



March 16, 2020

Mr. Andrew L. Maurey, Director
Division of Accounting and Finance
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399

Re: 2020 Forecasted Earnings Surveillance Report

Dear Mr. Maurey:

On February 13, 2020 you approved Florida City Gas ("FCG") for an extension of time to March 16, 2020 to file its 2020 forecasted earnings surveillance report ("FESR"). Consistent with that extension, I am enclosing FCG's 2020 FESR. Please note that the forecast results contained in the FESR reflect the Company's 2020 planning assumptions.

Sincerely,

A handwritten signature in black ink, appearing to read "Scott Bores", written over a horizontal line.

Scott Bores

Senior Director-Financial Planning & Analysis

Enclosures

Cc: J. R. Kelly, Office of Public Counsel

FLORIDA PUBLIC SERVICE COMMISSION

INVESTOR-OWNED NATURAL GAS UTILITY
FORECAST EARNINGS SURVEILLANCE REPORT

FLORIDA CITY GAS

December 2020

PSC/AFA 13 (6/94)

FLORIDA CITY GAS
 YEAR END RATE BASE
 December 2020

		(1)	(2)	(3)	(4)	(5)
		<u>PER BOOKS</u>	<u>FPSC ADJUSTMENTS</u>	<u>FPSC ADJUSTED</u>	<u>PRO FORMA ADJUSTMENTS</u>	<u>PRO FORMA ADJUSTED</u>
<u>I. AVERAGE RATE OF RETURN (JURISDICTIONAL)</u>						
NET OPERATING INCOME	(a)	\$ 20,434,627	\$ 19,364	\$ 20,453,992	\$ 520,029	\$ 20,974,021
AVERAGE RATE BASE	(a)	\$ 375,561,430	\$ (32,862,468)	\$ 342,698,963	\$ (10,708,101)	\$ 331,990,862
AVERAGE RATE OF RETURN	(a)	5.44%		5.97%		6.32%
<u>II. YEAR END RATE BASE (JURISDICTIONAL)</u>						
		\$ 403,326,847	\$ (35,469,338)	\$ 367,857,510	\$ (10,347,154)	\$ 357,510,356

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

LOW	<u>5.58%</u>
MIDPOINT	<u>5.99%</u>
HIGH	<u>6.39%</u>

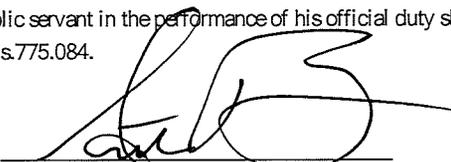
IV. EARNED RETURN ON EQUITY (FPSC ADJUSTED BASIS)

A. INCLUDING AGL ACQ. ADJ. & REGULATORY ASSETS	<u>10.14%</u>
B. EXCLUDING AGL ACQ. ADJ. & REGULATORY ASSETS	<u>11.01%</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.

Scott Bores, Senior Director Financial Planning and Analysis
 (Name and Title of Chief Financial Officer)


 (Signature)

3/16/2020
 (Date)

