



Writer's E-Mail Address: bkeating@gunster.com

May 14, 2021

VIA ELECTRONIC MAIL

Mr. Stephen Bart Fletcher, Chief of Surveillance and Rate Filings
Division of Accounting and Finance
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

**Re: Florida Public Utilities Company (Gas and Electric Divisions) 1st Quarter 2021
Surveillance Reports**

Dear Mr. Fletcher:

In accordance with Rules 25-6.1352 and 25-7.1352, F.A.C., Florida Public Utilities Company hereby submits its 1st Quarter Earnings Surveillance Reports for 2021 for FPUC (Electric and Gas Divisions).

As always, please don't hesitate to let me know if you have any questions whatsoever.

Sincerely,

s/Beth Keating _____
Beth Keating
Gunster, Yoakley & Stewart, P.A.
215 South Monroe St., Suite 601
Tallahassee, FL 32301
(850) 521-1706

cc: Shari Cornelius
Curt Mouring

FLORIDA PUBLIC UTILITIES COMPANY
ELECTRIC
RATE OF RETURN REPORT SUMMARY
March 31, 2021

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 | \$ 6,124,007 | (\$724,740) | \$5,399,268 | \$0 | \$5,399,268 |
| AVERAGE RATE BASE | \$147,485,449 | (\$35,899,271) | \$111,586,177 | \$0 | \$111,586,177 |
| AVERAGE RATE OF RETURN | 4.15% | | 4.84% | | 4.84% |
| II. YEAR-END RATE OF RETURN (JURISDICTIONAL) | | | | | |
| NET OPERATING INCOME | \$6,124,007 | (\$748,063) | \$5,375,944 | \$0 | \$5,375,944 |
| YEAR-END RATE BASE | \$141,108,744 | (\$33,227,976) | \$107,880,768 | \$0 | \$107,880,768 |
| YEAR-END RATE OF RETURN | 4.34% | | 4.98% | | 4.98% |

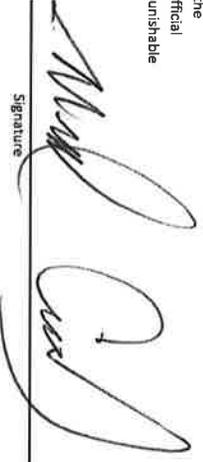
III. REQUIRED RATES OF RETURN
AVERAGE CAPITAL STRUCTURE
(FPSC ADJUSTED BASIS)

| | A. TIE WITH AFUDC | B. TIE WITHOUT AFUDC | C. AFUDC TO NET INCOME | D. INTERNALLY GENERATED FUNDS | E. LTD TO TOTAL INVESTOR FUNDS | F. STD TO TOTAL INVESTOR FUNDS | G. RETURN ON COMMON EQUITY |
|----------|-------------------|----------------------|------------------------|-------------------------------|--------------------------------|--------------------------------|----------------------------|
| LOW | 5.55% | 9.21 | 0.00 | 2,862.96 | 23.32 | 8.20 | 7.87 |
| MIDPOINT | 6.06% | | | | | | |
| HIGH | 6.57% | | | | | | |

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 Casel
AVP- Regulatory Affairs



