



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

FLORIDA PUBLIC UTILITIES COMPANY  
 FT. MEADE DIVISION  
 RATE OF RETURN REPORT SUMMARY  
 June 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	\$ (47,307)	(\$5,179)	(\$52,486)	\$ (35,532)	(\$88,018)
AVERAGE RATE BASE	\$973,730	\$0	\$973,730	\$475,952	\$1,449,682
AVERAGE RATE OF RETURN	4.86%		5.39%		6.07%

  

II. YEAR-END 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	(\$47,307)	(\$5,509)	(\$52,816)	(\$35,532)	(\$88,349)
YEAR-END RATE BASE	\$1,002,107	\$0	\$1,002,107	\$452,155	\$1,454,262
YEAR-END RATE OF RETURN	4.72%		5.27%		6.08%

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

LOW	5.10%
MIDPOINT	5.46%
HIGH	5.83%

IV. EARNED RETURN ON EQUITY  
 (FPSC ADJUSTED BASIS)

A. RETURN ON COMMON EQUITY -18.45%

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.

Mike Cassel  
 Director, Regulatory Affairs

*Mike Cassel per MDX*

Signature

9/13/19

Date

FLORIDA PUBLIC UTILITIES COMPANY  
FT. MEADE DIVISION  
AVERAGE 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	\$ 1,137,123	\$ (314,082)	\$ 823,041	\$ -	\$ 23,576	\$ 846,616	\$ 127,113	\$ 973,730
FPSC ADJUSTMENTS:								
REMOVE CONS. & PGA UNDER-RECOVERY			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL FPSC ADJUSTMENTS			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FPSC ADJUSTED	\$ 1,137,123	\$ (314,082)	\$ 823,041	\$ -	\$ 23,576	\$ 846,616	\$ 127,113	\$ 973,730
PROFORMA ADJUSTMENTS								
RECORD ACQUISITION ADJUSTMENT	\$ 713,930	\$ (237,978)	\$ 475,952	\$ -	\$ -	\$ 475,952	\$ -	\$ 475,952
TOTAL PRO FORMA ADJUSTMENTS	\$ 713,930	\$ (237,978)	\$ 475,952	\$ -	\$ -	\$ 475,952	\$ -	\$ 475,952
PRO FORMA ADJUSTED	\$ 1,851,053	\$ (552,060)	\$ 1,298,993	\$ -	\$ 23,576	\$ 1,322,568	\$ 127,113	\$ 1,449,682

FLORIDA PUBLIC UTILITIES COMPANY  
 FT. MEADE DIVISION  
 AVERAGE RATE OF RETURN  
 For the 12 Months Ending June 30, 2019  
 INCOME STATEMENT

	(1) OPERATING REVENUES	(2) O & M GAS EXPENSE	(3) O & M OTHER	(4) DEPREC. & AMORTIZATION	(5) TAXES OTHER THAN INCOME	(6) INCOME TAXES CURRENT	(7) D.I.T. (NET)	(8) I.T.C. (NET)	(9) GAIN/LOSS ON DISPOSITION	(10) TOTAL OPERATING EXPENSES	(11) NET OPERATING INCOME
PER BOOKS	\$ 212,268	\$ 9,272	\$ 212,097	\$ 24,434	\$ 40,248	\$ (26,475)				\$ 259,576	\$ (47,307)
FPSC ADJUSTMENTS:											
1) Interest Synchronization						\$4,295				\$ 4,295	\$ (4,285)
2) Economic Development Expense			\$ (1,750)			444				\$ (1,306)	\$ 1,306
3) Elim. Conservation Rev & Exp.	\$ (8,701)	\$ (8,658)			\$ (44)	0				\$ (8,701)	\$ 0
4) Elim. PGA and Swing Revenues & Expense	\$ (1,032)	\$ (614)			\$ 470	(225)				\$ (863)	\$ (663)
5) Refund of GRIP Tax Savings Out of Period	\$ 967					245				\$ 245	\$ 722
6) Protected Amortization Out of Period				\$ 406		(103)				\$ 303	\$ (303)
7) Unprotected Amortization Out of Period				\$ 2,608		(661)				\$ 1,947	\$ (1,947)
TOTAL FPSC ADJUSTMENTS	\$ (8,766)	\$ (9,272)	\$ (1,750)	\$ 3,014	\$ 427	\$ 3,892				\$ (3,957)	\$ (3,179)
FPSC ADJUSTED	\$ 203,503	\$ -	\$ 210,347	\$ 27,448	\$ 40,675	\$ (22,480)				\$ 255,990	\$ (52,486)
PROFORMA ADJUSTMENTS											
1) Amortize Acquisition Adjustment				\$ 47,595		\$ (12,063)				\$ 35,532	\$ (35,532)
TOTAL PROFORMA ADJUSTMENTS	\$ -	\$ -	\$ -	\$ 47,595	\$ -	\$ (12,063)				\$ 35,532	\$ (35,532)
PROFORMA ADJUSTED	\$ 203,503	\$ -	\$ 210,347	\$ 75,043	\$ 40,675	\$ (34,543)				\$ 291,522	\$ (88,018)

