

FLORIDA PUBLIC SERVICE COMMISSION

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

**FLORIDA CITY GAS**

September 2016

PSC/AFA 13 (6/94)

**FLORIDA CITY GAS**  
**YEAR END RATE BASE**  
 September 2016

	(1)	(2)	(3)	(4)	(5)
	ACTUAL	FPSC	FPSC	PRO FORMA	PRO FORMA
	PER BOOKS	ADJUSTMENTS	ADJUSTED	ADJUSTMENTS	ADJUSTED
<u>I. AVERAGE RATE OF RETURN (JURISDICTIONAL)</u>					
NET OPERATING INCOME	\$ 11,307,562	\$ (1,550,662)	\$ 9,756,900	\$ 441,539	\$ 10,198,439
AVERAGE RATE BASE	\$ 173,362,846	\$ 31,771,751	\$ 205,134,597	\$ (13,611,553)	\$ 191,523,044
AVERAGE RATE OF RETURN	6.52%		4.76%		5.32%
<u>II. YEAR END RATE BASE (JURISDICTIONAL)</u>					
AVERAGE CAPITAL STRUCTURE (FTSC ADJUSTED BASIS)	\$ 175,948,542	\$ 37,680,175	\$ 213,628,717	\$ (13,199,384)	\$ 200,429,333


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

LOW	<u>5.95%</u>	A. INCLUDING AGL ACQ. ADJ. & REGULATORY ASSETS	<u>7.03%</u>
MIDPOINT	<u>6.31%</u>	B. EXCLUDING AGL ACQ. ADJ. & REGULATORY ASSETS	<u>8.75%</u>
HIGH	<u>6.68%</u>		

IV. EARNED RETURN ON EQUITY (FTSC 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.

  
 \_\_\_\_\_  
 (Name and Title of Chief Financial Officer)

11-14-16  
 \_\_\_\_\_  
 (Date)

FLORIDA CITY GAS  
 AVERAGE RATE OF RETURN  
 RATE BASE  
 September 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	\$ 368,615,672	\$ 163,700,624	\$ 204,915,048	\$ -	\$ 19,360,132	\$ 224,275,180	\$ (50,912,334)	\$ 173,562,846
2								
3	FPSC ADJUSTMENTS:							
4	(26,633,077)	-	(26,633,077)			(26,633,077)		(26,633,077)
5	5,434,213	3,099,978	2,334,235			2,334,235		2,334,235
6	21,656,835	8,241,630	13,415,205			13,415,205		13,415,205
7								
8								
9	1,497,497	811,469	686,028			686,028		(73,800)
10								686,028
11								
12								56,994,215
13								(580,470)
14								(1,056,703)
15								(5,103)
16								196,347
17	(34,800)	(24,144)	(10,656)			(10,656)		(10,656)
18	\$ 1,920,668	\$ 12,128,932	\$ (10,208,265)	\$ -	\$ -	\$ (10,208,265)	\$ 41,980,016	\$ 31,771,751
19	\$ 370,536,340	\$ 175,829,556	\$ 194,706,783	\$ -	\$ 19,360,132	\$ 214,066,915	\$ (8,932,319)	\$ 205,134,597
20								
21	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
22								
23	\$ 370,536,340	\$ 175,829,556	\$ 194,706,783	\$ -	\$ 19,360,132	\$ 214,066,915	\$ (8,932,319)	\$ 205,134,597
24								
25								
26								
27	PRO FORMA ADJUSTMENTS:							
28								
29	\$ (21,656,835)	\$ (8,241,630)	\$ (13,415,205)	\$ -	\$ -	\$ (13,415,205)	\$ (196,347)	\$ (13,611,553)
30								
31	\$ 348,879,505	\$ 167,587,927	\$ 181,291,578	\$ -	\$ 19,360,132	\$ 200,651,710	\$ (9,128,666)	\$ 191,523,044