Signature

Date

5/12/21

AVERAGE RATE OF RETURN

For the 12 Months Ending March 31, 2021

RATE BASE

| | (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 | \$160,042,768 | (\$67,479,721) | \$92,563,047 | \$0 | \$1,669,371 | \$94,232,418 | \$53,253,030 | \$147,485,449 |
| FPSC ADJUSTMENTS: | | | | | | | | |
| 1) ELIM. NON UTILITY PLANT | \$0 | \$0 | \$0 | \$0 | | \$0 | | \$0 |
| 2) REGULATORY LIAB - PENSION AMORT | | | \$0 | \$0 | | \$0 | | \$0 |
| 3) REGULATORY ASSET - LITIGATION COSTS | | | \$0 | \$0 | | \$0 | | \$0 |
| 4) REMOVE INT. EARNING STORM | | | \$0 | \$0 | | \$0 | (\$36,360,559) | (\$36,360,559) |
| 5) MOVE A/D MICHAEL REG ASSET TO WC | | (\$2,631,684) | (\$2,631,684) | \$0 | | (\$2,631,684) | \$2,631,684 | \$0 |
| 6) ADJUST STORM 13-MONTH AVG TO ORDER | | | \$0 | \$0 | | \$0 | \$461,287 | \$461,287 |
| 6) ELIMINATE NET UNDERRECOVERY | | | \$0 | \$0 | | \$0 | \$0 | \$0 |
| 7) DEFERRED RATE CASE EXPENSE | | | \$0 | \$0 | | \$0 | \$0 | \$0 |
| TOTAL FPSC ADJUSTMENTS | \$0 | (\$2,631,684) | (\$2,631,684) | \$0 | \$0 | (\$2,631,684) | (\$33,267,587) | (\$35,899,271) |
| FPSC ADJUSTED | \$160,042,768 | (\$70,111,405) | \$89,931,363 | \$0 | \$1,669,371 | \$91,600,734 | \$19,985,443 | \$111,586,177 |
| FLEX RATE REVENUES | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| ADJUSTED FOR FLEX RATE REVENUES | \$160,042,768 | (\$70,111,405) | \$89,931,363 | \$0 | \$1,669,371 | \$91,600,734 | \$19,985,443 | \$111,586,177 |
| PROFORMA ADJUSTMENTS | | | | | | | | |
| TOTAL PRO FORMA ADJUSTMENTS | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| PRO FORMA ADJUSTED | \$160,042,768 | (\$70,111,405) | \$89,931,363 | \$0 | \$1,669,371 | \$91,600,734 | \$19,985,443 | \$111,586,177 |

FLORIDA PUBLIC UTILITIES COMPANY
ELECTRIC
AVERAGE RATE OF RETURN
For the 12 Months Ending March 31, 2021
INCOME STATEMENT

SCHEDULE 2
PAGE 2 OF 2

| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) |
|--|-----------------------|-----------------------|----------------|---------------------------|----------------------------|-------------------------|-----------------|-----------------|--------------------------------|--------------------------------|----------------------------|
| | OPERATING REVENUES | O & M FUEL 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 | \$ 86,730,076 | \$ 45,091,894 | \$ 12,684,992 | \$ 14,399,854 | \$ 7,391,385 | \$ 1,037,944 | | | | \$ 80,606,069 | \$ 6,124,007 |
| FPSC ADJUSTMENTS: | | | | | | | | | | | |
| 1) INCOME TAX SYNCH ADJUSTMENT | | | | | | \$ 493,931 | | | | \$ 493,931 | \$ (493,931) |
| 2) ELIMINATE FUEL REVENUES AND EXPENSES | \$ (44,268,489) | \$ (44,251,518) | | | \$ (32,841) | \$ 3,892 | | | | \$ (44,280,467) | \$ 11,978 |
| 3) ELIMINATE CONSERVATION | \$ (841,401) | \$ (840,376) | | | \$ (605) | \$ (103) | | | | \$ (841,084) | \$ (317) |
| 4)NON-UTILITY DEPRECIATION EXPENSE | | | | \$ - | | \$ - | | | | \$ - | \$ - |
| 5) ELIMINATE REVENUE RELATED TAXES (FRANCHISE & GROSS RECEIPTS) | \$ (5,538,711) | | | | \$ (5,538,711) | \$ - | | | | \$ (5,538,711) | \$ - |
| 6) ELIMINATE 5% OF ECONOMIC DEVELOPMENT | | | \$ (1,288) | | | \$ 316 | | | | \$ (972) | \$ 972 |
| 7) OUT OF PERIOD ADJ | \$ (2,532,180) | | | \$ (2,079,163) | | \$ (111,089) | | | | \$ (2,190,252) | \$ (341,928) |
| 8) REMOVE STORM SURCHARGE ADJUSTMENT | \$ (8,491,643) | | \$ (771,057) | \$ (7,845,556) | \$ (5,514) | \$ 31,997 | | | | \$ (8,590,130) | \$ 98,486 |
| | | | | | | \$ - | | | | \$ - | \$ - |
| | | | | | | \$ - | | | | \$ - | \$ - |
| TOTAL FPSC ADJUSTMENTS | \$ (61,672,424) | \$ (45,091,894) | \$ (772,345) | \$ (9,924,719) | \$ (5,577,671) | \$ 418,944 | \$ - | \$ - | \$ - | \$ (60,947,685) | \$ (724,740) |
| FPSC ADJUSTED | \$ 25,057,652 | \$ - | \$ 11,912,647 | \$ 4,475,135 | \$ 1,813,714 | \$ 1,456,888 | \$ - | \$ - | \$ - | \$ 19,658,384 | \$ 5,399,268 |
| PRO FORMA ADJUSTMENTS | | | | | | | | | | \$ - | \$ - |
| TOTAL PRO FORMA ADJUSTMENTS | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| PRO FORMA ADJUSTED | \$25,057,652 | \$0 | \$11,912,647 | \$4,475,135 | \$1,813,714 | \$1,456,888 | \$0 | \$0 | \$0 | \$19,658,384 | \$5,399,268 |

