

FLORIDA PUBLIC UTILITIES COMPANY  
 INDIANTOWN DIVISION  
 RATE OF RETURN REPORT SUMMARY  
 June 30, 2021

SCHEDULE 1

|  | (1)<br>ACTUAL<br>PER BOOKS | (2)<br>FPSC<br>ADJUSTMENTS | (3)<br>FPSC<br>ADJUSTED                                      | (4)<br>PRO FORMA<br>ADJUSTMENTS | (5)<br>PRO FORMA<br>ADJUSTED |
|--|----------------------------|----------------------------|--|---------------------------------|------------------------------|
| <b>I. AVERAGE RATE OF RETURN (JURISDICTIONAL)</b>  |                            |                            |  |                                 |                              |
| NET OPERATING INCOME   | \$ (110,184)               | \$ 2,057                   | \$ (108,127)   | \$ 37,525                       | \$ (70,602)                  |
| AVERAGE RATE BASE  | \$ 2,096,242               | \$ (44)                    | \$ 2,096,197   | \$ (227,911)                    | \$ 1,868,286                 |
| AVERAGE RATE OF RETURN   | <u>-5.26%</u>              |                            | <u>-5.16%</u>  |                                 | <u>-3.78%</u>                |
| <b>II. YEAR-END RATE OF RETURN (JURISDICTIONAL)</b>  |                            |                            |  |                                 |                              |
| NET OPERATING INCOME   | \$ (110,184)               | \$ 1,711                   | \$ (108,473)   | \$ 37,525                       | \$ (70,948)                  |
| YEAR-END RATE BASE   | \$ 2,066,190               | \$ -                       | \$ 2,066,190   | \$ (203,053)                    | \$ 1,863,137                 |
| YEAR-END RATE OF RETURN  | <u>-5.33%</u>              |                            | <u>-5.25%</u>  |                                 | <u>-3.81%</u>                |
| <hr/>  |                            |                            |  |                                 |                              |
| <b>III. REQUIRED RATES OF RETURN<br/>AVERAGE CAPITAL STRUCTURE<br/>(FPSC ADJUSTED BASIS)</b> |                            |                            | <b>IV. EARNED RETURN ON EQUITY<br/>(FPSC ADJUSTED BASIS)</b> |                                 |                              |
| LOW  | 5.36%                      |                            | A. INCL ACQUISITION ADJUSTMENT                               |                                 | -16.45%                      |
| MIDPOINT   | 5.75%                      |                            | B. EXCL ACQUISITION ADJUSTMENT                               |                                 | -13.24%                      |
| HIGH   | 6.14%                      |                            |  |                                 |                              |

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

\_\_\_\_\_  
 Date

FLORIDA PUBLIC UTILITIES COMPANY  
 INDIANTOWN DIVISION  
 AVERAGE RATE OF RETURN  
 For the 12 Months Ending June 30, 2021  
 RATE BASE

