



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 4th 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 4th 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

FLORIDA PUBLIC UTILITIES COMPANY
 NATURAL GAS
 RATE OF RETURN REPORT SUMMARY
 For the 12 Months Ending March 31, 2020

SCHEDULE 1

	(1) ACTUAL PER BOOKS	(2) FPSC ADJUSTMENTS	(3) FPSC ADJUSTED	(4) PRO FORMA ADJUSTMENTS	(5) PRO FORMA ADJUSTED
NET OPERATING INCOME	\$ 13,880,201	\$ 150,480	\$ 14,030,681	\$ 1,139,750	\$ 15,170,431
AVERAGE RATE BASE	\$ 250,331,038	\$ (392,160)	\$ 249,938,878	\$ (22,889,974)	\$ 227,048,904
AVERAGE RATE OF RETURN	5.54%		5.61%		6.68%
II. YEAR-END RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	\$ 13,880,201	\$ 321,511	\$ 14,201,712	\$ 1,139,750	\$ 15,341,462
YEAR-END RATE BASE	\$ 304,366,140	\$ (366,352)	\$ 303,999,788	\$ (22,320,089)	\$ 281,679,699
YEAR-END RATE OF RETURN	4.56%		4.67%		5.45%
III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)					
LOW			A	INCL ACQUISITION ADJUSTMENT	10.57%
			B	EXCL ACQUISITION ADJUSTMENT	13.94%
MIDPOINT					
HIGH					

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
 AVP - Regulatory Affairs


 Signature

5-14-20
 Date

FLORIDA PUBLIC UTILITIES COMPANY
 NATURAL GAS
 AVERAGE 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	\$ 348,310,714	\$ (88,720,028)	\$ 259,590,687	\$ -	\$ 5,295,087	\$ 264,885,774	\$ (14,554,736)	\$ 250,331,038
FPSC ADJUSTMENTS:								
1) ELIMINATIONS TO NON-UTILITY MATERIALS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 446,724	\$ 446,724
2) ELIMINATE GOODWILL	\$ (2,469,682)	\$ -	\$ (2,469,682)	\$ -	\$ -	\$ (2,469,682)	\$ -	\$ (2,469,682)
3) FLEX RATE PLANT	\$ (1,020,000)	\$ 82,250	\$ (937,750)	\$ -	\$ -	\$ (937,750)	\$ -	\$ (937,750)
4) ELIM. NON-UTILITY PLANT	\$ (4,337,390)	\$ 1,296,795	\$ (3,040,595)	\$ -	\$ -	\$ (3,040,595)	\$ -	\$ (3,040,595)
5) ELIMINATE UNDER-RECOVERIES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6) OUT OF PERIOD ADJUSTMENT	\$ -	\$ (1,927)	\$ (1,927)	\$ -	\$ -	\$ (1,927)	\$ -	\$ (1,927)
7) ELIMINATE DEF. ENVIRONMENTAL COSTS	\$ (7,827,072)	\$ 1,377,119	\$ (6,449,953)	\$ -	\$ -	\$ (6,449,953)	\$ 5,611,069	\$ 5,611,069
TOTAL FPSC ADJUSTMENTS	\$ (12,634,144)	\$ 1,377,119	\$ (11,257,025)	\$ -	\$ -	\$ (11,257,025)	\$ 6,057,793	\$ (5,199,236)
FPSC ADJUSTED	\$ 340,483,642	\$ (87,342,909)	\$ 253,140,733	\$ -	\$ 5,295,087	\$ 258,435,821	\$ (8,496,943)	\$ 249,938,878
ADJUSTED PROFORMA ADJUSTMENTS	\$ 340,483,642	\$ (87,342,909)	\$ 253,140,733	\$ -	\$ 5,295,087	\$ 258,435,821	\$ (8,496,943)	\$ 249,938,878
ELIM. ACQUISITION ADJUSTMENT	\$ (34,192,493)	\$ 11,302,519	\$ (22,889,974)	\$ -	\$ -	\$ (22,889,974)	\$ -	\$ (22,889,974)
ELIM. REG ASSET-TRANSCSTN & TRANSLTN CSTS	\$ (34,192,493)	\$ 11,302,519	\$ (22,889,974)	\$ -	\$ -	\$ (22,889,974)	\$ -	\$ (22,889,974)
TOTAL PRO FORMA ADJUSTMENTS	\$ (68,384,986)	\$ 22,605,038	\$ (45,779,948)	\$ -	\$ -	\$ (45,779,948)	\$ -	\$ (45,779,948)
PRO FORMA ADJUSTED	\$ 306,291,149	\$ (76,040,390)	\$ 230,250,759	\$ -	\$ 5,295,087	\$ 235,545,846	\$ (8,496,943)	\$ 227,048,904

