

FLORIDA PUBLIC SERVICE COMMISSION

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

FLORIDA CITY GAS

Mar 2015

PSC/AFA 13 (6/94)

FLORIDA CITY GAS
YEAR END RATE BASE
Mar 2015

	(1)	(2)	(3)	(4)	(5)
	ACTUAL	FPSC	FPSC	PRO FORMA	PRO FORMA
	<u>PER BOOKS</u>	<u>ADJUSTMENTS</u>	<u>ADJUSTED</u>	<u>ADJUSTMENTS</u>	<u>ADJUSTED</u>
I. AVERAGE RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME (a)	\$ 10,708,141	\$ (1,072,627)	\$ 9,635,514	\$ 439,823	\$ 10,075,337
AVERAGE RATE BASE (a)	\$ 148,711,304	\$ 35,096,258	\$ 183,807,562	\$ (14,848,058)	\$ 168,959,504
AVERAGE RATE OF RETURN (a)	7.20%		5.24%		5.96%
II. YEAR END RATE BASE (JURISDICTIONAL)					
	\$ 160,981,679	\$ 31,762,076	\$ 192,743,754	\$ (14,435,890)	\$ 178,307,865

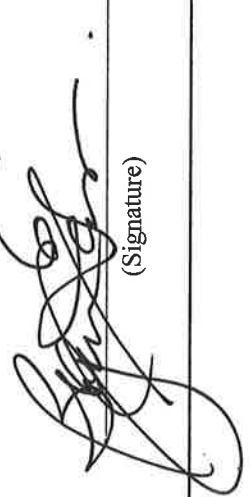
III. REQUIRED RATES OF RETURN
AVERAGE CAPITAL STRUCTURE (FPSC
ADJUSTED BASIS)

LOW	<u>6.29%</u>	IV. EARNED RETURN ON EQUITY (FPSC ADJUSTED BASIS)	<u>7.73%</u>
MIDPOINT	<u>6.71%</u>	A. INCLUDING AGL ACQ. ADJ. & REGULATORY ASSETS	
HIGH	<u>7.12%</u>	B. EXCLUDING AGL ACQ. ADJ. & REGULATORY ASSETS	<u>9.71%</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. Seas SVP+Chief Acctg. Officer
 (Name and Title of Chief Financial Officer)


 (Signature)

6/12/15
 (Date)

FLORIDA CITY GAS
AVERAGE RATE OF RETURN
RATE BASE
Mar 2015

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	\$ 340,815,238	\$ 154,370,257	\$ 186,444,981	\$ -	\$ 14,044,371	\$ 200,489,352	\$ (51,778,049)	\$ 148,711,304
2								
3	FPSC ADJUSTMENTS:							
4	(26,633,077)	-	(26,633,077)			(26,633,077)		(26,633,077)
5	4,986,128	3,135,996	1,850,131			1,850,131		1,850,131
6	21,656,835	7,158,788	14,498,047			14,498,047		14,498,047
7	-	-	-			-	(11,685,053)	(11,685,053)
8	-	-	-			-	(82,445)	(82,445)
9	1,497,497	739,631	757,866			757,866	-	757,866
10	-	-	-			-	-	-
11	-	-	-			-	-	-
12	-	-	-			-	57,462,579	57,462,579
13	-	-	-			-	(352,715)	(352,715)
14	-	-	-			-	(1,056,703)	(1,056,703)
15	-	-	-			-	-	-
16	(34,800)	(22,416)	(12,384)			(12,384)	350,011	350,011
17	\$ 1,472,583	\$ 11,011,999	\$ (9,539,416)	\$ -	\$ -	\$ (9,539,416)	\$ 44,635,675	\$ 35,096,258
18								
19	\$ 342,287,820	\$ 165,382,256	\$ 176,905,564	\$ -	\$ 14,044,371	\$ 190,949,936	\$ (7,142,374)	\$ 183,807,562
20								
21	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
22								
23	\$ 342,287,820	\$ 165,382,256	\$ 176,905,564	\$ -	\$ 14,044,371	\$ 190,949,936	\$ (7,142,374)	\$ 183,807,562
24								
25								
26								
27	PRO FORMA ADJUSTMENTS:							
28								
29	\$ (21,656,835)	\$ (7,158,788)	\$ (14,498,047)	\$ -	\$ -	\$ (14,498,047)	\$ (350,011)	\$ (14,848,058)
30								
31	\$ 320,630,985	\$ 158,223,468	\$ 162,407,517	\$ -	\$ 14,044,371	\$ 176,451,889	\$ (7,492,385)	\$ 168,959,504

