

FLORIDA PUBLIC SERVICE COMMISSION

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

FLORIDA CITY GAS

June 2018

PSC/AFA 13 (6/94)

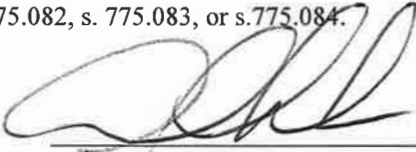
**FLORIDA CITY GAS
YEAR END RATE BASE
June 2018**

		(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)	\$ 14,873,291		\$ (1,140,031)		\$ 13,733,260		\$ 494,109		\$ 14,227,369
AVERAGE RATE BASE	(a)	\$ 200,098,152		\$ 51,554,076		\$ 251,652,228		\$ (12,186,037)		\$ 239,466,191
AVERAGE RATE OF RETURN	(a)	7.43%		5.46%		5.94%				
<u>II. YEAR END RATE BASE (JURISDICTIONAL)</u>										
		\$ 197,377,640		\$ 78,032,014		\$ 275,409,654		\$ (11,790,943)		\$ 263,618,712
<u>III. REQUIRED RATES OF RETURN</u>										
AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)										
LOW		<u>5.21%</u>		<u>IV. EARNED RETURN ON EQUITY (FPSC ADJUSTED BASIS)</u>						
MIDPOINT		<u>5.57%</u>		A. INCLUDING AGL ACQ. ADJ. & REGULATORY ASSETS						<u>9.87%</u>
HIGH		<u>5.94%</u>		B. EXCLUDING AGL ACQ. ADJ. & REGULATORY ASSETS						<u>11.43%</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.

David C. Weaver, VP External Affairs
(Name and Title of Chief Financial Officer)


(Signature)

8/14/2018
(Date)

FLORIDA CITY GAS
AVERAGE RATE OF RETURN
RATE BASE
June 2018

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	\$ 424,530,206	\$ 172,109,432	\$ 252,420,775	\$ -	\$ 13,359,438	\$ 265,780,213	\$ (65,682,061)	\$ 200,098,152
2									
3	FPSC ADJUSTMENTS:								
4	GOODWILL	(25,721,454)	-	(25,721,454)		(25,721,454)	(911,623)	(26,633,077)	
5	AGL COMMON PLANT	3,390,361	1,072,015	2,318,346		2,318,346		2,318,346	
6	AGL PURCHASE PREMIUM	21,656,835	9,504,945	12,151,890		12,151,890		12,151,890	
7	REMOVE AEP	-	-	-		-	(14,061,831)	(14,061,831)	
8	NONUTILITY PLANT						(15,247)	(15,247)	
9	CAPITAL STRUCTURE ADJUSTMENTS						78,587,263	78,587,263	
10	GAS COST/CONSERVATION/CRA UNDERRECOVERIES						(834,208)	(834,208)	
11	NONUTILITY STORAGE						6,794	6,794	
12	PENSION AND TRANSITION COSTS REG. ASSET						34,147	34,147	
13	TOTAL FPSC ADJUSTMENTS	\$ (674,258)	\$ 10,576,960	\$ (11,251,218)	\$ -	\$ (11,251,218)	\$ 62,805,294	\$ 51,554,076	
14									
15	FPSC ADJUSTED	\$ 423,855,949	\$ 182,686,392	\$ 241,169,557	\$ -	\$ 13,359,438	\$ 254,528,995	\$ (2,876,767)	\$ 251,652,228
16									
17	ADJUSTED FOR FLEX RATE REVENUES	\$ 423,855,949	\$ 182,686,392	\$ 241,169,557	\$ -	\$ 13,359,438	\$ 254,528,995	\$ (2,876,767)	\$ 251,652,228
18									
19	PRO FORMA ADJUSTMENTS:								
20									
21	TOTAL PRO FORMA ADJUSTMENTS	\$ (21,656,835)	\$ (9,504,945)	\$ (12,151,890)	\$ -	\$ (12,151,890)	\$ (34,147)	\$ (12,186,037)	
22									
23	PRO FORMA ADJUSTED	\$ 402,199,114	\$ 173,181,447	\$ 229,017,667	\$ -	\$ 13,359,438	\$ 242,377,105	\$ (2,910,914)	\$ 239,466,191

