

May 13, 2016

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FLORIDA PUBLIC SERVICE  
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2016 MAY 13 AM 9:50  
DIVISION OF  
ACCOUNTING & FINANCE

**VIA 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), Florida Public Utilities Company-Indiantown Division, Florida Public Utilities Company-Fort Meade, and Florida Division of Chesapeake Utilities Corporation 4th Quarter 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 (Gas and Electric Divisions), FPUC-Fort Meade, FPUC-Indiantown Division and the Florida Division of Chesapeake Utilities Corporation hereby submit the original and four (4) copies of the required 1st Quarter (March 2016) 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: Cheryl Bulecza-Banks  
Bart Fletcher

FLORIDA PUBLIC UTILITIES COMPANY  
 NATURAL GAS  
 RATE OF RETURN REPORT SUMMARY  
 For the 12 Months Ending March 31, 2016

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	\$ 9,429,659	\$ (126,660)	\$ 9,302,999	\$ 1,139,748	\$ 10,442,747
AVERAGE RATE BASE	\$ 194,710,787	\$ 1,713,008	\$ 196,423,795	\$ (27,448,980)	\$ 168,974,815
AVERAGE RATE OF RETURN	4.84%		4.74%		6.18%
<b>II. YEAR-END RATE OF RETURN (JURISDICTIONAL)</b>					
NET OPERATING INCOME	\$ 9,429,659	\$ (127,774)	\$ 9,301,885	\$ 1,139,748	\$ 10,441,633
YEAR-END RATE BASE	\$ 218,653,461	\$ 499,464	\$ 219,152,925	\$ (26,879,106)	\$ 192,273,819
YEAR-END RATE OF RETURN	4.31%		4.24%		5.43%
<b>III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)</b>			<b>IV. EARNED RETURN ON EQUITY (FPSC ADJUSTED BASIS)</b>		
LOW	6.03%		A. INCL ACQUISITION ADJUSTMENT		7.02%
MIDPOINT	6.48%		B. EXCL ACQUISITION ADJUSTMENT		10.61%
HIGH	6.94%				

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

*Michael Cassel per MDC*  
 Signature

5/12/16  
 Date

FLORIDA PUBLIC UTILITIES COMPANY  
 NATURAL GAS  
 AVERAGE RATE OF RETURN  
 For the 12 Months Ending March 31, 2016  
 RATE BASE

SCHEDULE 2  
 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	\$ 247,404,032	\$ (63,846,116)	\$ 183,557,916	\$ -	\$ 10,390,119	\$ 193,948,035	\$ 762,752	\$ 194,710,787
FPSC ADJUSTMENTS:								
1) ELIMINATIONS TO NON-UTILITY MATERIALS	\$ -	\$ -	\$ -			\$ -	\$ 457,223	\$ 457,223
2) ELIMINATE GOODWILL	\$ (2,469,682)	\$ -	\$ (2,469,682)			\$ (2,469,682)		\$ (2,469,682)
	\$ -	\$ -	\$ -			\$ -		\$ -
3) ELIM. NON-UTILITY PLANT	\$ (2,718,738)	\$ 973,183	\$ (1,745,555)			\$ (1,745,555)		\$ (1,745,555)
4) ELIMINATE UNDER-RECOVERIES	\$ -	\$ -	\$ -			\$ -	\$ (140,047)	\$ (140,047)
	\$ -	\$ -	\$ -			\$ -	\$ -	\$ -
5) ELIMINATE DEFERRED ENVIRONMENTAL COSTS						\$ -	\$ 5,611,069	\$ 5,611,069
TOTAL FPSC ADJUSTMENTS	\$ (5,188,420)	\$ 973,183	\$ (4,215,237)	\$ -	\$ -	\$ (4,215,237)	\$ 5,928,245	\$ 1,713,008
FPSC ADJUSTED	\$ 242,215,612	\$ (62,872,933)	\$ 179,342,679	\$ -	\$ 10,390,119	\$ 189,732,798	\$ 6,690,997	\$ 196,423,795
FLEX RATE REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
ADJUSTED FOR FLEX RATE REVENUES	\$ 242,215,612	\$ (62,872,933)	\$ 179,342,679	\$ -	\$ 10,390,119	\$ 189,732,798	\$ 6,690,997	\$ 196,423,795
PROFORMA ADJUSTMENTS			\$ -			\$ -		\$ -
			\$ -			\$ -		\$ -
ELIM. ACQUISITION ADJUSTMENT	\$ (34,160,325)	\$ 6,711,345	\$ (27,448,980)			\$ (27,448,980)		\$ (27,448,980)
ELIM. REG ASSET-TRNSCTN & TRNSITN CSTS							\$ -	\$ -
TOTAL PRO FORMA ADJUSTMENTS	\$ (34,160,325)	\$ 6,711,345	\$ (27,448,980)	\$ -	\$ -	\$ (27,448,980)	\$ -	\$ (27,448,980)
PRO FORMA ADJUSTED	\$ 208,055,287	\$ (56,161,588)	\$ 151,893,699	\$ -	\$ 10,390,119	\$ 162,283,818	\$ 6,690,997	\$ 168,974,815



FLORIDA PUBLIC UTILITIES COMPANY  
 NATURAL GAS  
 YEAR END RATE OF RETURN  
 For the 12 Months Ending March 31, 2016  
 RATE BASE

SCHEDULE 3  
 PAGE 1 OF 2

	(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	\$ 265,318,567	\$ (66,484,140)	\$ 198,834,427	\$ -	\$ 12,218,184	\$ 211,052,611	\$ 7,600,850	\$ 218,653,461
FPSC ADJUSTMENTS:								
1) ELIMINATIONS TO NON-UTILITY MATERIALS	\$ -	\$ -	\$ -			\$ -	\$ 432,266	\$ 432,266
2) ELIMINATE GOODWILL	\$ (2,469,682)	\$ -	\$ (2,469,682)			\$ (2,469,682)		\$ (2,469,682)
	\$ -	\$ -	\$ -			\$ -		\$ -
3) ELIM. NON-UTILITY PLANT	\$ (3,221,957)	\$ 1,034,826	\$ (2,187,131)			\$ (2,187,131)		\$ (2,187,131)
4) ELIM. UNDER-RECOVERIES	\$ -	\$ -	\$ -			\$ -	\$ (887,058)	\$ (887,058)
	\$ -	\$ -	\$ -			\$ -	\$ -	\$ -
5) ELIMINATE DEFERRED ENVIRONMENTAL COSTS	\$ -	\$ -	\$ -			\$ -	\$ 5,611,069	\$ 5,611,069
TOTAL FPSC ADJUSTMENTS	\$ (5,691,639)	\$ 1,034,826	\$ (4,656,813)	\$ -	\$ -	\$ (4,656,813)	\$ 5,156,277	\$ 499,464
FPSC ADJUSTED	\$ 259,626,928	\$ (65,449,314)	\$ 194,177,614	\$ -	\$ 12,218,184	\$ 206,395,798	\$ 12,757,127	\$ 219,152,925
COMP RATE ADJ REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
ADJUSTED FOR COMP RATE ADJ REVENUE	\$ 259,626,928	\$ (65,449,314)	\$ 194,177,614	\$ -	\$ 12,218,184	\$ 206,395,798	\$ 12,757,127	\$ 219,152,925
PROFORMA ADJUSTMENTS								
ELIM. ACQUISITION ADJUSTMENT	\$ (34,485,297)	\$ 7,606,191	\$ (26,879,106)			\$ (26,879,106)		\$ (26,879,106)
ELIM. REG ASSET-TRNSCTN & TRNSITN CSTS	\$ -	\$ -	\$ -			\$ -	\$ -	\$ -
TOTAL PRO FORMA ADJUSTMENTS	\$ (34,485,297)	\$ 7,606,191	\$ (26,879,106)	\$ -	\$ -	\$ (26,879,106)	\$ -	\$ (26,879,106)
PRO FORMA ADJUSTED	\$ 225,141,631	\$ (57,843,123)	\$ 167,298,508	\$ -	\$ 12,218,184	\$ 179,516,692	\$ 12,757,127	\$ 192,273,819



FLORIDA PUBLIC UTILITIES COMPANY  
 NATURAL GAS  
 CAPITAL STRUCTURE  
 For the 12 Months Ending March 31, 2016  
 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	\$ 89,817,809		\$ 89,817,809	\$ 2,335,523	\$ (2,469,682)	\$ 89,683,650	45.66%	9.85%	4.50%	10.85%	4.95%	11.85%	5.41%
LONG TERM DEBT - CU	\$ 33,522,065		\$ 33,522,065	\$ 871,671		\$ 34,393,736	17.51%	4.97%	0.87%	4.97%	0.87%	4.97%	0.87%
SHORT TERM DEBT	\$ 32,270,369		\$ 32,270,369	\$ 839,123		\$ 33,109,492	16.86%	1.32%	0.22%	1.32%	0.22%	1.32%	0.22%
LONG TERM DEBT - FC	\$ 5,244,553		\$ 5,244,553	\$ 136,373		\$ 5,380,926	2.74%	12.63%	0.35%	12.63%	0.35%	12.63%	0.35%
SHORT TERM DEBT - REFINANCED LTD	\$ -		\$ -	\$ -		\$ -	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$ 7,650,243		\$ 7,650,243			\$ 7,650,243	3.90%	2.36%	0.09%	2.36%	0.09%	2.36%	0.09%
DEFERRED INCOME TAXES	\$ 26,205,747		\$ 26,205,747			\$ 26,205,747	13.34%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$ -		\$ -			\$ -	0.00%	5.94%	0.00%	6.39%	0.00%	6.85%	0.00%
TOTAL AVERAGE	\$ 194,710,787	\$ -	\$ 194,710,787	\$ 4,182,690	\$ (2,469,682)	\$ 196,423,795	100.00%		6.03%		6.48%		6.94%

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	\$ 96,003,713		\$ 96,003,713	\$ 1,601,315	\$ (2,469,682)	\$ 95,135,345	43.41%	9.85%	4.28%	10.85%	4.71%	11.85%	5.14%
LONG TERM DEBT - CU	\$ 32,966,537		\$ 32,966,537	\$ 549,873		\$ 33,516,409	15.29%	5.09%	0.78%	5.09%	0.78%	5.09%	0.78%
SHORT TERM DEBT	\$ 43,641,537		\$ 43,641,537	\$ 727,928		\$ 44,369,465	20.25%	0.98%	0.20%	0.98%	0.20%	0.98%	0.20%
LONG TERM DEBT - FC	\$ 5,397,597		\$ 5,397,597	\$ 90,031		\$ 5,487,628	2.50%	12.52%	0.31%	12.52%	0.31%	12.52%	0.31%
SHORT TERM DEBT - REFINANCED LTD	\$ -		\$ -	\$ -		\$ -	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$ 7,595,725		\$ 7,595,725			\$ 7,595,725	3.47%	2.38%	0.08%	2.38%	0.08%	2.38%	0.08%
DEFERRED INCOME TAXES	\$ 33,048,353		\$ 33,048,353			\$ 33,048,353	15.08%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$ -		\$ -			\$ -	0.00%	5.57%	0.00%	6.00%	0.00%	6.43%	0.00%
TOTAL YEAR-END	\$ 218,653,461	\$ -	\$ 218,653,461	\$ 2,969,146	\$ (2,469,682)	\$ 219,152,925	100.00%		5.65%		6.08%		6.51%



September 15, 2016

RECEIVED  
FLORIDA PUBLIC SERVICE  
COMMISSION  
2016 SEP 15 AM 10:41  
DIVISION OF  
ACCOUNTING & FINANCE

**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), Florida Public Utilities Company-Indiantown Division, Florida Public Utilities Company-Fort Meade, and Florida Division of Chesapeake Utilities Corporation 2<sup>nd</sup> Quarter 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 (Gas and Electric Divisions), FPUC-Fort Meade, FPUC-Indiantown Division and the Florida Division of Chesapeake Utilities Corporation hereby submit the original and four (4) copies of the required 2<sup>nd</sup> Quarter (June 2016) Earnings Surveillance Reports for 2016.

