Florida City Gas

March 15, 2021

Mr. Andrew L. Maurey, Director Division of Accounting and Finance Florida Public Service Commission 2540 Shumard Oak Blvd. Tallahassee, FL 32399

## Re: 2021 Forecasted Earnings Surveillance Report

Dear Mr. Maurey:

On February 19, 2021 you granted the request by Florida City Gas ("FCG") for an extension of time to March 15, 2021 to file its 2021 forecasted earnings surveillance report ("FESR"). Consistent with that extension, I am enclosing FCG's 2021 FESR. Please note that the forecast results contained in the FESR reflect the Company's 2021 planning assumptions.

Sincerely,

Scott Bores Senior Director-Financial Planning & Analysis

Enclosures

Cc: Richard Gentry, Office of Public Counsel

FLORIDA	PUBLIC SERVICE	COMMISSION	

# INVESTOR-OWNED NATURAL GASUTILITY

## FORECAST EARNINGS SURVEILLANCE REPORT

FLORIDA CITY GAS

December 2021

PSC/AFA 13 (6/94)

## FLORIDA CITY GAS YEAR END RATE BASE December 2021

			(1)		(2)	(3)		(4)	(5)		
			ACTUAL <u>PER BOOKS</u>		FPSC <u>DJUSTMENTS</u>	FPSC ADJUSTED		PRO FORMA ADJUSTMENTS		RO FORMA ADJUSTED	
I. AVERAGE RATE OF RETURN (JURISDICTIONAL)					<u> </u>	mbresting		<u>ne commento</u>	-		
NET OPERATING INCOME	(a)	\$	23,675,711	\$	(1,367,547)	\$ 22,308,164	4 \$	538,824	\$	22,846,988	
AVERAGE RATE BASE	(a)	\$	426,538,317	\$	(52,280,486)	\$ 374,257,83	\$	(9,625,259)	\$	364,632,572	
AVERAGE RATE OF RETURN	(a)		5.55%	,		5.969	6			6.27%	
II. YEAR END RATE BASE (JURISDICTIONAL)		\$	460,984,280	\$	(58,699,907)	\$ 402,284,37	3\$	(9,264,312)	\$	393,020,061	
III. REQUIRED RATES OF RETURN AVERAGE CAPITAL											
STRUCTURE (FPSC ADJUSTED BASIS)				<u>IV. I</u>	EARNED RETURN	ON EQUITY (FPS	CAD	JUSTED BASIS)			
LOW		<u>5.13%</u>		A. 1	NCLUDING AGL	ACQ. ADJ. & RE	GULA	ATORY ASSETS		<u>11.19</u> %	
MIDPOINT		<u>5.54%</u>		B.E	EXCLUDING AGL	ACO. ADJ. & RE	GUL	ATORY ASSETS		11.91%	
HIGH		<u>5.96%</u>				<b>`</b>					

I am aware that Section 837.06, Florida Statutes, provides:		
Whoever knowingly makes a false statement in writing with the i misdemeanor of the second degree punishable as provided in s. 77	ntent to mislead a public servant in the performance of his official duty shall be g	guilty of a
Scott Bores, Senior Director Financial Planning & Analysis	have	3/15/2021
(Name and Title of Chief Financial Officer)	(Signature)	(Date)