FLORIDA CITY GAS
AVERAGE RATE OF RETURN
INCOME STATEMENT
June 2018

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) TOTAL OPERATING EXPENSES	(11) NET OPERATING INCOME
1	PER BOOKS	\$ 89,496,394	\$ 26,548,917	\$21,905,617.75	\$ 15,334,843	\$ 7,407,446	\$ (4,350,797)	\$ 7,777,076	\$ -	\$ 74,623,103	\$ 14,873,291
2	END OF YEAR CUSTOMER REFUND ACCRUAL	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3	ADJUSTED BOOKS	\$ 89,496,394	\$ 26,548,917	\$ 21,905,618	\$ 15,334,843	\$ 7,407,446	\$ (4,350,797)	\$ 7,777,076	\$ -	\$ 74,623,103	\$ 14,873,291
4											
5	FPSC ADJUSTMENTS:										
6	FUEL REVENUES/COSTS	(26,681,662)	(26,548,916.93)							(26,681,662)	-
7	FRANCHISE/GROSS RECEIPTS TAXES	(4,682,172)								(4,682,172)	-
8	ECP REVENUE/COSTS (Nets to zero)	-								-	-
9	REMOVE AEP	(1,881,689)			(923,312)		(328,111)			(1,251,423)	(630,265)
10	AGL PURCHASE PREMIUM PER AMORT SCHED				721,895		(227,307)			494,588	(494,588)
11	RECLASS PEN. AND OPEB EXP. TO OPERATING		(64,458)				16,337			(48,121)	48,121
12	RECORD EQUITY COMPONENT OF SAFE (Nets to zero)										
13	ASSOCIATION DUES			(12,764)			4,019			(8,745)	8,745
14	PENSION AND TRANSITION COSTS REG. ASSET				109,500		(37,842)			71,658	(71,658)
15	EMPLOYEE ACTIVITIES/CIVIC PARTICIPATION		(42,903)				11,378			(31,525)	31,525
16	INTEREST SYNCHRONIZATION						31,911			31,911	(31,911)
17	TOTAL FPSC ADJUSTMENTS	(33,245,522)	(26,548,917)	(120,125)	(91,918)	(4,814,917)	(491,772)	(37,842)		(32,105,491)	(1,140,031)
18											
19	FPSC ADJUSTED	\$ 56,250,872	\$ -	\$ 21,785,492	\$ 15,242,925	\$ 2,592,530	\$ (4,842,570)	\$ 7,739,235	\$ -	\$ 42,517,612	\$ 13,733,260
20											
21	FLEX RATE REVENUES										
22	ADJUSTED FOR										
23	FLEX RATE REVENUES	\$ 56,250,872	\$ -	\$ 21,785,492	\$ 15,242,925	\$ 2,592,530	\$ (4,842,570)	\$ 7,739,235	\$ -	\$ 42,517,612	\$ 13,733,260
24											
25	PRO FOR-A ADJUSTMENTS										
26											
27	TOTAL PRO FORMA ADJUSTMENTS				(831,394)		299,444	37,842		(494,109)	494,109
28											
29	PRO FORMA ADJUSTED	\$ 56,250,872	\$ -	\$ 21,785,492	\$ 14,411,531	\$ 2,592,530	\$ (4,543,126)	\$ 7,777,076	\$ -	\$ 42,023,503	\$ 14,227,369