FLORIDA PUBLIC UTILITIES COMPANY
 NATURAL GAS
 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 GAS EXPENSE	O & M OTHER	DEPRIC. & 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	\$ 87,083,062	\$ 28,640,203	\$ 23,516,042	\$ 9,959,445	\$ 8,119,663	\$ 2,967,508				\$ 73,202,861	\$ 13,880,201
FPSC ADJUSTMENTS:											
1) INCOME TAX SYNC AND INTEREST ADJ.						\$ 102,561				\$ 102,561	\$ (102,561)
2) ELIMINATE FUEL REVENUES AND EXPENSES	\$ (25,681,649)	\$ (25,575,681.00)			\$ (137,396)	\$ 7,707				\$ (25,705,371)	\$ 23,722
3) ELIMINATE CONSERVATION	\$ (3,078,076)	\$ (3,064,525.00)			\$ (15,405)	\$ 455				\$ (3,079,476)	\$ 1,400
4)NON-UTILITY DEPRECIATION EXPENSE				\$ (280,382)		\$ 68,755				\$ (211,626)	\$ 211,626
5) ELIMINATE AEP REVENUES AND EXPENSES	\$ (182,603)			\$ (181,687)	\$ (963)	\$ 11				\$ (182,638)	\$ 35
6) ELIMINATE REVENUE RELATED TAXES	\$ (3,494,816)				\$ (3,494,816)	\$ -				\$ (3,494,816)	\$ -
7)5% OF ECONOMIC DEVELOPMENT			\$ (948)			\$ 233				\$ (716)	\$ 716
8) OUT OF PERIOD ADJ						\$ -				\$ -	\$ -
9) FLEX RATE REVENUES	\$ (279,169)		\$ (11,818)	\$ (51,000)	\$ (19,265)	\$ (48,329)				\$ (130,412)	\$ (148,756)
10)REVERSE STATE INCOME TAX POTENTIAL REFUND	\$ 209,557					\$ 51,388				\$ 51,388	\$ 158,169
TOTAL FPSC ADJUSTMENTS	\$ (32,506,756)	\$ (28,640,206)	\$ (12,766)	\$ (513,069)	\$ (3,667,845)	\$ 182,780	\$ -	\$ -	\$ -	\$ (32,651,107)	\$ 144,351
FPSC ADJUSTED	\$ 54,576,306	\$ -	\$ 23,503,275	\$ 9,446,376	\$ 4,451,818	\$ 3,150,288	\$ -	\$ -	\$ -	\$ 40,551,754	\$ 14,024,552
ADJUSTED	\$ 54,576,306	\$ -	\$ 23,503,275	\$ 9,446,376	\$ 4,451,818	\$ 3,150,288	\$ -	\$ -	\$ -	\$ 40,551,754	\$ 14,024,552
ELIMINATE ACQUISITION AMORTIZATION				\$ (1,491,132)		\$ 351,382				\$ (1,139,750)	\$ 1,139,750
ELIMINATE TRANSACT./TRANSIT. AMORTIZATION				\$ (1,491,132)		\$ -				\$ -	\$ -
TOTAL PRO FORMA ADJUSTMENTS	\$ -	\$ -	\$ -	\$ (1,491,132)	\$ -	\$ 351,382	\$ -	\$ -	\$ -	\$ (1,139,750)	\$ 1,139,750
PRO FORMA ADJUSTED	\$ 54,576,306	\$ -	\$ 23,503,275	\$ 7,955,244	\$ 4,451,818	\$ 3,501,670	\$ -	\$ -	\$ -	\$ 39,412,004	\$ 15,164,302

