

FLORIDA PUBLIC SERVICE COMMISSION

INVESTOR-OWNED NATURAL GAS UTILITY
EARNINGS SURVEILLANCE REPORT

FLORIDA CITY GAS

December 2020

PSC/AFA 13 (6/94)

**FLORIDA CITY GAS
YEAR END RATE BASE
December 2020**

		(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>
<u>I. AVERAGE RATE OF RETURN (JURISDICTIONAL)</u>										
NET OPERATING INCOME	(a)	\$ 13,521,086		\$ (1,161,461)		\$ 12,359,625		\$ 526,306		\$ 12,885,931
AVERAGE RATE BASE	(a)	\$ 377,511,447		\$ (44,561,395)		\$ 332,950,052		\$ (10,347,154)		\$ 322,602,898
AVERAGE RATE OF RETURN	(a)	3.58%		3.71%		3.99%				
<u>II. YEAR END RATE BASE (JURISDICTIONAL)</u>										
		\$ 388,035,134		\$ (35,831,894)		\$ 352,203,239		\$ (9,986,207)		\$ 342,217,033

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

LOW	<u>5.40%</u>
MIDPOINT	<u>5.80%</u>
HIGH	<u>6.21%</u>

IV. EARNED RETURN ON EQUITY (FPSC ADJUSTED BASIS)

A. INCLUDING AGL ACQ. ADJ. & REGULATORY ASSETS	<u>5.03%</u>
B. EXCLUDING AGL ACQ. ADJ. & REGULATORY ASSETS	<u>5.72%</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.

Keith Ferguson, Vice President Accounting and Controller
(Name and Title of Chief Financial Officer)


(Signature)
FOR KEITH FERGUSON

2/15/2021
(Date)

FLORIDA CITY GAS
AVERAGE RATE OF RETURN
RATE BASE
December 2020

Line No.	(1)	(2)	(3)	(4)	(5)	(7)	(8)	(9)	
	PLANT IN SERVICE	ACCUM. DEPR. & AMORT.	NET PLANT IN SERVICE	PROPERTY HELD FOR FUTURE USE	CWIP	NET UTILITY PLANT	WORKING CAPITAL	TOTAL RATE BASE	
1	PER BOOKS (1)	\$ 502,173,131	\$ 196,446,462	\$ 305,726,669	\$ -	\$ 33,442,542	\$ 339,169,211	\$ 38,342,236	\$ 377,511,447
2									
3	<u>FPSC ADJUSTMENTS:</u>								
4	REMOVE SAFE CLAUSE PLANT	(13,160,550)	(250,621)	(12,909,929)		(2,603,318)	(15,513,247)	(15,513,247)	
5	REMOVE AEP						(9,689,993)	(9,689,993)	
6	INTERCOMPANY AR/AP						1,665,641	1,665,641	
7	CLAUSE UNDERRECOVERIES						(2,278,572)	(2,278,572)	
8	REMOVE LEASES	(29,646)	(24,302)	(5,343)		(5,343)	5,343	-	
9	TEMPORARY CASH INVESTMENTS						(18,745,224)	(18,745,224)	
10	TOTAL FPSC ADJUSTMENTS (2)	\$ (13,190,196)	\$ (274,923)	\$ (12,915,273)	\$ -	\$ (2,603,318)	\$ (15,518,590)	\$ (29,042,804)	\$ (44,561,395)
11									
12	FPSC ADJUSTED	\$ 488,982,936	\$ 196,171,539	\$ 292,811,397	\$ -	\$ 30,839,224	\$ 323,650,621	\$ 9,299,431	\$ 332,950,052
13									
14	ADJUSTED FOR FLEX RATE REVENUES	\$ 488,982,936	\$ 196,171,539	\$ 292,811,397	\$ -	\$ 30,839,224	\$ 323,650,621	\$ 9,299,431	\$ 332,950,052
15									
16	<u>PRO FORMA ADJUSTMENTS:</u>								
17									
18	TOTAL PRO FORMA ADJUSTMENTS	\$ (21,656,835)	\$ (11,309,681)	\$ (10,347,154)	\$ -	\$ -	\$ (10,347,154)	\$ -	\$ (10,347,154)
19									
20	PRO FORMA ADJUSTED	\$ 467,326,101	\$ 184,861,858	\$ 282,464,243	\$ -	\$ 30,839,224	\$ 313,303,467	\$ 9,299,431	\$ 322,602,898

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

(2) In order to be consistent with the "Per Book" capital structure reflected on Schedule 4, certain capital structure balances are no longer presented as part of "Per Book" Rate Base on this schedule. Therefore, no further capital structure adjustment is needed.

