### FLORIDA PUBLIC UTILITIES COMPANY

# ELECTRIC

# RATE OF RETURN REPORT SUMMARY

I. AVERAGE RATE OF RETURN (JURISDICTIONAL)	(1) ACTUAL PER BOOKS	(2) FPSC ADJUSTMENTS	(3) FPSC ADJUSTED	(4) PRO FORMA ADJUSTMENTS	(5) PRO FORMA ADJUSTED
NET OPERATING INCOME	\$ 4,009,298	(\$457,976)	\$3,551,322	\$0	\$3,551,322
AVERAGE RATE BASE	\$80,809,390	(\$5,785,037)	\$75,024,353	\$0	\$75,024,353
AVERAGE RATE OF RETURN	4.96%		4.73%		4.73%
II. YEAR-END RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	\$4,009,298	(\$478,868)	\$3,530,430	\$0	\$3,530,430
YEAR-END RATE BASE	\$84,488,892	(\$7,265,510)	\$77,223,383	\$0	\$77,223,383
YEAR-END RATE OF RETURN	4.75%		4.57%		4.57%
		IV. FINANCI	AL INTEGRITY INDICATORS		
III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)		A. TIE WITH	AFUDC	4.46	
LOW	S.15%			4.46	
MIDPOINT	5.56%		O NET INCOME	0.00	
HIGH	5.96%		OTAL INVESTOR FUNDS	23.54	
		F. STD TO T	OTAL INVESTOR FUNDS	22.31	
		G. RETURN	ON COMMON EQUITY	8.22	
I am aware that Section 837.06, Florida Statutes, pr	rovides:				
Whoever knowingly makes a false intent to mislead a public servant duty shall be guilty of a misdemea as provided in s. 775.082, s. 775.0	in the performance of his official nor of the second degree punishable				
Mike Cassel					
Director- Regulatory Affairs		Signature		Date	

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## FLORIDA PUBLIC UTILITIES COMPANY ELECTRIC AVERAGE RATE OF RETURN For the 3 Months Ending March 31, 2018 RATE BASE

ADJUSTED FOR FLEX RATE REVENUES

TOTAL PRO FORMA ADJUSTMENTS

PROFORMA ADJUSTMENTS

PRO FORMA ADJUSTED

\$0

\$6,778,639

\$6,778,639

(8) TOTAL RATE BASE

\$80,809,390

\$0 \$0

\$0

(\$0)

\$0\_

\$0

(\$5,581,137)

(\$\$,785,037)

\$75,024,353

\$75,024,353

\$75,024,353

(\$203,900)

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	(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
PER BOOKS	\$127,780,564	(\$62,223,369)	\$65,557,195	\$0	\$2,688,519	\$68,245,714	\$12,563,676
FPSC ADJUSTMENTS:							
			\$0			\$0	
1) ELIM. NON UTILITY PLANT	\$0	\$0	\$0			\$0	
2) REGULATORY LIAB - PENSION AMORT			\$0			\$0	\$0
3) REGULATORY ASSET - LITIGATION COSTS			\$0			\$0	(\$0)
4) ELIMINATE NET UNDERRECOVERY						\$0	(\$5,581,137)
5) DEFERRED RATE CASE EXPENSE						\$0	(\$203,900)
TOTAL FPSC ADJUSTMENT5	\$0	\$0	\$0	\$0	\$0	\$0	(\$5,785,037)
FPSC ADJUSTED	\$127,780,564	(\$62,223,369)	\$65,557,195	\$0	\$2,688,519	\$68,245,714	\$6,778,639
FLEX RATE REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0

\$65,557,195

\$65,557,195

\$0

\$0

\$0

\$0

\$2,688,519

\$0

\$2,688,519

\$68,245,714

\$68,245,714

\$0

(\$62,223,369)

(\$62,223,369)

