

February 14, 2017

**E-PORTAL FILING**

Ms. Carlotta Stauffer, Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

**Re: [New Filing]- Petition of Florida Public Utilities Company for Approval of Electric Reliability Infrastructure Program and Associated Cost Recovery Mechanism.**

Dear Ms. Stauffer:

Attached for filing on behalf of Florida Public Utilities Company, please find a Petition for Approval of Electric Reliability Infrastructure Program and Associated Cost Recovery Mechanism. Included with this Petition as Attachment D, are the following new/revised tariff pages:

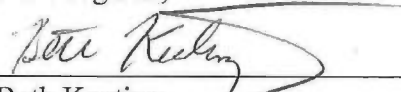
Florida Public Utilities Company – F.P.S.C. Electric Tariff – Third Revised Volume I

-First Revised Sheet No. 39

-First Revised Sheet No. 67

As always, please don't hesitate to let me know if you have any questions. Thank you for your assistance with this filing.

Kind regards,

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

cc:/ (Office of Public Counsel)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Joint Petition for Approval of Electric System Transformation and Reliability Program (ESTAR) by Florida Public Utilities Company.

DOCKET NO.

DATED: February 14, 2017

**PETITION OF FLORIDA PUBLIC UTILITIES COMPANY FOR APPROVAL OF ELECTRIC RELIABILITY INFRASTRUCTURE PROGRAM AND ASSOCIATED RECOVERY MECHANISM**

Florida Public Utilities Company, (herein "FPUC" or "Company"), by and through its undersigned counsel, hereby files this Petition, pursuant to Sections 366.041 and 366.06, Florida Statutes, seeking approval from the Florida Public Service Commission ("FPSC" or "Commission") of a new program for the Company that will enable it to recover costs, inclusive of an appropriate return on investment, associated with enhancing its electric distribution system to significantly improve reliability and outage response. By way of reference, the structure of the proposed program, inclusive of the methodology used to calculate the surcharge, is somewhat akin to the Gas Replacement Infrastructure Program ("GRIP") for the Company's gas divisions. Like that program, this Electric System Transformation and Reliability ("ESTAR") Program, is based upon the data used in FPUC's last electric rate proceeding in Docket No. 140025-EI. Furthermore, to the extent Section 366.06(3), Florida Statutes, is deemed applicable, the Company waives the 60-day requirement for Commission action on the tariffs submitted with this Petition. In support of this request, the Company hereby states:

1) FPUC is an electric utility subject to the Commission's jurisdiction under Chapter 366, Florida Statutes. Its principal business address is:

Florida Public Utilities Company  
1750 S 14th Street, Suite 200  
Fernandina Beach, FL 32034

2) The name and mailing address of the persons authorized to receive notices are:

Beth Keating, Esq.  
Gunster, Yoakley & Stewart, P.A.  
215 South Monroe Street, Suite 601  
Tallahassee, Florida 32301-1839  
(850) 521-1706

Mike Cassel  
Director, Regulatory and Governmental Affairs  
Florida Public Utilities Company/Chesapeake  
1750 S 14th Street, Suite 200  
Fernandina Beach, FL 32034  
mcassel@fpuc.com

3) The Commission is vested with jurisdiction in this matter in accordance with Sections 366.04, 366.041, 366.05, and 366.06, Florida Statutes, pursuant to which the Commission is authorized to establish rates and charges for public utilities, including the relief requested herein, and to consider, among other things, the adequacy of facilities, as well as the utility's ability to improve such facilities. The Company is unaware of any material facts in dispute in this regard. This is a Petition representing an initial request to the Commission, which is the affected agency located at 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399.

**I.**

**BACKGROUND**

4) As the Commission is well aware, FPUC is rather uniquely situated as compared to other Florida electric utilities. First, it is Florida's smallest investor-owned utility ("IOU"), serving a total of approximately 32,000 customers. Second, FPUC's electric operations consist of two entirely separate divisions – one located on Amelia Island and the other serving a largely rural service territory in the north central Panhandle. Although its circumstances often present challenges not typical to other, larger IOUs, the Company has made significant strides in recent years towards improving its system performance and reliability, reducing outages, and enhancing its ability to respond and timely address service issues.

5) The Company's concerted efforts have already produced marked improvements in FPUC's system performance and chronic reliability issues. These improvements are the direct result of Chesapeake Utilities Corporation's strategy, following its acquisition of FPUC in 2009, to implement changes to FPUC's electric operations to improve reliability, system performance, and the customer experience. In essence, Chesapeake's goal was, and continues to be, the modernization of FPUC's electric system such that, regardless of its unique circumstances, the customer experience across the board is on par with that of customers of Florida's largest IOUs.

6) Since the merger with Chesapeake, FPUC has invested approximately \$29M for reliability projects to harden its electric distribution system and address operational issues that had produced repeated outages. These investments have included, among other things, the hardening of more than 182 miles of power lines, including those that serve critical facilities, such as hospitals, police and fire stations, in both the Northeast (Amelia Island) and Northwest (parts of Jackson, Liberty, and Calhoun Counties) Divisions, inspection of more than 23,692 poles, and replacement of those that are failing or no longer meet the appropriate system standards. Some of the reliability efforts have been activities contemplated by the Company's Storm Hardening Plan. Other actions, such as FPUC's purchased power agreements with Rayonier and Eight Flags, as well as its project to interconnect with FPL, have provided multiple benefits, including addressing high fuel costs, while also improving reliability of supply. These activities, and others, have moved FPUC forward in terms of overall system improvement.

7) In fact, current data reflects that the Company's efforts to date have had a significant impact on its reliability statistics, as well as system performance overall. This is particularly notable given that, prior to its acquisition by Chesapeake, little had been done to replace aging equipment or to implement modern technologies and associated operational improvements. For

instance, the majority of the Company's assets are between 30 and 40 years old. Moreover, in many instances, these assets are not only nearing the end of their useful life, but the equipment itself is subject to being compromised by extreme weather conditions, particularly equipment in the Northeast Division. The facilities of the Company's Northeast Division are often exposed to rather extreme conditions ranging from extreme heat, to hurricanes, to nor'easters, along with the accompanying salt exposure associated with the Division's island location. This leads to abnormally high levels of corrosion in critical parts, such as connectors, splices and terminals, making any necessary restoration effort longer and more difficult because these parts cannot simply be fixed, rather they must be replaced. One such extreme event was experienced firsthand in October 2016 with the arrival of Hurricane Matthew. While the investment and effort that the Company has made over the last several years was paramount in getting our customers restored in a timely manner, the event tested the Company's reliability capabilities and helped to identify additional upgrades needed to continue improving reliability to FPUC's customers.

8) The Northwest Division likewise has aging infrastructure with its own accompanying challenges, including limited access and distant, rural, wet and wooded locations. For example, in the Northwest Division, the Company serves the City of Bristol, which has a single source feed, located atop a 100-foot wood pole structure that is below the flood plain and, as a result, is only accessible by boat three to five months each year (See Attachment B, hereto, which includes picture of referenced structure and other examples of equipment and accessibility issues noted herein). Due to the wooded, natural state of many of the facilities associated with the Company's Northwest Division, and to a lesser extent, the Northeast Division, the Company also tends to experience high levels of outages related to animal intrusions. The addition of animal

guards, which are insulated covers that attach to substations, transformers, and distribution systems, would significantly reduce the number of outages related to this issue. In addition, because many of FPUC's critical assets for the Northwest Division are located in remote, isolated locations, FPUC's customers in that Division typically experience longer outage times. For example, if an afternoon thunderstorm disrupts power to a portion of the Company's Northwest Division, service may not be restored for several hours, even if the damage is minimal, because trained personnel must drive several miles to the source of the outage, inspect the entire feeder for damage, and then manually complete the restoration.

9) Across both of the Company's Divisions extended outages are also experienced due to the high number of wood poles. Currently, consistent with the Company's approved Storm Hardening Plan, FPUC is inspecting wood poles on an eight (8) year cycle, replacing the failed distribution poles with a much higher strength class wood pole, and upgrading 69 kV wood poles with a concrete pole based upon higher wind loading requirements of the National Electrical Safety Code ("NESC"). These higher strength class poles are usually able to withstand trees or limbs falling onto the lines to break the wires instead of breaking poles, which reduces restoration times. As such, the Company has included recovery of these higher strength class poles within its ESTAR proposal, recognizing the reliability value associated with the pole upgrades. Inclusion within the ESTAR program will appropriately allow the Company to recover the costs of these more expensive poles, while also better enabling the Company to keep pace with the replacement commitments contemplated by the Storm Hardening Plan.

10) In addition, both Divisions have an increased number of outages, and longer restoration times resulting from the age of the Company's surge arrestors. These aged arrestors fail during

lightning storms due to their inability to re-direct the voltage surge to ground and need to be replaced with newer technology units.

11) Consequently, more needs to be done to ensure that the improvements FPUC has made thus far are sustainable and to implement additional upgrades that will further improve reliability for FPUC's customers, while providing customers with the service and monitoring capabilities they expect from a 21<sup>st</sup>-century electric utility. While all of the planned projects target reliability improvements, some of these contemplated projects also include modernizing enhancements that will improve overall service for our customers, as well as the Company's ability to implement cost saving measures, including, but not limited to, reducing the amount of time employees are in the field for such tasks as meter reading, service initiation, and service disconnections. The specific reliability projects contemplated are set forth in Attachment A, which is attached and incorporated herein, while certain specific projects are further discussed in Section IV below.

12) As also discussed in more detail below, the Company's plan includes implementation of a Supervisory Control and Data Acquisition System ("SCADA"), which will enable the Company to access more accurate information regarding the status of its system and make system adjustments in real time, thereby enabling the Company to minimize or avoid issues that might otherwise impair reliability or harm the system. Additionally, implementation of the SCADA system will enable FPUC to operate its distribution system more efficiently by allowing the Company to access information critical to the effective coordination of power deliveries to FPUC's customers.

13) Consistent with the merits of the SCADA implementation, the Company also intends to pursue installation of an Advanced Metering Infrastructure system ("AMI"), more commonly

referred to as “smart meters,” which, as further explained herein, will enable the Company to have better insight into the status of its distribution system, and thus improving the Company’s ability to identify and correct problems, in addition to providing the Company with additional customer usage information. As other Florida utilities have found, smart meters will provide significant customer service benefits, as well as operational efficiencies for the utility. For customers, the most critical benefit is that smart meters greatly enhance the customers’ ability to monitor and control their usage. There is the additional benefit to both the Company and its customers of reduced meter tampering and electricity theft. The Company will be able to identify meter tampering and other forms of electricity theft much more quickly and definitively through the remote monitoring capability, which will ultimately improve safety for both FPUC’s field employees, as well as our customers, while reducing costs associated with theft. AMI is discussed further in Section III.

**II.**

**SCADA**

14) The Company recognizes that, as electric markets evolve and customers become more sophisticated, there is an increasing demand for reliable power, as well as a decreasing tolerance for service outages and disruptions. FPUC also recognizes its responsibility to meet these new demands in a cost-effective manner. One of the ways the Company proposes to meet these new demands is through the implementation of the SCADA system. SCADA is a PC-based software package that collects data from the electric distribution system and substations. The SCADA system will monitor the Company’s distribution system, gather system information, provide the ability to control system components, and process data from across FPUC’s electric distribution system in real time. The data that is collected will provide remote access to real time



information to allow data-driven decisions about how to maximize loads, control system parameters, operate equipment, improve reliability and lower operating costs. SCADA has been recognized to be one of the most cost-effective solutions for improving reliability and increasing system utilization.<sup>31</sup>

15) FPUC still relies on manual labor to perform electrical distribution tasks that, in many instances, can be automated. Currently, system issues and anomalies cannot be detected until there is an actual failure of the equipment. Once the failure occurs, there is a service interruption at which time service personnel are dispatched to identify and correct the issue. The implementation of SCADA technologies, as proposed in this petition, will allow the Company to redeploy personnel for use in more efficient operational tasks, minimize service interruptions and meet the ever-increasing demand for system efficiencies and cost effectiveness. Additionally, the SCADA system allows the utility, through the trending of electrical parameters, such as high/low voltage warnings and electric current anomalies, to detect future problems and develop more efficient routine maintenance of equipment.

16) Not only does implementation of SCADA address critical reliability and service objectives, but it may enhance the Company's position in the renegotiation of expiring purchase power agreements in both its Northeast (2017) and Northwest (2019) Divisions, which potentially result in future savings for FPUC's customers. To be clear, as further explained in Section V, the Company anticipates that a full rate proceeding will likely be appropriate upon conclusion of its negotiations for its next purchase power agreements, at which time, the

---

<sup>31</sup> Khin Thu Zar Win and Hla Myo Tun, *Design and Implementation of SCADA System Based Power Distribution for Primary Substation (Control System)*, 5 International Journal of Electronics and Computer Science Engineering, Number 1, 2016.

Company would anticipate moving SCADA and the other projects discussed herein into rate base and terminating the recovery mechanism.

**III.**

**SMART METERS**

17) FPUC recognizes the need to continue to transform and modernize its distribution system. A key component of that effort is the migration to an AMI system. The evolution of metering technology in recent years has led to metering products that now offer customers many direct benefits, including the ability to monitor and control their consumption by providing hourly usage information, and reduced electric theft. Equally tangible benefits include faster service restoration, early outage detection, and outage prevention.

