testimony, I will explain our ongoing  
11          commitment to manage our business in a prudent manner in  
12          a dynamic environment where natural gas continues to earn  
13          great popularity for its safety, reliability,  
14          convenience, and affordability. I will also introduce the  
15          other witnesses who filed prepared direct testimony in  
16          support of our request.

17  
18     **Q.**   Have you prepared a document summarizing the witnesses  
19          filing prepared direct testimony in support of the  
20          company's petition?

21  
22     **A.**   Yes. Document No. 1 of my exhibit reflects a List of  
23          Peoples witnesses and the purposes of their prepared  
24          direct testimonies.

1     **Q.**     Please describe your Exhibit No. HW-1.

2

3     **A.**     Exhibit No. HW-1, entitled "Exhibit of Helen Wesley," was  
4             prepared under my direction and supervision and consists  
5             of five documents:

6

7             Document No. 1             Witnesses and Purposes

8             Document No. 2             Peoples Service Territory Map

9             Document No. 3             Corporate Structure Diagram

10            Document No. 4            2025 Balanced Scorecard

11            Document No. 5            Bill Comparisons at Proposed Rates

12

13            The contents of my exhibit were derived from the business  
14            records of the company and are true and correct to the  
15            best of my information and belief.

16

17     **I.     ABOUT PEOPLES**

18     **A.     OVERVIEW**

19     **Q.**     Please describe Peoples.

20

21     **A.**     Peoples was formed in 1895 and is the largest natural gas  
22             local distribution company in Florida. Through our 14  
23             service areas, the company safely and reliably serves over  
24             508,000 residential, commercial, industrial, and electric  
25             power generation customers in 43 of Florida's 67 counties,



1 including five major metropolitan areas.

2  
3 As of December 31, 2024, our system included approximately  
4 15,765 miles of gas mains. A map showing the reach of our  
5 gas distribution system is included in Document No. 2 of  
6 my exhibit.

7  
8 At year-end 2024, we employed approximately 812 team  
9 members to serve our customers. Focusing solely on the  
10 number of people we employ provides an incomplete view of  
11 the company. Peoples also uses outside contractors to help  
12 serve its customers, and we have recently insourced  
13 several roles from contractors.

14  
15 Peoples is an indirect subsidiary of Emera Incorporated  
16 ("Emera"), a geographically diverse energy and services  
17 company headquartered in Halifax, Nova Scotia, Canada.  
18 Emera also indirectly owns our affiliate, Tampa Electric  
19 Company ("Tampa Electric"). Peoples' place in the  
20 corporate structure of Emera is shown on the diagram  
21 included as Document No. 3 of my exhibit.

22  
23 **Q.** Please describe the company's customer base.

24  
25 **A.** As of December 31, 2024, Peoples served approximately

1 508,000 customers ranging from residential customers to  
2 small businesses to large commercial customers like  
3 hospitals, hotels, industrial users, and electricity  
4 generators. We are increasingly serving transportation  
5 providers, health care providers, and core essential  
6 services like waste management companies, all of which  
7 are vital to the economy, the tourism industry and day-  
8 to-day operations of Florida. At the end of 2024, the  
9 distribution of customers across our rate classes was  
10 467,290 Residential, 40,941 Commercial, and 54 Industrial  
11 and power generation customers.

12  
13 **Q.** How has Peoples grown since its last rate case?  
14

15 **A.** Florida continues to be one of the fastest growing states  
16 in America, both in terms of population and size of  
17 economy, and Peoples serves many of its fastest growing  
18 areas. Florida attracts over 1,000 newcomers each day due  
19 to its strong economy, appealing lifestyle, and diverse  
20 natural resources. This influx of people spurs the  
21 construction of new homes, hotels, hospitals, stores,  
22 restaurants, and roads, while also prompting  
23 redevelopment of existing areas. Additionally, the  
24 growing population increases the demand for electricity,  
25 with natural gas currently fueling over 70 percent of

1 Florida's electric generation. This growth increases the  
2 demand for natural gas.

3  
4 To keep up with this demand, we installed approximately  
5 1,260 miles of new main and service gas lines from January  
6 2023 to December 2024, and plan to add another 1,200 miles  
7 by December 2026.

8  
9 If laid end to end, our new gas lines for this period  
10 would stretch farther than the driving distance from Tampa  
11 to New York City.

12  
13 In 2023, the company welcomed approximately 20,905 new  
14 residential customers and 884 small commercial customers,  
15 reflecting increases of 4.9 percent and 2.3 percent,  
16 respectively. In 2024, the company added another 17,845  
17 Residential customers and 689 Small Commercial customers,  
18 representing increases of 4.0 percent and 1.7 percent,  
19 respectively.

20  
21 Peoples anticipates adding nearly 19,141 new residential  
22 customers and 718 new small commercial customers in 2025,  
23 followed by an additional 17,642 residential customers  
24 and 698 small commercial customers in 2026.

1 I'm very proud to say that we have continued our strong  
2 safety and exceptional customer service record while  
3 meeting the challenges associated with this growth.  
4

5 **B.** CORE VALUES

6 **Q.** What are the company's core values?  
7

8 **A.** Our values include a commitment to safety, focusing on  
9 customers, fiscal responsibility, and supporting the  
10 communities we serve with a strong foundational focus on  
11 integrity and respect. We embrace innovation to  
12 continuously improve our systems and ways of working. We  
13 strive to achieve outstanding results. We promote safety  
14 and reliability and deliver exceptional customer  
15 experiences. These values are exemplified each day by our  
16 team members and help guide our expectations of our  
17 partners as we deliver natural gas to customers.  
18

19 **Q.** Please describe Peoples' commitment to safety.  
20

21 **A.** The safety of Peoples' team members, contractors,  
22 customers, and the public is paramount. We focus on the  
23 safety of people and our pipeline in everything we do,  
24 and our efforts yield strong results. Protecting our gas  
25 distribution system from damages caused by third parties

1 during construction and from cyber-attacks is vital, and  
2 in turn, protects the public and the communities we serve.  
3 Peoples witness Timothy O'Connor, Vice President of  
4 Safety, Operations, and Sustainability, will explain, in  
5 his prepared direct testimony, our outstanding safety  
6 record and the need to continue to invest in the safety  
7 of our growing system to maintain the company's high  
8 safety performance.

9  
10 **Q.** Please describe the company's commitment to customer  
11 service.

12  
13 **A.** Peoples' commitment to providing exceptional customer  
14 service is a hallmark of the company and is inextricably  
15 linked to our safety record and prompt responses to  
16 possible gas leaks and other service requests. Our Florida  
17 Public Service Commission ("FPSC" or "Commission")  
18 complaint level is extremely low and we consistently rank  
19 at or near the top in national customer surveys on  
20 customer satisfaction. Peoples witness Rebecca  
21 Washington, Director of Customer Experience Revenue  
22 Operations, will explain our very strong customer service  
23 results and rankings in her prepared direct testimony.

24  
25 **Q.** How is fiscal responsibility integrated into the way

1 Peoples does business?

2  
3 **A.** Sound financial management and good business decision  
4 making are vitally important to Peoples and our customers.  
5 We work diligently to ensure that the goods and services  
6 we use to serve our customers are procured using proven  
7 business practices that provide value to our customers.  
8 Our commitment to cost discipline is a primary reason  
9 that the cost profile for operating our business is  
10 reasonable and prudent. We have a mindset of continuous  
11 improvement that is evidenced across many areas of the  
12 business and reflected in our annual Balanced Scorecard  
13 ("BSC").

14  
15 The business practices and controls we employ and the  
16 supply chain management improvements we have implemented  
17 are described in the prepared direct testimony of Peoples  
18 witnesses Christian Richard, Vice President of  
19 Engineering, Construction & Technology, and Andrew  
20 Nichols, Director, Business Planning. Our other operating  
21 witnesses will also discuss our success in managing our  
22 cost profile. As I explain later, we use our BSC to make  
23 prudent financial management the business of each Peoples  
24 team member.

1 C. OUR ROLE IN FLORIDA AND THE COMMUNITIES WE SERVE

2 Q. How does Peoples support the communities it serves?

3  
4 A. For over a century, Peoples has worked alongside various  
5 organizations to build stronger and safer communities.  
6 Peoples has an established history of helping its  
7 customers navigate challenges related to public health  
8 crises, economic volatility, and severe weather  
9 conditions. To support customers with their utility  
10 bills, Peoples operates the Share program in partnership  
11 with Tampa Electric. This program is administered by the  
12 Salvation Army, Metropolitan Ministries, and Catholic  
13 Charities. Peoples helps to match donations made by  
14 customers and employees, contributing up to \$500,000  
15 annually; the cost of these donations is borne by the  
16 company's shareholders, not its customers.

