

FLORIDA PUBLIC SERVICE COMMISSION

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

FLORIDA CITY GAS

March 2016

PSC/AFA 13 (6/94)

FLORIDA CITY GAS
YEAR END RATE BASE
 March 2016

	(1)	(2)	(3)	(4)	(5)
	ACTUAL	FPSC	FPSC	PRO FORMA	PRO FORMA
	PER BOOKS	ADJUSTMENTS	ADJUSTED	ADJUSTMENTS	ADJUSTED
I. AVERAGE RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME (a)	\$ 10,001,209	\$ (1,163,732)	\$ 8,837,477	\$ 442,395	\$ 9,279,871
AVERAGE RATE BASE (a)	\$ 165,925,576	\$ 31,416,069	\$ 197,341,645	\$ (14,023,721)	\$ 183,317,924
AVERAGE RATE OF RETURN (a)	6.03%		4.48%		5.06%

II. YEAR END RATE BASE (JURISDICTIONAL)

\$ 176,960,567	\$ 28,222,890	\$ 205,183,456	\$ (13,611,553)	\$ 191,571,904
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III. REQUIRED RATES OF RETURN

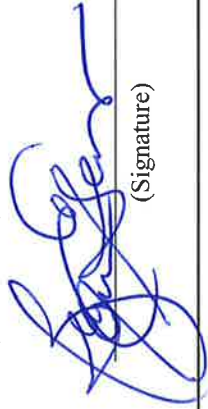
AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)

LOW	<u>6.18%</u>	A. INCLUDING AGL ACQ. ADJ. & REGULATORY ASSETS	<u>5.99%</u>
MIDPOINT	<u>6.58%</u>		
HIGH	<u>6.98%</u>	B. EXCLUDING AGL ACQ. ADJ. & REGULATORY ASSETS	<u>7.62%</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.


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

5/12/2016
 (Date)

FLORIDA CITY GAS
AVERAGE RATE OF RETURN
RATE BASE
March 2016

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	\$ 356,966,415	\$ 159,462,518	\$ 197,503,897	\$ -	\$ 17,068,201	\$ 214,572,098	\$ (48,646,522)	\$ 165,925,576
2								
3	FPSC ADJUSTMENTS:							
4	(26,633,077)	-	(26,633,077)			(26,633,077)		(26,633,077)
5	5,837,050	3,563,496	2,273,554			2,273,554		2,273,554
6	21,656,835	7,880,682	13,776,153			13,776,153		13,776,153
7	-	-	-			-	(12,980,123)	(12,980,123)
8							(76,698)	(76,698)
9	1,497,497	787,523	709,974			709,974		709,974
10								
11								
12							55,657,527	55,657,527
13							(483,146)	(483,146)
14							(1,056,703)	(1,056,703)
15							(7,728)	(7,728)
16							247,568	247,568
17	(34,800)	(23,568)	(11,232)			(11,232)		(11,232)
18	\$ 2,323,505	\$ 12,208,133	\$ (9,884,628)	\$ -	\$ -	\$ (9,884,628)	\$ 41,300,698	\$ 31,416,069
19	\$ 359,289,919	\$ 171,670,651	\$ 187,619,269	\$ -	\$ 17,068,201	\$ 204,687,470	\$ (7,345,825)	\$ 197,341,645
20								
21	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
22								
23	\$ 359,289,919	\$ 171,670,651	\$ 187,619,269	\$ -	\$ 17,068,201	\$ 204,687,470	\$ (7,345,825)	\$ 197,341,645
24								
25								
26								
27	PRO FORMA ADJUSTMENTS:							
28								
29	\$ (21,656,835)	\$ (7,880,682)	\$ (13,776,153)	\$ -	\$ -	\$ (13,776,153)	\$ (247,568)	\$ (14,023,721)
30								
31	\$ 337,633,084	\$ 163,789,969	\$ 173,843,116	\$ -	\$ 17,068,201	\$ 190,911,317	\$ (7,593,393)	\$ 183,317,924

