



March 15, 2016

Hand Delivery

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) – 2015 Forecasted Earnings Surveillance Reports**

Dear Mr. Maurey:

Florida Public Utilities Company ("FPUC") hereby submits, on behalf of its Electric and Natural Gas Divisions, an original and two copies of the Company's 2015 Forecasted Earnings Surveillance Reports ("Reports") required by Rules 25-6.1353 and 25-7.1353, F.A.C.

If you have any questions whatsoever, please do not hesitate to let me know.

Sincerely,

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

Cc:// Bart Fletcher, Public Utility Supervisor

RECEIVED
FLORIDA PUBLIC SERVICE
COMMISSION
2016 MAR 15 PM 4: 22
DIVISION OF
ACCOUNTING & FINANCE

FLORIDA PUBLIC UTILITIES COMPANY
ELECTRIC
RATE OF RETURN REPORT SUMMARY
Budgeted December 31, 2016

SCHEDULE 1

	(1) ACTUAL PER BOOKS	(2) FPSC ADJUSTMENTS	(3) FPSC ADJUSTED	(4) PRO FORMA ADJUSTMENTS	(5) PRO FORMA ADJUSTED
I. AVERAGE RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	\$ 3,287,326	\$56,807	\$3,344,133	\$0	\$3,344,133
AVERAGE RATE BASE	\$69,943,867	(\$4,199,212)	\$65,744,655	\$0	\$65,744,655
AVERAGE RATE OF RETURN	4.70%		5.09%		5.09%
II. YEAR-END RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	\$3,287,326	\$41,843	\$3,329,169	\$0	\$3,329,169
YEAR-END RATE BASE	\$69,900,296	(\$2,144,220)	\$67,756,076	\$0	\$67,756,076
YEAR-END RATE OF RETURN	4.70%		4.91%		4.91%

IV. FINANCIAL INTEGRITY INDICATORS

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

LOW	5.44%
MIDPOINT	5.88%
HIGH	6.31%

A. TIE WITH AFUDC	5.19
B. TIE WITHOUT AFUDC	5.19
C. AFUDC TO NET INCOME	0.00
D. INTERNALLY GENERATED FUNDS	165.04
E. LTD TO TOTAL INVESTOR FUNDS	25.73
F. STD TO TOTAL INVESTOR FUNDS	17.72
G. RETURN ON COMMON EQUITY	8.43

I am aware that Section 837.06, Florida Statutes, provides:

Whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his official duty shall be guilty of a misdemeanor of the second degree punishable as provided in s. 775.082, s. 775.083, or s. 775.084.

Mike Cassel
Director- Regulatory Affairs


Signature

3/15/16
Date

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	PLANT IN SERVICE	ACCUMULATED DEPRECIATION & AMORTIZATION	PLANT IN SERVICE	NET PROPERTY HELD FOR FUTURE USE	CONSTRUCTION WORK IN PROGRESS	NET UTILITY PLANT	WORKING CAPITAL	TOTAL RATE BASE
PER BOOKS	\$120,505,748	(\$59,494,561)	\$61,011,187	\$0		\$61,011,187	\$8,932,680	\$69,943,867
FPSC ADJUSTMENTS:								
1) ELIM. NON UTILITY PLANT	(\$198,104)	\$92,746	(\$105,358)	\$0		\$0		\$0
2) REGULATORY LIAB - PENSION AMORT			\$0			(\$105,358)		(\$105,358)
3) REGULATORY ASSET - LITIGATION COSTS			\$0			\$0	(\$0)	(\$0)
4) ELIMINATE NET UNDERRECOVERY			\$0			\$0	\$0	\$0
5) TREE TRIMMING & UNDERGROUND RESERVE						\$0	(\$3,669,737)	(\$3,669,737)
6) ADJUST TAX STEP UP TO STIPULATION						\$0	\$0	\$0
7) DEFERRED RATE CASE EXPENSE						\$0	(\$424,117)	(\$424,117)
TOTAL FPSC ADJUSTMENTS	(\$198,104)	\$92,746	(\$105,358)	\$0	\$0	(\$105,358)	(\$4,093,854)	(\$4,199,212)
FPSC ADJUSTED	\$120,307,644	(\$59,401,815)	\$60,905,829	\$0	\$0	\$60,905,829	\$4,838,826	\$65,744,655
FLEX RATE REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR FLEX RATE REVENUES	\$120,307,644	(\$59,401,815)	\$60,905,829	\$0	\$0	\$60,905,829	\$4,838,826	\$65,744,655
PROFORMA ADJUSTMENTS								
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRO FORMA ADJUSTED	\$120,307,644	(\$59,401,815)	\$60,905,829	\$0	\$0	\$60,905,829	\$4,838,826	\$65,744,655

FLORIDA PUBLIC UTILITIES COMPANY
ELECTRIC
YEAR END RATE OF RETURN
For the 12 Months Ending December 31, 2016
RATE BASE