17  
18 Peoples also makes a concerted effort to connect customers  
19 who need financial assistance with organizations like the  
20 Low-Income Home Energy Assistance Program ("LIHEAP").  
21 Witness Washington will describe these efforts in her  
22 prepared direct testimony.

23  
24 After Hurricane Helene, Peoples donated \$75,000 to United  
25 Way organizations aiding impacted communities. Following

1 Hurricane Milton, the company established an employee  
2 assistance program with an initial \$50,000 donation.

3  
4 Collectively in 2024, Peoples contributed over \$400,000  
5 to organizations like the American Red Cross, American  
6 Cancer Society, United Way, and others across its service  
7 areas. Shareholders, not customers, fund these amounts  
8 and we consider them investments in the communities we  
9 serve. Additionally, our team members annually volunteer  
10 many hours to support not-for-profit organizations in  
11 communities throughout Florida.

12  
13 **Q.** How does Florida depend on Peoples?

14  
15 **A.** The businesses and entities that drive Florida's economy  
16 depend on Peoples for safe and reliable natural gas every  
17 hour of every day and every day of the year. Our  
18 distribution system provides services to the food  
19 service, hospitality, and tourism industries. Critical  
20 infrastructure such as hospitals, healthcare facilities,  
21 nursing homes, schools, law enforcement, ports, and the  
22 military rely on natural gas to serve the public.  
23 Commercial and Industrial enterprises, along with  
24 electric power generators, are crucial for Florida's  
25 economic growth and depend on natural gas from Peoples.



1 We are proud to serve both small businesses and large-  
2 volume customers, all of whom contribute to the state's  
3 economy and development, and military bases, which  
4 support national security. Peoples' capital investments  
5 also generate property tax revenue that supports schools,  
6 infrastructure, and community services.

7  
8 **Q.** How does Peoples help Florida during extreme weather  
9 events?

10  
11 **A.** Natural gas service is extremely important during  
12 emergencies. According to the Commission's website,  
13 Hurricanes Helene and Milton left over 1.3 million and  
14 3.3 million Florida electric customers without power,  
15 respectively; however, fewer than 1,500 of Peoples' over  
16 500,000 customers (less than 0.5 percent) experienced a  
17 gas service interruption. None of our 53 Compressed  
18 Natural Gas customers, providing waste management and  
19 transportation services to thousands of Floridians,  
20 experienced fuel disruptions.

21  
22 As electric utilities worked to restore electricity to  
23 their customers, Peoples' gas distribution system  
24 provided fuel for vital emergency backup electric  
25 generation for homes, businesses, emergency shelters, and

1 healthcare facilities. When ports impacted by electric  
2 outages could not deliver gasoline or diesel to critical  
3 transportation services, Peoples was able to support  
4 waste management and other vehicles fueled by compressed  
5 natural gas. Resilience and reliability are now the  
6 cornerstones of Florida's energy policy, and our electric  
7 generating customers are increasingly focused on those  
8 two goals. Natural gas is essential to Florida's energy  
9 resilience and reliability.

10  
11 **Q.** How have customer usage patterns changed and how do those  
12 changes impact how Peoples evaluates and manages the  
13 capacity and capabilities of its distribution system?

14  
15 **A.** Our customers (including residential, small and large  
16 businesses, nursing homes, and hospitals) continue to use  
17 our service to cook, heat water, launder, run boilers,  
18 and heat swimming pools; however, power outages caused by  
19 extreme weather have caused many of our customers to  
20 become more focused on reliability and resilience, and to  
21 install natural gas generators for backup power. This  
22 additional power source requires safe and reliable  
23 delivery of natural gas, and also, at times, requires an  
24 upgrade in system infrastructure to serve these expanding  
25 needs. We are also experiencing higher demand in some

1 parts of our service territory that have been re-developed  
2 since we originally installed our facilities. Witness  
3 Richard will explain the steps we are taking to improve  
4 the capability of our system to accommodate re-  
5 development and to meet weather emergencies as more  
6 customers seek alternative sources of power to contend  
7 with the effects of extreme weather.

8  
9 **D.** STRATEGIC PRIORITIES

10 **Q.** What are the company's strategic priorities?

11  
12 **A.** The company's strategic priorities are anchored by three  
13 pillars: safety and risk management; foundational  
14 improvements; and strategic shifts, all of which are aimed  
15 at enabling us to continue to effectively serve customer  
16 needs today and tomorrow. These three pillars serve as a  
17 long-term compass for our company while we also navigate  
18 the more near-term priorities outlined in our BSC, which  
19 I will describe further later. Every company needs a "true  
20 north," and ours is reflected in these pillars as we keep  
21 safety and risk at the forefront of our minds, we strive  
22 to make our business better every day, and we make  
23 strategic shifts to anticipate what lies ahead for our  
24 customers and the company.

1 The BSC anchors us in achieving the day-to-day outcomes  
2 that lead us toward this "true north." At Peoples, every  
3 team member is connected to the BSC, which aligns our  
4 strategic pillars and near-term priorities. This synergy  
5 propels us forward thoughtfully and strategically,  
6 allowing us to create value for customers and other  
7 stakeholders.

8  
9 **Q.** Please describe the company's focus on safety and risk  
10 management.

11  
12 **A.** The safety of customers, the public, our employees, and  
13 contractors continues to be our top priority. The company  
14 has robust safety management and pipeline safety systems,  
15 with specific goals for occupational and public safety,  
16 vehicle safety, damage prevention, emergency management,  
17 and leak responses. Witness O'Connor explains these  
18 systems and goals in his prepared direct testimony.

19  
20 In addition to these safety measures, we also address  
21 other risks associated with operating a regulated local  
22 natural gas distribution company. These risks include  
23 global and domestic political and economic developments,  
24 cyber and physical security, possible fuel supply and  
25 supply chain disruptions, and extreme weather events. We

1 regularly assess these and other risks to ensure that our  
2 business plans and ability to serve customers are not  
3 harmed by activities we cannot control in the changing  
4 world around us.

5  
6 These increasing risks require us to invest in protecting  
7 our information technology and distribution plant assets  
8 and to be ready for extreme weather events. For example,  
9 the Automated Meter Infrastructure Project we are  
10 piloting holds promise in mitigating operational  
11 challenges and safety risks by enabling us to remotely  
12 shut off the supply of gas in emergency situations. The  
13 company's approach to addressing these risks is discussed  
14 by witnesses Richard and O'Connor.

15  
16 **Q.** What do you mean by "foundational improvements?"

17  
18 **A.** Peoples has a sound system of business practices but  
19 always strives to be more efficient, and to find new ways  
20 for our employees to better serve our customers. Our  
21 program for foundational improvements focuses on the  
22 "nuts and bolts" of our business and includes more  
23 training for our employees, pursuing process  
24 improvements, making smart investments in technology  
25 (e.g. customer facing platforms), evaluating reliance on

1 outside service providers, continued implementation of  
2 our work and asset management system ("WAM"), and  
3 establishing baseline productivity measures across the  
4 business. Our efforts in these areas are explained in the  
5 prepared direct testimony of Peoples witnesses Donna  
6 Bluestone, Vice President of Human Resources, O'Connor,  
7 and Richard. The testimony of our witnesses shows our  
8 focus on streamlining operations while we serve growing  
9 and changing customer demand.

10  
11 **Q.** What strategic shifts is the company making as it  
12 continues to see strong demand for natural gas in Florida?

13  
14 **A.** We are fortunate to serve in one of the fastest growing  
15 states in America, with substantial customer growth,  
16 which impacts Peoples in multiple ways. We must manage  
17 this customer growth effectively to ensure we also  
18 consider the affordability of our service among the myriad  
19 of household expenses for residential customers, and  
20 business expenses for commercial and industrial  
21 customers.

22  
23 Adding gas lines to serve new neighborhoods requires  
24 significant capital investment. The vastness of Florida  
25 and the availability of green space to build new

1 residential and small commercial developments contribute  
2 to the additional capital and operating and maintenance  
3 ("O&M") expenses incurred with a more extensive  
4 distribution system.

