



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

April 3, 2018

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) – 2018 Forecasted Earnings Surveillance Reports

Dear Mr. Maurey:

Florida Public Utilities Company (“FPUC”) hereby submits, on behalf of its Electric and Natural Gas Divisions, an original and two copies of the Company’s 2018 Forecasted Earnings Surveillance Reports (“Reports”) required by Rules 25-6.1353 and 25-7.1353, F.A.C.

If you have any questions whatsoever, please do not hesitate to let me know.

Sincerely,

Beth Keating
Gunster, Yoakley & Stewart, P.A.
215 South Monroe St., Suite 601
Tallahassee, FL 32301
(850) 521-1706

Cc:// Bart Fletcher, Public Utility Supervisor

FLORIDA PUBLIC UTILITIES COMPANY
ELECTRIC DIVISION
RATE OF RETURN REPORT SUMMARY
Forecast December 31, 2018

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	\$ 3,906,146	(\$472,190)	\$3,433,956	\$ -	\$3,433,956
AVERAGE RATE BASE	\$90,692,401	(\$5,236,440)	\$85,455,961	\$0	\$85,455,961
AVERAGE RATE OF RETURN	4.31%		4.02%		4.02%
II. YEAR-END RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	\$3,906,146	(\$488,493)	\$3,417,653	-	\$3,417,653
YEAR-END RATE BASE	\$90,259,140	(\$5,756,226)	\$84,502,914	-	\$84,502,914
YEAR-END RATE OF RETURN	4.33%		4.04%		4.04%

III. REQUIRED RATES OF RETURN
AVERAGE CAPITAL STRUCTURE
(FPSC ADJUSTED BASIS)

LOW	5.10%
MIDPOINT	5.50%
HIGH	5.90%

IV. EARNED RETURN ON EQUITY
(FPSC ADJUSTED BASIS)

A. INCLUDING ACQ. ADJ. 6.52%

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

4/2/18
Date

	(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	143,717,386.44	(65,790,425.28)	\$77,926,941	\$0	1,667,679.57	\$79,594,620	11,097,781	\$90,692,401
FPSC ADJUSTMENTS:								
1) ELEM. AND UTILITY PLANT			\$0			\$0		\$0
2) REGULATORY LIAB. - RESERVE AMOUNT			\$0			\$0		\$0
3) REGULATORY ASSET - INFLATION COSTS			\$0			\$0		\$0
4) ELEMENT NET INVESTMENT COSTS			\$0			\$0		(\$5,008,072)
5) SPARE PARTS INVENTORY			\$0			\$0		\$0
6) SPARE PARTS INVENTORY TO BE MAINTAINED			\$0			\$0		\$0
6) DEFERRED MAINT. COST EXPENSE			\$0			\$0		(\$228,368)
TOTAL FPSC ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	(\$5,236,440)	(\$5,236,440)
FPSC ADJUSTED	\$143,717,386	(\$65,790,425)	\$77,926,941	\$0	\$1,667,679	\$79,594,620	\$5,861,341	\$85,455,961
COMP RATE ADJ REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR COMP RATE ADJ REVENUE	\$143,717,386	(\$65,790,425)	\$77,926,941	\$0	\$1,667,679	\$79,594,620	\$5,861,341	\$85,455,961
PROFORMA ADJUSTMENTS								
TOTAL PRO FORMA ADJUSTMENTS	-	-	-	\$0	-	-	-	-
PRO FORMA ADJUSTED	\$143,717,386	(\$65,790,425)	\$77,926,941	\$0	\$1,667,679	\$79,594,620	\$5,861,341	\$85,455,961

