

FLORIDA PUBLIC SERVICE COMMISSION

INVESTOR-OWNED NATURAL GAS UTILITY
EARNINGS SURVEILLANCE REPORT

FLORIDA CITY GAS

June 2020

PSC/AFA 13 (6/94)

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

		(1) ACTUAL <u>PER BOOKS</u>		(2) FPSC <u>ADJUSTMENTS</u>		(3) FPSC <u>ADJUSTED</u>		(4) PRO FORMA <u>ADJUSTMENTS</u>		(5) PRO FORMA <u>ADJUSTED</u>
<u>I. AVERAGE RATE OF RETURN (JURISDICTIONAL)</u>										
NET OPERATING INCOME	(a)	\$ 9,706,210	\$	938,095	\$	10,644,306	\$	517,874	\$	11,162,179
AVERAGE RATE BASE	(a)	\$ 373,321,794	\$	(38,841,427)	\$	334,480,366	\$	(10,708,101)	\$	323,772,265
AVERAGE RATE OF RETURN	(a)	2.60%		3.18%		3.45%				
<u>II. YEAR END RATE BASE (JURISDICTIONAL)</u>										
		\$ 377,241,386	\$	(41,419,591)	\$	335,821,795	\$	(10,347,154)	\$	325,474,641

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

IV. EARNED RETURN ON EQUITY (FPSC ADJUSTED BASIS)

LOW	<u>5.09%</u>
MIDPOINT	<u>5.43%</u>
HIGH	<u>5.78%</u>

A. INCLUDING AGL ACQ. ADJ. & REGULATORY ASSETS	<u>3.67%</u>
B. EXCLUDING AGL ACQ. ADJ. & REGULATORY ASSETS	<u>4.46%</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

8/14/2020
(Date)

FLORIDA CITY GAS
AVERAGE RATE OF RETURN
RATE BASE
June 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)	\$ 472,948,435	\$ 191,281,949	\$ 281,666,486	\$ -	\$ 41,727,287	\$ 323,393,773	\$ 49,928,021	\$ 373,321,794
2									
3	FPSC ADJUSTMENTS								
4	REMOVE SAFE CLAUSE PLANT	(9,082,182)	(102,942)	(8,979,240)		(1,134,827)	(10,114,067)		(10,114,067)
5	REMOVE AEP						(11,918,727)		(11,918,727)
6	INTERCOMPANY AR/AP						1,802,187		1,802,187
7	CLAUSE UNDERRECOVERIES						(2,210,580)		(2,210,580)
8	REMOVE LEASES	(103,693)	(72,581)	(31,112)		(31,112)	31,111		(1)
9	TEMPORARY CASH INVESTMENTS						(16,400,239)		(16,400,239)
10	TOTAL FPSC ADJUSTMENTS (2)	\$ (9,185,875)	\$ (175,523)	\$ (9,010,352)	\$ -	\$ (1,134,827)	\$ (10,145,179)	\$ (28,696,248)	\$ (38,841,427)
11									
12	FPSC ADJUSTED	\$ 463,762,560	\$ 191,106,426	\$ 272,656,134	\$ -	\$ 40,592,460	\$ 313,248,594	\$ 21,231,772	\$ 334,480,366
13									
14	ADJUSTED FOR FLEX RATE REVENUES	\$ 463,762,560	\$ 191,106,426	\$ 272,656,134	\$ -	\$ 40,592,460	\$ 313,248,594	\$ 21,231,772	\$ 334,480,366
15									
16	PRO FORMA ADJUSTMENTS								
17									
18	TOTAL PRO FORMA ADJUSTMENTS	\$ (21,656,835)	\$ (10,948,734)	\$ (10,708,101)	\$ -	\$ -	\$ (10,708,101)	\$ -	\$ (10,708,101)
19									
20	PRO FORMA ADJUSTED	\$ 442,105,725	\$ 180,157,692	\$ 261,948,033	\$ -	\$ 40,592,460	\$ 302,540,493	\$ 21,231,772	\$ 323,772,265

