



Florida City Gas

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

March 2, 2015

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

RECEIVED
FLORIDA PUBLIC SERVICE
COMMISSION
15 MAR -4 PM 2:42
DIVISION OF
ACCOUNTING & FINANCE

**Re: Florida City Gas
2015 Annual Forecast Surveillance Report**

Dear Mr. Fletcher:

Enclosed find Florida City Gas' 2015 Annual Forecast Surveillance Report.

Sincerely,

Rosie Abreu
Financial Analyst

FLORIDA PUBLIC SERVICE COMMISSION

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

FLORIDA CITY GAS

Forecast 2015 (1 Month Actual +11 Months Estimated)

PSC/AFA 13 (6/94)

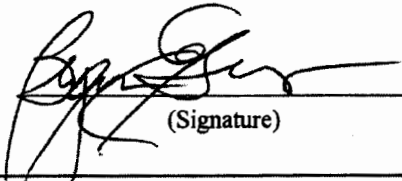
**FLORIDA CITY GAS
YEAR END RATE BASE
Forecast 2015 (1 Month Actual +11 Months Estimated)**

		(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)	\$ 9,095,762		\$ 39,105		\$ 9,134,867		\$ 440,239		\$ 9,575,106
AVERAGE RATE BASE	(a)	\$ 145,717,773		\$ 50,760,316		\$ 196,478,089		\$ (14,229,805)		\$ 182,248,283
AVERAGE RATE OF RETURN	(a)	6.24%				4.65%				5.25%
<u>II. YEAR END RATE BASE (JURISDICTIONAL)</u>										
		\$ -		\$ -		\$ -		\$ -		\$ -
<u>III. REQUIRED RATES OF RETURN</u>										
AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)										
LOW		<u>6.18%</u>								
MIDPOINT		<u>6.58%</u>								
HIGH		<u>6.98%</u>								
<u>IV. EARNED RETURN ON EQUITY (FPSC ADJUSTED BASIS)</u>										
										<u>6.40%</u>
										<u>8.09%</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 Accounting Officer
(Name and Title of Chief Financial Officer)


(Signature)

3.2.2015
(Date)

FLORIDA CITY GAS
AVERAGE RATE OF RETURN
RATE BASE
 Forecast 2015 (1 Month Actual +11 Months Estimated)

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	\$ 360,949,067	\$ 162,790,796	\$ 198,158,271	\$ -	\$ 15,399,903	\$ 213,558,173	\$ (67,840,401)	\$ 145,717,773
2								
3	FPSC ADJUSTMENTS:							
4	(26,633,077)	-	(26,633,077)			(26,633,077)		(26,633,077)
5	4,846,491	3,095,735	1,750,756			1,750,756		1,750,756
6	21,656,835	7,700,209	13,956,626			13,956,626		13,956,626
7	-	-	-			-	(11,397,433)	(11,397,433)
8	-	-	-			-	(83,334)	(83,334)
9	1,497,497	775,550	721,947			721,947	-	721,947
10		-	-			-	-	-
11							73,559,691	73,559,691
12							(319,913)	(319,913)
13							(1,056,703)	(1,056,703)
14							-	-
15							273,179	273,179
16	(34,800)	(23,376)	(11,424)	-	-	(11,424)	-	(11,424)
17	<u>\$ 1,332,946</u>	<u>\$ 11,548,117</u>	<u>\$ (10,215,172)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (10,215,172)</u>	<u>\$ 60,975,488</u>	<u>\$ 50,760,316</u>
18								
19	<u>\$ 362,282,012</u>	<u>\$ 174,338,913</u>	<u>\$ 187,943,099</u>	<u>\$ -</u>	<u>\$ 15,399,903</u>	<u>\$ 203,343,002</u>	<u>\$ (6,864,913)</u>	<u>\$ 196,478,089</u>
20								
21	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
22								
23	<u>\$ 362,282,012</u>	<u>\$ 174,338,913</u>	<u>\$ 187,943,099</u>	<u>\$ -</u>	<u>\$ 15,399,903</u>	<u>\$ 203,343,002</u>	<u>\$ (6,864,913)</u>	<u>\$ 196,478,089</u>
24								
25								
26								
27	PRO FORMA ADJUSTMENTS:							
28								
29	<u>\$ (21,656,835)</u>	<u>\$ (7,700,209)</u>	<u>\$ (13,956,626)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (13,956,626)</u>	<u>\$ (273,179)</u>	<u>\$ (14,229,805)</u>
30								
31	<u>\$ 340,625,177</u>	<u>\$ 166,638,704</u>	<u>\$ 173,986,473</u>	<u>\$ -</u>	<u>\$ 15,399,903</u>	<u>\$ 189,386,375</u>	<u>\$ (7,138,092)</u>	<u>\$ 182,248,283</u>

FLORIDA CITY GAS
AVERAGE RATE OF RETURN
INCOME STATEMENT
 Forecast 2015 (1 Month Actual +11 Months Estimated)

