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May 17, 2011

Mr. John Slemkewicz, Supervisor  
Division of Economic Regulation  
Florida Public Service Commission  
2540 Shumard Oak Blvd.  
Tallahassee, FL 32399

**Re: Florida City Gas Surveillance Report for Quarter ending December 2010**

Dear Mr. Slemkewicz:

Enclosed please find the Florida City Gas' Earnings Surveillance Report for the quarter ended March 2011

Thank you for your assistance.

Sincerely,

*Christina Robinson*

Christina Robinson  
Regulatory Analyst  
Florida City Gas

(305) 835-3601 office  
(305) 835-6491 fax  
crobinso@aglresources.com

FLORIDA PUBLIC SERVICE  
COMMISSION  
DIVISION OF ECONOMIC REGULATION  
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**FLORIDA PUBLIC SERVICE COMMISSION**

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

**FLORIDA CITY GAS**

**March 2011**

PSC/AFA 13 (6/94)

**FLORIDA CITY GAS  
YEAR END RATE BASE  
March 2011**

		(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>
<b><u>I. AVERAGE RATE OF RETURN (JURISDICTIONAL)</u></b>										
NET OPERATING INCOME	(a)	\$ 7,493,939		\$ (227,924)		\$ 7,266,016		\$ 384,033		\$ 7,650,048
AVERAGE RATE BASE	(a)	\$ 125,979,816		\$ 38,363,361		\$ 164,343,177		\$ (18,145,405)		\$ 146,197,772
AVERAGE RATE OF RETURN	(a)	5.95%		4.42%		5.23%				
<b><u>II. YEAR END RATE BASE (JURISDICTIONAL)</u></b>										
		\$ 135,397,658		\$ 31,013,931		\$ 166,411,590		\$ (17,733,237)		\$ 148,678,353
<b><u>III. REQUIRED RATES OF RETURN</u></b>										
<b>AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)</b>										
LOW		<u>6.29%</u>		<b><u>IV. EARNED RETURN ON EQUITY (FPSC ADJUSTED BASIS)</u></b>						
MIDPOINT		<u>6.67%</u>		A. INCLUDING AGL ACQ. ADJ. & REGULATORY ASSETS				<u>5.23%</u>		
HIGH		<u>7.04%</u>		B. EXCLUDING AGL ACQ. ADJ. & REGULATORY ASSETS				<u>7.65%</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.

Bryan E. Seas, SVP & Chief Accounting Officer  
(Name and Title of Chief Financial Officer)

  
(Signature)

5.13.2011  
(Date)

**FLORIDA CITY GAS**  
**AVERAGE RATE OF RETURN**  
**RATE BASE**  
**March 2011**

	(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
<b>PER BOOKS</b>	\$ 281,459,900	\$ 118,240,212	\$ 163,219,688	\$ -	\$ 5,352,997	\$ 168,572,685	\$ (42,592,869)	\$ 125,979,816
<b>FPSC ADJUSTMENTS:</b>								
Goodwill	(26,633,077)	-	(26,633,077)			(26,633,077)		(26,633,077)
AGL Common Plant	5,344,821	3,471,037	1,873,784			1,873,784		1,873,784
AGL Purchase Premium	21,656,835	4,271,209	17,385,626			17,385,626		17,385,626
Transaction Cost Regulatory Asset							-	-
Nonutility plant				-			(133,662)	(133,662)
FCG Acquisition Adjustment	1,497,497	548,063	949,434			949,434		949,434
Accumulated Removal Cost				-				
Capital structure adjustments				-			46,117,076	46,117,076
Gas cost/conservation/CRA underrecoveries				-			(885,314)	(885,314)
Interest payable adjustment				-			(1,053,294)	(1,053,294)
Regulatory expense				-				
Pension and Transition Costs Reg. Asset							759,780	759,780
Fort Pierce Utility acquisition	(34,800)	(17,808)	(16,992)			(16,992)		(16,992)
<b>TOTAL FPSC ADJUSTMENTS</b>	<b>\$ 1,831,276</b>	<b>\$ 8,272,501</b>	<b>\$ (6,441,226)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (6,441,226)</b>	<b>\$ 44,804,587</b>	<b>\$ 38,363,361</b>
<b>FPSC ADJUSTED</b>	<b>\$ 283,291,176</b>	<b>\$ 126,512,714</b>	<b>\$ 156,778,462</b>	<b>\$ -</b>	<b>\$ 5,352,997</b>	<b>\$ 162,131,459</b>	<b>\$ 2,211,718</b>	<b>\$ 164,343,177</b>
<b>FLEX RATE REVENUES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>ADJUSTED FOR FLEX RATE REVENUES</b>	<b>\$ 283,291,176</b>	<b>\$ 126,512,714</b>	<b>\$ 156,778,462</b>	<b>\$ -</b>	<b>\$ 5,352,997</b>	<b>\$ 162,131,459</b>	<b>\$ 2,211,718</b>	<b>\$ 164,343,177</b>
<b>PRO FORMA ADJUSTMENTS:</b>								
<b>TOTAL PRO FORMA ADJUSTMENTS</b>	<b>\$ (21,656,835)</b>	<b>\$ (4,271,209)</b>	<b>\$ (17,385,626)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (17,385,626)</b>	<b>\$ (759,780)</b>	<b>\$ (18,145,405)</b>
<b>PRO FORMA ADJUSTED</b>	<b>\$ 261,634,341</b>	<b>\$ 122,241,504</b>	<b>\$ 139,392,837</b>	<b>\$ -</b>	<b>\$ 5,352,997</b>	<b>\$ 144,745,834</b>	<b>\$ 1,451,938</b>	<b>\$ 146,197,772</b>

