

FLORIDA PUBLIC SERVICE COMMISSION

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

FLORIDA CITY GAS

March 2020

PSC/AFA 13 (6/94)

FLORIDA CITY GAS
YEAR END RATE BASE
 March 2020

	(1)	(2)	(3)	(4)	(5)
I. AVERAGE RATE OF RETURN (JURISDICTIONAL)	ACTUAL	FPSC	FPSC	PRO FORMA	PRO FORMA
NET OPERATING INCOME	PER BOOKS	ADJUSTMENTS	ADJUSTED	ADJUSTMENTS	ADJUSTED
(a)	\$ 11,088,745	\$ 783,914	\$ 11,862,659	\$ 512,501	\$ 12,365,160
AVERAGE RATE BASE	(a) \$ 369,152,248	\$ (30,754,717)	\$ 338,397,531	\$ (10,888,575)	\$ 327,508,956
AVERAGE RATE OF RETURN	(a) 3.00%		3.50%		3.78%
II. YEAR END RATE BASE (JURISDICTIONAL)	\$ 375,819,318	\$ (56,062,196)	\$ 319,757,122	\$ (10,527,627)	\$ 309,229,495

III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)		
LOW	<u>5.07%</u>	A. INCLUDING AGL ACQ. ADJ. & REGULATORY ASSETS <u>4.42%</u>
MIDPOINT	<u>5.40%</u>	B. EXCLUDING AGL ACQ. ADJ. & REGULATORY ASSETS <u>5.27%</u>
HIGH	<u>5.72%</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.

Keith Ferguson, Vice President Accounting and Controller
 (Name and Title of Chief Financial Officer)


 (Signature)
 FOR KEITH FERGUSON

5/15/2020
 (Date)

FLORIDA CITY GAS
AVERAGE RATE OF RETURN
RATE BASE
March 2020

Line No.	(1)	(2)	(3)	(4)	(5)	(7)	(8)	(9)	
	PLANT IN SERVICE	ACCU. DEPR. & AMORT.	NET PLANT IN SERVICE	PROPERTY HELD FOR FUTURE USE	CWIP	NET UTILITY PLANT	WORKING CAPITAL	TOTAL RATE BASE	
1	\$ 489,026,344	\$ 188,119,804	\$ 289,906,441	\$ -	\$ 44,750,745	\$ 314,657,186	\$ 54,495,082	\$ 389,152,248	
2									
3	FP&C ADJUSTMENTS								
4		(6,061,142)	(53,636)		(1,349,220)	(7,356,726)		(7,356,726)	
5							(12,488,423)	(12,488,423)	
6							1,958,484	1,958,484	
7							(2,077,789)	(2,077,789)	
8		(132,604)	(81,423)			(51,181)	51,179	(2)	
9							(10,790,282)	(10,790,282)	
10							(23,346,811)	(23,346,811)	
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18									
19									
20									
TOTAL	\$ 489,026,344	\$ 188,119,804	\$ 289,906,441	\$ -	\$ 44,750,745	\$ 314,657,186	\$ 54,495,082	\$ 389,152,248	
ADJUSTED FOR FLEX RATE REVENUES	\$ 452,832,599	\$ 188,984,945	\$ 263,947,754	\$ -	\$ 43,401,525	\$ 307,249,279	\$ 31,148,251	\$ 338,397,531	
ADJUSTED FOR PRO FORMA ADJUSTMENTS	\$ 431,175,764	\$ 178,216,585	\$ 252,959,179	\$ -	\$ 43,401,525	\$ 296,390,704	\$ 31,148,251	\$ 327,538,956	

(1) Recoverable A.G.L. Acquisition Adjustment and related Accumulated Amortization are included in "Per Books" amounts.
 (2) In order to be consistent with the "Per Book" capital structure reflected on Schedule 4, certain capital structure balances are no longer presented as part of "Per Book" Rate Base on this schedule. Therefore, no further capital structure adjustment is needed.

