



May 1, 2023

VIA EMAIL (AMaurey@PSC.STATE.FL.US)

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

RE: Florida City Gas 2023 Forecasted Earnings Surveillance Report

Dear Mr. Maurey:

Pursuant to Rule 25-7.135, F.A.C., Florida City Gas ("FCG") herein submits its Forecasted Earnings Surveillance Report ("FESR") for calendar year 2023. On February 7, 2023, FCG was granted an extension of time to its 2023 FESR by no later than May 1, 2023. Consistent with that extension, enclosed is FCG's 2023 FESR.

Please note that the forecast results contained in the FESR reflect the Company's 2023 planning assumptions and the base rate adjustments and revenue requirements approved by the Florida Public Service Commission at the March 28, 2023 Special Agenda Conference in Docket No. 20220069-GU. There are no confidential materials, information, or data included in the enclosed 2023 FESR.

Thank you for your attention to this matter, and please contact me at (561) 691-7167 should you have any questions concerning this report.

With best regards,

A handwritten signature in black ink, appearing to read 'Mark Campbell', written over a horizontal line.

Mark Campbell
Senior Director, Financial Forecasting
Florida Power & Light Company
700 Universe Boulevard
Juno Beach, FL 33408
Phone: 561-691-7167
Email: Mark.Campbell@fpl.com

Enclosure

cc: Kurt Howard, Sr. Director and Gen. Manager FCG (kurt.howard@nexteraenergy.com)
Christopher T. Wright, Sr. Counsel for FCG (christopher.wright@fpl.com)

FLORIDA PUBLIC SERVICE COMMISSION
GAS FORECASTED EARNINGS SURVEILLANCE REPORT

SCHEDULE 1

Company: Florida City Gas

Year: 2023

	(1) ACTUAL PER BOOKS	(2) FPSC ADJUSTMENTS	(3) FPSC ADJUSTED	(4) PRO FORMA ADJUSTMENTS	(5) PRO FORMA ADJUSTED
<u>I. AVERAGE RATE OF RETURN (JURISDICTIONAL)</u>					
NET OPERATING INCOME	\$ 32,291,038	(1,148,681)	31,142,357	-	31,142,357
AVERAGE RATE BASE	\$ 496,664,067	(34,983,279)	461,680,788	-	461,680,788
AVERAGE RATE OF RETURN	6.50%		6.75%		6.75%

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

LOW	5.96%
MIDPOINT	6.48%
HIGH	7.01%

III. EARNED RETURN ON EQUITY (FPSC ADJUSTED BASIS)

A. RETURN ON COMMON EQUITY (AVERAGE)	10.00%
--------------------------------------	--------

FLORIDA PUBLIC SERVICE COMMISSION
GAS FORECASTED EARNINGS SURVEILLANCE REPORT
AVERAGE RATE OF RETURN
RATE BASE

SCHEDULE 2
PAGE 1 OF 2

Company: Florida City Gas
Year: 2023

		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Line No.		PLANT 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	\$ 658,169,881	221,563,208	436,606,673	-	33,691,779	470,298,452	26,365,615	496,664,067
2									
3	<u>FPSC ADJUSTMENTS:</u>								
4	REMOVE SAFE CLAUSE PLANT	\$ (20,270,534)	(1,098,527)	(19,172,007)	-	(1,424,766)	(20,596,773)	-	(20,596,773)
5	REMOVE AEP	-	-	-	-	-	-	(1,252,930)	(1,252,930)
6	INTERCOMPANY AR	-	-	-	-	-	-	(10,921)	(10,921)
7	CLAUSE UNDERRECOVERIES	-	-	-	-	-	-	(4,494,035)	(4,494,035)
8	REMOVE LEASES	(9,677,542)	(2,246,402)	(7,431,140)	-	-	(7,431,140)	-	(7,431,140)
9	ACCUM DEFERRED RETIREMENT BENEFITS	-	-	-	-	-	-	41,000	41,000
10	REMOVE 50% DIRECTORS & OFFICERS EXPENSE							(3,722)	(3,722)
11	REMOVE UNAMORTIZED RATE CASE EXPENSE							(968,530)	(968,530)
12	TEMPORARY CASH INVESTMENTS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(266,229)</u>	<u>(266,229)</u>
13	TOTAL FPSC ADJUSTMENTS	<u>(29,948,076)</u>	<u>(3,344,929)</u>	<u>(26,603,147)</u>	<u>-</u>	<u>(1,424,766)</u>	<u>(28,027,913)</u>	<u>(6,955,366)</u>	<u>(34,983,279)</u>
14									
15	FPSC ADJUSTED	<u>\$ 628,221,805</u>	<u>218,218,279</u>	<u>410,003,526</u>	<u>-</u>	<u>32,267,013</u>	<u>442,270,539</u>	<u>19,410,249</u>	<u>461,680,788</u>
16									
17	TOTAL PRO FORMA ADJUSTMENTS	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
18									
19	PRO FORMA ADJUSTED	<u>\$ 628,221,805</u>	<u>218,218,279</u>	<u>410,003,526</u>	<u>-</u>	<u>32,267,013</u>	<u>442,270,539</u>	<u>19,410,249</u>	<u>461,680,788</u>

