

Writer's E-Mail Address: ljaber@gunster.com

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November 15, 2016



Mr. Andrew Maurey, Director Division of Accounting and Finance Florida Public Service Commission 2540 Shumard Oak Boulevard Tallahassee, FL 32399-0850

Re: Florida Public Utilities Company (Electric and Gas Divisions) 3rd Quarter Surveillance Reports

Dear Mr. Maurey:

In accordance with Rules 25-6.1352(3) and 25-7.1352(3), F.A.C., Florida Public Utilities Company hereby submits the original and four copies of the required 3rd Quarter Earnings Surveillance Reports for 2016.

As always, please don't hesitate to let me know if you have any questions whatsoever.

Sincerely,

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

cc: Bart Fletcher

215 South Monroe Street, Suite 601 Tallahassee, FL 32301-1804 **p** 850-521-1980 **f** 850-576-0902 **GUNSTER.COM** Fort Lauderdale | Jacksonville | Miami | Palm Beach | Stuart | Tallahassee | Tampa | The Florida Keys | Vero Beach | West Palm Beach

FLORIDA PUBLIC UTIUTIES COMPANY ELECTRIC RATE OF RETURN REPORT SUMMARY September 30, 2016					SCHEDULE 1
	(1)	(2)	(3)	[4]	(5)
	ACTUAL PER BOOKS	FPSC ADJUSTMENTS	FPSC ADJUSTED	PRO FORMA ADJUSTMENTS	PRO FORMA ADJUSTED
1. AVERAGE RATE OF RETURN (JURISDICTIONAL)	PERBOOKS	ADJUSTNIENTS	10,03,20		1000120
NET OPERATING INCOME	\$ 2,993,096	(\$35,805)	\$2,957,291	\$0	\$2,957,291
AVERAGE RATE BASE	\$65,197,445	(\$2,705,853)	562,491,592	\$0	\$62,491,592
AVERAGE RATE OF RETURN	4.55%		4.73%		4.73%
II. YEAR-END RATE OF RETURN					
(JURISDICTIONAL)					
NET OPERATING INCOME	\$2,993,095	(\$38,944)	\$2,954,152	\$0	\$2,954,152
YEAR-END RATE BASE	\$67,197,143	(\$2,375,510)	564,821,638	\$0	\$64,821,638
YEAR-END RATE OF RETURN	4.45%		4.56%		4.56%
III, REQUIRED RATES OF RETURN		IV, FINAN	CIAL INTEGRITY INDICATORS		
AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)		A. TIE WIT	H AFUDC	5.11	
		B. TIE WIT	HOUT AFUDC	5.11	

	F. STD TO TO	DTAL INVESTOR FUNDS 24.11	
	G, RETURN	ON COMMON EQUITY 8.60	
am aware that Section 837.06, Florida Statutes, provides:			
Whoever knowingly makes a faise statement in writing wi Intent to mislead a public servant in the performance of h duty shall be guilty of a misdemeanor of the second degre as provided in s. 775.082, s. 775.083. or s. 775.084.	s official		
Mike Cassel Director- Regulatory Affairs	My Qui	\bigcirc	11-14-16
	Sighature		Date