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	OPERATING REVENUES	O & M GAS EXPENSE	O & M OTHER	DEPRECIATION & AMORTIZATION	TAXES OTHER THAN INCOME	INCOME TAXES CURRENT	D.I.T. (NET)	I.T.C. (NET)	GAIN/LOSS ON DISPOSITION	TOTAL OPERATING EXPENSES	NET OPERATING INCOME
PER BOOKS	98,193,348	68,579,671	12,308,244	4,280,616	8,201,780	916,911				94,287,202	\$3,906,146
FPSIC ADJUSTMENTS:											
1) Interest Synchronization											
2) Eliminate Fuel and Conservation Expense	(\$68,579,671)	(\$68,579,671)			(\$7,138,796)					(\$4,227)	\$4,227
3) Eliminate Revenue Taxes	(\$698,158)									(\$7,138,796)	\$0
4) Provision for Rate Refund-Expected Annual	(\$147,433)									(\$161,741)	(\$476,417)
5) Provision for Rate Refund-Amortization of Unprotected	(\$297,272)									(\$297,272)	\$0
6) Provision for Rate Refund-Amortization of Unprotected	(\$76,801,380)	(\$68,579,671)		(\$444,709)	(\$7,138,796)					(\$76,329,140)	(\$472,190)
TOTAL FPSIC ADJUSTMENTS											
FPSIC ADJUSTED	\$21,392,018	\$0	\$12,308,244	\$3,835,911	\$1,062,984	\$750,943	\$0	\$0	\$0	\$17,958,082	\$3,433,956
COMP RATE ADJ REVENUES - DEFICIT/(SURPLUS)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR COMP RATE ADJ REVENUES	\$21,392,018	\$0	\$12,308,244	\$3,835,911	\$1,062,984	\$750,943	\$0	\$0	\$0	\$17,958,082	\$3,433,956
PROFORMA ADJUSTMENTS											
TOTAL PROFORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PROFORMA ADJUSTED	\$21,392,018	\$0	\$12,308,244	\$3,835,911	\$1,062,984	\$750,943	\$0	\$0	\$0	\$17,958,082	\$3,433,956

	(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	144,716,648	(68,040,837)	76,675,812	\$0	2,200,124	78,875,935	11,383,205	\$90,259,140
FPSC ADJUSTMENTS:								
1) 50% NON UTILITY PLANT			\$0	\$0		\$0		\$0
2) REGULATION ASSET - FRICTION AMORT			\$0	\$0		\$0		\$0
3) REGULATION ASSET - LITIGATION COSTS			\$0	\$0		\$0		\$0
4) EQUIPMENT NET UNDERRECOVERY			\$0	\$0		\$0		(\$5,576,795)
5) ADJUST TAX STEP UP TO STIPULATION			\$0	\$0		\$0		\$0
6) OTHER RATE CASE EXPENSE			\$0	\$0		\$0		(\$179,431)
TOTAL FPSC ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	(\$5,756,226)	(\$5,756,226)
FPSC ADJUSTED	144,716,648	(68,040,837)	76,675,812	\$0	\$2,200,124	78,875,935	\$5,626,979	\$84,502,914
COMP RATE ADJ REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR COMP RATE ADJ REVENUE	144,716,648	(68,040,837)	76,675,812	\$0	\$2,200,124	78,875,935	\$5,626,979	\$84,502,914
PROFORMA ADJUSTMENTS								
TOTAL PRO FORMA ADJUSTMENTS				\$0				
PRO FORMA ADJUSTED	144,716,648	(68,040,837)	76,675,812	\$0	\$2,200,124	78,875,935	\$5,626,979	\$84,502,914

FLORIDA PUBLIC UTILITIES COMPANY
 ELECTRIC DIVISION
 YEAR END RATE OF RETURN
 For the Forecasted 12 Months Ending December 31, 2018
 INCOME STATEMENT

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	OPERATING REVENUES	O & M GAS EXPENSE	O & M OTHER	DEPRECIATION & AMORTIZATION	TAXES OTHER THAN INCOME	INCOME TAXES CURRENT	D.I.T. (NET)	L.T.C. (NET)	GAIN/LOSS ON DISPOSITION	TOTAL OPERATING EXPENSES	NET OPERATING INCOME
PER BOOKS	98,193,348	68,579,671	12,208,244	4,102,570	8,201,760	916,911				94,109,156	\$4,084,192
FPSC ADJUSTMENTS:											
1) Interest Synchronization						\$12,076				\$12,076	(\$12,076)
2) Eliminate Fuel and Conservation Expense	(\$68,579,671)	(\$68,579,671)	\$0	\$0	\$0	\$0				(\$68,579,671)	\$0
3) Eliminate Revenue Taxes	(\$7,138,796)	\$0	\$0	\$0	(\$7,138,796)	\$0				(\$7,138,796)	\$0
4) Provision for Rate Return-Expected Annual	(\$638,158)	\$0	\$0	\$0	\$0	(\$61,741)				(\$61,741)	\$0
5) Provision for Rate Return-Expected Annual	(\$147,433)	\$0	\$0	(\$147,433)	\$0	\$0				(\$147,433)	\$0
6) Provision for Rate Return-Amortization of Unprotected	(\$287,272)	\$0	\$0	(\$287,272)	\$0	\$0				(\$287,272)	\$0
7) Provision for Rate Return-Amortization of Protected	(\$76,901,330)	(\$68,579,671)	\$0	(\$444,705)	(\$7,138,796)	(\$148,659)				(\$76,312,837)	(\$488,493)
FPSC ADJUSTED	\$21,392,018	\$0	\$12,208,244	\$3,657,865	\$1,082,964	\$767,246	\$0	\$0	\$0	\$17,796,319	\$3,595,699
COMP RATE ADJ REVENUES - DEFICIT/(SURPLUS)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR COMP RATE ADJ REVENUES	\$21,392,018	\$0	\$12,208,244	\$3,657,865	\$1,082,964	\$767,246	\$0	\$0	\$0	\$17,796,319	\$3,595,699
PROFORMA ADJUSTMENTS											
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRO FORMA ADJUSTED	\$21,392,018	\$0	\$12,208,244	\$3,657,865	\$1,082,964	\$767,246	\$0	\$0	\$0	\$17,796,319	\$3,595,699