FLORIDA CITY GAS
 AVERAGE RATE OF RETURN
 RATE BASE
 December 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	\$ 482,001,452	\$ 188,351,180	\$ 293,650,272	\$ -	\$ 54,057,685	\$ 347,707,958	\$ 27,853,473	\$ 375,561,430
2								
3	FPSC ADJUSTMENTS:							
4	(13,291,324.54)	(326,059)	(12,965,266)		(2,476,617)	(15,441,883)		(15,441,883)
5							(14,978,246)	(14,978,246)
6							-	-
7							(2,442,339)	(2,442,339)
8							-	-
9							-	-
10	<u>\$ (13,291,325)</u>	<u>\$ (326,059)</u>	<u>\$ (12,965,266)</u>	<u>\$ -</u>	<u>\$ (2,476,617)</u>	<u>\$ (15,441,883)</u>	<u>\$ (17,420,585)</u>	<u>\$ (32,862,468)</u>
11								
12	<u>\$ 468,710,128</u>	<u>\$ 188,025,122</u>	<u>\$ 280,685,006</u>	<u>\$ -</u>	<u>\$ 51,581,069</u>	<u>\$ 332,266,075</u>	<u>\$ 10,432,888</u>	<u>\$ 342,698,963</u>
13								
14	<u>\$ 468,710,128</u>	<u>\$ 188,025,122</u>	<u>\$ 280,685,006</u>	<u>\$ -</u>	<u>\$ 51,581,069</u>	<u>\$ 332,266,075</u>	<u>\$ 10,432,888</u>	<u>\$ 342,698,963</u>
15								
16	PRO FORMA ADJUSTMENTS:							
17								
18	<u>\$ (21,656,835)</u>	<u>\$ (10,948,734)</u>	<u>\$ (10,708,101)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (10,708,101)</u>	<u>\$ -</u>	<u>\$ (10,708,101)</u>
19								
20	<u>\$ 447,053,293</u>	<u>\$ 177,076,387</u>	<u>\$ 269,976,905</u>	<u>\$ -</u>	<u>\$ 51,581,069</u>	<u>\$ 321,557,974</u>	<u>\$ 10,432,888</u>	<u>\$ 331,990,862</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
AVERAGE RATE OF RETURN
INCOME STATEMENT
December 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	\$ 96,131,341	\$ 21,261,147	\$ 26,110,022	\$ 15,324,910	\$ 8,505,219	\$ 4,068,966	\$ 426,448	\$ -	\$ -	\$ 75,696,714	\$ 20,434,627
2	END OF YEAR CUSTOMER REFUND ACCRUAL									\$ -	\$ -	\$ -
3	ADJUSTED BOOKS	\$ 96,131,341	\$ 21,261,147	\$ 26,110,022	\$ 15,324,910	\$ 8,505,219	\$ 4,068,966	\$ 426,448	\$ -	\$ -	\$ 75,696,714	\$ 20,434,627
4												
5	FPSC ADJUSTMENTS:											
6	FUEL REVENUES/COSTS	(21,288,502)	(21,261,147)		(106,306)	-				(21,367,453)	78,951	
7	FRANCHISE/GROSS RECEIPTS TAXES	(5,067,045)			(5,094,400)	-				(5,094,400)	27,354	
8	ECP REVENUE/COSTS	(5,564,178)		(5,502,944)	(61,293)	14				(5,564,223)	44	
9	AEP REVENUE/COSTS	(1,610,040)			(1,653,071)	10,552				(1,642,519)	32,479	
10	SAFE REVENUE/COSTS	(366,981)		(7,954)	(87,397)	(38,585)	(57,147)			(191,082)	(175,899)	
11	ASSOCIATION DUES			(142,434)			34,927			(107,506)	107,506	
12	INTEREST SYNCHRONIZATION	-	-	-	-	51,072	-	-	-	51,072	(51,072)	
13	TOTAL FPSC ADJUSTMENTS	(33,896,747)	(21,261,147)	(5,653,331)	(1,740,467)	(5,300,583)	39,418	-	-	(33,916,111)	19,364	
14												
15	FPSC ADJUSTED	\$ 62,234,594	\$ -	\$ 20,456,691	\$ 13,584,443	\$ 3,204,636	\$ 4,108,384	\$ 426,448	\$ -	\$ -	\$ 41,780,603	\$ 20,453,992
16												
17	FLEX RATE REVENUES	-	-	-	-	-	-	-	-	-	-	-
18	ADJUSTED FOR											
19	FLEX RATE REVENUES	\$ 62,234,594	\$ -	\$ 20,456,691	\$ 13,584,443	\$ 3,204,636	\$ 4,108,384	\$ 426,448	\$ -	\$ -	\$ 41,780,603	\$ 20,453,992
20												
21	PRO FORMA ADJUSTMENTS											
22												
23	TOTAL PRO FORMA ADJUSTMENTS	-	-	-	(721,895)	-	201,866	-	-	(520,029)	520,029	
24												
25	PRO FORMA ADJUSTED	\$ 62,234,594	\$ -	\$ 20,456,691	\$ 12,862,548	\$ 3,406,502	\$ 4,310,250	\$ 426,448	\$ -	\$ -	\$ 41,260,574	\$ 20,974,021