18) FPUC recognizes the value of providing our customers with the tools necessary to help them manage their usage and thus their energy costs, as have other investor-owned utilities in Florida. The traditional meters that exist on FPUC's system measure how much energy a customer used based upon a manual reading of the meter every month. In contrast, the meters in an AMI system automatically communicate usage between the customer and the utility, which allows the customer to monitor their own usage daily and adjust patterns of consumption during the month. Additionally, smart meters are digital, which makes them more accurate and more durable given that they have fewer moving parts.

19) In addition to the benefits discussed above, the AMI system will provide a broad range of system benefits. The AMI system will enable the Company to remotely identify overloaded transformers, customer voltage problems, and outages, while also enabling FPUC to provide restoration notifications. Similarly, the AMI system will enable the Company to identify meter tampering quickly based on AMI data, rather than direct employee investigation, thereby

reducing costs associated with electricity theft, as well as reducing risk to Company employees who would otherwise be deployed to resolve metering and equipment issues, including tampering. Overall, the AMI technology will provide FPUC with greater operational efficiencies, improved data for system planning, ensure FPUC has the ability to prevent more outages through predictive maintenance, and enable the Company to confirm restoration of service without customer intervention. All of these benefits lead to improved delivery of energy, and ultimately savings derived from reduced transmission costs.

20) FPUC also anticipates that implementation of the AMI system will result in a reduction in its environmental footprint. Smart meters allow customers to actively manage their energy consumption, which leads those customers to increased conservation. Studies have shown that, in some instances, customers on smart meters have been able to achieve 2.3% reduction in electricity use.<sup>2</sup> This is not only a benefit environmentally, but provides a cost savings for customers. Additionally, use of remote metering technology allows FPUC to reduce the amount of time our vehicles are on the road for service issues and routine maintenance. Like the SCADA initiative discussed above, implementation of the AMI system represents a significant enhancement to the distribution system, which will improve reliability, while also providing our customers with increased energy management options, as well as opportunities for cost savings for the Company and our customers.

#### **IV. CAPITAL MODERNIZATION PROJECTS**

21) For FPUC, safety and operational efficiency are core values governing how the Company operates its system. There are numerous projects identified as part of this Petition that are

---

<sup>2</sup> King, Eliza., *Utility Delivers Efficiency and Energy Conservation*, Transmission & Distribution World, Nov. 2016, at 24.

directly related to improving the reliability of FPUC's distribution system, as set forth in Attachment A to this Petition. These projects include wood pole replacements, substation upgrades, transformer replacements, work on overhead re-conductors and upgrading of conductors, just to mention a few. The Company will also be replacing old copper overhead conductors that have become brittle with age. These wires are now subject to breakage, which could result in the wires giving rise to safety concerns, as well as reliability issues. These wires will be replaced with new, all-aluminum conductors. The plan also contemplates the replacement of old, manually-operated, fused cutouts with new reclosing cutouts<sup>3</sup> that will help reduce outages on the Company's laterals and power blinks on main feeders. This project will also provide the Company with the flexibility to switch loads among multiple feeders during emergencies. In addition, these modernizing improvements will ensure FPUC remains abreast of current National Electric Safety Code and FPSC requirements, while providing the Company with greater flexibility to adjust as these safety requirements change. The upgrade of these facilities will also enable the future implementation of "self-healing" networks, which greatly improve service restoration time frames, as well as the safety conditions associated with service restoration efforts<sup>2</sup>. Another planned improvement is to continue the replacement of the 69 KV wood transmission poles with concrete poles. Given the location of FPUC's Northeast Division, these concrete poles, which are engineered to withstand 150 mph winds, will increase the system reliability by helping to mitigate extended outages to FPUC's most critical customers on Amelia Island. Concrete poles will also be used to replace wood distribution poles in both Divisions in

---

<sup>3</sup> "Cutouts" are a combination of a fuse and a switch, used in primary overhead feeder lines and taps to protect distribution transformers and circuits from current surges and overloads. "Reclosing cut outs," also known as "reclosers" or "cut-out mounted reclosers" are a self-healing solution that reduces the number duration of power outages on overhead distribution lines.

<sup>2</sup> "Self-Healing Networks" are a system of sensors, automated controls, and advanced software that utilizes real-time distribution data to detect and isolate faults and to reconfigure the distribution network to minimize the customers impacted

select flood prone and inaccessible areas such as river crossings and swamp land locations. Not only do the concrete poles enable the system to withstand the extreme wind and weather conditions that are inherent on a peninsula like Florida, but they are also engineered to last approximately 80 years, which makes them a logical choice for reliability enhancement. FPUC will continue replacement of old, failing underground cable feeders and also use underground construction to replace overhead circuits where applicable.

22) In addition, FPUC has already made significant improvements in its distribution system to increase service reliability to our customers and some of the additional reliability improvements addressed herein are necessary to ensure these previous improvements are sustainable. As included in greater detail in Attachment A, the Company has provided an update of the reliability and modernization related projects completed since the Company's last rate case and an overview of projects planned thru 2021. FPUC's proposal contemplates a rate of progress, which will allow the Company to complete all of the projects in under 6 years. To be clear, while the Company is providing information regarding all critical projects, including those undertaken since the last rate case, FPUC's request for recovery of the proposed ESTAR surcharge only contemplates recovery of revenue and associated expenses beginning in 2017. The ESTAR mechanism does not contemplate retroactive recovery of the revenue requirement associated with capital investments that occurred from October 2015 through December 2016. For those projects undertaken prior to 2017, only the capital investments have been included for recovery through the ESTAR mechanism. In addition, to ensure that the amounts included in this Petition are not currently included in the Company's base rates, the Company took the following steps:

A) A 13-month average was determined, on the projected 2015 test year, for the reliability projects that were included in the Company's last base rate proceeding (Docket No. 140025-EI; Exhibit MC/DS-5);

B) The actual amount that was spent on those projects through September 2015 was determined; and

C) A comparison between the amounts in step 1 and step 2 was completed.

From this calculation, it was determined that, as of September 2015, the Company had under spent approximately \$802,225. The majority of this amount was due to the Rayonier substation and 69KV line projects. Although these additions actually exceeded the original budget, they were not completed and transferred to plant during the period that actual data was shown. These projects were closed in October and November 2016. For that reason, FPUC removed the net underspent amount from account 361-Distribution Structures in the October to December 2016 forecast so that there would be no duplication of rate base items included in this Petition.

**V.**

**ESTAR SURCHARGE**

23) FPUC is seeking approval to implement a temporary surcharge mechanism due to the unique timing and posture in which FPUC finds itself. The Company views all of the proposed reliability and modernization projects to be essential to improving reliability in the near term, while also improving customer service. Thus, implementing these projects sooner, rather than later, is a high priority. However, as discussed previously, FPUC has also initiated the process for obtaining its next purchase power agreements. By virtue of the fact that FPUC will now be able to entertain proposals from a wider range of suppliers, the Company anticipates that its customers will see fuel savings associated with these next agreements. The Company likewise

anticipates that these expected fuel savings could offset some of the costs associated with the improvements requested within this program. Consequently, the Company believes there is great merit, from a bill impact perspective, in moving forward with these changes now so that the Company can incorporate all potential impacts to its system before filing a base rate proceeding. This will send a more appropriate price signal to its customers, while meeting the increased reliability and modernization demands in a timely manner.

A. Surcharge and Consumer Protection Mechanism

24) Therefore, the Company proposes the implementation of the ESTAR surcharge mechanism, with specific factors for each rate classification, using the cost of service methodology from the Company's last rate case conducted in Docket No. 140025-EI for secondary distribution, meters, transmission and communication related costs, as well as the incremental corporate administrative costs such as insurance, legal, accounting, information technology and safety needed to support the investments described within this Petition. The resultant surcharge factors for each rate classification would then be put in place for an initial 7-month period, beginning June 1, 2017. Thereafter, the Company proposes an annual filing, which would detail the investments made for each category of the ESTAR program, the revenue requirements, actual surcharge revenues collected, the calculation of the Program true-up for previous periods, and project the next year's investment, revenue requirements, recovery/refund of historic true-up and proposed new surcharge factors. The ESTAR Program, as proposed herein, would necessitate filings by the Company annually in September. These annual filings serve as an added protection to the Company's customers by providing for the Commission's annual review and approval of all projects being included in the true-up. Additionally, this

program provides the Company's customers with the immediate benefit of improved reliability without the additional cost associated with completing multiple rate cases.

25) The true-up filings will provide for Commission review and audit of the program, as well as, continuous oversight of the effectiveness and rate impacts to customers. Thereafter, the new surcharge factors would be established for a subsequent 1-year period or until the investments and expenses can be rolled into the Companies' respective base rates resulting from a full base rate proceeding, at which time the surcharge would be reassessed and recalculated to ensure no duplicative recovery occurs.

B. Workforce Benefits

26) It is worth noting that there will be additional workforce benefits associated with this program. The Company anticipates the need to employ sub-contractors to complete some portions of the ESTAR program. While Florida's unemployment rate is improving, the Company believes programs like this will provide a unique opportunity to help spur additional construction related jobs. While internally, FPUC would expect to see a reduction to some roles, such as meter reading, there will be opportunities to redeploy and retrain those resources for other opportunities within the Company.

C. Temporary Mechanism Promoting Administrative Efficiency

27) The Company again emphasizes that it contemplates that this program will be of a limited duration. In many ways, the Company views this proposed program as a bridge to its next rate case. As the Commission is aware, FPUC is at, or under, the bottom of its allowed earnings range. While FPUC believes that it would be eligible to seek a rate increase at this time, it also believes that the ability to delay such a filing for a limited period of time will result in benefits for the Company and its customers in terms of long-term savings and ensuring that when new



rates are set, they are based upon a set of circumstances that will be relatively constant for the foreseeable future. Specifically, as noted above, the Company is approaching the expiration of its existing purchase power agreements for the Northeast Division (2017) and the Northwest Division (2019). FPUC believes that delaying a rate case until its next purchase power agreements are in place will allow the Company to move forward with a rate case with greater clarity as to the full circumstances impacting the Company's service, and overall bills, to customers. Moreover, the Company perceives that certain aspects of its ESTAR program, if approved, may enhance the Company's negotiation posture for its next agreements, and may also, consequently, result in fuel savings for customers.

28) In addition, the Company contemplates that, by implementing the ESTAR program, it may be able to avoid the impact of multiple rate proceedings, including the associated rate case expense, which the Company currently estimates to be approximately \$1M per case. Without the implementation of ESTAR as an interim step, the Company anticipates the potential for multiple rate proceedings over the next few years to capture both the impact of the needed reliability projects, and the potential savings that may be generated from the purchase power agreements that are currently and will be negotiated over the next several years. This Petition, if approved, will enable the Company to send more consistent and appropriate price signals to its ratepayers by limiting the number of proceedings it must undertake over the next several years, thus avoiding incorrect price signals to our customers.

29) FPUC has developed its initial proposed ESTAR surcharge rates for each rate classification utilizing the same investment data developed and approved in FPUC's most recent rate case. The Company has calculated the proposed surcharge factors for each rate classification, utilizing the methodology similar to that of the Company's GRIP program.

Attachment C details the calculations. FPUC requests that the proposed surcharge factors, if approved, be implemented for the period beginning June 1, 2017 through December 31, 2017. FPUC proposes to submit true up in September 2017 for rates to go into effect January 2018.

30) The proposed FPUC ESTAR surcharge factors for the initial, 7-month period, if approved, would have a rate impact for the typical FPUC residential customer using 12,000 kWh annually of approximately \$6.24 per month.

**TARIFF SHEETS**

31) The Company submits as Attachment D the required tariff sheets (in legislative and clean formats) for the ESTAR Program, reflecting the surcharge factors for each rate classification, for approval by the Commission.

WHEREFORE, Florida Public Utilities Company respectfully requests that the Commission approve the Company's System Transformation and Reliability Program [ESTAR] and associated tariff pages and surcharge factors as set forth herein with an effective date of June 1, 2017.

RESPECTFULLY SUBMITTED this 14th day of February, 2017.

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

*Attorneys for Florida Public Utilities Company*

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a true and correct copy of the foregoing has been served upon the following by Electronic Mail this 14th day of February, 2017.