FLORIDA CITY GAS
AVERAGE RATE OF RETURN
INCOME STATEMENT
December 2020

Line No.	(1) OPERATING REVENUES	(2) O&M GASEXPENSE	(3) O&M OTHER	(4) DEPR. & AMORT.	(5) TAXES OTHER THAN INCOME TAXES	(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	PER BOOKS	\$ 90,264,298	\$ 16,841,314	\$ 33,726,689	\$ 15,868,820	\$ 8,666,876	\$ 3,483,079	\$ (1,843,565)	\$ -	\$ 76,743,212	\$ 13,521,086
2	END OF YEAR CUSTOMER REFUND ACCRUAL									\$ -	\$ -
3	ADJUSTED BOOKS	\$ 90,264,298	\$ 16,841,314	\$ 33,726,689	\$ 15,868,820	\$ 8,666,876	\$ 3,483,079	\$ (1,843,565)	\$ -	\$ 76,743,212	\$ 13,521,086
4											
5	FPSC ADJUSTMENTS										
6	FUEL REVENUES/COSTS	(17,978,687)	(17,135,415)		(85,677)	-				(17,221,092)	(757,596)
7	FRANCHISE/GROSS RECEIPTS TAXES	(4,831,071)			(4,862,387)	-				(4,862,387)	31,316
8	ECP REVENUE/COSTS	(5,794,752)		(5,751,978)	(72,673)	7,331				(5,817,320)	22,568
9	AEP REVENUE/COSTS	(996,272)			(876,064)	(29,477)				(905,542)	(90,731)
10	SAFE REVENUE/COSTS	(1,576,754)		(1,428)	(352,116)	(115,062)	(271,738)			(740,344)	(836,410)
11	ASSOCIATION DUES			(139,939)		34,315				(105,623)	105,623
12	INTEREST SYNCHRONIZATION	-	-	-	-	(363,767)	-	-	-	(363,767)	363,767
13	TOTAL FPSC ADJUSTMENTS	<u>(31,177,536)</u>	<u>(17,135,415)</u>	<u>(5,893,345)</u>	<u>(1,228,181)</u>	<u>(5,135,799)</u>	<u>(623,336)</u>	<u>-</u>	<u>-</u>	<u>(30,016,075)</u>	<u>(1,161,461)</u>
14											
15	FPSC ADJUSTED	<u>\$ 59,086,762</u>	<u>\$ (294,101)</u>	<u>\$ 27,833,344</u>	<u>\$ 14,640,639</u>	<u>\$ 3,531,077</u>	<u>\$ 2,859,743</u>	<u>\$ (1,843,565)</u>	<u>\$ -</u>	<u>\$ 46,727,137</u>	<u>\$ 12,359,625</u>
16											
17	FLEX RATE REVENUES	-	-	-	-	-	-	-	-	-	-
18	ADJUSTED FOR										
19	FLEX RATE REVENUES	<u>\$ 59,086,762</u>	<u>\$ (294,101)</u>	<u>\$ 27,833,344</u>	<u>\$ 14,640,639</u>	<u>\$ 3,531,077</u>	<u>\$ 2,859,743</u>	<u>\$ (1,843,565)</u>	<u>\$ -</u>	<u>\$ 46,727,137</u>	<u>\$ 12,359,625</u>
20											
21	PRO FORMA ADJUSTMENTS										
22											
23	TOTAL PRO FORMA ADJUSTMENTS	<u>-</u>	<u>-</u>	<u>-</u>	<u>(721,885)</u>	<u>-</u>	<u>195,589</u>	<u>-</u>	<u>-</u>	<u>(526,306)</u>	<u>526,306</u>
24											
25	PRO FORMA ADJUSTED	<u>\$ 59,086,762</u>	<u>\$ (294,101)</u>	<u>\$ 27,833,344</u>	<u>\$ 13,918,744</u>	<u>\$ 3,726,666</u>	<u>\$ 3,055,332</u>	<u>\$ (1,843,565)</u>	<u>\$ -</u>	<u>\$ 46,200,831</u>	<u>\$ 12,885,931</u>