FLORIDA PUBLIC UTILITIES COMPANY  
FT. MEADE DIVISION  
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	\$ 1,116,751	\$ (216,924)	\$ 899,827	\$ -	\$ 61,775	\$ 961,602	\$ 40,505	\$ 1,002,107
FPSC ADJUSTMENTS:								
REMOVE CONS. & PGA UNDER-RECOVERIES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL FPSC ADJUSTMENTS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FPSC ADJUSTED	\$ 1,116,751	\$ (216,924)	\$ 899,827	\$ -	\$ 61,775	\$ 961,602	\$ 40,505	\$ 1,002,107
PROFORMA ADJUSTMENTS								
RECORD ACQUISITION ADJUSTMENT	\$ 713,930	\$ (261,775)	\$ 452,155	\$ -	\$ -	\$ 452,155	\$ -	\$ 452,155
TOTAL PROFORMA ADJUSTMENTS	\$ 713,930	\$ (261,775)	\$ 452,155	\$ -	\$ -	\$ 452,155	\$ -	\$ 452,155
PROFORMA ADJUSTED	\$ 1,830,681	\$ (478,699)	\$ 1,351,982	\$ -	\$ 61,775	\$ 1,413,757	\$ 40,505	\$ 1,454,262

FLORIDA PUBLIC UTILITIES COMPANY  
 FT. MEADE DIVISION  
 YEAR END RATE OF RETURN  
 For the 12 Months Ending June 30, 2019  
 INCOME STATEMENT

	(1) OPERATING REVENUES	(2) O & M GAS EXPENSE	(3) O & M OTHER	(4) DEPREC. & AMORTIZATION	(5) TAXES OTHER THAN INCOME	(6) INCOME TAXES CURRENT	(7) D.I.T. (NET)	(8) I.T.C. (NET)	(9) GAIN/LOSS ON DISPOSITION	(10) TOTAL OPERATING EXPENSES	(11) NET OPERATING INCOME
PER BOOKS	\$ 212,269	\$ 9,272	\$ 212,097	\$ 24,434	\$ 40,248	\$ (26,475)				\$ 259,577	\$ (47,308)
FPSC ADJUSTMENTS:											
1) Interest Synchronization						\$4,625				\$ 4,625	\$ (4,625)
2) Economic Development Expense						444				\$ (1,306)	\$ 1,306
3) Elim. Conservation Rev. & Exp.	\$ (8,701)	\$ (8,658)	\$ (1,750)	\$ -	\$ (44)	0				\$ (8,701)	\$ 0
4) Elim. PGA and Swing Revenues & Expense	\$ (1,032)	\$ (614)			\$ 470	(225)				\$ (369)	\$ (663)
5) Refund of GRIP Tax Savings Out of Period	\$ 967			\$ 406		245				\$ 245	\$ 722
6) Protected Amortization Out of Period				\$ 2,608		(103)				\$ 303	\$ (303)
7) Unprotected Amortization Out of Period				\$ -		(661)				\$ -	\$ (1,947)
TOTAL FPSC ADJUSTMENTS	\$ (8,766)	\$ (9,272)	\$ (1,750)	\$ 3,014	\$ 427	\$ 4,325				\$ (1,947)	\$ (5,509)
FPSC ADJUSTED	\$ 203,503	\$ 0	\$ 210,347	\$ 27,448	\$ 40,675	\$ (22,150)				\$ 256,320	\$ (52,817)
PROFORM ADJUSTMENTS											
1) Amortize Acquisition Adjustment				\$ 47,595		\$ (12,063)				\$ 35,532	\$ (35,532)
TOTAL PRO FORMA ADJUSTMENTS				\$ 47,595		\$ (12,063)				\$ 35,532	\$ (35,532)
PRO FORMA ADJUSTED	\$ 203,503	\$ 0	\$ 210,347	\$ 75,043	\$ 40,675	\$ (34,213)				\$ 291,853	\$ (88,349)