Jennifer Crawford Florida Public Service Commission 2540 Shumard Oak Boulevard Tallahassee, FL 32399-0850 jcrowfor@psc.state.fl.us	J.R. Kelly Office of Public Counsel c/o The Florida Legislature 111 W. Madison Street, Room 812 Tallahassee, FL 32399-1400 <u>Kelly.JR@leg.state.fl.us</u>
--	---

By: \_\_\_\_\_



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

**ATTACHMENT A**

**Capital Projects**

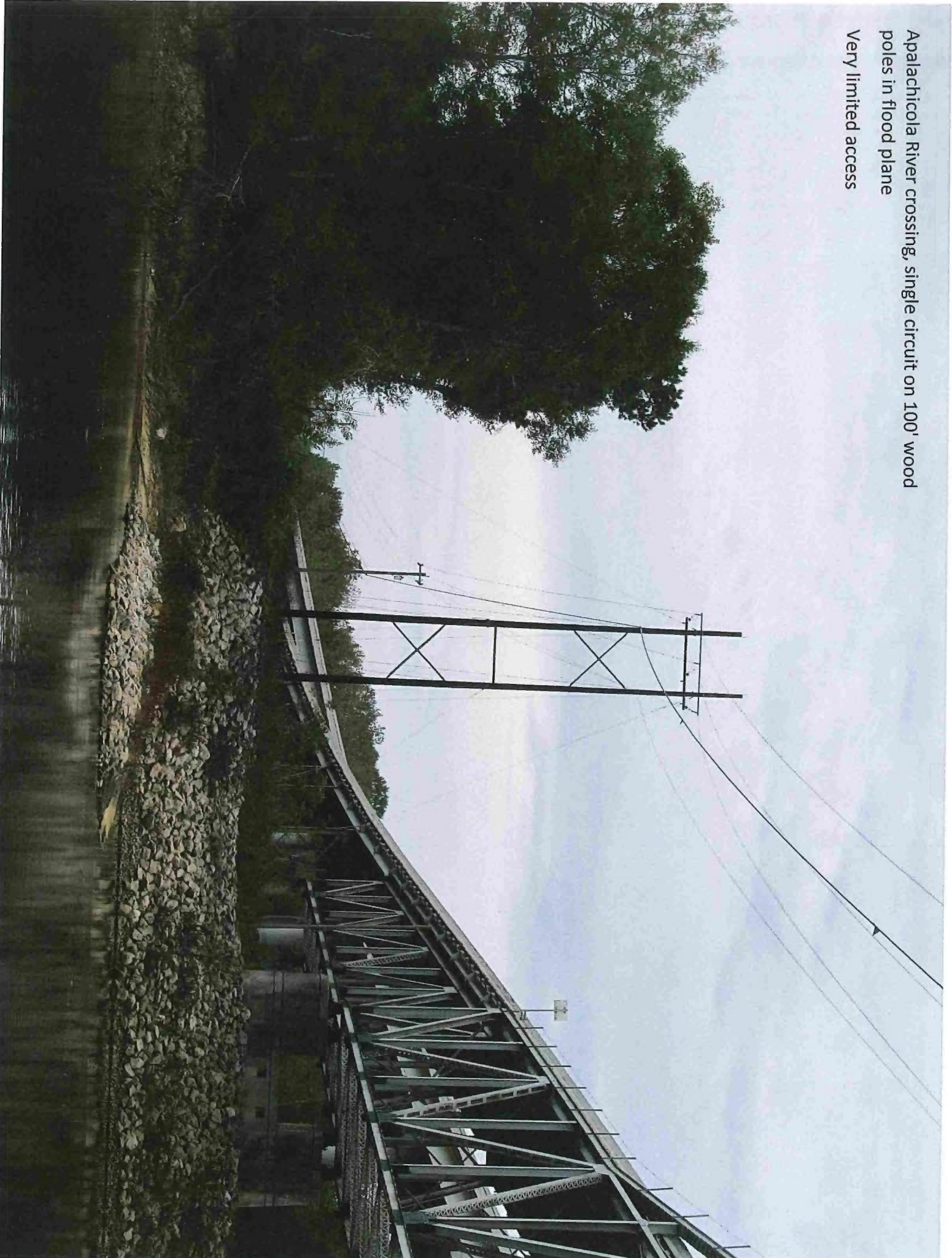
**Florida Public Utilities Company**  
 Electric System Transformation and Reliability Program (ESTAR)  
 ESTAR PROJECTS BY YEAR TO 2021

PROJECTS:	OCT-DEC 2015	2016	2017	2018	2019	2020	2021	Grand Total
Modify 69kv bus add CBs (loop 69KV LN's SD-JLT)					1,200,000			1,200,000
T & D - Relocate and upgrade Rayonier 69 KV Transmission Line	140,277	1,009,147						1,149,424
250 KVA voltage regulators	41,603							41,603
3 regulators			75,000	75,000	75,000			225,000
69 KV Wooden Pole Replacement (8 poles)		480,000						480,000
69kv Circuit Breakers/Switches at step down SS				500,000				500,000
69kv Gum to West Rock			550,000		100,000			750,000
69KV Lightning Arrestors & Grounding			175,000	300,000	300,000			775,000
8th Street Reliability Project			1,800,000					1,800,000
Backup feed from Chipola sub (to serve Industrial Park)						200,000		200,000
Black Start Generator - Purchase 2,500 KW Mobile Generator		564,691						564,691
Buccaneer Trail Cable Replacement				425,000				425,000
Chip Mill - Construct Substation at Rayonier		1,120,987						1,120,987
Construct Feeder 312 Phase 4, 5, and 6		550,000	450,000	455,000				1,455,000
Control Room Building (Less \$802,225.46 Underspent as of Sept. 2015)		181,359						181,359
Cottondale Village Apts Cable Replacement				150,000				150,000
Decayed Pole Replacement		182,915						182,915
Electronic Reclosures		50,000	25,000	25,000				100,000
Gum Street Substation - Construct Substation at Rayonier	173,350	1,958,276						2,131,626
Install new SCADA at JLT and SD	62,821	798,984						861,805
Loop 69KV line (JLT- AIP)						9,300,000		9,300,000
Loop 69KV line (SD -JLT)					4,000,000			4,000,000
Marsh Relocation - Relocate and upgrade Rayonier 69 KV Transmission Line		766,458						766,458
Misc UG Cable Replacement				75,000	75,000			150,000
Modify 69kv bus add CBs (loop 69KV LN's JLT-AIP)						1,200,000	1,200,000	2,400,000
Mt Tabor Relocation		25,000						25,000
New 30 MVA XFMR at SD sub							850,000	850,000
New 71 S. Feeder							1,205,000	1,205,000
New backup feed to Bristol							2,000,000	2,000,000
Osrose Pole Replacement	79,812	520,000	810,000	815,000	765,000	615,000	615,000	4,219,812
Overhead Reconductor-So Fletcher & Storm Harden		400,000						400,000
Phase Down HWY-73		63,837						63,837
Prison Feeder Storm Hardening		36,068						36,068
Purchase and Install Electronic Recloser	22,184							22,184
Rebuild AIP Substation			1,200,000					1,200,000
Rebuild Cavern Rd Substation (Rpl Sws w/ gang operated and fix VR arrangement)				750,000				750,000
Re-conductor at Forest Ridge	170,940	54,989						225,929
Relocate to HWY 90 from Orange St to Wynn St			400,000					400,000
Remove static wire and install arrestors from stepdown to AIP			800,000					800,000
Remove static wire and install arrestors from stepdown to JL Terry				800,000	800,000			1,600,000
Replace 138kv Switches at step down				345,000				345,000
Replace 69 KV poles with concrete						1,000,000	1,000,000	2,000,000
Replace 75 MVA XFMR ST-907							1,200,000	1,200,000
Replace 75 MVA XFMR ST-908						1,200,000		1,200,000
Replace cutouts with reclosers			50,000	50,000	50,000			150,000
Replace river crossing poles HWY 20							750,000	750,000
Replace station tie switch - JL Terry				250,000				250,000
Replace transformer at step down substation					2,000,000			2,000,000
SCADA			2,000,000					2,000,000
Smart Meters			1,500,000	3,000,000	1,500,000			6,000,000
Storm Hardening Appalachia Crossing along Hwy 20 from Blountown to Bristol				1,500,000				1,500,000
Storm Hardening College Feeder from Caverns Rd to Switches Hwy 162						400,000		400,000
Storm hardening college feeder from Chipola sub to Kelson Ave.				500,000				500,000
Storm Hardening College Feeder from Meadowview Rd to Marianna HS					300,000			300,000
Storm Hardening Cottondale Feeder from Marianna Sub to Alford					1,400,000			1,400,000
Storm Hardening Dogwood Heights Feeder						500,000		500,000
Storm hardening hospital feeder from McDonalds to hospital				150,000				150,000
Storm Hardening Hwy 90 to Jefferson St/Caverns Rd.						350,000		350,000
Storm Hardening Hwy90E from old US Rd to Magnolia Rd								
Storm Hardening Indians Spring feeder Ffrom Dogwood Hts Sws (Hwy 71)				1,400,000				1,400,000
Storm Hardening Indians Spring feeder from Chipola sub to Indians Spring						400,000		400,000
Storm Hardening line to Marianna Waste Water Facility						400,000		400,000
Storm Hardening Marianna Sub to RR Trestle					200,000			200,000
Storm Hardening South St Feeder from Jenninings field to Laramore Rd.			350,000					350,000
Sub St Voltage		50,000						50,000
Substation Transformer Upgrade	27,060	4,209						31,270
Transmission Upgrade		42,722						42,722
Underground Along Airport Rd				375,000				375,000
<b>Grand Total</b>	<b>718,048</b>	<b>8,859,643</b>	<b>10,185,000</b>	<b>12,040,000</b>	<b>12,765,000</b>	<b>15,965,000</b>	<b>8,820,000</b>	<b>69,352,691</b>

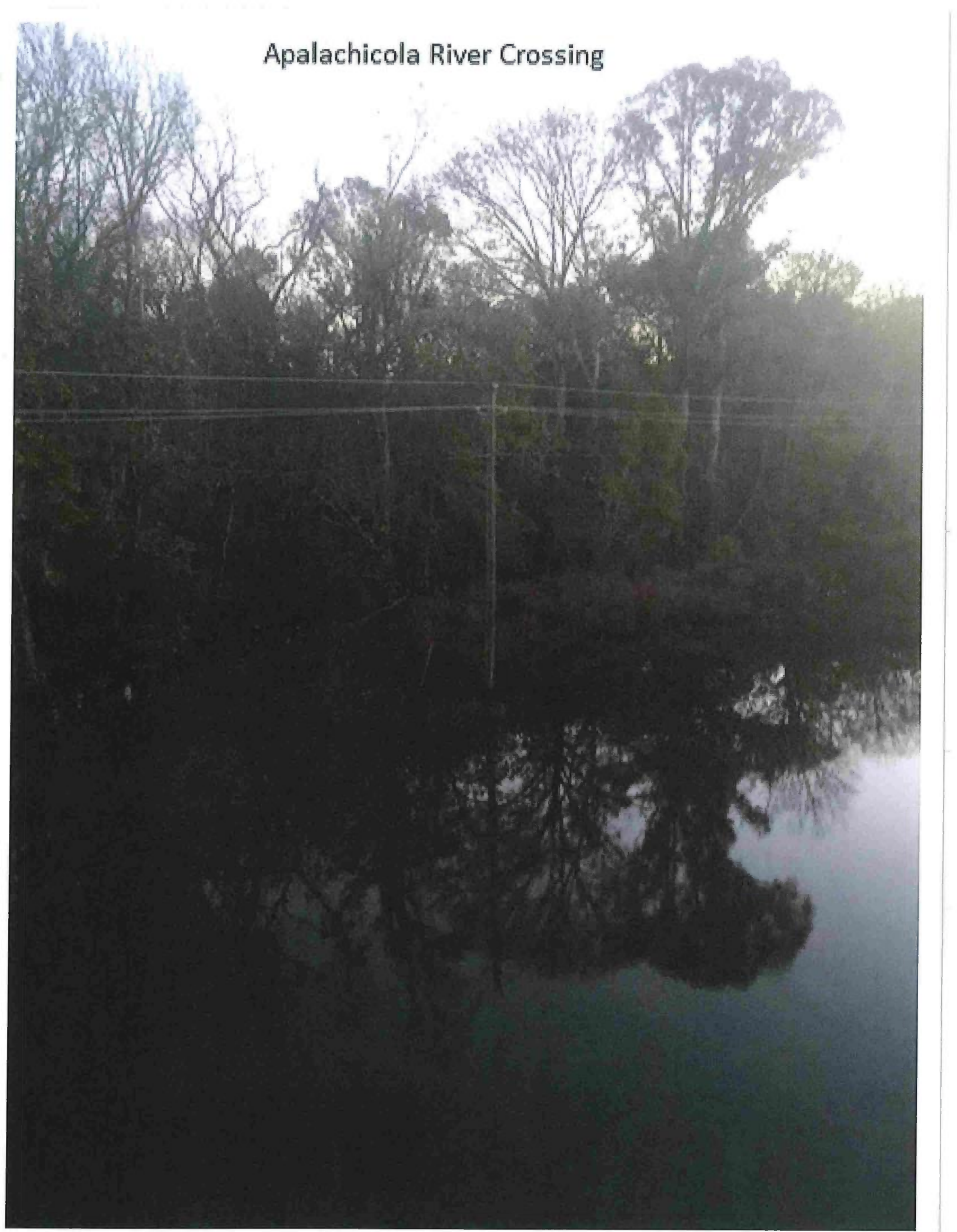
**ATTACHMENT B**

**Representative Examples of  
Facilities**

Apalachicola River crossing, single circuit on 100' wood poles in flood plane  
Very limited access



