

FLORIDA PUBLIC SERVICE COMMISSION

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

FLORIDA CITY GAS

June 2015

PSC/AFA 13 (6/94)

FLORIDA CITY GAS
YEAR END RATE BASE
 June 2015

	(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>
<u>I. AVERAGE RATE OF RETURN (JURISDICTIONAL)</u>					
NET OPERATING INCOME (a)	\$ 9,846,979	\$ (1,154,718)	\$ 8,692,261	\$ 441,941	\$ 9,134,203
AVERAGE RATE BASE (a)	\$ 152,761,314	\$ 33,725,908	\$ 186,487,223	\$ (14,641,974)	\$ 171,845,249
AVERAGE RATE OF RETURN (a)	6.45%		4.66%		5.32%
<u>II. YEAR END RATE BASE (JURISDICTIONAL)</u>					
AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)	\$ 160,066,241	\$ 34,679,583	\$ 194,745,824	\$ (14,229,805)	\$ 180,516,019

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

LOW	<u>6.27%</u>	A. INCLUDING AGL ACQ. ADJ. & REGULATORY ASSETS	<u>6.37%</u>
MIDPOINT	<u>6.69%</u>	B. EXCLUDING AGL ACQ. ADJ. & REGULATORY ASSETS	<u>8.16%</u>
HIGH	<u>7.10%</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.

Bryan E. Seas, SVP & Chief Accounting Officer
 (Name and Title of Chief Financial Officer)


 (Signature)

8/14/2015
 (Date)

FLORIDA CITY GAS
AVERAGE RATE OF RETURN
RATE BASE
June 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	\$ 346,081,719	\$ 155,562,218	\$ 190,519,501	\$ -	\$ 12,853,189	\$ 203,372,689	\$ (50,611,375)	\$ 152,761,314
2								
3	FPSC ADJUSTMENTS:							
4	(26,633,077)	-	(26,633,077)			(26,633,077)		(26,633,077)
5	5,265,852	3,252,666	2,013,186			2,013,186		2,013,186
6	21,656,835	7,339,261	14,317,574			14,317,574		14,317,574
7	-	-	-			-	(12,056,638)	(12,056,638)
8							(81,083)	(81,083)
9	1,497,497	751,604	745,893			745,893		745,893
10								
11								
12							56,555,018	56,555,018
13							(390,566)	(390,566)
14							(1,056,703)	(1,056,703)
15								
16	(34,800)	(22,704)	(12,096)			(12,096)		(12,096)
17	\$ 1,752,307	\$ 11,320,828	\$ (9,568,521)	\$ -	\$ -	\$ (9,568,521)	\$ 43,294,429	\$ 33,725,908
18								
19	\$ 347,834,026	\$ 166,883,046	\$ 180,950,980	\$ -	\$ 12,853,189	\$ 193,804,169	\$ (7,316,946)	\$ 186,487,223
20								
21	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
22								
23	\$ 347,834,026	\$ 166,883,046	\$ 180,950,980	\$ -	\$ 12,853,189	\$ 193,804,169	\$ (7,316,946)	\$ 186,487,223
24								
25								
26								
27	PRO FORMA ADJUSTMENTS:							
28								
29	\$ (21,656,835)	\$ (7,339,261)	\$ (14,317,574)	\$ -	\$ -	\$ (14,317,574)	\$ (324,400)	\$ (14,641,974)
30								
31	\$ 326,177,191	\$ 159,543,784	\$ 166,633,406	\$ -	\$ 12,853,189	\$ 179,486,595	\$ (7,641,346)	\$ 171,845,249

