



September 16, 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) 2nd 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 2nd 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
 INDIANTOWN DIVISION
 RATE OF RETURN REPORT SUMMARY
 June 30, 2019

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	\$ (84,782)	\$ 1,569	\$ (83,213)	\$ 37,118	\$ (46,095)
AVERAGE RATE BASE	\$ 2,313,176	\$ (6,681)	\$ 2,306,495	\$ (327,325)	\$ 1,979,170
AVERAGE RATE OF RETURN	-3.67%		-3.61%		-2.33%
II. YEAR-END RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	\$ (84,782)	\$ 469	\$ (84,313)	\$ 37,118	\$ (47,194)
YEAR-END RATE BASE	\$ 2,179,600	\$ -	\$ 2,179,600	\$ (302,465)	\$ 1,877,135
YEAR-END RATE OF RETURN	-3.89%		-3.87%		-2.51%

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

LOW	5.73%
MIDPOINT	6.13%
HIGH	6.53%

IV. EARNED RETURN ON EQUITY
 (FPSC ADJUSTED BASIS)

A.	INCL ACQUISITION ADJUSTMENT	-12.86%
B.	EXCL ACQUISITION ADJUSTMENT	-9.90%

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.

Mike Cassel
 Director, Regulatory Affairs

Mike Cassel
 Signature

9/13/2019
 Date

FLORIDA PUBLIC UTILITIES COMPANY
 Average Rate of Return
 For the 12 Months Ending June 30, 2019
 RATE BASE

	(1) PLANT IN SERVICE	(2) ACCUMULATED DEPRECIATION & AMORTIZATION	(3) PLANT IN SERVICE	(4) NET PROPERTY HELD FOR FUTURE USE	(5) CONSTRUCTION IN PROGRESS	(6) NET UTILITY PLANT	(7) WORKING CAPITAL	(8) TOTAL RATE BASE
PER BOOKS	3,611,251	(1,489,840)	2,121,312	-	11,110	2,132,422	180,754	2,313,176
FPSC ADJUSTMENTS:								
REMOVE NET UNRECOVERED CONSERVATION							(6,681)	(6,681)
TOTAL FPSC ADJUSTMENTS							(6,681)	(6,681)
FPSC ADJUSTED	3,611,251	(1,489,840)	2,121,312	-	11,110	2,132,422	174,073	2,306,495
PROFORMA ADJUSTMENTS								
Remove Acquisition Adjustment	(745,800)	418,475	(327,325)	-	-	(327,325)	-	(327,325)
TOTAL PRO FORMA ADJUSTMENTS	(745,800)	418,475	(327,325)	-	-	(327,325)	-	(327,325)
PRO FORMA ADJUSTED	2,865,451	(1,071,465)	1,793,987	-	11,110	1,805,097	174,073	1,979,170

FLORIDA PUBLIC UTILITIES COMPANY
 INCOME STATEMENT
 AVERAGE RATE OF RETURN
 For the 12 Months Ending June 30, 2019
 INCOME STATEMENT

	(1) OPERATING REVENUES	(2) O & M GAS EXPENSE	(3) O & M OTHER	(4) DEREC. & AMORTIZATION	(5) TAXES OTHER THAN INCOME	(6) INCOME TAXES CURRENT	(7) D.I.T. (NET)	(8) I.T.C. (NET)	(9) GAIN/LOSS ON DISPOSITION	(10) TOTAL OPERATING EXPENSES	(11) NET OPERATING INCOME
PER BOOKS	\$ 251,260	\$ 16,956	\$ 189,989	\$ 126,713	\$ 38,891	\$ (36,496)				\$ 336,042	\$ (84,782)
FPSC ADJUSTMENTS:											
1) Interest Subsidization	\$ (8,618)	\$ (8,570)			\$ (48)	\$ 937				\$ (9,618)	\$ (937)
2) Elim. Compensation Rev. & Exp.	\$ (1,397)				\$ (1,397)	\$ 0				\$ (1,397)	\$ 0
3) Elimination of Revenue Taxes	\$ (7,433)	\$ (7,396)			\$ (37)	\$ (4,196)				\$ (14,963)	\$ 4,196
4) Income Tax Effective Rate Adjustment				\$ (289)		\$ 73				\$ (7,433)	\$ 0
5) Remove Swing Service				\$ 2,354		\$ (647)				\$ 1,807	\$ 216
6) Out of Period Unrecorded Deferred Taxes										\$ -	\$ (1,807)
7) Amortization of Privatized Deferred Taxes										\$ -	\$ -
TOTAL FPSC ADJUSTMENTS	\$ (18,448)	\$ (16,966)	\$ -	\$ 2,265	\$ (1,443)	\$ (3,833)	\$ -	\$ -	\$ -	\$ (20,017)	\$ 1,569
FPSC ADJUSTED	\$ 232,812	\$ -	\$ 189,989	\$ 128,978	\$ 37,409	\$ (40,329)	\$ -	\$ -	\$ -	\$ 316,025	\$ (83,213)
PROFORMA ADJUSTMENTS											
Remove Acquisition Adjustment Amortization	\$ -	\$ -	\$ -	\$ (49,720)	\$ -	\$ 12,602	\$ -	\$ -	\$ -	\$ (37,118)	\$ 37,118
TOTAL PROFORMA ADJUSTMENTS	\$ -	\$ -	\$ -	\$ (49,720)	\$ -	\$ 12,602	\$ -	\$ -	\$ -	\$ (37,118)	\$ 37,118
PROFORMA ADJUSTED	\$ 232,812	\$ -	\$ 189,989	\$ 79,258	\$ 37,409	\$ (27,727)	\$ -	\$ -	\$ -	\$ 278,907	\$ (46,095)

