



955 E 25 Street  
Hialeah, FL 33013  
Tel # (305) 835-3601

February 22, 2013

Mr. John Slemkewicz, Supervisor  
Division of Economic Regulation  
Florida Public Service Commission  
2540 Shumard Oak Blvd.  
Tallahassee, FL 32399

**Re: Florida City Gas  
Surveillance Report for December 2012**

Dear Mr. Slemkewicz:

Enclosed find Florida City Gas' December 2012 Surveillance Report.

Sincerely,

A handwritten signature in cursive script, appearing to read "Rosie Abreu", written over a horizontal line.

Rosie Abreu  
Financial Analyst

RECEIVED  
FLORIDA PUBLIC SERVICE  
COMMISSION  
13 MAR - 1 PM 4: 05  
DIVISION OF  
ACCOUNTING & FINANCE

**FLORIDA PUBLIC SERVICE COMMISSION**

**INVESTOR-OWNED NATURAL GAS UTILITY  
EARNINGS SURVEILLANCE REPORT**

**FLORIDA CITY GAS**

**December 2012**

PSC/AFA 13 (6/94)

**FLORIDA CITY GAS  
YEAR END RATE BASE  
December 2012**

|  | (1)              | (2)                | (3)             | (4)                | (5)              |
|--|------------------|--------------------|-----------------|--------------------|------------------|
|  | <u>ACTUAL</u>    | <u>FPSC</u>        | <u>FPSC</u>     | <u>PRO FORMA</u>   | <u>PRO FORMA</u> |
|  | <u>PER BOOKS</u> | <u>ADJUSTMENTS</u> | <u>ADJUSTED</u> | <u>ADJUSTMENTS</u> | <u>ADJUSTED</u>  |
| <b><u>I. AVERAGE RATE OF RETURN (JURISDICTIONAL)</u></b> |                  |                    |                 |                    |                  |
| NET OPERATING INCOME (a)                                 | \$ 11,344,036    | \$ (346,328)       | \$ 10,997,708   | \$ 416,297         | \$ 11,414,005    |
| AVERAGE RATE BASE (a)                                    | \$ 135,020,893   | \$ 31,186,937      | \$ 166,207,830  | \$ (16,702,816)    | \$ 149,505,014   |
| AVERAGE RATE OF RETURN (a)                               | 8.40%            |                    | 6.62%           |                    | 7.63%            |
| <b><u>II. YEAR END RATE BASE (JURISDICTIONAL)</u></b>    |                  |                    |                 |                    |                  |
|  | \$ 137,288,393   | \$ 37,186,053      | \$ 174,474,446  | \$ (16,290,647)    | \$ 158,183,799   |

**III. REQUIRED RATES OF RETURN  
AVERAGE CAPITAL STRUCTURE (FPSC  
ADJUSTED BASIS)**

|          |              |
|----------|--------------|
| LOW      | <u>5.90%</u> |
| MIDPOINT | <u>6.27%</u> |
| HIGH     | <u>6.63%</u> |

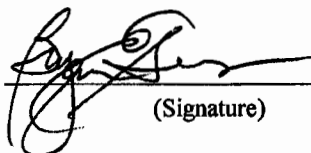
**IV. EARNED RETURN ON EQUITY (FPSC ADJUSTED BASIS)**

|  |               |
|--|---------------|
| A. INCLUDING AGL ACQ. ADJ. & REGULATORY ASSETS | <u>12.22%</u> |
| B. EXCLUDING AGL ACQ. ADJ. & REGULATORY ASSETS | <u>15.45%</u> |

I am aware that Section 837.06, Florida Statutes, provides:

Whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his official duty shall be guilty of a misdemeanor of the second degree punishable as provided in s. 775.082, s. 775.083, or s.775.084.