As always, please don't hesitate to let me know if you have any questions.

Sincerely,

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

cc: Cheryl Bulecza-Banks  
Bart Fletcher



FLORIDA PUBLIC UTILITIES COMPANY  
 NATURAL GAS  
 RATE OF RETURN REPORT SUMMARY  
 For the 12 Months Ending June 30, 2016

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	\$ 9,496,210	\$ (229,616)	\$ 9,266,594	\$ 1,139,748	\$ 10,406,342
AVERAGE RATE BASE	\$ 205,728,019	\$ 983,589	\$ 206,711,609	\$ (27,164,043)	\$ 179,547,566
AVERAGE RATE OF RETURN	4.62%		4.48%		5.80%
<b>II. YEAR-END RATE OF RETURN (JURISDICTIONAL)</b>					
NET OPERATING INCOME	\$ 9,496,210	\$ (224,968)	\$ 9,271,242	\$ 1,139,748	\$ 10,410,990
YEAR-END RATE BASE	\$ 222,823,695	\$ 1,113,265	\$ 223,936,960	\$ (26,594,169)	\$ 197,342,791
YEAR-END RATE OF RETURN	4.26%		4.14%		5.28%
<b>III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)</b>			<b>IV. EARNED RETURN ON EQUITY (FPSC ADJUSTED BASIS)</b>		
LOW	5.90%		A.	INCL ACQUISITION ADJUSTMENT	6.68%
MIDPOINT	6.35%		B.	EXCL ACQUISITION ADJUSTMENT	10.05%
HIGH	6.80%				

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

*Michael Cassel*  
 Signature

9/14/16  
 Date

FLORIDA PUBLIC UTILITIES COMPANY  
 NATURAL GAS  
 AVERAGE RATE OF RETURN  
 For the 12 Months Ending June 30, 2016  
 RATE BASE

SCHEDULE 2  
 PAGE 1 OF 2

	(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	\$ 256,090,797	\$ (65,153,261)	\$ 190,937,536	\$ -	\$ 11,853,380	\$ 202,790,916	\$ 2,937,103	\$ 205,728,019
FPSC ADJUSTMENTS:								
1) ELIMINATIONS TO NON-UTILITY MATERIALS	\$ -	\$ -	\$ -			\$ -	\$ 394,862	\$ 394,862
2) ELIMINATE GOODWILL	\$ (2,469,682)	\$ -	\$ (2,469,682)			\$ (2,469,682)		\$ (2,469,682)
	\$ -	\$ -	\$ -			\$ -		\$ -
3) ELIM. NON-UTILITY PLANT	\$ (2,926,124)	\$ 1,004,768	\$ (1,921,355)			\$ (1,921,355)		\$ (1,921,355)
4) ELIMINATE UNDER-RECOVERIES	\$ -	\$ -	\$ -			\$ -	\$ (631,304)	\$ (631,304)
	\$ -	\$ -	\$ -			\$ -	\$ -	\$ -
5) ELIMINATE DEFERRED ENVIRONMENTAL COSTS						\$ -	\$ 5,611,069	\$ 5,611,069
TOTAL FPSC ADJUSTMENTS	\$ (5,395,806)	\$ 1,004,768	\$ (4,391,037)	\$ -	\$ -	\$ (4,391,037)	\$ 5,374,627	\$ 983,589
FPSC ADJUSTED	\$ 250,694,991	\$ (64,148,492)	\$ 186,546,499	\$ -	\$ 11,853,380	\$ 198,399,879	\$ 8,311,730	\$ 206,711,609
FLEX RATE REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
ADJUSTED FOR FLEX RATE REVENUES	\$ 250,694,991	\$ (64,148,492)	\$ 186,546,499	\$ -	\$ 11,853,380	\$ 198,399,879	\$ 8,311,730	\$ 206,711,609
PROFORMA ADJUSTMENTS								
			\$ -			\$ -		\$ -
			\$ -			\$ -		\$ -
ELIM. ACQUISITION ADJUSTMENT	\$ (34,322,811)	\$ 7,158,768	\$ (27,164,043)			\$ (27,164,043)		\$ (27,164,043)
ELIM. REG ASSET-TRNSCTN & TRNSITN CSTS							\$ -	\$ -
TOTAL PRO FORMA ADJUSTMENTS	\$ (34,322,811)	\$ 7,158,768	\$ (27,164,043)	\$ -	\$ -	\$ (27,164,043)	\$ -	\$ (27,164,043)
PRO FORMA ADJUSTED	\$ 216,372,180	\$ (56,989,724)	\$ 159,382,456	\$ -	\$ 11,853,380	\$ 171,235,836	\$ 8,311,730	\$ 179,547,566



	(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	\$ 271,231,484	\$ (68,198,159)	\$ 203,033,325	\$ -	\$ 16,299,608	\$ 219,332,932	\$ 3,490,762	\$ 222,823,695
FPSC ADJUSTMENTS:								
1) ELIMINATIONS TO NON-UTILITY MATERIALS	\$ -	\$ -	\$ -			\$ -	\$ 433,012	\$ 433,012
2) ELIMINATE GOODWILL	\$ (2,469,682)	\$ -	\$ (2,469,682)			\$ (2,469,682)		\$ (2,469,682)
3) ELIM. NON-UTILITY PLANT	\$ (3,341,530)	\$ 1,080,354	\$ (2,261,176)			\$ (2,261,176)		\$ (2,261,176)
4) ELIM. UNDER-RECOVERIES	\$ -	\$ -	\$ -			\$ -	\$ (199,957)	\$ (199,957)
5) ELIMINATE DEFERRED ENVIRONMENTAL COSTS	\$ -	\$ -	\$ -			\$ -	\$ 5,611,069	\$ 5,611,069
TOTAL FPSC ADJUSTMENTS	\$ (5,811,212)	\$ 1,080,354	\$ (4,730,858)	\$ -	\$ -	\$ (4,730,858)	\$ 5,844,124	\$ 1,113,265
FPSC ADJUSTED	\$ 265,420,272	\$ (67,117,805)	\$ 198,302,466	\$ -	\$ 16,299,608	\$ 214,602,074	\$ 9,334,886	\$ 223,936,960
COMP RATE ADJ REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
ADJUSTED FOR COMP RATE ADJ REVENUE PROFORMA ADJUSTMENTS	\$ 265,420,272	\$ (67,117,805)	\$ 198,302,466	\$ -	\$ 16,299,608	\$ 214,602,074	\$ 9,334,886	\$ 223,936,960
ELIM. ACQUISITION ADJUSTMENT	\$ (34,647,783)	\$ 8,053,614	\$ (26,594,169)			\$ (26,594,169)		\$ (26,594,169)
ELIM. REG ASSET-TRNSCTN & TRNSITN CSTS	\$ -	\$ -	\$ -			\$ -	\$ -	\$ -
TOTAL PRO FORMA ADJUSTMENTS	\$ (34,647,783)	\$ 8,053,614	\$ (26,594,169)	\$ -	\$ -	\$ (26,594,169)	\$ -	\$ (26,594,169)
PRO FORMA ADJUSTED	\$ 230,772,489	\$ (59,064,191)	\$ 171,708,297	\$ -	\$ 16,299,608	\$ 188,007,905	\$ 9,334,886	\$ 197,342,791



FLORIDA PUBLIC UTILITIES COMPANY  
 NATURAL GAS  
 CAPITAL STRUCTURE  
 For the 12 Months Ending June 30, 2016  
 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	\$ 92,941,598		\$ 92,941,598	\$ 1,891,702	\$ (2,469,682)	\$ 92,363,618	44.68%	9.85%	4.40%	10.85%	4.85%	11.85%	5.29%
LONG TERM DEBT - CU	\$ 33,353,630		\$ 33,353,630	\$ 678,869		\$ 34,032,499	16.46%	4.95%	0.82%	4.95%	0.82%	4.95%	0.82%
SHORT TERM DEBT	\$ 38,057,026		\$ 38,057,026	\$ 774,600		\$ 38,831,626	18.79%	1.38%	0.26%	1.38%	0.26%	1.38%	0.26%
LONG TERM DEBT - FC	\$ 5,311,074		\$ 5,311,074	\$ 108,101		\$ 5,419,174	2.62%	12.57%	0.33%	12.57%	0.33%	12.57%	0.33%
SHORT TERM DEBT - REFINANCED LTD	\$ -		\$ -	\$ -		\$ -	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$ 7,635,082		\$ 7,635,082			\$ 7,635,082	3.69%	2.36%	0.09%	2.36%	0.09%	2.36%	0.09%
DEFERRED INCOME TAXES	\$ 28,429,609		\$ 28,429,609			\$ 28,429,609	13.75%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$ -		\$ -			\$ -	0.00%	5.81%	0.00%	6.26%	0.00%	6.70%	0.00%
<b>TOTAL AVERAGE</b>	<b>\$ 205,728,019</b>	<b>\$ -</b>	<b>\$ 205,728,019</b>	<b>\$ 3,453,272</b>	<b>\$ (2,469,682)</b>	<b>\$ 206,711,608</b>	<b>100.00%</b>		<b>5.90%</b>		<b>6.35%</b>		<b>6.79%</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	\$ 97,884,837		\$ 97,884,837	\$ 1,927,396	\$ (2,469,682)	\$ 97,342,551	43.47%	9.85%	4.28%	10.85%	4.72%	11.85%	5.15%
LONG TERM DEBT - CU	\$ 32,843,059		\$ 32,843,059	\$ 646,696		\$ 33,489,755	14.96%	5.06%	0.76%	5.06%	0.76%	5.06%	0.76%
SHORT TERM DEBT	\$ 45,808,208		\$ 45,808,208	\$ 901,984		\$ 46,710,192	20.86%	1.16%	0.24%	1.16%	0.24%	1.16%	0.24%
LONG TERM DEBT - FC	\$ 5,427,607		\$ 5,427,607	\$ 106,872		\$ 5,534,479	2.47%	12.46%	0.31%	12.46%	0.31%	12.46%	0.31%
SHORT TERM DEBT - REFINANCED LTD	\$ -		\$ -	\$ -		\$ -	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$ 7,552,794		\$ 7,552,794			\$ 7,552,794	3.37%	2.39%	0.08%	2.39%	0.08%	2.39%	0.08%
DEFERRED INCOME TAXES	\$ 33,307,191		\$ 33,307,191			\$ 33,307,191	14.87%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$ -		\$ -			\$ -	0.00%	5.59%	0.00%	6.03%	0.00%	6.46%	0.00%
<b>TOTAL YEAR-END</b>	<b>\$ 222,823,696</b>	<b>\$ -</b>	<b>\$ 222,823,696</b>	<b>\$ 3,582,948</b>	<b>\$ (2,469,682)</b>	<b>\$ 223,936,961</b>	<b>100.00%</b>		<b>5.67%</b>		<b>6.11%</b>		<b>6.54%</b>



