



955 E 25 Street  
Hialeah, FL 33013  
Tel # (305) 835-3601

May 15, 2014

Mr. Bart Fletcher  
Public Utility Supervisor  
Division of Accounting and Finance  
Florida Public Service Commission  
2540 Shumard Oak Blvd.  
Tallahassee, FL 32399

**Re: Florida City Gas  
Surveillance Report for March 2014**

Dear Mr. Fletcher:

Enclosed find Florida City Gas' March 2014 Surveillance Report.

Sincerely,

A handwritten signature in black ink, appearing to read "Rosie Abreu", positioned above a horizontal line.

Rosie Abreu  
Financial Analyst

RECEIVED  
FLORIDA PUBLIC SERVICE  
COMMISSION  
14 MAY 20 AM 8:49  
DIVISION OF  
ACCOUNTING & FINANCE

**FLORIDA PUBLIC SERVICE COMMISSION**

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

**FLORIDA CITY GAS**

**March 2014**

**PSC/AFA 13 (6/94)**

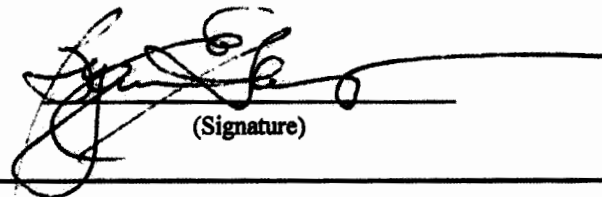
**FLORIDA CITY GAS  
YEAR END RATE BASE  
March 2014**

	(1)	(2)	(3)	(4)	(5)
	<u>ACTUAL</u>	<u>FPSC</u>	<u>FPSC</u>	<u>PRO FORMA</u>	<u>PRO FORMA</u>
	<u>PER BOOKS</u>	<u>ADJUSTMENTS</u>	<u>ADJUSTED</u>	<u>ADJUSTMENTS</u>	<u>ADJUSTED</u>
<b><u>I. AVERAGE RATE OF RETURN (JURISDICTIONAL)</u></b>					
NET OPERATING INCOME (a)	\$ 10,456,689	\$ (1,047,760)	\$ 9,408,929	\$ 427,660	\$ 9,836,589
AVERAGE RATE BASE (a)	\$ 139,907,700	\$ 30,242,318	\$ 170,150,018	\$ (15,672,395)	\$ 154,477,623
AVERAGE RATE OF RETURN (a)	7.47%		5.53%		6.37%
<b><u>II. YEAR END RATE BASE (JURISDICTIONAL)</u></b>					
	\$ 142,667,794	\$ 39,708,077	\$ 182,375,871	\$ (15,260,226)	\$ 167,115,645
<b><u>III. REQUIRED RATES OF RETURN</u></b>					
<b><u>AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)</u></b>					
LOW	<u>5.79%</u>				
MIDPOINT	<u>6.15%</u>				
HIGH	<u>6.51%</u>				
<b><u>IV. EARNED RETURN ON EQUITY (FPSC ADJUSTED BASIS)</u></b>					
			A. INCLUDING AGL ACQ. ADJ. & REGULATORY ASSETS		<u>9.52%</u>
			B. EXCLUDING AGL ACQ. ADJ. & REGULATORY ASSETS		<u>12.20%</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.

Bryan E. Sess : SVP Chief Accounting Officer  
(Name and Title of Chief Financial Officer)

  
(Signature)

5.15.2014  
(Date)

