



Writer's Direct Dial Number: (850) 521-1706
Writer's E-Mail Address: bkeating@gunster.com

July 27, 2018

Electronic Filing

Ms. Carlotta Stauffer, Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

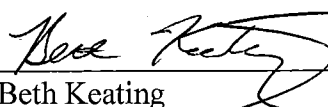
Re: DOCKET NO. 20170179-GU - Petition for rate increase and approval of depreciation study by Florida City Gas.

Dear Ms. Stauffer:

In accordance with Article II, paragraph d of the Stipulation and Settlement approved in this docket by Order No. PSC-2018-0190-FOF-GU, Florida City Gas submits the enclosed final interim rate calculation reflecting under-earnings for the period ended May 31, 2018, of approximately \$2.6 million.

As always, please don't hesitate to let me know if you have any questions. Thank you for your assistance with this filing.

Kind regards,


Beth Keating
Gunster, Yoakley & Stewart, P.A.
215 South Monroe St., Suite 601
Tallahassee, FL 32301
(850) 521-1706

cc:// (Service List)

FLORIDA PUBLIC SERVICE COMMISSION

EARNINGS TEST FOR THE 12 MONTHS ENDED MAY 2018

DOCKET NO. 20170179-GU

USING THE SAME SCHEDULES AS AN EARNINGS SURVEILLANCE REPORT

FLORIDA CITY GAS

FLORIDA CITY GAS
YEAR END RATE BASE
May 2018

		(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)	\$ 13,487,874	\$	(1,320,509)	\$	12,167,365	\$	496,101	\$	12,663,466
AVERAGE RATE BASE	(a)	\$ 199,949,244	\$	47,877,801	\$	247,827,045	\$	(12,250,463)	\$	235,576,582
AVERAGE RATE OF RETURN	(a)			6.75%					4.91%	5.38%
<u>II. YEAR END RATE BASE (JURISDICTIONAL)</u>										
		\$ 194,820,289	\$	73,398,950	\$	268,219,239	\$	(11,851,101)	\$	256,368,138
<u>III. REQUIRED RATES OF RETURN</u>										
AVERAGE CAPITAL STRUCTURE (FPSC										
ADJUSTED BASIS)										
LOW				<u>5.30%</u>						
MIDPOINT				<u>5.69%</u>						
HIGH				<u>6.07%</u>						
<u>IV. EARNED RETURN ON EQUITY (FPSC ADJUSTED BASIS)</u>										
A. INCLUDING AGL ACQ. ADJ. & REGULATORY ASSETS										
<u>8.16%</u>										
B. EXCLUDING AGL ACQ. ADJ. & REGULATORY ASSETS										
<u>9.57%</u>										

FLORIDA CITY GAS
AVERAGE RATE OF RETURN
RATE BASE
May 2018

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	\$ 423,324,546	\$ 172,187,237	\$ 251,137,309	\$ -	\$ 12,598,577	\$ 263,735,886	\$ (63,786,642)	\$ 199,949,244
2									
3	<u>FPSC ADJUSTMENTS:</u>								
4	GOODWILL	(26,633,077)	-	(26,633,077)		(26,633,077)		(26,633,077)	
5	AGL COMMON PLANT	3,270,277	982,147	2,288,130		2,288,130		2,288,130	
6	AGL PURCHASE PREMIUM	21,656,835	9,444,788	12,212,048		12,212,048		12,212,048	
7	REMOVE AEP	-	-	-		-	(14,070,200)	(14,070,200)	
8	NONUTILITY PLANT						(20,404)	(20,404)	
9	CAPITAL STRUCTURE ADJUSTMENTS						74,887,488	74,887,488	
10	GAS COST/CONSERVATION/CRA UNDERRECOVERIES						(831,147)	(831,147)	
11	NONUTILITY STORAGE						6,548	6,548	
12	PENSION AND TRANSITION COSTS REG. ASSET						38,415	38,415	
13	TOTAL FPSC ADJUSTMENTS	\$ (1,705,965)	\$ 10,426,935	\$ (12,132,899)	\$ -	\$ (12,132,899)	\$ 60,010,700	\$ 47,877,801	
14									
15	FPSC ADJUSTED	\$ 421,618,581	\$ 182,614,172	\$ 239,004,409	\$ -	\$ 12,598,577	\$ (3,775,942)	\$ 247,827,045	
16									
17	ADJUSTED FOR FLEX RATE REVENUES	\$ 421,618,581	\$ 182,614,172	\$ 239,004,409	\$ -	\$ 12,598,577	\$ (3,775,942)	\$ 247,827,045	
18									
19	<u>PRO FORMA ADJUSTMENTS:</u>								
20									
21	TOTAL PRO FORMA ADJUSTMENTS	\$ (21,656,835)	\$ (9,444,788)	\$ (12,212,048)	\$ -	\$ (12,212,048)	\$ (38,415)	\$ (12,250,463)	
22									
23	PRO FORMA ADJUSTED	\$ 399,961,746	\$ 173,169,384	\$ 226,792,362	\$ -	\$ 12,598,577	\$ (3,814,357)	\$ 235,576,582	

