

STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION

Illinois Commerce Commission)	
On Its Own Motion)	
)	
v.)	
)	
The Peoples Gas Light and)	Docket No. 25-1021
Coke Company)	
)	
Reconciliation of revenues)	
collected under gas adjustment)	
charges with actual costs prudently)	
incurred.)	

DIRECT TESTIMONY
OF
ALESE G. MAUERMANN

- 1 Q. Please state your name, position and business address.
- 2 A. My name is Alese G. Mauermann. My business address is WEC Energy
3 Group, Inc., 2830 S Ashland Avenue, Green Bay WI, 54304. I am the Manager
4 Gas Supply within the WEC Energy Group, Inc. (“WEC”), with related
5 responsibilities for Peoples Gas Light and Coke Company (“Peoples”) and North
6 Shore Gas (“North Shore”).
- 7 Q. What are your primary duties and responsibilities as Manager Gas
8 Supply?
- 9 A. I am responsible for the daily operational oversight and balancing of the
10 distribution system. I am also responsible for: (i) developing gas supply and
11 storage capacity strategies to provide reliable and cost-effective natural gas
12 service to customers; (ii) developing and implementing short- and long-term gas

13 supply and capacity release strategies, including gas purchasing and hedging
14 strategies; (iii) administering gas supply, transportation and storage contracts as
15 prescribed by internal legal policies, procedures, and plans approved by the
16 applicable commission; and (iv) acquiring daily, monthly, and annual supplies to
17 meet system requirements. Additionally, I review and approve supply, storage,
18 and transportation invoices.

19 Q. Please summarize your educational background and experience.

20 A. I have a Bachelor's Degree in Mechanical Engineering from Michigan
21 Technological University in Houghton, MI. I have been employed by WEC
22 Energy Group or its affiliates since 2009 in various positions related to
23 engineering, project management and gas supply.

24 Q. What is the purpose of your direct testimony?

25 A. The purpose of my testimony is to describe Peoples Gas' 2025 supply and
26 capacity procurement practices, including negotiation of contracts and related
27 accounting and auditing practices. This includes a description of how Peoples
28 Gas' company-owned storage field, Manlove Field, fits into Peoples Gas' portfolio
29 and how Peoples Gas allocated available capacity among Peoples Gas, North
30 Shore and Peoples Gas' interstate storage services. In addition, I discuss steps
31 that Peoples Gas took to reduce gas price volatility. I also address the prudence
32 of Peoples Gas' 2025 supply and capacity and the resulting gas costs that
33 Peoples Gas billed to customers.

34 **2025 PROCUREMENT OVERVIEW**

35 Q. Please describe Peoples Gas' 2025 gas supply procurement process.

36 A. In general, Gas Supply Department personnel and others, as appropriate,
37 developed specific gas supply recommendations and put those forward for
38 management approval. The Gas Supply Department was responsible for
39 entering into and administering contracts for gas supply and for purchases of
40 transportation and storage services.

41 Q. What procedure did Peoples Gas follow in 2025 in order to select its
42 resource mix?

43 A. Prior to the start of the year, Peoples Gas developed a number of
44 interconnected forecasts, including: a peak day forecast, a long-term demand
45 forecast, and a gas requirements forecast. These forecasts support the gas
46 dispatch model, which calculates daily gas requirements and balances the
47 normal year's daily requirements with available gas supply, including term
48 purchases, daily purchases, customer-owned deliveries, and gas available for
49 withdrawal or injection. The gas dispatch model optimizes, from a full-year
50 perspective, the daily gas dispatching activities by forecasting the supply and
51 storage mix to meet the expected customer gas requirements for each day of the
52 forecast year.

53 Using the annual gas dispatch model as a starting point and just prior to
54 the start of each month, the Gas Supply Department computed a potential gas
55 forecast for the coming month and met to address purchasing decisions for the
56 month. After establishing the monthly plan, Gas Supply personnel, on a daily

57 basis, as changing requirements and the market dictated, addressed any
58 changes to accommodate the need for additional or reduced amounts of supply
59 or capacity.

60 Q. Please describe Peoples Gas' contractually available sources of firm gas
61 supply during the reconciliation period.

62 A. Peoples Gas purchases firm gas supply from many parties under four
63 general forms: firm baseload, citygate delivered baseload, firm call, and citygate
64 delivered call.

65 Q. Please describe the firm baseload and citygate delivered baseload forms
66 of purchases.

67 A. Peoples Gas contracted for firm baseload supplies that it purchased and
68 transported to the citygate using its transportation. Peoples Gas also contracted
69 for firm baseload supplies bought directly at the citygate. Peoples Gas made
70 these purchases on a seasonal and month-to-month basis. The baseload
71 contracts called for Peoples Gas to purchase the same quantity each day and
72 most were priced using a first of the month ("FOM") index price.

73 Q. Please describe the call form of purchases.

74 A. Call purchases are firm supplies that were available at a daily index price,
75 and, when purchased, would be transported to the citygate using Peoples Gas'
76 contracted transportation. Peoples Gas also contracted for citygate delivered call
77 purchases bought directly at the citygate. Peoples Gas made these purchases on
78 a seasonal basis. The quantity that Peoples Gas could purchase each day could
79 vary between zero and the maximum quantity stated in the contract. Under

80 these contracts, the supplier would have the obligation to deliver the gas, but
81 Peoples Gas would have no obligation to purchase any gas.

82 Q. Please describe the citygate delivered call form of purchases.

83 A. Citygate delivered call purchases are firm supplies that were available at a
84 daily index price, and when requested by Peoples Gas, the supplier delivered to
85 the citygate. Peoples Gas made these purchases on a seasonal basis. The
86 quantity that Peoples Gas could purchase each day could vary between zero and
87 the maximum quantity stated in the contract. Under these contracts the supplier
88 had the obligation to deliver the gas, but Peoples Gas had no obligation to
89 purchase any gas.

90 Q. Did Peoples Gas have any other sources of gas available for system
91 supply?

92 A. Yes. Peoples Gas purchased supply in the daily market. These
93 transactions were typically for less than one month and were often for only one
94 day or a few days. Once contracted, these sources were firm.

95 Also, a significant portion of Peoples Gas' gas needs includes deliveries of
96 customer-owned gas under Peoples Gas' Schedule of Rates. This gas was
97 another source available to Peoples Gas for system supply. However, Peoples
98 Gas did not know the quantity of customer-owned gas that it would receive until
99 customers and/or their suppliers scheduled it with the pipelines and Peoples Gas
100 and the pipelines confirmed it.

101 Q. How many suppliers did Peoples Gas purchase from during the
102 reconciliation period?

103 A. During 2025 Peoples Gas purchased gas from 32 suppliers.

104 Q. Please describe Peoples Gas' contractual agreements for the purchase of
105 supply and capacity recovered through the monthly Gas Charge filings.

106 A. During 2025 Peoples Gas purchased the majority of its supply under firm
107 contracts with suppliers. It made these purchases under the terms of the
108 contracts that Peoples Gas had with each supplier. Peoples Gas purchased a
109 portion of its total supply volumes as daily purchases from various suppliers. It
110 made daily purchases, on an as-needed basis, from suppliers under the terms of
111 the contracts that Peoples Gas had with each supplier.

112 Capacity (both pipeline storage and transportation) transactions are
113 subject to contracts with the pipelines and the pipelines' Federal Energy
114 Regulatory Commission ("FERC") Gas Tariffs or Statements of Operating
115 Conditions.

116 Q. Did Peoples Gas purchase gas or release capacity under an asset
117 management arrangement during the reconciliation period?

118 A. No.

119 **REQUESTS FOR PROPOSALS**

120 Q. Did Peoples Gas use a Request for Proposal ("RFP") process for any of
121 the purchases identified above?

122 A. Yes. The RFP process allows the market to competitively bid to
123 determine the fair value of the products sought. Peoples Gas issued RFPs, with
124 specific directions to bidders, for the types of firm supply it purchased. The goal
125 of the RFP process is to reach as broad a market of sellers that currently have

126 base agreements with Peoples Gas to meet Peoples Gas' requirements.
127 Peoples Gas attempted to be as clear as possible in what it was seeking and
128 what it would consider a conforming bid. This practice provided Peoples Gas
129 with objective criteria to evaluate conforming bids.

130 Q. You stated that Peoples Gas tried to be as clear as possible when it
131 structured its RFPs. Please explain what you mean.

132 A. One of Peoples Gas' goals is to receive bids that are in an identical format
133 so that it can make fair comparisons. In its RFPs, it specifies all the key
134 commercial terms of service to focus on variables important to Peoples Gas that
135 it must consider in evaluating bids. For example, a typical RFP would specify the
136 location(s) at which Peoples Gas would take delivery of supply; whether the
137 supply would be baseload or call and the conditions under which Peoples Gas
138 may call on the supply; acceptable pricing structures, such as based on specific
139 FOM or daily indices and whether demand charges would be acceptable; and
140 any quantity limitations, such as bids must be in increments of 2,500 dth¹/day. In
141 addition, the RFP specifies the credit terms that will apply to the winning bidder,
142 and bidders must be parties to a master contract that will govern the transaction.
143 Generally, the supplier only needs to select an acceptable delivery location from
144 among those specified, specify a daily contract quantity and bid a price in the
145 required form. For example, an addition to or subtraction from a pricing index that
146 Peoples Gas identified in the RFP. Peoples Gas can then perform an apples-to-

¹ "dth" means dekatherm. "Mdth" means one thousand dekatherms.

147 apples comparison among the conforming bids and promptly notify the winning
148 bidder(s).

149 Q. What RFP process did Peoples Gas use for summer purchases?

150 A. For its summer purchases (the months of April through October), Peoples
151 Gas purchased firm supply on a monthly basis through a blast-type instant
152 message request process to several suppliers. It sent the instant message to at
153 least 10 suppliers each month. Similar to the RFP process described above, the
154 content of the instant message stated the location where Peoples Gas was
155 seeking baseload supply tied to the FOM index at the point(s). As a check on the
156 market, Peoples Gas' traders had access to Intercontinental Exchange Inc.
157 ("ICE"), an electronic trading platform, which provided real time trading
158 information at the relevant locations.

