

FLORIDA PUBLIC SERVICE COMMISSION

INVESTOR-OWNED NATURAL GAS UTILITY
EARNINGS SURVEILLANCE REPORT

FLORIDA CITY GAS

June 2019

PSC/AFA 13 (6/94)

FLORIDA CITY GAS
YEAR END RATE BASE
June 2019


	(1)	(2)	(3)	(4)	(5)
I. LEVERAGE RATE OF RETURN (JURISDICTIONAL) NET OPERATING INCOME	ACTUAL PER BOOKS	FPSC ADJUSTMENTS	FPSC ADJUSTED	PRO FORMA ADJUSTMENTS	PRO FORMA ADJUSTED
	(a)				
	\$ 17,789,328	\$ (409,081)	\$ 17,380,247	\$ 555,528	\$ 17,935,775
AVERAGE RATE BASE	(a)	\$ 291,354,469	\$ 28,497,042	\$ 319,851,511	\$ (11,610,469)
			6.11%	5.43%	5.82%
AVERAGE RATE OF RETURN	(a)				
II. YEAR END RATE BASE (JURISDICTIONAL)		\$ 306,378,920	\$ 38,945,287	\$ 345,324,207	\$ (11,069,048)
				7.61%	5.82%
III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)					

LOW	<u>6.34%</u>	A. INCLUDING AGL ACQ. ADJ. & REGULATORY ASSETS <u>7.76%</u>
MIDPOINT	<u>6.98%</u>	B. EXCLUDING AGL ACQ. ADJ. & REGULATORY ASSETS <u>8.44%</u>
HIGH	<u>7.61%</u>	

Note: Subsequent to receiving Financing Order # FSC-2018-0550-FOF-GU, Florida City Gas has received Long-term Debt proceeds from Florida Power & Light Co. However, due to financing 100% equity post acquisition, the return on equity is below the authorized range but is expected to be within authorized range by Year end 2019.

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.

Keith Ferguson, Vice President Accounting and Controller (Name and Title of Chief Financial Officer)	 (Signature)	8/15/2019 (Date)
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FLORIDA CITY GAS
AVERAGE RATE OF RETURN
RATE BASE
June 2019

Line No.		(1) PLANT IN SERVICE	(2) ACCUM. DEPR. & AMORT.	(3) NET PLANT IN SERVICE	(4) PROBELY HELD FOR FUTURE USE	(5) CWIP	(7) NET UTILITY PLANT	(8) WORKING CAPITAL	(9) TOTAL RATE BASE
1	PER BOOKS	\$ 432,553,706	\$ 183,340,572	\$ 249,213,134	\$ -	\$ 36,214,850	\$ 285,427,985	\$ 5,925,484	\$ 291,354,469
2									
3	FPSC ADJUSTMENTS								
4	GOODWILL	(1,137,075)		(1,137,075)			(1,137,075)		(1,137,075)
5	AGL COMMON PLANT	521,594	164,925	356,669			356,669		356,669
6	REMOVE SAFE CLAUSE PLANT	(487,661)	63,145	(550,806)		(512,015)	(1,062,822)	(12,770,127)	(1,062,822)
7	REMOVE AEP							(532)	(532)
8	NONUTILITY PLANT							44,918,929	44,918,929
9	CAPITAL STRUCTURE ADJUSTMENTS							(1,781,297)	(1,781,297)
10	CLAUSE UNDERRECOVERIES							(54)	(54)
11	NONUTILITY STORAGE								
12	REMOVE LEASES	(50,625)	(23,976)	(26,648)			(26,648)		(26,648)
13	TOTAL FPSC ADJUSTMENTS	(1,153,767)	204,094	(1,357,861)		(512,015)	(1,869,879)	30,366,918	28,497,042
14									
15	FPSC ADJUSTED	\$ 431,399,939	\$ 183,544,686	\$ 247,855,273	\$ -	\$ 35,702,835	\$ 283,558,108	\$ 36,293,403	\$ 319,851,511
16									
17	ADJUSTED FOR FLEX RATE REVENUES	\$ 431,399,939	\$ 183,544,686	\$ 247,855,273	\$ -	\$ 35,702,835	\$ 283,558,108	\$ 36,293,403	\$ 319,851,511
18									
19	PRO FORMA ADJUSTMENTS								
20									
21	TOTAL PRO FORMA ADJUSTMENTS	\$ (21,656,835)	\$ (10,046,366)	\$ (11,610,469)	\$ -	\$ -	\$ (11,610,469)	\$ -	\$ (11,610,469)
22									
23	PRO FORMA ADJUSTED	\$ 409,743,104	\$ 173,498,300	\$ 236,244,804	\$ -	\$ 35,702,835	\$ 271,947,639	\$ 36,293,403	\$ 308,241,042

