



May 15, 2020

**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 (Gas Divisions and Electric Division) 1st Quarter  
2020 Surveillance Reports and Revised Natural Gas 4<sup>th</sup> Q 2019 Report**

Dear Ms. Cornelius:

In accordance with Rule 25-7.1352(3), F.A.C., Florida Public Utilities Company hereby submits its 1st Quarter Earnings Surveillance Reports for 2020 for FPUC (Electric and Gas Divisions), as well as a revised 4<sup>th</sup> Quarter 2019 report for FPUC's Natural Gas Division.

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



	(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	\$155,755,611	(\$61,399,637)	\$94,355,974	\$0	\$4,547,521	\$98,903,495	\$48,966,006	\$147,869,501
FPSC ADJUSTMENTS:								
1) ELIM. NON UTILITY PLANT						\$0		\$0
2) REGULATORY LAB - PENSION AMORT	\$0		\$0			\$0		\$0
3) REGULATORY ASSET - LITIGATION COSTS			\$0			\$0		\$0
4) REMOVE STORM COST-INTEREST EARNING			\$0			\$0		\$0
5) AMORTIZE STORM COSTS IN 2020			\$0			\$0		\$0
6) ELIMINATE NET UNDERRECOVERY			\$0			\$0		\$0
7) DEFERRED RATE CASE EXPENSE						\$0		\$0
TOTAL FPSC ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	(\$34,513,619)	(\$34,513,619)
FPSC ADJUSTED	\$155,755,611	(\$61,399,637)	\$94,355,974	\$0	\$4,547,521	\$98,903,495	\$14,452,386	\$113,355,881
FLEX RATE REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR FLEX RATE REVENUES	\$155,755,611	(\$61,399,637)	\$94,355,974	\$0	\$4,547,521	\$98,903,495	\$14,452,386	\$113,355,881
PROFORMA ADJUSTMENTS								
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRO FORMA ADJUSTED	\$155,755,611	(\$61,399,637)	\$94,355,974	\$0	\$4,547,521	\$98,903,495	\$14,452,386	\$113,355,881

FLORIDA PUBLIC UTILITIES COMPANY  
ELECTRIC  
AVERAGE RATE OF RETURN  
For the 12 Months Ending March 31, 2020  
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)	L.T.C. (NET)	GAIN/LOSS ON DISPOSITION	TOTAL OPERATING EXPENSES	NET OPERATING INCOME
PER BOOKS	\$ 82,950,771	\$ 54,441,808	\$ 13,412,962	\$ 4,966,269	\$ 7,012,913	\$ 488,295	\$ -	\$ -	\$ -	\$ 80,302,247	\$ 2,648,524
FPSC ADJUSTMENTS:											
1) INCOME TAX SYNCH ADJUSTMENT						\$ (173,760)				\$ (173,760)	\$ 173,760
2) ELIMINATE FUEL REVENUES AND EXPENSES	\$ (53,925,665)	\$ (53,767,419)			\$ (41,282)	\$ (28,882)				\$ (53,897,389)	\$ (88,282)
3) ELIMINATE CONSERVATION	\$ (656,698)	\$ (674,389)			\$ (472)	\$ 4,454				\$ (670,407)	\$ 13,709
4) NON-UTILITY DEPRECIATION EXPENSE				\$ -							
5) ELIMINATE REVENUE RELATED TAXES (FRANCHISE & GROSS RECEIPTS)	\$ (5,711,485)		\$ (1,235)		\$ (5,711,485)	\$ -				\$ (5,711,485)	\$ -
6) ELIMINATE 5% OF ECONOMIC DEVELOPMENT						\$ 303				\$ (932)	\$ 932
7) OUT OF PERIOD ADJ	\$ -					\$ -				\$ -	\$ -
8) REMOVE STORM 2017 ADJUSTMENT	\$ (978,216)		\$ (750,000)		\$ (213,132)	\$ (3,699)				\$ (966,831)	\$ (11,385)
9) AMORTIZE STORM COSTS 2020				\$ 97,932		\$ (24,015)				\$ 73,917	\$ (73,917)
TOTAL FPSC ADJUSTMENTS	\$ (61,272,064)	\$ (54,441,808)	\$ (751,235)	\$ (115,200)	\$ (5,753,240)	\$ (225,399)	\$ -	\$ -	\$ -	\$ (61,286,882)	\$ 14,818
FPSC ADJUSTED	\$ 21,678,707	\$ -	\$ 12,661,727	\$ 4,851,069	\$ 1,259,673	\$ 242,896	\$ -	\$ -	\$ -	\$ 19,015,366	\$ 2,663,341
PRO FORMA ADJUSTMENTS											
TOTAL PRO FORMA ADJUSTMENTS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
PRO FORMA ADJUSTED	\$ 21,678,707	\$ 0	\$ 12,661,727	\$ 4,851,069	\$ 1,259,673	\$ 242,896	\$ 0	\$ 0	\$ 0	\$ 19,015,366	\$ 2,663,341

