

FLORIDA PUBLIC SERVICE COMMISSION

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

FLORIDA CITY GAS

September 2015

PSC/AFA 13 (6/94)

FLORIDA CITY GAS
YEAR END RATE BASE
 September 2015

	(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)	\$ 9,787,370	\$ (1,154,347)	\$ 8,633,023	\$ 442,413	\$ 9,075,436
AVERAGE RATE BASE (a)	\$ 156,965,033	\$ 32,953,908	\$ 189,918,941	\$ (14,435,890)	\$ 175,483,052
AVERAGE RATE OF RETURN (a)	6.24%		4.55%		5.17%

II. YEAR END RATE BASE (JURISDICTIONAL)

AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)	\$ 161,115,848	\$ 35,298,038	\$ 196,413,886	\$ (14,023,721)	\$ 182,390,165
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III. REQUIRED RATES OF RETURN

LOW	<u>6.22%</u>
MIDPOINT	<u>6.63%</u>
HIGH	<u>7.03%</u>

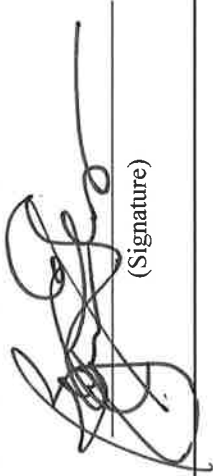
IV. EARNED RETURN ON EQUITY (FPSC ADJUSTED BASIS)

A. INCLUDING AGL ACQ. ADJ. & REGULATORY ASSETS	<u>6.17%</u>
B. EXCLUDING AGL ACQ. ADJ. & REGULATORY ASSETS	<u>7.90%</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)

11 / 10 / 2015
 (Date)

FLORIDA CITY GAS
AVERAGE RATE OF RETURN
RATE BASE
September 2015

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	\$ 350,147,980	\$ 156,717,817	\$ 193,430,163	\$ -	\$ 13,225,945	\$ 206,656,108	\$ 156,965,033
2								
3	FPSC ADJUSTMENTS:							
4	Goodwill	(26,633,077)	-	(26,633,077)	-	(26,633,077)	-	(26,633,077)
5	AGL Common Plant	5,564,951	3,383,419	2,181,532	-	2,181,532	-	2,181,532
6	AGL Purchase Premium	21,656,835	7,519,735	14,137,100	-	14,137,100	-	14,137,100
7	Remove AEP	-	-	-	-	-	(12,390,432)	(12,390,432)
8	Nonutility plant	-	-	-	-	-	(79,637)	(79,637)
9	FCG Acquisition Adjustment	1,497,497	763,577	733,920	-	733,920	-	733,920
10	Accumulated Removal Cost	-	-	-	-	-	-	-
11	Capital structure adjustments	-	-	-	-	-	56,198,690	56,198,690
12	Gas cost/conservation/CRA underrecoveries	-	-	-	-	-	(424,466)	(424,466)
13	Interest payable adjustment	-	-	-	-	-	(1,056,703)	(1,056,703)
14	Regulatory expense	-	-	-	-	-	-	-
15	Pension and Transition Costs Reg. Asset	-	-	-	-	-	298,789	298,789
16	Fort Pierce Utility acquisition	(34,800)	(22,992)	(11,808)	-	(11,808)	-	(11,808)
17	TOTAL FPSC ADJUSTMENTS	\$ 2,051,406	\$ 11,643,739	\$ (9,592,333)	\$ -	\$ (9,592,333)	\$ 42,546,241	\$ 32,953,908
18								
19	FPSC ADJUSTED	\$ 352,199,386	\$ 168,361,556	\$ 183,837,830	\$ -	\$ 13,225,945	\$ 197,063,775	\$ 189,918,941
20								
21	FLEX RATE REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
22								
23	ADJUSTED FOR FLEX RATE REVENUES	\$ 352,199,386	\$ 168,361,556	\$ 183,837,830	\$ -	\$ 13,225,945	\$ 197,063,775	\$ 189,918,941
24								
25								
26								
27	PRO FORMA ADJUSTMENTS:							
28								
29	TOTAL PRO FORMA ADJUSTMENTS	\$ (21,656,835)	\$ (7,519,735)	\$ (14,137,100)	\$ -	\$ (14,137,100)	\$ (298,789)	\$ (14,435,890)
30								
31	PRO FORMA ADJUSTED	\$ 330,542,551	\$ 160,841,821	\$ 169,700,730	\$ -	\$ 13,225,945	\$ 182,926,675	\$ 175,483,052

