

FLORIDA PUBLIC SERVICE COMMISSION

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

FLORIDA CITY GAS

December 2015

PSC/AFA 13 (6/94)

FLORIDA CITY GAS
YEAR END RATE BASE
December 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>
I. <u>AVERAGE RATE OF RETURN (JURISDICTIONAL)</u>					
NET OPERATING INCOME (a)	\$ 9,737,331	\$ (1,211,329)	\$ 8,526,002	\$ 443,987	\$ 8,969,989
AVERAGE RATE BASE (a)	\$ 162,212,427	\$ 31,691,899	\$ 193,904,326	\$ (14,229,805)	\$ 179,674,521
AVERAGE RATE OF RETURN (a)	6.00%		4.40%		4.99%
II. <u>YEAR END RATE BASE (JURISDICTIONAL)</u>					
AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)	\$ 175,379,024	\$ 28,643,366	\$ 204,022,390	\$ (13,817,637)	\$ 190,204,753

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


LOW	<u>6.22%</u>	A. INCLUDING AGL ACQ. ADJ. & REGULATORY ASSETS	<u>5.80%</u>
MIDPOINT	<u>6.62%</u>		
HIGH	<u>7.03%</u>	B. EXCLUDING AGL ACQ. ADJ. & REGULATORY ASSETS	<u>7.45%</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. Sears SVP + Chief Accounting Officer
 (Name and Title of Chief Financial Officer)


 (Signature)

2/15/2016
 (Date)

FLORIDA CITY GAS
AVERAGE RATE OF RETURN
RATE BASE
December 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	\$ 353,310,468	\$ 157,874,873	\$ 195,435,595	\$ -	\$ 15,180,255	\$ 210,615,850	\$ (48,403,423)	\$ 162,212,427
2								
3	FPSC ADJUSTMENTS:							
4	(26,633,077)	-	(26,633,077)			(26,633,077)		(26,633,077)
5	5,671,563	3,463,602	2,207,961			2,207,961		2,207,961
6	21,656,835	7,700,209	13,956,626			13,956,626		13,956,626
7	-	-	-			-	(12,782,703)	(12,782,703)
8	1,497,497	775,550	721,947			721,947	(78,147)	(78,147)
9								
10								
11								
12								
13								
14								
15								
16	(34,800)	(23,280)	(11,520)			(11,520)		(11,520)
17	\$ 2,158,018	\$ 11,916,080	\$ (9,758,062)	\$ -	\$ -	\$ (9,758,062)	\$ 41,449,961	\$ 31,691,899
18								
19	\$ 355,468,486	\$ 169,790,953	\$ 185,677,533	\$ -	\$ 15,180,255	\$ 200,857,788	\$ (6,953,462)	\$ 193,904,326
20								
21	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
22								
23	\$ 355,468,486	\$ 169,790,953	\$ 185,677,533	\$ -	\$ 15,180,255	\$ 200,857,788	\$ (6,953,462)	\$ 193,904,326
24								
25								
26								
27	PRO FORMA ADJUSTMENTS:							
28								
29	\$ (21,656,835)	\$ (7,700,209)	\$ (13,956,626)	\$ -	\$ -	\$ (13,956,626)	\$ (273,179)	\$ (14,229,805)
30								
31	\$ 333,811,651	\$ 162,090,745	\$ 171,720,907	\$ -	\$ 15,180,255	\$ 186,901,162	\$ (7,226,641)	\$ 179,674,521

