



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

February 16, 2015

Mr. Bart Fletcher
Public Utility Supervisor
Division of Accounting and Finance
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399

**Re: Florida City Gas
Surveillance Report for December 2014**

Dear Mr. Fletcher:

Enclosed find Florida City Gas' December 2014 Surveillance Report.

Sincerely,

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

Rosie Abreu
Financial Analyst

RECEIVED
FLORIDA PUBLIC SERVICE
COMMISSION
15 FEB 18 PM 11:32
DIVISION OF
ACCOUNTING & FINANCE

**FLORIDA CITY GAS
YEAR END RATE BASE
December 2014**

	(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)	\$ 10,704,239	\$ (950,651)	\$ 9,753,588	\$ 433,725	\$ 10,187,312
AVERAGE RATE BASE (a)	\$ 144,371,830	\$ 37,479,476	\$ 181,851,306	\$ (15,054,142)	\$ 166,797,164
AVERAGE RATE OF RETURN (a)	7.41%		5.36%		6.11%
<u>II. YEAR END RATE BASE (JURISDICTIONAL)</u>					
	\$ 159,855,905	\$ 29,896,712	\$ 189,752,617	\$ (14,641,974)	\$ 175,110,643

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

LOW	<u>6.16%</u>
MIDPOINT	<u>6.56%</u>
HIGH	<u>6.95%</u>

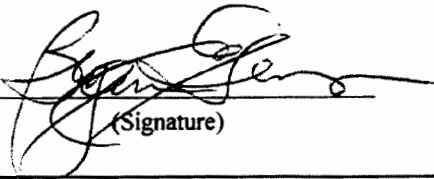
IV. EARNED RETURN ON EQUITY (FPSC ADJUSTED BASIS)

A. INCLUDING AGL ACQ. ADJ. & REGULATORY ASSETS	<u>8.23%</u>
B. EXCLUDING AGL ACQ. ADJ. & REGULATORY ASSETS	<u>10.37%</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)

2-12-2015
(Date)

FLORIDA CITY GAS
AVERAGE RATE OF RETURN
RATE BASE
December 2014

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	\$ 334,748,504	\$ 152,398,112	\$ 182,350,391	\$ -	\$ 15,494,699	\$ 197,845,090	\$ (53,473,260)	\$ 144,371,830
2								
3 <u>FPSC ADJUSTMENTS:</u>								
4 Goodwill	(26,633,077)	-	(26,633,077)			(26,633,077)		(26,633,077)
5 AGL Common Plant	4,722,416	3,031,110	1,691,307			1,691,307		1,691,307
6 AGL Purchase Premium	21,656,835	6,978,314	14,678,521			14,678,521		14,678,521
7 Remove AEP	-		-			-	(11,256,950)	(11,256,950)
8 Nonutility plant			-			-	(83,844)	(83,844)
9 FCG Acquisition Adjustment	1,497,497	727,658	769,839			769,839	-	769,839
10 Accumulated Removal Cost		-	-			-	-	-
11 Capital structure adjustments			-			-	59,309,916	59,309,916
12 Gas cost/conservation/CRA underrecoveries			-			-	(302,482)	(302,482)
13 Interest payable adjustment			-			-	(1,056,703)	(1,056,703)
14 Regulatory expense			-			-	-	-
15 Pension and Transition Costs Reg. Asset							375,621	375,621
16 Fort Pierce Utility acquisition	(34,800)	(22,128)	(12,672)	-	-	(12,672)	-	(12,672)
17 TOTAL FPSC ADJUSTMENTS	\$ 1,208,871	\$ 10,714,954	\$ (9,506,083)	\$ -	\$ -	\$ (9,506,083)	\$ 46,985,558	\$ 37,479,476
18								
19 FPSC ADJUSTED	\$ 335,957,375	\$ 163,113,066	\$ 172,844,309	\$ -	\$ 15,494,699	\$ 188,339,008	\$ (6,487,702)	\$ 181,851,306
20								
21 FLEX RATE REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
22								
23 ADJUSTED FOR FLEX RATE REVENUES	\$ 335,957,375	\$ 163,113,066	\$ 172,844,309	\$ -	\$ 15,494,699	\$ 188,339,008	\$ (6,487,702)	\$ 181,851,306
24								
25								
26								
27 <u>PRO FORMA ADJUSTMENTS:</u>								
28								
29 TOTAL PRO FORMA ADJUSTMENTS	\$ (21,656,835)	\$ (6,978,314)	\$ (14,678,521)	\$ -	\$ -	\$ (14,678,521)	\$ (375,621)	\$ (15,054,142)
30								
31 PRO FORMA ADJUSTED	\$ 314,300,540	\$ 156,134,752	\$ 158,165,788	\$ -	\$ 15,494,699	\$ 173,660,487	\$ (6,863,323)	\$ 166,797,164