5  
6 In addition, we are investing in improving the reliability  
7 and resilience of the company's existing system, which is  
8 costly. Peoples is continually evaluating and upgrading  
9 existing facilities to meet demand not anticipated when  
10 the facilities were installed initially, such as  
11 redevelopment of existing service areas, greater customer  
12 additions, and higher volume requirements for backup  
13 electricity generators. These demands on our existing  
14 system impose new and higher costs.

15  
16 These factors, together with increasing compliance costs  
17 and the inflationary pressures facing all businesses and  
18 consumers in Florida put substantial pressure on our  
19 ability to earn a reasonable rate of return on our rate  
20 base investments and contribute to our need for rate  
21 relief more frequently than we would prefer. Peoples is  
22 working to find the right balance for growth, working  
23 within available regulatory processes to address our  
24 needs for rate relief, while ensuring the affordability  
25 of our services.

1     **Q.**     What is Peoples doing to manage this growth effectively  
2             for customers?

3  
4     **A.**     We are focused in three areas.

5  
6             First, we are focused on enhancing the resilience,  
7             reliability, and efficiency of our existing distribution  
8             system. The importance of reliability and resilience of  
9             our gas distribution facilities became clearer during  
10            Hurricanes Helene and Milton in 2024. We must ensure that  
11            our system has the ability in the right places to meet  
12            growing demand from existing customers. We have  
13            implemented an enhanced integrated resource planning  
14            process ("IRP") to prioritize our work in this area.  
15            Witness Richard will explain our IRP process and how we  
16            will invest capital for reliability, resilience, and  
17            efficiency to improve the capacity on portions of our  
18            system, both for storm resilience and for the purposes of  
19            meeting new anticipated demand.

20  
21            Second, in 2024 we developed, and are currently executing,  
22            a "focused growth" strategy aimed specifically at serving  
23            Large Commercial customers such as ports, military bases,  
24            healthcare institutions, hotels, and restaurants so they  
25            can use gas to optimize their own energy usage. Focusing



1 on these types of customers will diversify our revenue  
2 sources and will generate additional revenues that will  
3 help recover the fixed costs of our operations. This will  
4 benefit all customers as fixed costs can be spread over  
5 a larger number of customers and our capital becomes more  
6 efficiently deployed.

7  
8 Finally, serving new residential and small commercial  
9 customers will always be important to us. We continue to  
10 see strong demand for our services from these customer  
11 classes.

12  
13 **Q.** How is Peoples working within available regulatory  
14 processes to address its needs for rate relief?

15  
16 **A.** We have made several petitions before the Commission to  
17 provide for other avenues of timely rate relief. We have  
18 filed a petition with the Commission that is currently  
19 pending and is designed to moderate residential bills and  
20 the portion of our overall revenue requirement to be  
21 recovered through base rates. Specifically, we are  
22 requesting changes to our swing service charge and off-  
23 system sales mechanism that would reduce the amount of  
24 upstream capacity costs allocated to residential  
25 customers in our purchase gas adjustment and increase the

1 incentives as we pursue off-system capacity sales (Docket  
2 No. 20250026-GU). The updated incentive will continue to  
3 provide benefits to the general body of customers.

4  
5 To help moderate the impact of our rate increase in this  
6 proceeding, we filed a petition requesting that the  
7 amortization life for our WAM system be extended from the  
8 15 years approved in our last rate case to 20 years but  
9 dismissed it without prejudice so we could make the same  
10 request in this case. Granting this request would lower  
11 the annual amortization expense associated with WAM and  
12 our proposed 2026 base rate increase.

13  
14 Witness Nichols explains how we have accounted for both  
15 off-system sales and the WAM amortization in our 2026  
16 test year forecast in his prepared direct testimony.  
17 Witness Richard explains why the amortization period for  
18 WAM assets should be extended to 20 years in his  
19 testimony.

20  
21 Finally, we have been actively involved in the  
22 Commission's efforts to adopt Rule 25-7.150, Florida  
23 Administrative Code. This rule will create a Natural Gas  
24 Facilities Relocation Cost Recovery Clause that would  
25 allow the company to recover costs associated with

1 relocating natural gas facilities when required by a  
2 government authority for road and other public  
3 infrastructure projects.

4  
5 This new clause will allow the company to recover  
6 significant governmentally imposed relocation costs  
7 through a clause mechanism rather than through a full or  
8 limited base rate proceeding. Witness Nichols explains  
9 how we have accounted for natural gas facility relocation  
10 costs in our 2026 test year forecast in his prepared  
11 direct testimony.

12  
13 We are hopeful that these efforts, among others, will  
14 moderate our need to file future general base rate  
15 increases and the size of the requests when we make them.  
16 With ongoing customer demand that far outpaces our ability  
17 to effectively recover costs in a timely manner and to  
18 manage our company in a prudent manner, we need to keep  
19 exploring these and similar mechanisms. As always, we are  
20 open to further conversation and welcome the Commission's  
21 input.

22  
23 **Q.** How does the company align its day-to-day activities with  
24 these strategic priorities?  
25

1 **A.** Our strategic pillars set the tone for and are reflected  
2 in our 2025 Balanced Scorecard, which is included as  
3 Document No. 4 of my exhibit (with specific and  
4 confidential financial targets redacted). Our BSC applies  
5 to all of our approximately 812 team members and serves  
6 to align them around our strategic pillars as they are  
7 translated into the company's annual goals.

8  
9 Our BSC reflects a balance of safety, people, customer,  
10 asset management, and financial goals that promote the  
11 interests of our customers. This balance was key to our  
12 strong safety, operational, and financial performance in  
13 2024.

14  
15 How our BSC goals focus the efforts of our employees and  
16 influence employee compensation are explained in the  
17 prepared direct testimony of witness Bluestone.

18  
19 **II. CHANGES AND ACCOMPLISHMENTS SINCE LAST RATE CASE**

20 **Q.** When was the company's last rate case?

21  
22 **A.** We filed our last general base rate increase request two  
23 years ago on April 4, 2023 ("last rate case"). We  
24 requested a net annual revenue increase of approximately  
25 \$127.6 million and a mid-point return on equity ("ROE")

1 of 11.0 percent based on a forecasted 2024 test year. The  
2 Commission issued Order No. PSC-2023-0388-FOF-GU on  
3 December 27, 2023 in Docket No. 20230023-GU, which  
4 approved our proposed test year, granted a net annual  
5 revenue increase of approximately \$106.7 million, and set  
6 our midpoint ROE at 10.15 percent.  
7

8 **Q.** What organizational and people changes has Peoples made  
9 since its last rate case?  
10

11 **A.** We transferred responsibility for our safety efforts from  
12 Luke Buzard, Vice President of Regulatory and External  
13 Affairs, to Timothy O'Connor and responsibility for  
14 External Affairs from witness O'Connor to witness Buzard.  
15

16 We improved our supply chain management efforts and  
17 increased the number of Peoples employees providing  
18 information technology support by moving them from Tampa  
19 Electric to Peoples. These changes streamline functions  
20 and benefit our customers as described in the prepared  
21 direct testimony of witnesses O'Connor, Buzard, and  
22 Richard.  
23

24 Jon DeVries, Vice President of Finance, joined the company  
25 in late 2023 to succeed Rachel Parsons and recently left

1 the company. Andrew Nichols and Jeff Chronister, Vice  
2 President of Finance for Tampa Electric and TECO Holdings,  
3 Inc. (parent company of TECO Gas Operations, Inc.) are  
4 testifying on budgeting, finance, and revenue requirement  
5 issues in this case. Witness Buzard has taken on interim  
6 leadership of the Finance function.

7  
8 **Q.** Has Peoples had any significant accomplishments since its  
9 last rate case?

10  
11 **A.** Yes. Among other things, the company's safety record  
12 continues to be strong. The company has one of the lowest  
13 OSHA Lost Time Injury rates for team members and  
14 contractors in the gas industry. Peoples received the  
15 Industry Leader Accident Prevention Award from the  
16 American Gas Association for maintaining a DART (Days  
17 Away, Restricted, or Transferred) rate below the industry  
18 average in 2023.

19  
20 Since 2022, Peoples' intense focus on reducing pipeline  
21 damages through public education and locator training has  
22 resulted in fewer operator-caused, no-notification, and  
23 high-risk damages, all of which improve public safety.