FLORIDA CITY GAS
 YEAR END RATE BASE
 RATE BASE
 December 2020

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 PER BOOKS(1)	\$ 527,039,151	\$ 201,614,270	\$ 325,424,881	\$ -	\$ 31,684,402	\$ 357,109,283	\$ 30,925,851	\$ 388,035,134
2								
3 FPSC ADJUSTMENTS								
4 REMOVE SAFE CLAUSE PLANT	(15,561,730)	(439,513)	(15,122,217)		(7,596,257)	(22,718,474)		(22,718,474)
5 REMOVE AEP	-		-		-	-	(9,366,456)	(9,366,456)
6 INTERCOMPANY AR/AP							2,165,863	2,165,863
7 CLAUSE UNDERRECOVERIES					-	-	(2,271,986)	(2,271,986)
8 REMOVE LEASES	-	-	-				-	-
9 TEMPORARY CASH INVESTMENTS							(3,640,842)	(3,640,842)
10 TOTAL FPSC ADJUSTMENTS(2)	<u>(15,561,730)</u>	<u>(439,513)</u>	<u>(15,122,217)</u>	<u>-</u>	<u>(7,596,257)</u>	<u>(22,718,474)</u>	<u>(13,113,421)</u>	<u>(35,831,894)</u>
11								
12 FPSC ADJUSTED	\$ 511,477,421	\$ 201,174,758	\$ 310,302,663	\$ -	\$ 24,088,146	\$ 334,390,809	\$ 17,812,430	\$ 352,203,239
13								
14 PRO FORMA ADJUSTMENTS								
15								
16 TOTAL PRO FORMA ADJUSTMENTS	\$ (21,656,835)	\$ (11,670,628)	\$ (9,986,207)	\$ -	\$ -	\$ (9,986,207)	\$ -	\$ (9,986,207)
17								
18 PRO FORMA ADJUSTED	\$ 489,820,586	\$ 189,504,129	\$ 300,316,457	\$ -	\$ 24,088,146	\$ 324,404,603	\$ 17,812,430	\$ 342,217,033

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

(2) In order to be consistent with the "Per Book" capital structure reflected on Schedule 4, certain capital structure balances are no longer presented as part of "Per Book" Rate Base on this schedule. Therefore, no further capital structure adjustment is needed.

FLORIDA CITY GAS
CAPITAL STRUCTURE
FPSC ADJUSTED BASIS
December 2020

Line No.	AVERAGE	PER BOOKS	COMPANY RATIO	ADJUSTMENTS TO INVESTOR CAPITAL	ADJUSTED	ADJUSTMENTS			RATIO (%)	LOW POINT		MID POINT		HIGH POINT	
						SPECIFIC	PRO RATA	ADJUSTED		COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
1	DIVISIONAL CAPITAL	\$ 153,075,773	40.55%	\$ -	\$ 153,075,773	\$ (18,069,041)	\$	135,006,732	40.55%	9.19%	3.73%	10.19%	4.13%	11.19%	4.54%
2															
3	LONG TERM DEBT	94,716,270	25.09%	-	94,716,270	\$ (11,180,294)		83,535,975	25.09%	4.38%	1.10%	4.38%	1.10%	4.38%	1.10%
4															
5	SHORT TERM DEBT	73,067,106	19.35%	-	73,067,106	\$ (8,624,830)		64,442,276	19.35%	2.86%	0.55%	2.86%	0.55%	2.86%	0.55%
6															
7	PREFERRED STOCK	-	0.00%	-	-	-		-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
8															
9	CUSTOMER DEPOSITS	3,031,140	0.80%	-	3,031,140	\$ (357,795)		2,673,345	0.80%	2.81%	0.02%	2.66%	0.02%	2.66%	0.02%
10															
11	TAX CREDITS - ZERO COST	-	0.00%	-	-	-		-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
12															
13	TAX CREDITS - WEIGHTED COST	-	0.00%	-	-	-		-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
14															
15	ACC DEF INC TAXES-ZERO COST	53,621,158	14.21%	-	53,621,158	\$ (6,329,433)		47,291,724	14.20%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
16	TOTAL	\$ 377,511,447	100.00%	\$ -	\$ 377,511,447	\$ (44,561,395)	\$	332,950,052	100.00%	5.40%	5.80%	5.80%	6.21%	6.21%	6.21%
17															
18															
19	YEAR END														
20	DIVISIONAL CAPITAL	\$ 162,960,316	42.00%	\$ -	\$ 162,960,316	\$ (15,048,062)	\$	147,912,254	42.00%	9.19%	3.86%	10.19%	4.28%	11.19%	4.70%
21															
22	LONG TERM DEBT	79,410,203	20.46%	-	79,410,203	\$ (7,332,888)		72,077,315	20.46%	4.08%	0.83%	4.08%	0.83%	4.08%	0.83%
23															
24	SHORT TERM DEBT	89,987,167	23.19%	-	89,987,167	\$ (8,309,584)		81,677,582	23.19%	2.63%	0.61%	2.63%	0.61%	2.63%	0.61%
25															
26	PREFERRED STOCK	-	0.00%	-	-	-		-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
27															
28	CUSTOMER DEPOSITS	3,468,015	0.89%	-	3,468,015	\$ (320,243)		3,147,772	0.89%	2.81%	0.03%	2.66%	0.02%	2.66%	0.02%
29															
30	TAX CREDITS - ZERO COST	-	0.00%	-	-	-		-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
31															
32	TAX CREDITS - WEIGHTED COST	-	0.00%	-	-	-		-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
33															
34	ACC DEF INC TAXES-ZERO COST	52,209,433	13.46%	-	52,209,433	\$ (4,821,117)		47,388,315	13.45%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
35	TOTAL	\$ 388,035,134	100.00%	\$ -	\$ 388,035,134	\$ (35,831,894)	\$	352,203,239	100.00%	5.33%	5.74%	5.74%	6.16%	6.16%	6.16%
36															
37															
38	AVERAGE EXCLUDING AGL ACQ ADJ. & REG. ASSETS														
39	DIVISIONAL CAPITAL	\$ 153,075,773	40.55%	\$ -	\$ 153,075,773	\$ (22,264,672)	\$	130,811,101	40.55%	9.19%	3.73%	10.19%	4.13%	11.19%	4.54%
40															
41	LONG TERM DEBT	94,716,270	25.09%	-	94,716,270	\$ (13,776,358)		80,939,911	25.09%	4.38%	1.10%	4.38%	1.10%	4.38%	1.10%
42															
43	SHORT TERM DEBT	73,067,106	19.35%	-	73,067,106	\$ (10,627,515)		62,439,591	19.35%	2.86%	0.55%	2.86%	0.55%	2.86%	0.55%
44															
45	PREFERRED STOCK	-	0.00%	-	-	-		-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
46															
47	CUSTOMER DEPOSITS	3,031,140	0.80%	-	3,031,140	\$ (440,875)		2,590,265	0.80%	2.81%	0.02%	2.66%	0.02%	2.66%	0.02%
48															
49	TAX CREDITS - ZERO COST	-	0.00%	-	-	-		-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
50															
51	TAX CREDITS - WEIGHTED COST	-	0.00%	-	-	-		-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
52															
53	ACC DEF INC TAXES-ZERO COST	53,621,158	14.20%	-	53,621,158	\$ (7,799,128)		45,822,030	14.20%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
54	TOTAL	\$ 377,511,447	100.00%	\$ -	\$ 377,511,447	\$ (54,908,549)	\$	322,602,898	100.00%	5.40%	5.80%	5.80%	6.21%	6.21%	6.21%

