

**FLORIDA PUBLIC SERVICE COMMISSION**

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

**FLORIDA CITY GAS**

**June 2012**

PSC/AFA 13 (6/94)

**FLORIDA CITY GAS  
YEAR END RATE BASE  
June 2012**

|  | (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)                                 | \$ 10,319,752    | \$ (449,447)       | \$ 9,870,304    | \$ 408,423         | \$ 10,278,727    |
| AVERAGE RATE BASE (a)                                    | \$ 134,217,587   | \$ 27,913,344      | \$ 162,130,932  | \$ (17,114,984)    | \$ 145,015,947   |
| AVERAGE RATE OF RETURN (a)                               | 7.69%            |                    | 6.09%           |                    | 7.09%            |
| <b><u>II. YEAR END RATE BASE (JURISDICTIONAL)</u></b>    |                  |                    |                 |                    |                  |
|  | \$ 134,000,912   | \$ 32,189,856      | \$ 166,190,768  | \$ (16,702,816)    | \$ 149,487,952   |

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

|          |              |
|----------|--------------|
| LOW      | <u>6.14%</u> |
| MIDPOINT | <u>6.53%</u> |
| HIGH     | <u>6.91%</u> |

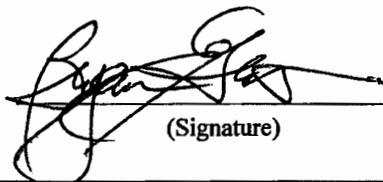
**IV. EARNED RETURN ON EQUITY (FPSC ADJUSTED BASIS)**

|  |               |
|--|---------------|
| A. INCLUDING AGL ACQ. ADJ. & REGULATORY ASSETS | <u>10.11%</u> |
| B. EXCLUDING AGL ACQ. ADJ. & REGULATORY ASSETS | <u>13.17%</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)

8.14.2012  
(Date)

