



May 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) 1st 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 1st 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
ELECTRIC
RATE OF RETURN REPORT SUMMARY
March 31, 2019

SCHEDULE 1

	(1) ACTUAL PER BOOKS	(2) FPSC ADJUSTMENTS	(3) FPSC ADJUSTED	(4) PRO FORMA ADJUSTMENTS	(5) PRO FORMA ADJUSTED
NET OPERATING INCOME	\$ 2,374,286	\$37,692	\$2,411,978	\$0	\$2,411,978
AVERAGE RATE BASE	\$90,670,094	(\$7,178,821)	\$83,491,274	\$0	\$83,491,274
AVERAGE RATE OF RETURN	2.62%		2.89%		2.89%
II. YEAR-END RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	\$2,374,286	\$226,703	\$2,600,989	\$0	\$2,600,989
YEAR-END RATE BASE	\$137,389,281	(\$7,894,017)	\$129,525,264	\$0	\$129,525,264
YEAR-END RATE OF RETURN	1.73%		2.01%		2.01%

III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)	IV. FINANCIAL INTEGRITY INDICATORS
LOW	A. THE WITH ARJDC 1.54
MIDPOINT	B. THE WITHOUT ARJDC 1.64
HIGH	C. ARJDC TO NET INCOME 0.00
	D. INTERNALLY GENERATED FUNDS 8.05
	E. LTD TO TOTAL INVESTOR FUNDS 25.64
	F. STD TO TOTAL INVESTOR FUNDS 24.71
	G. RETURN ON COMMON EQUITY 3.31

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

Signature: *Mike Cassel per [initials]*
Date: *5/14/2019*

	(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	\$134,928,082	(\$64,784,092)	\$70,143,991	\$0	\$12,063,864	\$82,207,855	\$8,467,239	\$90,670,094
FPSC ADJUSTMENTS:								
1) ELIM. NON UTILITY PLANT	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2) REGULATORY LIAB - PENSION AMORT	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3) REGULATORY ASSET - LITIGATION COSTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4) ELIMINATE NET UNDERRECOVERY	\$0	\$0	\$0	\$0	\$0	\$0	(\$7,072,795)	(\$7,072,795)
5) DEFERRED RATE CASE EXPENSE	\$0	\$0	\$0	\$0	\$0	\$0	(\$106,026)	(\$106,026)
TOTAL FPSC ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	(\$113,100,621)	(\$113,100,621)
FPSC ADJUSTED	\$134,928,082	(\$64,784,092)	\$70,143,991	\$0	\$12,063,864	\$82,207,855	\$1,283,419	\$83,491,274
FLEX RATE REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR FLEX RATE REVENUES	\$134,928,082	(\$64,784,092)	\$70,143,991	\$0	\$12,063,864	\$82,207,855	\$1,283,419	\$83,491,274
PROFORMA ADJUSTMENTS								
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRO FORMA ADJUSTED	\$134,928,082	(\$64,784,092)	\$70,143,991	\$0	\$12,063,864	\$82,207,855	\$1,283,419	\$83,491,274