C. AFUDC TO NET INCOME

D. INTERNALLY GENERATED FUNDS

E. LTD TO TOTAL INVESTOR FUNDS

0.00

55.19

21.65

4,93%

5,39%

5.78%

LOW

HIGH

MIDPOINT

FLORIDA PUBLIC UTILITIES COMPANY

ELECTRIC

AVERAGE RATE OF RETURN

For the 12 Months Ending September 30, 2016

RATE BASE

	(1) PLANT IN SERVICE	(2) ACCUMULATED DEPRECIATION & AMORTIZATION	(3) PLANT IN SERVICE	(4) NET PROPERTY HELD FOR FUTURE USE	(5) CONSTRUCTION WORK IN PROGRESS	(6) NET UTILITY PLANT	(7) WORKING CAPITAL	(8) TOTAL RATE BASE
PER BOOKS	\$113,566,175	(\$57,832,501)	\$55,733,674	\$0	\$3,545,825	\$59,279,498	\$5,917,947	\$65,197,445
FPSC ADJUSTMENTS: 1) ELIM. NON UTILITY PLANT 2) REGULATORY LIAB - PENSION AMORT 3) REGULATORY ASSET - LITIGATION COSTS 4) ELIMINATE NET UNDERRECOVERY 5)TREE TRIMMING & UNDERGROUND RESERVE 6)ADJUST TAX STEP UP TO STIPULATION 7) DEFERED RATE CASE EXPENSE	\$0	\$0	\$0 \$0 \$0 \$0			\$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0	\$0 (\$0) (\$2,323,871) (31,271) \$0 (\$350,711)	\$0 \$0 (\$0) (\$2,323,871) (\$31,271) \$0 (\$350,711)
TOTAL FPSC ADJUSTMENTS	\$0 \$113,566,175	\$0 (\$57,832,501)	\$0 \$55,733,674	<u> </u>	\$0 \$3,545,825	\$0	(\$2,705,853) \$3,212,094	{\$2,705,853} \$62,491,592
FLEX RATE REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR FLEX RATE REVENUES	\$113,566,175	(\$57,832,501)	\$55,733,674	\$0	\$3,545,825	\$59,279,498	\$3,212,094	\$62,491,592
PROFORMA ADJUSTMENTS								
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRO FORMA ADJUSTED	\$113,566,175	(\$57,832,501)	\$55,733,674	\$0	\$3,545,825	\$59,279,498	\$3,212,094	\$62,491,592

FLORIDA PUBLIC UTILITIES COMPANY

ELECTRIC

AVERAGE RATE OF RETURN

For the 12 Months Ending September 30, 2016

INCOME STATEMENT

	(1) OPERATING REVENUES	(2) O & M FUEL EXPENSE	(3) O & M OTHER	(4) DEPREC. & AMORTIZATION	(5) TAXES OTHER THAN INCOME	(6) INCOME TAXES CURRENT	(7) D.I.T. (NET)	(8) I.T.C. (NET)	(9) GAIN/LOSS ON DISPOSITION	(10) TOTAL OPERATING EXPENSES	(11) NET OPERATING INCOME
PER BOOKS	\$ 87,363,47	9 \$ 60,811,133	\$ 11,784,656	\$ 3,543,292	\$ 7,083,180	\$ 1,148,118				\$ 84,370,383	\$ 2,993,096
FPSC ADJUSTMENTS: 1) INCOME TAX SYNCH ADJUSTMENT 2) ELIMINATE FUEL REVENUES AND EXPENSES 3) ELIMINATE CONSERVATION 4)NON-UTILITY DEPRECIATION EXPENSE 5)TREE TRIMMING & UNDERGROUND ACCRUAL	\$ (59,965,57 \$ (820,01			\$ -	\$ (46,399) \$ (590)	\$ 131,154 \$ 26,895 \$ 1,089 \$ - \$ 31,895 \$ -				\$ 131,154 \$ (60,008,397) \$ (821,745) \$ - \$ (50,788) \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ -	\$ (131,154) \$ 42,827 \$ 1,734 \$ - \$ 50,788 \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ -
TOTAL FPSC ADJUSTMENTS	\$ (60,785,58	\$ (60,811,13	7) \$ (82,683)	\$ -	\$ (46,989)	\$ 191,033	ş -	\$ -	\$	\$ (60,749,776)	\$ (35,805)
FPSC ADJUSTED	\$ 26,577,89	8 \$ -	\$ 11,701,973	\$ 3,543,292	\$ 7,036,191	\$ 1,339,151	<u>\$</u>	<u>\$</u>	\$	\$ 23,620,607	\$ 2,957,291
PRO FORMA ADJUSTMENTS											
TOTAL PRO FORMA ADJUSTMENTS	\$ -	<u> </u>	<u>\$</u>	\$	<u>\$</u>	\$	<u>\$</u>	<u>\$</u>	\$	\$ \$	\$ <u>\$</u>
PRO FORMA ADJUSTED	\$26,577,8	98\$	0\$11,701,973	\$3,543,292	\$7,036,191	\$1,339,151	\$0	\$0	\$0	\$23,620,607	\$2,957,291

FLORIDA PUBLIC UTILITIES COMPANY ELECTRIC YEAR END RATE OF RETURN For the 12 Months Ending September 30, 2015