24  
25 We continue to have a solid driving record, which is

1 important, because we drive over 9 million miles a year  
2 to serve our customers. Witness O'Connor explains these  
3 accomplishments further in his prepared direct testimony.  
4

5 In the customer service area, according to J.D. Power  
6 2024 studies, customers ranked Peoples first in brand  
7 appeal for gas utilities in the South, as well as second  
8 overall in customer satisfaction for gas utilities in the  
9 South Mid-Size Segment. That same year Cogent Syndicated  
10 named Peoples a Most Trusted Brand and Customer Champion.  
11 The company also received high scores from Cogent for  
12 ease of doing business.  
13

14 Peoples received fewer than 100 FPSC complaints (just 0.02  
15 percent of our over 508,000 customers) annually in the  
16 past three years. Witness Washington explains these  
17 accomplishments further in her prepared direct testimony.  
18

19 We have further developed our talent management and  
20 development processes and experienced low attrition in  
21 2024.  
22

23 Finally, I am also very proud of our project execution,  
24 capital management and financial management process  
25 improvements. Our Design and Construction Performance

1 Improvement ("DCPI") Project yielded approximately \$6.5  
2 million in annualized capital and efficiency savings for  
3 customers. In addition, our enhanced supply chain ("SC")  
4 organization has also realized value savings of  
5 approximately \$4 million. Witness Richard provides  
6 additional details regarding both the DCPI and SC value  
7 creation in his prepared direct testimony.

8  
9 Each of these accomplishments is a critical performance  
10 indicator as we continue to grow and advance as a company.  
11

12 **Q.** How was the company's financial performance in 2024?  
13

14 **A.** The company's jurisdictional revenues in 2024 were \$460.8  
15 million, which is within about half a percent of the  
16 Commission approved 2024 test year revenues in our last  
17 rate case. Our O&M expenses for 2024 were \$138.1 million,  
18 or about \$2.0 million (1.4 percent) lower than the O&M  
19 expense level approved by the Commission in our last rate  
20 case. We earned 10.37 percent ROE, which is slightly above  
21 our FPSC-approved mid-point ROE.  
22

23 **Q.** Do you consider the company's 2024 financial performance  
24 to be an accomplishment?  
25



1     **A.**     Yes. It is reasonable for a utility to earn close to its  
2             mid-point ROE in the first year new base rates go into  
3             effect; however, it was not clear in January 2024 that we  
4             would be able to do that.

5  
6     **Q.**     Why wasn't it clear?

7  
8     **A.**     As part of our routine management activities, we prepared  
9             a re-forecast of 2024 operating revenues in January 2024.  
10            Our updated forecast pointed to lower 2024 revenues than  
11            those reflected in the forecast we used in our rate case,  
12            which was prepared in the fall of 2022. We also became  
13            aware that certain forecasted costs for 2024, such as  
14            transportation, insurance, and labor and employee  
15            benefits, would be higher than expected compared to our  
16            last rate case forecast, which by then was 16 months old.  
17            It also became clear that costs associated with renewing  
18            long-term contracts with construction and other outside  
19            service providers would be higher than those reflected in  
20            the existing contracts. The combination of these factors  
21            pointed to an unexpectedly challenging 2024. While the  
22            increases are consistent with the inflationary  
23            environment in Florida, the extent of the inflation could  
24            not have been foreseen in late 2022 when we prepared the  
25            budget used in our last rate case.

1   **Q.**   What actions did the company take in early January 2024  
2       in response to these challenges?

3  
4   **A.**   We took several steps, each of which are more fully  
5       explained by witnesses Nichols, Chronister, Bluestone,  
6       O'Connor, and Richard in their prepared direct testimony.  
7       They included aggressive actions to identify incremental  
8       revenue from large customers, moderating our employee  
9       hiring, evaluating our approach for charging and  
10      allocating costs to SeaCoast, reviewing our accounting  
11      policies for capitalizing operations and maintenance  
12      expenses, and pushing our team to be even more efficient.  
13      We were also cognizant that interest rates were above  
14      recent levels in early 2024, so like other utilities in  
15      North America, we made modest adjustments to our capital  
16      spending plans.

17  
18   **Q.**   Should Peoples be criticized for adjusting in January 2024  
19      the 2024 forecast it prepared in late 2022 for its last  
20      rate case?

21  
22   **A.**   No. The leadership team at Peoples makes decisions to  
23      manage our business every day as new information becomes  
24      available and conditions change. However, we always  
25      review our core priorities, i.e., safely and reliably

1 serving both our current and new customers. Updating the  
2 forecasts we use to manage our operations and to serve  
3 customers is part of running our business. We took  
4 reasonable actions to modestly adjust our business plans  
5 to ensure that we could provide excellent customer  
6 service, executed the plans, and had reasonable financial  
7 results in 2024. I am proud of the work we accomplished  
8 in 2024 and expect to continue managing our operations to  
9 provide safe, reliable, and high-quality customer service  
10 in 2025, 2026, and beyond.

11  
12 **III. NEED AND REQUEST FOR RATE INCREASE**

13 **Q.** What is the company's financial outlook for 2025 and 2026?  
14

15 **A.** Based on current rates, base revenues are expected to  
16 increase from 2024 by 3.8 percent or \$16.6 million to  
17 approximately \$459.1 million in the 2026 projected test  
18 year. In part because a high proportion of our new  
19 customer growth is residential, the associated revenue  
20 growth will not be sufficient to cover the cost increases  
21 our business is experiencing (labor, materials,  
22 insurance, property taxes, and cost of capital), nor will  
23 it allow the company to earn a reasonable return on its  
24 investments to serve our customers. Despite our efforts  
25 to manage our cost profile in light of this revenue

1 reality, the company projects that it will earn below the  
2 bottom of our currently approved ROE range of 9.15 percent  
3 in 2025 and approximately a 5.70 percent ROE in 2026  
4 without rate relief.

5  
6 **Q.** What rate increases does the company propose in this  
7 proceeding?

8  
9 **A.** Peoples requests that the Commission approve new base  
10 rates and charges to be effective with the first billing  
11 cycle in January 2026 to generate a net incremental base  
12 rate revenue increase of approximately \$96.9 million with  
13 a subsequent year adjustment ("SYA") to be effective with  
14 the first billing cycle of 2027 of approximately \$26.7  
15 million. As discussed by witness Chronister, the  
16 company's proposed 2027 SYA will allow the company to  
17 recover the revenue requirement associated with the  
18 annualized incremental capital investment at the end of  
19 2026 and an associated adjustment for related operating  
20 expenses. The company's 2026 request includes about \$6.7  
21 million in revenue requirements that will be transferred  
22 from the current Cast Iron/Bare Steel Replacement Rider  
23 ("Rider CI/BSR") into base rates.

24  
25 Witness Nichols will explain the calculation of the

1 company's proposed 2026 base rate increase in his prepared  
2 direct testimony. Witness Chronister will explain the  
3 calculation of and reasons to approve our proposed 2027  
4 SYA in his prepared direct testimony. Witness Buzard and  
5 company witness John Taylor will present the base rates  
6 and charges the company proposes to implement in its 2026  
7 base rate increase and 2027 SYA in their direct testimony.  
8

9 **Q.** What factors contribute to the company's need for a base  
10 rate increase in 2026?  
11

12 **A.** Rate base growth to support new customers and maintain  
13 appropriate safety, reliability, and resiliency  
14 standards, related depreciation and property tax expense  
15 increases, pipeline safety and compliance costs, and  
16 higher costs affecting all aspects of the company's  
17 operations are the major factors contributing to our need  
18 for a rate increase.  
19

20 **Q.** How does rate base growth contribute to the company's  
21 need for a rate increase in 2026?  
22

23 **A.** Peoples operates its system across the state of Florida  
24 and is expanding to serve residential and small commercial  
25 development while expectations of natural gas service

1 have evolved. To meet this demand and new expectations,  
2 Peoples must invest capital to serve the next home or  
3 business while ensuring the safety, reliability,  
4 resiliency, and efficiency of the existing distribution  
5 system. Peoples expects to invest over \$831 million in  
6 capital projects in 2025 and 2026. About \$362 million  
7 will be invested to support customer growth and about  
8 \$369 million will be directed towards enhancing  
9 reliability, resilience, and efficiency.

10  
11 This includes approximately \$66.9 million (excluding  
12 AFUDC charges) for the total capital costs associated with  
13 our move to a new corporate office. Of this, \$14.8 million  
14 has been budgeted for capital expenditures in 2025. The  
15 new building is not located in a potential flood zone and  
16 is designed to promote reliable service during weather  
17 events when our customers need us the most.