FLORIDA CITY GAS
 AVERAGE RATE OF RETURN
 INCOME STATEMENT
 December 2014

Line No.	(1) OPERATING REVENUES	(2) O&M GAS EXPENSE	(3) O&M OTHER	(4) DEPR. & AMORT.	(5) TAXES OTHER 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	\$ 88,086,595	\$ 32,714,937	\$ 19,439,666	\$ 13,547,125	\$ 7,207,411	\$ 2,229,239	\$ 2,245,237	\$ (1,259)	\$ -	\$ 77,382,356	\$ 10,704,239
2	End of year customer refund accrual	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3	ADJUSTED BOOKS	\$ 88,086,595	\$ 32,714,937	\$ 19,439,666	\$ 13,547,125	\$ 7,207,411	\$ 2,229,239	\$ 2,245,237	\$ (1,259)	\$ -	\$ 77,382,356	\$ 10,704,239
4												
5	FPSC ADJUSTMENTS:											
6	Fuel revenues/costs	(32,878,511)	(32,714,937)		(163,575)					(32,878,511)		
7	Franchise/gross receipts taxes	(4,679,258)			(4,679,258)					(4,679,258)		
8	ECP revenue/costs											
10	Remove AEP	(2,150,484)			(1,121,298)	(387,283)				(1,508,581)	(641,903)	
11	AGL Purchase Premium per Amort Sched				721,895	(271,650)				450,245	(450,245)	
12	Energy Services Revenue and Expenses		(25,416)			9,563				(15,853)	15,853	
13	Propane Sales	(24,100)				(9,069)				(9,069)	(15,031)	
14	Propane Cost			(38,340)		14,427				(23,913)	23,913	
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					(200,239)				(200,239)	200,239	
20	TOTAL FPSC ADJUSTMENTS	(39,732,354)	(32,740,352)	(68,746)	(235,154)	(4,842,833)	(832,810)	(61,807)	-	(38,781,702)	(950,651)	
21												
22	FPSC ADJUSTED	\$ 48,354,241	\$ (25,416)	\$ 19,370,920	\$ 13,311,971	\$ 2,364,578	\$ 1,396,429	\$ 2,183,430	\$ (1,259)	\$ -	\$ 38,600,654	\$ 9,753,588
23												
24	FLEX RATE REVENUES	-	-	-	-	-	-	-	-	-	-	-
25	ADJUSTED FOR											
26	FLEX RATE REVENUES	\$ 48,354,241	\$ (25,416)	\$ 19,370,920	\$ 13,311,971	\$ 2,364,578	\$ 1,396,429	\$ 2,183,430	\$ (1,259)	\$ -	\$ 38,600,654	\$ 9,753,588
27												
28												
29	PRO FORMA ADJUSTMENTS											
30												
31	TOTAL PRO FORMA ADJUSTMENTS	-	-	-	(886,144)	390,612	61,807	-	-	(433,725)	433,725	
32												
33	PRO FORMA ADJUSTED	\$ 48,354,241	\$ (25,416)	\$ 19,370,920	\$ 12,425,827	\$ 2,364,578	\$ 1,787,041	\$ 2,245,237	\$ (1,259)	\$ -	\$ 38,166,929	\$ 10,187,312
34												
35	PER BOOKS											
36	CURRENT QUARTER AMOUNT	\$ 22,466,643	\$ 7,996,887	\$ 5,328,400	\$ 3,733,705	\$ 1,794,778	\$ (1,715,453)	\$ 2,801,937	\$ (315)	\$ 19,939,939	\$ 2,526,704	