FLORIDA CITY GAS
YEAR END RATE BASE
RATE BASE
June 2018

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	\$ 423,045,783	\$ 171,895,859	\$ 251,149,925	\$ -	\$ 22,827,411	\$ 273,977,336	\$ (76,599,696)	\$ 197,377,640
2								
3 <u>FPSC ADJUSTMENTS:</u>								
4 GOODWILL	(14,781,977)	-	(14,781,977)			(14,781,977)	(11,851,101)	(26,633,077)
5 AGL COMMON PLANT	3,657,266	1,516,357	2,140,909			2,140,909		2,140,909
6 AGL ACQUISITION ADJ. PER AMORT SCHEDULE	21,656,835	9,865,892	11,790,943			11,790,943		11,790,943
7 REMOVE AEP	-		-		-		(13,848,858)	(13,848,858)
8 CAPITAL STRUCTURE ADJUSTMENTS			-		-		105,435,046	105,435,046
9 GAS COST/CONSERVATION/CRA UNDERRECOVERIES					-		(852,235)	(852,235)
10 NONUTILITY STORAGE					-		(713)	(713)
11 <u>TOTAL FPSC ADJUSTMENTS</u>	<u>10,532,124</u>	<u>11,382,249</u>	<u>(850,125)</u>	<u>-</u>	<u>-</u>	<u>(850,125)</u>	<u>78,882,140</u>	<u>78,032,014</u>
12								
13 <u>FPSC ADJUSTED</u>	<u>\$ 433,577,907</u>	<u>\$ 183,278,108</u>	<u>\$ 250,299,799</u>	<u>\$ -</u>	<u>\$ 22,827,411</u>	<u>\$ 273,127,210</u>	<u>\$ 2,282,444</u>	<u>\$ 275,409,654</u>
14								
15 <u>PRO FORMA ADJUSTMENTS:</u>								
16								
17 <u>TOTAL PRO FORMA ADJUSTMENTS</u>	<u>\$ (21,656,835)</u>	<u>\$ (9,865,892)</u>	<u>\$ (11,790,943)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (11,790,943)</u>	<u>\$ -</u>	<u>\$ (11,790,943)</u>
18								
19 <u>PRO FORMA ADJUSTED</u>	<u>\$ 411,921,072</u>	<u>\$ 173,412,216</u>	<u>\$ 238,508,857</u>	<u>\$ -</u>	<u>\$ 22,827,411</u>	<u>\$ 261,336,268</u>	<u>\$ 2,282,444</u>	<u>\$ 263,618,712</u>

FLORIDA CITY GAS
CAPITAL STRUCTURE
FPSC ADJUSTED BASIS
June 2018

SCHEDULE 4

Line No.	AVERAGE	PER BOOKS	COMPANY RATIO	ADJUSTMENTS TO INVESTOR CAPITAL	ADJUSTMENTS			LOW POINT		MID POINT		HIGH POINT			
					ADJUSTED	SPECIFIC	PRO RATA	ADJUSTED	RATIO (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
1	DIVISIONAL CAPITAL	\$ 103,656,619	37.19%	\$ 124,854	\$ 103,781,473		\$ (12,521,338)	\$ 91,260,085	36.26%	9.19%	3.33%	10.19%	3.69%	11.19%	4.06%
2															
3	LONG TERM DEBT	96,441,533	34.61%	9,784,551	106,226,084		(12,816,334)	93,409,750	37.12%	4.61%	1.71%	4.61%	1.71%	4.61%	1.71%
4															
5	SHORT TERM DEBT	27,913,418	10.02%	(9,909,393)	18,004,025		(2,172,212)	15,831,813	6.29%	2.01%	0.13%	2.01%	0.13%	2.01%	0.13%
6															
7	PREFERRED STOCK	-	0.00%	-	-		-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
8															
9	CUSTOMER DEPOSITS	3,507,489	1.26%	-	3,507,489		-	3,507,489	1.39%	2.73%	0.04%	2.73%	0.04%	2.73%	0.04%
10															
11	TAX CREDITS - ZERO COST	-	0.00%	-	-		-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
12															
13	TAX CREDITS - WEIGHTED COST	-	0.00%	-	-		-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
14															
15	ACC DEF INC TAXES-ZERO COST	47,166,355	16.92%	-	47,166,355	476,735	-	47,643,090	18.93%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
16	TOTAL	\$ 278,685,415	100.00%	\$ 12	\$ 278,685,427	\$ 476,735	\$ (27,589,933)	\$ 251,652,228	100.00%	5.21%	5.57%	5.57%	5.94%	5.94%	5.94%
17															
18															
19	YEAR END														
20	DIVISIONAL CAPITAL	\$ 115,680,980	38.20%	\$ (2,477,902)	\$ 113,203,078		\$ (12,657,803)	\$ 100,545,275	36.51%	9.19%	3.36%	10.19%	3.72%	11.19%	4.06%
21															
22	LONG TERM DEBT	81,696,640	26.98%	34,172,971	115,869,611		(12,955,964)	102,913,647	37.37%	4.61%	1.72%	4.61%	1.72%	4.61%	1.72%
23															
24	SHORT TERM DEBT	51,333,557	16.95%	(31,695,069)	19,638,488		(2,195,878)	17,442,610	6.33%	2.01%	0.13%	2.01%	0.13%	2.01%	0.13%
25															
26	PREFERRED STOCK	-	0.00%	-	-		-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
27															
28	CUSTOMER DEPOSITS	3,304,293	1.09%	-	3,304,293		-	3,304,293	1.20%	2.73%	0.03%	2.73%	0.03%	2.73%	0.03%
29															
30	TAX CREDITS - ZERO COST	-	0.00%	-	-		-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
31															
32	TAX CREDITS - WEIGHTED COST	-	0.00%	-	-		-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
33															
34	ACC DEF INC TAXES-ZERO COST	50,797,195	16.78%	-	50,797,195	466,613	-	51,263,809	18.59%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
35	TOTAL	\$ 302,812,686	100.00%	\$ (0)	\$ 302,812,686	\$ 466,613	\$ (27,889,644)	\$ 275,489,654	100.00%	5.24%	5.68%	5.68%	5.97%	5.97%	5.97%
36															
37	AVERAGE EXCLUDING AGL ACQ ADJ. & REG. ASSETS														
38	DIVISIONAL CAPITAL	\$ 103,656,619	37.19%	\$ 124,854	\$ 103,781,473		\$ (18,067,969)	\$ 85,713,504	35.79%	9.19%	3.29%	10.19%	3.65%	11.19%	4.00%
39															
40	LONG TERM DEBT	96,441,533	34.61%	9,784,551	106,226,084		(18,493,567)	87,732,517	36.64%	4.61%	1.69%	4.61%	1.69%	4.61%	1.69%
41															
42	SHORT TERM DEBT	27,913,418	10.02%	(9,909,393)	18,004,025		(3,134,434)	14,869,591	6.21%	2.01%	0.12%	2.01%	0.12%	2.01%	0.12%
43															
44	PREFERRED STOCK	-	0.00%	-	-		-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
45															
46	CUSTOMER DEPOSITS	3,507,489	1.26%	-	3,507,489		-	3,507,489	1.46%	2.73%	0.04%	2.73%	0.04%	2.73%	0.04%
47															
48	TAX CREDITS - ZERO COST	-	0.00%	-	-		-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
49															
50	TAX CREDITS - WEIGHTED COST	-	0.00%	-	-		-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
51															
52	ACC DEF INC TAXES-ZERO COST	47,166,355	16.92%	-	47,166,355	476,735	-	47,643,090	17.90%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
53	TOTAL	\$ 278,685,415	100.00%	\$ 12	\$ 278,685,427	\$ 476,735	\$ (39,695,970)	\$ 239,466,191	100.00%	5.14%	5.58%	5.58%	5.85%	5.85%	5.85%