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COMMISSION

November 15, 2016

**VIA 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) 3rd Quarter  
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 hereby submits the original and four copies of the required 3rd Quarter 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  
 NATURAL GAS  
 RATE OF RETURN REPORT SUMMARY  
 For the 12 Months Ending September 30, 2016

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	\$ 10,284,639	\$ (792,037)	\$ 9,492,602	\$ 1,139,748	\$ 10,632,350
AVERAGE RATE BASE	\$ 215,304,158	\$ 541,918	\$ 215,846,076	\$ (26,879,106)	\$ 188,966,970
AVERAGE RATE OF RETURN	4.78%		4.40%		5.63%
<b>II. YEAR-END RATE OF RETURN (JURISDICTIONAL)</b>					
NET OPERATING INCOME	\$ 10,284,639	\$ (795,594)	\$ 9,489,045	\$ 1,139,748	\$ 10,628,793
YEAR-END RATE BASE	\$ 230,096,718	\$ 833,564	\$ 230,930,282	\$ (26,369,232)	\$ 204,561,050
YEAR-END RATE OF RETURN	4.47%		4.11%		5.19%
<b>III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)</b>			<b>IV. EARNED RETURN ON EQUITY (FPSC ADJUSTED BASIS)</b>		
LOW	5.81%		A.	INCL ACQUISITION ADJUSTMENT	6.65%
MIDPOINT	6.25%		B.	EXCL ACQUISITION ADJUSTMENT	9.83%
HIGH	6.65%				

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

*Michael Cassel*  
 Signature

11-14-16  
 Date



FLORIDA PUBLIC UTILITIES COMPANY  
 NATURAL GAS  
 AVERAGE RATE OF RETURN  
 For the 12 Months Ending September 30, 2016  
 RATE BASE

SCHEDULE 2  
 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	\$ 266,396,454	\$ (66,641,815)	\$ 199,754,639	\$ -	\$ 10,841,351	\$ 210,595,990	\$ 4,708,168	\$ 215,304,158
FPSC ADJUSTMENTS:								
1) ELIMINATIONS TO NON-UTILITY MATERIALS	\$ -	\$ -	\$ -			\$ -	\$ 402,600	\$ 402,600
2) ELIMINATE GOODWILL	\$ (2,469,682)	\$ -	\$ (2,469,682)			\$ (2,469,682)		\$ (2,469,682)
	\$ -	\$ -	\$ -			\$ -		\$ -
3) ELIM. NON-UTILITY PLANT	\$ (3,129,279)	\$ 1,037,495	\$ (2,091,783)			\$ (2,091,783)		\$ (2,091,783)
4) ELIMINATE UNDER-RECOVERIES	\$ -	\$ -	\$ -			\$ -	\$ (910,286)	\$ (910,286)
	\$ -	\$ -	\$ -			\$ -	\$ -	\$ -
5) ELIMINATE DEFERRED ENVIRONMENTAL COSTS	\$ -	\$ -	\$ -			\$ -	\$ 5,611,069	\$ 5,611,069
TOTAL FPSC ADJUSTMENTS	\$ (5,598,961)	\$ 1,037,495	\$ (4,561,465)	\$ -	\$ -	\$ (4,561,465)	\$ 5,103,383	\$ 541,918
FPSC ADJUSTED	\$ 260,797,494	\$ (65,604,320)	\$ 195,193,174	\$ -	\$ 10,841,351	\$ 206,034,525	\$ 9,811,552	\$ 215,846,076
FLEX RATE REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
ADJUSTED FOR FLEX RATE REVENUES	\$ 260,797,494	\$ (65,604,320)	\$ 195,193,174	\$ -	\$ 10,841,351	\$ 206,034,525	\$ 9,811,552	\$ 215,846,076
PROFORMA ADJUSTMENTS								
			\$ -			\$ -		\$ -
			\$ -			\$ -		\$ -
ELIM. ACQUISITION ADJUSTMENT	\$ (34,485,297)	\$ 7,606,191	\$ (26,879,106)			\$ (26,879,106)		\$ (26,879,106)
ELIM. REG ASSET-TRNSCTN & TRNSITN CSTS							\$ -	\$ -
TOTAL PRO FORMA ADJUSTMENTS	\$ (34,485,297)	\$ 7,606,191	\$ (26,879,106)	\$ -	\$ -	\$ (26,879,106)	\$ -	\$ (26,879,106)
PRO FORMA ADJUSTED	\$ 226,312,197	\$ (57,998,129)	\$ 168,314,068	\$ -	\$ 10,841,351	\$ 179,155,419	\$ 9,811,552	\$ 188,966,970



	(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	\$ 290,366,976	\$ (70,135,344)	\$ 220,231,631	\$ -	\$ 4,772,704	\$ 225,004,335	\$ 5,090,383	\$ 230,094,718
FPSC ADJUSTMENTS:								
1) ELIMINATIONS TO NON-UTILITY MATERIALS	\$ -	\$ -	\$ -			\$ -	\$ 451,992	\$ 451,992
2) ELIMINATE GOODWILL	\$ (2,469,682)	\$ -	\$ (2,469,682)			\$ (2,469,682)		\$ (2,469,682)
	\$ -	\$ -	\$ -			\$ -		\$ -
3) ELIM. NON-UTILITY PLANT	\$ (3,370,497)	\$ 1,110,865	\$ (2,259,632)			\$ (2,259,632)		\$ (2,259,632)
4) ELIM. UNDER-RECOVERIES	\$ -	\$ -	\$ -			\$ -	\$ (500,183)	\$ (500,183)
	\$ -	\$ -	\$ -			\$ -	\$ -	\$ -
5) ELIMINATE DEFERRED ENVIRONMENTAL COSTS						\$ -	\$ 5,611,069	\$ 5,611,069
TOTAL FPSC ADJUSTMENTS	\$ (5,840,179)	\$ 1,110,865	\$ (4,729,314)	\$ -	\$ -	\$ (4,729,314)	\$ 5,562,878	\$ 833,564
FPSC ADJUSTED	\$ 284,526,797	\$ (69,024,479)	\$ 215,502,318	\$ -	\$ 4,772,704	\$ 220,275,022	\$ 10,653,260	\$ 230,928,282
COMP RATE ADJ REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
ADJUSTED FOR COMP RATE ADJ REVENUE	\$ 284,526,797	\$ (69,024,479)	\$ 215,502,318	\$ -	\$ 4,772,704	\$ 220,275,022	\$ 10,653,260	\$ 230,928,282
PROFORMA ADJUSTMENTS								
ELIM. ACQUISITION ADJUSTMENT	\$ (34,810,269)	\$ 8,501,037	\$ (26,309,232)			\$ (26,309,232)		\$ (26,309,232)
ELIM. REG ASSET-TRNSCTN & TRNSITN CSTS							\$ -	\$ -
TOTAL PROFORMA ADJUSTMENTS	\$ (34,810,269)	\$ 8,501,037	\$ (26,309,232)	\$ -	\$ -	\$ (26,309,232)	\$ -	\$ (26,309,232)
PROFORMA ADJUSTED	\$ 249,716,528	\$ (60,523,442)	\$ 189,193,086	\$ -	\$ 4,772,704	\$ 193,965,790	\$ 10,653,260	\$ 204,619,050



FLORIDA PUBLIC UTILITIES COMPANY  
 NATURAL GAS  
 CAPITAL STRUCTURE  
 For the 12 Months Ending September 30, 2016  
 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	\$ 95,924,885		\$ 95,924,885	\$ 1,633,275	\$ (2,469,682)	\$ 95,088,477	44.05%	9.85%	4.34%	10.85%	4.78%	11.85%	5.22%
LONG TERM DEBT - CU	\$ 32,947,361		\$ 32,947,361	\$ 560,982		\$ 33,508,343	15.52%	4.93%	0.77%	4.93%	0.77%	4.93%	0.77%
SHORT TERM DEBT	\$ 42,640,718		\$ 42,640,718	\$ 726,027		\$ 43,366,745	20.09%	1.48%	0.30%	1.48%	0.30%	1.48%	0.30%
LONG TERM DEBT - FC	\$ 5,363,173		\$ 5,363,173	\$ 91,318		\$ 5,454,491	2.53%	12.52%	0.32%	12.52%	0.32%	12.52%	0.32%
SHORT TERM DEBT - REFINANCED LTD	\$ -		\$ -	\$ -		\$ -	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$ 7,618,833		\$ 7,618,833			\$ 7,618,833	3.53%	2.38%	0.08%	2.38%	0.08%	2.38%	0.08%
DEFERRED INCOME TAXES	\$ 30,809,188		\$ 30,809,188			\$ 30,809,188	14.27%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$ -		\$ -			\$ -	0.00%	5.73%	0.00%	6.17%	0.00%	6.61%	0.00%
TOTAL AVERAGE	\$ 215,304,158	\$ -	\$ 215,304,158	\$ 3,011,600	\$ (2,469,682)	\$ 215,846,076	100.00%		5.81%		6.25%		6.69%

