

FLORIDA PUBLIC SERVICE COMMISSION

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

FLORIDA CITY GAS

September 2020

PSC/AFA 13 (6/94)

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

		(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)	\$ 9,170,668		\$ 292,772		\$ 9,463,440		\$ 519,106		\$ 9,982,546
AVERAGE RATE BASE	(a)	\$ 376,119,459		\$ (42,017,191)		\$ 334,102,268		\$ (10,527,627)		\$ 323,574,640
AVERAGE RATE OF RETURN	(a)	2.44%				2.83%				3.09%
<u>II. YEAR END RATE BASE (JURISDICTIONAL)</u>										
		\$ 375,354,027		\$ (28,439,013)		\$ 346,915,014		\$ (10,166,680)		\$ 336,748,334

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

LOW	<u>5.24%</u>
MIDPOINT	<u>5.61%</u>
HIGH	<u>5.97%</u>

IV. EARNED RETURN ON EQUITY (FPSC ADJUSTED BASIS)

A. INCLUDING AGL ACQ. ADJ. & REGULATORY ASSETS	<u>2.54%</u>
B. EXCLUDING AGL ACQ. ADJ. & REGULATORY ASSETS	<u>3.25%</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

11/13/2020
(Date)

FLORIDA CITY GAS
AVERAGE RATE OF RETURN
RATE BASE
September 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)	\$ 488,480,239	\$ 193,797,334	\$ 294,682,905	\$ -	\$ 36,512,947	\$ 331,195,852	\$ 44,923,606	\$ 376,119,459
2									
3	FPSC ADJUSTMENTS:								
4	REMOVE SAFE CLAUSE PLANT	(11,513,751)	(169,824)	(11,343,927)		(1,047,404)	(12,391,331)		(12,391,331)
5	REMOVE AEP						(11,239,069)		(11,239,069)
6	INTERCOMPANY AR/AP						1,726,122		1,726,122
7	CLAUSE UNDERRECOVERIES						(2,293,940)		(2,293,940)
8	REMOVE LEASES	(67,151)	(51,497)	(15,654)		(15,654)	15,654		0
9	TEMPORARY CASH INVESTMENTS						(17,818,973)		(17,818,973)
10	TOTAL FPSC ADJUSTMENTS (2)	\$ (11,580,902)	\$ (221,321)	\$ (11,359,581)	\$ -	\$ (1,047,404)	\$ (12,406,985)	\$ (29,610,206)	\$ (42,017,191)
11									
12	FPSC ADJUSTED	\$ 476,899,337	\$ 193,576,013	\$ 283,323,324	\$ -	\$ 35,465,543	\$ 318,788,867	\$ 15,313,401	\$ 334,102,268
13									
14	ADJUSTED FOR FLEX RATE REVENUES	\$ 476,899,337	\$ 193,576,013	\$ 283,323,324	\$ -	\$ 35,465,543	\$ 318,788,867	\$ 15,313,401	\$ 334,102,268
15									
16	PRO FORMA ADJUSTMENTS:								
17									
18	TOTAL PRO FORMA ADJUSTMENTS	\$ (21,656,835)	\$ (11,129,208)	\$ (10,527,627)	\$ -	\$ -	\$ (10,527,627)	\$ -	\$ (10,527,627)
19									
20	PRO FORMA ADJUSTED	\$ 455,242,502	\$ 182,446,806	\$ 272,795,697	\$ -	\$ 35,465,543	\$ 308,261,240	\$ 15,313,401	\$ 323,574,640

