



December 14, 2017

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FLORIDA PUBLIC SERVICE
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DIVISION OF
ACCOUNTING & 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 and Gas Divisions) 3rd 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 3rd 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

	(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	\$ 2,908,421	(\$26,873)	\$2,881,548	\$0	\$2,881,548
AVERAGE RATE BASE	\$76,454,774	(\$4,643,713)	\$71,811,061	\$0	\$71,811,061
AVERAGE RATE OF RETURN	3.80%		4.01%		4.01%
II. YEAR-END RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	\$2,908,421	(\$43,249)	\$2,865,172	\$0	\$2,865,172
YEAR-END RATE BASE	\$79,305,343	(\$5,047,749)	\$74,257,595	\$0	\$74,257,595
YEAR-END RATE OF RETURN	3.67%		3.86%		3.86%

III. REQUIRED RATES OF RETURN		IV. FINANCIAL INTEGRITY INDICATORS	
AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)		A. TIE WITH AFUDC	4.18
LOW	5.18%	B. TIE WITHOUT AFUDC	4.18
MIDPOINT	5.59%	C. AFUDC TO NET INCOME	0.00
HIGH	6.01%	D. INTERNALLY GENERATED FUNDS	81.43
		E. LTD TO TOTAL INVESTOR FUNDS	21.59
		F. STD TO TOTAL INVESTOR FUNDS	21.82
		G. RETURN ON COMMON EQUITY	6.48

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

Michael Cassel (signature)
Signature

12/13/17
Date

AVERAGE RATE OF RETURN
For the 12 Months Ending September 30, 2017
RATE BASE

	(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	\$123,522,706	(\$60,943,852)	\$62,578,854	\$0	\$3,122,620	\$65,701,475	\$10,753,299	\$71,454,774
FISC ADJUSTMENTS:								
1) ELEM. NON UTILITY PLANT						\$0		\$0
2) REGULATORY LIAB - PENSION AMORT	\$0		\$0			\$0		\$0
3) REGULATORY ASSET - LITIGATION COSTS						\$0		\$0
4) ELIMINATE NET UNDERRECOVERY						\$0		\$0
5) ADJUST TAX STEP UP TO STIPULATION						\$0		\$0
6) DEFERRED RATE CASE EXPENSE						\$0		\$0
TOTAL FISC ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	(\$252,837)	(\$252,837)
							(\$4,643,713)	(\$4,643,713)
FISC ADJUSTED	\$123,522,706	(\$60,943,852)	\$62,578,854	\$0	\$3,122,620	\$65,701,475	\$6,109,586	\$71,811,061
FLEX RATE REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR FLEX RATE REVENUES	\$123,522,706	(\$60,943,852)	\$62,578,854	\$0	\$3,122,620	\$65,701,475	\$6,109,586	\$71,811,061
PROFORMA ADJUSTMENTS								
TOTAL PROFORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PROFORMA ADJUSTED	\$123,522,706	(\$60,943,852)	\$62,578,854	\$0	\$3,122,620	\$65,701,475	\$6,109,586	\$71,811,061

	(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	\$126,296,074	(\$62,454,653)	\$63,841,421	\$0	\$5,211,386	\$69,052,806	\$10,252,537	\$79,305,343
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	(\$4,843,849)	(\$4,843,849)
4) DEFERRED RATE CASE EXPENSE						\$0	(\$203,900)	(\$203,900)
TOTAL FPSC ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	(\$5,047,749)	(\$5,047,749)
FPSC ADJUSTED	\$126,296,074	(\$62,454,653)	\$63,841,421	\$0	\$5,211,386	\$69,052,806	\$5,204,788	\$74,257,595
COMP RATE ADJ REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR COMP RATE ADJ REVENUE	\$126,296,074	(\$62,454,653)	\$63,841,421	\$0	\$5,211,386	\$69,052,806	\$5,204,788	\$74,257,595
PROFORMA ADJUSTMENTS								
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRO FORMA ADJUSTED	\$126,296,074	(\$62,454,653)	\$63,841,421	\$0	\$5,211,386	\$69,052,806	\$5,204,788	\$74,257,595

AVERAGE	ADJUSTMENTS		ADJUSTED BOOKS	PRO-RATA	SPECIFIC	BALANCE	RATIO (%)	LOW POINT		MIDPOINT		HIGH POINT	
	PER BOOKS	NON-UTILITY						COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
COMMON EQUITY	\$32,710,509		\$32,710,509	(\$2,627,667)		\$30,082,842	41.89%	9.25%	3.88%	10.25%	4.29%	11.25%	4.71%
LONG TERM DEBT - CU	\$10,945,209		\$10,945,209	(879,239)		\$10,065,970	14.02%	4.54%	0.64%	4.54%	0.64%	4.54%	0.64%
SHORT TERM DEBT	\$12,614,812		\$12,614,812	(1,013,360)		\$11,601,452	16.16%	1.93%	0.31%	1.93%	0.31%	1.93%	0.31%
LONG TERM DEBT - FC	\$1,536,720		\$1,536,720	(123,446)		\$1,413,273	1.97%	12.30%	0.24%	12.30%	0.24%	12.30%	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	\$3,225,642		\$3,225,642			\$3,225,642	4.49%	2.40%	0.11%	2.40%	0.11%	2.40%	0.11%
DEFERRED INCOME TAXES	\$15,421,882		\$15,421,882			\$15,421,882	21.48%	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%	5.48%	0.00%	5.90%	0.00%
TOTAL AVERAGE	\$76,454,774	\$0	\$76,454,774	(\$4,643,712)	\$0	\$71,811,061	100.00%		5.18%		5.59%		6.01%

YEAR-END	ADJUSTMENTS		ADJUSTED BOOKS	PRO-RATA	SPECIFIC	BALANCE	RATIO (%)	LOW POINT		MIDPOINT		HIGH POINT	
	PER BOOKS	NON-UTILITY						COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
COMMON EQUITY	\$31,683,171		\$31,683,171	(2,684,632)	\$0	\$28,998,539	39.05%	9.25%	3.61%	10.25%	4.00%	11.25%	4.39%
LONG TERM DEBT - CU	\$12,570,771		\$12,570,771	(1,065,167)		\$11,505,604	15.49%	3.77%	0.58%	3.77%	0.58%	3.77%	0.58%
SHORT TERM DEBT	\$13,717,956		\$13,717,956	(1,162,373)		\$12,555,583	16.91%	1.68%	0.28%	1.68%	0.28%	1.68%	0.28%
LONG TERM DEBT - FC	\$1,600,018		\$1,600,018	(135,575)		\$1,464,442	1.97%	12.20%	0.24%	12.20%	0.24%	12.20%	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	\$3,274,053		\$3,274,053			\$3,274,053	4.41%	2.37%	0.10%	2.37%	0.10%	2.37%	0.10%
DEFERRED INCOME TAXES	\$16,459,374		\$16,459,374			\$16,459,374	22.17%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$0		\$0			\$0	0.00%	4.71%	0.00%	5.10%	0.00%	5.49%	0.00%
TOTAL YEAR-END	\$79,305,343	\$0	\$79,305,343	(\$5,047,748)	\$0	\$74,257,595	100.00%		4.81%		5.20%		5.59%