Bryan E. Seas, SVP + Chief Accounting Officer  
(Name and Title of Chief Financial Officer)

  
(Signature)

2.19.2013  
(Date)

**FLORIDA CITY GAS**  
**AVERAGE RATE OF RETURN**  
**RATE BASE**  
**December 2012**

|   | (1)                    | (2)                   | (3)                    | (4)                          | (5)                  | (7)                    | (8)                   | (9)                    |
|---|------------------------|-----------------------|------------------------|------------------------------|----------------------|------------------------|-----------------------|------------------------|
|   | PLANT IN SERVICE       | ACCUM. DEPR. & AMORT. | NET PLANT IN SERVICE   | PROPERTY HELD FOR FUTURE USE | CWIP                 | NET UTILITY PLANT      | WORKING CAPITAL       | TOTAL RATE BASE        |
| <b>PER BOOKS</b>                          | \$ 301,216,897         | \$ 132,828,050        | \$ 168,388,847         | \$ -                         | \$ 10,170,038        | \$ 178,558,885         | \$ (43,537,992)       | \$ 135,020,893         |
| <b>FPSC ADJUSTMENTS:</b>                  |                        |                       |                        |                              |                      |                        |                       |                        |
| Goodwill                                  | (26,633,077)           | -                     | (26,633,077)           | -                            | -                    | (26,633,077)           | -                     | (26,633,077)           |
| AGL Common Plant                          | 3,466,754              | 2,362,274             | 1,104,480              | -                            | -                    | 1,104,480              | -                     | 1,104,480              |
| AGL Purchase Premium                      | 21,656,835             | 5,534,525             | 16,122,310             | -                            | -                    | 16,122,310             | -                     | 16,122,310             |
| Transaction Cost Regulatory Asset         | -                      | -                     | -                      | -                            | -                    | -                      | -                     | -                      |
| Nonutility plant                          | -                      | -                     | -                      | -                            | -                    | -                      | (96,756)              | (96,756)               |
| FCG Acquisition Adjustment                | 1,497,497              | 631,874               | 865,623                | -                            | -                    | 865,623                | -                     | 865,623                |
| Accumulated Removal Cost                  | -                      | -                     | -                      | -                            | -                    | -                      | -                     | -                      |
| Capital structure adjustments             | -                      | -                     | -                      | -                            | -                    | -                      | 41,235,195            | 41,235,195             |
| Gas cost/conservation/CRA underrecoveries | -                      | -                     | -                      | -                            | -                    | -                      | (919,664)             | (919,664)              |
| Interest payable adjustment               | -                      | -                     | -                      | -                            | -                    | -                      | (1,056,703)           | (1,056,703)            |
| Regulatory expense                        | -                      | -                     | -                      | -                            | -                    | -                      | -                     | -                      |
| Pension and Transition Costs Reg. Asset   | -                      | -                     | -                      | -                            | -                    | -                      | 580,506               | 580,506                |
| Fort Pierce Utility acquisition           | (34,800)               | (19,824)              | (14,976)               | -                            | -                    | (14,976)               | -                     | (14,976)               |
| <b>TOTAL FPSC ADJUSTMENTS</b>             | <b>\$ (46,792)</b>     | <b>\$ 8,508,849</b>   | <b>\$ (8,555,641)</b>  | <b>\$ -</b>                  | <b>\$ -</b>          | <b>\$ (8,555,641)</b>  | <b>\$ 39,742,578</b>  | <b>\$ 31,186,937</b>   |
| <b>FPSC ADJUSTED</b>                      | <b>\$ 301,170,106</b>  | <b>\$ 141,336,899</b> | <b>\$ 159,833,207</b>  | <b>\$ -</b>                  | <b>\$ 10,170,038</b> | <b>\$ 170,003,244</b>  | <b>\$ (3,795,414)</b> | <b>\$ 166,207,830</b>  |
| <b>FLEX RATE REVENUES</b>                 | <b>\$ -</b>            | <b>\$ -</b>           | <b>\$ -</b>            | <b>\$ -</b>                  | <b>\$ -</b>          | <b>\$ -</b>            | <b>\$ -</b>           | <b>\$ -</b>            |
| <b>ADJUSTED FOR FLEX RATE REVENUES</b>    | <b>\$ 301,170,106</b>  | <b>\$ 141,336,899</b> | <b>\$ 159,833,207</b>  | <b>\$ -</b>                  | <b>\$ 10,170,038</b> | <b>\$ 170,003,244</b>  | <b>\$ (3,795,414)</b> | <b>\$ 166,207,830</b>  |
| <b>PRO FORMA ADJUSTMENTS:</b>             |                        |                       |                        |                              |                      |                        |                       |                        |
| <b>TOTAL PRO FORMA ADJUSTMENTS</b>        | <b>\$ (21,656,835)</b> | <b>\$ (5,534,525)</b> | <b>\$ (16,122,310)</b> | <b>\$ -</b>                  | <b>\$ -</b>          | <b>\$ (16,122,310)</b> | <b>\$ (580,506)</b>   | <b>\$ (16,702,816)</b> |
| <b>PRO FORMA ADJUSTED</b>                 | <b>\$ 279,513,271</b>  | <b>\$ 135,802,374</b> | <b>\$ 143,710,896</b>  | <b>\$ -</b>                  | <b>\$ 10,170,038</b> | <b>\$ 153,880,934</b>  | <b>\$ (4,375,920)</b> | <b>\$ 149,505,014</b>  |