**FLORIDA CITY GAS
YEAR END RATE BASE
RATE BASE
December 2014**

Line No.	(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	
1	PER BOOKS	\$ 347,347,952	\$ 157,329,426	\$ 190,018,525	\$ -	\$ 13,817,008	\$ 203,835,533	\$ (43,979,628)	\$ 159,855,905
2									
3	FPSC ADJUSTMENTS:								
4	Goodwill	(26,633,077)	-	(26,633,077)		(26,633,077)		(26,633,077)	
5	AGL Common Plant	5,180,365	3,154,366	2,025,999		2,025,999		2,025,999	
6	AGL Acquisition Adj. Per Amort Schedule	21,656,835	7,339,261	14,317,574		14,317,574		14,317,574	
7	Remove AEP	-	-	-		-	(12,415,706)	(12,415,706)	
8	FCG Acquisition Adjustments	1,497,497	751,604	745,893		745,893	-	745,893	
9	Nonutility plant	-	-	-		-	(81,045)	(81,045)	
10	Capital structure adjustments						52,052,176	52,052,176	
11	Gas cost/conservation/CRA underrecoveries						(427,406)	(427,406)	
12	Interest payable adjustment						-	-	
13	Pension and Transition Costs Reg. Asset						324,400	324,400	
14	Gain on Sale of Medley Property						-	-	
15	Fort Pierce Utility acquisition	(34,890)	(22,704)	(12,096)		(12,096)		(12,096)	
16	TOTAL FPSC ADJUSTMENTS	1,666,820	11,222,528	(9,555,708)	-	(9,555,708)	39,452,420	29,896,712	
17									
18	FPSC ADJUSTED	\$ 349,014,771	\$ 168,551,954	\$ 180,462,818	\$ -	\$ 13,817,008	\$ 194,279,825	\$ (4,527,209)	\$ 189,752,617
19									
20	PRO FORMA ADJUSTMENTS:								
21									
22	TOTAL PRO FORMA ADJUSTMENTS	\$ (21,656,835)	\$ (7,339,261)	\$ (14,317,574)	\$ -	\$ (14,317,574)	\$ (324,400)	\$ (14,641,974)	
23									
24	PRO FORMA ADJUSTED	\$ 327,357,936	\$ 161,212,692	\$ 166,145,244	\$ -	\$ 13,817,008	\$ (4,851,609)	\$ 175,110,643	

