



September 16, 2019

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) 2nd 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 2nd Quarter Earnings Surveillance Reports for 2019 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

SCHEDULE 1

FLORIDA PUBLIC UTILITIES COMPANY
ELECTRIC
RATE OF RETURN REPORT SUMMARY
June 30, 2019

	(1) ACTUAL PER BOOKS	(2) FPSC ADJUSTMENTS	(3) FPSC ADJUSTED	(4) PRO FORMA ADJUSTMENTS	(5) PRO FORMA ADJUSTED
I. AVERAGE RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	\$ 2,502,155	\$290,516	\$2,792,671	\$0	\$2,792,671
AVERAGE RATE BASE	\$115,575,806	(\$6,966,097)	\$106,609,709	\$0	\$106,609,709
AVERAGE RATE OF RETURN	2.20%		2.62%		2.62%
II. YEAR-END RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	\$2,502,155	\$436,660	\$2,938,815	\$0	\$2,938,815
YEAR-END RATE BASE	\$147,786,285	(\$6,613,589)	\$141,172,697	\$0	\$141,172,697
YEAR-END RATE OF RETURN	1.69%		2.08%		2.08%

IV. FINANCIAL INTEGRITY INDICATORS

III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)		
LOW	5.45%	
MIDPOINT	5.85%	
HIGH	6.25%	
A. TIE WITH AFUDC	2.11	
B. TIE WITHOUT AFUDC	2.11	
C. AFUDC TO NET INCOME	0.00	
D. INTERNALLY GENERATED FUNDS	8.56	
E. LTD TO TOTAL INVESTOR FUNDS	26.35	
F. STD TO TOTAL INVESTOR FUNDS	25.08	
G. RETURN ON COMMON EQUITY	2.17	

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

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

Mike Cassel
Director - Regulatory Affairs

Mike Cassel per MCA

Signature

9/13/19

Date

FLORIDA PUBLIC UTILITIES COMPANY
ELECTRIC

AVERAGE RATE OF RETURN
For the 12 Months Ending June 30, 2019
INCOME STATEMENT

	(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	\$ 81,887,453	\$ 55,264,622	\$ 12,589,136	\$ 4,120,950	\$ 6,787,455	\$ 643,134				\$ 79,385,288	\$ 2,502,155
FPSC ADJUSTMENTS:											
1) INCOME TAX SYNCH ADJUSTMENT						\$ (318,814)				\$ (318,814)	\$ 318,814
2) ELIMINATE FUEL REVENUES AND EXPENSES	\$ (54,886,023)	\$ (54,648,945)			\$ (42,268)	\$ (49,374)				\$ (54,740,588)	\$ (145,435)
3) ELIMINATE CONSERVATION	\$ (624,559)	\$ (615,677)			\$ (449)	\$ (2,137)				\$ (618,264)	\$ (6,295)
4) NON-UTILITY DEPRECIATION EXPENSE				\$							
5) ELIMINATE REVENUE RELATED TAXES (FRANCHISE & GROSS RECEIPTS)	\$ (5,460,865)				\$ (5,460,865)					\$ (5,460,865)	\$ -
6) ELIMINATE 5% OF ECONOMIC DEVELOPMENT			\$ (1,640)			\$ 416				\$ (1,224)	\$ 1,224
7) OUT OF PERIOD ADJ	\$ 422,450		\$ 125,000	\$ 138,465		\$ 40,295				\$ 303,759	\$ 118,690
8) REMOVE STORM 2017 ADJUSTMENT	\$ (236,072)		\$ (187,500)	\$ (53,283)		\$ 1,194				\$ (239,589)	\$ 3,517
TOTAL FPSC ADJUSTMENTS	\$ (60,785,070)	\$ (55,264,622)	\$ (64,140)	\$ 85,182	\$ (5,503,583)	\$ (328,422)	\$ -	\$ -	\$ -	\$ (61,075,586)	\$ 290,516
FPSC ADJUSTED	\$ 21,102,384	\$ -	\$ 12,524,996	\$ 4,206,132	\$ 1,263,872	\$ 314,712	\$ -	\$ -	\$ -	\$ 18,308,712	\$ 2,792,671
PRO FORMA ADJUSTMENTS											
TOTAL PRO FORMA ADJUSTMENTS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
PRO FORMA ADJUSTED	\$ 21,102,384	\$ 0	\$ 12,524,996	\$ 4,206,132	\$ 1,263,872	\$ 314,712	\$ 0	\$ 0	\$ 0	\$ 18,308,712	\$ 2,792,671

