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FLORIDA PUBLIC UTILITIES
COMMISSION

November 15, 2016

VIA 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) 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,

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

cc: Bart Fletcher

FLORIDA PUBLIC UTILITIES COMPANY
 NATURAL GAS
 RATE OF RETURN REPORT SUMMARY
 For the 12 Months Ending September 30, 2016

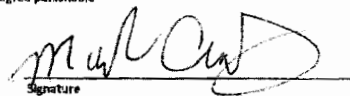
SCHEDULE 1

	(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	\$ 10,284,639	\$ (792,037)	\$ 9,492,602	\$ 1,139,748	\$ 10,632,350
AVERAGE RATE BASE	\$ 215,304,158	\$ 541,918	\$ 215,846,076	\$ (26,879,105)	\$ 188,966,970
AVERAGE RATE OF RETURN	4.78%		4.40%		5.63%
II. YEAR-END RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	\$ 10,284,639	\$ (795,594)	\$ 9,489,045	\$ 1,139,748	\$ 10,628,793
YEAR-END RATE BASE	\$ 230,096,718	\$ 833,564	\$ 230,920,282	\$ (26,369,232)	\$ 204,619,050
YEAR-END RATE OF RETURN	4.47%		4.11%		5.19%
III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)			IV. EARNED RETURN ON EQUITY (FPSC ADJUSTED BASIS)		
LOW	5.81%		A.	INCL ACQUISITION ADJUSTMENT	6.65%
MIDPOINT	6.25%		B.	EXCL ACQUISITION ADJUSTMENT	9.83%
HIGH	6.65%				

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.

Michael Cassel
 Director - Regulatory Affairs


 Signature

11-14-16
 Date

FLORIDA PUBLIC UTILITIES COMPANY
 NATURAL GAS
 AVERAGE RATE OF RETURN
 For the 12 Months Ending September 30, 2016
 RATE BASE

SCHEDULE 2
 PAGE 1 OF 2

	(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	\$ 266,396,454	\$ (66,641,815)	\$ 199,754,639	\$ -	\$ 10,841,351	\$ 210,595,990	\$ 4,708,168	\$ 215,304,158
FPSC ADJUSTMENTS:								
1) ELIMINATIONS TO NON-UTILITY MATERIALS	\$ -	\$ -	\$ -			\$ -	\$ 402,600	\$ 402,600
2) ELIMINATE GOODWILL	\$ (2,469,682)	\$ -	\$ (2,469,682)			\$ (2,469,682)		\$ (2,469,682)
	\$ -	\$ -	\$ -			\$ -		\$ -
3) ELIM. NON-UTILITY PLANT	\$ (3,129,279)	\$ 1,037,495	\$ (2,091,783)			\$ (2,091,783)		\$ (2,091,783)
4) ELIMINATE UNDER-RECOVERIES	\$ -	\$ -	\$ -			\$ -	\$ (910,286)	\$ (910,286)
	\$ -	\$ -	\$ -			\$ -	\$ -	\$ -
5) ELIMINATE DEFERRED ENVIRONMENTAL COSTS						\$ -	\$ 5,611,069	\$ 5,611,069
TOTAL FPSC ADJUSTMENTS	\$ (5,598,961)	\$ 1,037,495	\$ (4,561,465)	\$ -	\$ -	\$ (4,561,465)	\$ 5,103,383	\$ 541,918
FPSC ADJUSTED	\$ 260,797,494	\$ (65,604,320)	\$ 195,193,174	\$ -	\$ 10,841,351	\$ 206,034,525	\$ 9,811,552	\$ 215,846,076
FLEX RATE REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
ADJUSTED FOR FLEX RATE REVENUES	\$ 260,797,494	\$ (65,604,320)	\$ 195,193,174	\$ -	\$ 10,841,351	\$ 206,034,525	\$ 9,811,552	\$ 215,846,076
PROFORMA ADJUSTMENTS								
			\$ -			\$ -		\$ -
			\$ -			\$ -		\$ -
ELIM. ACQUISITION ADJUSTMENT	\$ (34,485,297)	\$ 7,606,191	\$ (26,879,106)			\$ (26,879,106)		\$ (26,879,106)
ELIM. REG ASSET-TRNSCTN & TRNSITN CSTS							\$ -	\$ -
TOTAL PRO FORMA ADJUSTMENTS	\$ (34,485,297)	\$ 7,606,191	\$ (26,879,106)	\$ -	\$ -	\$ (26,879,106)	\$ -	\$ (26,879,106)
PRO FORMA ADJUSTED	\$ 226,312,197	\$ (57,998,129)	\$ 168,314,068	\$ -	\$ 10,841,351	\$ 179,155,419	\$ 9,811,552	\$ 188,966,970