FLORIDA CITY GAS
CAPITAL STRUCTURE
FPSC ADJUSTED BASIS
December 2014

Line No.	AVERAGE	PER BOOKS	COMPANY RATIO	ADJUSTMENTS TO INVESTOR CAPITAL			ADJUSTMENTS			LOW POINT		MID POINT		HIGH POINT	
				RATIO	ADJUSTED	SPECIFIC	PRO RATA	ADJUSTED	RATIO (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
1	DIVISIONAL CAPITAL	\$ 72,303,414	35.50%	\$ 9,182,511	\$ 81,485,925		\$ (9,455,980)	\$ 72,029,945	39.61%	10.25%	4.06%	11.25%	4.46%	12.25%	4.85%
2															
3	LONG TERM DEBT	72,068,416	35.38%	6,542,375	78,610,791		(9,122,337)	69,488,454	38.21%	4.97%	1.90%	4.97%	1.90%	4.97%	1.90%
4															
5	SHORT TERM DEBT	25,468,923	12.50%	(15,724,880)	9,744,043		(1,130,741)	8,613,302	4.74%	1.26%	0.06%	1.26%	0.06%	1.26%	0.06%
6															
7	PREFERRED STOCK	-	0.00%	-	-		-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
8															
9	CUSTOMER DEPOSITS	3,872,545	1.90%	-	3,872,545		-	3,872,545	2.13%	6.73%	0.14%	6.73%	0.14%	6.73%	0.14%
10															
11	TAX CREDITS - ZERO COST	1,898	0.00%	-	1,898		-	1,898	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	29,966,550	14.72%	-	29,966,550	(2,121,388)	-	27,845,162	15.31%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
16	TOTAL	\$ 203,681,746	100.00%	\$ 6	\$ 203,681,752	\$ (2,121,388)	\$ (19,709,058)	\$ 181,851,306	100.00%		6.16%		6.56%		6.95%
17															
18															
19															
20	DIVISIONAL CAPITAL	\$ 80,089,286	37.79%	\$ 4,440,562	\$ 84,529,848		\$ (9,555,573)	\$ 74,974,275	39.51%	10.25%	4.05%	11.25%	4.44%	12.25%	4.84%
21															
22	LONG TERM DEBT	79,766,619	37.64%	1,780,699	81,547,318		(9,218,417)	72,328,901	38.12%	4.97%	1.89%	4.97%	1.89%	4.97%	1.89%
23															
24	SHORT TERM DEBT	16,329,296	7.71%	(6,221,262)	10,108,034		(1,142,650)	8,965,384	4.72%	1.26%	0.06%	1.26%	0.06%	1.26%	0.06%
25															
26	PREFERRED STOCK	-	0.00%	-	-		-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
27															
28	CUSTOMER DEPOSITS	3,872,160	1.83%	-	3,872,160		-	3,872,160	2.04%	6.73%	0.14%	6.73%	0.14%	6.73%	0.14%
29															
30	TAX CREDITS - ZERO COST	1,269	0.00%	-	1,269		-	1,269	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	31,849,452	15.03%	-	31,849,452	(2,238,823)	-	29,610,628	15.60%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
35	TOTAL	\$ 211,908,081	100.00%	\$ (0)	\$ 211,908,081	\$ (2,238,823)	\$ (19,916,641)	\$ 189,752,617	100.00%		6.14%		6.53%		6.93%
36															
37															
38	AVERAGE EXCLUDING AGL ACQ ADJ. & REG. ASSETS														
39	DIVISIONAL CAPITAL	\$ 72,303,414	35.50%	\$ 9,182,511	\$ 81,485,925		\$ (16,678,632)	\$ 64,807,293	38.85%	10.25%	3.98%	11.25%	4.37%	12.25%	4.76%
40															
41	LONG TERM DEBT	72,068,416	35.38%	6,542,375	78,610,791		(16,090,146)	62,520,645	37.48%	4.97%	1.86%	4.97%	1.86%	4.97%	1.86%
42															
43	SHORT TERM DEBT	25,468,923	12.50%	(15,724,880)	9,744,043		(1,994,422)	7,749,621	4.65%	1.26%	0.06%	1.26%	0.06%	1.26%	0.06%
44															
45	PREFERRED STOCK	-	0.00%	-	-		-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
46															
47	CUSTOMER DEPOSITS	3,872,545	1.90%	-	3,872,545		-	3,872,545	2.32%	6.73%	0.16%	6.73%	0.16%	6.73%	0.16%
48															
49	TAX CREDITS - ZERO COST	1,898	0.00%	-	1,898		-	1,898	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	29,966,550	14.71%	-	29,966,550	(2,121,388)	-	27,845,162	16.69%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
54	TOTAL	\$ 203,681,746	100.00%	\$ 6	\$ 203,681,752	\$ (2,121,388)	\$ (34,763,200)	\$ 166,797,164	100.00%		6.06%		6.45%		6.84%

FLORIDA CITY GAS
EARNED RETURN ON COMMON EQUITY
FPSC ADJUSTED BASIS
December 2014

SCHEDULE 5

A. INCLUDING AGL ACQUISITION ADJUSTMENT & REGULATORY ASSETS

<u>Line No.</u>		
1	FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	<u>5.36%</u>
2	LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:	
3	LONG TERM DEBT	-1.90%
4	SHORT TERM DEBT	-0.06%
5	PREFERRED STOCK	0.00%
6	CUSTOMER DEPOSITS	-0.14%
7	TAX CREDITS-WEIGHTED COST(MIDPOINT)	<u>0.00%</u>
8	SUBTOTAL	-2.10%
9	TOTAL	<u>3.26%</u>
10	DIVIDED BY RECONCILED COMMON EQUITY RATIO	<u>39.61%</u>
11	JURISDICTIONAL RETURN ON COMMON EQUITY	<u>8.23%</u>
12		
13		
14		
15		
16		

B. EXCLUDING AGL ACQUISITION ADJUSTMENT & REGULATORY ASSETS

17		
18		
19	NET OPERATING INCOME EXCLUDING FLEX RATE REVENUES	\$ 10,187,312
20		
21	RATE BASE EXCLUDING FLEX RATE REVENUES	\$ 166,797,164
22		
23	FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	6.11%
24	LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:	
25	LONG TERM DEBT	-1.86%
26	SHORT TERM DEBT	-0.06%
27	PREFERRED STOCK	0.00%
28	CUSTOMER DEPOSITS	-0.16%
29	TAX CREDITS-WEIGHTED COST(MIDPOINT)	<u>0.00%</u>
30	SUBTOTAL	-2.08%
31	TOTAL	<u>4.03%</u>
32	DIVIDED BY RECONCILED COMMON EQUITY RATIO	<u>38.85%</u>
33	JURISDICTIONAL RETURN ON COMMON EQUITY	<u>10.37%</u>