	(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	\$152,356,972	(\$60,399,242)	\$91,957,731	\$0	\$4,282,930	\$96,240,661	\$51,545,624	\$147,786,285
FPSC ADJUSTMENTS:								
1) ELIM. NON UTILITY PLANT			\$0			\$0		\$0
2) OUT OF PERIOD LITIGATION ADJ						\$0		\$0
3) ELIMINATION OF UNDER-RECOVERY						\$0	(\$6,580,969)	(\$6,580,969)
4) DEFERRED RATE CASE EXPENSE						\$0	(\$32,620)	(\$32,620)
TOTAL FPSC ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	(\$56,613,589)	(\$56,613,589)
FPSC ADJUSTED	\$152,356,972	(\$60,399,242)	\$91,957,731	\$0	\$4,282,930	\$96,240,661	\$44,932,036	\$141,172,697
COMP RATE ADJ REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR COMP RATE ADJ REVENUE	\$152,356,972	(\$60,399,242)	\$91,957,731	\$0	\$4,282,930	\$96,240,661	\$44,932,036	\$141,172,697
PROFORMA ADJUSTMENTS								
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRO FORMA ADJUSTED	\$152,356,972	(\$60,399,242)	\$91,957,731	\$0	\$4,282,930	\$96,240,661	\$44,932,036	\$141,172,697

FLORIDA PUBLIC UTILITIES COMPANY
ELECTRIC
YEAR END RATE OF RETURN
For the 12 Months Ending June 30, 2019
INCOME STATEMENT

	(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	\$ 81,887,453	\$ 55,264,622	\$ 12,589,136	\$ 4,120,950	\$ 6,767,455	\$ 643,134				\$ 79,385,288	\$ 2,502,155
FPSC ADJUSTMENTS:											
1) INCOME TAX SYNC ADJUSTMENT						\$ (464,958)				\$ (464,958)	\$ 464,958
2) ELIMINATE FUEL REVENUES AND EXPENSES	\$ (54,886,023)	\$ (54,648,945)			\$ (42,269)	\$ (49,374)				\$ (54,740,588)	\$ (145,435)
3) ELIMINATE CONSERVATION	\$ (624,559)	\$ (615,677)			\$ (449)	\$ (2,137)				\$ (618,264)	\$ (6,295)
4) NON-UTILITY DEPRECIATION EXPENSE											
5) ELIMINATE REVENUE RELATED TAXES (FRANCHISE & GROSS RECEIPTS)	\$ (5,460,865)				\$ (5,460,865)					\$ (5,460,865)	
6) ELIMINATE 5% OF ECONOMIC DEVELOPMENT	\$ 422,450		\$ (1,640)			\$ 416				\$ (1,224)	\$ 1,224
7) OUT OF PERIOD ADJ	\$ (236,072)		\$ 125,000	\$ 138,465		\$ 40,295				\$ 303,759	\$ 118,690
8) REMOVE STORM 2017 ADJUSTMENT			\$ (187,500)	\$ (53,283)		\$ 1,194				\$ (239,589)	\$ 3,517
TOTAL FPSC ADJUSTMENTS	\$ (60,785,070)	\$ (55,264,622)	\$ (64,140)	\$ 85,182	\$ (5,503,583)	\$ (474,565)				\$ (61,221,729)	\$ 436,660
FPSC ADJUSTED	\$ 21,102,384	\$ -	\$ 12,524,996	\$ 4,206,132	\$ 1,263,872	\$ 168,569				\$ 18,163,568	\$ 2,938,815
PRO FORMA ADJUSTMENTS											
TOTAL PRO FORMA ADJUSTMENTS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -				\$ -	\$ -
PRO FORMA ADJUSTED	\$ 21,102,384	\$ 0	\$ 12,524,996	\$ 4,206,132	\$ 1,263,872	\$ 168,569	\$ 0	\$ 0	\$ 0	\$ 18,163,568	\$ 2,938,815