FLORIDA PUBLIC UTILITIES COMPANY
 NATURAL GAS
 YEAR END RATE OF RETURN
 For the 12 Months Ending March 31, 2020
 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	\$ 361,881,764	\$ (90,737,570)	\$ 271,144,194	\$ -	\$ 4,811,090	\$ 275,955,284	\$ 28,410,856	\$ 304,366,140
FPSC ADJUSTMENTS:								
1) ELIMINATIONS TO NON-UTILITY MATERIALS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 378,656	\$ 378,656
2) ELIMINATE GOODWILL	\$ (2,469,682)	\$ -	\$ (2,469,682)	\$ -	\$ -	\$ (2,469,682)	\$ -	\$ (2,469,682)
3) FLEX RATE PLANT	\$ (1,020,000)	\$ 107,750	\$ (912,250)	\$ -	\$ -	\$ (912,250)	\$ -	\$ (912,250)
4) ELM: NON-UTILITY PLANT	\$ (4,138,775)	\$ 1,164,630	\$ (2,974,145)	\$ -	\$ -	\$ (2,974,145)	\$ -	\$ (2,974,145)
5) ELIMINATE UNDER-RECOVERIES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6) OUT OF PERIOD ADJUSTMENT	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7) ELIMINATE DEF. ENVIRONMENTAL COSTS	\$ (7,628,457)	\$ 1,272,380	\$ (6,356,077)	\$ -	\$ -	\$ (6,356,077)	\$ 5,611,069	\$ 5,611,069
TOTAL FPSC ADJUSTMENTS	\$ (13,256,914)	\$ 1,480,760	\$ (11,776,154)	\$ -	\$ -	\$ (13,742,434)	\$ 5,989,725	\$ (8,752,709)
FPSC ADJUSTED:	\$ 354,253,307	\$ (89,465,190)	\$ 264,788,118	\$ -	\$ 4,811,090	\$ 269,599,207	\$ 34,400,580	\$ 303,999,788
ADJUSTED PROFORMA ADJUSTMENTS	\$ 354,253,307	\$ (89,465,190)	\$ 264,788,118	\$ -	\$ 4,811,090	\$ 269,599,207	\$ 34,400,580	\$ 303,999,788
ELIM. ACQUISITION ADJUSTMENT	\$ (34,192,493)	\$ 11,872,394	\$ (22,320,099)	\$ -	\$ -	\$ (22,320,099)	\$ -	\$ (22,320,099)
ELIM. REG ASSET-TRANSCTN & TRANSFTN CSTS	\$ (34,192,493)	\$ 11,872,394	\$ (22,320,099)	\$ -	\$ -	\$ (22,320,099)	\$ -	\$ (22,320,099)
TOTAL PRO FORMA ADJUSTMENTS	\$ (34,192,493)	\$ 11,872,394	\$ (22,320,099)	\$ -	\$ -	\$ (22,320,099)	\$ -	\$ (22,320,099)
PRO FORMA ADJUSTED	\$ 320,060,814	\$ (77,592,796)	\$ 242,468,018	\$ -	\$ 4,811,090	\$ 247,279,108	\$ 34,400,580	\$ 281,679,689

FLORIDA PUBLIC UTILITIES COMPANY
 NATURAL GAS
 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 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	\$ 87,083,062	\$ 28,640,203	\$ 23,516,042	\$ 9,959,445	\$ 8,119,663	\$ 2,967,508	\$ -	\$ -	\$ -	\$ 73,202,861	\$ 13,880,201
FPSC ADJUSTMENTS:											
1) INCOME TAX SYNC AND INTEREST ADJ.						(74,599)				(74,599)	\$ 74,599
2) ELIMINATE FUEL REVENUES AND EXPENSES	\$ (25,681,649)	\$ (25,575,681)			\$ (137,396)	\$ 7,707				\$ (25,705,371)	\$ 23,722
3) ELIMINATE CONSERVATION	\$ (3,078,076)	\$ (3,064,525)			\$ (15,405)	\$ 455				\$ (3,079,476)	\$ 1,400
4) NON-UTILITY DEPRECIATION EXPENSE						68,755				\$ (211,626)	\$ 211,626
5) ELIMINATE AEP REVENUES AND EXPENSES	\$ (182,603)			\$ (280,382)	\$ (963)	\$ 11				\$ (182,638)	\$ 35
6) ELIMINATE REVENUE RELATED TAXES	\$ (3,494,816)			\$ (181,687)	\$ (3,494,816)	\$ -				\$ (3,494,816)	\$ -
7) 5% OF ECONOMIC DEVELOPMENT			\$ (948)			233				\$ (716)	\$ 716
8) OUT OF PERIOD ADJ	\$ -					\$ -				\$ -	\$ -
9) FLEX RATE REVENUES	\$ (279,169)		\$ (11,818)	\$ (51,000)	\$ (19,265)	\$ (48,329)				\$ (130,412)	\$ (148,756)
10) REVERSE STATE INCOME TAX POTENTIAL REFUND	\$ 209,557					\$ 51,388				\$ 51,388	\$ 158,169
TOTAL FPSC ADJUSTMENTS	\$ (32,506,756)	\$ (28,640,206)	\$ (12,766)	\$ (513,069)	\$ (3,667,845)	\$ 5,620	\$ -	\$ -	\$ -	\$ (32,828,267)	\$ 321,511
FPSC ADJUSTED	\$ 54,576,306	\$ -	\$ 23,503,275	\$ 9,446,376	\$ 4,451,818	\$ 2,973,128	\$ -	\$ -	\$ -	\$ 40,374,594	\$ 14,201,712
ADJUSTED	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
ELIMINATE ACQUISITION AMORTIZATION	\$ 54,576,306	\$ -	\$ 23,503,275	\$ 9,446,376	\$ 4,451,818	\$ 2,973,128	\$ -	\$ -	\$ -	\$ 40,374,594	\$ 14,201,712
ELIMINATE TRANSACT./TRANSIT. AMORTIZATION	\$ -	\$ -	\$ -	\$ (1,491,132)	\$ -	\$ 351,382	\$ -	\$ -	\$ -	\$ (1,139,750)	\$ 1,139,750
TOTAL PRO FORMA ADJUSTMENTS	\$ -	\$ -	\$ -	\$ (1,491,132)	\$ -	\$ 351,382	\$ -	\$ -	\$ -	\$ (1,139,750)	\$ 1,139,750
PRO FORMA ADJUSTED	\$ 54,576,306	\$ -	\$ 23,503,275	\$ 7,955,244	\$ 4,451,818	\$ 3,324,510	\$ -	\$ -	\$ -	\$ 39,234,844	\$ 15,341,462

