

Indian River County

DEC 18 2017

**Office of the
County Administrator**

December 11, 2017

U.S. MAIL

Jason E. Brown
County Administrator
City of Indian River
County Administration Office
1801 27th Street
Vero Beach, FL 32960-3365

Re: Docket No. 20170179-GU - Petition for rate increase and approval of depreciation study by Florida City Gas. *Case Synopsis*

Dear Administrator Brown:

Enclosed, please find a copy of the synopsis of Florida City Gas's application to the Florida Public Service Commission for approval of a rate increase, which is being provided in accordance with the Rules of the Florida Public Service Commission.

Sincerely,



Beth Keating
Gunster, Yoakley & Stewart, P.A.
215 South Monroe St., Suite 601
Tallahassee, FL 32301
(850) 521-1706

Attorneys for Florida City Gas



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Synopsis of Rate Request

I. Company Overview

Florida City Gas (FCG or Company) was originally incorporated as City Gas Company of Florida in 1949. Its initial operations were as a propane dealer in Dade County, Florida. Beginning in 1960, the Company commenced operations as a natural gas local distribution company (“LDC”), and thus, became a “public utility” as that term is defined in Section 366.02, Florida Statutes. As such, the Company was, henceforth, subject to the regulatory jurisdiction of the Florida Public Service Commission. In 1988, NUI Corporation, which was headquartered in Bedminster, New Jersey, acquired the Company, merging it under its subsidiary, NUI Utilities, Inc. The Company also expanded its service to include St. Lucie, Martin, Indian River, and Palm Beach Counties. On November 30, 2004, NUI Utilities, Inc. became a wholly-owned subsidiary of AGL Resources Inc. (“AGLR”), headquartered in Atlanta, Georgia, whereupon the Company’s name was eventually changed to Pivotal Utility Holdings, Inc. d/b/a Florida City Gas in Florida. In July 2016, AGLR became Southern Company Gas, a wholly-owned subsidiary of The Southern Company (“Southern”), which provides electric and natural gas service to over 9 million customers through its various subsidiaries, and also operates as a leading provider of wholesale energy and customized energy solutions, as well as fiber optics and wireless communications. The common stock of Southern is owned by approximately 128,000 registered shareholders of record, over 11,000 of whom reside in Florida. As a subsidiary of Southern Company Gas, FCG currently serves approximately 108,000 residential, commercial and industrial natural gas customers in Florida’s Miami-Dade, Brevard, St. Lucie, Palm Beach, Glades, Hendry, Broward, and Indian River counties.

II. Request for Rate Increase/ Summary

On October 23, 2017, for the first time in almost fourteen years, the Company filed a request for a rate increase with the Florida Public Service Commission (“Commission”) asking

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for a permanent increase in rates, as well as an interim increase in rates pending the Commission's decision in this case. The Commission is the agency, under Florida law¹, charged with setting and regulating the rates, fees, and services of Florida utilities and will review the Company's request. The Docket Number assigned by the Commission for this proceeding is Docket No. 20170179-GU.

The Company is asking that the Commission allow the Company to increase its rates and charges to the extent necessary to generate additional gross annual revenues in the amount of \$19.3 million, which will enable the Company to continue to provide safe, reliable natural gas service at a level the customers have come to expect, and to approve the Company's depreciation study also submitted herewith in support of the Company's requested increase. The requested increase will provide FCG with a reasonable opportunity to earn a fair rate of return of 6.32 percent on the Company's plant and property used to serve its customers and an 11.25 percent midpoint rate of return on FCG's common equity. The Company's request for interim relief seeks permission to implement a temporary increase in an amount necessary to generate additional revenues in the amount of \$4,893,061, for the interim period before permanent rates and charges go into effect in accordance with the Commission's final determinations in this proceeding.

The Commission will utilize a "test year" for purposes of setting rates for FCG. The Company has used a projected test year of January 1, 2018 through December 31, 2018 for purposes of presenting its case, and believes this time period best represents actual conditions in effect at the time new rates will go into effect, as compared with other prior periods. The Company's jurisdictional 13-month average rate base for the test year period is projected to be \$299.3 million. Without the requested rate increase, the jurisdictional net operating income for the Company in the same period is projected to be \$9.3 million. The projected rate of return is, consequently, projected to be 3.10 percent, while the return on common equity is projected to be 2.95 percent in the test year. As such, FCG asks that the Commission allow the Company an overall rate of return of 6.32 percent, including a mid-point ROE of 11.25 percent. The resulting revenue deficiency is \$15.8 million.

The Company is also seeking to include the existing Safety, Access, and Facility Enhancement program ("SAFE") distribution facility installations in rate base, consistent with

¹ Chapter 366, Florida Statutes.

the Commission's prior decision on the Company's SAFE program. When the additional revenue requirement of \$3.5 million associated with SAFE installments is included, as contemplated by Commission order and as further discussed herein, this results in a total revenue increase request of \$19.3 million. It should, however, be noted that moving the SAFE investments into rate base is ultimately bill neutral for FCG's customers, as well as revenue neutral to the Company, because FCG is also proposing to make a corresponding adjustment to reduce the current SAFE surcharge.