18  
19 The remaining \$101 million will be spent to replace legacy  
20 pipe under the company's Rider CI/BSR.

21  
22 Rate base growth and related impacts will account for  
23 more than 70 percent of the company's proposed base rate  
24 increase.  
25

1           Witness Richard will further explain the company's  
2           capital spending plans in his prepared direct testimony.

3

4           **Q.**   How does depreciation expense contribute to the company's  
5           need for a rate increase in 2026?

6

7           **A.**   Using the company's currently approved depreciation  
8           rates, depreciation and amortization expense is projected  
9           to increase by 21 percent, rising from \$87 million in  
10          2024 to \$106 million in 2026. This increase is attributed  
11          to the projected growth in rate base described above.  
12          Witness Nichols will further explain the company's  
13          projected 2026 level of depreciation and amortization  
14          expense in his prepared direct testimony.

15

16          **Q.**   How do pipeline safety and compliance contribute to the  
17          company's need for a rate increase in 2026?

18

19          **A.**   As Peoples' customer base and distribution system grow,  
20          so do the company's efforts and costs to ensure safety  
21          and compliance. Evolving federal safety and security  
22          requirements add to the need for more activities and  
23          investments. Peoples' safety and compliance programs  
24          prevent incidents by establishing rigorous safety  
25          standards and procedures for the design, construction,

1 operation, and maintenance of the natural gas  
2 distribution system.

3  
4 Essential safety and maintenance activities like  
5 locating, leak and atmospheric surveillance, emergency  
6 response, and cathodic protection continue to expand in  
7 volume and breadth as the system grows to serve Florida.

8  
9 Although revenue from new customers helps offset some of  
10 these costs, the influence of distance, labor costs and  
11 contractor pricing, among many other inflationary  
12 factors, make operating and maintaining our system safely  
13 and in compliance with applicable pipeline safety  
14 requirements more expensive. Witness O'Connor will  
15 explain this further in his prepared direct testimony.

16  
17 **Q.** How do higher prices for the goods and services Peoples  
18 uses to serve customers contribute to the company's need  
19 for a rate increase in 2026?

20  
21 **A.** Higher prices continue to add to the cost of doing  
22 business, and Peoples is not immune to these impacts.  
23 These higher prices are reflected in O&M and capital costs  
24 during 2025 and our proposed 2026 test year. The long-  
25 term blanket contracts Peoples had with vendors shielded



1 its customers from increases in construction costs over  
2 the last five years. However, in 2025, the company  
3 anticipates a significant rise in costs due to  
4 renegotiated blanket contract rates.

5  
6 O&M expenses have also been subject to market inflationary  
7 pressures. However, the company's process improvement  
8 initiatives, supply chain efficiencies, updated  
9 capitalization policies, and avoided costs will keep its  
10 forecasted 2026 O&M expenses below the Commission's  
11 benchmark on an overall basis. As further discussed by  
12 witness Nichols, the company's forecasted total 2026  
13 adjusted O&M expenses are below the calculated total 2026  
14 O&M benchmark by about \$1.7 million when using the  
15 Commission's O&M compound multiplier methodology. This  
16 shows that the company's overall 2026 O&M expense level  
17 is reasonable.

18  
19 Nevertheless, rising expenses related to higher labor  
20 costs, contractors, materials, insurance, and healthcare  
21 benefits continue to exert considerable upward pressure  
22 on the company's overall business costs. Peoples'  
23 witnesses O'Connor, Richard, and Nichols will further  
24 explain how higher costs impact our need for a rate  
25 increase in their prepared direct testimony.

1     **Q.**     How do changes to the cost of capital contribute to the  
2             company's need for a rate increase in 2026?

3  
4     **A.**     A reasonable ROE is essential for a regulated utility to  
5             attract the capital necessary to make long-term  
6             investments, maintain and improve the company's quality  
7             of service, and control costs for customers over time.  
8             Peoples believes that its currently approved mid-point  
9             ROE is too low and requests that the Commission approve  
10            an authorized midpoint ROE of 11.1 percent, with a range  
11            of plus or minus 100 basis points. This proposed 95 basis  
12            point increase accounts for approximately \$18.3 million  
13            or 17.7 percent of the company's 2026 requested revenue  
14            increase. Company witness Dylan D'Ascendis explains the  
15            basis for this recommendation in his prepared direct  
16            testimony.

17  
18    **Q.**     Why is the company proposing an SYA for 2027?

19  
20    **A.**     As I previously noted, Peoples is working to find the  
21             right balance for growth and a way to work within  
22             available regulatory processes to address our needs for  
23             rate relief as we continue to see significant demand from  
24             new customers. Fundamentally, we believe that approving  
25             a SYA as part of this proceeding is a more efficient and

1 cost-effective process than filing another time consuming  
2 and expensive base rate increase proceeding as soon as  
3 this one is over. Witness Chronister explains other  
4 reasons to approve our proposed 2027 SYA in his prepared  
5 direct testimony.

6  
7 **Q.** What actions and measures has Peoples taken to avoid  
8 requesting or minimizing its request for rate relief?

9  
10 **A.** Peoples continues to search for ways to boost efficiency  
11 and control costs in running its growing distribution  
12 system. Peoples has allocated resources and implemented  
13 process improvements to efficiently operate its business  
14 and will continue to do so.

15  
16 More specifically, Peoples has taken the following steps  
17 to avoid requesting rate relief and to moderate the amount  
18 of the increase that we are requesting:

19  
20 1. Our Design and Construction Performance Improvement  
21 project achieved capital cost savings by enhancing  
22 inspector productivity and improving processes, which  
23 resulted in reduced labor and consulting expenses.  
24 Witness Richard explains this project further in his  
25 prepared direct testimony.

1           2.    We employ a strategy for hiring that includes  
2           insourcing capabilities required of a growing,  
3           increasingly complex company when appropriate. We have  
4           avoided cost increases by insourcing various operations  
5           activities previously conducted by outside contractors,  
6           including locators, meter readers, and inspectors. We  
7           also hire corporate roles to focus on things like change  
8           management and process improvements that otherwise would  
9           be fulfilled through the use of more expensive external  
10          contractors. The company has also delayed planned hiring  
11          to accommodate rising costs that are influencing our  
12          business. Witnesses Richard, O'Connor, and Bluestone  
13          explain these efforts further in their prepared direct  
14          testimonies.

15  
16          3.    We have made smart use of technology to be more  
17          efficient, which moderates operating and maintenance  
18          expenses. Our new WAM system has improved operating  
19          efficiency as predicted in our last rate case when we  
20          agreed to adjust O&M expenses to reflect future  
21          efficiencies. Witnesses Richard and O'Connor explain  
22          these efforts further in their prepared direct  
23          testimonies.

24  
25          4.    Through our Supply Chain team, Peoples has attained

1 cost savings by negotiating better contracts, finding  
2 more favorable material pricing, and capturing rebates.  
3 Witness Richard explains this effort further in his  
4 prepared direct testimony.

5  
6 5. Peoples has evaluated labor and corresponding costs  
7 and updated assumptions used to allocate costs to capital.  
8 These updates better align accounting treatment with the  
9 cost causes, which benefited customers through lower O&M  
10 by over \$6 million in 2024. Witness Nichols explains these  
11 changes further in his prepared direct testimony.

12  
13 **Q.** Which witnesses will be testifying on the key elements of  
14 the company's proposed 2026 test revenue requirement and  
15 2027 SYA?

16  
17 **A.** The prepared direct testimony of Peoples witnesses  
18 Chronister, D'Ascendis and Eric Fox support the equity  
19 ratio, ROE, and load forecast components of our proposal,  
20 respectively. Witness Buzard explains how the company  
21 used the load forecast prepared by the company's  
22 forecasting team, which was evaluated by witness Fox to  
23 develop its 2026 test year revenue forecast.

24  
25 Witnesses Washington, O'Connor, Richard, and Bluestone,

1 Buzard, and Nichols support the level of test year rate  
2 base and O&M expenses in their areas.

3  
4 Witness Nichols presents and explains our revenue  
5 requirement calculation, which includes our 2026  
6 financial forecast (and all of its major elements) and  
7 proposed overall rate of return in his prepared direct  
8 testimony. He will also explain why 2026 is a reasonable  
9 test year for ratemaking and how our forecasting process  
10 yields a test-year budget that is appropriate for  
11 ratemaking purposes. He will also explain the work we did  
12 on cost allocations to SeaCoast and the capitalization of  
13 administrative and general expenses. Witness Chronister  
14 will present the calculation of our 2027 proposed SYA.

