



December 14, 2018

VIA ELECTRONIC MAIL

Ms. Shari Cornelius
Division of Accounting and Finance
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

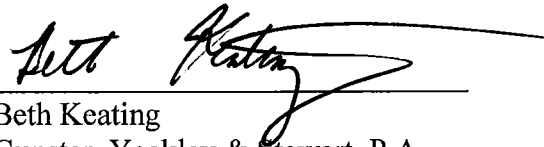
**Re: Florida Public Utilities Company (Electric and Gas Divisions) 3rd Quarter
Surveillance Reports**

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 3rd Quarter Earnings Surveillance Reports for 2018 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

SCHEDULE 1

FLORIDA PUBLIC UTILITIES COMPANY
 NATURAL GAS
 RATE OF RETURN REPORT SUMMARY
 For the 12 Months Ending September 30, 2018

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	\$ 13,291,863	\$ (1,844,392)	\$ 11,447,471	\$ 1,139,748	\$ 12,587,219
AVERAGE RATE BASE	\$ 228,444,470	\$ 611,151	\$ 229,055,621	\$ (24,599,610)	\$ 204,456,011
AVERAGE RATE OF RETURN	5.82%		5.00%		6.16%

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	\$ 13,291,863	\$ (1,837,340)	\$ 11,454,523	\$ 1,139,748	\$ 12,594,271
YEAR-END RATE BASE	\$ 232,461,604	\$ 1,108,209	\$ 233,569,814	\$ (24,029,736)	\$ 209,540,078
YEAR-END RATE OF RETURN	5.72%		4.90%		6.01%

III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)	INCL ACQUISITION ADJUSTMENT	EXCL ACQUISITION ADJUSTMENT
LOW	5.58%	8.43%
MIDPOINT	5.98%	11.78%
HIGH	6.39%	

IV. EARNED RETURN ON EQUITY
(FPSC ADJUSTED BASIS)

A.	8.43%
B.	11.78%

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
 Director - Regulatory Affairs

Signature

12-14-18
 Date

	(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	\$ 317,254,421	\$ (80,673,121)	\$ 236,581,300	\$ -	\$ 2,626,877	\$ 239,208,178	\$ (10,763,707)	\$ 228,444,470
FPSC ADJUSTMENTS:								
1) ELIMINATIONS TO NON-UTILITY MATERIALS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 381,135	\$ 381,135
2) ELIMINATE GOODWILL	\$ (2,469,682)	\$ -	\$ (2,469,682)	\$ -	\$ -	\$ (2,469,682)	\$ -	\$ (2,469,682)
3) ELIM. NON-UTILITY PLANT	\$ (4,160,243)	\$ 1,248,872	\$ (2,911,371)	\$ -	\$ -	\$ (2,911,371)	\$ -	\$ (2,911,371)
4) ELIMINATE UNDER-RECOVERIES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5) ELIMINATE DEFERRED ENVIRONMENTAL COSTS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,611,069	\$ 5,611,069
TOTAL FPSC ADJUSTMENTS	\$ (6,629,925)	\$ 1,248,872	\$ (5,381,053)	\$ -	\$ -	\$ (5,381,053)	\$ 5,992,204	\$ 611,151
FPSC ADJUSTED	\$ 310,624,496	\$ (79,424,249)	\$ 231,200,247	\$ -	\$ 2,626,877	\$ 233,827,124	\$ (4,771,503)	\$ 229,055,621
FLEX RATE REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
ADJUSTED FOR FLEX RATE REVENUES PROFORMA ADJUSTMENTS	\$ 310,624,496	\$ (79,424,249)	\$ 231,200,247	\$ -	\$ 2,626,877	\$ 233,827,124	\$ (4,771,503)	\$ 229,055,621
ELIM. ACQUISITION ADJUSTMENT	\$ (35,785,185)	\$ 11,185,575	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
ELIM. REG ASSET-TRNSCTN & TRNSITN CSTS	\$ (35,785,185)	\$ 11,185,575	\$ (24,599,610)	\$ -	\$ -	\$ (24,599,610)	\$ -	\$ (24,599,610)
TOTAL PRO FORMA ADJUSTMENTS	\$ (35,785,185)	\$ 11,185,575	\$ (24,599,610)	\$ -	\$ -	\$ (24,599,610)	\$ -	\$ (24,599,610)
PRO FORMA ADJUSTED	\$ 274,839,311	\$ (68,238,674)	\$ 206,600,637	\$ -	\$ 2,626,877	\$ 209,227,514	\$ (4,771,503)	\$ 204,456,011