AVERAGE	ADJUSTMENTS				BALANCE	RATIO (%)	LOW POINT			MIDPOINT			HIGH POINT		
	PER BOOKS	NON-UTILITY	ADJUSTED BOOKS	PRO-RATA			SPECIFIC	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)		
COMMON EQUITY	\$ 36,623,900		\$ 36,623,900	\$ (2,680,453)	\$ 33,943,447	39.72%	9.25%	3.67%	10.25%	4.07%	11.25%	4.47%			
LONG TERM DEBT - CU	\$ 16,466,912		\$ 16,466,912	\$ (1,205,191)	\$ 15,261,721	17.86%	4.54%	0.81%	4.54%	0.81%	4.54%	0.81%			
SHORT TERM DEBT	\$ 16,945,600		\$ 16,945,600	\$ (1,240,225)	\$ 15,705,375	18.38%	1.77%	0.33%	1.77%	0.33%	1.77%	0.33%			
LONG TERM DEBT - FC	\$ 1,510,765		\$ 1,510,765	\$ (110,571)	\$ 1,400,194	1.64%	12.04%	0.20%	12.04%	0.20%	12.04%	0.20%			
SHORT TERM DEBT - REFINANCED LTD	\$ -		\$ -	\$ -	\$ -	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
CUSTOMER DEPOSITS	\$ 3,343,113		\$ 3,343,113	\$ -	\$ 3,343,113	3.91%	2.37%	0.09%	2.37%	0.09%	2.37%	0.09%			
DEFERRED INCOME TAXES	\$ 15,802,111		\$ 15,802,111	\$ -	\$ 15,802,111	18.49%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
TAX CREDITS - WEIGHTED COST	\$ -		\$ -	\$ -	\$ -	0.00%	5.01%	0.00%	5.41%	0.00%	5.81%	0.00%			
TOTAL AVERAGE	\$ 90,692,401	\$ -	\$ 90,692,401	\$ (5,286,440)	\$ 85,405,961	100.00%		5.10%		5.50%		5.90%			

YEAR-END	ADJUSTMENTS				BALANCE	RATIO (%)	LOW POINT			MIDPOINT			HIGH POINT		
	PER BOOKS	NON-UTILITY	ADJUSTED BOOKS	PRO-RATA			SPECIFIC	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)		
COMMON EQUITY	\$ 39,115,868		\$ 39,115,868	\$ (3,162,099)	\$ 35,953,769	42.53%	9.25%	3.94%	10.25%	4.38%	11.25%	4.79%			
LONG TERM DEBT - CU	\$ 18,696,754		\$ 18,696,754	\$ (1,511,432)	\$ 17,185,323	20.34%	3.83%	0.78%	3.83%	0.78%	3.83%	0.78%			
SHORT TERM DEBT	\$ 11,711,946		\$ 11,711,946	\$ (946,785)	\$ 10,765,161	12.74%	2.17%	0.28%	2.17%	0.28%	2.17%	0.28%			
LONG TERM DEBT - FC	\$ 1,681,251		\$ 1,681,251	\$ (135,911)	\$ 1,545,340	1.83%	11.94%	0.22%	11.94%	0.22%	11.94%	0.22%			
SHORT TERM DEBT - REFINANCED LTD	\$ -		\$ -	\$ -	\$ -	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
CUSTOMER DEPOSITS	\$ 3,344,387		\$ 3,344,387	\$ -	\$ 3,344,387	3.96%	2.36%	0.09%	2.36%	0.09%	2.36%	0.09%			
DEFERRED INCOME TAXES	\$ 15,708,934		\$ 15,708,934	\$ -	\$ 15,708,934	18.59%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
TAX CREDITS - WEIGHTED COST	\$ -		\$ -	\$ -	\$ -	0.00%	5.22%	0.00%	5.64%	0.00%	6.07%	0.00%			
TOTAL YEAR-END	\$ 90,259,140	\$ -	\$ 90,259,140	\$ (5,756,227)	\$ 84,502,914	100.00%		5.31%		5.73%		6.16%			