FLORIDA CITY GAS
YEAR END RATE BASE
RATE BASE
December 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)	\$ 546,458,687	\$ 194,930,443	\$ 351,528,244	\$ -	\$ 26,485,358	\$ 378,013,601	\$ 25,313,246	\$ 403,326,847
2								
3 <u>FPSC ADJUSTMENTS:</u>								
4 REMOVE SAFE CLAUSE PLANT	(21,539,398)	(580,297)	(20,959,102)		-	(20,959,102)		(20,959,102)
5 REMOVE AEP	-		-		-	-	(12,067,897)	(12,067,897)
6 NONUTILITY PLANT							-	
7 CLAUSE UNDERRECOVERIES					-	-	(2,442,339)	(2,442,339)
8 REMOVE LEASES	-	-	-			-	-	-
9 TEMPORARY CASH INVESTMENTS							-	-
10 TOTAL FPSC ADJUSTMENTS (2)	<u>(21,539,398)</u>	<u>(580,297)</u>	<u>(20,959,102)</u>	<u>-</u>	<u>-</u>	<u>(20,959,102)</u>	<u>(14,510,236)</u>	<u>(35,469,338)</u>
11								
12 FPSC ADJUSTED	<u>\$ 524,919,288</u>	<u>\$ 194,350,146</u>	<u>\$ 330,569,142</u>	<u>\$ -</u>	<u>\$ 26,485,358</u>	<u>\$ 357,054,500</u>	<u>\$ 10,803,010</u>	<u>\$ 367,857,510</u>
13								
14 <u>PRO FORMA ADJUSTMENTS:</u>								
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>\$ 503,262,453</u>	<u>\$ 183,040,465</u>	<u>\$ 320,221,988</u>	<u>\$ -</u>	<u>\$ 26,485,358</u>	<u>\$ 346,707,346</u>	<u>\$ 10,803,010</u>	<u>\$ 357,510,356</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
December 2020