**FLORIDA CITY GAS**  
**AVERAGE RATE OF RETURN**  
**RATE BASE**  
**June 2012**

|   | (1)                    | (2)                   | (3)                    | (4)         | (5)                 | (7)                    | (8)                   | (9)                    |
|---|------------------------|-----------------------|------------------------|-------------|---------------------|------------------------|-----------------------|------------------------|
|   | PLANT IN               | ACCUM. DEPR.          | NET PLANT IN           | PROPERTY    | CWIP                | NET UTILITY            | WORKING CAPITAL       | TOTAL RATE             |
|   | SERVICE                | & AMORT.              | SERVICE                | HELD FOR    |                     | PLANT                  |                       | BASE                   |
|   |                        |                       |                        | FUTURE USE  |                     |                        |                       |                        |
| <b>PER BOOKS</b>                          | \$ 294,438,183         | \$ 127,131,131        | \$ 167,307,052         | \$ -        | \$ 5,765,385        | \$ 173,072,436         | \$ (38,854,849)       | \$ 134,217,587         |
| <b>FPSC ADJUSTMENTS:</b>                  |                        |                       |                        |             |                     |                        |                       |                        |
| Goodwill                                  | (26,633,077)           | -                     | (26,633,077)           |             |                     | (26,633,077)           |                       | (26,633,077)           |
| AGL Common Plant                          | 3,866,042              | 2,581,244             | 1,284,798              |             |                     | 1,284,798              |                       | 1,284,798              |
| AGL Purchase Premium                      | 21,656,835             | 5,173,578             | 16,483,257             |             |                     | 16,483,257             |                       | 16,483,257             |
| Transaction Cost Regulatory Asset         |                        |                       |                        |             |                     |                        | -                     | -                      |
| Nonutility plant                          |                        |                       |                        |             |                     |                        | (103,253)             | (103,253)              |
| FCG Acquisition Adjustment                | 1,497,497              | 607,928               | 889,569                |             |                     | 889,569                | -                     | 889,569                |
| Accumulated Removal Cost                  |                        |                       |                        |             |                     |                        | -                     | -                      |
| Capital structure adjustments             |                        |                       |                        |             |                     |                        | 37,647,895            | 37,647,895             |
| Gas cost/conservation/CRA underrecoveries |                        |                       |                        |             |                     |                        | (1,217,319)           | (1,217,319)            |
| Interest payable adjustment               |                        |                       |                        |             |                     |                        | (1,054,700)           | (1,054,700)            |
| Regulatory expense                        |                        |                       |                        |             |                     |                        | -                     | -                      |
| Pension and Transition Costs Reg. Asset   |                        |                       |                        |             |                     |                        | 631,727               | 631,727                |
| Fort Pierce Utility acquisition           | (34,800)               | (19,248)              | (15,552)               |             |                     | (15,552)               | -                     | (15,552)               |
| <b>TOTAL FPSC ADJUSTMENTS</b>             | <b>\$ 352,497</b>      | <b>\$ 8,343,502</b>   | <b>\$ (7,991,005)</b>  | <b>\$ -</b> | <b>\$ -</b>         | <b>\$ (7,991,005)</b>  | <b>\$ 35,904,349</b>  | <b>\$ 27,913,344</b>   |
| <b>FPSC ADJUSTED</b>                      | <b>\$ 294,790,680</b>  | <b>\$ 135,474,633</b> | <b>\$ 159,316,047</b>  | <b>\$ -</b> | <b>\$ 5,765,385</b> | <b>\$ 165,081,432</b>  | <b>\$ (2,950,500)</b> | <b>\$ 162,130,932</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>\$ 294,790,680</b>  | <b>\$ 135,474,633</b> | <b>\$ 159,316,047</b>  | <b>\$ -</b> | <b>\$ 5,765,385</b> | <b>\$ 165,081,432</b>  | <b>\$ (2,950,500)</b> | <b>\$ 162,130,932</b>  |
| <b>PRO FORMA ADJUSTMENTS:</b>             |                        |                       |                        |             |                     |                        |                       |                        |
| <b>TOTAL PRO FORMA ADJUSTMENTS</b>        | <b>\$ (21,656,835)</b> | <b>\$ (5,173,578)</b> | <b>\$ (16,483,257)</b> | <b>\$ -</b> | <b>\$ -</b>         | <b>\$ (16,483,257)</b> | <b>\$ (631,727)</b>   | <b>\$ (17,114,984)</b> |
| <b>PRO FORMA ADJUSTED</b>                 | <b>\$ 273,133,845</b>  | <b>\$ 130,301,055</b> | <b>\$ 142,832,789</b>  | <b>\$ -</b> | <b>\$ 5,765,385</b> | <b>\$ 148,598,174</b>  | <b>\$ (3,582,227)</b> | <b>\$ 145,015,947</b>  |