159 Q. Why did Peoples Gas use this process?

160 A. The monthly baseload purchase process allows Peoples Gas to move the
161 purchases around to avoid the restrictions and limit the need to reconfigure or
162 otherwise renegotiate the baseload agreement with the seller.

163 Q. What criteria did Peoples Gas use in reviewing these RFP responses and
164 awarding contracts?

165 A. The award criteria were conforming bids, diversity and lowest price first
166 and, where applicable, secondary considerations. Secondary considerations
167 were the nomination deadline and the pipeline on which the supply was to be
168 delivered. Vendor diversity is important to ensure reliable service to our
169 customers. In addition, for the non-baseload RFP supplies, Peoples Gas used a

170 bid valuation model to evaluate call supply products with varying price, term and
171 quantity attributes on an equal footing.

172 Q. Were all the RFPs used to obtain the supplies discussed above completed
173 in the reconciliation year?

174 A. No. Peoples Gas completed one RFP prior to 2025 for gas that flowed in
175 2025 with cost recovery through the Gas Charge. The types of supply procured
176 under this RFP were baseload supply and calls.

177 Q. Did Peoples Gas issue RFPs in the reconciliation year for gas that flowed
178 in the reconciliation year?

179 A. Yes. Peoples Gas completed nine RFPs in 2025 for gas that flowed in
180 2025 with cost recovery through the Gas Charge. The types of supply procured
181 under those RFPs were summer 2025 baseload, winter 2025-2026 baseload and
182 call, gas supplies. The seven summer supply RFPs are discussed above.

183 Q. Did Peoples Gas purchase all its gas through the RFP process?

184 A. No. Peoples Gas purchased all its daily gas pursuant to bilateral
185 discussions with suppliers or through trades on ICE.

186 Q. Does Peoples Gas purchase gas and conduct RFPs for which gas costs
187 are not recovered through the Gas Charge?

188 A. Yes. Peoples Gas does not recover company use gas costs through the
189 Gas Charge.

190 **CITYGATE PURCHASES**

191 Q. Did Peoples Gas purchase gas at the citygate in 2025?

192 A. Yes. Peoples Gas purchased term gas and daily gas delivered at the
193 citygate in 2025. Citygate purchases accounted for about 36% of total purchase
194 quantities and about 40% of total purchase costs.

195 Q. Why does Peoples Gas purchase term gas at the citygate, rather than
196 making purchases in the field and using its transportation to move the gas to its
197 citygate?

198 A. Peoples Gas buys gas at the citygate because there is no firm pipeline
199 capacity currently available that reaches its service territory. However, Peoples
200 Gas is actively looking and attempting to contract for it. Currently, citygate
201 purchases further diversify the type of pricing in the portfolio. The Gas Charge
202 will include a mix of field index purchases, citygate index purchases, and fixed
203 price purchases.

204 Q. Why does Peoples Gas buy daily gas at the citygate?

205 A. Peoples Gas buys daily gas at the citygate to meet demands that vary
206 daily and are in excess of the transportation capacity held on interstate pipelines.
207 Also, Peoples Gas buys at the citygate when it is economically favorable.

208 **SUPPLY INTERRUPTIONS**

209 Q. Did Peoples Gas experience any supply interruptions in 2025?

210 A. Yes. Some of Peoples Gas' suppliers failed to deliver the quantity of gas
211 that was requested. Peoples Gas did not incur any overrun or penalty charges
212 as a result of these failures. Also, as discussed later, pipeline restrictions and
213 outages occurred that affected nominated gas flow.

214 **PIPELINE TRANSPORTATION AND STORAGE CAPACITY**

215 Q. Did any significant changes to Peoples Gas' transportation and storage
216 capacity portfolio affect the 2025 portfolio?

217 A. No.

218 Q. Did any pipeline outages, interruptions, or restrictions affect Peoples Gas
219 during 2025?

220 A. Yes. Natural Gas Pipeline Company of America ("Natural") experienced
221 outages and imposed restrictions during 2025.

222 Q. Did Peoples Gas receive reservation charge credits associated with any of
223 these outages?

224 A. No. Peoples Gas did not receive any reservation credits from Natural.

225 Q. Did Peoples Gas incur any overrun charges or other pipeline charges
226 associated with the outages, cuts, restrictions or other reasons?

227 A. Yes. Peoples Gas incurred \$133,852 of overrun charges.

228 Q. How did Peoples Gas' planned and actual use of storage compare in
229 2025?

230 A. Peoples Gas begins each season with an established storage plan based
231 on normal weather, estimated customer-owned gas deliveries and assumptions
232 for other factors not precisely known at the time it creates the plan. Peoples Gas
233 cannot reasonably plan for other storage activity, notably balancing. As a result,
234 actual storage use will never exactly match planned storage use for a given
235 month, and Peoples Gas may need to revise storage plans for future months to
236 accommodate these differences. During 2025, actual storage withdrawals of
237 61,786 Mdth were approximately 12,932 Mdth (26.47%) more than planned.

238 Cold periods throughout the winter months lead to more than planned
239 withdrawals.

240 Q. Is Peoples Gas' storage field, Manlove Field, part of its storage plan?

241 A. Yes. Manlove Field storage accounted for about 26% of Peoples Gas'
242 design day and 43% of the capacity in its annual storage portfolio based on the
243 2025 design day portfolio.

244 **MANLOVE FIELD**

245 Q. You stated that Manlove Field storage is part of Peoples Gas' design day
246 and annual storage portfolio. What is the cycled top gas quantity for Manlove
247 Field?

248 A. The amount of top gas typically cycled annually from Manlove Field is
249 36,500 Mdth.

250 Q. What quantity of this capacity does Peoples Gas use to serve its retail end
251 use customers?

252 A. 30,900 Mdth.

253 Q. Do both retail sales and transportation customers receive services
254 supported by Manlove Field?

255 A. Yes.

256 Q. Does anyone other than Peoples Gas' retail and transportation customers
257 receive services supported by Manlove Field?

258 A. Yes. North Shore purchases a storage service from Peoples Gas under a
259 Commission-approved contract. Peoples Gas also offers storage services in the

260 interstate market under the FERC's authority. The interstate services are
261 sometimes called "hub" services.

262 Q. Please describe the storage service that North Shore purchases.

263 A. Under its agreement, North Shore delivers gas to the Peoples Gas system
264 for injection into Manlove Field during the injection period. Peoples Gas' and
265 North Shore's systems are not physically interconnected. When North Shore
266 called on gas for withdrawal, Peoples Gas withdrew the gas and by displacement
267 delivered an equivalent quantity to North Shore using gas supplies that Peoples
268 Gas otherwise had flowing on either the Natural or ANR Pipeline Company
269 ("ANR") system.

270 Q. Please describe the interstate services that Peoples Gas was authorized
271 to provide during the reconciliation period.

272 A. Under a FERC-approved Operating Statement Peoples Gas may offer five
273 services: Firm Transportation, Interruptible Transportation, Firm Storage,
274 Interruptible Storage, and Parking and Lending. Peoples Gas supports these
275 services with capacity at Manlove Field and on the Mahomet Pipeline, which
276 connects Manlove Field to Peoples Gas' service territory. During 2025, Peoples
277 Gas provided only Parking and Lending Service, which is an interruptible service.

278 Q. Did Peoples Gas enter into any significant interstate service agreements
279 that were in effect during the reconciliation period?

280 A. No.

281 Q. How does Peoples Gas determine the amount of Manlove Field capacity
282 that is available to North Shore?

283 A. The quantity that North Shore may receive is defined in its contract with
284 Peoples Gas.

285 Q. How does Peoples Gas determine how much capacity is available for
286 interstate services?

287 A. The determination process is an extension of Peoples Gas' existing
288 optimization models. The process is a point in time analysis that Peoples Gas
289 performs no longer than 18 months after the previous study. The process is
290 designed to allocate Manlove Field storage capacity in a way that does not
291 adversely affect Peoples Gas' retail customers with the principal goal of
292 maintaining performance at Manlove Field. Peoples Gas last performed this
293 analysis in December 2024.

294 Q. What were the results of this process?

295 A. The analysis showed that, if operationally possible, Peoples Gas should
296 continue to cycle 36,500 Mdth from Manlove Field. The allocation for interstate
297 services should be between 7,100 Mdth and 3,100 Mdth.

298 Q. Is this process a reasonable way to allocate capacity among Peoples Gas'
299 retail customers, North Shore and Peoples Gas' interstate customers and why?

300 A. Yes. The process takes steps to include and update as many market,
301 asset availability, and operating constraints as reasonably practicable. It also
302 takes advantage of advances in analytical tools and does so in a way that fits
303 Manlove Field into the comprehensive portfolio plan.

304 Q. Was the capacity allocated to interstate customers fully used by them in
305 2025?

306 A. Yes.

307 Q. Does Peoples Gas own and operate an LNG facility?

308 A. Yes. The LNG facility is part of the Manlove Field complex.

309 Q. Please describe Peoples Gas' use of the LNG facility in 2025.

310 A. The LNG facility was used in 2025 to support a total of 43 Mdth daily
311 deliveries in January and 255 Mdth in February.

312 **RESERVE MARGIN**

313 Q. What was Peoples Gas' design day reserve margin in 2025?

314 A. Peoples Gas' 2025 design day reserve margin for physical supply was
315 approximately 3.00%. Peoples Gas describes its design day calculation in detail
316 in the response to Staff data request ENG 1.17. In general, Peoples Gas defines
317 its design day as the demand expected to occur on a January weekday with a
318 temperature of -16 degrees Fahrenheit (equivalent to 81 degree days) and an
319 average wind speed of 22 miles per hour ("mph") following a day with a
320 temperature of 1 degree Fahrenheit and an average wind speed of 16 mph. The
321 temperature and wind data are based on a weighted average of four weather
322 stations (Midway; Lansing, Illinois; O'Hare; and Waukegan).