AVERAGE	ADJUSTMENTS			ADJUSTED BOOKS	PRO-RATA	SPECIFIC	BALANCE	RATIO (%)	LOW POINT			MIDPOINT			HIGH POINT		
	PER BOOKS	NON-UTILITY	NON-UTILITY						COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	
COMMON EQUITY	\$46,073,419			\$46,073,419	(\$3,383,389)		\$42,690,030	40.04%	9.25%	3.70%	10.25%	4.10%	11.25%	4.50%			
LONG TERM DEBT - CU	\$22,760,913			\$22,760,913	(1,671,442)		\$21,089,471	19.78%	3.91%	0.77%	3.91%	0.77%	3.91%	0.77%			
SHORT TERM DEBT	\$23,791,266			\$23,791,266	(1,747,106)		\$22,044,160	20.68%	3.35%	0.69%	3.35%	0.69%	3.35%	0.69%			
LONG TERM DEBT - FC	\$2,235,441			\$2,235,441	(164,159)		\$2,071,281	1.94%	11.42%	0.22%	11.42%	0.22%	11.42%	0.22%			
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	\$3,267,525			\$3,267,525			\$3,267,525	3.07%	2.41%	0.07%	2.41%	0.07%	2.41%	0.07%			
DEFERRED INCOME TAXES	\$15,447,243			\$15,447,243			\$15,447,243	14.49%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
TAX CREDITS - WEIGHTED COST	\$0			\$0			\$0	0.00%	-5.38%	0.00%	5.78%	0.00%	6.18%	0.00%			
TOTAL AVERAGE	\$113,575,805	\$0	\$113,575,806	\$6,966,096	\$0	\$106,609,709	100.00%	5.45%	5.85%	6.25%							

YEAR-END	ADJUSTMENTS			ADJUSTED BOOKS	PRO-RATA	SPECIFIC	BALANCE	RATIO (%)	LOW POINT			MIDPOINT			HIGH POINT		
	PER BOOKS	NON-UTILITY	NON-UTILITY						COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	
COMMON EQUITY	\$61,328,512			\$61,328,512	(3,128,531)		\$58,199,981	41.23%	9.25%	3.81%	10.25%	4.23%	11.25%	4.64%			
LONG TERM DEBT - CU	\$31,993,321			\$31,993,321	(1,632,065)		\$30,361,256	21.51%	3.60%	0.77%	3.60%	0.77%	3.60%	0.77%			
SHORT TERM DEBT	\$33,580,634			\$33,580,634	(1,713,038)		\$31,867,596	22.57%	3.04%	0.69%	3.04%	0.69%	3.04%	0.69%			
LONG TERM DEBT - FC	\$2,743,525			\$2,743,525	(139,955)		\$2,603,570	1.84%	11.35%	0.21%	11.35%	0.21%	11.35%	0.21%			
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	\$3,240,330			\$3,240,330			\$3,240,330	2.30%	2.43%	0.06%	2.43%	0.06%	2.43%	0.06%			
DEFERRED INCOME TAXES	\$14,899,964			\$14,899,964			\$14,899,964	10.55%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
TAX CREDITS - WEIGHTED COST	\$0			\$0			\$0	0.00%	5.48%	0.00%	5.90%	0.00%	6.31%	0.00%			
TOTAL YEAR-END	\$147,786,285	\$0	\$147,786,285	\$6,613,588	\$0	\$141,172,697	100.00%	5.54%	5.96%	6.37%							