RATE BASE

	(1) PLANT IN SERVICE	(2) ACCUMULATED DEPRECIATION & AMORTIZATION	(3) PLANT IN SERVICE	(4) NET PROPERTY HELD FOR FUTURE USE	(S) CONSTRUCTION WORK IN PROGRESS	(6) NET UTILITY PLANT	(7) WORKING CAPITAL	(8) TOTAL RATE BASE
PER BOOKS	\$118,284,419	(\$59,585,739)	\$58,698,680	\$0	\$3,980,878	\$62,679,558	\$4,517,589	\$67,197,148
FPSC ADJUSTMENTS:								
1) ELIM. NON UTILITY PLANT 2) OUT OF PERIOD LITIGATION ADJ 3) ELIMINATION OF UNDER-RECOVERY 4)TREE TRIMMING & UNDERGROUND RESERVE 5) DEFERRED RATE CASE EXPENSE	\$0	\$0	\$0			\$0 \$0 \$0 \$0 \$0	(\$0) (\$2,086,257) 12,521 (\$301,774)	\$0 (\$0) (\$2,085,257) \$12,521 (\$301,774)
TOTAL FPSC ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	(\$2,375,510)	(\$2,375,510)
FPSC ADJUSTED	\$118,284,419	(\$59,585,739)	\$58,698,680	\$0	\$3,980,878	\$62,679,558	\$2,142,080	\$64,821,638
COMP RATE ADJ REVENUES	\$0	\$0\$0	\$0	\$0	\$00\$0\$0\$0\$00\$	\$0	\$0	\$0
ADJUSTED FOR COMP RATE ADJ REVENUE	\$118,284,419	(\$59,585,739)	\$58,698,680	\$0	\$3,980,878	\$62,679,558	\$2,142,080	\$64,821,638
PROFORMA ADJUSTMENTS								\$0 \$0
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$00\$00_0
PRO FORMA ADJUSTED	\$118,284,419	(\$59,585,739)	\$58,698,680	\$0	\$3,980,878	\$62,679,558	\$2,142,080	\$64,821,638

SCHEDULE 3 PAGE 1 OF 2

FLORIDA PUBLIC UTILITIES COMPANY ELECTRIC

LECTRIC

YEAR END RATE OF RETURN

For the 12 Months Ending September 30, 2016

INCOME STATEMENT

	(1) OPERATING REVENUES	(2) O & M FUEL EXPENSE	(3) O & M OTHER	(4) DEPREC. & AMORTIZATION	(S) TAXES OTHER THAN INCOME	(6) INCOME TAXES CURRENT	(7) D.I.T. (NET)	(8) I.T.C. (NET)	(9) GAIN/LOSS ON DI5POSITION	(10) TOTAL OPERATING EXPENSES	(11) NET OPERATING INCOME
PER BOOKS	\$ 87,363,479	\$ 60,811,137	\$ 11,784,656	\$ 3,543,292	\$ 7,083,180	\$ 1,148,118				\$ 84,370,383	\$ 2,993,096
FPSC ADJUSTMENTS: 1) INCOME TAX SYNCH ADJUSTMENT 2) ELIMINATE FUEL REVENUES AND EXPENSES 3) ELIMINATE CONSERVATION 4)NON-UTILITY DEPRECIATION EXPENSE 5)TREE TRIMMING & UNDERGROUND ACCRUAL	\$ (59,965,570) \$ (820,011)	\$ (59,988,893) \$ (822,244)	\$ (82,683)	\$ -	\$ (46,399) \$ (590)	\$ 134,293 \$ 26,895 \$ 1,089 \$ - \$ 31,895 \$ -				\$ 134,293 \$ (60,008,397) \$.821,745) \$ - \$.5	\$ (134,293) \$ 42,827 \$ 1,734 \$ - \$ 50,788 \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ -
TOTAL FPSC ADJUSTMENTS	\$ (60,785,581)	\$ (60,811,137)	\$ (82,683)	\$ -	\$ (46,989)	\$ 194,172	\$ -	\$ -	\$ -	\$ (60,746,637)	\$ (38,944)
FPSC ADJUSTED	\$ 26,577,898	\$	\$ 11,701,973	\$ 3,543,292	\$ 7,036,191	\$ 1,342,290	\$	\$ -	\$ -	\$ 23,623,746	\$ 2,954,152
PRO FORMA ADJUSTMENTS											
										\$-	\$-
TOTAL PRO FORMA ADJUSTMENTS	\$ -	\$	\$	\$ -	\$ -	\$ -	\$	\$	\$	\$	\$
PRO FORMA ADJUSTED	\$26,577,898	\$0	\$11,701,973	\$3,543,292	\$7,036,191	\$1,342,290	\$0	\$0	\$0	\$23,623,746	\$2,954,152