Line No.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	OPERATING REVENUES	O&M GAS EXPENSE	O&M OTHER	DEPR. & AMORT.	TRANSFER INCOME TAXES	INCOME TAXES CURRENT	DEFERRED INCOME TAXES (NET)	INV. TAX CREDIT (NET)	GAIN/LOSS ON DISPOSITION	TOTAL OPERATING EXPENSES	NET OPERATING INCOME
1 PER BOOKS	\$ 88,523,874	\$ 34,787,825	\$ 19,249,696	\$ 14,667,404	\$ 5,744,670	\$ 4,978,622	\$ -	\$ (105)	\$ -	\$ 79,428,112	\$ 9,095,762
2 End of year customer refund accrual		\$ -		\$ -						\$ -	\$ -
3 ADJUSTED BOOKS	\$ 88,523,874	\$ 34,787,825	\$ 19,249,696	\$ 14,667,404	\$ 5,744,670	\$ 4,978,622	\$ -	\$ (105)	\$ -	\$ 79,428,112	\$ 9,095,762
4											
5 <u>FPSC ADJUSTMENTS:</u>											
6 Fuel revenues/costs	(34,961,764)	(34,787,825)			(173,939)	-				(34,961,764)	-
7 Franchise/gross receipts taxes	(3,100,131)				(3,100,131)	-				(3,100,131)	-
8 ECP revenue/costs	-				-	-				-	-
10 Remove AEP	(2,417,373)			(1,355,812)		(399,466)				(1,755,278)	(662,095)
11 AGL Purchase Premium per Amort Sched				721,895		(271,650)				450,245	(450,245)
12 Energy Services Revenues and Expenses											
13 Propane Sales	(280)					(106)				(106)	(174)
14 Propane Cost											
15 Association dues			(16,025)			6,030				(9,995)	9,995
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			(13,503)			5,081				(8,422)	8,422
19 Interest synchronization						(1,235,096)				(1,235,096)	1,235,096
20 <u>TOTAL FPSC ADJUSTMENTS</u>	<u>(40,479,548)</u>	<u>(34,787,825)</u>	<u>(30,406)</u>	<u>(469,668)</u>	<u>(3,274,070)</u>	<u>(1,894,877)</u>	<u>(61,807)</u>			<u>(40,518,653)</u>	<u>39,105</u>
21											
22 <u>FPSC ADJUSTED</u>	<u>\$ 48,044,326</u>	<u>\$ -</u>	<u>\$ 19,219,290</u>	<u>\$ 14,197,737</u>	<u>\$ 2,470,600</u>	<u>\$ 3,083,745</u>	<u>\$ (61,807)</u>	<u>\$ (105)</u>	<u>\$ -</u>	<u>\$ 38,909,459</u>	<u>\$ 9,134,867</u>
23											
24 <u>FLEX RATE REVENUES</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
25 <u>ADJUSTED FOR</u>											
26 <u>FLEX RATE REVENUES</u>	<u>\$ 48,044,326</u>	<u>\$ -</u>	<u>\$ 19,219,290</u>	<u>\$ 14,197,737</u>	<u>\$ 2,470,600</u>	<u>\$ 3,083,745</u>	<u>\$ (61,807)</u>	<u>\$ (105)</u>	<u>\$ -</u>	<u>\$ 38,909,459</u>	<u>\$ 9,134,867</u>
27											
28											
29 <u>PRO FORMA ADJUSTMENTS</u>											
30											
31 <u>TOTAL PRO FORMA ADJUSTMENTS</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(886,144)</u>	<u>-</u>	<u>384,098</u>	<u>61,807</u>	<u>-</u>	<u>-</u>	<u>(440,239)</u>	<u>440,239</u>
32											
33 <u>PRO FORMA ADJUSTED</u>	<u>\$ 48,044,326</u>	<u>\$ -</u>	<u>\$ 19,219,290</u>	<u>\$ 13,311,593</u>	<u>\$ 2,470,600</u>	<u>\$ 3,467,843</u>	<u>\$ -</u>	<u>\$ (105)</u>	<u>\$ -</u>	<u>\$ 38,469,220</u>	<u>\$ 9,575,106</u>