Note: Pursuant to Florida Public Service Commission Staff data requests dated June 21, 2010 Pivotal Utility Holdings Inc. d/b/a Florida City Gas is in the process of reviewing its depreciation expense accruals, accumulated depreciation and plant balance details. Because the review is still in process, Florida City Gas is not able to determine the amount of adjustments to these balances that will be required.

**FLORIDA CITY GAS**  
**AVERAGE RATE OF RETURN**  
**INCOME STATEMENT**  
 March 2011

	(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 INCOME TAXES (NET)	INV. TAX CREDIT (NET)	GAIN/LOSS ON DISPOSITION	TOTAL OPERATING EXPENSES	NET OPERATING INCOME
<b>PER BOOKS</b>	\$ 77,928,155	\$ 28,413,635	\$ 21,932,196	\$ 9,979,997	\$ 7,733,496	\$ (1,521,324)	\$ 3,897,476	\$ (1,259)	\$ -	\$ 70,434,216	\$ 7,493,939
End of year customer refund accrual	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>ADJUSTED BOOKS</b>	\$ 77,928,155	\$ 28,413,635	\$ 21,932,196	\$ 9,979,997	\$ 7,733,496	\$ (1,521,324)	\$ 3,897,476	\$ (1,259)	\$ -	\$ 70,434,216	\$ 7,493,939
<b>FPSC ADJUSTMENTS:</b>											
Fuel revenues/costs	(28,555,703)	(28,413,635)			(142,068)	-				(28,555,703)	-
Franchise/gross receipts taxes	(5,047,951)				(5,047,951)	-				(5,047,951)	-
ECP revenue/costs	-				-	-				-	-
Off-system sales	-				-	-				-	-
AGL Purchase Premium per Amort Sched				721,895		(271,650)				450,245	(450,245)
Transaction Cost Regulatory Asset				-		-				-	-
Propane Sales	(36,910)			-	-	(13,890)				(13,890)	(23,020)
Propane Cost			(50,784)			19,109				(31,675)	31,675
Association dues			(16,025)			6,030				(9,995)	9,995
Economic development expense			(878)			330				(548)	548
Pension and Transition Costs Reg. Asset			-	164,249			(61,807)			102,442	(102,442)
Employee activities			(13,503)			5,081				(8,422)	8,422
Interest synchronization	-	-	-	-	-	(297,144)	-	-	-	(297,144)	297,144
<b>TOTAL FPSC ADJUSTMENTS</b>	<b>(33,640,564)</b>	<b>(28,413,635)</b>	<b>(81,190)</b>	<b>886,144</b>	<b>(5,190,019)</b>	<b>(552,134)</b>	<b>(61,807)</b>	<b>-</b>	<b>-</b>	<b>(33,412,641)</b>	<b>(227,924)</b>
<b>FPSC ADJUSTED</b>	<b>\$ 44,287,591</b>	<b>\$ -</b>	<b>\$ 21,851,007</b>	<b>\$ 10,866,141</b>	<b>\$ 2,543,477</b>	<b>\$ (2,073,458)</b>	<b>\$ 3,835,669</b>	<b>\$ (1,259)</b>	<b>\$ -</b>	<b>\$ 37,021,575</b>	<b>\$ 7,266,016</b>
<b>FLEX RATE REVENUES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>ADJUSTED FOR FLEX RATE REVENUES</b>	<b>\$ 44,287,591</b>	<b>\$ -</b>	<b>\$ 21,851,007</b>	<b>\$ 10,866,141</b>	<b>\$ 2,543,477</b>	<b>\$ (2,073,458)</b>	<b>\$ 3,835,669</b>	<b>\$ (1,259)</b>	<b>\$ -</b>	<b>\$ 37,021,575</b>	<b>\$ 7,266,016</b>
<b>PRO FORMA ADJUSTMENTS</b>											
<b>TOTAL PRO FORMA ADJUSTMENTS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(886,144)</b>	<b>-</b>	<b>440,304</b>	<b>61,807</b>	<b>-</b>	<b>-</b>	<b>(384,033)</b>	<b>384,033</b>
<b>PRO FORMA ADJUSTED</b>	<b>\$ 44,287,591</b>	<b>\$ -</b>	<b>\$ 21,851,007</b>	<b>\$ 9,979,997</b>	<b>\$ 2,543,477</b>	<b>\$ (1,633,154)</b>	<b>\$ 3,897,476</b>	<b>\$ (1,259)</b>	<b>\$ -</b>	<b>\$ 36,637,543</b>	<b>\$ 7,650,048</b>
<b>PER BOOKS</b>	<b>\$ 23,672,083</b>	<b>\$ 9,866,230</b>	<b>\$ 4,672,172</b>	<b>\$ 2,529,316</b>	<b>\$ 2,241,435</b>	<b>\$ 1,267,839</b>	<b>\$ 121,420</b>	<b>\$ (315)</b>	<b>\$ -</b>	<b>\$ 20,698,097</b>	<b>\$ 2,973,986</b>

