

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** 

Mike Cassel AVP- Regulatory Affairs	Whoever kno intent to misl duty shall be as provided in	i am aware that Section 837.06, Florida Statutes, provides:				нібн	MIDPOINT	LOW	AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)	III. REQUIRED RATES OF RETURN	YEAR-END RATE OF RETURN	YEAR-END RATE BASE	NET OPERATING INCOME	II. YEAR-END RATE OF RETURN (JURISDICTIONAL)	SAFEWARE WATE OL VELOUIN		AVERAGE RATE BASE	NET OPERATING INCOME	I. AVERAGE RATE OF RETURN (JURISDICTIONAL)
<b>I</b> .	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 guity of a misdemeanor of the second degree punishable as provided in s. 775.082, s. 775.083. or s. 775.084.	5, Florida Statutes, provides:				5.98%	5.60%	5.21%	RE		1.74%	\$152,579,835	\$2,648,524		1./9%		\$147,869,501	\$ 2,648,524	(1) ACTUAL PER BOOKS
Month	e cial ishable		G. RET	F. STD	E. LTD	D. INT	C AFU	B. TIE	A. TIE	IV. FIN		(\$4,151,781)	\$134,686			, , , , , , , , , , , , , , , , , , ,	(\$34,513,619)	\$14,818	(2) FPSC ADJUSTMENTS
M-	<u>)</u>		G. RETURN ON COMMON EQUITY	F. STD TO TOTAL INVESTOR FUNDS	E. LTD TO TOTAL INVESTOR FUNDS	D. INTERNALLY GENERATED FUNDS	C. AFUDC TO NET INCOME	B. TIE WITHOUT AFUDC	A. TIE WITH AFUDC	IV. FINANCIAL INTEGRITY INDICATORS	1.88%	\$148,428,054	\$2,783,210		2.35%	۲۰۰۰ در د درمد ده	\$113 JEE 881	\$2,663,341	(3) FPSC ADJUSTED
			1.73	21.48	32.09	(1,052.46)	0.00	1.58	1.58			\$0	\$0			ž		\$0	(4) PRO FORMA ADJUSTMENTS
5-14-20			-								1.88%	\$148,428,054	\$2,783,210		2.35%	\$113,355,881		\$2,663,341	(5) PRO FORMA ADJUSTED

Signature 📞

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PRO FORMA ADJUSTED	TOTAL PRO FORMA ADJUSTMENTS	PROFORMA ADJUSTMENTS	ADJUSTED FOR FLEX RATE REVENUES	FLEX RATE REVENUES	FPSC ADJUSTED	TOTAL FPSC ADJUSTMENTS	/) DEFERRED RATE CASE EXPENSE	6) ELIMINATE NET UNDERRECOVERY	5) AMORTIZE STORM COSTS IN 2020	4) REMOVE STORM C	3) REGULATORY ASSE	2) REGULATORY LIAB - PENSION AMORT	<ol> <li>ELIM. NON UTILITY PLANT</li> </ol>		FPSC ADJUSTMENTS:	PER BOOKS		
Ö	DJUSTMENTS	TENTS	RATE REVENUES			ENTS	I DE EXPENSE	DERRECOVERY	COSTS IN 2020	4) REMOVE STORM COST-INTEREST EARNING	T - LITIGATION COSTS	- PENSION AMORT	Y PLANT					
\$155,755,611	\$0		\$155,755,611	\$0	\$155,755,611	\$0							\$0			\$155,755,611	(1) PLANT IN SERVICE	
(\$61,399,637)	\$0		(\$61,399,637)	\$0	(\$61,399,637)	\$0							\$0			(\$61,399,637)	ACCUMULATED DEPRECIATION & AMORTIZATION	
\$94,355,974	\$0		\$94,355,974	\$0	\$94,355,974	\$0			\$0	\$0	\$0	\$0	\$0	\$0		\$94,355,974	(3) PLANT IN SERVICE	
\$0	\$0		\$0	\$0	\$0	\$0										\$0	(4) NET PROPERTY HELD FOR FUTURE USE	
\$4,547,521	\$0		\$4,547,521	\$0	\$4,547,521	\$0										\$4,547,521	(5) CONSTRUCTION WORK IN PROGRESS	
\$98,903,495	\$0		\$98,903,495	\$0	\$98,903,495	\$0	\$0	Şo	\$0	\$0	\$0	\$0	\$0	\$0		\$98,903,495	(6) NET UTILITY PLANT	
\$14,452,386 \$113,355,881	\$0		\$14,452,386	\$0	\$14,452,386	(\$34,513,619)	(\$18,122)	(\$5,295,978)	(\$15,066)	(\$29,184,453)	\$0	\$0				\$48,966,006	(7) WORKING CAPITAL	
\$113,355,881	\$0		\$113,355,881	\$0	\$113,355,881	(\$34,513,619)	(\$18,122)	(\$5,295,978)	(\$15,066)	(\$29,184,453)	\$0	\$0	\$o	şo		\$147,869,501	(8) TOTAL RATE BASE	

