

FLORIDA PUBLIC SERVICE COMMISSION

INVESTOR-OWNED NATURAL GAS UTILITY
EARNINGS SURVEILLANCE REPORT

FLORIDA CITY GAS

MARCH 2021

PSC/AFA 13 (6/94)

**FLORIDA CITY GAS
EARNINGS SURVEILLANCE REPORT SUMMARY
MARCH 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	\$ 13,987,193	\$ (1,643,331)	\$ 12,343,862	\$ -	\$ 12,343,862
AVERAGE RATE BASE	\$ 381,518,334	\$ (41,304,048)	\$ 340,214,285	\$ -	\$ 340,214,285
AVERAGE RATE OF RETURN	3.67%		3.63%		3.63%
<u>II. YEAR END RATE BASE (JURISDICTIONAL)</u>					
	\$ 392,904,260	\$ (41,960,439)	\$ 350,943,821	\$ -	\$ 350,943,821

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

LOW	<u>5.42%</u>
MIDPOINT	<u>5.84%</u>
HIGH	<u>6.27%</u>

IV. EARNED RETURN ON EQUITY (FPSC ADJUSTED BASIS)

A. RETURN ON COMMON EQUITY (AVERAGE) **4.97%**

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		5/14/2021
(Name and Title of Chief Financial Officer)	(Signature)	(Date)
	FOR KEITH FERGUSON	

FLORIDA CITY GAS
AVERAGE RATE OF RETURN
RATE BASE
MARCH 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	PER BOOKS (1)	\$ 512,407,611	\$ 197,766,683	\$ 314,640,927	\$ -	\$ 33,010,149	\$ 347,651,076	\$ 33,867,258	\$ 381,518,334
2									
3	FPSC ADJUSTMENTS								
4	REMOVE SAFE CLAUSE PLANT	(14,934,292)	(343,474)	(14,590,819)		(4,159,722)	(18,750,541)	(18,750,541)	
5	REMOVE AEP						(9,508,457)	(9,508,457)	
6	INTERCOMPANY AR						(193,632)	(193,632)	
7	CLAUSE UNDERRECOVERIES						(2,028,575)	(2,028,575)	
8	REMOVE LEASES	(13,957)	(12,506)	(1,451)		(1,451)	1,451	-	
9	TEMPORARY CASH INVESTMENTS						(10,822,843)	(10,822,843)	
10	TOTAL FPSC ADJUSTMENTS (2)	\$ (14,948,250)	\$ (355,980)	\$ (14,592,270)	\$ -	\$ (4,159,722)	\$ (18,751,992)	\$ (22,552,056)	\$ (41,304,048)
11									
12	FPSC ADJUSTED	\$ 497,459,361	\$ 197,410,703	\$ 300,048,657	\$ -	\$ 28,850,426	\$ 328,899,083	\$ 11,315,202	\$ 340,214,285
13									
14	TOTAL PRO FORMA ADJUSTMENTS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
15									
16	PRO FORMA ADJUSTED	\$ 497,459,361	\$ 197,410,703	\$ 300,048,657	\$ -	\$ 28,850,426	\$ 11,315,202	\$ 340,214,285	

