

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

FLORIDA CITY GAS

December 2016

FLORIDA CITY GAS
YEAR END RATE BASE
December 2016

	(1) ACTUAL PER BOOKS	(2) FPSC ADJUSTMENTS	(3) FPSC ADJUSTED	(4) PRO FORMA ADJUSTMENTS	(5) PRO FORMA ADJUSTED
<u>I. AVERAGE RATE OF RETURN (JURISDICTIONAL)</u>					
NET OPERATING INCOME (a)	\$ 11,088,258	\$ (1,570,159)	\$ 9,518,099	\$ 458,860	\$ 9,976,959
AVERAGE RATE BASE (a)	\$ 178,282,644	\$ 31,824,800	\$ 210,107,444	\$ (13,405,468)	\$ 196,701,975
AVERAGE RATE OF RETURN (a)	6.22%		4.53%		5.07%
<u>II. YEAR END RATE BASE (JURISDICTIONAL)</u>					
AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)	\$ 193,402,162	\$ 31,714,790	\$ 225,116,952	\$ (12,873,785)	\$ 212,243,167

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

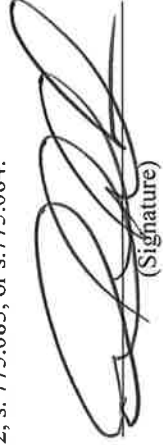
LOW	<u>5.90%</u>	A. INCLUDING AGL ACQ. ADJ. & REGULATORY ASSETS	<u>6.77%</u>
MIDPOINT	<u>6.30%</u>	B. EXCLUDING AGL ACQ. ADJ. & REGULATORY ASSETS	<u>8.35%</u>
HIGH	<u>6.69%</u>		

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.

David C Weaver VP, External Affairs
(Name and Title of Chief Financial Officer)



(Signature)

2-24-17
(Date)

FLORIDA CITY GAS
AVERAGE RATE OF RETURN
RATE BASE
December 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	\$ 375,929,180	\$ 165,526,525	\$ 210,402,655	\$ -	\$ 18,865,897	\$ 229,268,552	\$ (50,985,909)	\$ 178,282,644
2								
3	FPSC ADJUSTMENTS:							
4	(26,633,077)	-	(26,633,077)			(26,633,077)		(26,633,077)
5	4,660,582	2,303,889	2,356,693			2,356,693		2,356,693
6	21,656,835	8,422,103	13,234,732			13,234,732		13,234,732
7	-	-	-			-	(13,727,662)	(13,727,662)
8	1,497,497	823,442	674,055			674,055	(72,351)	(72,351)
9								
10								
11							57,538,408	57,538,408
12							(646,695)	(646,695)
13							(1,056,703)	(1,056,703)
14							(2,969)	(2,969)
15							170,737	170,737
16	(34,800)	(24,432)	(10,368)			(10,368)		(10,368)
17	\$ 1,147,036	\$ 11,525,002	\$ (10,377,965)	\$ -	\$ -	\$ (10,377,965)	\$ 42,202,765	\$ 31,824,800
18								
19	\$ 377,076,217	\$ 177,051,527	\$ 200,024,690	\$ -	\$ 18,865,897	\$ 218,890,587	\$ (8,783,143)	\$ 210,107,444
20								
21	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
22								
23	\$ 377,076,217	\$ 177,051,527	\$ 200,024,690	\$ -	\$ 18,865,897	\$ 218,890,587	\$ (8,783,143)	\$ 210,107,444
24								
25								
26								
27	PRO FORMA ADJUSTMENTS:							
28								
29	\$ (21,656,835)	\$ (8,422,103)	\$ (13,234,732)	\$ -	\$ -	\$ (13,234,732)	\$ (170,737)	\$ (13,405,468)
30								
31	\$ 355,419,382	\$ 168,629,423	\$ 186,789,958	\$ -	\$ 18,865,897	\$ 205,655,855	\$ (8,953,880)	\$ 196,701,975

FLORIDA CITY GAS
 YEAR END RATE BASE
 RATE BASE
 December 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	\$ 394,138,629	\$ 168,788,666	\$ 225,349,963	\$ -	\$ 13,957,305	\$ 239,307,268	\$ (45,905,106)	\$ 193,402,162
2								
3	FPSC ADJUSTMENTS:							
4	(26,633,077)	-	(26,633,077)			(26,633,077)		(26,633,077)
5	2,616,898	257,807	2,359,091			2,359,091		2,359,091
6	21,656,835	8,783,050	12,873,785			12,873,785		12,873,785
7	-	-	-			-	(14,216,570)	(14,216,570)
8	1,497,497	847,388	650,109			650,109		650,109
9	-	-	-			-	(69,453)	(69,453)
10	-	-	-			-	57,424,545	57,424,545
11	-	-	-			-	(771,099)	(771,099)
12	-	-	-			-	119,515	119,515
13	-	-	-			-	-	-
14	-	-	-			-	(12,264)	(12,264)
15	(34,800)	(25,008)	(9,792)			(9,792)		(9,792)
16	(896,647)	9,863,237	(10,759,885)			(10,759,885)	42,474,674	31,714,790
17								
18	\$ 393,241,982	\$ 178,651,904	\$ 214,590,078	\$ -	\$ 13,957,305	\$ 228,547,383	\$ (3,430,431)	\$ 225,116,952
19								
20	PRO FORMA ADJUSTMENTS:							
21								
22	\$ (21,656,835)	\$ (8,783,050)	\$ (12,873,785)	\$ -	\$ -	\$ (12,873,785)	\$ -	\$ (12,873,785)
23								
24	\$ 371,585,147	\$ 169,868,853	\$ 201,716,294	\$ -	\$ 13,957,305	\$ 215,673,598	\$ (3,430,431)	\$ 212,243,167

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

SCHEDULE 5

A. INCLUDING AGL ACQUISITION ADJUSTMENT & REGULATORY ASSETS

Line No.

1	FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	4.53%
2	LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:	
3	LONG TERM DEBT	-1.63%
4	SHORT TERM DEBT	-0.10%
5	PREFERRED STOCK	0.00%
6	CUSTOMER DEPOSITS	-0.13%
7	TAX CREDITS-WEIGHTED COST(MIDPOINT)	0.00%
8	SUBTOTAL	<u>-1.86%</u>
9	TOTAL	<u>2.67%</u>
10	DIVIDED BY RECONCILED COMMON EQUITY RATIO	39.44%
11	JURISDICTIONAL RETURN ON COMMON EQUITY	<u>6.77%</u>
12		
13		
14		
15		
16		

B. EXCLUDING AGL ACQUISITION ADJUSTMENT & REGULATORY ASSETS

17		
18		
19	NET OPERATING INCOME EXCLUDING FLEX RATE REVENUES	\$ 9,976,959
20		
21	RATE BASE EXCLUDING FLEX RATE REVENUES	\$ 196,701,975
22		
23	FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	5.07%
24	LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:	
25	LONG TERM DEBT	-1.60%
26	SHORT TERM DEBT	-0.10%
27	PREFERRED STOCK	0.00%
28	CUSTOMER DEPOSITS	-0.13%
29	TAX CREDITS-WEIGHTED COST(MIDPOINT)	0.00%
30	SUBTOTAL	<u>-1.83%</u>
31	TOTAL	<u>3.24%</u>
32	DIVIDED BY RECONCILED COMMON EQUITY RATIO	38.80%
33	JURISDICTIONAL RETURN ON COMMON EQUITY	<u>8.35%</u>