	(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	\$ 327,716,890	\$ (84,471,379)	\$ 243,245,511	\$ -	\$ 2,609,611	\$ 245,855,122	\$ (13,393,517)	\$ 232,461,604
FPSC ADJUSTMENTS:								
1) ELIMINATIONS TO NON-UTILITY MATERIALS								
2) ELIMINATE GOODWILL	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 394,929	\$ 394,929
	\$ (2,469,682)	\$ -	\$ (2,469,682)	\$ -	\$ -	\$ (2,469,682)	\$ -	\$ (2,469,682)
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3) ELIM. NON-UTILITY PLANT	\$ (3,661,810)	\$ 1,233,704	\$ (2,428,107)	\$ -	\$ -	\$ (2,428,107)	\$ -	\$ (2,428,107)
4) ELIM. UNDER-RECOVERIES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5) ELIMINATE DEFERRED ENVIRONMENTAL COSTS	\$ (6,131,492)	\$ 1,233,704	\$ (4,897,789)	\$ -	\$ -	\$ (4,897,789)	\$ 5,611,069	\$ 5,611,069
TOTAL FPSC ADJUSTMENTS	\$ (9,822,984)	\$ 2,467,408	\$ (7,355,576)	\$ -	\$ -	\$ (7,355,576)	\$ 6,005,998	\$ 1,108,209
FPSC ADJUSTED	\$ 321,585,397	\$ (83,237,675)	\$ 238,347,722	\$ -	\$ 2,609,611	\$ 240,957,333	\$ (7,387,519)	\$ 233,569,814
COMP RATE ADJ REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
ADJUSTED FOR COMP RATE ADJ REVENUE PROFORMA ADJUSTMENTS	\$ 321,585,397	\$ (83,237,675)	\$ 238,347,722	\$ -	\$ 2,609,611	\$ 240,957,333	\$ (7,387,519)	\$ 233,569,814
ELIM. ACQUISITION ADJUSTMENT	\$ (36,110,157)	\$ 12,080,421	\$ (24,029,736)	\$ -	\$ -	\$ (24,029,736)	\$ -	\$ (24,029,736)
ELIM. REG ASSET-TRNSCTN & TRNSITN CSTS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL PRO FORMA ADJUSTMENTS	\$ (36,110,157)	\$ 12,080,421	\$ (24,029,736)	\$ -	\$ -	\$ (24,029,736)	\$ -	\$ (24,029,736)
PRO FORMA ADJUSTED	\$ 285,475,240	\$ (71,157,254)	\$ 214,317,986	\$ -	\$ 2,609,611	\$ 216,927,597	\$ (7,387,519)	\$ 209,540,078

FLORIDA PUBLIC UTILITIES COMPANY
NATURAL GAS

YEAR END RATE OF RETURN

For the 12 Months Ending September 30, 2018
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	84,859,496	25,987,679	23,702,839	10,260,387	8,169,276	3,447,452				71,567,633	13,291,863
FPSC ADJUSTMENTS:											
1) INCOME TAX SYNC AND INTEREST ADJ.											
2) ELIMINATE FUEL REVENUES AND EXPENSES	(22,743,994)	(22,658,247)			(115,370)	747,693				747,693	(747,693)
3) ELIMINATE CONSERVATION	(3,331,091)	(3,329,432)			(16,672)	3,805				(3,342,299)	22,115
4)NON-UTILITY DEPRECIATION EXPENSE	(103,404)			(132,257)		33,521				(98,736)	11,208
5) ELIMINATE AEP REVENUES AND EXPENSES	(3,985,795)			(102,890)	(3,985,795)	(130)				(103,020)	98,736
6) ELIMINATE REVENUE RELATED TAXES	\$ (1,635,956)									(3,985,795)	(384)
7)PROVISION FOR RATE REFUND	\$ (633,346)			\$ (633,346)		(414,633)				(414,633)	(1,221,323)
8)PROV. FOR RATE REFUND PROTECTED AMT.	\$ 230,465			\$ 230,465						(633,346)	
9)PROV. FOR RATE REFUND UNPROTECTED AMT.	\$ -			\$ -						230,465	
TOTAL FPSC ADJUSTMENTS	(32,203,121)	(25,987,679)	-	(638,028)	(4,117,837)	377,763	-	-	-	(30,355,780)	(1,837,340)
FPSC ADJUSTED	52,656,375	-	23,702,839	9,622,360	4,051,439	3,825,215	-	-	-	41,201,853	11,454,523
FLEX RATE REVENUES - DEFICIT/(SURPLUS)	-	-	-	-	-	-	-	-	-	-	-
ADJUSTED FOR FLEX RATE REVENUES	52,656,375	-	23,702,839	9,622,360	4,051,439	3,825,215	-	-	-	41,201,853	11,454,523
ELIMINATE ACQUISITION AMORTIZATION	-	-	-	(1,789,692)	-	649,944	-	-	-	(1,139,748)	1,139,748
ELIMINATE TRANSACT./TRANSIT. AMORTIZATION	-	-	-	(1,789,692)	-	-	-	-	-	(1,139,748)	1,139,748
TOTAL PRO FORMA ADJUSTMENTS	-	-	-	(1,789,692)	-	649,944	-	-	-	(1,139,748)	1,139,748
PRO FORMA ADJUSTED	52,656,375	-	23,702,839	7,832,668	4,051,439	4,475,159	-	-	-	40,062,105	12,594,271

