



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
 NATURAL GAS
 RATE OF RETURN REPORT SUMMARY
 For the 12 Months Ending 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	\$ 12,009,353	\$ 514,208	\$ 12,523,561	\$ 1,139,748	\$ 13,663,309
AVERAGE RATE BASE	\$ 239,147,746	\$ 509,170	\$ 239,656,916	\$ (23,745,275)	\$ 215,911,641
AVERAGE RATE OF RETURN	5.02%		5.23%		6.33%

II. YEAR-END RATE OF RETURN
(JURISDICTIONAL)

NET OPERATING INCOME	\$ 12,009,353	\$ 483,537	\$ 12,492,890	\$ 1,139,748	\$ 13,632,638
YEAR-END RATE BASE	\$ 243,437,589	\$ 530,861	\$ 243,968,450	\$ (23,174,895)	\$ 220,793,555
YEAR-END RATE OF RETURN	4.93%		5.12%		6.17%

III. REQUIRED RATES OF RETURN
 AVERAGE CAPITAL STRUCTURE
 (FPSC ADJUSTED BASIS)

LOW	5.44%
MIDPOINT	5.82%
HIGH	6.20%

IV. EARNED RETURN ON EQUITY
 (FPSC ADJUSTED BASIS)

A. INCL ACQUISITION ADJUSTMENT	9.28%
B. EXCL ACQUISITION ADJUSTMENT	12.67%

I am aware that Section 857.06, 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

Michael Cassel
 Signature

9/13/2019
 Date

	(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	\$ 335,163,300	\$ (86,317,906)	\$ 248,845,394	\$ -	\$ 3,475,745	\$ 252,321,139	\$ (13,173,393)	\$ 239,147,746
FPSC ADJUSTMENTS:								
1) ELIMINATIONS TO NON-UTILITY MATERIALS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 427,471	\$ 427,471
2) ELIMINATE GOODWILL	\$ (2,469,682)	\$ -	\$ (2,469,682)	\$ -	\$ -	\$ (2,469,682)	\$ -	\$ (2,469,682)
3) ELIM. NON-UTILITY PLANT	\$ (4,308,423)	\$ 1,248,735	\$ (3,059,688)	\$ -	\$ -	\$ (3,059,688)	\$ -	\$ (3,059,688)
4) ELIMINATE UNDER-RECOVERIES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5) ELIMINATE DEFERRED ENVIRONMENTAL COSTS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,611,069	\$ 5,611,069
TOTAL FPSC ADJUSTMENTS	\$ (6,778,105)	\$ 1,248,735	\$ (5,529,370)	\$ -	\$ -	\$ (5,529,370)	\$ 6,038,540	\$ 509,170
FPSC ADJUSTED	\$ 328,385,195	\$ (85,069,171)	\$ 243,316,025	\$ -	\$ 3,475,745	\$ 246,791,769	\$ (7,134,853)	\$ 239,656,916
FLEX RATE REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
ADJUSTED FOR FLEX RATE REVENUES	\$ 328,385,195	\$ (85,069,171)	\$ 243,316,025	\$ -	\$ 3,475,745	\$ 246,791,769	\$ (7,134,853)	\$ 239,656,916
PROFORMA ADJUSTMENTS								
ELIM. ACQUISITION ADJUSTMENT	\$ (36,273,119)	\$ 12,527,844	\$ (23,745,275)	\$ -	\$ -	\$ (23,745,275)	\$ -	\$ (23,745,275)
ELIM. REG ASSET-TRNSCTN & TRNSITN CSTS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL PRO FORMA ADJUSTMENTS	\$ (36,273,119)	\$ 12,527,844	\$ (23,745,275)	\$ -	\$ -	\$ (23,745,275)	\$ -	\$ (23,745,275)
PRO FORMA ADJUSTED	\$ 292,112,076	\$ (72,541,327)	\$ 219,570,749	\$ -	\$ 3,475,745	\$ 223,046,494	\$ (7,134,853)	\$ 215,911,641