	(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	\$ 290,366,976	\$ (70,135,344)	\$ 220,231,631	\$ -	\$ 4,772,704	\$ 225,004,335	\$ 5,090,383	\$ 230,094,718
FPSC ADJUSTMENTS:								
1) ELIMINATIONS TO NON-UTILITY MATERIALS	\$ -	\$ -	\$ -			\$ -	\$ 451,992	\$ 451,992
2) ELIMINATE GOODWILL	\$ (2,469,682)	\$ -	\$ (2,469,682)			\$ (2,469,682)		\$ (2,469,682)
	\$ -	\$ -	\$ -			\$ -		\$ -
3) ELIM. NON-UTILITY PLANT	\$ (3,370,497)	\$ 1,110,865	\$ (2,259,632)			\$ (2,259,632)		\$ (2,259,632)
4) ELIM. UNDER-RECOVERIES	\$ -	\$ -	\$ -			\$ -	\$ (500,183)	\$ (500,183)
	\$ -	\$ -	\$ -			\$ -	\$ -	\$ -
5) ELIMINATE DEFERRED ENVIRONMENTAL COSTS						\$ -	\$ 5,611,069	\$ 5,611,069
TOTAL FPSC ADJUSTMENTS	\$ (5,840,179)	\$ 1,110,865	\$ (4,729,314)	\$ -	\$ -	\$ (4,729,314)	\$ 5,562,878	\$ 833,564
FPSC ADJUSTED	\$ 284,526,797	\$ (69,024,479)	\$ 215,502,318	\$ -	\$ 4,772,704	\$ 220,275,022	\$ 10,653,260	\$ 230,928,282
COMP RATE ADJ REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
ADJUSTED FOR COMP RATE ADJ REVENUE	\$ 284,526,797	\$ (69,024,479)	\$ 215,502,318	\$ -	\$ 4,772,704	\$ 220,275,022	\$ 10,653,260	\$ 230,928,282
PROFORMA ADJUSTMENTS								
ELIM. ACQUISITION ADJUSTMENT	\$ (34,810,269)	\$ 8,501,037	\$ (26,309,232)			\$ (26,309,232)		\$ (26,309,232)
ELIM. REG ASSET-TRNSCTN & TRNSITN CSTS							\$ -	\$ -
TOTAL PROFORMA ADJUSTMENTS	\$ (34,810,269)	\$ 8,501,037	\$ (26,309,232)	\$ -	\$ -	\$ (26,309,232)	\$ -	\$ (26,309,232)
PROFORMA ADJUSTED	\$ 249,716,528	\$ (60,523,442)	\$ 189,193,086	\$ -	\$ 4,772,704	\$ 193,965,790	\$ 10,653,260	\$ 204,619,050

FLORIDA PUBLIC UTILITIES COMPANY
 NATURAL GAS
 YEAR END RATE OF RETURN
 For the 12 Months Ending September 30, 2016
 INCOME STATEMENT

SCHEDULE 3
 PAGE 2 OF 2

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	OPERATING REVENUES	O & M GAS EXPENSE	O & M OTHER	DEPREC. & AMORTIZATION	TAXES OTHER THAN INCOME	INCOME TAXES CURRENT	D.I.T. (NET)	I.T.C. (NET)	GAIN/LOSS ON DISPOSITION	TOTAL OPERATING EXPENSES	NET OPERATING INCOME
PER BOOKS	73,698,882	20,999,316	23,009,735	8,900,699	6,684,424	3,820,069				63,414,243	10,284,639
FPSC ADJUSTMENTS:											
1) INCOME TAX SYNC AND INTEREST ADJ.						894,617				894,617	(894,617)
2) ELIMINATE FUEL REVENUES AND EXPENSES	(16,264,467)	(16,185,878)			(78,763)	67				(16,264,574)	107
3) ELIMINATE CONSERVATION	(4,834,544)	(4,813,438)			(24,196)	1,192				(4,836,442)	1,898
4) NON-UTILITY DEPRECIATION EXPENSE				(158,210)		61,029				(97,180)	97,180
5) ELIMINATE AEP REVENUES AND EXPENSES	(53,014)			(52,750)		(102)				(52,852)	(162)
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TOTAL FPSC ADJUSTMENTS	(21,152,025)	(20,999,316)	-	(210,960)	(102,959)	956,804	-	-	-	(20,356,431)	(795,594)
FPSC ADJUSTED	52,546,857	-	23,009,735	8,689,739	6,581,465	4,776,873	-	-	-	43,057,812	9,489,045
FLEX RATE REVENUES - DEFICIT/(SURPLUS)	-									-	-
ADJUSTED FOR FLEX RATE REVENUES	52,546,857	-	23,009,735	8,689,739	6,581,465	4,776,873	-	-	-	43,057,812	9,489,045
ELIMINATE ACQUISITION AMORTIZATION				(1,789,692)		649,944				(1,139,748)	1,139,748
ELIMINATE TRANSACT./TRANSIT. AMORTIZATION				-		-				-	-
						-				-	-
						-				-	-
TOTAL PRO FORMA ADJUSTMENTS	-	-	-	(1,789,692)	-	649,944	-	-	-	(1,139,748)	1,139,748
PRO FORMA ADJUSTED	52,546,857	-	23,009,735	6,900,047	6,581,465	5,426,817	-	-	-	41,918,064	10,628,793

