

FLORIDA PUBLIC UTILITIES COMPANY  
 NATURAL GAS  
 RATE OF RETURN REPORT SUMMARY  
 For the 12 Months Ending March 31, 2018

SCHEDULE 1

	(1) ACTUAL PER BOOKS	(2) FPSC ADJUSTMENTS	(3) FPSC ADJUSTED	(4) PRO FORMA ADJUSTMENTS	(5) PRO FORMA ADJUSTED
<b>I. AVERAGE RATE OF RETURN (JURISDICTIONAL)</b>					
NET OPERATING INCOME	\$ 12,729,700	\$ (1,193,137)	\$ 11,536,563	\$ 1,139,748	\$ 12,676,311
AVERAGE RATE BASE	\$ 226,885,980	\$ 618,782	\$ 227,504,762	\$ (25,169,484)	\$ 202,335,278
AVERAGE RATE OF RETURN	5.61%		5.07%		6.27%
<b>II. YEAR-END RATE OF RETURN (JURISDICTIONAL)</b>					
NET OPERATING INCOME	\$ 12,729,700	\$ (1,311,733)	\$ 11,417,967	\$ 1,139,748	\$ 12,557,715
YEAR-END RATE BASE	\$ 228,731,464	\$ 1,278,165	\$ 230,009,629	\$ (24,599,610)	\$ 205,410,019
YEAR-END RATE OF RETURN	5.57%		4.96%		6.11%
<b>III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)</b>			<b>IV. EARNED RETURN ON EQUITY (FPSC ADJUSTED BASIS)</b>		
LOW	5.70%		A.	INCL ACQUISITION ADJUSTMENT	8.38%
MIDPOINT	6.12%		B.	EXCL ACQUISITION ADJUSTMENT	11.67%
HIGH	6.55%				

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.

Michael Cassel  
 Director - Regulatory Affairs

Signature

Date

FLORIDA PUBLIC UTILITIES COMPANY  
 NATURAL GAS  
 AVERAGE RATE OF RETURN  
 For the 12 Months Ending March 31, 2018  
 RATE BASE

SCHEDULE 2  
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	(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	\$ 307,293,862	\$ (76,843,561)	\$ 230,450,301	\$ -	\$ 2,987,194	\$ 233,437,495	\$ (6,551,515)	\$ 226,885,980
FPSC ADJUSTMENTS:								
1) ELIMINATIONS TO NON-UTILITY MATERIALS	\$ -	\$ -	\$ -			\$ -	\$ 374,364	\$ 374,364
2) ELIMINATE GOODWILL	\$ (2,469,682)	\$ -	\$ (2,469,682)			\$ (2,469,682)		\$ (2,469,682)
	\$ -	\$ -	\$ -			\$ -		\$ -
3) ELIM. NON-UTILITY PLANT	\$ (4,105,494)	\$ 1,208,525	\$ (2,896,969)			\$ (2,896,969)		\$ (2,896,969)
4) ELIMINATE UNDER-RECOVERIES	\$ -	\$ -	\$ -			\$ -		\$ -
	\$ -	\$ -	\$ -			\$ -	\$ -	\$ -
5) ELIMINATE DEFERRED ENVIRONMENTAL COSTS						\$ -	\$ 5,611,069	\$ 5,611,069
TOTAL FPSC ADJUSTMENTS	\$ (6,575,176)	\$ 1,208,525	\$ (5,366,651)	\$ -	\$ -	\$ (5,366,651)	\$ 5,985,433	\$ 618,782
FPSC ADJUSTED	\$ 300,718,685	\$ (75,635,035)	\$ 225,083,650	\$ -	\$ 2,987,194	\$ 228,070,844	\$ (566,082)	\$ 227,504,762
FLEX RATE REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
ADJUSTED FOR FLEX RATE REVENUES	\$ 300,718,685	\$ (75,635,035)	\$ 225,083,650	\$ -	\$ 2,987,194	\$ 228,070,844	\$ (566,082)	\$ 227,504,762
PROFORMA ADJUSTMENTS			\$ -			\$ -		\$ -
			\$ -			\$ -		\$ -
ELIM. ACQUISITION ADJUSTMENT	\$ (35,460,213)	\$ 10,290,729	\$ (25,169,484)			\$ (25,169,484)		\$ (25,169,484)
ELIM. REG ASSET-TRNSCTN & TRNSITN CSTS						\$ -		\$ -
TOTAL PRO FORMA ADJUSTMENTS	\$ (35,460,213)	\$ 10,290,729	\$ (25,169,484)	\$ -	\$ -	\$ (25,169,484)	\$ -	\$ (25,169,484)
PRO FORMA ADJUSTED	\$ 265,258,472	\$ (65,344,306)	\$ 199,914,166	\$ -	\$ 2,987,194	\$ 202,901,360	\$ (566,082)	\$ 202,335,278



