



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

August 16, 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 June 2013**

Dear Mr. Slemkewicz:

Enclosed find Florida City Gas' June 2013 Surveillance Report.

Sincerely,

A handwritten signature in cursive script, appearing to read "Rosie Abreu".

Rosie Abreu
Financial Analyst

RECEIVED
FLORIDA PUBLIC SERVICE
COMMISSION
13 AUG 20 AM 9:43
DIVISION OF
ACCOUNTING & FINANCE

FLORIDA PUBLIC SERVICE COMMISSION

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

FLORIDA CITY GAS

June 2013

PSC/AFA 13 (6/94)


**FLORIDA CITY GAS
YEAR END RATE BASE
June 2013**

	(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>
<u>I. AVERAGE RATE OF RETURN (JURISDICTIONAL)</u>					
NET OPERATING INCOME (a)	\$ 11,698,750	\$ (658,110)	\$ 11,040,640	\$ 423,953	\$ 11,464,593
AVERAGE RATE BASE (a)	\$ 136,992,852	\$ 27,773,429	\$ 164,766,281	\$ (16,290,648)	\$ 148,475,633
AVERAGE RATE OF RETURN (a)	8.54%		6.70%		7.72%
<u>II. YEAR END RATE BASE (JURISDICTIONAL)</u>					
	\$ 137,982,446	\$ 24,427,861	\$ 162,410,306	\$ (15,878,479)	\$ 146,531,827
III. REQUIRED RATES OF RETURN					
AVERAGE CAPITAL STRUCTURE (FPSC					
ADJUSTED BASIS)					
LOW	<u>5.79%</u>				
MIDPOINT	<u>6.15%</u>				
HIGH	<u>6.51%</u>				
<u>IV. EARNED RETURN ON EQUITY (FPSC ADJUSTED BASIS)</u>					
			A. INCLUDING AGL ACQ. ADJ. & REGULATORY ASSETS		<u>12.77%</u>
			B. EXCLUDING AGL ACQ. ADJ. & REGULATORY ASSETS		<u>16.05%</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)

8.14.2013
(Date)