|  | (1)<br>PLANT IN<br>SERVICE | (2)<br>ACCUMULATED<br>DEPRECIATION &<br>AMORTIZATION | (3)<br>PLANT IN<br>SERVICE | (4)<br>NET PROPERTY<br>HELD FOR<br>FUTURE USE | (5)<br>CONSTRUCTION<br>WORK IN<br>PROGRESS | (6)<br>NET<br>UTILITY<br>PLANT | (7)<br>WORKING<br>CAPITAL | (8)<br>TOTAL<br>RATE BASE |
|--|----------------------------|--|----------------------------|---|--|--------------------------------|---------------------------|---------------------------|
| PER BOOKS                                | 3,601,318                  | (1,683,117)  | 1,918,201                  | -   | 11,318                                     | 1,929,519                      | 166,723                   | 2,096,242                 |
| FPSC ADJUSTMENTS:                        |                            |  |                            |   |  |                                |                           |                           |
| REMOVE NET UNRECOVERED CONSERVATION      |                            |  | -                          |   |  | -                              |                           | -                         |
| ELIMINATE INTEREST EARNING AFUDC IN CWIP |                            |  |                            |   | (44)                                       | (44)                           |                           | (44)                      |
| TOTAL FPSC ADJUSTMENTS                   | -                          | -  | -                          | -   | (44)                                       | (44)                           | -                         | (44)                      |
| FPSC ADJUSTED                            | 3,601,318                  | (1,683,117)  | 1,918,201                  | -   | 11,273                                     | 1,929,475                      | 166,723                   | 2,096,197                 |
| PROFORMA ADJUSTMENTS                     |                            |  |                            |   |  |                                |                           |                           |
| Remove Acquisition Adjustment            | (745,800)                  | 517,889  | (227,911)                  |   |  | (227,911)                      |                           | (227,911)                 |
| TOTAL PRO FORMA ADJUSTMENTS              | (745,800)                  | 517,889  | (227,911)                  | -   | -  | (227,911)                      | -                         | (227,911)                 |
| PRO FORMA ADJUSTED                       | 2,855,518                  | (1,165,228)  | 1,690,290                  | -   | 11,273                                     | 1,701,564                      | 166,723                   | 1,868,286                 |

|   | (1)                | (2)               | (3)         | (4)                    | (5)                     | (6)                  | (7)          | (8)          | (9)                      | (10)                     | (11)                 |
|---|--------------------|-------------------|-------------|------------------------|-------------------------|----------------------|--------------|--------------|--------------------------|--------------------------|----------------------|
|   | OPERATING REVENUES | O & M GAS EXPENSE | O & M OTHER | DEPREC. & 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                                   | \$ 212,017         | \$ 27,970         | \$ 169,371  | \$ 128,245             | \$ 38,269               | \$ (41,654)          |              |              |                          | \$ 322,201               | \$ (110,184)         |
| FPSC ADJUSTMENTS:                           |                    |                   |             |                        |                         |                      |              |              |                          |                          |                      |
| 1) Interest Synchronization                 |                    |                   |             |                        |                         | \$ (2,056)           |              |              |                          | \$ (2,056)               | \$ 2,056             |
| 2) Elim. Conservation Rev & Exp.            | \$ (11,534)        | \$ (11,476)       |             |                        | \$ (58)                 | \$ (0)               |              |              |                          | \$ (11,534)              | \$ (0)               |
| 3) Elimination of Revenue Taxes             | \$ (1,060)         |                   |             |                        | \$ (1,060)              | \$ -                 |              |              |                          | \$ (1,060)               | \$ -                 |
| 4) Elim. Economic Development               |                    |                   | \$ (2)      |                        |                         | \$ 0                 |              |              |                          | \$ (1)                   | \$ 1                 |
| 5) Remove Swing Service                     | \$ (16,577)        | \$ (16,494)       |             |                        | \$ (83)                 | \$ 0                 |              |              |                          | \$ (16,577)              | \$ 0                 |
| 6) Out of Period Unprotected Deferred Taxes |                    |                   |             | \$ -                   |                         | \$ -                 |              |              |                          | \$ -                     | \$ -                 |
| 7) Amortization of Protected Deferred Taxes |                    |                   |             | \$ -                   |                         | \$ -                 |              |              |                          | \$ -                     | \$ -                 |
| TOTAL FPSC ADJUSTMENTS                      | \$ (29,171)        | \$ (27,970)       | \$ (2)      | \$ -                   | \$ (1,201)              | \$ (2,055)           | \$ -         | \$ -         | \$ -                     | \$ (31,228)              | \$ 2,057             |
| FPSC ADJUSTED                               | \$ 182,846         | \$ -              | \$ 169,369  | \$ 128,245             | \$ 37,068               | \$ (43,709)          | \$ -         | \$ -         | \$ -                     | \$ 290,973               | \$ (108,127)         |
| PROFORMA ADJUSTMENTS                        |                    |                   |             |                        |                         |                      |              |              |                          |                          |                      |
| Remove Acquisition Adjustment Amortization  |                    |                   |             | \$ (49,716)            |                         | \$ 12,191            |              |              |                          | \$ (37,525)              | \$ 37,525            |
| TOTAL PRO FORMA ADJUSTMENTS                 | \$ -               | \$ -              | \$ -        | \$ (49,716)            | \$ -                    | \$ 12,191            | \$ -         | \$ -         | \$ -                     | \$ (37,525)              | \$ 37,525            |
| PRO FORMA ADJUSTED                          | \$ 182,846         | \$ -              | \$ 169,369  | \$ 78,529              | \$ 37,068               | \$ (31,518)          | \$ -         | \$ -         | \$ -                     | \$ 253,448               | \$ (70,602)          |