(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
September 2020

Line No.		(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
1	PER BOOKS	\$ 88,621,665	\$ 17,443,387	\$ 38,081,805	\$ 15,520,590	\$ 8,141,549	\$ 3,074,549	\$ (2,810,883)	\$ -	\$ -	\$ 79,450,997	\$ 9,170,668
2	END OF YEAR CUSTOMER REFUND ACCRUAL										\$ -	\$ -
3	ADJUSTED BOOKS	\$ 88,621,665	\$ 17,443,387	\$ 38,081,805	\$ 15,520,590	\$ 8,141,549	\$ 3,074,549	\$ (2,810,883)	\$ -	\$ -	\$ 79,450,997	\$ 9,170,668
4												
5	<u>FPSC ADJUSTMENTS:</u>											
6	FUEL REVENUES/COSTS	(18,567,703)	(17,751,121)			(88,756)	-				(17,839,877)	(727,826)
7	FRANCHISE/GROSS RECEIPTS TAXES	(4,836,644)				(4,876,220)	-				(4,876,220)	39,576
8	ECP REVENUE/COSTS	(5,784,142)		(5,712,015)		(71,817)	(76)				(5,783,908)	(234)
9	AEP REVENUE/COSTS	849,675			(942,561)		439,489				(503,072)	1,352,747
10	SAFE REVENUE/COSTS	(1,252,184)		(2,688)	(300,440)	(95,589)	(209,286)				(608,003)	(644,181)
11	ASSOCIATION DUES			(153,326)			37,598				(115,728)	115,728
12	INTEREST SYNCHRONIZATION	-	-	-	-	-	(156,962)				(156,962)	156,962
13	TOTAL FPSC ADJUSTMENTS	(29,590,997)	(17,751,121)	(5,868,030)	(1,243,000)	(5,132,381)	110,763	-	-	-	(29,883,770)	292,772
14												
15	FPSC ADJUSTED	\$ 59,030,668	\$ (307,734)	\$ 32,213,775	\$ 14,277,590	\$ 3,009,167	\$ 3,185,312	\$ (2,810,883)	\$ -	\$ -	\$ 49,567,228	\$ 9,463,440
16												
17	FLEX RATE REVENUES	-	-	-	-	-	-	-	-	-	-	-
18	ADJUSTED FOR											
19	FLEX RATE REVENUES	\$ 59,030,668	\$ (307,734)	\$ 32,213,775	\$ 14,277,590	\$ 3,009,167	\$ 3,185,312	\$ (2,810,883)	\$ -	\$ -	\$ 49,567,228	\$ 9,463,440
20												
21	PRO FORMA ADJUSTMENTS											
22												
23	TOTAL PRO FORMA ADJUSTMENTS	-	-	-	(721,895)	-	202,788	-	-	-	(519,106)	519,106
24												
25	PRO FORMA ADJUSTED	\$ 59,030,668	\$ (307,734)	\$ 32,213,775	\$ 13,555,696	\$ 3,211,955	\$ 3,388,101	\$ (2,810,883)	\$ -	\$ -	\$ 49,048,122	\$ 9,982,546

FLORIDA CITY GAS
YEAR END RATE BASE
RATE BASE
September 2020

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 (1)	\$ 515,385,867	\$ 199,718,618	\$ 315,667,249	\$ -	\$ 33,161,115	\$ 348,828,364	\$ 26,525,663	\$ 375,354,027
2								
3 <u>FPSC ADJUSTMENTS:</u>								
4 REMOVE SAFE CLAUSE PLANT	(15,346,732)	(339,611)	(15,007,120)		(316,319)	(15,323,439)		(15,323,439)
5 REMOVE AEP	-		-		-	-	(10,333,428)	(10,333,428)
6 INTERCOMPANY AR/AP							2,726,573	2,726,573
7 CLAUSE UNDERRECOVERIES					-	-	(2,002,297)	(2,002,297)
8 REMOVE LEASES	-	-	-			-	-	-
9 TEMPORARY CASH INVESTMENTS							(3,506,421)	(3,506,421)
10 TOTAL FPSC ADJUSTMENTS (2)	<u>(15,346,732)</u>	<u>(339,611)</u>	<u>(15,007,120)</u>	<u>-</u>	<u>(316,319)</u>	<u>(15,323,439)</u>	<u>(13,115,574)</u>	<u>(28,439,013)</u>
11								
12 FPSC ADJUSTED	<u>\$ 500,039,135</u>	<u>\$ 199,379,007</u>	<u>\$ 300,660,129</u>	<u>\$ -</u>	<u>\$ 32,844,796</u>	<u>\$ 333,504,924</u>	<u>\$ 13,410,090</u>	<u>\$ 346,915,014</u>
13								
14 <u>PRO FORMA ADJUSTMENTS:</u>								
15								
16 TOTAL PRO FORMA ADJUSTMENTS	<u>\$ (21,656,835)</u>	<u>\$ (11,490,155)</u>	<u>\$ (10,166,680)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (10,166,680)</u>	<u>\$ -</u>	<u>\$ (10,166,680)</u>
17								
18 PRO FORMA ADJUSTED	<u>\$ 478,382,300</u>	<u>\$ 187,888,852</u>	<u>\$ 290,493,448</u>	<u>\$ -</u>	<u>\$ 32,844,796</u>	<u>\$ 323,338,244</u>	<u>\$ 13,410,090</u>	<u>\$ 336,748,334</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
September 2020