FLORIDA CITY GAS
YEAR END RATE BASE
RATE BASE
March 2020

SCHEDULE 3

Line No.	(1)	(2)	(3)	(4)	(5)	(7)	(9)	(9)
	PLANT IN SERVICE	ACCUM. DEPR. & AMORT.	NET PLANT IN SERVICE	PROPERTY HELD FOR FUTURE USE	CHWP	NET UTILITY PLANT	WORKING CAPITAL	TOTAL RATE BASE
1	488,223,101	193,382,626	294,870,574	-	35,423,197	330,283,772	45,626,547	375,819,318
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TOTAL	488,223,101	193,382,626	294,870,574	-	35,423,197	330,283,772	45,626,547	375,819,318
PER BOOKS (1)								
ERSC ADJUSTMENTS								
REMOVE SHARE CLAUSE PLANT	(12,886,739)	(154,173)	(12,732,567)		(828,170)	(13,560,737)	(10,774,528)	(13,560,737)
REMOVE AEP							1,274,623	1,274,623
INTERCOMPANY ARIAP							(2,682,145)	(2,682,145)
CLAUSE UNDERRECOVERIES	(49,164)	(41,723)	(7,441)			(7,441)	7,441	
REMOVE LEASES							(30,319,410)	(30,319,410)
TEMPORARY CASH INVESTMENTS							(42,494,019)	(42,494,019)
TOTAL ERSC ADJUSTMENTS (2)	(12,835,904)	(195,899)	(12,740,007)	-	(828,170)	(13,568,177)	(42,494,019)	(58,082,196)
PRO FORMA ADJUSTMENTS								
REMOVE AEP								
INTERCOMPANY ARIAP								
CLAUSE UNDERRECOVERIES								
REMOVE LEASES								
TEMPORARY CASH INVESTMENTS								
TOTAL PRO FORMA ADJUSTMENTS	(21,666,839)	(11,129,209)	(10,527,827)	-	-	(10,527,827)	-	(10,527,827)
PRO FORMA ADJUSTED	466,556,262	182,253,417	284,342,747	-	34,595,027	319,755,945	3,081,528	365,291,491

(1) Recoverable AGL Acquisition Adjustment and related Accumulated Amortization are included in "Per Books" amounts

(2) In order to be consistent with the "Per Book" capital structure reflected on Schedule 4, certain capital structure balances are no longer presented as part of "Per Book" Rate Base on this schedule. Therefore, no further capital structure adjustment is needed.

