

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

SCHEDULE 1

1/2019	5/14 Date	per log	Mike Cassel		Mike Cassei Director- Regulatory Affairs
			be	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.	Whoever knowingly makes a false statement in writington to mislead a public servant in the performant duty shall be guilty of a misdemeanor of the second as provided in s. 775.082, s. 775.083. or s. 775.084.
	3.31	G. RETURN ON COMMON EQUITY	G, RETURN ON C	utes, provides:	I am aware that Section 837.06, Florida Statutes, provides:
	24.71	F. STD TO TOTAL INVESTOR FUNDS	F. STD TO TOTAL		
	25.64	E. LTD TO TOTAL INVESTOR FUNDS 2	E LTD TO TOTAL		
	8.09	D. INTERNALLY GENERATED FUNDS	D. INTERNALLY 6	5.94%	High
	0.00		C. AFUDC TO NET INCOME	5.55%	MIDPOINT
	1.64		В. ПЕ МПНОЦТ АБИОС	5.17%	LOW
	1.64		A. TIE WITH AFUDC		AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)
		IV. FINANCIAL INTEGRITY INDICATORS	IV. FINANCIAL IN		III. REQUIRED RATES OF RETURN
		2.01%		1.73%	YEAR-END RATE OF RETURN
\$129,525,264	\$0	\$129,525,264	(\$7,864,017)	\$137,389,281	YEAR-END RATE BASE
\$2,600,988	\$0	\$2,500,988	\$226,703	\$2,374,286	NET OPERATING INCOME
					II. YEAR-END RATE OF RETURN (JURISDICTIONAL)
	· · · · · · · · · · · · · · · · · · ·	2.89%		2.62%	AVERAGE RATE OF RETURN
\$83,491,274	\$0	\$83,491,274	(57,178,821)	\$90,670,094	AVERAGE RATE BASE
\$2,411,978	\$0	\$2,411,578	\$37,692	\$ 2,374,286	NET OPERATING INCOME
(5) PRO FORMA ADJUSTED	(4) PRO FORMA ADJUSTMENTS	(3) FPSC ADJUSTED	(2) FPSC ADJUSTIMENTS	(1) PER BOOKS	I. AVERAGE RATE OF RETURN (JURISDICTIONAL)
	:				March 31, 2019

PER BOOKS FESC ADJUSTIMENTS: FPSC ADJUSTIMENTS: S0 S		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
INITS: ITILITY PLANT \$0 \$0 \$0 \$0 ITILITY PLANT LUAB - PENISION AMORT *ASSET - LITIGATION COSTS **TE CASE EXPENSE USTMENTS \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0	PER BOOKS	\$134,928,082	(\$64,784,092)	\$70,143,991	\$0	\$12,063,864	\$82,207,855	\$8,462,239	\$90,670,094
THETY PLANT LUAB - PENSION AMORT ASSET LUTICATION COSTS ET UNDERRECOVERY TE CASE EXPENSE USTMENTS \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$	FPSC ADJUSTMENTS:								
LIAB - PENSION AMORT ASSET: LITIGATION COSTS \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$	1) ELIM. NON UTILITY PLANT	\$o	\$o	\$0 \$0			\$ \$		
ET UNDERRECOVERY THE CASE EXPENSE \$134,928,082 \$134,928,082 \$134,928,082 \$134,928,082 \$2 (\$64,784,092) \$2 (\$64,784,092) \$2 (\$64,784,092) \$2 (\$64,784,092) \$3 (\$64,784,092) \$3 (\$64,784,092) \$4 (\$64,784,092) \$4 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784,092) \$5 (\$64,784	 REGULATORY LIAB - PENSION AMORT REGULATORY ASSET - LITIGATION COSTS 			\$0			\$ \$	\$0 \$0	
INSTIMENTS \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0	4) ELIMINATE NET UNDERRECOVERY5) DEFERRED RATE CASE EXPENSE	٠					\$ 0	(\$7,072,795) (\$106,026)	(\$7,072,795) (\$106,026)
NULES \$134,928,082 (\$64,784,092) \$70,143,991 \$0 \$12,063,864 \$82,207,400 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$	TOTAL FPSC ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	(\$7,178,821)	(\$7,178,821
\$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$	FPSC ADJUSTED	\$134,928,082	(\$64,784,092)	\$70,143,991	\$0	\$12,063,864	\$82,207,855	\$1,283,419	\$83,491,274
ES \$134,928,082 (\$64,784,092) \$70,143,991 \$0 \$12,063,864 \$0 \$0 \$0 \$0 \$0 \$134,928,082 (\$64,784,092) \$70,143,991 \$0 \$12,063,864	FLEX RATE REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
\$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0	ADJUSTED FOR FLEX RATE REVENUES	\$134,928,082	(\$64,784,092)	\$70,143,991	\$0	\$12,063,864	\$82,207,855	\$1,283,419	\$83,491,274
\$0 \$0 \$0 \$0 \$0 \$134,928,082 (\$64,784,092) \$70,143,991 \$0 \$12,063,864 \$82,207,8	PROFORMA ADJUSTMENTS								
\$134,928,082 (\$64,784,092) \$70,143,991 \$0 \$12,063,864	TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
	PRO FORMA ADJUSTED	\$134,928,082	(\$64,784,092)	\$70,143,991	\$0	\$12,063,864	\$82,207,855	\$1,283,419	\$83,491,274