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	\$ 111,142,114		\$ 111,142,114	\$ 1,957,063	\$ (2,469,682)	\$ 110,629,494	47.91%	9.85%	4.72%	10.85%	5.20%	11.85%	5.68%
LONG TERM DEBT - CU	\$ 32,296,902		\$ 32,296,902	\$ 568,705		\$ 32,865,607	14.23%	4.98%	0.71%	4.98%	0.71%	4.98%	0.71%
SHORT TERM DEBT	\$ 38,730,558		\$ 38,730,558	\$ 681,993		\$ 39,412,551	17.07%	1.62%	0.28%	1.62%	0.28%	1.62%	0.28%
LONG TERM DEBT - FC	\$ 5,422,666		\$ 5,422,666	\$ 95,486		\$ 5,518,152	2.39%	12.41%	0.30%	12.41%	0.30%	12.41%	0.30%
SHORT TERM DEBT - REFINANCED LTD	\$ -		\$ -	\$ -		\$ -	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$ 7,554,460		\$ 7,554,460			\$ 7,554,460	3.27%	2.40%	0.08%	2.40%	0.08%	2.40%	0.08%
DEFERRED INCOME TAXES	\$ 34,948,018		\$ 34,948,018			\$ 34,948,018	15.13%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$ -		\$ -			\$ -	0.00%	6.01%	0.00%	6.49%	0.00%	6.97%	0.00%
TOTAL YEAR-END	\$ 230,094,718	\$ -	\$ 230,094,718	\$ 3,303,247	\$ (2,469,682)	\$ 230,928,282	100.00%		6.09%		6.57%		7.05%

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

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ACCOUNTING & FINANCE

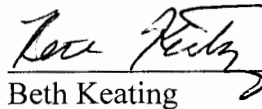
**Re: Florida Public Utilities Company (Electric and Gas Divisions) 4<sup>th</sup> Quarter/Year End  
2016 Surveillance Reports**

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  
 NATURAL GAS  
 RATE OF RETURN REPORT SUMMARY  
 For the 12 Months Ending December 31, 2016

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	\$ 10,257,212	\$ (324,089)	\$ 9,933,123	\$ 1,139,748	\$ 11,072,871
AVERAGE RATE BASE	\$ 220,238,059	\$ 768,161	\$ 221,006,220	\$ (26,594,169)	\$ 194,412,051
AVERAGE RATE OF RETURN	4.66%		4.49%		5.70%
<b>II. YEAR-END RATE OF RETURN (JURISDICTIONAL)</b>					
NET OPERATING INCOME	\$ 10,257,212	\$ (356,535)	\$ 9,900,677	\$ 1,139,748	\$ 11,040,425
YEAR-END RATE BASE	\$ 235,662,770	\$ 1,218,217	\$ 236,880,987	\$ (26,024,295)	\$ 210,856,692
YEAR-END RATE OF RETURN	4.35%		4.18%		5.24%
<b>III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)</b>			<b>IV. EARNED RETURN ON EQUITY (FPSC ADJUSTED BASIS)</b>		
LOW	5.76%		A.	INCL ACQUISITION ADJUSTMENT	6.99%
MIDPOINT	6.20%		B.	EXCL ACQUISITION ADJUSTMENT	10.12%
HIGH	6.64%				

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

*Michael Cassel* 

Date

3/30/17

FLORIDA PUBLIC UTILITIES COMPANY  
 NATURAL GAS  
 AVERAGE RATE OF RETURN  
 For the 12 Months Ending December 31, 2016  
 RATE BASE

SCHEDULE 2  
 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	\$ 273,504,455	\$ (68,254,298)	\$ 205,250,157	\$ -	\$ 8,623,898	\$ 213,874,055	\$ 6,364,004	\$ 220,238,059
FPSC ADJUSTMENTS:								
1) ELIMINATIONS TO NON-UTILITY MATERIALS	\$ -	\$ -	\$ -			\$ -	\$ 406,735	\$ 406,735
2) ELIMINATE GOODWILL	\$ (2,469,682)	\$ -	\$ (2,469,682)			\$ (2,469,682)		\$ (2,469,682)
	\$ -	\$ -	\$ -			\$ -		\$ -
3) ELIM. NON-UTILITY PLANT	\$ (3,299,851)	\$ 1,069,486	\$ (2,230,365)			\$ (2,230,365)		\$ (2,230,365)
4) ELIMINATE UNDER-RECOVERIES	\$ -	\$ -	\$ -			\$ -	\$ (549,596)	\$ (549,596)
	\$ -	\$ -	\$ -			\$ -	\$ -	\$ -
5) ELIMINATE DEFERRED ENVIRONMENTAL COSTS						\$ -	\$ 5,611,069	\$ 5,611,069
TOTAL FPSC ADJUSTMENTS	\$ (5,769,533)	\$ 1,069,486	\$ (4,700,047)	\$ -	\$ -	\$ (4,700,047)	\$ 5,468,208	\$ 768,161
FPSC ADJUSTED	\$ 267,734,921	\$ (67,184,812)	\$ 200,550,109	\$ -	\$ 8,623,898	\$ 209,174,008	\$ 11,832,212	\$ 221,006,220
FLEX RATE REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
ADJUSTED FOR FLEX RATE REVENUES	\$ 267,734,921	\$ (67,184,812)	\$ 200,550,109	\$ -	\$ 8,623,898	\$ 209,174,008	\$ 11,832,212	\$ 221,006,220
PROFORMA ADJUSTMENTS			\$ -			\$ -		\$ -
			\$ -			\$ -		\$ -
ELIM. ACQUISITION ADJUSTMENT	\$ (34,647,783)	\$ 8,053,614	\$ (26,594,169)			\$ (26,594,169)		\$ (26,594,169)
ELIM. REG ASSET-TRNSCTN & TRNSITN CSTS							\$ -	\$ -
TOTAL PRO FORMA ADJUSTMENTS	\$ (34,647,783)	\$ 8,053,614	\$ (26,594,169)	\$ -	\$ -	\$ (26,594,169)	\$ -	\$ (26,594,169)
PRO FORMA ADJUSTED	\$ 233,087,138	\$ (59,131,198)	\$ 173,955,940	\$ -	\$ 8,623,898	\$ 182,579,839	\$ 11,832,212	\$ 194,412,051





FLORIDA PUBLIC UTILITIES COMPANY  
 NATURAL GAS  
 YEAR END RATE OF RETURN  
 For the 12 Months Ending December 31, 2016  
 RATE BASE

SCHEDULE 3  
 PAGE 1 OF 2

	(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	\$ 294,872,214	\$ (71,225,019)	\$ 223,647,195	\$ -	\$ 1,770,312	\$ 225,417,507	\$ 10,245,262	\$ 235,662,770
FPSC ADJUSTMENTS:								
1) ELIMINATIONS TO NON-UTILITY MATERIALS	\$ -	\$ -	\$ -			\$ -	\$ 342,036	\$ 342,036
2) ELIMINATE GOODWILL	\$ (2,469,682)	\$ -	\$ (2,469,682)			\$ (2,469,682)		\$ (2,469,682)
	\$ -	\$ -	\$ -			\$ -		\$ -
3) ELIM. NON-UTILITY PLANT	\$ (3,357,775)	\$ 1,092,569	\$ (2,265,206)			\$ (2,265,206)		\$ (2,265,206)
4) ELIM. UNDER-RECOVERIES	\$ -	\$ -	\$ -			\$ -		\$ -
	\$ -	\$ -	\$ -			\$ -	\$ -	\$ -
5) ELIMINATE DEFERRED ENVIRONMENTAL COSTS						\$ -	\$ 5,611,069	\$ 5,611,069
TOTAL FPSC ADJUSTMENTS	\$ (5,827,457)	\$ 1,092,569	\$ (4,734,888)	\$ -	\$ -	\$ (4,734,888)	\$ 5,953,105	\$ 1,218,217
FPSC ADJUSTED	\$ 289,044,757	\$ (70,132,450)	\$ 218,912,307	\$ -	\$ 1,770,312	\$ 220,682,620	\$ 16,198,367	\$ 236,880,987
COMP RATE ADJ REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
ADJUSTED FOR COMP RATE ADJ REVENUE	\$ 289,044,757	\$ (70,132,450)	\$ 218,912,307	\$ -	\$ 1,770,312	\$ 220,682,620	\$ 16,198,367	\$ 236,880,987
PROFORMA ADJUSTMENTS								
ELIM. ACQUISITION ADJUSTMENT	\$ (34,972,755)	\$ 8,948,460	\$ (26,024,295)			\$ (26,024,295)		\$ (26,024,295)
ELIM. REG ASSET-TRANSCTN & TRNSITN CSTS							\$ -	\$ -
TOTAL PRO FORMA ADJUSTMENTS	\$ (34,972,755)	\$ 8,948,460	\$ (26,024,295)	\$ -	\$ -	\$ (26,024,295)	\$ -	\$ (26,024,295)
PRO FORMA ADJUSTED	\$ 254,072,002	\$ (61,183,990)	\$ 192,888,012	\$ -	\$ 1,770,312	\$ 194,658,325	\$ 16,198,367	\$ 210,856,692



FLORIDA PUBLIC UTILITIES COMPANY  
 NATURAL GAS  
 CAPITAL STRUCTURE  
 For the 12 Months Ending December 31, 2016  
 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	\$ 98,189,939		\$ 98,189,939	\$ 1,776,572	\$ (2,469,682)	\$ 97,496,829	44.12%	9.85%	4.35%	10.85%	4.79%	11.85%	5.23%
LONG TERM DEBT - CU	\$ 31,328,892		\$ 31,328,892	\$ 566,840		\$ 31,895,732	14.43%	4.93%	0.71%	4.93%	0.71%	4.93%	0.71%
SHORT TERM DEBT	\$ 44,075,291		\$ 44,075,291	\$ 797,464		\$ 44,872,755	20.30%	1.52%	0.31%	1.52%	0.31%	1.52%	0.31%
LONG TERM DEBT - FC	\$ 5,359,294		\$ 5,359,294	\$ 96,968		\$ 5,456,262	2.47%	12.46%	0.31%	12.46%	0.31%	12.46%	0.31%
SHORT TERM DEBT - REFINANCED LTD	\$ -		\$ -	\$ -		\$ -	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$ 7,608,185		\$ 7,608,185			\$ 7,608,185	3.44%	2.40%	0.08%	2.40%	0.08%	2.40%	0.08%
DEFERRED INCOME TAXES	\$ 33,676,458		\$ 33,676,458			\$ 33,676,458	15.24%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$ -		\$ -			\$ -	0.00%	5.68%	0.00%	6.12%	0.00%	6.56%	0.00%
TOTAL AVERAGE	\$ 220,238,059	\$ -	\$ 220,238,059	\$ 3,237,843	\$ (2,469,682)	\$ 221,006,220	100.00%		5.76%		6.20%		6.64%

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	\$ 106,114,792		\$ 106,114,792	\$ 2,065,705	\$ (2,469,682)	\$ 105,710,815	44.63%	9.85%	4.40%	10.85%	4.84%	11.85%	5.29%
LONG TERM DEBT - CU	\$ 28,578,532		\$ 28,578,532	\$ 556,331		\$ 29,134,863	12.30%	5.12%	0.63%	5.12%	0.63%	5.12%	0.63%
SHORT TERM DEBT	\$ 49,384,090		\$ 49,384,090	\$ 961,345		\$ 50,345,435	21.25%	1.30%	0.28%	1.30%	0.28%	1.30%	0.28%
LONG TERM DEBT - FC	\$ 5,369,121		\$ 5,369,121	\$ 104,519		\$ 5,473,640	2.31%	12.35%	0.29%	12.35%	0.29%	12.35%	0.29%
SHORT TERM DEBT - REFINANCED LTD	\$ -		\$ -	\$ -		\$ -	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$ 7,637,736		\$ 7,637,736			\$ 7,637,736	3.22%	2.39%	0.08%	2.39%	0.08%	2.39%	0.08%
DEFERRED INCOME TAXES	\$ 38,578,499		\$ 38,578,499			\$ 38,578,499	16.29%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$ -		\$ -			\$ -	0.00%	5.60%	0.00%	6.04%	0.00%	6.49%	0.00%
TOTAL YEAR-END	\$ 235,662,770	\$ -	\$ 235,662,770	\$ 3,687,900	\$ (2,469,682)	\$ 236,880,987	100.00%		5.68%		6.12%		6.57%



May 15, 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 MAY 15 PM 1:40  
DIVISION OF  
ACCOUNTING & FINANCE

**Re: Florida Public Utilities Company (Electric and Gas Divisions) 1st Quarter 2017  
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 hereby submits the original and four copies of the required 1<sup>st</sup> Quarter Earnings Surveillance Reports for 2017.

