



Florida City Gas

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

November 14, 2013

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

**Re: Florida City Gas  
Surveillance Report for September 2013**

Dear Mr. Slemkevicz:

Enclosed find Florida City Gas' September 2013 Surveillance Report.

Sincerely,

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Rosie Abreu  
Financial Analyst

**FLORIDA PUBLIC SERVICE COMMISSION**

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

**FLORIDA CITY GAS**

September 2013

PSC/AFA 13 (6/94)

SCHEDULE I

FLORIDA CITY GAS  
YEAR END RATE BASE  
September 2013

	(1)	(2)	(3)	(4)	(5)
	ACTUAL	FPSC	FPSC	PRO FORMA	PRO FORMA
	PER BOOKS	ADJUSTMENTS	ADJUSTED	ADJUSTMENTS	ADJUSTED
<u>I. AVERAGE RATE OF RETURN (JURISDICTIONAL)</u>					
NET OPERATING INCOME	\$ 11,735,300	\$ (855,039)	\$ 10,879,261	\$ 422,766	\$ 11,302,027
AVERAGE RATE BASE	\$ 137,922,780	\$ 26,633,053	\$ 164,555,833	\$ (16,084,563)	\$ 148,471,270
AVERAGE RATE OF RETURN	8.51%		6.61%		7.61%

II. YEAR END RATE BASE (JURISDICTIONAL)

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

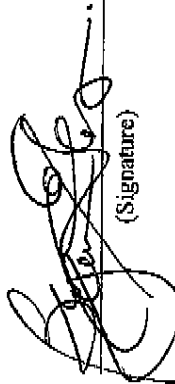
LOW	5.76%	A. INCLUDING AGL ACQ. ADJ. & REGULATORY ASSETS	12.66%
MIDPOINT	6.11%		
HIGH	6.47%	B. EXCLUDING AGL ACQ. ADJ. & REGULATORY ASSETS	15.94%

IV. EARNED RETURN ON EQUITY (FPSC ADJUSTED BASIS)

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. Sees, SVP & Chief Accounting Officer  
(Name and Title of Chief Financial Officer)



(Signature)

11 - 12 - 2013  
(Date)

SCHEDULE 2, PAGE 1 OF 2

FLORIDA CITY GAS  
AVERAGE RATE OF RETURN  
RATE BASE  
September 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	\$ 312,559,145	\$ 138,419,425	\$ 174,122,720	\$ -	\$ 8,425,217	\$ 182,547,937	\$ (44,625,157)	\$ 137,922,780
2								
3	<b>FPSC ADJUSTMENTS:</b>							
4	(26,633,077)	-	(26,633,077)			(26,633,077)		(26,633,077)
5	3,558,819	2,380,224	1,178,596			1,178,596		1,178,596
6	21,656,835	6,075,946	15,580,889			15,580,889		15,580,889
7	-	-	-		(2,274,668)	(2,274,668)	(4,762,860)	(7,037,528)
8							(93,285)	(93,285)
9	1,497,497	667,793	829,704			829,704		829,704
10								
11								
12							44,054,174	44,054,174
13							(679,278)	(679,278)
14							(1,056,703)	(1,056,703)
15								
16	(34,800)	(20,688)	(14,112)			(14,112)		(14,112)
17	46,274	9,103,275	(9,056,001)		(2,274,668)	(11,332,669)	37,965,721	26,633,053
18								
19	312,597,420	147,532,700	165,054,720		6,150,549	171,215,269	(6,659,436)	164,555,833
20								
21								
22								
23	312,597,420	147,532,700	165,054,720		6,150,549	171,215,269	(6,659,436)	164,555,833
24								
25								
26								
27	<b>PRO FORMA ADJUSTMENTS:</b>							
28								
29	(21,656,835)	(6,075,946)	(15,580,889)			(15,580,889)	(508,674)	(16,084,563)
30								
31	290,940,585	141,456,754	149,483,831		6,150,549	155,634,380	(7,163,110)	148,471,270

