

FLORIDA PUBLIC SERVICE COMMISSION

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

FLORIDA CITY GAS

June 2016

PSC/AFA 13 (6/94)

FLORIDA CITY GAS
YEAR END RATE BASE
June 2016

	(1)	(2)	(3)	(4)	(5)
	ACTUAL	FPSC	FPSC	PRO FORMA	PRO FORMA
	<u>PER BOOKS</u>	<u>ADJUSTMENTS</u>	<u>ADJUSTED</u>	<u>ADJUSTMENTS</u>	<u>ADJUSTED</u>
I. AVERAGE RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	\$ 11,071,013	\$ (1,396,855)	\$ 9,674,158	\$ 445,576	\$ 10,119,734
AVERAGE RATE BASE	\$ 169,669,345	\$ 31,506,718	\$ 201,176,062	\$ (13,817,637)	\$ 187,358,426
AVERAGE RATE OF RETURN	6.53%		4.81%		5.40%

II. YEAR END RATE BASE (JURISDICTIONAL)
 \$ 176,830,877 \$ 35,369,419 \$ 212,200,295 \$ (13,405,468) \$ 198,794,827

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

LOW	<u>6.09%</u>	A. INCLUDING AGL ACQ. ADJ. & REGULATORY ASSETS	<u>6.99%</u>
MIDPOINT	<u>6.49%</u>	B. EXCLUDING AGL ACQ. ADJ. & REGULATORY ASSETS	<u>8.69%</u>
HIGH	<u>6.88%</u>		

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.

Dave C. Weary VP - External Affairs

(Name and Title of Chief Financial Officer)

(Signature)

8-15-16

(Date)

FLORIDA CITY GAS
AVERAGE RATE OF RETURN
RATE BASE
June 2016

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	\$ 362,551,119	\$ 161,783,000	\$ 200,768,119	\$ -	\$ 18,649,252	\$ 219,417,371	\$ (49,748,027)	\$ 169,669,345
2								
3	FPSC ADJUSTMENTS:							
4	(26,633,077)		(26,633,077)			(26,633,077)		(26,633,077)
5	5,988,019	3,656,325	2,331,694			2,331,694		2,331,694
6	21,656,835	8,061,156	13,595,679			13,595,679		13,595,679
7							(13,224,850)	(13,224,850)
8							(75,249)	(75,249)
9	1,497,497	799,496	698,001			698,001		698,001
10								
11							56,185,769	56,185,769
12							(523,259)	(523,259)
13							(1,056,703)	(1,056,703)
14							(2,301)	(2,301)
15							221,958	221,958
16								
17	(34,800)	(23,856)	(10,944)			(10,944)		(10,944)
18	\$ 2,474,474	\$ 12,493,121	\$ (10,018,647)	\$ -	\$ -	\$ (10,018,647)	\$ 41,525,365	\$ 31,506,718
19	\$ 365,025,593	\$ 174,276,120	\$ 190,749,472	\$ -	\$ 18,649,252	\$ 209,398,725	\$ (8,222,662)	\$ 201,176,062
20								
21								
22								
23	\$ 365,025,593	\$ 174,276,120	\$ 190,749,472	\$ -	\$ 18,649,252	\$ 209,398,725	\$ (8,222,662)	\$ 201,176,062
24								
25								
26								
27	PRO FORMA ADJUSTMENTS:							
28								
29	\$ (21,656,835)	\$ (8,061,156)	\$ (13,595,679)	\$ -	\$ -	\$ (13,595,679)	\$ (221,958)	\$ (13,817,637)
30								
31	\$ 343,368,758	\$ 166,214,964	\$ 177,153,793	\$ -	\$ 18,649,252	\$ 195,803,045	\$ (8,444,620)	\$ 187,358,426