(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
 MARCH 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	\$ 89,452,213	\$ 16,613,275	\$ 32,123,311	\$ 15,662,968	\$ 9,043,556	\$ 3,500,123	\$ (1,478,213)	\$ -	\$ -	\$ 75,465,020	\$ 13,987,193
2											\$ -	\$ -
3	ADJUSTED BOOKS	\$ 89,452,213	\$ 16,613,275	\$ 32,123,311	\$ 15,662,968	\$ 9,043,556	\$ 3,500,123	\$ (1,478,213)	\$ -	\$ -	\$ 75,465,020	\$ 13,987,193
4												
5	FPSC ADJUSTMENTS											
6	FUEL REVENUES/COSTS	(17,870,919)	(17,003,467)	(20,212)		(91,261)	(185,380)				(17,300,320)	(570,599)
7	FRANCHISE/GROSS RECEIPTS TAXES	(4,743,784)				(4,904,886)	39,505				(4,865,381)	121,597
8	ECP REVENUE/COSTS	(5,240,264)		(5,195,618)		(74,545)	7,331				(5,262,832)	22,568
9	AEP REVENUE/COSTS	(894,872)			(781,833)		(27,719)				(809,552)	(85,320)
10	SAFE REVENUE/COSTS	(1,955,935)		(398)	(387,872)	(164,188)	(344,158)				(896,617)	(1,059,319)
11	ASSOCIATION DUES			(122,851)			30,125				(92,725)	92,725
12	INTEREST SYNCHRONIZATION	-	-	-	-	-	164,984	-	-	-	164,984	(164,984)
13	TOTAL FPSC ADJUSTMENTS	<u>(30,705,774)</u>	<u>(17,003,467)</u>	<u>(5,339,078)</u>	<u>(1,169,705)</u>	<u>(5,234,880)</u>	<u>(315,312)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(29,062,443)</u>	<u>(1,643,331)</u>
14												
15	FPSC ADJUSTED	<u>\$ 58,746,440</u>	<u>\$ (390,192)</u>	<u>\$ 26,784,233</u>	<u>\$ 14,493,262</u>	<u>\$ 3,808,676</u>	<u>\$ 3,184,811</u>	<u>\$ (1,478,213)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46,402,577</u>	<u>\$ 12,343,862</u>
16												
17	TOTAL PRO FORMA ADJUSTMENTS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
18												
19	PRO FORMA ADJUSTED	<u>\$ 58,746,440</u>	<u>\$ (390,192)</u>	<u>\$ 26,784,233</u>	<u>\$ 14,493,262</u>	<u>\$ 3,808,676</u>	<u>\$ 3,184,811</u>	<u>\$ (1,478,213)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46,402,577</u>	<u>\$ 12,343,862</u>

FLORIDA CITY GAS
YEAR END RATE BASE
RATE BASE
MARCH 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 PER BOOKS(1)	\$ 523,414,231	\$ 195,142,624	\$ 328,271,606	\$ -	\$ 33,672,356	\$ 361,943,962	\$ 30,960,298	\$ 392,904,260
2								
3 FPSC ADJUSTMENTS								
4 REMOVE SAFE CLAUSE PLANT	(17,503,854)	(544,469)	(16,959,385)		(9,685,485)	(26,644,870)		(26,644,870)
5 REMOVE AEP	-		-		-		(9,192,482)	(9,192,482)
6 INTERCOMPANY AR							(105,078)	(105,078)
7 CLAUSE UNDERRECOVERIES					-	-	(3,519,174)	(3,519,174)
8 REMOVE LEASES	-	-	-				-	-
9 TEMPORARY CASH INVESTMENTS							(2,498,835)	(2,498,835)
10 TOTAL FPSC ADJUSTMENTS(2)	<u>(17,503,854)</u>	<u>(544,469)</u>	<u>(16,959,385)</u>	<u>-</u>	<u>(9,685,485)</u>	<u>(26,644,870)</u>	<u>(15,315,569)</u>	<u>(41,960,439)</u>
11								
12 FPSC ADJUSTED	<u>\$ 505,910,377</u>	<u>\$ 194,598,156</u>	<u>\$ 311,312,221</u>	<u>\$ -</u>	<u>\$ 23,986,871</u>	<u>\$ 335,299,092</u>	<u>\$ 15,644,729</u>	<u>\$ 350,943,821</u>
13								
14 TOTAL PRO FORMA ADJUSTMENTS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
15								
16 PRO FORMA ADJUSTED	<u>\$ 505,910,377</u>	<u>\$ 194,598,156</u>	<u>\$ 311,312,221</u>	<u>\$ -</u>	<u>\$ 23,986,871</u>	<u>\$ 335,299,092</u>	<u>\$ 15,644,729</u>	<u>\$ 350,943,821</u>

(1) Recoverable AGL Acquisition Adjustment and related Accumulated Amortization are included in "Per Books" amounts.

