



March 15, 2019

Mr. Andrew L. Maurey, Director
Division of Accounting and Finance
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399

Re: 2019 Forecasted Earnings Surveillance Report

Dear Mr. Maurey:

On February 28, 2019 you granted Florida City Gas ("FCG") request for an extension of time to March 15, 2019 to file its 2019 forecasted earnings surveillance report ("FESR"). Consistent with that extension, I am enclosing FCG's 2019 FESR. Please note that the forecast results contained in the FESR reflect the Company's 2019 planning assumptions.

Sincerely,

A handwritten signature in black ink, appearing to read "Scott Bores", written over a horizontal line.

Scott Bores

Senior Director-Financial Planning & Analysis

Enclosures

Cc: J. R. Kelly, Office of Public Counsel

FLORIDA CITY GAS
YEAR END RATE BASE
Estimated 2019

	(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	\$ 21,561,746	\$ (84,014)	\$ 21,477,732	\$ 721,895	\$ 22,199,627
AVERAGE RATE BASE	\$ 309,421,562	\$ 57,091,141	\$ 366,512,703	\$ (11,069,048)	\$ 355,443,655
AVERAGE RATE OF RETURN	6.97%		5.86%		6.25%
II. YEAR END RATE BASE (JURISDICTIONAL)					
	\$ 316,021,898	\$ 93,338,915	\$ 409,360,813	\$ (10,708,101)	\$ 398,652,712

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

LOW	5.66%	A. INCLUDING AGL ACQ. ADJ. & REGULATORY ASSETS	9.68%
MIDPOINT	6.07%		
HIGH	6.48%	B. EXCLUDING AGL ACQ. ADJ. & REGULATORY ASSETS	10.71%

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)

Scott Bores, Senior Director Financial Planning and Analysis
(Name and Title of Chief Financial Officer)

(Date)

3/15/2019

FLORIDA CITY GAS
AVERAGE RATE OF RETURN
RATE BASE
Estimated 2019

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	\$ 513,415,025	\$ 180,555,726	\$ 332,859,299	\$ -	\$ 22,075,303	\$ 354,934,602	\$ (45,513,039)	\$ 309,421,562
2								
3	FPSC ADJUSTMENTS:							
4	-	-	-	-	-	-	-	-
5	-	-	-	-	-	-	-	-
6	-	-	-	-	-	-	(13,882,649)	(13,882,649)
7								
8								
9								
10								
11								
12								
13								
14	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 57,091,141	\$ 57,091,141
15	\$ 513,415,025	\$ 180,555,726	\$ 332,859,299	\$ -	\$ 22,075,303	\$ 354,934,602	\$ 11,578,101	\$ 366,512,703
16								
17								
18	PRO FORMA ADJUSTMENTS:							
19								
20	\$ (21,656,835)	\$ (10,587,787)	\$ (11,069,048)	\$ -	\$ -	\$ (11,069,048)	\$ -	\$ (11,069,048)
21								
22	\$ 491,758,190	\$ 169,967,939	\$ 321,790,251	\$ -	\$ 22,075,303	\$ 343,865,554	\$ 11,578,101	\$ 355,443,655