III. Interim Request

FCG is also asking for an interim increase in its retail rates and charges in an amount necessary to generate additional revenues in the amount of \$4,893,061. This proposed interim increase would be effective during the interim period while the case is processed and before permanent rates and charges go into effect in accordance with the Commission's final determinations in this proceeding. The requested amount is based upon actual data derived from the preceding or "historic" test year with an ending date of December 31, 2016. For that period, the Company's annual revenue deficiency is \$4,893,061 based upon a historic test year rate base of \$209,312,678. The Commission will consider the Company's request for interim rate relief at its December 12, 2017, Agenda Conference. If the request is granted, any interim increase will be placed into effect subject to refund, with interest, if at the conclusion of this proceeding, the Commission determines that some or all of the increase was not justified.

IV. Reasons for Request - Key Factors

As further set forth in the testimony and exhibits of FCG's witnesses, there are three key drivers for FCG's request in this proceeding: (1) capital investments to enhance the safety and reliability of FCG's distribution system; (2) capacity challenges, which have prompted FCG to develop a liquefied natural gas ("LNG") strategy; and (3) the challenges associated with an aging workforce and the costs associated with proactively addressing the pending skills and knowledge gap. Significant investments have been made by FCG to its system in response to federal regulatory changes regarding safety of natural gas facilities. FCG has also made investments to improve the reliability of its system and to enhance the ability of its employees to access facilities for maintenance and repairs, as well as to extend facilities to provide natural gas service

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to customers who would otherwise be unable to obtain such service. As further addressed herein, and in the testimony and exhibits of FCG's witnesses, the Company is also faced with capacity challenges that it proposes to address through a two-pronged approach involving the purchase of additional interstate pipeline capacity and the construction of an LNG "peaking" unit. FCG has also invested significantly to provide enhanced training opportunities for development and retention of highly skilled and highly specialized personnel in response to the challenges of an aging workforce.

In order to continue to provide, in the face of these challenges, "reasonably sufficient, adequate, and efficient service," as required by Section 366.03, Florida Statutes, FCG must be able to not only recover its cost to serve, but also attract capital at reasonable rates and offer a fair return for its investors. Without a rate increase, FCG will be unable to provide the level of service required by statute and will also be unable to meet its obligations to its investors. Thus, FCG is asking that this Commission allow the Company to increase its rates and charges enough to provide a total increase in annual revenues of \$19.3 million.

FCG's current rates were established by the Commission back in 2004, in Docket No. 20030569-GU, by Order No. PSC-2004-0128-PAA-GU, issued February 9, 2004, using a test year ending September 30, 2004.

Since that time, FCG has maintained its focus on the customer as reflected by its service quality, while also effectively managing its costs such that it has been able to avoid seeking a base rate increase for nearly 14 years. As set forth in the testimony and exhibits of FCG's witnesses, cost saving measures, such as becoming a part of the AGL Resources Inc. (AGLR) shared services model and FCG's deployment of various technology solutions, have created significant operational efficiencies that have helped the Company maintain its rates at the same level over this extended period. The Company has seen, however, an increase in its cost to serve customers, which has contributed to its declining rate of return. At present, the Company's current rates and charges no longer allow it to earn a fair and reasonable rate of return nor do they yield reasonable compensation for services provided, which FCG is entitled to under Section 366.06(3), Florida Statutes. As of June 2017, FCG was earning an overall rate of return of 4.86% on a pro forma adjusted basis with an ROE of 7.91%, excluding the AGLR acquisition adjustment and associated regulatory assets, and a mere 6.46% with the acquisition adjustment and regulatory assets included.

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Without the requested revenue increase, FCG projects that its overall rate of return will fall to 3.10%, well below its currently authorized rate of return of 6.27%. As such, FCG's ability to continue to provide consistent reliable service at the level to which our customers expect and deserve will be jeopardized.

To produce the requested permanent revenue increase, the Company has also filed revised tariff schedules which include the requested rate increases. The adjustments to the various rates and charges, and the changes made to the different rate classes, are based upon a cost of service study, which was then used to allocate costs across the Company's different rate classes. While revisions vary from rate class to rate class, a typical residential customer would see a total bill increase of \$1.73/month, which equates to a 6.4% increase to their bill, with SAFE and gas costs (PGA) included. A comparison of the present and proposed rates is attached to this Synopsis as Appendix A, along with a copy of the Executive Summary submitted with the Company's filing at the Commission.

V. Additional Requests

In addition to the requested rate increase, the Company is also seeking Commission approval to take several additional items and actions, including:

- 1) Approval of the Company's Depreciation Study;
- 2) Authorization to make certain adjustments to its rate structure, namely to create residential and commercial classes, to consolidate certain industrial rate classes, and eliminate or close certain rate classes and riders;
- 3) Authorization to make certain changes to its customer charges, including adding new customer charges, such as a Failed Trip Charge, which will help reduce upward pressure on base rates by assessing the charges directly to the customers that cause the underlying cost;
- 4) Authorization to implement the proposed Economic Development Extension Program, to encourage new business growth by making it more economically feasible to extend service to new customers;
- 5) Authorization to revise its transportation service tariff to allow it to expand the allocation of its capacity costs to include an amount to be allocated to Third Party Shippers who serve transportation customers on the Company's system;

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- 6) Authorization to establish a storm reserve to better allow it to address storm damages expeditiously without incurring significant financial harm; and
- 7) Authorization to construct and include in rate base a new, liquefied natural gas (LNG) facility to help address the Company's concerns regarding limitations on capacity, which could impact its ability to serve customers.

