

FLORIDA PUBLIC SERVICE COMMISSION

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

FLORIDA CITY GAS

Estimated 2016 (1 Month Actual + 11 Months Estimated)

PSC/AFA 13 (6/94)

FLORIDA CITY GAS
YEAR END RATE BASE
 Estimated 2016 (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>
I. AVERAGE RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	\$ 9,246,814	\$ 23,315	\$ 9,270,130	\$ 435,769	\$ 9,705,898
AVERAGE RATE BASE	\$ 163,497,098	\$ 49,478,190	\$ 212,975,288	\$ (13,405,468)	\$ 199,569,819
AVERAGE RATE OF RETURN	5.66%		4.35%		4.86%

II. YEAR END RATE BASE (JURISDICTIONAL)

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

LOW	<u>6.22%</u>	<u>5.68%</u>
MIDPOINT	<u>6.63%</u>	
HIGH	<u>7.04%</u>	<u>7.07%</u>

IV. EARNED RETURN ON EQUITY (FPSC ADJUSTED BASIS)

A. INCLUDING AGL ACQ. ADJ. & REGULATORY ASSETS	<u>5.68%</u>
B. EXCLUDING AGL ACQ. ADJ. & REGULATORY ASSETS	<u>7.07%</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)

2/24/2016
 (Date)

FLORIDA CITY GAS
AVERAGE RATE OF RETURN
RATE BASE

Estimated 2016 (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	\$ 374,890,123	\$ 168,133,107	\$ 206,757,016	\$ -	\$ 23,800,105	\$ 230,557,121	\$ (67,060,023)	\$ 163,497,098
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	8,422,103	13,234,732			13,234,732		13,234,732
7	-	-	-			-	(12,847,195)	(12,847,195)
8	-	-	-			-	(77,664)	(77,664)
9	1,497,497	823,442	674,055			674,055	-	674,055
10	-	-	-			-	-	-
11	-	-	-			-	74,282,894	74,282,894
12	-	-	-			-	(459,294)	(459,294)
13	-	-	-			-	(1,056,703)	(1,056,703)
14	-	-	-			-	(7,888)	(7,888)
15	-	-	-			-	170,737	170,737
16	(34,800)	(24,432)	(10,368)			(10,368)	-	(10,368)
17	<u>\$ 2,158,018</u>	<u>\$ 12,684,715</u>	<u>\$ (10,526,697)</u>			<u>\$ (10,526,697)</u>	<u>\$ 60,004,887</u>	<u>\$ 49,478,190</u>
18								
19	\$ 377,048,142	\$ 180,817,822	\$ 196,230,319	\$ -	\$ 23,800,105	\$ 220,030,424	\$ (7,055,137)	\$ 212,975,288
20								
21	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
22								
23	\$ 377,048,142	\$ 180,817,822	\$ 196,230,319	\$ -	\$ 23,800,105	\$ 220,030,424	\$ (7,055,137)	\$ 212,975,288
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	\$ 355,391,307	\$ 172,395,719	\$ 182,995,588	\$ -	\$ 23,800,105	\$ 206,795,692	\$ (7,225,873)	\$ 199,569,819

FLORIDA CITY GAS
AVERAGE RATE OF RETURN
INCOME STATEMENT

Estimated 2016 (1 Month Actual + 11 Months Estimated)