FLORIDA CITY GAS
AVERAGE RATE OF RETURN
INCOME STATEMENT
Estimated 2019

Line No.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	OPERATING REVENUES	O&M GAS EXPENSE	O&M OTHER	DEPR. & AMORT.	TAXES OTHER THAN INCOME TAXES	INCOME TAXES CURRENT	DEFERRED TAXES (NET)	INV. TAX CREDIT (NET)	GAIN/LOSS ON DISPOSITION	TOTAL OPERATING EXPENSES	NET OPERATING INCOME
1	\$ 90,488,896	\$ 20,450,653	\$ 23,316,500	\$ 14,352,097	\$ 7,155,032	\$ 3,982,519	\$ (329,652)	\$ -	\$ -	\$ 68,927,150	\$ 21,561,746
2											
3	\$ 90,488,896	\$ 20,450,653	\$ 23,316,500	\$ 14,352,097	\$ 7,155,032	\$ 3,982,519	\$ (329,652)	\$ -	\$ -	\$ 68,927,150	\$ 21,561,746
4											
5											
6	(20,552,906)	(20,450,653)			(102,253)					(20,552,906)	
7	(4,543,003)				(4,543,003)					(4,543,003)	
8											
9			(80,449)			20,390				(60,059)	60,059
10			(54,481)			13,808				(40,673)	40,673
11											
12			(24,000)			6,083				(17,917)	17,917
13						202,663				202,663	(202,663)
14	(25,095,909)	(20,450,653)	(158,930)		(4,645,256)	242,944				(25,011,895)	(84,014)
15											
16	\$ 65,392,987	\$ -	\$ 23,157,571	\$ 14,352,097	\$ 2,509,776	\$ 4,225,463	\$ (329,652)	\$ -	\$ -	\$ 43,915,255	\$ 21,477,732
17											
18											
19											
20	\$ 65,392,987	\$ -	\$ 23,157,571	\$ 14,352,097	\$ 2,509,776	\$ 4,225,463	\$ (329,652)	\$ -	\$ -	\$ 43,915,255	\$ 21,477,732
21											
22											
23											
24				(721,895)						(721,895)	721,895
25											
26	\$ 65,392,987	\$ -	\$ 23,157,571	\$ 13,630,202	\$ 2,509,776	\$ 4,225,463	\$ (329,652)	\$ -	\$ -	\$ 43,193,360	\$ 22,199,627

FLORIDA CITY GAS
YEAR END RATE BASE
RATE BASE
Estimated 2019

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	\$ 582,129,544	\$ 187,180,363	\$ 394,949,182	\$ -	\$ -	\$ 394,949,182	\$ (78,927,284)	\$ 316,021,898
2								
3	FPSC ADJUSTMENTS:							
4								
5								
6								
7								
8								
9								
10								
11								
12								
13	\$ 582,129,544	\$ 187,180,363	\$ 394,949,182	\$ -	\$ -	\$ 394,949,182	\$ 14,411,631	\$ 409,360,813
14								
15	PRO FORMA ADJUSTMENTS:							
16								
17	\$ (21,656,835)	\$ (10,948,734)	\$ (10,708,101)	\$ -	\$ -	\$ (10,708,101)	\$ -	\$ (10,708,101)
18								
19	\$ 560,472,709	\$ 176,231,628	\$ 384,241,081	\$ -	\$ -	\$ 384,241,081	\$ 14,411,631	\$ 398,652,712

(1) Recoverable AGL Acquisition Adjustment and related Accumulated Amortization are included in "Per Books" amounts.