FLORIDA CITY GAS
AVERAGE RATE OF RETURN
INCOME STATEMENT
June 2016

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) OPERATING EXPENSES	(11) NET OPERATING INCOME
1	\$ 81,157,501	\$ 23,930,193	\$ 19,884,343	\$ 14,688,056	\$ 7,210,148	\$ (97,562)	\$ 4,471,939	\$ (629)	\$ -	\$ 70,086,488	\$ 11,071,013
2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3	\$ 81,157,501	\$ 23,930,193	\$ 19,884,343	\$ 14,688,056	\$ 7,210,148	\$ (97,562)	\$ 4,471,939	\$ (629)	\$ -	\$ 70,086,488	\$ 11,071,013
4											
5											
6	(24,049,844)	(23,930,193)			(119,651)				(24,049,844)		
7	(4,655,909)				(4,655,909)				(4,655,909)		
8						(574,534)			(1,805,784)		(952,262)
9	(2,758,045)			(1,231,250)		(271,649)			450,246		(450,246)
10		(75,221)		721,895		(19,520)			(94,741)		(32,353)
11	(127,094)					(303)					(502)
12	(805)										
13			(16,025)			6,030			(9,995)		9,995
14			(878)			330			(548)		548
15				164,249			(61,808)		102,441		(102,441)
16			(13,503)			5,081			(8,422)		8,422
17						(121,983)			(121,983)		121,983
18						(976,548)			(30,194,842)		(1,396,855)
19	(31,591,697)	(24,005,414)	(30,406)	(345,106)	(4,775,560)		(61,808)				
20											
21	\$ 49,565,804	\$ (75,221)	\$ 19,853,937	\$ 14,342,950	\$ 2,434,589	\$ (1,074,110)	\$ 4,410,131	\$ (629)	\$ -	\$ 39,891,646	\$ 9,674,158
22											
23											
24											
25											
26	\$ 49,565,804	\$ (75,221)	\$ 19,853,937	\$ 14,342,950	\$ 2,434,589	\$ (1,074,110)	\$ 4,410,131	\$ (629)	\$ -	\$ 39,891,646	\$ 9,674,158
27											
28											
29											
30											
31											
32											
33	\$ 49,565,804	\$ (75,221)	\$ 19,853,937	\$ 13,456,806	\$ 2,434,589	\$ (895,350)	\$ 4,471,939	\$ (629)	\$ -	\$ (445,576)	\$ 445,576
34											
35	\$ 19,256,971	\$ 4,895,403	\$ 5,144,572	\$ 3,835,998	\$ 1,786,403	\$ (2,359,170)	\$ 3,367,810	\$ 3	\$ -	\$ 16,675,020	\$ 2,583,952
36											

1 PER BOOKS
 2 End of year customer refund accrual
 3 ADJUSTED BOOKS
 4
 5
 6 FISCAL ADJUSTMENTS:
 7 Fuel revenues/costs
 8 Franchise/gross receipts taxes
 9 ECP revenue/costs
 10 Remove AEP
 11 AGL Purchase Premium per Amort Sched
 12 Energy Services Revenue and Expenses
 13 Propane Sales
 14 Propane Cost
 15 Association dues
 16 Economic development expense
 17 Pension and Transition Costs Reg. Asset
 18 Employee activities
 19 Interest synchronization
 20 TOTAL FPSC ADJUSTMENTS
 21
 22 FPSC ADJUSTED
 23
 24 FLEX RATE REVENUES
 25 ADJUSTED FOR
 26 FLEX RATE REVENUES
 27
 28
 29 PRO-FOR-A ADJUSTMENTS
 30
 31 TOTAL PRO FORMA ADJUSTMENTS
 32
 33 PRO FORMA ADJUSTED
 34
 35 PER BOOKS
 36 CURRENT QUARTER AMOUNT

