



March 31, 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

RECEIVED
FLORIDA PUBLIC SERVICE
COMMISSION
2017 MAR 31 PM 4:00
DIVISION OF
ACCOUNTING & FINANCE

**Re: Florida Public Utilities Company (Electric and Gas Divisions) 4th Quarter/Year End
2016 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 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
December 31, 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	\$ 2,723,378	\$133,175	\$2,856,553	\$0	\$2,856,553
AVERAGE RATE BASE	\$67,398,711	(\$2,813,018)	\$64,585,693	\$0	\$64,585,693
AVERAGE RATE OF RETURN	4.04%		4.42%		4.42%
II. YEAR-END RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	\$2,723,378	\$130,276	\$2,853,654	\$0	\$2,853,654
YEAR-END RATE BASE	\$75,034,598	(\$3,915,132)	\$71,119,466	\$0	\$71,119,466
YEAR-END RATE OF RETURN	3.63%		4.01%		4.01%

III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)		IV. FINANCIAL INTEGRITY INDICATORS	
LOW	5.03%	A. TIE WITH AFUDC	5.03
MIDPOINT	5.43%	B. TIE WITHOUT AFUDC	5.03
HIGH	5.84%	C. AFUDC TO NET INCOME	0.00
		D. INTERNALLY GENERATED FUNDS	61.09
		E. LTD TO TOTAL INVESTOR FUNDS	20.50
		F. STD TO TOTAL INVESTOR FUNDS	24.63
		G. RETURN ON COMMON EQUITY	7.75

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)
3/31/17 (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	\$115,398,265	(\$58,638,462)	\$56,759,803	\$0	\$4,131,769	\$60,891,572	\$6,507,139	\$67,398,711
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	(\$2,486,775)	(\$2,486,775)
5) ADJUST TAX STEP UP TO STIPULATION						\$0	\$0	\$0
6) DEFERRED RATE CASE EXPENSE						\$0	(\$326,243)	(\$326,243)
TOTAL FPSC ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	(\$2,813,018)	(\$2,813,018)
FPSC ADJUSTED	\$115,398,265	(\$58,638,462)	\$56,759,803	\$0	\$4,131,769	\$60,891,572	\$3,694,121	\$64,585,693
FLEX RATE REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR FLEX RATE REVENUES	\$115,398,265	(\$58,638,462)	\$56,759,803	\$0	\$4,131,769	\$60,891,572	\$3,694,121	\$64,585,693
PROFORMA ADJUSTMENTS								
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRO FORMA ADJUSTED	\$115,398,265	(\$58,638,462)	\$56,759,803	\$0	\$4,131,769	\$60,891,572	\$3,694,121	\$64,585,693

	(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	\$124,856,969	(\$60,446,833)	\$64,410,137	\$0	\$1,152,199	\$65,562,335	\$9,472,263	\$75,034,598
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	(\$3,637,827)	(\$3,637,827)
4) DEFERRED RATE CASE EXPENSE						\$0	(\$277,305)	(\$277,305)
TOTAL FPSC ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	(\$3,915,132)	(\$3,915,132)
FPSC ADJUSTED	\$124,856,969	(\$60,446,833)	\$64,410,137	\$0	\$1,152,199	\$65,562,335	\$5,557,131	\$71,119,466
COMP RATE ADJ REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR COMP RATE ADJ REVENUE	\$124,856,969	(\$60,446,833)	\$64,410,137	\$0	\$1,152,199	\$65,562,335	\$5,557,131	\$71,119,466
PROFORMA ADJUSTMENTS								\$0
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRO FORMA ADJUSTED	\$124,856,969	(\$60,446,833)	\$64,410,137	\$0	\$1,152,199	\$65,562,335	\$5,557,131	\$71,119,466

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	\$27,579,212		\$27,579,212	(\$1,543,474)		\$26,035,738	40.31%	9.25%	3.73%	10.25%	4.13%	11.25%
LONG TERM DEBT - CU	\$8,889,856		\$8,889,856	(497,522)		\$8,392,334	12.99%	4.93%	0.64%	4.93%	0.64%	4.93%	0.64%
SHORT TERM DEBT	\$12,379,698		\$12,379,698	(692,832)		\$11,686,866	18.10%	1.52%	0.28%	1.52%	0.28%	1.52%	0.28%
LONG TERM DEBT - FC	\$1,414,980		\$1,414,980	(79,190)		\$1,335,790	2.07%	12.46%	0.26%	12.46%	0.26%	12.46%	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	\$3,202,898		\$3,202,898			\$3,202,898	4.96%	2.33%	0.12%	2.33%	0.12%	2.33%	0.12%
DEFERRED INCOME TAXES	\$13,932,068		\$13,932,068			\$13,932,068	21.57%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$0		\$0			\$0	0.00%	4.91%	0.00%	5.31%	0.00%	5.72%	0.00%
TOTAL AVERAGE	\$67,398,712	\$0	\$67,398,712	(\$2,813,017)	\$0	\$64,585,694	100.00%		5.03%		5.43%		5.84%

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	\$31,314,654		\$31,314,654	(2,192,985)	\$0	\$29,121,669	40.95%	9.25%	3.79%	10.25%	4.20%	11.25%
LONG TERM DEBT - CU	\$8,553,947		\$8,553,947	(599,038)		\$7,954,909	11.19%	5.12%	0.57%	5.12%	0.57%	5.12%	0.57%
SHORT TERM DEBT	\$14,573,329		\$14,573,329	(1,020,579)		\$13,552,750	19.06%	1.30%	0.25%	1.30%	0.25%	1.30%	0.25%
LONG TERM DEBT - FC	\$1,464,063		\$1,464,063	(102,529)		\$1,361,534	1.91%	12.35%	0.24%	12.35%	0.24%	12.35%	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	\$3,210,211		\$3,210,211			\$3,210,211	4.51%	2.33%	0.11%	2.33%	0.11%	2.33%	0.11%
DEFERRED INCOME TAXES	\$15,918,394		\$15,918,394			\$15,918,394	22.38%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$0		\$0			\$0	0.00%	4.85%	0.00%	5.26%	0.00%	5.67%	0.00%
TOTAL YEAR-END	\$75,034,598	\$0	\$75,034,598	(\$3,915,132)	\$0	\$71,119,466	100.00%		4.96%		5.37%		5.78%