Line No.	(1) OPERATING REVENUES	(2) O&M GAS EXPENSE (A)	(3) O&M OTHER	(4) DEPR. & AMORT.	(5) TAXES IN EXCESS THAN TAXES (A)	(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	\$ 59,778,411	\$ 7,071,450	\$ 20,245,967	\$ 15,151,983	\$ 3,037,735	\$ 5,024,461	\$ -	\$ -	\$ -	\$ 50,531,597	\$ 9,246,814
2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3	\$ 59,778,411	\$ 7,071,450	\$ 20,245,967	\$ 15,151,983	\$ 3,037,735	\$ 5,024,461	\$ -	\$ -	\$ -	\$ 50,531,597	\$ 9,246,814
4											
5	FPSC ADJUSTMENTS:										
6	(7,106,807)	(7,071,449.98)			(35,357)					(7,106,807)	
7	(425,817)				(425,817)					(425,817)	
8	(2,345,850)			(1,197,858)		(431,990)				(1,629,848)	(716,002)
10				721,895		(271,649)				450,246	(450,246)
11											
12											
13	(31)					(12)				(12)	(19)
14			(16,025)			6,030				(9,995)	9,995
15			(878)			330				(548)	548
16			(13,503)				(61,808)				
17				164,249		5,081				102,441	(102,441)
18										(8,422)	8,422
19										(1,273,058)	1,273,058
20	(9,878,504)	(7,071,450)	(30,406)	(311,714)	(461,174)	(1,965,268)	(61,808)			(9,901,820)	23,315
21											
22	\$ 49,899,907	\$ -	\$ 20,215,561	\$ 14,840,269	\$ 2,576,561	\$ 3,059,193	\$ (61,808)	\$ -	\$ -	\$ 40,629,777	\$ 9,270,130
23											
24											
25											
26	\$ 49,899,907	\$ -	\$ 20,215,561	\$ 14,840,269	\$ 2,576,561	\$ 3,059,193	\$ (61,808)	\$ -	\$ -	\$ 40,629,777	\$ 9,270,130
27											
28											
29											
30				(886,144)		388,567	61,808			(435,769)	435,769
31											
32											
33	\$ 49,899,907	\$ -	\$ 20,215,561	\$ 13,954,126	\$ 2,576,561	\$ 3,447,760	\$ -	\$ -	\$ -	\$ 40,194,008	\$ 9,705,898
34	A. Please note that gas costs and franchise and gross receipts tax amounts only represent actuals amounts for January 2016. In estimated periods these amounts were not budgeted. Revenue amounts offset costs for these items so there is no operating income impact.										

**FLORIDA CITY GAS
CAPITAL STRUCTURE
FPSC ADJUSTED BASIS
Estimated 2016 (1 Month Actual + 11 Months Estimated)**

Line No.	AVERAGE	PER BOOKS	COMPANY RATIO	ADJUSTMENTS TO INVESTOR CAPITAL	ADJUSTED	SPECIFIC	PRO RATA	ADJUSTED	RATIO (%)	LOW POINT			MID POINT			HIGH POINT		
										COST	WEIGHTED COST (%)	RATE (%)	COST (%)	WEIGHTED COST (%)	RATE (%)	COST (%)	WEIGHTED COST (%)	RATE (%)
1	DIVISIONAL CAPITAL	\$ 83,289,121	35.03%	\$ 15,097,968	\$ 98,387,089	\$	(11,021,470)	\$ 87,365,619	41.02%	10.25%	4.20%	11.25%	4.61%	12.25%	5.02%			
2	LONG TERM DEBT	80,207,976	33.73%	8,451,442	88,659,418		(9,931,762)	78,727,656	36.97%	4.95%	1.83%	4.95%	1.83%	4.95%	1.83%			
3	SHORT TERM DEBT	34,790,650	14.63%	(23,549,405)	11,241,245		(1,259,261)	9,981,984	4.69%	1.41%	0.07%	1.41%	0.07%	1.41%	0.07%			
4	PREFERRED STOCK	-	0.00%	-	-		-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
5	CUSTOMER DEPOSITS	3,901,513	1.64%		3,901,513			3,901,513	1.83%	6.73%	0.12%	6.73%	0.12%	6.73%	0.12%			
6	TAX CREDITS - ZERO COST	542	0.00%		542			542	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
7	TAX CREDITS - WEIGHTED COST	-	0.00%		-			-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
8	ACC DEF INC TAXES-ZERO COST	35,590,189	14.97%		35,590,189	(2,592,215)		32,997,973	15.49%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
9	TOTAL	\$ 237,779,992	100.00%	\$ 4	\$ 237,779,996	\$ (2,592,215)	\$ (22,212,493)	\$ 212,975,288	100.00%	6.22%	6.63%	6.63%	6.63%	7.04%				

