Employees' Pension Plan of Florida Public Utilities Company

Accounting Standards Codification 715 Financial Disclosure Report

For the Fiscal Year Ending December 31, 2021

January 2022

Prudential

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SUMMARY OF VALUATION RESULTS

The principal results of the actuarial valuations for fiscal years ending December 31, 2021 and 2020 for the Employees' Pension Plan of Florida Public Utilities Company are summarized below.

	December 31, 2021	December 31, 2020
Service Cost and Pension Cost for the Fiscal Year Ending		
Service Cost	$0	$0
Net Periodic Benefit Cost	($980,026)	($330,140)
Asset Information		
Fair Value of Assets	$58,712,658	$55,966,177
Market Related Value of Assets	$58,712,658	$55,966,177
Liability Information		
Projected Benefit Obligation	$67,029,793	$70,365,758
Discount Rate	*2.75%*	*2.50%*
PBO Funded Status	($8,317,135)	($14,399,581)
Using Fair Value of Assets		
Accumulated Benefit Obligation	$67,029,793	$70,365,758
Accumulated Other Comprehensive Income	$17,736,985	$21,241,990
Participant Information as of	**January 1, 2021**	**January 1, 2020**
Active Participant Lifecount	82	91
Total Participant Lifecount	442	446

SUMMARY OF VALUATION RESULTS

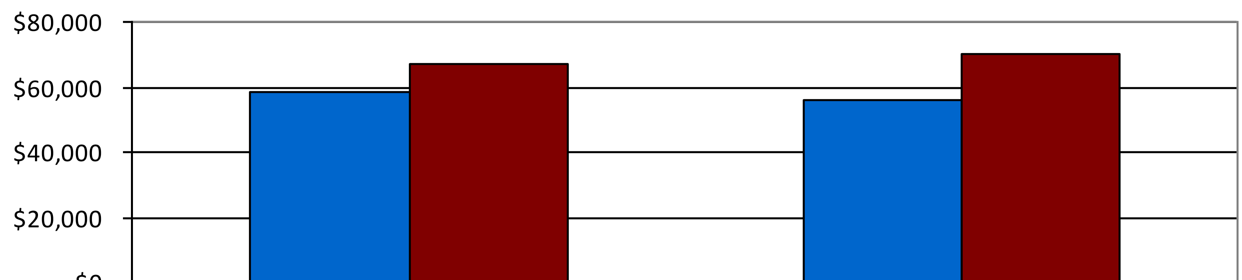
Service Cost represents the value of pension benefits earned during the year. The Net Periodic Benefit Cost (NPBC) is the total pension expense during the year, including the Service Cost, Interest Cost, Expected Return on Assets and Net Amortization/Deferral. The Service Cost and Net Periodic Benefit Cost (NPBC) for the current and prior years are shown below, in thousands.

Service Cost and NPBC

	Service Cost	NPBC
2021	$0	($980)
2020	$0	($330)

The Fair Value of Assets is the market value. The Projected Benefit Obligation (PBO) represents the value of all benefits attributable to past service and includes the value of future pay increases. The plan assets and liabilities for the current and prior years are summarized below, in thousands.

Plan Assets and Liabilities



	2021	2020
Fair Assets	$58,713	$55,966
PBO	$67,030	$70,366
PBO Funded Status	87.6%	79.5%

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Changes in Pension Plan Provisions

No changes in pension plan provisions were recognized with this valuation.

New Legislation or Accounting Standards

No changes in legislation or accounting standards were recognized with this valuation.

Changes in Actuarial Assumptions

Effective with the December 31, 2021 disclosure, the following assumption changes were recognized:

	12/31/2021	12/31/2020
Discount Rate	2.75%	2.50%
Mortality	Pri-2012 Total Dataset Mortality Table with Scale MP-2021 for current employees and inactives who were former participants	Pri-2012 Total Dataset Mortality Table with Scale MP-2020 for current employees and inactives who were former participants
	Pri-2012 Total Dataset Contingent Survivor Table with Scale MP-2021 for surviving beneficiaries of former participants	Pri-2012 Total Dataset Contingent Survivor Table with Scale MP-2020 for surviving beneficiaries of former participants

Significant Changes to Benefit Obligations or Plan Assets

- The benefit obligation gain of $1,952,774 was primarily due to the discount rate change from 2.50% to 2.75%.
- Plan assets experienced a gain of $940,506 due to actual return of $4,246,421 exceeding expected return of $3,305,915.