FLORIDA CITY GAS
YEAR-END RATE BASE
RATE BASE
September 2015

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	\$ 355,935,613	\$ 159,176,164	\$ 196,759,449	\$ -	\$ 17,044,596	\$ 213,804,045	\$ (52,688,196)	\$ 161,115,848
2								
3	FPSC ADJUSTMENTS:							
4	(26,633,077)	-	(26,633,077)			(26,633,077)		(26,633,077)
5	5,771,094	3,548,294	2,222,800			2,222,800		2,222,800
6	21,656,835	7,880,682	13,776,153			13,776,153		13,776,153
7	-	-	-			-	(13,051,962)	(13,051,962)
8	1,497,497	787,523	709,974			709,974		709,974
9	-	-	-			-	(76,698)	(76,698)
10							58,578,745	58,578,745
11							(464,233)	(464,233)
12							-	-
13							247,568	247,568
14							-	-
15	(34,800)	(23,568)	(11,232)			(11,232)		(11,232)
16	2,257,549	12,192,931	(9,935,382)			(9,935,382)	45,233,420	35,298,038
17								
18	\$ 358,193,162	\$ 171,369,095	\$ 186,824,067	\$ -	\$ 17,044,596	\$ 203,868,662	\$ (7,454,776)	\$ 196,413,886
19								
20	PRO FORMA ADJUSTMENTS:							
21								
22	\$ (21,656,835)	\$ (7,880,682)	\$ (13,776,153)	\$ -	\$ -	\$ (13,776,153)	\$ (247,568)	\$ (14,023,721)
23								
24	\$ 356,536,327	\$ 163,488,413	\$ 173,047,914	\$ -	\$ 17,044,596	\$ 190,092,509	\$ (7,702,344)	\$ 182,390,165

FLORIDA CITY GAS
CAPITAL STRUCTURE
PSC-ADJUSTED BASIS
September 2015

Line No.	AVERAGE	PER BOOKS	COMPANY RATIO	ADJUSTMENTS TO INVESTOR CAPITAL	ADJUSTED	SPECIFIC	PRO RATA	ADJUSTED	RATIO (%)	LOW POINT			MID POINT			HIGH POINT		
										COST RATE (%)	WEIGHTED COST (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	WEIGHTED COST (%)
1	DIVISIONAL CAPITAL	\$ 79,171,935	37.14%	\$ 8,811,416	\$ 87,983,351		\$ (10,409,234)	\$ 77,574,117	40.85%	10.25%	4.19%	11.25%	4.60%	12.25%	5.00%			
2	LONG TERM DEBT	77,793,098	36.49%	1,491,215	79,284,313		(9,380,059)	69,904,254	36.81%	4.95%	1.82%	4.95%	1.82%	4.95%	1.82%			
3	SHORT TERM DEBT	20,355,190	9.55%	(10,302,627)	10,052,563		(1,189,310)	8,863,253	4.67%	1.41%	0.07%	1.41%	0.07%	1.41%	0.07%			
4	PREFERRED STOCK	-	0.00%	-	-		-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
5	CUSTOMER DEPOSITS	3,879,957	1.82%		3,879,957			3,879,957	2.04%	6.73%	0.14%	6.73%	0.14%	6.73%	0.14%			
6	TAX CREDITS - ZERO COST	954	0.00%		954			954	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
7	TAX CREDITS - WEIGHTED COST	-	0.00%		-			-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
8	ACC DEF INC TAXES-ZERO COST	31,962,588	15.00%	-	31,962,588	(2,266,182)	-	29,696,407	15.64%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
9	TOTAL	\$ 213,163,723	100.00%	\$ 3	\$ 213,163,726	\$ (2,266,182)	\$ (20,978,603)	\$ 189,918,941	100.00%	6.22%	6.22%	6.22%	6.63%	7.03%				
10	ADJUSTMENTS																	
11	YEAR END DIVISIONAL CAPITAL	\$ 81,387,812	37.05%	\$ 9,544,462	\$ 90,932,274		\$ (10,378,637)	\$ 80,553,637	41.01%	10.25%	4.20%	11.25%	4.61%	12.25%	3.02%			
12	LONG TERM DEBT	79,728,036	36.29%	2,213,638	81,941,674		(9,352,487)	72,589,187	36.96%	4.95%	1.83%	4.95%	1.83%	4.95%	1.83%			
13	SHORT TERM DEBT	22,147,592	10.08%	(11,758,099)	10,389,493		(1,185,814)	9,203,679	4.69%	1.41%	0.07%	1.41%	0.07%	1.41%	0.07%			
14	PREFERRED STOCK	-	0.00%		-			-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
15	CUSTOMER DEPOSITS	3,934,106	1.79%		3,934,106			3,934,106	2.00%	6.73%	0.13%	6.73%	0.13%	6.73%	0.13%			
16	TAX CREDITS - ZERO COST	325	0.00%		325			325	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
17	TAX CREDITS - WEIGHTED COST	-	0.00%		-			-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
18	ACC DEF INC TAXES-ZERO COST	32,496,722	14.79%	-	32,496,722	(2,363,769)	-	30,132,953	15.34%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
19	TOTAL	\$ 219,694,594	100.00%	\$ 0	\$ 219,694,594	\$ (2,363,769)	\$ (20,916,039)	\$ 196,413,886	100.00%	6.23%	6.23%	6.23%	6.64%	7.05%				
20	ADJUSTMENTS																	
21	AVERAGE EXCLUDING AGL ACQ	\$ 79,171,935	37.14%	\$ 8,811,416	\$ 87,983,351		\$ (17,572,083)	\$ 70,411,268	40.12%	10.25%	4.11%	11.25%	4.51%	12.25%	4.91%			
22	ADJ. & REG. ASSETS	-	-	-	-		-	-	-	-	-	-	-	-	-			
23	DIVISIONAL CAPITAL	\$ 77,793,098	36.49%	1,491,215	79,284,313		(15,834,706)	63,449,607	36.16%	4.95%	1.79%	4.95%	1.79%	4.95%	1.79%			
24	LONG TERM DEBT	20,355,190	9.55%	(10,302,627)	10,052,563		(2,007,703)	8,044,860	4.58%	1.41%	0.06%	1.41%	0.06%	1.41%	0.06%			
25	SHORT TERM DEBT	-	0.00%		-			-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
26	PREFERRED STOCK	3,879,957	1.82%		3,879,957			3,879,957	2.21%	6.73%	0.15%	6.73%	0.15%	6.73%	0.15%			
27	CUSTOMER DEPOSITS	954	0.00%		954			954	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
28	TAX CREDITS - ZERO COST	-	0.00%		-			-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
29	TAX CREDITS - WEIGHTED COST	-	0.00%		-			-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
30	ACC DEF INC TAXES-ZERO COST	31,962,588	14.99%	-	31,962,588	(2,266,182)	-	29,696,407	16.92%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
31	TOTAL	\$ 213,163,723	100.00%	\$ 3	\$ 213,163,726	\$ (2,266,182)	\$ (35,414,493)	\$ 175,483,052	100.00%	6.11%	6.11%	6.11%	6.51%	6.91%				