#### FLORIDA CITY GAS AVERAGE RATE OF RETURN RATE BASE December 2021 (1) (2) (3) (4) (5) (7) (8) (9) PROPERTY Line ACCUM. DEPR. & NET PLANT IN HELD FOR NET UTILITY TOTAL RATE No. PLANT IN SERVICE AMORT. SERVICE FUTURE USE CWIP PLANT WORKING CAPITAL BASE 1 PER BOOKS(1) \$ 557,397,747 \$ 214,581,900 \$ 342,815,847 \$ - \$ 38,581,854 \$ 381,397,701 \$ 45,140,617 \$ 426,538,317 2 3 FPSC ADJUSTMENTS: 4 REMOVE SAFE CLAUSE PLANT (23,408,413) (735,333) (22,673,079) (418,764) (23,091,844) (23,091,844) 5 REMOVE AEP (10,449,428) (10,449,428) 6 INTERCOMPANY AR/AP 166,605 166,605 7 CLAUSE UNDERRECOVERIES (2,869,905) (2,869,905) 8 **REMOVE LEASES** ----9 TEMPORARY CASH INVESTMENTS (16,035,915) (16,035,915) 10 TOTAL FPSC ADJUSTMENTS (2) (23,408,413) \$ (735,333) \$ (22,673,079) \$ (418,764) \$ (23,091,844) \$ (29,188,643) (52,280,486) \$ - \$ 11 12 FPSC ADJUSTED 533,989,335 \$ 213,846,567 \$ 320,142,768 \$ 38,163,089 \$ 358,305,857 \$ 15,951,974 \$ 374,257,831 \$ \$ -13 14 ADJUSTED FOR FLEX RATE REVENUES 533,989,335 \$ 213,846,567 \$ 320,142,768 \$ 38,163,089 358,305,857 \$ 15,951,974 \$ 374,257,831 \$ \$ -\$ 15 16 PRO FORMA ADJUSTMENTS: 17 18 TOTAL PRO FORMA ADJUSTMENTS \$ (21,656,835) \$ (12,031,576) \$ (9,625,259) \$ (9,625,259) \$ (9,625,259) -\$ --\$ 19 20 PRO FORMA ADJUSTED \$ 512,332,500 \$ 201,814,991 \$ 310,517,508 \$ -\$ 38,163,089 \$ 348,680,598 \$ 15,951,974 \$ 364,632,572

(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 AVERAGE RATE OF RETURN INCOME STATEMENT December 2021

			(1)		(2)	(3)		(4)		(5)		(6)		(7)	(8)		(9)		(10)		(11)
Line			OPERATING							TAXESOTHER THAN INCOME		NCOME TAXES		DEFERRED	INV. TAX CREDIT		GAIN/LOSSON	тот	AL OPERATING	NET	OPERATING
No.			REVENUES	0& M	GASEXPENSE	O&M OTHER	DE	EPR. & AMORT.	'	TAXES	'	CURRENT	IN	(NET)	(NET)		DISPOSITION		EXPENSES		NCOME
1	PER BOOKS	\$	95,869,170	\$	17,403,410	23,472,620	\$	17,313,971	\$	9,279,981	\$	5,368,804	\$	(645,326)	<b>s</b> -	\$	-	\$	72,193,459	\$	23,675,711
2		•		•			•		•	-,,	•	-11	•	(********	•	•		•		•	
3 4	ADJUSTED BOOKS	\$	95,869,170	\$	17,403,410 \$	23,472,620	\$	17,313,971	\$	9,279,981	\$	5,368,804	\$	(645,326)	\$-	\$	-	\$	72,193,459	\$	23,675,711
5	FPSC ADJUSTMENTS:																				
6	FUEL REVENUES/COSTS		(18,248,368)		(17,392,446)					(86,962)		-							(17,479,408)		(768,960)
7	FRANCHISE/GROSS RECEIPTS TAXES		(4,903,537)							(4,935,322)		-							(4,935,322)		31,786
8	ECP REVENUE/COSTS		(5,881,673)			(5,751,978)				(72,673)		(13,983)							(5,838,634)		(43,039)
9	AEP REVENUE/COSTS		(1,011,216)					(876,064)				(33,142)							(909,206)		(102,010)
10	SAFE REVENUE/COSTS		(1,576,754)			(1,428)		(352,116)		(115,062)		(271,738)							(740,344)		(836,410)
11	ASSOCIATION DUES					(139,939)						34,315							(105,623)		105,623
12	INTEREST SYNCHRONIZATION		-			-		-		-		(245,463)		-			-		(245,463)		245,463
13 14	TOTAL FPSC ADJUSTMENTS		(31,621,548)		(17,392,446)	(5,893,345)		(1,228,181)		(5,210,020)		(530,010)					-		(30,254,001)		(1,367,547)
15 16	FPSC ADJUSTED	<u>\$</u>	64,247,622	<u>\$</u>	10,964 \$	17,579,276	<u>\$</u>	16,085,790	<u>\$</u>	4,069,961	\$	4,838,794	<u>\$</u>	(645,326)	<u>\$</u>	<u>\$</u>		\$	41,939,458	\$	22,308,164
17	FLEX RATE REVENUES		-		-	-		-		-		-		-	-		-		-		-
18	ADJUSTED FOR																				
19 20	FLEX RATE REVENUES	<u>\$</u>	64,247,622	<u>\$</u>	10,964 \$	17,579,276	\$	16,085,790	<u>\$</u>	4,069,961	\$	4,838,794	\$	(645,326)	<u>\$</u>	<u>\$</u>		\$	41,939,458	\$	22,308,164
20 21 22	PRO FORMA ADJUSTMENTS																				
23	TOTAL PRO FORMA ADJUSTMENTS		-		<u> </u>	-		(721,895)		-		183,070		<u> </u>	<u> </u>				(538,824)		538,824
24 25	PRO FORMA ADJUSTED	<u>\$</u>	64,247,622	<u>\$</u>	10,964 \$	17,579,276	<u>\$</u>	15,363,896	<u>\$</u>	4,253,031	<u>\$</u>	5,021,864	<u>\$</u>	(645,326)	<u>\$</u>	<u>\$</u>		<u>\$</u>	41,400,633	\$	22,846,988

