



April 1, 2019

VIA ELECTRONIC MAIL

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

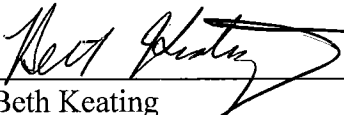
**Re: Florida Public Utilities Company (Gas Divisions) [Corrected] 4th Quarter 2018
Surveillance Reports**

Dear Ms. Cornelius:

In accordance with Rule 25-7.1352(3), F.A.C., Florida Public Utilities Company hereby submits its corrected 4th Quarter Earnings Surveillance Report for 2018 for the FPU natural gas divisions. This version is corrected to amend a misclassification of deferred taxes on the original capital structure tab relating to tax savings.

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
 NATURAL GAS
 RATE OF RETURN REPORT SUMMARY
 For the 12 Months Ending December 31, 2018

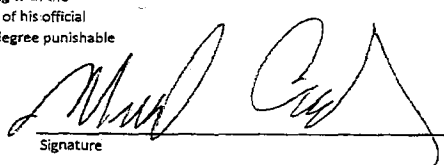
REVISED SCHEDULE 1
 3/28/2019

| | (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 | \$ 13,498,277 | \$ (725,788) | \$ 12,772,489 | \$ 1,139,748 | \$ 13,912,237 |
| AVERAGE RATE BASE | \$ 233,419,347 | \$ 557,367 | \$ 233,976,714 | \$ (24,314,672) | \$ 209,662,042 |
| AVERAGE RATE OF RETURN | 5.78% | | 5.46% | | 6.64% |
| II. YEAR-END RATE OF RETURN (JURISDICTIONAL) | | | | | |
| NET OPERATING INCOME | \$ 13,498,277 | \$ (774,804) | \$ 12,723,473 | \$ 1,139,748 | \$ 13,863,221 |
| YEAR-END RATE BASE | \$ 244,043,635 | \$ 437,727 | \$ 244,481,362 | \$ (23,744,796) | \$ 220,736,566 |
| YEAR-END RATE OF RETURN | 5.53% | | 5.20% | | 6.28% |
| III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS) | | | IV. EARNED RETURN ON EQUITY (FPSC ADJUSTED BASIS) | | |
| LOW | 5.58% | | A. | INCL ACQUISITION ADJUSTMENT | 9.54% |
| MIDPOINT | 5.98% | | B. | EXCL ACQUISITION ADJUSTMENT | 12.99% |
| HIGH | 6.38% | | | | |

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

3/29/19
 Date

FLORIDA PUBLIC UTILITIES COMPANY
 NATURAL GAS
 AVERAGE RATE OF RETURN
 For the 12 Months Ending December 31, 2018
 RATE BASE

REVISED SCHEDULE 2
 PAGE 1 OF 2
 3/28/2019

| | (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 | \$ 322,550,608 | \$ (82,551,330) | \$ 239,999,278 | \$ - | \$ 2,343,771 | \$ 242,343,049 | \$ (8,923,702) | \$ 233,419,347 |
| FPSC ADJUSTMENTS: | | | | | | | | |
| 1) ELIMINATIONS TO NON-UTILITY MATERIALS | \$ - | \$ - | \$ - | | | \$ - | \$ 374,224 | \$ 374,224 |
| 2) ELIMINATE GOODWILL | \$ (2,469,682) | \$ - | \$ (2,469,682) | | | \$ (2,469,682) | | \$ (2,469,682) |
| | \$ - | \$ - | \$ - | | | \$ - | | \$ - |
| 3) ELIM. NON-UTILITY PLANT | \$ (4,202,126) | \$ 1,243,882 | \$ (2,958,244) | | | \$ (2,958,244) | | \$ (2,958,244) |
| 4) ELIMINATE UNDER-RECOVERIES | \$ - | \$ - | \$ - | | | \$ - | | \$ - |
| | \$ - | \$ - | \$ - | | | \$ - | \$ - | \$ - |
| 5) ELIMINATE DEFERRED ENVIRONMENTAL COSTS | | | | | | \$ - | \$ 5,611,069 | \$ 5,611,069 |
| TOTAL FPSC ADJUSTMENTS | \$ (6,671,808) | \$ 1,243,882 | \$ (5,427,926) | \$ - | \$ - | \$ (5,427,926) | \$ 5,985,293 | \$ 557,367 |
| FPSC ADJUSTED | \$ 315,878,799 | \$ (81,307,447) | \$ 234,571,352 | \$ - | \$ 2,343,771 | \$ 236,915,123 | \$ (2,938,409) | \$ 233,976,714 |
| FLEX RATE REVENUES | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| ADJUSTED FOR FLEX RATE REVENUES | \$ 315,878,799 | \$ (81,307,447) | \$ 234,571,352 | \$ - | \$ 2,343,771 | \$ 236,915,123 | \$ (2,938,409) | \$ 233,976,714 |
| PROFORMA ADJUSTMENTS | | | | | | | | |
| | | | \$ - | | | \$ - | | \$ - |
| | | | \$ - | | | \$ - | | \$ - |
| ELIM. ACQUISITION ADJUSTMENT | \$ (35,947,670) | \$ 11,632,998 | \$ (24,314,672) | | | \$ (24,314,672) | | \$ (24,314,672) |
| ELIM. REG ASSET-TRNSCTN & TRNSITN CSTS | | | | | | | | \$ - |
| TOTAL PRO FORMA ADJUSTMENTS | \$ (35,947,670) | \$ 11,632,998 | \$ (24,314,672) | \$ - | \$ - | \$ (24,314,672) | \$ - | \$ (24,314,672) |
| PRO FORMA ADJUSTED | \$ 279,931,130 | \$ (69,674,449) | \$ 210,256,680 | \$ - | \$ 2,343,771 | \$ 212,600,451 | \$ (2,938,409) | \$ 209,662,042 |