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  
 NATURAL GAS  
 RATE OF RETURN REPORT SUMMARY  
 For the 12 Months Ending March 31, 2017

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	\$ 10,219,681	\$ (396,858)	\$ 9,822,823	\$ 1,139,748	\$ 10,962,571
AVERAGE RATE BASE	\$ 225,501,760	\$ 634,219	\$ 226,135,979	\$ (26,309,232)	\$ 199,826,747
AVERAGE RATE OF RETURN	4.53%		4.34%		5.49%
<b>II. YEAR-END RATE OF RETURN (JURISDICTIONAL)</b>					
NET OPERATING INCOME	\$ 10,219,681	\$ (458,594)	\$ 9,761,087	\$ 1,139,748	\$ 10,900,835
YEAR-END RATE BASE	\$ 230,033,906	\$ 1,265,635	\$ 231,299,540	\$ (25,739,358)	\$ 205,560,182
YEAR-END RATE OF RETURN	4.44%		4.22%		5.30%
<b>III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)</b>			<b>IV. EARNED RETURN ON EQUITY (FPSC ADJUSTED BASIS)</b>		
LOW	5.78%		A.	INCL ACQUISITION ADJUSTMENT	6.63%
MIDPOINT	6.23%		B.	EXCL ACQUISITION ADJUSTMENT	9.57%
HIGH	5.67%				

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

*Michael Cassel* (Signature)  
 Signature

5/15/17  
 Date

FLORIDA PUBLIC UTILITIES COMPANY  
 NATURAL GAS  
 AVERAGE RATE OF RETURN  
 For the 12 Months Ending March 31, 2017  
 RATE BASE

SCHEDULE 2  
 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	\$ 282,052,900	\$ (69,964,664)	\$ 212,088,236	\$ -	\$ 7,647,157	\$ 219,735,394	\$ 5,766,366	\$ 225,501,760
FPSC ADJUSTMENTS:								
1) ELIMINATIONS TO NON-UTILITY MATERIALS	\$ -	\$ -	\$ -			\$ -	\$ 401,517	\$ 401,517
2) ELIMINATE GOODWILL	\$ (2,469,682)	\$ -	\$ (2,469,682)			\$ (2,469,682)		\$ (2,469,682)
	\$ -	\$ -	\$ -			\$ -		\$ -
3) ELIM. NON-UTILITY PLANT	\$ (4,006,458)	\$ 1,097,774	\$ (2,908,684)			\$ (2,908,684)		\$ (2,908,684)
4) ELIMINATE UNDER-RECOVERIES	\$ -	\$ -	\$ -			\$ -		\$ -
	\$ -	\$ -	\$ -			\$ -	\$ -	\$ -
5) ELIMINATE DEFERRED ENVIRONMENTAL COSTS						\$ -	\$ 5,611,069	\$ 5,611,069
TOTAL FPSC ADJUSTMENTS	\$ (6,476,140)	\$ 1,097,774	\$ (5,378,366)	\$ -	\$ -	\$ (5,378,366)	\$ 6,012,586	\$ 634,219
FPSC ADJUSTED	\$ 275,576,760	\$ (68,866,891)	\$ 206,709,870	\$ -	\$ 7,647,157	\$ 214,357,027	\$ 11,778,952	\$ 226,135,979
FLEX RATE REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
ADJUSTED FOR FLEX RATE REVENUES	\$ 275,576,760	\$ (68,866,891)	\$ 206,709,870	\$ -	\$ 7,647,157	\$ 214,357,027	\$ 11,778,952	\$ 226,135,979
PROFORMA ADJUSTMENTS			\$ -			\$ -		\$ -
			\$ -			\$ -		\$ -
ELIM. ACQUISITION ADJUSTMENT	\$ (34,810,269)	\$ 8,501,037	\$ (26,309,232)			\$ (26,309,232)		\$ (26,309,232)
ELIM. REG ASSET-TRNSCTN & TRNSITN CSTS							\$ -	\$ -
TOTAL PRO FORMA ADJUSTMENTS	\$ (34,810,269)	\$ 8,501,037	\$ (26,309,232)	\$ -	\$ -	\$ (26,309,232)	\$ -	\$ (26,309,232)
PRO FORMA ADJUSTED	\$ 240,766,491	\$ (60,365,854)	\$ 180,400,638	\$ -	\$ 7,647,157	\$ 188,047,795	\$ 11,778,952	\$ 199,826,747





FLORIDA PUBLIC UTILITIES COMPANY  
 NATURAL GAS  
 YEAR END RATE OF RETURN  
 For the 12 Months Ending March 31, 2017  
 RATE BASE

SCHEDULE 3  
 PAGE 1 OF 2

	(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	\$ 297,183,725	\$ (73,466,064)	\$ 223,717,661	\$ -	\$ 4,276,356	\$ 227,994,017	\$ 2,039,889	\$ 230,033,906
FPSC ADJUSTMENTS:								
1) ELIMINATIONS TO NON-UTILITY MATERIALS	\$ -	\$ -	\$ -			\$ -	\$ 356,412	\$ 356,412
2) ELIMINATE GOODWILL	\$ (2,469,682)	\$ -	\$ (2,469,682)			\$ (2,469,682)		\$ (2,469,682)
	\$ -	\$ -	\$ -			\$ -		\$ -
3) ELIM. NON-UTILITY PLANT	\$ (3,374,138)	\$ 1,141,973	\$ (2,232,165)			\$ (2,232,165)		\$ (2,232,165)
4) ELIM. UNDER-RECOVERIES	\$ -	\$ -	\$ -			\$ -		\$ -
	\$ -	\$ -	\$ -			\$ -	\$ -	\$ -
5) ELIMINATE DEFERRED ENVIRONMENTAL COSTS						\$ -	\$ 5,611,069	\$ 5,611,069
TOTAL FPSC ADJUSTMENTS	\$ (5,843,820)	\$ 1,141,973	\$ (4,701,847)	\$ -	\$ -	\$ (4,701,847)	\$ 5,967,481	\$ 1,265,635
FPSC ADJUSTED	\$ 291,339,905	\$ (72,324,090)	\$ 219,015,815	\$ -	\$ 4,276,356	\$ 223,292,170	\$ 8,007,370	\$ 231,299,540
COMP RATE ADJ REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
ADJUSTED FOR COMP RATE ADJ REVENUE	\$ 291,339,905	\$ (72,324,090)	\$ 219,015,815	\$ -	\$ 4,276,356	\$ 223,292,170	\$ 8,007,370	\$ 231,299,540
PROFORMA ADJUSTMENTS								
ELIM. ACQUISITION ADJUSTMENT	\$ (35,135,241)	\$ 9,395,883	\$ (25,739,358)			\$ (25,739,358)		\$ (25,739,358)
ELIM. REG ASSET-TRNSCTN & TRNSITN CSTS							\$ -	\$ -
TOTAL PRO FORMA ADJUSTMENTS	\$ (35,135,241)	\$ 9,395,883	\$ (25,739,358)	\$ -	\$ -	\$ (25,739,358)	\$ -	\$ (25,739,358)
PRO FORMA ADJUSTED	\$ 256,204,664	\$ (62,928,207)	\$ 193,276,457	\$ -	\$ 4,276,356	\$ 197,552,812	\$ 8,007,370	\$ 205,560,182



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	\$ 101,756,287		\$ 101,756,287	\$ 1,729,084	\$ (2,469,682)		\$ 101,015,689	44.67%	9.85%	4.40%	10.85%	4.85%
LONG TERM DEBT - CU	\$ 30,552,808		\$ 30,552,808	\$ 519,166		\$ 31,071,974	13.74%	4.87%	0.67%	4.87%	0.67%	4.87%	0.67%
SHORT TERM DEBT	\$ 44,976,582		\$ 44,976,582	\$ 764,260		\$ 45,740,842	20.23%	1.62%	0.33%	1.62%	0.33%	1.62%	0.33%
LONG TERM DEBT - FC	\$ 5,378,339		\$ 5,378,339	\$ 91,391		\$ 5,469,730	2.42%	12.41%	0.30%	12.41%	0.30%	12.41%	0.30%
SHORT TERM DEBT - REFINANCED LTD	\$ -		\$ -	\$ -		\$ -	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$ 7,609,283		\$ 7,609,283			\$ 7,609,283	3.37%	2.39%	0.08%	2.39%	0.08%	2.39%	0.08%
DEFERRED INCOME TAXES	\$ 35,228,460		\$ 35,228,460			\$ 35,228,460	15.58%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$ -		\$ -			\$ -	0.00%	5.70%	0.00%	6.15%	0.00%	6.59%	0.00%
TOTAL AVERAGE	\$ 225,501,760	\$ -	\$ 225,501,760	\$ 3,103,901	\$ (2,469,682)	\$ 226,135,979	100.00%		5.78%		6.23%		6.67%

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	\$ 105,627,109		\$ 105,627,109	\$ 2,148,510	\$ (2,469,682)		\$ 105,305,937	45.53%	9.85%	4.48%	10.85%	4.94%
LONG TERM DEBT - CU	\$ 27,429,013		\$ 27,429,013	\$ 557,921		\$ 27,986,933	12.10%	5.03%	0.61%	5.03%	0.61%	5.03%	0.61%
SHORT TERM DEBT	\$ 45,251,656		\$ 45,251,656	\$ 920,442		\$ 46,172,098	19.96%	1.51%	0.30%	1.51%	0.30%	1.51%	0.30%
LONG TERM DEBT - FC	\$ 5,331,400		\$ 5,331,400	\$ 108,443		\$ 5,439,843	2.35%	12.30%	0.29%	12.30%	0.29%	12.30%	0.29%
SHORT TERM DEBT - REFINANCED LTD	\$ -		\$ -	\$ -		\$ -	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$ 7,728,586		\$ 7,728,586			\$ 7,728,586	3.34%	2.36%	0.08%	2.36%	0.08%	2.36%	0.08%
DEFERRED INCOME TAXES	\$ 38,666,142		\$ 38,666,142			\$ 38,666,142	16.72%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$ -		\$ -			\$ -	0.00%	5.68%	0.00%	6.14%	0.00%	6.60%	0.00%
TOTAL YEAR-END	\$ 230,033,906	\$ -	\$ 230,033,906	\$ 3,735,316	\$ (2,469,682)	\$ 231,299,540	100.00%		5.76%		6.22%		6.68%



September 15, 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  
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DIVISION OF  
ACCOUNTING & FINANCE

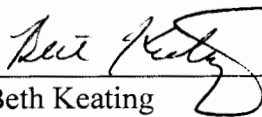
**Re: Florida Public Utilities Company (Electric and Gas Divisions) and the Florida Division of Chesapeake Utilities Corporation 2nd Quarter 2017 Surveillance Reports**

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 2nd Quarter Earnings Surveillance Reports for 2017.

