

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

SCHEDULE 1

	(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	\$ 15,245,333	\$ (1,457,146)	\$ 13,788,187	\$ 1,139,750	\$ 14,927,937
AVERAGE RATE BASE	\$ 262,707,511	\$ (422,520)	\$ 262,284,991	\$ (22,035,162)	\$ 240,249,829
AVERAGE RATE OF RETURN	5.80%		5.26%		6.21%
II. YEAR-END RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	\$ 15,245,333	\$ (1,394,191)	\$ 13,851,142	\$ 1,139,750	\$ 14,990,892
YEAR-END RATE BASE	\$ 275,608,753	\$ (446,593)	\$ 275,162,160	\$ (22,335,037)	\$ 252,827,123
YEAR-END RATE OF RETURN	5.53%		5.03%		5.93%
III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)					
LOW			5.73%		
MIDPOINT			6.13%		
HIGH			6.53%		
IV. EARNED RETURN ON EQUITY (FPSC ADJUSTED BASIS)					
A. INCL ACQUISITION ADJUSTMENT					7.51%

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 Michael Cassel

Date 3/13/20

FLORIDA PUBLIC UTILITIES COMPANY
 NATURAL GAS
 AVERAGE RATE OF RETURN
 For the Projected 12 Months Ending December 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	\$ 367,371,083	\$ (94,942,175)	\$ 272,428,908	\$ -	\$ 4,527,401	\$ 276,956,309	\$ (14,248,798)	\$ 262,707,511
FPSC ADJUSTMENTS:								
1) ELIMINATIONS TO NON-UTILITY MATERIALS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 456,148	\$ 456,148
2) ELIMINATE GOODWILL	\$ (2,469,682)	\$ -	\$ (2,469,682)	\$ -	\$ -	\$ (2,469,682)	\$ -	\$ (2,469,682)
3) FLEX RATE PLANT	\$ (1,020,000)	\$ 66,167	\$ (953,833)	\$ -	\$ -	\$ (953,833)	\$ -	\$ (953,833)
4) ELIM. NON-UTILITY PLANT	\$ (4,357,288)	\$ 1,291,066	\$ (3,066,222)	\$ -	\$ -	\$ (3,066,222)	\$ -	\$ (3,066,222)
5) ELIMINATE UNDER-RECOVERIES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,611,069	\$ 5,611,069
6) ELIMINATE DEFERRED ENVIRONMENTAL COSTS	\$ (7,846,970)	\$ 1,357,233	\$ (6,489,737)	\$ -	\$ -	\$ (6,489,737)	\$ 6,067,217	\$ (422,520)
TOTAL FPSC ADJUSTMENTS	\$ (15,693,960)	\$ 1,714,496	\$ (13,979,464)	\$ -	\$ -	\$ (10,688,931)	\$ 11,685,444	\$ (13,979,464)
FPSC ADJUSTED	\$ 351,677,123	\$ (93,227,679)	\$ 258,449,459	\$ -	\$ 4,527,401	\$ 270,467,378	\$ (8,163,354)	\$ 249,736,054
FLEX RATE REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
ADJUSTED FOR FLEX RATE REVENUES	\$ 351,677,123	\$ (93,227,679)	\$ 258,449,459	\$ -	\$ 4,527,401	\$ 270,467,378	\$ (8,163,354)	\$ 249,736,054
PROFORMA ADJUSTMENTS								
ELIM. ACQUISITION ADJUSTMENT	\$ (34,192,493)	\$ 12,157,331	\$ (22,035,162)	\$ -	\$ -	\$ (22,035,162)	\$ -	\$ (22,035,162)
ELIM. REG ASSET-TRANSCTN & TRNSITN CSTS	\$ (34,192,493)	\$ 12,157,331	\$ (22,035,162)	\$ -	\$ -	\$ (22,035,162)	\$ -	\$ (22,035,162)
TOTAL PROFORMA ADJUSTMENTS	\$ (68,384,986)	\$ 24,314,662	\$ (44,070,324)	\$ -	\$ -	\$ (44,070,324)	\$ -	\$ (44,070,324)
PROFORMA ADJUSTED	\$ 283,292,143	\$ (68,913,017)	\$ 214,379,126	\$ -	\$ 4,527,401	\$ 226,397,054	\$ (8,163,354)	\$ 205,663,730

