



Florida City Gas

955 E 25 Street
Hialeah, FL 33013
Tel. # 305-835-3607

May 17, 2010

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 Quarter ending March 2010**

Dear Mr. Slemkewicz:

Enclosed please find Florida City Gas' Earnings Surveillance Report for the quarter ended March 2010.

Sincerely,

Rosie Abreu
Regulatory Analyst

Encl.

ECONOMIC REGULATION

10 MAY 24 AM 10:00

FLORIDA PUBLIC SERVICE COMMISSION

FLORIDA PUBLIC SERVICE COMMISSION

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

FLORIDA CITY GAS

March 2010

PSC/AFA 13 (6/94)

FLORIDA CITY GAS
YEAR END RATE BASE
March 2010

	(1) ACTUAL PER BOOKS	(2) FPSC ADJUSTMENTS	(3) FPSC ADJUSTED	(4) PRO FORMA ADJUSTMENTS	(5) PRO FORMA ADJUSTED
<u>I. AVERAGE RATE OF RETURN (JURISDICTIONAL)</u>					
NET OPERATING INCOME (a)	\$ 8,683,670	\$ (535,350)	\$ 8,148,320	\$ 665,759	\$ 8,814,079
AVERAGE RATE BASE (a)	\$ 127,882,250	\$ 27,383,074	\$ 155,265,324	\$ (19,099,230)	\$ 136,166,094
AVERAGE RATE OF RETURN (a)	6.79%		5.25%		6.47%
<u>II. YEAR END RATE BASE (JURISDICTIONAL)</u>					
AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)	\$ 134,089,745	\$ 32,124,936	\$ 166,214,681	\$ (18,557,574)	\$ 147,657,107

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

LOW	6.78%	A. INCLUDING AGL ACQ. ADJ. & REGULATORY ASSETS	6.50%
MIDPOINT	7.19%	B. EXCLUDING AGL ACQ. ADJ. & REGULATORY ASSETS	9.78%
HIGH	7.60%		

IV. EARNED RETURN ON EQUITY (FPSC ADJUSTED BASIS)

I am aware that Section 817.06, 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.

[Signature]
Name and Title of Chief Financial Officer
Bryan E. Seas
SRP Controller & CAO

[Signature]
(Date)
5.14.2010

FLORIDA CITY GAS
 AVERAGE RATE OF RETURN
 RATE BASE
 March 2010

	(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
PER BOOKS	\$ 269,571,455	\$ 117,769,514	\$ 151,801,941	\$ -	\$ 9,238,196	\$ 161,040,137	\$ (33,157,887)	\$ 127,882,250
FPSC ADJUSTMENTS:								
Goodwill	(26,633,077)	-	(26,633,077)	-	-	(26,633,077)	-	(26,633,077)
ACG Common Plant	5,218,917	3,073,860	2,145,057	-	-	2,145,057	-	2,145,057
ACG Purchase Premium	21,656,835	3,549,315	18,107,520	-	-	18,107,520	57,980	18,107,520
Transaction Cost Regulatory Asset	-	-	-	-	-	-	(135,913)	57,980
Nonutility plant	-	-	-	-	-	-	-	(135,913)
FCG Acquisition Adjustment	1,497,497	500,171	997,326	-	-	997,326	-	997,326
Accumulated Removal Cost	-	-	-	-	-	-	-	-
Capital structure adjustments	-	-	-	-	-	-	33,860,770	33,860,770
Gas cost/conservation/CRA underrecoveries	-	-	-	-	-	-	(878,979)	(878,979)
Interest payable adjustment	-	-	-	-	-	-	(1,053,196)	(1,053,196)
Regulatory expense	-	-	-	-	-	-	-	-
Pension and Transition Costs Reg. Asset	-	-	-	-	-	-	933,730	933,730
Fort Pierce Utility acquisition	(34,800)	(16,656)	(18,144)	-	-	(18,144)	-	(18,144)
TOTAL FPSC ADJUSTMENTS	\$ 1,705,372	\$ 7,106,690	\$ (5,401,318)	\$ -	\$ -	\$ (5,401,318)	\$ 32,784,392	\$ 27,383,074
FPSC ADJUSTED	\$ 271,276,827	\$ 124,876,204	\$ 146,400,623	\$ -	\$ 9,238,196	\$ 155,638,819	\$ (373,495)	\$ 155,265,324
FLEX RATE REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
ADJUSTED FOR FLEX RATE REVENUES	\$ 271,276,827	\$ 124,876,204	\$ 146,400,623	\$ -	\$ 9,238,196	\$ 155,638,819	\$ (373,495)	\$ 155,265,324
PRO FORMA ADJUSTMENTS:								
TOTAL PRO FORMA ADJUSTMENTS	\$ (21,656,835)	\$ (3,549,315)	\$ (18,107,520)	\$ -	\$ -	\$ (18,107,520)	\$ (991,710)	\$ (19,099,230)
PRO FORMA ADJUSTED	\$ 249,619,992	\$ 121,326,889	\$ 128,293,103	\$ -	\$ 9,238,196	\$ 137,531,299	\$ (1,365,205)	\$ 136,166,094