SCHEDULE 4

FLORIDA CITY GAS
CAPITAL STRUCTURE
PASC ADJUSTED BASIS
Estimated 2019

Line No.	AVERAGE	PER BOOKS	COMPANY RATIO	ADJUSTMENTS TO INVESTOR CAPITAL	ADJUSTED	SPECIFIC	PRO RATA	LOW POINT			MID POINT			HIGH POINT		
								RATIO (%)	ADJUSTED	PRO RATA	RATIO (%)	ADJUSTED	PRO RATA	RATIO (%)	ADJUSTED	PRO RATA
1	DIVISIONAL CAPITAL	\$ 17,028,286	44.8%	(\$4,000,000)	\$ 16,698,286		\$ (7,024,554)	46.9%	10.1%	3.7%	10.1%	4.1%	11.1%	4.3%		
2	LONG TERM DEBT	134,393,277	36.3%	14,000,000	152,423,277	(6,819,855)		39.7%	4.3%	1.7%	4.3%	1.7%	4.3%	1.7%		
3	SHORT TERM DEBT	17,677,611	4.6%	-	17,677,611	(790,477)		4.6%	3.0%	0.1%	3.0%	0.1%	3.0%	0.1%		
4	PREFERRED STOCK	-	0.0%	-	-	-		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
5	CUSTOMER DEPOSITS	3,581,840	0.9%	-	3,581,840	-		0.9%	2.7%	0.0%	2.7%	0.0%	2.7%	0.0%		
6	TAX CREDITS - ZERO COST	-	0.0%	-	-	-		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
7	TAX CREDITS - WEIGHTED COST	-	0.0%	-	-	-		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
8	ACC DEF INC TAXES-ZERO COST	50,467,627	13.2%	-	50,467,627	-		11.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
9	TOTAL	\$ 381,148,668	100.0%	\$ -	\$ 381,148,668	\$ -		100.0%	5.6%	6.8%	5.6%	6.8%	6.8%			
10	ADJUSTMENTS															
11	YEAR END															
12	DIVISIONAL CAPITAL	\$ 16,601,398	30.1%	11,600,000	17,771,398			41.0%	9.3%	3.3%	10.1%	4.2%	11.1%	4.6%		
13	LONG TERM DEBT	150,000,000	35.3%	(11,600,000)	138,400,000	(5,467,833)		32.6%	3.0%	0.9%	3.0%	0.9%	3.0%	0.9%		
14	SHORT TERM DEBT	54,151,162	12.7%	-	54,151,162	(2,146,148)		12.7%	3.0%	0.3%	3.0%	0.3%	3.0%	0.3%		
15	PREFERRED STOCK	-	0.0%	-	-	-		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
16	CUSTOMER DEPOSITS	3,581,840	0.9%	-	3,581,840	-		0.9%	2.7%	0.0%	2.7%	0.0%	2.7%	0.0%		
17	TAX CREDITS - ZERO COST	-	0.0%	-	-	-		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
18	TAX CREDITS - WEIGHTED COST	-	0.0%	-	-	-		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
19	ACC DEF INC TAXES-ZERO COST	50,467,627	13.2%	-	50,467,627	-		11.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
20	TOTAL	\$ 433,208,697	100.0%	\$ -	\$ 433,208,697	\$ -		100.0%	5.2%	6.0%	5.2%	6.0%	6.0%			
21	ADJUSTMENTS															
22	AVERAGE EXCLUDING AGLACO ADL & REG. ASSETN															
23	DIVISIONAL CAPITAL	\$ 17,028,286	44.8%	(\$4,000,000)	\$ 16,698,286			40.7%	9.1%	3.7%	10.1%	4.1%	11.1%	4.3%		
24	LONG TERM DEBT	134,393,277	36.3%	14,000,000	152,423,277	(6,819,855)		39.2%	4.3%	1.7%	4.3%	1.7%	4.3%	1.7%		
25	SHORT TERM DEBT	17,677,611	4.6%	-	17,677,611	(790,477)		4.6%	3.0%	0.1%	3.0%	0.1%	3.0%	0.1%		
26	PREFERRED STOCK	-	0.0%	-	-	-		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
27	CUSTOMER DEPOSITS	3,581,840	0.9%	-	3,581,840	-		0.9%	2.7%	0.0%	2.7%	0.0%	2.7%	0.0%		
28	TAX CREDITS - ZERO COST	-	0.0%	-	-	-		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
29	TAX CREDITS - WEIGHTED COST	-	0.0%	-	-	-		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
30	ACC DEF INC TAXES-ZERO COST	50,467,627	11.6%	-	50,467,627	-		13.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
31	TOTAL	\$ 433,208,697	100.0%	\$ -	\$ 433,208,697	\$ -		100.0%	5.2%	6.0%	5.2%	6.0%	6.0%			
32	ADJUSTMENTS															
33	AVERAGE EXCLUDING AGLACO ADL & REG. ASSETN															
34	DIVISIONAL CAPITAL	\$ 17,028,286	44.8%	(\$4,000,000)	\$ 16,698,286			40.7%	9.1%	3.7%	10.1%	4.1%	11.1%	4.3%		
35	LONG TERM DEBT	134,393,277	36.3%	14,000,000	152,423,277	(6,819,855)		39.2%	4.3%	1.7%	4.3%	1.7%	4.3%	1.7%		
36	SHORT TERM DEBT	17,677,611	4.6%	-	17,677,611	(790,477)		4.6%	3.0%	0.1%	3.0%	0.1%	3.0%	0.1%		
37	PREFERRED STOCK	-	0.0%	-	-	-		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
38	CUSTOMER DEPOSITS	3,581,840	0.9%	-	3,581,840	-		0.9%	2.7%	0.0%	2.7%	0.0%	2.7%	0.0%		
39	TAX CREDITS - ZERO COST	-	0.0%	-	-	-		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
40	TAX CREDITS - WEIGHTED COST	-	0.0%	-	-	-		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
41	ACC DEF INC TAXES-ZERO COST	50,467,627	11.6%	-	50,467,627	-		13.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
42	TOTAL	\$ 433,208,697	100.0%	\$ -	\$ 433,208,697	\$ -		100.0%	5.2%	6.0%	5.2%	6.0%	6.0%			