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	\$ 136,435,684	36.27%	\$ -	\$ 136,435,684	\$ -	(\$ 15,241,552)	\$ 121,194,132	36.27%	9.19%	3.33%	10.19%	3.70%	11.19%	4.06%
2															
3	LONG TERM DEBT	117,755,437	31.31%	-	117,755,437	\$ -	(13,154,737)	104,600,700	31.31%	4.46%	1.40%	4.46%	1.40%	4.46%	1.40%
4															
5	SHORT TERM DEBT	64,608,842	17.18%	-	64,608,842	\$ -	(7,217,606)	57,391,236	17.18%	2.87%	0.49%	2.87%	0.49%	2.87%	0.49%
6															
7	PREFERRED STOCK	-	0.00%	-	-	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
8															
9	CUSTOMER DEPOSITS	2,964,231	0.79%	-	2,964,231	\$ -	(331,141)	2,633,090	0.79%	2.81%	0.02%	2.26%	0.02%	2.26%	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	54,355,265	14.45%	-	54,355,265	\$ -	(6,072,155)	48,283,111	14.45%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
16	TOTAL	\$ 376,119,459	100.00%	\$ -	\$ 376,119,459	\$ -	(\$ 42,017,191)	\$ 334,102,268	100.00%		5.24%		5.61%		5.97%
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	\$ 161,494,836	43.02%	\$ -	\$ 161,494,836	\$ -	(12,235,792)	\$ 149,259,044	43.02%	9.19%	3.95%	10.19%	4.38%	11.19%	4.81%
21															
22	LONG TERM DEBT	79,371,271	21.15%	-	79,371,271	\$ -	(6,013,631)	73,357,640	21.15%	4.17%	0.88%	4.17%	0.88%	4.17%	0.88%
23															
24	SHORT TERM DEBT	79,988,112	21.31%	-	79,988,112	\$ -	(6,060,366)	73,927,746	21.31%	3.16%	0.67%	3.16%	0.67%	3.16%	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	2,969,350	0.79%	-	2,969,350	\$ -	(224,975)	2,744,375	0.79%	2.81%	0.02%	2.26%	0.02%	2.26%	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	51,530,457	13.73%	-	51,530,457	\$ -	(3,904,248)	47,626,209	13.73%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
35	TOTAL	\$ 375,354,027	100.00%	\$ -	\$ 375,354,027	\$ -	(\$ 28,439,013)	\$ 346,915,014	100.00%		5.52%		5.95%		6.38%
36															
37															
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	\$ 136,435,684	36.27%	\$ -	\$ 136,435,684	\$ -	(19,060,402)	\$ 117,375,281	36.27%	9.19%	3.33%	10.19%	3.70%	11.19%	4.06%
40															
41	LONG TERM DEBT	117,755,437	31.31%	-	117,755,437	\$ -	(16,450,726)	101,304,711	31.31%	4.46%	1.40%	4.46%	1.40%	4.46%	1.40%
42															
43	SHORT TERM DEBT	64,608,842	17.18%	-	64,608,842	\$ -	(9,026,015)	55,582,827	17.18%	2.87%	0.49%	2.87%	0.49%	2.87%	0.49%
44															
45	PREFERRED STOCK	-	0.00%	-	-	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
46															
47	CUSTOMER DEPOSITS	2,964,231	0.79%	-	2,964,231	\$ -	(414,110)	2,550,121	0.79%	2.81%	0.02%	2.26%	0.02%	2.26%	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	54,355,265	14.45%	-	54,355,265	\$ -	(7,593,565)	46,761,700	14.45%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
54	TOTAL	\$ 376,119,459	100.00%	\$ -	\$ 376,119,459	\$ -	(\$ 25,544,818)	\$ 323,574,640	100.00%		5.24%		5.61%		5.97%

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

SCHEDULE 5

A. INCLUDING AGL ACQUISITION ADJUSTMENT & REGULATORY ASSETS

Line No.		
1	FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	<u>2.83%</u>
2	LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:	
3	LONG TERM DEBT	-1.40%
4	SHORT TERM DEBT	-0.49%
5	PREFERRED STOCK	0.00%
6	CUSTOMER DEPOSITS	-0.02%
7	TAX CREDITS-WEIGHTED COST(MIDPOINT)	<u>0.00%</u>
8	SUBTOTAL	<u>-1.91%</u>
9	TOTAL	<u>0.92%</u>
10	DIVIDED BY RECONCILED COMMON EQUITY RATIO	<u>36.27%</u>
11	JURISDICTIONAL RETURN ON COMMON EQUITY	<u>2.54%</u>

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13
14
15
16

B. EXCLUDING AGL ACQUISITION ADJUSTMENT & REGULATORY ASSETS

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19
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22

NET OPERATING INCOME EXCLUDING FLEX RATE REVENUES	\$	9,982,546
RATE BASE EXCLUDING FLEX RATE REVENUES	\$	323,574,640

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FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	3.09%
LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:	
LONG TERM DEBT	-1.40%
SHORT TERM DEBT	-0.49%
PREFERRED STOCK	0.00%
CUSTOMER DEPOSITS	-0.02%
TAX CREDITS-WEIGHTED COST(MIDPOINT)	<u>0.00%</u>
SUBTOTAL	<u>-1.91%</u>
TOTAL	<u>1.18%</u>
DIVIDED BY RECONCILED COMMON EQUITY RATIO	<u>36.27%</u>
JURISDICTIONAL RETURN ON COMMON EQUITY	<u>3.25%</u>