

SCHEDULE 1

FLORIDA CITY GAS
YEAR END RATE BASE
September 2017

	(1) ACTUAL PER BOOKS	(2) FPSC ADJUSTMENTS	(3) FPSC ADJUSTED	(4) PRO FORMA ADJUSTMENTS	(5) PRO FORMA ADJUSTED	Reference
<u>I. AVERAGE RATE OF RETURN (JURISDICTIONAL)</u>						
NET OPERATING INCOME (a)	\$ 10,501,446	\$ (1,293,129)	\$ 9,208,316	\$ 464,760	\$ 9,673,076	Sch., 2 page 2, Col. 11
AVERAGE RATE BASE (a)	\$ 190,163,498	\$ 33,926,435	\$ 224,089,932	\$ (12,787,216)	\$ 211,302,717	Sch. 2 page 1, Col. 9
AVERAGE RATE OF RETURN (a)	5.52%		4.11%		4.58%	

II. YEAR END RATE BASE (JURISDICTIONAL)
 \$ 193,952,540 \$ 47,334,969 \$ 241,287,509 \$ (12,332,364) \$ 228,955,145 Sch. 3, Col. 9

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

LOW	5.84% Sch. 4	A. INCLUDING AGL ACQ. ADJ. & REGULATORY ASSETS	5.83% Sch. 5
MIDPOINT	6.23% Sch. 4	B. EXCLUDING AGL ACQ. ADJ. & REGULATORY ASSETS	7.19% Sch. 5
HIGH	6.62% Sch. 4		

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.

Daniel Weavers, VP

(Name and Title of Chief Financial Officer) *External Affairs*

[Signature]

(Signature)

11/22/17

(Date)

FLORIDA CITY GAS
AVERAGE RATE OF RETURN
RATE BASE
September 2017

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	\$ 401,825,015	\$ 170,650,875	\$ 231,174,140	\$ -	\$ 13,684,891	\$ 244,859,031	\$ (54,695,534)	\$ 190,163,498
2								
3	FPSC ADJUSTMENTS:							
4	(26,633,077)	-	(26,633,077)			(26,633,077)		(26,633,077)
5	2,837,610	455,125	2,382,485			2,382,485		2,382,485
6	21,656,835	8,963,524	12,693,311			12,693,311		12,693,311
7							(14,100,320)	(14,100,320)
8							(62,996)	(62,996)
9								
10								
11							61,399,449	61,399,449
12							(788,468)	(788,468)
13							(1,056,703)	(1,056,703)
14							(1,150)	(1,150)
15							93,905	93,905
16								
17	\$ (2,138,632)	\$ 9,418,649	\$ (11,557,281)	\$ -	\$ -	\$ (11,557,281)	\$ 45,483,716	\$ 33,926,435
18								
19	\$ 399,686,383	\$ 180,069,524	\$ 219,616,859	\$ -	\$ 13,684,891	\$ 233,301,750	\$ (9,211,818)	\$ 224,089,932
20								
21	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
22								
23	\$ 399,686,383	\$ 180,069,524	\$ 219,616,859	\$ -	\$ 13,684,891	\$ 233,301,750	\$ (9,211,818)	\$ 224,089,932
24								
25								
26								
27	PRO FORMA ADJUSTMENTS:							
28								
29	\$ (21,656,835)	\$ (8,963,524)	\$ (12,693,311)	\$ -	\$ -	\$ (12,693,311)	\$ (93,905)	\$ (12,787,216)
30								
31	\$ 378,029,548	\$ 171,106,000	\$ 206,923,548	\$ -	\$ 13,684,891	\$ 220,608,439	\$ (9,305,723)	\$ 211,302,717

