

FLORIDA PUBLIC SERVICE COMMISSION

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

FLORIDA CITY GAS

SEPTEMBER 2021

PSC/AFA 13 (6/94)

FLORIDA CITY GAS
EARNINGS SURVEILLANCE REPORT SUMMARY
SEPTEMBER 2021

	(1) ACTUAL PER BOOKS	(2) FPSC ADJUSTMENTS	(3) FPSC ADJUSTED	(4) PRO FORMA ADJUSTMENTS	(5) PRO FORMA ADJUSTED
<u>I. AVERAGE RATE OF RETURN (JURISDICTIONAL)</u>					
NET OPERATING INCOME	\$ 16,623,135	\$ (1,373,206)	\$ 15,249,929	\$ -	\$ 15,249,929
AVERAGE RATE BASE	\$ 393,238,542	\$ (42,267,274)	\$ 350,971,268	\$ -	\$ 350,971,268
AVERAGE RATE OF RETURN	4.23%		4.35%		4.35%
<u>II. YEAR END RATE BASE (JURISDICTIONAL)</u>					
	\$ 407,404,259	\$ (52,756,962)	\$ 354,647,297	\$ -	\$ 354,647,297

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

IV. EARNED RETURN ON EQUITY (FPSC ADJUSTED BASIS)

LOW	<u>5.10%</u>
MIDPOINT	<u>5.53%</u>
HIGH	<u>5.95%</u>

A. RETURN ON COMMON EQUITY (AVERAGE) 7.44%

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

11/15/2021
(Date)

FLORIDA CITY GAS
AVERAGE RATE OF RETURN
RATE BASE
SEPTEMBER 2021

Line No.	(1) PLANT IN SERVICE	(2) ACCUM. DEPR. & AMORT.	(3) NET PLANT IN SERVICE	(4) PROPERTY HELD FOR FUTURE USE	(5) CWIP	(6) NET UTILITY PLANT	(7) WORKING CAPITAL	(8) TOTAL RATE BASE	
1	PER BOOKS (1)	\$ 533,715,695	\$ 198,588,593	\$ 335,127,103	\$ -	\$ 28,770,968	\$ 363,898,071	\$ 29,340,471	\$ 393,238,542
2									
3	FPSC ADJUSTMENTS								
4	REMOVE SAFE CLAUSE PLANT	(20,936,584)	(572,473)	(20,364,111)		(4,596,344)	(24,960,454)		(24,960,454)
5	REMOVE AEP						(8,690,430)		(8,690,430)
6	INTERCOMPANY AR						(50,715)		(50,715)
7	CLAUSE UNDERRECOVERIES						(2,036,529)		(2,036,529)
8	REMOVE LEASES	(2,756,114)	(238,393)	(2,517,722)		(2,517,722)	-		(2,517,722)
9	OTHER WORKING CAPITAL						10,538		10,538
10	TEMPORARY CASH INVESTMENTS						(4,021,962)		(4,021,962)
11	TOTAL FPSC ADJUSTMENTS (2)	\$ (23,692,699)	\$ (810,866)	\$ (22,881,832)	\$ -	\$ (4,596,344)	\$ (27,478,176)	\$ (14,789,098)	\$ (42,267,274)
12									
13	FPSC ADJUSTED	\$ 510,022,997	\$ 197,777,727	\$ 312,245,270	\$ -	\$ 24,174,625	\$ 336,419,895	\$ 14,551,373	\$ 350,971,268
14									
15	TOTAL PRO FORMA ADJUSTMENTS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
16									
17	PRO FORMA ADJUSTED	\$ 510,022,997	\$ 197,777,727	\$ 312,245,270	\$ -	\$ 24,174,625	\$ 336,419,895	\$ 14,551,373	\$ 350,971,268