# Apalachicola River Crossing



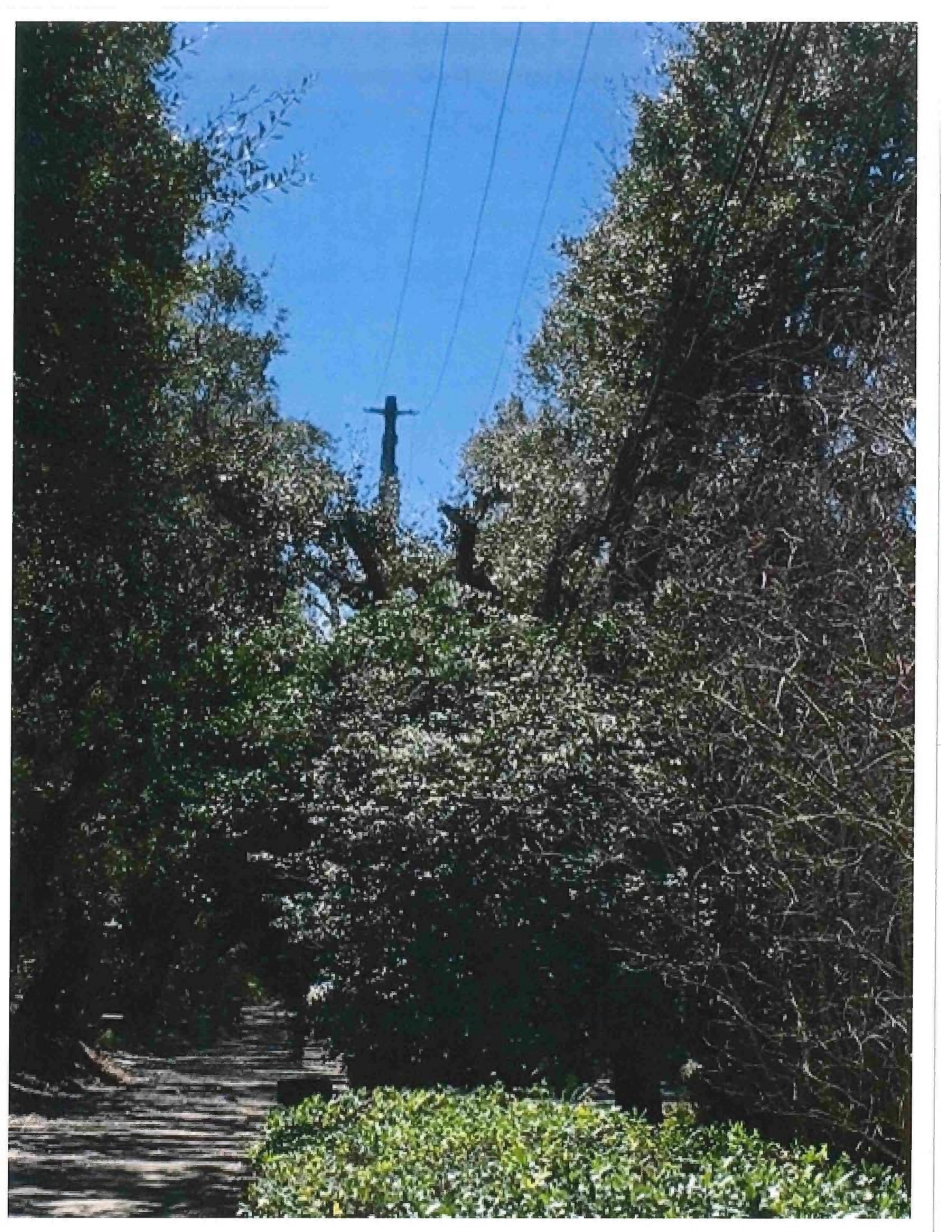


Swamp area with limited

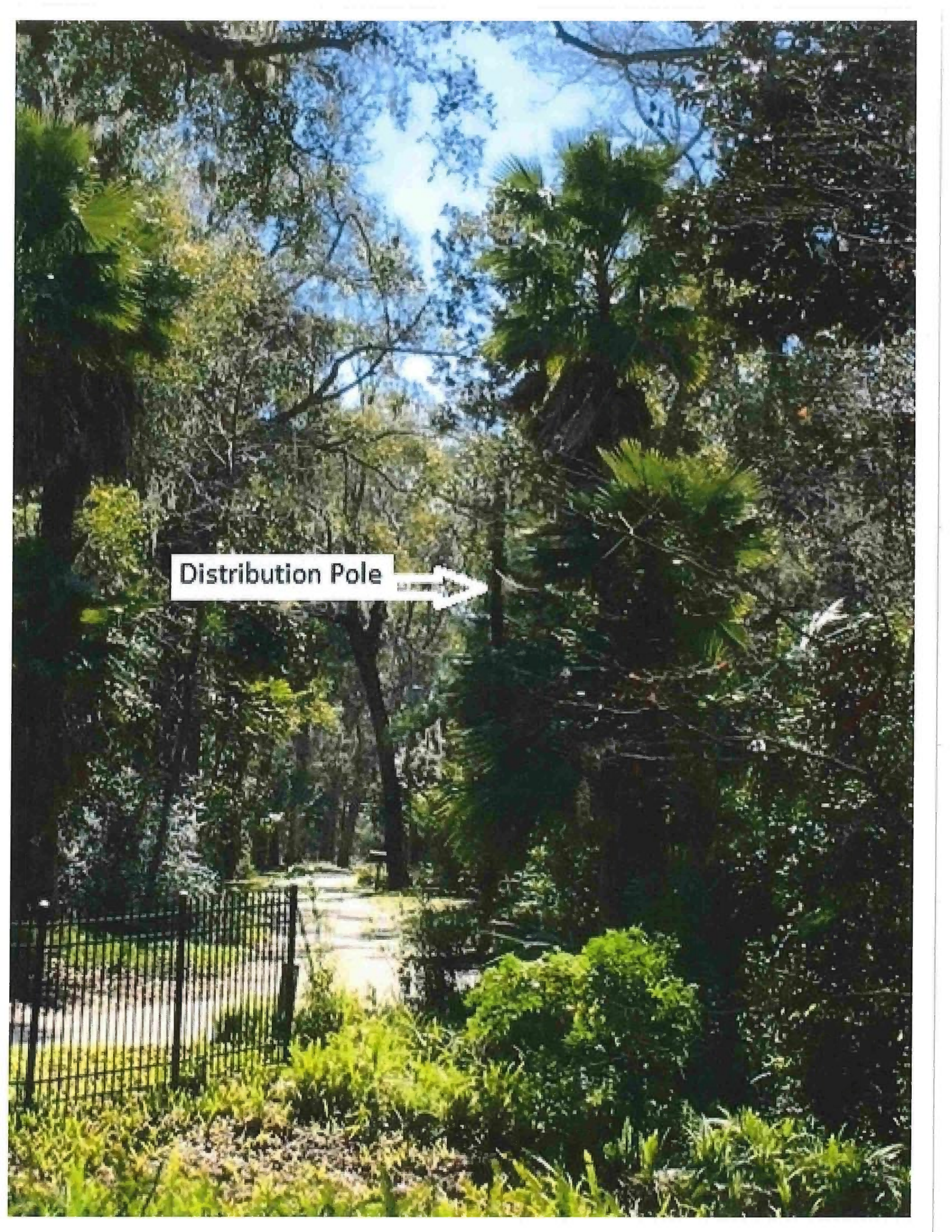


Limited Access



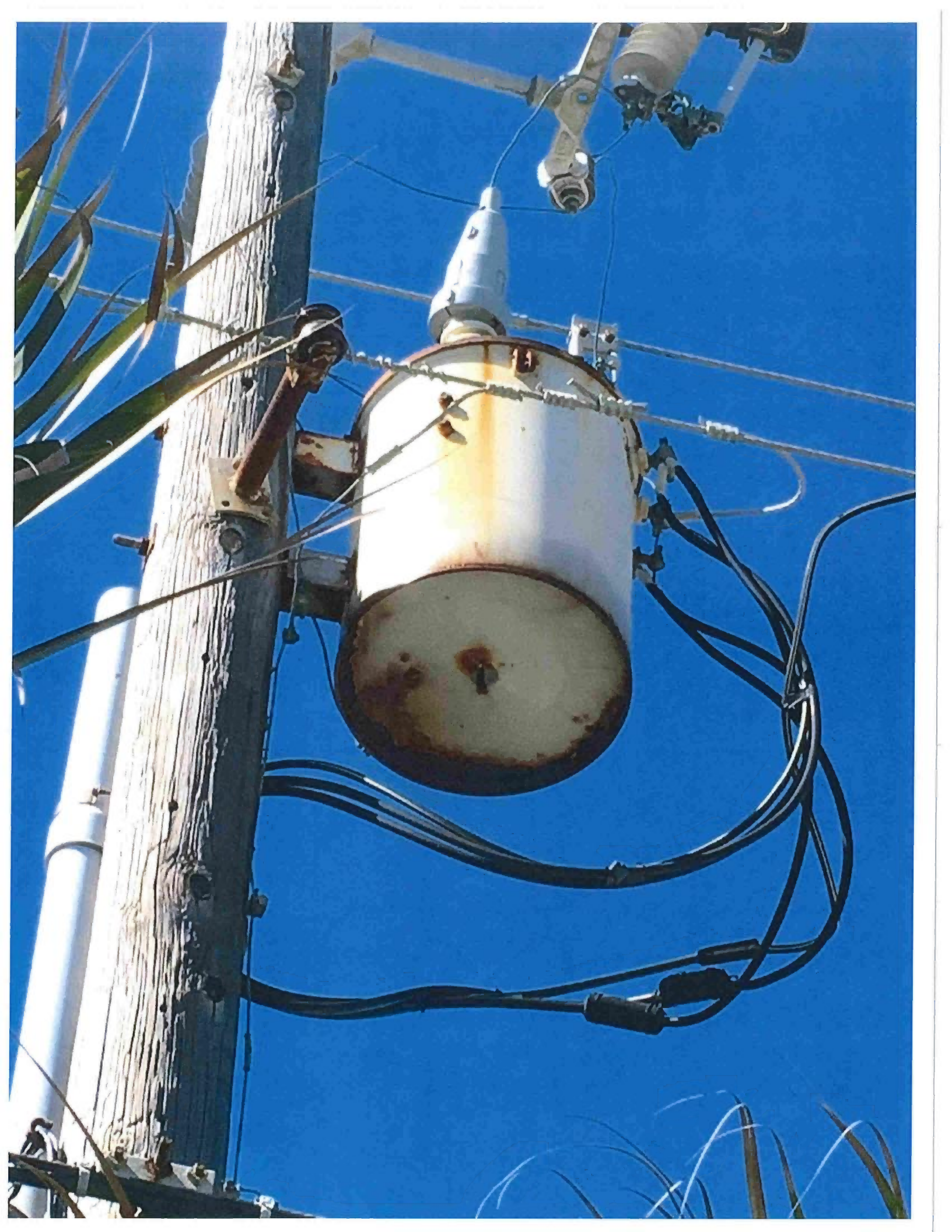


Distribution Pole



caused an outage





**ATTACHMENT C**

**Surcharge Calculation**

**Florida Public Utilities Company**  
 Electric System Transformation and Reliability Program (ESTAR)  
 Projection of Qualified Mains & Services Revenue Requirements  
 Surcharge Calculation - January 1, 2017 through December 31, 2017

Attachment C-1  
 Exhibit Mike Cassel (MC-1)  
 Page 1 of 1

- 1. 1/1/17-12/31/17 Replacement Revenue Requirements \$ 2,104,333
- 2. TRUE-UP from Prior Period (Over)/Under Recovery Estimated thru 12/2016 Not Requested
- 3. 2017 Qualified Replacement Revenue Requirements \$ 2,104,333

	Investment	Percent of Total Investment	2017 Revenue Requirement
Underground Conduit	\$ 804,129	4.07%	\$ 85,624
Underground Conductors & Devices	\$ 1,633,800	8.27%	\$ 173,967
Overhead Transformers	\$ 630,983	3.19%	\$ 67,187
Overhead Conductors & Devices Distribution	\$ 735,714	3.72%	\$ 78,339
Distribution Poles	\$ 2,129,103	10.77%	\$ 226,707
Distribution Structures	\$ 181,359	0.92%	\$ 19,311
Power Operated Equipment	\$ 564,691	2.86%	\$ 60,128
Station Equipment	\$ 4,799,357	24.28%	\$ 511,036
<b>Total Secondary Distribution</b>	<b>\$ 11,479,136</b>		<b>\$ 1,222,299</b>
Meters	\$ 1,500,000	7.59%	\$ 159,720
Meter Allocation	\$ 1,500,000		\$ 159,720
Overhead Conductors & Devices Transmission	\$ 1,634,973	8.27%	\$ 174,092
Transmission Poles	\$ 25,000	0.13%	\$ 2,662
Concrete Poles	\$ 2,261,777	11.44%	\$ 240,834
<b>Total Transmission</b>	<b>\$ 3,921,750</b>		<b>\$ 417,588</b>
Communications Equipment	\$ 2,861,805	14.48%	\$ 304,725
Total Communication at Customer Other	\$ 2,861,805		\$ 304,725
	\$ 19,762,691	100.00%	\$ 2,104,333

Residential	GS	GSD	GSLD	Rock Tenn	Ravonier	OL	Total
56.49%	10.94%	23.48%	7.75%			1.34%	
56.49%	10.94%	23.48%	7.75%			1.34%	
56.49%	10.94%	23.48%	7.75%			1.34%	
56.49%	10.94%	23.48%	7.75%			1.34%	
56.49%	10.94%	23.48%	7.75%			1.34%	
56.49%	10.94%	23.48%	7.75%			1.34%	
56.49%	10.94%	23.48%	7.75%			1.34%	
\$ 690,477	\$ 133,720	\$ 286,996	\$ 94,728	\$ -	\$ -	\$ 16,379	\$ 1,222,299
44.26%	29.54%	19.41%	4.45%	1.17%	1.17%		
\$ 70,694	\$ 47,181	\$ 31,002	\$ 7,108	\$ 1,868	\$ 1,868	\$ -	\$ 159,720
32.39%	5.94%	13.82%	6.72%	20.55%	20.55%	0.04%	
32.39%	5.94%	13.82%	6.72%	20.55%	20.55%	0.04%	
32.39%	5.94%	13.82%	6.72%	20.55%	20.55%	0.04%	
\$ 135,257	\$ 24,805	\$ 57,711	\$ 28,062	\$ 85,794	\$ 85,794	\$ 167	\$ 417,588
84.30%	13.24%	2.37%	0.08%	0.01%	0.01%		
\$ 256,881	\$ 40,346	\$ 7,222	\$ 244	\$ 15	\$ 15	\$ -	\$ 304,725
\$ 1,153,309	\$ 246,051	\$ 382,930	\$ 130,141	\$ 87,676	\$ 87,676	\$ 16,546	\$ 2,104,333