FLORIDA CITY GAS
YEAR END RATE BASE
RATE BASE
March 2016

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	\$ 368,173,508	\$ 164,252,207	\$ 203,921,301	\$ -	\$ 19,419,137	\$ 223,340,439	\$ (46,379,872)	\$ 176,960,567
2								
3	FPSC ADJUSTMENTS:							
4	(26,633,077)	-	(26,633,077)			(26,633,077)		(26,633,077)
5	6,267,504	3,754,107	2,513,397			2,513,397		2,513,397
6	21,656,835	8,241,630	13,415,205			13,415,205		13,415,205
7	-	-	-			-	(13,185,813)	(13,185,813)
8	1,497,497	811,469	686,028			686,028		686,028
9	-	-	-			-	(73,800)	(73,800)
10							51,886,649	51,886,649
11							(570,898)	(570,898)
12								
13								
14							196,347	196,347
15	(34,800)	(24,144)	(10,656)			(10,656)	(493)	(493)
16	2,753,959	12,783,062	(10,029,103)			(10,029,103)	38,251,993	28,222,890
17								
18	\$ 370,927,467	\$ 177,035,269	\$ 193,892,198	\$ -	\$ 19,419,137	\$ 213,311,336	\$ (8,127,879)	\$ 205,183,456
19								
20	PRO FORMA ADJUSTMENTS:							
21								
22	\$ (21,656,835)	\$ (8,241,630)	\$ (13,415,205)	\$ -	\$ -	\$ (13,415,205)	\$ (196,347)	\$ (13,611,553)
23								
24	\$ 349,270,632	\$ 168,793,639	\$ 180,476,993	\$ -	\$ 19,419,137	\$ 199,896,130	\$ (8,324,226)	\$ 191,571,904

FLORIDA CITY GAS
CAPITAL STRUCTURE
PFSC ADJUSTED BASIS
March 2016

Line No.	AVERAGE	PER BOOKS	COMPANY RATIO	ADJUSTMENTS TO INVESTOR CAPITAL	ADJUSTMENTS			LOW POINT		MID POINT		HIGH POINT	
					ADJUSTED	SPECIFIC	PRO RATA	ADJUSTED	WEIGHTED COST (%)	RATIO (%)	ADJUSTED	WEIGHTED COST (%)	RATIO (%)
1	DIVISIONAL CAPITAL	\$ 85,233,702	38.47%	\$ 4,110,195	\$ 89,343,897	\$ (10,578,200)	\$ 78,765,697	39.91%	10.25%	11.25%	4.09%	4.89%	4.89%
2	3 LONG TERM DEBT	80,091,874	36.42%	5,690,782	86,382,656	(10,227,593)	76,155,063	38.59%	4.89%	4.89%	1.89%	1.89%	1.89%
3	5 SHORT TERM DEBT	18,549,839	8.37%	(9,800,979)	8,748,860	(1,035,834)	7,713,006	3.91%	1.76%	1.76%	0.07%	0.07%	0.07%
4	7 PREFERRED STOCK	-	0.00%	-	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
5	9 CUSTOMER DEPOSITS	3,915,220	1.77%	-	3,915,220	-	3,915,220	1.98%	6.73%	6.73%	0.13%	0.13%	0.13%
6	11 TAX CREDITS - ZERO COST	373	0.00%	-	373	-	373	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
7	13 TAX CREDITS - WEIGHTED COST	-	0.00%	-	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
8	15 ACC DEF INC TAXES-ZERO COST	33,192,095	14.97%	-	33,192,095	(2,399,809)	30,792,286	15.60%	0.00%	0.00%	0.00%	0.00%	0.00%
9	16 TOTAL	\$ 221,583,103	100.00%	(2) \$	\$ 221,583,101	\$ (2,399,809)	\$ 197,341,645	100.00%	6.18%	6.58%	6.18%	6.58%	6.58%
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18													
19	DIVISIONAL CAPITAL	\$ 94,022,893	41.09%	(1,410,420)	\$ 92,612,473	\$ (10,250,275)	\$ 82,362,198	40.14%	10.25%	11.25%	4.11%	4.32%	4.92%
20	22 LONG TERM DEBT	82,937,674	36.24%	6,605,222	89,542,896	(9,910,537)	79,632,359	38.81%	4.89%	4.89%	1.90%	1.90%	1.90%
21	24 SHORT TERM DEBT	14,263,733	6.23%	(5,194,803)	9,068,930	(1,003,742)	8,065,188	3.93%	1.76%	1.76%	0.07%	0.07%	0.07%
22	26 PREFERRED STOCK	-	0.00%	-	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
23	28 CUSTOMER DEPOSITS	3,915,674	1.71%	-	3,915,674	-	3,915,674	1.91%	6.73%	6.73%	0.13%	0.13%	0.13%
24	30 TAX CREDITS - ZERO COST	7	0.00%	-	7	-	7	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
25	32 TAX CREDITS - WEIGHTED COST	-	0.00%	-	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
26	34 ACC DEF INC TAXES-ZERO COST	33,707,235	14.73%	-	33,707,235	(2,499,205)	31,208,030	15.21%	0.00%	0.00%	0.00%	0.00%	0.00%
27	35 TOTAL	\$ 228,847,216	100.00%	(1) \$	\$ 228,847,215	\$ (2,499,205)	\$ 205,183,456	100.00%	6.21%	6.62%	6.21%	6.62%	7.02%
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38	AVERAGE EXCLUDING AGL ACQ ADJ. & REG. ASSETS	\$ 85,233,702	38.47%	\$ 4,110,195	\$ 89,343,897	\$ (10,578,200)	\$ 78,765,697	39.26%	10.25%	11.25%	4.02%	4.42%	4.81%
39	DIVISIONAL CAPITAL	80,091,874	36.42%	5,690,782	86,382,656	(10,227,593)	76,155,063	37.96%	4.89%	4.89%	1.86%	1.86%	1.86%
40	41 LONG TERM DEBT	18,549,839	8.37%	(9,800,979)	8,748,860	(1,035,834)	7,713,006	3.84%	1.76%	1.76%	0.07%	0.07%	0.07%
41	43 SHORT TERM DEBT	-	0.00%	-	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
42	45 PREFERRED STOCK	3,915,220	1.77%	-	3,915,220	-	3,915,220	2.14%	6.73%	6.73%	0.14%	0.14%	0.14%
43	47 CUSTOMER DEPOSITS	373	0.00%	-	373	-	373	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
44	49 TAX CREDITS - ZERO COST	-	0.00%	-	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
45	51 TAX CREDITS - WEIGHTED COST	-	0.00%	-	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
46	53 ACC DEF INC TAXES-ZERO COST	33,192,095	14.98%	-	33,192,095	(2,399,809)	30,792,286	16.80%	0.00%	0.00%	0.00%	0.00%	0.00%
47	54 TOTAL	\$ 221,583,103	100.00%	(2) \$	\$ 221,583,101	\$ (2,399,809)	\$ 183,317,924	100.00%	6.09%	6.49%	6.09%	6.49%	6.88%