FLORIDA PUBLIC UTILITIES COMPANY
ELECTRIC
AVERAGE RATE OF RETURN
For the 12 Months Ending March 31, 2020
INCOME STATEMENT

	- 0	(1) OPERATING		(2)	•	(3), O&M		(4) DEPREC. &	(5) TAXES OTHER	NO	(6)		(7) D.I.T.	(8)		(9) GAIN/LOSS		(10) TOTAL OPERATING	0	(11) NET OPERATING
PER BOOKS	s	82,950,771	v	54,441,808	v,	13,412,962	s	4,966,269	\$ 7,012,913	w	468,295						<b>5</b>	80,302,247	w	
FPSC ADJUSTMENTS:  1) INCOME TAX SYNCH ADJUSTMENT										w	(173,760)						us.	(173.760)	^	
2) ELIMINATE FUEL RÉVENUES AND EXPENSES	s	(53,925,665)	s	(53,767,419)	Ξ.				\$ (41,282)	w	(28,682)						s ·	(53.837.383)	ı,	
3) ELIMINATE CONSERVATION	v	(656,698)	s	(674,389)	=				\$ (472)	s	4,454						s ·	(670,407)	s ·	
4)NON-UTILITY DEPRECIATION EXPENSE  5) ELIMINATE REVENUE RELATED TAXES (FRANCHISE &							v	•		w							v		s	
GROSS RECEIPTS)	v	(5,711,485)							\$ (5,711,485)	s							s	(5.711.485)	^	
6) ELIMINATE 5% OF ECONOMIC DEVELOPMENT					s	(1,235)				v	303						٠ .	(932)	s,	
7) OUT OF PERIOD ADJ	s						v	·		v							s	, .	<b>.</b>	
8) REMOVE STORM 2017 ADJUSTMENT	·w	(978,216)			s	(750,000)	۰	(213,132)		v	(3,699)						s	(966,831)	s.	
9) AMORTIZE STORM COŞTS 2020	٠						s	97,932		s	(24,015)			•				73,917	v	
										w	•						۷۶		v	
TOTAL FPSC ADJUSTMENTS	%	(61,272,064)	s	(54,441,808)	s-	(751,235)	~	(115,200)	\$ (5,753,240)	~	(225,399)	¢,	-	5			w	(61,286,882)	~	
FPSC ADJUSTED	s	21,678,707	s		  ∽	12,661,727	ß	4,851,069	\$ 1,259,673	ď	242,896	s	.	ν			ļu	19,015,366	٥	
PRO FORMA ADJUSTMENTS																				
																	s		s	
TOTAL PRO FORMA ADJUSTMENTS	\ <u>\$</u>	.	ا م <u>ا</u>		5		~		\$	\w\	,	\sigma	.	s	اما		v		ا م	
PRO FORMA ADJUSTED		\$21,678,707		ŝo	-	\$12,661,727		\$4,851,069	\$1,259,673		\$242,896		Şo		l R	so	1	\$19,015,366		
NOTE: STORM COSTS WERE AMORTIZED IN AD II ISTMENT 6 FOR THE THREE MONTHS IN 2020 BASED ON THE METHODOLOGY PROPRIET IN THE PROPERTY.	MISIM	ENT 9 EOB THE		NA ONTER SE	000	DO ON THE M		2				!			,					