FLORIDA CITY GAS
AVERAGE RATE OF RETURN
INCOME STATEMENT
Mar 2015

Line No.	(1) OPERATING REVENUES	(2) O&M GAS EXPENSE	(3) O&M OTHER	(4) DEPR. & AMORT.	(5) TAXES	(6) CURRENT INCOME TAXES	(7) DEFERRED INCOME TAXES (NET)	(8) INV. TAX CREDIT (NET)	(9) GAIN/LOSS ON DISPOSITION	(10) ADJUSTED OPERATING EXPENSES	(11) NET OPERATING INCOME
1	PER BOOKS										
2	\$ 87,155,173	\$ 31,496,551	\$ 19,427,391	\$ 13,904,060	\$ 7,201,964	\$ 30,468	\$ 4,387,857	\$ (1,259)	\$ -	\$ 76,447,031	\$ 10,708,141
3	End of year customer refund accrual										
4	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5	ADJUSTED BOOKS										
6	\$ 87,155,173	\$ 31,496,551	\$ 19,427,391	\$ 13,904,060	\$ 7,201,964	\$ 30,468	\$ 4,387,857	\$ (1,259)	\$ -	\$ 76,447,031	\$ 10,708,141
7	FPSC ADJUSTMENTS:										
8	Fuel revenues/costs	(31,654,034)			(157,483)					(31,654,034)	
9	Franchise/gross receipts taxes	(4,683,315)			(4,683,315)					(4,683,315)	
10	ECP revenue/costs										
11	Remove AEP	(2,234,366)		(1,169,993)		(400,524)				(1,570,517)	(663,849)
12	AGL Purchase Premium per Amort Sched			721,895		(271,650)				450,245	(450,245)
13	Energy Services Revenue and Expenses	(8,750)				(3,293)				(3,293)	(5,457)
14	Propane Sales	(14,325)	(24,786)			(5,391)				(5,391)	(8,934)
15	Propane Cost		(16,025)			9,326				(15,460)	13,460
16	Association dues		(878)			6,030				(9,995)	9,995
17	Economic development expense					330				(548)	548
18	Pension and Transition Costs Reg. Asset		(13,503)				(61,807)			102,442	(102,442)
19	Employee activities					5,081				(8,422)	8,422
20	Interest synchronization		(55,192)			(123,874)				(123,874)	123,874
21	TOTAL FPSC ADJUSTMENTS	(38,594,789)	(55,192)	(283,849)	(4,840,798)	(783,965)	(61,807)			(37,522,162)	(1,072,627)
22	FPSC ADJUSTED	\$ 48,560,383	\$ -	\$ 19,372,199	\$ 13,620,211	\$ 2,561,166	\$ 4,326,050	\$ (1,259)	\$ -	\$ 38,924,870	\$ 9,635,514
23	FLEX RATE REVENUES										
24	ADJUSTED FOR										
25	FLEX RATE REVENUES	\$ 48,560,383	\$ -	\$ 19,372,199	\$ 13,620,211	\$ 2,561,166	\$ 4,326,050	\$ (1,259)	\$ -	\$ 38,924,870	\$ 9,635,514
26	PRO FORMA ADJUSTMENTS										
27	TOTAL PRO FORMA ADJUSTMENTS			(886,144)		384,514	61,807			(439,823)	439,823
28	PRO FORMA ADJUSTED	\$ 48,560,383	\$ -	\$ 19,372,199	\$ 12,734,067	\$ 2,561,166	\$ 4,387,857	\$ (1,259)	\$ -	\$ 38,485,047	\$ 10,075,337
29	PER BOOKS										
30	CURRENT QUARTER AMOUNT	\$ 24,233,742	\$ 8,910,913	\$ 4,884,108	\$ 3,665,075	\$ 1,987,041	\$ 1,611,915	\$ (315)	\$ -	\$ 20,937,009	\$ 3,296,734