FLORIDA CITY GAS  
AVERAGE RATE OF RETURN  
INCOME STATEMENT  
September 2016

Line No.	(1) OPERATING REVENUES	(2) O&M GAS EXPENSE	(3) O&M OTHER	(4) DEPR. & AMORT.	(5) INCOME TAXES THAN INCOME TAXES	(6) INCOME TAXES CURRENT	(7) INCOME TAXES DEFERRED (NET)	(8) INV. TAX CREDIT (NET)	(9) (GAIN)/LOSS ON DISPOSITION	(10) OPERATING EXPENSES	(11) NET OPERATING INCOME
1	\$ 81,230,496	\$ 23,368,466	\$ 20,255,936	\$ 14,972,518	\$ 7,165,700	\$ (1,370,453)	\$ 5,881,800	\$ (315)	\$ (350,717)	\$ 69,922,934	\$ 11,307,562
2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3	\$ 81,230,496	\$ 23,368,466	\$ 20,255,936	\$ 14,972,518	\$ 7,165,700	\$ (1,370,453)	\$ 5,881,800	\$ (315)	\$ (350,717)	\$ 69,922,934	\$ 11,307,562
4											
5	<b>FFSC ADJUSTMENTS:</b>										
6	(23,485,308)	(23,368,466)			(116,842)					(23,485,308)	
7	(4,597,904)				(4,597,904)					(4,597,904)	
8											
10	(2,898,033)			(1,295,461)		(603,056)				(1,898,517)	(999,537)
11	(127,094)	(75,221)		721,895		(271,649)				450,246	(450,246)
12	(298)					(19,520)				(94,741)	(32,353)
13						(112)				(112)	(186)
14											
15			(16,025)			6,030				(9,995)	9,995
16			(878)			330				(548)	548
17				164,249			(61,808)			102,441	(102,441)
18			(13,503)			5,081				(8,422)	8,422
19						(131,975)			350,717	218,742	(218,742)
20						(233,877)				(233,877)	233,877
21	(31,108,657)	(23,443,687)	(30,406)	(409,317)	(4,714,747)	(1,248,748)	(61,808)		350,717	(29,557,996)	(1,550,662)
22											
23	\$ 50,121,839	\$ (75,221)	\$ 20,225,530	\$ 14,563,201	\$ 2,450,953	\$ (2,619,201)	\$ 5,819,992	\$ (315)	\$ -	\$ 40,364,939	\$ 9,756,900
24											
25	<b>FLEX RATE REVENUES</b>										
26											
27											
28	\$ 50,121,839	\$ (75,221)	\$ 20,225,530	\$ 14,563,201	\$ 2,450,953	\$ (2,619,201)	\$ 5,819,992	\$ (315)	\$ -	\$ 40,364,939	\$ 9,756,900
29			12,957,376								
30	<b>PRO FOR-A ADJUSTMENTS</b>										
31											
32				(886,144)		382,797	61,808			(441,539)	441,539
33											
34	\$ 50,121,839	\$ (75,221)	\$ 20,225,530	\$ 13,677,057	\$ 2,450,953	\$ (2,236,404)	\$ 5,881,800	\$ (315)	\$ -	\$ 39,923,400	\$ 10,198,439
35											
36											
37	\$ 18,781,451	\$ 5,130,904	\$ 5,141,918	\$ 3,671,887	\$ 1,607,187	\$ (185,082)	\$ 1,204,085	\$ -	\$ (350,717)	\$ 16,220,181	\$ 2,561,269

