



March 15, 2021

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

Re: 2021 Forecasted Earnings Surveillance Report

Dear Mr. Maurey:

On February 19, 2021 you granted the request by Florida City Gas ("FCG") for an extension of time to March 15, 2021 to file its 2021 forecasted earnings surveillance report ("FESR"). Consistent with that extension, I am enclosing FCG's 2021 FESR. Please note that the forecast results contained in the FESR reflect the Company's 2021 planning assumptions.

Sincerely,

A handwritten signature in black ink, appearing to read "S. Bores", written over a large, stylized "B" that also serves as a decorative flourish.

Scott Bores

Senior Director-Financial Planning & Analysis

Enclosures

Cc: Richard Gentry, Office of Public Counsel

FLORIDA PUBLIC SERVICE COMMISSION

INVESTOR-OWNED NATURAL GAS UTILITY
FORECAST EARNINGS SURVEILLANCE REPORT

FLORIDA CITY GAS

December 2021

PSC/AFA 13 (6/94)

**FLORIDA CITY GAS
YEAR END RATE BASE
December 2021**

| | | (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) | \$ 23,675,711 | \$ (1,367,547) | \$ 22,308,164 | \$ 538,824 | \$ 22,846,988 |
| AVERAGE RATE BASE | (a) | \$ 426,538,317 | \$ (52,280,486) | \$ 374,257,831 | \$ (9,625,259) | \$ 364,632,572 |
| AVERAGE RATE OF RETURN | (a) | 5.55% | | 5.96% | | 6.27% |
| <u>II. YEAR END RATE BASE (JURISDICTIONAL)</u> | | | | | | |
| | | \$ 460,984,280 | \$ (58,699,907) | \$ 402,284,373 | \$ (9,264,312) | \$ 393,020,061 |

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

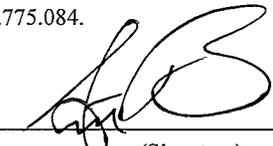
IV. EARNED RETURN ON EQUITY (FPSC ADJUSTED BASIS)

| | |
|----------|--------------|
| LOW | <u>5.13%</u> |
| MIDPOINT | <u>5.54%</u> |
| HIGH | <u>5.96%</u> |

| | |
|--|---------------|
| A. INCLUDING AGL ACQ. ADJ. & REGULATORY ASSETS | <u>11.19%</u> |
| B. EXCLUDING AGL ACQ. ADJ. & REGULATORY ASSETS | <u>11.91%</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.

| | | |
|---|--|------------------------------|
| <u>Scott Bores, Senior Director Financial Planning & Analysis</u> |  _____ (Signature) | _____ 3/15/2021 (Date) |
| (Name and Title of Chief Financial Officer) | | |

FLORIDA CITY GAS
AVERAGE RATE OF RETURN
RATE BASE
December 2021

| 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 | \$ 557,397,747 | \$ 214,581,900 | \$ 342,815,847 | \$ - | \$ 38,581,854 | \$ 381,397,701 | \$ 45,140,617 | \$ 426,538,317 |
| 2 | | | | | | | | |
| 3 | FPSC ADJUSTMENTS | | | | | | | |
| 4 | (23,408,413) | (735,333) | (22,673,079) | | (418,764) | (23,091,844) | | (23,091,844) |
| 5 | | | | | | | (10,449,428) | (10,449,428) |
| 6 | | | | | | | 166,605 | 166,605 |
| 7 | | | | | | | (2,869,905) | (2,869,905) |
| 8 | | | | | | | | |
| 9 | | | | | | | (16,035,915) | (16,035,915) |
| 10 | <u>\$ (23,408,413)</u> | <u>\$ (735,333)</u> | <u>\$ (22,673,079)</u> | <u>\$ -</u> | <u>\$ (418,764)</u> | <u>\$ (23,091,844)</u> | <u>\$ (29,188,643)</u> | <u>\$ (52,280,486)</u> |
| 11 | | | | | | | | |
| 12 | <u>\$ 533,989,335</u> | <u>\$ 213,846,567</u> | <u>\$ 320,142,768</u> | <u>\$ -</u> | <u>\$ 38,163,089</u> | <u>\$ 358,305,857</u> | <u>\$ 15,951,974</u> | <u>\$ 374,257,831</u> |
| 13 | | | | | | | | |
| 14 | <u>\$ 533,989,335</u> | <u>\$ 213,846,567</u> | <u>\$ 320,142,768</u> | <u>\$ -</u> | <u>\$ 38,163,089</u> | <u>\$ 358,305,857</u> | <u>\$ 15,951,974</u> | <u>\$ 374,257,831</u> |
| 15 | | | | | | | | |
| 16 | PRO FORMA ADJUSTMENTS | | | | | | | |
| 17 | | | | | | | | |
| 18 | <u>\$ (21,656,835)</u> | <u>\$ (12,031,576)</u> | <u>\$ (9,625,259)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (9,625,259)</u> | <u>\$ -</u> | <u>\$ (9,625,259)</u> |
| 19 | | | | | | | | |
| 20 | <u>\$ 512,332,500</u> | <u>\$ 201,814,991</u> | <u>\$ 310,517,508</u> | <u>\$ -</u> | <u>\$ 38,163,089</u> | <u>\$ 348,680,598</u> | <u>\$ 15,951,974</u> | <u>\$ 364,632,572</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 2021

