



955 E 25 Street
Hialeah, FL 33013

February 17, 2010

Mr. John Slemkewicz, Supervisor
Division of Economic Regulation
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399

10 FEB 18 AM 10:13
DIVISION OF
ECONOMIC REGULATION
FLORIDA PUBLIC SERVICE
COMMISSION

**Re: Florida City Gas
Surveillance Report for Quarter ending December 2009**

Dear Mr. Slemkewicz:

Enclosed please find Florida City Gas' Earnings Surveillance Report for the quarter ended December 2009.

Sincerely,

A handwritten signature in cursive script, appearing to read "Rosie Abreu".

Rosie Abreu
Regulatory Analyst

Encl.

FLORIDA PUBLIC SERVICE COMMISSION

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

FLORIDA CITY GAS

December 2009

PSC/AFA 13 (6/94)

SCHEDULE I

FLORIDA CITY GAS
YEAR END RATE BASE
December 2009

	(1)	(2)	(3)	(4)	(5)
	ACTUAL	FPSC	FPSC	PRO FORMA	PRO FORMA
	PER BOOKS	ADJUSTMENTS	ADJUSTED	ADJUSTMENTS	ADJUSTED
<u>I. AVERAGE RATE OF RETURN (JURISDICTIONAL)</u>					
NET OPERATING INCOME (a)	\$ 7,495,723	\$ (676,401)	\$ 6,819,323	\$ 808,103	\$ 7,627,425
AVERAGE RATE BASE (a)	\$ 126,801,011	\$ 25,902,607	\$ 152,703,618	\$ (19,430,176)	\$ 133,273,442
AVERAGE RATE OF RETURN (a)	5.91%		4.47%		5.72%
<u>II. YEAR END RATE BASE (JURISDICTIONAL)</u>					
	\$ 131,566,788	\$ 32,445,668	\$ 164,012,456	\$ (18,763,658)	\$ 145,248,798

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

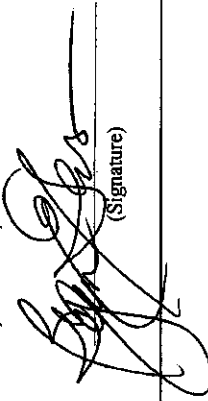
LOW	<u>6.51%</u>	A. INCLUDING AGL ACQ. ADJ. & REGULATORY ASSE	<u>4.81%</u>
MIDPOINT	<u>6.89%</u>	B. EXCLUDING AGL ACQ. ADJ. & REGULATORY ASSE	<u>8.36%</u>
HIGH	<u>7.27%</u>		

IV. EARNED RETURN ON EQUITY (FPSC ADJUSTED BASIS)

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.

Dwyan E. Sees - SVP Controller
(Name and Title of Chief Financial Officer)



(Signature)

2-16-2010
(Date)

