



November 15, 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) 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 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

FLORIDA PUBLIC UTILITIES COMPANY  
 NATURAL GAS  
 RATE OF RETURN REPORT SUMMARY  
 For the 12 Months Ending September 30, 2019

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	\$ 12,323,420	\$ 918,437	\$ 13,241,846	\$ 1,139,750	\$ 14,381,596
AVERAGE RATE BASE	\$ 240,865,568	\$ (370,326)	\$ 240,495,243	\$ (23,459,849)	\$ 217,035,393
AVERAGE RATE OF RETURN	5.12%		5.51%		6.63%

II. YEAR-END RATE OF RETURN  
(JURISDICTIONAL)

NET OPERATING INCOME	\$ 12,323,420	\$ 913,943	\$ 13,237,363	\$ 1,139,750	\$ 14,377,113
YEAR-END RATE BASE	\$ 248,148,336	\$ (292,225)	\$ 247,856,111	\$ (22,889,974)	\$ 224,966,136
YEAR-END RATE OF RETURN	4.97%		5.34%		6.39%

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

LOW	5.48%
MIDPOINT	5.86%
HIGH	6.24%

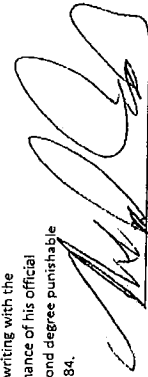
IV. EARNED RETURN ON EQUITY  
(FPSC ADJUSTED BASIS)

A. INCL ACQUISITION ADJUSTMENT	9.91%
B. EXCL ACQUISITION ADJUSTMENT	13.35%

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 Casse  
 Director - Regulatory Affairs



Signature

11/24/19  
 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	\$ 336,152,500	\$ (85,840,464)	\$ 250,312,036	\$ -	\$ 4,541,910	\$ 254,853,946	\$ (13,988,377)	\$ 240,865,568
FPSC ADJUSTMENTS:								
1) ELIMINATIONS TO NON-UTILITY MATERIALS								
2) ELIMINATE GOODWILL	\$ (2,469,682)	\$ -	\$ (2,469,682)			\$ (2,469,682)	\$ 451,571	\$ (2,469,682)
3) FLEX RATE PLANT	\$ (1,020,000)	\$ 53,417	\$ (966,583)			\$ (966,583)		\$ (966,583)
4) ELIM. NON-UTILITY PLANT	\$ (4,348,889)	\$ 1,256,064	\$ (3,092,826)			\$ (3,092,826)		\$ (3,092,826)
5) ELIMINATE UNDER-RECOVERIES	\$ -	\$ -	\$ -			\$ -		\$ -
6) OUT OF PERIOD ADJUSTMENT	\$ -	\$ 96,125	\$ 96,125			\$ 96,125		\$ 96,125
7) ELIMINATE DEF. ENVIRONMENTAL COSTS	\$ (7,838,571)	\$ 1,405,605	\$ (6,432,966)			\$ (6,432,966)	\$ 5,611,069	\$ 5,611,069
TOTAL FPSC ADJUSTMENTS							\$ 6,062,640	\$ (370,326)
FPSC ADJUSTED	\$ 328,313,929	\$ (84,434,859)	\$ 243,879,070	\$ -	\$ 4,541,910	\$ 248,420,980	\$ (7,925,737)	\$ 240,495,243
ADJUSTED	\$ 328,313,929	\$ (84,434,859)	\$ 243,879,070	\$ -	\$ 4,541,910	\$ 248,420,980	\$ (7,925,737)	\$ 240,495,243
PROFORMA ADJUSTMENTS								
ELIM. ACQUISITION ADJUSTMENT	\$ (34,192,493)	\$ 10,732,644	\$ (23,459,849)			\$ -		\$ -
ELIM. REG ASSET-TRNSCTN & TRNSITN CSTS	\$ (34,192,493)	\$ 10,732,644	\$ (23,459,849)			\$ (23,459,849)		\$ (23,459,849)
TOTAL PROFORMA ADJUSTMENTS								
PROFORMA ADJUSTED	\$ 294,121,436	\$ (73,702,215)	\$ 220,419,221	\$ -	\$ 4,541,910	\$ 224,961,131	\$ (7,925,737)	\$ 217,035,393

