



May 15, 2017

**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) 1st Quarter 2017  
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 1<sup>st</sup> Quarter Earnings Surveillance Reports for 2017.

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

RECEIVED  
FLORIDA PUBLIC SERVICE  
COMMISSION  
2017 MAY 15 PM 1:39  
DIVISION OF  
ACCOUNTING & FINANCE

cc: Bart Fletcher

	(1) ACTUAL PER BOOKS	(2) FPSC ADJUSTMENTS	(3) FPSC ADJUSTED	(4) PRO FORMA ADJUSTMENTS	(5) PRO FORMA ADJUSTED
<b>I. AVERAGE RATE OF RETURN (JURISDICTIONAL)</b>					
NET OPERATING INCOME	\$ 2,438,768	\$57,820	\$2,496,588	\$0	\$2,496,588
AVERAGE RATE BASE	\$69,651,971	(\$3,448,830)	\$66,203,141	\$0	\$66,203,141
AVERAGE RATE OF RETURN	3.50%		3.77%		3.77%
<b>II. YEAR-END RATE OF RETURN (JURISDICTIONAL)</b>					
NET OPERATING INCOME	\$2,438,768	\$59,179	\$2,497,947	\$0	\$2,497,947
YEAR-END RATE BASE	\$78,388,197	(\$6,174,372)	\$72,213,826	\$0	\$72,213,826
YEAR-END RATE OF RETURN	3.11%		3.46%		3.46%

**IV. FINANCIAL INTEGRITY INDICATORS**

<b>III. REQUIRED RATES OF RETURN</b>			
AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)		A. TIE WITH AFUDC	4.22
LOW	5.04%	B. TIE WITHOUT AFUDC	4.22
MIDPOINT	5.45%	C. AFUDC TO NET INCOME	0.00
HIGH	5.86%	D. INTERNALLY GENERATED FUNDS	83.06
		E. LTD TO TOTAL INVESTOR FUNDS	19.67
		F. STD TO TOTAL INVESTOR FUNDS	24.62
		G. RETURN ON COMMON EQUITY	6.14

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

*Mike Cassel*  
 Signature

5/5/17  
 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	\$118,276,779	(\$59,476,545)	\$58,800,234	\$0	\$3,897,373	\$62,697,607	\$6,954,364	\$69,651,971
FPSC ADJUSTMENTS:								
			\$0			\$0		\$0
1) ELIM. NON UTILITY PLANT	\$0	\$0	\$0			\$0		\$0
2) REGULATORY LIAB - PENSION AMORT			\$0			\$0	\$0	\$0
3) REGULATORY ASSET - LITIGATION COSTS			\$0			\$0	(\$0)	(\$0)
4) ELIMINATE NET UNDERRECOVERY						\$0	(\$3,147,056)	(\$3,147,056)
5) ADJUST TAX STEP UP TO STIPULATION						\$0	\$0	\$0
6) DEFERRED RATE CASE EXPENSE						\$0	(\$301,774)	(\$301,774)
TOTAL FPSC ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	(\$3,448,830)	(\$3,448,830)
FPSC ADJUSTED	\$118,276,779	(\$59,476,545)	\$58,800,234	\$0	\$3,897,373	\$62,697,607	\$3,505,534	\$66,203,141
FLEX RATE REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR FLEX RATE REVENUES	\$118,276,779	(\$59,476,545)	\$58,800,234	\$0	\$3,897,373	\$62,697,607	\$3,505,534	\$66,203,141
PROFORMA ADJUSTMENTS								
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRO FORMA ADJUSTED	\$118,276,779	(\$59,476,545)	\$58,800,234	\$0	\$3,897,373	\$62,697,607	\$3,505,534	\$66,203,141