Purpose of Report

This report presents the results of the actuarial valuation for the Employees' Pension Plan of Florida Public Utilities Company for the fiscal year ending December 31, 2021. It was prepared for the plan sponsor for the principal purpose of fulfilling the employer accounting requirements under Accounting Standards Codification 715 (ASC 715).

Calculations for other purposes may be significantly different than the results presented in this report. Accordingly, additional calculations should be requested for other purposes such as determining future contributions or settling the obligation.

Methodology

The report relies on the census data submitted by the plan sponsor, as summarized in “Census Data Summary”, the retirement plan provisions as outlined in “Plan Provisions”, and plan asset information provided by the trustee. It also relies on a model to determine plan liabilities and the model reflects no material inconsistencies among assumptions, unreasonable output resulting from the aggregation of assumptions, limitations, or known weaknesses. Appropriate tests for consistency and reasonableness were completed on the information relied on to produce this valuation. The liabilities and costs were determined using the method summarized in “Actuarial Cost Method” and the actuarial assumptions described in “Actuarial Assumptions”.

The measurements reflect a single assumption scenario, however, the future is uncertain and a range of outcomes can reasonably be expected to occur. Future measurements may differ significantly from the current measurements presented in this report. Due to the limited scope of the assignment, an analysis of the potential range of future measurements was not completed.

ACTUARY CERTIFICATION

Certification

The calculations presented in this report are consistent with our understanding of the requirements of ASC 715. The actuarial assumptions were selected by the plan sponsor, and in our opinion, the actuarial assumptions are reasonable. The report was completed in accordance with generally accepted actuarial standards and procedures, and conforms to the Guidelines for Professional Conduct of the American Academy of Actuaries. The undersigned credentialed actuaries meet the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinion contained herein, and maintain no other relationship with the plan or the plan's sponsor which may impair or appear to impair the objectivity of their work.

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DISCLOSURE INFORMATION FOR CORPORATE FINANCIAL STATEMENTS

The Accounting Standards Codification 715 disclosure information for the fiscal years ending December 31, 2021 and 2020 is presented on the following three pages.

	December 31, 2021	December 31, 2020
Change in Projected Benefit Obligation		
Benefit Obligation at Beginning of Year	$70,365,758	$65,304,436
Service Cost	0	0
Interest Cost	1,714,164	2,083,964
Plan Amendments	0	0
Plan Assumptions	0	0
Actuarial (Gain)/Loss	(1,952,774)	6,069,264
Settlement/Curtailment	0	0
Plan Participant Contributions	0	0
Benefits Paid	(3,097,355)	(3,091,906)
Benefit Obligation at End of Year	$67,029,793	$70,365,758
Change in Plan Assets		
Fair Value of Plan Assets at Beginning of Year	$55,966,177	$49,703,121
Actual Return on Assets	4,246,421	6,580,911
Employer Contributions	1,597,415	2,774,051
Settlement/Curtailment	0	0
Plan Participant Contributions	0	0
Benefits Paid	(3,097,355)	(3,091,906)
Fair Value of Plan Assets at End of Year	$58,712,658	$55,966,177
Funded Status	($8,317,135)	($14,399,581)
Amounts Recognized in Statement of Financial Position (before tax effects)		
Noncurrent Assets	$0	$0
Current Liabilities	0	0
Noncurrent Liabilities	(8,317,135)	(14,399,581)
Total	($8,317,135)	($14,399,581)
Amounts Recognized in Accumulated OCI (before tax effects)		
Net (Gain)/Loss	$17,736,985	$21,241,990
Net Prior Service (Credit)/Cost	0	0
Net Transition (Asset)/Liability	0	0
Accumulated Other Comprehensive Income	$17,736,985	$21,241,990