FLORIDA PUBLIC SERVICE COMMISSION
GAS FORECASTED EARNINGS SURVEILLANCE REPORT
AVERAGE RATE OF RETURN
INCOME STATEMENT

SCHEDULE 2
PAGE 2 OF 2

Company: Florida City Gas
Year: 2023

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	\$ 124,838,411	29,187,528	32,925,472	13,205,000	9,519,449	4,723,615	2,986,308	-	-	92,547,373	32,291,038
2												
3	<u>FPSC ADJUSTMENTS:</u>											
4	FUEL REVENUES/COSTS	\$ (29,554,990)	(29,187,528)	(179,484)	-	-	(47,643)	-	-	-	(29,414,655)	(140,335)
5	FRANCHISE/GROSS RECEIPTS TAXES	(4,180,823)	-	(12,980)	-	(4,167,842)	(0)	-	-	-	(4,180,823)	-
6	ECP REVENUE/COSTS	(6,895,701)	-	(6,812,585)	-	(81,626)	(377)	-	-	-	(6,894,589)	(1,112)
7	AEP REVENUE/COSTS	(729,699)	-	(3,630)	(679,200)	-	(11,879)	-	-	-	(694,709)	(34,990)
8	SAFE REVENUE/COSTS	(2,345,078)	-	(11,667)	(433,876)	(361,784)	(389,743)	-	-	-	(1,197,070)	(1,148,008)
9	INDUSTRY ASSOCIATION DUES	-	-	(25,000)	-	-	6,336	-	-	-	(18,664)	18,664
10	ECONOMIC DEVELOPMENT	-	-	(3,683)	-	-	934	-	-	-	(2,750)	2,750
11	DIRECTORS & OFFICERS LIABILITY INSURANCE - 50%			(5,140)			1,303			-	(3,838)	3,838
12	EXECUTIVE INCENTIVE COMPENSATION			(343,753)			87,124			-	(256,629)	256,629
13	INTEREST SYNCHRONIZATION	-	-	-	-	-	106,116	-	-	-	106,116	(106,116)
14	TOTAL FPSC ADJUSTMENTS	\$ (43,706,291)	(29,187,528)	(7,397,924)	(1,113,076)	(4,611,253)	(247,830)	-	-	-	(42,557,610)	(1,148,681)
15												
16	FPSC ADJUSTED	\$ 81,132,120	-	25,527,548	12,091,924	4,908,196	4,475,785	2,986,308	-	-	49,989,763	31,142,357
17												
18	TOTAL PRO FORMA ADJUSTMENTS	\$ -	-	-	-	-	-	-	-	-	-	-
19												
20	PRO FORMA ADJUSTED	\$ 81,132,120	-	25,527,548	12,091,924	4,908,196	4,475,785	2,986,308	-	-	49,989,763	31,142,357

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

SCHEDULE 3

Company: Florida City Gas
Year: 2023

Line No.	AVERAGE	PER BOOKS	ADJUSTMENTS		ADJUSTED	RATIO (%)	LOW POINT		MID POINT		HIGH POINT	
			SPECIFIC	PRO RATA			COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
1	DIVISIONAL CAPITAL	\$ 255,705,319	(0)	(14,400,561)	241,304,758	52.27%	8.50%	4.44%	9.50%	4.97%	10.50%	5.49%
2												
3	LONG TERM DEBT	157,713,599	(7,431,140)	(8,463,460)	141,819,000	30.72%	4.14%	1.27%	4.14%	1.27%	4.14%	1.27%
4												
5	SHORT TERM DEBT	23,047,178	(0)	(1,297,948)	21,749,230	4.71%	4.81%	0.23%	4.81%	0.23%	4.81%	0.23%
6												
7	PREFERRED STOCK	-	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
8												
9	CUSTOMER DEPOSITS	4,712,040	-	(265,368)	4,446,672	0.96%	2.18%	0.02%	2.18%	0.02%	2.18%	0.02%
10												
11	DEFERRED INCOME TAX	36,604,240	(0)	(2,061,442)	34,542,798	7.48%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
12												
13	FAS 109 DEFERRED INCOME TAX	18,881,691	(0)	(1,063,361)	17,818,330	3.86%	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	-	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
18	TOTAL	\$ 496,664,067	(7,431,140)	(27,552,140)	461,680,788	100.00%		5.96%		6.48%		7.01%

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

SCHEDULE 4

Company: Florida City Gas

Year: 2023

<u>Line No.</u>		
1	FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	<u>6.75%</u>
2	LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:	
3	LONG TERM DEBT	-1.27%
4	SHORT TERM DEBT	-0.23%
5	PREFERRED STOCK	0.00%
6	CUSTOMER DEPOSITS	-0.02%
7	TAX CREDITS-WEIGHTED COST(MIDPOINT)	<u>0.00%</u>
8	SUBTOTAL	<u>-1.52%</u>
9		
10	TOTAL	5.23%
11		
11	DIVIDED BY RECONCILED COMMON EQUITY RATIO	<u>52.27%</u>
12		
13	JURISDICTIONAL RETURN ON COMMON EQUITY	<u><u>10.00%</u></u>

FLORIDA PUBLIC SERVICE COMMISSION
GAS FORECASTED EARNINGS SURVEILLANCE REPORT
FORECAST ASSUMPTIONS

SCHEDULE 5

Company: Florida City Gas
Year: 2023

FORECAST ASSUMPTIONS

<u>Customers</u>	Forecast Year	Prior Year
	2023	2022
Residential	110,865	109,332
Commercial	8,394	8,307
Industrial/Interruptable	108	106
Transportation	5	5
Other	2	2
Total	119,374	117,752

<u>Therm Sales</u>	Forecast Year	Prior Year
	2023 (1)	2022 (2)
Residential	17,081,847	16,828,137
Commercial	54,770,185	53,940,351
Industrial/Interruptable	57,711,841	58,665,573
Transportation	48,600,876	51,701,450
Other	16,973	15,046
Total	178,181,722	181,150,556

OTHER MAJOR FORECAST ASSUMPTIONS

- (1) Includes forecasted weather normal sales
(2) 2022 actual sales
(3) Depreciation Reserve Surplus Amortization \$4.4M

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 or s. 775.083.

Mark Campbell
Name


Signature

Senior Director, Financial Forecasting
Title

5/1/2023
Date