**FLORIDA CITY GAS**  
**AVERAGE RATE OF RETURN**  
**RATE BASE**  
**March 2014**

Line No.	(1) PLANT IN SERVICE	(2) ACCUM. DEPR. & AMORT.	(3) NET PLANT IN SERVICE	(4) PROPERTY HELD FOR FUTURE USE	(5) CWIP	(7) NET UTILITY PLANT	(8) WORKING CAPITAL	(9) TOTAL RATE BASE
1	\$ 319,026,321	\$ 143,123,270	\$ 175,903,051	\$ -	\$ 10,152,602	\$ 186,055,653	\$ (46,147,952)	\$ 139,907,700
2								
3	<b>FPSC ADJUSTMENTS:</b>							
4	(26,633,077)	-	(26,633,077)			(26,633,077)		(26,633,077)
5	3,948,055	2,615,867	1,332,188			1,332,188		1,332,188
6	21,656,835	6,436,893	15,219,942			15,219,942		15,219,942
7	-	-	-		(16,440)	(16,440)	(9,639,907)	(9,656,348)
8	-	-	-		-	-	(90,271)	(90,271)
9	1,497,497	691,739	805,758			805,758	-	805,758
10	-	-	-		-	-	-	-
11	-	-	-		-	-	50,246,321	50,246,321
12	-	-	-		-	-	(364,409)	(364,409)
13	-	-	-		-	-	(1,056,703)	(1,056,703)
14	-	-	-		-	-	-	-
15	-	-	-		-	-	452,453	452,453
16	(34,800)	(21,264)	(13,536)	-	-	(13,536)	-	(13,536)
17	<u>\$ 434,510</u>	<u>\$ 9,723,235</u>	<u>\$ (9,288,725)</u>	<u>\$ -</u>	<u>\$ (16,440)</u>	<u>\$ (9,305,165)</u>	<u>\$ 39,547,483</u>	<u>\$ 30,242,318</u>
18								
19	<u>\$ 319,460,831</u>	<u>\$ 152,846,505</u>	<u>\$ 166,614,326</u>	<u>\$ -</u>	<u>\$ 10,136,161</u>	<u>\$ 176,750,487</u>	<u>\$ (6,600,469)</u>	<u>\$ 170,150,018</u>
20								
21	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
22								
23	<u>\$ 319,460,831</u>	<u>\$ 152,846,505</u>	<u>\$ 166,614,326</u>	<u>\$ -</u>	<u>\$ 10,136,161</u>	<u>\$ 176,750,487</u>	<u>\$ (6,600,469)</u>	<u>\$ 170,150,018</u>
24								
25								
26								
27	<b>PRO FORMA ADJUSTMENTS:</b>							
28								
29	<u>\$ (21,656,835)</u>	<u>\$ (6,436,893)</u>	<u>\$ (15,219,942)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (15,219,942)</u>	<u>\$ (452,453)</u>	<u>\$ (15,672,395)</u>
30								
31	<u>\$ 297,803,996</u>	<u>\$ 146,409,612</u>	<u>\$ 151,394,384</u>	<u>\$ -</u>	<u>\$ 10,136,161</u>	<u>\$ 161,530,545</u>	<u>\$ (7,052,922)</u>	<u>\$ 154,477,623</u>