FLORIDA CITY GAS  
AVERAGE RATE OF RETURN  
INCOME STATEMENT  
June 2012

|   | (1)                   | (2)                 | (3)                  | (4)                  | (5)                                 | (6)                     | (7)                               | (8)                      | (9)                         | (10)                           | (11)                    |
|---|-----------------------|---------------------|----------------------|----------------------|-------------------------------------|-------------------------|-----------------------------------|--------------------------|-----------------------------|--------------------------------|-------------------------|
|   | OPERATING<br>REVENUES | O&M GAS<br>EXPENSE  | O&M OTHER            | DEPR. & AMORT.       | TAXES OTHER<br>THAN INCOME<br>TAXES | INCOME TAXES<br>CURRENT | DEFERRED<br>INCOME TAXES<br>(NET) | INV. TAX CREDIT<br>(NET) | GAIN/LOSS ON<br>DISPOSITION | TOTAL<br>OPERATING<br>EXPENSES | NET OPERATING<br>INCOME |
| PER BOOKS                               | \$ 70,233,804         | \$ 22,967,386       | \$ 15,688,360        | \$ 11,112,392        | \$ 6,166,956                        | \$ 449,649              | \$ 3,530,569                      | \$ (1,259)               | \$ -                        | \$ 59,914,053                  | \$ 10,319,752           |
| End of year customer refund accrual     |                       | \$ -                |                      | \$ -                 |                                     |                         |                                   |                          |                             | \$ -                           | \$ -                    |
| ADJUSTED BOOKS                          | \$ 70,233,804         | \$ 22,967,386       | \$ 15,688,360        | \$ 11,112,392        | \$ 6,166,956                        | \$ 449,649              | \$ 3,530,569                      | \$ (1,259)               | \$ -                        | \$ 59,914,053                  | \$ 10,319,752           |
| <b>FPSC ADJUSTMENTS:</b>                |                       |                     |                      |                      |                                     |                         |                                   |                          |                             |                                |                         |
| Fuel revenues/costs                     | (23,082,223)          | (22,967,386)        |                      |                      | (114,837)                           | -                       |                                   |                          |                             | (23,082,223)                   | -                       |
| Franchise/gross receipts taxes          | (4,050,802)           |                     |                      |                      | (4,050,802)                         | -                       |                                   |                          |                             | (4,050,802)                    | -                       |
| ECP revenue/costs                       | -                     |                     |                      |                      | -                                   | -                       |                                   |                          |                             | -                              | -                       |
| Adjustment                              | -                     |                     |                      |                      | -                                   | -                       |                                   |                          |                             | -                              | -                       |
| AGL Purchase Premium per Amort Sched    |                       |                     |                      | 721,895              |                                     | (271,650)               |                                   |                          |                             | 450,245                        | (450,245)               |
| Transaction Cost Regulatory Asset       |                       |                     |                      | -                    |                                     | -                       |                                   |                          |                             | -                              | -                       |
| Propane Sales                           | (35,809)              |                     |                      | -                    |                                     | (13,475)                |                                   |                          |                             | (13,475)                       | (22,334)                |
| Propane Cost                            |                       |                     | (53,300)             |                      |                                     | 20,056                  |                                   |                          |                             | (33,244)                       | 33,244                  |
| 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                | -                     | -                   | -                    | -                    | -                                   | (73,365)                | -                                 | -                        | -                           | (73,365)                       | 73,365                  |
| <b>TOTAL FPSC ADJUSTMENTS</b>           | <b>(27,168,834)</b>   | <b>(22,967,386)</b> | <b>(83,706)</b>      | <b>886,144</b>       | <b>(4,165,639)</b>                  | <b>(326,993)</b>        | <b>(61,807)</b>                   | <b>-</b>                 | <b>-</b>                    | <b>(26,719,386)</b>            | <b>(449,447)</b>        |
| <b>FPSC ADJUSTED</b>                    | <b>\$ 43,064,971</b>  | <b>\$ -</b>         | <b>\$ 15,604,654</b> | <b>\$ 11,998,536</b> | <b>\$ 2,001,317</b>                 | <b>\$ 122,656</b>       | <b>\$ 3,468,762</b>               | <b>\$ (1,259)</b>        | <b>\$ -</b>                 | <b>\$ 33,194,666</b>           | <b>\$ 9,870,304</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</b>                     | <b>-</b>              | <b>-</b>            | <b>-</b>             | <b>-</b>             | <b>-</b>                            | <b>-</b>                | <b>-</b>                          | <b>-</b>                 | <b>-</b>                    | <b>-</b>                       | <b>-</b>                |
| <b>FLEX RATE REVENUES</b>               | <b>\$ 43,064,971</b>  | <b>\$ -</b>         | <b>\$ 15,604,654</b> | <b>\$ 11,998,536</b> | <b>\$ 2,001,317</b>                 | <b>\$ 122,656</b>       | <b>\$ 3,468,762</b>               | <b>\$ (1,259)</b>        | <b>\$ -</b>                 | <b>\$ 33,194,666</b>           | <b>\$ 9,870,304</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>415,914</b>          | <b>61,807</b>                     | <b>-</b>                 | <b>-</b>                    | <b>(408,423)</b>               | <b>408,423</b>          |
| <b>PRO FORMA ADJUSTED</b>               | <b>\$ 43,064,971</b>  | <b>\$ -</b>         | <b>\$ 15,604,654</b> | <b>\$ 11,112,392</b> | <b>\$ 2,001,317</b>                 | <b>\$ 538,571</b>       | <b>\$ 3,530,569</b>               | <b>\$ (1,259)</b>        | <b>\$ -</b>                 | <b>\$ 32,786,244</b>           | <b>\$ 10,278,727</b>    |
| <b>PER BOOKS</b>                        |                       |                     |                      |                      |                                     |                         |                                   |                          |                             |                                |                         |
| <b>CURRENT QUARTER AMOUNT</b>           | <b>\$ 17,200,935</b>  | <b>\$ 5,675,962</b> | <b>\$ 4,098,919</b>  | <b>\$ 2,937,425</b>  | <b>\$ 1,639,146</b>                 | <b>\$ 1,017,648</b>     | <b>\$ (288,912)</b>               | <b>\$ (315)</b>          | <b>\$ -</b>                 | <b>\$ 15,079,872</b>           | <b>\$ 2,121,063</b>     |

