## FLORIDA PUBLIC SERVICE COMMISSION

## INVESTOR-OWNED NATURAL GAS UTILITY EARNINGS SURVEILLANCE REPORT

FLORIDA CITY GAS

DECEMBER 2021

PSC/AFA 13 (6/94)

## FLORIDA CITY GAS EARNINGS SURVEILLANCE REPORT SUMMARY DECEMBER, 2021

| MIDPOINT       | LOW                                  | II. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS) | AVERAGE RATE OF RETURN | AVERAGE RATE BASE | NET OPERATING INCOME | I. AVERAGE RATE OF RETURN (JURISDICTIONAL) |
|----------------|--------------------------------------|--|------------------------|-------------------|----------------------|--|
| 5.30%<br>5.72% | 4.88%                                |  |                        | 40                | <del>60</del>        |  |
|                |                                      |  | 4.68%                  | 400,762,589       | 18,751,697           | (1)<br>ACTUAL<br>PER BOOKS                 |
|                | A. RETURN ON COMMON EQUITY (AVERAGE) | III. EARNED RETURN ON  |                        | (48,172,730)      | (1,646,275)          | (2)<br>FPSC<br>ADJUSTMENTS                 |
|                | MON EQUITY (AV                       | N ON EQUITY (FPS   | 4.85%                  | 352,589,859       | 17,105,422           | (3)<br>FPSC<br><u>ADJUSTED</u>             |
|                | ERAGE)                               | EQUITY (FPSC ADJUSTED BASIS)   |                        | ı                 |                      | (4)<br>PRO FORMA<br>ADJUSTMENTS            |
|                | 9.12%                                |  | 4.85%                  | 352,589,859       | 17,105,422           | (5)<br>PRO FORMA<br><u>ADJUSTED</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)

(Date)

FLORIDA CITY GAS AVERAGE RATE BASE DECEMBER, 2021

| 17                 | 16 | 15                          | 14 | 13            | 12 | 3                          | 10                         | 9                                  | œ            | 7                      | o               | СЛ          | 4                        | ω                 | 2 | _             | Line<br>No.             |     |
|--------------------|----|-----------------------------|----|---------------|----|----------------------------|----------------------------|------------------------------------|--------------|------------------------|-----------------|-------------|--------------------------|-------------------|---|---------------|-------------------------|-----|
| PRO FORMA ADJUSTED |    | TOTAL PRO FORMA ADJUSTMENTS |    | FPSC ADJUSTED |    | TOTAL FPSC ADJUSTMENTS (2) | TEMPORARY CASH INVESTMENTS | ACCUM DEFERRED RETIREMENT BENEFITS | REMOVELEASES | CLAUSE UNDERRECOVERIES | INTERCOMPANY AR | REMOVE AEP  | REMOVE SAFE CLAUSE PLANT | FPSC ADJUSTMENTS: |   | PER BOOKS (1) | 1                       |     |
| 6                  |    | 0                           |    | 69            |    | 1                          |                            |                                    |              |                        |                 |             | <del>()</del>            |                   |   | €             |                         |     |
| 513,196,072        |    |                             |    | 513,196,072   |    | (30,083,403)               |                            |                                    | (4,989,393)  |                        |                 | ,           | (25,094,010)             |                   |   | 543,279,475   | PLANT IN<br>SERVICE     | (1) |
| 198,270,621        |    |                             |    | 198,270,621   |    | (781,287)                  |                            | •                                  | (621,390)    | ,                      | g.              | à           | (159,897)                |                   |   | 199,051,908   | ACCUM. DEPR. & AMORT.   | (2) |
| 314,925,451        |    | ,                           |    | 314,925,451   |    | (29,302,116)               |                            |                                    | (4,368,004)  | ,                      | ž               |             | (24,934,113)             |                   |   | 344,227,567   | NET PLANT IN<br>SERVICE | (3) |
|                    |    |                             |    | _             |    |                            |                            | ı                                  | ,            | ,                      | ı               | ,           | ,                        |                   |   | ,             | HELD FOR                | (4) |
| 23,944,588         |    |                             |    | 23,944,588    |    | (3,658,086)                | ı                          |                                    | ,            |                        |                 |             | (3,658,086)              |                   |   | 27,602,674    | CWIP                    | (5) |
| 338,870,039        |    |                             |    | 338,870,039   |    | (32,960,202)               |                            |                                    | (4,368,004)  | ×                      | •               |             | (28,592,198)             |                   |   | 371,830,241   | NET UTILITY<br>PLANT    | (6) |
| 13,719,820         |    |                             |    | 13,719,820    |    | (15,212,528)               | (5,412,853)                | 42,039                             |              | (2,740,948)            | (84,468)        | (7,016,298) |                          |                   |   | 28,932,348    | WORKING CAPITAL         | (7) |
| 352,589,859        |    | i                           |    | 352,589,859   |    | (48,172,730)               | (5,412,853)                | 42,039                             | (4,368,004)  | (2,740,948)            | (84,468)        | (7,016,298) | (28,592,198)             |                   |   | 400,762,589   | TOTAL RATE<br>BASE      | (8) |

<sup>&</sup>quot;Recoverable AGL Acquisition Adjustment and related Accumulated Amortization are included in "Per Books" amounts.