### FLORIDA CITY GAS YEAR END RATE BASE RATE BASE December 2021

			(1)	(2)		(3)	(4) PROPERTY		(5)		(7)		(8)		(9)
Line				ACCUM. DEPR. &	N	NET PLANT IN	HELD FOR			N	ET UTILITY		WORKING		
No.		PLANT	IN SERVICE	AMORT.		SERVICE	FUTURE USE		CWIP		PLANT		CAPITAL	ΤΟΤΑΙ	RATE BASE
1	PER BOOKS(1)	\$	590,446,827 \$	223,766,660	\$	366,680,167	\$-	\$	46,838,551	\$	413,518,718	\$	47,465,562	\$	460,984,280
3	FPSC ADJUSTMENTS:														
4	REMOVE SAFE CLAUSE PLANT		(28,072,875)	(1,064,856)	)	(27,008,019)			(35,584)		(27,043,603)				(27,043,603)
5	REMOVE AEP		-			-			-		-		(12,148,425)		(12,148,425)
6	INTERCOMPANY AR/AP												-		-
7	CLAUSE UNDERRECOVERIES								-		-		(2,919,732)		(2,919,732)
8	REMOVE LEASES		-	-		-					-		-		-
9	TEMPORARY CASH INVESTMENTS												(16,588,147)		(16,588,147)
10	TOTAL FPSC ADJUSTMENTS (2)		(28,072,875)	(1,064,856)	)	(27,008,019)			(35,584)		(27,043,603)		(31,656,304)		(58,699,907)
11															
12		\$	562,373,951	222,701,803	\$	339,672,148	<u>\$</u>	<u>\$</u>	46,802,967	\$	386,475,115	<u>\$</u>	15,809,258	\$	402,284,373
13															
14 15		-													
		•	(01 050 005	(10.000 500)		(0.004.040)	•				(0.004.040)				(0.004.040)
16	TOTAL PRO FORMA ADJUSTMENTS	\$	(21,656,835) \$	(12,392,523)	\$	(9,264,312)	<u>\$</u>	<u> </u>	-	\$	(9,264,312)	\$	-	\$	(9,264,312)
17															
18	PRO FORMA ADJUSTED	\$	540,717,116	210,309,280	\$	330,407,836	<u>\$</u>	<u>\$</u>	46,802,967	\$	377,210,803	\$	15,809,258	\$	393,020,061

(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.