	(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	\$124,646,996	(\$60,520,549)	\$64,126,447	\$0	\$1,237,327	\$65,363,774	\$13,024,423	\$78,388,197
FPSC ADJUSTMENTS:								
1) ELIM. NON UTILITY PLANT	\$0	\$0	\$0			\$0		\$0
2) OUT OF PERIOD LITIGATION ADJ						\$0	(\$0)	(\$0)
3) ELIMINATION OF UNDER-RECOVERY						\$0	(\$5,921,535)	(\$5,921,535)
4) DEFERRED RATE CASE EXPENSE						\$0	(\$252,837)	(\$252,837)
TOTAL FPSC ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	(\$6,174,372)	(\$6,174,372)
FPSC ADJUSTED	\$124,646,996	(\$60,520,549)	\$64,126,447	\$0	\$1,237,327	\$65,363,774	\$6,850,052	\$72,213,826
COMP RATE ADJ REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR COMP RATE ADJ REVENUE	\$124,646,996	(\$60,520,549)	\$64,126,447	\$0	\$1,237,327	\$65,363,774	\$6,850,052	\$72,213,826
PROFORMA ADJUSTMENTS								
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRO FORMA ADJUSTED	\$124,646,996	(\$60,520,549)	\$64,126,447	\$0	\$1,237,327	\$65,363,774	\$6,850,052	\$72,213,826



AVERAGE	ADJUSTMENTS						LOW POINT		MIDPOINT		HIGH POINT		
	PER BOOKS	NON-UTILITY	ADJUSTED BOOKS	PRO-RATA	SPECIFIC	BALANCE	RATIO (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
	COMMON EQUITY	\$28,982,753		\$28,982,753	(\$1,921,234)		\$27,061,519	40.88%	9.25%	3.78%	10.25%	4.19%	11.25%
LONG TERM DEBT - CU	\$8,808,843		\$8,808,843	(583,928)		\$8,224,915	12.42%	4.87%	0.61%	4.87%	0.61%	4.87%	0.61%
SHORT TERM DEBT	\$12,810,463		\$12,810,463	(849,191)		\$11,961,272	18.07%	1.62%	0.29%	1.62%	0.29%	1.62%	0.29%
LONG TERM DEBT - FC	\$1,425,254		\$1,425,254	(94,478)		\$1,330,775	2.01%	12.41%	0.25%	12.41%	0.25%	12.41%	0.25%
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	\$3,209,653		\$3,209,653			\$3,209,653	4.85%	2.34%	0.11%	2.34%	0.11%	2.34%	0.11%
DEFERRED INCOME TAXES	\$14,415,006		\$14,415,006			\$14,415,006	21.77%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$0		\$0			\$0	0.00%	4.93%	0.00%	5.34%	0.00%	5.75%	0.00%
<b>TOTAL AVERAGE</b>	<b>\$69,651,971</b>	<b>\$0</b>	<b>\$69,651,971</b>	<b>(\$3,448,831)</b>	<b>\$0</b>	<b>\$66,203,141</b>	<b>100.00%</b>		<b>5.04%</b>		<b>5.45%</b>		<b>5.86%</b>

YEAR-END	ADJUSTMENTS						LOW POINT		MIDPOINT		HIGH POINT		
	PER BOOKS	NON-UTILITY	ADJUSTED BOOKS	PRO-RATA	SPECIFIC	BALANCE	RATIO (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
	COMMON EQUITY	\$34,097,829		\$34,097,829	(3,551,426)	\$0	\$30,546,403	42.30%	9.25%	3.91%	10.25%	4.34%	11.25%
LONG TERM DEBT - CU	\$9,044,256		\$9,044,256	(941,996)		\$8,102,260	11.22%	5.03%	0.56%	5.03%	0.56%	5.03%	0.56%
SHORT TERM DEBT	\$14,607,834		\$14,607,834	(1,521,465)		\$13,086,369	18.12%	1.51%	0.27%	1.51%	0.27%	1.51%	0.27%
LONG TERM DEBT - FC	\$1,531,239		\$1,531,239	(159,485)		\$1,371,755	1.90%	12.30%	0.23%	12.30%	0.23%	12.30%	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	\$3,211,241		\$3,211,241			\$3,211,241	4.45%	2.34%	0.10%	2.34%	0.10%	2.34%	0.10%
DEFERRED INCOME TAXES	\$15,895,798		\$15,895,798			\$15,895,798	22.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$0		\$0			\$0	0.00%	4.97%	0.00%	5.40%	0.00%	5.82%	0.00%
<b>TOTAL YEAR-END</b>	<b>\$78,388,197</b>	<b>\$0</b>	<b>\$78,388,197</b>	<b>(\$6,174,371)</b>	<b>\$0</b>	<b>\$72,213,826</b>	<b>100.00%</b>		<b>5.07%</b>		<b>5.50%</b>		<b>5.92%</b>