FLORIDA CITY GAS
AVERAGE RATE OF RETURN
INCOME STATEMENT
December 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	\$ 82,162,315	\$ 20,752,753	\$ 14,292,805	\$ 7,114,680	\$ 1,543,585	\$ 2,098,589	\$ (1,259)	\$ -	\$ 72,424,985	\$ 9,737,331
3	ADJUSTED BOOKS	\$ 82,162,315	\$ 20,752,753	\$ 14,292,805	\$ 7,114,680	\$ 1,543,585	\$ 2,098,589	\$ (1,259)	\$ -	\$ 72,424,985	\$ 9,737,331
4											
5	FPSC ADJUSTMENTS:										
6	Fuel revenues/costs	(26,756,950)			(133,119)					(26,756,950)	
7	Franchise/gross receipts taxes	(4,589,066)			(4,589,066)					(4,589,066)	
8	ECP revenue/costs										
10	Remove AEP	(2,324,412)		(1,183,925)							
11	AGL Purchase Premium per Amort Sched			721,895		(425,166)					(71,321)
12	Energy Services Revenues and Expenses	(162,094)				(271,649)					(450,246)
13	Propane Sales	(2,011)				(32,691)					(54,182)
14	Propane Cost					(757)					(1,254)
15	Association dues										
16	Economic development expense		(16,025)			6,030					9,995
17	Pension and Transition Costs Reg. Asset		(878)			330					548
18	Employee activities			(13,503)							
19	Interest synchronization					5,081					(102,441)
20	TOTAL FPSC ADJUSTMENTS	(33,834,533)	(26,699,052)	(30,406)	(4,722,185)	(89,150)	(61,808)			(32,623,204)	89,150
21		\$ 48,327,783	\$ (75,221)	\$ 20,722,347	\$ 2,392,495	\$ 731,613	\$ 2,036,781	\$ (1,259)	\$ -	\$ 39,801,780	\$ 8,526,002
22	FPSC ADJUSTED										
23											
24	FLEX RATE REVENUES										
25	ADJUSTED FOR										
26	FLEX RATE REVENUES	\$ 48,327,783	\$ (75,221)	\$ 20,722,347	\$ 2,392,495	\$ 731,613	\$ 2,036,781	\$ (1,259)	\$ -	\$ 39,801,780	\$ 8,526,002
27											
28											
29	PRO FORMA ADJUSTMENTS										
30											
31	TOTAL PRO FORMA ADJUSTMENTS					380,349	61,808			(443,987)	443,987
32											
33	PRO FORMA ADJUSTED	\$ 48,327,783	\$ (75,221)	\$ 20,722,347	\$ 2,392,495	\$ 1,111,962	\$ 2,098,589	\$ (1,259)	\$ -	\$ 39,357,794	\$ 8,969,989
34											
35	PER BOOKS										
36	CURRENT QUARTER AMOUNT	\$ 19,883,176	\$ 5,990,592	\$ 5,091,325	\$ 1,733,221	\$ (594,146)	\$ 1,574,210	\$ (315)	\$ -	\$ 17,398,540	\$ 2,484,636