**FLORIDA CITY GAS**  
**YEAR END RATE BASE**  
**RATE BASE**  
**June 2012**

|   | (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        |
| <b>PER BOOKS</b>                          | \$ 302,063,572         | \$ 133,505,612        | \$ 168,557,961         | \$ -        | \$ 10,192,726        | \$ 178,750,686         | \$ (44,749,775)       | \$ 134,000,912         |
| <b><u>FPSC ADJUSTMENTS:</u></b>           |                        |                       |                        |             |                      |                        |                       |                        |
| Goodwill                                  | (26,633,077)           | -                     | (26,633,077)           |             |                      | (26,633,077)           |                       | (26,633,077)           |
| AGL Common Plant                          | 4,117,707              | 2,835,527             | 1,282,180              |             |                      | 1,282,180              |                       | 1,282,180              |
| AGL Acquisition Adj. Per Amort Schedule   | 21,656,835             | 5,534,525             | 16,122,310             |             |                      | 16,122,310             |                       | 16,122,310             |
| Transaction Cost Regulatory Asset         |                        |                       | -                      |             |                      | -                      | -                     | -                      |
| FCG Acquisition Adjustments               | 1,497,497              | 631,874               | 865,623                |             |                      | 865,623                | -                     | 865,623                |
| Nonutility plant                          | -                      | -                     | -                      |             |                      | -                      | (96,749)              | (96,749)               |
| Capital structure adjustments             |                        |                       | -                      |             |                      | -                      | 41,430,098            | 41,430,098             |
| Gas cost/conservation/CRA underrecoveries |                        |                       | -                      |             |                      | -                      | (1,346,059)           | (1,346,059)            |
| Interest payable adjustment               |                        |                       | -                      |             |                      | -                      | -                     | -                      |
| Pension and Transition Costs Reg. Asset   |                        |                       |                        |             |                      |                        | 580,506               | 580,506                |
| Gain on Sale of Medley Property           |                        |                       |                        |             |                      |                        | -                     | -                      |
| Fort Pierce Utility acquisition           | (34,800)               | (19,824)              | (14,976)               | -           | -                    | (14,976)               | -                     | (14,976)               |
| <b>TOTAL FPSC ADJUSTMENTS</b>             | <b>604,162</b>         | <b>8,982,102</b>      | <b>(8,377,940)</b>     | <b>-</b>    | <b>-</b>             | <b>(8,377,940)</b>     | <b>40,567,796</b>     | <b>32,189,856</b>      |
| <b>FPSC ADJUSTED</b>                      | <b>\$ 302,667,734</b>  | <b>\$ 142,487,714</b> | <b>\$ 160,180,021</b>  | <b>\$ -</b> | <b>\$ 10,192,726</b> | <b>\$ 170,372,746</b>  | <b>\$ (4,181,979)</b> | <b>\$ 166,190,768</b>  |
| <b><u>PRO FORMA ADJUSTMENTS:</u></b>      |                        |                       |                        |             |                      |                        |                       |                        |
| <b>TOTAL PRO FORMA ADJUSTMENTS</b>        | <b>\$ (21,656,835)</b> | <b>\$ (5,534,525)</b> | <b>\$ (16,122,310)</b> | <b>\$ -</b> | <b>\$ -</b>          | <b>\$ (16,122,310)</b> | <b>\$ (580,506)</b>   | <b>\$ (16,702,816)</b> |
| <b>PRO FORMA ADJUSTED</b>                 | <b>\$ 281,010,899</b>  | <b>\$ 136,953,189</b> | <b>\$ 144,057,711</b>  | <b>\$ -</b> | <b>\$ 10,192,726</b> | <b>\$ 154,250,436</b>  | <b>\$ (4,762,485)</b> | <b>\$ 149,487,952</b>  |