FLORIDA PUBLIC UTILITIES COMPANY
 NATURAL GAS
 AVERAGE RATE OF RETURN
 For the Projected 12 Months Ending December 31, 2020
 INCOME STATEMENT

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	OPERATING REVENUES	O & M GAS EXPENSE	O & M OTHER	DEPRECC. & 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	\$ 96,703,723	\$ 36,743,437	\$ 23,578,549	\$ 10,399,009	\$ 8,873,827	\$ 1,863,568	\$ -	\$ -	\$ -	\$ 81,458,390	\$ 15,245,333
FPSC ADJUSTMENTS:											
1) INCOME TAX SYNC AND INTEREST ADJ.						232,232				\$ 232,232	\$ (232,232)
2) ELIMINATE FUEL REVENUES AND EXPENSES	\$ (32,936,311)	\$ (32,771,471)			\$ (165,670)	203				\$ (32,936,937)	\$ 626
3) ELIMINATE CONSERVATION	\$ (3,991,945)	\$ (3,971,966)			\$ (20,079)	25				\$ (3,992,021)	\$ 76
4) NON-UTILITY DEPRECIATION EXPENSE				\$ (282,232)		69,209				\$ (213,023)	\$ 213,023
5) ELIMINATE AEP REVENUES AND EXPENSES	\$ (165,537)			\$ (164,707)		11				\$ (165,569)	\$ 32
6) ELIMINATE REVENUE RELATED TAXES	\$ (4,786,045)				\$ (4,786,045)	-				\$ (4,786,045)	\$ -
7) 5% OF ECONOMIC DEVELOPMENT			\$ (776)			190				\$ (586)	\$ 586
8) FLEX RATE REVENUES	\$ (1,989,261)		\$ (11,818)	\$ (51,000)	\$ (19,587)	(467,599)				\$ (550,004)	\$ (1,439,257)
TOTAL FPSC ADJUSTMENTS	\$ (43,869,099)	\$ (36,743,437)	\$ (12,594)	\$ (497,939)	\$ (4,992,254)	\$ (165,729)	\$ -	\$ -	\$ -	\$ (42,411,954)	\$ (1,457,146)
FPSC ADJUSTED	\$ 52,834,624	\$ -	\$ 23,565,955	\$ 9,901,070	\$ 3,881,573	\$ 1,697,839	\$ -	\$ -	\$ -	\$ 39,046,436	\$ 13,788,187
FLEX RATE REVENUES - DEFICIT/(SURPLUS)	\$ -										
ADJUSTED FOR FLEX RATE REVENUES	\$ 52,834,624	\$ -	\$ 23,565,955	\$ 9,901,070	\$ 3,881,573	\$ 1,697,839	\$ -	\$ -	\$ -	\$ 39,046,436	\$ 13,788,187
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	\$ 52,834,624	\$ -	\$ 23,565,955	\$ 8,409,938	\$ 3,881,573	\$ 2,049,221	\$ -	\$ -	\$ -	\$ 37,906,686	\$ 14,927,937