FLORIDA CITY GAS
CAPITAL STRUCTURE
FPSC ADJUSTED BASIS
December 2015

Line No.	AVERAGE	PER BOOKS	COMPANY RATIO	ADJUSTMENTS TO INVESTOR CAPITAL	ADJUSTED	SPECIFIC	PRO RATA	ADJUSTED	RATIO (%)	LOW POINT			MID POINT			HIGH POINT		
										COST RATE (%)	WEIGHTED COST (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	WEIGHTED COST (%)
										(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
1	DIVISIONAL CAPITAL	\$ 82,258,271	37.77%	\$ 7,619,256	\$ 89,877,527		\$ (10,699,313)	\$ 79,178,214	40.83%	10.25%	4.19%	11.25%	4.59%	12.25%	5.00%			
2	DIVISIONAL CAPITAL	\$ 82,258,271	37.77%	\$ 7,619,256	\$ 89,877,527		\$ (10,699,313)	\$ 79,178,214	40.83%	10.25%	4.19%	11.25%	4.59%	12.25%	5.00%			
3	LONG TERM DEBT	79,954,156	36.72%	1,037,052	80,991,208		(9,641,456)	71,349,752	36.80%	4.95%	1.82%	4.95%	1.82%	4.95%	1.82%			
4	LONG TERM DEBT	79,954,156	36.72%	1,037,052	80,991,208		(9,641,456)	71,349,752	36.80%	4.95%	1.82%	4.95%	1.82%	4.95%	1.82%			
5	SHORT TERM DEBT	18,925,286	8.69%	(8,656,304)	10,268,982	7	(1,222,453)	9,046,536	4.67%	1.41%	0.07%	1.41%	0.07%	1.41%	0.07%			
6	SHORT TERM DEBT	18,925,286	8.69%	(8,656,304)	10,268,982	7	(1,222,453)	9,046,536	4.67%	1.41%	0.07%	1.41%	0.07%	1.41%	0.07%			
7	PREFERRED STOCK	-	0.00%	-	-	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
8	PREFERRED STOCK	-	0.00%	-	-	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
9	CUSTOMER DEPOSITS	3,896,688	1.79%	-	3,896,688		-	3,896,688	2.01%	6.73%	0.14%	6.73%	0.14%	6.73%	0.14%			
10	CUSTOMER DEPOSITS	3,896,688	1.79%	-	3,896,688		-	3,896,688	2.01%	6.73%	0.14%	6.73%	0.14%	6.73%	0.14%			
11	TAX CREDITS - ZERO COST	639	0.00%	-	639		-	639	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
12	TAX CREDITS - ZERO COST	639	0.00%	-	639		-	639	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
13	TAX CREDITS - WEIGHTED COST	-	0.00%	-	-		-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
14	TAX CREDITS - WEIGHTED COST	-	0.00%	-	-		-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
15	ACC DEF INC TAXES-ZERO COST	32,727,965	15.03%	-	32,727,965	(2,295,469)	-	30,432,497	15.69%	0.00%	6.22%	0.00%	6.22%	0.00%	7.03%			
16	ACC DEF INC TAXES-ZERO COST	32,727,965	15.03%	-	32,727,965	(2,295,469)	-	30,432,497	15.69%	0.00%	6.22%	0.00%	6.22%	0.00%	7.03%			
17	TOTAL	\$ 217,763,006	100.00%	\$ 3	\$ 217,763,010	\$ (2,295,462)	\$ (21,563,222)	\$ 193,904,326	100.00%									
18	TOTAL	\$ 217,763,006	100.00%	\$ 3	\$ 217,763,010	\$ (2,295,462)	\$ (21,563,222)	\$ 193,904,326	100.00%									
19	YEAR END																	
20	DIVISIONAL CAPITAL	\$ 92,479,932	40.58%	\$ 1,789,957	\$ 94,269,889		\$ (10,589,724)	\$ 83,680,165	41.02%	10.25%	4.20%	11.25%	4.61%	12.25%	5.02%			
21	DIVISIONAL CAPITAL	\$ 92,479,932	40.58%	\$ 1,789,957	\$ 94,269,889		\$ (10,589,724)	\$ 83,680,165	41.02%	10.25%	4.20%	11.25%	4.61%	12.25%	5.02%			
22	LONG TERM DEBT	82,899,092	36.38%	2,050,202	84,949,294		(9,542,704)	75,406,590	36.96%	4.95%	1.83%	4.95%	1.83%	4.95%	1.83%			
23	LONG TERM DEBT	82,899,092	36.38%	2,050,202	84,949,294		(9,542,704)	75,406,590	36.96%	4.95%	1.83%	4.95%	1.83%	4.95%	1.83%			
24	SHORT TERM DEBT	14,610,993	6.41%	(3,840,160)	10,770,833		(1,209,932)	9,560,901	4.69%	1.41%	0.07%	1.41%	0.07%	1.41%	0.07%			
25	SHORT TERM DEBT	14,610,993	6.41%	(3,840,160)	10,770,833		(1,209,932)	9,560,901	4.69%	1.41%	0.07%	1.41%	0.07%	1.41%	0.07%			
26	PREFERRED STOCK	-	0.00%	-	-		-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
27	PREFERRED STOCK	-	0.00%	-	-		-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
28	CUSTOMER DEPOSITS	3,956,129	1.74%	-	3,956,129		-	3,956,129	1.94%	6.73%	0.13%	6.73%	0.13%	6.73%	0.13%			
29	CUSTOMER DEPOSITS	3,956,129	1.74%	-	3,956,129		-	3,956,129	1.94%	6.73%	0.13%	6.73%	0.13%	6.73%	0.13%			
30	TAX CREDITS - ZERO COST	10	0.00%	-	10		-	10	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
31	TAX CREDITS - ZERO COST	10	0.00%	-	10		-	10	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
32	TAX CREDITS - WEIGHTED COST	-	0.00%	-	-		-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
33	TAX CREDITS - WEIGHTED COST	-	0.00%	-	-		-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
34	ACC DEF INC TAXES-ZERO COST	33,937,404	14.89%	-	33,937,404	(2,518,809)	-	31,418,595	15.40%	0.00%	6.23%	0.00%	6.23%	0.00%	7.05%			
35	ACC DEF INC TAXES-ZERO COST	33,937,404	14.89%	-	33,937,404	(2,518,809)	-	31,418,595	15.40%	0.00%	6.23%	0.00%	6.23%	0.00%	7.05%			
36	TOTAL	\$ 227,883,500	100.00%	\$ (1)	\$ 227,883,500	\$ (2,518,809)	\$ (21,342,360)	\$ 204,022,330	100.00%									
37	TOTAL	\$ 227,883,500	100.00%	\$ (1)	\$ 227,883,500	\$ (2,518,809)	\$ (21,342,360)	\$ 204,022,330	100.00%									
38	AVERAGE EXCLUDING AGL ACQ																	
39	ADM. & REG. ASSETS																	
40	DIVISIONAL CAPITAL	\$ 82,258,271	37.77%	\$ 7,619,256	\$ 89,877,527		\$ (17,759,902)	\$ 72,117,625	40.14%	10.25%	4.11%	11.25%	4.52%	12.25%	4.92%			
41	DIVISIONAL CAPITAL	\$ 82,258,271	37.77%	\$ 7,619,256	\$ 89,877,527		\$ (17,759,902)	\$ 72,117,625	40.14%	10.25%	4.11%	11.25%	4.52%	12.25%	4.92%			
42	LONG TERM DEBT	79,954,156	36.72%	1,037,052	80,991,208		(16,003,955)	64,987,253	36.17%	4.95%	1.79%	4.95%	1.79%	4.95%	1.79%			
43	LONG TERM DEBT	79,954,156	36.72%	1,037,052	80,991,208		(16,003,955)	64,987,253	36.17%	4.95%	1.79%	4.95%	1.79%	4.95%	1.79%			
44	SHORT TERM DEBT	18,925,286	8.69%	(8,656,304)	10,268,982		(2,029,163)	8,239,819	4.59%	1.41%	0.06%	1.41%	0.06%	1.41%	0.06%			
45	SHORT TERM DEBT	18,925,286	8.69%	(8,656,304)	10,268,982		(2,029,163)	8,239,819	4.59%	1.41%	0.06%	1.41%	0.06%	1.41%	0.06%			
46	PREFERRED STOCK	-	0.00%	-	-		-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
47	PREFERRED STOCK	-	0.00%	-	-		-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
48	CUSTOMER DEPOSITS	3,896,688	1.79%	-	3,896,688		-	3,896,688	2.17%	6.73%	0.15%	6.73%	0.15%	6.73%	0.15%			
49	CUSTOMER DEPOSITS	3,896,688	1.79%	-	3,896,688		-	3,896,688	2.17%	6.73%	0.15%	6.73%	0.15%	6.73%	0.15%			
50	TAX CREDITS - ZERO COST	639	0.00%	-	639		-	639	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
51	TAX CREDITS - ZERO COST	639	0.00%	-	639		-	639	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
52	TAX CREDITS - WEIGHTED COST	-	0.00%	-	-		-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
53	TAX CREDITS - WEIGHTED COST	-	0.00%	-	-		-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
54	ACC DEF INC TAXES-ZERO COST	32,727,965	15.03%	-	32,727,965	(2,295,469)	-	30,432,497	16.94%	0.00%	6.11%	0.00%	6.11%	0.00%	6.92%			
55	ACC DEF INC TAXES-ZERO COST	32,727,965	15.03%	-	32,727,965	(2,295,469)	-	30,432,497	16.94%	0.00%	6.11%	0.00%	6.11%	0.00%	6.92%			
56	TOTAL	\$ 217,763,006	100.00%	\$ 3	\$ 217,763,010	\$ (2,295,462)	\$ (35,793,020)	\$ 179,674,521	100.00%									
57	TOTAL	\$ 217,763,006	100.00%	\$ 3	\$ 217,763,010	\$ (2,295,462)	\$ (35,793,020)	\$ 179,674,521	100.00%									

