



July 8, 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) 4th Quarter 2018 Surveillance Report

Dear Ms. Cornelius:

In accordance with Rules 25-6.1352(3), F.A.C., Florida Public Utilities Company hereby submits its revised 4th Quarter Earnings Surveillance Report for 2018 for its electric 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

REVISED 6/10/2019

	(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	\$ 3,073,761	(\$74,309)	\$2,999,452	\$0	\$2,999,452
AVERAGE RATE BASE	\$77,296,792	(\$6,971,931)	\$70,324,861	\$0	\$70,324,861
AVERAGE RATE OF RETURN	3.98%		4.27%		4.27%
II. YEAR-END RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	\$3,073,761	\$71,664	\$3,145,425	\$0	\$3,145,425
YEAR-END RATE BASE	\$112,555,428	(\$4,554,304)	\$108,001,125	\$0	\$108,001,125
YEAR-END RATE OF RETURN	2.73%		2.91%		2.91%

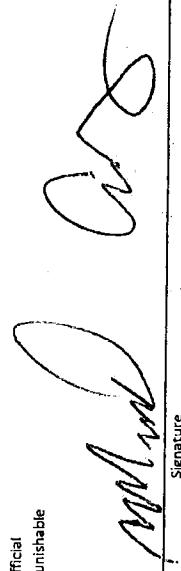
IV. FINANCIAL INTEGRITY INDICATORS

III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)	
LOW	4.92%
MIDPOINT	5.29%
HIGH	5.66%
A. TIE WITH AFUDC	2.92
B. TIE WITHOUT AFUDC	2.92
C. AFUDC TO NET INCOME	0.00
D. INTERNALLY GENERATED FUNDS	10.23
E. LTD TO TOTAL INVESTOR FUNDS	24.31
F. STD TO TOTAL INVESTOR FUNDS	24.85
G. RETURN ON COMMON EQUITY	7.48

I am aware that Section 887.06, 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

7/3/19

Date

REVISED 6/10/2019

	(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	\$133,158,651	(\$64,571,948)	\$68,586,703	\$0	\$6,352,469	\$74,939,171	\$2,357,620	\$77,296,792
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	(\$6,841,437)	(\$6,841,437)
5) DEFERRED RATE CASE EXPENSE	\$0	\$0	\$0	\$0	\$0	\$0	(\$130,494)	(\$130,494)
TOTAL FPSC ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	(\$6,971,931)	(\$6,971,931)
FPSC ADJUSTED	\$133,158,651	(\$64,571,948)	\$68,586,703	\$0	\$6,352,469	\$74,939,171	(\$4,614,311)	\$70,324,861
FLEX RATE REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR FLEX RATE REVENUES	\$133,158,651	(\$64,571,948)	\$68,586,703	\$0	\$6,352,469	\$74,939,171	(\$4,614,311)	\$70,324,861
PROFORMA ADJUSTMENTS								
TOTAL PROFORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PROFORMA ADJUSTED	\$133,158,651	(\$64,571,948)	\$68,586,703	\$0	\$6,352,469	\$74,939,171	(\$4,614,311)	\$70,324,861

REVISED 6/10/2019

	(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	\$ 83,930,698	\$ 57,072,954	\$ 12,203,356	\$ 4,037,744	\$ 6,800,281	\$ 742,402				\$ 80,856,937	\$ 3,073,761
FPSC ADJUSTMENTS:											
1) INCOME TAX SYNCH ADJUSTMENT						(42,553)				(42,553)	42,553
2) ELIMINATE FUEL REVENUES AND EXPENSES	\$ (56,627,514)	\$ (56,435,215)			\$ (43,183)	(37,794)				(56,516,191)	(111,323)
3) ELIMINATE CONSERVATION	\$ (646,821)	\$ (637,739)			(465)	(2,184)				(640,388)	(6,433)
4) NON-UTILITY DEPRECIATION EXPENSE				\$							
5) ELIMINATE REVENUE RELATED TAXES (FRANCHISE & GROSS RECEIPTS)	\$ (5,509,769)				\$ (5,509,769)					(5,509,769)	
6) ELIMINATE 5% OF ECONOMIC DEVELOPMENT			\$ (1,196)			303				(893)	893
TOTAL FPSC ADJUSTMENTS	\$ (62,784,104)	\$ (57,072,954)	\$ (1,196)	\$	\$ (5,553,417)	(82,227)				(62,709,795)	(74,309)
FPSC ADJUSTED	\$ 21,146,594	\$	\$ 12,202,360	\$ 4,037,744	\$ 1,246,864	\$ 660,175				\$ 18,147,142	\$ 2,999,452
PRO FORMA ADJUSTMENTS											
TOTAL PRO FORMA ADJUSTMENTS	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
PRO FORMA ADJUSTED	\$21,146,594	\$0	\$12,202,360	\$4,037,744	\$1,246,864	\$660,175	\$0	\$0	\$0	\$18,147,142	\$2,999,452