FLORIDA CITY GAS  
YEAR END RATE BASE  
RATE BASE  
September 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	\$ 381,921,628	\$ 166,336,936	\$ 215,584,692	\$ -	\$ 18,588,273	\$ 234,172,965	\$ (58,224,423)	\$ 175,948,542
2								
3	<b>FPSC ADJUSTMENTS:</b>							
4	(26,633,077)	-	(26,633,077)			(26,633,077)		(26,633,077)
5	2,522,082	129,370	2,392,712			2,392,712		2,392,712
6	21,656,835	8,602,577	13,054,258			13,054,258		13,054,258
7	-	-	-			-	(14,075,178)	(14,075,178)
8	1,497,497	835,415	662,082			662,082		662,082
9	-	-	-			-	(70,902)	(70,902)
10	-	-	-			-	62,945,505	62,945,505
11	-	-	-			-	(723,930)	(723,930)
12	-	-	-			-	-	-
13	-	-	-			-	145,126	145,126
14	-	-	-			-	(6,342)	(6,342)
15	(34,800)	(24,720)	(10,080)			(10,080)		(10,080)
16	(991,463)	9,542,642	(10,534,104)			(10,534,104)	48,214,279	37,680,175
17								
18	\$ 380,930,165	\$ 175,879,577	\$ 205,050,588	\$ -	\$ 18,588,273	\$ 223,638,861	\$ (10,010,144)	\$ 213,628,717
19								
20	<b>PRO FORMA ADJUSTMENTS:</b>							
21								
22	\$ (21,656,835)	\$ (8,602,577)	\$ (13,054,258)	\$ -	\$ -	\$ (13,054,258)	\$ (145,126)	\$ (13,199,384)
23								
24	\$ 359,273,330	\$ 167,277,000	\$ 191,996,329	\$ -	\$ 18,588,273	\$ 210,584,603	\$ (10,155,270)	\$ 200,429,333

FLORIDA CITY GAS  
CAPITAL STRUCTURE  
FFSC ADJUSTED BASIS  
September 2016

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	\$ 91,147,991	39.57%	\$ (3,933,876)	\$ 87,214,115		\$ (11,655,329)	\$ 75,558,786	36.83%	10.25%	3.78%	11.25%	4.14%	12.25%	4.51%			
2																		
3	LONG TERM DEBT	82,214,855	35.69%	13,747,752	95,962,607		(12,824,481)	83,138,126	40.53%	4.87%	1.97%	4.87%	1.97%	4.87%	1.97%			
4																		
5	SHORT TERM DEBT	18,144,718	7.88%	(9,813,883)	8,330,835		(1,113,336)	7,217,499	3.32%	1.90%	0.07%	1.90%	0.07%	1.90%	0.07%			
6																		
7	PREFERRED STOCK	-	0.00%	-	-		-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
8																		
9	CUSTOMER DEPOSITS	3,916,355	1.70%	-	3,916,355		-	3,916,355	1.91%	6.73%	0.13%	6.73%	0.13%	6.73%	0.13%			
10																		
11	TAX CREDITS - ZERO COST	57	0.00%	-	57		-	57	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	34,933,085	15.16%	-	34,933,085	370,689	-	35,303,774	17.21%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
16																		
17	TOTAL	\$ 230,357,061	100.00%	\$ (6)	\$ 230,357,054	\$ 370,689	\$ (25,593,147)	\$ 205,134,597	100.00%	5.95%	6.31%	6.31%	6.31%	6.31%	6.68%			
18																		
19																		
20	DIVISIONAL CAPITAL	\$ 92,933,318	38.90%	(3,859,563)	\$ 89,073,755		(11,733,115)	\$ 77,340,640	36.20%	10.25%	3.71%	11.25%	4.07%	12.25%	4.43%			
21																		
22	LONG TERM DEBT	83,015,224	34.75%	14,993,557	98,008,781		(12,910,069)	85,098,712	39.83%	4.87%	1.94%	4.87%	1.94%	4.87%	1.94%			
23																		
24	SHORT TERM DEBT	19,642,464	8.22%	(11,133,994)	8,508,470		(1,120,766)	7,387,704	3.46%	1.90%	0.07%	1.90%	0.07%	1.90%	0.07%			
25																		
26	PREFERRED STOCK	-	0.00%	-	-		-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
27																		
28	CUSTOMER DEPOSITS	3,874,615	1.62%	-	3,874,615		-	3,874,615	1.81%	6.73%	0.12%	6.73%	0.12%	6.73%	0.12%			
29																		
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																		
32	TAX CREDITS - WEIGHTED COST	-	0.00%	-	-		-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
33																		
34	ACC DEF INC TAXES-ZERO COST	39,428,416	16.51%	-	39,428,416	498,620	-	39,927,036	18.69%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
35																		
36	TOTAL	\$ 238,894,047	100.00%	\$ (0)	\$ 238,894,047	\$ 498,620	\$ (25,763,950)	\$ 213,628,717	100.00%	5.84%	6.20%	6.20%	6.20%	6.20%	6.56%			
18																		
19																		
20																		
21	AVERAGE EXCLUDING AGL ACQ ADL & REG. ASSETS	\$ 91,147,991	39.57%	(3,933,876)	\$ 87,214,115		(17,854,142)	\$ 69,359,973	36.21%	10.25%	3.71%	11.125	4.07%	12.25%	4.44%			
22																		
23	LONG TERM DEBT	82,214,855	35.69%	13,747,752	95,962,607		(19,645,100)	76,317,507	39.85%	4.87%	1.94%	4.87%	1.94%	4.87%	1.94%			
24																		
25	SHORT TERM DEBT	18,144,718	7.88%	(9,813,883)	8,330,835		(1,705,457)	6,625,378	3.46%	1.90%	0.07%	1.90%	0.07%	1.90%	0.07%			
26																		
27	PREFERRED STOCK	-	0.00%	-	-		-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
28																		
29	CUSTOMER DEPOSITS	3,916,355	1.70%	-	3,916,355		-	3,916,355	2.04%	6.73%	0.14%	6.73%	0.14%	6.73%	0.14%			
30																		
31	TAX CREDITS - ZERO COST	57	0.00%	-	57		-	57	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	34,933,085	15.16%	-	34,933,085	370,689	-	35,303,774	18.43%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
36																		
37	TOTAL	\$ 230,357,061	100.00%	\$ (6)	\$ 230,357,054	\$ 370,689	\$ (39,204,699)	\$ 191,523,044	100.00%	5.86%	6.22%	6.22%	6.22%	6.22%	6.59%			