Note: Storm Surcharge Under-recovered due to COVID reduction in Kwh sales.

FLORIDA PUBLIC UTILITIES COMPANY
ELECTRIC
YEAR END RATE OF RETURN
For the 12 Months Ending March 31, 2021
RATE BASE

| | (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 | \$160,920,644 | (\$70,951,906) | \$89,968,738 | \$0 | \$857,684 | \$90,826,422 | \$50,282,323 | \$141,108,744 |
| FPSC ADJUSTMENTS: | | | | | | | | |
| 1) ELIM. NON UTILITY PLANT | \$0 | \$0 | \$0 | | | \$0 | | \$0 |
| 2) OUT OF PERIOD LITIGATION ADJ | | | | | | \$0 | | \$0 |
| 3) ELIMINATION OF UNDER-RECOVERY | | | | | | \$0 | \$0 | \$0 |
| 4) DEFERRED RATE CASE EXPENSE | | | | | | \$0 | \$0 | \$0 |
| 5) AMORTIZE STORM COSTS | | | | | | \$0 | | \$0 |
| 6) REMOVE STORM COST-INTEREST EARNING | | | | | | \$0 | (\$33,227,976) | (\$33,227,976) |
| TOTAL FPSC ADJUSTMENTS | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | (\$33,227,976) | (\$33,227,976) |
| FPSC ADJUSTED | \$160,920,644 | (\$70,951,906) | \$89,968,738 | \$0 | \$857,684 | \$90,826,422 | \$17,054,347 | \$107,880,768 |
| COMP RATE ADJ REVENUES | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| ADJUSTED FOR COMP RATE ADJ REVENUE | \$160,920,644 | (\$70,951,906) | \$89,968,738 | \$0 | \$857,684 | \$90,826,422 | \$17,054,347 | \$107,880,768 |
| PROFORMA ADJUSTMENTS | | | | | | | | |
| TOTAL PRO FORMA ADJUSTMENTS | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| PRO FORMA ADJUSTED | \$160,920,644 | (\$70,951,906) | \$89,968,738 | \$0 | \$857,684 | \$90,826,422 | \$17,054,347 | \$107,880,768 |

| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) |
|---|------------------------|------------------------|----------------------|------------------------|-------------------------|----------------------|--------------|--------------|--------------------------|--------------------------|----------------------|
| | OPERATING REVENUES | O & M FUEL 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 | \$ 86,730,076 | \$ 45,091,894 | \$ 12,684,992 | \$ 14,399,854 | \$ 7,391,385 | \$ 1,037,944 | | | | \$ 80,606,069 | \$ 6,124,007 |
| FPSC ADJUSTMENTS: | | | | | | | | | | | |
| 1) INCOME TAX SYNCH ADJUSTMENT | | | | | | \$ 517,255 | | | | \$ 517,255 | \$ (517,255) |
| 2) ELIMINATE FUEL REVENUES AND EXPENSES | \$ (44,268,489) | \$ (44,251,515) | | | \$ (32,841) | \$ 3,891 | | | | \$ (44,280,465) | \$ 11,976 |
| 3) ELIMINATE CONSERVATION | \$ (841,401) | \$ (840,379) | | | \$ (605) | \$ (102) | | | | \$ (841,087) | \$ (314) |
| 4)NON-UTILITY DEPRECIATION EXPENSE | | | | \$ - | | \$ - | | | | \$ - | \$ - |
| 5) ELIMINATE REVENUE RELATED TAXES (FRANCHISE & GROSS RECEIPTS) | \$ (5,538,711) | | | | \$ (5,538,711) | \$ - | | | | \$ (5,538,711) | \$ - |
| 6) ELIMINATE 5% OF ECONOMIC DEVELOPMENT | | | \$ (1,288) | | | \$ 316 | | | | \$ (972) | \$ 972 |
| 7) OUT OF PERIOD ADJ | \$ (2,532,180) | | \$ - | \$ (2,079,163) | | \$ (111,089) | | | | \$ (2,190,252) | \$ (341,928) |
| 8) REMOVE STORM SURCHARGE ADJUSTMENT | \$ (8,491,643) | | \$ (771,057) | \$ (7,845,556) | \$ (5,514) | \$ 31,997 | | | | \$ (8,590,130) | \$ 98,486 |
| | | | | | | \$ - | | | | \$ - | \$ - |
| | | | | | | \$ - | | | | \$ - | \$ - |
| TOTAL FPSC ADJUSTMENTS | <u>\$ (61,672,424)</u> | <u>\$ (45,091,894)</u> | <u>\$ (772,345)</u> | <u>\$ (9,924,719)</u> | <u>\$ (5,577,671)</u> | <u>\$ 442,268</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (60,924,361)</u> | <u>\$ (748,063)</u> |
| FPSC ADJUSTED | <u>\$ 25,057,652</u> | <u>\$ -</u> | <u>\$ 11,912,647</u> | <u>\$ 4,475,135</u> | <u>\$ 1,813,714</u> | <u>\$ 1,480,212</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 19,681,708</u> | <u>\$ 5,375,944</u> |
| PRO FORMA ADJUSTMENTS | | | | | | | | | | \$ - | \$ - |
| TOTAL PRO FORMA ADJUSTMENTS | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| PRO FORMA ADJUSTED | <u>\$25,057,652</u> | <u>\$0</u> | <u>\$11,912,647</u> | <u>\$4,475,135</u> | <u>\$1,813,714</u> | <u>\$1,480,212</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$19,681,708</u> | <u>\$5,375,944</u> |

Note: Storm Surcharge Under-recovered due to COVID reduction in Kwh sales.