FLORIDA CITY GAS
YEAR END RATE BASE
RATE BASE
June 2016

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	\$ 380,105,119	\$ 166,634,665	\$ 213,470,454	\$ -	\$ 17,076,045	\$ 230,546,499	\$ (53,715,623)	\$ 176,830,877
2								
3	FPSC ADJUSTMENTS:							
4	(26,633,077)	-	(26,633,077)			(26,633,077)		(26,633,077)
5	6,307,872	3,799,782	2,508,090			2,508,090		2,508,090
6	21,656,835	8,422,103	13,234,732			13,234,732		13,234,732
7	-	-	-			-	(13,824,705)	(13,824,705)
8	1,497,497	823,442	674,055			674,055		674,055
9	-	-	-			-	(72,351)	(72,351)
10								
11								
12								
13								
14								
15								
16	(34,800)	(24,432)	(10,368)			(10,368)		(10,368)
17	2,794,327	13,020,895	(10,226,568)			(10,226,568)	45,595,987	35,369,419
18	\$ 382,899,446	\$ 179,655,560	\$ 203,243,886	\$ -	\$ 17,076,045	\$ 220,319,931	\$ (8,119,636)	\$ 212,200,295
19								
20	PRO FORMA ADJUSTMENTS:							
21								
22	\$ (21,656,835)	\$ (8,422,103)	\$ (13,234,732)	\$ -	\$ -	\$ (13,234,732)	\$ (170,737)	\$ (13,405,468)
23								
24	\$ 361,242,611	\$ 171,233,457	\$ 190,009,154	\$ -	\$ 17,076,045	\$ 207,085,200	\$ (8,290,372)	\$ 198,794,827

FLORIDA CITY GAS
CAPITAL STRUCTURE
FPSC ADJUSTED BASIS
June 2016

Line No.	AVERAGE	ADJUSTMENTS										LOW POINT			MID POINT			HIGH POINT		
		PER BOOKS	COMPANY RATIO	TO INVESTOR CAPITAL	ADJUSTED	SPECIFIC	PRO RATA	ADJUSTED	RATIO (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	
1	DIVISIONAL CAPITA	\$ 86,216,010	39.06%	\$ 3,043,658	\$ 91,259,668	\$ -	\$ (12,111,891)	\$ 79,147,777	39.34%	10.25%	4.03%	11.25%	4.43%	12.25%	4.82%					
2	LONG TERM DEBT	81,453,335	36.06%	6,781,585	88,234,930		(11,710,450)	76,524,480	38.04%	4.89%	1.86%	4.89%	1.86%	4.89%	1.86%					
3	SHORT TERM DEBT	18,761,713	8.31%	(9,625,254)	8,936,459		(1,186,038)	7,750,421	3.85%	1.76%	0.07%	1.76%	0.07%	1.76%	0.07%					
4	PREFERRED STOC	-	0.00%	-	-		-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%					
5	CUSTOMER DEPOS	3,922,175	1.74%	-	3,922,175		-	3,922,175	1.95%	6.73%	0.13%	6.73%	0.13%	6.73%	0.13%					
6	TAX CREDITS - ZER	177	0.00%	-	177		-	177	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%					
7	TAX CREDITS - WEI	-	0.00%	-	-		-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%					
8	ACC-DEF INC TAXE	33,501,703	14.83%	-	33,501,703		-	33,501,703	16.82%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%					
9	TOTAL	\$ 225,855,114	100.00%	(1)	\$ 225,855,113	\$ 329,328	\$ (25,008,379)	\$ 201,176,062	100.00%	6.09%	6.09%	6.09%	6.49%	6.88%						
10	ADJUSTMENTS																			
11	YEAR END DIVISIONAL CAPITA	\$ 93,854,620	39.64%	\$ 593,864	\$ 94,814,484		\$ (12,126,163)	\$ 82,688,301	38.97%	10.25%	3.89%	11.25%	4.35%	12.25%	4.77%					
12	LONG TERM DEBT	82,976,257	35.04%	8,665,686	91,671,923		(11,724,269)	79,947,654	37.68%	4.89%	1.84%	4.89%	1.84%	4.89%	1.84%					
13	SHORT TERM DEBT	18,940,090	8.00%	(9,655,531)	9,284,559		(1,187,437)	8,097,122	3.82%	1.76%	0.07%	1.76%	0.07%	1.76%	0.07%					
14	PREFERRED STOC	-	0.00%	-	-		-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%					
15	CUSTOMER DEPOS	3,890,316	1.64%	-	3,890,316		-	3,890,316	1.83%	6.73%	0.12%	6.73%	0.12%	6.73%	0.12%					
16	TAX CREDITS - ZER	10	0.00%	-	10		-	10	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%					
17	TAX CREDITS - WEI	-	0.00%	-	-		-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%					
18	ACC-DEF INC TAXE	37,113,457	15.89%	-	37,113,457		-	37,576,892	17.71%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%					
19	TOTAL	\$ 236,774,750	100.00%	(0)	\$ 236,774,750	\$ 463,435	\$ (25,037,889)	\$ 212,200,295	100.00%	6.02%	6.02%	6.02%	6.41%	6.80%						
20	ADJUSTMENTS																			
21	EXCLUDING AGL																			
22	ACQ.ADJ. & REG. DIVISIONAL CAPITA	\$ 86,216,010	39.06%	\$ 3,043,658	\$ 91,259,668		\$ (18,803,956)	\$ 72,455,712	38.67%	10.25%	3.98%	0.1125%	4.35%	12.25%	4.74%					
23	LONG TERM DEBT	81,453,335	36.06%	6,781,585	88,234,930		(18,180,712)	70,054,218	37.39%	4.89%	1.83%	4.89%	1.83%	4.89%	1.83%					
24	SHORT TERM DEBT	18,761,713	8.31%	(9,625,254)	8,936,459		(1,841,348)	7,095,111	3.79%	1.76%	0.07%	1.76%	0.07%	1.76%	0.07%					
25	PREFERRED STOC	-	0.00%	-	-		-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%					
26	CUSTOMER DEPOS	3,922,175	1.74%	-	3,922,175		-	3,922,175	2.09%	6.73%	0.14%	6.73%	0.14%	6.73%	0.14%					
27	TAX CREDITS - ZER	177	0.00%	-	177		-	177	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%					
28	TAX CREDITS - WEI	-	0.00%	-	-		-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%					
29	ACC-DEF INC TAXE	33,501,703	14.83%	-	33,501,703		-	33,851,031	16.08%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%					
30	TOTAL	\$ 225,855,114	100.00%	(1)	\$ 225,855,113	\$ 329,328	\$ (38,825,016)	\$ 187,358,426	100.00%	6.00%	6.00%	6.00%	6.39%	6.78%						

