

FLORIDA PUBLIC UTILITIES COMPANY
ELECTRIC
RATE OF RETURN REPORT SUMMARY
12/31/20

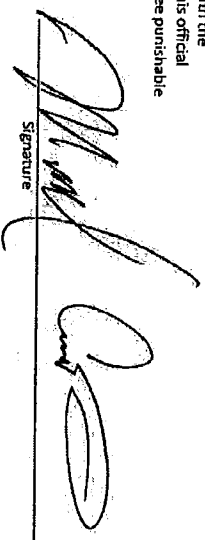
SCHEDULE 1

| | (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 | \$ 2,122,239 | \$138,071 | \$2,240,310 | \$0 | \$2,240,310 |
| AVERAGE RATE BASE | \$144,514,396 | (\$5,680,016) | \$138,834,380 | \$0 | \$138,834,380 |
| AVERAGE RATE OF RETURN | 1.47% | | 1.61% | | 1.61% |
| II. YEAR-END RATE OF RETURN (JURISDICTIONAL) | | | | | |
| NET OPERATING INCOME | \$2,122,239 | \$205,095 | \$2,327,274 | \$0 | \$2,327,274 |
| YEAR-END RATE BASE | \$160,657,747 | (\$4,154,794) | \$156,502,953 | \$0 | \$156,502,953 |
| YEAR-END RATE OF RETURN | 1.32% | | 1.49% | | 1.49% |

| III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (Fpsc ADJUSTED BASIS) | IV. EARNED RETURN ON EQUITY (Fpsc ADJUSTED BASIS) | A. INCLUDING ACQ. ADJ. | 0.00% |
|---|--|------------------------|-------|
| LOW | 5.84% | | |
| MIDPOINT | 6.27% | | |
| HIGH | 6.71% | | |

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
AVP- Regulatory Affairs



Signature

3/13/20
Date

AVERAGE RATE OF RETURN
For the 12 Months Ending December 31, 2020
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 | \$164,051,263 | (\$64,919,912) | \$99,131,351 | \$0 | \$2,937,940 | \$102,069,291 | \$42,445,105 | \$144,514,396 |
| Fpsc ADJUSTMENTS: | | | | | | | | |
| 1) ELIM. NON UTILITY PLANT | \$0 | | \$0 | | | \$0 | | \$0 |
| 2) REGULATORY LAB - PENSION AMORT | | | \$0 | | | \$0 | | \$0 |
| 3) REGULATORY ASSET - UTIGATION COSTS | | | \$0 | | | \$0 | | \$0 |
| 4) ELIMINATE NET UNDERRECOVERY | | | | | | \$0 | | \$0 |
| 5) DEFERRED RATE CASE EXPENSE | | | | | | \$0 | | \$0 |
| TOTAL FPSC ADJUSTMENTS | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | (\$5,680,016) | (\$5,680,016) |
| FPSC ADJUSTED | \$164,051,263 | (\$64,919,912) | \$99,131,351 | \$0 | \$2,937,940 | \$102,069,291 | \$36,765,089 | \$138,834,380 |
| FLEX RATE REVENUES | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| ADJUSTED FOR FLEX RATE REVENUES | \$164,051,263 | (\$64,919,912) | \$99,131,351 | \$0 | \$2,937,940 | \$102,069,291 | \$36,765,089 | \$138,834,380 |
| PROFORMA ADJUSTMENTS | | | | | | | | |
| TOTAL PRO FORMA ADJUSTMENTS | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| PRO FORMA ADJUSTED | \$164,051,263 | (\$64,919,912) | \$99,131,351 | \$0 | \$2,937,940 | \$102,069,291 | \$36,765,089 | \$138,834,380 |

