

FLORIDA PUBLIC SERVICE COMMISSION

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

FLORIDA CITY GAS

Estimated 2017 (1 Month Actual + 11 Months Estimated)

PSC/AFA 13 (6/94)

FLORIDA CITY GAS
YEAR END RATE BASE
Estimated 2017 (1 Month Actual + 11 Months Estimated)

	(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)	\$ 9,972,558	\$ (242,049)	\$ 9,730,509	\$ 466,996	\$ 10,197,506
AVERAGE RATE BASE (a)	\$ 179,736,842	\$ 50,520,946	\$ 230,257,788	\$ (12,581,132)	\$ 217,676,656
AVERAGE RATE OF RETURN (a)	5.55%		4.23%		4.68%

II. YEAR END RATE BASE (JURISDICTIONAL)

AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)

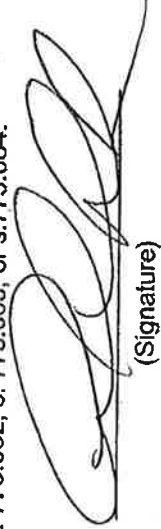
LOW	<u>5.78%</u>	A. INCLUDING AGL ACQ. ADJ. & REGULATORY ASSETS	<u>6.25%</u>
MIDPOINT	<u>6.17%</u>	B. EXCLUDING AGL ACQ. ADJ. & REGULATORY ASSETS	<u>7.58%</u>
HIGH	<u>6.55%</u>		

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



(Signature)

3-24-17

(Date)

FLORIDA CITY GAS
AVERAGE RATE OF RETURN
RATE BASE
January 2017 1+11

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	\$ 411,805,079	\$ 175,169,277	\$ 236,636,802	\$ -	\$ 13,858,562	\$ 250,495,364	\$ (70,758,522)	\$ 179,736,842
2								
3	FPSC ADJUSTMENTS:							
4	(26,633,077)		(26,633,077)			(26,633,077)		(26,633,077)
5	4,140,376	1,922,505	2,217,871			2,217,871		2,217,871
6	21,656,835	9,143,998	12,512,837			12,512,837		12,512,837
7							(13,788,463)	(13,788,463)
8							(71,868)	(71,868)
9	1,497,497	871,334	626,163			626,163		626,163
10								
11							77,321,250	77,321,250
12							(663,523)	(663,523)
13							(1,056,703)	(1,056,703)
14							(2,620)	(2,620)
15							68,294	68,294
16								
17	(34,800)	(25,584)	(9,216)			(9,216)		(9,216)
18	\$ 626,831	\$ 11,912,253	\$ (11,285,422)	\$ -	\$ -	\$ (11,285,422)	\$ 81,806,367	\$ 50,520,946
19	\$ 412,431,910	\$ 187,080,530	\$ 225,351,380	\$ -	\$ 13,858,562	\$ 239,209,942	\$ (8,952,155)	\$ 230,257,788
20								
21	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
22								
23	\$ 412,431,910	\$ 187,080,530	\$ 225,351,380	\$ -	\$ 13,858,562	\$ 239,209,942	\$ (8,952,155)	\$ 230,257,788
24								
25								
26								
27	PRO FORMA ADJUSTMENTS:							
28								
29	\$ (21,656,835)	\$ (9,143,998)	\$ (12,512,837)	\$ -	\$ -	\$ (12,512,837)	\$ (88,294)	\$ (12,561,132)
30								
31	\$ 390,775,075	\$ 177,936,532	\$ 212,838,543	\$ -	\$ 13,858,562	\$ 226,697,105	\$ (9,020,449)	\$ 217,676,656

FLORIDA CITY GAS
CAPITAL STRUCTURE
FPSC ADJUSTED BASIS
January 2017 1+11

Line No.	AVERAGE	ADJUSTMENTS TO INVESTOR CAPITAL				ADJUSTMENTS				LOW POINT				MID POINT				HIGH POINT			
		PER BOOKS	COMPANY RATIO	ADJUSTED	INVESTOR CAPITAL	SPECIFIC	PRO RATA	ADJUSTED	RATIO (%)	COST RATE (%)	WEIGHTE D COST (%)	RATIO (%)	COST RATE (%)	WEIGHTE D COST (%)	RATIO (%)	COST RATE (%)	WEIGHTE D COST (%)	RATIO (%)	COST RATE (%)	WEIGHTE D COST (%)	
1	DIVISIONAL CAPITAL	\$ 93,877,217	36.46%	\$ 8,774,008	\$ 102,651,225	\$	(13,489,776)	\$ 89,161,449	38.72%	10.25%	3.97%	11.25%	4.36%	12.25%	4.74%						
2																					
3	LONG TERM DEBT	85,859,625	33.35%	7,866,657	93,726,282		(12,316,916)	81,409,366	36.36%	4.52%	1.60%	4.52%	1.60%	4.52%							
4																					
5	SHORT TERM DEBT	30,065,662	11.68%	(16,640,670)	13,424,992		(1,764,228)	11,660,764	5.06%	1.92%	0.10%	1.92%	0.10%	1.92%							
6																					
7	PREFERRED STOCK	-	0.00%	-	-	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%							
8																					
9	CUSTOMER DEPOSITS	3,895,883	1.51%	-	3,895,883		-	3,895,883	1.69%	6.73%	0.11%	6.73%	0.11%	6.73%							
10																					
11	TAX CREDITS - ZERO COST	5	0.00%	5	5		5	5	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%							
12																					
13	TAX CREDITS - WEIGHTED COS	-	0.00%	-	-		-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%							
14																					
15	ACC DEF INC TAXES-ZERO COS	43,749,191	17.00%	-	43,749,191	381,130	-	44,130,321	19.17%	0.00%	0.00%	0.00%	0.00%	0.00%							
16	TOTAL	\$ 257,447,582	100.00%	\$ (5)	\$ 257,447,577	\$ 381,130	\$ (27,570,920)	\$ 230,257,786	100.00%	5.76%	6.17%	5.76%	6.17%	6.55%							
17																					
18																					

