



December 14, 2018

**VIA ELECTRONIC MAIL**

Ms. Shari Cornelius  
Division of Accounting and Finance  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

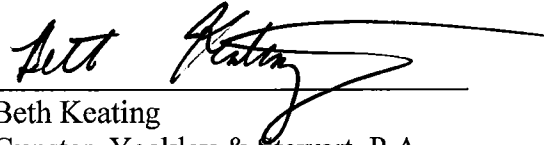
**Re: Florida Public Utilities Company (Electric and Gas Divisions) 3rd Quarter  
Surveillance Reports**

Dear Ms. Cornelius:

In accordance with Rules 25-6.1352(3) and 25-7.1352(3), F.A.C., Florida Public Utilities Company hereby submits the required 3rd Quarter Earnings Surveillance Reports for 2018 for its electric and natural gas divisions.

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  
Curt Mouring

FLORIDA PUBLIC UTILITIES COMPANY  
ELECTRIC  
RATE OF RETURN REPORT SUMMARY  
September 30, 2018

SCHEDULE 1

I. AVERAGE RATE OF RETURN (JURISDICTIONAL)	(1) ACTUAL PER BOOKS	(2) FPSC ADJUSTMENTS	(3) FPSC ADJUSTED	(4) PRO FORMA ADJUSTMENTS	(5) PRO FORMA ADJUSTED
NET OPERATING INCOME	\$ 4,424,832	(\$581,076)	\$3,843,756	\$0	\$3,843,756
AVERAGE RATE BASE	\$83,703,234	(\$6,759,971)	\$76,933,263	\$0	\$76,933,263
AVERAGE RATE OF RETURN	5.29%		5.00%		5.00%
II. YEAR-END RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	\$4,424,832	(\$585,683)	\$3,839,149	\$0	\$3,839,149
YEAR-END RATE BASE	\$85,834,009	(\$6,767,191)	\$79,066,819	\$0	\$79,066,819
YEAR-END RATE OF RETURN	5.16%		4.86%		4.86%

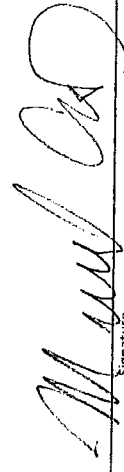
IV. FINANCIAL INTEGRITY INDICATORS

III. REQUIRED RATES OF RETURN					
AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)					
LOW	5.06%			4.17	
MIDPOINT	5.45%			4.17	
HIGH	5.84%			0.00	
D. INTERNALLY GENERATED FUNDS					(35.55)
E. LTD TO TOTAL INVESTOR FUNDS					23.76
F. STD TO TOTAL INVESTOR FUNDS					24.39
G. RETURN ON COMMON EQUITY					9.09

I am aware that Section 837.06, Florida Statutes, provides:

Whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his official duty shall be guilty of a misdemeanor of the second degree punishable as provided in s. 775.082, s. 775.083, or s. 775.084.

Mike Casse  
Director- Regulatory Affairs



Signature

Date

12-14-18

	(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	\$131,538,869	(\$63,813,198)	\$67,725,671	\$0	\$2,100,858	\$69,826,529	\$13,876,704	\$83,703,234
FPSC ADJUSTMENTS:								
1) ELIM. NON UTILITY PLANT	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2) REGULATORY LIAB - PENSION AMORT	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3) REGULATORY ASSET - LITIGATION COSTS	\$0	\$0	\$0	\$0	\$0	\$0	\$4,854	\$4,854
4) ELIMINATE NET UNDERRECOVERY	\$0	\$0	\$0	\$0	\$0	\$0	(\$6,619,862)	(\$6,619,862)
5) DEFERRED RATE CASE EXPENSE	\$0	\$0	\$0	\$0	\$0	\$0	(\$154,963)	(\$154,963)
TOTAL FPSC ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	(\$6,769,971)	(\$6,769,971)
FPSC ADJUSTED	\$131,538,869	(\$63,813,198)	\$67,725,671	\$0	\$2,100,858	\$69,826,529	\$7,106,734	\$76,933,263
FLEX RATE REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR FLEX RATE REVENUES	\$131,538,869	(\$63,813,198)	\$67,725,671	\$0	\$2,100,858	\$69,826,529	\$7,106,734	\$76,933,263
PROFORMA ADJUSTMENTS								
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRO FORMA ADJUSTED	\$131,538,869	(\$63,813,198)	\$67,725,671	\$0	\$2,100,858	\$69,826,529	\$7,106,734	\$76,933,263