FLORIDA CITY GAS
AVERAGE RATE OF RETURN
INCOME STATEMENT
 May 2018

Line No.	(1) OPERATING REVENUES	(2) O&M GAS EXPENSE	(3) O&M OTHER	(4) DEPR. & AMORT.	(5) INCOME TAXES OTHER THAN CURRENT 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	\$ 88,631,149	\$ 26,576,859	\$ 21,359,216.38	\$ 16,679,441	\$ 7,390,178	\$ (7,612,385)	\$ 10,749,965	\$ -	\$ -	\$ 75,143,274	\$ 13,487,874
2		\$ -							\$ -	\$ -	\$ -
3	\$ 88,631,149	\$ 26,576,859	\$ 21,359,216	\$ 16,679,441	\$ 7,390,178	\$ (7,612,385)	\$ 10,749,965	\$ -	\$ -	\$ 75,143,274	\$ 13,487,874
4											
5	FPSC ADJUSTMENTS:										
6	(26,709,744)	(26,576,859.35)			(132,884)	-				(26,709,744)	-
7	(4,679,539)				(4,679,539)	-				(4,679,539)	-
8						-					-
9	(1,990,347)			(927,714)		(368,760)				(1,296,474)	(693,873)
10				721,895		(234,697)				487,198	(487,198)
11			(50,844)			12,886				(37,958)	37,958
12											
13			(12,764)			4,150				(8,614)	8,614
14				123,187			(42,992)			80,195	(80,195)
15			(9,279)			2,881				(6,398)	6,398
16						112,213				112,213	(112,213)
17	<u>(33,379,629)</u>	<u>(26,576,859)</u>	<u>(72,887)</u>	<u>(82,632)</u>	<u>(4,812,423)</u>	<u>(471,326)</u>	<u>(42,992)</u>			<u>(32,059,120)</u>	<u>(1,320,509)</u>
18											
19	\$ 55,251,519	\$ -	\$ 21,286,329	\$ 16,596,808	\$ 2,577,754	\$ (8,083,711)	\$ 10,706,973	\$ -	\$ -	\$ 43,084,154	\$ 12,167,365
20											
21											
22											
23	\$ 55,251,519	\$ -	\$ 21,286,329	\$ 16,596,808	\$ 2,577,754	\$ (8,083,711)	\$ 10,706,973	\$ -	\$ -	\$ 43,084,154	\$ 12,167,365
24											
25	PRO FORMA ADJUSTMENTS										
26											
27				(845,082)		305,989	42,992			(496,101)	496,101
28											
29	\$ 55,251,519	\$ -	\$ 21,286,329	\$ 15,751,727	\$ 2,577,754	\$ (7,777,723)	\$ 10,749,965	\$ -	\$ -	\$ 42,588,053	\$ 12,663,466