|                                | (1)                 | (2)   | (3)                 | (4)                                    | (5)                                 | (6)                     | (7)                | (8)                |
|--------------------------------|---------------------|---|---------------------|--|-------------------------------------|-------------------------|--------------------|--------------------|
|                                | PLANT IN<br>SERVICE | ACCUMULATED<br>DEPRECIATION &<br>AMORTIZATION | PLANT IN<br>SERVICE | NET PROPERTY<br>HELD FOR<br>FUTURE USE | CONSTRUCTION<br>WORK IN<br>PROGRESS | NET<br>UTILITY<br>PLANT | WORKING<br>CAPITAL | TOTAL<br>RATE BASE |
| PER BOOKS                      | \$ 3,589,381        | \$ (1,731,558)                                | \$ 1,857,823        | \$ -                                   | \$ 15,801                           | \$ 1,873,624            | \$ 192,567         | \$ 2,066,190       |
| FPSC ADJUSTMENTS:              |                     |   |                     |  |                                     |                         |                    |                    |
| REMOVE NET UNREC. CONSERVATION |                     |   | \$ -                |  |                                     | \$ -                    | \$ -               | \$ -               |
| TOTAL FPSC ADJUSTMENTS         | \$ -                | \$ -  | \$ -                | \$ -                                   | \$ -                                | \$ -                    | \$ -               | \$ -               |
| FPSC ADJUSTED                  | \$ 3,589,381        | \$ (1,731,558)                                | \$ 1,857,823        | \$ -                                   | \$ 15,801                           | \$ 1,873,624            | \$ 192,567         | \$ 2,066,190       |
| PROFORMA ADJUSTMENTS           |                     |   |                     |  |                                     |                         |                    |                    |
| Remove Acquisition Adjustment  | \$ (745,800)        | \$ 542,747                                    | \$ (203,053)        |  |                                     | \$ (203,053)            |                    | \$ (203,053)       |
| TOTAL PRO FORMA ADJUSTMENTS    | \$ (745,800)        | \$ 542,747                                    | \$ (203,053)        | \$ -                                   | \$ -                                | \$ (203,053)            | \$ -               | \$ (203,053)       |
| PRO FORMA ADJUSTED             | \$ 2,843,581        | \$ (1,188,811)                                | \$ 1,654,770        | \$ -                                   | \$ 15,801                           | \$ 1,670,571            | \$ 192,567         | \$ 1,863,137       |