(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
June 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	\$ 91,254,961	\$ 18,843,927	\$ 38,448,940	\$ 14,986,778	\$ 8,536,133	\$ (1,259,123)	\$ -	\$ -	\$ 81,548,751	\$ 9,706,210
2	END OF YEAR CUSTOMER REFUND ACCRUAL									\$ -	\$ -
3	ADJUSTED BOOKS	\$ 91,254,961	\$ 18,843,927	\$ 38,448,940	\$ 14,986,778	\$ 8,536,133	\$ (1,259,123)	\$ -	\$ -	\$ 81,548,751	\$ 9,706,210
4											
5	FPSC ADJUSTMENTS										
6	FUEL REVENUES/COSTS	(19,293,751)	(19,266,610)		(96,333)	-				(19,362,943)	69,192
7	FRANCHISE/GROSS RECEIPTS TAXES	(4,886,307)			(4,929,302)	-				(4,929,302)	42,995
8	ECP REVENUE/COSTS	(5,948,305)		(5,879,653)	(68,415)	(59)				(5,948,127)	(178)
9	AEP REVENUE/COSTS	860,216		(929,197)		441,252				(487,945)	1,348,161
10	SAFE REVENUE/COSTS	(997,344)		(4,784)	(244,776)	(78,518)	(165,035)			(493,112)	(504,232)
11	ASSOCIATION DUES			(156,892)			38,688			(118,204)	118,204
12	INTEREST SYNCHRONIZATION	-	-	-	-	-	136,048	-	-	136,048	(136,048)
13	TOTAL FPSC ADJUSTMENTS	<u>(30,265,491)</u>	<u>(19,266,610)</u>	<u>(6,041,329)</u>	<u>(1,173,973)</u>	<u>(5,172,568)</u>	<u>450,894</u>	<u>-</u>	<u>-</u>	<u>(31,203,586)</u>	<u>938,095</u>
14											
15	FPSC ADJUSTED	<u>\$ 60,989,470</u>	<u>\$ (422,683)</u>	<u>\$ 32,407,611</u>	<u>\$ 13,812,805</u>	<u>\$ 3,363,565</u>	<u>\$ (808,229)</u>	<u>\$ 1,992,096</u>	<u>\$ -</u>	<u>\$ 50,345,164</u>	<u>\$ 10,644,306</u>
16											
17	FLEX RATE REVENUES	-	-	-	-	-	-	-	-	-	-
18	ADJUSTED FOR										
19	FLEX RATE REVENUES	\$ 60,989,470	\$ (422,683)	\$ 32,407,611	\$ 13,812,805	\$ 3,363,565	\$ (808,229)	\$ 1,992,096	\$ -	\$ 50,345,164	\$ 10,644,306
20											
21	PRO FORMA ADJUSTMENTS										
22											
23	TOTAL PRO FORMA ADJUSTMENTS	<u>-</u>	<u>-</u>	<u>-</u>	<u>(721,885)</u>	<u>-</u>	<u>204,021</u>	<u>-</u>	<u>-</u>	<u>(517,874)</u>	<u>517,874</u>
24											
25	PRO FORMA ADJUSTED	<u>\$ 60,989,470</u>	<u>\$ (422,683)</u>	<u>\$ 32,407,611</u>	<u>\$ 13,090,910</u>	<u>\$ 3,567,586</u>	<u>\$ (604,208)</u>	<u>\$ 1,992,096</u>	<u>\$ -</u>	<u>\$ 49,827,291</u>	<u>\$ 11,162,179</u>

