



June 6, 2023

VIA ELECTRONIC MAIL

Ms. Amber Norris, Public Utilities Supervisor/Surveillance
Division of Accounting and Finance
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

**Re: Florida Public Utilities Company (Gas Divisions) 1st Quarter 2023 Surveillance Report
[REVISED]**

Dear Ms. Norris:

In accordance with Rule 25-7.1352, F.A.C., Florida Public Utilities Company hereby submits its 1st Q Earnings Surveillance Report for 2023 for the FPUC Consolidated 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: Suzanne Hawkes (PSC)
Michelle Napier, FPUC

FLORIDA PUBLIC UTILITIES COMPANY
 NATURAL GAS
 RATE OF RETURN REPORT SUMMARY
 For the 12 Months Ending March 31, 2023

REVISED 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	\$ 28,845,775	\$ (3,614,652)	\$ 25,231,124	\$ 1,139,750	\$ 26,370,873
AVERAGE RATE BASE	\$ 466,122,755	\$ (18,816,442)	\$ 447,306,313	\$ (19,470,725)	\$ 427,835,588
AVERAGE RATE OF RETURN	6.19%		5.64%		6.16%
II. YEAR-END RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	\$ 28,845,775	\$ (3,617,621)	\$ 25,228,154	\$ 1,139,750	\$ 26,367,904
YEAR-END RATE BASE	\$ 477,960,231	\$ (19,843,269)	\$ 458,116,962	\$ (18,900,850)	\$ 439,216,112
YEAR-END RATE OF RETURN	6.04%		5.51%		6.00%

III. REQUIRED RATES OF RETURN
 AVERAGE CAPITAL STRUCTURE
 (FPSC ADJUSTED BASIS)

LOW	5.39%
MIDPOINT	5.81%
HIGH	6.23%

IV. EARNED RETURN ON EQUITY
 (FPSC ADJUSTED BASIS)

A.	INCL. ACQUISITION ADJUSTMENT	9.85%
B.	EXCL. ACQUISITION ADJUSTMENT	11.23%

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.