FLORIDA CITY GAS
YEAR END RATE BASE
RATE BASE
March 2010

	(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
PER BOOKS	\$ 278,534,600	\$ 116,050,313	\$ 162,484,287	\$ -	\$ 4,068,105	\$ 166,552,392	\$ (32,462,647)	\$ 134,089,745
FPSC ADJUSTMENTS:								
Goodwill	(26,633,077)	-	(26,633,077)			(26,633,077)		(26,633,077)
AGL Common Plant	5,397,584	3,350,305	2,047,279			2,047,279		2,047,279
AGL Acquisition Adj. Per Amort Schedule	21,656,835	3,910,262	17,746,573			17,746,573		17,746,573
Transaction Cost Regulatory Asset								
FCG Acquisition Adjustments	1,497,497	524,117	973,380			973,380		973,380
Nonutility plant							(133,662)	(133,662)
Capital structure adjustments							37,644,416	37,644,416
Gas cost/conservation/CRA underrecoveries							(319,012)	(319,012)
Interest payable adjustment							5,606	5,606
Pension and Transition Costs Reg. Asset							811,001	811,001
Gain on Sale of Medley Property								
Fort Pierce Utility acquisition	(34,800)	(17,232)	(17,568)			(17,568)		(17,568)
TOTAL FPSC ADJUSTMENTS	1,884,039	7,767,452	(5,883,413)			(5,883,413)	38,008,349	32,124,936
FPSC ADJUSTED	\$ 280,418,639	\$ 123,817,765	\$ 156,600,874	\$ -	\$ 4,068,105	\$ 160,668,979	\$ 5,545,702	\$ 166,214,681
PRO FORMA ADJUSTMENTS:								
TOTAL PRO FORMA ADJUSTMENTS	\$ (21,656,835)	\$ (3,910,262)	\$ (17,746,573)	\$ -	\$ -	\$ (17,746,573)	\$ (811,001)	\$ (18,557,574)
PRO FORMA ADJUSTED	\$ 258,761,804	\$ 119,907,503	\$ 138,854,301	\$ -	\$ 4,068,105	\$ 142,922,406	\$ 4,734,701	\$ 147,657,107

FLORIDA CITY GAS
CAPITAL STRUCTURE
FPSC ADJUSTED BASIS
March 2010

AVERAGE DIVISIONAL CAPITAL	PER BOOKS	COMPANY RATIO	ADJUSTMENTS TO INVESTOR CAPITAL	ADJUSTED	SPECIFIC	PRO RATA	ADJUSTED	RATIO (%)	ADJUSTMENTS		
									LOW POINT	MIDPOINT	HIGH POINT
									COST RATE (%)	WEIGHTED COST (%)	WEIGHTED COST RATE (%)
LONG TERM DEBT	60,666,201	37.51%	5,715,199	66,381,400	(3,253,682)	63,127,718	40.66%	5.78%	2.35%	5.78%	2.35%
SHORT TERM DEBT	14,779,049	9.14%	(5,112,391)	9,666,658	(473,811)	9,192,847	5.92%	1.62%	0.10%	1.62%	0.10%
PREFERRED STOCK	-	0.00%	-	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	3,392,473	2.10%	-	3,392,473	-	3,392,473	2.18%	6.73%	0.15%	6.73%	0.15%
TAX CREDITS - ZERO COST	7,880	0.00%	-	7,880	-	7,880	0.01%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	-	0.00%	-	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%
ACC DEF INC TAXES-ZERO COST	15,681,368	9.69%	-	15,681,368	514,844	16,196,212	10.43%	0.00%	0.00%	0.00%	0.00%
TOTAL	161,743,020	100.00%	(1)	161,743,019	514,844	155,265,324	100.00%	5.78%	7.19%	5.78%	7.19%

