



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  
 NATURAL GAS  
 RATE OF RETURN REPORT SUMMARY  
 For the 12 Months Ending March 31, 2019

SCHEDULE 1

	(1) ACTUAL PER BOOKS (UNRISDICTIONAL)	(2) FISC ADJUSTMENTS	(3) FISC ADJUSTED	(4) PRO FORMA ADJUSTMENTS	(5) PRO FORMA ADJUSTED
NET OPERATING INCOME	\$ 11,910,927	\$ 226,992	\$ 12,137,918	\$ 1,139,748	\$ 13,277,666
AVERAGE RATE BASE	\$ 236,794,530	\$ 536,085	\$ 237,330,615	\$ (24,029,733)	\$ 213,300,882
AVERAGE RATE OF RETURN	5.03%		5.11%		6.23%
II. YEAR-END RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	\$ 11,910,927	\$ 180,704	\$ 12,091,631	\$ 1,139,748	\$ 13,231,379
YEAR-END RATE BASE	\$ 241,815,107	\$ 511,350	\$ 242,326,458	\$ (23,459,847)	\$ 218,866,611
YEAR-END RATE OF RETURN	4.93%		4.99%		6.03%
III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)					
LOW			A.	INCL. ACQUISITION ADJUSTMENT	8.95%
MIDPOINT			B.	EXCL. ACQUISITION ADJUSTMENT	12.35%
HIGH					6.23%

I am aware that Section 837.05, 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 Casel  
 Director - Regulatory Affairs

*Michael Casel per Casel*  
 Signature

*5/14/2019*  
 Date

FLORIDA PUBLIC UTILITIES COMPANY  
 NATURAL GAS  
 AVERAGE 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	\$ 330,882,542	\$ (84,479,381)	\$ 246,403,160	\$ -	\$ 2,827,675	\$ 249,230,835	\$ (12,436,305)	\$ 236,794,530
FPSC ADJUSTMENTS:								
1) ELIMINATIONS TO NON-UTILITY MATERIALS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 395,547	\$ 395,547
2) ELIMINATE GOODWILL	\$ (2,469,682)	\$ -	\$ (2,469,682)	\$ -	\$ -	\$ (2,469,682)	\$ -	\$ (2,469,682)
3) ELIM. NON-UTILITY PLANT	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4) ELIMINATE UNDER-RECOVERIES	\$ (4,246,835)	\$ 1,245,986	\$ (3,000,849)	\$ -	\$ -	\$ (3,000,849)	\$ -	\$ (3,000,849)
5) ELIMINATE DEFERRED ENVIRONMENTAL COSTS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,611,069	\$ 5,611,069
TOTAL FPSC ADJUSTMENTS	\$ (6,716,517)	\$ 1,245,986	\$ (5,470,531)	\$ -	\$ -	\$ (5,470,531)	\$ 6,006,616	\$ 536,085
FPSC ADJUSTED	\$ 324,166,025	\$ (83,233,395)	\$ 240,932,630	\$ -	\$ 2,827,675	\$ 243,760,304	\$ (6,429,689)	\$ 237,330,615
FLEX RATE REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
ADJUSTED FOR FLEX RATE REVENUES PROFORMA ADJUSTMENTS	\$ 324,166,025	\$ (83,233,395)	\$ 240,932,630	\$ -	\$ 2,827,675	\$ 243,760,304	\$ (6,429,689)	\$ 237,330,615
ELIM. ACQUISITION ADJUSTMENT	\$ (36,110,154)	\$ 12,080,421	\$ -	\$ -	\$ -	\$ (24,029,733)	\$ -	\$ (24,029,733)
ELIM. REG ASSET-TRNSCTN & TRNSITN CSTS	\$ (36,110,154)	\$ 12,080,421	\$ (24,029,733)	\$ -	\$ -	\$ (24,029,733)	\$ -	\$ (24,029,733)
TOTAL PRO FORMA ADJUSTMENTS	\$ 288,055,871	\$ (71,152,974)	\$ 216,902,897	\$ -	\$ 2,827,675	\$ 219,730,572	\$ (6,429,689)	\$ 213,300,882
PRO FORMA ADJUSTED	\$ 288,055,871	\$ (71,152,974)	\$ 216,902,897	\$ -	\$ 2,827,675	\$ 219,730,572	\$ (6,429,689)	\$ 213,300,882

FLORIDA PUBLIC UTILITIES COMPANY  
 NATURAL GAS  
 AVERAGE RATE OF RETURN  
 For the 12 Months Ending March 31, 2019  
 INCOME STATEMENT