	(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	\$ 382,251,648	\$ (100,974,180)	\$ 281,277,468	\$ -	\$ 4,426,379	\$ 285,703,847	\$ (10,095,094)	\$ 275,608,753
FPSC ADJUSTMENTS:								
1) ELIMINATIONS TO NON-UTILITY MATERIALS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 331,782	\$ 331,782
2) ELIMINATE GOODWILL	\$ (2,469,682)	\$ -	\$ (2,469,682)	\$ -	\$ -	\$ (2,469,682)	\$ -	\$ (2,469,682)
3) FLEX RATE PLANT	\$ (1,020,000)	\$ 91,667	\$ (928,333)	\$ -	\$ -	\$ (928,333)	\$ -	\$ (928,333)
4) EUM, NON-UTILITY PLANT	\$ (4,349,035)	\$ 1,357,606	\$ (2,991,429)	\$ -	\$ -	\$ (2,991,429)	\$ -	\$ (2,991,429)
5) EUM, UNDER-RECOVERIES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6) ELIMINATE DEFERRED ENVIRONMENTAL COSTS	\$ (7,838,717)	\$ 1,449,273	\$ (6,389,444)	\$ -	\$ -	\$ (6,389,444)	\$ 5,611,069	\$ 5,611,069
TOTAL FPSC ADJUSTMENTS	\$ (15,677,434)	\$ 1,898,546	\$ (13,778,888)	\$ -	\$ -	\$ (15,778,888)	\$ 5,942,851	\$ (446,599)
FPSC ADJUSTED	\$ 374,412,931	\$ (99,524,907)	\$ 274,888,024	\$ -	\$ 4,426,379	\$ 279,314,403	\$ (4,152,243)	\$ 275,162,160
COMP RATE ADJ REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
ADJUSTED FOR COMP RATE ADJ REVENUE	\$ 374,412,931	\$ (99,524,907)	\$ 274,888,024	\$ -	\$ 4,426,379	\$ 279,314,403	\$ (4,152,243)	\$ 275,162,160
PROFORMA ADJUSTMENTS								
EUM, ACQUISITION ADJUSTMENT	\$ (34,192,493)	\$ 11,857,456	\$ (22,335,037)	\$ -	\$ -	\$ (22,335,037)	\$ -	\$ (22,335,037)
EUM, REG ASSET-TRNSCTN & TRNSFTN CSTS	\$ (34,192,493)	\$ 11,857,456	\$ (22,335,037)	\$ -	\$ -	\$ (22,335,037)	\$ -	\$ (22,335,037)
TOTAL PRO FORMA ADJUSTMENTS	\$ (34,192,493)	\$ 11,857,456	\$ (22,335,037)	\$ -	\$ -	\$ (22,335,037)	\$ -	\$ (22,335,037)
PRO FORMA ADJUSTED	\$ 340,220,438	\$ (87,667,451)	\$ 252,552,987	\$ -	\$ 4,426,379	\$ 256,979,366	\$ (4,152,243)	\$ 252,827,123

FLORIDA PUBLIC UTILITIES COMPANY
 NATURAL GAS
 YEAR END RATE OF RETURN
 For the Projected 12 Months Ending December 31, 2020
 INCOME STATEMENT

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	OPERATING REVENUES	O & M GAS EXPENSE	O & M OTHER	DEPRECC. & 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	\$ 96,703,723	\$ 36,743,437	\$ 23,578,549	\$ 10,399,009	\$ 8,873,827	\$ 1,863,568	\$ -	\$ -	\$ -	\$ 81,458,390	\$ 15,245,333
FPSC ADJUSTMENTS:											
1) INCOME TAX SYNC AND INTEREST ADJ.						169,277				169,277	(169,277)
2) ELIMINATE FUEL REVENUES AND EXPENSES	\$ (32,936,311)	\$ (32,771,471)			\$ (165,670)	203				\$ (32,936,937)	\$ 626
3) ELIMINATE CONSERVATION	\$ (3,991,945)	\$ (3,971,966)			\$ (20,079)	25				\$ (3,992,021)	\$ 76
4)NON-UTILITY DEPRECIATION EXPENSE						69,209				\$ (213,023)	\$ 213,023
5) ELIMINATE AEP REVENUES AND EXPENSES	\$ (165,537)				\$ (873)	11				\$ (165,569)	\$ 32
6) ELIMINATE REVENUE RELATED TAXES	\$ (4,786,045)				\$ (4,786,045)	-				\$ (4,786,045)	\$ -
7)5% OF ECONOMIC DEVELOPMENT			\$ (776)			190				\$ (586)	\$ 586
8)FLEX RATE REVENUES	\$ (1,989,261)		\$ (11,818)		\$ (19,587)	(467,599)				\$ (550,004)	\$ (1,439,257)
TOTAL FPSC ADJUSTMENTS	\$ (43,869,099)	\$ (36,743,437)	\$ (12,594)	\$ (497,939)	\$ (4,992,254)	\$ (228,684)	\$ -	\$ -	\$ -	\$ (42,474,909)	\$ (1,394,191)
FPSC ADJUSTED	\$ 52,834,624	\$ -	\$ 23,565,955	\$ 9,901,070	\$ 3,881,573	\$ 1,634,884	\$ -	\$ -	\$ -	\$ 38,983,481	\$ 13,851,142
FLEX RATE REVENUES - DEFICIT/(SURPLUS)	\$ -										
ADJUSTED FOR FLEX RATE REVENUES	\$ 52,834,624	\$ -	\$ 23,565,955	\$ 9,901,070	\$ 3,881,573	\$ 1,634,884	\$ -	\$ -	\$ -	\$ 38,983,481	\$ 13,851,142
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	\$ 52,834,624	\$ -	\$ 23,565,955	\$ 8,409,938	\$ 3,881,573	\$ 1,986,266	\$ -	\$ -	\$ -	\$ 37,843,731	\$ 14,990,892