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

SCHEDULE 5

**A. INCLUDING AGL ACQUISITION ADJUSTMENT & REGULATORY ASSETS**

Line NO.

<b>1</b>	FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	<u>4.76%</u>
<b>2</b>	LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:	
<b>3</b>	LONG TERM DEBT	-1.97%
<b>4</b>	SHORT TERM DEBT	-0.07%
<b>5</b>	PREFERRED STOCK	0.00%
<b>6</b>	CUSTOMER DEPOSITS	-0.13%
<b>7</b>	TAX CREDITS-WEIGHTED COST(MIDPOINT)	<u>0.00%</u>
<b>8</b>	<b>SUBTOTAL</b>	<b>-2.17%</b>
<b>9</b>	<b>TOTAL</b>	<b><u>2.59%</u></b>
<b>10</b>	DIVIDED BY RECONCILED COMMON EQUITY RATIO	<u>36.83%</u>
<b>11</b>	<b>JURISDICTIONAL RETURN ON COMMON EQUITY</b>	<b><u>7.03%</u></b>
<b>12</b>		
<b>13</b>		
<b>14</b>		
<b>15</b>		
<b>16</b>		

**B. EXCLUDING AGL ACQUISITION ADJUSTMENT & REGULATORY ASSETS**

<b>17</b>		
<b>18</b>		
<b>19</b>	NET OPERATING INCOME EXCLUDING FLEX RATE REVENUES	\$ 10,198,439
<b>20</b>		
<b>21</b>	RATE BASE EXCLUDING FLEX RATE REVENUES	\$ 191,523,044
<b>22</b>		
<b>23</b>	FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	5.32%
<b>24</b>	LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:	
<b>25</b>	LONG TERM DEBT	-1.94%
<b>26</b>	SHORT TERM DEBT	-0.07%
<b>27</b>	PREFERRED STOCK	0.00%
<b>28</b>	CUSTOMER DEPOSITS	-0.14%
<b>29</b>	TAX CREDITS-WEIGHTED COST(MIDPOINT)	<u>0.00%</u>
<b>30</b>	<b>SUBTOTAL</b>	<b>-2.15%</b>
<b>31</b>	<b>TOTAL</b>	<b><u>3.17%</u></b>
<b>32</b>	DIVIDED BY RECONCILED COMMON EQUITY RATIO	<u>36.21%</u>
<b>33</b>	<b>JURISDICTIONAL RETURN ON COMMON EQUITY</b>	<b><u>8.75%</u></b>