FLORIDA CITY GAS
EARNED RETURN ON COMMON EQUITY
FPSC ADJUSTED BASIS
March 2016

SCHEDULE 5

A. INCLUDING AGL ACQUISITION ADJUSTMENT & REGULATORY ASSETS

Line No.

1	FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	4.48%
2	LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:	
3	LONG TERM DEBT	-1.89%
4	SHORT TERM DEBT	-0.07%
5	PREFERRED STOCK	0.00%
6	CUSTOMER DEPOSITS	-0.13%
7	TAX CREDITS-WEIGHTED COST(MIDPOINT)	0.00%
8	SUBTOTAL	-2.09%
9	TOTAL	2.39%
10	DIVIDED BY RECONCILED COMMON EQUITY RATIO	39.91%
11	JURISDICTIONAL RETURN ON COMMON EQUITY	5.99%
12		
13		
14		
15		
16		

B. EXCLUDING AGL ACQUISITION ADJUSTMENT & REGULATORY ASSETS

17		
18		
19	NET OPERATING INCOME EXCLUDING FLEX RATE REVENUES	\$ 9,279,871
20		
21	RATE BASE EXCLUDING FLEX RATE REVENUES	\$ 183,317,924
22		
23	FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	5.06%
24	LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:	
25	LONG TERM DEBT	-1.86%
26	SHORT TERM DEBT	-0.07%
27	PREFERRED STOCK	0.00%
28	CUSTOMER DEPOSITS	-0.14%
29	TAX CREDITS-WEIGHTED COST(MIDPOINT)	0.00%
30	SUBTOTAL	-2.07%
31	TOTAL	2.99%
32	DIVIDED BY RECONCILED COMMON EQUITY RATIO	39.26%
33	JURISDICTIONAL RETURN ON COMMON EQUITY	7.62%