FLORIDA CITY GAS
AVERAGE RATE OF RETURN
RATE BASE
December 2009

	(1)	(2)	(3)	(4)	(5)	(7)	(8)	(9)
	PLANT IN SERVICE	ACCUM. DEPR. & AMORT.	NET PLANT IN SERVICE	PROPERTY HELD FOR FUTURE USE	CWIP	NET UTILITY PLANT	WORKING CAPITAL	TOTAL RATE BASE
PER BOOKS	\$ 265,397,024	\$ 117,255,598	\$ 148,141,426	\$ -	\$ 10,718,182	\$ 158,859,608	\$ (32,058,597)	\$ 126,801,011
FPSC ADJUSTMENTS:								
Goodwill	(26,633,077)	-	(26,633,077)	-	-	(26,633,077)	-	(26,633,077)
AGL Common Plant	5,218,485	3,073,605	2,144,880	-	-	2,144,880	-	2,144,880
AGL Purchase Premium	21,656,835	3,368,841	18,287,994	-	-	18,287,994	-	18,287,994
Transaction Cost Regulatory Asset	-	-	-	-	-	-	113,888	113,888
Nonutility plant	-	-	-	-	-	-	(138,851)	(138,851)
FCG Acquisition Adjustment	1,497,497	488,198	1,009,299	-	-	1,009,299	-	1,009,299
Accumulated Removal Cost	-	-	-	-	-	-	-	-
Capital structure adjustments	-	-	-	-	-	-	32,377,036	32,377,036
Gas cost/conservation/CRA underrecoveries	-	-	-	-	-	-	(1,218,168)	(1,218,168)
Interest payable adjustment	-	-	-	-	-	-	(1,050,256)	(1,050,256)
Regulatory expense	-	-	-	-	-	-	-	-
Pension and Transition Costs Reg. Asset	-	-	-	-	-	-	1,028,294	1,028,294
Fort Pierce Utility acquisition	(34,800)	(16,368)	(18,432)	-	-	(18,432)	-	(18,432)
TOTAL FPSC ADJUSTMENTS	\$ 1,704,940	\$ 6,914,276	\$ (5,209,336)	\$ -	\$ -	\$ (5,209,336)	\$ 31,111,943	\$ 25,902,607
FPSC ADJUSTED	\$ 267,101,964	\$ 124,169,874	\$ 142,932,090	\$ -	\$ 10,718,182	\$ 153,650,272	\$ (946,654)	\$ 152,703,618
FLEX RATE REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
ADJUSTED FOR FLEX RATE REVENUES	\$ 267,101,964	\$ 124,169,874	\$ 142,932,090	\$ -	\$ 10,718,182	\$ 153,650,272	\$ (946,654)	\$ 152,703,618
PRO FORMA ADJUSTMENTS:								
TOTAL PRO FORMA ADJUSTMENTS	\$ (21,656,835)	\$ (3,368,841)	\$ (18,287,994)	\$ -	\$ -	\$ (18,287,994)	\$ (1,142,182)	\$ (19,430,176)
PRO FORMA ADJUSTED	\$ 245,445,129	\$ 120,801,033	\$ 124,644,096	\$ -	\$ 10,718,182	\$ 135,362,278	\$ (2,088,836)	\$ 133,273,442

FLORIDA CITY GAS
YEAR END RATE BASE
RATE BASE
December 2009

	(1)	(2)	(3)	(4)	(5)	(7)	(8)	(9)
	PLANT IN SERVICE	ACCUM. DEPR. & AMORT.	NET PLANT IN SERVICE	PROPERTY HELD FOR FUTURE USE	CWIP	NET UTILITY PLANT	WORKING CAPITAL	TOTAL RATE BASE
PER BOOKS	\$ 273,321,217	\$ 116,379,973	\$ 156,941,244	\$ -	\$ 7,780,394	\$ 164,721,638	\$ (33,154,850)	\$ 131,566,788
FPSC ADJUSTMENTS:								
Goodwill	(26,633,077)	-	(26,633,077)			(26,633,077)		(26,633,077)
AGL Common Plant	5,397,134	3,350,027	2,047,107			2,047,107		2,047,107
AGL Acquisition Adj. Per Amort Schedule	21,656,835	3,729,789	17,927,046			17,927,046		17,927,046
Transaction Cost Regulatory Asset								
FCG Acquisition Adjustments	1,497,497	512,144	985,353			985,353		985,353
Nonutility plant							(133,662)	(133,662)
Capital structure adjustments							37,948,320	37,948,320
Gas cost/conservation/CRA underrecoveries							(515,628)	(515,628)
Interest payable adjustment							1,453	1,453
Pension and Transition Costs Reg. Asset							836,612	836,612
Gain on Sale of Medley Property								
Fort Pierce Utility acquisition	(34,800)	(16,944)	(17,856)			(17,856)		(17,856)
TOTAL FPSC ADJUSTMENTS	1,883,589	7,575,016	(5,691,427)			(5,691,427)	38,137,095	32,445,668
FPSC ADJUSTED	\$ 275,204,806	\$ 123,954,989	\$ 151,249,817	\$ -	\$ 7,780,394	\$ 159,030,211	\$ 4,982,245	\$ 164,012,456
PRO FORMA ADJUSTMENTS:								
TOTAL PRO FORMA ADJUSTMENTS	\$ (21,656,835)	\$ (3,729,789)	\$ (17,927,046)	\$ -	\$ -	\$ (17,927,046)	\$ (836,612)	\$ (18,763,658)
PRO FORMA ADJUSTED	\$ 253,547,971	\$ 120,225,200	\$ 133,322,771	\$ -	\$ 7,780,394	\$ 141,103,165	\$ 4,145,633	\$ 145,248,798