FLORIDA CITY GAS  
AVERAGE RATE OF RETURN  
INCOME STATEMENT  
March 2014

Line No.	(1) OPERATING REVENUES	(2) O&M GAS EXPENSE	(3) O&M OTHER	(4) DEPR. & AMORT.	(5) INCOME TAXES THAN INCOME TAXES	(6) INCOME TAXES CURRENT	(7) INCOME TAXES (NET)	(8) INV. TAX CREDIT (NET)	(9) GAIN/LOSS ON DISPOSITION	(10) OPERATING EXPENSES	(11) NET OPERATING INCOME	
1	PER BOOKS	\$ 88,300,818	\$ 31,818,868	\$ 19,236,333	\$ 12,432,409	\$ 7,170,913	\$ 1,901,778	\$ 2,285,790	\$ (1,289)	\$ -	\$ 74,843,828	\$ 10,486,689
2	End of year customer refund accrual	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3	ADJUSTED BOOKS	\$ 88,300,818	\$ 31,818,868	\$ 19,236,333	\$ 12,432,409	\$ 7,170,913	\$ 1,901,778	\$ 2,285,790	\$ (1,289)	\$ -	\$ 74,843,828	\$ 10,486,689
4												
5	FFSC ADJUSTMENTS:											
6	Fuel revenues/costs	(31,977,959)	(31,818,865)			(159,094)				(31,977,959)		
7	Franchise/gross receipts taxes	(4,508,611)				(4,508,611)				(4,508,611)		
8	BCP revenues/costs											
10	Remove AEP	(1,872,701)			(962,875)	(342,368)				(1,305,243)	(567,458)	
11	AGL Purchase Premium per Amort Sched				721,893	(271,650)				450,243	(450,243)	
12	Energy Services Revenue and Expense	(1,089,663)	(946,268)			(53,960)				(1,000,228)	(89,435)	
13	Propane Sales	(38,346)				(14,430)				(14,430)	(23,916)	
14	Propane Cost			(39,846)		14,993				(24,853)	24,853	
15	Association dues			(16,023)		6,030				(9,993)	9,993	
16	Economic development expense			(878)		330				(548)	548	
17	Pension and Transition Costs Reg. Asset				164,249		(61,807)			102,442	(102,442)	
18	Employee activities			(13,303)		5,081				(8,422)	8,422	
19	Interest synchronization					(141,918)				(141,918)	141,918	
20	TOTAL FFSC ADJUSTMENTS	(39,487,280)	(32,765,133)	(70,252)	(76,731)	(4,667,703)	(797,892)	(61,807)		(38,439,520)	(1,047,760)	
21												
22	FFSC ADJUSTED	\$ 48,813,238	\$ (946,268)	\$ 19,166,081	\$ 12,355,677	\$ 2,503,208	\$ 1,103,886	\$ 2,223,983	\$ (1,289)	\$ -	\$ 36,404,308	\$ 9,408,929
23												
24	FLEX RATE REVENUES											
25	ADJUSTED FOR											
26	FLEX RATE REVENUES	\$ 48,813,238	\$ (946,268)	\$ 19,166,081	\$ 12,355,677	\$ 2,503,208	\$ 1,103,886	\$ 2,223,983	\$ (1,289)	\$ -	\$ 36,404,308	\$ 9,408,929
27												
28												
29	PRO FORMA ADJUSTMENTS											
30												
31	TOTAL PRO FORMA ADJUSTMENTS				(886,144)		396,677	61,807		(427,660)	427,660	
32												
33	PRO FORMA ADJUSTED	\$ 48,813,238	\$ (946,268)	\$ 19,166,081	\$ 11,469,533	\$ 2,503,208	\$ 1,500,563	\$ 2,285,790	\$ (1,289)	\$ -	\$ 36,976,649	\$ 9,836,689
34												
35	PER BOOKS											
36	CURRENT QUARTER AMOUNT	\$ 25,165,165	\$ 10,129,299	\$ 4,896,384	\$ 3,208,139	\$ 1,992,488	\$ 2,078,823	\$ (520,705)	\$ (315)	\$ -	\$ 21,874,116	\$ 3,291,049

FLORIDA CITY GAS  
 YEAR END RATE BASE  
 RATE BASE  
 March 2014

Line No.	(1) PLANT IN SERVICE	(2) ACCUM. DEPR. & AMORT.	(3) NET PLANT IN SERVICE	(4) PROPERTY HELD FOR FUTURE USE	(5) CWIP	(7) NET UTILITY PLANT	(8) WORKING CAPITAL	(9) TOTAL RATE BASE
1	PER BOOKS	\$ 328,862,015	\$ 150,254,915	\$ 178,607,100	\$ -	\$ 17,159,953	\$ (53,099,259)	\$ 142,667,794
2								
3	<u>FPSC ADJUSTMENTS:</u>							
4	Goodwill	(26,633,077)	-	(26,633,077)		(26,633,077)		(26,633,077)
5	AGL Common Plant	4,260,065	2,831,495	1,428,570		1,428,570		1,428,570
6	AGL Acquisition Adj. Per Amort Schedule	21,656,835	6,797,840	14,858,995		14,858,995		14,858,995
7	Remove AEP	-	-	-		-	(10,860,459)	(10,860,459)
8	PCG Acquisition Adjustments	1,497,497	715,685	781,812		781,812	-	781,812
9	Nonutility plant	-	-	-		-	(84,890)	(84,890)
10	Capital structure adjustments			-		-	60,050,098	60,050,098
11	Gas cost/conservation/CRA underrecoveries					-	(221,243)	(221,243)
12	Interest payable adjustment			-		-	-	-
13	Pension and Transition Costs Reg. Asset						401,232	401,232
14	Gain on Sale of Medley Property						-	-
15	Fort Pierce Utility acquisition	(34,800)	(21,840)	(12,960)	-	(12,960)	-	(12,960)
16	<u>TOTAL FPSC ADJUSTMENTS</u>	<u>746,520</u>	<u>10,323,180</u>	<u>(9,876,560)</u>	<u>-</u>	<u>(9,576,660)</u>	<u>49,284,737</u>	<u>39,708,077</u>
17								
18	<u>FPSC ADJUSTED</u>	<u>\$ 329,608,536</u>	<u>\$ 160,578,096</u>	<u>\$ 169,830,440</u>	<u>\$ -</u>	<u>\$ 17,159,953</u>	<u>\$ (3,814,522)</u>	<u>\$ 182,375,871</u>
19								
20	<u>PRO FORMA ADJUSTMENTS:</u>							
21								
22	<u>TOTAL PRO FORMA ADJUSTMENTS</u>	<u>\$ (21,656,835)</u>	<u>\$ (6,797,840)</u>	<u>\$ (14,858,995)</u>	<u>\$ -</u>	<u>\$ (14,858,995)</u>	<u>\$ (401,232)</u>	<u>\$ (15,260,226)</u>
23								
24	<u>PRO FORMA ADJUSTED</u>	<u>\$ 307,951,701</u>	<u>\$ 153,780,255</u>	<u>\$ 154,171,445</u>	<u>\$ -</u>	<u>\$ 17,159,953</u>	<u>\$ (4,215,753)</u>	<u>\$ 167,115,645</u>