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FLORIDA CITY GAS
CAPITAL STRUCTURE
FPSC ADJUSTED BASIS
MARCH 2021

Line No.	AVERAGE	PER BOOKS	COMPANY RATIO	ADJUSTMENTS TO INVESTOR CAPITAL	ADJUSTED	ADJUSTMENTS				LOW POINT		MID POINT		HIGH POINT	
						SPECIFIC	PRO RATA	ADJUSTED	RATIO (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
1	DIVISIONAL CAPITAL	\$ 161,888,283	42.43%	\$ -	\$ 161,888,283		\$ (17,526,396)	\$ 144,361,887	42.43%	9.19%	3.90%	10.19%	4.32%	11.19%	4.75%
2															
3	LONG TERM DEBT	86,293,550	22.62%	-	86,293,550		\$ (9,342,337)	76,951,213	22.62%	4.29%	0.97%	4.29%	0.97%	4.29%	0.97%
4															
5	SHORT TERM DEBT	76,911,945	20.16%	-	76,911,945		\$ (8,326,663)	68,585,282	20.16%	2.62%	0.53%	2.62%	0.53%	2.62%	0.53%
6															
7	PREFERRED STOCK	-	0.00%	-	-			-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
8															
9	CUSTOMER DEPOSITS	3,161,455	0.83%		3,161,455		\$ (342,266)	2,819,189	0.83%	2.89%	0.02%	2.89%	0.02%	2.89%	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	53,263,100	13.96%	-	53,263,100		\$ (5,766,385)	47,496,715	13.96%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
16	TOTAL	\$ 381,518,334	100.00%	\$ -	\$ 381,518,334	\$ -	\$ (41,304,048)	\$ 340,214,285	100.00%		5.42%		5.84%		6.27%
17															
18															
Line No.	YEAR END	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 (%)
19	DIVISIONAL CAPITAL	\$ 166,887,406	42.48%	\$ -	\$ 166,887,406		\$ (17,822,838)	\$ 149,064,569	42.48%	9.19%	3.90%	10.19%	4.33%	11.19%	4.75%
20															
21	LONG TERM DEBT	79,448,915	20.22%	-	79,448,915		\$ (8,484,793)	70,964,122	20.22%	5.81%	1.18%	5.81%	1.18%	5.81%	1.18%
22															
23	SHORT TERM DEBT	89,987,327	22.90%	-	89,987,327		\$ (9,610,249)	80,377,078	22.90%	1.11%	0.25%	1.11%	0.25%	1.11%	0.25%
24															
25	PREFERRED STOCK	-	0.00%	-	-			-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
26															
27	CUSTOMER DEPOSITS	3,586,006	0.91%		3,586,006		\$ (382,970)	3,203,036	0.91%	2.70%	0.02%	2.70%	0.02%	2.70%	0.02%
28															
29	TAX CREDITS - ZERO COST	-	0.00%	-	-			-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
30															
31	TAX CREDITS - WEIGHTED COST	-	0.00%	-	-			-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
32															
33	ACC DEF INC TAXES-ZERO COST	52,994,606	13.49%	-	52,994,606		\$ (5,659,590)	47,335,016	13.49%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
34															
35	TOTAL	\$ 392,904,260	100.00%	\$ -	\$ 392,904,260	\$ -	\$ (41,960,439)	\$ 350,943,821	100.00%		5.35%		5.78%		6.20%

FLORIDA CITY GAS
EARNED RETURN ON COMMON EQUITY
FPSC ADJUSTED BASIS
MARCH 2021

SCHEDULE 5

Line
No.

1	FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	<u>3.63%</u>
2	LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:	
3	LONG TERM DEBT	-0.97%
4	SHORT TERM DEBT	-0.53%
5	PREFERRED STOCK	0.00%
6	CUSTOMER DEPOSITS	-0.02%
7	TAX CREDITS-WEIGHTED COST(MIDPOINT)	<u>0.00%</u>
8	SUBTOTAL	<u>-1.52%</u>
9	TOTAL	<u>2.11%</u>
10	DIVIDED BY RECONCILED COMMON EQUITY RATIO	<u>42.43%</u>
11	JURISDICTIONAL RETURN ON COMMON EQUITY	<u>4.97%</u>