|   | (1)                | (2)               | (3)         | (4)                    | (5)                     | (6)                  | (7)          | (8)          | (9)                      | (10)                     | (11)                 |
|---|--------------------|-------------------|-------------|------------------------|-------------------------|----------------------|--------------|--------------|--------------------------|--------------------------|----------------------|
|   | OPERATING REVENUES | O & M GAS EXPENSE | O & M OTHER | DEPREC. & 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                                   | \$ 212,017         | \$ 27,970         | \$ 169,371  | \$ 128,245             | \$ 38,269               | \$ (41,654)          |              |              |                          | \$ 322,201               | \$ (110,184)         |
| FPSC ADJUSTMENTS:                           |                    |                   |             |                        |                         |                      |              |              |                          |                          |                      |
| 1) Interest Synchronization                 |                    |                   |             |                        |                         | \$ (1,710)           |              |              |                          | \$ (1,710)               | \$ 1,710             |
| 2) Elim. Conservation Rev & Exp.            | \$ (11,534)        | \$ (11,476)       |             |                        | \$ (58)                 | \$ (0)               |              |              |                          | \$ (11,534)              | \$ (0)               |
| 3) Elimination of Revenue Taxes             | \$ (1,060)         |                   |             |                        | \$ (1,060)              | \$ -                 |              |              |                          | \$ (1,060)               | \$ -                 |
| 4) Elim. Economic Development               |                    |                   | \$ (2)      |                        |                         | \$ 0                 |              |              |                          | \$ (1)                   | \$ 1                 |
| 5) Remove Swing Service                     | \$ (16,577)        | \$ (16,494)       |             |                        | \$ (83)                 | \$ 0                 |              |              |                          | \$ (16,577)              | \$ 0                 |
| 6) Out of Period Unprotected Deferred Taxes |                    |                   |             | \$ -                   |                         | \$ -                 |              |              |                          | \$ -                     | \$ -                 |
| 7) Amortization of Protected Deferred Taxes |                    |                   |             | \$ -                   |                         | \$ -                 |              |              |                          | \$ -                     | \$ -                 |
|   |                    |                   |             |                        |                         | \$ -                 |              |              |                          | \$ -                     | \$ -                 |
|   |                    |                   |             |                        |                         | \$ -                 |              |              |                          | \$ -                     | \$ -                 |
|   |                    |                   |             |                        |                         | \$ -                 |              |              |                          | \$ -                     | \$ -                 |
| TOTAL FPSC ADJUSTMENTS                      | \$ (29,171)        | \$ (27,970)       | \$ (2)      | \$ -                   | \$ (1,201)              | \$ (1,709)           | \$ -         | \$ -         | \$ -                     | \$ (30,882)              | \$ 1,711             |
| FPSC ADJUSTED                               | \$ 182,846         | \$ -              | \$ 169,369  | \$ 128,245             | \$ 37,068               | \$ (43,363)          | \$ -         | \$ -         | \$ -                     | \$ 291,319               | \$ (108,473)         |
| PROFORM ADJUSTMENTS                         |                    |                   |             |                        |                         |                      |              |              |                          |                          |                      |
| Remove Acquisition Adjustment Amortization  |                    |                   |             | \$ (49,716)            |                         | \$ 12,191            |              |              |                          | \$ (37,525)              | \$ 37,525            |
| TOTAL PRO FORMA ADJUSTMENTS                 | \$ -               | \$ -              | \$ -        | \$ (49,716)            | \$ -                    | \$ 12,191            | \$ -         | \$ -         | \$ -                     | \$ (37,525)              | \$ 37,525            |
| PRO FORMA ADJUSTED                          | \$ 182,846         | \$ -              | \$ 169,369  | \$ 78,529              | \$ 37,068               | \$ (31,172)          | \$ -         | \$ -         | \$ -                     | \$ 253,794               | \$ (70,948)          |