FLORIDA PUBLIC UTILITIES COMPANY
 NATURAL GAS
 CAPITAL STRUCTURE
 For the 12 Months Ending September 30, 2018
 FPSC ADJUSTED BASIS

AVERAGE	ADJUSTMENTS			ADJUSTED BOOKS	PRO-RATA	SPECIFIC BALANCE	RATIO (%)	LOW POINT		MIDPOINT		HIGH POINT	
	PER BOOKS	NON-UTILITY	NON-UTILITY					COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
COMMON EQUITY	\$ 93,779,294	\$ -	\$ 93,779,294	\$ 1,597,371	\$ (2,469,682)	\$ 97,906,983	40.56%	9.85%	4.00%	10.85%	4.40%	11.85%	4.81%
LONG TERM DEBT - CU	\$ 37,660,777	\$ -	\$ 37,660,777	\$ 641,828	\$ -	\$ 38,322,605	16.73%	4.12%	0.69%	4.12%	0.69%	4.12%	0.69%
SHORT TERM DEBT	\$ 44,114,311	\$ -	\$ 44,114,311	\$ 751,412	\$ -	\$ 44,865,723	19.59%	2.69%	0.53%	2.69%	0.53%	2.69%	0.53%
LONG TERM DEBT - FC	\$ 5,296,791	\$ -	\$ 5,296,791	\$ 90,222	\$ -	\$ 5,387,013	2.35%	11.88%	0.28%	11.88%	0.28%	11.88%	0.28%
SHORT TERM DEBT - REFINANCED LTD	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$ 8,044,380	\$ -	\$ 8,044,380	\$ -	\$ -	\$ 8,044,380	3.51%	2.41%	0.08%	2.41%	0.08%	2.41%	0.08%
DEFERRED INCOME TAXES	\$ 39,528,918	\$ -	\$ 39,528,918	\$ -	\$ -	\$ 39,528,918	17.26%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	5.50%	0.00%	5.90%	0.00%	6.31%	0.00%
TOTAL AVERAGE	\$ 228,444,470	\$ -	\$ 228,444,470	\$ 3,080,833	\$ (2,469,682)	\$ 229,055,621	100.00%		5.58%		5.98%		6.39%

YEAR-END	ADJUSTMENTS			ADJUSTED BOOKS	PRO-RATA	SPECIFIC BALANCE	RATIO (%)	LOW POINT		MIDPOINT		HIGH POINT	
	PER BOOKS	NON-UTILITY	NON-UTILITY					COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
COMMON EQUITY	\$ 91,860,390	\$ -	\$ 91,860,390	\$ 1,781,752	\$ (2,469,682)	\$ 91,172,460	39.03%	9.85%	3.84%	10.85%	4.24%	11.85%	4.63%
LONG TERM DEBT - CU	\$ 39,272,317	\$ -	\$ 39,272,317	\$ 761,738	\$ -	\$ 40,034,055	17.14%	3.78%	0.65%	3.78%	0.65%	3.78%	0.65%
SHORT TERM DEBT	\$ 48,015,209	\$ -	\$ 48,015,209	\$ 931,318	\$ -	\$ 48,946,527	20.96%	2.69%	0.56%	2.69%	0.56%	2.69%	0.56%
LONG TERM DEBT - FC	\$ 5,314,608	\$ -	\$ 5,314,608	\$ 103,084	\$ -	\$ 5,417,692	2.32%	11.80%	0.27%	11.80%	0.27%	11.80%	0.27%
SHORT TERM DEBT - REFINANCED LTD	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$ 8,223,484	\$ -	\$ 8,223,484	\$ -	\$ -	\$ 8,223,484	3.52%	2.56%	0.08%	2.56%	0.08%	2.56%	0.08%
DEFERRED INCOME TAXES	\$ 39,775,596	\$ -	\$ 39,775,596	\$ -	\$ -	\$ 39,775,596	17.03%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	5.52%	0.00%	5.72%	0.00%	6.11%	0.00%
TOTAL YEAR-END	\$ 232,461,604	\$ -	\$ 232,461,604	\$ 3,577,892	\$ (2,469,682)	\$ 233,569,814	100.00%		5.40%		5.80%		6.19%