	(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	\$ 84,173,887	\$ 27,290,678	\$ 23,273,203	\$ 9,991,410	\$ 8,147,082	\$ 3,148,095				\$ 71,850,467	\$ 12,323,420
FPSC ADJUSTMENTS:											
1) INCOME TAX SYNC AND INTEREST ADJ.											
2) ELIMINATE FUEL REVENUES AND EXPENSES	\$ (24,676,200)	\$ (24,576,012)			\$ (123,242)	\$ (301,064)				\$ (301,064)	\$ 301,064
3) ELIMINATE CONSERVATION	\$ (2,720,806)	\$ (2,714,666)			\$ (13,617)	\$ 5,843				\$ (24,693,411)	\$ 17,211
4) NON-UTILITY DEPRECIATION EXPENSE				\$ (266,943)		\$ 1,895				\$ (2,726,388)	\$ 5,582
5) ELIMINATE AEP REVENUES AND EXPENSES	\$ (148,830)			\$ (148,084)	\$ (785)	\$ 67,657				\$ (199,286)	\$ 199,286
6) ELIMINATE REVENUE RELATED TAXES	\$ (3,686,946)				\$ (3,686,946)	\$ 10				\$ (148,859)	\$ 29
7) 5% OF ECONOMIC DEVELOPMENT			\$ (829)							\$ (3,686,946)	\$ -
8) OUT OF PERIOD ADJ	\$ 745,798			\$ (17,712)		\$ 210				\$ (619)	\$ 619
9) FLEX RATE REVENUES	\$ (317,558)		\$ (11,818)	\$ (51,000)	\$ (19,842)	\$ 193,512				\$ 175,800	\$ 569,999
						\$ (59,535)				\$ (142,195)	\$ (175,363)
											\$ -
											\$ -
											\$ -
											\$ -
											\$ -
											\$ -
TOTAL FPSC ADJUSTMENTS	\$ (30,804,542)	\$ (27,290,678)	\$ (12,647)	\$ (483,739)	\$ (3,844,431)	\$ (91,473)	\$ -	\$ -	\$ -	\$ (31,722,968)	\$ 918,427
FPSC ADJUSTED	\$ 53,369,345	\$ -	\$ 23,260,555	\$ 9,507,671	\$ 4,302,651	\$ 3,056,622	\$ -	\$ -	\$ -	\$ 40,127,499	\$ 13,241,846
ADJUSTED	\$ 53,369,345	\$ -	\$ 23,260,555	\$ 9,507,671	\$ 4,302,651	\$ 3,056,622	\$ -	\$ -	\$ -	\$ 40,127,499	\$ 13,241,846
ELIMINATE ACQUISITION AMORTIZATION				\$ (1,491,132)		\$ 351,382				\$ (1,139,750)	\$ 1,139,750
ELIMINATE TRANSACT./TRANSIT. AMORTIZATION											\$ -
TOTAL PRO FORMA ADJUSTMENTS	\$ -	\$ -	\$ -	\$ (1,491,132)	\$ -	\$ 351,382	\$ -	\$ -	\$ -	\$ (1,139,750)	\$ 1,139,750
PRO FORMA ADJUSTED	\$ 53,369,345	\$ -	\$ 23,260,555	\$ 8,016,539	\$ 4,302,651	\$ 3,408,005	\$ -	\$ -	\$ -	\$ 38,987,749	\$ 14,381,596

	(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	\$ 346,564,712	\$ (88,941,360)	\$ 257,623,352	\$ -	\$ 7,783,483	\$ 265,406,834	\$ (17,258,499)	\$ 248,148,336
FPSC ADJUSTMENTS:								
1) ELIMINATIONS TO NON-UTILITY MATERIALS								
2) ELIMINATE GOODWILL	\$ -	\$ -	\$ -				\$ 505,480	\$ 505,480
3) FLEX RATE PLANT	\$ (2,469,682)	\$ -	\$ (2,469,682)			\$ (2,469,682)	\$ -	\$ (2,469,682)
4) ELIM. NON-UTILITY PLANT	\$ (1,020,000)	\$ 78,917	\$ (941,083)			\$ (941,083)	\$ -	\$ (941,083)
5) ELIMINATE UNDER-RECOVERIES	\$ (4,377,547)	\$ 1,379,539	\$ (2,998,008)			\$ (2,998,008)	\$ -	\$ (2,998,008)
6) OUT OF PERIOD ADJUSTMENT	\$ -	\$ -	\$ -			\$ -	\$ -	\$ -
7) ELIMINATE DEF. ENVIRONMENTAL COSTS	\$ -	\$ -	\$ -			\$ -	\$ -	\$ -
TOTAL FPSC ADJUSTMENTS	\$ (7,867,229)	\$ 1,458,455	\$ (6,408,774)	\$ -	\$ -	\$ (6,408,774)	\$ 5,611,069	\$ 5,611,069
FPSC ADJUSTED	\$ 338,697,483	\$ (87,482,905)	\$ 251,214,578	\$ -	\$ 7,783,483	\$ 258,998,061	\$ (11,141,950)	\$ 247,856,111
ADJUSTED PROFORMA ADJUSTMENTS	\$ 338,697,483	\$ (87,482,905)	\$ 251,214,578	\$ -	\$ 7,783,483	\$ 258,998,061	\$ (11,141,950)	\$ 247,856,111
ELIM. ACQUISITION ADJUSTMENT	\$ (34,192,493)	\$ 11,302,519	\$ (22,889,974)			\$ (22,889,974)	\$ -	\$ (22,889,974)
ELIM. REG ASSET-TRNSCTN & TRNSITN CSTS	\$ (34,192,493)	\$ 11,302,519	\$ (22,889,974)			\$ (22,889,974)	\$ -	\$ (22,889,974)
TOTAL PRO FORMA ADJUSTMENTS	\$ 304,504,990	\$ (76,180,387)	\$ 228,324,604	\$ -	\$ 7,783,483	\$ 236,108,086	\$ (11,141,950)	\$ 224,966,136
PRO FORMA ADJUSTED	\$ 304,504,990	\$ (76,180,387)	\$ 228,324,604	\$ -	\$ 7,783,483	\$ 236,108,086	\$ (11,141,950)	\$ 224,966,136