FLORIDA PUBLIC UTILITIES COMPANY
NATURAL GAS
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 GAS 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	\$ 83,980,020	\$ 26,776,376	\$ 23,697,661	\$ 10,374,659	\$ 7,873,178	\$ 3,248,793				\$ 71,970,667	\$ 12,009,353
FPSC ADJUSTMENTS:											
1) INCOME TAX SYNC AND INTEREST ADJ.											
2) ELIMINATE FUEL REVENUES AND EXPENSES	\$ (24,114,576)	\$ (24,022,704)			\$ (114,761)	\$ (10,813)				\$ (10,813)	\$ 10,813
3) ELIMINATE CONSERVATION	\$ (2,755,684)	\$ (2,753,672)			\$ (13,792)	\$ 5,801				\$ (24,131,664)	\$ 17,088
4) NON-UTILITY DEPRECIATION EXPENSE						\$ 2,986				\$ (2,764,478)	\$ 8,794
5) ELIMINATE AEP REVENUES AND EXPENSES	\$ (132,422)			\$ (172,717)	\$ (698)	\$ 43,775				\$ (128,942)	\$ 128,942
6) ELIMINATE REVENUE RELATED TAXES	\$ (3,731,152)			\$ (131,759)	\$ (3,731,152)	\$ 9				\$ (132,448)	\$ 26
7) 5% OF ECONOMIC DEVELOPMENT			\$ (1,143)							\$ (3,731,152)	\$ -
8) OUT OF PERIOD ADJ	\$ 453,924			\$ (11,808)		\$ 290				\$ (853)	\$ 853
						\$ 118,040				\$ 106,232	\$ 347,692
TOTAL FPSC ADJUSTMENTS	\$ (30,279,910)	\$ (26,776,376)	\$ (1,143)	\$ (316,284)	\$ (3,860,403)	\$ 160,088	\$ -	\$ -	\$ -	\$ (30,794,119)	\$ 514,208
FPSC ADJUSTED	\$ 53,700,110	\$ -	\$ 23,696,518	\$ 10,058,375	\$ 4,012,775	\$ 3,408,881	\$ -	\$ -	\$ -	\$ 41,176,548	\$ 12,523,561
FLEX RATE REVENUES - DEFICIT/(SURPLUS)	\$ -										
ADJUSTED FOR FLEX RATE REVENUES	\$ 53,700,110	\$ -	\$ 23,696,518	\$ 10,058,375	\$ 4,012,775	\$ 3,408,881	\$ -	\$ -	\$ -	\$ 41,176,548	\$ 12,523,561
ELIMINATE ACQUISITION AMORTIZATION				\$ (1,789,692)		\$ 649,944				\$ (1,139,748)	\$ 1,139,748
ELIMINATE TRANSACT./TRANSIT. AMORTIZATION											
TOTAL PRO FORMA ADJUSTMENTS	\$ -	\$ -	\$ -	\$ (1,789,692)	\$ -	\$ 649,944	\$ -	\$ -	\$ -	\$ (1,139,748)	\$ 1,139,748
PRO FORMA ADJUSTED	\$ 53,700,110	\$ -	\$ 23,696,518	\$ 8,268,683	\$ 4,012,775	\$ 4,058,825	\$ -	\$ -	\$ -	\$ 40,036,800	\$ 13,663,309

FLORIDA PUBLIC UTILITIES COMPANY
NATURAL GAS
YEAR END RATE OF RETURN
For the 12 Months Ending June 30, 2019
RATE BASE

	(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	\$ 343,405,515	\$ (89,865,005)	\$ 253,540,510	\$ -	\$ 5,988,903	\$ 259,529,413	\$ (16,091,824)	\$ 243,437,589
FPSC ADJUSTMENTS:								
1) ELIMINATIONS TO NON-UTILITY MATERIALS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 504,111	\$ 504,111
2) ELIMINATE GOODWILL	\$ (2,469,682)	\$ -	\$ (2,469,682)	\$ -	\$ -	\$ (2,469,682)	\$ -	\$ (2,469,682)
3) ELIM. NON-UTILITY PLANT	\$ (4,389,423)	\$ 1,274,786	\$ (3,114,637)	\$ -	\$ -	\$ (3,114,637)	\$ -	\$ (3,114,637)
4) ELIM. UNDER-RECOVERIES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5) ELIMINATE DEFERRED ENVIRONMENTAL COSTS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,611,069	\$ 5,611,069
TOTAL FPSC ADJUSTMENTS	\$ (6,859,105)	\$ 1,274,786	\$ (5,584,319)	\$ -	\$ -	\$ (5,584,319)	\$ 6,115,180	\$ 530,861
FPSC ADJUSTED	\$ 336,546,409	\$ (88,590,219)	\$ 247,956,191	\$ -	\$ 5,988,903	\$ 253,945,094	\$ (9,976,644)	\$ 243,968,450
COMP RATE ADJ. REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
ADJUSTED FOR COMP RATE ADJ. REVENUE PROFORMA ADJUSTMENTS	\$ 336,546,409	\$ (88,590,219)	\$ 247,956,191	\$ -	\$ 5,988,903	\$ 253,945,094	\$ (9,976,644)	\$ 243,968,450
ELIM. ACQUISITION ADJUSTMENT	\$ (36,597,585)	\$ 13,422,690	\$ (23,174,895)	\$ -	\$ -	\$ (23,174,895)	\$ -	\$ (23,174,895)
ELIM. REG ASSET-TRNSCTN & TRNSITN CSTS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL PRO FORMA ADJUSTMENTS	\$ (36,597,585)	\$ 13,422,690	\$ (23,174,895)	\$ -	\$ -	\$ (23,174,895)	\$ -	\$ (23,174,895)
PRO FORMA ADJUSTED	\$ 299,948,824	\$ (75,167,529)	\$ 224,781,296	\$ -	\$ 5,988,903	\$ 230,770,199	\$ (9,976,644)	\$ 220,793,555