FLORIDA CITY GAS
AVERAGE RATE OF RETURN
RATE BASE
June 2013

Line No.	(1) PLANT IN SERVICE	(2) ACCUM. DEPR. & AMORT.	(3) NET PLANT IN SERVICE	(4) PROPERTY HELD FOR FUTURE USE	(5) CWIP	(7) NET UTILITY PLANT	(8) WORKING CAPITAL	(9) TOTAL RATE BASE
1 PER BOOKS	\$ 309,444,094	\$ 136,744,839	\$ 172,699,255	\$ -	\$ 9,347,825	\$ 182,047,080	\$ (45,054,228)	\$ 136,992,852
2								
3 <u>FPSC ADJUSTMENTS:</u>								
4 Goodwill	(26,633,077)	-	(26,633,077)			(26,633,077)		(26,633,077)
5 AGL Common Plant	3,417,663	2,301,882	1,115,782			1,115,782		1,115,782
6 AGL Purchase Premium	21,656,835	5,895,472	15,761,363			15,761,363		15,761,363
7 Remove AEP	-		-		(2,407,189)	(2,407,189)	(2,538,115)	(4,945,304)
8 Nonutility plant			-			-	(94,298)	(94,298)
9 FCG Acquisition Adjustment	1,497,497	655,820	841,677			841,677	-	841,677
10 Accumulated Removal Cost		-	-			-	-	-
11 Capital structure adjustments			-			-	43,152,953	43,152,953
12 Gas cost/conservation/CRA underrecoveries			-			-	(883,849)	(883,849)
13 Interest payable adjustment			-			-	(1,056,703)	(1,056,703)
14 Regulatory expense			-			-	-	-
15 Pension and Transition Costs Reg. Asset							529,285	529,285
16 Fort Pierce Utility acquisition	(34,800)	(20,400)	(14,400)	-	-	(14,400)	-	(14,400)
17 <u>TOTAL FPSC ADJUSTMENTS</u>	<u>\$ (95,882)</u>	<u>\$ 8,832,774</u>	<u>\$ (8,928,656)</u>	<u>\$ -</u>	<u>\$ (2,407,189)</u>	<u>\$ (11,335,845)</u>	<u>\$ 39,109,274</u>	<u>\$ 27,773,429</u>
18								
19 <u>FPSC ADJUSTED</u>	<u>\$ 309,348,212</u>	<u>\$ 145,577,613</u>	<u>\$ 163,770,599</u>	<u>\$ -</u>	<u>\$ 6,940,636</u>	<u>\$ 170,711,235</u>	<u>\$ (5,944,954)</u>	<u>\$ 164,766,281</u>
20								
21 <u>FLEX RATE REVENUES</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
22								
23 <u>ADJUSTED FOR FLEX RATE REVENUES</u>	<u>\$ 309,348,212</u>	<u>\$ 145,577,613</u>	<u>\$ 163,770,599</u>	<u>\$ -</u>	<u>\$ 6,940,636</u>	<u>\$ 170,711,235</u>	<u>\$ (5,944,954)</u>	<u>\$ 164,766,281</u>
24								
25								
26								
27 <u>PRO FORMA ADJUSTMENTS:</u>								
28								
29 <u>TOTAL PRO FORMA ADJUSTMENTS</u>	<u>\$ (21,656,835)</u>	<u>\$ (5,895,472)</u>	<u>\$ (15,761,363)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (15,761,363)</u>	<u>\$ (529,285)</u>	<u>\$ (16,290,648)</u>
30								
31 <u>PRO FORMA ADJUSTED</u>	<u>\$ 287,691,377</u>	<u>\$ 139,682,141</u>	<u>\$ 148,009,236</u>	<u>\$ -</u>	<u>\$ 6,940,636</u>	<u>\$ 154,949,872</u>	<u>\$ (6,474,239)</u>	<u>\$ 148,475,633</u>