<sup>(2)</sup> 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.

| 18                 | 17 | 6                           | 15 | 4             | 13 | 12                     | ::                       | 10                   | ဖ                         | œ                  | 7                 | G                 | ch                             | 4                   | ယ                 | 73 | _           | No. Time                       |          |
|--------------------|----|-----------------------------|----|---------------|----|------------------------|--------------------------|----------------------|---------------------------|--------------------|-------------------|-------------------|--------------------------------|---------------------|-------------------|----|-------------|--------------------------------|----------|
| PRO FORMA ADJUSTED |    | TOTAL PRO FORMA ADJUSTMENTS |    | FPSC ADJUSTED |    | TOTAL FPSC ADJUSTMENTS | INTEREST SYNCHRONIZATION | ECONOMIC DEVELOPMENT | INDUSTRY ASSOCIATION DUES | SAFE REVENUE/COSTS | AEP REVENUE/COSTS | ECP REVENUE/COSTS | FRANCHISE/GROSS RECEIPTS TAXES | FUEL REVENUES/COSTS | FPSC ADJUSTMENTS: |    | PER BOOKS   | ı                              |          |
| S                  |    | S                           |    | ∽             |    | 60                     | l                        |                      |                           |                    |                   |                   |                                | 49                  |                   |    | ø           | 1                              |          |
| 63,195,479         |    | -                           |    | 63,195,479    |    | (46,078,882)           |                          |                      |                           | (3,171,514)        | (7,449,311)       | (6,421,893)       | (5,439,176)                    | (23,596,988)        |                   |    | 109,274,361 | OPERATING                      | 3        |
| (721,321)          |    | -                           |    | (721,321)     |    | (23,456,285)           | ı                        | •                    | 1                         | i                  | ı                 |                   |                                | (23,456,285)        |                   |    | 22,734,964  | O&M GAS<br>EXPENSE             | $\Omega$ |
| 25,128,748         |    | 1                           |    | 25,128,748    |    | (6,604,753)            |                          | (3,367)              | (25,000)                  | (15,858)           | (37.247)          | (6,374,554)       | (13,527)                       | (135,201)           |                   |    | 31,733,501  | O&M OTHER                      | (3)      |
| 15,089,953         |    |                             |    | 15,089,953    |    | (7,963,171)            |                          |                      | 1                         | (649,403)          | (7,313,768)       | ,                 |                                |                     |                   |    | 23,053,124  | DEPR. & AMORT.                 | (4)      |
| 3,028,803          |    |                             |    | 3,028,803     |    | (6,025,645)            |                          |                      | •                         | (505,483)          | 1                 | (73,315)          | (5,439,795)                    | (7,052)             |                   |    | 9,054,448   | TAXES OTHER THAN INCOME TAXES  | (5)      |
| 3,117,235          |    |                             |    | 3,117,235     |    | (382.754)              | 110,417                  | 823                  | 6,130                     | (488,922)          | (23,739)          | 8,703             | 3,458                          | 376                 |                   |    | 3,499,989   | INCOME TAXES                   | (6)      |
| 560,405            |    | -                           |    | 560,405       |    | ,                      |                          | 1                    |                           | ,                  | •                 | •                 | •                              |                     |                   |    | 560,405     | DEFERRED INCOME TAXES (NET)    | Э        |
|                    |    |                             |    |               |    |                        |                          | 1                    | 1                         | 1                  |                   |                   | 1                              | •                   |                   |    |             | INV. TAX CREDIT<br>(NET)       | (8)      |
| (113,767)          |    | 1                           |    | (113,767)     |    | -                      |                          | 1                    | 1                         | ı                  |                   | •                 | 1                              | ,                   |                   |    | (113,767)   | GAIN/LOSS ON<br>DISPOSITION    | (9)      |
| 46,090,056         |    | ,                           |    | 46,090,056    |    | (44,432,607)           | 110,417                  | (2,544)              | (18,870)                  | (1,659,665)        | (7,374,754)       | (6,439,167)       | (5,449,864)                    | (23,598,162)        |                   |    | 90,522,664  | TOTAL<br>OPERATING<br>EXPENSES | (10)     |
| 17,105,422         |    |                             |    | 17,105,422    |    | (1,646,275)            | (110,417)                | 2,544                | 18,870                    | (1,511,849)        | (74,558)          | 17,274            | 10,688                         | 1,173               |                   |    | 18,751,697  | NET OPERATING<br>INCOME        | (11)     |