FLORIDA PUBLIC UTILITIES COMPANY
 NATURAL GAS
 CAPITAL STRUCTURE
 For the 12 Months Ending September 30, 2016
 FPSC ADJUSTED BASIS

SCHEDULE 4

AVERAGE	ADJUSTMENTS					RATIO (%)	LOW POINT		MIDPOINT		HIGH POINT		
	PER BOOKS	NON-UTILITY	ADJUSTED BOOKS	PRO-RATA	SPECIFIC		BALANCE	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
COMMON EQUITY	\$ 95,924,885		\$ 95,924,885	\$ 1,633,275	\$ (2,469,682)	\$ 95,088,477	44.05%	9.85%	4.34%	10.85%	4.78%	11.85%	5.22%
LONG TERM DEBT - CU	\$ 32,947,361		\$ 32,947,361	\$ 560,982		\$ 33,508,343	15.52%	4.93%	0.77%	4.93%	0.77%	4.93%	0.77%
SHORT TERM DEBT	\$ 42,640,718		\$ 42,640,718	\$ 726,027		\$ 43,366,745	20.09%	1.48%	0.30%	1.48%	0.30%	1.48%	0.30%
LONG TERM DEBT - FC	\$ 5,363,173		\$ 5,363,173	\$ 91,318		\$ 5,454,491	2.53%	12.52%	0.32%	12.52%	0.32%	12.52%	0.32%
SHORT TERM DEBT - REFINANCED LTD	\$ -		\$ -	\$ -		\$ -	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$ 7,618,833		\$ 7,618,833			\$ 7,618,833	3.53%	2.38%	0.08%	2.38%	0.08%	2.38%	0.08%
DEFERRED INCOME TAXES	\$ 30,809,188		\$ 30,809,188			\$ 30,809,188	14.27%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$ -		\$ -			\$ -	0.00%	5.73%	0.00%	6.17%	0.00%	6.61%	0.00%
TOTAL AVERAGE	\$ 215,304,158	\$ -	\$ 215,304,158	\$ 3,011,600	\$ (2,469,682)	\$ 215,846,076	100.00%		5.81%		6.25%		6.69%

YEAR-END	ADJUSTMENTS					RATIO (%)	LOW POINT		MIDPOINT		HIGH POINT		
	PER BOOKS	NON-UTILITY	ADJUSTED BOOKS	PRO-RATA	SPECIFIC		BALANCE	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
COMMON EQUITY	\$ 111,142,114		\$ 111,142,114	\$ 1,957,063	\$ (2,469,682)	\$ 110,629,494	47.91%	9.85%	4.72%	10.85%	5.20%	11.85%	5.68%
LONG TERM DEBT - CU	\$ 32,296,902		\$ 32,296,902	\$ 568,705		\$ 32,865,607	14.23%	4.98%	0.71%	4.98%	0.71%	4.98%	0.71%
SHORT TERM DEBT	\$ 38,730,558		\$ 38,730,558	\$ 681,993		\$ 39,412,551	17.07%	1.62%	0.28%	1.62%	0.28%	1.62%	0.28%
LONG TERM DEBT - FC	\$ 5,422,666		\$ 5,422,666	\$ 95,486		\$ 5,518,152	2.39%	12.41%	0.30%	12.41%	0.30%	12.41%	0.30%
SHORT TERM DEBT - REFINANCED LTD	\$ -		\$ -	\$ -		\$ -	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$ 7,554,460		\$ 7,554,460			\$ 7,554,460	3.27%	2.40%	0.08%	2.40%	0.08%	2.40%	0.08%
DEFERRED INCOME TAXES	\$ 34,948,018		\$ 34,948,018			\$ 34,948,018	15.13%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$ -		\$ -			\$ -	0.00%	6.01%	0.00%	6.49%	0.00%	6.97%	0.00%
TOTAL YEAR-END	\$ 230,094,718	\$ -	\$ 230,094,718	\$ 3,303,247	\$ (2,469,682)	\$ 230,928,282	100.00%		6.09%		6.57%		7.05%