SCHEDULE 3

#### FLORIDA CITY GAS CAPITAL STRUCTURE FPSC ADJUSTED BASIS December 2021

							ADJUSTMENTS					LOW	POINT	MIDF	OINT	HIGH	POINT	
Line				COMPANY	ADJUSTMENTSTO								COST RATE	WEIGHTED	COST RATE	WEIGHTED	COST RATE	WEIGHTED
No.	AVERAGE	PER BC	DOKS	RATIO	INVESTOR CAPITAL	ADJUSTE	<u> </u>	SPECIFIC		PRO RATA	ADJUSTED	RATIO (%)	(%)	COST (%)	(%)	COST (%)	(%)	COST (%)
1 2	DIVISIONAL CAPITAL	\$ 178	8,274,575	41.80%	\$ -	\$ 178,2	74,575		\$	(21,850,983) \$	156,423,592	41.80%	9.19%	3.84%	10.19%	4.26%	11.19%	4.68%
3 4	LONG TERM DEBT	102	2,874,624	24.12%	-	102,8	74,624		\$	(12,609,267)	90,265,357	24.12%	3.99%	0.96%	3.99%	0.96%	3.99%	0.96%
5 6	SHORT TERM DEBT	89	9,998,576	21.10%	-	89,9	98,576		\$	(11,031,059)	78,967,517	21.10%	1.45%	0.31%	1.45%	0.31%	1.45%	0.31%
7 8	PREFERRED STOCK		-	0.00%			-				-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
9 10	CUSTOMER DEPOSITS	:	3,468,464	0.81%		3,4	68,464		\$	(425,127)	3,043,337	0.81%	2.13%	0.02%	2.13%	0.02%	2.13%	0.02%
11 12	TAX CREDITS - ZERO COST		-	0.00%			-				-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
13 14	TAX CREDITS - WEIGHTED COST		-	0.00%			-				-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
15 16	ACC DEF INC TAXES-ZERO COST	-	1,922,078 6,538,317	<u>12.17</u> % <b>100.00%</b>	-		22,078 38,317	<u> </u>	\$	(6,364,051) (52,280,486) \$	45,558,028 374,257,831	<u>12.17</u> % <b>100.00%</b>	0.00%	<u>0.00</u> % <b>5.13%</b>	0.00%	<u>0.00</u> % <b>5.54%</b>	0.00%	0.00% 5.96%
10	IVIAL	<u>v 42</u>	0,000,017	100.0076	<u>•</u>	<u>₩ 420,0</u>		* -	*	(00,00,00) #	5/1,257,051	100.00 /0		0.10%		0.0470		0.00 /0

17

18						ADJUSTM	ENTS			LOW	POINT	MIDP	OINT	HIGH	POINT
19	YEAR END	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 (%)
20 21	DIVISIONAL CAPITAL	\$ 188,603,014	40.91%	\$ - \$	188,603,014	\$	(24,015,958)	164,587,055	40.91%	9.19%	3.76%	10.19%	4.17%	11.19%	4.58%
22 23	LONG TERM DEBT	108,670,698	23.57%	-	108,670,698	\$	(13,837,695)	94,833,003	23.57%	4.04%	0.95%	4.04%	0.95%	4.04%	0.95%
24 25	SHORT TERM DEBT	108,670,698	23.57%	-	108,670,698	\$	(13,837,695)	94,833,003	23.57%	0.53%	0.12%	0.53%	0.12%	0.53%	0.12%
26 27	PREFERRED STOCK	-	0.00%		-				0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
28 29	CUSTOMER DEPOSITS	3,468,498	0.75%		3,468,498	\$	(441,665)	3,026,833	0.75%	2.13%	0.02%	2.13%	0.02%	2.13%	0.02%
30 31	TAX CREDITS - ZERO COST	-	0.00%		-			-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
32 33	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	51,571,371	<u>11.20</u> %		51,571,371	- \$	(6,566,894)	45,004,478	<u>11.19</u> %	0.00%	<u>0.00</u> %	0.00%	<u>0.00</u> %	0.00%	<u>0.00</u> %
35	TOTAL	\$ 460,984,280	<u>100.00</u> %	<u>\$</u>	460,984,280	<u>\$ -</u> <u>\$</u>	(58,699,907)	402,284,373	<u>100.00</u> %		<u>4.85</u> %		<u>5.26</u> %		<u>5.67</u> %