FLORIDA CITY GAS
EARNED RETURN ON COMMON EQUITY
FPSC ADJUSTED BASIS
June 2018

SCHEDULE 5

A. INCLUDING AGL ACQUISITION ADJUSTMENT & REGULATORY ASSETS

Line No.		
1	FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	<u>5.46%</u>
2	LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:	
3	LONG TERM DEBT	-1.71%
4	SHORT TERM DEBT	-0.13%
5	PREFERRED STOCK	0.00%
6	CUSTOMER DEPOSITS	-0.04%
7	TAX CREDITS-WEIGHTED COST(MIDPOINT)	<u>0.00%</u>
8	SUBTOTAL	<u>-1.88%</u>
9	TOTAL	<u>3.58%</u>
10	DIVIDED BY RECONCILED COMMON EQUITY RATIO	<u>36.26%</u>
11	JURISDICTIONAL RETURN ON COMMON EQUITY	<u>9.87%</u>

12
13
14
15
16

B. EXCLUDING AGL ACQUISITION ADJUSTMENT & REGULATORY ASSETS

17
18
19
20
21
22

19	NET OPERATING INCOME EXCLUDING FLEX RATE REVENUES	\$ 14,227,369
21	RATE BASE EXCLUDING FLEX RATE REVENUES	\$ 239,466,191
23	FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	5.94%
24	LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:	
25	LONG TERM DEBT	-1.69%
26	SHORT TERM DEBT	-0.12%
27	PREFERRED STOCK	0.00%
28	CUSTOMER DEPOSITS	-0.04%
29	TAX CREDITS-WEIGHTED COST(MIDPOINT)	<u>0.00%</u>
30	SUBTOTAL	<u>-1.85%</u>
31	TOTAL	<u>4.09%</u>
32	DIVIDED BY RECONCILED COMMON EQUITY RATIO	<u>35.79%</u>
33	JURISDICTIONAL RETURN ON COMMON EQUITY	<u>11.43%</u>