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

PRO FORMA ADJUSTED	TOTAL PRO FORMA ADJUSTMENTS		PRO FORMA ADJUSTMENTS	FPSC ADJUSTED	TOTAL FPSC ADJUSTMENTS				7) OUT OF PERIOD ADJ FOR DECEMBER TAX REFORM	6) ELIMINATE 5% OF ECONOMIC DEVELOPMENT	GROSS RECEIPTS)	5) ELIMINATE REVENUE RELATED TAXES (FRANCHISE &	A)NON-LITH ITY DEPRECIATION EXPENSE	2) ELIMINATE FUEL REVENUES AND EXPENSES	1) INCOME TAX SYNCH ADJUSTMENT	FPSC ADJUSTMENTS:	PER BOOKS					
	s			s	s				v		v		v				w.	RS	OPE			
\$20,593,940				20,593,940	(58,605,451)				211,225		(5,342,277)		(621,987)	(52,852,412)			79,199,391	REVENUES	OPERATING		Ξ	
	~			s	8					ı			v				•		0			
so				,	(53,254,542)					j			(613,417)	(52,641,125)			53,254,542	EXPENSE	O & M FUEL		(2)	
	\sigma			ď	ς					v							w					
\$12,493,159	-			12,493,159	(1,740)					(1,740)							12,494,899	OTHER	N % O		(3)	
54	v			s	ς.				s			. 0	,				ςς.	AMOR	DEP		_	
\$4,063,973	-			4,063,973	69,232				69,232								3,994,741	AMORTIZATION	DEPREC. &		(4)	
\$1,	\s			\$ L	\$ (5,						\$ (5,		s	s			s 5	THAN	TAXES			
\$1,265,162			,	1,265,162	(5,383,327)						(5,342,277)		(448)	(40,602)			6,648,489	THAN INCOME	TAXES OTHER		(5)	
	\sigma			\$	s	s	v	s	ç	s	s	v	, 0	s	s		w	2	INCO			
\$359,668	-			359,668	(72,767)	,			35,988	441	•		(2,059)	(43,260)	(63,877)		432,435	CURRENT	INCOME TAXES		(6)	
	8			s	s													(NET)	D.I.T.		(2)	
8					-													J	Τ.		_	
	s			5	s													(NET)	LT.C.		(8)	
80].														3	Ü			
	5			\$	\sigma													DISPOSITION	NO	GAIN/LOSS	(9)	
\$0																		ğ		SSC		
\$18	S	v		\$ 18	\$ (58	v	S	\$	S	S	\$ {s	v	· v	\$ (52	¢,		\$ 76	EXPE	OPER,	70.	ជ	
\$18,181,962	.			18,181,962	(58,643,143)	,			105,220	(1,299)	(5,342,277)	,	(615,923)	(52,724,987)	(63,877)		76,825,105	EXPENSES	OPERATING	TAL	9	
	\sigma	w		s	l v	¢,	s	s	s	s	s	S	5	v	s		v		QP.			
\$2,411,978	.			2,411,978	37,692	,	1		106,005	1,299		•	(6,064)	(127,425)	63,877		2,374,286	INCOME	OPERATING	NET	(11)	