VI. Rate Making Process

The Company has filed detailed accounting and financial schedules, based upon the projected and historic test years, which are called Minimum Filing Requirements or "MFRs". The Company has also filed a formal Petition making its request to the Commission, along with written, prefiled testimony and exhibits of its witnesses, who explain and support the Company's analysis of rate base, capital structure, achieved and required net operating income, adjustments to expenses and rate base, tariff changes, including the economic development plan, quality of service, and other pertinent issues.

The Commission will address the Company's request through a full hearing process. This process will include customer meetings in Coral Gables, Melbourne, and Port St. Lucie to receive testimony from the Company's customers regarding the Company's quality of service and other matters pertinent to the Company's requested rate increase.

Key issues in the case are likely to include:

1. What is the appropriate test year for setting base rates?
2. What is FCG's test year rate base?
3. What is FCG's cost of capital?
4. What is FCG's test year net operating income?
5. Is FCG's cost of service methodology appropriate?
6. What are the appropriate rate levels for each customer class?

Specific issues will be identified in a prehearing order issued by the Commissioner assigned as Prehearing Officer for the case.

Upon completion of the customer meetings and the formal hearing (scheduled for March 26-30, 2018, in Tallahassee), the Commission's professional staff will prepare a recommendation based upon the evidence presented addressing what rate relief, if any, is appropriate for the Company. The Commission's staff is composed of attorneys, engineers, accountants, rate and

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finance analysts, and consumer affairs specialists. The Commission will review and take action on their staff's recommendation and thereafter, an Order addressing the Company's request will be issued. A panel of three Commissioners has been assigned to decide this case. Currently, the Commission is scheduled to make a determination regarding the Company's revenue requirement on June 5, 2018 at 1:30 p.m., with a final determination regarding the appropriate new rates to be made on June 19, 2018, beginning at 9:30 a.m. They will base their decisions on all issues in the case upon the evidence that is received.

In addition to the Commission's professional staff, the Office of Public Counsel has intervened in this docket and will be analyzing the documents and testimony submitted by the Company, as well as any additional information produced through the formal discovery process or as a result of the audit that will be conducted by Commission audit staff. The Office of Public Counsel may be contacted at: Office of Public Counsel, c/o The Florida Legislature, 111 West Madison Street, Room 812, Tallahassee, FL 32399-1400.

Customer meetings have been scheduled in Coral Gables, Melbourne, and Port St. Lucie, as follows:

January 23, 2018, 6:00 pm (EST)
Coral Gables City Hall
Commission Chambers
405 Biltmore Way
Coral Gables, FL 33134

January 24, 2018, 9:00 am (EST)
PSL Civic Center
9221 Civic Center Place
Port St. Lucie, FL 34953

January 24, 2018, 6:00 pm (EST)
Brevard County Governmental Center
Commission Chambers
2725 Judge Fran Jamieson Way
Viera (Melbourne), FL 32940

Customers are urged to be present at the beginning of the meeting, since customer meetings may be adjourned once all customers present have been allowed to speak. One or more Commissioners may be present at the customer meetings.

Currently, the schedule for this proceeding is as follows:

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(1) Florida City Gas’s testimony and exhibits	October 23, 2017 (complete)
(2) Intervenor’s testimony and exhibits	February 1, 2018
(3) Service Hearings	January 23-24, 2018
(4) Commission Staff’s testimony and exhibits	February 7, 2018
(5) Rebuttal testimony and exhibits	February 16, 2018
(6) Prehearing Statements	March 5, 2018
(7) Discovery deadline	March 9, 2018
(8) Prehearing Conference	March 12, 2018
(9) Hearing	March 26-30, 2018
(10) Briefs	April 13, 2018

More detailed information regarding the Company’s requested rate increase is included in the Company’s MFRs, which can be reviewed at the Company’s offices in the following locations:

Doral Office

4045 N.W. 97th Avenue
Doral, FL 33178-2300 USA
(9:00 a.m. – 5:00 p.m.)

Brevard Service Center

4180 South US Highway 1
Rockledge, Florida 32955-5309
(9:00 a.m. – 5:00 p.m.)

The Company’s MFRs and a synopsis of the case can also be reviewed at the following location during normal operating hours:

St. Lucie County Public Library

Port St. Lucie Branch
180 SW Prima Vista
Port St. Lucie, FL 34983
(772) 871-5450

A detailed synopsis of the case can also be reviewed at the following locations during normal operating hours:

Central Brevard Library
Attention: Director

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308 Forrest Avenue
Cocoa, FL 32922
(321) 633-1792

Hialeah John F. Kennedy
Memorial Library
Attention: Director
190 W. 49 Street
Hialeah, FL 33012
(305) 819-9140

Miami Dade Main Library
Attention: Director
101 West Flagler Street
Miami, FL 33 128
(305) 375-2665

Broward County Main Library
Attention: Director
100 S. Andrews Avenue
Ft. Lauderdale, FL 33301
(954) 357-7444

Palm Beach County Library
Belle Glade Branch
530 South Main Street
Belle Glade, FL 33430
(56 1) 996-3453

St. Lucie County Public Library
Port St. Lucie Branch
180 SW Prima Vista
Port St. Lucie, FL 34983
(772) 871-5450

Martin County Public Library
Hoke Library
1150 NW Jack Williams Way
Jensen Beach, FL 34957
(772) 443-2870

Indian River County Public Library
1600 21st Street
Vero Beach, FL 32960

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Any customer comments regarding the Company's service or the proposed rate increase should include the docket number assigned to this case, Docket No. 20170179-GU, and should be addressed to:

Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

You may also contact the Commission at their toll free number: **1-800-342-3552**.