DISCLOSURE INFORMATION FOR CORPORATE FINANCIAL STATEMENTS

	December 31, 2021	December 31, 2020
Components of Net Periodic Benefit Cost		
Service Cost	$0	$0
Interest Cost	1,714,164	2,083,964
Expected Return on Assets	(3,305,915)	(2,966,532)
Net Amortization/Deferral		
Amortization of Net (Gain)/Loss	611,725	552,428
Amortization of Net Prior Service (Credit)/Cost	0	0
Amortization of Net Transition (Asset)/Liability	0	0
Settlement/Curtailment	0	0
Net Periodic Benefit Cost	($980,026)	($330,140)
Other Changes in Plan Assets and Obligations Recognized in OCI (before tax effects)		
Net (Gain)/Loss incurred in year	($2,893,280)	$2,454,885
Net Prior Service (Credit)/Cost incurred in year	0	0
Net Amortization/Deferral		
Recognition of Net Gain/(Loss)	(611,725)	(552,428)
Recognition of Net Prior Service Credit/(Cost)	0	0
Recognition of Net Transition Asset/(Liability)	0	0
Total Recognized in Other Comprehensive Income	($3,505,005)	$1,902,457
Total Recognized in Net Periodic Benefit Cost and Other Comprehensive Income	($4,485,031)	$1,572,317
Expected Contribution for Next Fiscal Year	$300,000	$2,064,000
Estimated Future Benefit Payments for Next 10 Fiscal Years		
Year 1	$3,450,816	$3,408,707
Year 2	3,537,356	3,493,348
Year 3	3,591,632	3,559,128
Year 4	3,689,841	3,601,495
Year 5	3,719,805	3,680,082
Years 6 - 10	18,588,439	18,627,457

DISCLOSURE INFORMATION FOR CORPORATE FINANCIAL STATEMENTS

	December 31, 2021	December 31, 2020
Weighted Average Assumptions		
Determining Obligation at Year End		
Discount Rate	2.75%	2.50%
Compensation Increase	N/A	N/A
Determining Net Periodic Benefit Cost for Year Ending		
Discount Rate	2.50%	3.25%
Expected Long-Term Return on Plan Assets	6.00%	6.00%
Compensation Increase	N/A	N/A
Sources of Actuarial (Gain)/Loss on the Projected Benefit Obligation		
Census Changes	($127,188)	$459,532
Mortality Assumption Change	216,299	(482,920)
Discount Rate Change	(2,041,885)	6,092,652
Other Demographic Assumption Change(s)	0	0
Other Assumption Change(s)	0	0
Total Actuarial (Gain)/Loss	($1,952,774)	$6,069,264
Amounts Recognized in Statement of Financial Position (before tax effects)		
Net Asset/(Liability)		
PBO Funded Status	($8,317,135)	($14,399,581)
Charges to Equity Accounts		
Accumulated Other Comprehensive Income	$17,736,985	$21,241,990
Net (Asset)/Liability Recognized in Retained Earnings	(9,419,850)	(6,842,409)
Total Charges to Equity Recognized	$8,317,135	$14,399,581
Accumulated Benefit Obligation	$67,029,793	$70,365,758
Weighted Average Asset Allocation		
Equity Securities	42%	44%
Debt Securities	39%	38%
Real Estate	5%	4%
Other	14%	14%
Total	100%	100%

NET PERIODIC BENEFIT COST

The Net Periodic Benefit Costs for the fiscal years beginning January 1, 2021 and 2020 are illustrated below.

	January 1, 2021	January 1, 2020
Components of Net Periodic Benefit Cost		
Service Cost	$0	$0
Interest Cost	1,714,164	2,083,964
Expected Return on Assets	(3,305,915)	(2,966,532)
Net Amortization/Deferral		
Amortization of Net (Gain)/Loss	611,725	552,428
Amortization of Net Prior Service (Credit)/Cost	0	0
Amortization of Net Transition (Asset)/Liability	0	0
Settlement/Curtailment	0	0
Net Periodic Benefit Cost	($980,026)	($330,140)
Liability, Asset, & Cash Flow Information at Beginning of Year		
Projected Benefit Obligation		
Active Participants	$15,769,067	$15,595,330
Participants with Deferred Benefits	13,059,373	11,782,397
Participants Receiving Benefits	41,406,889	38,382,829
Total Projected Benefit Obligation	$70,235,329	$65,760,556
Market Related Value of Assets	$55,966,177	$49,703,121
Expected Benefit Payments	$3,358,263	$3,303,596
Expected Contributions	$1,597,415	$2,774,051
Weighted Average Assumptions		
Discount Rate	2.50%	3.25%
Expected Long Term Return on Plan Assets	6.00%	6.00%
Compensation Increase	N/A	N/A

AMORTIZATION OF (GAIN)/LOSS

The development of the (gain)/loss amortization for the fiscal year beginning January 1, 2021 is shown below.