323 The reserve margin is intended to ensure that Peoples Gas will be able to
324 serve its customers under extreme conditions. Because of the serious effects on
325 public health and safety of a gas outage, in addition to the difficulties of restoring
326 gas service, it is imperative that Peoples Gas plans for extreme conditions. Firm
327 gas supply and deliverability to Peoples Gas' distribution system were thus set at
328 levels that provide a margin over Peoples Gas' projected peak day requirements.

329 This reserve margin was necessary to accommodate, among other things, the
330 fact that Peoples Gas is located near the end of Natural's and Northern Border
331 Pipeline Company's ("Northern Border") facilities, the possibility of deliverability
332 shortfalls in connection with storage and flowing gas, and the fact that
333 requirements could exceed design day projections.

334 **PRICE RISK MANAGEMENT**

335 Q. Please describe the steps taken to address price volatility, including any
336 hedging strategies.

337 A. Peoples Gas took several steps to address price volatility. During the
338 year, Peoples Gas followed a price protection program which was specifically
339 designed to mitigate the effects of gas price volatility. This program protected a
340 significant portion of Peoples Gas' purchases using approved financial derivative
341 tools including futures, fixed price swaps, call options, synthetic calls, or
342 consumer collars (purchasing call options and selling put options
343 simultaneously). These purchases were either hedged physically through fixed
344 forward purchases directly with a supplier or through the use of financial
345 derivative instruments. Under the plan, Peoples Gas began executing its hedges
346 nineteen months prior to the start of each season (*i.e.*, winter or summer). The
347 timing of the transaction execution follows a time driven matrix approach and
348 results in 100% of the planned hedges in place prior to the start of the season.
349 Under normal weather conditions, Peoples Gas would expect to hedge between
350 25% and 50% of its annual purchases under this plan with a target of 37.5%.

351 Q. Please describe storage assets used to address price volatility.

352 A. Peoples Gas' supply portfolio also contained storage assets, both owned
353 and contractual, that allowed it to use the natural physical hedge that seasonal
354 storage provides. Peoples Gas also purchased gas supplies from a variety of
355 parties and from different producing regions to protect against regional price
356 anomalies. It injects this supply into the storage accounts for withdrawal at a later
357 date.

358 Q. How much of its annual purchases did Peoples Gas hedge under its plan?

359 A. For the reconciliation period, 38.9% of actual annual purchases were
360 financially hedged. While the financially hedged percentage was above the
361 37.5% target noted above, it was within the plan parameters.

362 Q. What is a "time driven matrix" approach?

363 A. The "time driven matrix" approach means that Peoples Gas executed its
364 hedge transactions on a defined schedule. This contrasts with, for example,
365 purchasing all of the hedges eighteen months prior or waiting until one month
366 prior to the hedged period to purchase the hedges.

367 Q. Were there any changes made to this plan that affected the reconciliation
368 period?

369 A. No.

370 Q. Were there any significant deviations from this plan?

371 A. No.

372 Q. Please describe the impact on the Gas Charge of the hedging strategies.

373 A. Peoples Gas' purchases under its price protection programs partially
374 insulated customers against price volatility. By taking fixed price positions on a

375 large portion of the anticipated baseload purchases, Peoples Gas can dampen
376 the effect that large swings in gas prices have on its total gas costs. This leads
377 to more stable prices for Peoples Gas' customers. In the absence of this
378 program, customers would be exposed to the full risk of market fluctuations.
379 Peoples Gas' price protection strategies were not aimed at guaranteeing the
380 lowest possible price for gas. The purpose is to mitigate volatility.

381 **INTERSTATE SERVICES**

382 Q. You testified that Peoples Gas provides interstate services. What revenue
383 did Peoples Gas receive from interstate transactions in 2025?

384 A. Interstate services transactions resulted in approximately \$5.2 million in
385 revenue that Peoples Gas flowed through its Gas Charge during 2025.

386 Q. Do hub transactions increase gas costs to customers?

387 A. No. First, the revenues generated through the provision of hub services
388 are a credit to the Gas Charge and, as such, reduce costs to customers.

389 Second, hub services tend to increase the liquidity at Peoples Gas' citygate.

390 Generally, the more liquid the trading point the better the price signals and the
391 easier it is for supply to meet demand.

392 Q. Did Peoples Gas enter into any off-system gas sales for resale during
393 2025?

394 A. Yes. Peoples Gas entered into off-system sales transactions supported
395 by less than 1% of Peoples Gas' purchases in terms of quantity and less than 1%
396 in terms of cost for the year. These transactions were for operational reasons.

397 Q. Did Peoples Gas release any capacity in 2025?

398 A. No.

399 Q. Did Peoples Gas acquire any capacity through a capacity release?

400 A. No.

401 **AFFILIATE TRANSACTIONS**

402 Q. Did Peoples Gas have any transactions with any affiliate that affected its
403 Gas Charge?

404 A. No.

405 Q. Does Peoples Gas have any other gas supply-related transactions with its
406 affiliates?

407 A. Yes. Peoples Gas provides a storage service to North Shore, an affiliated
408 gas utility, pursuant to a Commission-approved agreement. This service does
409 not affect Peoples Gas' Gas Charge.

410 **PRUDENCE OF 2025 GAS COSTS**

411 Q. Were Peoples Gas' incurred expenditures for 2025 gas supply prudent?

412 A. Yes. The 2025 incurred gas supply expenditures reflected Peoples Gas'
413 continuing efforts to minimize the cost of its gas supply consistent with
414 operational and contractual constraints and the statutory obligation to provide
415 adequate and reliable service to customers throughout the year. In particular,
416 following RFP processes, Peoples Gas purchased supply from a diverse pool of
417 suppliers to fill its storage services and to supply its customers. It purchased
418 supply at the citygate and utilized its own pipeline capacity, which diversifies the
419 pricing applicable to those purchases and enhances reliability. It met a large
420 portion of its peak day and seasonal requirements from storage. It also used

421 storage to help it balance its system on a daily and intra-day basis. Finally, it
422 hedged a significant portion of its annual purchases, which helps to mitigate price
423 volatility for customers.

424 Q. Has Peoples Gas made other efforts to ensure that pipelines serving it
425 provide reliable services on a best-cost basis?

426 A. Yes. Peoples Gas made efforts to maintain adequate, reliable services
427 from pipeline transporters and to keep gas costs to a minimum by active
428 participation in its pipeline transporters' rate and certificate proceedings and
429 other matters before the FERC. Peoples Gas monitored the filings of its principal
430 pipeline suppliers of storage and transportation services and other pipelines
431 interconnecting with Peoples Gas' system – Natural, Northern Border, Kinder
432 Morgan Illinois LLC ("KMIP"), Trunkline Gas Company ("Trunkline"), Midwestern
433 Gas Transmission Company ("Midwestern"), Vector Pipeline L.P ("Vector"),
434 Washington 10, ANR, Guardian Pipeline, L.L.C. ("Guardian") and Alliance
435 Pipeline, Ltd. ("Alliance"). In addition, Peoples Gas monitored FERC rulemaking
436 and policy proceedings.

437 Based on its review of pipeline filings, Peoples Gas intervened in
438 significant proceedings. Peoples Gas also continued to participate actively as a
439 member of the American Gas Association in FERC rulemakings and other
440 generic proceedings affecting its customers.

441 **MEASUREMENT AND MONITORING OF PIPELINE DELIVERIES**

442 Q. Please describe the control procedures and monitoring related to contract
443 enforcement for Peoples Gas' pipeline purchases.

444 A. The control procedures and monitoring related to enforcement of contracts
445 for gas delivered by pipelines interconnecting with Peoples Gas were as follows:

446 1. Gas that Natural delivered to Peoples Gas is registered by Peoples
447 Gas' electronic flow measurement ("EFM") equipment located at seven locations
448 (excluding direct pipeline supplied customer locations), including Peoples Gas'
449 Manlove Field. One of Natural's seven locations, the Torrence Avenue station, is
450 also the point at which energy is delivered to Peoples Gas from KMIP. Peoples
451 Gas' Gas Control Department reviewed and monitored the accuracy of energy
452 that Natural billed at all seven of those meters on a daily basis as well as for
453 KMIP at the Torrence point. The quantities of gas received and delivered by
454 Natural and KMIP were measured in accordance with the General Terms and
455 Conditions of its respective FERC Gas Tariff. Peoples Gas has access to
456 Natural's and KMIP's measurement equipment at the receipt and delivery points
457 under the tariff provisions to verify flow calculations. If the Gas Control
458 Department's measurement review indicated a discrepancy, the Gas Control
459 Department would contact Natural or KMIP to resolve the discrepancy. Natural
460 and KMIP also calibrate their EFM equipment periodically. A Peoples Gas
461 representative may be present at these calibrations. Peoples Gas'
462 representative is present for physical changes (*e.g.*, orifice plate inspection or
463 replacement) involving a meter.

464 2. ANR operates EFM equipment at its station near East Joliet, Illinois
465 and at its Sharp Road station near Elwood, Illinois. Trunkline operates EFM
466 equipment at Peoples Gas' Manlove Field. Northern Border operates EFM

467 equipment at the Manhattan-South interconnect near Manhattan, Illinois, the
468 Manhattan-North interconnect near Lemont, Illinois, and the Sharp Road
469 interconnect near Elwood, Illinois. Midwestern operates EFM equipment at its
470 station near Union Hill, Illinois. Alliance operates EFM equipment at its station
471 near Elwood, Illinois. Guardian operates EFM equipment at its station near
472 Elwood, Illinois. Vector operates EFM equipment at its station near Elwood,
473 Illinois. ANR, Trunkline, Midwestern, Northern Border, Guardian, Vector and
474 Alliance calibrate their EFM equipment periodically. A Peoples Gas
475 representative may be present at these calibrations. Peoples Gas'
476 representative is present for physical changes (e.g., orifice plate inspections or
477 replacement) involving a meter. The quantities of gas received and delivered by
478 each pipeline were measured in accordance with the General Terms and
479 Conditions of its respective FERC Gas Tariff. Peoples Gas has access to the
480 pipeline operator's measurement equipment at the receipt and delivery points
481 under the tariff provisions to verify flow calculations. Peoples Gas' Gas Control
482 Department reviews and monitors the accuracy of energy that is billed from these
483 pipelines' meters. If this review identified a discrepancy, Gas Control would
484 contact the pipeline and resolve the discrepancy.