SCHEDULE 2 PAGE 2 OF 2

PRO FORMA ADJUSTED	TOTAL PRO FORMA ADJUSTMENTS	PROFORMA ADJUSTMENTS	ADJUSTED FOR COMP RATE ADJ REVENUE	COMP RATE ADJ REVENUES	FPSC ADJUSTED	TOTAL FPSC ADJUSTMENTS	1) ELIM, NON UTILITY PLANT 2) OUT OF PERIOD LITIGATION ADJ 3) ELIMINATION OF UNDER-RECOVERY 4) DEFERRED RATE CASE EXPENSE	FPSC ADJUSTMENTS:	PER BOOKS	
\$150,666,122	\$0		\$150,666,122	\$0	\$150,666,122	\$0	8		\$150,666,122	(1) PLANT IN SERVICE
(\$58,782,714)	\$0		(\$58,782,714)	\$0	(\$58,782,714)	\$0	\$0		(\$58,782,714)	(2) ACCUMULATED DEPRECIATION & AMORTIZATION
\$91,883,408	\$0		\$91,883,408	\$0	\$91,883,408	\$0	88		\$91,883,408	(3) PLANT IN SERVICE
\$0	\$0		\$0	So	\$0	\$0			ŞO	(4) NET PROPERTY HELD FOR FUTURE USE
\$12,843,475	\$6		\$12,843,475	\$0	\$12,843,475	\$0		•	\$12,843,475	(5) CONSTRUCTION WORK IN PROGRESS
\$104,726,883	\$0		\$104,726,883	80	\$104,726,883	Şo	% % % %		\$104,726,883	(6) NET UTILITY PLANT
\$24,798,381	90		\$24,798,381	\$0	\$24,798,381	(\$7,864,017)	\$0 (\$7,806,929) (\$57,088)		\$32,662,398	(7) WORKING CAPITAL
\$129,525,264	\$0 \$0		\$129,525,264	\$0	\$129,525,264	(\$7,864,017)	\$0 \$0 (\$7,806,929) (\$57,088)		\$137,389,281	(8) TOTAL RATE BASE

SCHEDULE 3
PAGE 1 OF 2

SCHEDULE 3 PAGE 2 OF 2

PRO FORMA ADJUSTED	TOTAL PRO FORMA ADJUSTMENTS	PRO FORMA ADJUSTMENTS	FPSC ADJUSTED	TOTAL FPSC ADJUSTMENTS		6) ELIMINATE 5% OF ECONOMIC DEVELOPMENT7) OUT OF PERIOD ADJ FOR DECEMBER TAX REFORM	5) ELIMINATE REVENUE RELATED TAXES (FRANCHISE & GROSS RECEIPTS)	3) ELIMINATE CONSERVATION 4)NON-UTILITY DEPRECIATION EXPENSE	FPSC ADJUSTMENTS: 1) INCOME TAX SYNCH ADJUSTMENT 2) FLIMINATE FILE REVENUES AND EXPENSES	PER BOOKS		
	<u>د</u>		Ś	s		v	v	in i	^	v	R OF	
\$20,593,940			20,593,940	(58,605,451)		211,225	(5,342,277)	(621,987)	(6.2 66.2 (1.2)	79,199,391	REVENUES	(1)
	ς		s	ν				v, v	^	v	.	
\$0				(53,254,542)			-	(613,417)	(5)	53,254,542	O & M FUEL	(2)
s,	\w		S	5		s				s	0.0	
\$12,493,159			12,493,159	(1,740)		(1,740)				12,494,899	O & M OTHER	(3)
\$4,063,973	s .		\$ 4,063,973	\$ 69,232	•	\$ 69.232		n		\$ 3,994,741	DEPREC, & AMORTIZATION	(4)
\$1,265,162	S		\$ 1,265,162	\$ (5,383,327)			S (5,342,277)	\$ (40,602)		\$ 6,648,489	TAXES OTHER THAN INCOME	(5)
	s		s	\sigma	w w w	w w	ss u	+ W - W	· vs	4s	CUI	
\$170,657			170,657	(261,777)	1 1 1	35 988		(43,260)	(252,888)	432,435	INCOME TAXES CURRENT	(6)
\$0	\s\ -		, ,	\$							D.I.T.	(7)
ŀ	σ		'n	\w\								
Şo	1		-	-							I.T.C. (NET)	(8)
Şo	55		\$	s							DISPOSITION	(9)
	ν ν		<u>۰</u>	%	w w w	n vn	v v	· w w	¢,	'n	m 9	
\$17,992,951	. .		17,992,951	(58,832,154)		(1,299)	(5.342.277)	(52,724,987) (615,923)	(252,888)	76,825,105	OPERATING EXPENSES	(10)
	%		s	s	~~~		v v	s s	w	s	_ 0	
\$2,600,988			2,600,988	226,703	105,005	1,299		(127,425) (6,064)	252,888	2,374,286	OPERATING INCOME	(11)