37						ADJUSTN	IENTS	<u> </u>			LOW	POINT	MIDP	OINT	HIGH	POINT
38	AVERAGE EXCLUDING AGL ACQ ADJ. & REG. ASSETS	PER BOOKS	COMPANY RATIO	ADJUSTMENTS TO	ADJUSTED	SPECIFIC	PR	RO RATA	ADJUSTED	RATIO (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
39 40	DIVISIONAL CAPITAL	\$ 178,274,575	41.80%	\$ - \$	178,274,575		\$	(25,873,925) \$	152,400,649	41.80%	9.19%	3.84%	10.19%	4.26%	11.19%	4.68%
41 42	LONG TERM DEBT	102,874,624	24.12%	-	102,874,624	:	\$	(14,930,734)	87,943,889	24.12%	3.99%	0.96%	3.99%	0.96%	3.99%	0.96%
43 44	SHORT TERM DEBT	89,998,576	21.10%	-	89,998,576	:	\$	(13,061,966)	76,936,610	21.10%	1.45%	0.31%	1.45%	0.31%	1.45%	0.31%
45 46	PREFERRED STOCK	-	0.00%		-				-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
47 48	CUSTOMER DEPOSITS	3,468,464	0.81%		3,468,464	:	\$	(503,396)	2,965,068	0.81%	2.13%	0.02%	2.13%	0.02%	2.13%	0.02%
49 50	TAX CREDITS - ZERO COST	-	0.00%		-				-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
51 52	TAX CREDITS - WEIGHTED COST	-	0.00%		-				-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
53	ACC DEF INC TAXES-ZERO COST	51,922,078	<u>12.17</u> %	<u> </u>	51,922,078	!	\$	(7,535,724)	44,386,355	<u>12.17%</u>	0.00%	<u>0.00</u> %	0.00%	<u>0.00</u> %	0.00%	<u>0.00</u> %
54	TOTAL	<u>\$ 426,538,317</u>	<u>100.00</u> %	<u>\$ -</u> <u>\$</u>	426,538,317	<u>\$</u>	\$	(61,905,746) \$	364,632,572	<u>100.00</u> %		<u>5.13</u> %		<u>5.55</u> %		<u>5.97</u> %

22,846,988

364,632,572

6.27%

## FLORIDA CITY GAS EARNED RETURN ON COMMON EQUITY FPSC ADJUSTED BASIS December 2021

## A. INCLUDING AGL ACQUISITION ADJUSTMENT & REGULATORY ASSETS

Line

No.

1	FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	<u>5.96</u> %
2	LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:	
3	LONG TERM DEBT	-0.96%
4	SHORT TERM DEBT	-0.31%
5	PREFERRED STOCK	0.00%
6	CUSTOMER DEPOSITS	-0.02%
7	TAX CREDITS-WEIGHTED COST(MIDPOINT)	<u>0.00</u> %
8	SUBTOTAL	- <u>1.28</u> %
9	TOTAL	<u>4.68</u> %
10	DIVIDED BY RECONCILED COMMON EQUITY RATIO	<u>41.80</u> %
11	JURISDICTIONAL RETURN ON COMMON EQUITY	<u>11.19</u> %
10		

- 12 13
- 14
- 15 16

20

22

## 17 B. EXCLUDING AGL ACQUISITION ADJUSTMENT & REGULATORY ASSETS 18 **19** NET OPERATING INCOME EXCLUDING FLEX RATE REVENUES \$ 21 RATE BASE EXCLUDING FLEX RATE REVENUES \$ 23 FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN

24	LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:	
25	LONG TERM DEBT	-0.96%
26	SHORT TERM DEBT	-0.31%
27	PREFERRED STOCK	0.00%
28	CUSTOMER DEPOSITS	-0.02%
29	TAX CREDITS-WEIGHTED COST(MIDPOINT)	<u>0.00%</u>
30	SUBTOTAL	- <u>1.29</u> %
31	TOTAL	<u>4.98</u> %
32	DIVIDED BY RECONCILED COMMON EQUITY RATIO	<u>41.80</u> %
33	JURISDICTIONAL RETURN ON COMMON EQUITY	<u>11.91</u> %