485 3. If the Gas Control Department's measurement verification between the
486 EFM equipment and nomination systems (Peoples Gas' and pipelines'
487 nomination websites) indicates a discrepancy, the Gas Control Department will
488 contact the pipeline to resolve the discrepancy. Once Gas Control has resolved
489 all discrepancies, the Gas Supply Department will verify the amount of gas

490 nominated to the Gas Supply transaction tracking database. The Fuel and
491 Supply Accounting Department confirms the data with the pipelines' invoices.

492 4. ANR, Midwestern, Guardian, Vector and Trunkline use onsite
493 chromatographs to determine gas quality and heating value. Natural uses
494 chromatographs at a point on its system near Joliet, Illinois and at Peoples Gas'
495 Manlove Field to determine gas quality and heating value. Northern Border uses
496 a chromatograph on its system near Ventura, Iowa to determine gas quality and
497 heating value. Alliance uses a chromatograph on its system near Morris, Illinois
498 to determine gas quality and heating value. Peoples Gas uses chromatographs
499 it owns at its citygates, Manlove Field, the ANR East Joliet and Midwestern meter
500 stations, and two of the three Northern Border meter stations to independently
501 monitor gas quality and heating value. These chromatographs are calibrated on
502 a regular basis.

503 5. Internal Audit Services examines the accuracy and performance of
504 procedures that management identified as SOX controls annually during its
505 Sarbanes-Oxley Act of 2002, Section 404, testing to support management's
506 assertion that the internal control structure is operating as designed. These tests
507 include examination of the various records and reports that Peoples Gas used to
508 record volumetric and pricing information including the various reconciliations to
509 source measurement and pipeline information.

510 Q. Please describe the control procedures and monitoring programs related
511 to enforcement of Peoples Gas' contracts for purchases from suppliers.

512 A. The gas that Peoples Gas purchased from each supplier was invoiced
513 based on quantities delivered at the agreed delivery points. Each month Peoples
514 Gas verified that suppliers used the appropriate unit prices in their invoicing to
515 Peoples Gas, and it also confirmed that suppliers delivered volumes based on
516 the agreed to delivery point on the pipeline invoices.

517 Q. Please describe the control procedures and monitoring programs that
518 Peoples Gas used with respect to its gas transportation contracts.

519 A. The control procedures and monitoring related to the enforcement of the
520 transportation contracts and point operator agreements with ANR, Natural, KMIP,
521 Northern Border, Guardian, Vector, Washington 10, and Midwestern were as
522 follows:

523 1. Each of these pipelines or storage providers rendered monthly
524 statements of the quantity of gas received on behalf of Peoples Gas from each
525 supplier at each receipt point and the quantity of gas each transporter or storage
526 provider delivered to Peoples Gas. The quantities of gas received and delivered
527 were measured in accordance with the General Terms and Conditions of its
528 respective FERC Gas Tariff or Statement of Operating Conditions. Peoples Gas
529 has access to measurement equipment at the receipt and delivery points under
530 the tariff provisions. Peoples Gas verified the accuracy of each monthly
531 statement based on records maintained by the Gas Supply area in coordination
532 with each transporting pipeline.

533 2. Pipeline charges for each receipt point include a percentage retained
534 by the pipeline from gas received for Peoples Gas' account to compensate for

535 the compressor fuel and lost-and-unaccounted-for gas. Peoples Gas reviewed
536 for accuracy the quantities that the pipeline retained against published tariffs and
537 contracts.

538 Q. Does this conclude your direct testimony?

539 A. Yes, it does.

STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION

Illinois Commerce Commission)	
On Its Own Motion)	
)	
v.)	
)	
The Peoples Gas Light and)	Docket No. 25-1021
Coke Company)	
)	
Reconciliation of revenues)	
collected under gas adjustment)	
charges with actual costs prudently)	
incurred.)	

DIRECT TESTIMONY
OF
SAM ADDISON

- 1 Q. Please state your name and business address.
- 2 A. Sam Addison, 200 East Randolph Street, Chicago, Illinois 60601.
- 3 Q. By whom are you employed?
- 4 A. WEC Business Services LLC.
- 5 Q. What position do you hold with WEC Business Services LLC?
- 6 A. I am a Project Specialist III in Regulatory Affairs.
- 7 Q. What are your responsibilities in that position?
- 8 A. I am responsible for performing activities related to regulatory research,
- 9 rate and tariff administration, billing and rate impact studies, accounting, and
- 10 reporting requirements for The Peoples Gas Light and Coke Company (“Peoples
- 11 Gas” or the “Company”) and its sister utility North Shore Gas Company (“North
- 12 Shore”). I also have managed and coordinated the preparation and review of

13 testimonies and exhibits pertaining to rate case filings for Peoples Gas and North
14 Shore pursuant to provisions of Part 285, 286, and 287 of the Commission's
15 rules (83 Ill. Admin. Code Parts 285, 286, and 287).

16 Q. Please summarize your educational background and experience.

17 A. I received a Bachelor of Science in Finance from the Driehaus College of
18 Business at DePaul University in 2013. I was hired by Integrys Business Services
19 in 2014 on the Finance team, where I worked 6 years across multiple positions of
20 increased responsibility, including support of the 2020 North Shore Gas Rate
21 Case. In January 2022, I left WEC Energy Group to join ComEd as a Senior
22 Financial Analyst supporting Financial Operations. In October 2022, I rejoined
23 WBS as a Project Specialist 3 on the Regulatory Affairs team.

24 Q. Please give a brief description of the operations and status of Peoples
25 Gas.

26 A. Peoples Gas is a corporation organized and existing under the laws of the
27 State of Illinois, having its principal office at 200 East Randolph Street, Chicago,
28 Illinois 60601. It is engaged in the business of purchasing, distributing and
29 selling natural gas to approximately 893,000 customers in the City of Chicago.
30 Peoples Gas is a public utility within the meaning of the Public Utilities Act.

31 Q. Please describe the subject matter of this proceeding.

32 A. Pursuant to Section 9-220 of the Public Utilities Act, on November 19,
33 2025, the Illinois Commerce Commission ("Commission") entered a citation order
34 ("order") directed to Illinois gas utilities, including Peoples Gas. The order
35 requires Peoples Gas to present evidence to the Commission at a public hearing

36 in Docket No. 25-1021 reconciling revenue collected under the purchased gas
37 adjustment clause (Rider 2, Gas Charge, of Peoples Gas' Schedule of Rates)
38 with the actual costs prudently incurred and recoverable under Rider 2, for the
39 twelve months ended December 31, 2025. The order also requires Peoples Gas'
40 filing to reflect fifteen specified data for each of its Gas Charges. The order
41 further requires that Peoples Gas make notice of the filing of this evidence under
42 the requirements of 83 Illinois Administrative Code Part 255.

43 Q. Please describe the notice of the filing that Peoples Gas gave in this case.

44 A. When Peoples Gas made its filing in this proceeding, it placed copies of
45 the filed evidence, available for public inspection, in each of its offices. It also
46 posted public notice of the filing in each of these offices. Further, Peoples Gas
47 will cause notice of the filing to be published in the Chicago Tribune, a secular
48 newspaper of general circulation in Peoples Gas' service territory, under the
49 requirements of 83 Illinois Administrative Code Part 255.

50 Q. Please describe PGL Ex. 2.1.

51 A. PGL Ex. 2.1 includes a copy of the audit report of Peoples Gas'
52 independent public accountants, Deloitte & Touche LLP, and the verification by
53 Peoples Gas' President Maria Bocanegra. The audit report includes a copy of
54 Peoples Gas' Statement to Illinois Commerce Commission - Determination of
55 Reconciliation Balance for Gas Charge for the Year Ended December 31, 2025
56 ("2025 Statement") and Independent Auditors' Report, as described in Rider 2,
57 Section G, of Peoples Gas' Schedule of Rates.

58 Q. Was the 2025 Statement prepared by you or under your supervision and
59 direction?

60 A. Yes, it was.

61 Q. Are the verification and the audit report true and correct copies of Ms.
62 Bocanegra's verification and the independent public accountants' audit report?

63 A. Yes, they are.

64 Q. What are the types of Gas Charges that Peoples Gas files pursuant to its
65 Rider 2 and what costs do the Gas Charges recover?

66 A. Each month, Peoples Gas files a Commodity Gas Charge ("CGC"), a Non-
67 Commodity Gas Charge ("NCGC"), a Demand Gas Charge ("DGC"), and a
68 Storage Gas Charge ("SGC"). Peoples Gas also files two Hub Credit Gas
69 Charges ("HCGC₁" and "HCGC₂"). The sum of the CGC, NCGC and HCGC₁ is
70 the Gas Charge, which applies to all Peoples Gas-supplied therms except
71 standby therms supplied to transportation customers.

72 The standby commodity charge applies to standby therms. Peoples Gas
73 uses published price indices prescribed in the riders to determine the standby
74 commodity charge.

75 The CGC recovers commodity-related costs. The NCGC recovers non-
76 commodity related costs. The DGC also recovers non-commodity related costs
77 but from transportation customers. Peoples Gas credits revenues arising from
78 the application of the DGC against the non-commodity related costs used in
79 computing the NCGC.