15  
16 **Q.** Is the company proposing any cost-of-service methodology  
17 or major tariff changes as part of its petition?

18  
19 **A.** The rapid growth of our distribution system has led  
20 Peoples to reevaluate the appropriateness of the cost-of-  
21 service methodology and rate design it has used for many  
22 years. The company's proposed base rate increases will  
23 rely on an updated cost of service study and rate design  
24 changes to simplify customer bills, promote fairness  
25 based on cost-causation principles, improve

1 administrative efficiency, and enhance revenue stability.  
2 These improvements will simplify billing classes and  
3 better allocate growth-related costs to customers.  
4 Witnesses Buzard and Taylor will explain these proposed  
5 changes in their prepared direct testimonies.

6  
7 Our filing also includes proposed tariff wording changes  
8 and updated service charges all of which will be explained  
9 by witness Buzard in his direct testimony.

10  
11 **Q.** What impact will the requested 2026 base rate increase  
12 have on typical Residential and Small Commercial  
13 customers' bills?

14  
15 **A.** Based on the company's current gas commodity price  
16 forecast and our proposed 2026 base rate increase, we  
17 expect the typical monthly bill for Residential (RS-2)  
18 customers to be approximately \$72. For Small Commercial  
19 (GS-1) customers, we expect our typical monthly bill in  
20 2026 to be approximately \$306, not including gas commodity  
21 costs. On a percentage basis, our typical Residential (RS-  
22 2) and Small Commercial (GS-1) monthly bills will be about  
23 18 percent and 4 percent higher than in 2025,  
24 respectively.

1 **Q.** What impact will the company's proposed 2027 SYA have on  
2 the bills of typical Residential and Small Commercial  
3 customers?  
4

5 **A.** If the Commission approves our 2026 base rate increase  
6 and 2027 SYA as requested, and using the company's current  
7 gas commodity price forecast, we expect our typical  
8 monthly bill for Residential (RS-2) customers in 2027 to  
9 be approximately \$75. For Small Commercial (GS-1)  
10 customers, we expect our typical monthly bill in 2027 to  
11 be about \$306 (without gas commodity), which is the same  
12 as in 2026. On a percentage basis, our 2027 typical  
13 Residential (RS-2) bill will be about 23 percent over  
14 2025 bills and about 4 percent over 2026 bills. Our  
15 typical Small Commercial monthly bill for 2027 will be  
16 about the same as in 2026. These bill impacts are  
17 reflected in Document No. 5 of my exhibit.  
18

19 Witness Buzard explains our proposed base rates and  
20 charges for 2026 and 2027 (with the SYA) and other typical  
21 bill information in his prepared direct testimony and  
22 exhibit.  
23

24 **Q.** Has Peoples considered the impact its proposed rate  
25 changes will have on the affordability of its services?



1     **A.**     Yes. Peoples understands that our customers choose to use  
2             natural gas and has been mindful of the affordability of  
3             our services long before the Legislature introduced the  
4             concept of "affordability" into Florida's energy policy  
5             in 2024. We believe that our services remain affordable  
6             for our current and future customers if our rate increase  
7             requests are granted.

8  
9     **Q.**     How does Peoples think about affordability?

10  
11    **A.**     We generally agree with the Commission's view of  
12             affordability reflected in Order No. PSC-2025-0038-FOF-  
13             EI, dated February 3, 2025 in Docket No. 20240026-EI  
14             ("Tampa Electric Final Order"). Therein, the Commission  
15             noted that "affordability" must be considered within the  
16             confines of the "fair, just, and reasonable" rates  
17             standard in Section 366.06(1), Florida Statutes, and that  
18             the Commission must consider a number of factors when  
19             applying that standard.

20  
21             Peoples believes the term "affordable" is difficult to  
22             describe because its meaning varies from person to person  
23             and what may be "affordable" varies from household to  
24             household. We also believe that the affordability of  
25             utility bills depends on many factors beyond the control

1 of a utility or the Commission, such as: individual  
2 perceptions, income levels, financial obligations,  
3 spending priorities, and spending decisions. Indeed, two  
4 families with the same income and utility bills may view  
5 the affordability of natural gas differently based on  
6 their different circumstances.

7  
8 We also note that there is no universally accepted  
9 definition or metric for affordability of gas rates or  
10 bills.

11  
12 **Q.** What factors does Peoples consider when evaluating  
13 whether its services are affordable?

14  
15 **A.** We begin our consideration of "affordability" by noting  
16 that our customers must choose to use gas and that only  
17 about three percent of our Residential customers live in  
18 zip codes that are identified as "low-income" for purposes  
19 of accessing LIHEAP.

20  
21 We listen to the feedback we get from customers via our  
22 customer experience team members and from home builders  
23 and developers. We also consider changes in the level of  
24 our bad debt expense and the demand we are experiencing  
25 from our customers for LIHEAP assistance.

1     **Q.**     Do those factors point to an affordability issue?

2  
3     **A.**     No. The slight increase in bad debt expense for 2024 was  
4             in line with our overall revenue increase and below  
5             industry average, and we do not expect unusual increases  
6             in 2025 and 2026. In addition, a large portion of the  
7             LIHEAP money available to our low-income customers went  
8             unclaimed in 2024. Witness Washington will provide more  
9             information on these points in her prepared direct  
10            testimony.

11  
12    **Q.**     Are the company's proposed 2026 base rates and charges  
13             fair, just and reasonable?

14  
15    **A.**     Yes. We understand that our customers do not like rate  
16             increases, but we believe the total proposed price, along  
17             with our proposed base rates and charges, are fair, just,  
18             and reasonable. We further believe that our proposed  
19             rates, if approved, will continue to position our gas  
20             service as a valuable alternative to other energy choices  
21             and that our services will continue to be cost-effective,  
22             affordable, and provide value for current and future  
23             customers in all of our customer classes.

24  
25             While affordability is frequently considered from the

1 viewpoint of Residential customers, it is equally crucial  
2 for Commercial and Industrial customers. Natural gas  
3 promotes energy security for all of our customers and  
4 enhances economic efficiency for many businesses, both of  
5 which contribute to the safety, success, and economic  
6 health of Florida.

7  
8 **IV. SUMMARY**

9 **Q.** Please summarize your prepared direct testimony.

10  
11 **A.** I am proud of the progress Peoples has made since our  
12 last rate case and believe we are continuing to improve  
13 the way we provide safe and reliable gas service to our  
14 customers. Our proposed rate increase request reflects  
15 the level of resources we need to: continue growing with  
16 Florida; to improve the reliability, resilience, and  
17 efficiency of our system; and to maintain our financial  
18 integrity. Our proposed rates reflect a fair return on  
19 equity, prudent capital investments, and reasonable  
20 levels of operations and maintenance expenses, and are  
21 fair, just, and reasonable.

22  
23 **Q.** Does this conclude your prepared direct testimony?

24  
25 **A.** Yes.

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

**EXHIBIT**

**OF**

**HELEN WESLEY**

PEOPLES GAS SYSTEM, INC.  
DOCKET NO. 20250029-GU  
WITNESS: WESLEY  
FILED: 03/31/2025

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**List of Peoples Gas System, Inc. Witnesses  
And Purposes of Their Direct Testimony**

Helen Wesley	(1) Provide an overview of Peoples Gas, its core values, commitment to customers and strategic priorities; (2) describe changes and accomplishments since the last general base rate proceeding; (3) explain why the company is seeking base rate increases and the things it has done to moderate the request; and (4) introduce the witnesses in the case.
Rebecca Washington	(1) Provide an overview of the Peoples Gas Customer Experience area; (2) highlight the company's focus on excellent customer service; (3) explain the company's plans to enhance the customer experience it provides; (4) describe the improvements made to customer experience since the last general base rate case; and (5) demonstrate that the Customer Experience area rate base amounts and operations and maintenance levels for the 2026 test year are reasonable and prudent.
Timothy O'Connor	(1) Describe the company's Gas Operations functions and the factors influencing these parts of the business; (2) describe the company's achievements and changes in Gas Operations since the company's last base rate case; (3) demonstrate that the company's proposed levels of operations and maintenance ("O&M") expenses for Gas Operations for the 2026 projected test year are reasonable and prudent; and (4) detail how the company invests capital in Gas Operations to promote safe, efficient, and reliable service to our customers.