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	OPERATING REVENUES	O & M GAS EXPENSE	O & M OTHER	DEPRECIATION & 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	\$ 84,220,776	\$ 26,618,107	\$ 24,222,229	\$ 10,317,735	\$ 7,986,833	\$ 3,164,945				\$ 72,309,849	\$ 11,910,927
FPSC ADJUSTMENTS:											
1) INCOME TAX SYNC AND INTEREST ADJ.						\$ 61,039				\$ 61,039	\$ (61,039)
2) ELIMINATE FUEL REVENUES AND EXPENSES	\$ (23,899,003)	\$ (23,813,083)			\$ (112,482)	\$ 6,732				\$ (23,918,833)	\$ 19,830
3) ELIMINATE FUEL REVENUES AND EXPENSES	\$ (2,802,582)	\$ (2,805,024)			\$ (14,026)	\$ 4,174				\$ (2,814,877)	\$ 12,295
4) NON-UTILITY DEPRECIATION EXPENSE				\$ (168,562)		\$ 42,722				\$ (125,840)	\$ 125,840
5) ELIMINATE AEP REVENUES AND EXPENSES	\$ (116,833)			\$ (116,250)	\$ (616)	\$ 8				\$ (3,847,268)	\$ 25
6) ELIMINATE REVENUE RELATED TAXES	\$ (3,847,268)				\$ (3,847,268)	\$ 337				\$ (993)	\$ 993
7) 5% OF ECONOMIC DEVELOPMENT			\$ (1,330)	\$ (5,904)		\$ 43,812				\$ 37,908	\$ 129,049
8) OUT OF PERIOD ADJ	\$ 166,957					\$ -				\$ -	\$ -
TOTAL FPSC ADJUSTMENTS	\$ (30,498,729)	\$ (26,618,107)	\$ (1,330)	\$ (290,716)	\$ (3,974,392)	\$ 158,824	\$ -	\$ -	\$ -	\$ (30,725,721)	\$ 226,992
FPSC ADJUSTED	\$ 53,722,047	\$ -	\$ 24,220,899	\$ 10,027,019	\$ 4,012,441	\$ 3,323,769	\$ -	\$ -	\$ -	\$ 41,584,128	\$ 12,137,918
FLEX RATE REVENUES - DEFICIT/(SURPLUS)	\$ -					\$ -				\$ -	\$ -
ADJUSTED FOR FLEX RATE REVENUES	\$ 53,722,047	\$ -	\$ 24,220,899	\$ 10,027,019	\$ 4,012,441	\$ 3,323,769	\$ -	\$ -	\$ -	\$ 41,584,128	\$ 12,137,918
ELIMINATE ACQUISITION AMORTIZATION				\$ (1,789,692)		\$ 649,944				\$ (1,139,748)	\$ 1,139,748
ELIMINATE TRANSACT./TRANSIT. AMORTIZATION						\$ -				\$ -	\$ -
TOTAL PRO FORMA ADJUSTMENTS	\$ -	\$ -	\$ -	\$ (1,789,692)	\$ -	\$ 649,944	\$ -	\$ -	\$ -	\$ (1,139,748)	\$ 1,139,748
PRO FORMA ADJUSTED	\$ 53,722,047	\$ -	\$ 24,220,899	\$ 8,237,327	\$ 4,012,441	\$ 3,973,713	\$ -	\$ -	\$ -	\$ 40,444,380	\$ 13,277,666