FLORIDA CITY GAS
EARNED RETURN ON COMMON EQUITY
FPSC ADJUSTED BASIS
December 2020

SCHEDULE 5

A. INCLUDING AGL ACQUISITION ADJUSTMENT & REGULATORY ASSETS

Line		
No.		
<u>1</u>	FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	<u>3.71%</u>
<u>2</u>	LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:	
<u>3</u>	LONG TERM DEBT	-1.10%
<u>4</u>	SHORT TERM DEBT	-0.55%
<u>5</u>	PREFERRED STOCK	0.00%
<u>6</u>	CUSTOMER DEPOSITS	-0.02%
<u>7</u>	TAX CREDITS-WEIGHTED COST(MIDPOINT)	<u>0.00%</u>
<u>8</u>	SUBTOTAL	<u>-1.67%</u>
<u>9</u>	TOTAL	<u>2.04%</u>
<u>10</u>	DIVIDED BY RECONCILED COMMON EQUITY RATIO	<u>40.55%</u>
<u>11</u>	JURISDICTIONAL RETURN ON COMMON EQUITY	<u>5.03%</u>

12
13
14
15
16

B. EXCLUDING AGL ACQUISITION ADJUSTMENT & REGULATORY ASSETS

17
18
19
20
21
22

<u>19</u>	NET OPERATING INCOME EXCLUDING FLEX RATE REVENUES	\$ 12,885,931
<u>21</u>	RATE BASE EXCLUDING FLEX RATE REVENUES	\$ 322,602,898
<u>23</u>	FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	3.99%
<u>24</u>	LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:	
<u>25</u>	LONG TERM DEBT	-1.10%
<u>26</u>	SHORT TERM DEBT	-0.55%
<u>27</u>	PREFERRED STOCK	0.00%
<u>28</u>	CUSTOMER DEPOSITS	-0.02%
<u>29</u>	TAX CREDITS-WEIGHTED COST(MIDPOINT)	<u>0.00%</u>
<u>30</u>	SUBTOTAL	<u>-1.67%</u>
<u>31</u>	TOTAL	<u>2.32%</u>
<u>32</u>	DIVIDED BY RECONCILED COMMON EQUITY RATIO	<u>40.55%</u>
<u>33</u>	JURISDICTIONAL RETURN ON COMMON EQUITY	<u>5.72%</u>