Christian Richard	(1) Describe the company's ECT team; (2) describe the achievements and changes in the ECT area since the company's last rate case; (3) demonstrate the ECT team's effectiveness at facilitating the company's capital planning process and providing oversight for the execution of capital projects; (4) describe the company's prudent capital investments in the ECT area to promote safe, efficient, and reliable service to our customers and meet the needs of a growing, aging, and increasingly more complex system; and (5) demonstrate that Peoples' proposed levels of operations and maintenance ("O&M") expenses for the ECT team for the 2026 projected test year are reasonable and prudent.
Donna Bluestone	(1) Provide an overview of the company's Human Resource activities; (2) explain the company's employee compensation system; (3) demonstrate that the company's proposed levels of O&M expense for the 2026 projected test year are reasonable; (4) demonstrate that the payroll and benefits costs for the 2026 projected test year are reasonable; and (5) show the additional O&M team members included in the rate case are appropriate.
Eric Fox	(1) Support the company's 2026 Test Year Residential and Small Commercial load forecast; (2) address the change from 20-year normal to 10-year normal weather for the forecast; and (3) discuss the performance of the 2023 rate case forecast.
John Taylor	(1) Present and explain the company's filed cost of service studies; and (2) discuss the proposed rate design changes.

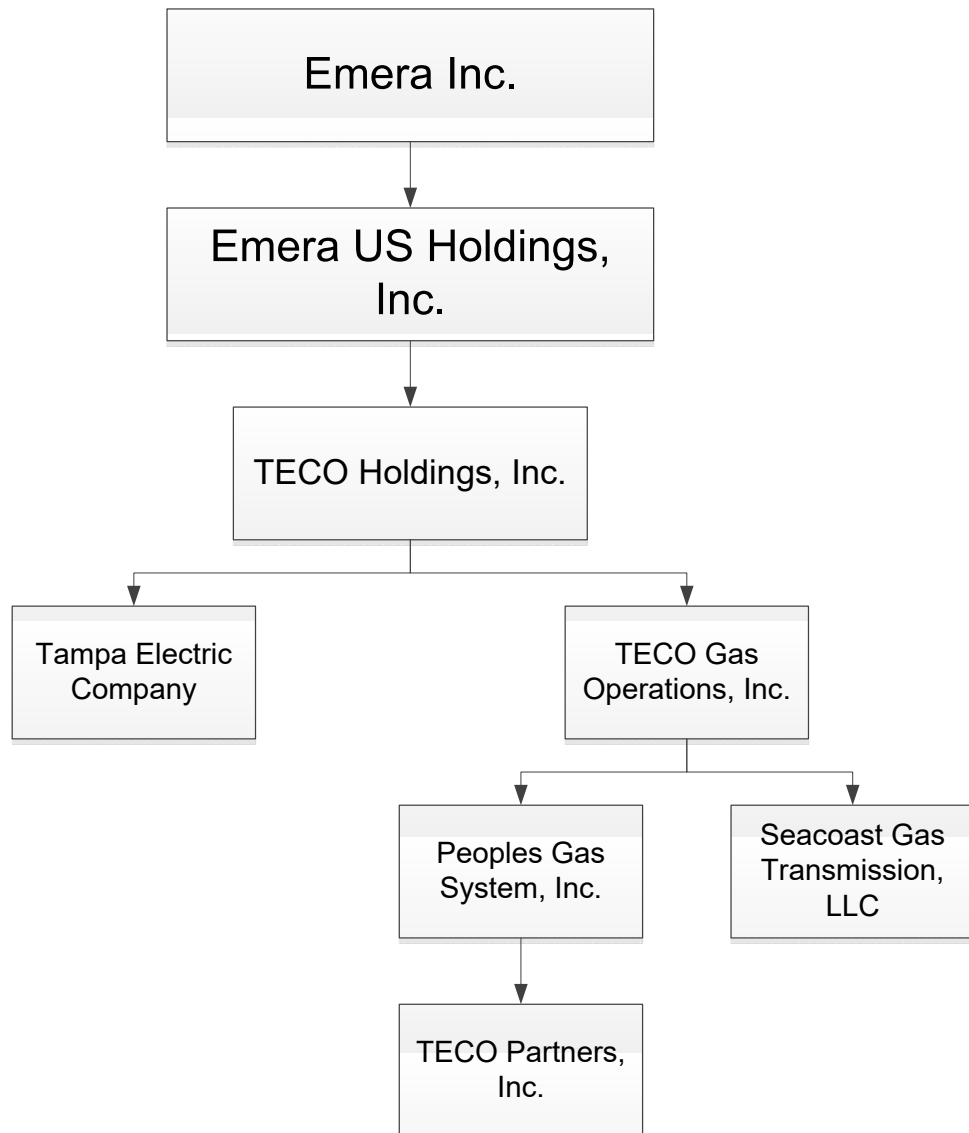


Dylan D'Ascendis	(1) Discuss the recommendation that the Commission should authorize Peoples Gas the opportunity to earn an ROE of 11.10 percent on its jurisdictional rate base; and (2) provide an assessment of the capital structure to be used for ratemaking purposes.
Andrew Nichols	(1) Provide an overview of the company's request for rate relief in 2026; (2) describe the company's 2026 test year; (3) explain the 2026 budget process used to develop the financial projections for the test year; (4) Explain the calculation of and adjustments used to develop the 2026 test year rate base, present the proposed 2026 capital structure, and the 2026 net operating income; and (5) present and explain the calculation of the revenue requirement and test year revenue deficiency for the 2026 test year.
Jeff Chronister	(1) Provide an overview of changes to the company's financial profile and the reasons it needs the rate increase proposed in this case; (2) discuss the importance of maintaining Peoples Gas' financial integrity, why the Commission should approve the company's proposed 54.7 percent equity ratio, and how the company forecasted short-term and long-term debt costs for the test year; (3) provide a high-level view of the company's long-term financial outlook for serving its current and new customers and explain why approving the company's proposed subsequent year adjustment ("SYA") for 2027 is appropriate in this proceeding; and (4) describe the processes and procedures used by affiliates in the Emera family of companies to account for costs charged to each other, including how costs are direct charged, assessed, and allocated by, to, and among affiliates.

Luke Buzard	(1) Describe the function and job responsibilities of the Regulatory, External Affairs, and Finance departments; (2) Discuss Regulatory, External Affairs, and Finance operations and maintenance expense ("O&M"); (3) describe the current status of the company's recent filings before the FPSC; (4) describe the company's revenue and load forecasting processes; (5) present the load forecast used in the test year budget which supports its request for a base rate increase; (6) propose and support the tariff modifications, including the proposed base rates and miscellaneous service charges and non-rate rate related language; and (7) support economic development expenses.
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**Corporate Structure Diagram  
of  
Peoples Gas System, Inc.  
and its Affiliates**