FLORIDA CITY GAS  
AVERAGE RATE OF RETURN  
INCOMESTATEMENT  
September 2013

Line No.	(1) OPERATING REVENUES	(2) O&M GAS EXPENSE	(3) O&M OTHER	(4) DEPR. & AMORT.	(5) TAXES	(6) CURRENT INCOME TAXES	(7) DEFERRED INCOME TAXES	(8) INV. TAX CREDIT (NET)	(9) GAIN/LOSS ON DISPOSITION	(10) TOTAL OPERATING EXPENSES	(11) NET OPERATING INCOME
1	PER BOOKS										
2	End of year contract revenue accrual	\$ 82,544,672	\$ 16,999,858	\$ 12,198,169	\$ 7,162,746	\$ 1,548,754	\$ 3,423,227	\$ (1,260)	\$ -	\$ 70,809,303	\$ 11,735,369
3	ADJUSTED BOOKS	\$ 82,544,672	\$ 16,999,858	\$ 12,198,169	\$ 7,162,746	\$ 1,548,754	\$ 3,423,227	\$ (1,260)	\$ -	\$ 70,809,303	\$ 11,735,369
4	PERIODIC ADJUSTMENTS	(29,525,035)	(29,378,169)	(999,185)	(146,891)	(280,673)	(61,807)			(29,525,035)	(432,402)
5	Final investment costs	66,516,963		721,895		(271,690)				66,967,168	(432,402)
6	Provision for reserves										
7	Provision for reserves										
8	ECIP revenues										
9	Remove AEP										
10	AGI Purchase Premium per Asset Sched										
11	Transaction Cost Regulatory Asset										
12	Propane Sites	(30,398)				(14,450)				(14,450)	(33,943)
13	Propane Cost		(35,461)			13,343				(22,118)	32,118
14	Propane Cost		(16,025)			6,080				(9,945)	9,993
15	Associative fees		(878)			330				(548)	548
16	Electricity development expenses			164,249			(61,807)			102,442	(102,442)
17	Position and Transaction Costs Reg. Asset									(8,422)	8,422
18	Employee activities					5,081				(11,576)	11,576
19	Interest synchronization									(11,576)	11,576
20	TOTAL PERIODIC ADJUSTMENTS	(35,713,020)	(29,378,169)	(113,741)	(146,891)	(633,585)	(61,807)			(34,357,002)	(432,402)
21	PERIODIC ADJUSTED	\$ 46,831,652	\$ 16,933,692	\$ 12,184,428	\$ 2,558,893	\$ 915,169	\$ 3,361,420	\$ (1,260)	\$ -	\$ 35,951,361	\$ 10,879,281
22	PERIODIC ADJUSTED	\$ 46,831,652	\$ 16,933,692	\$ 12,184,428	\$ 2,558,893	\$ 915,169	\$ 3,361,420	\$ (1,260)	\$ -	\$ 35,951,361	\$ 10,879,281
23	PERIODIC ADJUSTED										
24	ELEC RATE REVENUES										
25	ADJUSTED FOR										
26	ELEC RATE REVENUES										
27	PERIODIC ADJUSTED										
28	PERIODIC ADJUSTED										
29	PERIODIC ADJUSTED										
30	TOTAL PERIODIC ADJUSTMENTS										
31	PERIODIC ADJUSTED	\$ 46,831,652	\$ 16,933,692	\$ 12,184,428	\$ 2,558,893	\$ 915,169	\$ 3,361,420	\$ (1,260)	\$ -	\$ 35,951,361	\$ 10,879,281
32	PERIODIC ADJUSTED	\$ 46,831,652	\$ 16,933,692	\$ 12,184,428	\$ 2,558,893	\$ 915,169	\$ 3,361,420	\$ (1,260)	\$ -	\$ 35,951,361	\$ 10,879,281
33	PERIODIC ADJUSTED										
34	PERIODIC ADJUSTED										
35	PERIODIC ADJUSTED										
36	CURRENT QUARTER AMOUNT	\$ 17,788,744	\$ 5,921,548	\$ 4,418,159	\$ 1,603,173	\$ (776,673)	\$ 1,541,158	\$ (314)	\$ -	\$ 15,614,864	\$ 2,173,884

