



May 15, 2020

**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 (Gas Divisions and Electric Division) 1st Quarter  
2020 Surveillance Reports and Revised Natural Gas 4<sup>th</sup> Q 2019 Report**

Dear Ms. Cornelius:

In accordance with Rule 25-7.1352(3), F.A.C., Florida Public Utilities Company hereby submits its 1st Quarter Earnings Surveillance Reports for 2020 for FPUC (Electric and Gas Divisions), as well as a revised 4<sup>th</sup> Quarter 2019 report for FPUC's Natural Gas 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

FLORIDA PUBLIC UTILITIES COMPANY  
 NATURAL GAS  
 RATE OF RETURN REPORT SUMMARY  
 For the 12 Months Ending December 31, 2019

Revised May 7, 2020

SCHEDULE 1

	(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	\$ 12,740,269	\$ 735,025	\$ 13,475,294	\$ 1,139,750	\$ 14,615,043
AVERAGE RATE BASE	\$ 245,267,379	\$ (368,890)	\$ 244,898,388	\$ (23,174,912)	\$ 221,723,477
AVERAGE RATE OF RETURN	5.19%		5.50%		6.59%
II. YEAR-END RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	\$ 12,740,269	\$ 740,212	\$ 13,480,481	\$ 1,139,750	\$ 14,620,231
YEAR-END RATE BASE	\$ 259,809,879	\$ (446,593)	\$ 259,363,286	\$ (22,605,037)	\$ 236,758,249
YEAR-END RATE OF RETURN	4.90%		5.20%		6.18%
III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)					
LOW				A.	INCL. ACQUISITION ADJUSTMENT
					10.10%
MIDPOINT				B.	EXCL. ACQUISITION ADJUSTMENT
					13.48%
HIGH					

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  
 AVP - Regulatory Affairs

  
 Signature

5-14-20  
 Date

	(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	\$ 341,894,916	\$ (87,352,378)	\$ 254,542,538	\$ -	\$ 4,973,638	\$ 259,516,176	\$ (14,248,798)	\$ 245,267,379
FPSC ADJUSTMENTS:								
1) ELIMINATIONS TO NON-UTILITY MATERIALS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 456,148	\$ 456,148
2) ELIMINATE GOODWILL	\$ (2,469,682)	\$ -	\$ (2,469,682)	\$ -	\$ -	\$ (2,469,682)	\$ -	\$ (2,469,682)
3) FLEX RATE PLANT	\$ (1,020,000)	\$ 66,167	\$ (953,833)	\$ -	\$ -	\$ (953,833)	\$ -	\$ (953,833)
4) ELIM. NON-UTILITY PLANT	\$ (4,357,288)	\$ 1,291,066	\$ (3,066,222)	\$ -	\$ -	\$ (3,066,222)	\$ -	\$ (3,066,222)
5) ELIMINATE UNDER-RECOVERIES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6) OUT OF PERIOD ADJUSTMENT	\$ -	\$ 53,531	\$ 53,531	\$ -	\$ -	\$ 53,531	\$ -	\$ 53,531
7) ELIMINATE DEF. ENVIRONMENTAL COSTS	\$ (7,846,970)	\$ 1,410,763	\$ (6,436,207)	\$ -	\$ -	\$ (6,436,207)	\$ 5,611,069	\$ 5,611,069
TOTAL FPSC ADJUSTMENTS	\$ (12,693,960)	\$ 1,761,926	\$ (10,932,034)	\$ -	\$ -	\$ (10,932,034)	\$ 5,611,069	\$ (5,320,965)
ADJUSTED	\$ 329,200,956	\$ (85,590,452)	\$ 243,608,502	\$ -	\$ 4,973,638	\$ 248,584,142	\$ (8,637,729)	\$ 239,946,413
PROFORMA ADJUSTMENTS	\$ 334,047,946	\$ (85,941,615)	\$ 248,106,331	\$ -	\$ 4,973,638	\$ 253,079,969	\$ (8,181,581)	\$ 244,998,388
ELIM. ACQUISITION ADJUSTMENT	\$ (34,192,493)	\$ 11,017,581	\$ (23,174,912)	\$ -	\$ -	\$ (23,174,912)	\$ -	\$ (23,174,912)
ELIM. REG ASSET-TRANSCN & TRANSTN CSTS	\$ (34,192,493)	\$ 11,017,581	\$ (23,174,912)	\$ -	\$ -	\$ (23,174,912)	\$ -	\$ (23,174,912)
TOTAL PRO FORMA ADJUSTMENTS	\$ (68,384,986)	\$ 22,035,162	\$ (46,349,824)	\$ -	\$ -	\$ (46,349,824)	\$ -	\$ (46,349,824)
PRO FORMA ADJUSTED	\$ 260,815,970	\$ (63,905,290)	\$ 206,910,680	\$ -	\$ 4,973,638	\$ 206,910,680	\$ (8,181,581)	\$ 203,601,847



