



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

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FLORIDA PUBLIC SERVICE
COMMISSION
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DIVISION OF
ACCOUNTING & FINANCE

FLORIDA PUBLIC UTILITIES COMPANY
 NATURAL GAS
 RATE OF RETURN REPORT SUMMARY
 For the 12 Months Ending 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	\$ 11,053,409	\$ (402,742)	\$ 10,650,667	\$ 1,139,748	\$ 11,790,415
AVERAGE RATE BASE	\$ 216,006,920	\$ 2,030,475	\$ 218,037,394	\$ (25,912,209)	\$ 192,125,185
AVERAGE RATE OF RETURN	5.12%		4.88%		6.14%
II. YEAR-END RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	\$ 11,053,409	\$ (451,024)	\$ 10,602,385	\$ 1,139,748	\$ 11,742,133
YEAR-END RATE BASE	\$ 231,979,159	\$ (298,777)	\$ 231,680,382	\$ (25,342,335)	\$ 206,338,047
YEAR-END RATE OF RETURN	4.76%		4.58%		5.69%
III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)			IV. EARNED RETURN ON EQUITY (FPSC ADJUSTED BASIS)		
LOW	5.77%		A.	INCL ACQUISITION ADJUSTMENT	7.82%
MIDPOINT	6.21%		B.	EXCL ACQUISITION ADJUSTMENT	11.26%
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

3/15/16
 Date

FLORIDA PUBLIC UTILITIES COMPANY
 NATURAL GAS
 AVERAGE RATE OF RETURN
 For the 12 Months Ending December 31, 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	\$ 288,929,774	\$ (71,780,111)	\$ 217,149,663	\$ -		\$ 217,149,663	\$ (1,142,744)	\$ 216,006,920
FPSC ADJUSTMENTS:								
1) ELIMINATIONS TO NON-UTILITY MATERIALS	\$ -	\$ -	\$ -			\$ -	\$ 480,563	\$ 480,563
2) ELIMINATE GOODWILL	\$ (2,469,682)	\$ -	\$ (2,469,682)			\$ (2,469,682)		\$ (2,469,682)
	\$ -	\$ -	\$ -			\$ -		\$ -
3) ELIM. NON-UTILITY PLANT	\$ (2,536,613)	\$ 945,137	\$ (1,591,475)			\$ (1,591,475)		\$ (1,591,475)
	\$ -	\$ -	\$ -			\$ -		\$ -
	\$ -	\$ -	\$ -			\$ -	\$ -	\$ -
4) ELIMINATE DEFERRED ENVIRONMENTAL COSTS	\$ -	\$ -	\$ -			\$ -	\$ 5,611,069	\$ 5,611,069
TOTAL FPSC ADJUSTMENTS	\$ (5,006,295)	\$ 945,137	\$ (4,061,157)	\$ -	\$ -	\$ (4,061,157)	\$ 6,091,632	\$ 2,030,475
FPSC ADJUSTED	\$ 283,923,480	\$ (70,834,974)	\$ 213,088,506	\$ -	\$ -	\$ 213,088,506	\$ 4,948,888	\$ 218,037,394
FLEX RATE REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
ADJUSTED FOR FLEX RATE REVENUES	\$ 283,923,480	\$ (70,834,974)	\$ 213,088,506	\$ -	\$ -	\$ 213,088,506	\$ 4,948,888	\$ 218,037,394
PROFORMA ADJUSTMENTS								
			\$ -			\$ -		\$ -
			\$ -			\$ -		\$ -
ELIM. ACQUISITION ADJUSTMENT	\$ (33,997,839)	\$ 8,085,630	\$ (25,912,209)			\$ (25,912,209)		\$ (25,912,209)
ELIM. REG ASSET-TRNSCTN & TRNSITN CSTS							\$ -	\$ -
TOTAL PRO FORMA ADJUSTMENTS	\$ (33,997,839)	\$ 8,085,630	\$ (25,912,209)	\$ -	\$ -	\$ (25,912,209)	\$ -	\$ (25,912,209)
PRO FORMA ADJUSTED	\$ 249,925,641	\$ (62,749,344)	\$ 187,176,297	\$ -	\$ -	\$ 187,176,297	\$ 4,948,888	\$ 192,125,185