FLORIDA PUBLIC UTILITIES COMPANY
 NATURAL GAS
 CAPITAL STRUCTURE
 For the 12 Months Ending March 31, 2020
 FPSC ADJUSTED BASIS

SCHEDULE 4

AVERAGE	ADJUSTMENTS				LOW POINT		MIDPOINT		HIGH POINT				
	PER BOOKS	NON-UTILITY	ADJUSTED BOOKS	PRO-RATA	SPECIFIC	BALANCE	RATIO (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
COMMON EQUITY	\$ 99,126,159	\$ -	\$ 99,126,159	\$ 964,569	\$ (2,469,682)	\$ 91,621,046	36.65%	9.85%	3.61%	10.85%	3.98%	11.85%	4.34%
LONG TERM DEBT - CU	\$ 59,527,318	\$ -	\$ 59,527,318	\$ 616,565	\$ -	\$ 60,143,883	24.05%	3.83%	0.92%	3.83%	0.92%	3.83%	0.92%
SHORT TERM DEBT	\$ 43,079,958	\$ -	\$ 43,079,958	\$ 446,209	\$ -	\$ 43,526,167	17.42%	2.96%	0.52%	2.96%	0.52%	2.96%	0.52%
LONG TERM DEBT - FC	\$ 4,844,419	\$ -	\$ 4,844,419	\$ 50,177	\$ -	\$ 4,894,596	1.95%	11.32%	0.22%	11.32%	0.22%	11.32%	0.22%
SHORT TERM DEBT - REFINANCED LTD	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$ 8,499,933	\$ -	\$ 8,499,933	\$ -	\$ -	\$ 8,499,933	3.40%	2.41%	0.08%	2.41%	0.08%	2.41%	0.08%
DEFERRED INCOME TAXES	\$ 41,253,250	\$ -	\$ 41,253,250	\$ -	\$ -	\$ 41,253,250	16.51%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	5.27%	0.00%	5.64%	0.00%	6.00%	0.00%
TOTAL AVERAGE	\$ 250,331,038	\$ -	\$ 250,331,038	\$ 2,077,520	\$ (2,469,682)	\$ 249,938,876	100.00%	5.35%	5.72%	5.72%	6.08%	6.08%	6.08%

YEAR-END	ADJUSTMENTS				LOW POINT		MIDPOINT		HIGH POINT				
	PER BOOKS	NON-UTILITY	ADJUSTED BOOKS	PRO-RATA	SPECIFIC	BALANCE	RATIO (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
COMMON EQUITY	\$ 115,254,750	\$ -	\$ 115,254,750	\$ 955,409	\$ (2,469,682)	\$ 113,740,477	37.42%	9.85%	3.69%	10.85%	4.06%	11.85%	4.43%
LONG TERM DEBT - CU	\$ 84,008,147	\$ -	\$ 84,008,147	\$ 696,390	\$ -	\$ 84,704,536	27.86%	3.25%	0.91%	3.25%	0.91%	3.25%	0.91%
SHORT TERM DEBT	\$ 49,657,120	\$ -	\$ 49,657,120	\$ 411,695	\$ -	\$ 50,068,755	16.47%	3.02%	0.50%	3.02%	0.50%	3.02%	0.50%
LONG TERM DEBT - FC	\$ 4,812,992	\$ -	\$ 4,812,992	\$ 39,897	\$ -	\$ 4,852,889	1.60%	11.26%	0.18%	11.26%	0.18%	11.26%	0.18%
SHORT TERM DEBT - REFINANCED LTD	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$ 8,578,304	\$ -	\$ 8,578,304	\$ -	\$ -	\$ 8,578,304	2.82%	2.39%	0.07%	2.39%	0.07%	2.39%	0.07%
DEFERRED INCOME TAXES	\$ 42,054,828	\$ -	\$ 42,054,828	\$ -	\$ -	\$ 42,054,828	13.83%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	5.28%	0.00%	5.65%	0.00%	6.02%	0.00%
TOTAL YEAR-END	\$ 304,366,140	\$ -	\$ 304,366,140	\$ 2,103,331	\$ (2,469,682)	\$ 303,999,789	100.00%	5.35%	5.72%	5.72%	6.09%	6.09%	6.09%