Florida City Gas

955 E 25 Street
Hialeah, FL 33013
Tel # (305) 835-3601

May 16, 2013

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

RECEIVED
FLORIDA PUBLIC SERVICE COMMISSION
13 MAY 17 PM 3:43
DIVISION OF
ACCOUNTING & FINANCE

Re: Florida City Gas
Surveillance Report for March 2013

Dear Mr. Slemkewicz:

Enclosed find Florida City Gas' March 2013 Surveillance Report.

Sincerely,

R Abreu

Rosie Abreu
Financial Analyst

FLORIDA PUBLIC SERVICE COMMISSION

INVESTOR-OWNED NATURAL GAS UTILITY

EARNINGS SURVEILLANCE REPORT

FLORIDA CITY GAS

March 2013

PSC/AFA 13 (6/94)

FLORIDA CITY GAS
YEAR END RATE BASE
March 2013

		(1) ACTUAL PER BOOKS	(2) FPSC ADJUSTMENTS	(3) FPSC ADJUSTED	(4) PRO FORMA ADJUSTMENTS	(5) PRO FORMA ADJUSTED
I. AVERAGE RATE OF RETURN (JURISDICTIONAL)						
NET OPERATING INCOME	(a)	$ 11,471,238	$ (559,382)	$ 10,911,856	$ 421,704	$ 11,333,560
AVERAGE RATE BASE	(a)	$ 136,132,789	$ 29,285,599	$ 165,418,387	$ (16,496,732)	$ 148,921,656
AVERAGE RATE OF RETURN	(a)	8.43%		6.60%		7.61%
II. YEAR END RATE BASE (JURISDICTIONAL)		$ 138,359,712	$ 28,109,606	$ 166,469,318	$ (16,084,563)	$ 150,384,755

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

LOW	5.80%
MIDPOINT	6.16%
HIGH	6.52%

IV. EARNED RETURN ON EQUITY (FPSC ADJUSTED BASIS)

A. INCLUDING AGL ACQ. ADJ. & REGULATORY ASSETS	12.46%
B. EXC.UDING AGL ACQ. ADJ. & REGULATORY ASSETS	15.72%

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 guility 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)

5.14.2013
(Date)

FLORIDA CITY GAS

AVERAGE RATE OF RETURN

RATE BASE

March 2013

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	$ 306,291,493	$ 134,940,239	$ 171,351,254	$ -	$ 9,761,519	$ 181,112,773	$ (44,979,985)	$ 136,132,789
2									
3	FPSC ADJUSTMENTS:								
4	Goodwill	(26,633,077)	-	(26,633,077)			(26,633,077)		(26,633,077)
5	AGL Common Plant	3,293,233	2,247,370	1,045,863			1,045,863		1,045,863
6	AGL Purchase Premium	21,656,835	5,714,999	15,941,836			15,941,836		15,941,836
7	Remove AEP			-		(2,274,668)	(2,274,668)	(535,150)	(2,809,818)
8	Nonutility plant			-			-	(95,288)	(95,288)
9	FCG Acquisition Adjustment	1,497,497	643,847	853,650			853,650	-	853,650
10	Accumulated Removal Cost		-	-			-	-	-
11	Capital structure adjustments			-			-	42,594,331	42,594,331
12	Gas cost/conservation/CRA underrecoveries			-			-	(1,095,403)	(1,095,403)
13	Interest payable adjustment			-			-	(1,056,703)	(1,056,703)
14	Regulatory expense			-			-	-	-
15	Pension and Transition Costs Reg. Asset							554,895	554,895
16	Fort Pierce Utility acquisition	(34,800)	(20,112)	(14,688)	-	-	(14,688)	-	(14,688)
17	TOTAL FPSC ADJUSTMENTS	$ (220,312)	$ 8,586,104	$ (8,806,416)	$ -	$ (2,274,668)	$ (11,081,084)	$ 40,366,683	$ 29,285,599
18									
19	FPSC ADJUSTED	$ 306,071,181	$ 143,526,342	$ 162,544,839	$ -	$ 7,486,851	$ 170,031,690	$ (4,613,302)	$ 165,418,387
20									
21	FLEX RATE REVENUES	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
22									
23	ADJUSTED FOR FLEX RATE REVENUES	$ 306,071,181	$ 143,526,342	$ 162,544,839	$ -	$ 7,486,851	$ 170,031,690	$ (4,613,302)	$ 165,418,387
24									
25									
26									
27	PRO FORMA ADJUSTMENTS:								
28									
29	TOTAL PRO FORMA ADJUSTMENTS	$ (21,656,835)	$ (5,714,999)	$ (15,941,836)	$ -	$ -	$ (15,941,836)	$ (554,895)	$ (16,496,732)
30									
31	PRO FORMA ADJUSTED	$ 284,414,346	$ 137,811,344	$ 146,603,002	$ -	$ 7,486,851	$ 154,089,853	$ (5,168,197)	$ 148,921,656