Michelle D. Napier
 Director, Regulatory Affairs Distribution

Michelle D. Napier
 Signature

6/5/2023
 Date

FLORIDA PUBLIC UTILITIES COMPANY

NATURAL GAS

AVERAGE RATE OF RETURN

For the 12 Months Ending March 31, 2023

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	\$ 611,705,720	\$ (155,416,705)	\$ 456,289,014	\$ -	\$ 3,605,348	\$ 459,894,363	\$ 6,228,392	\$ 466,122,755
FPSC ADJUSTMENTS:								
1) ELIMINATIONS OF 1/2 OF D & O PREPAID	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (14,425)	\$ (14,425)
2) ELIMINATE GOODWILL	(3,183,612)	-	(3,183,612)	-	-	(3,183,612)	-	(3,183,612)
3) FLEX RATE & SPECIAL CONTRACT PLANT	(20,395,889)	9,949,253	(10,446,637)	-	-	(10,446,637)	-	(10,446,637)
4) ELIM. NON-UTILITY PLANT	(1,298,240)	619,567	(678,673)	-	-	(678,673)	-	(678,673)
5) ELIMINATE UNDER-RECOVERIES	-	-	-	-	-	-	-	-
6) OFFSET TO ACCOUNTS RECEIVABLE	-	-	-	-	-	-	(1,020,881)	(1,020,881)
7) REMOVE UNRECOVERED AEP	-	-	-	-	-	-	(4,024,608)	(4,024,608)
8) REMOVE DEFERRED RATE CASE EXPENSE	-	-	-	-	-	-	(2,074,903)	(2,074,903)
9) ALLOCATE ACCRUED INTEREST FROM PARENT	-	-	-	-	-	-	(842,962)	(842,962)
10) FLEXIBLE LIABILITY ADJUSTMENT	-	-	-	-	-	-	(6)	(6)
11) ALLOCATE CORP. HEALTH INSURANCE RES.	-	-	-	-	-	-	(176,836)	(176,836)
12) ELIMINATE FLEX PLANT WORKING CAPITAL	-	-	-	-	-	-	(9,004)	(9,004)
13) ELIMINATE DEF. ENVIRONMENTAL COSTS	-	-	-	-	-	-	3,656,105	3,656,105
TOTAL FPSC ADJUSTMENTS	\$ (24,877,742)	\$ 10,568,820	\$ (14,308,922)	\$ -	\$ -	\$ (14,308,922)	\$ (4,507,520)	\$ (18,816,442)
FPSC ADJUSTED	\$ 586,827,978	\$ (144,847,886)	\$ 441,980,093	\$ -	\$ 3,605,348	\$ 445,585,441	\$ 1,720,872	\$ 447,306,313
ADJUSTED	\$ 586,827,978	\$ (144,847,886)	\$ 441,980,093	\$ -	\$ 3,605,348	\$ 445,585,441	\$ 1,720,872	\$ 447,306,313
PROFORMA ADJUSTMENTS								
ELIM. ACQUISITION ADJUSTMENT	\$ (34,192,493)	\$ 14,721,768	\$ (19,470,725)	\$ -	\$ -	\$ (19,470,725)	\$ -	\$ (19,470,725)
ELIM. REG ASSET-TRNSCTN & TRNSITN CSTS	\$ (34,192,493)	\$ 14,721,768	\$ (19,470,725)	\$ -	\$ -	\$ (19,470,725)	\$ -	\$ (19,470,725)
TOTAL PROFORMA ADJUSTMENTS	\$ (68,384,986)	\$ 29,443,536	\$ (38,941,450)	\$ -	\$ -	\$ (38,941,450)	\$ -	\$ (38,941,450)
PROFORMA ADJUSTED	\$ 522,635,485	\$ (130,126,118)	\$ 422,509,367	\$ -	\$ 3,605,348	\$ 426,114,716	\$ 1,720,872	\$ 427,835,588

FLORIDA PUBLIC UTILITIES COMPANY
 NATURAL GAS
 AVERAGE RATE OF RETURN
 For the 12 Months Ending March 31, 2023
 INCOME STATEMENT