Development of (Gain)/Loss Amortization

1.	(Gain)/loss		$21,111,561
2.	(Gain)/loss not reflected in market related value		
	a.	Fair value	55,966,177
	b.	Market related value	55,966,177
	c.	Amount not reflected in market related value (a - b)	0
3.	(Gain)/loss subject to amortization (1 + 2c)		21,111,561
4.	Projected Benefit Obligation		70,235,329
5.	Greater of 2b or 4		70,235,329
6.	10% of 5		7,023,533
7.	(Gain)/loss subject to amortization (3 – 6, not < 0)		14,088,028
8.	Average life expectancy of plan participants expected to receive benefits		23.03
9.	Amortization amount (7/8)		$611,725

CENSUS DATA SUMMARY

The following information summarizes the data used in the preparation of this report.

Number of Participants	**January 1, 2021**	**January 1, 2020**
Active Employees	82	91
Participants with Deferred Benefits	144	151
Participants Receiving Benefits	216	204
Total	442	446

Active Participant Data Summary	**January 1, 2021**	**January 1, 2020**
Average Age	56.2	55.5
Average Service	25.1	24.3

Non-Active Participant Data Summary	**January 1, 2021**	**January 1, 2020**
Average Age – Deferred Benefits	55.5	55.2
Average Age – Receiving Benefits	72.4	72.4
Average Monthly Benefit – Deferred Benefits	$526	$560
Average Monthly Benefit – Receiving Benefits	$1,198	$1,252

PLAN PROVISIONS

Eligibility

Employees became members of the Plan on the first day of the month coincident with or next following the first anniversary of employment and attainment of age 21. Membership was closed to employees hired or rehired on or after January 1, 2005, or a later date in 2005, depending upon collective bargaining agreements.

Credited Service

Calendar years on and after the attainment of age 18 during which an employee completes at least 1,000 hours of service.

Normal Retirement Date

Normal Retirement Date is the first day of the month coincident with or next following attainment of age 65 or, in the case of a person who became a member on or after January 1, 1988, the later of the attainment of age 65 or the fifth anniversary of membership.

Normal Retirement Benefit

The amount of annual benefit is to be paid in monthly installments for life, based on Credited Service to determination date, is:

1. 1.50% of final Average Compensation for each year of Credited Service, plus
2. 0.95% of such Average Compensation in excess of Covered Compensation for each year of Credited Service

Delayed Retirement

A member may continue employment after his Normal Retirement Date. In such event he will receive at actual retirement the greater of (i) the Normal Retirement Benefit calculated using compensation and service to the actual retirement date, and (ii) the benefit accrued as of the Normal Retirement Date actuarially increased for delayed commencement, using the annual determination mechanism described in the plan document.

Average Compensation

The average of the highest 36 complete consecutive calendar months of compensation paid during the 120 months preceding actual termination or retirement date. For benefit purposes, compensation used in any year shall not exceed the maximum compensation limit for that year.

Compensation is the regular compensation paid to the employee by the employer including commissions and incentive compensation and amounts deferred under the IRS Code sections 125 or 401(k), but excluding overtime pay, bonuses, or other special forms of compensation.

PLAN PROVISIONS

Covered Compensation	The average of the Social Security Taxable Wage Bases for the 35-year period up to and including each member's normal Social Security retirement year in practice, rounded to the nearest $12. The Social Security Taxable Wage Base in effect at the accrual date is projected to the Social Security retirement date for averaging purposes.
Accrued Benefit	The Normal Retirement Benefit payable at Normal Retirement Date based on Average Compensation, Covered Compensation and Credited Service as of the date of determination. The Accrued Benefit of every Match Employee was frozen as of March 31, 2006. Benefit accruals were frozen for all participants as of December 31, 2009.
Early Retirement Eligibility	10 years of Credited Service and attainment of age 55.
Early Retirement Benefit	A member eligible for early retirement may receive a monthly benefit equal to their Normal Retirement benefit reduced for early commencement according to the following factors:

Age	Factor
55	0.50
56	0.55
57	0.60
58	0.65
59	0.70
60	0.75
61	0.80
62	0.85
63	0.90
64	0.95

Subsidized Early Retirement

Active members with at least 30 years of Credited Service or members who previously terminated with 30 years of Credited Service may retire as early as age 60 and receive their Accrued benefits payable immediately without reduction for early commencement. Retirees who retire after 1989, at least age 62 and with 30 or more years of Credited Service, had their benefits recomputed as of January 1, 1995, to eliminate the reduction for early commencement of payment.