FLORIDA CITY GAS
AVERAGE RATE OF RETURN
INCOME STATEMENT
March 2013

Line No.		(1) OPERATING REVENUES	(2) O&M GAS EXPENSE	(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	$ 78,186,406	$ 26,975,263	$ 16,023,384	$ 11,910,901	$ 6,961,079	$ 3,240,430	$ 1,605,370	$ (1,260)	$ -	$ 66,715,168	$ 11,471,238
2	End of year customer refund accrual		$ -		$ -		-				$ -	$ -
3	ADJUSTED BOOKS	$ 78,186,406	$ 26,975,263	$ 16,023,384	$ 11,910,901	$ 6,961,079	$ 3,240,430	$ 1,605,370	$ (1,260)	$ -	$ 66,715,168	$ 11,471,238
4												
5	FPSC ADJUSTMENTS:											
6	Fuel revenues/costs	(27,110,140)	(26,975,263)			(134,876)	-				(27,110,140)	-
7	Franchise/gross receipts taxes	(4,331,796)				(4,331,796)	-				(4,331,796)	-
8	ECP revenue/costs	-		-		-	-				-	-
10	Remove AEP	(854,212)			(610,486)		(91,715)				(702,201)	(152,011)
11	AGL Purchase Premium per Amort Sched				721,895		(271,650)				450,245	(450,245)
12	Transaction Cost Regulatory Asset				-		-				-	-
13	Propane Sales	(37,265)			-	-	(14,023)				(14,023)	(23,242)
14	Propane Cost			(36,686)			13,804				(22,882)	22,882
15	Association dues			(16,025)			6,030				(9,995)	9,995
16	Economic development expense			(878)			330				(548)	548
17	Pension and Transition Costs Reg. Asset			-	164,249			(61,807)			102,442	(102,442)
18	Employee activities			(13,503)			5,081				(8,422)	8,422
19	Interest synchronization	-	-	-	-	-	(126,711)	-	-	-	(126,711)	126,711
20	TOTAL FPSC ADJUSTMENTS	(32,333,413)	(26,975,263)	(67,092)	275,658	(4,466,672)	(478,854)	(61,807)	-	-	(31,774,031)	(559,382)
21												
22	FPSC ADJUSTED	$ 45,852,993	$ -	$ 15,956,292	$ 12,186,559	$ 2,494,406	$ 2,761,576	$ 1,543,563	$ (1,260)	$ -	$ 34,941,137	$ 10,911,856
23												
24	FLEX RATE REVENUES	-	-	-	-	-	-	-	-	-	-	-
25	ADJUSTED FOR											
26	FLEX RATE REVENUES	$ 45,852,993	$ -	$ 15,956,292	$ 12,186,559	$ 2,494,406	$ 2,761,576	$ 1,543,563	$ (1,260)	$ -	$ 34,941,137	$ 10,911,856
27												
28												
29	PRO FOR<A ADJUSTMENTS											
30												
31	TOTAL PRO FORMA ADJUSTMENTS	-	-	-	(886,144)	-	402,633	61,807	-	-	(421,704)	421,704
32												
33	PRO FORMA ADJUSTED	$ 45,852,993	$ -	$ 15,956,292	$ 11,300,415	$ 2,494,406	$ 3,164,209	$ 1,605,370	$ (1,260)	$ -	$ 34,519,433	$ 11,333,560
34												
35	PER BOOKS											
36	CURRENT QUARTER AMOUNT	$ 24,168,228	$ 9,009,000	$ 4,327,534	$ 3,465,404	$ 2,004,611	$ 1,202,493	$ 553,592	$ (315)		$ 20,562,318	$ 3,605,910