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PRO FORMA ADJUSTED	TOTAL PRO FORMA ADJUSTMENTS	PROFORMA ADJUSTMENTS	ADJUSTED FOR COMP RATE ADJ REVENUE	COMP RATE ADJ REVENUES	FPSC ADJUSTED	6) REMOVE STORM COST-INTEREST EARNING TOTAL FPSC ADJUSTMENTS	1) ELIM. NON UTILITY PLANT 2) OUT OF PERIOD LITIGATION ADI 3) ELIMINATION OF UNDER-RECOVERY 4) DEFERRED BATE CASE EXPENSE 5) AND PUTE SEGNA COSTS 6) A	FPSC ADJUSTMENTS:	PER BOOKS	
\$160,051,844	\$0		\$160,051,844	\$0	\$160,051,844	\$0	8		\$160,051,844	(1) PLANT IN SERVICE
(\$63,572,252)	\$0		(\$63,572,252)	\$0	(\$63,572,252)	\$0	8		(\$63,572,252)	(2) ACCUMULATED DEPRECIATION & AMORTIZATION
\$96,479,592	\$0		\$96,479,592	\$0	\$96,479,592	\$0	\$°		\$96,479,592	(3) PLANT IN SERVICE
Şo	\$0		\$0	\$0	\$0	\$0			\$0	(4) NET PROPERTY HELD FOR FUTURE USE
\$2,073,998	\$0		\$2,073,998	\$0	\$2,073,998	\$0			\$2,073,998	(5) CONSTRUCTION WORK IN PROGRESS
\$98,553,591	\$0		\$98,553,591	\$0	\$98,553,591	\$0 \$0	. & & & &		\$98,553,591	(6) NET UTILITY PLANT
\$49,874,464	\$0		\$49,874,464	\$0	\$49,874,464	(\$4,151,781)	(\$97,932) (\$4,053,849) \$0		\$54,026,245	(7) WORKING CAPITAL
\$148,428,054	8 8 8	:	\$148,428,054	\$0	\$148,428,054	\$0 \$0 (\$4,151,781)	\$0 (\$97,932) (\$4,053,849) \$0		\$152,579,835	(8) TOTAL RATE BASE

NOTE: RATE BASE INCLUDES STORM COST IN WORKING CAPITAL IN 2020 SINCE THE FILING ASSUMES A RETURN BASED ON WACC STARTING IN 2020.

PRO FORMA ADJUSTED	TOTAL PRO FORMA ADJUSTMENTS		PRO FORMA ADJUSTMENTS	FPSC ADJUSTED	TOTAL FPSC ADJUSTMENTS		9) AMORTIZE STORM COSTS 2020	8) REMOVE STORM 2017 ADJUSTMENT	7) OUT OF PERIOD ADJ	6) ELIMINATE 5% OF ECONOMIC DEVELOPMENT	GROSS RECEIPTS)	S) ELIMINATE REVENUE RELATED TAXES (FRANCHISE &	4)NON-LITH ITY DEPRECIATION EXPENSE	3) ELIMINATE CONSERVATION	1) INCOME TAX SYNCH ADJUSTMENT	FPSC ADJUSTMENTS:	PER BOOKS				
	<b>v</b>			ľ	%			v	w		s	•	,	۰ ۱	,		w	ı			
\$21,678,707				21,678,707	(61,272,064)			(978,216)	,		(5,711,485)		(0.0,000)	(85,525,663)	150000000000000000000000000000000000000		82,950,771	REVENUES	OPERATING		(1)
-	\w			w	s								,	nυ	,		v	{	0		
\$0					(54,441,808)								(07,4,305)	(67,7419)			54,441,808	EXPENSE	O & M FUEL		(2)
	\ <u>`</u>			ď	0			w	v	v							v				
\$12,661,727				12,661,727	(751,235)		-	(750,000)		(1,235)							13,412,962	OTHER	0 % M		(E)
Ş4,	5			۰ ک	\$		₩	s	₩			u	,				s 4	AMORT	DEPF		~
\$4,851,069				4,851,069	(115,200)		97,932	(213,132)									4,966,269	AMORTIZATION	DEPREC. &		4
\$1,259,673	\$			\$ 1,259,673	\$ (5,753,240)						\$ (5,711,485)		5 (4/2)	\$ (41,282)			\$ 7,012,913	THAN INCOME	TAXES OTHER		(5)
	8			s	\$	s	s	v	s	s	45	v		·	· vs		w	ا ا	INCO		
\$123,028	.			123,028	(345,267)		(24,015)	(3,699)		303	,		4,454	(28,682)	(293,629)		468,295	CURRENT	INCOME TAXES		(6)
	s			S	\$													(NET)	D.I.T.		(7)
ន				ļ'															•"		
\$0	s			s	S .	•												(NET)	I.T.C		(8)
	%			s	ا م ا													DISP		GAI	
SO	.				-													DISPOSITION	9	GAIN/LOSS	(9)
, s	8	٠		S	\$	\$	v	s	s	v	s	v	s	s	s		ś	0	ᄋ		
\$18,895,497		•		18,895,497	(61,406,750)	,	73,917	(966,831)		(932)	(5,711,485)		(670,407)	(53,837,383)	(293,629)		80,302,247	EXPENSES	OPERATING	TOTAL	(10)
	s	s		s	\$	<b>ده</b>	v	s	s	s	v	v	v	s	S		Ś		0		
\$2,783,210				2,783,210	134,686		(73,917)	(11,385)		932	•	,	13,709	(88,282)	293,629		2,648,524	INCOME	OPERATING	NET	(11)

NOTE: STORM COSTS WERE AMORTIZED IN ADJUSTMENT 9 FOR THE THREE MONTHS IN 2020 BASED ON THE METHODOLOGY PRESENTED IN THE PETITION AND USING THE INTERIM CALCULATIONS.