REVISED 6/10/2019

FLORIDA PUBLIC UTILITIES COMPANY
ELECTRIC
YEAR END RATE OF RETURN
For the 12 Months Ending December 31, 2018
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	\$133,484,749	(\$65,903,985)	\$67,580,764	\$0	\$36,670,237	\$104,251,000	\$8,304,428	\$112,555,428
FPSC ADJUSTMENTS:								
1) ELEM. NON UTILITY PLANT	\$0	\$0	\$0			\$0	\$0	\$0
2) OUT OF PERIOD LITIGATION ADJ						\$0	\$0	\$0
3) ELIMINATION OF UNDER-RECOVERY						\$0	(\$4,472,747)	(\$4,472,747)
4) DEFERRED RATE CASE EXPENSE						\$0	(\$81,557)	(\$81,557)
TOTAL FPSC ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	(\$81,557)	(\$81,557)
FPSC ADJUSTED	\$133,484,749	(\$65,903,985)	\$67,580,764	\$0	\$36,670,237	\$104,251,000	\$3,750,125	\$108,001,125
COMP RATE ADJ REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR COMP RATE ADJ REVENUE	\$133,484,749	(\$65,903,985)	\$67,580,764	\$0	\$36,670,237	\$104,251,000	\$3,750,125	\$108,001,125
PROFORMA ADJUSTMENTS								
TOTAL PROFORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PROFORMA ADJUSTED	\$133,484,749	(\$65,903,985)	\$67,580,764	\$0	\$36,670,237	\$104,251,000	\$3,750,125	\$108,001,125

REVISED 6/10/2019

AVERAGE	LOW POINT				MIDPOINT				HIGH POINT				
	PER BOOKS	ADJUSTMENTS NON-UTILITY	ADJUSTED BOOKS	PRO-RATA	SPECIFIC	BALANCE	RATIO (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
COMMON EQUITY	\$29,557,899.00		\$29,557,899	(\$3,544,575)		\$26,013,324	36.99%	9.25%	3.42%	10.25%	3.79%	11.25%	4.16%
LONG TERM DEBT - CU	\$12,623,933.98		\$12,623,934	(1,513,859)		\$11,110,075	15.80%	4.04%	0.64%	4.04%	0.64%	4.04%	0.64%
SHORT TERM DEBT	\$14,449,645.00		\$14,449,645	(1,732,798)		\$12,716,847	18.08%	2.94%	0.53%	2.94%	0.53%	2.94%	0.53%
LONG TERM DEBT - FC	\$1,506,831.59		\$1,506,832	(180,699)		\$1,326,133	1.89%	11.70%	0.22%	11.70%	0.22%	11.70%	0.22%
SHORT TERM DEBT - REFINANCED LTD	\$0.00		\$0	\$0		\$0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$3,279,329.00		\$3,279,329			\$3,279,329	4.66%	2.40%	0.11%	2.40%	0.11%	2.40%	0.11%
DEFERRED INCOME TAXES	\$15,879,153.23		\$15,879,153			\$15,879,153	22.58%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$0		\$0			\$0	0.00%	4.81%	0.00%	5.18%	0.00%	5.55%	0.00%
TOTAL AVERAGE	\$77,296,791	\$0	\$77,296,792	(\$6,971,931)	\$0	\$70,324,860	100.00%		4.92%		5.25%		5.66%

YEAR-END	LOW POINT				MIDPOINT				HIGH POINT				
	PER BOOKS	ADJUSTMENTS NON-UTILITY	ADJUSTED BOOKS	PRO-RATA	SPECIFIC	BALANCE	RATIO (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
COMMON EQUITY	\$44,675,710		\$44,675,710	(2,160,058)	\$0	\$42,515,652	39.37%	9.25%	3.64%	10.25%	4.06%	11.25%	4.43%
LONG TERM DEBT - CU	\$22,292,093		\$22,292,093	(1,077,816)		\$21,214,277	19.64%	3.43%	0.67%	3.43%	0.67%	3.43%	0.67%
SHORT TERM DEBT	\$25,050,147		\$25,050,147	(1,211,167)		\$23,838,980	22.07%	2.50%	0.55%	2.50%	0.55%	2.50%	0.55%
LONG TERM DEBT - FC	\$2,177,091		\$2,177,091	(105,262)		\$2,071,829	1.92%	11.63%	0.22%	11.63%	0.22%	11.63%	0.22%
SHORT TERM DEBT - REFINANCED LTD	\$0		\$0	\$0		\$0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$3,257,857		\$3,257,857			\$3,257,857	3.02%	2.42%	0.07%	2.42%	0.07%	2.42%	0.07%
DEFERRED INCOME TAXES	\$15,102,531		\$15,102,531			\$15,102,531	13.98%	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%	5.48%	0.00%	5.87%	0.00%
TOTAL YEAR-END	\$112,555,429	\$0	\$112,555,429	(\$4,554,304)	\$0	\$108,001,125	100.00%		5.15%		5.55%		5.94%