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

SCHEDULE 5

A. INCLUDING AGL ACQUISITION ADJUSTMENT & REGULATORY ASSETS

Line No.

1	FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	4.40%
2	LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:	
3	LONG TERM DEBT	-1.82%
4	SHORT TERM DEBT	-0.07%
5	PREFERRED STOCK	0.00%
6	CUSTOMER DEPOSITS	-0.14%
7	TAX CREDITS-WEIGHTED COST(MIDPOINT)	0.00%
8	SUBTOTAL	-2.03%
9	TOTAL	2.37%
10	DIVIDED BY RECONCILED COMMON EQUITY RATIO	40.83%
11	JURISDICTIONAL RETURN ON COMMON EQUITY	5.80%

12
13
14
15
16

B. EXCLUDING AGL ACQUISITION ADJUSTMENT & REGULATORY ASSETS

17		
18		
19	NET OPERATING INCOME EXCLUDING FLEX RATE REVENUES	\$ 8,969,989
20		
21	RATE BASE EXCLUDING FLEX RATE REVENUES	\$ 179,674,521
22		
23	FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	4.99%
24	LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:	
25	LONG TERM DEBT	-1.79%
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	-2.00%
31	TOTAL	2.99%
32	DIVIDED BY RECONCILED COMMON EQUITY RATIO	40.14%
33	JURISDICTIONAL RETURN ON COMMON EQUITY	7.45%