YEAR END DIVISIONAL CAPITAL	PER BOOKS	COMPANY RATIO	ADJUSTMENTS TO INVESTOR CAPITAL	ADJUSTED	SPECIFIC	PRO RATA	ADJUSTED	RATIO (%)	ADJUSTMENTS		
									LOW POINT	MIDPOINT	HIGH POINT
									COST RATE (%)	WEIGHTED COST (%)	WEIGHTED COST RATE (%)
LONG TERM DEBT	62,869,880	36.61%	6,687,552	69,557,432	(2,818,841)	66,738,594	40.15%	5.78%	2.32%	5.78%	2.32%
SHORT TERM DEBT	15,397,220	8.97%	(5,268,058)	10,129,162	(410,488)	9,718,674	5.85%	1.62%	0.09%	1.62%	0.09%
PREFERRED STOCK	-	0.00%	-	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	3,502,167	2.04%	-	3,502,167	-	3,502,167	2.11%	6.73%	0.14%	6.73%	0.14%
TAX CREDITS - ZERO COST	7,250	0.00%	-	7,250	-	7,250	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%
ACC DEF INC TAXES-ZERO COST	18,737,779	10.91%	-	18,737,779	538,534	19,276,313	11.60%	0.00%	0.00%	0.00%	0.00%
TOTAL	171,734,161	100.00%	(1)	171,734,161	538,534	166,214,681	100.00%	6.68%	7.68%	6.68%	7.68%

AVERAGE EXCLUDING AGL ACQ ADJ. & REG. ASSETS DIVISIONAL CAPITAL	PER BOOKS	COMPANY RATIO	ADJUSTMENTS TO INVESTOR CAPITAL	ADJUSTED	SPECIFIC	PRO RATA	ADJUSTED	RATIO (%)	ADJUSTMENTS		
									LOW POINT	MIDPOINT	HIGH POINT
									COST RATE (%)	WEIGHTED COST (%)	WEIGHTED COST RATE (%)
LONG TERM DEBT	60,666,201	37.51%	5,715,199	66,381,400	(12,183,103)	54,240,699	39.83%	5.78%	2.30%	5.78%	2.30%
SHORT TERM DEBT	14,779,049	9.14%	(5,112,391)	9,666,658	(1,767,965)	7,898,693	5.80%	1.62%	0.09%	1.62%	0.09%
PREFERRED STOCK	-	0.00%	-	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	3,392,473	2.10%	-	3,392,473	-	3,392,473	2.49%	6.73%	0.17%	6.73%	0.17%
TAX CREDITS - ZERO COST	7,880	0.00%	-	7,880	-	7,880	0.01%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	-	0.00%	-	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%
ACC DEF INC TAXES-ZERO COST	15,681,368	9.70%	-	15,681,368	514,844	16,196,212	11.82%	0.00%	0.00%	0.00%	0.00%
TOTAL	161,743,020	100.00%	(1)	161,743,019	514,844	156,091,769	100.00%	6.66%	7.06%	6.66%	7.06%

FLORIDA CITY GAS
EARNED RETURN ON COMMON EQUITY
FPSC ADJUSTED BASIS
March 2010

SCHEDULE 5

A. INCLUDING AGL ACQUISITION ADJUSTMENT & REGULATORY ASSETS

FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	<u>5.25%</u>
LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:	
LONG TERM DEBT	-2.35%
SHORT TERM DEBT	-0.10%
PREFERRED STOCK	0.00%
CUSTOMER DEPOSITS	-0.15%
TAX CREDITS-WEIGHTED COST(MIDPOINT)	<u>0.00%</u>
SUBTOTAL	-2.60%
TOTAL	<u>2.65%</u>
DIVIDED BY RECONCILED COMMON EQUITY RATIO	<u>40.80%</u>
JURISDICTIONAL RETURN ON COMMON EQUITY	<u>6.50%</u>

B. EXCLUDING AGL ACQUISITION ADJUSTMENT & REGULATORY ASSETS

NET OPERATING INCOME EXCLUDING FLEX RATE REVENUES	\$ 8,814,079
RATE BASE EXCLUDING FLEX RATE REVENUES	\$ 136,166,094
FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	6.47%
LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:	
LONG TERM DEBT	-2.30%
SHORT TERM DEBT	-0.09%
PREFERRED STOCK	0.00%
CUSTOMER DEPOSITS	-0.17%
TAX CREDITS-WEIGHTED COST(MIDPOINT)	<u>0.00%</u>
SUBTOTAL	-2.56%
TOTAL	<u>3.91%</u>
DIVIDED BY RECONCILED COMMON EQUITY RATIO	<u>39.97%</u>
JURISDICTIONAL RETURN ON COMMON EQUITY	<u>9.78%</u>

*** TX REPORT ***

TRANSMISSION OK

TX/RX NO 2935
CONNECTION TEL 18504136421
CONNECTION ID
ST. TIME 05/18 14:54
USAGE T 03'16
PGS. SENT 9
RESULT OK



Florida City Gas

FACSIMILE TRANSMITTAL FORM

FAX (305) 835 - 6491

DATE: May 17, 2010

FACSIMILE NUMBER: (850) 413-6421

TO: John Slemkewicz

FPSC

FROM: Rosie Abreu

We are transmitting 9 page(s) including this transmittal form. If transmission is not complete, please call Rosie at (305) 835-3607.

Comments: March 2010 Quarterly Surveillance Report



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