FLORIDA CITY GAS
EARNED RETURN ON COMMON EQUITY
FPSC ADJUSTED BASIS
September 2015

SCHEDULE 5

A. INCLUDING AGL ACQUISITION ADJUSTMENT & REGULATORY ASSETS

Line No.

1	FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	4.55%
2	LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:	
3	LONG TERM DEBT	-1.82%
4	SHORT TERM DEBT	-0.07%
5	PREFERRED STOCK	0.00%
6	CUSTOMER DEPOSITS	-0.14%
7	TAX CREDITS-WEIGHTED COST(MIDPOINT)	0.00%
8	SUBTOTAL	<u>-2.03%</u>
9	TOTAL	<u>2.52%</u>
10	DIVIDED BY RECONCILED COMMON EQUITY RATIO	<u>40.85%</u>
11	JURISDICTIONAL RETURN ON COMMON EQUITY	<u>6.17%</u>
12		
13		
14		
15		
16		

B. EXCLUDING AGL ACQUISITION ADJUSTMENT & REGULATORY ASSETS

17		
18		
19	NET OPERATING INCOME EXCLUDING FLEX RATE REVENUES	\$ 9,075,436
20		
21	RATE BASE EXCLUDING FLEX RATE REVENUES	\$ 175,483,052
22		
23	FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	5.17%
24	LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:	
25	LONG TERM DEBT	-1.79%
26	SHORT TERM DEBT	-0.06%
27	PREFERRED STOCK	0.00%
28	CUSTOMER DEPOSITS	-0.15%
29	TAX CREDITS-WEIGHTED COST(MIDPOINT)	0.00%
30	SUBTOTAL	<u>-2.00%</u>
31	TOTAL	<u>3.17%</u>
32	DIVIDED BY RECONCILED COMMON EQUITY RATIO	<u>40.12%</u>
33	JURISDICTIONAL RETURN ON COMMON EQUITY	<u>7.90%</u>