**FLORIDA CITY GAS  
CAPITAL STRUCTURE  
PPSC ADJUSTED BASIS  
March 2014**

Line No.	AVERAGE	PER BOOKS	COMPANY RATIO	ADJUSTMENTS TO INVESTOR CAPITAL	ADJUSTED	ADJUSTMENTS			LOW POINT		MID POINT		HIGH POINT		
						SPECIFIC	PRO RATA	ADJUSTED	RATIO (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
1	DIVISIONAL CAPITAL	\$ 71,021,312	37.33%	\$ (2,023,265)	\$ 68,998,047		\$ (8,073,233)	\$ 60,924,794	35.81%	10.25%	3.67%	11.25%	4.03%	12.25%	4.39%
2															
3	LONG TERM DEBT	68,886,388	36.23%	2,621,557	71,507,945		(8,369,002)	63,138,943	37.11%	5.01%	1.86%	5.01%	1.86%	5.01%	1.86%
4															
5	SHORT TERM DEBT	18,009,815	9.47%	(398,292)	17,411,523		(2,037,774)	15,373,749	9.04%	1.26%	0.11%	1.26%	0.11%	1.26%	0.11%
6															
7	PREFERRED STOCK	.	0.00%		.			.	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
8															
9	CUSTOMER DEPOSITS	3,865,587	2.03%		3,865,587			3,865,587	2.27%	6.73%	0.15%	6.73%	0.15%	6.73%	0.15%
10															
11	TAX CREDITS - ZERO COST	2,842	0.00%		2,842			2,842	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
12															
13	TAX CREDITS - WEIGHTED COST	.	0.00%		.			.	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
14															
15	ACC DEF INC TAXES-ZERO COST	28,368,076	14.92%	.	28,368,076	(1,521,973)		26,846,103	15.78%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
16	TOTAL	\$ 190,154,821	100.00%	\$ 0	\$ 190,154,821	\$ (1,821,973)	\$ (18,483,830)	\$ 170,180,018	100.00%	5.72%	6.18%	6.18%	6.81%	6.81%	

Line No.	YEAR END	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 (%)
19		\$ 71,273,047	35.16%	\$ 2,680,898	\$ 73,953,945		(8,031,324)	\$ 65,922,621	36.15%	10.25%	3.71%	11.25%	4.07%	12.25%	4.43%
20															
21	LONG TERM DEBT	71,304,747	35.22%	5,249,374	76,554,121		(8,323,474)	68,230,647	37.46%	5.01%	1.88%	5.01%	1.88%	5.01%	1.88%
22															
23	SHORT TERM DEBT	26,592,406	13.12%	(7,930,272)	18,662,134		(2,026,889)	16,635,445	9.12%	1.26%	0.12%	1.26%	0.12%	1.26%	0.12%
24															
25	PREFERRED STOCK	.	0.00%		.			.	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
26															
27	CUSTOMER DEPOSITS	3,824,206	1.89%		3,824,206			3,824,206	2.10%	6.73%	0.14%	6.73%	0.14%	6.73%	0.14%
28															
29	TAX CREDITS - ZERO COST	2,213	0.00%		2,213			2,213	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
30															
31	TAX CREDITS - WEIGHTED COST	.	0.00%		.			.	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
32															
33	ACC DEF INC TAXES-ZERO COST	29,631,274	14.61%	.	29,631,274	(1,960,534)		27,670,740	15.17%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
34	TOTAL	\$ 202,717,892	100.00%	\$ 0	\$ 202,717,892	\$ (1,960,534)	\$ (18,381,487)	\$ 181,978,871	100.00%	5.88%	6.21%	6.21%	6.87%	6.87%	