	(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	\$ 300,178,783	\$ (76,679,619)	\$ 223,499,164	\$ -		\$ 223,499,164	\$ 8,479,995	\$ 231,979,159
FPSC ADJUSTMENTS:								
1) ELIMINATIONS TO NON-UTILITY MATERIALS	\$ -	\$ -	\$ -			\$ -	\$ 364,208	\$ 364,208
2) ELIMINATE GOODWILL	\$ (2,469,682)	\$ -	\$ (2,469,682)			\$ (2,469,682)		\$ (2,469,682)
3) ELIM. NON-UTILITY PLANT	\$ (3,193,074)	\$ 988,266	\$ (2,204,809)			\$ (2,204,809)		\$ (2,204,809)
4) ELIM. UNDER-RECOVERIES	\$ -	\$ -	\$ -			\$ -	\$ (1,599,564)	\$ (1,599,564)
4) ELIMINATE DEFERRED ENVIRONMENTAL COSTS	\$ -	\$ -	\$ -			\$ -	\$ 5,611,069	\$ 5,611,069
TOTAL FPSC ADJUSTMENTS	\$ (5,662,756)	\$ 988,266	\$ (4,674,491)	\$ -	\$ -	\$ (4,674,491)	\$ 4,375,713	\$ (298,777)
FPSC ADJUSTED	\$ 294,516,026	\$ (75,691,353)	\$ 218,824,674	\$ -	\$ -	\$ 218,824,674	\$ 12,855,708	\$ 231,680,382
COMP RATE ADJ REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
ADJUSTED FOR COMP RATE ADJ REVENUE	\$ 294,516,026	\$ (75,691,353)	\$ 218,824,674	\$ -	\$ -	\$ 218,824,674	\$ 12,855,708	\$ 231,680,382
PROFORMA ADJUSTMENTS								
ELIM. ACQUISITION ADJUSTMENT	\$ (34,322,811)	\$ 8,980,476	\$ (25,342,335)			\$ (25,342,335)		\$ (25,342,335)
ELIM. REG ASSET-TRNSCTN & TRNSITN CSTS	\$ -	\$ -	\$ -			\$ -	\$ -	\$ -
TOTAL PRO FORMA ADJUSTMENTS	\$ (34,322,811)	\$ 8,980,476	\$ (25,342,335)	\$ -	\$ -	\$ (25,342,335)	\$ -	\$ (25,342,335)
PRO FORMA ADJUSTED	\$ 260,193,215	\$ (66,710,877)	\$ 193,482,339	\$ -	\$ -	\$ 193,482,339	\$ 12,855,708	\$ 206,338,047

FLORIDA PUBLIC UTILITIES COMPANY
 NATURAL GAS
 CAPITAL STRUCTURE
 For the 12 Months Ending December 31, 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	\$ 95,396,860		\$ 95,396,860	\$ 2,544,908	\$ (2,469,682)		\$ 95,472,086	43.79%	9.85%	4.31%	10.85%	4.75%
LONG TERM DEBT - CU	\$ 38,116,433		\$ 38,116,433	\$ 1,016,834		\$ 39,133,267	17.95%	4.98%	0.89%	4.98%	0.89%	4.98%	0.89%
SHORT TERM DEBT	\$ 29,896,711		\$ 29,896,711	\$ 797,556		\$ 30,694,267	14.08%	1.20%	0.17%	1.20%	0.17%	1.20%	0.17%
LONG TERM DEBT - FC	\$ 5,280,120		\$ 5,280,120	\$ 140,858		\$ 5,420,978	2.49%	12.68%	0.32%	12.68%	0.32%	12.68%	0.32%
SHORT TERM DEBT - REFINANCED LTD	\$ -		\$ -	\$ -		\$ -	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$ 7,239,196		\$ 7,239,196			\$ 7,239,196	3.32%	2.36%	0.08%	2.36%	0.08%	2.36%	0.08%
DEFERRED INCOME TAXES	\$ 40,077,601		\$ 40,077,601			\$ 40,077,601	18.38%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$ -		\$ -			\$ -	0.00%	5.69%	0.00%	6.13%	0.00%	6.57%	0.00%
TOTAL AVERAGE	\$ 216,006,920	\$ -	\$ 216,006,920	\$ 4,500,156	\$ (2,469,682)	\$ 218,037,394	100.00%		5.77%		6.21%		6.65%

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	\$ 97,651,868		\$ 97,651,868	\$ 1,146,515	\$ (2,469,682)		\$ 96,328,700	41.58%	9.85%	4.10%	10.85%	4.51%
LONG TERM DEBT - CU	\$ 35,345,514		\$ 35,345,514	\$ 414,987		\$ 35,760,500	15.44%	5.17%	0.80%	5.17%	0.80%	5.17%	0.80%
SHORT TERM DEBT	\$ 46,520,588		\$ 46,520,588	\$ 546,191		\$ 47,066,779	20.32%	0.75%	0.15%	0.75%	0.15%	0.75%	0.15%
LONG TERM DEBT - FC	\$ 5,384,047		\$ 5,384,047	\$ 63,213		\$ 5,447,260	2.35%	12.57%	0.30%	12.57%	0.30%	12.57%	0.30%
SHORT TERM DEBT - REFINANCED LTD	\$ -		\$ -	\$ -		\$ -	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$ 7,174,111		\$ 7,174,111			\$ 7,174,111	3.10%	2.35%	0.07%	2.35%	0.07%	2.35%	0.07%
DEFERRED INCOME TAXES	\$ 39,903,032		\$ 39,903,032			\$ 39,903,032	17.22%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$ -		\$ -			\$ -	0.00%	5.35%	0.00%	5.76%	0.00%	6.18%	0.00%
TOTAL YEAR-END	\$ 231,979,159	\$ -	\$ 231,979,159	\$ 2,170,905	\$ (2,469,682)	\$ 231,680,382	100.00%		5.42%		5.83%		6.25%