SCHEDULE 3

FLORIDA CITY GAS
YEAR END RATE BASE
RATE BASE
March 2013

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**	$ 319,016,493	$ 137,989,978	$ 181,026,515	$ -	$ (1,927,743)	$ 179,098,773	$ (40,739,061)	$ 138,359,712
2									
3	**FPSC ADJUSTMENTS:**								
4	Goodwill	(26,633,077)	-	(26,633,077)			(26,633,077)		(26,633,077)
5	AGL Common Plant	3,662,946	2,439,947	1,222,999			1,222,999		1,222,999
6	AGL Acquisition Adj. Per Amort Schedule	21,656,835	6,075,946	15,580,889			15,580,889		15,580,889
7	Remove AEP			-		(213,722)	(213,722)	(7,373,882)	(7,587,605)
8	FCG Acquisition Adjustments	1,497,497	667,793	829,704			829,704	-	829,704
9	Nonutility plant	-	-	-			-	(92,483)	(92,483)
10	Capital structure adjustments			-			-	44,952,731	44,952,731
11	Gas cost/conservation/CRA underrecoveries						-	(653,114)	(653,114)
12	Interest payable adjustment			-			-	-	-
13	Pension and Transition Costs Reg. Asset							503,674	503,674
14	Gain on Sale of Medley Property							-	-
15	Fort Pierce Utility acquisition	(34,800)	(20,688)	(14,112)	-	-	(14,112)	-	(14,112)
16	**TOTAL FPSC ADJUSTMENTS**	149,401	9,162,997	(9,013,597)	-	(213,722)	(9,227,319)	37,336,925	28,109,606
17									
18	**FPSC ADJUSTED**	$ 319,165,894	$ 147,152,975	$ 172,012,919	$ -	$ (2,141,465)	$ 169,871,454	$ (3,402,136)	$ 166,469,318
19									
20	**PRO FORMA ADJUSTMENTS:**								
21									
22	**TOTAL PRO FORMA ADJUSTMENTS**	$ (21,656,835)	$ (6,075,946)	$ (15,580,889)	$ -	$ -	$ (15,580,889)	$ (503,674)	$ (16,084,563)
23									
24	**PRO FORMA ADJUSTED**	$ 297,509,059	$ 141,077,029	$ 156,432,030	$ -	$ (2,141,465)	$ 154,290,565	$ (3,905,810)	$ 150,384,755

SCHEDULE 4

FLORIDA CITY GAS
CAPITAL STRUCTURE
FPSC ADJUSTED BASIS
March 2013

						ADJUSTMENTS				LOW POINT		MID POINT		HIGH POINT	
Line No.	AVERAGE	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 (%)
1	DIVISIONAL CAPITAL	$ 72,082,465	40.33%	$ (6,703,353)	$ 65,379,112		$ (5,757,861)	$ 59,621,251	36.04%	10.25%	3.69%	11.25%	4.05%	12.25%	4.41%
2															
3	LONG TERM DEBT	64,050,323	35.84%	900,402	64,950,725		(5,720,134)	59,230,591	35.81%	5.07%	1.82%	5.07%	1.82%	5.07%	1.82%
4															
5	SHORT TERM DEBT	12,991,696	7.27%	5,802,957	18,794,653		(1,655,223)	17,139,430	10.36%	1.36%	0.14%	1.36%	0.14%	1.36%	0.14%
6															
7	PREFERRED STOCK	-	0.00%		-			-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
8															
9	CUSTOMER DEPOSITS	3,794,304	2.12%		3,794,304			3,794,304	2.29%	6.73%	0.15%	6.73%	0.15%	6.73%	0.15%
10															
11	TAX CREDITS - ZERO COST	4,110	0.00%		4,110			4,110	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	25,804,221	14.44%	-	25,804,221	(175,520)	-	25,628,701	15.49%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
16	TOTAL	$ 178,727,120	100.00%	$ 5	$ 178,727,125	$ (175,520)	$ (13,133,218)	$ 165,418,387	100.00%		5.80%		6.16%		6.52%
17															