FLORIDA PUBLIC UTILITIES COMPANY
NATURAL GAS
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 GAS 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	\$ 83,980,020	\$ 26,776,376	\$ 23,697,661	\$ 10,374,659	\$ 7,873,178	\$ 3,248,793				\$ 71,970,667	\$ 12,009,353
FPSC ADJUSTMENTS:											
1) INCOME TAX SYNC AND INTEREST ADJ.											
2) ELIMINATE FUEL REVENUES AND EXPENSES	\$ (24,114,576)	\$ (24,022,704)			\$ (114,761)	\$ 19,859				\$ 19,859	\$ (19,859)
3) ELIMINATE CONSERVATION	\$ (2,755,684)	\$ (2,753,672)			\$ (13,792)	\$ 5,801				\$ (24,131,664)	\$ 17,088
4) NON-UTILITY DEPRECIATION EXPENSE						\$ 2,986				\$ (2,764,478)	\$ 8,794
5) ELIMINATE AEP REVENUES AND EXPENSES	\$ (132,422)			\$ (172,717)	\$ (698)	\$ 43,775				\$ (128,942)	\$ 128,942
6) ELIMINATE REVENUE RELATED TAXES	\$ (3,731,152)			\$ (131,759)	\$ (3,731,152)	\$ 9				\$ (132,448)	\$ 26
7) 5% OF ECONOMIC DEVELOPMENT			\$ (1,143)			\$ -				\$ (3,731,152)	\$ -
8) OUT OF PERIOD ADJ.	\$ 453,924			\$ (11,808)		\$ 290				\$ (853)	\$ 853
						\$ 118,040				\$ 106,232	\$ 347,692
						\$ -				\$ -	\$ -
						\$ -				\$ -	\$ -
						\$ -				\$ -	\$ -
						\$ -				\$ -	\$ -
						\$ -				\$ -	\$ -
						\$ -				\$ -	\$ -
						\$ -				\$ -	\$ -
TOTAL FPSC ADJUSTMENTS	\$ (30,279,910)	\$ (26,776,376)	\$ (1,143)	\$ (316,284)	\$ (3,860,403)	\$ 190,759	\$ -	\$ -	\$ -	\$ (30,763,447)	\$ 483,537
FPSC ADJUSTED	\$ 53,700,110	\$ -	\$ 23,696,518	\$ 10,058,375	\$ 4,012,775	\$ 3,439,552	\$ -	\$ -	\$ -	\$ 41,207,220	\$ 12,492,890
FLEX RATE REVENUES - DEFICIT/(SURPLUS)	\$ -					\$ -				\$ -	\$ -
ADJUSTED FOR FLEX RATE REVENUES	\$ 53,700,110	\$ -	\$ 23,696,518	\$ 10,058,375	\$ 4,012,775	\$ 3,439,552	\$ -	\$ -	\$ -	\$ 41,207,220	\$ 12,492,890
ELIMINATE ACQUISITION AMORTIZATION				\$ (1,789,692)		\$ 649,944				\$ (1,139,748)	\$ 1,139,748
ELIMINATE TRANSACT./TRANSIT. AMORTIZATION						\$ -				\$ -	\$ -
						\$ -				\$ -	\$ -
TOTAL PRO FORMA ADJUSTMENTS	\$ -	\$ -	\$ -	\$ (1,789,692)	\$ -	\$ 649,944	\$ -	\$ -	\$ -	\$ (1,139,748)	\$ 1,139,748
PRO FORMA ADJUSTED	\$ 53,700,110	\$ -	\$ 23,696,518	\$ 8,268,683	\$ 4,012,775	\$ 4,089,496	\$ -	\$ -	\$ -	\$ 40,067,472	\$ 13,632,638