FLORIDA CITY GAS
YEAR END RATE BASE
RATE BASE
Mar 2015

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	\$ 352,039,352	\$ 155,379,943	\$ 196,659,408	\$ -	\$ 10,212,007	\$ 206,871,416	\$ (45,889,737)	\$ 160,981,679
2								
3	FPSC ADJUSTMENTS:							
4	(26,633,077)	-	(26,633,077)			(26,633,077)		(26,633,077)
5	5,267,756	3,158,738	2,109,018			2,109,018		2,109,018
6	21,656,835	7,519,735	14,137,100			14,137,100		14,137,100
7	-	-	-			-	(12,556,961)	(12,556,961)
8	1,497,497	763,577	733,920			733,920		733,920
9	-	-	-			-	(79,596)	(79,596)
10								
11								
12								
13								
14								
15	(34,800)	(22,992)	(11,808)			(11,808)		(11,808)
16	1,754,211	11,419,058	(9,664,847)			(9,664,847)	41,426,923	31,762,076
17								
18	\$ 353,793,563	\$ 166,799,001	\$ 186,994,562	\$ -	\$ 10,212,007	\$ 197,206,569	\$ (4,462,815)	\$ 192,743,754
19							298,789	298,789
20	PRO FORMA ADJUSTMENTS:							
21								
22	\$ (21,656,835)	\$ (7,519,735)	\$ (14,137,100)	\$ -	\$ -	\$ (14,137,100)	\$ (298,789)	\$ (14,435,890)
23								
24	\$ 332,136,728	\$ 159,279,266	\$ 172,857,462	\$ -	\$ 10,212,007	\$ 183,069,469	\$ (4,761,604)	\$ 178,307,865

FLORIDA CITY GAS
CAPITAL STRUCTURE
FPSC ADJUSTED BASIS
Mar 2015

Line No.	AVERAGE	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 RATE (%)			
1	DIVISIONAL CAPITAL	\$ 74,710,917	36.24%	\$ 12,038,850	\$ 86,749,767		\$ (10,187,877)	\$ 76,561,890	41.65%	10.25%	4.27%	11.25%	4.69%	12.25%	5.10%
2	LONG TERM DEBT	74,000,387	35.89%	2,287,617	76,288,004		(8,959,250)	67,328,754	36.63%	4.96%	1.82%	4.96%	1.82%	4.96%	1.82%
3	SHORT TERM DEBT	23,115,326	11.21%	(14,326,467)	8,788,859		(1,032,162)	7,756,697	4.22%	1.44%	0.06%	1.44%	0.06%	1.44%	0.06%
4	PREFERRED STOCK	-	0.00%	-	-		-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
5	CUSTOMER DEPOSITS	3,857,146	1.87%		3,857,146			3,857,146	2.10%	6.73%	0.14%	6.73%	0.14%	6.73%	0.14%
6	TAX CREDITS - ZERO COST	1,583	0.00%		1,583			1,583	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
7	TAX CREDITS - WEIGHTED COST	-	0.00%		-			-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
8	ACC DEF INC TAXES-ZERO COST	30,488,524	14.79%	-	30,488,524	(2,187,033)	-	28,301,491	15.40%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
9	TOTAL	\$ 206,173,883	100.00%	\$ 0	\$ 206,173,883	\$ (2,187,033)	\$ (20,179,289)	\$ 183,807,562	100.00%	6.29%	6.71%	6.29%	6.71%	6.29%	7.12%
10															
11															
12															
13															
14															
15															
16															
17															
18															
19															
20	DIVISIONAL CAPITAL	\$ 81,330,808	37.80%	\$ 8,443,162	\$ 89,773,970		\$ (10,187,365)	\$ 79,586,605	41.29%	10.25%	4.23%	11.25%	4.65%	12.25%	5.06%
21	LONG TERM DEBT	79,650,871	37.02%	(703,373)	78,947,498		(3,958,800)	69,988,698	36.31%	4.96%	1.80%	4.96%	1.80%	4.96%	1.80%
22	SHORT TERM DEBT	16,835,039	7.82%	(7,739,789)	9,095,250		(1,032,110)	8,063,140	4.18%	1.44%	0.06%	1.44%	0.06%	1.44%	0.06%
23	PREFERRED STOCK	-	0.00%	-	-		-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
24	CUSTOMER DEPOSITS	3,850,642	1.79%		3,850,642			3,850,642	2.00%	6.73%	0.13%	6.73%	0.13%	6.73%	0.13%
25	TAX CREDITS - ZERO COST	954	0.00%		954			954	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
26	TAX CREDITS - WEIGHTED COST	-	0.00%		-			-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
27	ACC DEF INC TAXES-ZERO COST	33,501,008	15.57%	-	33,501,008	(2,247,293)	-	31,253,716	16.22%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
28	TOTAL	\$ 215,169,322	100.00%	\$ 0	\$ 215,169,322	\$ (2,247,293)	\$ (20,178,275)	\$ 192,743,754	100.00%	6.22%	6.64%	6.22%	6.64%	6.22%	7.05%
29															
30															
31															
32															
33															
34															
35															
36															
37															
38															
39	DIVISIONAL CAPITAL	\$ 74,710,917	36.24%	\$ 12,038,850	\$ 86,749,767		\$ (17,684,186)	\$ 69,065,581	40.88%	10.25%	4.19%	11.25%	4.60%	12.25%	5.01%
40	LONG TERM DEBT	74,000,387	35.89%	2,287,617	76,288,004		(15,551,526)	60,736,478	35.95%	4.96%	1.78%	4.96%	1.78%	4.96%	1.78%
41	SHORT TERM DEBT	23,115,326	11.21%	(14,326,467)	8,788,859		(1,791,634)	6,997,225	4.14%	1.44%	0.06%	1.44%	0.06%	1.44%	0.06%
42	PREFERRED STOCK	-	0.00%	-	-		-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
43	CUSTOMER DEPOSITS	3,857,146	1.87%		3,857,146			3,857,146	2.28%	6.73%	0.15%	6.73%	0.15%	6.73%	0.15%
44	TAX CREDITS - ZERO COST	1,583	0.00%		1,583			1,583	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
45	TAX CREDITS - WEIGHTED COST	-	0.00%	-	-		-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
46	ACC DEF INC TAXES-ZERO COST	30,488,524	14.79%	-	30,488,524	(2,187,033)	-	28,301,491	16.25%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
47	TOTAL	\$ 206,173,883	100.00%	\$ 0	\$ 206,173,883	\$ (2,187,033)	\$ (35,027,347)	\$ 168,959,504	100.00%	6.18%	6.59%	6.18%	6.59%	6.18%	7.00%