Note: Pursuant to Florida Public Service Commission Staff data requests dated June 21, 2010 Pivotal Utility Holdings Inc. d/b/a Florida City Gas is in the process of reviewing its depreciation expense accruals, accumulated depreciation and plant balance details. Because the review is still in process, Florida City Gas is not able to determine the amount of adjustments to these balances that will be required.

FLORIDA CITY GAS  
YEAR END RATE BASE  
RATE BASE  
March 2011

	(1)	(2)	(3)	(4)	(5)	(7)	(8)	(9)
	PLANT IN	ACCUM. DEPR. &	NET PLANT IN	PROPERTY		NET UTILITY	WORKING	
	SERVICE	AMORT.	SERVICE	HELD FOR	CWIP	PLANT	CAPITAL	TOTAL RATE BASE
				FUTURE USE				
PER BOOKS	\$ 284,071,691	\$ 120,825,408	\$ 163,246,283	\$ -	\$ 6,164,013	\$ 169,410,296	\$ (34,012,638)	\$ 135,397,658
<b>FPSC ADJUSTMENTS:</b>								
Goodwill	(26,633,077)	(1)	(26,633,076)			(26,633,076)		(26,633,076)
AGL Common Plant	4,621,159	2,859,144	1,762,016			1,762,016		1,762,016
AGL Acquisition Adj. Per Amort Schedule	21,656,835	4,632,157	17,024,678			17,024,678		17,024,678
Transaction Cost Regulatory Asset			-			-	-	-
FCG Acquisition Adjustments	1,497,497	572,009	925,488			925,488	-	925,488
Nonutility plant	-	-	-			-	(133,662)	(133,662)
Capital structure adjustments			-			-	38,761,523	38,761,523
Gas cost/conservation/CRA underrecoveries			-			-	(1,390,385)	(1,390,385)
Interest payable adjustment			-			-	5,207	5,207
Pension and Transition Costs Reg. Asset							708,559	708,559
Gain on Sale of Medley Property							-	-
Fort Pierce Utility acquisition	(34,800)	(18,384)	(16,416)	-	-	(16,416)	-	(16,416)
<b>TOTAL FPSC ADJUSTMENTS</b>	<b>1,107,614</b>	<b>8,044,924</b>	<b>(6,937,311)</b>	<b>-</b>	<b>-</b>	<b>(6,937,311)</b>	<b>37,951,242</b>	<b>31,013,931</b>
<b>FPSC ADJUSTED</b>	<b>\$ 285,179,305</b>	<b>\$ 128,870,332</b>	<b>\$ 156,308,973</b>	<b>\$ -</b>	<b>\$ 6,164,013</b>	<b>\$ 162,472,986</b>	<b>\$ 3,938,604</b>	<b>\$ 166,411,590</b>
<b>PRO FORMA ADJUSTMENTS:</b>								
<b>TOTAL PRO FORMA ADJUSTMENTS</b>	<b>\$ (21,656,835)</b>	<b>\$ (4,632,157)</b>	<b>\$ (17,024,678)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (17,024,678)</b>	<b>\$ (708,559)</b>	<b>\$ (17,733,237)</b>
<b>PRO FORMA ADJUSTED</b>	<b>\$ 263,522,470</b>	<b>\$ 124,238,175</b>	<b>\$ 139,284,295</b>	<b>\$ -</b>	<b>\$ 6,164,013</b>	<b>\$ 145,448,308</b>	<b>\$ 3,230,045</b>	<b>\$ 148,678,353</b>