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  
 NATURAL GAS  
 RATE OF RETURN REPORT SUMMARY  
 For the 12 Months Ending June 30, 2017

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	\$ 10,428,724	\$ (280,392)	\$ 10,148,332	\$ 1,139,748	\$ 11,288,080
AVERAGE RATE BASE	\$ 228,035,268	\$ 614,388	\$ 228,649,656	\$ (26,024,295)	\$ 202,625,361
AVERAGE RATE OF RETURN	4.57%		4.44%		5.57%
<b>II. YEAR-END RATE OF RETURN (JURISDICTIONAL)</b>					
NET OPERATING INCOME	\$ 10,428,724	\$ (334,895)	\$ 10,093,829	\$ 1,139,748	\$ 11,233,577
YEAR-END RATE BASE	\$ 225,324,971	\$ 1,297,095	\$ 226,622,066	\$ (25,454,421)	\$ 201,167,645
YEAR-END RATE OF RETURN	4.63%		4.45%		5.58%
<b>III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)</b>			<b>IV. EARNED RETURN ON EQUITY (FPSC ADJUSTED BASIS)</b>		
LOW	5.81%		A. INCL ACQUISITION ADJUSTMENT		6.79%
MIDPOINT	6.26%		B. EXCL ACQUISITION ADJUSTMENT		9.67%
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.

Michael Cassel  
 Director - Regulatory Affairs

*Michael Cassel*  
 Signature

9/14/17  
 Date

FLORIDA PUBLIC UTILITIES COMPANY  
 NATURAL GAS  
 AVERAGE RATE OF RETURN  
 For the 12 Months Ending June 30, 2017  
 RATE BASE

SCHEDULE 2  
 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	\$ 290,538,372	\$ (71,685,708)	\$ 218,852,663	\$ -	\$ 5,482,763	\$ 224,335,427	\$ 3,699,841	\$ 228,035,268
FPSC ADJUSTMENTS:								
1) ELIMINATIONS TO NON-UTILITY MATERIALS	\$ -	\$ -	\$ -			\$ -	\$ 384,446	\$ 384,446
2) ELIMINATE GOODWILL	\$ (2,469,682)	\$ -	\$ (2,469,682)			\$ (2,469,682)		\$ (2,469,682)
	\$ -	\$ -	\$ -			\$ -		\$ -
3) ELIM. NON-UTILITY PLANT	\$ (4,038,093)	\$ 1,126,649	\$ (2,911,445)			\$ (2,911,445)		\$ (2,911,445)
4) ELIMINATE UNDER-RECOVERIES	\$ -	\$ -	\$ -			\$ -		\$ -
	\$ -	\$ -	\$ -			\$ -	\$ -	\$ -
5) ELIMINATE DEFERRED ENVIRONMENTAL COSTS						\$ -	\$ 5,611,069	\$ 5,611,069
TOTAL FPSC ADJUSTMENTS	\$ (6,507,775)	\$ 1,126,649	\$ (5,381,127)	\$ -	\$ -	\$ (5,381,127)	\$ 5,995,515	\$ 614,388
FPSC ADJUSTED	\$ 284,030,596	\$ (70,559,059)	\$ 213,471,537	\$ -	\$ 5,482,763	\$ 218,954,300	\$ 9,695,356	\$ 228,649,656
FLEX RATE REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
ADJUSTED FOR FLEX RATE REVENUES	\$ 284,030,596	\$ (70,559,059)	\$ 213,471,537	\$ -	\$ 5,482,763	\$ 218,954,300	\$ 9,695,356	\$ 228,649,656
PROFORMA ADJUSTMENTS								
			\$ -			\$ -		\$ -
			\$ -			\$ -		\$ -
ELIM. ACQUISITION ADJUSTMENT	\$ (34,972,755)	\$ 8,948,460	\$ (26,024,295)			\$ (26,024,295)		\$ (26,024,295)
ELIM. REG ASSET-TRNSCTN & TRNSITN CSTS							\$ -	\$ -
TOTAL PRO FORMA ADJUSTMENTS	\$ (34,972,755)	\$ 8,948,460	\$ (26,024,295)	\$ -	\$ -	\$ (26,024,295)	\$ -	\$ (26,024,295)
PRO FORMA ADJUSTED	\$ 249,057,841	\$ (61,610,599)	\$ 187,447,242	\$ -	\$ 5,482,763	\$ 192,930,005	\$ 9,695,356	\$ 202,625,361



FLORIDA PUBLIC UTILITIES COMPANY  
 NATURAL GAS  
 YEAR END RATE OF RETURN  
 For the 12 Months Ending June 30, 2017  
 RATE BASE

SCHEDULE 3  
 PAGE 1 OF 2

	(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	\$ 302,457,401	\$ (75,068,439)	\$ 227,388,962	\$ -	\$ 3,089,885	\$ 230,478,846	\$ (5,153,875)	\$ 225,324,971
FPSC ADJUSTMENTS:								
1) ELIMINATIONS TO NON-UTILITY MATERIALS	\$ -	\$ -	\$ -			\$ -	\$ 391,780	\$ 391,780
2) ELIMINATE GOODWILL	\$ (2,469,682)	\$ -	\$ (2,469,682)			\$ (2,469,682)		\$ (2,469,682)
	\$ -	\$ -	\$ -			\$ -		\$ -
3) ELIM. NON-UTILITY PLANT	\$ (3,427,800)	\$ 1,191,729	\$ (2,236,071)			\$ (2,236,071)		\$ (2,236,071)
4) ELIM. UNDER-RECOVERIES	\$ -	\$ -	\$ -			\$ -		\$ -
	\$ -	\$ -	\$ -			\$ -	\$ -	\$ -
5) ELIMINATE DEFERRED ENVIRONMENTAL COSTS						\$ -	\$ 5,611,069	\$ 5,611,069
TOTAL FPSC ADJUSTMENTS	\$ (5,897,482)	\$ 1,191,729	\$ (4,705,753)	\$ -	\$ -	\$ (4,705,753)	\$ 6,002,849	\$ 1,297,095
FPSC ADJUSTED	\$ 296,559,918	\$ (73,876,710)	\$ 222,683,208	\$ -	\$ 3,089,885	\$ 225,773,093	\$ 848,973	\$ 226,622,066
COMP RATE ADJ REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
ADJUSTED FOR COMP RATE ADJ REVENUE	\$ 296,559,918	\$ (73,876,710)	\$ 222,683,208	\$ -	\$ 3,089,885	\$ 225,773,093	\$ 848,973	\$ 226,622,066
PROFORMA ADJUSTMENTS								
ELIM. ACQUISITION ADJUSTMENT	\$ (35,297,727)	\$ 9,843,306	\$ (25,454,421)			\$ (25,454,421)		\$ (25,454,421)
ELIM. REG ASSET-TRNSCTN & TRNSITN CSTS							\$ -	\$ -
TOTAL PRO FORMA ADJUSTMENTS	\$ (35,297,727)	\$ 9,843,306	\$ (25,454,421)	\$ -	\$ -	\$ (25,454,421)	\$ -	\$ (25,454,421)
PRO FORMA ADJUSTED	\$ 261,262,191	\$ (64,033,404)	\$ 197,228,787	\$ -	\$ 3,089,885	\$ 200,318,672	\$ 848,973	\$ 201,167,645





FLORIDA PUBLIC UTILITIES COMPANY  
 NATURAL GAS  
 CAPITAL STRUCTURE  
 For the 12 Months Ending June 30, 2017  
 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	\$ 103,661,516		\$ 103,661,516	\$ 1,739,033	\$ (2,469,682)	\$ 102,930,867	45.02%	9.85%	4.43%	10.85%	4.88%	11.85%	5.33%
LONG TERM DEBT - CU	\$ 32,839,036		\$ 32,839,036	\$ 550,910		\$ 33,389,946	14.60%	4.66%	0.68%	4.66%	0.68%	4.66%	0.68%
SHORT TERM DEBT	\$ 41,976,398		\$ 41,976,398	\$ 704,199		\$ 42,680,597	18.67%	1.77%	0.33%	1.77%	0.33%	1.77%	0.33%
LONG TERM DEBT - FC	\$ 5,360,527		\$ 5,360,527	\$ 89,928		\$ 5,450,455	2.38%	12.35%	0.29%	12.35%	0.29%	12.35%	0.29%
SHORT TERM DEBT - REFINANCED LTD	\$ -		\$ -	\$ -		\$ -	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$ 7,662,498		\$ 7,662,498			\$ 7,662,498	3.35%	2.38%	0.08%	2.38%	0.08%	2.38%	0.08%
DEFERRED INCOME TAXES	\$ 36,535,293		\$ 36,535,293			\$ 36,535,293	15.98%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$ -		\$ -			\$ -	0.00%	5.73%	0.00%	6.18%	0.00%	6.63%	0.00%
TOTAL AVERAGE	\$ 228,035,268	\$ -	\$ 228,035,268	\$ 3,084,070	\$ (2,469,682)	\$ 228,649,656	100.00%		5.81%		6.26%		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 (%)	WEIGHTED COST (%)
COMMON EQUITY	\$ 101,485,205		\$ 101,485,205	\$ 2,139,352	\$ (2,469,682)	\$ 101,154,875	44.64%	9.85%	4.40%	10.85%	4.84%	11.85%	5.29%
LONG TERM DEBT - CU	\$ 40,316,781		\$ 40,316,781	\$ 849,897		\$ 41,166,678	18.17%	3.57%	0.65%	3.57%	0.65%	3.57%	0.65%
SHORT TERM DEBT	\$ 31,630,650		\$ 31,630,650	\$ 666,788		\$ 32,297,438	14.25%	2.17%	0.31%	2.17%	0.31%	2.17%	0.31%
LONG TERM DEBT - FC	\$ 5,253,237		\$ 5,253,237	\$ 110,742		\$ 5,363,979	2.37%	12.25%	0.29%	12.25%	0.29%	12.25%	0.29%
SHORT TERM DEBT - REFINANCED LTD	\$ -		\$ -	\$ -		\$ -	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$ 7,954,449		\$ 7,954,449			\$ 7,954,449	3.51%	2.29%	0.08%	2.29%	0.08%	2.29%	0.08%
DEFERRED INCOME TAXES	\$ 38,684,648		\$ 38,684,648			\$ 38,684,648	17.07%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$ -		\$ -			\$ -	0.00%	5.65%	0.00%	6.09%	0.00%	6.54%	0.00%
TOTAL YEAR-END	\$ 225,324,970	\$ -	\$ 225,324,970	\$ 3,766,779	\$ (2,469,682)	\$ 226,622,067	100.00%		5.73%		6.17%		6.62%



December 14, 2017

RECEIVED  
FLORIDA PUBLIC SERVICE  
COMMISSION  
2017 DEC 14 PM 4: 09  
DIVISION OF  
ACCOUNTING & FINANCE

**VIA 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) 3rd Quarter 2017  
Surveillance Report**

Dear Mr. Maurey:

In accordance with Rules 25-6.1352(3), F.A.C., Florida Public Utilities Company hereby submits the original and four copies of the 3rd Quarter Earnings Surveillance Report for 2017.