FLORIDA PUBLIC UTILITIES COMPANY  
 NATURAL GAS  
 YEAR END RATE OF RETURN  
 For the 12 Months Ending December 31, 2019  
 RATE BASE

Revised May 7, 2020

SCHEDULE 3  
 PAGE 1 OF 2

	(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	\$ 357,792,413	\$ (90,186,691)	\$ 267,605,722	\$ -	\$ 2,299,251	\$ 269,904,973	\$ (10,095,094)	\$ 259,809,879
FPSC ADJUSTMENTS:								
1) ELIMINATIONS TO NON-UTILITY MATERIALS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 331,782	\$ 331,782
2) ELIMINATE GOODWILL	\$ (2,469,682)	\$ -	\$ (2,469,682)	\$ -	\$ -	\$ (2,469,682)	\$ -	\$ (2,469,682)
3) FLEX RATE PLANT	\$ (1,020,000)	\$ 91,667	\$ (928,333)	\$ -	\$ -	\$ (928,333)	\$ -	\$ (928,333)
4) ELEM. NON-UTILITY PLANT	\$ (4,349,035)	\$ 1,357,606	\$ (2,991,429)	\$ -	\$ -	\$ (2,991,429)	\$ -	\$ (2,991,429)
5) ELIMINATE UNDER-RECOVERIES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6) OUT OF PERIOD ADJUSTMENT	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7) ELIMINATE DEF. ENVIRONMENTAL COSTS	\$ (7,838,717)	\$ 1,449,272	\$ (6,389,444)	\$ -	\$ -	\$ (6,389,444)	\$ 5,611,069	\$ 5,611,069
TOTAL FPSC ADJUSTMENTS	\$ (12,676,734)	\$ 1,449,272	\$ (11,227,462)	\$ -	\$ -	\$ (11,227,462)	\$ 5,611,069	\$ (7,043,653)
FPSC ADJUSTED	\$ 349,953,696	\$ (88,737,418)	\$ 261,216,278	\$ -	\$ 2,299,251	\$ 263,515,529	\$ (4,152,243)	\$ 259,363,286
ADJUSTED PROFORMA ADJUSTMENTS	\$ 349,953,696	\$ (88,737,418)	\$ 261,216,278	\$ -	\$ 2,299,251	\$ 263,515,529	\$ (4,152,243)	\$ 259,363,286
ELEM. ACQUISITION ADJUSTMENT	\$ (34,192,493)	\$ 11,587,456	\$ (22,605,037)	\$ -	\$ -	\$ (22,605,037)	\$ -	\$ (22,605,037)
ELEM. REG ASSET-TRNSCTN & TRNSITN CSTS	\$ (34,192,493)	\$ 11,587,456	\$ (22,605,037)	\$ -	\$ -	\$ (22,605,037)	\$ -	\$ (22,605,037)
TOTAL PRO FORMA ADJUSTMENTS	\$ (34,192,493)	\$ 11,587,456	\$ (22,605,037)	\$ -	\$ -	\$ (22,605,037)	\$ -	\$ (22,605,037)
PRO FORMA ADJUSTED	\$ 315,761,203	\$ (77,149,962)	\$ 238,611,241	\$ -	\$ 2,299,251	\$ 240,910,492	\$ (4,152,243)	\$ 236,758,249