FLORIDA PUBLIC UTILITIES COMPANY
ELECTRIC
AVERAGE RATE OF RETURN
For the 12 Months Ending December 31, 2020
INCOME STATEMENT

| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) |
|---|--------------------|--------------------|---------------|------------------------|-------------------------|----------------------|--------------|--------------|--------------------------|--------------------------|----------------------|
| | OPERATING REVENUES | O & M FUEL EXPENSE | O & M OTHER | DEPREC. & 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 | \$ 71,822,080 | \$ 43,463,240 | \$ 13,555,922 | \$ 5,186,537 | \$ 7,275,609 | \$ 18,533 | | | | \$ 69,499,841 | \$ 2,122,239 |
| PPSC ADJUSTMENTS: | | | | | | | | | | | |
| 1) INCOME TAX SYNCH ADJUSTMENT | | | | | | \$ (116,595) | | | | \$ (116,595) | \$ 116,595 |
| 2) ELIMINATE FUEL REVENUES AND EXPENSES | \$ (42,659,106) | \$ (42,628,392) | | | \$ (30,715) | \$ 0 | | | | \$ (42,659,107) | \$ 0 |
| 3) ELIMINATE CONSERVATION | \$ (835,449) | \$ (834,848) | | | \$ (602) | \$ 0 | | | | \$ (835,449) | \$ 0 |
| 4) NON-UTILITY DEPRECIATION EXPENSE | | | | | | | | | | | |
| 5) ELIMINATE REVENUE RELATED TAXES (FRANCHISE & GROSS RECEIPTS) | \$ (6,007,926) | | | | \$ (6,007,926) | | | | | \$ (6,007,926) | \$ - |
| 6) ELIMINATE STORM SURCHARGE 2017 STORMS | \$ (963,132) | | \$ (750,000) | \$ (213,132) | | \$ 479 | | | | \$ (963,132) | \$ 1,476 |
| 7) ELIMINATES 5% OF ECONOMIC DEVELOPMENT | | | \$ (1,955) | | | | | | | \$ - | \$ - |
| TOTAL PPSC ADJUSTMENTS | \$ (50,465,614) | \$ (43,463,240) | \$ (751,955) | \$ (213,132) | \$ (6,039,242) | \$ (116,115) | | | | \$ (50,583,885) | \$ 118,071 |
| PPSC ADJUSTED | \$ 21,156,466 | \$ - | \$ 12,803,967 | \$ 4,973,405 | \$ 1,236,367 | \$ (97,582) | | | | \$ 18,916,156 | \$ 2,240,310 |
| PRO FORMA ADJUSTMENTS | | | | | | | | | | | |
| TOTAL PRO FORMA ADJUSTMENTS | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| PRO FORMA ADJUSTED | \$21,156,466 | \$0 | \$12,803,967 | \$4,973,405 | \$1,236,367 | (\$97,582) | \$0 | \$0 | \$0 | \$18,916,156 | \$2,240,310 |

| | (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 | \$168,783,221 | (\$57,625,855) | \$101,156,366 | \$0 | \$3,151,689 | \$104,308,055 | \$52,194,898 | \$160,657,747 |
| FPSC ADJUSTMENTS: | | | | | | | | |
| 1) ELIM. NON UTILITY PLANT | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 2) OUT OF PERIOD UTIGATION ADJ | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 3) ELIMINATION OF UNDER-RECOVERY | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 4) DEFERRED RATE CASE EXPENSE | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| TOTAL FPSC ADJUSTMENTS | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | (\$4,154,794) | (\$4,154,794) |
| FPSC ADJUSTED | \$168,783,221 | (\$57,625,855) | \$101,156,366 | \$0 | \$3,151,689 | \$104,308,055 | \$52,194,898 | \$156,502,953 |
| COMP RATE ADJ REVENUES | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| ADJUSTED FOR COMP RATE ADJ REVENUE | \$168,783,221 | (\$57,625,855) | \$101,156,366 | \$0 | \$3,151,689 | \$104,308,055 | \$52,194,898 | \$156,502,953 |
| PROFORMA ADJUSTMENTS | | | | | | | | |
| TOTAL PRO FORMA ADJUSTMENTS | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| PRO FORMA ADJUSTED | \$168,783,221 | (\$57,625,855) | \$101,156,366 | \$0 | \$3,151,689 | \$104,308,055 | \$52,194,898 | \$156,502,953 |