NOTE: STORM COSTS WERE AMORTIZED IN ADJUSTMENT 9 FOR THE THREE MONTHS IN 2020 BASED ON THE METHODOLOGY PRESENTED IN THE PETITION AND USING THE INTERIM CALCULATIONS.

FLORIDA PUBLIC UTILITIES COMPANY  
ELECTRIC  
YEAR END RATE OF RETURN  
For the 12 Months Ending March 31, 2020  
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	\$160,051,844	(\$63,572,252)	\$96,479,592	\$0	\$2,073,998	\$98,553,591	\$54,026,245	\$152,579,835
FISC ADJUSTMENTS:								
1) ELIM. NON UTILITY PLANT								
2) OUT OF PERIOD LITIGATION ADJ	\$0	\$0	\$0			\$0		\$0
3) ELIMINATION OF UNDER-RECOVERY							(\$97,932)	(\$97,932)
4) DEFERRED RATE CASE EXPENSE							(\$4,053,849)	(\$4,053,849)
5) AMORTIZE STORM COSTS							\$0	\$0
6) REMOVE STORM COST-INTEREST EARNING							\$0	\$0
TOTAL FISC ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	(\$4,151,781)	(\$4,151,781)
FISC ADJUSTED	\$160,051,844	(\$63,572,252)	\$96,479,592	\$0	\$2,073,998	\$98,553,591	\$49,874,464	\$148,428,054
COMP RATE ADJ REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR COMP RATE ADJ REVENUE	\$160,051,844	(\$63,572,252)	\$96,479,592	\$0	\$2,073,998	\$98,553,591	\$49,874,464	\$148,428,054
PROFORMA ADJUSTMENTS								
TOTAL PROFORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PROFORMA ADJUSTED	\$160,051,844	(\$63,572,252)	\$96,479,592	\$0	\$2,073,998	\$98,553,591	\$49,874,464	\$148,428,054

NOTE: RATE BASE INCLUDES STORM COST IN WORKING CAPITAL IN 2020 SINCE THE FILING ASSUMES A RETURN BASED ON WACC STARTING IN 2020.

FLORIDA PUBLIC UTILITIES COMPANY  
ELECTRIC  
YEAR END RATE OF RETURN  
For the 12 Months Ending March 31, 2020  
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	\$ 82,950,771	\$ 54,441,808	\$ 13,412,962	\$ 4,966,289	\$ 7,012,913	\$ 488,295	\$ -	\$ -	\$ -	\$ 80,302,247	\$ 2,648,534
FPSC ADJUSTMENTS:											
1) INCOME TAX SYNC ADJUSTMENT						\$ (293,629)				\$ (293,629)	\$ 293,629
2) ELIMINATE FUEL REVENUES AND EXPENSES	\$ (53,925,665)	\$ (53,767,419)			\$ (41,282)	\$ (28,682)				\$ (53,837,383)	\$ (88,282)
3) ELIMINATE CONSERVATION	\$ (656,698)	\$ (674,389)			\$ (472)	\$ 4,454				\$ (670,407)	\$ 13,709
4) NON-UTILITY DEPRECIATION EXPENSE				\$ -		\$ -				\$ -	\$ -
5) ELIMINATE REVENUE RELATED TAXES (FRANCHISE & GROSS RECEIPTS)	\$ (5,711,485)				\$ (5,711,485)	\$ -				\$ (5,711,485)	\$ -
6) ELIMINATE 5% OF ECONOMIC DEVELOPMENT			\$ (1,235)			\$ 303				\$ (932)	\$ 932
7) OUT OF PERIOD ADJ	\$ -		\$ -			\$ -				\$ -	\$ -
8) REMOVE STORM 2017 ADJUSTMENT	\$ (978,216)		\$ (750,000)		\$ (213,132)	\$ (3,699)				\$ (966,831)	\$ (11,385)
9) AMORTIZE STORM COSTS 2020				\$ 97,992		\$ (24,015)				\$ 73,917	\$ (79,917)
TOTAL FPSC ADJUSTMENTS	\$ (61,272,064)	\$ (54,441,808)	\$ (751,235)	\$ (115,200)	\$ (5,755,240)	\$ (345,267)	\$ -	\$ -	\$ -	\$ (61,406,750)	\$ 134,686
FPSC ADJUSTED	\$ 21,678,707	\$ -	\$ 12,661,727	\$ 4,851,069	\$ 1,259,673	\$ 123,028	\$ -	\$ -	\$ -	\$ 18,895,497	\$ 2,783,210
PRO FORMA ADJUSTMENTS											
TOTAL PRO FORMA ADJUSTMENTS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
PRO FORMA ADJUSTED	\$ 21,678,707	\$ 0	\$ 12,661,727	\$ 4,851,069	\$ 1,259,673	\$ 123,028	\$ 0	\$ 0	\$ 0	\$ 18,895,497	\$ 2,783,210