| 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                  | \$817,697           | \$ -        | \$ 817,697          | \$ -        | \$ (22)        | \$817,675           | 39.01%         | 10.50%        | 4.10%             | 11.50%        | 4.49%             | 12.50%        | 4.88%             |
| LONG TERM DEBT                 | \$ 613,381          | \$ -        | \$ 613,381          | \$ -        | \$ (16)        | \$ 613,365          | 29.26%         | 3.65%         | 1.07%             | 3.65%         | 1.07%             | 3.65%         | 1.07%             |
| SHORT TERM DEBT                | \$ 225,531          | \$ -        | \$ 225,531          | \$ -        | \$ (6)         | \$ 225,525          | 10.76%         | 1.73%         | 0.19%             | 1.73%         | 0.19%             | 1.73%         | 0.19%             |
| SHORT TERM DEBT REFINANCED LTD | \$ -                | \$ -        | \$ -                | \$ -        | \$ -           | \$ -                | 0.00%          | 0.00%         | 0.00%             | 0.00%         | 0.00%             | 0.00%         | 0.00%             |
| CUSTOMER DEPOSITS              | \$7,746             | \$ -        | \$ 7,746            | \$ -        | \$ -           | \$ 7,746            | 0.37%          | 1.23%         | 0.00%             | 1.23%         | 0.00%             | 1.23%         | 0.00%             |
| DEFERRED INCOME TAXES          | \$431,887           | \$ -        | \$ 431,887          | \$ -        | \$ -           | \$ 431,887          | 20.60%         | 0.00%         | 0.00%             | 0.00%         | 0.00%             | 0.00%         | 0.00%             |
| TAX CREDITS - WEIGHTED COST    | \$ -                | \$ -        | \$ -                | \$ -        | \$ -           | \$ -                | 0.00%          | 5.36%         | 0.00%             | 5.75%         | 0.00%             | 6.14%         | 0.00%             |
| <b>TOTAL AVERAGE</b>           | <b>\$ 2,096,242</b> | <b>\$ -</b> | <b>\$ 2,096,242</b> | <b>\$ -</b> | <b>\$ (44)</b> | <b>\$ 2,096,198</b> | <b>100.00%</b> |               | <b>5.36%</b>      |               | <b>5.75%</b>      |               | <b>6.14%</b>      |

| 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                  | \$840,309           | \$ -        | \$ 840,309          | \$ -        | \$ -        | \$840,309           | 40.67%         | 10.50%        | 4.27%             | 11.50%        | 4.68%             | 12.50%        | 5.08%             |
| LONG TERM DEBT                 | \$ 580,670          | \$ -        | \$ 580,670          | \$ -        | \$ -        | \$ 580,670          | 28.10%         | 3.66%         | 1.03%             | 3.66%         | 1.03%             | 3.66%         | 1.03%             |
| SHORT TERM DEBT                | \$ 191,820          | \$ -        | \$ 191,820          | \$ -        | \$ -        | \$ 191,820          | 9.28%          | 1.93%         | 0.18%             | 1.93%         | 0.18%             | 1.93%         | 0.18%             |
| SHORT TERM DEBT REFINANCED LTD | \$ -                | \$ -        | \$ -                | \$ -        | \$ -        | \$ -                | 0.00%          | 0.00%         | 0.00%             | 0.00%         | 0.00%             | 0.00%         | 0.00%             |
| CUSTOMER DEPOSITS              | \$ 7,393            | \$ -        | \$ 7,393            | \$ -        | \$ -        | \$ 7,393            | 0.36%          | 1.29%         | 0.00%             | 1.29%         | 0.00%             | 1.29%         | 0.00%             |
| DEFERRED INCOME TAXES          | \$445,998           | \$ -        | \$ 445,998          | \$ -        | \$ -        | \$ 445,998          | 21.59%         | 0.00%         | 0.00%             | 0.00%         | 0.00%             | 0.00%         | 0.00%             |
| TAX CREDITS - WEIGHTED COST    | \$ -                | \$ -        | \$ -                | \$ -        | \$ -        | \$ -                | 0.00%          | 5.48%         | 0.00%             | 5.89%         | 0.00%             | 6.29%         | 0.00%             |
| <b>TOTAL YEAR-END</b>          | <b>\$ 2,066,189</b> | <b>\$ -</b> | <b>\$ 2,066,189</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ 2,066,189</b> | <b>100.00%</b> |               | <b>5.48%</b>      |               | <b>5.89%</b>      |               | <b>6.29%</b>      |