	(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	\$ 84,173,887	\$ 27,290,678	\$ 23,273,203	\$ 9,991,410	\$ 8,147,082	\$ 3,148,095				\$ 71,850,467	\$ 12,323,420
FPSC ADJUSTMENTS:											
1) INCOME TAX SYNC AND INTEREST ADJ.											
2) ELIMINATE FUEL REVENUES AND EXPENSES	\$ (24,676,200)	\$ (24,576,012)			\$ (123,242)	\$ (296,581)				\$ (296,581)	\$ 296,581
3) ELIMINATE CONSERVATION	\$ (2,720,806)	\$ (2,714,666)			\$ (13,617)	\$ 5,843				\$ (24,693,411)	\$ 17,211
4)NON-UTILITY DEPRECIATION EXPENSE				\$ (266,943)		\$ 1,895				\$ (2,726,388)	\$ 5,582
5) ELIMINATE AEP REVENUES AND EXPENSES	\$ (148,830)			\$ (148,084)	\$ (785)	\$ 67,657				\$ (199,286)	\$ 199,286
6) ELIMINATE REVENUE RELATED TAXES	\$ (3,686,946)			\$ (148,084)	\$ (3,686,946)	\$ 10				\$ (148,859)	\$ 29
7)5% OF ECONOMIC DEVELOPMENT			\$ (829)			\$ -				\$ (3,686,946)	\$ -
8) OUT OF PERIOD ADJ	\$ 745,798			\$ (17,712)		\$ 210				\$ (619)	\$ 619
9) FLEX RATE REVENUES	\$ (317,558)		\$ (11,818)	\$ (51,000)	\$ (19,842)	\$ 193,512				\$ 175,800	\$ 569,999
						\$ (59,535)				\$ (142,195)	\$ (175,363)
						\$ -				\$ -	\$ -
						\$ -				\$ -	\$ -
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						\$ -				\$ -	\$ -
						\$ -				\$ -	\$ -
						\$ -				\$ -	\$ -
TOTAL FPSC ADJUSTMENTS	\$ (30,804,542)	\$ (27,290,678)	\$ (12,647)	\$ (483,739)	\$ (3,844,431)	\$ (86,990)	\$ -	\$ -	\$ -	\$ (31,718,485)	\$ 913,944
FPSC ADJUSTED	\$ 53,369,345	\$ -	\$ 23,260,555	\$ 9,507,671	\$ 4,302,651	\$ 3,061,105	\$ -	\$ -	\$ -	\$ 40,131,982	\$ 13,237,363
ADJUSTED	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
ELIMINATE ACQUISITION AMORTIZATION	\$ 53,369,345	\$ -	\$ 23,260,555	\$ 9,507,671	\$ 4,302,651	\$ 3,061,105	\$ -	\$ -	\$ -	\$ 40,131,982	\$ 13,237,363
ELIMINATE TRANSACT./TRANSIT. AMORTIZATION				\$ (1,491,132)		\$ 351,382				\$ (1,139,750)	\$ 1,139,750
TOTAL PRO FORMA ADJUSTMENTS	\$ -	\$ -	\$ -	\$ (1,491,132)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,139,750)	\$ 1,139,750
PRO FORMA ADJUSTED	\$ 53,369,345	\$ -	\$ 23,260,555	\$ 8,016,539	\$ 4,302,651	\$ 3,412,488	\$ -	\$ -	\$ -	\$ 38,992,232	\$ 14,377,113