# PGS 2025 Balanced Scorecard

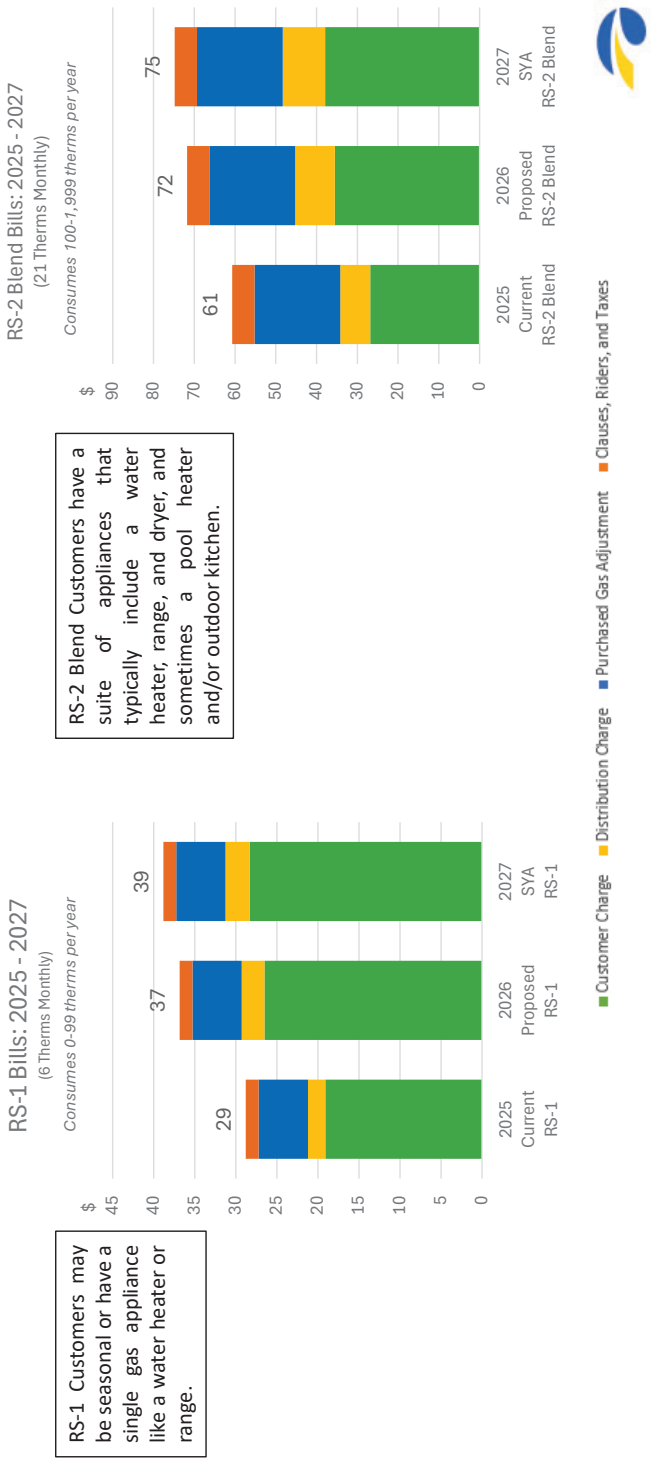
Confidential

	Threshold	Target	Stretch
SAFETY 15%	Achieve 600 unscheduled compliance checks in 2025 (avg 50/month) and document in Cority	Achieve zero team member serious injuries (H-SIFs)	Achieve zero contractor serious injuries (H-SIFs)
		Achieve an avoidable vehicle accident incident rate less than or equal the 5-year average baseline of 2.30	Achieve Lost Time Injury (LTI) rate less than or equal to the 5-year average of 0.28
PEOPLE 15%	Achieve 80% PC training completion rate on compensation philosophy, grades, and ranges	Complete new hire onboarding program implementation and rollout by Q4	Achieve improvements through the implementation of change management programs in Operations and E&C
	95% of PGS employees and contractors will complete cyber security training	Achieve average monthly cyber security phish rate of 4.0% or lower, after removing best and worst months	Achieve average monthly cyber security phish rate of 3.0% or lower, after removing best and worst months
CUSTOMER 15%	Complete the customer journey mapping process for scattered residential customers by the end of Q2	Achieve customer meter-to-cash action item results by the end of Q4. Actions are monthly zero revenue and rate code discrepancies reports, and the governance structure required for process oversight	Achieve #1 national ranking in the 2025 JD Power Residential Customer Satisfaction study
	Achieve a 60 min response rate on 95% of emergency calls	Achieve scattered residential customers pilot results in the Tampa division with a minimum of 50 customer work orders by end of Q4	Achieve a 60 min response rate on 98.5% of emergency calls
ASSET MGMT 15%	Complete the IRP to LTF link and develop and document capital scenarios by the end of Q3	Achieve \$ [REDACTED] in incremental value from strategic growth projects (SGPs) by the end of Q4 2025	Achieve \$ [REDACTED] in incremental value from SGPs by the end of Q4 2025
		Complete the plan to meet the new 2025 compliance requirements of the PHMSA's Leak Detection and Repair (LDAR) rule by the end of Q4	Achieve zero high priority pipeline damages for C4 events with valid locate ticket
FINANCIAL 40%	[REDACTED] of Net Income	Net Income ([REDACTED]) \$ [REDACTED]	[REDACTED] of Net Income
	[REDACTED] of Cash Flow	Cash Flow ([REDACTED]) [REDACTED]	[REDACTED] of Cash Flow

# Residential Customer Proposed Bill Comparisons 2025 - 2027

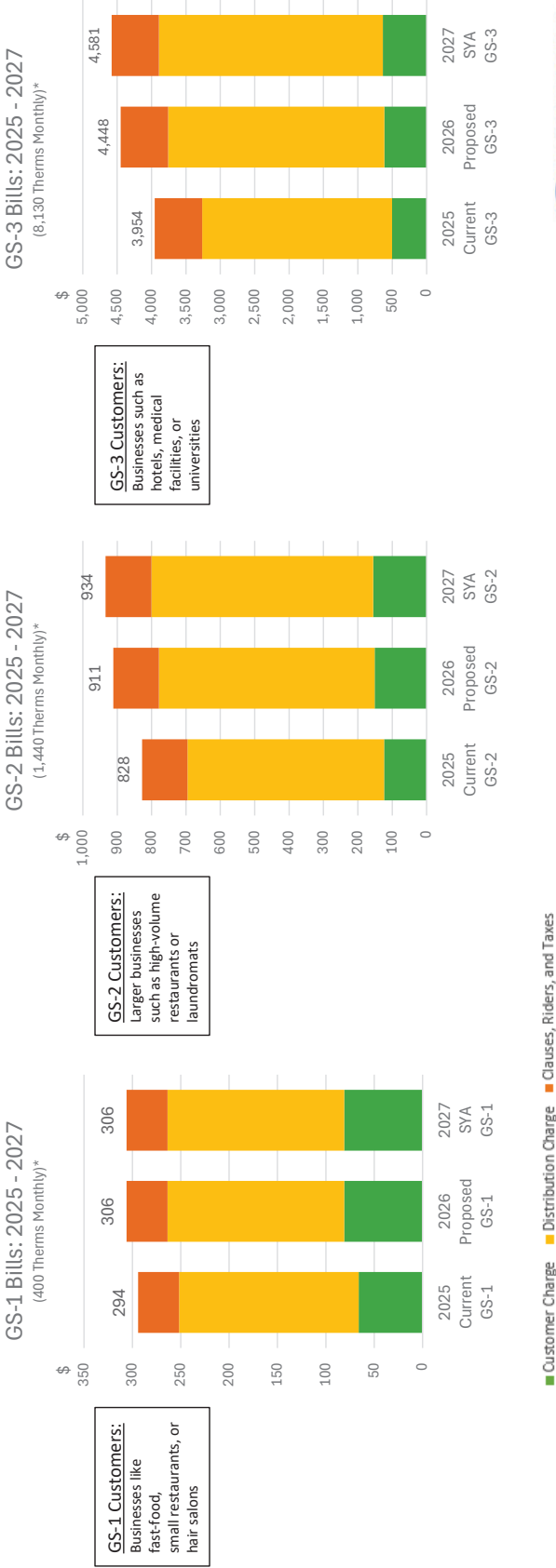
According to the *American Gas Association*, natural gas is recognized as an affordable, safe, reliable, and efficient energy source, trusted by millions of Americans. It is commonly used for heating, cooking, drying clothes, and even powering natural gas vehicles, which makes it an essential part of daily life.

In this analysis of residential bills, we compare the current RS-1 billing class rates with the RS-1 proposed rates. We also evaluate a proxy representing the current rates and the proposed combined RS-2 and RS-3 billing classes (referred to as RS-2 Blend). By combining the RS-2 and RS-3 billing classes, we calculate a weighted average usage rate for these customers and appropriately weight their existing customer charges to illustrate the overall bill impact of the proposed rate design on customer bills.



# Commercial Customer Proposed Bill Comparisons 2025 - 2027

Natural gas is vital in sectors like hospitality, pharmaceuticals, healthcare, manufacturing, and agriculture. A study by the Center for Strategic Alliance and International Studies “CSIS” and the American Gas Foundation highlights natural gas’ importance in energy security and U.S. manufacturing competitiveness while transitioning to a low-carbon economy, especially as energy demand continues to rise. The U.S. hospitality sector uses 387 Bcf of natural gas annually, supplying restaurants, lodging, and amusement parks. In agriculture, affordable natural gas benefits farms, ranches, and beyond through jobs and tax revenue. The affordability of natural gas and its growing popularity is evident with approximately 60 new businesses starting service daily.<sup>(1)</sup>



\* Projected 2026 average monthly usage is used, rounded to the nearest THM  
\*\*PGA was excluded since most commercial customers buy fuel directly from a marketer

(1) Source: American Gas Association