FLORIDA CITY GAS
CAPITAL STRUCTURE
FFSC ADJUSTED BASIS
December 2009

AVERAGE DIVISIONAL CAPITAL	PER BOOKS	COMPANY RATIO	ADJUSTMENTS TO INVESTOR CAPITAL	ADJUSTED	SPECIFIC	PRO RATA	ADJUSTED	RATIO (%)	ADJUSTMENTS				
									LOW POINT	MID POINT	HIGH POINT		
									COST RATE (%)	WEIGHTED COST (%)	WEIGHTED COST (%)	WEIGHTED COST (%)	
LONG TERM DEBT	\$ 66,514,843	41.79%	(6,107,774)	\$ 60,407,069	\$	(2,990,985)	\$ 57,416,080	37.60%	10.25%	3.85%	11.25%	4.23%	4.61%
SHORT TERM DEBT	60,286,168	37.87%	3,116,870	63,403,038	(3,139,331)	(854,913)	16,487,990	10.80%	5.78%	2.28%	5.78%	2.28%	2.28%
PREFERRED STOCK	14,355,997	9.02%	2,990,906	17,346,903	(854,913)	-	0.00%	0.00%	2.16%	0.00%	2.16%	0.23%	0.23%
CUSTOMER DEPOSITS	3,333,659	2.09%	-	3,333,659	-	-	3,333,659	2.18%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - ZERO COST	8,195	0.01%	-	8,195	-	-	8,195	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	-	0.00%	-	-	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
ACC DEF INC TAXES-ZERO COST	14,679,185	9.22%	-	14,679,185	514,802	-	15,193,987	9.95%	0.00%	0.00%	0.00%	0.00%	0.00%
TOTAL	\$ 159,178,047	100.00%	\$ 2	\$ 159,178,049	\$ 514,802	\$ (6,985,253)	\$ 152,703,618	100.00%	6.51%	6.51%	6.51%	6.89%	7.27%

YEAR END DIVISIONAL CAPITAL	PER BOOKS	COMPANY RATIO	ADJUSTMENTS TO INVESTOR CAPITAL	ADJUSTED	SPECIFIC	PRO RATA	ADJUSTED	RATIO (%)	ADJUSTMENTS				
									LOW POINT	MID POINT	HIGH POINT		
									COST RATE (%)	WEIGHTED COST (%)	WEIGHTED COST (%)	WEIGHTED COST (%)	
LONG TERM DEBT	\$ 63,049,898	37.19%	(5,093,284)	\$ 57,956,614	\$	(2,545,240)	\$ 55,411,374	37.09%	10.25%	3.80%	11.25%	4.17%	4.54%
SHORT TERM DEBT	16,639,157	9.82%	1,573,996	18,213,153	(742,401)	-	17,470,752	10.65%	5.78%	2.25%	5.78%	2.25%	2.25%
PREFERRED STOCK	-	0.00%	-	-	-	-	-	0.00%	2.16%	0.23%	2.16%	0.23%	2.16%
CUSTOMER DEPOSITS	3,427,405	2.02%	-	3,427,405	-	-	3,427,405	2.09%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - ZERO COST	7,565	0.00%	-	7,565	-	-	7,565	0.00%	6.73%	0.14%	6.73%	0.14%	0.14%
TAX CREDITS - WEIGHTED COST	-	0.00%	-	-	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
ACC DEF INC TAXES-ZERO COST	17,874,191	10.55%	-	17,874,193	538,489	-	18,412,682	11.23%	0.00%	0.00%	0.00%	0.00%	0.00%
TOTAL	\$ 109,515,108	100.00%	\$	\$ 109,515,108	\$ 538,489	\$ (6,041,141)	\$ 103,474,456	100.00%	6.42%	6.42%	6.42%	6.78%	7.16%