Company personnel may be contacted to answer any questions concerning the rate request at the address shown on your bill, by visiting the Company's website: www.floridacitygas.com, or by calling the following telephone number: 1-888-284-5072 (available between the hours of 8:00 a.m. and 5:00 p.m. EST).

APPENDIX A
FLORIDA CITY GAS
COMPARISON OF CURRENT AND PROPOSED RATES



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The Company is proposing revisions to its customer classes and rate schedules. The Company proposes to create separate rate schedules for Residential and Commercial customers, which will allow for more accurate allocation of costs to each class of customers. The Company also proposes three standard rate schedules for Residential customers (RS-1, RS-100 and RS-600) and to decrease the number of standard rate schedules for Commercial customers from eight to three (GS-1, GS-6K and GS-25K), which simplifies the process of classifying and administering customer accounts, and it maintains appropriate grouping of customers for cost of service allocations. In addition, FCG proposes to consolidate GS-120K and GS-250K into one GS-120K rate schedule and add two new rate schedules above the GS-1250K consumption level: GS-11M and GS-25M.

FCG also proposes to eliminate the FGS rate schedule, as well as the LED and AFD riders. The Company proposes to close the LES and KDS rate schedules to any new accounts. The GS-11M and GS-25M rate schedules are designed to meet the needs of future customers.

In addition, the Company notes that the Off-System Sales and Contract Demand Service are not included for comparison purposes, as the rates for these classes are established through negotiation. The following table provides information to enable customers to compare current proposed rates in the current and proposed rate classes.

Rate Class	----- PRESENT RATES -----		----- INTERIM RATES -----		----- PROPOSED RATES -----		
	Customer Charge	Distr. Charge/Therm	Customer Charge	Distr. Charge/Therm	New Rate Class/Residential (RS) and General Service (GS)	Customer Charge	Distr. Charge/Therm
GS-1	\$8.00	\$0.56213	No change	\$0.74751	RS-1	\$12.00	\$0.55220
GS-100	\$9.50	\$0.55248	No change	\$0.65758	RS-100	\$15.00	\$0.43120
GS-220	\$11.00	\$0.49531	No change	\$0.60246	RS-100	\$15.00	\$0.43120
GS-600	\$12.00	\$0.43663	No change	\$0.49869	RS-600	\$20.00	\$0.37559
GS-1.2K	\$15.00	\$0.31715	No change	\$0.35507	RS-600	\$20.00	\$0.37559
Gas Light	\$0.00	\$0.59535	No change	\$0.65605	Gas Light	\$0.00	\$0.4000
GS-1	\$8.00	\$0.56213	No	\$0.74751	GS-1	\$25.00	\$0.4262

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Rate Class	----- PRESENT RATES -----			----- INTERIM RATES -----			----- PROPOSED RATES -----			
	Customer Charge	Distr. Charge/Therm		Customer Charge	Distr. Charge/Therm		New Rate Class/Residential (RS) and General Service (GS)	Customer Charge	Distr. Charge/Therm	
				change						
GS-100	\$9.50	\$0.52248		No change	\$0.65758		GS-1	\$25.00	\$0.4262	
GS-220	\$11.00	\$0.49531		No change	\$0.60246		GS-1	\$25.00	\$0.4262	
GS-600	\$12.00	\$0.43663		No change	\$0.49869		GS-1	\$25.00	\$0.4262	
GS-1.2K	\$15.00	\$0.31715		No change	\$0.35507		GS-1	\$25.00	\$0.4262	
GS-6K	\$30.00	\$0.27487		No change	\$0.30647		GS-6K	\$35.00	\$0.3785	
GS-25K	\$80.00	\$0.27618		No change	\$0.30740		GS-25K	\$150.00	\$0.3571	
GS-60K	\$150.00	\$0.27477		No change	\$0.30449		GS-25k	\$150.00	\$0.3571	
NGV	\$15.00	\$0.23232		No change	No change		NGV	\$25.00	\$0.4262	
RSG	\$16.81	\$0.000/Therm (up to 14 therms)	\$0.52248 /per therm (over 14 therms)				RSG	No change	No change	No change
		Distribution Charge/Therm	Demand Charge/Therm		Distribution Charge/Therm	Demand Charge/Therm			Distrib. Charge/Therm	Demand Charge/Therm
GS-120k	\$250.00	\$0.18084	\$0.289		\$0.20277	No change	GS-120K	\$300.00	\$0.3172	\$0.575
GS-250K	\$300.00	\$0.17191	\$0.289		\$0.19261	No change	GS-120K	\$300.00	\$0.3172	\$0.575
GS-1250K	\$500.00	\$0.12225	\$0.289		\$0.13732	No change	GS-1250K	\$500.00	\$0.1606	\$0.575
GS-11M	N/A	N/A	N/A				GS-11 M	\$1,000.00	\$0.0800	\$0.575
GS-25M	N/A	N/A	N/A				GS-25	\$2,000.00	\$0.0400	\$0.575
TPS Shippers	\$400.00	\$5.92/customer					TPS (Shippers)	\$400.00	\$6.07/customer	
Connect Charge	\$50.00			\$50.00			\$80.00			