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	OPERATING REVENUES	O & M FUEL EXPENSE	O & M OTHER	DEPREC. & AMORTIZATION	TAXES OTHER THAN INCOME	INCOME TAXES CURRENT	D.I.T. (NET)	L.T.C. (NET)	GAIN/LOSS ON DISPOSITION	TOTAL OPERATING EXPENSES	OPERATING NET INCOME
PER BOOKS	\$ 79,199,391	\$ 59,254,542	\$ 12,494,899	\$ 3,994,741	\$ 6,648,489	\$ 432,435				\$ 76,825,105	\$ 2,374,286
FPSC ADJUSTMENTS:											
1) INCOME TAX SYNC ADJUSTMENT						\$ (63,877)				\$ (63,877)	\$ 63,877
2) ELIMINATE FUEL REVENUES AND EXPENSES	\$ (52,852,412)	\$ (52,641,125)			\$ (40,602)	\$ (43,260)				\$ (52,724,987)	\$ (127,425)
3) ELIMINATE CONSERVATION	\$ (621,987)	\$ (613,417)			\$ (448)	\$ (2,059)				\$ (615,923)	\$ (6,064)
4) NON-UTILITY DEPRECIATION EXPENSE											
5) ELIMINATE REVENUE RELATED TAXES (FRANCHISE & GROSS RECEIPTS)	\$ (5,342,277)		\$ (1,740)		\$ (5,342,277)					\$ (5,342,277)	\$ -
6) ELIMINATE 5% OF ECONOMIC DEVELOPMENT				\$ 69,232		\$ 441				\$ (1,299)	\$ 1,299
7) OUT OF PERIOD ADJ FOR DECEMBER TAX REFORM	\$ 211,225			\$ 69,232		\$ 35,988				\$ 105,220	\$ 106,005
TOTAL FPSC ADJUSTMENTS	\$ (58,605,451)	\$ (53,254,542)	\$ (1,740)	\$ 69,232	\$ (5,383,327)	\$ (72,767)				\$ (58,643,143)	\$ 37,692
FPSC ADJUSTED	\$ 20,593,940	\$ -	\$ 12,493,159	\$ 4,063,973	\$ 1,265,162	\$ 359,668				\$ 18,181,962	\$ 2,411,978
PRO FORMA ADJUSTMENTS											
TOTAL PRO FORMA ADJUSTMENTS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -				\$ -	\$ -
PRO FORMA ADJUSTED	\$ 20,593,940	\$ 0	\$ 12,493,159	\$ 4,063,973	\$ 1,265,162	\$ 359,668	\$ 0	\$ 0	\$ 0	\$ 18,181,962	\$ 2,411,978

FLORIDA PUBLIC UTILITIES COMPANY
ELECTRIC
YEAR END RATE OF RETURN
For the 12 Months Ending March 31, 2019
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	\$150,666,122	(\$58,782,714)	\$91,883,408	\$0	\$12,843,475	\$104,726,883	\$37,662,998	\$137,389,281
FPSC ADJUSTMENTS:								
1) ELIM. NON UTILITY PLANT	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2) OUT OF PERIOD LITIGATION ADJ	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3) ELIMINATION OF UNDER-RECOVERY	\$0	\$0	\$0	\$0	\$0	\$0	(\$7,806,929)	(\$7,806,929)
4) DEFERRED RATE CASE EXPENSE	\$0	\$0	\$0	\$0	\$0	\$0	(\$57,088)	(\$57,088)
TOTAL FPSC ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	(\$7,864,017)	(\$7,864,017)
FPSC ADJUSTED	\$150,666,122	(\$58,782,714)	\$91,883,408	\$0	\$12,843,475	\$104,726,883	\$24,798,381	\$129,525,264
COMP RATE ADJ REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR COMP RATE ADJ REVENUE	\$150,666,122	(\$58,782,714)	\$91,883,408	\$0	\$12,843,475	\$104,726,883	\$24,798,381	\$129,525,264
PROFORMA ADJUSTMENTS								
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRO FORMA ADJUSTED	\$150,666,122	(\$58,782,714)	\$91,883,408	\$0	\$12,843,475	\$104,726,883	\$24,798,381	\$129,525,264

FLORIDA PUBLIC UTILITIES COMPANY
ELECTRIC
YEAR END RATE OF RETURN
For the 12 Months Ending March 31, 2019
INCOME STATEMENT

SCHEDULE 3
PAGE 2 OF 2

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	OPERATING REVENUES	O & M FUEL 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	\$ 79,199,391	\$ 53,254,542	\$ 12,494,899	\$ 3,994,741	\$ 6,648,489	\$ 432,495				\$ 76,825,105	\$ 2,374,286
FPSC ADJUSTMENTS:											
1) INCOME TAX SYNCH ADJUSTMENT						\$ (252,888)				\$ (252,888)	\$ 252,888
2) ELIMINATE FUEL REVENUES AND EXPENSES	\$ (52,852,412)	\$ (52,641,125)			\$ (40,602)	\$ (43,260)				\$ (52,724,987)	\$ (127,425)
3) ELIMINATE CONSERVATION	\$ (621,987)	\$ (613,417)			\$ (448)	\$ (2,059)				\$ (615,923)	\$ (6,064)
4) NON-UTILITY DEPRECIATION EXPENSE											
5) ELIMINATE REVENUE RELATED TAXES (FRANCHISE & GROSS RECEIPTS)	\$ (5,342,277)				\$ (5,342,277)					\$ (5,342,277)	\$ -
6) ELIMINATE 5% OF ECONOMIC DEVELOPMENT			\$ (1,740)			\$ 441				\$ (1,299)	\$ 1,299
7) OUT OF PERIOD ADJ FOR DECEMBER TAX REFORM	\$ 211,225			\$ 69,232		\$ 35,988				\$ 105,220	\$ 106,005
TOTAL FPSC ADJUSTMENTS	\$ (58,605,451)	\$ (53,254,542)	\$ (1,740)	\$ 69,232	\$ (5,383,327)	\$ (261,777)				\$ (58,832,154)	\$ 226,703
FPSC ADJUSTED	\$ 20,593,940	\$ -	\$ 12,493,159	\$ 4,063,973	\$ 1,265,162	\$ 170,657	\$ -	\$ -	\$ -	\$ 17,992,951	\$ 2,600,988
PRO FORMA ADJUSTMENTS											
TOTAL PRO FORMA ADJUSTMENTS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
PRO FORMA ADJUSTED	\$ 20,593,940	\$ -	\$ 12,493,159	\$ 4,063,973	\$ 1,265,162	\$ 170,657	\$ -	\$ -	\$ -	\$ 17,992,951	\$ 2,600,988