Any member with at least 30 years of Credited Service who elects to retire prior to attaining age 60 may receive a monthly benefit for life with payments beginning immediately, with the benefit reduced for early commencement according to the following factors:

Age	Factor
55	0.75
56	0.80
57	0.85
58	0.90
59	0.95

Spouse Benefit

In the event of the death of an actively employed, married, vested member occurs before termination or retirement; the surviving spouse shall receive a benefit based on the member's vested Accrued Benefit as of the date of death. The benefit shall commence on the first day of the month following the date of death and be equal to 50% of the member's Accrued Benefit as of the date of death payable for the spouse's life. Such death benefit is reduced by 1/6 of 1% for each month in excess of 60 by which the spouse's date of birth follows the deceased member's date of birth.

In the event of the death of a terminated vested member before retirement, the surviving spouse shall receive a benefit commencing at the member's Normal Retirement Date based on terminated member's vested Accrued Benefit. Such spouse's benefit will equal the amount the spouse would have received if the member's retirement benefit had commenced at his Normal Retirement Date in the form of a qualified joint and on-half survivor annuity, and the member had died immediately thereafter. The spouse may elect to receive an actuarially equivalent benefit commencing on the first day of any month after the later of the member's death or his earliest retirement age.

Disability Retirement Benefit

A member who becomes disabled while active and (i) who is eligible for Social Security disability benefits or (ii) who is found by the plan administrator to be errantly and totally disabled is entitled to a disability retirement benefit.

The Disability Retirement Benefit consists of:

1. Temporary Annuity: The amount of the disability benefit is equal to the Accrued Benefit as of the date of disability without reduction for early commencement. The benefit begins on the first of the month following the member's date of disability and ends on the earliest of his early retirement date, Normal Retirement Date, date of recovery, date of death, or date of refusal to undergo a requested medical exam.

2. Continued Benefit Accrual: If a disabled member either retires due to early or normal retirement, his retirement benefit shall be determined using Credited Service earned during the member's period of disability. If a disabled member recovers from disability and elects to continue working for the Company, the member's Accrued Benefit shall be determined using Credited Service earned during the member's period of disability.

Vested Retirement Benefit

Upon the termination of employment after 5 or more Years of Service, a member shall have a vested interest in his Accrued Benefit which will be payable at his Normal Retirement Date. The percentage vested shall be: 0% for less than 5 years of service, 100% for 5 or more years of service.

A member who meets the service requirement for early retirement at the date of termination, may elect to receive his vested interest on or after attainment of age 55. Such benefit will be reduced as described under Early Retirement, including the subsidized benefit there described for any member who terminates with at least 30 years of Credited Service.

Normal and Optional Forms

The normal form of payment is life annuity. If a married member does not elect the normal form of annuity or does not elect one of the optional methods of settlement described below, then the member's retirement benefit shall automatically be paid under option (2) below with the beneficiary being the member's spouse. The options are:

1. 100% J&S Annuity
2. 50% J&S Annuity
3. Life annuity
4. Lump sum, if the value is less than $5,000. Lump sums determined using mortality and interest mandated by GATT and subsequent regulations.
5. Social Security Level Benefit.

All optional methods are actuarially equivalent to the normal form of annuity on a unisex basis based on factors specified in the plan document.

Monthly Benefit Increases	Periodically, ad hoc benefit increases have been granted to retirees, contingent annuitants, and spouses receiving survivor benefits. The last such increase was effective January 1, 2005.
Amendment or Termination of Plan	The Employer reserves the right to amend or terminate the Plan at any time. Generally, the Pension Benefit Guaranty Corporation reserves the right to terminate the Plan if the Employer fails to meet the minimum funding standards, or is unable to pay benefits when due. If the Plan is terminated, the plan assets will be distributed among the plan members based upon a priority allocation procedure and the Employer shall be liable for any unfunded vested benefits to the extent required by law.