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Rate Class	----- PRESENT RATES -----		----- INTERIM RATES -----		----- PROPOSED RATES -----		
	Customer Charge	Distr. Charge/Therm	Customer Charge	Distr. Charge/Therm	New Rate Class/Residential (RS) and General Service (GS)	Customer Charge	Distr. Charge/Therm
(Residential)							
Connect Charge (Non-residential)	\$110.00		\$110.00			\$150.00	
Connect Charge (Residential – Outside regular business hours)	\$50.00		\$50.00			\$100.00	
Connect Charge (Non-residential- outside regular business hours)	\$110.00		\$110.00			\$200.00	
Reconnection Charge (residential)	\$37.00		\$37.00			\$40.00	
Reconnection (Residential - outside regular business hours)	\$37.00		\$37.00			\$50.00	
Reconnection (Non residential – outside regular business hours)	\$80.00		\$80.00			\$100.00	
Returned Check Charge	\$25.00 or 5%, whichever					Additional service charge of	

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Rate Class	----- PRESENT RATES -----		----- INTERIM RATES -----		----- PROPOSED RATES -----		
	Customer Charge	Distr. Charge/Therm	Customer Charge	Distr. Charge/Therm	New Rate Class/Residential (RS) and General Service (GS)	Customer Charge	Distr. Charge/Therm
	is greater					\$25 if the face value does not exceed \$50, \$30 if the face value exceeds \$50 but does not exceed \$300, \$40 if the face value exceeds \$300, or 5 percent of the face amount of the dishonored instrument, whichever is greater.	
Failed Trip Charge	\$0					\$20	
Late Payment Charge	1.5% or \$5.00					1.5% or \$5.00 whichever is greater. Late Payment Charge applied to the accounts of governmental entities shall be at a rate no greater than allowed by	

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Rate Class	----- PRESENT RATES -----		----- INTERIM RATES -----		----- PROPOSED RATES -----		
	Customer Charge	Distr. Charge/Therm	Customer Charge	Distr. Charge/Therm	New Rate Class/Residential (RS) and General Service (GS)	Customer Charge	Distr. Charge/Therm
						applicable law.	
Change of Account	\$20.00		\$20.00			\$25.00	
Bill Collection in lieu of disconnection	\$20.00		\$20.00			\$25.00	
Temporary Disconnection	\$25.00		\$25.00			\$35.00	
Temporary Disconnect (Outside regular business hours)	\$25.00		\$25.00			\$45.00	

APPENDIX B

FLORIDA CITY GAS

Schedule A – Executive Summary Schedules



PIVOTAL UTILITY HOLDINGS, INC.
D/B/A FLORIDA CITY GAS
DOCKET NO. 20170179-GU
MINIMUM FILING REQUIREMENTS
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EXECUTIVE SUMMARY

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FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: PIVOTAL UTILITY HOLDINGS, INC.
 D/B/A FLORIDA CITY GAS
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EXPLANATION: PROVIDE A SCHEDULE SHOWING THE MAGNITUDE
 OF CHANGE - PRESENT vs PRIOR RATE CASE.

TYPE OF DATA SHOWN:
 HISTORIC TEST YEAR LAST CASE: 9/30/02
 ATTRITION YEAR LAST CASE: N/A
 PROJECTED TEST YEAR LAST CASE: 9/30/04
 PROJECTED TEST YEAR CURRENT CASE: 12/31/18
 WITNESS: M. J. MORLEY

LAST RATE CASE

Line No.	Item	REQUESTED (A)			AUTHORIZED			CURRENT RATE CASE: REQUESTED				
		(1)*	(2)*	(3)*	(4)*	(5)*	(6)*	(7)*	(8)*	(9)	(10)**	(11)**
		Historical	Attrition	Total	Projected Test Year	Historical	Attrition	Total	Projected Test Year 9/30/2004	Projected Test Year 12/31/2018	Dollar or Percent Difference	Percentage Change
1	DOCKET NUMBER	n/a	n/a	n/a	030589 -GU	n/a	n/a	n/a	030589 -GU	20170179-GU		
2	HISTORICAL DATA OR TEST YEAR				09/30/02				09/30/02	12/31/16		
3	PROJECTED TEST YEAR				09/30/04				09/30/04	12/31/18		
4	RATE INCREASE - PERMANENT				\$10,488,305				\$8,699,855	\$15,791,812	\$9,092,157	135.71%
5	RATE INCREASE - INTERIM				\$3,548,987				\$2,942,306	\$4,893,061	\$1,950,755	66.30%
6	JURISDICTIONAL RATE BASE BEFORE RATE RELIEF				\$123,421,819				\$119,897,447	\$298,278,151	\$179,380,704	149.61%
7	JURISDICTIONAL N.O.I. BEFORE RATE RELIEF				\$3,596,957				\$4,721,534	\$9,200,482	\$4,568,948	86.77%
8	RATE OF RETURN BEFORE RATE RELIEF				2.91%				3.94%	3.10%	-0.84%	-21.32%
9	SYSTEM CAPITALIZATION				\$123,421,819				\$119,897,447	\$299,278,151	\$179,380,704	149.61%
10	OVERALL RATE OF RETURN				8.10%				7.36%	6.32%	-1.04%	-14.13%
11	COST OF LONG-TERM DEBT				6.43%				6.43%	4.66%	-1.77%	-27.63%
12	COST OF PREFERRED STOCK				n/a				n/a	n/a	n/a	n/a
13	COST OF SHORT-TERM DEBT				2.91%				3.90%	2.64%	-1.26%	-32.31%
14	COST OF CUSTOMER DEPOSITS				6.70%				6.70%	2.73%	-3.97%	-59.26%
15	COST OF COMMON EQUITY				11.25%				11.25%	11.25%	0.00%	0.00%
16	NUMBER OF CUSTOMERS - AVERAGE				101,807				101,807	109,503	7,696	7.58%
17	DATE NEW PERMANENT RATES EFFECTIVE				(A)				(A)	(A)		