**FLORIDA CITY GAS**  
**AVERAGE RATE OF RETURN**  
**INCOME STATEMENT**  
 December 2012

|   | (1)                  | (2)                 | (3)                  | (4)                  | (5)                           | (6)                  | (7)                         | (8)                   | (9)                      | (10)                 | (11)                 |
|---|----------------------|---------------------|----------------------|----------------------|-------------------------------|----------------------|-----------------------------|-----------------------|--------------------------|----------------------|----------------------|
|   | OPERATING REVENUES   | O&M GAS EXPENSE     | O&M OTHER            | DEPR. & AMORT.       | TAXES OTHER THAN INCOME TAXES | INCOME TAXES CURRENT | DEFERRED INCOME TAXES (NET) | INV. TAX CREDIT (NET) | GAIN/LOSS ON DISPOSITION | OPERATING EXPENSES   | NET OPERATING INCOME |
| <b>PER BOOKS</b>                        | \$ 74,037,852        | \$ 25,374,505       | \$ 14,599,726        | \$ 11,136,115        | \$ 6,798,988                  | \$ 3,126,507         | \$ 1,659,234                | \$ (1,259)            | \$ -                     | \$ 62,693,816        | \$ 11,344,036        |
| End of year customer refund accrual     | \$ -                 | \$ -                | \$ -                 | \$ -                 | \$ -                          | \$ -                 | \$ -                        | \$ -                  | \$ -                     | \$ -                 | \$ -                 |
| <b>ADJUSTED BOOKS</b>                   | \$ 74,037,852        | \$ 25,374,505       | \$ 14,599,726        | \$ 11,136,115        | \$ 6,798,988                  | \$ 3,126,507         | \$ 1,659,234                | \$ (1,259)            | \$ -                     | \$ 62,693,816        | \$ 11,344,036        |
| <b>FPSC ADJUSTMENTS:</b>                |                      |                     |                      |                      |                               |                      |                             |                       |                          |                      |                      |
| Fuel revenues/costs                     | (25,501,377)         | (25,374,505)        | -                    | -                    | (126,873)                     | -                    | -                           | -                     | -                        | (25,501,377)         | -                    |
| Franchise/gross receipts taxes          | (4,205,778)          | -                   | -                    | -                    | (4,205,778)                   | -                    | -                           | -                     | -                        | (4,205,778)          | -                    |
| ECP revenue/costs                       | -                    | -                   | -                    | -                    | -                             | -                    | -                           | -                     | -                        | -                    | -                    |
| Remove Legal Credit                     | -                    | -                   | -                    | -                    | -                             | -                    | -                           | -                     | -                        | -                    | -                    |
| AGL Purchase Premium per Amort Sched    | -                    | -                   | -                    | 721,895              | -                             | (271,650)            | -                           | -                     | -                        | 450,245              | (450,245)            |
| Transaction Cost Regulatory Asset       | -                    | -                   | -                    | -                    | -                             | -                    | -                           | -                     | -                        | -                    | -                    |
| Propane Sales                           | (36,632)             | -                   | -                    | -                    | -                             | (13,785)             | -                           | -                     | -                        | (13,785)             | (22,847)             |
| Propane Cost                            | -                    | -                   | (47,019)             | -                    | -                             | 17,693               | -                           | -                     | -                        | (29,326)             | 29,326               |