AVERAGE	ADJUSTMENTS				RATIO (%)	LOW POINT		MIDPOINT		HIGH POINT	
	PER BOOKS	NON-UTILITY	ADJUSTED BOOKS	PRO-RATA		COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
COMMON EQUITY	\$35,596,222.00		\$35,596,222	(\$3,564,377)	38.37%	9.25%	3.55%	10.25%	3.93%	11.25%	4.32%
LONG TERM DEBT - CU	\$16,573,224.70		\$16,573,225	(1,659,537)	17.86%	3.94%	0.70%	3.94%	0.70%	3.94%	0.70%
SHORT TERM DEBT	\$17,714,151.00		\$17,714,151	(1,773,782)	19.09%	3.21%	0.61%	3.21%	0.61%	3.21%	0.61%
LONG TERM DEBT - FC	\$1,808,813.55		\$1,808,814	(181,123)	1.95%	11.52%	0.22%	11.52%	0.22%	11.52%	0.22%
SHORT TERM DEBT - REFINANCED LTD	\$0.00		\$0	\$0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$3,273,700.00		\$3,273,700	\$3,273,700	3.92%	2.40%	0.09%	2.40%	0.09%	2.40%	0.09%
DEFERRED INCOME TAXES	\$15,703,983.64		\$15,703,984	\$15,703,984	18.81%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$0		\$0	\$0	0.00%	5.08%	0.00%	5.46%	0.00%	5.85%	0.00%
TOTAL AVERAGE	\$90,670,094	\$0	\$90,670,095	(\$7,178,819)	100.00%	5.17%	5.55%	5.55%	5.94%	5.94%	6.23%

YEAR-END	ADJUSTMENTS				RATIO (%)	LOW POINT		MIDPOINT		HIGH POINT	
	PER BOOKS	NON-UTILITY	ADJUSTED BOOKS	PRO-RATA		COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
COMMON EQUITY	\$56,767,638		\$56,767,638	(3,745,815)	40.94%	9.25%	3.79%	10.25%	4.20%	11.25%	4.61%
LONG TERM DEBT - CU	\$31,167,540		\$31,167,540	(2,056,591)	22.48%	3.25%	0.73%	3.25%	0.73%	3.25%	0.73%
SHORT TERM DEBT	\$28,663,225		\$28,663,225	(1,891,344)	20.67%	3.01%	0.62%	3.01%	0.62%	3.01%	0.62%
LONG TERM DEBT - FC	\$2,580,394		\$2,580,394	(170,267)	1.86%	11.45%	0.21%	11.45%	0.21%	11.45%	0.21%
SHORT TERM DEBT - REFINANCED LTD	\$0		\$0	\$0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$3,200,338		\$3,200,338	\$3,200,338	2.47%	2.46%	0.06%	2.46%	0.06%	2.46%	0.06%
DEFERRED INCOME TAXES	\$15,010,146		\$15,010,146	\$15,010,146	11.59%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$0		\$0	\$0	0.00%	5.35%	0.00%	5.76%	0.00%	6.17%	0.00%
TOTAL YEAR-END	\$137,389,281	\$0	\$137,389,281	(\$7,864,017)	100.00%	5.41%	5.82%	5.82%	6.23%	6.23%	6.23%