



September 15, 2020

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 and Florida Division of Chesapeake Utilities Corporation (Gas Divisions and Electric Division) 2nd Quarter 2020 Surveillance Reports

Dear Ms. Cornelius:

In accordance with Rules 25-6.1352 and 25-7.1352(3), F.A.C, Florida Public Utilities Company and the Florida Division of Chesapeake Utilities Corporation hereby submit their 2nd Quarter Earnings Surveillance Reports for 2020 for all Electric and 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: Shari Cornelius
Curt Mouring

FLORIDA PUBLIC UTILITIES COMPANY
ELECTRIC
RATE OF RETURN REPORT SUMMARY
June 30, 2020

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	\$ 3,097,721	(\$227,507)	\$2,870,215	\$0	\$2,870,215
AVERAGE RATE BASE	\$150,677,086	(\$26,101,829)	\$124,575,257	\$0	\$124,575,257
AVERAGE RATE OF RETURN	2.06%		2.30%		2.30%
II. YEAR-END RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	\$3,097,721	(\$165,224)	\$2,932,498	\$0	\$2,932,498
YEAR-END RATE BASE	\$153,960,585	(\$2,840,709)	\$151,119,876	\$0	\$151,119,876
YEAR-END RATE OF RETURN	2.01%		1.94%		1.94%

IV. FINANCIAL INTEGRITY INDICATORS

III. REQUIRED RATES OF RETURN					
AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)					
LOW	5.11%				1.26
MIDPOINT	5.49%				1.26
HIGH	5.87%				0.00
D. INTERNALLY GENERATED FUNDS			178.70		
E. LTD TO TOTAL INVESTOR FUNDS			33.45		
F. STD TO TOTAL INVESTOR FUNDS			20.76		
G. RETURN ON COMMON EQUITY			1.77		

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
AVP- Regulatory Affairs

Michael Cassel
Signature

9/11/20

Date

	(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	\$157,925,099	(\$62,551,881)	\$95,373,217	\$0	\$3,359,653	\$98,732,870	\$51,944,215	\$150,677,086
FPSC ADJUSTMENTS:								
1) ELIM. NON UTILITY PLANT	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2) REGULATORY LIAB - PENSION AMORT							\$0	\$0
3) REGULATORY ASSET - LITIGATION COSTS							\$0	\$0
4) REMOVE STORM COST-INTEREST EARNING							(\$21,773,251)	(\$21,773,251)
5)							\$0	\$0
6) ELIMINATE NET UNDERRECOVERY							(\$4,321,749)	(\$4,321,749)
7) DEFERRED RATE CASE EXPENSE							(\$6,830)	(\$6,830)
TOTAL FPSC ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	(\$26,101,829)	(\$26,101,829)
FPSC ADJUSTED	\$157,925,099	(\$62,551,881)	\$95,373,217	\$0	\$3,359,653	\$98,732,870	\$25,842,386	\$124,575,257
FLEX RATE REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR FLEX RATE REVENUES	\$157,925,099	(\$62,551,881)	\$95,373,217	\$0	\$3,359,653	\$98,732,870	\$25,842,386	\$124,575,257
PROFORMA ADJUSTMENTS								
TOTAL PROFORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PROFORMA ADJUSTED	\$157,925,099	(\$62,551,881)	\$95,373,217	\$0	\$3,359,653	\$98,732,870	\$25,842,386	\$124,575,257