**FLORIDA CITY GAS
AVERAGE RATE OF RETURN
INCOME STATEMENT
June 2013**

Line No.	(1) OPERATING REVENUES	(2) O&M GAS EXPENSE	(3) O&M OTHER	(4) DEPR. & AMORT.	(5) INCOME LESS THAN INCOME TAXES	(6) INCOME TAXES CURRENT	(7) DEFERRED INCOME TAXES (NET)	(8) INV. TAX CREDIT (NET)	(9) GAIN/LOSS ON DISPOSITION	(10) TOTAL OPERATING EXPENSES	(11) NET OPERATING INCOME
1 PER BOOKS	\$ 80,864,403	\$ 28,343,594	\$ 16,484,952	\$ 12,148,110	\$ 7,127,645	\$ 2,887,010	\$ 2,175,602	\$ (1,260)	\$ -	\$ 69,165,653	\$ 11,698,750
2 End of year customer refund accrual		\$ -		\$ -		-			\$ -	-	-
3 ADJUSTED BOOKS	\$ 80,864,403	\$ 28,343,594	\$ 16,484,952	\$ 12,148,110	\$ 7,127,645	\$ 2,887,010	\$ 2,175,602	\$ (1,260)	\$ -	\$ 69,165,653	\$ 11,698,750
4											
5 FFSC ADJUSTMENTS:											
6 Fuel revenues/costs	(28,485,312)	(28,343,594)			(141,718)	-				(28,485,312)	-
7 Franchise/gross receipts taxes	(4,447,896)				(4,447,896)	-				(4,447,896)	-
8 ECP revenue/costs	-				-	-				-	-
10 Remove AEP	(1,404,794)			(940,695)		(174,641)				(1,115,336)	(289,459)
11 AGL Purchase Premium per Amort Sched				721,895		(271,650)				450,245	(450,245)
12 Transaction Cost Regulatory Asset				-		-				-	-
13 Propane Sales	(37,920)			-		(14,270)				(14,270)	(23,650)
14 Propane Cost			(38,117)			14,343				(23,774)	23,774
15 Association dues			(16,025)			6,030				(9,995)	9,995
16 Economic development expense			(878)			330				(548)	548
17 Pension and Transition Costs Reg. Asset			-	164,249			(61,807)			102,442	(102,442)
18 Employee activities			(13,503)			5,081				(8,422)	8,422
19 Interest synchronization			-	-		(164,947)				(164,947)	164,947
20 TOTAL FFSC ADJUSTMENTS	(34,375,922)	(28,343,594)	(68,523)	(54,551)	(4,589,614)	(599,724)	(61,807)	-	-	(33,717,812)	(658,110)
21											
22 FFSC ADJUSTED	\$ 46,488,481	\$ -	\$ 16,416,428	\$ 12,093,559	\$ 2,538,032	\$ 2,287,286	\$ 2,113,795	\$ (1,260)	\$ -	\$ 35,447,841	\$ 11,040,640
23											
24 FLEX RATE REVENUES	-	-	-	-	-	-	-	-	-	-	-
25 ADJUSTED FOR											
26 FLEX RATE REVENUES	\$ 46,488,481	\$ -	\$ 16,416,428	\$ 12,093,559	\$ 2,538,032	\$ 2,287,286	\$ 2,113,795	\$ (1,260)	\$ -	\$ 35,447,841	\$ 11,040,640
27											
28											
29 PRO FORMA ADJUSTMENTS											
30											
31 TOTAL PRO FORMA ADJUSTMENTS	-	-	-	(886,144)	-	400,384	61,807	-	-	(423,953)	423,953
32											
33 PRO FORMA ADJUSTED	\$ 46,488,481	\$ -	\$ 16,416,428	\$ 11,207,415	\$ 2,538,032	\$ 2,687,670	\$ 2,175,602	\$ (1,260)	\$ -	\$ 35,023,887	\$ 11,464,593
34											
35 PER BOOKS											
36 CURRENT QUARTER AMOUNT	\$ 19,878,932	\$ 7,044,292	\$ 4,560,487	\$ 3,174,634	\$ 1,805,712	\$ 666,770	\$ 281,320	\$ (315)	\$ -	\$ 17,532,900	\$ 2,346,033

FLORIDA CITY GAS
 YEAR END RATE BASE
 RATE BASE
 June 2013

Line No.	(1) PLANT IN SERVICE	(2) ACCUM. DEPR. & AMORT.	(3) NET PLANT IN SERVICE	(4) PROPERTY HELD FOR FUTURE USE	(5) CWIP	(7) NET UTILITY PLANT	(8) WORKING CAPITAL	(9) TOTAL RATE BASE
1	\$ 314,973,196	\$ 139,975,981	\$ 174,997,215	\$ -	\$ 5,009,748	\$ 180,006,963	\$ (42,024,517)	\$ 137,982,446
2								
3	FPSC ADJUSTMENTS:							
4	(26,633,077)	-	(26,633,077)			(26,633,077)		(26,633,077)
5	3,793,555	2,495,422	1,298,133			1,298,133		1,298,133
6	21,656,835	6,256,420	15,400,415			15,400,415		15,400,415
7	-	-	-		(864,311)	(864,311)	(8,991,054)	(9,855,365)
8	1,497,497	679,766	817,731			817,731	-	817,731
9	-	-	-			-	(92,843)	(92,843)
10							43,502,443	43,502,443
11							(473,816)	(473,816)
12							-	-
13							478,064	478,064
14							-	-
15	(34,800)	(20,976)	(13,824)	-	-	(13,824)	-	(13,824)
16	<u>280,010</u>	<u>9,410,632</u>	<u>(9,130,622)</u>	<u>-</u>	<u>(864,311)</u>	<u>(9,994,933)</u>	<u>34,422,793</u>	<u>24,427,861</u>
17								
18	<u>\$ 315,253,206</u>	<u>\$ 149,386,613</u>	<u>\$ 165,866,594</u>	<u>\$ -</u>	<u>\$ 4,145,437</u>	<u>\$ 170,012,030</u>	<u>\$ (7,601,724)</u>	<u>\$ 162,410,306</u>
19								
20	PRO FORMA ADJUSTMENTS:							
21								
22	<u>\$ (21,656,835)</u>	<u>\$ (6,256,420)</u>	<u>\$ (15,400,415)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (15,400,415)</u>	<u>\$ (478,064)</u>	<u>\$ (15,878,479)</u>
23								
24	<u>\$ 293,596,371</u>	<u>\$ 143,130,193</u>	<u>\$ 150,466,178</u>	<u>\$ -</u>	<u>\$ 4,145,437</u>	<u>\$ 154,611,615</u>	<u>\$ (8,079,788)</u>	<u>\$ 146,531,827</u>