FLORIDA PUBLIC UTILITIES COMPANY  
 NATURAL GAS  
 YEAR END RATE OF RETURN  
 For the 12 Months Ending March 31, 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	\$ 339,158,218	\$ (87,707,299)	\$ 251,450,919	\$ -	\$ 4,168,245	\$ 255,619,165	\$ (13,804,057)	\$ 241,815,107
FPSC ADJUSTMENTS:								
1) ELIMINATIONS TO NON-UTILITY MATERIALS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 483,917	\$ 483,917
2) ELIMINATE GOODWILL	\$ (2,469,682)	\$ -	\$ (2,469,682)	\$ -	\$ -	\$ (2,469,682)	\$ -	\$ (2,469,682)
3) ELIM. NON-UTILITY PLANT	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (3,113,954)	\$ -	\$ (3,113,954)
4) ELIM. UNDER-RECOVERIES	\$ (4,342,181)	\$ 1,228,228	\$ (3,113,954)	\$ -	\$ -	\$ -	\$ -	\$ (3,113,954)
5) ELIMINATE DEFERRED ENVIRONMENTAL COSTS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL FPSC ADJUSTMENTS	\$ (6,811,863)	\$ 1,228,228	\$ (5,583,636)	\$ -	\$ -	\$ (5,583,636)	\$ 5,611,069	\$ 5,611,069
FPSC ADJUSTED	\$ 332,346,355	\$ (86,479,071)	\$ 245,867,284	\$ -	\$ 4,168,245	\$ 250,035,529	\$ (7,709,071)	\$ 242,326,458
COMP RATE ADJ REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
ADJUSTED FOR COMP RATE ADJ REVENUE PROFORMA ADJUSTMENTS	\$ 332,346,355	\$ (86,479,071)	\$ 245,867,284	\$ -	\$ 4,168,245	\$ 250,035,529	\$ (7,709,071)	\$ 242,326,458
ELIM. ACQUISITION ADJUSTMENT	\$ (36,435,114)	\$ 12,975,267	\$ (23,459,847)	\$ -	\$ -	\$ (23,459,847)	\$ -	\$ (23,459,847)
ELIM. REG ASSET-TRNSCTN & TRNSITN CSTS	\$ (36,435,114)	\$ 12,975,267	\$ (23,459,847)	\$ -	\$ -	\$ (23,459,847)	\$ -	\$ (23,459,847)
TOTAL PRO FORMA ADJUSTMENTS	\$ 295,911,241	\$ (73,503,804)	\$ 222,407,437	\$ -	\$ 4,168,245	\$ 226,575,682	\$ (7,709,071)	\$ 218,866,611
PRO FORMA ADJUSTED	\$ 295,911,241	\$ (73,503,804)	\$ 222,407,437	\$ -	\$ 4,168,245	\$ 226,575,682	\$ (7,709,071)	\$ 218,866,611

FLORIDA PUBLIC UTILITIES COMPANY  
 NATURAL GAS  
 YEAR END RATE OF RETURN  
 For the 12 Months Ending March 31, 2019  
 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	\$ 84,220,776	\$ 26,618,107	\$ 24,220,229	\$ 10,317,735	\$ 7,986,833	\$ 3,164,945	\$ -	\$ -	\$ -	\$ 72,309,849	\$ 11,910,927
FPSC ADJUSTMENTS:											
1) INCOME TAX SYNC AND INTEREST ADJ.						\$ 107,327	\$ -	\$ -	\$ -	\$ 107,327	\$ (107,327)
2) ELIMINATE FUEL REVENUES AND EXPENSES	\$ (23,899,003)	\$ (23,813,083)			\$ (112,482)	\$ 6,732	\$ -	\$ -	\$ -	\$ (23,918,833)	\$ 19,830
3) ELIMINATE CONSERVATION	\$ (2,802,582)	\$ (2,805,024)			\$ (14,026)	\$ 4,174	\$ -	\$ -	\$ -	\$ (2,814,877)	\$ 12,295
4)NON-UTILITY DEPRECIATION EXPENSE				\$ (168,562)		\$ 42,722	\$ -	\$ -	\$ -	\$ (125,840)	\$ 125,840
5) ELIMINATE AEP REVENUES AND EXPENSES	\$ (116,833)			\$ (116,250)	\$ (616)	\$ 8	\$ -	\$ -	\$ -	\$ (116,856)	\$ 25
6) ELIMINATE REVENUE RELATED TAXES	\$ (3,847,268)				\$ (3,847,268)	\$ -	\$ -	\$ -	\$ -	\$ (3,847,268)	\$ -
7)5% OF ECONOMIC DEVELOPMENT			\$ (1,330)			\$ 337	\$ -	\$ -	\$ -	\$ (993)	\$ 993
8) OUT OF PERIOD ADJ	\$ 166,957			\$ (5,904)		\$ 43,812	\$ -	\$ -	\$ -	\$ 37,908	\$ 129,049
TOTAL FPSC ADJUSTMENTS	\$ (30,498,729)	\$ (26,618,107)	\$ (1,330)	\$ (290,716)	\$ (3,974,392)	\$ 205,112	\$ -	\$ -	\$ -	\$ (30,679,434)	\$ 180,704
FPSC ADJUSTED	\$ 53,722,047	\$ -	\$ 24,220,899	\$ 10,027,019	\$ 4,012,441	\$ 3,370,057	\$ -	\$ -	\$ -	\$ 41,630,416	\$ 12,091,631
FLEX RATE REVENUES - DEFICIT/(SURPLUS)	\$ -					\$ -				\$ -	\$ -
ADJUSTED FOR FLEX RATE REVENUES	\$ 53,722,047	\$ -	\$ 24,220,899	\$ 10,027,019	\$ 4,012,441	\$ 3,370,057	\$ -	\$ -	\$ -	\$ 41,630,416	\$ 12,091,631
ELIMINATE ACQUISITION AMORTIZATION				\$ (1,789,692)		\$ 649,944	\$ -	\$ -	\$ -	\$ (1,139,748)	\$ 1,139,748
ELIMINATE TRANSACT./TRANSIT. AMORTIZATION				\$ (1,789,692)		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL PRO FORMA ADJUSTMENTS	\$ -	\$ -	\$ -	\$ (1,789,692)	\$ -	\$ 649,944	\$ -	\$ -	\$ -	\$ (1,139,748)	\$ 1,139,748
PRO FORMA ADJUSTED	\$ 53,722,047	\$ -	\$ 24,220,899	\$ 8,237,327	\$ 4,012,441	\$ 4,020,001	\$ -	\$ -	\$ -	\$ 40,490,668	\$ 13,231,379