Line No.	AVERAGE EXCLUDING AGL ACQ ADA & REG ASSETS	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 (%)
38		\$ 71,021,312	37.33%	\$ (2,023,265)	\$ 68,998,047		(14,922,908)	\$ 54,075,139	35.01%	10.25%	3.59%	11.25%	3.94%	12.25%	4.29%
39															
40	LONG TERM DEBT	68,886,388	36.23%	2,621,557	71,507,945		(15,465,749)	56,042,196	36.28%	5.01%	1.82%	5.01%	1.82%	5.01%	1.82%
41															
42	SHORT TERM DEBT	18,009,815	9.47%	(398,292)	17,411,523		(3,765,767)	13,645,756	8.83%	1.26%	0.11%	1.26%	0.11%	1.26%	0.11%
43															
44	PREFERRED STOCK	.	0.00%		.			.	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
45															
46	CUSTOMER DEPOSITS	3,865,587	2.03%		3,865,587			3,865,587	2.50%	6.73%	0.17%	6.73%	0.17%	6.73%	0.17%
47															
48	TAX CREDITS - ZERO COST	2,842	0.00%		2,842			2,842	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
49															
50	TAX CREDITS - WEIGHTED COST	.	0.00%		.			.	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
51															
52	ACC DEF INC TAXES-ZERO COST	28,368,076	14.92%	.	28,368,076	(1,521,973)		26,846,103	17.38%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
53	TOTAL	\$ 190,154,821	100.00%	\$ 0	\$ 190,154,821	\$ (1,821,973)	\$ (34,154,424)	\$ 154,677,623	100.00%	5.62%	6.04%	6.04%	6.32%	6.32%	

**FLORIDA CITY GAS**  
**EARNED RETURN ON COMMON EQUITY**  
**FPSC ADJUSTED BASIS**  
**March 2014**

SCHEDULE 5

**A. INCLUDING AGL ACQUISITION ADJUSTMENT & REGULATORY ASSETS**

Line No.

<b>1</b>	FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	<u>5.53%</u>
<b>2</b>	LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:	
<b>3</b>	LONG TERM DEBT	-1.86%
<b>4</b>	SHORT TERM DEBT	-0.11%
<b>5</b>	PREFERRED STOCK	0.00%
<b>6</b>	CUSTOMER DEPOSITS	-0.15%
<b>7</b>	TAX CREDITS-WEIGHTED COST(MIDPOINT)	0.00%
<b>8</b>	<b>SUBTOTAL</b>	<b><u>-2.12%</u></b>
<b>9</b>	<b>TOTAL</b>	<b><u>3.41%</u></b>
<b>10</b>	DIVIDED BY RECONCILED COMMON EQUITY RATIO	<u>35.81%</u>
<b>11</b>	<b>JURISDICTIONAL RETURN ON COMMON EQUITY</b>	<b><u>9.52%</u></b>
<b>12</b>		
<b>13</b>		
<b>14</b>		
<b>15</b>		
<b>16</b>		

**B. EXCLUDING AGL ACQUISITION ADJUSTMENT & REGULATORY ASSETS**

<b>17</b>		
<b>18</b>		
<b>19</b>	NET OPERATING INCOME EXCLUDING FLEX RATE REVENUES	\$ 9,836,589
<b>20</b>		
<b>21</b>	RATE BASE EXCLUDING FLEX RATE REVENUES	\$ 154,477,623
<b>22</b>		
<b>23</b>	FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	6.37%
<b>24</b>	LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:	
<b>25</b>	LONG TERM DEBT	-1.82%
<b>26</b>	SHORT TERM DEBT	-0.11%
<b>27</b>	PREFERRED STOCK	0.00%
<b>28</b>	CUSTOMER DEPOSITS	-0.17%
<b>29</b>	TAX CREDITS-WEIGHTED COST(MIDPOINT)	0.00%
<b>30</b>	<b>SUBTOTAL</b>	<b><u>-2.10%</u></b>
<b>31</b>	<b>TOTAL</b>	<b><u>4.27%</u></b>
<b>32</b>	DIVIDED BY RECONCILED COMMON EQUITY RATIO	<u>35.01%</u>
<b>33</b>	<b>JURISDICTIONAL RETURN ON COMMON EQUITY</b>	<b><u>12.20%</u></b>