FLORIDA CITY GAS
CAPITAL STRUCTURE
FPSC ADJUSTED BASIS
June 2013

Line No.	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 (%)
1	DIVISIONAL CAPITAL	\$ 71,654,237	39.78%	\$ (5,776,241)	\$ 65,877,996		\$ (6,540,041)	\$ 59,337,955	36.01%	10.25%	3.69%	11.25%	4.05%	12.25%	4.41%
2															
3	LONG TERM DEBT	65,338,615	36.27%	107,726	65,446,341		(6,497,189)	58,949,152	35.78%	5.07%	1.81%	5.07%	1.81%	5.07%	1.81%
4															
5	SHORT TERM DEBT	13,269,548	7.37%	5,668,520	18,938,068		(1,880,078)	17,057,990	10.35%	1.36%	0.14%	1.36%	0.14%	1.36%	0.14%
6															
7	PREFERRED STOCK	-	0.00%	-	-		-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
8															
9	CUSTOMER DEPOSITS	3,797,229	2.11%		3,797,229			3,797,229	2.30%	6.73%	0.15%	6.73%	0.15%	6.73%	0.15%
10															
11	TAX CREDITS - ZERO COST	3,795	0.00%		3,795			3,795	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
12															
13	TAX CREDITS - WEIGHTED COST	-	0.00%		-			-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
14															
15	ACC DEF INC TAXES-ZERO COST	26,082,381	14.47%	-	26,082,381	(462,222)	-	25,620,159	15.55%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
16	TOTAL	\$ 180,145,805	100.00%	\$ 5	\$ 180,145,810	\$ (462,222)	\$ (14,917,307)	\$ 164,766,281	100.00%	5.79%		6.15%		6.51%	
17															
18															
19	YEAR END	PER BOOKS	COMPANY RATIO	ADJUSTMENTS TO INVESTOR CAPITAL	ADJUSTED	SPECIFIC	PRO RATA	ADJUSTED	RATIO (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
20	DIVISIONAL CAPITAL	\$ 70,090,772	38.62%	\$ (4,174,568)	\$ 65,916,204		\$ (7,900,971)	\$ 58,015,233	35.72%	10.25%	3.66%	11.25%	4.02%	12.25%	4.38%
21															
22	LONG TERM DEBT	67,891,674	37.41%	(2,407,371)	65,484,303		(7,849,202)	57,635,101	35.49%	5.07%	1.80%	5.07%	1.80%	5.07%	1.80%
23															
24	SHORT TERM DEBT	12,367,114	6.81%	6,581,939	18,949,053		(2,271,307)	16,677,746	10.27%	1.36%	0.14%	1.36%	0.14%	1.36%	0.14%
25															
26	PREFERRED STOCK	-	0.00%	-	-		-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
27															
28	CUSTOMER DEPOSITS	3,799,126	2.09%		3,799,126			3,799,126	2.34%	6.73%	0.16%	6.73%	0.16%	6.73%	0.16%
29															
30	TAX CREDITS - ZERO COST	3,157	0.00%		3,157			3,157	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
31															
32	TAX CREDITS - WEIGHTED COST	-	0.00%		-			-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
33															
34	ACC DEF INC TAXES-ZERO COST	27,333,046	15.07%	-	27,333,046	(1,053,103)	-	26,279,944	16.18%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
35	TOTAL	\$ 181,484,889	100.00%	\$ 1	\$ 181,484,889	\$ (1,053,103)	\$ (18,021,481)	\$ 162,410,306	100.00%	5.76%		6.12%		6.48%	
36															
37															
38	AVERAGE EXCLUDING AGL ACQ ADJ. & REG. ASSETS	PER BOOKS	COMPANY RATIO	ADJUSTMENTS TO INVESTOR CAPITAL	ADJUSTED	SPECIFIC	PRO RATA	ADJUSTED	RATIO (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
39	DIVISIONAL CAPITAL	\$ 71,654,237	39.78%	\$ (5,776,241)	\$ 65,877,996		\$ (13,682,182)	\$ 52,195,814	35.15%	10.25%	3.60%	11.25%	3.95%	12.25%	4.31%
40															
41	LONG TERM DEBT	65,338,615	36.27%	107,726	65,446,341		(13,592,532)	51,853,809	34.92%	5.07%	1.77%	5.07%	1.77%	5.07%	1.77%
42															
43	SHORT TERM DEBT	13,269,548	7.37%	5,668,520	18,938,068		(3,933,242)	15,004,826	10.11%	1.36%	0.14%	1.36%	0.14%	1.36%	0.14%
44															
45	PREFERRED STOCK	-	0.00%	-	-		-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
46															
47	CUSTOMER DEPOSITS	3,797,229	2.11%		3,797,229			3,797,229	2.56%	6.73%	0.17%	6.73%	0.17%	6.73%	0.17%
48															
49	TAX CREDITS - ZERO COST	3,795	0.00%		3,795			3,795	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
50															
51	TAX CREDITS - WEIGHTED COST	-	0.00%		-			-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
52															
53	ACC DEF INC TAXES-ZERO COST	26,082,381	14.48%	-	26,082,381	(462,222)	-	25,620,159	17.26%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
54	TOTAL	\$ 180,145,805	100.00%	\$ 5	\$ 180,145,810	\$ (462,222)	\$ (31,207,955)	\$ 148,475,633	100.00%	5.68%		6.03%		6.39%	