| Line No. | | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) |
|----------|------------------------------------|----------------------|---------------------|----------------------|----------------------|-------------------------------|----------------------|-----------------------------|-----------------------|--------------------------|--------------------------|----------------------|
| | | OPERATING REVENUES | O&M GASEXPENSE | 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 | \$ 95,869,170 | \$ 17,403,410 | 23,472,620 | \$ 17,313,971 | \$ 9,279,981 | \$ 5,368,804 | \$ (645,326) | \$ - | \$ - | \$ 72,193,459 | \$ 23,675,711 |
| 2 | | | | | | | | | | | | |
| 3 | ADJUSTED BOOKS | \$ 95,869,170 | \$ 17,403,410 | \$ 23,472,620 | \$ 17,313,971 | \$ 9,279,981 | \$ 5,368,804 | \$ (645,326) | \$ - | \$ - | \$ 72,193,459 | \$ 23,675,711 |
| 4 | | | | | | | | | | | | |
| 5 | FPSC ADJUSTMENTS | | | | | | | | | | | |
| 6 | FUEL REVENUES/COSTS | (18,248,368) | (17,392,446) | | | (86,962) | - | | | | (17,479,408) | (768,960) |
| 7 | FRANCHISE/GROSS RECEIPTS TAXES | (4,903,537) | | | | (4,935,322) | - | | | | (4,935,322) | 31,786 |
| 8 | ECP REVENUE/COSTS | (5,881,673) | | (5,751,978) | | (72,673) | (13,983) | | | | (5,838,634) | (43,039) |
| 9 | AEP REVENUE/COSTS | (1,011,216) | | | (876,064) | | (33,142) | | | | (909,206) | (102,010) |
| 10 | SAFE REVENUE/COSTS | (1,576,754) | | (1,428) | (352,116) | (115,062) | (271,738) | | | | (740,344) | (836,410) |
| 11 | ASSOCIATION DUES | | | (139,939) | | | 34,315 | | | | (105,623) | 105,623 |
| 12 | INTEREST SYNCHRONIZATION | - | - | - | - | - | (245,463) | - | - | - | (245,463) | 245,463 |
| 13 | TOTAL FPSC ADJUSTMENTS | <u>(31,621,548)</u> | <u>(17,392,446)</u> | <u>(5,893,345)</u> | <u>(1,228,181)</u> | <u>(5,210,020)</u> | <u>(530,010)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(30,254,001)</u> | <u>(1,367,547)</u> |
| 14 | | | | | | | | | | | | |
| 15 | FPSC ADJUSTED | <u>\$ 64,247,622</u> | <u>\$ 10,964</u> | <u>\$ 17,579,276</u> | <u>\$ 16,085,790</u> | <u>\$ 4,069,961</u> | <u>\$ 4,838,794</u> | <u>\$ (645,326)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 41,939,458</u> | <u>\$ 22,308,164</u> |
| 16 | | | | | | | | | | | | |
| 17 | FLEX RATE REVENUES | - | - | - | - | - | - | - | - | - | - | - |
| 18 | ADJUSTED FOR | | | | | | | | | | | |
| 19 | FLEX RATE REVENUES | <u>\$ 64,247,622</u> | <u>\$ 10,964</u> | <u>\$ 17,579,276</u> | <u>\$ 16,085,790</u> | <u>\$ 4,069,961</u> | <u>\$ 4,838,794</u> | <u>\$ (645,326)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 41,939,458</u> | <u>\$ 22,308,164</u> |
| 20 | | | | | | | | | | | | |
| 21 | PRO FORMA ADJUSTMENTS | | | | | | | | | | | |
| 22 | | | | | | | | | | | | |
| 23 | TOTAL PRO FORMA ADJUSTMENTS | <u>-</u> | <u>-</u> | <u>-</u> | <u>(721,885)</u> | <u>-</u> | <u>183,070</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(538,824)</u> | <u>538,824</u> |
| 24 | | | | | | | | | | | | |
| 25 | PRO FORMA ADJUSTED | <u>\$ 64,247,622</u> | <u>\$ 10,964</u> | <u>\$ 17,579,276</u> | <u>\$ 15,363,886</u> | <u>\$ 4,253,031</u> | <u>\$ 5,021,864</u> | <u>\$ (645,326)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 41,400,633</u> | <u>\$ 22,846,988</u> |

