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FLORIDA PUBLIC SERVICE
COMMISSION
2018 APR -3 PM 3 27
DIVISION OF
ACCOUNTING & FINANCE

April 3, 2018

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) 4th Quarter/Year End
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 and the Florida Division of Chesapeake Utilities Corporation hereby submits the original and four copies of the required Year End 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

cc: Bart Fletcher

FLORIDA PUBLIC UTILITIES COMPANY
ELECTRIC
RATE OF RETURN REPORT SUMMARY
December 31, 2017

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	\$ 2,901,690	(\$26,945)	\$2,874,745	\$0	\$2,874,745
AVERAGE RATE BASE	\$78,393,297	(\$5,236,440)	\$73,156,857	\$0	\$73,156,857
AVERAGE RATE OF RETURN	3.70%		3.93%		3.93%
II. YEAR-END RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	\$2,901,690	(\$48,143)	\$2,853,547	\$0	\$2,853,547
YEAR-END RATE BASE	\$80,971,183	(\$5,756,226)	\$75,214,957	\$0	\$75,214,957
YEAR-END RATE OF RETURN	3.58%		3.79%		3.79%

III. REQUIRED RATES OF RETURN		IV. FINANCIAL INTEGRITY INDICATORS	
AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)		A. TIE WITH AFUDC 3.83	
LOW	5.14%	B. TIE WITHOUT AFUDC 3.83	
MIDPOINT	5.55%	C. AFUDC TO NET INCOME 0.00	
HIGH	5.96%	D. INTERNALLY GENERATED FUNDS (30.76)	
		E. LTD TO TOTAL INVESTOR FUNDS 22.23	
		F. STD TO TOTAL INVESTOR FUNDS 22.66	
		G. RETURN ON COMMON EQUITY 6.29	

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

4/2/18
Date

AVERAGE RATE OF RETURN

For the 12 Months Ending December 31, 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	\$126,108,844	(\$61,626,754)	\$64,482,090	\$0	\$2,813,426	\$67,295,516	\$11,097,781	\$78,393,297
FPSC ADJUSTMENTS:								
1) ELIM. NON UTILITY PLANT	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2) REGULATORY LIAB - PENSION AMORT			\$0	\$0	\$0	\$0	\$0	\$0
3) REGULATORY ASSET - LITIGATION COSTS			\$0	\$0	\$0	\$0	(\$0)	(\$0)
4) ELIMINATE NET UNDERRECOVERY						\$0	(\$5,008,072)	(\$5,008,072)
5) DEFERRED RATE CASE EXPENSE						\$0	(\$228,368)	(\$228,368)
TOTAL FPSC ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	(\$5,236,440)	(\$5,236,440)
FPSC ADJUSTED	\$126,108,844	(\$61,626,754)	\$64,482,090	\$0	\$2,813,426	\$67,295,516	\$5,861,341	\$73,156,857
FLEX RATE REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR FLEX RATE REVENUES	\$126,108,844	(\$61,626,754)	\$64,482,090	\$0	\$2,813,426	\$67,295,516	\$5,861,341	\$73,156,857
PROFORMA ADJUSTMENTS								
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRO FORMA ADJUSTED	\$126,108,844	(\$61,626,754)	\$64,482,090	\$0	\$2,813,426	\$67,295,516	\$5,861,341	\$73,156,857

	(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	\$131,665,518	(\$62,660,458)	\$69,005,059	\$0	\$582,918	\$69,587,978	\$11,383,205	\$80,971,183
FPSC ADJUSTMENTS:								
1) ELIM. NON UTILITY PLANT	\$0	\$0	\$0			\$0	\$0	\$0
2) OUT OF PERIOD LITIGATION ADJ						\$0	\$0	\$0
3) ELIMINATION OF UNDER-RECOVERY						\$0	(\$5,576,795)	(\$5,576,795)
4) DEFERRED RATE CASE EXPENSE						\$0	(\$179,431)	(\$179,431)
TOTAL FPSC ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	(\$5,756,226)	(\$5,756,226)
FPSC ADJUSTED	\$131,665,518	(\$62,660,458)	\$69,005,059	\$0	\$582,918	\$69,587,978	\$5,626,979	\$75,214,957
COMP RATE ADJ. REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR COMP RATE ADJ. REVENUE	\$131,665,518	(\$62,660,458)	\$69,005,059	\$0	\$582,918	\$69,587,978	\$5,626,979	\$75,214,957
PROFORMA ADJUSTMENTS								
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRO FORMA ADJUSTED	\$131,665,518	(\$62,660,458)	\$69,005,059	\$0	\$582,918	\$69,587,978	\$5,626,979	\$75,214,957

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	\$32,877,109		\$32,877,109	(\$2,885,537)		\$29,991,572	41.00%	9.25%	3.79%	10.25%	4.20%	11.25%	4.61%
LONG TERM DEBT - CU	\$11,683,957		\$11,683,957	(1,025,470)		\$10,658,487	14.57%	4.44%	0.65%	4.44%	0.65%	4.44%	0.65%
SHORT TERM DEBT	\$13,520,215		\$13,520,215	(1,186,634)		\$12,333,581	16.86%	2.09%	0.35%	2.09%	0.35%	2.09%	0.35%
LONG TERM DEBT - FC	\$1,581,446		\$1,581,446	(138,799)		\$1,442,647	1.97%	12.25%	0.24%	12.25%	0.24%	12.25%	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	\$3,232,988		\$3,232,988			\$3,232,988	4.42%	2.44%	0.11%	2.44%	0.11%	2.44%	0.11%
DEFERRED INCOME TAXES	\$15,497,582		\$15,497,582			\$15,497,582	21.18%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$0		\$0			\$0	0.00%	5.03%	0.00%	5.44%	0.00%	5.85%	0.00%
TOTAL AVERAGE	\$78,393,297	\$0	\$78,393,297	(\$5,236,440)	\$0	\$73,156,857	100.00%		5.14%		5.55%		5.96%

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	\$32,106,723		\$32,106,723	(2,987,669)	\$0	\$29,119,054	38.71%	9.25%	3.58%	10.25%	3.97%	11.25%	4.36%
LONG TERM DEBT - CU	\$11,687,044		\$11,687,044	(1,087,530)		\$10,599,514	14.09%	4.10%	0.58%	4.10%	0.58%	4.10%	0.58%
SHORT TERM DEBT	\$16,425,537		\$16,425,537	(1,528,467)		\$14,897,070	19.81%	1.60%	0.32%	1.60%	0.32%	1.60%	0.32%
LONG TERM DEBT - FC	\$1,639,484		\$1,639,484	(152,561)		\$1,486,923	1.98%	12.15%	0.24%	12.15%	0.24%	12.15%	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	\$3,214,373		\$3,214,373			\$3,214,373	4.27%	2.45%	0.10%	2.45%	0.10%	2.45%	0.10%
DEFERRED INCOME TAXES	\$15,898,022		\$15,898,022			\$15,898,022	21.14%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$0		\$0			\$0	0.00%	4.72%	0.00%	5.11%	0.00%	5.50%	0.00%
TOTAL YEAR-END	\$80,971,183	\$0	\$80,971,183	(\$5,756,226)	\$0	\$75,214,957	100.00%		4.82%		5.21%		5.60%