	ADJUSTMENTS				ADJUSTED BOOKS	PRO-RATA	SPECIFIC	BALANCE	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	\$ 106,672,911		\$ 106,672,911	\$ 1,020,306	\$ (2,469,682)	\$ 105,223,535	40.12%	9.85%	3.95%	10.85%	4.35%	11.85%	4.75%					
LONG TERM DEBT - CU	\$ 67,009,229		\$ 67,009,229	\$ 640,930		\$ 67,650,159	25.79%	3.82%	0.99%	3.82%	0.99%	3.82%	0.99%					
SHORT TERM DEBT	\$ 35,319,496		\$ 35,319,496	\$ 337,824		\$ 35,657,320	13.60%	3.60%	0.49%	3.60%	0.49%	3.60%	0.49%					
LONG TERM DEBT - FC	\$ 5,029,073		\$ 5,029,073	\$ 48,102		\$ 5,077,175	1.94%	11.23%	0.22%	11.23%	0.22%	11.23%	0.22%					
SHORT TERM DEBT - REFINANCED LTD	\$ -		\$ -			\$ -	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%					
CUSTOMER DEPOSITS	\$ 9,061,236		\$ 9,061,236			\$ 9,061,236	3.46%	2.34%	0.08%	2.34%	0.08%	2.34%	0.08%					
DEFERRED INCOME TAXES	\$ 39,615,567		\$ 39,615,567			\$ 39,615,567	15.10%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%					
TAX CREDITS - WEIGHTED COST			\$ -			\$ -	0.00%	5.65%	0.00%	6.05%	0.00%	6.45%	0.00%					
TOTAL AVERAGE	\$ 262,707,511	\$ -	\$ 262,707,511	\$ 2,047,162	\$ (2,469,682)	\$ 262,284,991	100.00%		5.73%		6.13%		6.53%					

	ADJUSTMENTS				ADJUSTED BOOKS	PRO-RATA	SPECIFIC	BALANCE	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	\$ 112,360,646		\$ 112,360,646	\$ 1,002,207	\$ (2,469,682)	\$ 110,893,171	40.30%	9.85%	3.97%	10.85%	4.37%	11.85%	4.78%					
LONG TERM DEBT - CU	\$ 69,039,923		\$ 69,039,923	\$ 615,806		\$ 69,655,729	25.31%	3.82%	0.97%	3.82%	0.97%	3.82%	0.97%					
SHORT TERM DEBT	\$ 40,544,542		\$ 40,544,542	\$ 361,639		\$ 40,906,181	14.87%	3.60%	0.54%	3.60%	0.54%	3.60%	0.54%					
LONG TERM DEBT - FC	\$ 4,869,813		\$ 4,869,813	\$ 43,437		\$ 4,913,250	1.79%	11.23%	0.20%	11.23%	0.20%	11.23%	0.20%					
SHORT TERM DEBT - REFINANCED LTD	\$ -		\$ -			\$ -	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%					
CUSTOMER DEPOSITS	\$ 9,056,291		\$ 9,056,291			\$ 9,056,291	3.29%	2.34%	0.08%	2.34%	0.08%	2.34%	0.08%					
DEFERRED INCOME TAXES	\$ 39,737,538		\$ 39,737,538			\$ 39,737,538	14.44%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%					
TAX CREDITS - WEIGHTED COST	\$ -		\$ -			\$ -	0.00%	5.68%	0.00%	6.08%	0.00%	6.49%	0.00%					
TOTAL YEAR-END	\$ 275,608,753	\$ -	\$ 275,608,753	\$ 2,023,089	\$ (2,469,682)	\$ 275,162,160	100.00%		5.76%		6.16%		6.57%					