FLORIDA CITY GAS
AVERAGE RATE OF RETURN
INCOME STATEMENT
September 2017

Line No.	(1) OPERATING REVENUES	(2) O&M GAS EXPENSE	(3) O&M OTHER	(4) DEPR. & AMORT.	(5) TAXES	(6) INCOME TAXES CURRENT	(7) INCOME TAXES (NET)	(8) INV. TAX CREDIT (NET)	(9) GAIN/LOSS ON DISPOSITION	(10) OPERATING EXPENSES	(11) NET OPERATING INCOME
1	PER BOOKS										
2	86,454,626 \$	27,304,016 \$	21,470,092 \$	16,061,418 \$	7,106,296 \$	(447,528) \$	4,458,897 \$	(10) \$	- \$	75,953,180 \$	10,501,446 \$
3	ADJUSTED BOOKS										
4	86,454,626 \$	27,304,016 \$	21,470,092 \$	16,061,418 \$	7,106,296 \$	(447,528) \$	4,458,897 \$	(10) \$	- \$	75,953,180 \$	10,501,446 \$
5	FPSC ADJUSTMENTS:										
6	(27,440,536)	(27,304,016)			(136,520)					(27,440,536)	
7	(4,464,776)				(4,464,776)					(4,464,776)	
8											
9											
10	(2,665,511)			(1,301,900)		(513,128)				(1,815,028)	(850,484)
11				721,895		(271,649)				450,246	(450,246)
12											
13											
14											
15											
16				(16,025)		6,030				(9,995)	9,995
17				(878)		330				(548)	548
18							(61,808)			102,441	(102,441)
19				164,249						(8,422)	8,422
20				(13,503)		5,081					
21											
22	(34,570,823)	(27,304,016)	(30,406)	(415,756)	(4,601,296)	(864,412)	(61,808)			(91,076)	91,076
23	51,883,803 \$		21,439,686 \$	15,645,662 \$	2,505,000 \$	(1,311,940) \$	4,397,089 \$	(10) \$	- \$	42,675,487 \$	9,208,316 \$
24											
25											
26											
27	51,883,803 \$		21,439,686 \$	15,645,662 \$	2,505,000 \$	(1,311,940) \$	4,397,089 \$	(10) \$	- \$	42,675,487 \$	9,208,316 \$
28											
29			12,293,455								
30											
31											
32				(886,144)		359,576	61,808			(464,760)	464,760
33											
34	51,883,803 \$		21,439,686 \$	14,759,518 \$	2,505,000 \$	(952,364) \$	4,458,897 \$	(10) \$	- \$	42,210,727 \$	9,673,076 \$

FLORIDA CITY GAS
YEAR END RATE BASE
RATE BASE
September 2017

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	\$ 425,755,184	\$ 173,486,233	\$ 252,268,951	\$ -	\$ 7,809,606	\$ 260,078,557	\$ (66,126,017)	\$ 193,952,540
2								
3	FFSC ADJUSTMENTS:							
4	(26,633,077)	-	(26,633,077)			(26,633,077)		(26,633,077)
5	3,736,983	922,586	2,814,397			2,814,397		2,814,397
6	21,656,835	9,324,471	12,332,364			12,332,364		12,332,364
7	-	-	-			-	(14,014,336)	(14,014,336)
8	-	-	-			-		-
9	-	-	-			-		-
10	-	-	-			-		-
11	-	-	-			-	73,629,342	73,629,342
12	-	-	-			-	(836,594)	(836,594)
13	-	-	-			-	42,684	42,684
14	-	-	-			-	189	189
15	-	-	-			-	-	-
16	(1,239,259)	10,247,058	(11,486,317)			(11,486,317)	58,821,286	47,334,969
17								
18	\$ 424,515,925	\$ 183,733,291	\$ 240,782,634	\$ -	\$ 7,809,606	\$ 248,592,240	\$ (7,304,731)	\$ 241,287,509
19								
20	PRO FORMA ADJUSTMENTS:							
21								
22	\$ (21,656,835)	\$ (9,324,471)	\$ (12,332,364)	\$ -	\$ -	\$ (12,332,364)	\$ -	\$ (12,332,364)
23								
24	\$ 402,859,090	\$ 174,408,819	\$ 228,450,271	\$ -	\$ 7,809,606	\$ 236,259,877	\$ (7,304,731)	\$ 228,955,145