AVERAGE EXCLUDING AGL ACQ ADJ & REG. ASSETS DIVISIONAL CAPITAL	PER BOOKS	COMPANY RATIO	ADJUSTMENTS TO INVESTOR CAPITAL	ADJUSTED	SPECIFIC	PRO RATA	ADJUSTED	RATIO (%)	ADJUSTMENTS				
									LOW POINT	MID POINT	HIGH POINT		
									COST RATE (%)	WEIGHTED COST (%)	WEIGHTED COST (%)	WEIGHTED COST (%)	
LONG TERM DEBT	\$ 66,514,843	41.79%	(6,107,774)	\$ 60,407,069	\$	(11,305,985)	\$ 49,101,084	36.84%	10.25%	3.78%	11.25%	4.14%	4.51%
SHORT TERM DEBT	60,286,168	37.87%	3,116,870	63,403,038	(3,139,331)	(854,913)	51,556,317	38.67%	5.78%	2.24%	5.78%	2.24%	2.24%
PREFERRED STOCK	14,355,997	9.02%	2,990,906	17,346,903	(854,913)	-	14,100,200	10.58%	2.16%	0.23%	2.16%	0.23%	0.23%
CUSTOMER DEPOSITS	3,333,659	2.09%	-	3,333,659	-	-	3,333,659	2.50%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - ZERO COST	8,195	0.01%	-	8,195	-	-	8,195	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	-	0.00%	-	-	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
ACC DEF INC TAXES-ZERO COST	14,679,185	9.22%	-	14,679,185	514,802	-	15,193,987	11.40%	0.00%	0.00%	0.00%	0.00%	0.00%
TOTAL	\$ 159,178,047	100.00%	\$ 2	\$ 159,178,049	\$ 514,802	\$ (26,419,409)	\$ 133,273,442	100.00%	6.42%	6.42%	6.42%	6.78%	7.15%

FLORIDA CITY GAS
EARNED RETURN ON COMMON EQUITY
FPSC ADJUSTED BASIS
December 2009

SCHEDULE 5

A. INCLUDING AGL ACQUISITION ADJUSTMENT & REGULATORY ASSETS

FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	4.47%
LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:	
LONG TERM DEBT	-2.28%
SHORT TERM DEBT	-0.23%
PREFERRED STOCK	0.00%
CUSTOMER DEPOSITS	-0.15%
TAX CREDITS-WEIGHTED COST(MIDPOINT)	0.00%
SUBTOTAL	-2.66%
TOTAL	1.81%
DIVIDED BY RECONCILED COMMON EQUITY RATIO	37.60%
JURISDICTIONAL RETURN ON COMMON EQUITY	4.81%

B. EXCLUDING AGL ACQUISITION ADJUSTMENT & REGULATORY ASSETS

NET OPERATING INCOME EXCLUDING FLEX RATE REVENUES		\$ 7,627,425
RATE BASE EXCLUDING FLEX RATE REVENUES		\$ 133,273,442
FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN		5.72%
LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:		
LONG TERM DEBT		-2.24%
SHORT TERM DEBT		-0.23%
PREFERRED STOCK		0.00%
CUSTOMER DEPOSITS		-0.17%
TAX CREDITS-WEIGHTED COST(MIDPOINT)		0.00%
SUBTOTAL		-2.64%
TOTAL		3.08%
DIVIDED BY RECONCILED COMMON EQUITY RATIO		36.84%
JURISDICTIONAL RETURN ON COMMON EQUITY		8.36%