

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: November 30, 2017

TO: Office of Commission Clerk (Stauffer)

FROM: Division of Accounting and Finance (L. Smith II, D. Buys)
Office of the General Counsel (Taylor) *WDT JSC*

RE: Docket No. 20170241-GU – Application for authority to issue debt security during calendar year 2018, pursuant to Section 366.04, F.S., and Chapter 25-8, F.A.C., by Florida City Gas. *MS CRB DRB MC ALM*

AGENDA: 12/12/17 – Regular Agenda – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

Please place the following debt security application on the consent agenda for approval.

Docket No. 20170241-GU – Application for authority to issue debt security during calendar year 2018, pursuant to Section 366.04, F.S., and Chapter 25-8, F.A.C., by Florida City Gas.

Florida City Gas (Company) seeks authority to finance its on-going cash requirements through its participation and borrowings from, and investments in, Southern Gas Company's (formerly AGL Resources Inc.'s) Utility Money Pool during 2018. Florida City Gas is a division of Pivotal Utility Holdings, Inc., which is a wholly-owned subsidiary of Southern Gas Company. The maximum aggregate short-term borrowings by Pivotal Utility Holdings, Inc.'s three utilities (Elizabethtown Gas, Elkton Gas, and Florida City Gas) from the Utility Money Pool during 2018 will not exceed \$800 million. Florida City Gas states that its share of these borrowings will not exceed \$250 million.

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In connection with this application, Florida City Gas confirms that the capital raised pursuant to this application will be used in connection with the regulated natural gas operations of Florida City Gas and not the unregulated activities of the Company or its affiliates.

Staff has reviewed the Company's projected capital expenditures. The amount requested by the Company exceeds its expected capital expenditures. The additional amount requested exceeding the projected capital expenditures allows for financial flexibility for the purposes enumerated in the Company's petition as well as unexpected events such as hurricanes, financial market disruptions, and other unforeseen circumstances. Staff believes the requested amounts are appropriate. Staff recommends the Company's petition to issue securities be approved.

For monitoring purposes, this docket should remain open until April 26, 2019, to allow the Company time to file the required Consummation Report.