| AVERAGE | ADJUSTMENTS | | | | | | LOW POINT | | MIDPOINT | | HIGH POINT | |
|----------------------------------|----------------------|-----------------------|----------------------|------------------|---------------------|----------------|-----------|---------------|-----------|---------------|------------|---------------|
| | PER BOOKS | HURRICANE MICHAEL | ADJUSTED BOOKS | PRO-RATA ADJ. | SPECIFIC BALANCE | RATIO (%) | COST RATE | WEIGHTED COST | COST RATE | WEIGHTED COST | COST RATE | WEIGHTED COST |
| | | | | | | | (%) | (%) | (%) | (%) | (%) | (%) |
| COMMON EQUITY | \$56,793,288 | | \$56,793,288 | \$219,868 | \$57,013,156 | 51.09% | 9.25% | 4.73% | 10.25% | 5.24% | 11.25% | 5.75% |
| LONG TERM DEBT - CU | \$42,508,007 | (\$22,921,696) | \$19,586,311 | 164,564 | \$19,750,875 | 17.70% | 3.71% | 0.66% | 3.71% | 0.66% | 3.71% | 0.66% |
| SHORT TERM DEBT | \$18,583,645 | (\$11,831,726) | \$6,751,919 | 71,944 | \$6,823,863 | 6.12% | 2.14% | 0.13% | 2.14% | 0.13% | 2.14% | 0.13% |
| LONG TERM DEBT - FC | \$1,268,595 | (\$1,607,137) | (\$338,542) | 4,911 | (\$333,630) | -0.30% | 12.20% | -0.04% | 12.20% | -0.04% | 12.20% | -0.04% |
| SHORT TERM DEBT - REFINANCED LTD | \$0 | | \$0 | \$0 | \$0 | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| CUSTOMER DEPOSITS | \$3,566,879 | | \$3,566,879 | | \$3,566,879 | 3.20% | 2.30% | 0.07% | 2.30% | 0.07% | 2.30% | 0.07% |
| DEFERRED INCOME TAXES | \$24,765,034 | | \$24,765,034 | | \$24,765,034 | 22.19% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| TAX CREDITS - WEIGHTED COST | \$0 | | \$0 | | \$0 | 0.00% | 5.48% | 0.00% | 5.99% | 0.00% | 6.50% | 0.00% |
| TOTAL AVERAGE | \$147,485,449 | (\$36,360,559) | \$111,124,890 | \$461,287 | \$0 | 100.00% | | 5.55% | | 6.06% | | 6.57% |

| YEAR-END | ADJUSTMENTS | | | | | | LOW POINT | | MIDPOINT | | HIGH POINT | |
|----------------------------------|----------------------|-----------------------|----------------------|---------------|---------------------|----------------|-----------|---------------|-----------|---------------|------------|---------------|
| | PER BOOKS | HURRICANE MICHAEL | ADJUSTED BOOKS | PRO-RATA ADJ. | SPECIFIC BALANCE | RATIO (%) | COST RATE | WEIGHTED COST | COST RATE | WEIGHTED COST | COST RATE | WEIGHTED COST |
| | | | | | | | (%) | (%) | (%) | (%) | (%) | (%) |
| COMMON EQUITY | \$58,909,543 | | \$58,909,543 | - | \$0 | 54.61% | 9.25% | 5.05% | 10.25% | 5.60% | 11.25% | 6.14% |
| LONG TERM DEBT - CU | \$42,127,909 | (\$22,415,593) | \$19,712,317 | - | \$19,712,316 | 18.27% | 3.51% | 0.64% | 3.51% | 0.64% | 3.51% | 0.64% |
| SHORT TERM DEBT | \$12,592,731 | (\$10,812,383) | \$1,780,348 | - | \$1,780,348 | 1.65% | 2.13% | 0.04% | 2.13% | 0.04% | 2.13% | 0.04% |
| LONG TERM DEBT - FC | \$0 | | \$0 | - | \$0 | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| SHORT TERM DEBT - REFINANCED LTD | \$0 | | \$0 | - | \$0 | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| CUSTOMER DEPOSITS | \$3,696,983 | | \$3,696,983 | | \$3,696,983 | 3.43% | 2.22% | 0.08% | 2.22% | 0.08% | 2.22% | 0.08% |
| DEFERRED INCOME TAXES | \$23,781,578 | | \$23,781,578 | | \$23,781,578 | 22.04% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| TAX CREDITS - WEIGHTED COST | \$0 | | \$0 | | \$0 | 0.00% | 5.73% | 0.00% | 6.28% | 0.00% | 6.82% | 0.00% |
| TOTAL YEAR-END | \$141,108,744 | (\$33,227,976) | \$107,880,768 | \$0 | \$0 | 100.00% | | 5.81% | | 6.36% | | 6.90% |