FLORIDA PUBLIC UTILITIES COMPANY ELECTRIC CAPITAL STRUCTURE September 30, 2016 FPSC ADJUSTED BASIS

								LO	W POINT	M	DPOINT	ню	H POINT
	-	ADJUSTMENTS	ADJUSTED				RATIO	COST RATE	WEIGHTED COST	COST RATE	WEIGHTED	COST RATE	WEIGHTED COST
AVERAGE	PER BOOKS	NON-UTILITY	BOOKS	PRO-RATA	SPECIFIC	BALANCE	(%)	(%)	(%)	(%)	(%)	(%)	(%)
					0100110								
COMMON EQUITY	\$26,255,081		\$26,255,081	(\$1,467,460)		\$24,787,621	39.67%	9.25%	3.67%	10.25%	4.07%	11.25%	4.46%
LONG TERM DEBT - CU	\$9,104,123		\$9,104,123	(508,851)		\$8,595,272	13.75%	4.93%	0.68%	4.93%	0.68%	4.93%	0.68%
SHORT TERM DEBT	\$11,670,961		\$11,670,961	(652,318)		\$11,018,643	17.63%	1.48%	0.26%	1.48%	0.26%	1.48%	0.26%
LONG TERM DEBT - FC	\$1,381,646		\$1,381,646	(77,224)		\$1,304,423	2.09%	12.52%	0.26%	12.52%	0.26%	12.52%	0.26%
SHORT TERM DEBT - REFINANCED LTD	\$0		\$0	\$0		\$0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$3,190,741		\$3,190,741			\$3,190,741	5.11%	2.36%	0.12%	2.36%	0.12%	2.36%	0.12%
DEFFERED INCOME TAXES	\$13,594,892		\$13,594,892			\$13,594,892	21.76%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$0		\$0			\$0	0.00%	4.87%	0.00%	5.27%	0.00%	5.66%	0.00%
TOTAL AVERAGE	\$65,197,445	\$0	\$65,197,445	(\$2,705,853)	\$0	\$62,491,592	100.00%		4.99%		5.39%		5.78%

								LOW POINT MIDPOINT		HIGH POINT			
YEAR-END	-	ADJUSTMENTS	ADJUSTED BOOKS	PRO-RATA	SPECIFIC	BALANCE	RATIO (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
	12100010		00010		Steente	baballer	(///			(10)	(/4/	(14)	
COMMON EQUITY	\$29,839,246		\$29,839,246	(1,407,410)	\$0	\$28,431,836	43.86%	9.25%	4.06%	10.25%	4.50%	11.25%	4.93%
LONG TERM DEBT - CU	\$8,745,822		\$8,745,822	(412,509)		\$8,333,313	12.86%	4.98%	0.64%	4.98%	0.64%	4.98%	0.64%
SHORT TERM DEBT	\$10,398,314		\$10,398,314	(490,451)		\$9,907,863	15.29%	1.62%	0.25%	1.62%	0.25%	1.62%	0.25%
LONG TERM DEBT - FC	\$1,381,063		\$1,381,063	(65,140)		\$1,315,924	2.03%	12.41%	0.25%	12.41%	0.25%	12.41%	0.25%
SHORT TERM DEBT - REFINANCED LTD	\$0		\$0	-		\$0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$3,204,359		\$3,204,359			\$3,204,359	4.94%	2.35%	0.12%	2.35%	0.12%	2.35%	0.12%
DEFFERED INCOME TAXES	\$13,628,343		\$13,628,343			\$13,628,343	21.02%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$0		\$0			\$0	0.00%	5.20%	0.00%	S.64%	0.00%	6.07%	0.00%
							Ì						
TOTAL YEAR-END	\$67,197,148	\$0	\$67,197,148	(\$2,375,510)	\$0	\$64,821,638	100.00%		5.32%		5.76%		6.19%