(1) On July 31, 2018 Florida City Gas ("FCG") was acquired and became a direct, wholly-owned subsidiary of Florida Power & Light Company ("FPL") in which time all of FCG's outstanding indebted debt from its former parent, Southern Company Gas, was extinguished. FCG's application for authority to issue debt securities in 2019 pursuant to the FPL's 2018 (6-c) with the Florida Public Service Commission.

FLORIDA CITY GAS
EARNED RETURN ON COMMON EQUITY
FPSC ADJUSTED BASIS
Estimated 2019

SCHEDULE 5

A. INCLUDING AGL ACQUISITION ADJUSTMENT & REGULATORY ASSETS

Line		
No.		
<u>1</u>	FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	<u>5.86%</u>
<u>2</u>	LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:	
<u>3</u>	LONG TERM DEBT	-1.73%
<u>4</u>	SHORT TERM DEBT	-0.14%
<u>5</u>	PREFERRED STOCK	0.00%
<u>6</u>	CUSTOMER DEPOSITS	-0.03%
<u>7</u>	TAX CREDITS-WEIGHTED COST(MIDPOINT)	<u>0.00%</u>
<u>8</u>	SUBTOTAL	<u>-1.90%</u>
<u>9</u>	TOTAL	<u>3.96%</u>
<u>10</u>	DIVIDED BY RECONCILED COMMON EQUITY RATIO	<u>40.92%</u>
<u>11</u>	JURISDICTIONAL RETURN ON COMMON EQUITY	<u>9.68%</u>

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B. EXCLUDING AGL ACQUISITION ADJUSTMENT & REGULATORY ASSETS

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22

<u>19</u>	NET OPERATING INCOME EXCLUDING FLEX RATE REVENUES	\$ 22,199,627
<u>21</u>	RATE BASE EXCLUDING FLEX RATE REVENUES	\$ 355,443,655
<u>23</u>	FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	6.25%
<u>24</u>	LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:	
<u>25</u>	LONG TERM DEBT	-1.72%
<u>26</u>	SHORT TERM DEBT	-0.14%
<u>27</u>	PREFERRED STOCK	0.00%
<u>28</u>	CUSTOMER DEPOSITS	-0.03%
<u>29</u>	TAX CREDITS-WEIGHTED COST(MIDPOINT)	<u>0.00%</u>
<u>30</u>	SUBTOTAL	<u>-1.89%</u>
<u>31</u>	TOTAL	<u>4.36%</u>
<u>32</u>	DIVIDED BY RECONCILED COMMON EQUITY RATIO	<u>40.70%</u>
<u>33</u>	JURISDICTIONAL RETURN ON COMMON EQUITY	<u>10.71%</u>