SCHEDULE 2
 PAGE 2 OF 2

	(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	\$ 165,976,490	\$ 62,270,800	\$ 37,401,378	\$ 17,103,709	\$ 12,770,665	\$ 7,584,163				\$ 137,130,715	\$ 28,845,775
FPSC ADJUSTMENTS:											
1) INTEREST SYNC						116,020				116,020	(116,020)
2) ELIMINATE FUEL & SWING REVENUES AND EXP.	(57,800,993)	(57,461,740)		(12,196)	(291,133)	(12,196)				(57,765,069)	(35,924)
3) ELIMINATE CONSERVATION	(4,802,250)	(4,809,060)		7,815	(24,034)	7,815				(4,825,279)	23,019
4) NON-UTILITY DEPRECIATION EXPENSE				(98,760)		25,031				(73,729)	73,729
5) ELIMINATE AEP REVENUES AND EXPENSES	(446,742)			(444,507)	(2,236)	0				(446,743)	1
6) ELIMINATE REVENUE RELATED TAXES	(4,034,500)				(4,034,500)					(4,034,500)	
7) 3% OF ECONOMIC DEVELOPMENT			(1,052)			267				(785)	785
8) OUT OF PERIOD ADJ											
9) FLEX RATE & SPECIAL CONTRACTS	(6,231,057)		(429,996)	(425,619)	(175,364)	(1,317,960)				(2,348,938)	(3,882,118)
10) INTEREST INCOME	29,549					7,489				7,489	22,060
11) REMOVE ENVIRONMENTAL AMORTIZATION				(342,261)	(12,513)	86,746				(255,515)	255,515
12) REMOVE NON-UTILITY PROPERTY TAX						3,172				(9,342)	9,342
13) REMOVE COMPANY EVENTS											
14) REMOVE 1/2 D & O INSURANCE			(45,203)			11,457				(33,746)	33,746
15) REMOVE SERP			(1,624)			412				(1,213)	1,213
TOTAL FPSC ADJUSTMENTS	\$ (73,286,002)	\$ (62,270,800)	\$ (477,875)	\$ (1,311,146)	\$ (4,539,781)	\$ (1,071,749)	\$ -	\$ -	\$ -	\$ (69,671,351)	\$ (3,614,552)
FPSC ADJUSTED	\$ 92,690,488	\$ -	\$ 36,923,503	\$ 15,792,563	\$ 8,230,884	\$ 6,512,414	\$ -	\$ -	\$ -	\$ 67,459,364	\$ 25,231,124
ADJUSTED	\$ 92,690,488	\$ -	\$ 36,923,503	\$ 15,792,563	\$ 8,230,884	\$ 6,512,414	\$ -	\$ -	\$ -	\$ 67,459,364	\$ 25,231,124
ELIMINATE ACQUISITION AMORTIZATION											
ELIMINATE TRANSACT./TRANSIT. AMORTIZATION											
TOTAL PRO FORMA ADJUSTMENTS	\$ -	\$ -	\$ -	\$ (1,491,132)	\$ -	\$ 351,382	\$ -	\$ -	\$ -	\$ (1,139,750)	\$ 1,139,750
PRO FORMA ADJUSTED	\$ 92,690,488	\$ -	\$ 36,923,503	\$ 14,301,431	\$ 8,230,884	\$ 6,863,796	\$ -	\$ -	\$ -	\$ 66,319,614	\$ 26,370,873

	(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	\$ 653,676,096	\$ (161,957,788)	\$ 471,738,308	\$ -	\$ 3,314,100	\$ 475,052,408	\$ 2,907,823	\$ 477,960,231
FPSC ADJUSTMENTS:								
1) ELIMINATIONS OF 1/2 OF D & O PREPAID	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (13,157)	\$ (13,157)
2) ELIMINATE GOODWILL	(3,183,612)	-	(3,183,612)	-	-	(3,183,612)	-	(3,183,612)
3) FLEX RATE & SPECIAL CONTRACT PLANT	(24,202,099)	10,174,058	(14,028,042)	-	-	(14,028,042)	-	(14,028,042)
4) ELIM. NON-UTILITY PLANT	(1,321,278)	669,058	(652,221)	-	-	(652,221)	-	(652,221)
5) ELIMINATE UNDER-RECOVERIES	-	-	-	-	-	-	-	-
6) OFFSET TO ACCOUNTS RECEIVABLE	-	-	-	-	-	-	(926,674)	(926,674)
7) REMOVE UNRECOVERED AEP	-	-	-	-	-	-	-	-
8) REMOVE DEFERRED RATE CASE EXPENSE	-	-	-	-	-	-	(3,277,016)	(3,277,016)
9) ALLOCATE ACCRUED INTEREST FROM PARENT	-	-	-	-	-	-	(1,043,389)	(1,043,389)
10) FLEXIBLE LIABILITY ADJUSTMENT	-	-	-	-	-	-	-	-
11) ALLOCATE CORP. HEALTH INSURANCE RES.	-	-	-	-	-	-	(156,048)	(156,048)
12) ELIMINATE FLEX PLANT WORKING CAPITAL	-	-	-	-	-	-	(9,004)	(9,004)
13) ELIMINATE DEF. ENVIRONMENTAL COSTS	-	-	-	-	-	-	3,445,894	3,445,894
TOTAL FPSC ADJUSTMENTS	\$ (28,706,990)	\$ 10,843,115	\$ (17,863,874)	\$ -	\$ -	\$ (17,863,874)	\$ (1,979,394)	\$ (19,843,269)
FPSC ADJUSTED	\$ 604,969,107	\$ (151,094,673)	\$ 453,874,433	\$ -	\$ 3,314,100	\$ 457,188,533	\$ 928,429	\$ 458,116,962
ADJUSTED	\$ 604,969,107	\$ (151,094,673)	\$ 453,874,433	\$ -	\$ 3,314,100	\$ 457,188,533	\$ 928,429	\$ 458,116,962
PROFORMA ADJUSTMENTS								
ELIM. ACQUISITION ADJUSTMENT	\$ (34,192,493)	\$ 15,291,643	\$ (18,900,850)	\$ -	\$ -	\$ (18,900,850)	\$ -	\$ (18,900,850)
ELIM. REG ASSET-TRNSCTN & TRNSITN CSTS	\$ (34,192,493)	\$ 15,291,643	\$ (18,900,850)	\$ -	\$ -	\$ (18,900,850)	\$ -	\$ (18,900,850)
TOTAL PRO FORMA ADJUSTMENTS	\$ 570,776,614	\$ (135,803,030)	\$ 434,973,583	\$ -	\$ 3,314,100	\$ 438,287,683	\$ 928,429	\$ 439,216,112