(A) AS DETERMINED BY THE "FILE AND SUSPEND" PROVISIONS OF SECTION 368.06 (4), FLORIDA STATUTES.

* IF COMPANY'S LAST RATE CASE INCLUDED A HISTORIC AND ATTRITION YEAR, COMPLETE COLUMNS (1) - (3) AND COLUMNS (5) - (7) UNDER THE HEADING "LAST RATE CASE". IF THE COMPANY'S LAST RATE CASE WAS BASED ON A PROJECTED TEST YEAR, COMPLETE COLUMNS (4) AND (8) UNDER THE HEADING "LAST RATE CASE".

** IF THE COMPANY'S LAST RATE CASE INCLUDED A HISTORIC AND ATTRITION YEAR, THIS CALCULATION WILL BE THE DIFFERENCE BETWEEN COLUMN (9) AND COLUMN (7). IF THE COMPANY'S LAST RATE CASE WAS BASED ON A PROJECTED TEST YEAR, THIS CALCULATION WILL BE THE DIFFERENCE BETWEEN COLUMN (9) AND COLUMN (8).

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: PIVOTAL UTILITY HOLDINGS, INC.
 D/B/A FLORIDA CITY GAS
 DOCKET NO. 20170179-GU

EXPLANATION: PROVIDE A SCHEDULE SHOWING AN ANALYSIS
 OF PERMANENT RATE INCREASE REQUESTED

TYPE OF DATA SHOWN:
 ATTRITION YEAR LAST CASE: N/A
 PROJECTED TEST YEAR LAST CASE: 09/30/04
 PROJECTED TEST YEAR CURRENT CASE: 12/31/18
 WITNESS: M. J. MORLEY

Line No.	Description		Increase in Gross Revenue Dollars	% of Total
1	RESTORE ADJUSTED NET OPERATING INCOME TO PREVIOUSLY ALLOWED OVERALL RATE OF RETURN OF 7.36%	7.36%	\$ 10,198,776	64.58%
2	INCREASE IN REQUESTED OVERALL RATE OF RETURN TO 6.32%	6.32%	(3,667,451)	(23.22%)
3	EFFECT OF PROJECTED TEST YEAR		<u>9,260,487</u>	<u>58.54%</u>
4	TOTAL PERMANENT RATE INCREASE REQUESTED		<u>\$ 15,791,812</u>	<u>100.00%</u>

SUPPORTING SCHEDULES: D-1, G-5

RECAP SCHEDULES:

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: PIVOTAL UTILITY HOLDINGS, INC.
 D/B/A FLORIDA CITY GAS
 DOCKET NO. 20170179-GU

EXPLANATION: PROVIDE A SCHEDULE SHOWING AN ANALYSIS
 OF JURISDICTIONAL RATE BASE

TYPE OF DATA SHOWN:
 HISTORIC TEST YEAR LAST CASE: 9/30/02
 ATTRITION YEAR LAST CASE: N/A
 PROJECTED TEST YEAR LAST CASE: 9/30/04
 PROJECTED TEST YEAR CURRENT CASE: 12/31/18
 WITNESS: M. J. MORLEY