\$0

\$127,780,564

\$127,780,564

\$0

### FLORIDA PUBLIC UTILITIES COMPANY

# ELECTRIC

# AVERAGE RATE OF RETURN

For the 3 Months Ending March 31, 2018

INCOME STATEMENT

		(1)		(2)		(3)		(4)		(5)		(6)	C	7)	1	(8)		(9) I/LOSS		(10) TOTAL		(11) NET
		OPERATING		O & M FUEL		0 & M	0	DEPREC. &	T/	AXES OTHER	INC	OME TAXES	D.	I.T.	ι.	T.C.		DN	(	OPERATING	C	PERATING
		REVENUES		EXPENSE		OTHER		AMORTIZATION		IAN INCOME		CURRENT	(N	ET)	(	(ET)	DISPO	DSITION		EXPENSES		INCOME
PER BOOKS	\$	90,053,187	\$	62,371,838	\$	11,127,693	\$	4,199,048	\$	7,154,294	\$	1,191,016							\$	86,043,889	\$	4,009,298
FPSC ADJUSTMENTS: 1) INCOME TAX SYNCH ADJUSTMENT											\$	249,883							\$	249,883	\$	(249,883)
2) ELIMINATE FUEL REVENUES AND EXPENSES	\$	(61,843,494)	\$	(61,721,323)					\$	(45,737)	\$	(29,484)							\$	(61,796,545)	\$	(46,949)
3) ELIMINATE CONSERVATION	\$	(652,923)	\$	(650,515)					\$	(470)	\$	(748)							\$	(651,732)	\$	(1,191)
4)NON-UTILITY DEPRECIATION EXPENSE							\$	-			\$	-							\$	-	\$	-
S) ELIMINATE REVENUE RELATED TAXES (FRANCHISE & GROSS RECEIPTS)	: \$	(5,867,632)							Ś	(5,867,632)	\$								\$	(\$,867,632)	\$	
6)PROVISION FOR RATE REFUND-ANNUAL	ć	(214,256)							*	(=)===;;====;	š	(54,303)							ŝ	(54,303)	ś	(159,953)
7)PROV. FOR RATE REFUND PROTECTED AMT.	ŝ	(74,318)					\$	(74,318)			ŝ	-							\$	(74,318)	Ś	-
8)PROV. FOR RATE REFUND UNPROTECTED AMT.	ŝ	(36,263)					\$	(36,263)			\$	-							\$	(36,263)	\$	-
c), i.e. i.i. c. i.i. c. i.e. c	•	( <i>ii</i>									\$	-							\$	-	\$	-
											\$	-							\$	-	\$	-
											\$	-							\$	-	\$	-
											\$	-							\$	-	\$	-
											\$	-							\$	-	\$	-
TOTAL FPSC ADJUSTMENTS	\$	(68,688,886)	\$	(62,371,838)	\$		\$	(110,581)	\$	(5,913,839)	\$	165,348	\$		\$	-	\$	-	\$	(68,230,910)	\$	(457,976)
FPSC ADJUSTED	\$	21,364,301	\$		\$	11,127,693	\$	4,088,468	\$	1,240,455	\$	1,356,364	\$	<u> </u>	\$	-	\$		\$	17,812,979	\$	3,551,322
PRO FORMA ADJUSTMENTS																						
			_																\$	-	\$	-
TOTAL PRO FORMA ADJUSTMENTS	\$		\$		\$	-	\$	-	\$		\$		\$	-	\$	-	\$	-	\$	-	\$	
PRO FORMA ADJUSTED		\$21,364,301	_	\$0	_	\$11,127,693	_	\$4,088,468	-	\$1,240,455	-	\$1,356,364		\$0		\$0	_	\$0	-	\$17,812,979	_	\$3,551,322