	(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	\$ 165,976,490	\$ 62,270,800	\$ 37,401,378	\$ 17,103,709	\$ 12,770,665	\$ 7,584,163				\$ 137,130,715	\$ 28,845,775
FPSC ADJUSTMENTS:											
1) INTEREST SYNC	(57,800,993)	(57,461,740)			(291,132)	98,964				98,964	(98,964)
2) ELIMINATE FUEL & SWING REVENUES AND EXP.	(4,802,260)	(4,809,055)			(24,034)	(12,196)				(57,765,069)	(35,924)
3) ELIMINATE CONSERVATION						7,814				(4,825,276)	23,016
4) NON-UTILITY DEPRECIATION EXPENSE				(98,760)		25,031				(73,729)	73,729
5) ELIMINATE AEP REVENUES AND EXPENSES	(446,742)			(444,507)	(2,236)	0				(446,743)	1
6) ELIMINATE REVENUE RELATED TAXES	(4,034,500)				(4,034,500)					(4,034,500)	
7) 5% OF ECONOMIC DEVELOPMENT			(1,052)			267				(785)	785
8) OUT OF PERIOD ADJ											
9) FLEX RATE & SPECIAL CONTRACTS	(6,231,057)		(429,996)	(425,619)	(175,364)	(1,317,960)				(2,348,938)	(3,882,118)
10) INTEREST INCOME	2,732			(342,261)		692				692	2,040
11) REMOVE ENVIRONMENTAL AMORTIZATION						86,746				(255,515)	255,515
12) REMOVE NON-UTILITY PROPERTY TAX					(12,513)	3,172				(9,342)	9,342
13) REMOVE COMPANY EVENTS											
14) REMOVE 1/2 D & O INSURANCE			(45,203)			11,457				(33,746)	33,746
15) REMOVE SERP			(1,624)			412				(1,213)	1,213
TOTAL FPSC ADJUSTMENTS	\$ (73,312,820)	\$ (62,270,795)	\$ (477,875)	\$ (1,311,146)	\$ (4,539,780)	\$ (1,095,802)	\$ -	\$ -	\$ -	\$ (69,695,199)	\$ (3,617,621)
FPSC ADJUSTED	\$ 92,663,670	\$ 5	\$ 36,923,503	\$ 15,792,563	\$ 8,230,885	\$ 6,488,560	\$ -	\$ -	\$ -	\$ 67,435,516	\$ 25,228,154
ADJUSTED	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
ELIMINATE ACQUISITION AMORTIZATION	\$ 92,663,670	\$ 5	\$ 36,923,503	\$ 15,792,563	\$ 8,230,885	\$ 6,488,560	\$ -	\$ -	\$ -	\$ 67,435,516	\$ 25,228,154
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	\$ 92,663,670	\$ 5	\$ 36,923,503	\$ 14,301,431	\$ 8,230,885	\$ 6,839,942	\$ -	\$ -	\$ -	\$ 66,295,766	\$ 26,367,904