SCHEDULE 3
PAGE 1 OF 2

	(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	\$124,274,025	(\$61,499,520)	\$62,774,505	\$0		\$62,774,505	\$7,125,792	\$69,900,296
FPSC ADJUSTMENTS:								
1) ELIM. NON UTILITY PLANT	(\$149,477)	\$100,974	(\$48,503)			(\$48,503)		(\$48,503)
2) OUT OF PERIOD LITIGATION ADJ						\$0	\$0	\$0
3) ELIMINATION OF UNDER-RECOVERY						\$0	(\$1,720,538)	(\$1,720,538)
4) TREE TRIMMING & UNDERGROUND RESERVE						\$0	\$0	\$0
5) DEFERRED RATE CASE EXPENSE						\$0	(\$375,180)	(\$375,180)
TOTAL FPSC ADJUSTMENTS	(\$149,477)	\$100,974	(\$48,503)	\$0	\$0	(\$48,503)	(\$2,095,718)	(\$2,144,220)
FPSC ADJUSTED	\$124,124,548	(\$61,398,546)	\$62,726,002	\$0	\$0	\$62,726,002	\$5,030,074	\$67,756,076
COMP RATE ADJ REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR COMP RATE ADJ REVENUE	\$124,124,548	(\$61,398,546)	\$62,726,002	\$0	\$0	\$62,726,002	\$5,030,074	\$67,756,076
PROFORMA ADJUSTMENTS								
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRO FORMA ADJUSTED	\$124,124,548	(\$61,398,546)	\$62,726,002	\$0	\$0	\$62,726,002	\$5,030,074	\$67,756,076

AVERAGE	ADJUSTMENTS		ADJUSTED BOOKS	PRO-RATA	SPECIFIC	BALANCE	RATIO (%)	LOW POINT		MIDPOINT		HIGH POINT	
	PER BOOKS	NON-UTILITY						COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
COMMON EQUITY	\$30,830,610		\$30,830,610	(\$2,374,719)		\$28,455,891	43.28%	9.25%	4.00%	10.25%	4.44%	11.25%	4.87%
LONG TERM DEBT - CU	\$12,381,548		\$12,381,548	(953,685)		\$11,427,862	17.38%	4.98%	0.87%	4.98%	0.87%	4.98%	0.87%
SHORT TERM DEBT	\$9,662,098		\$9,662,098	(744,220)		\$8,917,878	13.56%	1.20%	0.16%	1.20%	0.16%	1.20%	0.16%
LONG TERM DEBT - FC	\$1,643,465		\$1,643,465	(126,587)		\$1,516,878	2.31%	12.68%	0.29%	12.68%	0.29%	12.68%	0.29%
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	\$3,199,632		\$3,199,632			\$3,199,632	4.87%	2.40%	0.12%	2.40%	0.12%	2.40%	0.12%
DEFERRED INCOME TAXES	\$12,226,514		\$12,226,514			\$12,226,514	18.60%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$0		\$0			\$0	0.00%	5.32%	0.00%	5.76%	0.00%	6.19%	0.00%
TOTAL AVERAGE	\$69,943,867	\$0	\$69,943,867	(\$4,199,212)	\$0	\$65,744,655	100.00%		5.44%		5.88%		6.31%

YEAR-END	ADJUSTMENTS		ADJUSTED BOOKS	PRO-RATA	SPECIFIC	BALANCE	RATIO (%)	LOW POINT		MIDPOINT		HIGH POINT	
	PER BOOKS	NON-UTILITY						COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
COMMON EQUITY	\$29,072,718		\$29,072,718	(1,132,422)	\$0	\$27,940,296	41.24%	9.25%	3.81%	10.25%	4.23%	11.25%	4.64%
LONG TERM DEBT - CU	\$10,304,714		\$10,304,714	(401,383)		\$9,903,331	14.62%	5.17%	0.76%	5.17%	0.76%	5.17%	0.76%
SHORT TERM DEBT	\$13,850,016		\$13,850,016	(539,477)		\$13,310,539	19.65%	0.75%	0.15%	0.75%	0.15%	0.75%	0.15%
LONG TERM DEBT - FC	\$1,821,210		\$1,821,210	(70,939)		\$1,750,271	2.58%	12.57%	0.32%	12.57%	0.32%	12.57%	0.32%
SHORT TERM DEBT - REFINANCED LTD	\$0		\$0			\$0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$3,186,797		\$3,186,797			\$3,186,797	4.70%	2.43%	0.11%	2.43%	0.11%	2.43%	0.11%
DEFERRED INCOME TAXES	\$11,664,842		\$11,664,842			\$11,664,842	17.22%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$0		\$0			\$0	0.00%	5.04%	0.00%	5.46%	0.00%	5.87%	0.00%
TOTAL YEAR-END	\$69,900,296	\$0	\$69,900,296	(\$2,144,220)	\$0	\$67,756,076	100.00%		5.15%		5.57%		5.98%