| Association dues                        | -                    | -                   | (16,025)             | -                    | -                             | 6,030                | -                           | -                     | -                        | (9,995)              | 9,995                |
| Economic development expense            | -                    | -                   | (878)                | -                    | -                             | 330                  | -                           | -                     | -                        | (548)                | 548                  |
| Pension and Transition Costs Reg. Asset | -                    | -                   | -                    | 164,249              | -                             | -                    | (61,807)                    | -                     | -                        | 102,442              | (102,442)            |
| Employee activities                     | -                    | -                   | (13,503)             | -                    | -                             | 5,081                | -                           | -                     | -                        | (8,422)              | 8,422                |
| Interest synchronization                | -                    | -                   | -                    | -                    | -                             | (180,915)            | -                           | -                     | -                        | (180,915)            | 180,915              |
| <b>TOTAL FPSC ADJUSTMENTS</b>           | <u>(29,743,787)</u>  | <u>(25,374,505)</u> | <u>(77,425)</u>      | <u>886,144</u>       | <u>(4,332,651)</u>            | <u>(437,216)</u>     | <u>(61,807)</u>             | <u>-</u>              | <u>-</u>                 | <u>(29,397,459)</u>  | <u>(346,328)</u>     |
| <b>FPSC ADJUSTED</b>                    | <u>\$ 44,294,065</u> | <u>\$ -</u>         | <u>\$ 14,522,302</u> | <u>\$ 12,022,259</u> | <u>\$ 2,466,338</u>           | <u>\$ 2,689,291</u>  | <u>\$ 1,597,427</u>         | <u>\$ (1,259)</u>     | <u>\$ -</u>              | <u>\$ 33,296,357</u> | <u>\$ 10,997,708</u> |
| <b>FLEX RATE REVENUES</b>               | -                    | -                   | -                    | -                    | -                             | -                    | -                           | -                     | -                        | -                    | -                    |
| <b>ADJUSTED FOR</b>                     | -                    | -                   | -                    | -                    | -                             | -                    | -                           | -                     | -                        | -                    | -                    |
| <b>FLEX RATE REVENUES</b>               | <u>\$ 44,294,065</u> | <u>\$ -</u>         | <u>\$ 14,522,302</u> | <u>\$ 12,022,259</u> | <u>\$ 2,466,338</u>           | <u>\$ 2,689,291</u>  | <u>\$ 1,597,427</u>         | <u>\$ (1,259)</u>     | <u>\$ -</u>              | <u>\$ 33,296,357</u> | <u>\$ 10,997,708</u> |
| <b>PRO FORMA ADJUSTMENTS</b>            |                      |                     |                      |                      |                               |                      |                             |                       |                          |                      |                      |
| <b>TOTAL PRO FORMA ADJUSTMENTS</b>      | -                    | -                   | -                    | (886,144)            | -                             | 408,040              | 61,807                      | -                     | -                        | (416,297)            | 416,297              |
| <b>PRO FORMA ADJUSTED</b>               | <u>\$ 44,294,065</u> | <u>\$ -</u>         | <u>\$ 14,522,302</u> | <u>\$ 11,136,115</u> | <u>\$ 2,466,338</u>           | <u>\$ 3,097,331</u>  | <u>\$ 1,659,234</u>         | <u>\$ (1,259)</u>     | <u>\$ -</u>              | <u>\$ 32,880,060</u> | <u>\$ 11,414,005</u> |
| <b>PER BOOKS</b>                        |                      |                     |                      |                      |                               |                      |                             |                       |                          |                      |                      |
| <b>CURRENT QUARTER AMOUNT</b>           | \$ 20,708,767        | \$ 7,403,328        | \$ 3,693,385         | \$ 2,761,316         | \$ 1,744,250                  | \$ 677,827           | \$ 1,041,157                | \$ (316)              | \$ -                     | \$ 17,320,947        | \$ 3,387,819         |