(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 2021

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	\$ 104,698,245	\$ 20,223,508	\$ 31,702,158	\$ 22,688,961	\$ 10,051,551	\$ 2,371,357	\$ 1,037,575	\$ -	\$ -	\$ 88,075,110	\$ 16,623,135
2												
3	FPSC ADJUSTMENTS:											
4	FUEL REVENUES/COSTS	(21,023,807)	(20,886,094)	(129,762)	(7,739)	(52)				(21,023,647)	(160)	
5	FRANCHISE/GROSS RECEIPTS TAXES	(5,249,021)		(26,245)	(5,249,686)	6,566				-5269365.116	20,344	
6	ECP REVENUE/COSTS	(5,610,255)		(5,593,907)	(74,300)	14,140				-5654066.294	43,811	
7	AEP REVENUE/COSTS	(7,455,297)		(37,276)	(7,316,843)	-	(24,688)			(7,378,807)	(76,490)	
8	SAFE REVENUE/COSTS	(2,752,416)		(13,762)	(538,517)	(399,337)	(439,400)			(1,391,017)	(1,361,399)	
9	ASSOCIATION DUES			(149,733)		36,535				(113,198)	113,198	
10	INTEREST SYNCHRONIZATION	-	-	-	-	112,510	-	-	-	112,510	(112,510)	
11	TOTAL FPSC ADJUSTMENTS	(42,090,796)	(20,886,094)	(5,950,685)	(7,855,360)	(5,731,061)	(294,389)	-	-	(40,717,590)	(1,373,206)	
12												
13	FPSC ADJUSTED	\$ 62,607,450	\$ (662,586)	\$ 25,751,473	\$ 14,833,601	\$ 4,320,490	\$ 2,076,968	\$ 1,037,575	\$ -	\$ -	\$ 47,357,520	\$ 15,249,929
14												
15	TOTAL PRO FORMA ADJUSTMENTS	-	-	-	-	-	-	-	-	-	-	
16												
17	PRO FORMA ADJUSTED	\$ 62,607,450	\$ (662,586)	\$ 25,751,473	\$ 14,833,601	\$ 4,320,490	\$ 2,076,968	\$ 1,037,575	\$ -	\$ -	\$ 47,357,520	\$ 15,249,929

FLORIDA CITY GAS
YEAR END RATE BASE
RATE BASE
SEPTEMBER 2021

Line No.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	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)							
2								
3	FPSC ADJUSTMENTS							
4	REMOVE SAFE CLAUSE PLANT	(31,122,393)	(879,082)	(30,243,311)		(115,343)	(30,358,653)	(30,358,653)
5	REMOVE AEP	-		-		-	(2,282,758)	(2,282,758)
6	INTERCOMPANY AR						(42,414)	(42,414)
7	CLAUSE UNDERRECOVERIES					-	(1,816,130)	(1,816,130)
8	REMOVE LEASES	(9,677,542)	(1,571,479)	(8,106,063)		(8,106,063)	-	(8,106,063)
9	OTHER WORKING CAPITAL						8,000	8,000
10	TEMPORARY CASH INVESTMENTS						(10,158,943)	(10,158,943)
11	TOTAL FPSC ADJUSTMENTS (2)	<u>(40,799,935)</u>	<u>(2,450,561)</u>	<u>(38,349,374)</u>	<u>-</u>	<u>(115,343)</u>	<u>(38,464,717)</u>	<u>(52,756,962)</u>
12								
13	FPSC ADJUSTED	<u>\$ 515,585,831</u>	<u>\$ 198,252,944</u>	<u>\$ 317,332,887</u>	<u>\$ -</u>	<u>\$ 23,141,137</u>	<u>\$ 340,474,024</u>	<u>\$ 14,173,273</u>
14								
15	TOTAL PRO FORMA ADJUSTMENTS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
16								
17	PRO FORMA ADJUSTED	<u>\$ 515,585,831</u>	<u>\$ 198,252,944</u>	<u>\$ 317,332,887</u>	<u>\$ -</u>	<u>\$ 23,141,137</u>	<u>\$ 340,474,024</u>	<u>\$ 14,173,273</u>

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**FLORIDA CITY GAS
CAPITAL STRUCTURE
FPSC ADJUSTED BASIS
SEPTEMBER 2021**