FLORIDA PUBLIC UTILITIES COMPANY  
 NATURAL GAS  
 CAPITAL STRUCTURE  
 For the 12 Months Ending September 30, 2019  
 FPSC ADJUSTED BASIS

AVERAGE	ADJUSTMENTS			ADJUSTED BOOKS	PRO-RATA	SPECIFIC	BALANCE	RATIO (%)	LOW POINT			MIDPOINT			HIGH POINT		
	PER BOOKS	NON-UTILITY							COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	
COMMON EQUITY	\$ 91,901,337	\$ -	\$ 91,901,337	\$ 1,000,722	\$ (2,469,682)	\$ 90,432,377	37.60%	9.85%	3.70%	10.85%	4.08%	11.85%	4.46%				
LONG TERM DEBT - CU	\$ 49,113,330	\$ -	\$ 49,113,330	\$ 534,801	\$ -	\$ 49,648,131	20.64%	3.85%	0.79%	3.85%	0.79%	3.85%	0.79%				
SHORT TERM DEBT	\$ 46,696,944	\$ -	\$ 46,696,944	\$ 508,509	\$ -	\$ 47,207,453	19.63%	3.41%	0.67%	3.41%	0.67%	3.41%	0.67%				
LONG TERM DEBT - FC	\$ 5,080,808	\$ -	\$ 5,080,808	\$ 55,325	\$ -	\$ 5,136,133	2.14%	11.39%	0.24%	11.39%	0.24%	11.39%	0.24%				
SHORT TERM DEBT - REFINANCED LTD	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%				
CUSTOMER DEPOSITS	\$ 8,406,328	\$ -	\$ 8,406,328	\$ -	\$ -	\$ 8,406,328	3.50%	2.36%	0.08%	2.36%	0.08%	2.36%	0.08%				
DEFERRED INCOME TAXES	\$ 39,664,821	\$ -	\$ 39,664,821	\$ -	\$ -	\$ 39,664,821	16.49%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%				
TAX CREDITS - WEIGHTED COST	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	5.40%	0.00%	5.78%	0.00%	6.16%	0.00%				
TOTAL AVERAGE	\$ 240,865,568	\$ -	\$ 240,865,568	\$ 2,099,357	\$ (2,469,682)	\$ 240,495,243	100.00%	5.48%	5.48%	5.86%	5.86%	6.24%	6.24%				

YEAR-END	ADJUSTMENTS			ADJUSTED BOOKS	PRO-RATA	SPECIFIC	BALANCE	RATIO (%)	LOW POINT			MIDPOINT			HIGH POINT		
	PER BOOKS	NON-UTILITY							COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	
COMMON EQUITY	\$ 92,076,816	\$ -	\$ 92,076,816	\$ 1,009,595	\$ (2,469,682)	\$ 90,616,729	36.56%	9.85%	3.60%	10.85%	3.97%	11.85%	4.33%				
LONG TERM DEBT - CU	\$ 63,952,047	\$ -	\$ 63,952,047	\$ 701,216	\$ -	\$ 64,653,263	26.09%	2.95%	0.77%	2.95%	0.77%	2.95%	0.77%				
SHORT TERM DEBT	\$ 37,617,134	\$ -	\$ 37,617,134	\$ 412,461	\$ -	\$ 38,029,595	15.34%	4.15%	0.64%	4.15%	0.64%	4.15%	0.64%				
LONG TERM DEBT - FC	\$ 4,941,822	\$ -	\$ 4,941,822	\$ 54,186	\$ -	\$ 4,996,008	2.02%	11.32%	0.23%	11.32%	0.23%	11.32%	0.23%				
SHORT TERM DEBT - REFINANCED LTD	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%				
CUSTOMER DEPOSITS	\$ 8,516,403	\$ -	\$ 8,516,403	\$ -	\$ -	\$ 8,516,403	3.44%	2.33%	0.08%	2.33%	0.08%	2.33%	0.08%				
DEFERRED INCOME TAXES	\$ 41,044,114	\$ -	\$ 41,044,114	\$ -	\$ -	\$ 41,044,114	16.56%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%				
TAX CREDITS - WEIGHTED COST	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	5.24%	0.00%	5.61%	0.00%	5.97%	0.00%				
TOTAL YEAR-END	\$ 248,148,336	\$ -	\$ 248,148,336	\$ 2,177,458	\$ (2,469,682)	\$ 247,856,111	100.00%	5.32%	5.32%	5.69%	5.69%	6.05%	6.05%				