FLORIDA CITY GAS  
YEAR END RATE BASE  
RATE BASE  
December 2012

|   | (1)                    | (2)                   | (3)                    | (4)         | (5)                  | (7)                    | (8)                   | (9)                    |
|---|------------------------|-----------------------|------------------------|-------------|----------------------|------------------------|-----------------------|------------------------|
|   | PLANT IN               | ACCUM. DEPR. &        | NET PLANT IN           | PROPERTY    |                      | NET UTILITY            | WORKING               |                        |
|   | SERVICE                | AMORT.                | SERVICE                | HELD FOR    | CWIP                 | PLANT                  | CAPITAL               | TOTAL RATE BASE        |
| <b>PER BOOKS</b>                          | \$ 304,127,058         | \$ 135,829,632        | \$ 168,297,426         | \$ -        | \$ 17,421,438        | \$ 185,718,864         | \$ (48,430,471)       | \$ 137,288,393         |
| <b>FPSC ADJUSTMENTS:</b>                  |                        |                       |                        |             |                      |                        |                       |                        |
| Goodwill                                  | (26,633,077)           | -                     | (26,633,077)           |             |                      | (26,633,077)           |                       | (26,633,077)           |
| AGL Common Plant                          | 3,947,684              | 2,562,746             | 1,384,939              |             |                      | 1,384,939              |                       | 1,384,939              |
| AGL Acquisition Adj. Per Amort Schedule   | 21,656,835             | 5,895,472             | 15,761,363             |             |                      | 15,761,363             |                       | 15,761,363             |
| Transaction Cost Regulatory Asset         |                        |                       | -                      |             |                      | -                      |                       | -                      |
| FCG Acquisition Adjustments               | 1,497,497              | 655,820               | 841,677                |             |                      | 841,677                |                       | 841,677                |
| Nonutility plant                          | -                      | -                     | -                      |             |                      | -                      | (93,765)              | (93,765)               |
| Capital structure adjustments             |                        |                       | -                      |             |                      | -                      | 46,254,161            | 46,254,161             |
| Gas cost/conservation/CRA underrecoveries |                        |                       | -                      |             |                      | -                      | (844,128)             | (844,128)              |
| Interest payable adjustment               |                        |                       | -                      |             |                      | -                      |                       | -                      |
| Pension and Transition Costs Reg. Asset   |                        |                       |                        |             |                      |                        | 529,285               | 529,285                |
| Gain on Sale of Medley Property           |                        |                       |                        |             |                      |                        |                       |                        |
| Fort Pierce Utility acquisition           | (34,800)               | (20,400)              | (14,400)               | -           | -                    | (14,400)               |                       | (14,400)               |
| <b>TOTAL FPSC ADJUSTMENTS</b>             | <b>434,139</b>         | <b>9,093,638</b>      | <b>(8,659,499)</b>     | <b>-</b>    | <b>-</b>             | <b>(8,659,499)</b>     | <b>45,845,552</b>     | <b>37,186,053</b>      |
| <b>FPSC ADJUSTED</b>                      | <b>\$ 304,561,197</b>  | <b>\$ 144,923,270</b> | <b>\$ 159,637,927</b>  | <b>\$ -</b> | <b>\$ 17,421,438</b> | <b>\$ 177,059,365</b>  | <b>\$ (2,584,919)</b> | <b>\$ 174,474,446</b>  |
| <b>PRO FORMA ADJUSTMENTS:</b>             |                        |                       |                        |             |                      |                        |                       |                        |
| <b>TOTAL PRO FORMA ADJUSTMENTS</b>        | <b>\$ (21,656,835)</b> | <b>\$ (5,895,472)</b> | <b>\$ (15,761,363)</b> | <b>\$ -</b> | <b>\$ -</b>          | <b>\$ (15,761,363)</b> | <b>\$ (529,285)</b>   | <b>\$ (16,290,647)</b> |
| <b>PRO FORMA ADJUSTED</b>                 | <b>\$ 282,904,362</b>  | <b>\$ 139,027,798</b> | <b>\$ 143,876,564</b>  | <b>\$ -</b> | <b>\$ 17,421,438</b> | <b>\$ 161,298,002</b>  | <b>\$ (3,114,204)</b> | <b>\$ 158,183,799</b>  |