This report was prepared using the methodology summarized below.

Actuarial Cost Method

Projected Unit Credit, as required under Accounting Standards Codification 715.

Asset Valuation Method

The market related value of assets is equal to the fair value of assets.

The Fair Market Value of Assets used for funds invested in the General Account of an Insurance Company is the stated contract value with a market value adjustment factor. This value is an estimate only and not the precise calculation which would be done at contract discontinuance or to measure the impact of excess withdrawals in any calendar year. It does not constitute a final offer by Prudential or a final experience adjustment.

Gains and Losses

Unrecognized net gains/losses that exceed 10% of the greater of the projected benefit obligation or the market related value of assets are amortized over the average life expectancy of inactive participants expected to receive benefits under the plan.

Determination of Liabilities and Assets

The Net Periodic Benefit Cost was calculated using January 1, 2021 census data, and assets as of January 1, 2021.

The liabilities for the end of year disclosure were calculated using January 1, 2021 census data, advanced as necessary to December 31, 2021 on the basis of the underlying assumptions, and assets as of December 31, 2021.

ACTUARIAL ASSUMPTIONS

All assumptions are prescribed assumptions selected by the plan sponsor. Unless otherwise noted, the assumptions do not significantly conflict with what would be reasonable for the purpose of the measurement and they contain no significant bias. The discount rate reflects yields on high-quality corporate bonds as of the measurement date. All other assumptions reflect estimates of future experience and they consider relevant historical information, such as credible plan experience, experience from representative populations and relevant plan characteristics. Factors that may affect future experience and the views of experts were also considered.

Additional considerations supporting the reasonability of the assumptions are as follows:

The discount rate was compared to the effective discount rate determined by discounting plan cashflows using the 12/31/2021 Pru Above Mean Curve.

The mortality assumption reflects experience from representative populations, based on the Pri-2012 Private Retirement Plans Mortality Table Report issued by the Society of Actuaries (SOA) in October 2019 and the Mortality Improvement Scale MP-2021 Report issued by the SOA in November 2021.

The investment return is based on the plan's asset allocation and reflects a weighted average of expected returns by asset class.

The actuarial assumptions used to compute Plan costs are:

Mortality:

12/31/2020 Male and Female

Pri-2012 Total Dataset Table with Scale MP-2020 for current employees and inactives who were former participants

Pri-2012 Total Dataset Contingent Survivor Table with Scale MP-2020 for surviving beneficiaries of former participants

12/31/2021 Male and Female

Pri-2012 Total Dataset Table with Scale MP-2021 for current employees and inactives who were former participants

Pri-2012 Total Dataset Contingent Survivor Table with Scale MP-2021 for surviving beneficiaries of former participants

Termination:

The probabilities that Participants at the ages indicated will terminate before reaching the assumed retirement age are:

Age	Male Rates	Female Rates
25	0.0500	0.1000
40	0.0466	0.0933
55	0.0696	0.1392
65	0.0000	0.0000

ACTUARIAL ASSUMPTIONS

Retirement Age:

The probabilities that Participants at the ages indicated will retire are:

Age	Rates
55	0.0200
56	0.0210
57	0.0225
58	0.0250
59	0.0280
60	0.1500
61	0.0500
62	0.3000
63	0.2000
64	0.2000
65	0.7500
66	0.5000
67	0.6000
68	0.7000
69	0.8000
70	1.0000

Weighted average retirement age is 63

Terminated Vested Participants assumed to retire at age 63

Discount Rate:

12/31/2020: 2.50%
12/31/2021: 2.75%

Estimated Expenses: None

Salary Scale: Not Applicable

Long Term Rate of Return: 6.00%

Marriage and Age of Spouse: 80% of participants are assumed married. Female spouses are assumed to be three years younger than their male spouses.

Social Security:

Primary Insurance Amount Not Applicable

Covered Compensation Not Available

ACTUARIAL ASSUMPTIONS

Disability:

The probabilities that Participants at the ages indicated will become disabled before reaching the assumed retirement age are:

Age	Male Rates	Female Rates
25	0.0008	0.0008
40	0.0017	0.0017
55	0.0076	0.0076
65	0.0000	0.0000