LINE NO.	Description	RATE BASE DETERMINED BY COMMISSION IN LAST RATE CASE				RATE BASE REQUESTED BY COMPANY IN CURRENT CASE		(b)** Dollar Difference	(7)** Percent Difference
		(1)*	(2)*	(3)*	(4)*	(5) Projected Test Year	(6)** Projected Test Year		
		Historical	Attrition	Total	Projected Test Year 9/30/2004	Projected Test Year 12/31/2018			
UTILITY PLANT									
1	GAS PLANT IN SERVICE	n/a	n/a	n/a	198,324,265	429,446,183	231,121,928	116.54%	
2	COMMON PLANT ALLOCATED	:	:	:	3,351,037	4,959,263	1,608,226	47.99%	
3	ACQUISITION ADJUSTMENT	:	:	:	1,462,697	21,656,635	20,194,138	1380.61%	
4	PLANT HELD FOR FUTURE USE	:	:	:	-	-	-	0.00%	
5	CONSTRUCTION WORK IN PROGRESS	:	:	:	6,452,439	30,962,948	24,510,509	379.86%	
6	GROSS UTILITY PLANT	:	:	:	209,590,439	487,025,239	277,434,801	132.37%	
DEDUCTIONS									
7	ACCUMULATED DEPRECIATION - UTILITY PLANT	:	:	:	84,776,445	177,918,948	93,142,503	109.87%	
8	ACCUM. DEPRECIATION - COMMON PLANT ALLOCATED	:	:	:	2,468,493	918,038	(1,550,455)	(62.81%)	
9	ACCUM. AMORTIZATION - ACQUISITION ADJUSTMENT'S	:	:	:	226,472	9,865,892	9,639,420	4256.34%	
10	CUSTOMER ADVANCES FOR CONSTRUCTION	:	:	:	-	-	-	0.00%	
11	TOTAL DEDUCTIONS	:	:	:	87,471,410	188,702,878	101,231,468	115.73%	
12	UTILITY PLANT, NET	:	:	:	122,119,028	298,322,361	176,203,333	144.29%	
13	ALLOWANCE FOR WORKING CAPITAL	:	:	:	(2,221,581)	955,790	3,177,371	(143.02%)	
14	RATE BASE	:	:	:	119,897,447	299,278,151	179,380,704	149.61%	

* IF THE COMPANY'S LAST RATE CASE INCLUDED A HISTORIC AND ATTRITION YEAR, COMPLETE COLUMNS (1) - (3).
 IF THE COMPANY'S LAST RATE CASE WAS BASED ON A PROJECTED TEST YEAR, COMPLETE COLUMN (4).

** IF THE COMPANY'S LAST RATE CASE INCLUDED A HISTORIC AND ATTRITION YEAR, THIS CALCULATION WILL BE THE DIFFERENCE BETWEEN COLUMN (5) AND COLUMN (3). IF THE COMPANY'S LAST RATE CASE WAS BASED ON A PROJECTED TEST YEAR, THIS CALCULATION WILL BE THE DIFFERENCE BETWEEN COLUMN (5) AND COLUMN (4).

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: PROVIDE A SCHEDULE SHOWING AN ANALYSIS OF JURISDICTIONAL NET OPERATING INCOME

TYPE OF DATA SHOWN:

COMPANY: PIVOTAL UTILITY HOLDINGS, INC.
D/B/A FLORIDA CITY GAS
DOCKET NO. 20170179-GU

HISTORIC TEST YEAR LAST CASE: 9/30/2002
ATTRITION YEAR LAST CASE: N/A
PROJECTED TEST YEAR LAST CASE: 9/30/04
PROJECTED TEST YEAR CURRENT CASE: 12/31/18
WITNESS: M. J. MCRLEY

LINE NO.	Description	NET OPERATING INCOME DETERMINED BY COMMISSION IN LAST RATE CASE				NET OPERATING INCOME REQUESTED BY COMPANY IN CURRENT CASE		(7)** Percent Difference
		(1)*	(2)*	(3)*	(4)*	(5) Projected Test Year	(6)** Dollar Difference	
		Historical	Attrition	Total	Projected Test Year 9/30/2004	Year	Dollar Difference	
1	OPERATING REVENUES (A)	n/a	n/a	n/a	38,222,074	53,847,331	15,625,257	40.88%
	<u>OPERATING REVENUE DEDUCTIONS:</u>	:	:	:				
2	OPERATING & MAINTENANCE EXPENSE	:	:	:	22,906,546	22,903,905	(2,640)	-0.01%
3	DEPRECIATION & AMORTIZATION EXPENSE	:	:	:	7,937,786	16,603,266	8,665,480	109.17%
4	TAXES OTHER THAN INCOME	:	:	:	2,297,928	2,900,349	602,421	26.22%
5	INCOME TAXES (FEDERAL & STATE)	:	:	:	358,280	2,149,328	1,791,048	499.90%
6	TOTAL OPERATING EXPENSES	:	:	:	33,500,540	44,556,849	11,056,309	33.00%
7	NET OPERATING INCOME (B)	:	:	:	4,721,534	9,290,482	4,568,948	96.77%

(A) EXCLUDES FUEL & CONSERVATION REVENUE
(B) BEFORE RATE RELIEF

* IF THE COMPANY'S LAST RATE CASE INCLUDED A HISTORIC AND ATTRITION YEAR, COMPLETE COLUMNS (1) - (3).
IF THE COMPANY'S LAST RATE CASE WAS BASED ON A PROJECTED TEST YEAR, COMPLETE COLUMN (4).

** IF THE COMPANY'S LAST RATE CASE INCLUDED A HISTORIC AND ATTRITION YEAR, THIS CALCULATION WILL BE THE DIFFERENCE BETWEEN COLUMN (5) AND COLUMN (3). IF THE COMPANY'S LAST RATE CASE WAS BASED ON A PROJECTED TEST YEAR, THIS CALCULATION WILL BE THE DIFFERENCE BETWEEN COLUMN (5) AND COLUMN (4).