FLORIDA CITY GAS  
CAPITAL STRUCTURE  
FPSC ADJUSTED BASIS  
December 2012

| AVERAGE                     | PER BOOKS             | COMPANY RATIO  | ADJUSTMENTS TO INVESTOR CAPITAL | ADJUSTED              | ADJUSTMENTS       |                        |                       | RATIO (%)      | LOW POINT     |                   | MID POINT     |                   | HIGH POINT    |                   |
|-----------------------------|-----------------------|----------------|---------------------------------|-----------------------|-------------------|------------------------|-----------------------|----------------|---------------|-------------------|---------------|-------------------|---------------|-------------------|
|                             |                       |                |                                 |                       | SPECIFIC          | PRO RATA               | ADJUSTED              |                | COST RATE (%) | WEIGHTED COST (%) | COST RATE (%) | WEIGHTED COST (%) | COST RATE (%) | WEIGHTED COST (%) |
| DIVISIONAL CAPITAL          | \$ 72,423,106         | 41.09%         | \$ (7,322,403)                  | \$ 65,100,703         |                   | \$ (4,579,621)         | \$ 60,521,082         | 36.41%         | 10.25%        | 3.73%             | 11.25%        | 4.10%             | 12.25%        | 4.46%             |
| LONG TERM DEBT              | 62,597,787            | 35.52%         | 1,976,400                       | 64,574,187            |                   | (4,542,382)            | 60,031,605            | 36.12%         | 5.20%         | 1.88%             | 5.20%         | 1.88%             | 5.20%         | 1.88%             |
| SHORT TERM DEBT             | 12,083,781            | 6.86%          | 5,346,002                       | 17,429,783            |                   | (1,226,128)            | 16,203,655            | 9.75%          | 1.43%         | 0.14%             | 1.43%         | 0.14%             | 1.43%         | 0.14%             |
| PREFERRED STOCK             | -                     | 0.00%          | -                               | -                     |                   | -                      | -                     | 0.00%          | 0.00%         | 0.00%             | 0.00%         | 0.00%             | 0.00%         | 0.00%             |
| CUSTOMER DEPOSITS           | 3,791,735             | 2.15%          | -                               | 3,791,735             |                   | -                      | 3,791,735             | 2.28%          | 6.73%         | 0.15%             | 6.73%         | 0.15%             | 6.73%         | 0.15%             |
| TAX CREDITS - ZERO COST     | 4,417                 | 0.00%          | -                               | 4,417                 |                   | -                      | 4,417                 | 0.00%          | 0.00%         | 0.00%             | 0.00%         | 0.00%             | 0.00%         | 0.00%             |
| TAX CREDITS - WEIGHTED COST | -                     | 0.00%          | -                               | -                     |                   | -                      | -                     | 0.00%          | 0.00%         | 0.00%             | 0.00%         | 0.00%             | 0.00%         | 0.00%             |
| ACC DEF INC TAXES-ZERO COST | 25,355,263            | 14.38%         | -                               | 25,355,263            | 300,074           | -                      | 25,655,336            | 15.44%         | 0.00%         | 0.00%             | 0.00%         | 0.00%             | 0.00%         | 0.00%             |
| <b>TOTAL</b>                | <b>\$ 176,256,088</b> | <b>100.00%</b> | <b>\$ (1)</b>                   | <b>\$ 176,256,087</b> | <b>\$ 300,074</b> | <b>\$ (10,348,331)</b> | <b>\$ 166,207,830</b> | <b>100.00%</b> |               | <b>5.90%</b>      |               | <b>6.27%</b>      |               | <b>6.63%</b>      |