80 The SGC recovers non-commodity related costs from customers served
81 under Riders CFY and SST. The SGC applies to all storage capacity therms
82 allocated to or subscribed by customers served under these riders. Peoples Gas
83 credits revenues arising from the application of the SGC against the non-
84 commodity related costs used in computing the NCGC. Given that the NCGC,
85 DGC, and SGC all recover non-commodity related costs, Peoples Gas jointly
86 reconciles revenues recovered under these charges with such costs.

87 The HCGC₁ and HCGC₂ are credits for revenues Peoples Gas receives
88 from interstate transportation and storage services that it offers under the Federal
89 Energy Regulatory Commission's jurisdiction. These services are often called
90 "hub" services. The HCGC₁ and the HCGC₂ are stand-alone credits for Rider
91 CFY customers and for large volume transportation customers, respectively.

92 Q. The Commission's order requires Peoples Gas to include certain data
93 from the prior reconciliation year in its determination of the current year's
94 reconciliation. Please specify any unamortized balance at December 31, 2024.

95 A. The unamortized balance at December 31, 2024, for each Gas Charge is
96 shown on Page 2, Line 1, of PGL Ex. 2.1. Peoples Gas' unamortized Factor A
97 balance at December 31, 2024, reflects a recoverable balance of \$576,499.16 for
98 the CGC and a refundable balance of \$3,273,032.89 for the NCGC, DGC, and
99 SGC, for a total refundable amount of \$2,696,533.73. These amounts are also
100 shown on Page 2, Line 12, of Peoples Gas' Statement to Illinois Commerce
101 Commission, Determination of Reconciliation Balance for Gas Charge for the
102 Year Ended December 31, 2024 ("2024 Statement"). Peoples Gas filed this

103 document as PGL Ex. 2.1 with Sam Addison's direct testimony in Docket No. 24-
104 0774, reconciliation of revenues collected under gas adjustment charges with
105 actual costs prudently incurred for the period January 1, 2024, through
106 December 31, 2024.

107 Q. Please specify the total adjustments to gas costs (that is, Factor A) that
108 were amortized to Schedule I in Peoples Gas' 2024 monthly filings but were not
109 yet reconciled through Schedule II of Peoples Gas' monthly filings at December
110 31, 2024.

111 A. Total unreconciled adjustments to gas costs (Factor A) reflect a refundable
112 amount of \$3,549,723.12 for the CGC, a refundable amount of \$892,651.59 for
113 the NCGC, DGC and SGC, and a refundable amount of \$4,727.62 for the HCGC,
114 for a total refundable balance of \$4,447,102.33. These adjustments, for the
115 reported months of November and December 2024, were not yet reconciled at
116 December 31, 2024. However, they are reflected in the respective Gas Charges
117 for the effective months of January and February 2025. These amounts are
118 shown on Page 2, Line 2, of PGL Ex. 2.1. They are also shown on Page 2, Line
119 13, of Peoples Gas' 2024 Statement.

120 Q. What was Peoples Gas' refundable or recoverable balance for the year
121 ended December 31, 2024?

122 A. Peoples Gas' refundable or recoverable balance for the year ended
123 December 31, 2024, which is the sum of the amounts on Page 2, Lines 1 through
124 3, of PGL Ex. 2.1, reflects an over-recovery of \$2,973,223.96 for the CGC, an
125 over-recovery of \$4,165,684.48 for the NCGC, DGC and SGC and an over-

126 recovery of \$4,727.62 for the HCGC, for a total over-recovery of \$7,143,636.06.

127 These amounts are shown on Page 2, Line 4, of PGL Ex. 2.1. They are also

128 shown on Page 2, Line 11 and Line 15, of Peoples Gas' 2024 Statement.

129 Q. What are Peoples Gas' 2025 recoverable gas costs and revenues?

130 A. Recoverable gas costs and revenues are summarized and shown on Page

131 2, Line 5 and Line 6, respectively, of PGL Ex. 2.1. Recoverable gas costs

132 summarized and shown on Page 2, Line 5, of PGL Ex. 2.1 are \$335,345,297.29

133 for the CGC, \$54,114,188.89 for the NCGC, DGC and SGC and hub revenues to

134 be credited of \$8,328,930.80 for the HCGC, for a total of \$381,130,555.38 to be

135 recovered under the Gas Charge. Revenues arising through the application of

136 each Gas Charge summarized and shown on Page 2, Line 6, of PGL Ex. 2.1 are

137 \$331,271,949.78 for the CGC, \$56,637,384.08 for the NCGC, DGC and SGC,

138 and a credit amount of \$8,371,199.64 for the HCGC, for a total of

139 \$379,538,134.22 recovered under the Gas Charge. Recoverable gas costs and

140 revenues are shown in more detail on Pages 3, 4, and 5 of PGL Ex. 2.1 for the

141 CGC, NCGC, DGC and SGC, and HCGC, respectively.

142 Q. Please specify the pipeline refunds or surcharges that Peoples Gas

143 separately reported in 2025 monthly Gas Charge filings.

144 A. Peoples Gas' 2025 monthly Gas Charge filings included no separately

145 reported pipeline refunds or surcharges.

146 Q. Please specify any other adjustments that Peoples Gas separately

147 reported in 2025.

148 A. Peoples Gas' 2025 monthly Gas Charge filings included no other
149 separately reported adjustments.

150 Q. Please specify the interest, calculated under Section 525.50 of the
151 Commission's rules, for inclusion in Adjustments to Gas Costs (Factor A).

152 A. Interest, calculated under Section 525.50, for inclusion in Adjustments for
153 Gas Costs (Factor A) is shown on Page 2, Line 9, of PGL Ex. 2.1, and reflects a
154 refundable amount of \$38,604.65 for the CGC, a refundable amount of
155 \$144,654.86 for the NCGC, DGC, and SGC, and a recoverable amount of
156 \$52,867.68 for the HCGC, for a total refundable amount of \$130,391.83.

157 Q. What was Peoples Gas' over- or under- recovery for 2025?

158 A. Peoples Gas' over- or under-recovery for 2025 is shown on Page 2, Line
159 10, of PGL Ex. 2.1. The over- or under-recovery for each Gas Charge can be
160 determined by deducting the amount on Line 6 (revenues arising through the
161 application of each Gas Charge) from the amount on Line 5 (costs recoverable
162 through each Gas Charge) and adding the amounts on Line 7 (separately
163 reported pipeline refunds or surcharges), Line 8 (separately reported other
164 adjustments), and Line 9 (interest). Using this calculation, Peoples Gas' over- or
165 under-recovery for 2025 reflects an under-recovery of \$4,034,742.86 for the
166 CGC, an over-recovery of \$2,667,850.05 for the NCGC, DGC and SGC, and an
167 under-recovery of \$95,136.52 for the HCGC, for a total under-recovery of
168 \$1,462,029.33.

169 Q. Please specify the cumulative recovery balance for the reconciliation year.

170 A. The cumulative recovery balance for the reconciliation year, which reflects
171 the sum of the (refundable)/recoverable balances for prior periods and for the
172 year ended December 31, 2025, for each respective Gas Charge, is shown on
173 Page 2, Line 11, of PGL Ex. 2.1. This amount, which can be determined by
174 summing the amounts on Line 4 (prior period balance) and Line 10 (2025
175 balance), reflects an under-recovery of \$1,061,518.90 for the CGC, an over-
176 recovery of \$6,833,534.53 for the NCGC, DGC, and SGC, and an under-
177 recovery of \$90,408.90 for HCGC, for a total over-recovery of \$5,681,606.73.
178 These amounts are also shown on line 15 and equal the sum of the amounts
179 shown on lines 12 (unamortized balance at the end of 2025), 13 (unreconciled
180 adjustments to gas costs), and 14 (Factor O amounts).

181 Q. Please specify any unamortized balance at the end of 2025.

182 A. The unamortized balance at the end of 2025 is shown on Page 2, Line 12,
183 of PGL Ex. 2.1. Peoples Gas' unamortized balance at the end of 2025 reflects a
184 recoverable balance of \$1,488,117.44 for CGC, and an refundable balance of
185 \$5,371,899.32 for the NCGC, DGC, and SGC, for a total refundable balance of
186 \$3,883,781.88.

187 Q. Please specify any adjustments to gas costs that were not yet reconciled
188 through Schedule II of Peoples Gas' monthly filings at December 31, 2025.

189 A. Total unreconciled adjustments to gas costs, which are shown on Page 2,
190 Line 13, of PGL Ex. 2.1, reflect a refundable amount of 426,598.54 for the CGC,
191 a refundable amount of \$1,461,635.21 for the NCGC, DGC and SGC, and a
192 recoverable balance of \$90,408.90 for the HCGC, for a total refundable balance

193 of \$1,797,824.85. The unreconciled adjustments to gas costs (Factor A), for the
194 reported months of November and December 2025, are not yet reconciled at the
195 end of 2025. However, they are reflected in the respective Gas Charges for the
196 effective months of January and February, 2025.

197 Q. Please specify any Factor O amounts requested by Peoples Gas for 2025.

198 A. Peoples Gas is not requesting a Factor O.

199 Q. Does PGL Ex. 2.1 include other reports that support the summary
200 amounts shown on Page 2?

201 A. Yes. PGL Ex. 2.1 includes a summary of the detailed Schedule II,
202 Adjustments to Gas Costs (Factor A) reports that Peoples Gas filed as part of its
203 monthly Gas Charge reports for 2025. Pages 6, 7 and 8 of PGL Ex. 2.1 reflect
204 Schedule II reports filed for the CGC, NCGC, DGC and SGC, and HCGC
205 respectively. These reports reflect the monthly reconciliation of recoverable gas
206 costs and Gas Charge revenues, adjustments to gas costs (Factor A), refunds
207 and other adjustments, Factor A amortizations and unamortized balances, Factor
208 O amortizations and unamortized balances, and interest determined for each
209 Gas Charge. Finally, Page 9 of PGL Ex. 2.1 contains notes that explain Gas
210 Charge reconciliation summary items noted on Page 2 of PGL Ex. 2.1.