FLORIDA PUBLIC UTILITIES COMPANY  
 NATURAL GAS  
 YEAR END RATE OF RETURN  
 For the 12 Months Ending March 31, 2018  
 RATE BASE

SCHEDULE 3  
 PAGE 1 OF 2

	(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	\$ 317,731,061	\$ (80,518,730)	\$ 237,212,331	\$ -	\$ 2,273,290	\$ 239,485,621	\$ (10,754,157)	\$ 228,731,464
FPSC ADJUSTMENTS:								
1) ELIMINATIONS TO NON-UTILITY MATERIALS	\$ -	\$ -	\$ -			\$ -	\$ 350,470	\$ 350,470
2) ELIMINATE GOODWILL	\$ (2,469,682)	\$ -	\$ (2,469,682)			\$ (2,469,682)		\$ (2,469,682)
	\$ -	\$ -	\$ -			\$ -		\$ -
3) ELIM. NON-UTILITY PLANT	\$ (3,446,718)	\$ 1,233,026	\$ (2,213,692)			\$ (2,213,692)		\$ (2,213,692)
4) ELIM. UNDER-RECOVERIES	\$ -	\$ -	\$ -			\$ -		\$ -
	\$ -	\$ -	\$ -			\$ -	\$ -	\$ -
5) ELIMINATE DEFERRED ENVIRONMENTAL COSTS						\$ -	\$ 5,611,069	\$ 5,611,069
TOTAL FPSC ADJUSTMENTS	\$ (5,916,400)	\$ 1,233,026	\$ (4,683,374)	\$ -	\$ -	\$ (4,683,374)	\$ 5,961,539	\$ 1,278,165
FPSC ADJUSTED	\$ 311,814,662	\$ (79,285,705)	\$ 232,528,957	\$ -	\$ 2,273,290	\$ 234,802,247	\$ (4,792,618)	\$ 230,009,629
COMP RATE ADJ REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
ADJUSTED FOR COMP RATE ADJ REVENUE PROFORMA ADJUSTMENTS	\$ 311,814,662	\$ (79,285,705)	\$ 232,528,957	\$ -	\$ 2,273,290	\$ 234,802,247	\$ (4,792,618)	\$ 230,009,629
ELIM. ACQUISITION ADJUSTMENT	\$ (35,785,185)	\$ 11,185,575	\$ (24,599,610)			\$ (24,599,610)		\$ (24,599,610)
ELIM. REG ASSET-TRNSCTN & TRNSITN CSTS								\$ -
TOTAL PRO FORMA ADJUSTMENTS	\$ (35,785,185)	\$ 11,185,575	\$ (24,599,610)	\$ -	\$ -	\$ (24,599,610)	\$ -	\$ (24,599,610)
PRO FORMA ADJUSTED	\$ 276,029,477	\$ (68,100,130)	\$ 207,929,347	\$ -	\$ 2,273,290	\$ 210,202,637	\$ (4,792,618)	\$ 205,410,019