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	OPERATING REVENUES	O & M FUEL EXPENSE	O & M OTHER	DEPREC. & AMORTIZATION	TAXES OTHER THAN INCOME	INCOME TAXES CURRENT	D.I.T. (NET)	I.T.C. (NET)	GAIN/LOSS ON DISPOSITION	TOTAL OPERATING EXPENSES	NET OPERATING INCOME
PER BOOKS	\$ 87,264,852	\$ 58,673,681	\$ 11,792,326	\$ 4,311,730	\$ 7,090,415	\$ 971,868				\$ 82,840,020	\$ 4,424,832
FPSC ADJUSTMENTS:											
1) INCOME TAX SYNCH ADJUSTMENT											
2) ELIMINATE FUEL REVENUES AND EXPENSES	\$ (58,168,366)	\$ (58,016,809)			\$ (43,913)	\$ 142,154				\$ 142,154	\$ (142,154)
3) ELIMINATE CONSERVATION	\$ (659,018)	\$ (656,872)			\$ (474)	\$ (424)				\$ (657,770)	\$ (80,362)
4) NON-UTILITY DEPRECIATION EXPENSE											\$ (1,248)
5) ELIMINATE REVENUE RELATED TAXES (FRANCHISE & GROSS RECEIPTS)	\$ (5,737,638)				\$ (5,737,638)					\$ (5,737,638)	\$ -
6) PROVISION FOR RATE REFUND-ANNUAL	\$ (478,619)					\$ (121,306)				\$ (121,306)	\$ (957,313)
7) PROV. FOR RATE REFUND PROTECTED AMT.	\$ (216,174)			\$ (216,174)						\$ (216,174)	\$ -
8) PROV. FOR RATE REFUND UNPROTECTED AMT.	\$ (80,710)			\$ (80,710)						\$ (80,710)	\$ -
											\$ -
											\$ -
											\$ -
											\$ -
											\$ -
											\$ -
											\$ -
TOTAL FPSC ADJUSTMENTS	\$ (65,340,524)	\$ (58,673,681)		\$ (296,884)	\$ (5,782,025)	\$ (6,858)				\$ (64,759,448)	\$ (581,076)
FPSC ADJUSTED	\$ 21,924,328	\$ -	\$ 11,792,326	\$ 4,014,846	\$ 1,308,390	\$ 965,010				\$ 18,080,572	\$ 3,843,756
PRO FORMA ADJUSTMENTS											
TOTAL PRO FORMA ADJUSTMENTS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -				\$ -	\$ -
PRO FORMA ADJUSTED	\$ 21,924,328	\$ 0	\$ 11,792,326	\$ 4,014,846	\$ 1,308,390	\$ 965,010	\$ 0	\$ 0	\$ 0	\$ 18,080,572	\$ 3,843,756

	(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	\$134,352,104	(\$65,659,519)	\$68,692,585	\$0	\$1,612,580	\$70,305,165	\$15,528,844	\$85,834,009
FPSC ADJUSTMENTS:								
1) ELIM. NON UTILITY PLANT	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2) OUT OF PERIOD LITIGATION ADJ							\$0	\$0
3) ELIMINATION OF UNDER-RECOVERY							(\$6,661,165)	(\$6,661,165)
4) DEFERRED RATE CASE EXPENSE							(\$106,026)	(\$106,026)
TOTAL FPSC ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	(\$6,767,191)	(\$6,767,191)
FPSC ADJUSTED	\$134,352,104	(\$65,659,519)	\$68,692,585	\$0	\$1,612,580	\$70,305,165	\$8,761,654	\$79,066,819
COMP RATE ADJ REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR COMP RATE ADJ REVENUE	\$134,352,104	(\$65,659,519)	\$68,692,585	\$0	\$1,612,580	\$70,305,165	\$8,761,654	\$79,066,819
PROFORMA ADJUSTMENTS								
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRO FORMA ADJUSTED	\$134,352,104	(\$65,659,519)	\$68,692,585	\$0	\$1,612,580	\$70,305,165	\$8,761,654	\$79,066,819