REVISED SCHEDULE 4

FLORIDA PUBLIC UTILITIES COMPANY
 NATURAL GAS
 CAPITAL STRUCTURE
 For the 12 Months Ending March 31, 2023
 FPSC ADJUSTED BASIS

AVERAGE	ADJUSTMENTS		ADJUSTED BOOKS	PRO-RATA	SPECIFIC	BALANCE	RATIO (%)	LOW POINT		MIDPOINT		HIGH POINT	
	NON-UTILITY	UTILITY						COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
COMMON EQUITY	\$ 200,649,867	\$ -	\$ 200,649,867	\$ (8,122,830)	\$ (8,183,612)	\$ 189,343,425	42.33%	9.25%	3.92%	10.25%	4.34%	11.25%	4.76%
LONG TERM DEBT - CU	\$ 146,345,092	\$ -	\$ 146,345,092	\$ (5,924,431)	\$ -	\$ 140,420,661	31.39%	3.44%	1.08%	3.44%	1.08%	3.44%	1.08%
SHORT TERM DEBT	\$ 39,166,659	\$ -	\$ 39,166,659	\$ (1,585,569)	\$ -	\$ 37,581,090	8.40%	3.94%	0.33%	3.94%	0.33%	3.94%	0.33%
CUSTOMER DEPOSITS	\$ 11,325,124	\$ -	\$ 11,325,124	\$ -	\$ -	\$ 11,325,124	2.53%	2.34%	0.06%	2.34%	0.06%	2.34%	0.06%
DEFERRED INCOME TAXES	\$ 68,636,012	\$ -	\$ 68,636,012	\$ -	\$ -	\$ 68,636,012	15.34%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	5.33%	0.00%	5.75%	0.00%	6.17%	0.00%
TOTAL AVERAGE	\$ 466,122,755	\$ -	\$ 466,122,755	\$ (15,632,830)	\$ (8,183,612)	\$ 447,306,313	100.00%		5.39%		5.81%		6.23%

YEAR-END	ADJUSTMENTS		ADJUSTED BOOKS	PRO-RATA	SPECIFIC	BALANCE	RATIO (%)	LOW POINT		MIDPOINT		HIGH POINT	
	NON-UTILITY	UTILITY						COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
COMMON EQUITY	\$ 211,461,515	\$ -	\$ 211,461,515	\$ (8,884,656)	\$ (8,183,612)	\$ 199,393,247	43.53%	9.25%	4.03%	10.25%	4.46%	11.25%	4.90%
LONG TERM DEBT - CU	\$ 164,350,579	\$ -	\$ 164,350,579	\$ (6,905,267)	\$ -	\$ 157,445,312	34.37%	3.09%	1.06%	3.09%	1.06%	3.09%	1.06%
SHORT TERM DEBT	\$ 20,700,332	\$ -	\$ 20,700,332	\$ (869,734)	\$ -	\$ 19,830,598	4.33%	7.54%	0.33%	7.54%	0.33%	7.54%	0.33%
CUSTOMER DEPOSITS	\$ 11,782,475	\$ -	\$ 11,782,475	\$ -	\$ -	\$ 11,782,475	2.57%	2.25%	0.06%	2.25%	0.06%	2.25%	0.06%
DEFERRED INCOME TAXES	\$ 69,665,330	\$ -	\$ 69,665,330	\$ -	\$ -	\$ 69,665,330	15.21%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	5.42%	0.00%	5.85%	0.00%	6.29%	0.00%
TOTAL AVERAGE	\$ 477,960,231	\$ -	\$ 477,960,231	\$ (16,659,657)	\$ (8,183,612)	\$ 458,116,962	100.00%		5.48%		5.91%		6.55%