Line No.	AVERAGE	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 (%)
1	DIVISIONAL CAPITAL	\$ 152,781,770	40.68%	\$ -	\$ 152,781,770		\$ (13,368,748)	\$ 139,413,022	40.68%	9.19%	3.74%	10.19%	4.15%	11.19%	4.55%
2															
3	LONG TERM DEBT	147,349,274	39.23%	-	147,349,274		\$ (12,893,392)	134,455,882	39.23%	4.31%	1.69%	4.31%	1.69%	4.31%	1.69%
4															
5	SHORT TERM DEBT	18,366,832	4.89%	-	18,366,832		\$ (1,607,139)	16,759,693	4.89%	2.75%	0.13%	2.75%	0.13%	2.75%	0.13%
6															
7	PREFERRED STOCK	-	0.00%	-	-			-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
8															
9	CUSTOMER DEPOSITS	2,977,451	0.79%		2,977,451		\$ (260,534)	2,716,917	0.79%	2.20%	0.02%	2.20%	0.02%	2.20%	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	54,086,104	14.41%	-	54,086,104		\$ (4,732,655)	49,353,448	14.40%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
16	TOTAL	\$ 375,561,431	100.00%	\$ -	\$ 375,561,431	\$ -	\$ (32,862,466)	\$ 342,698,963	100.00%	5.58%	5.99%	5.99%	5.99%	6.39%	6.39%
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	\$ 197,280,419	48.91%	\$ -	\$ 197,280,419		\$ (17,349,219)	\$ 179,931,200	48.91%	9.19%	4.49%	10.19%	4.98%	11.19%	5.47%
21															
22	LONG TERM DEBT	145,000,000	35.95%	-	145,000,000		\$ (12,751,579)	132,248,421	35.95%	4.31%	1.55%	4.31%	1.55%	4.31%	1.55%
23															
24	SHORT TERM DEBT	3,980,943	0.99%	-	3,980,943		\$ (350,092)	3,630,851	0.99%	3.25%	0.03%	3.25%	0.03%	3.25%	0.03%
25															
26	PREFERRED STOCK	-	0.00%	-	-			-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
27															
28	CUSTOMER DEPOSITS	2,978,770	0.74%		2,978,770		\$ (261,959)	2,716,811	0.74%	2.69%	0.02%	2.69%	0.02%	2.69%	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	54,086,715	13.41%	-	54,086,715		\$ (4,756,490)	49,330,226	13.41%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
35	TOTAL	\$ 403,326,847	100.00%	\$ -	\$ 403,326,847	\$ -	\$ (35,469,338)	\$ 367,857,510	100.00%	6.09%	6.58%	6.58%	6.58%	7.07%	7.07%
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	\$ 152,781,770	40.68%	\$ -	\$ 152,781,770		\$ (17,724,899)	\$ 135,056,871	40.68%	9.19%	3.74%	10.19%	4.15%	11.19%	4.55%
40															
41	LONG TERM DEBT	147,349,274	39.23%	-	147,349,274		\$ (17,094,651)	130,254,623	39.23%	4.31%	1.69%	4.31%	1.69%	4.31%	1.69%
42															
43	SHORT TERM DEBT	18,366,832	4.89%	-	18,366,832		\$ (2,130,819)	16,236,013	4.89%	2.75%	0.13%	2.75%	0.13%	2.75%	0.13%
44															
45	PREFERRED STOCK	-	0.00%	-	-			-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
46															
47	CUSTOMER DEPOSITS	2,977,451	0.79%		2,977,451		\$ (345,427)	2,632,024	0.79%	2.20%	0.02%	2.20%	0.02%	2.20%	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	54,086,104	14.40%	-	54,086,104		\$ (6,274,772)	47,811,332	14.40%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
54	TOTAL	\$ 375,561,431	100.00%	\$ -	\$ 375,561,431	\$ -	\$ (43,570,569)	\$ 331,990,862	100.00%	5.58%	5.99%	5.99%	5.99%	6.39%	6.39%

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

SCHEDULE 5

A. INCLUDING AGL ACQUISITION ADJUSTMENT & REGULATORY ASSETS

Line No.		
1	FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	5.97%
2	LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:	
3	LONG TERM DEBT	-1.69%
4	SHORT TERM DEBT	-0.13%
5	PREFERRED STOCK	0.00%
6	CUSTOMER DEPOSITS	-0.02%
7	TAX CREDITS-WEIGHTED COST(MIDPOINT)	0.00%
8	SUBTOTAL	<u>-1.84%</u>
9	TOTAL	<u>4.12%</u>
10	DIVIDED BY RECONCILED COMMON EQUITY RATIO	<u>40.68%</u>
11	JURISDICTIONAL RETURN ON COMMON EQUITY	<u>10.14%</u>

12
13
14
15
16

B. EXCLUDING AGL ACQUISITION ADJUSTMENT & REGULATORY ASSETS

17
18
19
20
21
22

19	NET OPERATING INCOME EXCLUDING FLEX RATE REVENUES	\$ 20,974,021
21	RATE BASE EXCLUDING FLEX RATE REVENUES	\$ 331,990,862
23	FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	6.32%
24	LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:	
25	LONG TERM DEBT	-1.69%
26	SHORT TERM DEBT	-0.13%
27	PREFERRED STOCK	0.00%
28	CUSTOMER DEPOSITS	-0.02%
29	TAX CREDITS-WEIGHTED COST(MIDPOINT)	0.00%
30	SUBTOTAL	<u>-1.84%</u>
31	TOTAL	<u>4.48%</u>
32	DIVIDED BY RECONCILED COMMON EQUITY RATIO	<u>40.68%</u>
33	JURISDICTIONAL RETURN ON COMMON EQUITY	<u>11.01%</u>