FLORIDA CITY GAS
CAPITAL STRUCTURE
FISCAL ADJUSTED BASIS
March 2020

SCHEDULE 4

Line No.	AVERAGE	PER BOOKS	COMPANY RATIO	ADJUSTMENTS TO INVESTOR CAPITAL	ADJUSTED	ADJUSTMENTS				LOW POINT				MIDPOINT				HIGH POINT			
						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 (%)	COST RATE (%)	WEIGHTED COST (%)
1	DIVISIONAL CAPITAL	\$ 121,198,176	32.83%	\$ -	\$ 121,198,176	\$ (10,097,219)	\$ 111,101,862	32.83%	9.19%	3.02%	10.19%	3.36%	11.19%	4.29%	1.89%	4.29%	1.89%	4.29%	1.89%		
2	LONG TERM DEBT	163,838,347	44.38%	-	163,838,347	\$ (13,646,656)	150,188,689	44.38%	4.25%	1.89%	4.25%	1.89%	4.25%	1.89%	4.25%	1.89%	4.25%	1.89%	4.25%		
3	SHORT TERM DEBT	27,691,333	7.50%	-	27,691,333	\$ (2,307,019)	25,384,320	7.50%	1.83%	0.14%	1.83%	0.14%	1.83%	0.14%	1.83%	0.14%	1.83%	0.14%	1.83%		
4	PREFERRED STOCK	-	0.00%	-	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		
5	CUSTOMER DEPOSITS	3,028,880	0.82%	-	3,028,880	\$ (252,241)	2,776,639	0.82%	2.78%	0.02%	2.77%	0.02%	2.77%	0.02%	2.77%	0.02%	2.77%	0.02%	2.77%		
6	TAX CREDITS - ZERO COST	-	0.00%	-	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%	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%	0.00%	0.00%	0.00%	0.00%	0.00%		
8	TAX CREDITS - WEIGHTED COST	-	0.00%	-	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		
9	ACC DEFINIC TAXES-ZERO COST	53,394,511	14.47%	-	53,394,511	\$ (4,448,390)	48,946,122	14.46%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		
10	TOTAL	\$ 389,182,248	100.00%	\$ -	\$ 389,182,248	\$ (28,754,177)	\$ 360,428,071	100.00%	5.07%	5.07%	5.07%	5.07%	5.07%	5.07%	5.07%	5.07%	5.07%	5.07%	5.07%		
11	YEAR END DIVISIONAL CAPITAL	\$ 199,124,306	42.34%	\$ -	\$ 199,124,306	\$ (23,727,093)	\$ 175,397,213	42.34%	9.19%	3.89%	10.19%	4.31%	11.19%	4.74%	1.89%	4.74%	1.89%	4.74%	1.89%		
12	LONG TERM DEBT (1)	79,294,397	21.10%	-	79,294,397	\$ (11,828,694)	67,465,703	21.10%	3.93%	0.83%	3.93%	0.83%	3.93%	0.83%	3.93%	0.83%	3.93%	0.83%	3.93%		
13	SHORT TERM DEBT	79,988,638	21.28%	-	79,988,638	\$ (11,932,162)	68,056,446	21.28%	3.47%	0.74%	3.47%	0.74%	3.47%	0.74%	3.47%	0.74%	3.47%	0.74%	3.47%		
14	PREFERRED STOCK	-	0.00%	-	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		
15	CUSTOMER DEPOSITS	2,999,535	0.78%	-	2,999,535	\$ (438,500)	2,561,035	0.78%	2.78%	0.02%	2.77%	0.02%	2.77%	0.02%	2.77%	0.02%	2.77%	0.02%	2.77%		
16	TAX CREDITS - ZERO COST	-	0.00%	-	-	-	-	0.00%	0.00%	0.00%	0.00%	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%	0.00%	0.00%	0.00%	0.00%	0.00%		
18	TAX CREDITS - WEIGHTED COST	-	0.00%	-	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		
19	ACC DEFINIC TAXES-ZERO COST	54,472,472	14.50%	-	54,472,472	\$ (4,126,837)	48,346,635	14.49%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		
20	TOTAL	\$ 375,819,318	100.00%	\$ -	\$ 375,819,318	\$ (39,002,199)	\$ 336,817,122	100.00%	5.48%	5.48%	5.48%	5.48%	5.48%	5.48%	5.48%	5.48%	5.48%	5.48%	5.48%		
21	AVERAGE EXCLUDING AGL ACC ADJ & REG ASSETS	PER BOOKS	COMPANY RATIO	ADJUSTMENTS 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 (%)		
22	DIVISIONAL CAPITAL	\$ 121,198,176	32.83%	\$ -	\$ 121,198,176	\$ (13,672,229)	\$ 107,526,961	32.83%	9.19%	3.02%	10.19%	3.36%	11.19%	4.29%	1.89%	4.29%	1.89%	4.29%	1.89%		
23	LONG TERM DEBT	163,838,347	44.38%	-	163,838,347	\$ (14,482,251)	149,356,086	44.38%	4.25%	1.89%	4.25%	1.89%	4.25%	1.89%	4.25%	1.89%	4.25%	1.89%	4.25%		
24	SHORT TERM DEBT	27,691,333	7.50%	-	27,691,333	\$ (4,123,801)	24,567,532	7.50%	1.83%	0.14%	1.83%	0.14%	1.83%	0.14%	1.83%	0.14%	1.83%	0.14%	1.83%		
25	PREFERRED STOCK	-	0.00%	-	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		
26	CUSTOMER DEPOSITS	3,028,880	0.82%	-	3,028,880	\$ (341,852)	2,687,028	0.82%	2.78%	0.02%	2.77%	0.02%	2.77%	0.02%	2.77%	0.02%	2.77%	0.02%	2.77%		
27	TAX CREDITS - ZERO COST	-	0.00%	-	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		
28	TAX CREDITS - WEIGHTED COST	-	0.00%	-	-	-	-	0.00%	0.00%	0.00%	0.00%	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%	0.00%	0.00%	0.00%	0.00%	0.00%		
30	ACC DEFINIC TAXES-ZERO COST	53,394,511	14.46%	-	53,394,511	\$ (4,623,329)	47,771,188	14.46%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		
31	TOTAL	\$ 389,182,248	100.00%	\$ -	\$ 389,182,248	\$ (41,643,292)	\$ 347,538,956	100.00%	5.07%	5.07%	5.07%	5.07%	5.07%	5.07%	5.07%	5.07%	5.07%	5.07%	5.07%		