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  
 NATURAL GAS  
 RATE OF RETURN REPORT SUMMARY  
 For the 12 Months Ending September 30, 2017

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	\$ 10,674,410	\$ (129,097)	\$ 10,545,313	\$ 1,139,748	\$ 11,685,061
AVERAGE RATE BASE	\$ 229,349,686	\$ 608,698	\$ 229,958,384	\$ (25,739,358)	\$ 204,219,026
AVERAGE RATE OF RETURN	4.65%		4.59%		5.72%
<b>II. YEAR-END RATE OF RETURN (JURISDICTIONAL)</b>					
NET OPERATING INCOME	\$ 10,674,410	\$ (208,163)	\$ 10,466,247	\$ 1,139,748	\$ 11,605,995
YEAR-END RATE BASE	\$ 228,809,988	\$ 1,300,600	\$ 230,110,589	\$ (25,169,484)	\$ 204,941,105
YEAR-END RATE OF RETURN	4.67%		4.55%		5.66%
<b>III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)</b>			<b>IV. EARNED RETURN ON EQUITY (FPSC ADJUSTED BASIS)</b>		
LOW	5.82%		A. INCL ACQUISITION ADJUSTMENT		7.10%
MIDPOINT	6.27%		B. EXCL ACQUISITION ADJUSTMENT		10.03%
HIGH	6.72%				

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

*Michael Cassel*  
 Signature

12/13/17  
 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	\$ 297,342,936	\$ (73,330,625)	\$ 224,012,311	\$ -	\$ 3,797,980	\$ 227,810,291	\$ 1,539,395	\$ 229,349,686
FPSC ADJUSTMENTS:								
1) ELIMINATIONS TO NON-UTILITY MATERIALS	\$ -	\$ -	\$ -			\$ -	\$ 372,228	\$ 372,228
2) ELIMINATE GOODWILL	\$ (2,469,682)	\$ -	\$ (2,469,682)			\$ (2,469,682)		\$ (2,469,682)
	\$ -	\$ -	\$ -			\$ -		\$ -
3) ELIM. NON-UTILITY PLANT	\$ (4,061,018)	\$ 1,156,101	\$ (2,904,917)			\$ (2,904,917)		\$ (2,904,917)
4) ELIMINATE UNDER-RECOVERIES	\$ -	\$ -	\$ -			\$ -		\$ -
	\$ -	\$ -	\$ -			\$ -	\$ -	\$ -
5) ELIMINATE DEFERRED ENVIRONMENTAL COSTS						\$ -	\$ 5,611,069	\$ 5,611,069
TOTAL FPSC ADJUSTMENTS	\$ (6,530,700)	\$ 1,156,101	\$ (5,374,599)	\$ -	\$ -	\$ (5,374,599)	\$ 5,983,297	\$ 608,698
FPSC ADJUSTED	\$ 290,812,235	\$ (72,174,524)	\$ 218,637,712	\$ -	\$ 3,797,980	\$ 222,435,692	\$ 7,522,693	\$ 229,958,384
FLEX RATE REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
ADJUSTED FOR FLEX RATE REVENUES	\$ 290,812,235	\$ (72,174,524)	\$ 218,637,712	\$ -	\$ 3,797,980	\$ 222,435,692	\$ 7,522,693	\$ 229,958,384
PROFORMA ADJUSTMENTS			\$ -			\$ -		\$ -
			\$ -			\$ -		\$ -
ELIM. ACQUISITION ADJUSTMENT	\$ (35,135,241)	\$ 9,395,883	\$ (25,739,358)			\$ (25,739,358)		\$ (25,739,358)
ELIM. REG ASSET-TRNSCTN & TRNSITN CSTS							\$ -	\$ -
TOTAL PRO FORMA ADJUSTMENTS	\$ (35,135,241)	\$ 9,395,883	\$ (25,739,358)	\$ -	\$ -	\$ (25,739,358)	\$ -	\$ (25,739,358)
PRO FORMA ADJUSTED	\$ 255,676,994	\$ (62,778,641)	\$ 192,898,354	\$ -	\$ 3,797,980	\$ 196,696,334	\$ 7,522,693	\$ 204,219,026



	(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	\$ 307,019,083	\$ (76,783,523)	\$ 230,235,560	\$ -	\$ 2,915,250	\$ 233,150,810	\$ (4,340,822)	\$ 228,809,988
FPSC ADJUSTMENTS:								
1) ELIMINATIONS TO NON-UTILITY MATERIALS	\$ -	\$ -	\$ -			\$ -	\$ 383,203	\$ 383,203
2) ELIMINATE GOODWILL	\$ (2,469,682)	\$ -	\$ (2,469,682)			\$ (2,469,682)		\$ (2,469,682)
	\$ -	\$ -	\$ -			\$ -		\$ -
3) ELIM. NON-UTILITY PLANT	\$ (3,462,825)	\$ 1,238,836	\$ (2,223,989)			\$ (2,223,989)		\$ (2,223,989)
4) ELIM. UNDER-RECOVERIES	\$ -	\$ -	\$ -			\$ -		\$ -
	\$ -	\$ -	\$ -			\$ -	\$ -	\$ -
5) ELIMINATE DEFERRED ENVIRONMENTAL COSTS						\$ -	\$ 5,611,069	\$ 5,611,069
TOTAL FPSC ADJUSTMENTS	\$ (5,932,507)	\$ 1,238,836	\$ (4,693,671)	\$ -	\$ -	\$ (4,693,671)	\$ 5,994,272	\$ 1,300,600
FPSC ADJUSTED	\$ 301,086,576	\$ (75,544,687)	\$ 225,541,889	\$ -	\$ 2,915,250	\$ 228,457,139	\$ 1,653,450	\$ 230,110,589
COMP RATE ADJ REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
ADJUSTED FOR COMP RATE ADJ REVENUE	\$ 301,086,576	\$ (75,544,687)	\$ 225,541,889	\$ -	\$ 2,915,250	\$ 228,457,139	\$ 1,653,450	\$ 230,110,589
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	\$ 265,626,363	\$ (65,253,958)	\$ 200,372,405	\$ -	\$ 2,915,250	\$ 203,287,655	\$ 1,653,450	\$ 204,941,105





FLORIDA PUBLIC UTILITIES COMPANY  
 NATURAL GAS  
 CAPITAL STRUCTURE  
 For the 12 Months Ending September 30, 2017  
 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	\$ 103,915,847		\$ 103,915,847	\$ 1,741,916	\$ (2,469,682)	\$ 103,188,081	44.87%	9.85%	4.42%	10.85%	4.87%	11.85%	5.32%
LONG TERM DEBT - CU	\$ 34,327,090		\$ 34,327,090	\$ 575,417		\$ 34,902,507	15.18%	4.54%	0.69%	4.54%	0.69%	4.54%	0.69%
SHORT TERM DEBT	\$ 40,075,160		\$ 40,075,160	\$ 671,770		\$ 40,746,930	17.72%	1.93%	0.34%	1.93%	0.34%	1.93%	0.34%
LONG TERM DEBT - FC	\$ 5,325,920		\$ 5,325,920	\$ 89,277		\$ 5,415,197	2.36%	12.30%	0.29%	12.30%	0.29%	12.30%	0.29%
SHORT TERM DEBT - REFINANCED LTD	\$ -		\$ -	\$ -		\$ -	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$ 7,726,312		\$ 7,726,312			\$ 7,726,312	3.36%	2.37%	0.08%	2.37%	0.08%	2.37%	0.08%
DEFERRED INCOME TAXES	\$ 37,979,356		\$ 37,979,356			\$ 37,979,356	16.52%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$ -		\$ -			\$ -	0.00%	5.74%	0.00%	6.19%	0.00%	6.64%	0.00%
<b>TOTAL AVERAGE</b>	<b>\$ 229,349,686</b>	<b>\$ -</b>	<b>\$ 229,349,686</b>	<b>\$ 3,078,380</b>	<b>\$ (2,469,682)</b>	<b>\$ 229,958,384</b>	<b>100.00%</b>		<b>5.82%</b>		<b>6.27%</b>		<b>6.72%</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	\$ 95,755,100		\$ 95,755,100	\$ 2,005,215	\$ (2,469,682)	\$ 95,290,633	41.41%	9.85%	4.08%	10.85%	4.49%	11.85%	4.91%
LONG TERM DEBT - CU	\$ 37,506,421		\$ 37,506,421	\$ 785,426		\$ 38,291,846	16.64%	3.77%	0.63%	3.77%	0.63%	3.77%	0.63%
SHORT TERM DEBT	\$ 41,459,368		\$ 41,459,368	\$ 868,204		\$ 42,327,572	18.39%	1.68%	0.31%	1.68%	0.31%	1.68%	0.31%
LONG TERM DEBT - FC	\$ 5,321,531		\$ 5,321,531	\$ 111,439		\$ 5,432,970	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	\$ 7,843,892		\$ 7,843,892			\$ 7,843,892	3.41%	2.34%	0.08%	2.34%	0.08%	2.34%	0.08%
DEFERRED INCOME TAXES	\$ 40,923,676		\$ 40,923,676			\$ 40,923,676	17.78%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$ -		\$ -			\$ -	0.00%	5.31%	0.00%	5.72%	0.00%	6.14%	0.00%
<b>TOTAL YEAR-END</b>	<b>\$ 228,809,988</b>	<b>\$ -</b>	<b>\$ 228,809,988</b>	<b>\$ 3,770,284</b>	<b>\$ (2,469,682)</b>	<b>\$ 230,110,589</b>	<b>100.00%</b>		<b>5.39%</b>		<b>5.80%</b>		<b>6.22%</b>



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

April 3, 2018

**VIA 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) 4<sup>th</sup> Quarter/Year End  
2017 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 2017.