Line No.	AVERAGE EXCLUDING AGL	ADJUSTMENTS TO INVESTOR CAPITAL				ADJUSTMENTS				LOW POINT				MIDPOINT				HIGH POINT			
		PER BOOKS	COMPANY RATIO	ADJUSTED	INVESTOR CAPITAL	SPECIFIC	PRO RATA	ADJUSTED	RATIO (%)	COST RATE (%)	WEIGHTE D COST (%)	RATIO (%)	COST RATE (%)	WEIGHTE D COST (%)	RATIO (%)	COST RATE (%)	WEIGHTE D COST (%)	RATIO (%)	COST RATE (%)	WEIGHTE D COST (%)	
19	ACC ADJ. & REG. ASSETS	\$ 93,877,217	36.46%	\$ 8,774,008	\$ 102,651,225	\$	(19,845,415)	\$ 83,005,810	38.13%	10.25%	3.91%	0.1125	4.25%	12.25%	4.67%						
20																					
21	DIVISIONAL CAPITAL	\$ 93,877,217	36.46%	\$ 8,774,008	\$ 102,651,225	\$	(19,845,415)	\$ 83,005,810	38.13%	10.25%	3.91%	0.1125	4.25%	12.25%							
22																					
23	LONG TERM DEBT	85,859,625	33.35%	7,866,657	93,726,282		(17,937,358)	75,788,924	34.82%	4.52%	1.57%	4.52%	1.57%	4.52%							
24																					
25	SHORT TERM DEBT	30,065,662	11.68%	(16,640,670)	13,424,992		(2,569,278)	10,855,714	4.99%	1.92%	0.10%	1.92%	0.10%	1.92%							
26																					
27	PREFERRED STOCK	-	0.00%	-	-	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%							
28																					
29	CUSTOMER DEPOSITS	3,895,883	1.51%	-	3,895,883		-	3,895,883	1.79%	6.73%	0.12%	6.73%	0.12%	6.73%							
30																					
31	TAX CREDITS - ZERO COST	5	0.00%	5	5		5	5	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%							
32																					
33	TAX CREDITS - WEIGHTED COS	-	0.00%	-	-		-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%							
34	ACC DEF INC TAXES-ZERO COS	43,749,191	16.99%	-	43,749,191	381,130	-	44,130,321	20.27%	0.00%	0.00%	0.00%	0.00%	0.00%							
35	TOTAL	\$ 257,447,582	100.00%	\$ (5)	\$ 257,447,577	\$ 381,130	\$ (40,152,051)	\$ 217,675,656	100.00%	5.70%	6.08%	5.70%	6.08%	6.46%							

FLORIDA CITY GAS
EARNED RETURN ON COMMON EQUITY
FPSC ADJUSTED BASIS
January 2017 1+11

SCHEDULE 5

A. INCLUDING AGL ACQUISITION ADJUSTMENT & REGULATORY ASSETS

Line No.

1	FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	4.23%
2	LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:	
3	LONG TERM DEBT	-1.60%
4	SHORT TERM DEBT	-0.10%
5	PREFERRED STOCK	0.00%
6	CUSTOMER DEPOSITS	-0.11%
7	TAX CREDITS-WEIGHTED COST(MIDPOINT)	0.00%
8	SUBTOTAL	<u>-1.81%</u>
9	TOTAL	<u>2.42%</u>
10	DIVIDED BY RECONCILED COMMON EQUITY RATIO	<u>38.72%</u>
11	JURISDICTIONAL RETURN ON COMMON EQUITY	<u>6.25%</u>
12		
13		
14		
15		
16		

B. EXCLUDING AGL ACQUISITION ADJUSTMENT & REGULATORY ASSETS

17		
18		
19	NET OPERATING INCOME EXCLUDING FLEX RATE REVENUES	\$ 10,197,506
20		
21	RATE BASE EXCLUDING FLEX RATE REVENUES	\$ 217,676,656
22		
23	FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	4.68%
24	LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:	
25	LONG TERM DEBT	-1.57%
26	SHORT TERM DEBT	-0.10%
27	PREFERRED STOCK	0.00%
28	CUSTOMER DEPOSITS	-0.12%
29	TAX CREDITS-WEIGHTED COST(MIDPOINT)	0.00%
30	SUBTOTAL	<u>-1.79%</u>
31	TOTAL	<u>2.89%</u>
32	DIVIDED BY RECONCILED COMMON EQUITY RATIO	<u>38.13%</u>
33	JURISDICTIONAL RETURN ON COMMON EQUITY	<u>7.58%</u>