FLORIDA CITY GAS
YEAR END RATE BASE
RATE BASE
June 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)	\$ 505,982,980	\$ 196,063,284	\$ 309,919,696	\$ -	\$ 27,986,038	\$ 337,905,734	\$ 39,335,652	\$ 377,241,386
2								
3 FPSC ADJUSTMENTS								
4 REMOVE SAFE CLAUSE PLANT	(14,177,401)	(244,776)	(13,932,626)		(630,555)	(14,563,181)		(14,563,181)
5 REMOVE AEP	-		-		-		(10,528,942)	(10,528,942)
6 INTERCOMPANY AR/AP							1,602,790	1,602,790
7 CLAUSE UNDERRECOVERIES					-	-	(1,877,660)	(1,877,660)
8 REMOVE LEASES	(34,195)	(32,307)	(1,888)			(1,888)	1,888	0
9 TEMPORARY CASH INVESTMENTS							(16,052,598)	(16,052,598)
10 TOTAL FPSC ADJUSTMENTS(2)	<u>(14,211,597)</u>	<u>(277,083)</u>	<u>(13,934,514)</u>	<u>-</u>	<u>(630,555)</u>	<u>(14,565,069)</u>	<u>(26,854,522)</u>	<u>(41,419,591)</u>
11								
12 FPSC ADJUSTED	<u>\$ 491,771,383</u>	<u>\$ 195,786,201</u>	<u>\$ 295,985,182</u>	<u>\$ -</u>	<u>\$ 27,355,483</u>	<u>\$ 323,340,665</u>	<u>\$ 12,481,130</u>	<u>\$ 335,821,795</u>
13								
14 PRO FORMA ADJUSTMENTS								
15								
16 TOTAL PRO FORMA ADJUSTMENTS	<u>\$ (21,656,835)</u>	<u>\$ (11,309,681)</u>	<u>\$ (10,347,154)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (10,347,154)</u>	<u>\$ -</u>	<u>\$ (10,347,154)</u>
17								
18 PRO FORMA ADJUSTED	<u>\$ 470,114,548</u>	<u>\$ 184,476,520</u>	<u>\$ 285,638,028</u>	<u>\$ -</u>	<u>\$ 27,355,483</u>	<u>\$ 312,993,511</u>	<u>\$ 12,481,130</u>	<u>\$ 325,474,641</u>