Note: Pursuant to Florida Public Service Commission Staff data requests dated June 21, 2010 Pivotal Utility Holdings Inc. d/b/a Florida City Gas is in the process of reviewing its depreciation expense accruals, accumulated depreciation and plant balance details. Because the review is still in process, Florida City Gas is not able to determine the amount of adjustments to these balances that will be required.

FLORIDA CITY GAS  
CAPITAL STRUCTURE  
FPSC ADJUSTED BASIS  
March 2011

AVERAGE	PER BOOKS	COMPANY RATIO	ADJUSTMENTS TO INVESTOR CAPITAL		ADJUSTED	ADJUSTMENTS			LOW POINT		MID POINT		HIGH POINT	
			SPECIFIC	PRO RATA		ADJUSTED	RATIO (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	
DIVISIONAL CAPITAL	\$ 70,629,267	41.04%	\$ (5,683,117)	\$ 64,946,150	\$ (3,627,631)	\$ 61,318,519	37.31%	10.25%	3.82%	11.25%	4.20%	12.25%	4.57%	
LONG TERM DEBT	55,350,549	32.16%	12,185,502	67,536,051	(3,772,292)	63,763,759	38.80%	5.65%	2.19%	5.65%	2.19%	5.65%	2.19%	
SHORT TERM DEBT	21,873,869	12.71%	(6,502,389)	15,371,480	(858,589)	14,512,891	8.83%	1.47%	0.13%	1.47%	0.13%	1.47%	0.13%	
PREFERRED STOCK	-	0.00%	-	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
CUSTOMER DEPOSITS	3,603,055	2.09%	-	3,603,055	-	3,603,055	2.19%	6.73%	0.15%	6.73%	0.15%	6.73%	0.15%	
TAX CREDITS - ZERO COST	6,621	0.00%	-	6,621	-	6,621	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
TAX CREDITS - WEIGHTED COST	-	0.00%	-	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
ACC DEF INC TAXES-ZERO COST	20,633,532	12.00%	-	20,633,532	504,800	-	21,138,332	12.86%	0.00%	0.00%	0.00%	0.00%	0.00%	
<b>TOTAL</b>	<b>\$ 172,096,893</b>	<b>100.00%</b>	<b>\$ (4)</b>	<b>\$ 172,096,889</b>	<b>\$ 504,800</b>	<b>\$ (8,258,512)</b>	<b>\$ 164,343,177</b>	<b>100.00%</b>	<b>6.29%</b>	<b>6.67%</b>	<b>7.04%</b>			

YEAR END	PER BOOKS	COMPANY RATIO	ADJUSTMENTS TO INVESTOR CAPITAL		ADJUSTED	ADJUSTMENTS			LOW POINT		MIDPOINT		HIGH POINT	
			SPECIFIC	PRO RATA		ADJUSTED	RATIO (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	
DIVISIONAL CAPITAL	\$ 71,758,577	41.20%	\$ (6,706,687)	\$ 65,051,890	\$ (3,610,885)	\$ 61,441,005	36.92%	10.25%	3.78%	11.25%	4.15%	12.25%	4.52%	
LONG TERM DEBT	63,639,081	36.54%	4,006,922	67,646,003	(3,754,878)	63,891,125	38.39%	5.65%	2.17%	5.65%	2.17%	5.65%	2.17%	
SHORT TERM DEBT	12,696,740	7.29%	2,699,765	15,396,505	(854,626)	14,541,879	8.74%	1.47%	0.13%	1.47%	0.13%	1.47%	0.13%	
PREFERRED STOCK	-	0.00%	-	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
CUSTOMER DEPOSITS	3,674,464	2.11%	-	3,674,464	-	3,674,464	2.21%	6.73%	0.15%	6.73%	0.15%	6.73%	0.15%	
TAX CREDITS - ZERO COST	5,991	0.00%	-	5,991	-	5,991	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
TAX CREDITS - WEIGHTED COST	-	0.00%	-	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
ACC DEF INC TAXES-ZERO COST	22,384,328	12.86%	-	22,384,328	472,798	-	22,857,125	13.74%	0.00%	0.00%	0.00%	0.00%	0.00%	
<b>TOTAL</b>	<b>\$ 174,159,182</b>	<b>100.00%</b>	<b>\$ (1)</b>	<b>\$ 174,159,181</b>	<b>\$ 472,798</b>	<b>\$ (8,220,389)</b>	<b>\$ 166,411,590</b>	<b>100.00%</b>	<b>6.23%</b>	<b>6.60%</b>	<b>6.97%</b>			

