

March 15, 2022

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

Re: 2022 Forecasted Earnings Surveillance Report

Dear Mr. Maurey:

On February 16, 2022 you granted Florida City Gas's ("FCG's") request for an extension of time to March 15, 2022 to file its 2022 forecasted earnings surveillance report ("FESR"). Consistent with that extension, I am enclosing FCG's 2022 FESR. Please note that the forecast results contained in the FESR reflect the Company's 2022 planning assumptions.

Sincerely,

Ina Laney

Manager Cost & Performance, Financial Forecasting

Enclosures:

Cc: Richard Gentry, Office of Public Counsel

#### SCHEDULE 1

### FLORIDA PUBLIC SERVICE COMMISSION GAS FORECASTED EARNINGS SURVEILLANCE REPORT

Company: Florida City Gas

Year: 2022

I. AVERAGE RATE OF RETURN (JURISDICTIONAL)	<u>1</u>	(1) ACTUAL PER BOOKS	(2) FPSC <u>ADJUSTMENTS</u>	(3) FPSC <u>ADJUSTED</u>	(4) PRO FORMA ADJUSTMENTS	(5) PRO FORMA <u>ADJUSTED</u>	
NET OPERATING INCOME	\$	17,580,959	(2,220,876)	15,360,083	-	15,360,083	
AVERAGE RATE BASE	\$	444,722,175	(52,513,207)	392,208,969	-	392,208,969	
AVERAGE RATE OF RETURN		3.95%		3.92%		3.92%	

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

#### III. EARNED RETURN ON EQUITY (FPSC ADJUSTED BASIS)

 LOW
 5.37%

 MIDPOINT
 5.79%

 HIGH
 6.21%

A. RETURN ON COMMON EQUITY (AVERAGE)

5.70%

GAS FORECASTED EARNINGS SURVEILLANCE REPORT AVERAGE RATE OF RETURN RATE BASE

Company: Florida City Gas

			(1)	(2)	(3)	(4)	(5)	(7)	(8)	(9)
Line No.	_	PLAI	NT IN SERVICE	ACCUM. DEPR. & AMORT.	NET PLANT IN SERVICE	PROPERTY HELD FOR FUTURE USE	CWIP	NET UTILITY PLANT	WORKING CAPITAL	TOTAL RATE BASE
1	PER BOOKS <sup>(1)</sup>	\$	582,538,177	209,760,658	372,777,519	-	57,660,027	430,437,545	14,284,630	444,722,175
2										
3	FPSC ADJUSTMENTS:									
4	REMOVE SAFE CLAUSE PLANT	\$	(39,039,055)	(1,573,071)	(37,465,984)	-	(2,714,008)	(40,179,992)	-	(40,179,992)
5	REMOVE AEP		-	-	-	-	-	-	(1,811,657)	(1,811,657)
6	INTERCOMPANY AR		-	-	-	-	-	-	123	123
7	CLAUSE UNDERRECOVERIES		-	-	-	-	-	-	(2,188,598)	(2,188,598)
8	REMOVE LEASES		(9,677,542)	(1,703,882)	(7,973,660)	-	-	(7,973,660)	-	(7,973,660)
9	ACCUM DEFERRED RETIREMENT BENEFITS		-	-	-	-	-	-	19,785	19,785
10	TEMPORARY CASH INVESTMENTS		-						(379,207)	(379,207)
11	TOTAL FPSC ADJUSTMENTS (2)		(48,716,597)	(3,276,952)	(45,439,644)		(2,714,008)	(48,153,653)	(4,359,554)	(52,513,207)
12										
13	FPSC ADJUSTED	\$	533,821,580	206,483,706	327,337,874		54,946,018	382,283,893	9,925,076	392,208,969
14										
15	TOTAL PRO FORMA ADJUSTMENTS	\$	<u>-</u>							
16										
17	PRO FORMA ADJUSTED	\$	533,821,580	206,483,706	327,337,874		54,946,018	382,283,893	9,925,076	392,208,969

<sup>(1)</sup> Recoverable AGL Acquisition Adjustment and related Accumulated Amortization are included in "Per Books" amounts.

<sup>(2)</sup> 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 PUBLIC SERVICE COMMISSION GAS FORECASTED EARNINGS SURVEILLANCE REPORT AVERAGE RATE OF RETURN INCOME STATEMENT