FLORIDA PUBLIC UTILITIES COMPANY  
 NATURAL GAS  
 YEAR END RATE OF RETURN  
 For the 12 Months Ending December 31, 2019  
 INCOME STATEMENT

Revised May 7, 2020

	(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	OPERATING NET INCOME
PER BOOKS	\$ 83,800,867	\$ 26,945,533	\$ 23,466,487	\$ 9,707,164	\$ 8,136,439	\$ 2,804,976	\$ -	\$ -	\$ -	\$ 71,060,598	\$ 12,740,269
FPSC ADJUSTMENTS:											
1) INCOME TAX SYNC AND INTEREST ADJ.						\$ (56,118)				\$ (56,118)	\$ 56,118
2) ELIMINATE FUEL REVENUES AND EXPENSES	\$ (24,340,847)	\$ (24,234,660)			\$ (129,053)	\$ 5,607				\$ (24,358,106)	\$ 17,259
3) ELIMINATE CONSERVATION	\$ (2,720,801)	\$ (2,710,873)			\$ (13,617)	\$ 905				\$ (2,723,585)	\$ 2,784
4)NON-UTILITY DEPRECIATION EXPENSE						\$ 69,209				\$ (213,023)	\$ 213,023
5) ELIMINATE AEP REVENUES AND EXPENSES	\$ (165,537)			\$ (282,232)	\$ (873)	\$ 10				\$ (165,569)	\$ 32
6) ELIMINATE REVENUE RELATED TAXES	\$ (3,643,698)			\$ (164,707)	\$ (3,643,698)	\$ -				\$ (3,643,698)	\$ -
7)5% OF ECONOMIC DEVELOPMENT			\$ (776)			\$ 190				\$ (586)	\$ 586
8) OUT OF PERIOD ADJ	\$ 1,044,205					\$ 256,060				\$ 256,060	\$ 788,145
9) FLEX RATE REVENUES	\$ (695,955)		\$ (11,818)	\$ (51,000)	\$ (19,587)	\$ (150,455)				\$ (232,860)	\$ (463,095)
10)REVERSE STATE INCOME TAX POTENTIAL REFUND	\$ 166,089					\$ 40,728				\$ 40,728	\$ 125,361
TOTAL FPSC ADJUSTMENTS	\$ (30,356,544)	\$ (26,945,533)	\$ (12,594)	\$ (497,939)	\$ (3,806,827)	\$ 166,137	\$ -	\$ -	\$ -	\$ (31,096,756)	\$ 740,212
FPSC ADJUSTED	\$ 53,444,323	\$ -	\$ 23,453,892	\$ 9,209,225	\$ 4,329,612	\$ 2,971,113	\$ -	\$ -	\$ -	\$ 39,963,842	\$ 13,480,481
ADJUSTED	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
ELIMINATE ACQUISITION AMORTIZATION	\$ 53,444,323	\$ -	\$ 23,453,892	\$ 9,209,225	\$ 4,329,612	\$ 2,971,113	\$ -	\$ -	\$ -	\$ 39,963,842	\$ 13,480,481
ELIMINATE TRANSACT./TRANSIT. AMORTIZATION	\$ -	\$ -	\$ -	\$ (1,491,132)	\$ -	\$ 351,382	\$ -	\$ -	\$ -	\$ (1,139,750)	\$ 1,139,750
TOTAL PRO FORMA ADJUSTMENTS	\$ -	\$ -	\$ -	\$ (1,491,132)	\$ -	\$ 351,382	\$ -	\$ -	\$ -	\$ (1,139,750)	\$ 1,139,750
PRO FORMA ADJUSTED	\$ 53,444,323	\$ -	\$ 23,453,892	\$ 7,718,093	\$ 4,329,612	\$ 3,322,495	\$ -	\$ -	\$ -	\$ 38,824,092	\$ 14,620,231