| YEAR END                    | PER BOOKS             | COMPANY RATIO  | ADJUSTMENTS TO INVESTOR CAPITAL | ADJUSTED              | ADJUSTMENTS       |                       |                       | RATIO (%)      | LOW POINT     |                   | MIDPOINT      |                   | HIGH POINT    |                   |
|-----------------------------|-----------------------|----------------|---------------------------------|-----------------------|-------------------|-----------------------|-----------------------|----------------|---------------|-------------------|---------------|-------------------|---------------|-------------------|
|                             |                       |                |                                 |                       | SPECIFIC          | PRO RATA              | ADJUSTED              |                | COST RATE (%) | WEIGHTED COST (%) | COST RATE (%) | WEIGHTED COST (%) | COST RATE (%) | WEIGHTED COST (%) |
| DIVISIONAL CAPITAL          | \$ 69,469,715         | 37.85%         | \$ (1,615,830)                  | \$ 67,853,885         |                   | \$ (4,164,926)        | \$ 63,688,959         | 36.50%         | 10.25%        | 3.74%             | 11.25%        | 4.11%             | 12.25%        | 4.47%             |
| LONG TERM DEBT              | 67,818,677            | 36.95%         | (513,575)                       | 67,305,102            |                   | (4,131,241)           | 63,173,861            | 36.21%         | 5.20%         | 1.88%             | 5.20%         | 1.88%             | 5.20%         | 1.88%             |
| SHORT TERM DEBT             | 16,037,502            | 8.74%          | 2,129,406                       | 18,166,908            |                   | (1,115,099)           | 17,051,809            | 9.77%          | 1.43%         | 0.14%             | 1.43%         | 0.14%             | 1.43%         | 0.14%             |
| PREFERRED STOCK             | -                     | 0.00%          | -                               | -                     |                   | -                     | -                     | 0.00%          | 0.00%         | 0.00%             | 0.00%         | 0.00%             | 0.00%         | 0.00%             |
| CUSTOMER DEPOSITS           | 3,794,239             | 2.07%          | -                               | 3,794,239             |                   | -                     | 3,794,239             | 2.17%          | 6.73%         | 0.15%             | 6.73%         | 0.15%             | 6.73%         | 0.15%             |
| TAX CREDITS - ZERO COST     | 3,787                 | 0.00%          | -                               | 3,787                 |                   | -                     | 3,787                 | 0.00%          | 0.00%         | 0.00%             | 0.00%         | 0.00%             | 0.00%         | 0.00%             |
| TAX CREDITS - WEIGHTED COST | -                     | 0.00%          | -                               | -                     |                   | -                     | -                     | 0.00%          | 0.00%         | 0.00%             | 0.00%         | 0.00%             | 0.00%         | 0.00%             |
| ACC DEF INC TAXES-ZERO COST | 26,418,633            | 14.39%         | -                               | 26,418,633            | 343,159           | -                     | 26,761,792            | 15.34%         | 0.00%         | 0.00%             | 0.00%         | 0.00%             | 0.00%         | 0.00%             |
| <b>TOTAL</b>                | <b>\$ 183,542,554</b> | <b>100.00%</b> | <b>\$ (0)</b>                   | <b>\$ 183,542,554</b> | <b>\$ 343,159</b> | <b>\$ (9,411,267)</b> | <b>\$ 174,474,446</b> | <b>100.00%</b> |               | <b>5.91%</b>      |               | <b>6.28%</b>      |               | <b>6.64%</b>      |