FLORIDA CITY GAS
 YEAR END RATE BASE
 RATE BASE
 May 2018

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	\$ 435,357,757	\$ 174,809,121	\$ 260,548,637	\$ -	\$ 20,007,317	\$ 280,555,954	\$ (85,735,665)	\$ 194,820,289
3	FPSC ADJUSTMENTS:								
4	GOODWILL	(26,633,077)	-	(26,633,077)		(26,633,077)		(26,633,077)	
5	AGL COMMON PLANT	3,554,787	1,430,431	2,124,356		2,124,356		2,124,356	
6	AGL ACQUISITION ADJ. PER AMORT SCHEDULE	21,656,835	9,805,735	11,851,101		11,851,101		11,851,101	
7	REMOVE AEP	-	-	-		-	(13,893,441)	(13,893,441)	
10	CAPITAL STRUCTURE ADJUSTMENTS						100,803,921	100,803,921	
11	GAS COST/CONSERVATION/CRA UNDERRECOVERIES						(852,634)	(852,634)	
14	NONUTILITY STORAGE						(1,276)	(1,276)	
15	TOTAL FPSC ADJUSTMENTS	<u>(1,421,455)</u>	<u>11,236,166</u>	<u>(12,657,620)</u>	<u>-</u>	<u>(12,657,620)</u>	<u>86,056,570</u>	<u>73,398,950</u>	
16									
17	FPSC ADJUSTED	<u>\$ 433,936,303</u>	<u>\$ 186,045,286</u>	<u>\$ 247,891,016</u>	<u>\$ -</u>	<u>\$ 20,007,317</u>	<u>\$ 267,898,333</u>	<u>\$ 320,905</u>	<u>\$ 268,219,239</u>
18									
19	PRO FORMA ADJUSTMENTS:								
20									
21	TOTAL PRO FORMA ADJUSTMENTS	<u>\$ (21,656,835)</u>	<u>\$ (9,805,735)</u>	<u>\$ (11,851,101)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (11,851,101)</u>	<u>\$ -</u>	<u>\$ (11,851,101)</u>
22									
23	PRO FORMA ADJUSTED	<u>\$ 412,279,467</u>	<u>\$ 176,239,552</u>	<u>\$ 236,039,916</u>	<u>\$ -</u>	<u>\$ 20,007,317</u>	<u>\$ 256,047,233</u>	<u>\$ 320,905</u>	<u>\$ 256,368,138</u>

FLORIDA CITY GAS
CAPITAL STRUCTURE
FPSC ADJUSTED BASIS
May 2018

SCHEDULE 4

Line No.	AVERAGE	PER BOOKS	COMPANY RATIO	ADJUSTMENTS TO INVESTOR CAPITAL	ADJUSTMENTS				LOW POINT		MID POINT		HIGH POINT		
					ADJUSTED	SPECIFIC	PRO RATA	ADJUSTED	RATIO (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
1	DIVISIONAL CAPITAL	\$ 102,075,876	37.14%	\$ 5,894,678	\$ 107,970,554		\$ (13,190,898)	\$ 94,779,656	38.24%	9.19%	3.51%	10.19%	3.90%	11.19%	4.28%
2															
3	LONG TERM DEBT	97,873,267	35.61%	2,143,154	100,016,521		(12,219,144)	87,797,377	35.43%	4.61%	1.63%	4.61%	1.63%	4.61%	1.63%
4															
5	SHORT TERM DEBT	24,989,411	9.09%	(8,037,832)	16,951,579		(2,070,996)	14,880,583	6.00%	2.01%	0.12%	2.01%	0.12%	2.01%	0.12%
6															
7	PREFERRED STOCK	-	0.00%	-	-		-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
8															
9	CUSTOMER DEPOSITS	3,548,828	1.29%	-	3,548,828		-	3,548,828	1.43%	2.73%	0.04%	2.73%	0.04%	2.73%	0.04%
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	46,349,248	16.87%	-	46,349,248	471,352	-	46,820,601	18.89%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
16	TOTAL	\$ 274,836,732	100.00%	\$ (1)	\$ 274,836,731	\$ 471,352	\$ (27,481,028)	\$ 247,827,045	100.00%		5.38%		5.69%		6.07%
17															
18															
19	YEAR END	PER BOOKS	COMPANY RATIO	ADJUSTMENTS TO INVESTOR CAPITAL	ADJUSTED	SPECIFIC	PRO RATA	ADJUSTED	RATIO (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
20	DIVISIONAL CAPITAL	\$ 113,136,490	38.27%	\$ 2,340,973	\$ 115,477,463		\$ (13,357,765)	\$ 102,119,698	38.07%	9.19%	3.50%	10.19%	3.88%	11.19%	4.26%
21															
22	LONG TERM DEBT	81,683,799	27.63%	25,286,608	106,970,407		(12,373,718)	94,596,689	35.27%	4.61%	1.63%	4.61%	1.63%	4.61%	1.63%
23															
24	SHORT TERM DEBT	45,757,760	15.48%	(27,627,582)	18,130,178		(2,097,194)	16,032,984	5.98%	2.01%	0.12%	2.01%	0.12%	2.01%	0.12%
25															
26	PREFERRED STOCK	-	0.00%	-	-		-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
27															
28	CUSTOMER DEPOSITS	3,336,055	1.13%	-	3,336,055		-	3,336,055	1.24%	2.73%	0.03%	2.73%	0.03%	2.73%	0.03%
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	51,710,106	17.49%	-	51,710,106	423,705	-	52,133,812	19.44%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
35	TOTAL	\$ 295,634,210	100.00%	\$ (0)	\$ 295,634,210	\$ 423,705	\$ (27,828,676)	\$ 268,219,239	100.00%		5.28%		5.66%		6.04%
36															
37															
38	AVERAGE EXCLUDING AGL ACQ ADL & REG ASSETS	PER BOOKS	COMPANY RATIO	ADJUSTMENTS TO INVESTOR CAPITAL	ADJUSTED	SPECIFIC	PRO RATA	ADJUSTED	RATIO (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
39	DIVISIONAL CAPITAL	\$ 102,075,876	37.14%	\$ 5,894,678	\$ 107,970,554		\$ (19,071,121)	\$ 88,899,433	37.74%	9.19%	3.47%	10.19%	3.85%	11.19%	4.22%
40															
41	LONG TERM DEBT	97,873,267	35.61%	2,143,154	100,016,521		(17,666,179)	82,350,342	34.96%	4.61%	1.61%	4.61%	1.61%	4.61%	1.61%
42															
43	SHORT TERM DEBT	24,989,411	9.09%	(8,037,832)	16,951,579		(2,994,202)	13,957,377	5.92%	2.01%	0.12%	2.01%	0.12%	2.01%	0.12%
44															
45	PREFERRED STOCK	-	0.00%	-	-		-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
46															
47	CUSTOMER DEPOSITS	3,548,828	1.29%	-	3,548,828		-	3,548,828	1.51%	2.73%	0.04%	2.73%	0.04%	2.73%	0.04%
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	46,349,248	16.86%	-	46,349,248	471,352	-	46,820,601	19.87%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
54	TOTAL	\$ 274,836,732	100.00%	\$ (1)	\$ 274,836,731	\$ 471,352	\$ (39,731,501)	\$ 235,576,582	100.00%		5.24%		5.62%		5.99%