AVERAGE	ADJUSTMENTS				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	\$ 92,083,279		\$ 92,083,279	\$ 1,492,403	\$(2,469,682)	\$ 91,106,000	38.39%	9.85%	3.78%	10.85%	4.17%	11.85%	4.55%
LONG TERM DEBT - CU	\$ 42,337,290		\$ 42,337,290	\$ 686,165		\$ 43,023,455	18.13%	3.94%	0.71%	3.94%	0.71%	3.94%	0.71%
SHORT TERM DEBT	\$ 45,824,446		\$ 45,824,446	\$ 742,681		\$ 46,567,127	19.62%	3.21%	0.63%	3.21%	0.63%	3.21%	0.63%
LONG TERM DEBT - FC	\$ 5,214,902		\$ 5,214,902	\$ 84,518		\$ 5,299,420	2.23%	11.52%	0.26%	11.52%	0.26%	11.52%	0.26%
SHORT TERM DEBT - REFINANCED LTD	\$ -		\$ -	\$ -		\$ -	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$ 8,245,989		\$ 8,245,989			\$ 8,245,989	3.47%	2.37%	0.08%	2.37%	0.08%	2.37%	0.08%
DEFERRED INCOME TAXES	\$ 43,088,624		\$ 43,088,624			\$ 43,088,624	18.16%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$ -		\$ -			\$ -	0.00%	5.38%	0.00%	5.77%	0.00%	6.15%	0.00%
TOTAL AVERAGE	\$ 236,794,529	\$ -	\$ 236,794,529	\$ 3,005,767	\$(2,469,682)	\$ 237,330,614	100.00%	5.46%		5.85%		6.23%	

YEAR-END	ADJUSTMENTS				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	\$ 91,866,688		\$ 91,866,688	\$ 1,419,935	\$(2,469,682)	\$ 90,816,941	37.48%	9.85%	3.69%	10.85%	4.07%	11.85%	4.44%
LONG TERM DEBT - CU	\$ 50,131,358		\$ 50,131,358	\$ 774,854		\$ 50,906,212	21.01%	3.25%	0.68%	3.25%	0.68%	3.25%	0.68%
SHORT TERM DEBT	\$ 46,385,504		\$ 46,385,504	\$ 716,956		\$ 47,102,460	19.44%	3.01%	0.59%	3.01%	0.59%	3.01%	0.59%
LONG TERM DEBT - FC	\$ 4,482,696		\$ 4,482,696	\$ 69,287		\$ 4,551,983	1.88%	11.45%	0.22%	11.45%	0.22%	11.45%	0.22%
SHORT TERM DEBT - REFINANCED LTD	\$ -		\$ -	\$ -		\$ -	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$ 8,419,010		\$ 8,419,010			\$ 8,419,010	3.47%	2.32%	0.08%	2.32%	0.08%	2.32%	0.08%
DEFERRED INCOME TAXES	\$ 40,529,853		\$ 40,529,853			\$ 40,529,853	16.73%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$ -		\$ -			\$ -	0.00%	5.18%	0.00%	5.56%	0.00%	5.93%	0.00%
TOTAL YEAR-END	\$ 241,815,109	\$ -	\$ 241,815,109	\$ 2,981,032	\$(2,469,682)	\$ 242,326,459	100.00%	5.26%		5.64%		6.01%	