FLORIDA CITY GAS  
CAPITAL STRUCTURE  
FPSC ADJUSTED BASIS  
June 2012

| AVERAGE                     | PER BOOKS             | COMPANY RATIO  | ADJUSTMENTS TO INVESTOR CAPITAL |                       | ADJUSTMENTS       |                        |                       | LOW POINT      |               | MID POINT         |               | HIGH POINT        |               |                   |
|-----------------------------|-----------------------|----------------|---------------------------------|-----------------------|-------------------|------------------------|-----------------------|----------------|---------------|-------------------|---------------|-------------------|---------------|-------------------|
|                             |                       |                | ADJUSTED                        | ADJUSTED              | SPECIFIC          | PRO RATA               | ADJUSTED              | RATIO (%)      | COST RATE (%) | WEIGHTED COST (%) | COST RATE (%) | WEIGHTED COST (%) | COST RATE (%) | WEIGHTED COST (%) |
| DIVISIONAL CAPITAL          | \$ 72,141,711         | 41.98%         | \$ (5,723,997)                  | \$ 66,417,714         |                   | \$ (4,665,955)         | \$ 61,751,759         | 38.09%         | 10.25%        | 3.90%             | 11.25%        | 4.29%             | 12.25%        | 4.67%             |
| LONG TERM DEBT              | 62,075,877            | 36.12%         | 3,840,798                       | 65,916,675            |                   | (4,630,756)            | 61,285,919            | 37.80%         | 5.22%         | 1.97%             | 5.22%         | 1.97%             | 5.22%         | 1.97%             |
| SHORT TERM DEBT             | 9,550,545             | 5.56%          | 1,883,203                       | 11,433,748            |                   | (803,240)              | 10,630,508            | 6.56%          | 1.72%         | 0.11%             | 1.72%         | 0.11%             | 1.72%         | 0.11%             |
| PREFERRED STOCK             | -                     | 0.00%          | -                               | -                     |                   | -                      | -                     | 0.00%          | 0.00%         | 0.00%             | 0.00%         | 0.00%             | 0.00%         | 0.00%             |
| CUSTOMER DEPOSITS           | 3,772,171             | 2.19%          | -                               | 3,772,171             |                   | -                      | 3,772,171             | 2.33%          | 6.73%         | 0.16%             | 6.73%         | 0.16%             | 6.73%         | 0.16%             |
| TAX CREDITS - ZERO COST     | 5,046                 | 0.00%          | -                               | 5,046                 |                   | -                      | 5,046                 | 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 | <u>24,320,132</u>     | <u>14.15%</u>  | <u>-</u>                        | <u>24,320,132</u>     | <u>365,396</u>    | <u>-</u>               | <u>24,685,528</u>     | <u>15.23%</u>  | <u>0.00%</u>  | <u>0.00%</u>      | <u>0.00%</u>  | <u>0.00%</u>      | <u>0.00%</u>  | <u>0.00%</u>      |
| <b>TOTAL</b>                | <b>\$ 171,865,482</b> | <b>100.00%</b> | <b>\$ -</b>                     | <b>\$ 171,865,482</b> | <b>\$ 365,396</b> | <b>\$ (10,099,951)</b> | <b>\$ 162,130,932</b> | <b>100.00%</b> | <b>6.14%</b>  | <b>6.53%</b>      | <b>6.53%</b>  | <b>6.91%</b>      | <b>6.91%</b>  |                   |