\$27,392,093 \$39,207,719

(7,412,809) (10,610,336)

\$19,979,284 \$28,597,383

17.63% 25.23% 38,10%

2.96% 3.83% 9.25%

2.96% 3.83%

2.96% 3.83%

LONG TERM DEBT - CU COMMON EQUITY

PER BOOKS

ADJUSTMENTS NON-UTILITY

ADJUSTED BOOKS

PRO-RATA

SPECIFIC

BALANCE

RATIO (%)

COST RATE (%)

WEIGHTED COST (%)

COST RATE (%)

WEIGHTED COST (%)

COST RATE (%)

WEIGHTED COST (%)

LOW POINT

MIDPOINT

\$59,213,624 \$39,207,719

\$59,213,624

(\$16,024,306)

\$43,189,318

3.52%

10.25%

11.25%

0.97%

0.97%

0.97%

TOTAL YEAR-END	TAX CREDITS - 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	YEAR-END		TOTAL AVERAGE		TAX CREDITS - WEIGHTED COST	DEFFERED INCOME TAXES	CUSTOMER DEPOSITS	SHORT TERM DEBT - REFINANCED LTD	LONG TERM DEBT - FC	
\$152,579,835	so	\$22,469,413	\$3,414,551	D So	\$2,693,900	\$24,795,166	\$41,656,937	\$57,549,868	PER BOOKS		\$147,869,501		Şa	\$17,040,376	\$3,293,084	\$0	\$1,722,605	
50 \$0	0	ω	ь		0	61	7	00	ADJUSTMENTS NON-UTILITY		1 50			6	4		5	
\$152,579,835	Şo	\$22,469,413	\$3,414,551	\$0	\$2,693,900	\$24,795,166	\$41,656,937	\$57,549,868	ADJUSTED BOOKS		\$147,869,501		şo	\$17,040,376	\$3,293,084	\$0	\$1,722,605	
(\$4,151,781)				,	(88,278)	(812,529)	(1,365,084)	(1,885,890)	PRO-RATA SI		(\$34,513,619)					SO .	(466,169)	
So .								şo	SPECIFIC		so							
\$148,428,054	So	\$22,469,413	\$3,414,551	\$0	\$2,605,622	\$23,982,637	\$40,291,854	\$55,663,978	BALANCE		\$113,355,881		So	\$17,040,376	\$3,293,084	\$0	\$1,256,436	
100.00%	2.00%	15.14%	2,30%	0.00%	1.76%	16.16%	27.15%	37.50%	RATIO (%)		100.00%		0,00%	15.03%	2.91%	0.00%	1.11%	
	5.04%	0.00%	2.31%	0.00%	11.26%	3.02%	3.25%	9.25%	COST RATE (%)	LOV			5.14%	0.00%	2.40%	0.00%	11,32%	2.50%
5.09%	0.00%	0.00%	0.05%	0.00%	0.20%	0.49%	0.88%	3.47%	WEIGHTED COST (%)	LOW POINT	5.21%		0.00%	0.00%	0.07%	0.00%	0.13%	0.22%
	5,41%	0.00%	2.31%	0.00%	11.26%	3.02%	3.25%	10.25%	COST RATE (%)	~			5.53%	0.00%	2.40%	0.00%	11.32%	2.96%
5.46%	0,00%	0.00%	0.05%	0.00%	0.20%	0.49%	0.88%	3.84%	WEIGHTED COST (%)	MIDPOINT	5.60%		0.00%	0.00%	0.07%	2,00%	6 0.13%	0.52%
	5.79%	0.00%	2.31%	0.00%	11.26%	3.02%	3.25%	11.25%	COST RATE (%)	ı			5.91%	0.00%	2,40%	0,00%	11.32%	2.96%
5.84%	 0.00%	2,00%	0.05%	0.00%	0.20%	0.49%	0.88%	4.22%	WEIGHTED COST (%)	HIGH POINT	5.98%		0.00%	0.00%	0.07%	0.00%	0.13%	0.52%

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