FLORIDA CITY GAS
EARNED RETURN ON COMMON EQUITY
FPSC ADJUSTED BASIS
May 2018

SCHEDULE 5

A. INCLUDING AGL ACQUISITION ADJUSTMENT & REGULATORY ASSETS

Line No.		
1	FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	<u>4.91%</u>
2	LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:	
3	LONG TERM DEBT	-1.63%
4	SHORT TERM DEBT	-0.12%
5	PREFERRED STOCK	0.00%
6	CUSTOMER DEPOSITS	-0.04%
7	TAX CREDITS-WEIGHTED COST(MIDPOINT)	0.00%
8	SUBTOTAL	<u>-1.79%</u>
9	TOTAL	<u>3.12%</u>
10	DIVIDED BY RECONCILED COMMON EQUITY RATIO	<u>38.24%</u>
11	JURISDICTIONAL RETURN ON COMMON EQUITY	<u>8.16%</u>
12		
13		
14		
15		
16		

B. EXCLUDING AGL ACQUISITION ADJUSTMENT & REGULATORY ASSETS

Line No.		
17		
18		
19	NET OPERATING INCOME EXCLUDING FLEX RATE REVENUES	\$ 12,663,466
20		
21	RATE BASE EXCLUDING FLEX RATE REVENUES	\$ 235,576,582
22		
23	FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	5.38%
24	LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:	
25	LONG TERM DEBT	-1.61%
26	SHORT TERM DEBT	-0.12%
27	PREFERRED STOCK	0.00%
28	CUSTOMER DEPOSITS	-0.04%
29	TAX CREDITS-WEIGHTED COST(MIDPOINT)	0.00%
30	SUBTOTAL	<u>-1.77%</u>
31	TOTAL	<u>3.61%</u>
32	DIVIDED BY RECONCILED COMMON EQUITY RATIO	<u>37.74%</u>
33	JURISDICTIONAL RETURN ON COMMON EQUITY	<u>9.57%</u>