(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
June 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	\$ 129,006,862	34.56%	\$ -	\$ 129,006,862	\$ (13,422,229)	\$	115,584,632	34.56%	9.19%	3.18%	10.19%	3.52%	11.19%	3.87%
2															
3	LONG TERM DEBT	140,796,110	37.71%	-	140,796,110	\$ (14,648,815)		126,147,295	37.71%	4.19%	1.58%	4.19%	1.58%	4.19%	1.58%
4															
5	SHORT TERM DEBT	46,150,685	12.36%	-	46,150,685	\$ (4,801,644)		41,349,040	12.36%	2.54%	0.31%	2.54%	0.31%	2.54%	0.31%
6															
7	PREFERRED STOCK	-	0.00%	-	-			-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
8															
9	CUSTOMER DEPOSITS	2,982,901	0.80%		2,982,901	\$ (310,349)		2,672,552	0.80%	2.78%	0.02%	2.78%	0.02%	2.78%	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	54,385,236	14.57%	-	54,385,236	\$ (5,658,390)		48,726,846	14.57%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
16	TOTAL	\$ 373,321,794	100.00%	\$ -	\$ 373,321,794	\$ -	\$ (38,841,427)	\$ 334,480,366	100.00%	5.09%		5.43%		5.78%	
17															
18															
19	YEAR END														
20	DIVISIONAL CAPITAL	\$ 160,063,249	42.43%	\$ -	\$ 160,063,249	\$ (17,574,303)	\$	142,488,946	42.43%	9.19%	3.90%	10.19%	4.32%	11.19%	4.75%
21															
22	LONG TERM DEBT	79,332,719	21.03%	-	79,332,719	\$ (8,710,414)		70,622,304	21.03%	4.16%	0.87%	4.16%	0.87%	4.16%	0.87%
23															
24	SHORT TERM DEBT	79,988,299	21.20%	-	79,988,299	\$ (8,782,394)		71,205,904	21.20%	3.15%	0.67%	3.15%	0.67%	3.15%	0.67%
25															
26	PREFERRED STOCK	-	0.00%	-	-			-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
27															
28	CUSTOMER DEPOSITS	2,962,628	0.79%		2,962,628	\$ (325,285)		2,637,343	0.79%	2.78%	0.02%	2.78%	0.02%	2.78%	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	54,894,492	14.55%	-	54,894,492	\$ (6,027,195)		48,867,297	14.55%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
35	TOTAL	\$ 377,241,386	100.00%	\$ -	\$ 377,241,386	\$ -	\$ (41,419,591)	\$ 335,821,795	100.00%	5.46%		5.88%		6.31%	
36															
37															
38	AVERAGE EXCLUDING AGL ACQ ADJ. & REG. ASSETS														
39	DIVISIONAL CAPITAL	\$ 129,006,862	34.56%	\$ -	\$ 129,006,862	\$ (17,122,572)	\$	111,884,290	34.56%	9.19%	3.18%	10.19%	3.52%	11.19%	3.87%
40															
41	LONG TERM DEBT	140,796,110	37.71%	-	140,796,110	\$ (18,687,312)		122,108,798	37.71%	4.19%	1.58%	4.19%	1.58%	4.19%	1.58%
42															
43	SHORT TERM DEBT	46,150,685	12.36%	-	46,150,685	\$ (6,125,398)		40,025,287	12.36%	2.54%	0.31%	2.54%	0.31%	2.54%	0.31%
44															
45	PREFERRED STOCK	-	0.00%	-	-			-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
46															
47	CUSTOMER DEPOSITS	2,982,901	0.80%		2,982,901	\$ (395,909)		2,586,993	0.80%	2.78%	0.02%	2.78%	0.02%	2.78%	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	54,385,236	14.57%	-	54,385,236	\$ (7,218,338)		47,166,898	14.57%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
54	TOTAL	\$ 373,321,794	100.00%	\$ -	\$ 373,321,794	\$ -	\$ (49,549,528)	\$ 323,772,265	100.00%	5.09%		5.43%		5.78%	

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

SCHEDULE 5

A. INCLUDING AGL ACQUISITION ADJUSTMENT & REGULATORY ASSETS

Line		
No.		
<u>1</u>	FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	<u>3.18%</u>
<u>2</u>	LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:	
<u>3</u>	LONG TERM DEBT	-1.58%
<u>4</u>	SHORT TERM DEBT	-0.31%
<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>-1.91%</u>
<u>9</u>	TOTAL	<u>1.27%</u>
<u>10</u>	DIVIDED BY RECONCILED COMMON EQUITY RATIO	<u>34.56%</u>
<u>11</u>	JURISDICTIONAL RETURN ON COMMON EQUITY	<u>3.67%</u>

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B. EXCLUDING AGL ACQUISITION ADJUSTMENT & REGULATORY ASSETS

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18
19
20
21
22

<u>19</u>	NET OPERATING INCOME EXCLUDING FLEX RATE REVENUES	\$ 11,162,179
<u>21</u>	RATE BASE EXCLUDING FLEX RATE REVENUES	\$ 323,772,265
<u>23</u>	FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	3.45%
<u>24</u>	LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:	
<u>25</u>	LONG TERM DEBT	-1.58%
<u>26</u>	SHORT TERM DEBT	-0.31%
<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>-1.91%</u>
<u>31</u>	TOTAL	<u>1.54%</u>
<u>32</u>	DIVIDED BY RECONCILED COMMON EQUITY RATIO	<u>34.56%</u>
<u>33</u>	JURISDICTIONAL RETURN ON COMMON EQUITY	<u>4.46%</u>