AVERAGE	ADJUSTMENTS				ADJUSTED BOOKS	PRO-RATA	SPECIFIC	BALANCE	RATIO (%)	LOW POINT		MIDPOINT		HIGH POINT	
	PER BOOKS	NON-UTILITY	ADJUSTED BOOKS	PRO-RATA						SPECIFIC	BALANCE	RATIO (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)
COMMON EQUITY	\$ 91,574,665		\$ 91,574,665	\$ 1,446,810	\$(2,469,682)	\$ 90,551,793			37.78%	9.85%	3.72%	10.85%	4.10%	11.85%	4.48%
LONG TERM DEBT - CU	\$ 44,874,075		\$ 44,874,075	\$ 708,976		\$ 45,583,051			19.02%	3.91%	0.74%	3.91%	0.74%	3.91%	0.74%
SHORT TERM DEBT	\$ 47,287,077		\$ 47,287,077	\$ 747,100		\$ 48,034,177			20.04%	3.35%	0.67%	3.35%	0.67%	3.35%	0.67%
LONG TERM DEBT - FC	\$ 4,808,208		\$ 4,808,208	\$ 75,966		\$ 4,884,174			2.04%	11.42%	0.23%	11.42%	0.23%	11.42%	0.23%
SHORT TERM DEBT - REFINANCED LTD	\$ -		\$ -	\$ -		\$ -			0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$ 8,332,847		\$ 8,332,847			\$ 8,332,847			3.48%	2.39%	0.08%	2.39%	0.08%	2.39%	0.08%
DEFERRED INCOME TAXES	\$ 42,270,874		\$ 42,270,874			\$ 42,270,874			17.64%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$ -		\$ -			\$ -			0.00%	5.36%	0.00%	5.74%	0.00%	6.12%	0.00%
TOTAL AVERAGE	\$ 239,147,746	\$ -	\$ 239,147,746	\$ 2,978,852	\$(2,469,682)	\$ 239,656,916			100.00%	5.44%		5.82%		6.20%	

YEAR-END	ADJUSTMENTS				ADJUSTED BOOKS	PRO-RATA	SPECIFIC	BALANCE	RATIO (%)	LOW POINT		MIDPOINT		HIGH POINT	
	PER BOOKS	NON-UTILITY	ADJUSTED BOOKS	PRO-RATA						SPECIFIC	BALANCE	RATIO (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)
COMMON EQUITY	\$ 91,794,764		\$ 91,794,764	\$ 1,419,395	\$(2,469,682)	\$ 90,744,477			37.20%	9.85%	3.66%	10.85%	4.04%	11.85%	4.41%
LONG TERM DEBT - CU	\$ 47,654,110		\$ 47,654,110	\$ 756,861		\$ 48,390,971			19.84%	3.60%	0.71%	3.60%	0.71%	3.60%	0.71%
SHORT TERM DEBT	\$ 50,262,534		\$ 50,262,534	\$ 777,194		\$ 51,039,728			20.92%	3.04%	0.64%	3.04%	0.64%	3.04%	0.64%
LONG TERM DEBT - FC	\$ 4,339,008		\$ 4,339,008	\$ 67,093		\$ 4,406,101			1.81%	11.35%	0.21%	11.35%	0.21%	11.35%	0.21%
SHORT TERM DEBT - REFINANCED LTD	\$ -		\$ -	\$ -		\$ -			0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$ 8,491,188		\$ 8,491,188			\$ 8,491,188			3.48%	2.34%	0.08%	2.34%	0.08%	2.34%	0.08%
DEFERRED INCOME TAXES	\$ 40,895,984		\$ 40,895,984			\$ 40,895,984			16.76%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$ -		\$ -			\$ -			0.00%	5.22%	0.00%	5.60%	0.00%	5.97%	0.00%
TOTAL YEAR-END	\$ 243,437,589	\$ -	\$ 243,437,589	\$ 3,000,543	\$(2,469,682)	\$ 243,968,450			100.00%	5.30%		5.68%		6.05%	