FLORIDA CITY GAS
EARNED RETURN ON COMMON EQUITY
FPSC ADJUSTED BASIS
Mar 2015

SCHEDULE 5

A. INCLUDING AGL ACQUISITION ADJUSTMENT & REGULATORY ASSETS

Line No.

1	FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	5.24%
2	LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:	
3	LONG TERM DEBT	-1.82%
4	SHORT TERM DEBT	-0.06%
5	PREFERRED STOCK	0.00%
6	CUSTOMER DEPOSITS	-0.14%
7	TAX CREDITS-WEIGHTED COST(MIDPOINT)	0.00%
8	SUBTOTAL	-2.02%
9	TOTAL	3.22%
10	DIVIDED BY RECONCILED COMMON EQUITY RATIO	41.65%
11	JURISDICTIONAL RETURN ON COMMON EQUITY	7.73%
12		
13		
14		
15		
16		

B. EXCLUDING AGL ACQUISITION ADJUSTMENT & REGULATORY ASSETS

17		
18		
19	NET OPERATING INCOME EXCLUDING FLEX RATE REVENUES	\$ 10,075,337
20		
21	RATE BASE EXCLUDING FLEX RATE REVENUES	\$ 168,959,504
22		
23	FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	5.96%
24	LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:	
25	LONG TERM DEBT	-1.78%
26	SHORT TERM DEBT	-0.06%
27	PREFERRED STOCK	0.00%
28	CUSTOMER DEPOSITS	-0.15%
29	TAX CREDITS-WEIGHTED COST(MIDPOINT)	0.00%
30	SUBTOTAL	-1.99%
31	TOTAL	3.97%
32	DIVIDED BY RECONCILED COMMON EQUITY RATIO	40.88%
33	JURISDICTIONAL RETURN ON COMMON EQUITY	9.71%