FLORIDA PUBLIC UTILITIES COMPANY
 ELECTRIC
 YEAR END RATE OF RETURN
 For the 12 Months Ending December 31, 2020
 INCOME STATEMENT

| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) |
|---|--------------------|--------------------|---------------|------------------------|-------------------------|----------------------|--------------|--------------|--------------------------|--------------------------|----------------------|
| | OPERATING REVENUES | O & M FUEL EXPENSE | O & M OTHER | DEPRECC & 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 | \$ 71,622,080 | \$ 43,463,240 | \$ 13,555,922 | \$ 5,186,537 | \$ 7,275,609 | \$ 18,533 | \$ - | \$ - | \$ - | \$ 69,499,841 | \$ 2,122,239 |
| FPSC ADJUSTMENTS: | | | | | | | | | | | |
| 1) INCOME TAX SYNCH ADJUSTMENT | | | | | | \$ (203,559) | | | | \$ (203,559) | \$ 203,559 |
| 2) ELIMINATE FUEL REVENUES AND EXPENSES | \$ (42,659,106) | \$ (42,628,392) | \$ (30,715) | \$ - | \$ (602) | \$ 0 | | | | \$ (42,659,107) | \$ 0 |
| 3) ELIMINATE CONSERVATION | \$ (835,449) | \$ (834,848) | \$ - | \$ - | \$ - | \$ 0 | | | | \$ (835,449) | \$ 0 |
| 4) NON-UTILITY DEPRECIATION EXPENSE | | | | | | | | | | | |
| 5) ELIMINATE REVENUE RELATED TAXES (FRANCHISE & GROSS RECEIPTS) | \$ (6,007,926) | | \$ (750,000) | \$ (213,132) | \$ (6,007,926) | \$ - | | | | \$ (6,007,926) | \$ - |
| 6) ELIMINATE STORM SURCHARGE 2017 STORMS | \$ (963,132) | | \$ (1,955) | | | \$ 479 | | | | \$ (963,132) | \$ 1,476 |
| 7) ELIMINATES 5% OF ECONOMIC DEVELOPMENT | | | | | | \$ - | | | | \$ - | \$ - |
| | | | | | | \$ - | | | | \$ - | \$ - |
| | | | | | | \$ - | | | | \$ - | \$ - |
| | | | | | | \$ - | | | | \$ - | \$ - |
| TOTAL FPSC ADJUSTMENTS | \$ (50,485,614) | \$ (43,463,240) | \$ (751,955) | \$ (213,132) | \$ (6,039,242) | \$ (203,079) | \$ - | \$ - | \$ - | \$ (50,670,649) | \$ 205,035 |
| FPSC ADJUSTED | \$ 21,156,466 | \$ - | \$ 12,803,967 | \$ 4,973,405 | \$ 1,236,367 | \$ (184,546) | \$ - | \$ - | \$ - | \$ 18,829,192 | \$ 2,327,274 |
| PRO FORMA ADJUSTMENTS | | | | | | | | | | | |
| TOTAL PRO FORMA ADJUSTMENTS | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| PRO FORMA ADJUSTED | \$ 21,156,466 | \$ 0 | \$ 12,803,967 | \$ 4,973,405 | \$ 1,236,367 | \$ (184,546) | \$ 0 | \$ 0 | \$ 0 | \$ 18,829,192 | \$ 2,327,274 |