211 Q. In its February 16, 2012 Order in Docket No. 07-0577, the Commission
212 approved the way Peoples Gas recovers costs incurred under a contract with
213 Kinder Morgan Illinois Pipeline (“KMIP”), but it ordered Peoples Gas “to track and
214 identify KIMP (*sic*) costs for future PGA Reconciliations.” How does Peoples Gas
215 recover KMIP costs?

216 A. KMIP is an interstate pipeline, and Peoples Gas incurs commodity and
217 non-commodity costs under the contract. Peoples Gas recovered these costs, in
218 the reconciliation period and in prior periods, through the CGC, NCGC and the
219 DGC. This is the same recovery mechanism it uses for other pipeline commodity
220 and non-commodity costs that are unrelated to storage services.

221 Q. What amount of KMIP costs did Peoples Gas include in the CGC, NCGC
222 and DGC calculations in the reconciliation period?

223 A. The CGC included \$15,446.11 in 2025. The NCGC and DGC included
224 \$1,824,000 in 2025.

225 Q. Does this conclude your direct testimony?

226 A. Yes, it does.

Page 1 of 9

The Peoples Gas Light and Coke Company

STATEMENT TO ILLINOIS COMMERCE COMMISSION

DETERMINATION OF RECONCILIATION BALANCE

FOR GAS CHARGE

FOR THE YEAR ENDED DECEMBER 31, 2025

The Peoples Gas Light and Coke Company
Statement to Illinois Commerce Commission - Determination of Reconciliation Balance (1)
For the Year Ended December 31, 2025

<u>Line</u>		<u>Commodity Gas Charge (CGC)</u>	<u>Non-Commodity Gas Charge, Demand Gas Charge and Storage Gas Charge (NCGC, DGC and SGC)</u>	<u>Hub Credit Gas Charge (HCGC)</u>	<u>Total Gas Charge</u>
Year Ended December 31, 2024					
1	Unamortized Balance at December 31, 2024 (Refund)/Recovery (2)	\$576,499.16	(\$3,273,032.89)	\$0.00	(\$2,696,533.73)
2	Factor A Adjustments unreconciled at December 31, 2024 (Refund)/Recovery (3)	(3,549,723.12)	(892,651.59)	(4,727.62)	(4,447,102.33)
3	Factor O (Refunded)/Recovered	0.00	0.00	0.00	0.00
4	Cumulative (Refundable)/Recoverable from December 31, 2024 (Line 1 + Line 2 + Line 3)	(2,973,223.96)	(4,165,684.48)	(4,727.62)	(7,143,636.06)
Year Ended December 31, 2025					
5	Costs Recoverable through the Gas Charge (4)	335,345,297.29	54,114,188.89	(8,328,930.80)	381,130,555.38
6	Revenues Arising through Application of the Gas Charge (5)	331,271,949.78	56,637,384.08	(8,371,199.64)	379,538,134.22
7	Separately Reported Pipeline Refunds or Surcharges	0.00	0.00	0.00	0.00
8	Separately Reported Other Adjustments	0.00	0.00	0.00	0.00
9	Interest	(38,604.65)	(144,654.86)	52,867.68	(130,391.83)
10	(Over)/Under Recovery For Reconciliation Year (Line 5 - Line 6 + Line 7 + Line 8 + Line 9)	4,034,742.86	(2,667,850.05)	95,136.52	1,462,029.33
11	Cumulative (Over)/Under Recovery Balance For Reconciliation Year (Line 4 + Line 10)	1,061,518.90	(6,833,534.53)	90,408.90	(5,681,606.73)
12	Unamortized Balance at December 31, 2025 (Refund) / Recovery (Line 11 - Line 13) (6)	1,488,117.44	(5,371,899.32)	(0.00)	(3,883,781.88)
13	Factor A Adjustments unreconciled at December 31, 2025 (Refund)/Recovery (7)	(426,598.54)	(1,461,635.21)	90,408.90	(1,797,824.85)
14	Factor O to be (Refunded)/Recovered in Future Periods	\$0.00	\$0.00	\$0.00	\$0.00
15	Cumulative (Over)/Under Recovery Balance For Reconciliation Year (Line 12 + Line 13 + Line 14) = Line 11	1,061,518.90	(6,833,534.53)	90,408.90	(5,681,606.73)

The Peoples Gas Light and Coke Company

**STATEMENT TO ILLINOIS COMMERCE COMMISSION - DETERMINATION OF RECONCILIATION BALANCE
FOR THE COMMODITY GAS CHARGE
FOR THE YEAR ENDED DECEMBER 31, 2025**

Line No. [A]	Description [B]	Amount [C]	Totals [D]	Reference
	ACTUAL RECOVERABLE GAS COSTS: YEAR ENDED DECEMBER 31, 2025			
1.	Gas Costs by Type:			
	a. Purchases	\$ 326,541,834.77		
	b. Liability For Redelivery of Customer-Owned Gas	<u>3,894,310.84</u>		
2.	TOTAL GAS COSTS		\$ 330,436,145.61	Sum Lines 1a - 1b
3.	Less: Gas Used by Company	\$ 0.00		
4.	a. Add: Gas Withdrawn from Storage	205,272,835.98		
	b. Less: Gas Injected into Storage	(200,406,325.21)		
5.	Less: Off-System Transaction Revenues	0.00		
6.	Less: Penalty / Imbalance Charge Revenues	(286,660.14)		
7.	a. Less: "Cash-Out" Schedule Revenues	(1,619,007.30)		
	b. Add: "Cash-Out" Schedule Costs	<u>1,948,308.35</u>		
8.	TOTAL OTHER COSTS / REVENUES		<u>4,909,151.68</u>	Sum Lines 3 - 7
9.	TOTAL ACTUAL RECOVERABLE GAS COSTS FOR THE PERIOD		\$ 335,345,297.29	Line 2 + Line 8
10.	LESS ACTUAL REVENUES:			
	a. Commodity Gas Charge Revenues		<u>331,271,949.78</u>	
11.	Pipeline Surcharge/(Refunds)/Other Adjustments		0.00	
12.	Interest		(38,604.65)	
13.	Reconciliation Balance Recoverable or (Refundable) Including Interest		\$ <u>4,034,742.86</u>	Line 9 - Line 10 + Line 11 + Line 12

The Peoples Gas Light and Coke Company

**STATEMENT TO ILLINOIS COMMERCE COMMISSION - DETERMINATION OF RECONCILIATION BALANCE
FOR THE NON-COMMODITY GAS CHARGE, DEMAND GAS CHARGE AND STORAGE GAS CHARGE
FOR THE YEAR ENDED DECEMBER 31, 2025**

Line No. [A]	Description [B]	Amount [C]	Totals [D]	Reference
	ACTUAL RECOVERABLE GAS COSTS: YEAR ENDED DECEMBER 31, 2025			
1.	Gas Costs by Type:			
	a. Transportation	\$ 12,580,779.76		
	b. Storage	53,335,160.78		
	c. FERC Order 636 Transition Costs	0.00		
	d. Demand Gas Charge Revenues	(5,483,655.99)		
	e. Storage Gas Charge Revenues	<u>(6,636,483.90)</u>		
2.	TOTAL GAS COSTS		\$ 53,795,800.65	Sum Lines 1a - 1e
3.	Less: Gas Used by Company	\$ 0.00		
4.	a. Add: Gas Withdrawn from Storage	8,177,718.43		
	b. Less: Gas Injected into Storage	<u>(7,859,330.19)</u>		
5.	Less: Off-System Transaction Revenues	0.00		
6.	Less: Penalty / Imbalance Charge Revenues	0.00		
7.	a. Less: "Cash-Out" Schedule Revenues	0.00		
	b. Add: "Cash-Out" Schedule Costs	<u>0.00</u>		
8.	TOTAL OTHER COSTS / REVENUES		<u>318,388.24</u>	Sum Lines 3 - 7
9.	TOTAL ACTUAL RECOVERABLE GAS COSTS FOR THE PERIOD		\$ 54,114,188.89	Line 2 + Line 8
10.	LESS ACTUAL REVENUES:			
	a. Non-Commodity Gas Charge Revenues	53,686,980.10		
	b. Excess Bank Charge	2,590,810.17		
	c. Storage and Balancing Charges	<u>359,593.81</u>		
11.	TOTAL REVENUES		<u>56,637,384.08</u>	Sum Lines 10a - 10c
12.	Pipeline Surcharge/(Refunds)/Other Adjustments		0.00	
13.	Interest		(144,654.86)	
14.	Reconciliation Balance Recoverable or (Refundable) Including Interest		\$ <u>(2,667,850.05)</u>	Line 9 - Line 11 + Line 12 + Line 13

The Peoples Gas Light and Coke Company

**STATEMENT TO ILLINOIS COMMERCE COMMISSION - DETERMINATION OF RECONCILIATION BALANCE
FOR THE HUB CREDIT GAS CHARGE
FOR THE YEAR ENDED DECEMBER 31, 2025**

Line No. [A]	Description [B]	Amount [C]	Totals [D]	Reference
	ACTUAL RECOVERABLE GAS COSTS: YEAR ENDED DECEMBER 31, 2025			
1.	TOTAL ACTUAL HUB REVENUES (applicable to Hub Credit Gas Charge)		\$ (8,328,930.80)	
2.	LESS ACTUAL HUB CREDIT GAS CHARGE ADJUSTMENTS		<u>(8,371,199.64)</u>	
3.	Refunds/Other Adjustments		0.00	
4.	Interest		52,867.68	
5.	Reconciliation Balance Recoverable or (Refundable) Including Interest		\$ <u>95,136.52</u>	Line 1 - Line 2 + Line 3 + Line 4

The Peoples Gas Light and Coke Company
Statement to Illinois Commerce Commission - Determination of Reconciliation Balance
Commodity Gas Charge