FLORIDA PUBLIC UTILITIES COMPANY
 NATURAL GAS
 YEAR END RATE OF RETURN
 For the 12 Months Ending December 31, 2018
 RATE BASE

REVISED

SCHEDULE 3
 PAGE 1 OF 2

3/28/2019

| | (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 | \$ 333,893,274 | \$ (86,320,144) | \$ 247,573,131 | \$ - | \$ 2,073,637 | \$ 249,646,768 | \$ (5,603,133) | \$ 244,043,635 |
| FPSC ADJUSTMENTS: | | | | | | | | |
| 1) ELIMINATIONS TO NON-UTILITY MATERIALS | \$ - | \$ - | \$ - | | | \$ - | \$ 385,766 | \$ 385,766 |
| 2) ELIMINATE GOODWILL | \$ (2,469,682) | \$ - | \$ (2,469,682) | | | \$ (2,469,682) | | \$ (2,469,682) |
| | \$ - | \$ - | \$ - | | | \$ - | | \$ - |
| 3) ELIM. NON-UTILITY PLANT | \$ (4,275,552) | \$ 1,186,126 | \$ (3,089,426) | | | \$ (3,089,426) | | \$ (3,089,426) |
| 4) ELIM. UNDER-RECOVERIES | \$ - | \$ - | \$ - | | | \$ - | | \$ - |
| | \$ - | \$ - | \$ - | | | \$ - | \$ - | \$ - |
| 5) ELIMINATE DEFERRED ENVIRONMENTAL COSTS | \$ - | \$ - | \$ - | | | \$ - | \$ 5,611,069 | \$ 5,611,069 |
| TOTAL FPSC ADJUSTMENTS | \$ (6,745,234) | \$ 1,186,126 | \$ (5,559,108) | \$ - | \$ - | \$ (5,559,108) | \$ 5,996,835 | \$ 437,727 |
| FPSC ADJUSTED | \$ 327,148,040 | \$ (85,134,018) | \$ 242,014,023 | \$ - | \$ 2,073,637 | \$ 244,087,660 | \$ 393,702 | \$ 244,481,362 |
| COMP RATE ADJ REVENUES | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| ADJUSTED FOR COMP RATE ADJ REVENUE | \$ 327,148,040 | \$ (85,134,018) | \$ 242,014,023 | \$ - | \$ 2,073,637 | \$ 244,087,660 | \$ 393,702 | \$ 244,481,362 |
| PROFORMA ADJUSTMENTS | | | | | | | | |
| ELIM. ACQUISITION ADJUSTMENT | \$ (36,272,640) | \$ 12,527,844 | \$ (23,744,796) | | | \$ (23,744,796) | | \$ (23,744,796) |
| ELIM. REG ASSET-TRNSCTN & TRNSITN CSTS | \$ - | \$ - | \$ - | | | \$ - | | \$ - |
| TOTAL PRO FORMA ADJUSTMENTS | \$ (36,272,640) | \$ 12,527,844 | \$ (23,744,796) | \$ - | \$ - | \$ (23,744,796) | \$ - | \$ (23,744,796) |
| PRO FORMA ADJUSTED | \$ 290,875,400 | \$ (72,606,174) | \$ 218,269,226 | \$ - | \$ 2,073,637 | \$ 220,342,864 | \$ 393,702 | \$ 220,736,566 |