Company: Florida City Gas

		(*	)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Line No.	_	OPER REVE		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	105	,225,050	25,469,394	32,510,968	17,797,838	8,861,611	1,512,579	1,491,702	-	-	87,644,091	17,580,959
2													
3	FPSC ADJUSTMENTS:												
4	FUEL REVENUES/COSTS	\$ (25	,963,698)	(25,969,394)	(167,492)	-	-	42,090	-	-	-	(26,094,796)	131,098
5	FRANCHISE/GROSS RECEIPTS TAXES	(3	,917,405)	-	(11,756)	-	(3,917,405)	2,857	-	-	-	(3,926,304)	8,899
6	ECP REVENUE/COSTS	(6	,830,985)	-	(6,780,557)	-	(78,869)	6,912	-	-	-	(6,852,513)	21,528
7	AEP REVENUE/COSTS		(750,276)	-	(3,751)	(679,200)	-	(16,362)	-	-	-	(699,313)	(50,963)
8	SAFE REVENUE/COSTS	(4	,601,338)	-	(23,007)	(1,005,445)	(685,000)	(701,843)	-	-	-	(2,415,295)	(2,186,043)
9	INDUSTRY ASSOCIATION DUES		-	-	(25,000)	-	-	6,076	-	-	-	(18,924)	18,924
10	ECONOMIC DEVELOPMENT		-	-	(3,367)	-	-	818	-	-	-	(2,549)	2,549
11	INTEREST SYNCHRONIZATION							166,868				166,868	(166,868)
12	TOTAL FPSC ADJUSTMENTS	\$ (42	,063,702)	(25,969,394)	(7,014,930)	(1,684,645)	(4,681,273)	(492,585)				(39,842,826)	(2,220,876)
13													
14	FPSC ADJUSTED	\$ 63	,161,348	(500,000)	25,496,038	16,113,193	4,180,338	1,019,994	1,491,702			47,801,265	15,360,083
15													
16	TOTAL PRO FORMA ADJUSTMENTS	\$		<u> </u>	<u>-</u>								
17													
18	PRO FORMA ADJUSTED	\$ 63	,161,348	(500,000)	25,496,038	16,113,193	4,180,338	1,019,994	1,491,702			47,801,265	15,360,083

## FLORIDA PUBLIC SERVICE COMMISSION GAS FORECASTED EARNINGS SURVEILLANCE REPORT CAPITAL STRUCTURE FPSC ADJUSTED BASIS

Company: Florida City Gas

				ADJUSTM	IENTS			LOW F	POINT	MID P	OINT	HIGH I	POINT
Line			-					COST RATE	WEIGHTED	COST RATE	WEIGHTED	COST RATE	WEIGHTED
No.	AVERAGE	F	PER BOOKS	SPECIFIC	PRO RATA	ADJUSTED	RATIO (%)	(%)	COST (%)	(%)	COST (%)	(%)	COST (%)
1	DIVISIONAL CAPITAL	\$	182,080,783	-	(18,568,570)	163,512,213	41.69%	9.19%	3.83%	10.19%	4.25%	11.19%	4.67%
2													
3	LONG TERM DEBT		181,681,266	(7,973,660)	(17,714,675)	155,992,931	39.77%	3.70%	1.47%	3.70%	1.47%	3.70%	1.47%
4													
5	SHORT TERM DEBT		23,548,321	0	(2,401,454)	21,146,867	5.39%	0.83%	0.04%	0.83%	0.04%	0.83%	0.04%
6													
7	PREFERRED STOCK		-	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
8													
9	CUSTOMER DEPOSITS		3,740,302	-	(381,435)	3,358,867	0.86%	2.68%	0.02%	2.68%	0.02%	2.68%	0.02%
10													
11	DEFERRED INCOME TAX		33,943,922	0	(3,461,596)	30,482,326	7.77%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
12													
13	FAS 109 DEFERRED INCOME TAX		19,727,582	0	(2,011,816)	17,715,766	4.52%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
14													
15	TAX CREDITS - ZERO COST		-	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
16													
17	TAX CREDITS - WEIGHTED COST		<u> </u>	<u> </u>		-	<u>0.00</u> %	0.00%	0.00%	0.00%	<u>0.00</u> %	0.00%	<u>0.00</u> %
18	TOTAL	\$	444,722,175	(7,973,660)	(44,539,546)	392,208,969	100.00%		<u>5.37</u> %		<u>5.79</u> %		<u>6.21</u> %
19													

# FLORIDA PUBLIC SERVICE COMMISSION GAS FORECASTED EARNINGS SURVEILLANCE REPORT EARNED RETURN ON COMMON EQUITY FPSC ADJUSTED BASIS

**Company: Florida City Gas** 

Line		
No.	<u>-</u>	
1	FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	3.92%
2	LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:	
3	LONG TERM DEBT	-1.47%
4	SHORT TERM DEBT	-0.04%
5	PREFERRED STOCK	0.00%
6	CUSTOMER DEPOSITS	-0.02%
7	TAX CREDITS-WEIGHTED COST(MIDPOINT)	0.00%
8	SUBTOTAL	-1.54%
9		
10	TOTAL	2.38%
11		
12	DIVIDED BY RECONCILED COMMON EQUITY RATIO	41.69%
13		
14	JURISDICTIONAL RETURN ON COMMON EQUITY	5.70%

#### FLORIDA PUBLIC SERVICE COMMISSION GAS FORECASTED EARNINGS SURVEILLANCE REPORT FORECAST ASSUMPTIONS

Company: Florida City Gas

Year: 2022

FOREC	\ST A	\SSUM	PTIONS

Customers	Forecast Year YEAR	Prior Year YEAR
Residential	108,235	107,418
Commercial	8,266	8,159
Industrial/Interruptable	107	105
Transportation	5	5
Other	94	94
Total	116,707	115,782
<u>Therm Sales</u>	Forecast Year YEAR (1)	Prior Year YEAR (2)
Residential	17,324,302	17,193,520
Commercial	52,882,963	51,967,474
Industrial/Interruptable	52,035,338	56,882,410
Transportation	51,161,858	42,080,088
Other	40 477	18,177
Other	18,177	10,177

### OTHER MAJOR FORECAST ASSUMPTIONS (1) Includes forecasted weather normal sales (2) 2021 actual sales

I am the person responsible for preparation of this document and 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.	
Mark Campbell  Name  On behalf of Marx Camp  Signature  On behalf of Marx Camp	0,11
Senior Director, Financial Forecasting  3/15/2022	ppeu
Title Date	