Summary of Schedule II
For the Year Ended December 31, 2025

	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	[L]	[M]	[N]	[O]		
Reported Month	November 2024	December	January 2025	February	March	April	May	June	July	August	September	October	November	December	Total 2025		
Effective Month	January 2025	February	March	April	May	June	July	August	September	October	November	December	January 2026	February			
Line																Line	
1	Actual Recoverable Costs - Reported Month	20,849,767.76	49,432,444.90	74,805,892.81	67,297,357.86	65,769,594.10	9,266,813.58	409,259.62	(751,182.73)	157,883.31	1,376,048.59	2,322,454.94	9,745,803.13	35,493,676.18	69,451,695.90	335,345,297.29	1
2	Actual Recoveries - Reported Month	20,020,242.40	37,841,141.61	58,396,419.52	54,477,501.80	45,134,722.06	34,406,079.42	21,000,213.83	9,444,544.42	6,080,398.55	4,380,020.05	3,969,452.84	8,691,049.45	26,957,632.41	58,333,915.43	331,271,949.78	2
3	Under/(Over) Recovery - Reported Month	829,525.36	11,591,303.29	16,409,473.29	12,819,856.06	20,634,872.04	(25,139,265.84)	(20,590,954.21)	(10,195,727.15)	(5,922,515.24)	(3,003,971.46)	(1,646,997.90)	1,054,753.68	8,536,043.77	11,117,780.47	4,073,347.51	3
4	Factor A Included in Reported Month	(2,087,406.51)	(3,251,854.59)	(4,324,574.15)	774,851.03	12,661,398.30	5,697,092.54	6,852,027.68	2,890,671.23	(269,124.51)	(1,595,025.52)	(862,039.02)	(1,716,038.25)	(2,512,811.13)	(4,072,865.09)	13,523,563.11	4
5	Factor O Included in Reported Month	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5
6	Adjusted (Over)/Under Recovery - Reported Month	(1,257,881.15)	8,339,448.70	12,084,899.14	13,594,707.09	33,296,270.34	(19,442,173.30)	(13,738,926.53)	(7,305,055.92)	(6,191,639.75)	(4,598,996.98)	(2,509,036.92)	(661,284.57)	6,023,232.64	7,044,915.38	17,596,910.62	6
7	Refunds/Pipeline Surcharges/Other Adjustments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7
8	Unamortized Balance Including Previous Interest	(10,030,829.80)	(6,990,252.31)	576,499.16	0.00	7,927,230.60	34,500,366.28	12,213,149.96	(1,261,364.51)	(6,997,537.64)	(12,373,365.14)	(15,313,535.08)	(15,367,172.47)	(12,000,425.42)	(3,621,302.63)		8
9	Total Adjustments Before Amortization	(11,288,710.95)	1,349,196.39	12,661,398.30	13,594,707.09	41,223,500.94	15,058,192.98	(1,525,776.57)	(8,566,420.43)	(13,189,177.39)	(16,972,362.12)	(17,822,572.00)	(16,028,457.04)	(5,977,192.78)	3,423,612.75		9
10	Total Amortization	(4,324,574.15)	774,851.03	12,661,398.30	5,697,092.54	6,852,027.68	2,890,671.23	(269,124.51)	(1,595,025.52)	(862,039.02)	(1,716,038.25)	(2,512,811.13)	(4,072,865.09)	(2,366,421.57)	1,939,823.03	16,646,687.69	10
11	Unamortized Balance - Factor A	(6,964,136.80)	574,345.36	0.00	7,897,614.55	34,371,473.26	12,167,521.75	(1,256,652.06)	(6,971,394.91)	(12,327,138.37)	(15,256,323.87)	(15,309,760.87)	(11,955,591.95)	(3,610,771.21)	1,483,789.72		11
12	Unamortized Balance - Factor O	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		12
13	Total Unamortized Balances	(6,964,136.80)	574,345.36	0.00	7,897,614.55	34,371,473.26	12,167,521.75	(1,256,652.06)	(6,971,394.91)	(12,327,138.37)	(15,256,323.87)	(15,309,760.87)	(11,955,591.95)	(3,610,771.21)	1,483,789.72		13
14	Interest	(26,115.51)	2,153.80	0.00	29,616.05	128,893.02	45,628.21	(4,712.45)	(26,142.73)	(46,226.77)	(57,211.21)	(57,411.60)	(44,833.47)	(10,531.42)	4,327.72	(38,604.65)	14
15	Unamortized Balance Including Interest	(6,990,252.31)	576,499.16	0.00	7,927,230.60	34,500,366.28	12,213,149.96	(1,261,364.51)	(6,997,537.64)	(12,373,365.14)	(15,313,535.08)	(15,367,172.47)	(12,000,425.42)	(3,621,302.63)	1,488,117.44		15

The Peoples Gas Light and Coke Company
Statement to Illinois Commerce Commission - Determination of Reconciliation Balance
Non-Commodity Gas Charge, Demand Gas Charge and Storage Gas Charge

Summary of Schedule II
For the Year Ended December 31, 2025

Line	Reported Month	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	[L]	[M]	[N]	[O]	Line
		November 2024	December	January 2025	February	March	April	May	June	July	August	September	October	November	December	Total 2025	
	Effective Month	January 2025	February	March	April	May	June	July	August	September	October	November	December	January 2026	February		
1	Actual Recoverable Costs - Reported Month	4,657,589.36	6,351,402.97	6,917,232.79	6,740,467.39	6,593,526.31	3,460,281.34	3,294,693.80	3,054,059.40	3,196,890.15	3,027,401.85	2,867,830.96	2,896,213.65	5,087,951.72	6,977,639.53	54,114,188.89	1
2	Actual Recoveries - Reported Month	6,667,034.60	13,859,780.13	11,215,234.33	8,048,251.17	4,520,271.45	3,170,502.19	1,957,366.57	883,397.73	922,881.06	991,894.54	657,524.21	2,072,307.83	6,656,930.10	15,540,822.90	56,637,384.08	2
3	Under/(Over) Recovery - Reported Month	(2,009,445.24)	(7,508,377.16)	(4,298,001.54)	(1,307,783.78)	2,073,254.86	289,779.15	1,337,327.23	2,170,661.67	2,274,009.09	2,035,507.31	2,210,306.75	823,905.82	(1,568,978.38)	(8,563,183.37)	(2,523,195.19)	3
4	Factor A Included in Reported Month	1,828,387.27	3,536,532.65	(33,331.26)	(859,320.33)	(1,485,096.56)	(1,243,603.16)	(689,316.02)	(438,263.37)	(293,794.66)	(175,092.05)	(103,220.58)	60,846.04	951,959.89	2,363,750.17	(1,944,481.89)	4
5	Factor O Included in Reported Month	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5
6	Adjusted (Over)/Under Recovery - Reported Month	(181,057.97)	(3,971,844.51)	(4,331,332.80)	(2,167,104.11)	588,158.30	(953,824.01)	648,011.21	1,732,398.30	1,980,214.43	1,860,415.26	2,107,086.17	884,751.86	(617,018.49)	(6,199,433.20)	(4,467,677.08)	6
7	Refunds/Pipeline Surcharges/Other Adjustments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7
8	Unamortized Balance Including Previous Interest	0.00	(148,280.69)	(3,273,032.89)	(6,142,216.39)	(7,092,213.78)	(5,836,544.73)	(6,375,925.77)	(5,454,497.85)	(3,560,308.78)	(1,482,412.05)	318,346.51	1,478,998.31	0.00	(502,159.43)		8
9	Total Adjustments Before Amortization	(181,057.97)	(4,120,125.20)	(7,604,365.69)	(8,309,320.50)	(6,504,055.48)	(6,790,368.74)	(5,727,914.56)	(3,722,099.55)	(1,580,094.35)	378,003.21	2,425,432.68	2,363,750.17	(617,018.49)	(6,701,592.63)		9
10	Total Amortization	(33,331.26)	(859,320.33)	(1,485,096.56)	(1,243,603.16)	(689,316.02)	(438,263.37)	(293,794.66)	(175,092.05)	(103,220.58)	60,846.04	951,959.89	2,363,750.17	(116,319.43)	(1,345,315.78)	(2,513,465.51)	10
11	Unamortized Balance - Factor A	(147,726.71)	(3,260,804.87)	(6,119,269.13)	(7,065,717.34)	(5,814,739.46)	(6,352,105.37)	(5,434,119.90)	(3,547,007.50)	(1,476,873.77)	317,157.17	1,473,472.79	0.00	(500,699.06)	(5,356,276.85)		11
12	Unamortized Balance - Factor O	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		12
13	Total Unamortized Balance	(147,726.71)	(3,260,804.87)	(6,119,269.13)	(7,065,717.34)	(5,814,739.46)	(6,352,105.37)	(5,434,119.90)	(3,547,007.50)	(1,476,873.77)	317,157.17	1,473,472.79	0.00	(500,699.06)	(5,356,276.85)		13
14	Interest	(553.98)	(12,228.02)	(22,947.26)	(26,496.44)	(21,805.27)	(23,820.40)	(20,377.95)	(13,301.28)	(5,538.28)	1,189.34	5,525.52	0.00	(1,460.37)	(15,622.47)	(144,654.86)	14
15	Unamortized Balance Including Interest	(148,280.69)	(3,273,032.89)	(6,142,216.39)	(7,092,213.78)	(5,836,544.73)	(6,375,925.77)	(5,454,497.85)	(3,560,308.78)	(1,482,412.05)	318,346.51	1,478,998.31	0.00	(502,159.43)	(5,371,899.32)		15

The Peoples Gas Light and Coke Company
Statement to Illinois Commerce Commission - Determination of Reconciliation Balance
Hub Credit Gas Charge