TOTAL YEAR-END	TAX CHEDITS - WEIGHTED COST	DEFFERED INCOME TAXES	CUSTOMER DEPOSITS	SHORT TERM DEBT - REFINANCED LTD	LONG TERM DEBT - FC	SHORT TERM DEBT	LONG TERM DEBT - CU	COMMON EQUITY	TEANTEND	CO. D TAIL		
\$137,389,281	SO	\$15,010,146	\$3,200,338	şo	\$2,580,394	\$28,663,225	\$31,167,540	\$56,767,638	PER BOOKS		1	
\$0									NON-OTIOITY		ADJUSTMENTS	
5137,389,281 (\$7,864,017)	SO	\$15,010,146	\$3,200,338	\$0	\$2,580,394	\$28,663,225	\$31,167,540	\$56,767,638	BOOKS	ADJUSTED		
(\$7,864,017)					(170,267)	(1,891,344)	(2,056,591)	(3,745,815)	PRO-RATA			
\$0								\$0	SPECIFIC			
\$129,525,264	\$o	\$15,010,146	\$3,200,338	\$0	\$2,410,127	\$26,771,881	\$29,110,949	\$53,021,823	BALANCE			
100.00%	0.00%	11.59%	2,47%	0.00%	1.86%	20.67%	22.48%	40.94%	(%)	RATIO		
	5.35%	0.00%	2.46%	0.00%	11.45%	3.01%	3.25%	9,25%	(%)	RATE	COST	LOA
5.41%	0.00%	0,00%	0.06%	0.00%	0.21%	0.62%	0.73%	3.79%	(%)	COST	WEIGHTED	LOW POINT
	5.76%	0.00%	2.46%	0.00%	11.45%	3.01%	3.25%	10.25%	(%)	RATE	COST	3
5.82%	0.00%	0.00%	0.06%	0.00%	0.21%	0.62%	0.73%	4.20%	(%)	COST	WEIGHTED	MIDPOINT
	6.17%	0.00%	2.46%	0.00%	11,45%	3,01%	3.25%	11.25%	(%)	RATE	COST	HIC
6.23%	0.00%	0.00%	0.06%	0.00%	0.21%	0.62%	0.73%	4.61%	(%)	COST	WEIGHTED	HIGH POINT

5.94%		5.55%		5.17%		100.00%	\$83,491,274	\$0	(\$7,178,819)	\$90,670,095	Şo	\$90,670,094	LAVERAGE
							,						
0.00%	5.85%	0.00%	5.46%	0.00%	5.08%	0,00%	\$ 0			So		\$0	REDITS - WEIGHTED COST
0.00%	0,00%	0.00%	0.00%	0.00%	0.00%	18.81%	\$15,703,984			\$15,703,984		\$15,703,983.64	RED INCOME TAXES
0,09%	2.40%	0.09%	2.40%	0.09%	2.40%	3.92%	\$3,273,700			\$3,273,700		\$3,273,700.00	OMER DEPOSITS
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	\$0		SO.	Şo		\$0.00	T TERM DEBT - REFINANCED LTD
0.22%	11.52%	0.22%	11.52%	0.22%	11.52%	1.95%	\$1,627,691		(181,123)	\$1,808,814		\$1,808,813.55	TERM DEBT - FC
0.61%	3.21%	0.61%	3.21%	0.61%	3.21%	19.09%	\$15,940,369		\$17,714,151 (1,773,782)	\$17,714,151		\$17,714,151.00	T TERM DEBT
0.70%	3.94%	0.70%	3.94%	0.70%	3.94%	17.86%	\$14,913,688		(1,659,537)	\$16,573,225		\$16,573,224.70	TERM DEBT - CU
4.32%	11.25%	3.93%	10.25%	3.55%	9.25%	38.37%	\$32,031,845		(\$3,564,377)	\$35,596,222		\$35,596,222.00	MON EQUITY
(10)	Ì												
COST	RATE (%)	COST		(%) TSO3T	RATE (%)	(%)	BALANCE	SPECIFIC	PRO-RATA	BOOKS	NON-UTILITY	PER BOOKS	AVERAGE
WEIGHTED		WEIGHTED	COST	WEIGHTED	COST					AD	ADJUSTMENTS	1	
HIGH POINT	нідн	MIDPOINT	MIC	LOW POINT	101								