	KWH BUDGETED June-December 2017	KW BUDGETED June-December 2017	Revenue Req. Based on Cost of Service	Revenue Per KWH or KW	Tax Factor	Rate with Tax	Typical Yearly Usage	Yearly Cost	Monthly Cost
RS	185,045,365		\$ 1,153,309	\$ 0.00623	1.00072	\$ 0.00624	12,000	\$ 74.88	\$ 6.24
GS	42,792,106		\$ 246,051	\$ 0.00575	1.00072	\$ 0.00575	17,500	\$ 100.63	\$ 8.39
GSD	95,615,400		\$ 382,930	\$ 0.00400	1.00072	\$ 0.00401	275,000	\$ 1,102.75	\$ 91.90
GSLD	54,077,750		\$ 130,141	\$ 0.00241	1.00072	\$ 0.00241	3,900,000	\$ 9,399.00	\$ 783.25
GSLD1 - Rock Tenn		99,600	\$ 87,676	\$ 0.88029	1.00072	\$ 0.88092	99,600	\$ 87,739.63	\$ 7,311.64
Standby - Rayonier		182,000	\$ 87,676	\$ 0.48174	1.00072	\$ 0.48209	182,000	\$ 87,740.38	\$ 7,311.70
LS	4,135,519		\$ 16,546	\$ 0.00400	1.00072	\$ 0.00400	2,500	\$ 10.00	\$ 0.83
	381,666,140	281,600	\$ 2,104,330						



**Florida Public Utilities Company**  
 Electric System Transformation and Reliability Program (ESTAR)  
 Calculation of the Projected Revenue Requirements  
 October 1, 2015 through December 31, 2017

Item	Beginning Balance	Current Year Investment			2015 Year End Total/Balance
		Actual 2015 Oct	Actual 2015 Nov	Actual 2015 Dec	
Qualified Investment					\$ 718,048
Qualified Inv. - Underground Conduit- Current Year 1070 Activity(366)				\$ 163,208	\$ 163,208
Qualified Inv. - Underground Conduit - Closed 1070 Activity to Plant				\$ -	\$ -
Qualified Inv. - Underground Cond. & Devices- Current Year 1070 Activity (367)				\$ 7,732	\$ 7,732
Qualified Inv. - Underground Cond. & Devices - Closed 1070 Activity to Plant				\$ -	\$ -
Qualified Inv. - Meters Current Year 1070 Activity (370)				\$ -	\$ -
Qualified Inv. -Meters - Closed 1070 Activity to Plant				\$ -	\$ -
Qualified Inv. - Concrete Poles Current Year 1070 Activity (3551)	\$ 4,594	\$ 756	\$ 38,010	\$ -	\$ 43,359
Qualified Inv. - Concrete Poles - Closed 1070 Activity to Plant				\$ -	\$ -
Qualified Inv. -OH & Burried Transformers Current Year 1070 Activity (368)				\$ 1,652	\$ 1,652
Qualified Inv. -OH & Burried Transformers - Closed 1070 Activity to Plant				\$ -	\$ -
Qualified Inv. - OH Conductors & Devices Trans.- Current Year 1070 Activity (356)		\$ 25,256	\$ 56,873	\$ -	\$ 82,128
Qualified Inv. - OH Conductors & Devices Trans.- Closed 1070 Activity to Plant				\$ -	\$ -
Qualified Inv. - OH Conductors & Devices Dist.- Current Year 1070 Activity (365)	\$ 20,593	\$ 4,107	\$ 1,152	\$ -	\$ 25,852
Qualified Inv. - OH Conductors & Devices - Dist. Closed 1070 Activity to Plant			\$ (22,184)	\$ -	\$ (22,184)
Qualified Inv. - Transmission Poles Current Year 1070 Activity (355)				\$ -	\$ -
Qualified Inv. - Transmission Poles - Closed 1070 Activity to Plant				\$ -	\$ -
Qualified Inv. - Distribution Poles Current Year 1070 Activity (364)	\$ 28,593	\$ 25,659	\$ 21,892	\$ -	\$ 76,144
Qualified Inv. - Distribution Poles - Closed 1070 Activity to Plant			\$ (76,144)	\$ -	\$ (76,144)
Qualified Inv. - Distribution Structures Current Year 1070 Activity (361)				\$ -	\$ -
Qualified Inv. - Distribution Structures - Closed 1070 Activity to Plant				\$ -	\$ -
Qualified Inv. - Station Equipment Current Year 1070 Activity (362)	\$ 51,171	\$ 84,287	\$ 119,694	\$ -	\$ 255,152
Qualified Inv. - Station Equipment - Closed 1070 Activity to Plant			\$ (41,603)	\$ -	\$ (41,603)
Qualified Inv. - Power Operated Equipment- Current Year 1070 Activity (396)				\$ -	\$ -
Qualified Inv. - Power Operated Equipment - Closed 1070 Activity to Plant				\$ -	\$ -
Qualified Inv.- Communication Equipment- Current Year 1070 Activity (397)			\$ 62,821	\$ -	\$ 62,821
Qualified Inv. - Communications Equipment - Closed 1070 Activity to Plant				\$ -	\$ -
Underground Conduit - Current 1010 Activity (Acct. 366)	\$ -	\$ -	\$ -	\$ -	\$ -
Underground Conductors & Devices - Current 1010 Activity (Acct. 367)	\$ -	\$ -	\$ -	\$ -	\$ -
Meters - Current 1010 Activity (Acct. 370)	\$ -	\$ -	\$ -	\$ -	\$ -
Qualified Investment - Concrete Poles Current Year 1010 Activity (Acct. 3551)	\$ -	\$ -	\$ -	\$ -	\$ -
Overhead & Burried Transformers Current Year 1010 Activity (Acct. 368)	\$ -	\$ -	\$ -	\$ -	\$ -
OH Conductors & Devices Transmission- Current Year 1010 Activity (Acct. 356)	\$ -	\$ -	\$ -	\$ -	\$ -
OH Conductors & Devices Distribution- Current Year 1010 Activity (Acct. 365)	\$ -	\$ -	\$ 22,184	\$ -	\$ 22,184
Transmission Poles Current Year 1010 Activity (Account 355)	\$ -	\$ -	\$ -	\$ -	\$ -
Distribution Poles Current Year 1010 Activity (Acct. 364)	\$ -	\$ -	\$ 76,144	\$ -	\$ 76,144
Distribution Structure Current Year 1010 Activity (Acct. 361)	\$ -	\$ -	\$ -	\$ -	\$ -
Station Equipment Current Year 1010 Activity (Acct. 362)	\$ -	\$ -	\$ 41,603	\$ -	\$ 41,603
Power Operated Equipment- Current Year 1070 Activity (Acct. 396)	\$ -	\$ -	\$ -	\$ -	\$ -
Communications Equipment- Current Year 1070 Activity (Acct. 397)	\$ -	\$ -	\$ -	\$ -	\$ -

**Florida Public Utilities Company**  
 Electric System Transformation and Reliability Program (ESTAR)  
 Calculation of the Projected Revenue Requirements  
 October 1, 2015 through December 31, 2017

Item	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Current Year Investment	\$ 8,859,643	
	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016	Year End
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Dec	Total/Balance		
<b>Qualified Investment</b>																
Qualified Inv. - Underground Conduit- Current Year 1070 Activity(366)	\$ 26,922										\$ 13,000	\$ 13,000	\$ 13,000	\$ 65,922		
Qualified Inv. - Underground Conduit - Closed 1070 Activity to Plant						\$ (190,129)							\$ (39,000)	\$ (229,129)		
Qualified Inv. - Underground Cond. & Devices- Current Year 1070 Activity (367)	\$ 28,067										\$ 172,667	\$ 172,667	\$ 172,667	\$ 546,067		
Qualified Inv. - Underground Cond. & Devices - Closed 1070 Activity to Plant						\$ (35,800)							\$ (506,000)	\$ (541,800)		
Qualified Inv. - Meters Current Year 1070 Activity (370)														\$ -		
Qualified Inv. -Meters - Closed 1070 Activity to Plant														\$ -		
Qualified Inv. - Concrete Poles Current Year 1070 Activity (3551)	\$ 4,337	\$ 99	\$ 9,987	\$ 434,818	\$ 140,044	\$ 10,116	\$ 1,008	\$ 812	\$ 513,346	\$ 151,283	\$ 151,283	\$ 151,283	\$ 1,568,417			
Qualified Inv. - Concrete Poles - Closed 1070 Activity to Plant							\$ (646,440)		\$ (1,334)				\$ (964,002)	\$ (1,611,777)		
Qualified Inv. -OH & Burried Transformers Current Year 1070 Activity (368)	\$ 858			\$ 20,687	\$ 7,109	\$ 1,486	\$ 148	\$ 39	\$ (8,311)	\$ 2,439	\$ 2,439	\$ 2,439	\$ 29,332			
Qualified Inv. -OH & Burried Transformers - Closed 1070 Activity to Plant							\$ (32,004)						\$ 1,021	\$ (30,983)		
Qualified Inv. - OH Conductors & Devices Trans.- Current Year 1070 Activity (356)	\$ 1,175	\$ 351,989	\$ 37,078	\$ 62,436	\$ 60,670	\$ 3,460	\$ 173	\$ 117	\$ (150,344)	\$ 45,364	\$ 45,364	\$ 45,364	\$ 502,845			
Qualified Inv. - OH Conductors & Devices Trans.- Closed 1070 Activity to Plant							\$ (557,251)		\$ (192)				\$ (27,531)	\$ (584,973)		
Qualified Inv. - OH Conductors & Devices Dist.- Current Year 1070 Activity (365)		\$ 1,267	\$ 3,786	\$ 671	\$ 2,030	\$ 1,070	\$ 1,934	\$ 11,052	\$ 25,052	\$ 87,667	\$ 87,667	\$ 87,667	\$ 309,862			
Qualified Inv. - OH Conductors & Devices - Dist. Closed 1070 Activity to Plant							\$ (4,178)						\$ (101,353)	\$ (105,530)		
Qualified Inv. - Transmission Poles Current Year 1070 Activity (355)														\$ -		
Qualified Inv. - Transmission Poles - Closed 1070 Activity to Plant														\$ -		
Qualified Inv. - Distribution Poles Current Year 1070 Activity (364)	\$ 17,440	\$ 11,160	\$ 25,359	\$ 14,693	\$ 30,472	\$ 14,125	\$ 25,807	\$ 36,504	\$ 38,259	\$ 269,713	\$ 269,713	\$ 269,713	\$ 1,022,959			
Qualified Inv. - Distribution Poles - Closed 1070 Activity to Plant		\$ (1,468)											\$ (841,490)	\$ (842,959)		
Qualified Inv. - Distribution Structures Current Year 1070 Activity (361)									\$ 131,520	\$ 16,613	\$ 16,613	\$ 16,613	\$ 181,359			
Qualified Inv. - Distribution Structures - Closed 1070 Activity to Plant													\$ (181,359)	\$ (181,359)		
Qualified Inv. - Station Equipment Current Year 1070 Activity (362)	\$ 10,908	\$ 641,565	\$ 225,153	\$ 372,583	\$ 229,624	\$ 169,428	\$ 421,817	\$ 42,846	\$ 660,884	\$ 164,799	\$ 164,799	\$ 164,799	\$ 3,269,205			
Qualified Inv. - Station Equipment - Closed 1070 Activity to Plant						\$ (31,270)	\$ (2,072,314)		\$ (376,533)				\$ (1,002,637)	\$ (3,482,754)		
Qualified Inv. - Power Operated Equipment- Current Year 1070 Activity (396)									\$ 506,217	\$ 19,491	\$ 19,491	\$ 19,491	\$ 564,691			
Qualified Inv. - Power Operated Equipment- Closed 1070 Activity to Plant													\$ (564,691)	\$ (564,691)		
Qualified Inv.- Communication Equipment- Current Year 1070 Activity (397)	\$ 30,906	\$ 3,728	\$ 14,495	\$ 144,703	\$ 62,330	\$ 230,421	\$ 33,949	\$ 16,365	\$ 262,088					\$ 798,984		
Qualified Inv. - Communications Equipment - Closed 1070 Activity to Plant													\$ (861,805)	\$ (861,805)		
Underground Conduit - Current 1010 Activity (Acct. 366)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 190,129	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 39,000	\$ 229,129		
Underground Conductors & Devices - Current 1010 Activity (Acct. 367)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,800	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 506,000	\$ 541,800		
Meters - Current 1010 Activity (Acct. 370)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Qualified Investment - Concrete Poles Current Year 1010 Activity (Acct. 3551)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 646,440	\$ -	\$ 1,334	\$ -	\$ -	\$ -	\$ 964,002	\$ 1,611,777		
Overhead & Burried Transformers Current Year 1010 Activity (Acct. 368)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 32,004	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,021)	\$ 30,983		
OH Conductors & Devices Transmission- Current Year 1010 Activity (Acct. 356)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 557,251	\$ -	\$ 192	\$ -	\$ -	\$ -	\$ 27,531	\$ 584,973		
OH Conductors & Devices Distribution- Current Year 1010 Activity (Acct. 365)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,178	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 101,353	\$ 105,530		
Transmission Poles Current Year 1010 Activity (Account 355)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Distribution Poles Current Year 1010 Activity (Acct. 364)	\$ -	\$ 1,468	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 841,490	\$ 842,959		
Distribution Structure Current Year 1010 Activity (Acct. 361)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 181,359	\$ 181,359		
Station Equipment Current Year 1010 Activity (Acct. 362)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,270	\$ 2,072,314	\$ -	\$ 376,533	\$ -	\$ -	\$ -	\$ 1,002,637	\$ 3,482,754		
Power Operated Equipment- Current Year 1070 Activity (Acct. 396)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 564,691	\$ 564,691		
Communications Equipment- Current Year 1070 Activity (Acct. 397)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 861,805	\$ 861,805		