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: PIVOTAL UTILITY HOLDINGS, INC.
 D/B/A FLORIDA CITY GAS
 DOCKET NO. 20170179-GU

EXPLANATION: PROVIDE A SCHEDULE SHOWING
 OVERALL RATE OF RETURN COMPARISON

TYPE OF DATA SHOWN:
 HISTORIC TEST YEAR LAST CASE: 9/30/02
 ATTRITION YEAR LAST CASE: N/A
 PROJECTED TEST YEAR LAST CASE: 9/30/04
 PROJECTED TEST YEAR CURRENT CASE: 12/31/18
 WITNESS: M. J. MORLEY

Line No.	Item	Dollars	Ratio	Embedded Cost	Weighted Cost
<u>LAST RATE CASE (AUTHORIZED)*</u>					
1	COMMON EQUITY	44,083,240	36.77%	11.25%	4.14%
2	PREFERRED STOCK	-	0.00%	n/a	0.00%
3	LONG-TERM DEBT	48,347,307	40.32%	6.43%	2.59%
4	SHORT-TERM DEBT	9,252,522	7.72%	3.90%	0.30%
5	CUSTOMER DEPOSITS	5,833,009	4.86%	6.70%	0.33%
6	TAX CREDITS	536,361	0.45%	0.00%	0.00%
7	DEFERRED TAXES	11,845,018	9.88%	0.00%	0.00%
8	TOTAL CAPITALIZATION	<u>119,897,457</u>	<u>100.00%</u>		<u>7.36%</u>
<u>CURRENT RATE CASE (REQUESTED)</u>					
9	COMMON EQUITY	115,745,170	38.67%	11.25%	4.35%
10	PREFERRED STOCK	-	0.00%	n/a	0.00%
11	LONG-TERM DEBT	115,217,944	38.50%	4.66%	1.79%
12	SHORT-TERM DEBT	15,814,600	5.28%	2.64%	0.14%
13	CUSTOMER DEPOSITS	3,888,281	1.30%	2.73%	0.04%
14	TAX CREDITS	-	0.00%	0.00%	0.00%
15	DEFERRED TAXES	48,612,155	16.24%	0.00%	0.00%
16	TOTAL CAPITALIZATION	<u>299,278,150</u>	<u>100.00%</u>		<u>6.32%</u>

* IF THE COMPANY'S LAST RATE CASE INCLUDED A HISTORIC AND ATTRITION YEAR, REPORT THE CAPITAL STRUCTURE FOR THE ATTRITION YEAR. IF THE COMPANY'S LAST RATE CASE WAS BASED ON A PROJECTED TEST YEAR, REPORT THE CAPITAL STRUCTURE FOR THE PROJECTED TEST YEAR.

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FIVOTAL UTILITY HOLDINGS, INC.
D/B/A FLORIDA CITY GAS

DOCKET NO. 20170179-GU

EXPLANATION: PROVIDE A SUMMARY OF FINANCIAL INDICATORS AS SPECIFIED BELOW FOR THE HISTORIC DATA BASE YEAR OF THE LAST RATE CASE, HISTORIC DATA BASE YEAR FOR THIS CASE, AND THE YEAR IMMEDIATELY FOLLOWING THE PRESENT HISTORIC DATA BASE YEAR.

TYPE OF DATA SHOWN:
HISTORIC TEST YEAR LAST CASE: 9/30/02
ATTRITION YEAR LAST CASE: N/A
PROJECTED TEST YEAR LAST CASE: 9/30/04
PROJECTED TEST YEAR CURRENT CASE: 12/31/18
WITNESS: M. J. MORLEY

LINE NO.	INDICATORS	2002 (1) DATA FROM HISTORIC BASE YR OR TY RELATED TO COMPANY'S PRIOR CASE	2016 (2) DATA FROM HISTORIC BASE YEAR RELATED TO COMPANY'S CURRENT CASE	2017 (3) YEAR AFTER CURRENT HISTORIC BASE YEAR WITHOUT ANY RATE INCREASE	2018 (4) PROJECTED TEST YEAR WITHOUT ANY RATE INCREASE	2018 (5) PROJECTED TEST YEAR INCLUDING REQUESTED RATE INCREASE
<u>INTEREST COVERAGE RATIOS:</u>						
1	INCLUDING AFUDC IN INCOME BEFORE INTEREST CHARGES	1.45	4.39	3.31	2.26	5.21
2	EXCLUDING AFUDC FROM INCOME BEFORE INTEREST CHARGES	1.48	4.39	3.31	2.26	5.21
<u>OTHER FINANCIAL RATIOS:</u>						
3	AFUDC AS A PERCENT OF INCOME AVAILABLE FOR COMMON	0.00%	0.00%	0.00%	0.00%	0.00%
4	PERCENT OF CONSTRUCTION FUNDS GENERATED INTERNALLY	22.98%	74.33%	63.03%	22.32%	32.06%
<u>PREFERRED DIVIDEND COVERAGE:</u>						
5	INCLUDING AFUDC	N/A	N/A	N/A	N/A	N/A
6	EXCLUDING AFUDC	N/A	N/A	N/A	N/A	N/A
<u>RATIO OF EARNINGS TO FIXED CHARGES:</u>						
7	INCLUDING AFUDC	1.48	4.39	3.31	2.26	5.21
8	EXCLUDING AFUDC	1.48	4.39	3.31	2.26	5.21
<u>EARNINGS PER SHARE:</u>						
9	INCLUDING AFUDC	N/A	N/A	N/A	N/A	N/A
10	EXCLUDING AFUDC	N/A	N/A	N/A	N/A	N/A
11	DIVIDENDS PER SHARE	N/A	N/A	N/A	N/A	N/A