**FLORIDA CITY GAS
CAPITAL STRUCTURE
FPSC ADJUSTED BASIS
Forecast 2015 (1 Month Actual +11 Months Estimated)**

Line No.	AVERAGE	PER BOOKS	COMPANY RATIO	ADJUSTMENTS TO INVESTOR CAPITAL	ADJUSTED	ADJUSTMENTS			RATIO (%)	LOW POINT		MID POINT		HIGH POINT	
						SPECIFIC	PRO RATA	ADJUSTED		COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
1	DIVISIONAL CAPITAL	\$ 73,156,845	33.15%	\$ 15,750,997	\$ 88,907,842		\$ (10,630,354)	\$ 78,277,488	39.84%	10.25%	4.08%	11.25%	4.48%	12.25%	4.88%
2															
3	LONG TERM DEBT	72,560,927	32.88%	13,209,908	85,770,835		(10,255,275)	75,515,560	38.43%	4.97%	1.91%	4.97%	1.91%	4.97%	1.91%
4															
5	SHORT TERM DEBT	39,592,451	17.94%	(28,960,900)	10,631,551		(1,271,172)	9,360,379	4.76%	1.26%	0.06%	1.26%	0.06%	1.26%	0.06%
6															
7	PREFERRED STOCK	-	0.00%						0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
8															
9	CUSTOMER DEPOSITS	3,867,254	1.75%		3,867,254			3,867,254	1.97%	6.73%	0.13%	6.73%	0.13%	6.73%	0.13%
10															
11	TAX CREDITS - ZERO COST	1,793	0.00%		1,793			1,793	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	31,519,456	14.28%		31,519,456	(2,063,841)		29,455,615	14.99%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
16	TOTAL	\$ 220,698,726	100.00%	\$	\$ 220,698,731	\$ (2,063,841)	\$ (22,156,801)	\$ 196,478,089	100.00%	6.18%	6.58%	6.58%	6.98%	6.98%	6.98%

17
18
19

Line No.	AVERAGE EXCLUDING AGL ACQ ADJ. & REG. ASSETS	PER BOOKS	COMPANY RATIO	ADJUSTMENTS TO INVESTOR CAPITAL	ADJUSTED	ADJUSTMENTS			RATIO (%)	LOW POINT		MIDPOINT		HIGH POINT	
						SPECIFIC	PRO RATA	ADJUSTED		COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
20															
21	DIVISIONAL CAPITAL	\$ 73,156,845	33.15%	\$ 15,750,997	\$ 88,907,842		\$ (17,457,507)	\$ 71,450,335	39.20%	10.25%	4.02%	11.25%	4.41%	12.25%	4.80%
22															
23	LONG TERM DEBT	72,560,927	32.88%	13,209,908	85,770,835		\$ (16,841,540)	68,929,295	37.82%	4.97%	1.88%	4.97%	1.88%	4.97%	1.88%
24															
25	SHORT TERM DEBT	39,592,451	17.94%	(28,960,900)	10,631,551		\$ (2,087,559)	8,543,992	4.69%	1.26%	0.06%	1.26%	0.06%	1.26%	0.06%
26															
27	PREFERRED STOCK	-	0.00%						0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
28															
29	CUSTOMER DEPOSITS	3,867,254	1.75%		3,867,254			3,867,254	2.12%	6.73%	0.14%	6.73%	0.14%	6.73%	0.14%
30															
31	TAX CREDITS - ZERO COST	1,793	0.00%		1,793			1,793	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
32															
33	TAX CREDITS - WEIGHTED COST	-	0.00%						0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
34															
35	ACC DEF INC TAXES-ZERO COST	31,519,456	14.28%		31,519,456	(2,063,841)		29,455,615	16.16%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
36	TOTAL	\$ 220,698,726	100.00%	\$	\$ 220,698,731	\$ (2,063,841)	\$ (36,386,607)	\$ 182,248,283	100.00%	6.10%	6.49%	6.49%	6.88%	6.88%	6.88%

FLORIDA CITY GAS
EARNED RETURN ON COMMON EQUITY
FPSC ADJUSTED BASIS
Forecast 2015 (1 Month Actual +11 Months Estimated)

SCHEDULE 5

A. INCLUDING AGL ACQUISITION ADJUSTMENT & REGULATORY ASSETS

<u>Line No.</u>		
1	FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	<u>4.65%</u>
2	LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:	
3	LONG TERM DEBT	-1.91%
4	SHORT TERM DEBT	-0.06%
5	PREFERRED STOCK	0.00%
6	CUSTOMER DEPOSITS	-0.13%
7	TAX CREDITS-WEIGHTED COST(MIDPOINT)	<u>0.00%</u>
8	SUBTOTAL	-2.10%
9	TOTAL	<u>2.55%</u>
10	DIVIDED BY RECONCILED COMMON EQUITY RATIO	<u>39.84%</u>
11	JURISDICTIONAL RETURN ON COMMON EQUITY	<u>6.40%</u>
12		
13		
14		
15		
16		

B. EXCLUDING AGL ACQUISITION ADJUSTMENT & REGULATORY ASSETS

17		
18		
19	NET OPERATING INCOME EXCLUDING FLEX RATE REVENUES	\$ 9,575,106
20		
21	RATE BASE EXCLUDING FLEX RATE REVENUES	\$ 182,248,283
22		
23	FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	5.25%
24	LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:	
25	LONG TERM DEBT	-1.88%
26	SHORT TERM DEBT	-0.06%
27	PREFERRED STOCK	0.00%
28	CUSTOMER DEPOSITS	-0.14%
29	TAX CREDITS-WEIGHTED COST(MIDPOINT)	<u>0.00%</u>
30	SUBTOTAL	-2.08%
31	TOTAL	<u>3.17%</u>
32	DIVIDED BY RECONCILED COMMON EQUITY RATIO	<u>39.20%</u>
33	JURISDICTIONAL RETURN ON COMMON EQUITY	<u>8.09%</u>