**Florida Public Utilities Company**  
 Electric System Transformation and Reliability Program (ESTAR)  
 Calculation of the Projected Revenue Requirements  
 October 1, 2015 through December 31, 2017

Item	Beginning Balance	Current Year Investment			2015 Year End Total/Balance
		Actual 2015 Oct	Actual 2015 Nov	Actual 2015 Dec	
<b>Cumulative</b>					
Cumulative - Underground Conduit 1070 (366)	\$ -	\$ -	\$ -	\$ 163,208	\$ 163,208
Cumulative - Underground Conductors and Devices 1070 (367)	\$ -	\$ -	\$ -	\$ 7,732	\$ 7,732
Cumulative - Meters 1070 (370)	\$ -	\$ -	\$ -	\$ -	\$ -
Cumulative - Concrete Poles Current Year 1070 Activity (3551)	\$ -	\$ 4,594	\$ 5,349	\$ 43,359	\$ 43,359
Cumulative - Overhead & Burried Transformers Current Year 1070 Activity (368)	\$ -	\$ -	\$ -	\$ 1,652	\$ 1,652
Cumulative - OH Conductors & Devices Trans.- Current Year 1070 Activity (356)	\$ -	\$ -	\$ 25,256	\$ 82,128	\$ 82,128
Cumulative - OH Conductors & Devices Dist.- Current Year 1070 Activity (365)	\$ -	\$ 20,593	\$ 24,701	\$ 3,668	\$ 3,668
Cumulative - Transmission Poles Current Year 1070 Activity (355)	\$ -	\$ -	\$ -	\$ -	\$ -
Cumulative - Distribution Poles Current Year 1070 Activity (364)	\$ -	\$ 28,593	\$ 54,252	\$ 0	\$ 0
Cumulative - Distribution Structures Current Year 1070 Activity (361)	\$ -	\$ -	\$ -	\$ -	\$ -
Cumulative - Station Equipment Current Year 1070 Activity (362)	\$ -	\$ 51,171	\$ 135,458	\$ 213,548	\$ 213,548
Cumulative - Power Operated Equipment- Current Year 1070 Activity (396)	\$ -	\$ -	\$ -	\$ -	\$ -
Cumulative - Communications Equipment- Current Year 1070 Activity (397)	\$ -	\$ -	\$ -	\$ 62,821	\$ 62,821
Cumulative - Underground Conduit 1010 (Acct. 366)	\$ -	\$ -	\$ -	\$ -	\$ -
Cumulative - Underground Conductors and Devices 1010 (Acct. 367)	\$ -	\$ -	\$ -	\$ -	\$ -
Cumulative - Meters 1010 (Acct. 370)	\$ -	\$ -	\$ -	\$ -	\$ -
Cumulative - Concrete Poles Current Year 1010 Activity (Acct. 3551)	\$ -	\$ -	\$ -	\$ -	\$ -
Cumulative - OH & Burried Transformers Current Year 1010 Activity (Acct. 368)	\$ -	\$ -	\$ -	\$ -	\$ -
Cumulative - OH Cond. & Devices Trans.- Current Year 1010 Activity (Acct. 356)	\$ -	\$ -	\$ -	\$ -	\$ -
Cumulative - OH Cond. & Devices Dist.- Current Year 1010 Activity (Acct. 365)	\$ -	\$ -	\$ -	\$ 22,184	\$ 22,184
Cumulative - Transmission Poles Current Year 1010 Activity (Account 355)	\$ -	\$ -	\$ -	\$ -	\$ -
Cumulative - Distribution Poles Current Year 1010 Activity (Acct. 364)	\$ -	\$ -	\$ -	\$ 76,144	\$ 76,144
Cumulative - Distribution Structures Current Year 1010 Activity (Acct. 361)	\$ -	\$ -	\$ -	\$ -	\$ -
Cumulative - Station Equipment Current Year 1010 Activity (Acct. 362)	\$ -	\$ -	\$ -	\$ 41,603	\$ 41,603
Cumulative - Power Operated Equipment- Current Year 1010 Activity (Acct. 396)	\$ -	\$ -	\$ -	\$ -	\$ -
Cumulative - Communications Equipment- Current Year 1010 Activity (Acct. 397)	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Investment</b>	\$ -	\$ 104,952	\$ 245,016	\$ 718,048	\$ 718,048
<b>Total Qualified Investment</b>	\$ -	\$ 104,952	\$ 245,016	\$ 718,048	\$ 718,048
Less: Accumulated Depreciation	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Book Value</b>	\$ -	\$ 104,952	\$ 245,016	\$ 718,048	\$ 718,048
<b>Average Net Qualified Investment</b>		\$ 52,476	\$ 174,984	\$ 481,532	

**Florida Public Utilities Company**  
 Electric System Transformation and Reliability Program (ESTAR)  
 Calculation of the Projected Revenue Requirements  
 October 1, 2015 through December 31, 2017

Item	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Current Year Investment	\$ 8,859,643
	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total/Balance	Year End
<b>Cumulative</b>														
Cumulative - Underground Conduit 1070 (366)	\$ 190,129	\$ 190,129	\$ 190,129	\$ 190,129	\$ 190,129	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,000	\$ 26,000	\$ -	\$ -
Cumulative - Underground Conductors and Devices 1070 (367)	\$ 35,800	\$ 35,800	\$ 35,800	\$ 35,800	\$ 35,800	\$ -	\$ -	\$ -	\$ -	\$ 172,667	\$ 345,333	\$ 12,000	\$ 12,000	
Cumulative - Meters 1070 (370)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Cumulative - Concrete Poles Current Year 1070 Activity (3551)	\$ 47,696	\$ 47,795	\$ 57,782	\$ 492,601	\$ 632,645	\$ 642,761	\$ (2,671)	\$ (1,859)	\$ 510,153	\$ 661,436	\$ 812,719	\$ -	\$ -	
Cumulative - Overhead & Buried Transformers Current Year 1070 Activity (368)	\$ 2,509	\$ 2,509	\$ 2,509	\$ 23,197	\$ 30,305	\$ 31,792	\$ (64)	\$ (26)	\$ (8,396)	\$ (5,898)	\$ (3,459)	\$ (0)	\$ (0)	
Cumulative - OH Conductors & Devices Trans.- Current Year 1070 Activity (356)	\$ 83,304	\$ 435,292	\$ 472,370	\$ 534,807	\$ 595,477	\$ 598,937	\$ 41,859	\$ 41,975	\$ (108,560)	\$ (63,196)	\$ (17,833)	\$ 0	\$ 0	
Cumulative - OH Conductors & Devices Dist.- Current Year 1070 Activity (365)	\$ 3,668	\$ 4,936	\$ 8,722	\$ 9,393	\$ 11,423	\$ 8,315	\$ 10,249	\$ 21,301	\$ 46,353	\$ 134,019	\$ 221,686	\$ 208,000	\$ 208,000	
Cumulative - Transmission Poles Current Year 1070 Activity (355)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Cumulative - Distribution Poles Current Year 1070 Activity (364)	\$ 17,440	\$ 27,131	\$ 52,490	\$ 67,183	\$ 97,655	\$ 111,780	\$ 137,587	\$ 174,091	\$ 212,351	\$ 482,064	\$ 751,777	\$ 180,000	\$ 180,000	
Cumulative - Distribution Structures Current Year 1070 Activity (361)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 131,520	\$ 148,133	\$ 164,746	\$ -	\$ -	
Cumulative - Station Equipment Current Year 1070 Activity (362)	\$ 224,456	\$ 866,021	\$ 1,091,174	\$ 1,463,757	\$ 1,693,381	\$ 1,831,539	\$ 181,043	\$ 223,888	\$ 508,239	\$ 673,038	\$ 837,838	\$ (0)	\$ (0)	
Cumulative - Power Operated Equipment- Current Year 1070 Activity (396)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 506,217	\$ 525,708	\$ 545,199	\$ -	\$ -	
Cumulative - Communications Equipment- Current Year 1070 Activity (397)	\$ 93,727	\$ 97,455	\$ 111,949	\$ 256,653	\$ 318,983	\$ 549,403	\$ 583,352	\$ 599,717	\$ 861,805	\$ 861,805	\$ 861,805	\$ -	\$ -	
Cumulative - Underground Conduit 1010 (Acct. 366)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 190,129	\$ 190,129	\$ 190,129	\$ 190,129	\$ 190,129	\$ 190,129	\$ 229,129	\$ 229,129	
Cumulative - Underground Conductors and Devices 1010 (Acct. 367)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,800	\$ 35,800	\$ 35,800	\$ 35,800	\$ 35,800	\$ 35,800	\$ 541,800	\$ 541,800	
Cumulative - Meters 1010 (Acct. 370)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Cumulative - Concrete Poles Current Year 1010 Activity (Acct. 3551)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 646,440	\$ 646,440	\$ 647,774	\$ 647,774	\$ 647,774	\$ 1,611,777	\$ 1,611,777	
Cumulative - OH & Buried Transformers Current Year 1010 Activity (Acct. 368)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 32,004	\$ 32,004	\$ 32,004	\$ 32,004	\$ 32,004	\$ 30,983	\$ 30,983	
Cumulative - OH Cond. & Devices Trans.- Current Year 1010 Activity (Acct. 356)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 557,251	\$ 557,251	\$ 557,443	\$ 557,443	\$ 557,443	\$ 584,973	\$ 584,973	
Cumulative - OH Cond. & Devices Dist.- Current Year 1010 Activity (Acct. 365)	\$ 22,184	\$ 22,184	\$ 22,184	\$ 22,184	\$ 22,184	\$ 26,362	\$ 26,362	\$ 26,362	\$ 26,362	\$ 26,362	\$ 26,362	\$ 127,714	\$ 127,714	
Cumulative - Transmission Poles Current Year 1010 Activity (Account 355)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Cumulative - Distribution Poles Current Year 1010 Activity (Acct. 364)	\$ 76,144	\$ 77,612	\$ 77,612	\$ 77,612	\$ 77,612	\$ 77,612	\$ 77,612	\$ 77,612	\$ 77,612	\$ 77,612	\$ 77,612	\$ 919,103	\$ 919,103	
Cumulative - Distribution Structures Current Year 1010 Activity (Acct. 361)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 181,359	\$ 181,359	
Cumulative - Station Equipment Current Year 1010 Activity (Acct. 362)	\$ 41,603	\$ 41,603	\$ 41,603	\$ 41,603	\$ 41,603	\$ 72,873	\$ 2,145,187	\$ 2,145,187	\$ 2,521,720	\$ 2,521,720	\$ 2,521,720	\$ 3,524,357	\$ 3,524,357	
Cumulative - Power Operated Equipment- Current Year 1010 Activity (Acct. 396)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 564,691	\$ 564,691	
Cumulative - Communications Equipment- Current Year 1010 Activity (Acct. 397)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 861,805	\$ 861,805	
<b>Total Investment</b>	\$ 838,660	\$ 1,848,468	\$ 2,164,326	\$ 3,214,918	\$ 3,747,198	\$ 4,177,304	\$ 4,662,140	\$ 4,769,873	\$ 6,748,584	\$ 7,691,620	\$ 8,634,656	\$ 9,577,691	\$ 9,577,691	
<b>Total Qualified Investment</b>	\$ 838,660	\$ 1,848,468	\$ 2,164,326	\$ 3,214,918	\$ 3,747,198	\$ 4,177,304	\$ 4,662,140	\$ 4,769,873	\$ 6,748,584	\$ 7,691,620	\$ 8,634,656	\$ 9,577,691	\$ 9,577,691	
Less: Accumulated Depreciation	\$ (394)	\$ (787)	\$ (1,185)	\$ (1,584)	\$ (1,982)	\$ (2,380)	\$ (3,234)	\$ (11,061)	\$ (18,889)	\$ (27,474)	\$ (36,058)	\$ (44,643)	\$ (44,643)	
<b>Net Book Value</b>	\$ 838,267	\$ 1,847,681	\$ 2,163,140	\$ 3,213,334	\$ 3,745,216	\$ 4,174,924	\$ 4,658,906	\$ 4,758,812	\$ 6,729,695	\$ 7,664,146	\$ 8,598,598	\$ 9,533,049	\$ 9,533,049	
<b>Average Net Qualified Investment</b>	\$ 778,157	\$ 1,342,974	\$ 2,005,410	\$ 2,688,237	\$ 3,479,275	\$ 3,960,070	\$ 4,416,915	\$ 4,708,859	\$ 5,744,254	\$ 7,196,921	\$ 8,131,372	\$ 9,065,823		

**Florida Public Utilities Company**  
Electric System Transformation and Reliability Program (ESTAR)  
Calculation of the Projected Revenue Requirements  
October 1, 2015 through December 31, 2017