FLORIDA CITY GAS
AVERAGE RATE OF RETURN
INCOME STATEMENT
June 2019

Line No.		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	OPERATING REVENUES	O&M GAS EXPENSE	O&M OTHER	DEPR. & AMORT.	TAXES OTHER THAN INCOME TAXES	INCOME TAXES CURRENT	DEFERRED INCOME TAXES (NET)	INV. TAX CREDIT (NET)	GAIN/LOSS ON DISPOSITION	TOTAL OPERATING EXPENSES	NET OPERATING INCOME	
1	PER BOOKS											
2	END-OF-YEAR CUSTOMER REFUND ACCRUAL											
3	ADJUSTED BOOKS	\$ 94,435,217	\$ 20,813,121	\$ 29,785,519	\$ 14,675,185	\$ 7,847,749	\$ 315,535	\$ 3,229,100	\$ -	\$ 76,645,889	\$ 17,789,328	
4												
5	FFSC ADJUSTMENTS											
6	FUEL REVENUES/COSTS	(21,048,010)	(20,813,121)			(104,066)	-			(20,917,186)	(130,823)	
7	FRANCHISE/GROSS RECEIPTS TAXES	(4,874,582)				(4,706,949)	5,776			(4,706,949)	(167,634)	
8	ECP REVENUES/COSTS	(4,336,388)		(4,934,476)		(24,672)	(47,159)			(4,953,372)	(17,014)	
9	REMOVE AEP	(1,796,128)			(1,612,070)					(1,659,226)	(138,902)	
10	A&L PURCHASE PREMIUM PER AMORT SCHED			(15,890)			4,053			(11,938)	11,938	
11	RECLASSIFY AND OPER EXP TO OPERATING			(4,528)			(88,323)			(413,964)	390,576	
12	REMOVE SAFE			(85,753)	(319,094)	(8,020)	21,734			(64,019)	64,019	
13	ASSOCIATION DUES											
14	PENSION AND TRANSITION COSTS REG. ASSET											
15	EMPLOYEE ACTIVITIES/SCVIC PARTICIPATION			(7,000)			507			(6,493)	6,493	
16	INTEREST SYNCHRONIZATION						461,762			461,762	(461,762)	
17	TOTAL FFSC ADJUSTMENTS	(32,886,469)	(20,813,121)	(5,047,749)	(1,931,163)	(4,843,707)	358,353			(32,277,394)	(409,081)	
18												
19	FFSC ADJUSTED	\$ 61,748,751	\$ -	\$ 24,717,773	\$ 12,744,001	\$ 3,003,742	\$ 673,888	\$ 3,229,100	\$ -	\$ 44,389,504	\$ 17,380,247	
20												
21	FLEX RATE REVENUES											
22	ADJUSTED FOR											
23	FLEX RATE REVENUES	\$ 61,748,751	\$ -	\$ 24,717,773	\$ 12,744,001	\$ 3,003,742	\$ 673,888	\$ 3,229,100	\$ -	\$ 44,389,504	\$ 17,380,247	
24												
25	PRO FORMA ADJUSTMENTS											
26												
27	TOTAL PRO FORMA ADJUSTMENTS				(721,859)		168,386			(555,529)	555,529	
28												
29	PRO FORMA ADJUSTED	\$ 61,748,751	\$ -	\$ 24,717,773	\$ 12,022,107	\$ 3,170,109	\$ 840,254	\$ 3,229,100	\$ -	\$ 43,812,976	\$ 17,935,775	

FLORIDA CITY GAS
EARNED RETURN ON COMMON EQUITY
FPSC ADJUSTED BASIS
June 2019

SCHEDULE 5

A. INCLUDING AGL ACQUISITION ADJUSTMENT & REGULATORY ASSETS

Line No.		
1	FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	5.43%
2	LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:	
3	LONG TERM DEBT	-0.45%
4	SHORT TERM DEBT	0.00%
5	PREFERRED STOCK	0.00%
6	CUSTOMER DEPOSITS	-0.03%
7	TAX CREDITS-WEIGHTED COST(MIDPOINT)	0.00%
8	SUBTOTAL	<u>-0.48%</u>
9	TOTAL	<u>4.95%</u>
10	DIVIDED BY RECONCILED COMMON EQUITY RATIO	63.75%
11	JURISDICTIONAL RETURN ON COMMON EQUITY	<u>7.76%</u>
12		
13		
14		
15		
16		
17		
18		
19		
20	NET OPERATING INCOME EXCLUDING FLEX RATE REVENUES	\$ 17,935,775
21		
22	RATE BASE EXCLUDING FLEX RATE REVENUES	\$ 308,241,042
23		
24	FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	5.82%
25	LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:	
26	LONG TERM DEBT	-0.45%
27	SHORT TERM DEBT	0.00%
28	PREFERRED STOCK	0.00%
29	CUSTOMER DEPOSITS	-0.03%
30	TAX CREDITS-WEIGHTED COST(MIDPOINT)	0.00%
31	SUBTOTAL	<u>-0.48%</u>
32	TOTAL	<u>5.34%</u>
33	DIVIDED BY RECONCILED COMMON EQUITY RATIO	63.26%
34	JURISDICTIONAL RETURN ON COMMON EQUITY	<u>8.44%</u>

B. EXCLUDING AGL ACQUISITION ADJUSTMENT & REGULATORY ASSETS