AVERAGE EXCLUDING AGL ACQ ADJ. & REG. ASSETS	PER BOOKS	COMPANY RATIO	ADJUSTMENTS TO INVESTOR CAPITAL		ADJUSTED	ADJUSTMENTS			LOW POINT		MIDPOINT		HIGH POINT	
			SPECIFIC	PRO RATA		ADJUSTED	RATIO (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	
DIVISIONAL CAPITAL	\$ 70,629,267	41.04%	\$ (5,683,117)	\$ 64,946,150	\$ (11,598,175)	\$ 53,347,975	36.49%	10.25%	3.74%	11.25%	4.11%	12.25%	4.47%	
LONG TERM DEBT	55,350,549	32.16%	12,185,502	67,536,051	(12,060,683)	55,475,368	37.95%	5.65%	2.14%	5.65%	2.14%	5.65%	2.14%	
SHORT TERM DEBT	21,873,869	12.71%	(6,502,389)	15,371,480	(2,745,060)	12,626,420	8.64%	1.47%	0.13%	1.47%	0.13%	1.47%	0.13%	
PREFERRED STOCK	-	0.00%	-	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
CUSTOMER DEPOSITS	3,603,055	2.09%	-	3,603,055	-	3,603,055	2.46%	6.73%	0.17%	6.73%	0.17%	6.73%	0.17%	
TAX CREDITS - ZERO COST	6,621	0.00%	-	6,621	-	6,621	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
TAX CREDITS - WEIGHTED COST	-	0.00%	-	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
ACC DEF INC TAXES-ZERO COST	20,633,532	11.99%	-	20,633,532	504,800	-	21,138,332	14.46%	0.00%	0.00%	0.00%	0.00%	0.00%	
<b>TOTAL</b>	<b>\$ 172,096,893</b>	<b>100.00%</b>	<b>\$ (4)</b>	<b>\$ 172,096,889</b>	<b>\$ 504,800</b>	<b>\$ (26,403,918)</b>	<b>\$ 146,197,772</b>	<b>100.00%</b>	<b>6.18%</b>	<b>6.55%</b>	<b>6.91%</b>			

**FLORIDA CITY GAS**  
**EARNED RETURN ON COMMON EQUITY**  
**FPSC ADJUSTED BASIS**  
**March 2011**

SCHEDULE 5

**A. INCLUDING AGL ACQUISITION ADJUSTMENT & REGULATORY ASSETS**

FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	4.42%
LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:	
LONG TERM DEBT	-2.19%
SHORT TERM DEBT	-0.13%
PREFERRED STOCK	0.00%
CUSTOMER DEPOSITS	-0.15%
TAX CREDITS-WEIGHTED COST(MIDPOINT)	0.00%
<b>SUBTOTAL</b>	<b><u>-2.47%</u></b>
<b>TOTAL</b>	<b><u>1.95%</u></b>
DIVIDED BY RECONCILED COMMON EQUITY RATIO	<u>37.31%</u>
<b>JURISDICTIONAL RETURN ON COMMON EQUITY</b>	<b><u>5.23%</u></b>

**B. EXCLUDING AGL ACQUISITION ADJUSTMENT & REGULATORY ASSETS**

NET OPERATING INCOME EXCLUDING FLEX RATE REVENUES	\$ 7,650,048
RATE BASE EXCLUDING FLEX RATE REVENUES	\$ 146,197,772
FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	5.23%
LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:	
LONG TERM DEBT	-2.14%
SHORT TERM DEBT	-0.13%
PREFERRED STOCK	0.00%
CUSTOMER DEPOSITS	-0.17%
TAX CREDITS-WEIGHTED COST(MIDPOINT)	0.00%
<b>SUBTOTAL</b>	<b><u>-2.44%</u></b>
<b>TOTAL</b>	<b><u>2.79%</u></b>
DIVIDED BY RECONCILED COMMON EQUITY RATIO	<u>36.49%</u>
<b>JURISDICTIONAL RETURN ON COMMON EQUITY</b>	<b><u>7.65%</u></b>