FLORIDA PUBLIC UTILITIES COMPANY
 NATURAL GAS
 CAPITAL STRUCTURE
 For the 12 Months Ending December 31, 2018
 FPSC ADJUSTED BASIS

REVISED SCHEDULE 4
 3/28/2019

| 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 | \$ 94,385,921 | | \$ 94,385,921 | \$ 1,538,972 | \$ (2,469,682) | \$ 93,455,211 | 39.94% | 9.85% | 3.93% | 10.85% | 4.33% | 11.85% | 4.73% |
| LONG TERM DEBT - CU | \$ 39,631,777 | | \$ 39,631,777 | \$ 646,200 | | \$ 40,277,977 | 17.22% | 4.04% | 0.70% | 4.04% | 0.70% | 4.04% | 0.70% |
| SHORT TERM DEBT | \$ 46,141,408 | | \$ 46,141,408 | \$ 752,340 | | \$ 46,893,748 | 20.04% | 2.94% | 0.59% | 2.94% | 0.59% | 2.94% | 0.59% |
| LONG TERM DEBT - FC | \$ 5,491,366 | | \$ 5,491,366 | \$ 89,537 | | \$ 5,580,903 | 2.39% | 11.70% | 0.28% | 11.70% | 0.28% | 11.70% | 0.28% |
| SHORT TERM DEBT - REFINANCED LTD | \$ - | | \$ - | \$ - | | \$ - | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| CUSTOMER DEPOSITS | \$ 8,146,930 | | \$ 8,146,930 | | | \$ 8,146,930 | 3.48% | 2.40% | 0.08% | 2.40% | 0.08% | 2.40% | 0.08% |
| DEFERRED INCOME TAXES | \$ 39,621,946 | | \$ 39,621,946 | | | \$ 39,621,946 | 16.93% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| TAX CREDITS - WEIGHTED COST | \$ - | | \$ - | | | \$ - | 0.00% | 5.50% | 0.00% | 5.90% | 0.00% | 6.30% | 0.00% |
| TOTAL AVERAGE | \$ 233,419,347 | \$ - | \$ 233,419,347 | \$ 3,027,049 | \$ (2,469,682) | \$ 233,976,714 | 100.00% | | 5.58% | | 5.98% | | 6.38% |

| 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 | \$ 92,521,568 | | \$ 92,521,568 | \$ 1,378,953 | \$ (2,469,682) | \$ 91,430,839 | 37.40% | 9.85% | 3.68% | 10.85% | 4.06% | 11.85% | 4.43% |
| LONG TERM DEBT - CU | \$ 45,855,110 | | \$ 45,855,110 | \$ 683,430 | | \$ 46,538,540 | 19.04% | 3.43% | 0.65% | 3.43% | 0.65% | 3.43% | 0.65% |
| SHORT TERM DEBT | \$ 51,877,828 | | \$ 51,877,828 | \$ 773,194 | | \$ 52,651,022 | 21.54% | 2.50% | 0.54% | 2.50% | 0.54% | 2.50% | 0.54% |
| LONG TERM DEBT - FC | \$ 4,819,568 | | \$ 4,819,568 | \$ 71,831 | | \$ 4,891,399 | 2.00% | 11.63% | 0.23% | 11.63% | 0.23% | 11.63% | 0.23% |
| SHORT TERM DEBT - REFINANCED LTD | \$ - | | \$ - | \$ - | | \$ - | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| CUSTOMER DEPOSITS | \$ 8,396,644 | | \$ 8,396,644 | | | \$ 8,396,644 | 3.43% | 2.33% | 0.08% | 2.33% | 0.08% | 2.33% | 0.08% |
| DEFERRED INCOME TAXES | \$ 40,572,918 | | \$ 40,572,918 | | | \$ 40,572,918 | 16.60% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| TAX CREDITS - WEIGHTED COST | \$ - | | \$ - | | | \$ - | 0.00% | 5.10% | 0.00% | 5.48% | 0.00% | 5.85% | 0.00% |
| TOTAL YEAR-END | \$ 244,043,636 | \$ - | \$ 244,043,636 | \$ 2,907,408 | \$ (2,469,682) | \$ 244,481,362 | 100.00% | | 5.18% | | 5.56% | | 5.93% |