FLORIDA CITY GAS
EARNED RETURN ON COMMON EQUITY
FPSC ADJUSTED BASIS

SCHEDULE 5

June 2016

A. INCLUDING AGL ACQUISITION ADJUSTMENT & REGULATORY ASSETS

<u>Line No.</u>			
1	FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN		<u>4.81%</u>
2	LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:		
3			
4		LONG TERM DEBT	-1.86%
5		SHORT TERM DEBT	-0.07%
6		PREFERRED STOCK	0.00%
7		CUSTOMER DEPOSITS	-0.13%
8		TAX CREDITS-WEIGHTED COST(MIDPOINT)	<u>0.00%</u>
9	TOTAL		<u>-2.06%</u>
10	DIVIDED BY RECONCILED COMMON EQUITY RATIO		<u>39.34%</u>
11	JURISDICTIONAL RETURN ON COMMON EQUITY		<u>6.99%</u>
12			
13			
14			
15			
16			

B. EXCLUDING AGL ACQUISITION ADJUSTMENT & REGULATORY ASSETS

17			
18			
19	NET OPERATING INCOME EXCLUDING FLEX RATE REVENUES		\$ 10,119,734
20			
21	RATE BASE EXCLUDING FLEX RATE REVENUES		\$ 187,358,426
22			
23	FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN		5.40%
24	LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:		
25			
26		LONG TERM DEBT	-1.83%
27		SHORT TERM DEBT	-0.07%
28		PREFERRED STOCK	0.00%
29		CUSTOMER DEPOSITS	-0.14%
30		TAX CREDITS-WEIGHTED COST(MIDPOINT)	<u>0.00%</u>
31	TOTAL		<u>3.36%</u>
32	DIVIDED BY RECONCILED COMMON EQUITY RATIO		<u>38.67%</u>
33	JURISDICTIONAL RETURN ON COMMON EQUITY		<u>6.69%</u>