FLORIDA CITY GAS
CAPITAL STRUCTURE
FPSC ADJUSTED BASIS
September 2017

Line No.	AVERAGE	ADJUSTMENTS			LOW POINT			MID POINT			HIGH POINT			
		PER BOOKS	COMPANY RATIO	ADJUSTMENTS TO INVESTOR CAPITAL	ADJUSTED	SPECIFIC	PRO RATA	ADJUSTED	RATIO (%)	COST RATE (%)	WEIGHTED COST (%)	RATIO (%)	COST RATE (%)	WEIGHTED COST (%)
1	DIVISIONAL CAPITAL	\$ 93,846,189	37.30%	\$ 7,337,300	\$ 101,383,489	\$ (13,662,299)	\$ 87,721,190	39.15%	10.25%	4.01%	11.25%	4.40%	12.25%	4.80%
2	LONG TERM DEBT	96,317,309	38.29%	(3,748,545)	92,568,764	(12,474,439)	80,094,325	35.74%	4.52%	1.61%	4.52%	1.61%	4.52%	1.61%
3	SHORT TERM DEBT	17,047,949	6.78%	(3,788,755)	13,259,194	(1,786,791)	11,472,403	5.12%	1.92%	0.10%	1.92%	0.10%	1.92%	0.10%
4	PREFERRED STOCK	-	0.00%	-	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
5	CUSTOMER DEPOSITS	3,826,915	1.52%	-	3,826,915	-	3,826,915	1.71%	6.73%	0.11%	6.73%	0.11%	6.73%	0.11%
6	TAX CREDITS - ZERO COST	1	0.00%	-	1	-	1	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	40,527,964	16.11%	-	40,527,964	-	40,975,097	18.29%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
9	TOTAL	\$ 251,566,327	100.00%	\$ 0	\$ 251,566,327	\$ (27,923,528)	\$ 224,089,932	100.00%	5.84%	6.23%	6.23%	6.23%	6.62%	
10	YEAR END													
11	DIVISIONAL CAPITAL	\$ 93,590,590	34.98%	13,691,503	107,282,094	\$ (13,156,645)	\$ 94,125,448	39.01%	10.25%	4.00%	11.25%	4.39%	12.25%	4.78%
12	LONG TERM DEBT	100,361,949	37.51%	(2,407,431)	97,954,518	(12,012,749)	85,941,769	35.62%	4.52%	1.61%	4.52%	1.61%	4.52%	1.61%
13	SHORT TERM DEBT	25,314,700	9.46%	(11,284,072)	14,030,628	(1,720,660)	12,309,968	5.10%	1.92%	0.10%	1.92%	0.10%	1.92%	0.10%
14	PREFERRED STOCK	-	0.00%	-	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
15	CUSTOMER DEPOSITS	3,551,996	1.33%	-	3,551,996	-	3,551,996	1.47%	6.73%	0.10%	6.73%	0.10%	6.73%	0.10%
16	TAX CREDITS - ZERO COST	-	0.00%	-	-	-	-	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	44,762,646	16.73%	-	44,762,646	-	45,358,327	18.80%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
19	TOTAL	\$ 267,581,882	100.00%	\$ (0)	\$ 267,581,882	\$ (26,890,054)	\$ 241,287,509	100.00%	5.80%	6.19%	6.19%	6.19%	6.58%	
20	AVERAGE EXCLUDING AGI-ACQ													
21	ADJ. & REG. ASSETS	\$ 93,846,189	37.30%	7,337,300	101,383,489	\$ (19,918,770)	\$ 81,464,719	38.55%	10.25%	3.95%	0.1125	4.34%	12.25%	4.72%
22	DIVISIONAL CAPITAL	96,317,309	38.29%	(3,748,545)	92,568,764	(18,186,945)	74,381,819	35.20%	4.52%	1.59%	4.52%	1.59%	4.52%	1.59%
23	LONG TERM DEBT	17,047,949	6.78%	(3,788,755)	13,259,194	(2,605,028)	10,654,166	5.04%	1.92%	0.10%	1.92%	0.10%	1.92%	0.10%
24	PREFERRED STOCK	-	0.00%	-	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
25	CUSTOMER DEPOSITS	3,826,915	1.52%	-	3,826,915	-	3,826,915	1.81%	6.73%	0.12%	6.73%	0.12%	6.73%	0.12%
26	TAX CREDITS - ZERO COST	1	0.00%	-	1	-	1	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
27	TAX CREDITS - WEIGHTED COST	-	0.00%	-	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
28	ACC DEF INC TAXES-ZERO COST	40,527,964	16.11%	-	40,527,964	-	40,975,097	19.39%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
29	TOTAL	\$ 251,566,327	100.00%	\$ 0	\$ 251,566,327	\$ (40,710,744)	\$ 211,302,717	100.00%	5.26%	6.15%	6.15%	6.15%	6.53%	

FLORIDA CITY GAS
EARNED RETURN ON COMMON EQUITY
FPSC ADJUSTED BASIS
September 2017

SCHEDULE 5

A. INCLUDING AGL ACQUISITION ADJUSTMENT & REGULATORY ASSETS

Line No.