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  
 NATURAL GAS  
 RATE OF RETURN REPORT SUMMARY  
 For the 12 Months Ending December 31, 2017

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	\$ 11,141,974	\$ (261,756)	\$ 10,880,218	\$ 1,139,748	\$ 12,019,966
AVERAGE RATE BASE	\$ 228,031,392	\$ 613,048	\$ 228,644,440	\$ (25,454,421)	\$ 203,190,019
AVERAGE RATE OF RETURN	4.89%		4.76%		5.92%
<b>II. YEAR-END RATE OF RETURN (JURISDICTIONAL)</b>					
NET OPERATING INCOME	\$ 11,141,974	\$ (365,210)	\$ 10,776,764	\$ 1,139,748	\$ 11,916,512
YEAR-END RATE BASE	\$ 227,850,118	\$ 1,262,937	\$ 229,113,055	\$ (24,884,547)	\$ 204,228,508
YEAR-END RATE OF RETURN	4.89%		4.70%		5.83%
<b>III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)</b>			<b>IV. EARNED RETURN ON EQUITY (FPSC ADJUSTED BASIS)</b>		
LOW	5.73%		A.	INCL ACQUISITION ADJUSTMENT	7.62%
MIDPOINT	6.17%		B.	EXCL ACQUISITION ADJUSTMENT	10.70%
HIGH	6.60%				

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

*Michael Cassel*  
 Signature

*4/2/13*  
 Date

FLORIDA PUBLIC UTILITIES COMPANY  
 NATURAL GAS  
 AVERAGE RATE OF RETURN  
 For the 12 Months Ending December 31, 2017  
 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	\$ 302,569,505	\$ (75,041,742)	\$ 227,527,764	\$ -	\$ 3,205,513	\$ 230,733,277	\$ (2,701,886)	\$ 228,031,392
FPSC ADJUSTMENTS:								
1) ELIMINATIONS TO NON-UTILITY MATERIALS	\$ -	\$ -	\$ -			\$ -	\$ 373,763	\$ 373,763
2) ELIMINATE GOODWILL	\$ (2,469,682)	\$ -	\$ (2,469,682)			\$ (2,469,682)		\$ (2,469,682)
	\$ -	\$ -	\$ -			\$ -		\$ -
3) ELIM. NON-UTILITY PLANT	\$ (4,085,440)	\$ 1,183,338	\$ (2,902,102)			\$ (2,902,102)		\$ (2,902,102)
4) ELIMINATE UNDER-RECOVERIES	\$ -	\$ -	\$ -			\$ -		\$ -
	\$ -	\$ -	\$ -			\$ -	\$ -	\$ -
5) ELIMINATE DEFERRED ENVIRONMENTAL COSTS						\$ -	\$ 5,611,069	\$ 5,611,069
TOTAL FPSC ADJUSTMENTS	\$ (6,555,122)	\$ 1,183,338	\$ (5,371,784)	\$ -	\$ -	\$ (5,371,784)	\$ 5,984,832	\$ 613,048
FPSC ADJUSTED	\$ 296,014,383	\$ (73,858,403)	\$ 222,155,980	\$ -	\$ 3,205,513	\$ 225,361,493	\$ 3,282,947	\$ 228,644,440
FLEX RATE REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
ADJUSTED FOR FLEX RATE REVENUES	\$ 296,014,383	\$ (73,858,403)	\$ 222,155,980	\$ -	\$ 3,205,513	\$ 225,361,493	\$ 3,282,947	\$ 228,644,440
PROFORMA ADJUSTMENTS								
			\$ -			\$ -		\$ -
			\$ -			\$ -		\$ -
ELIM. ACQUISITION ADJUSTMENT	\$ (35,297,727)	\$ 9,843,306	\$ (25,454,421)			\$ (25,454,421)		\$ (25,454,421)
ELIM. REG ASSET-TRNSCTN & TRNSITN CSTS								\$ -
TOTAL PRO FORMA ADJUSTMENTS	\$ (35,297,727)	\$ 9,843,306	\$ (25,454,421)	\$ -	\$ -	\$ (25,454,421)	\$ -	\$ (25,454,421)
PRO FORMA ADJUSTED	\$ 260,716,656	\$ (64,015,097)	\$ 196,701,559	\$ -	\$ 3,205,513	\$ 199,907,072	\$ 3,282,947	\$ 203,190,019



FLORIDA PUBLIC UTILITIES COMPANY  
 NATURAL GAS  
 YEAR END RATE OF RETURN  
 For the 12 Months Ending December 31, 2017  
 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	\$ 313,209,167	\$ (78,242,725)	\$ 234,966,442	\$ -	\$ 1,204,698	\$ 236,171,140	\$ (8,321,022)	\$ 227,850,118
FPSC ADJUSTMENTS:								
1) ELIMINATIONS TO NON-UTILITY MATERIALS	\$ -	\$ -	\$ -			\$ -	\$ 370,260	\$ 370,260
2) ELIMINATE GOODWILL	\$ (2,469,682)	\$ -	\$ (2,469,682)			\$ (2,469,682)		\$ (2,469,682)
	\$ -	\$ -	\$ -			\$ -		\$ -
3) ELIM. NON-UTILITY PLANT	\$ (3,439,800)	\$ 1,191,090	\$ (2,248,710)			\$ (2,248,710)		\$ (2,248,710)
4) ELIM. UNDER-RECOVERIES	\$ -	\$ -	\$ -			\$ -		\$ -
	\$ -	\$ -	\$ -			\$ -	\$ -	\$ -
5) ELIMINATE DEFERRED ENVIRONMENTAL COSTS						\$ -	\$ 5,611,069	\$ 5,611,069
TOTAL FPSC ADJUSTMENTS	\$ (5,909,482)	\$ 1,191,090	\$ (4,718,392)	\$ -	\$ -	\$ (4,718,392)	\$ 5,981,329	\$ 1,262,937
FPSC ADJUSTED	\$ 307,299,685	\$ (77,051,635)	\$ 230,248,050	\$ -	\$ 1,204,698	\$ 231,452,748	\$ (2,339,693)	\$ 229,113,055
COMP RATE ADJ REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
ADJUSTED FOR COMP RATE ADJ REVENUE	\$ 307,299,685	\$ (77,051,635)	\$ 230,248,050	\$ -	\$ 1,204,698	\$ 231,452,748	\$ (2,339,693)	\$ 229,113,055
PROFORMA ADJUSTMENTS								
ELIM. ACQUISITION ADJUSTMENT	\$ (35,622,699)	\$ 10,738,152	\$ (24,884,547)			\$ (24,884,547)		\$ (24,884,547)
ELIM. REG ASSET-TRNSCTN & TRNSITN CSTS								\$ -
TOTAL PRO FORMA ADJUSTMENTS	\$ (35,622,699)	\$ 10,738,152	\$ (24,884,547)	\$ -	\$ -	\$ (24,884,547)	\$ -	\$ (24,884,547)
PRO FORMA ADJUSTED	\$ 271,676,986	\$ (66,313,483)	\$ 205,363,503	\$ -	\$ 1,204,698	\$ 206,568,201	\$ (2,339,693)	\$ 204,228,508



FLORIDA PUBLIC UTILITIES COMPANY  
 NATURAL GAS  
 CAPITAL STRUCTURE  
 For the 12 Months Ending December 31, 2017  
 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	\$ 100,376,743		\$ 100,376,743	\$ 1,698,737	\$ (2,469,682)	\$ 99,605,798	43.56%	9.85%	4.29%	10.85%	4.73%	11.85%	5.16%
LONG TERM DEBT - CU	\$ 35,189,809		\$ 35,189,809	\$ 595,538		\$ 35,785,347	15.65%	4.44%	0.69%	4.44%	0.69%	4.44%	0.69%
SHORT TERM DEBT	\$ 41,278,422		\$ 41,278,422	\$ 698,580		\$ 41,977,002	18.36%	2.09%	0.38%	2.09%	0.38%	2.09%	0.38%
LONG TERM DEBT - FC	\$ 5,310,648		\$ 5,310,648	\$ 89,875		\$ 5,400,523	2.36%	12.25%	0.29%	12.25%	0.29%	12.25%	0.29%
SHORT TERM DEBT - REFINANCED LTD	\$ -		\$ -	\$ -		\$ -	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$ 7,805,007		\$ 7,805,007			\$ 7,805,007	3.41%	2.36%	0.08%	2.36%	0.08%	2.36%	0.08%
DEFERRED INCOME TAXES	\$ 38,070,764		\$ 38,070,764			\$ 38,070,764	16.65%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$ -		\$ -			\$ -	0.00%	5.65%	0.00%	6.09%	0.00%	6.52%	0.00%
<b>TOTAL AVERAGE</b>	<b>\$ 228,031,392</b>	<b>\$ -</b>	<b>\$ 228,031,392</b>	<b>\$ 3,082,730</b>	<b>\$ (2,469,682)</b>	<b>\$ 228,644,440</b>	<b>100.00%</b>		<b>5.73%</b>		<b>6.17%</b>		<b>6.60%</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	\$ 93,682,985		\$ 93,682,985	\$ 1,937,351	\$ (2,469,682)	\$ 93,150,654	40.66%	9.85%	4.00%	10.85%	4.41%	11.85%	4.82%
LONG TERM DEBT - CU	\$ 33,573,447		\$ 33,573,447	\$ 694,294		\$ 34,267,741	14.96%	4.10%	0.61%	4.10%	0.61%	4.10%	0.61%
SHORT TERM DEBT	\$ 47,927,450		\$ 47,927,450	\$ 991,133		\$ 48,918,583	21.35%	1.60%	0.34%	1.60%	0.34%	1.60%	0.34%
LONG TERM DEBT - FC	\$ 5,311,520		\$ 5,311,520	\$ 109,841		\$ 5,421,361	2.37%	12.15%	0.29%	12.15%	0.29%	12.15%	0.29%
SHORT TERM DEBT - REFINANCED LTD	\$ -		\$ -	\$ -		\$ -	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$ 7,958,442		\$ 7,958,442			\$ 7,958,442	3.47%	2.31%	0.08%	2.31%	0.08%	2.31%	0.08%
DEFERRED INCOME TAXES	\$ 39,396,274		\$ 39,396,274			\$ 39,396,274	17.20%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$ -		\$ -			\$ -	0.00%	5.24%	0.00%	5.65%	0.00%	6.06%	0.00%
<b>TOTAL YEAR-END</b>	<b>\$ 227,850,118</b>	<b>\$ -</b>	<b>\$ 227,850,118</b>	<b>\$ 3,732,619</b>	<b>\$ (2,469,682)</b>	<b>\$ 229,113,055</b>	<b>100.00%</b>		<b>5.32%</b>		<b>5.73%</b>		<b>6.14%</b>



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  
 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	\$ 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>