SCHEDULE 3

FLORIDA CITY GAS  
YEAR END RATE BASE  
RATE BASE  
September 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	\$ 317,386,639	\$ 142,433,890	\$ 174,952,739	\$ -	\$ 10,996,680	\$ 185,949,419	\$ (47,532,109)	\$ 138,417,310
2								
3 <b>FFSC ADJUSTMENTS:</b>								
4 Goodwill	(26,633,077)	-	(26,633,077)			(26,633,077)		(26,633,077)
5 AGL Common Plant	3,778,122	2,569,488	1,208,634			1,208,634		1,208,634
6 AGL Acquisition Adj. Per Amort Schedule	21,656,835	6,436,893	15,219,942			15,219,942		15,219,942
7 Remove AEP	-	-	-			-	(9,724,267)	(9,724,267)
8 FCG Acquisition Adjustments	1,497,497	691,739	805,758			805,758		805,758
9 Nonutility plant	-	-	-			-	(91,392)	(91,392)
10 Capital structure adjustments	-	-	-			-	49,261,290	49,261,290
11 Gas cost/conservation/CRA Underrecoveries	-	-	-			-	(338,157)	(338,157)
12 Interest payable adjustment	-	-	-			-	-	-
13 Pension and Transition Costs Reg. Asset	-	-	-			-	452,453	452,453
14 Gain on Sale of Metley Property	-	-	-			-	-	-
15 Fort Pierce Utility acquisition	(34,800)	(21,264)	(13,536)			(13,536)	-	(13,536)
16 TOTAL FFSC ADJUSTMENTS	264,577	9,676,856	(9,412,279)			(9,412,279)	39,559,927	30,147,648
17								
18 FFSC ADJUSTED	\$ 317,651,206	\$ 152,110,746	\$ 165,540,460	\$ -	\$ 10,996,680	\$ 176,537,139	\$ (7,972,181)	\$ 168,564,958
19								
20 <b>PRO FORMA ADJUSTMENTS:</b>								
21								
22 TOTAL PRO FORMA ADJUSTMENTS	\$ (21,656,835)	\$ (6,436,893)	\$ (15,219,942)	\$ -	\$ -	\$ (15,219,942)	\$ (452,453)	\$ (15,672,395)
23								
24 PRO FORMA ADJUSTED	\$ 295,994,371	\$ 145,673,853	\$ 150,320,518	\$ -	\$ 10,996,680	\$ 161,317,197	\$ (8,424,634)	\$ 152,892,563



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

SCHEDULE 5

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

Line No.

<b>1</b>	FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	<u>6.61%</u>
<b>2</b>	LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:	
<b>3</b>	LONG TERM DEBT	-1.84%
<b>4</b>	SHORT TERM DEBT	-0.13%
<b>5</b>	PREFERRED STOCK	0.00%
<b>6</b>	CUSTOMER DEPOSITS	-0.16%
<b>7</b>	TAX CREDITS-WEIGHTED COST(MIDPOINT)	<u>0.00%</u>
<b>8</b>	<b>SUBTOTAL</b>	<b>-2.13%</b>
<b>9</b>	<b>TOTAL</b>	<b><u>4.48%</u></b>
<b>10</b>	DIVIDED BY RECONCILED COMMON EQUITY RATIO	<u>35.40%</u>
<b>11</b>	<b>JURISDICTIONAL RETURN ON COMMON EQUITY</b>	<b><u>12.66%</u></b>
<b>12</b>		
<b>13</b>		
<b>14</b>		
<b>15</b>		
<b>16</b>		

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

<b>17</b>		
<b>18</b>		
<b>19</b>	NET OPERATING INCOME EXCLUDING FLEX RATE REVENUES	\$ 11,303,047
<b>20</b>		
<b>21</b>	RATE BASE EXCLUDING FLEX RATE REVENUES	\$ 148,471,270
<b>22</b>		
<b>23</b>	FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	7.61%
<b>24</b>	LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:	
<b>25</b>	LONG TERM DEBT	-1.80%
<b>26</b>	SHORT TERM DEBT	-0.13%
<b>27</b>	PREFERRED STOCK	0.00%
<b>28</b>	CUSTOMER DEPOSITS	-0.17%
<b>29</b>	TAX CREDITS-WEIGHTED COST(MIDPOINT)	<u>0.00%</u>
<b>30</b>	<b>SUBTOTAL</b>	<b>-2.10%</b>
<b>31</b>	<b>TOTAL</b>	<b><u>5.51%</u></b>
<b>32</b>	DIVIDED BY RECONCILED COMMON EQUITY RATIO	<u>34.56%</u>
<b>33</b>	<b>JURISDICTIONAL RETURN ON COMMON EQUITY</b>	<b><u>15.94%</u></b>