



September 22, 2017

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FLORIDA PUBLIC SERVICE  
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DIVISION OF  
ACCOUNTING AND FINANCE

**VIA HAND DELIVERY**

Mr. Andrew Maurey, Director  
Division of Accounting and Finance  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

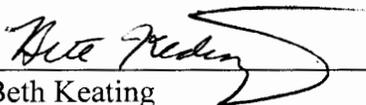
**Re: Florida Public Utilities Company (Electric Division) 2nd Quarter 2017 Surveillance Report**

Dear Mr. Maurey:

In accordance with Rules 25-6.1352(3), F.A.C., Florida Public Utilities Company hereby submits the original and four copies of the Revised 2nd Quarter Earnings Surveillance Report 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

cc: Bart Fletcher

FLORIDA PUBLIC UTILITIES COMPANY  
ELECTRIC  
RATE OF RETURN REPORT SUMMARY  
June 30, 2017

SCHEDULE 1

	(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	\$ 2,605,730	(\$23,211)	\$2,582,519	\$0	\$2,582,519
AVERAGE RATE BASE	\$72,905,351	(\$4,120,540)	\$68,784,811	\$0	\$68,784,811
AVERAGE RATE OF RETURN	3.57%		3.75%		3.75%
<b>II. YEAR-END RATE OF RETURN (JURISDICTIONAL)</b>					
NET OPERATING INCOME	\$2,605,730	(\$705)	\$2,605,025	\$0	\$2,605,025
YEAR-END RATE BASE	\$80,647,799	(\$5,493,648)	\$75,154,151	\$0	\$75,154,151
YEAR-END RATE OF RETURN	3.23%		3.47%		3.47%

IV. FINANCIAL INTEGRITY INDICATORS

<b>III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)</b>			
LOW	5.11%	A. TIE WITH AFUDC	4.07
MIDPOINT	5.53%	B. TIE WITHOUT AFUDC	4.07
HIGH	5.94%	C. AFUDC TO NET INCOME	0.00
		D. INTERNALLY GENERATED FUNDS	83.68
		E. LTD TO TOTAL INVESTOR FUNDS	20.78
		F. STD TO TOTAL INVESTOR FUNDS	22.83
		G. RETURN ON COMMON EQUITY	5.98

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

9/21/17  
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	\$121,240,513	(\$60,214,597)	\$61,025,916	\$0	\$3,102,785	\$64,128,701	\$8,776,649	\$72,905,351
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	(\$3,843,235)	(\$3,843,235)
5) ADJUST TAX STEP UP TO STIPULATION						\$0	\$0	\$0
6) DEFERRED RATE CASE EXPENSE						\$0	(\$277,305)	(\$277,305)
TOTAL FPSC ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	(\$4,120,540)	(\$4,120,540)
FPSC ADJUSTED	\$121,240,513	(\$60,214,597)	\$61,025,916	\$0	\$3,102,785	\$64,128,701	\$4,656,109	\$68,784,811
FLEX RATE REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR FLEX RATE REVENUES	\$121,240,513	(\$60,214,597)	\$61,025,916	\$0	\$3,102,785	\$64,128,701	\$4,656,109	\$68,784,811
PROFORMA ADJUSTMENTS								
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRO FORMA ADJUSTED	\$121,240,513	(\$60,214,597)	\$61,025,916	\$0	\$3,102,785	\$64,128,701	\$4,656,109	\$68,784,811



FLORIDA PUBLIC UTILITIES COMPANY  
ELECTRIC  
YEAR END RATE OF RETURN  
For the 12 Months Ending June 30, 2017  
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	\$125,890,248	(\$61,514,826)	\$64,375,423	\$0	\$2,340,419	\$66,715,842	\$13,931,957	\$80,647,799
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	(\$5,265,280)	(\$5,265,280)
4) DEFERRED RATE CASE EXPENSE						\$0	(\$228,368)	(\$228,368)
TOTAL FPSC ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	(\$5,493,648)	(\$5,493,648)
FPSC ADJUSTED	\$125,890,248	(\$61,514,826)	\$64,375,423	\$0	\$2,340,419	\$66,715,842	\$8,438,309	\$75,154,151
COMP RATE ADJ REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR COMP RATE ADJ REVENUE	\$125,890,248	(\$61,514,826)	\$64,375,423	\$0	\$2,340,419	\$66,715,842	\$8,438,309	\$75,154,151
PROFORMA ADJUSTMENTS								
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRO FORMA ADJUSTED	\$125,890,248	(\$61,514,826)	\$64,375,423	\$0	\$2,340,419	\$66,715,842	\$8,438,309	\$75,154,151



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	\$30,896,811		\$30,896,811	(\$2,323,473)		\$28,573,338	41.54%	9.25%	3.84%	10.25%	4.26%	11.25%	4.67%
LONG TERM DEBT - CU	\$9,912,904		\$9,912,904	(745,461)		\$9,167,443	13.33%	4.66%	0.62%	4.66%	0.62%	4.66%	0.62%
SHORT TERM DEBT	\$12,511,266		\$12,511,266	(940,861)		\$11,570,405	16.82%	1.77%	0.30%	1.77%	0.30%	1.77%	0.30%
LONG TERM DEBT - FC	\$1,472,658		\$1,472,658	(110,745)		\$1,361,913	1.98%	12.35%	0.24%	12.35%	0.24%	12.35%	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	\$3,212,992		\$3,212,992			\$3,212,992	4.67%	2.37%	0.11%	2.37%	0.11%	2.37%	0.11%
DEFERRED INCOME TAXES	\$14,898,719		\$14,898,719			\$14,898,719	21.66%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$0		\$0			\$0	0.00%	5.00%	0.00%	5.42%	0.00%	5.83%	0.00%
<b>TOTAL AVERAGE</b>	<b>\$72,905,351</b>	<b>\$0</b>	<b>\$72,905,351</b>	<b>(\$4,120,540)</b>	<b>\$0</b>	<b>\$68,784,811</b>	<b>100.00%</b>		<b>5.11%</b>		<b>5.53%</b>		<b>5.94%</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	\$35,010,404		\$35,010,404	(3,120,135)	\$0	\$31,890,269	42.43%	9.25%	3.93%	10.25%	4.35%	11.25%	4.77%
LONG TERM DEBT - CU	\$14,081,904		\$14,081,904	(1,254,982)		\$12,826,922	17.07%	3.57%	0.61%	3.57%	0.61%	3.57%	0.61%
SHORT TERM DEBT	\$10,911,953		\$10,911,953	(972,476)		\$9,939,477	13.23%	2.17%	0.29%	2.17%	0.29%	2.17%	0.29%
LONG TERM DEBT - FC	\$1,638,858		\$1,638,858	(146,055)		\$1,492,802	1.99%	12.25%	0.24%	12.25%	0.24%	12.25%	0.24%
SHORT TERM DEBT - REFINANCED LTD	\$0		\$0			\$0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$3,225,168		\$3,225,168			\$3,225,168	4.29%	2.36%	0.10%	2.36%	0.10%	2.36%	0.10%
DEFERRED INCOME TAXES	\$15,779,512		\$15,779,512			\$15,779,512	21.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$0		\$0			\$0	0.00%	5.07%	0.00%	5.49%	0.00%	5.91%	0.00%
<b>TOTAL YEAR-END</b>	<b>\$80,647,799</b>	<b>\$0</b>	<b>\$80,647,799</b>	<b>(\$5,493,648)</b>	<b>\$0</b>	<b>\$75,154,151</b>	<b>100.00%</b>		<b>5.17%</b>		<b>5.59%</b>		<b>6.01%</b>