Item	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Current Year Investment		\$ 10,185,000
	2017	2017	2017	2017	2017	2017	2017	2017	2017	2017	Forecast	Forecast	Year End
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total/Balance
<b>Cumulative</b>													
Cumulative - Underground Conduit 1070 (366)	\$ 35,938	\$ 71,875	\$ 107,813	\$ 143,750	\$ 179,688	\$ 215,625	\$ 251,563	\$ 287,500	\$ 323,438	\$ 359,375	\$ 395,313	\$ 0	\$ 0
Cumulative - Underground Conductors and Devices 1070 (367)	\$ 67,500	\$ 135,000	\$ 202,500	\$ 270,000	\$ 337,500	\$ 405,000	\$ 472,500	\$ 540,000	\$ 607,500	\$ 675,000	\$ 742,500	\$ -	\$ -
Cumulative - Meters 1070 (370)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cumulative - Concrete Poles Current Year 1070 Activity (3551)	\$ 40,625	\$ 81,250	\$ 121,875	\$ 162,500	\$ 203,125	\$ 243,750	\$ 284,375	\$ 325,000	\$ 365,625	\$ 406,250	\$ 446,875	\$ (0)	\$ (0)
Cumulative - Overhead & Buried Transformers Current Year 1070 Activity (368)	\$ 37,500	\$ 75,000	\$ 112,500	\$ 150,000	\$ 187,500	\$ 225,000	\$ 262,500	\$ 300,000	\$ 337,500	\$ 375,000	\$ 412,500	\$ (0)	\$ (0)
Cumulative - OH Conductors & Devices Trans.- Current Year 1070 Activity (356)	\$ 65,625	\$ 131,250	\$ 196,875	\$ 262,500	\$ 328,125	\$ 393,750	\$ 459,375	\$ 525,000	\$ 590,625	\$ 656,250	\$ 721,875	\$ -	\$ -
Cumulative - OH Conductors & Devices Dist.- Current Year 1070 Activity (365)	\$ 25,000	\$ 50,000	\$ 75,000	\$ 100,000	\$ 125,000	\$ 150,000	\$ 175,000	\$ 200,000	\$ 225,000	\$ 250,000	\$ 275,000	\$ 0	\$ 0
Cumulative - Transmission Poles Current Year 1070 Activity (355)	\$ 1,563	\$ 3,125	\$ 4,688	\$ 6,250	\$ 7,813	\$ 9,375	\$ 10,938	\$ 12,500	\$ 14,063	\$ 15,625	\$ 17,188	\$ (0)	\$ (0)
Cumulative - Distribution Poles Current Year 1070 Activity (364)	\$ 64,375	\$ 128,750	\$ 193,125	\$ 257,500	\$ 321,875	\$ 386,250	\$ 450,625	\$ 515,000	\$ 579,375	\$ 643,750	\$ 708,125	\$ 0	\$ 0
Cumulative - Distribution Structures Current Year 1070 Activity (361)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cumulative - Station Equipment Current Year 1070 Activity (362)	\$ 106,250	\$ 212,500	\$ 318,750	\$ 425,000	\$ 531,250	\$ 637,500	\$ 743,750	\$ 850,000	\$ 956,250	\$ 1,062,500	\$ 1,168,750	\$ (0)	\$ (0)
Cumulative - Power Operated Equipment- Current Year 1070 Activity (396)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cumulative - Communications Equipment- Current Year 1070 Activity (397)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cumulative - Underground Conduit 1010 (Acct. 366)	\$ 241,109	\$ 253,088	\$ 265,067	\$ 277,046	\$ 289,025	\$ 301,004	\$ 312,984	\$ 324,963	\$ 336,942	\$ 348,921	\$ 360,900	\$ 804,129	\$ 804,129
Cumulative - Underground Conductors and Devices 1010 (Acct. 367)	\$ 576,300	\$ 598,800	\$ 621,300	\$ 643,800	\$ 666,300	\$ 688,800	\$ 711,300	\$ 733,800	\$ 756,300	\$ 778,800	\$ 801,300	\$ 1,633,800	\$ 1,633,800
Cumulative - Meters 1010 (Acct. 370)	\$ 125,000	\$ 250,000	\$ 375,000	\$ 500,000	\$ 625,000	\$ 750,000	\$ 875,000	\$ 1,000,000	\$ 1,125,000	\$ 1,250,000	\$ 1,375,000	\$ 1,500,000	\$ 1,500,000
Cumulative - Concrete Poles Current Year 1010 Activity (Acct. 3551)	\$ 1,625,318	\$ 1,638,860	\$ 1,652,402	\$ 1,665,943	\$ 1,679,485	\$ 1,693,027	\$ 1,706,568	\$ 1,720,110	\$ 1,733,652	\$ 1,747,193	\$ 1,760,735	\$ 2,261,777	\$ 2,261,777
Cumulative - OH & Buried Transformers Current Year 1010 Activity (Acct. 368)	\$ 43,483	\$ 55,983	\$ 68,483	\$ 80,983	\$ 93,483	\$ 105,983	\$ 118,483	\$ 130,983	\$ 143,483	\$ 155,983	\$ 168,483	\$ 630,983	\$ 630,983
Cumulative - OH Cond. & Devices Trans.- Current Year 1010 Activity (Acct. 356)	\$ 606,848	\$ 628,723	\$ 650,598	\$ 672,473	\$ 694,348	\$ 716,223	\$ 738,098	\$ 759,973	\$ 781,848	\$ 803,723	\$ 825,598	\$ 1,634,973	\$ 1,634,973
Cumulative - OH Cond. & Devices Dist.- Current Year 1010 Activity (Acct. 365)	\$ 344,048	\$ 352,381	\$ 360,714	\$ 369,048	\$ 377,381	\$ 385,714	\$ 394,048	\$ 402,381	\$ 410,714	\$ 419,048	\$ 427,381	\$ 735,714	\$ 735,714
Cumulative - Transmission Poles Current Year 1010 Activity (Account 355)	\$ 521	\$ 1,042	\$ 1,563	\$ 2,083	\$ 2,604	\$ 3,125	\$ 3,646	\$ 4,167	\$ 4,688	\$ 5,208	\$ 5,729	\$ 25,000	\$ 25,000
Cumulative - Distribution Poles Current Year 1010 Activity (Acct. 364)	\$ 1,120,561	\$ 1,142,019	\$ 1,163,478	\$ 1,184,936	\$ 1,206,394	\$ 1,227,853	\$ 1,249,311	\$ 1,270,769	\$ 1,292,228	\$ 1,313,686	\$ 1,335,144	\$ 2,129,102	\$ 2,129,102
Cumulative - Distribution Structures Current Year 1010 Activity (Acct. 361)	\$ 181,359	\$ 181,359	\$ 181,359	\$ 181,359	\$ 181,359	\$ 181,359	\$ 181,359	\$ 181,359	\$ 181,359	\$ 181,359	\$ 181,359	\$ 181,359	\$ 181,359
Cumulative - Station Equipment Current Year 1010 Activity (Acct. 362)	\$ 3,524,357	\$ 3,524,357	\$ 3,524,357	\$ 3,524,357	\$ 3,524,357	\$ 3,524,357	\$ 3,524,357	\$ 3,524,357	\$ 3,524,357	\$ 3,524,357	\$ 3,524,357	\$ 4,799,357	\$ 4,799,357
Cumulative - Power Operated Equipment- Current Year 1010 Activity (Acct. 396)	\$ 564,691	\$ 564,691	\$ 564,691	\$ 564,691	\$ 564,691	\$ 564,691	\$ 564,691	\$ 564,691	\$ 564,691	\$ 564,691	\$ 564,691	\$ 564,691	\$ 564,691
Cumulative - Communications Equipment- Current Year 1010 Activity (Acct. 397)	\$ 1,028,472	\$ 1,195,139	\$ 1,361,805	\$ 1,528,472	\$ 1,695,139	\$ 1,861,805	\$ 2,028,472	\$ 2,195,139	\$ 2,361,805	\$ 2,528,472	\$ 2,695,139	\$ 2,861,805	\$ 2,861,805
<b>Total Investment</b>	\$ 10,426,441	\$ 11,275,191	\$ 12,123,941	\$ 12,972,691	\$ 13,821,441	\$ 14,670,191	\$ 15,518,941	\$ 16,367,691	\$ 17,216,441	\$ 18,065,191	\$ 18,913,941	\$ 19,762,691	\$ 19,762,691
<b>Total Qualified Investment</b>	\$ 10,426,441	\$ 11,275,191	\$ 12,123,941	\$ 12,972,691	\$ 13,821,441	\$ 14,670,191	\$ 15,518,941	\$ 16,367,691	\$ 17,216,441	\$ 18,065,191	\$ 18,913,941	\$ 19,762,691	\$ 19,762,691
Less: Accumulated Depreciation	\$ (78,737)	\$ (117,494)	\$ (159,707)	\$ (205,376)	\$ (254,501)	\$ (307,083)	\$ (363,121)	\$ (422,615)	\$ (485,566)	\$ (551,973)	\$ (621,836)	\$ (695,155)	\$ (695,155)
<b>Net Book Value</b>	\$ 10,347,705	\$ 11,157,698	\$ 11,964,235	\$ 12,767,316	\$ 13,566,940	\$ 14,363,108	\$ 15,155,820	\$ 15,945,076	\$ 16,730,876	\$ 17,513,219	\$ 18,292,106	\$ 19,067,536	\$ 19,067,536
<b>Average Net Qualified Investment</b>	\$ 9,940,377	\$ 10,752,701	\$ 11,560,966	\$ 12,365,775	\$ 13,167,128	\$ 13,965,024	\$ 14,759,464	\$ 15,550,448	\$ 16,337,976	\$ 17,122,047	\$ 17,902,662	\$ 18,679,821	

**Florida Public Utilities Company**  
 Electric System Transformation and Reliability Program (ESTAR)  
 Calculation of the Projected Revenue Requirements  
 October 1, 2015 through December 31, 2017

Item	Beginning Balance	Current Year Investment			\$ 718,048 2015 Year End Total/Balance
		Actual 2015 Oct	Actual 2015 Nov	Actual 2015 Dec	
<b>Depreciation Rates</b>					
Approved Depreciation Rate-Underground Conduit (366)		1.80%	1.80%	1.80%	
Approved Depreciation Rate-Underground Conductors & Devices (367)		3.20%	3.20%	3.20%	
Approved Depreciation Rate-Transformers (368)		4.00%	4.00%	4.00%	
Approved Depreciation Rate - Concrete Poles (3551)		2.90%	2.90%	2.90%	
Approved Depreciation Rate - Meters (370)		3.70%	3.70%	3.70%	
Approved Depreciation Rate - OH Conductors & Devices Transmission (356)		2.50%	2.50%	2.50%	
Approved Depreciation Rate - OH Conductors & Devices Distribution (365)		3.40%	3.40%	3.40%	
Approved Depreciation Rate - Transmission Poles (355)		4.10%	4.10%	4.10%	
Approved Depreciation Rate - Distribution Poles (364)		3.90%	3.90%	3.90%	
Approved Depreciation Rate - Distribution Structures (361)		1.70%	1.70%	1.70%	
Approved Depreciation Rate - Station Equipment (362)		2.40%	2.40%	2.40%	
Approved Depreciation Rate - Power Operated Equipment (396)		4.40%	4.40%	4.40%	
Approved Depreciation Rate - Communications Equipment (397)		20.00%	20.00%	20.00%	
<b>Return on Average Net Qualified Investment</b>					
Equity - Cost of Capital, inclusive of Income Tax Gross-up		7.612%	7.612%	7.612%	
Debt - Cost of Capital		1.650%	1.650%	1.650%	
Equity Component - inclusive of Income Tax Gross-up	\$ 333	\$ 1,110	\$ 3,055	\$ 4,497	
Debt Component	\$ 72	\$ 241	\$ 662	\$ 975	
Return Requirement	\$ 405	\$ 1,351	\$ 3,717	\$ 5,472	
<b>Investment Expenses</b>					
Depreciation Expense - Underground Conduit (366)		\$ -	\$ -	\$ -	
Depreciation Expense - Underground Conductors & Devices (367)		\$ -	\$ -	\$ -	
Depreciation Expense - Meters (370)		\$ -	\$ -	\$ -	
Depreciation Expense - Concrete Poles (3551)		\$ -	\$ -	\$ -	
Depreciation Expense - Overhead Transformers (368)		\$ -	\$ -	\$ -	
Depreciation Expense - Overhead Conductors & Devices Transmission (356)		\$ -	\$ -	\$ -	
Depreciation Expense-Overhead Conductors & Devices Distribution (365)		\$ -	\$ -	\$ -	
Depreciation Expense - Transmission Poles (355)		\$ -	\$ -	\$ -	
Depreciation Expense - Distribution Poles (364)		\$ -	\$ -	\$ -	
Depreciation Expense - Distribution Structures (361)		\$ -	\$ -	\$ -	
Depreciation Expense - Station Equipment (362)		\$ -	\$ -	\$ -	
Depreciation Expense - Power Operated Equipment (396)		\$ -	\$ -	\$ -	
Depreciation Expense - Communications Equipment (397)		\$ -	\$ -	\$ -	
Property Taxes 2%				\$ -	
Corporate Overhead/Services					
General Public Notice Expense & Customer Notice Expense	\$ -	\$ -	\$ -	\$ -	
Total Expense	\$ -	\$ -	\$ -	\$ -	
Total Revenue Requirements	\$ 405	\$ 1,351	\$ 3,717	\$ 5,472	
ESTAR Surcharge Revenues Collected Month	\$ -	\$ -	\$ -	\$ -	
<b>(Over) and Under Recovery for the Month</b>					
Monthly Interest (Expense)/Income					
Ending (Over) and Under Recovery					
Beg of Month Annual Interest Rate		0.12%	0.09%	0.15%	
End of Month Annual Interest Rate		0.09%	0.15%	0.34%	
Average Monthly Interest Rate		0.009%	0.010%	0.020%	