FLORIDA CITY GAS NET OPERATING INCOME DECEMBER, 2021

FLORIDA CITY GAS
CAPITAL STRUCTURE
FPSC ADJUSTED BASIS
DECEMBER, 2021

| 19 | 18           | 16<br>17                    | 15                      | 14 | 13                          | 12 | 1                   | 10 | 9                 | 00 | 7               | တ | თ               | 4 | ω              | 2 |                    | No.       | Line               |             |
|----|--------------|-----------------------------|-------------------------|----|-----------------------------|----|---------------------|----|-------------------|----|-----------------|---|-----------------|---|----------------|---|--------------------|-----------|--------------------|-------------|
|    | TOTAL        | TAX CREDITS - WEIGHTED COST | TAX CREDITS - ZERO COST |    | FAS 109 DEFERRED INCOME TAX |    | DEFERRED INCOME TAX |    | CUSTOMER DEPOSITS |    | PREFERRED STOCK |   | SHORT TERM DEBT |   | LONG TERM DEBT |   | DIVISIONAL CAPITAL | AVERAGE   |                    |             |
|    | ₩            |                             |                         |    |                             |    |                     |    |                   |    |                 |   |                 |   |                |   | <del>()</del>      | PE        |                    |             |
|    | 400,762,589  | ļ,                          |                         |    | 20,188,907                  |    | 32,539,772          |    | 3,609,806         |    | ū               |   | 78,787,276      |   | 100,055,235    |   | 165,581,593        | PER BOOKS |                    |             |
|    | (4,368,004)  |                             |                         |    | 1                           |    | 0                   |    | ī                 |    | T               |   | ì               |   | (4,368,004)    |   | ï                  | SPECIFIC  |                    | ADJUSTMENTS |
|    | (43,804,726) |                             | ,                       |    | (2,231,033)                 |    | (3,595,901)         |    | (398,912)         |    | ť               |   | (8,706,615)     |   | (10,574,193)   |   | (18,298,071)       | PRORATA   |                    | STN         |
|    | 352,589,859  |                             | 3                       |    | 17,957,873                  |    | 28,943,871          |    | 3,210,894         |    |                 |   | 70,080,661      |   | 85,113,038     |   | 147,283,522        | ADJUSTED  |                    |             |
|    | 100.00%      | 0.00%                       | 0.00%                   |    | 5.09%                       |    | 8.21%               |    | 0.91%             |    | 0.00%           |   | 19.88%          |   | 24.14%         |   | 41.77%             | RATIO (%) |                    | ſ           |
|    |              | 0.00%                       | 0.00%                   |    | 0.00%                       |    | 0.00%               |    | 2.77%             |    | 0.00%           |   | 0.75%           |   | 3.60%          |   | 9.19%              | (%)       | COST RATE          | LOWPO       |
|    | 4.88%        | 0.00%                       | 0.00%                   |    | 0.00%                       |    | 0.00%               |    | 0.03%             |    | 0.00%           |   | 0.15%           |   | 0.87%          |   | 3.84%              | COST (%)  | WEIGHTED           | POINT       |
|    |              | 0.00%                       | 0.00%                   |    | 0.00%                       |    | 0.00%               |    | 2.77%             |    | 0.00%           |   | 0.75%           |   | 3.60%          |   | 10.19%             | (%)       | COST RATE WEIGHTED | MID POINT   |
|    | 5.30%        | 0.00%                       | 0.00%                   |    | 0.00%                       |    | 0.00%               |    | 0.03%             |    | 0.00%           |   | 0.15%           |   | 0.87%          |   | 4.26%              | COST (%)  |                    | TINIC       |
|    |              | 0.00%                       | 0.00%                   |    | 0.00%                       |    | 0.00%               |    | 2.77%             |    | 0.00%           |   | 0.75%           |   | 3.60%          |   | 11.19%             | (%)       | COST RATE WEIGHTED | HIGH POINT  |
|    | 5.72%        | 0.00%                       | 0.00%                   |    | 0.00%                       |    | 0.00%               |    | 0.03%             |    | 0.00%           |   | 0.15%           |   | 0.87%          |   | 4.67%              | COST (%)  | WEIGHTED           | OINT        |

## FLORIDA CITY GAS EARNED RETURN ON COMMON EQUITY FPSC ADJUSTED BASIS DECEMBER, 2021

| Line<br>No. |  |        |
|-------------|--|--------|
| 1           | FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN                      | 4.85%  |
| 2           | LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR: | 0.070/ |
| 3           | LONG TERM DEBT   | -0.87% |
| 4           | SHORT TERM DEBT  | -0.15% |
| 5           | PREFERRED STOCK  | 0.00%  |
| 6           | CUSTOMER DEPOSITS  | -0.03% |
| 7           | TAX CREDITS-WEIGHTED COST(MIDPOINT)                              | 0.00%  |
| 8           | SUBTOTAL   | -1.04% |
| 9           |  | 2.940/ |
| 10          | TOTAL  | 3.81%  |
| 11          |  |        |
| 12          | DIVIDED BY RECONCILED COMMON EQUITY RATIO                        | 41.77% |
| 13          | WIRISPICTIONAL PETURN ON COMMON FOURTY                           | 9.12%  |
| 14          | JURISDICTIONAL RETURN ON COMMON EQUITY                           | 0.1270 |