FLORIDA CITY GAS
EARNED RETURN ON COMMON EQUITY
FPSC ADJUSTED BASIS
June 2013

SCHEDULE 5

A. INCLUDING AGL ACQUISITION ADJUSTMENT & REGULATORY ASSETS

<u>Line No.</u>		
1	FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	<u>6.70%</u>
2	LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:	
3	LONG TERM DEBT	-1.81%
4	SHORT TERM DEBT	-0.14%
5	PREFERRED STOCK	0.00%
6	CUSTOMER DEPOSITS	-0.15%
7	TAX CREDITS-WEIGHTED COST(MIDPOINT)	0.00%
8	SUBTOTAL	<u>-2.10%</u>
9	TOTAL	<u>4.60%</u>
10	DIVIDED BY RECONCILED COMMON EQUITY RATIO	<u>36.01%</u>
11	JURISDICTIONAL RETURN ON COMMON EQUITY	<u>12.77%</u>
12		
13		
14		
15		
16		

B. EXCLUDING AGL ACQUISITION ADJUSTMENT & REGULATORY ASSETS

17		
18		
19	NET OPERATING INCOME EXCLUDING FLEX RATE REVENUES	\$ 11,464,593
20		
21	RATE BASE EXCLUDING FLEX RATE REVENUES	\$ 148,475,633
22		
23	FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	7.72%
24	LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:	
25	LONG TERM DEBT	-1.77%
26	SHORT TERM DEBT	-0.14%
27	PREFERRED STOCK	0.00%
28	CUSTOMER DEPOSITS	-0.17%
29	TAX CREDITS-WEIGHTED COST(MIDPOINT)	0.00%
30	SUBTOTAL	<u>-2.08%</u>
31	TOTAL	<u>5.64%</u>
32	DIVIDED BY RECONCILED COMMON EQUITY RATIO	<u>35.15%</u>
33	JURISDICTIONAL RETURN ON COMMON EQUITY	<u>16.05%</u>