| AVERAGE EXCLUDING AGL ACQ<br>AIM & REG. ASSETS | PER BOOKS             | COMPANY RATIO  | ADJUSTMENTS TO INVESTOR CAPITAL | ADJUSTED              | ADJUSTMENTS       |                        |                       | RATIO (%)      | LOW POINT     |                   | MIDPOINT      |                   | HIGH POINT    |                   |
|--|-----------------------|----------------|---------------------------------|-----------------------|-------------------|------------------------|-----------------------|----------------|---------------|-------------------|---------------|-------------------|---------------|-------------------|
|  |                       |                |                                 |                       | SPECIFIC          | PRO RATA               | ADJUSTED              |                | COST RATE (%) | WEIGHTED COST (%) | COST RATE (%) | WEIGHTED COST (%) | COST RATE (%) | WEIGHTED COST (%) |
| DIVISIONAL CAPITAL                             | \$ 72,423,106         | 41.09%         | \$ (7,322,403)                  | \$ 65,100,703         |                   | \$ (11,971,399)        | \$ 53,129,304         | 35.54%         | 10.25%        | 3.64%             | 11.25%        | 4.00%             | 12.25%        | 4.35%             |
| LONG TERM DEBT                                 | 62,597,787            | 35.52%         | 1,976,400                       | 64,574,187            |                   | (11,874,577)           | 52,699,610            | 35.25%         | 5.20%         | 1.83%             | 5.20%         | 1.83%             | 5.20%         | 1.83%             |
| SHORT TERM DEBT                                | 12,083,781            | 6.86%          | 5,346,002                       | 17,429,783            |                   | (3,205,171)            | 14,224,612            | 9.51%          | 1.43%         | 0.14%             | 1.43%         | 0.14%             | 1.43%         | 0.14%             |
| PREFERRED STOCK                                | -                     | 0.00%          | -                               | -                     |                   | -                      | -                     | 0.00%          | 0.00%         | 0.00%             | 0.00%         | 0.00%             | 0.00%         | 0.00%             |
| CUSTOMER DEPOSITS                              | 3,791,735             | 2.15%          | -                               | 3,791,735             |                   | -                      | 3,791,735             | 2.54%          | 6.73%         | 0.17%             | 6.73%         | 0.17%             | 6.73%         | 0.17%             |
| TAX CREDITS - ZERO COST                        | 4,417                 | 0.00%          | -                               | 4,417                 |                   | -                      | 4,417                 | 0.00%          | 0.00%         | 0.00%             | 0.00%         | 0.00%             | 0.00%         | 0.00%             |
| TAX CREDITS - WEIGHTED COST                    | -                     | 0.00%          | -                               | -                     |                   | -                      | -                     | 0.00%          | 0.00%         | 0.00%             | 0.00%         | 0.00%             | 0.00%         | 0.00%             |
| ACC DEF INC TAXES-ZERO COST                    | 25,355,263            | 14.39%         | -                               | 25,355,263            | 300,074           | -                      | 25,655,336            | 17.16%         | 0.00%         | 0.00%             | 0.00%         | 0.00%             | 0.00%         | 0.00%             |
| <b>TOTAL</b>                                   | <b>\$ 176,256,088</b> | <b>100.00%</b> | <b>\$ (1)</b>                   | <b>\$ 176,256,087</b> | <b>\$ 300,074</b> | <b>\$ (27,051,147)</b> | <b>\$ 149,505,014</b> | <b>100.00%</b> |               | <b>5.78%</b>      |               | <b>6.14%</b>      |               | <b>6.49%</b>      |

**FLORIDA CITY GAS**  
**EARNED RETURN ON COMMON EQUITY**  
**FPSC ADJUSTED BASIS**  
**December 2012**

SCHEDULE 5

**A. INCLUDING AGL ACQUISITION ADJUSTMENT & REGULATORY ASSETS**

|  |                      |
|--|----------------------|
| FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN                      | <u>6.62%</u>         |
| LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR: |                      |
| LONG TERM DEBT   | -1.88%               |
| SHORT TERM DEBT  | -0.14%               |
| PREFERRED STOCK  | 0.00%                |
| CUSTOMER DEPOSITS  | -0.15%               |
| TAX CREDITS-WEIGHTED COST(MIDPOINT)                              | 0.00%                |
| <b>SUBTOTAL</b>  | <b><u>-2.17%</u></b> |
| <b>TOTAL</b>   | <b><u>4.45%</u></b>  |
| DIVIDED BY RECONCILED COMMON EQUITY RATIO                        | <u>36.41%</u>        |
| <b>JURISDICTIONAL RETURN ON COMMON EQUITY</b>                    | <b><u>12.22%</u></b> |

**B. EXCLUDING AGL ACQUISITION ADJUSTMENT & REGULATORY ASSETS**

|  |                      |
|--|----------------------|
| NET OPERATING INCOME EXCLUDING FLEX RATE REVENUES                | \$ 11,414,005        |
| RATE BASE EXCLUDING FLEX RATE REVENUES                           | \$ 149,505,014       |
| FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN                      | 7.63%                |
| LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR: |                      |
| LONG TERM DEBT   | -1.83%               |
| SHORT TERM DEBT  | -0.14%               |
| PREFERRED STOCK  | 0.00%                |
| CUSTOMER DEPOSITS  | -0.17%               |
| TAX CREDITS-WEIGHTED COST(MIDPOINT)                              | 0.00%                |
| <b>SUBTOTAL</b>  | <b><u>-2.14%</u></b> |
| <b>TOTAL</b>   | <b><u>5.49%</u></b>  |
| DIVIDED BY RECONCILED COMMON EQUITY RATIO                        | <u>35.54%</u>        |
| <b>JURISDICTIONAL RETURN ON COMMON EQUITY</b>                    | <b><u>15.45%</u></b> |