1	FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	4.11%
2	LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:	
3	LONG TERM DEBT	-1.61%
4	SHORT TERM DEBT	-0.10%
5	PREFERRED STOCK	0.00%
6	CUSTOMER DEPOSITS	-0.11%
7	TAX CREDITS-WEIGHTED COST(MIDPOINT)	0.00%
8	SUBTOTAL	-1.83%
9	TOTAL	2.28%
10	DIVIDED BY RECONCILED COMMON EQUITY RATIO	39.15%
11	JURISDICTIONAL RETURN ON COMMON EQUITY	5.83%
12		
13		
14		
15		
16		

B. EXCLUDING AGL ACQUISITION ADJUSTMENT & REGULATORY ASSETS

17		
18		
19	NET OPERATING INCOME EXCLUDING FLEX RATE REVENUES	\$ 9,673,076
20		
21	RATE BASE EXCLUDING FLEX RATE REVENUES	\$ 211,302,717
22		
23	FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	4.58%
24	LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:	
25	LONG TERM DEBT	-1.59%
26	SHORT TERM DEBT	-0.10%
27	PREFERRED STOCK	0.00%
28	CUSTOMER DEPOSITS	-0.12%
29	TAX CREDITS-WEIGHTED COST(MIDPOINT)	0.00%
30	SUBTOTAL	-1.81%
31	TOTAL	2.77%
32	DIVIDED BY RECONCILED COMMON EQUITY RATIO	38.55%
33	JURISDICTIONAL RETURN ON COMMON EQUITY	7.19%

SCHEDULE 1

FLORIDA CITY GAS
YEAR END RATE BASE
September 2017

	(1) ACTUAL PER BOOKS	(2) FPSC ADJUSTMENTS	(3) FPSC ADJUSTED	(4) PRO FORMA ADJUSTMENTS	(5) PRO FORMA ADJUSTED	Excluding Accl Adj
<u>I. AVERAGE RATE OF RETURN (JURISDICTIONAL)</u>						
NET OPERATING INCOME	\$ 10,501,446	\$ (1,293,129)	\$ 9,208,316	\$ -	\$ 9,208,316	\$ 9,673,076
AVERAGE RATE BASE	\$ 190,163,498	\$ 33,926,435	\$ 224,089,932	\$ -	\$ 224,089,932	\$ 211,302,717
AVERAGE RATE OF RETURN	5.52%		4.11%		4.11%	4.58%
<u>II. YEAR END RATE BASE (JURISDICTIONAL)</u>	\$ 193,952,540	\$ 47,334,969	\$ 241,287,509	\$ -	\$ 241,287,509	

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

LOW	5.84%	A. INCLUDING FLEX RATE REVENUES	5.83%
MIDPOINT	6.23%	B. EXCLUDING FLEX RATE REVENUES	7.19%
HIGH	6.62%		

IV. EARNED RETURN ON EQUITY (FPSC ADJUSTED BASIS)

	10.25 ROE Low	11.25 ROE Midpoint	12.25 ROE High	11.25 ROE Midpoint	12.25 ROE High
Allowed return	5.84%	6.23%	6.62%	6.15%	6.53%
Actual return	4.11%	4.11%	4.11%	4.58%	4.58%
Shortfall	1.73%	2.12%	2.51%	1.57%	1.95%
Grossup Factor from rate case	1.6329	1.6329	1.6329	1.6329	1.6329
Shortfall after grossup	2.82%	3.46%	4.10%	2.56%	3.19%
13 month Rate Base	224,089,932	224,089,932	224,089,932	211,302,717	211,302,717
Deficiency	\$ 6,329,349.03	\$ 7,761,748.34	\$ 9,194,147.66	\$ 5,400,018.60	\$ 6,730,133.18