Line No.	AVERAGE EXCLUDING AGL ACQ ADL & REG ASSETS	PER BOOKS	COMPANY RATIO	ADJUSTMENTS TO INVESTOR CAPITAL	ADJUSTED	SPECIFIC	PRO RATA	ADJUSTED	RATIO (%)	LOW POINT			MIDPOINT			HIGH POINT		
										COST	WEIGHTED COST (%)	RATE (%)	COST (%)	WEIGHTED COST (%)	RATE (%)	COST (%)	WEIGHTED COST (%)	RATE (%)
19	DIVISIONAL CAPITAL	\$ 83,289,121	35.03%	\$ 15,097,968	\$ 98,387,089	\$	(17,673,041)	\$ 80,714,048	40.44%	10.25%	4.15%	0.1125	4.55%	12.25%	4.95%			
20	LONG TERM DEBT	80,207,976	33.73%	8,451,442	88,659,418		(15,925,682)	72,733,736	36.45%	4.95%	1.80%	4.95%	1.80%	4.95%	1.80%			
21	SHORT TERM DEBT	34,790,650	14.63%	(23,549,405)	11,241,245		(2,019,238)	9,222,007	4.62%	1.41%	0.07%	1.41%	0.07%	1.41%	0.07%			
22	PREFERRED STOCK	-	0.00%	-	-		-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
23	CUSTOMER DEPOSITS	3,901,513	1.64%		3,901,513			3,901,513	1.95%	6.73%	0.13%	6.73%	0.13%	6.73%	0.13%			
24	TAX CREDITS - ZERO COST	542	0.00%		542			542	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
25	TAX CREDITS - WEIGHTED COST	-	0.00%		-			-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
26	ACC DEF INC TAXES-ZERO COST	35,590,189	14.97%		35,590,189	(2,592,215)		32,997,973	16.53%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
27	TOTAL	\$ 237,779,992	100.00%	\$ 4	\$ 237,779,996	\$ (2,592,215)	\$ (35,617,961)	\$ 199,569,819	100.00%	6.15%	6.55%	6.55%	6.55%	6.95%				

FLORIDA CITY GAS
EARNED RETURN ON COMMON EQUITY
FPSC ADJUSTED BASIS
Estimated 2016 (1 Month Actual + 11 Months Estimated)

SCHEDULE 5

A. INCLUDING AGL ACQUISITION ADJUSTMENT & REGULATORY ASSETS

Line No.

1	FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	<u>4.35%</u>
2	LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:	
3	LONG TERM DEBT	-1.83%
4	SHORT TERM DEBT	-0.07%
5	PREFERRED STOCK	0.00%
6	CUSTOMER DEPOSITS	-0.12%
7	TAX CREDITS-WEIGHTED COST(MIDPOINT)	<u>0.00%</u>
8	SUBTOTAL	<u>-2.02%</u>
9	TOTAL	<u>2.33%</u>
10	DIVIDED BY RECONCILED COMMON EQUITY RATIO	<u>41.02%</u>
11	JURISDICTIONAL RETURN ON COMMON EQUITY	<u>5.68%</u>
12		
13		
14		
15		
16		

B. EXCLUDING AGL ACQUISITION ADJUSTMENT & REGULATORY ASSETS

17		
18		
19	NET OPERATING INCOME EXCLUDING FLEX RATE REVENUES	\$ 9,705,898
20		
21	RATE BASE EXCLUDING FLEX RATE REVENUES	\$ 199,569,819
22		
23	FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	4.86%
24	LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:	
25	LONG TERM DEBT	-1.80%
26	SHORT TERM DEBT	-0.07%
27	PREFERRED STOCK	0.00%
28	CUSTOMER DEPOSITS	-0.13%
29	TAX CREDITS-WEIGHTED COST(MIDPOINT)	<u>0.00%</u>
30	SUBTOTAL	<u>-2.00%</u>
31	TOTAL	<u>2.86%</u>
32	DIVIDED BY RECONCILED COMMON EQUITY RATIO	<u>40.44%</u>
33	JURISDICTIONAL RETURN ON COMMON EQUITY	<u>7.07%</u>