| YEAR END                    | PER BOOKS             | COMPANY RATIO  | ADJUSTMENTS TO INVESTOR CAPITAL |                       | ADJUSTMENTS       |                       |                       | LOW POINT      |               | MIDPOINT          |               | HIGH POINT        |               |                   |
|-----------------------------|-----------------------|----------------|---------------------------------|-----------------------|-------------------|-----------------------|-----------------------|----------------|---------------|-------------------|---------------|-------------------|---------------|-------------------|
|                             |                       |                | ADJUSTED                        | ADJUSTED              | SPECIFIC          | PRO RATA              | ADJUSTED              | RATIO (%)      | COST RATE (%) | WEIGHTED COST (%) | COST RATE (%) | WEIGHTED COST (%) | COST RATE (%) | WEIGHTED COST (%) |
| DIVISIONAL CAPITAL          | \$ 71,833,118         | 40.95%         | \$ (4,228,205)                  | \$ 67,604,913         |                   | \$ (4,443,420)        | \$ 63,161,493         | 38.01%         | 10.25%        | 3.90%             | 11.25%        | 4.28%             | 12.25%        | 4.66%             |
| LONG TERM DEBT              | 62,167,794            | 35.44%         | 4,927,130                       | 67,094,924            |                   | (4,409,901)           | 62,685,023            | 37.72%         | 5.22%         | 1.97%             | 5.22%         | 1.97%             | 5.22%         | 1.97%             |
| SHORT TERM DEBT             | 12,337,049            | 7.03%          | (698,925)                       | 11,638,124            |                   | (764,931)             | 10,873,193            | 6.54%          | 1.72%         | 0.11%             | 1.72%         | 0.11%             | 1.72%         | 0.11%             |
| PREFERRED STOCK             | -                     | 0.00%          | -                               | -                     |                   | -                     | -                     | 0.00%          | 0.00%         | 0.00%             | 0.00%         | 0.00%             | 0.00%         | 0.00%             |
| CUSTOMER DEPOSITS           | 3,821,473             | 2.18%          | -                               | 3,821,473             |                   | -                     | 3,821,473             | 2.30%          | 6.73%         | 0.15%             | 6.73%         | 0.15%             | 6.73%         | 0.15%             |
| TAX CREDITS - ZERO COST     | 4,417                 | 0.00%          | -                               | 4,417                 |                   | -                     | 4,417                 | 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 | <u>25,267,159</u>     | <u>14.40%</u>  | <u>-</u>                        | <u>25,267,159</u>     | <u>378,010</u>    | <u>-</u>              | <u>25,645,169</u>     | <u>15.43%</u>  | <u>0.00%</u>  | <u>0.00%</u>      | <u>0.00%</u>  | <u>0.00%</u>      | <u>0.00%</u>  | <u>0.00%</u>      |
| <b>TOTAL</b>                | <b>\$ 175,431,010</b> | <b>100.00%</b> | <b>\$ (0)</b>                   | <b>\$ 175,431,009</b> | <b>\$ 378,010</b> | <b>\$ (9,618,252)</b> | <b>\$ 166,190,768</b> | <b>100.00%</b> | <b>6.13%</b>  | <b>6.51%</b>      | <b>6.51%</b>  | <b>6.89%</b>      | <b>6.89%</b>  |                   |