FLORIDA CITY GAS
YEAR END RATE BASE
RATE BASE
December 2021

| 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) | \$ 590,446,827 | \$ 223,766,660 | \$ 366,680,167 | \$ - | \$ 46,838,551 | \$ 413,518,718 | \$ 47,465,562 | \$ 460,984,280 |
| 2 | | | | | | | | |
| 3 <u>FPSC ADJUSTMENTS</u> | | | | | | | | |
| 4 REMOVE SAFE CLAUSE PLANT | (28,072,875) | (1,064,856) | (27,008,019) | | (35,584) | (27,043,603) | | (27,043,603) |
| 5 REMOVE AEP | - | | - | | - | | (12,148,425) | (12,148,425) |
| 6 INTERCOMPANY AR/AP | | | | | | | - | - |
| 7 CLAUSE UNDERRECOVERIES | | | | | - | - | (2,919,732) | (2,919,732) |
| 8 REMOVE LEASES | - | - | - | | | | - | - |
| 9 TEMPORARY CASH INVESTMENTS | | | | | | | (16,588,147) | (16,588,147) |
| 10 TOTAL FPSC ADJUSTMENTS (2) | <u>(28,072,875)</u> | <u>(1,064,856)</u> | <u>(27,008,019)</u> | <u>-</u> | <u>(35,584)</u> | <u>(27,043,603)</u> | <u>(31,656,304)</u> | <u>(58,699,907)</u> |
| 11 | | | | | | | | |
| 12 FPSC ADJUSTED | <u>\$ 562,373,951</u> | <u>\$ 222,701,803</u> | <u>\$ 339,672,148</u> | <u>\$ -</u> | <u>\$ 46,802,967</u> | <u>\$ 386,475,115</u> | <u>\$ 15,809,258</u> | <u>\$ 402,284,373</u> |
| 13 | | | | | | | | |
| 14 <u>PRO FORMA ADJUSTMENTS</u> | | | | | | | | |
| 15 | | | | | | | | |
| 16 TOTAL PRO FORMA ADJUSTMENTS | <u>\$ (21,656,835)</u> | <u>\$ (12,392,523)</u> | <u>\$ (9,264,312)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (9,264,312)</u> | <u>\$ -</u> | <u>\$ (9,264,312)</u> |
| 17 | | | | | | | | |
| 18 PRO FORMA ADJUSTED | <u>\$ 540,717,116</u> | <u>\$ 210,309,280</u> | <u>\$ 330,407,836</u> | <u>\$ -</u> | <u>\$ 46,802,967</u> | <u>\$ 377,210,803</u> | <u>\$ 15,809,258</u> | <u>\$ 393,020,061</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
EARNED RETURN ON COMMON EQUITY
FPSC ADJUSTED BASIS
December 2021

SCHEDULE 5

A. INCLUDING AGL ACQUISITION ADJUSTMENT & REGULATORY ASSETS

| | | |
|-------------|--|---------------|
| Line No. | | |
| 1 | FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN | 5.96% |
| 2 | LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR: | |
| 3 | LONG TERM DEBT | -0.96% |
| 4 | SHORT TERM DEBT | -0.31% |
| 5 | PREFERRED STOCK | 0.00% |
| 6 | CUSTOMER DEPOSITS | -0.02% |
| 7 | TAX CREDITS-WEIGHTED COST(MIDPOINT) | 0.00% |
| 8 | SUBTOTAL | <u>-1.28%</u> |
| 9 | TOTAL | <u>4.68%</u> |
| 10 | DIVIDED BY RECONCILED COMMON EQUITY RATIO | <u>41.80%</u> |
| 11 | JURISDICTIONAL RETURN ON COMMON EQUITY | <u>11.19%</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 | \$ 22,846,988 |
| 21 | RATE BASE EXCLUDING FLEX RATE REVENUES | \$ 364,632,572 |
| 23 | FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN | 6.27% |
| 24 | LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR: | |
| 25 | LONG TERM DEBT | -0.96% |
| 26 | SHORT TERM DEBT | -0.31% |
| 27 | PREFERRED STOCK | 0.00% |
| 28 | CUSTOMER DEPOSITS | -0.02% |
| 29 | TAX CREDITS-WEIGHTED COST(MIDPOINT) | 0.00% |
| 30 | SUBTOTAL | <u>-1.29%</u> |
| 31 | TOTAL | <u>4.98%</u> |
| 32 | DIVIDED BY RECONCILED COMMON EQUITY RATIO | <u>41.80%</u> |
| 33 | JURISDICTIONAL RETURN ON COMMON EQUITY | <u>11.91%</u> |