18						ADJUSTMENTS				LOW POINT		MIDPOINT		HIGH POINT	
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	$ 70,504,536	38.46%	$ (3,658,545)	$ 66,845,991		$ (6,971,789)	$ 59,874,202	35.97%	10.25%	3.69%	11.25%	4.05%	12.25%	4.41%
21															
22	LONG TERM DEBT	67,855,176	37.02%	(1,447,178)	66,407,998		(6,926,108)	59,481,890	35.73%	5.07%	1.81%	5.07%	1.81%	5.07%	1.81%
23															
24	SHORT TERM DEBT	14,110,618	7.70%	5,105,723	19,216,341		(2,004,193)	17,212,148	10.34%	1.36%	0.14%	1.36%	0.14%	1.36%	0.14%
25															
26	PREFERRED STOCK	-	0.00%		-			-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
27															
28	CUSTOMER DEPOSITS	3,809,427	2.08%		3,809,427			3,809,427	2.29%	6.73%	0.15%	6.73%	0.15%	6.73%	0.15%
29															
30	TAX CREDITS - ZERO COST	3,472	0.00%		3,472	-		3,472	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	27,029,214	14.74%	-	27,029,214	(941,035)	-	26,088,179	15.67%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
35	TOTAL	$ 183,312,443	100.00%	$ (0)	$ 183,312,443	$ (941,035)	$ (15,902,090)	$ 166,469,318	100.00%		5.79%		6.15%		6.51%
36															

37						ADJUSTMENTS				LOW POINT		MIDPOINT		HIGH POINT	
38	AVERAGE EXCLUDING AGL ACQ ADJ. & 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	$ 72,082,465	40.33%	$ (6,703,353)	$ 65,379,112		$ (12,990,353)	$ 52,388,759	35.18%	10.25%	3.61%	11.25%	3.96%	12.25%	4.31%
40															
41	LONG TERM DEBT	64,050,323	35.84%	900,402	64,950,725		$ (12,905,236)	52,045,489	34.95%	5.07%	1.77%	5.07%	1.77%	5.07%	1.77%
42															
43	SHORT TERM DEBT	12,991,696	7.27%	5,802,957	18,794,653		$ (3,734,361)	15,060,292	10.11%	1.36%	0.14%	1.36%	0.14%	1.36%	0.14%
44															
45	PREFERRED STOCK	-	0.00%		-			-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
46															
47	CUSTOMER DEPOSITS	3,794,304	2.12%		3,794,304			3,794,304	2.55%	6.73%	0.17%	6.73%	0.17%	6.73%	0.17%
48															
49	TAX CREDITS - ZERO COST	4,110	0.00%		4,110			4,110	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	25,804,221	14.44%	-	25,804,221	(175,520)	-	25,628,701	17.21%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
54	TOTAL	$ 178,727,120	100.00%	$ 5	$ 178,727,125	$ (175,520)	$ (29,629,949)	$ 148,921,656	100.00%		5.69%		6.04%		6.39%

FLORIDA CITY GAS SCHEDULE 5

EARNED RETURN ON COMMON EQUITY

FPSC ADJUSTED BASIS

March 2013

A. INCLUDING AGL ACQUISITION ADJUSTMENT & REGULATORY ASSETS

Line No.		
1	FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	6.60%
2	LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:	
3	LONG TERM DEBT	-1.82%
4	SHORT TERM DEBT	-0.14%
5	PREFERRED STOCK	0.00%
6	CUSTOMER DEPOSITS	-0.15%
7	TAX CREDITS-WEIGHTED COST(MIDPOINT)	0.00%
8	**SUBTOTAL**	**-2.11%**
9	**TOTAL**	**4.49%**
10	DIVIDED BY RECONCILED COMMON EQUITY RATIO	36.04%
11	**JURISDICTIONAL RETURN ON COMMON EQUITY**	**12.46%**
12		
13		
14		
15		
16		
17	**B. EXCLUDING AGL ACQUISITION ADJUSTMENT & REGULATORY ASSETS**	
18		
19	NET OPERATING INCOME EXCLUDING FLEX RATE REVENUES	$ 11,333,560
20		
21	RATE BASE EXCLUDING FLEX RATE REVENUES	$ 148,921,656
22		
23	FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	7.61%
24	LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:	
25	LONG TERM DEBT	-1.77%
26	SHORT TERM DEBT	-0.14%
27	PREFERRED STOCK	0.00%
28	CUSTOMER DEPOSITS	-0.17%
29	TAX CREDITS-WEIGHTED COST(MIDPOINT)	0.00%
30	**SUBTOTAL**	**-2.08%**
31	**TOTAL**	**5.53%**
32	DIVIDED BY RECONCILED COMMON EQUITY RATIO	35.18%
33	**JURISDICTIONAL RETURN ON COMMON EQUITY**	**15.72%**