AVERAGE	ADJUSTMENTS				LOW POINT				MIDPOINT				HIGH POINT			
	PER BOOKS	NON-UTILITY	ADJUSTED BOOKS	PRO-RATA	SPECIFIC	BALANCE	RATIO (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	
COMMON EQUITY	\$ 92,248,746	\$ -	\$ 92,248,746	\$ 985,480	\$ (2,469,682)	\$ 90,764,544	37.06%	9.85%	3.65%	10.85%	4.02%	11.85%	4.39%			
LONG TERM DEBT - CU	\$ 54,611,303	\$ -	\$ 54,611,303	\$ 583,406	\$ -	\$ 55,194,709	22.54%	3.79%	0.85%	3.79%	0.85%	3.79%	0.85%			
SHORT TERM DEBT	\$ 44,758,551	\$ -	\$ 44,758,551	\$ 478,257	\$ -	\$ 45,246,808	18.48%	3.26%	0.60%	3.26%	0.60%	3.26%	0.60%			
LONG TERM DEBT - FC	\$ 5,012,450	\$ -	\$ 5,012,450	\$ 53,547	\$ -	\$ 5,065,997	2.07%	11.35%	0.23%	11.35%	0.23%	11.35%	0.23%			
SHORT TERM DEBT - REFINANCED LTD	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
CUSTOMER DEPOSITS	\$ 8,466,585	\$ -	\$ 8,466,585	\$ -	\$ -	\$ 8,466,585	3.46%	2.38%	0.08%	2.38%	0.08%	2.38%	0.08%			
DEFERRED INCOME TAXES	\$ 40,159,744	\$ -	\$ 40,159,744	\$ -	\$ -	\$ 40,159,744	16.40%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
TAX CREDITS - WEIGHTED COST	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	5.33%	0.00%	5.70%	0.00%	6.07%	0.00%			
TOTAL AVERAGE	\$ 245,267,379	\$ -	\$ 245,267,379	\$ 2,100,690	\$ (2,469,682)	\$ 244,898,387	100.00%	5.41%		5.78%		6.15%				

YEAR-END	ADJUSTMENTS				LOW POINT				MIDPOINT				HIGH POINT			
	PER BOOKS	NON-UTILITY	ADJUSTED BOOKS	PRO-RATA	SPECIFIC	BALANCE	RATIO (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	
COMMON EQUITY	\$ 94,259,546	\$ -	\$ 94,259,546	\$ 911,096	\$ (2,469,682)	\$ 92,700,960	35.74%	9.85%	3.52%	10.85%	3.88%	11.85%	4.24%			
LONG TERM DEBT - CU	\$ 68,949,191	\$ -	\$ 68,949,191	\$ 666,452	\$ -	\$ 69,615,643	26.84%	3.00%	0.81%	3.00%	0.81%	3.00%	0.81%			
SHORT TERM DEBT	\$ 41,062,446	\$ -	\$ 41,062,446	\$ 396,902	\$ -	\$ 41,459,348	15.99%	3.50%	0.56%	3.50%	0.56%	3.50%	0.56%			
LONG TERM DEBT - FC	\$ 5,032,140	\$ -	\$ 5,032,140	\$ 48,640	\$ -	\$ 5,080,780	1.96%	11.29%	0.22%	11.29%	0.22%	11.29%	0.22%			
SHORT TERM DEBT - REFINANCED LTD	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
CUSTOMER DEPOSITS	\$ 8,638,831	\$ -	\$ 8,638,831	\$ -	\$ -	\$ 8,638,831	3.33%	2.33%	0.08%	2.33%	0.08%	2.33%	0.08%			
DEFERRED INCOME TAXES	\$ 41,867,725	\$ -	\$ 41,867,725	\$ -	\$ -	\$ 41,867,725	16.14%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
TAX CREDITS - WEIGHTED COST	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	5.11%	0.00%	5.47%	0.00%	5.83%	0.00%			
TOTAL YEAR-END	\$ 259,809,879	\$ -	\$ 259,809,879	\$ 2,023,090	\$ (2,469,682)	\$ 259,363,287	100.00%	5.19%		5.55%		5.91%				