(1) Recoverable amortized cost of early debt extinguishment

(2) On July 31, 2018 Florida City Gas ("FCG") was acquired and became a direct, wholly-owned subsidiary of Florida Power & Light Company ("FPL") at which time all of FCG's outstanding funded debt from its former parent, Southern Company Gas, was extinguished. FCG's application for authority to issue debt securities in 2019 pursuant to borrowings from FPL was approved on November 19, 2018 in Order No. 20180166-QJ with the Florida Public Service Commission. Subsequent to receiving Financing Order # FSC-2018-0550-FCG-QJ, Florida City Gas has received Long-Term Debt proceeds from Florida Power & Light Co.

FLORIDA CITY GAS
EARNED RETURN ON COMMON EQUITY
FPSC ADJUSTED BASIS
March 2020

SCHEDULE 5

A. INCLUDING AGL ACQUISITION ADJUSTMENT & REGULATORY ASSETS

Line No.		
1	FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	<u>3.50%</u>
2	LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:	
3	LONG TERM DEBT	-1.89%
4	SHORT TERM DEBT	-0.14%
5	PREFERRED STOCK	0.00%
6	CUSTOMER DEPOSITS	-0.02%
7	TAX CREDITS-WEIGHTED COST(MIDPOINT)	<u>0.00%</u>
8	SUBTOTAL	<u>-2.05%</u>
9	TOTAL	<u>1.45%</u>
10	DIVIDED BY RECONCILED COMMON EQUITY RATIO	<u>32.83%</u>
11	JURISDICTIONAL RETURN ON COMMON EQUITY	<u>4.42%</u>
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13		
14		
15		
16		

B. EXCLUDING AGL ACQUISITION ADJUSTMENT & REGULATORY ASSETS

Line No.		
17		
18		
19	NET OPERATING INCOME EXCLUDING FLEX RATE REVENUES	\$ 12,365,160
20		
21	RATE BASE EXCLUDING FLEX RATE REVENUES	\$ 327,508,956
22		
23	FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	3.78%
24	LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:	
25	LONG TERM DEBT	-1.89%
26	SHORT TERM DEBT	-0.14%
27	PREFERRED STOCK	0.00%
28	CUSTOMER DEPOSITS	-0.02%
29	TAX CREDITS-WEIGHTED COST(MIDPOINT)	<u>0.00%</u>
30	SUBTOTAL	<u>-2.05%</u>
31	TOTAL	<u>1.73%</u>
32	DIVIDED BY RECONCILED COMMON EQUITY RATIO	<u>32.83%</u>
33	JURISDICTIONAL RETURN ON COMMON EQUITY	<u>5.27%</u>