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FLORIDA PUBLIC SERVICE
COMMISSION

November 15, 2016

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
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 3rd Quarter Earnings Surveillance Reports for 2016.

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
September 30, 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	\$ 2,993,096	(\$35,805)	\$2,957,291	\$0	\$2,957,291
AVERAGE RATE BASE	\$65,197,415	(\$2,705,859)	\$62,491,592	\$0	\$62,491,592
AVERAGE RATE OF RETURN	4.59%		4.73%		4.73%
II. YEAR-END RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	\$2,993,096	(\$38,944)	\$2,954,152	\$0	\$2,954,152
YEAR-END RATE BASE	\$67,197,148	(\$2,375,510)	\$64,821,638	\$0	\$64,821,638
YEAR-END RATE OF RETURN	4.45%		4.56%		4.56%

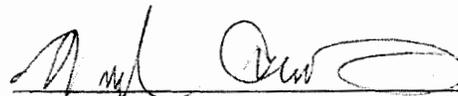
IV. FINANCIAL INTEGRITY INDICATORS

III. REQUIRED RATES OF RETURN			
AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)		A. TIE WITH AFUDC	5.11
LOW	4.93%	B. TIE WITH/OUT AFUDC	5.11
MIDPOINT	5.39%	C. AFUDC TO NET INCOME	0.00
HIGH	5.78%	D. INTERNALLY GENERATED FUNDS	55.19
		E. LTD TO TOTAL INVESTOR FUNDS	21.66
		F. STD TO TOTAL INVESTOR FUNDS	24.11
		G. RETURN ON COMMON EQUITY	8.60

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


Signature

11-14-16
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	\$113,566,175	(\$57,832,501)	\$55,733,674	\$0	\$3,545,825	\$59,279,498	\$5,917,947	\$65,197,445
FPSC ADJUSTMENTS:								
1) ELIM. NON UTILITY PLANT	\$0	\$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	(\$2,323,871)	(\$2,323,871)
5) TREE TRIMMING & UNDERGROUND RESERVE						\$0	(31,271)	(\$31,271)
6) ADJUST TAX STEP UP TO STIPULATION						\$0	\$0	\$0
7) DEFERRED RATE CASE EXPENSE						\$0	(\$350,711)	(\$350,711)
TOTAL FPSC ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	(\$2,705,853)	(\$2,705,853)
FPSC ADJUSTED	\$113,566,175	(\$57,832,501)	\$55,733,674	\$0	\$3,545,825	\$59,279,498	\$3,212,094	\$62,491,592
FLEX RATE REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR FLEX RATE REVENUES	\$113,566,175	(\$57,832,501)	\$55,733,674	\$0	\$3,545,825	\$59,279,498	\$3,212,094	\$62,491,592
PROFORMA ADJUSTMENTS								
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRO FORMA ADJUSTED	\$113,566,175	(\$57,832,501)	\$55,733,674	\$0	\$3,545,825	\$59,279,498	\$3,212,094	\$62,491,592

FLORIDA PUBLIC UTILITIES COMPANY
 ELECTRIC
YEAR END RATE OF RETURN
 For the 12 Months Ending September 30, 2016
 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	\$118,284,419	(\$59,585,739)	\$58,698,680	\$0	\$3,980,878	\$62,679,558	\$4,517,589	\$67,197,148
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	(\$2,086,257)	(\$2,086,257)
4) TREE TRIMMING & UNDERGROUND RESERVE						\$0	12,521	\$12,521
5) DEFERRED RATE CASE EXPENSE						\$0	(\$301,774)	(\$301,774)
TOTAL FPSC ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	(\$2,375,510)	(\$2,375,510)
FPSC ADJUSTED	\$118,284,419	(\$59,585,739)	\$58,698,680	\$0	\$3,980,878	\$62,679,558	\$2,142,080	\$64,821,638
COMP RATE ADJ REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR COMP RATE ADJ REVENUE	\$118,284,419	(\$59,585,739)	\$58,698,680	\$0	\$3,980,878	\$62,679,558	\$2,142,080	\$64,821,638
PROFORMA ADJUSTMENTS								\$0
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRO FORMA ADJUSTED	\$118,284,419	(\$59,585,739)	\$58,698,680	\$0	\$3,980,878	\$62,679,558	\$2,142,080	\$64,821,638

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	\$26,255,081		\$26,255,081	(\$1,467,460)		\$24,787,621	39.67%	9.25%	3.67%	10.25%	4.07%	11.25%
LONG TERM DEBT - CU	\$9,104,123		\$9,104,123	(508,851)		\$8,595,272	13.75%	4.93%	0.68%	4.93%	0.68%	4.93%	0.68%
SHORT TERM DEBT	\$11,670,961		\$11,670,961	(652,318)		\$11,018,643	17.63%	1.48%	0.26%	1.48%	0.26%	1.48%	0.26%
LONG TERM DEBT - FC	\$1,381,646		\$1,381,646	(77,224)		\$1,304,423	2.09%	12.52%	0.26%	12.52%	0.26%	12.52%	0.26%
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	\$3,190,741		\$3,190,741			\$3,190,741	5.11%	2.36%	0.12%	2.36%	0.12%	2.36%	0.12%
DEFERRED INCOME TAXES	\$13,594,892		\$13,594,892			\$13,594,892	21.76%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$0		\$0			\$0	0.00%	4.87%	0.00%	5.27%	0.00%	5.66%	0.00%
TOTAL AVERAGE	\$65,197,445	\$0	\$65,197,445	(\$2,705,853)	\$0	\$62,491,592	100.00%		4.99%		5.39%		5.78%

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	\$29,839,246		\$29,839,246	(1,407,410)	\$0	\$28,431,836	43.86%	9.25%	4.06%	10.25%	4.50%	11.25%
LONG TERM DEBT - CU	\$8,745,822		\$8,745,822	(412,509)		\$8,333,313	12.86%	4.98%	0.64%	4.98%	0.64%	4.98%	0.64%
SHORT TERM DEBT	\$10,398,314		\$10,398,314	(490,451)		\$9,907,863	15.29%	1.62%	0.25%	1.62%	0.25%	1.62%	0.25%
LONG TERM DEBT - FC	\$1,381,063		\$1,381,063	(65,140)		\$1,315,924	2.03%	12.41%	0.25%	12.41%	0.25%	12.41%	0.25%
SHORT TERM DEBT - REFINANCED LTD	\$0		\$0	-		\$0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$3,204,359		\$3,204,359			\$3,204,359	4.94%	2.35%	0.12%	2.35%	0.12%	2.35%	0.12%
DEFERRED INCOME TAXES	\$13,628,343		\$13,628,343			\$13,628,343	21.02%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$0		\$0			\$0	0.00%	5.20%	0.00%	5.64%	0.00%	6.07%	0.00%
TOTAL YEAR-END	\$67,197,148	\$0	\$67,197,148	(\$2,375,510)	\$0	\$64,821,638	100.00%		5.32%		5.76%		6.19%