NOTE: STORM COSTS WERE AMORTIZED IN ADJUSTMENT 9 FOR THE THREE MONTHS IN 2020 BASED ON THE METHODOLOGY PRESENTED IN THE PETITION AND USING THE INTERIM CALCULATIONS.

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	\$59,213,624		\$59,213,624	(\$16,024,306)		\$43,189,318	9.25%	3.52%	10.25%	3.91%	11.25%	4.29%		
LONG TERM DEBT - CU	\$39,207,719		\$39,207,719	(10,610,336)		\$28,597,383	3.83%	0.97%	3.83%	0.97%	3.83%	0.97%		
SHORT TERM DEBT	\$27,392,093		\$27,392,093	(7,412,809)		\$19,979,284	2.96%	0.52%	2.96%	0.52%	2.96%	0.52%		
LONG TERM DEBT - FC	\$1,722,605		\$1,722,605	(466,169)		\$1,256,436	11.32%	0.13%	11.32%	0.13%	11.32%	0.13%		
SHORT TERM DEBT - REFINANCED LTD	\$0		\$0	\$0		\$0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		
CUSTOMER DEPOSITS	\$3,293,084		\$3,293,084			\$3,293,084	2.40%	0.07%	2.40%	0.07%	2.40%	0.07%		
DEFERRED INCOME TAXES	\$17,040,376		\$17,040,376			\$17,040,376	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		
TAX CREDITS - WEIGHTED COST	\$0		\$0			\$0	5.14%	0.00%	5.53%	0.00%	5.91%	0.00%		
TOTAL AVERAGE	\$147,869,501	\$0	\$147,869,501	(\$34,513,619)	\$0	\$113,355,881		5.21%		5.60%		5.96%		

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	\$57,549,868		\$57,549,868	(1,885,890)		\$55,663,978	9.25%	3.47%	10.25%	3.84%	11.25%	4.22%		
LONG TERM DEBT - CU	\$41,656,937		\$41,656,937	(1,365,084)		\$40,291,854	3.25%	0.88%	3.25%	0.88%	3.25%	0.88%		
SHORT TERM DEBT	\$24,795,166		\$24,795,166	(812,529)		\$23,982,637	3.02%	0.49%	3.02%	0.49%	3.02%	0.49%		
LONG TERM DEBT - FC	\$2,693,900		\$2,693,900	(88,278)		\$2,605,622	11.26%	0.20%	11.26%	0.20%	11.26%	0.20%		
SHORT TERM DEBT - REFINANCED LTD	\$0		\$0			\$0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		
CUSTOMER DEPOSITS	\$3,414,551		\$3,414,551			\$3,414,551	2.31%	0.05%	2.31%	0.05%	2.31%	0.05%		
DEFERRED INCOME TAXES	\$22,469,413		\$22,469,413			\$22,469,413	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		
TAX CREDITS - WEIGHTED COST	\$0		\$0			\$0	5.04%	0.00%	5.41%	0.00%	5.79%	0.00%		
TOTAL YEAR-END	\$152,579,835	\$0	\$152,579,835	(\$4,151,281)	\$0	\$148,428,554		5.09%		5.46%		5.84%		