FLORIDA PUBLIC UTILITIES COMPANY  
 FT. MEADE DIVISION  
 CAPITAL STRUCTURE  
 June 30, 2019  
 FPSC ADJUSTED BASIS

SCHEDULE 4

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 (%)
COMMON EQUITY	\$358,860	\$0	\$358,860	\$0	\$0	\$358,860	36.85%	10.00%	3.69%	11.00%	4.05%	12.00%	4.42%
LONG TERM DEBT	\$189,919	\$0	\$189,919	\$0	\$0	\$189,919	19.50%	3.91%	0.76%	3.91%	0.76%	3.91%	0.76%
SHORT TERM DEBT	\$185,307	\$0	\$185,307	\$0	\$0	\$185,307	19.03%	3.35%	0.64%	3.35%	0.64%	3.35%	0.64%
SHORT TERM DEBT REFINANCED LTD	\$0	\$0	\$0	\$0	\$0	\$0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$15,291	\$0	\$15,291	\$0	\$0	\$15,291	1.57%	0.95%	0.01%	0.95%	0.01%	0.95%	0.01%
DEFERRED INCOME TAXES	\$224,353	\$0	\$224,353	\$0	\$0	\$224,353	23.04%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$0	\$0	\$0	\$0	\$0	\$0	0.00%	5.09%	0.00%	5.45%	0.00%	5.82%	0.00%
TOTAL AVERAGE	\$973,730	\$0	\$973,730	\$0	\$0	\$973,730	100.00%	5.10%	5.10%	5.46%	5.46%	5.83%	5.83%

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 (%)
COMMON EQUITY	\$337,123	\$0	\$337,123	\$0	\$0	\$337,123	33.64%	10.00%	3.36%	11.00%	3.70%	12.00%	4.04%
LONG TERM DEBT	\$186,608	\$0	\$186,608	\$0	\$0	\$186,608	18.62%	3.60%	0.67%	3.60%	0.67%	3.60%	0.67%
SHORT TERM DEBT	\$184,593	\$0	\$184,593	\$0	\$0	\$184,593	18.42%	3.04%	0.56%	3.04%	0.56%	3.04%	0.56%
SHORT TERM DEBT REFINANCED LTD	\$0	\$0	\$0	\$0	\$0	\$0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$16,212	\$0	\$16,212	\$0	\$0	\$16,212	1.62%	0.89%	0.01%	0.89%	0.01%	0.89%	0.01%
DEFERRED INCOME TAXES	\$277,571	\$0	\$277,571	\$0	\$0	\$277,571	27.70%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$0	\$0	\$0	\$0	\$0	\$0	0.00%	4.59%	0.00%	4.93%	0.00%	5.27%	0.00%
TOTAL YEAR-END	\$1,002,107	\$0	\$1,002,107	\$0	\$0	\$1,002,107	100.00%	4.60%	4.60%	4.94%	4.94%	5.28%	5.28%