AVERAGE	ADJUSTMENTS			ADJUSTED BOOKS	PRO-RATA	SPECIFIC	BALANCE	RATIO (%)	LOW POINT		MIDPOINT		HIGH POINT	
	PER BOOKS	NON-UTILITY	UTILITY						COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
COMMON EQUITY	\$33,362,086.00			\$33,362,086	(\$3,510,140)		\$29,851,946	38.80%	9.25%	3.59%	10.25%	3.98%	11.25%	4.37%
LONG TERM DEBT - CU	\$13,608,914			\$13,608,914	(1,431,841)		\$12,177,074	15.83%	4.12%	0.65%	4.12%	0.65%	4.12%	0.65%
SHORT TERM DEBT	\$15,693,714			\$15,693,714	(1,651,190)		\$14,042,524	18.25%	2.69%	0.49%	2.69%	0.49%	2.69%	0.49%
LONG TERM DEBT - FC	\$1,680,403			\$1,680,403	(176,801)		\$1,503,602	1.95%	11.88%	0.23%	11.88%	0.23%	11.88%	0.23%
SHORT TERM DEBT - REFINANCED LTD	\$0.00			\$0	\$0		\$0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$3,269,134.00			\$3,269,134			\$3,269,134	4.25%	2.43%	0.10%	2.43%	0.10%	2.43%	0.10%
DEFERRED INCOME TAXES	\$16,088,982.00			\$16,088,982			\$16,088,982	20.91%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$0			\$0			\$0	0.00%	4.96%	0.00%	5.35%	0.00%	5.74%	0.00%
TOTAL AVERAGE	\$83,703,234	\$0		\$83,703,234	(\$6,769,971)	\$0	\$76,933,263	100.00%	5.06%	5.45%	5.06%	5.45%	5.45%	5.84%

YEAR-END	ADJUSTMENTS			ADJUSTED BOOKS	PRO-RATA	SPECIFIC	BALANCE	RATIO (%)	LOW POINT		MIDPOINT		HIGH POINT	
	PER BOOKS	NON-UTILITY	UTILITY						COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
COMMON EQUITY	\$33,097,078			\$33,097,078	(3,369,989)		\$29,727,089	37.60%	9.25%	3.48%	10.25%	3.85%	11.25%	4.23%
LONG TERM DEBT - CU	\$14,354,965			\$14,354,965	(1,461,642)		\$12,893,323	16.31%	3.78%	0.62%	3.78%	0.62%	3.78%	0.62%
SHORT TERM DEBT	\$17,299,765			\$17,299,765	(1,761,486)		\$15,538,279	19.65%	2.36%	0.46%	2.36%	0.46%	2.36%	0.46%
LONG TERM DEBT - FC	\$1,709,597			\$1,709,597	(174,074)		\$1,535,524	1.94%	11.80%	0.23%	11.80%	0.23%	11.80%	0.23%
SHORT TERM DEBT - REFINANCED LTD	\$0			\$0	\$0		\$0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$3,357,117			\$3,357,117			\$3,357,117	4.25%	2.37%	0.10%	2.37%	0.10%	2.37%	0.10%
DEFERRED INCOME TAXES	\$16,015,487			\$16,015,487			\$16,015,487	20.26%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$0			\$0			\$0	0.00%	4.79%	0.00%	5.16%	0.00%	5.54%	0.00%
TOTAL YEAR-END	\$85,834,009	\$0		\$85,834,009	(\$6,767,190)	\$0	\$79,066,819	100.00%	4.88%	4.88%	4.88%	5.26%	5.26%	5.64%