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### FLORIDA PUBLIC UTILITIES COMPANY ELECTRIC

## YEAR END RATE OF RETURN For the 3 Months Ending March 31, 2018

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 BOOK5	\$132,454,496	(\$63,594,623)	\$68,859,873	\$0	\$968,568	\$69,828,440	\$14,660,452	\$84,488,892
FPSC ADJUSTMENTS:								
1) ELIM. NON UTILITY PLANT 2) OUT OF PERIOD LITIGATION ADJ 3) ELIMINATION OF UNDER-RECOVERY 4) DEFERRED RATE CASE EXPENSE	\$0	\$0	\$0			\$0 \$0 \$0 \$0	\$0 (\$7,110,547) (\$154,963)	\$0 \$0 (\$7,110,547) (\$154,963)
TOTAL FPSC ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	(\$7,265,510)	(\$7,265,510)
FPSC ADJUSTED	\$132,454,496	(\$63,594,623)	\$68,859,873	\$0	\$968,568	\$69,828,440	\$7,394,942	\$77,223,383
COMP RATE ADJ REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR COMP RATE ADJ REVENUE	\$132,454,496	(\$63,594,623)	\$68,859,873	\$0	\$968,568	\$69,828,440	\$7,394,942	\$77,223,383
PROFORMA ADJUSTMENTS								\$0
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0 \$0
PRO FORMA ADJUSTED	\$132,454,496	(\$63,594,623)	\$68,859,873	<u>\$0</u>	\$968,568	\$69,828,440	\$7,394,942	\$77,223,383

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### FLORIDA PUBLIC UTILITIES COMPANY

### ELECTRIC

YEAR END RATE OF RETURN

# For the 3 Months Ending March 31, 2018

INCOME STATEMENT

	(1) OPERATING REVENUES		(2) D & M FUEL EXPENSE	(3) O & M OTHER		(4) DEPREC. & IORTIZATION	(5) XES OTHER		(6) COME TAXES CURRENT	D.	7) I.T. IET)	Ľ	8) T.C. IET)	GAIN	)N		(10) TOTAL DPERATING EXPENSES		(11) NET OPERATING INCOME
PER BOOKS	\$ 90,053,187	\$	62,371,838	\$ 11,127,693	\$	4,199,048	\$ 7,154,294	\$	1,191,016							\$	86,043,889	\$	4,009,298
FPSC ADJUSTMENTS: 1) INCOME TAX SYNCH ADJUSTMENT 2) ELIMINATE FUEL REVENUES AND EXPENSES	\$ (61,843,494)	\$	(61,721,323)				\$ (45,737)	\$ \$	268,984 (29,484)							\$ \$	268,984 (61,796,545)	\$ \$	(268,984) (46,949)
3) ELIMINATE CONSERVATION 4)NON-UTILITY DEPRECIATION EXPENSE	\$ (652,923)	\$	(650,\$15)		\$	-	\$ (470)	\$ \$	(748)							\$ \$	(651,732)	\$ \$	(1,191)
S) ELIMINATE REVENUE RELATED TAXES (FRANCHISE & GROSS RECEIPTS) 6)PROVISION FOR RATE REFUND-ANNUAL 7)PROV. FOR RATE REFUND PROTECTED AMT. 8)PROV. FOR RATE REFUND UNPROTECTED AM	(S,867,632) (216,656) (74,318) (36,263)				\$ \$	(74,318) (36,263)	\$ (5,867,632)	\$ \$ \$ \$ \$ \$ \$ \$	(54,911) - - - - - - - - -							\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	(5,867,632) (54,911) (74,318) (36,263) - - - - - - - -	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$	- (161,744) - - - - - - - - - - -
TOTAL FPSC ADJUSTMENTS	\$ (68,691,285)	\$	(62,371,838)	\$ 	\$	(110,581)	\$ (5,913,839)	\$	183,841	\$	-	\$	-	\$	-	\$	(68,212,417)	\$	(478,868)
FP5C ADJUSTED	\$ 21,361,902	\$		\$ 11,127,693	\$	4,088,468	\$ 1,240,455	\$	1,374,857	_\$	<u> </u>	\$	<u> </u>	\$	. <u>.</u>	\$	17,831,472	\$	3,530,430
PRO FORMA ADJUSTMENTS																			
TOTAL PRO FORMA ADJUSTMENTS	\$ 	\$		\$ 	\$		\$ 	\$		\$		\$		\$	·	\$ \$		\$ \$	-
PRO FORMA ADJUSTED	 \$21,361,902	_	\$0	\$11,127,693	_	\$4,088,468	 \$1,240,455	_	\$1,374,857		\$0		\$0	_	\$0		\$17,831,472	_	\$3,530,430