| AVERAGE EXCLUDING AGL ACQ<br>ADJ. & REG. ASSETS | PER BOOKS             | COMPANY RATIO  | ADJUSTMENTS TO INVESTOR CAPITAL |                       | ADJUSTMENTS       |                        |                       | LOW POINT      |               | MIDPOINT          |               | HIGH POINT        |               |                   |
|---|-----------------------|----------------|---------------------------------|-----------------------|-------------------|------------------------|-----------------------|----------------|---------------|-------------------|---------------|-------------------|---------------|-------------------|
|   |                       |                | ADJUSTED                        | ADJUSTED              | SPECIFIC          | PRO RATA               | ADJUSTED              | RATIO (%)      | COST RATE (%) | WEIGHTED COST (%) | COST RATE (%) | WEIGHTED COST (%) | COST RATE (%) | WEIGHTED COST (%) |
| DIVISIONAL CAPITAL                              | \$ 72,141,711         | 41.98%         | \$ (5,723,997)                  | \$ 66,417,714         |                   | \$ (12,572,701)        | \$ 53,845,013         | 37.13%         | 10.25%        | 3.81%             | 11.25%        | 4.18%             | 12.25%        | 4.55%             |
| LONG TERM DEBT                                  | 62,075,877            | 36.12%         | 3,840,798                       | 65,916,675            |                   | \$ (12,477,856)        | 53,438,819            | 36.85%         | 5.22%         | 1.92%             | 5.22%         | 1.92%             | 5.22%         | 1.92%             |
| SHORT TERM DEBT                                 | 9,550,545             | 5.56%          | 1,883,203                       | 11,433,748            |                   | \$ (2,164,379)         | 9,269,369             | 6.39%          | 1.72%         | 0.11%             | 1.72%         | 0.11%             | 1.72%         | 0.11%             |
| PREFERRED STOCK                                 | -                     | 0.00%          | -                               | -                     |                   | -                      | -                     | 0.00%          | 0.00%         | 0.00%             | 0.00%         | 0.00%             | 0.00%         | 0.00%             |
| CUSTOMER DEPOSITS                               | 3,772,171             | 2.19%          | -                               | 3,772,171             |                   | -                      | 3,772,171             | 2.60%          | 6.73%         | 0.17%             | 6.73%         | 0.17%             | 6.73%         | 0.17%             |
| TAX CREDITS - ZERO COST                         | 5,046                 | 0.00%          | -                               | 5,046                 |                   | -                      | 5,046                 | 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                     | <u>24,320,132</u>     | <u>14.15%</u>  | <u>-</u>                        | <u>24,320,132</u>     | <u>365,396</u>    | <u>-</u>               | <u>24,685,528</u>     | <u>17.02%</u>  | <u>0.00%</u>  | <u>0.00%</u>      | <u>0.00%</u>  | <u>0.00%</u>      | <u>0.00%</u>  | <u>0.00%</u>      |
| <b>TOTAL</b>                                    | <b>\$ 171,865,482</b> | <b>100.00%</b> | <b>\$ -</b>                     | <b>\$ 171,865,482</b> | <b>\$ 365,396</b> | <b>\$ (27,214,936)</b> | <b>\$ 145,015,947</b> | <b>100.00%</b> | <b>6.01%</b>  | <b>6.38%</b>      | <b>6.38%</b>  | <b>6.75%</b>      | <b>6.75%</b>  |                   |

**FLORIDA CITY GAS**  
**EARNED RETURN ON COMMON EQUITY**  
**FPSC ADJUSTED BASIS**  
**June 2012**

SCHEDULE 5

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

|  |                      |
|--|----------------------|
| FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN                      | <u>6.09%</u>         |
| LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR: |                      |
| LONG TERM DEBT   | -1.97%               |
| SHORT TERM DEBT  | -0.11%               |
| PREFERRED STOCK  | 0.00%                |
| CUSTOMER DEPOSITS  | -0.16%               |
| TAX CREDITS-WEIGHTED COST(MIDPOINT)                              | <u>0.00%</u>         |
| <b>SUBTOTAL</b>  | <b><u>-2.24%</u></b> |
| <b>TOTAL</b>   | <b><u>3.85%</u></b>  |
| DIVIDED BY RECONCILED COMMON EQUITY RATIO                        | <u>38.09%</u>        |
| <b>JURISDICTIONAL RETURN ON COMMON EQUITY</b>                    | <b><u>10.11%</u></b> |

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

|  |                      |
|--|----------------------|
| NET OPERATING INCOME EXCLUDING FLEX RATE REVENUES                | \$ 10,278,727        |
| RATE BASE EXCLUDING FLEX RATE REVENUES                           | \$ 145,015,947       |
| FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN                      | 7.09%                |
| LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR: |                      |
| LONG TERM DEBT   | -1.92%               |
| SHORT TERM DEBT  | -0.11%               |
| PREFERRED STOCK  | 0.00%                |
| CUSTOMER DEPOSITS  | -0.17%               |
| TAX CREDITS-WEIGHTED COST(MIDPOINT)                              | <u>0.00%</u>         |
| <b>SUBTOTAL</b>  | <b><u>-2.20%</u></b> |
| <b>TOTAL</b>   | <b><u>4.89%</u></b>  |
| DIVIDED BY RECONCILED COMMON EQUITY RATIO                        | <u>37.13%</u>        |
| <b>JURISDICTIONAL RETURN ON COMMON EQUITY</b>                    | <b><u>13.17%</u></b> |