| AVERAGE | ADJUSTMENTS | | | | RATIO (%) | LOW POINT | | MIDPOINT | | HIGH POINT | | |
|----------------------------------|---------------|-------------|----------------|---------------|-----------|---------------|---------|---------------|-------------------|---------------|-------------------|---------------|
| | PER BOOKS | NON-UTILITY | ADJUSTED BOOKS | PRO-RATA | | SPECIFIC | BALANCE | COST RATE (%) | WEIGHTED COST (%) | COST RATE (%) | WEIGHTED COST (%) | COST RATE (%) |
| COMMON EQUITY | \$63,022,620 | | \$63,022,620 | (\$2,880,921) | | \$60,191,699 | 9.25% | 4.01% | 10.25% | 4.44% | 11.25% | 4.88% |
| LONG TERM DEBT - CU | \$39,909,619 | | \$39,909,619 | (\$1,792,705) | | \$38,116,914 | 3.82% | 1.05% | 3.82% | 1.05% | 3.82% | 1.05% |
| SHORT TERM DEBT | \$20,866,846 | | \$20,866,846 | (\$997,320) | | \$19,929,526 | 3.60% | 0.52% | 3.60% | 0.52% | 3.60% | 0.52% |
| LONG TERM DEBT - FC | \$2,650,789 | | \$2,650,789 | (\$119,071) | | \$2,531,718 | 11.23% | 0.20% | 11.23% | 0.20% | 11.23% | 0.20% |
| SHORT TERM DEBT - REFINANCED LTD | \$0 | | \$0 | | | \$0 | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| CUSTOMER DEPOSITS | \$3,826,346 | | \$3,826,346 | | | \$3,826,346 | 2.34% | 0.06% | 2.34% | 0.06% | 2.34% | 0.06% |
| DEFERRED INCOME TAXES | \$14,238,177 | | \$14,238,177 | | | \$14,238,177 | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| TAX CREDITS - WEIGHTED COST | \$0 | | \$0 | | | \$0 | 5.78% | 0.00% | 6.21% | 0.00% | 6.65% | 0.00% |
| TOTAL AVERAGE | \$144,514,396 | \$0 | \$144,514,397 | (\$5,680,012) | | \$138,834,380 | | 5.84% | | 6.27% | | 6.71% |

| YEAR-END | ADJUSTMENTS | | | | RATIO (%) | LOW POINT | | MIDPOINT | | HIGH POINT | | |
|----------------------------------|---------------|-------------|----------------|---------------|-----------|---------------|---------|---------------|-------------------|---------------|-------------------|---------------|
| | PER BOOKS | NON-UTILITY | ADJUSTED BOOKS | PRO-RATA | | SPECIFIC | BALANCE | COST RATE (%) | WEIGHTED COST (%) | COST RATE (%) | WEIGHTED COST (%) | COST RATE (%) |
| COMMON EQUITY | \$70,824,348 | | \$70,824,348 | (\$2,058,221) | | \$68,766,127 | 9.25% | 4.06% | 10.25% | 4.50% | 11.25% | 4.94% |
| LONG TERM DEBT - CU | \$43,936,776 | | \$43,936,776 | (\$1,276,844) | | \$42,659,932 | 3.82% | 1.04% | 3.82% | 1.04% | 3.82% | 1.04% |
| SHORT TERM DEBT | \$25,556,463 | | \$25,556,463 | (\$742,685) | | \$24,813,768 | 3.60% | 0.57% | 3.60% | 0.57% | 3.60% | 0.57% |
| LONG TERM DEBT - FC | \$2,650,789 | | \$2,650,789 | (\$177,034) | | \$2,573,755 | 11.23% | 0.18% | 11.23% | 0.18% | 11.23% | 0.18% |
| SHORT TERM DEBT - REFINANCED LTD | \$0 | | \$0 | | | \$0 | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| CUSTOMER DEPOSITS | \$3,825,358 | | \$3,825,358 | | | \$3,825,358 | 2.34% | 0.06% | 2.34% | 0.06% | 2.34% | 0.06% |
| DEFERRED INCOME TAXES | \$13,864,013 | | \$13,864,013 | | | \$13,864,013 | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| TAX CREDITS - WEIGHTED COST | \$0 | | \$0 | | | \$0 | 5.85% | 0.00% | 6.29% | 0.00% | 6.73% | 0.00% |
| TOTAL YEAR-END | \$160,657,747 | \$0 | \$160,657,747 | (\$4,154,794) | | \$156,502,953 | | 5.91% | | 6.35% | | 6.79% |