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FLORIDA PUBLIC UTILITIES COMPANY ELECTRIC CAPITAL STRUCTURE March 31, 2018 FPSC ADJUSTED BASIS

FPSC ADJUSTED BASIS								LO		M	DPOINT	HIGH POINT		
AVERAGE	- PER BOOKS		ADJUSTED BOOKS	PRO-RATA	SPECIFIC	BALANCE	RATIO (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	
												(/6/	(70)	
COMMON EQUITY	\$33,551,816		\$33,551,816	(\$3,132,948)		\$30,418,868	40.55%	9.25%	3.75%	10.25%	4.16%	11.25%	4.56%	
LONG TERM DEBT - CU	\$12,942,809		\$12,942,809	(1,208,553)		\$11,734,256	15.64%	4.28%	0.67%	4.28%	0.67%	4.28%	0.67%	
SHORT TERM DEBT	\$13,820,552		\$13,820,552	(1,290,513)		\$12,530,039	16.70%	2.31%	0.39%	2.31%	0,39%	2.31%	0.39%	
LONG TERM DEBT - FC	\$1,638,767		\$1,638,767	(153,022)		\$1,485,745	1.98%	12.20%	0.24%	12.20%	0.24%	12.20%	0.24%	
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	\$3,236,356		\$3,236,356			\$3,236,356	4.31%	2.43%	0.10%	2.43%	0.10%	2.43%	0.10%	
DEFFERED INCOME TAXES	\$15,619,089		\$15,619,089			\$15,619,089	20.82%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
TAX CREDITS - WEIGHTED COST	\$0		\$0			\$0	0.00%	5.05%	0.00%	5.46%	0.00%	5.86%	0.00%	
			-											
TOTAL AVERAGE	\$80,809,389	\$0	\$80,809,389	(\$5,785,037)	\$0	\$75,024,353	100.00%		5.15%		5.56%		5.96%	

								LO		M	DPOINT	HIGH POINT		
	-	ADJUSTMENTS	ADJUSTED				RATIO	COST RATE	WEIGHTED COST	COST RATE	WEIGHTED COST	COST	WEIGHTED COST	
YEAR-END	PER BOOKS	NON-UTILITY	BOOKS	PRO-RATA	SPECIFIC	BALANCE	(%)	(%)	(%)	(%)	(%)	(%)	(%)	
COMMON EQUITY	\$34,508,011		\$34,508,011	(3,836,305)	\$0	\$30,671,706	39.72%	9.25%	3.67%	10.25%	4.07%	11.25%	4.47%	
LONG TERM DEBT - CU	\$13,723,287		\$13,723,287	(1,525,638)		\$12,197,650	15.80%	3.88%	0.61%	3.88%	0.61%	3.88%	0.61%	
SHORT TERM DEBT	\$15,438,046		\$15,438,046	(1,716,270)		\$13,721,776	17.77%	1.99%	0.35%	1.99%	0.35%	1.99%	0.35%	
LONG TERM DEBT - FC	\$1,684,759		\$1,684,759	(187,297)		\$1,497,462	1.94%	12.09%	0.23%	12.09%	0.23%	12.09%	0.23%	
SHORT TERM DEBT - REFINANCED LTD	\$0		\$0	-		\$0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
CUSTOMER DEPOSITS	\$3,232,028	·	\$3,232,028			\$3,232,028	4.19%	2.43%	0.10%	2.43%	0.10%	2.43%	0.10%	
DEFFERED INCOME TAXES	\$15,902,761		\$15,902,761			\$15,902,761	20.59%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
TAX CREDITS - WEIGHTED COST	\$0		\$0			\$0	0.00%	4.86%	0.00%	5.26%	0.00%	5.66%	0.00%	
TOTAL YEAR-END	\$84,488,892	\$0	\$84,488,892	(\$7,265,510)	\$0	\$77,223,382	100.00%		4.96%		5.36%		5.76%	

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