FLORIDA PUBLIC UTILITIES COMPANY
INDIAN TOWN DIVISION
STATE OF FLORIDA
FILE NO. 12-10000-0000
DATE FILED: June 30, 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	\$ 3,595,773	\$ (1,530,520)	\$ 2,065,253	\$ -	\$ 24,781	\$ 2,090,034	\$ 89,566	\$ 2,179,600
FPSC ADJUSTMENTS:								
REMOVE NET UNREC. CONSERVATION								
TOTAL FPSC ADJUSTMENTS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FPSC ADJUSTED	\$ 3,595,773	\$ (1,530,520)	\$ 2,065,253	\$ -	\$ 24,781	\$ 2,090,034	\$ 89,566	\$ 2,179,600
PROFORMA ADJUSTMENTS	\$ (745,860)	\$ 443,335	\$ (302,465)	\$ -	\$ -	\$ (302,465)	\$ -	\$ (302,465)
TOTAL PROFORMA ADJUSTMENTS	\$ (745,860)	\$ 443,335	\$ (302,465)	\$ -	\$ -	\$ (302,465)	\$ -	\$ (302,465)
PROFORMA ADJUSTED	\$ 2,849,913	\$ (1,087,185)	\$ 1,762,788	\$ -	\$ 24,781	\$ 1,787,569	\$ 89,566	\$ 1,877,135

SCHEDULE 4

FLORIDA PUBLIC UTILITIES COMPANY
 INDIANTOWN DIVISION
 RATE SCHEDULE PICTURE
 JUNE 30, 2019
 FPSC ADJUSTED BASIS

AVERAGE	ADJUSTMENTS		PRO-RATA	SPECIFIC	BALANCE	RATIO (%)	LOW POINT		MIDPOINT		HIGH POINT	
	PER BOOKS	NON-UTILITY					ADJUSTED BOOKS	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)
COMMON EQUITY	\$925,062	\$	\$ 925,062	\$	(3,267)	39.87%	10.50%	4.20%	11.50%	4.60%	12.50%	5.00%
LONG TERM DEBT	489,569	\$	489,569	\$	(1,728)	21.15%	3.91%	0.85%	3.91%	0.85%	3.91%	0.85%
SHORT TERM DEBT	477,681	\$	477,681	\$	(1,687)	20.64%	3.35%	0.69%	3.35%	0.69%	3.35%	0.69%
SHORT TERM DEBT REFINANCED LTD	\$	\$	\$	\$	\$	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$8,495	\$	8,495	\$	\$	0.37%	2.07%	0.01%	2.07%	0.01%	2.07%	0.01%
DEFERRED INCOME TAXES	\$412,369	\$	412,369	\$	\$	17.88%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$	\$	\$	\$	\$	0.00%	5.72%	0.00%	6.12%	0.00%	6.52%	0.00%
TOTAL AVERAGE	\$ 2,313,176	\$	2,313,176	\$	(6,681)	100.00%	5.73%		6.13%		6.53%	

YEAR-END	ADJUSTMENTS		PRO-RATA	SPECIFIC	BALANCE	RATIO (%)	LOW POINT		MIDPOINT		HIGH POINT	
	PER BOOKS	NON-UTILITY					ADJUSTED BOOKS	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)
COMMON EQUITY	\$837,434	\$	837,434	\$	\$	38.42%	10.50%	4.03%	11.50%	4.42%	12.50%	4.80%
LONG TERM DEBT	463,546	\$	463,546	\$	\$	21.27%	3.60%	0.77%	3.60%	0.77%	3.60%	0.77%
SHORT TERM DEBT	458,540	\$	458,540	\$	\$	21.04%	3.04%	0.64%	3.04%	0.64%	3.04%	0.64%
SHORT TERM DEBT REFINANCED LTD	\$	\$	\$	\$	\$	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	8,510	\$	8,510	\$	\$	0.39%	2.06%	0.01%	2.06%	0.01%	2.06%	0.01%
DEFERRED INCOME TAXES	\$411,570	\$	411,570	\$	\$	18.88%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$	\$	\$	\$	\$	0.00%	5.44%	0.00%	5.83%	0.00%	6.21%	0.00%
TOTAL YEAR-END	\$ 2,179,600	\$	2,179,600	\$	\$	100.00%	5.45%		5.84%		6.22%	