Summary of Schedule II
For the Year Ended December 31, 2025

Line	Reported Month	[A] November 2024	[B] December	[C] January 2025	[D] February	[E] March	[F] April	[G] May	[H] June	[I] July	[J] August	[K] September	[L] October	[M] November	[N] December	[O] Total 2025	Line
	Effective Month	January 2025	February	March	April	May	June	July	August	September	October	November	December	January 2026	February		
1	Actual Hub Revenues - Reported Month	0.00	(1,557,240.01)	(4,608,833.60)	(2,207,784.00)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(1,512,313.20)	(8,328,930.80)	1
2	Actual Hub Credits - Reported Month (8)	(4,336.36)	(1,551,110.69)	(4,979,727.74)	(2,064,595.65)	(8,547,210.39)	(75,474.35)	2,008,557.13	1,706,994.55	2,245,036.61	2,687,924.00	402,278.34	(63,295.40)	(95,162.52)	(1,596,524.22)	(8,371,199.64)	2
3	Under/(Over) Recovery - Reported Month	4,336.36	(6,129.32)	370,894.14	(143,188.35)	8,547,210.39	75,474.35	(2,008,557.13)	(1,706,994.55)	(2,245,036.61)	(2,687,924.00)	(402,278.34)	63,295.40	95,162.52	84,211.02	42,268.84	3
4	Factor A Included in Reported Month	(5,740.60)	2,805.94	(1,404.24)	(3,323.38)	369,489.90	(146,511.73)	2,048,274.40	1,959,946.29	2,554,731.95	2,628,246.96	309,695.34	(59,677.04)	(92,583.00)	3,618.36	9,570,503.81	4
5	Factor O Included in Reported Month	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5
6	Adjusted (Over)/Under Recovery - Reported Month	(1,404.24)	(3,323.38)	369,489.90	(146,511.73)	8,916,700.29	(71,037.38)	39,717.27	252,951.74	309,695.34	(59,677.04)	(92,583.00)	3,618.36	2,579.52	87,829.38	9,612,772.65	6
7	Refunds/Pipeline Surcharges/Other Adjustments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7
8	Unamortized Balance Including Previous Interest	0.00	0.00	0.00	0.00	0.00	6,894,182.49	4,881,435.82	2,375,295.22	0.00	0.00	0.00	0.00	0.00	0.00	0.00	8
9	Total Adjustments Before Amortization	(1,404.24)	(3,323.38)	369,489.90	(146,511.73)	8,916,700.29	6,823,145.11	4,921,153.09	2,628,246.96	309,695.34	(59,677.04)	(92,583.00)	3,618.36	2,579.52	87,829.38	9,665,640.33	9
10	Total Amortization	(1,404.24)	(3,323.38)	369,489.90	(146,511.73)	2,048,274.40	1,959,946.29	2,554,731.95	2,628,246.96	309,695.34	(59,677.04)	(92,583.00)	3,618.36	2,579.52	87,829.38	9,665,640.33	10
11	Unamortized Balance - Factor A	0.00	0.00	0.00	0.00	6,868,425.89	4,863,198.82	2,366,421.14	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	11
12	Unamortized Balance - Factor O	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	12
13	Total Unamortized Balances	0.00	0.00	0.00	0.00	6,868,425.89	4,863,198.82	2,366,421.14	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	13
14	Interest	0.00	0.00	0.00	0.00	25,756.60	18,237.00	8,874.08	0.00	0.00	0.00	0.00	0.00	0.00	0.00	52,867.68	14
15	Unamortized Balance Including Interest	0.00	0.00	0.00	0.00	6,894,182.49	4,881,435.82	2,375,295.22	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	15

(8) Actual Hub Credits for the March 2025 filing month align with the amounts recorded in our accounting system, rather than the amounts reported in the March filing with the ICC. This discrepancy was due to an error in the March 2025 rate filing, where the sign of the Actual Hub Credits was inadvertently reversed, resulting in an unintended refund to customers. This issue was limited to the rate filing in March 2025 and did not impact our accounting records. The error was subsequently corrected through the May-July 2025 Filings.

The Peoples Gas Light and Coke Company

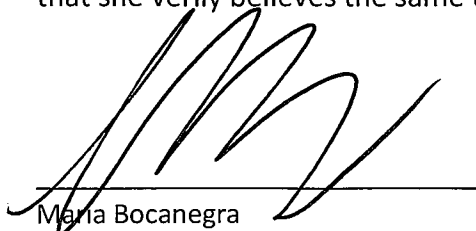
Statement to Illinois Commerce Commission Determination of Reconciliation Balance for Gas Charge For the Year Ended December 31, 2025

Notes

- (1)** The Peoples Gas Light and Coke Company (the Company) maintains its financial books and records in accordance with accounting principles generally accepted in the United States of America. This Statement to Illinois Commerce Commission – Determination of Reconciliation Balance for Gas Charge has been prepared from the financial books and records of the Company on the basis of Section G of the Company’s Rider 2, in effect and on file with the Illinois Commerce Commission, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the financial reporting provisions of the Illinois Commerce Commission.
- (2)** Unamortized (refundable)/recoverable balance at December 31, 2024. For the Commodity Gas Charge, see Page 6, Line 15, Column B. For the Non-Commodity Gas Charge, Demand Gas Charge and Storage Gas Charge, see Page 7, Line 15, Column B. For the Hub Credit Gas Charge, see Page 8, Line 15, Column B.
- (3)** Adjustments to Gas Costs (Factor A) included in filed Gas Charges effective January 1, 2025 and February 1, 2025 and not yet reconciled for the reporting months of November 2024 and December 2024, respectively. For the Commodity Gas Charge, see Page 6, Line 10 and sum the amounts in Column A and Column B. For the Non-Commodity Gas Charge, Demand Gas Charge and Storage Gas Charge, see Page 7, Line 10 and sum the amounts in Column A and Column B. For the Hub Credit Gas Charge, see Page 8, Line 10 and sum the amounts in Column A and Column B.
- (4)** Detail of costs recoverable through the Commodity Gas Charge provided on Page 3. Detail of costs recoverable through the Non-Commodity Gas Charge, Demand Gas Charge and Storage Gas Charge provided on Page 4. Detail of hub revenues to be credited through the Hub Credit Gas Charge provided on Page 5.
- (5)** Revenue arising through the application of the Gas Charge including the Adjustment for Gas Costs (Factor A). Detail of revenue arising from the Commodity Gas Charge provided on Page 3. Detail of revenue arising from the Non-Commodity Gas Charge, Demand Gas Charge and Storage Gas Charge provided on Page 4. Detail of hub credits arising from the Hub Credit Gas Charge provided on Page 5.
- (6)** Unamortized (refundable)/recoverable balance at December 31, 2025. For the Commodity Gas Charge, see Page 6, Line 15, Column N. For the Non-Commodity Gas Charge, Demand Gas Charge and Storage Gas Charge, see Page 7, Line 15, Column N. For the Hub Credit Gas Charge, see Page 8, Line 15, Column N.
- (7)** Adjustments to Gas Costs (Factor A) included in filed Gas Charges effective January 1, 2026 and February 1, 2026 and not yet reconciled for the reporting months of November 2025 and December 2025, respectively. For the Commodity Gas Charge, see Page 6, Line 10 and sum the amounts in Column M and Column N. For the Non-Commodity Gas Charge, Demand Gas Charge and Storage Gas Charge, see Page 7, Line 10 and sum the amounts in Column M and Column N. For the Hub Credit Gas Charge, see Page 8, Line 10 and sum the amounts in Column M and Column N.

CERTIFICATION

Under penalties as provided by law pursuant to Section 1-109 of the Code of Civil Procedure, the undersigned certifies that the statements set forth in this instrument are true and correct, except as to matters therein stated to be on information and belief and as to such matters the undersigned certifies aforesaid that she verily believes the same to be true.



Maria Bocanegra

President —

North Shore Gas Company and

The Peoples Gas Light and Coke Company

April 23, 2026

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of The Peoples Gas Light and Coke Company:

Opinion

We have audited the accompanying Report to the Illinois Commerce Commission ("ICC") on Determination of Reconciliation Balance for Gas Charge of The Peoples Gas Light and Coke Company (the "Company") for the year ended December 31, 2025, and the related notes (the "Statement").

In our opinion, the Statement referred to above, presents fairly, in all material respects, the information set forth therein of the Company for the year ended December 31, 2025, in accordance with the financial reporting provisions of Section G of the Company's Rider 2, in effect and on file with the ICC.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Statement section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis of Accounting

We draw attention to Note (1) to the Statement, which describes the basis of accounting. The Statement was prepared by the Company on the basis of the financial reporting provisions of Section G of the Company's Rider 2, in effect and on file with the ICC, which is a basis of accounting other than accounting principles generally accepted in the United States of America. As a result, the Statement may not be suitable for another purpose. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Statement

Management is responsible for the preparation and fair presentation of the Statement in accordance with the financial reporting provisions of Section G of the Company's Rider 2, in effect and on file with the ICC, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Statement

Our objectives are to obtain reasonable assurance about whether the Statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the Statement.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the Statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the Statement.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the Statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Restriction on Use

Our report is intended solely for the information and use of the Company and the ICC and is not intended to be and should not be used by anyone other than these specified parties.

Deloitte & Touche LLP

Milwaukee, Wisconsin
April 23, 2026

STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

Illinois Commerce Commission)	
On Its Own Motion)	
)	
v.)	
)	
The Peoples Gas Light and)	
Coke Company)	Docket No. 25-1021
)	
)	
)	
Reconciliation of revenues)	
collected under gas adjustment)	
charges with actual costs prudently)	
incurred.)	

NOTICE OF FILING AND CERTIFICATE OF SERVICE

I hereby certify that The Peoples Gas Light and Coke Company filed its **Direct Testimony and Exhibits** on the Illinois Commerce Commission’s e-docket system and served by electronic mail upon each person designated in the official service list compiled in this proceeding, Docket No. 25-1021, in accordance with requirements of the Commission’s Rules of Practice.

Dated at Chicago, Illinois, this 23rd day of April, 2026.

By: /S/ KOBY BAILEY

Koby Bailey
An Attorney for
The Peoples Gas Light
and Coke Company