FLORIDA CITY GAS
AVERAGE RATE OF RETURN
INCOME STATEMENT
June 2015

Line No.	(1) OPERATING REVENUES	(2) O&M GAS EXPENSE	(3) O&M OTHER	(4) DEPR. & AMORT.	(5) TAXES OTHER THAN INCOME TAXES	(6) INCOME TAXES CURRENT	(7) DEFERRED INCOME TAXES (NET)	(8) INV. TAX CREDIT (NET)	(9) GAIN/LOSS ON DISPOSITION	(10) TOTAL OPERATING EXPENSES	(11) NET OPERATING INCOME
1	PER BOOKS										
2	End of year customer refund accrual	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
3	ADJUSTED BOOKS	\$ 85,874,124	\$ 30,039,484	\$ 20,742,019	\$ 14,210,353	\$ 483,235	\$ 3,357,204	\$ (1,259)	\$ -	\$ 76,027,145	\$ 9,846,979
4	FPSC ADJUSTMENTS:										
5	Fuel revenues/costs	(30,189,681)	(30,039,484)		(150,197)					(30,189,681)	
6	Franchise/gross receipts taxes	(4,658,487)			(4,658,487)					(4,658,487)	
7	ECP revenue/costs	(2,312,787)			(1,183,684)	(424,882)				(1,608,566)	(704,221)
8	Remove AEP				721,895	(271,649)				450,246	(450,246)
9	AGL Purchase Premium per Amort Sched					(13,171)				(13,171)	(21,829)
10	Energy Services Revenue and Expenses	(35,000)				(2,069)				(2,069)	(3,428)
11	Propane Sales	(5,497)	(12,229)			4,601				(7,628)	7,628
12	Propane Cost		(16,025)			6,030				(9,995)	9,995
13	Association dues		(878)			330				(548)	548
14	Economic development expense				164,249		(61,807)			102,442	(102,442)
15	Pension and Transition Costs Reg. Asset		(13,503)			5,081				(8,422)	8,422
16	Employee activities					(100,855)				(100,855)	100,855
17	Interest synchronization		(42,635)		(297,540)	(796,584)	(61,807)			(36,046,734)	(1,154,718)
18	TOTAL FPSC ADJUSTMENTS	(37,201,452)	(30,039,484)	(42,635)	(297,540)	(796,584)	(61,807)			(36,046,734)	(1,154,718)
19	FPSC ADJUSTED	\$ 48,672,672	\$ -	\$ 20,699,384	\$ 13,912,812	\$ (313,349)	\$ 3,295,397	\$ (1,259)	\$ -	\$ 39,980,410	\$ 8,692,261
20	FLEX RATE REVENUES										
21	ADJUSTED FOR										
22	FLEX RATE REVENUES	\$ 48,672,672	\$ -	\$ 20,699,384	\$ 13,912,812	\$ (313,349)	\$ 3,295,397	\$ (1,259)	\$ -	\$ 39,980,410	\$ 8,692,261
23	PRO FORMA ADJUSTMENTS										
24	TOTAL PRO FORMA ADJUSTMENTS	\$ 48,672,672	\$ -	\$ 20,699,384	\$ 13,912,812	\$ (313,349)	\$ 3,295,397	\$ (1,259)	\$ -	\$ 39,980,410	\$ 8,692,261
25	PER BOOKS										
26	CURRENT QUARTER AMOUNT	\$ 19,336,942	\$ 6,029,685	\$ 6,006,995	\$ 3,636,653	\$ 1,246,070	\$ (881,760)	\$ (315)	\$ -	\$ 17,780,122	\$ 1,556,820

FLORIDA CITY GAS
YEAR END RATE BASE
RATE BASE
June 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	\$ 352,302,053	\$ 156,771,819	\$ 195,530,234	\$ -	\$ 14,680,048	\$ 210,210,282	\$ (50,144,041)	\$ 160,066,241
2								
3	FPSC ADJUSTMENTS:							
4	(26,633,077)	-	(26,633,077)			(26,633,077)		(26,633,077)
5	5,488,775	3,346,937	2,141,839			2,141,839		2,141,839
6	21,656,835	7,700,209	13,956,626			13,956,626		13,956,626
7	-	-	-			-	(12,699,844)	(12,699,844)
8	1,497,497	775,550	721,947			721,947		721,947
9	-	-	-			-	(78,147)	(78,147)
10							57,435,978	57,435,978
11							(427,399)	(427,399)
12							-	-
13							273,179	273,179
14							-	-
15	(34,800)	(23,280)	(11,520)			(11,520)		(11,520)
16	1,975,230	11,799,415	(9,824,185)			(9,824,185)	44,503,768	34,679,583
17								
18	\$ 354,277,283	\$ 168,571,234	\$ 185,706,049	\$ -	\$ 14,680,048	\$ 200,386,097	\$ (5,640,273)	\$ 194,745,824
19								
20	PRO FORMA ADJUSTMENTS:							
21								
22	\$ (21,656,835)	\$ (7,700,209)	\$ (13,956,626)	\$ -	\$ -	\$ (13,956,626)	\$ (273,179)	\$ (14,229,805)
23								
24	\$ 332,620,448	\$ 160,871,025	\$ 171,749,422	\$ -	\$ 14,680,048	\$ 186,429,471	\$ (5,913,452)	\$ 180,516,019

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

SCHEDULE 5

A. INCLUDING AGL ACQUISITION ADJUSTMENT & REGULATORY ASSETS

Line No.

1	FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	4.66%
2	LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:	
3	LONG TERM DEBT	-1.81%
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	-2.01%
9	TOTAL	<u>2.65%</u>
10	DIVIDED BY RECONCILED COMMON EQUITY RATIO	<u>41.57%</u>
11	JURISDICTIONAL RETURN ON COMMON EQUITY	<u>6.37%</u>

12
13
14
15
16

B. EXCLUDING AGL ACQUISITION ADJUSTMENT & REGULATORY ASSETS

17		
18		
19	NET OPERATING INCOME EXCLUDING FLEX RATE REVENUES	\$ 9,134,203
20		
21	RATE BASE EXCLUDING FLEX RATE REVENUES	\$ 171,845,249
22		
23	FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	5.32%
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	<u>3.33%</u>
32	DIVIDED BY RECONCILED COMMON EQUITY RATIO	<u>40.81%</u>
33	JURISDICTIONAL RETURN ON COMMON EQUITY	<u>8.16%</u>