Line No.	AVERAGE	PER BOOKS	ADJUSTMENTS		ADJUSTED	RATIO (%)	LOW POINT		MID POINT		HIGH POINT	
			SPECIFIC	PRO RATA			COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
1	DIVISIONAL CAPITAL	\$ 166,910,420		\$ (16,871,730)	\$ 150,038,690	42.75%	9.19%	3.93%	10.19%	4.36%	11.19%	4.78%
2												
3	LONG TERM DEBT	88,888,359	(2,517,722)	\$ (8,985,062)	77,385,576	22.05%	3.96%	0.87%	3.96%	0.87%	3.96%	0.87%
4												
5	SHORT TERM DEBT	81,527,196		\$ (8,240,976)	73,286,219	20.88%	1.27%	0.27%	1.27%	0.27%	1.27%	0.27%
6												
7	PREFERRED STOCK	-			-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
8												
9	CUSTOMER DEPOSITS	3,463,378		\$ (350,087)	3,113,291	0.89%	3.15%	0.03%	3.15%	0.03%	3.15%	0.03%
10												
11	TAX CREDITS - ZERO COST	-			-	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%
14												
15	FAS 109 ACC DEF INC TAX	20,359,155		\$ (2,057,955)	18,301,200	5.21%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
16												
17	ACC DEF INC TAXES-ZERO COST	32,090,034	-	\$ (3,243,742)	28,846,292	8.22%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
18	TOTAL	\$ 393,238,542	\$ (2,517,722)	\$ (39,749,552)	\$ 350,971,268	100.00%		5.10%		5.53%		5.95%
19												
20												
Line No.	YEAR END	PER BOOKS	ADJUSTMENTS		ADJUSTED	RATIO (%)	LOW POINT		MIDPOINT		HIGH POINT	
			SPECIFIC	PRO RATA			COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
21	DIVISIONAL CAPITAL	\$ 173,551,737		\$ (19,021,011)	\$ 154,530,726	43.57%	9.19%	4.00%	10.19%	4.44%	11.19%	4.88%
22												
23	LONG TERM DEBT	87,631,383	(8,106,063)	\$ (9,604,269)	69,921,051	19.72%	4.03%	0.79%	4.03%	0.79%	4.03%	0.79%
24												
25	SHORT TERM DEBT	89,987,997		\$ (9,862,550)	80,125,447	22.59%	0.30%	0.07%	0.30%	0.07%	0.30%	0.07%
26												
27	PREFERRED STOCK	-			-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
28												
29	CUSTOMER DEPOSITS	3,664,716		\$ (401,647)	3,263,068	0.92%	2.67%	0.02%	2.67%	0.02%	2.67%	0.02%
30												
31	TAX CREDITS - ZERO COST	-			-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
32												
33	TAX CREDITS - WEIGHTED COST	-			-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
34												
35	FAS 109 ACC DEF INC TAX	19,946,016		\$ (2,186,054)	17,759,963	5.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
36												
37	ACC DEF INC TAXES-ZERO COST	32,622,410	-	\$ (3,575,367)	29,047,042	8.19%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
38												
39	TOTAL	\$ 407,404,259	\$ (8,106,063)	\$ (44,650,898)	\$ 354,647,297	100.00%		4.88%		5.32%		5.76%

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

SCHEDULE 5

Line
No.

1	FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	<u>4.35%</u>
2	LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:	
3	LONG TERM DEBT	-0.87%
4	SHORT TERM DEBT	-0.27%
5	PREFERRED STOCK	0.00%
6	CUSTOMER DEPOSITS	-0.03%
7	TAX CREDITS-WEIGHTED COST(MIDPOINT)	<u>0.00%</u>
8	SUBTOTAL	-1.17%
9	TOTAL	<u>3.18%</u>
10	DIVIDED BY RECONCILED COMMON EQUITY RATIO	<u>42.75%</u>
11	JURISDICTIONAL RETURN ON COMMON EQUITY	<u>7.44%</u>