**Florida Public Utilities Company**  
 Electric System Transformation and Reliability Program (ESTAR)  
 Calculation of the Projected Revenue Requirements  
 October 1, 2015 through December 31, 2017

Item	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Current Year Investment			\$ 8,859,643
	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016	Forecast	Forecast	Forecast	2016
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total/Balance	
<b>Depreciation Rates</b>														
Approved Depreciation Rate-Underground Conduit (366)	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%
Approved Depreciation Rate-Underground Conductors & Devices (367)	3.20%	3.20%	3.20%	3.20%	3.20%	3.20%	3.20%	3.20%	3.20%	3.20%	3.20%	3.20%	3.20%	3.20%
Approved Depreciation Rate-Transformers (368)	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Approved Depreciation Rate - Concrete Poles (3551)	2.90%	2.90%	2.90%	2.90%	2.90%	2.90%	2.90%	2.90%	2.90%	2.90%	2.90%	2.90%	2.90%	2.90%
Approved Depreciation Rate - Meters (370)	3.70%	3.70%	3.70%	3.70%	3.70%	3.70%	3.70%	3.70%	3.70%	3.70%	3.70%	3.70%	3.70%	3.70%
Approved Depreciation Rate - OH Conductors & Devices Transmission (356)	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Approved Depreciation Rate- OH Conductors & Devices Distribution (365)	3.40%	3.40%	3.40%	3.40%	3.40%	3.40%	3.40%	3.40%	3.40%	3.40%	3.40%	3.40%	3.40%	3.40%
Approved Depreciation Rate - Transmission Poles (355)	4.10%	4.10%	4.10%	4.10%	4.10%	4.10%	4.10%	4.10%	4.10%	4.10%	4.10%	4.10%	4.10%	4.10%
Approved Depreciation Rate - Distribution Poles (364)	3.90%	3.90%	3.90%	3.90%	3.90%	3.90%	3.90%	3.90%	3.90%	3.90%	3.90%	3.90%	3.90%	3.90%
Approved Depreciation Rate - Distribution Structures (361)	1.70%	1.70%	1.70%	1.70%	1.70%	1.70%	1.70%	1.70%	1.70%	1.70%	1.70%	1.70%	1.70%	1.70%
Approved Depreciation Rate - Station Equipment (362)	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%
Approved Depreciation Rate - Power Operated Equipment (396)	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%
Approved Depreciation Rate - Communications Equipment (397)	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%
<b>Return on Average Net Qualified Investment</b>														
Equity - Cost of Capital, inclusive of Income Tax Gross-up	6.877%	6.877%	6.877%	6.877%	6.877%	6.877%	6.877%	6.877%	6.877%	6.877%	6.877%	6.877%	6.877%	6.877%
Debt - Cost of Capital	1.380%	1.380%	1.380%	1.380%	1.380%	1.380%	1.380%	1.380%	1.380%	1.380%	1.380%	1.380%	1.380%	1.380%
Equity Component - inclusive of Income Tax Gross-up	\$ 4,459	\$ 7,696	\$ 11,493	\$ 15,406	\$ 19,939	\$ 22,695	\$ 25,313	\$ 26,986	\$ 32,919	\$ 41,244	\$ 46,600	\$ 51,955	\$ 306,704	
Debt Component	\$ 895	\$ 1,544	\$ 2,306	\$ 3,091	\$ 4,001	\$ 4,554	\$ 5,079	\$ 5,415	\$ 6,606	\$ 8,276	\$ 9,351	\$ 10,426	\$ 61,546	
Return Requirement	\$ 5,354	\$ 9,241	\$ 13,799	\$ 18,497	\$ 23,940	\$ 27,249	\$ 30,392	\$ 32,401	\$ 39,525	\$ 49,521	\$ 55,951	\$ 62,380	\$ 368,250	
<b>Investment Expenses</b>														
Depreciation Expense - Underground Conduit (366)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 285	\$ 285	\$ 285	\$ 285	\$ 285	\$ 285	\$ 1,711	
Depreciation Expense - Underground Conductors & Devices (367)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 95	\$ 95	\$ 95	\$ 95	\$ 95	\$ 95	\$ 573	
Depreciation Expense - Meters (370)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Depreciation Expense - Concrete Poles (3551)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,562	\$ 1,562	\$ 1,565	\$ 1,565	\$ 1,565	\$ 7,821	
Depreciation Expense - Overhead Transformers (368)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 107	\$ 107	\$ 107	\$ 107	\$ 107	\$ 533	
Depreciation Expense - Overhead Conductors & Devices Transmission (356)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,161	\$ 1,161	\$ 1,161	\$ 1,161	\$ 1,161	\$ 5,806	
Depreciation Expense-Overhead Conductors & Devices Distribution (365)	\$ 63	\$ 63	\$ 63	\$ 63	\$ 63	\$ 63	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75	\$ 825	
Depreciation Expense - Transmission Poles (355)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Depreciation Expense - Distribution Poles (364)	\$ 247	\$ 247	\$ 252	\$ 252	\$ 252	\$ 252	\$ 252	\$ 252	\$ 252	\$ 252	\$ 252	\$ 252	\$ 3,017	
Depreciation Expense - Distribution Structures (361)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Depreciation Expense - Station Equipment (362)	\$ 83	\$ 83	\$ 83	\$ 83	\$ 83	\$ 83	\$ 146	\$ 4,290	\$ 4,290	\$ 5,043	\$ 5,043	\$ 5,043	\$ 24,356	
Depreciation Expense - Power Operated Equipment (396)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Depreciation Expense - Communications Equipment (397)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Property Taxes 2%	\$ 1,197	\$ 1,197	\$ 1,197	\$ 1,197	\$ 1,197	\$ 1,197	\$ 1,197	\$ 1,197	\$ 1,197	\$ 1,197	\$ 1,197	\$ 1,197	\$ 14,361	
Corporate Overhead/Services													\$ -	
General Public Notice Expense & Customer Notice Expense		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,000	\$ -	\$ -	\$ -	\$ 25,000	
Total Expense	\$ 1,590	\$ 1,590	\$ 1,595	\$ 1,595	\$ 1,595	\$ 1,595	\$ 2,050	\$ 9,025	\$ 34,025	\$ 9,781	\$ 9,781	\$ 9,781	\$ 84,004	
Total Revenue Requirements	\$ 6,945	\$ 10,831	\$ 15,394	\$ 20,092	\$ 25,535	\$ 28,844	\$ 32,442	\$ 41,425	\$ 73,550	\$ 59,302	\$ 65,732	\$ 72,162	\$ 452,254	
ESTAR Surcharge Revenues Collected Month	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>(Over) and Under Recovery for the Month</b>														
Monthly Interest (Expense)/Income														
Ending (Over) and Under Recovery														
Beg of Month Annual Interest Rate	0.34%	0.34%	0.35%	0.32%	0.36%	0.38%	0.36%	0.35%	0.43%	0.39%	0.39%	0.39%	0.39%	
End of Month Annual Interest Rate	0.34%	0.35%	0.32%	0.36%	0.38%	0.36%	0.35%	0.43%	0.39%	0.39%	0.39%	0.39%	0.39%	
Average Monthly Interest Rate	0.028%	0.029%	0.028%	0.028%	0.031%	0.031%	0.030%	0.033%	0.034%	0.033%	0.033%	0.033%	0.033%	





**ATTACHMENT D**

**Tariff Pages**

**(Clean and Legislative/Tracked Changes)**

***(First Revised Sheets Nos. 39 and 67)***

---

*INDEX OF RATE SCHEDULES*

---

<u>ITEM</u>	<u>TITLE</u>	<u>SHEET NO.</u>
RATE SCHEDULES		
<u>Schedule RS</u>	<u>Residential Service</u>	40 - 41
	<u>Reserved For Future Use</u>	42
<u>Schedule GS</u>	<u>General Service - Non-Demand</u>	43 - 44
<u>Schedule GSD</u>	<u>General Service - Demand</u>	45 - 46
<u>Schedule GSLD</u>	<u>General Service - Large Demand</u>	47 - 48
<u>Schedule GSLDT-EXP</u>	<u>General Service - Large Demand Time of Use</u>	49
<u>Schedule GSLD1</u>	<u>General Service - Industrial</u>	50 - 51
<u>Schedule GSD-SB</u>	<u>General Service - Standby</u>	52 - 54
	<u>Reserved For Future Use</u>	55
<u>Schedule LS</u>	<u>Lighting Service</u>	56 - 58
<u>Schedule OSL</u>	<u>Mercury Vapor Lighting Service</u>	59 - 60
<u>Schedule IS-EXP</u>	<u>Interruptible (Experimental)</u>	61
<u>Schedule EDRP</u>	<u>Economic Development Rider Program</u>	62 - 64
	<u>Rate Adjustment Rider</u>	65 - 66
<u>Schedule ESTAR</u>	<u>Electric System Transformation Reliability Program (ESTAR)</u>	67
	<u>Reserved For Future</u>	68

---

RATE SCHEDULES  
RATE ADJUSTMENT RIDER - ESTAR

---

Applicability:

The total adjustment for the Electric System Transformation and Reliability Program (ESTAR) shall be applied to each kilowatt hour (KW for GSLD1 customers) delivered and shall be computed in accordance with the formula prescribed by the Florida Public Service Commission. The ESTAR adjustment for the period June 1, 2017 to December 31, 2017 is as follows:

<u>Rate Class</u>	<u>Rate Schedule</u>	<u>ESTAR Adjustment</u>
Residential	RS	.624 ¢ / KWH
General Service	GS	.575 ¢ / KWH
General Service-Demand	GSD	.401 ¢ / KWH
Lighting Service	LS	.400 ¢ / KWH
General Service-Large Demand	GSLD	.241 ¢ / KWH
Industrial	GSLD1	88.092 ¢ / KW
Industrial Standby	STANDBY	48.209 ¢ / KW

Tax Cost Recovery

There will be added to all bills rendered for electric service a proportionate share of all license fees and taxes imposed by any governmental authorities after November 1, 1946, to an extent sufficient to cover excess increased taxes or license fees.

---

*INDEX OF RATE SCHEDULES*

---

<u>ITEM</u>	<u>TITLE</u>	<u>SHEET NO.</u>
RATE SCHEDULES		
<u>Schedule RS</u>	<u>Residential Service</u>	40 - 41
	<u>Reserved For Future Use</u>	42
<u>Schedule GS</u>	<u>General Service -Non-Demand</u>	43 - 44
<u>Schedule GSD</u>	<u>General Service - Demand</u>	45 - 46
<u>Schedule GSLD</u>	<u>General Service - Large Demand</u>	47 - 48
<u>Schedule GSLDT-EXP</u>	<u>General Service - Large Demand Time of Use</u>	49
<u>Schedule GSLD1</u>	<u>General Service - Industrial</u>	50 - 51
<u>Schedule GSD-SB</u>	<u>General Service - Standby</u>	52 - 54
	<u>Reserved For Future Use</u>	55
<u>Schedule LS</u>	<u>Lighting Service</u>	56 - 58
<u>Schedule OSL</u>	<u>Mercury Vapor Lighting Service</u>	59 - 60
<u>Schedule IS-EXP</u>	<u>Interruptible (Experimental)</u>	61
<u>Schedule EDRP</u>	<u>Economic Development Rider Program</u>	62 - 64
	<u>Rate Adjustment Rider</u>	65 - 66
<u>Schedule ESTAR</u>	<u>Electric System Transformation Reliability Program (ESTAR)</u>	67
	<u>Reserved For Future</u>	67-68

---

~~RESERVED FOR FUTURE USE~~  
RATE SCHEDULES  
RATE ADJUSTMENT RIDER - ESTAR

---

Applicability:

The total adjustment for the Electric System Transformation and Reliability Program (ESTAR) shall be applied to each kilowatt hour (KW for GSLD1 customers) delivered and shall be computed in accordance with the formula prescribed by the Florida Public Service Commission. The ESTAR adjustment for the period June 1, 2017 to December 31, 2017 is as follows:

<u>Rate Class</u>	<u>Rate Schedule</u>	<u>ESTAR Adjustment</u>
<u>Residential</u>	<u>RS</u>	<u>.624 ¢ / KWH</u>
<u>General Service</u>	<u>GS</u>	<u>.575 ¢ / KWH</u>
<u>General Service-Demand</u>	<u>GSD</u>	<u>.401 ¢ / KWH</u>
<u>Lighting Service</u>	<u>LS</u>	<u>.400 ¢ / KWH</u>
<u>General Service-Large Demand</u>	<u>GSLD</u>	<u>.241 ¢ / KWH</u>
<u>Industrial</u>	<u>GSLD1</u>	<u>88.092 ¢ / KW</u>
<u>Industrial Standby</u>	<u>STANDBY</u>	<u>48.209 ¢ / KW</u>

Tax Cost Recovery

There will be added to all bills rendered for electric service a proportionate share of all license fees and taxes imposed by any governmental authorities after November 1, 1946, to an extent sufficient to cover excess increased taxes or license fees.