FLORIDA PUBLIC UTILITIES COMPANY  
 NATURAL GAS  
 CAPITAL STRUCTURE  
 For the 12 Months Ending March 31, 2018  
 FPSC ADJUSTED BASIS

SCHEDULE 4

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 (%)	WEIGHTED COST (%)
COMMON EQUITY	\$ 97,724,150		\$ 97,724,150	\$ 1,672,590	\$ (2,469,682)	\$ 96,927,058	42.60%	9.85%	4.20%	10.85%	4.62%	11.85%	5.05%
LONG TERM DEBT - CU	\$ 37,188,007		\$ 37,188,007	\$ 636,489		\$ 37,824,496	16.63%	4.28%	0.71%	4.28%	0.71%	4.28%	0.71%
SHORT TERM DEBT	\$ 40,254,206		\$ 40,254,206	\$ 688,968		\$ 40,943,174	18.00%	2.31%	0.42%	2.31%	0.42%	2.31%	0.42%
LONG TERM DEBT - FC	\$ 5,282,783		\$ 5,282,783	\$ 90,417		\$ 5,373,200	2.36%	12.20%	0.29%	12.20%	0.29%	12.20%	0.29%
SHORT TERM DEBT - REFINANCED LTD	\$ -		\$ -	\$ -		\$ -	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$ 7,886,795		\$ 7,886,795			\$ 7,886,795	3.47%	2.36%	0.08%	2.36%	0.08%	2.36%	0.08%
DEFERRED INCOME TAXES	\$ 38,550,039		\$ 38,550,039			\$ 38,550,039	16.95%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$ -		\$ -			\$ -	0.00%	5.62%	0.00%	6.04%	0.00%	6.47%	0.00%
<b>TOTAL AVERAGE</b>	<b>\$ 226,885,980</b>	<b>\$ -</b>	<b>\$ 226,885,980</b>	<b>\$ 3,088,464</b>	<b>\$ (2,469,682)</b>	<b>\$ 227,504,762</b>	<b>100.00%</b>		<b>5.70%</b>		<b>6.12%</b>		<b>6.55%</b>

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 (%)	WEIGHTED COST (%)
COMMON EQUITY	\$ 95,735,466		\$ 95,735,466	\$ 1,978,923	\$ (2,469,682)	\$ 95,244,707	41.41%	9.85%	4.08%	10.85%	4.49%	11.85%	4.91%
LONG TERM DEBT - CU	\$ 37,450,792		\$ 37,450,792	\$ 774,136		\$ 38,224,928	16.62%	3.88%	0.65%	3.88%	0.65%	3.88%	0.65%
SHORT TERM DEBT	\$ 42,829,723		\$ 42,829,723	\$ 885,322		\$ 43,715,045	19.01%	1.81%	0.34%	1.81%	0.34%	1.81%	0.34%
LONG TERM DEBT - FC	\$ 5,295,701		\$ 5,295,701	\$ 109,466		\$ 5,405,167	2.35%	12.09%	0.28%	12.09%	0.28%	12.09%	0.28%
SHORT TERM DEBT - REFINANCED LTD	\$ -		\$ -	\$ -		\$ -	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$ 8,054,409		\$ 8,054,409			\$ 8,054,409	3.50%	2.31%	0.08%	2.31%	0.08%	2.31%	0.08%
DEFERRED INCOME TAXES	\$ 39,365,373		\$ 39,365,373			\$ 39,365,373	17.12%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$ -		\$ -			\$ -	0.00%	5.35%	0.00%	5.76%	0.00%	6.18%	0.00%
<b>TOTAL YEAR-END</b>	<b>\$ 228,731,464</b>	<b>\$ -</b>	<b>\$ 228,731,464</b>	<b>\$ 3,747,847</b>	<b>\$ (2,469,682)</b>	<b>\$ 230,009,629</b>	<b>100.00%</b>		<b>5.43%</b>		<b>5.84%</b>		<b>6.26%</b>