FLORIDA PUBLIC UTILITIES COMPANY
ELECTRIC

AVERAGE RATE OF RETURN
For the 12 Months Ending June 30, 2020
INCOME STATEMENT

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	OPERATING REVENUES	O & M FUEL EXPENSE	O & M OTHER	DEPRECC. & 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	\$ 78,045,191	\$ 49,636,769	\$ 13,346,874	\$ 5,131,319	\$ 6,876,038	\$ (43,530)				\$ 74,947,470	\$ 3,097,721
FPSC ADJUSTMENTS:											
1) INCOME TAX SYNCH ADJUSTMENT						\$ 291,486				\$ 291,486	\$ (291,486)
2) ELIMINATE FUEL REVENUES AND EXPENSES	\$ (49,040,601)	\$ (48,932,895)			\$ (37,302)	\$ (17,265)				\$ (48,987,461)	\$ (53,140)
3) ELIMINATE CONSERVATION	\$ (686,456)	\$ (703,874)			\$ (494)	\$ 4,392				\$ (699,976)	\$ 13,520
4) NON-UTILITY DEPRECIATION EXPENSE											
5) ELIMINATE REVENUE RELATED TAXES (FRANCHISE & GROSS RECEIPTS)	\$ (5,562,350)				\$ (5,562,350)					\$ (5,562,350)	\$ -
6) ELIMINATE 5% OF ECONOMIC DEVELOPMENT			\$ (2,010)			\$ 493				\$ (1,517)	\$ 1,517
7) OUT OF PERIOD ADJ											
8) REMOVE STORM 2017 ADJUSTMENT	\$ (952,884)		\$ (875,000)	\$ (213,132)		\$ 33,166				\$ (1,054,966)	\$ 102,082
TOTAL FPSC ADJUSTMENTS	\$ (56,242,291)	\$ (49,636,769)	\$ (877,010)	\$ (213,132)	\$ (5,600,146)	\$ 312,272	\$ -	\$ -	\$ -	\$ (66,014,784)	\$ (227,507)
FPSC ADJUSTED	\$ 21,802,900	\$ -	\$ 12,469,864	\$ 4,918,187	\$ 1,275,892	\$ 268,742	\$ -	\$ -	\$ -	\$ 18,932,685	\$ 2,870,215
PRO FORMA ADJUSTMENTS											
TOTAL PRO FORMA ADJUSTMENTS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
PRO FORMA ADJUSTED	\$ 21,802,900	\$ 0	\$ 12,469,864	\$ 4,918,187	\$ 1,275,892	\$ 268,742	\$ 0	\$ 0	\$ 0	\$ 18,932,685	\$ 2,870,215

	(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	\$161,356,707	(\$64,956,526)	\$96,400,182	\$0	\$2,611,660	\$99,011,842	\$54,948,743	\$153,960,585
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	(\$2,840,709)	(\$2,840,709)
4) DEFERRED RATE CASE EXPENSE						\$0	\$0	\$0
5) AMORTIZE STORM COSTS						\$0	\$0	\$0
6) REMOVE STORM COST-INTEREST EARNING						\$0	(\$2,840,709)	\$0
TOTAL FPSC ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	(\$2,840,709)	(\$2,840,709)
FPSC ADJUSTED	\$161,356,707	(\$64,956,526)	\$96,400,182	\$0	\$2,611,660	\$99,011,842	\$52,108,034	\$151,119,876
COMP RATE ADJ REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR COMP RATE ADJ REVENUE	\$161,356,707	(\$64,956,526)	\$96,400,182	\$0	\$2,611,660	\$99,011,842	\$52,108,034	\$151,119,876
PROFORMA ADJUSTMENTS								
TOTAL PROFORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PROFORMA ADJUSTED	\$161,356,707	(\$64,956,526)	\$96,400,182	\$0	\$2,611,660	\$99,011,842	\$52,108,034	\$151,119,876

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

	(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	\$ 78,045,191	\$ 49,636,769	\$ 13,346,874	\$ 5,131,319	\$ 6,876,038	\$ (43,330)				\$ 74,947,470	\$ 3,097,721
FPSC ADJUSTMENTS:											
1) INCOME TAX SYNC ADJUSTMENT											
2) ELIMINATE FUEL REVENUES AND EXPENSES	\$ (49,040,601)	\$ (48,932,895)			\$ (37,302)	\$ 229,203				\$ 229,203	\$ (229,203)
3) ELIMINATE CONSERVATION	\$ (686,456)	\$ (703,874)			\$ (494)	\$ 4,392				\$ (699,976)	\$ (53,140)
4) NON-UTILITY DEPRECIATION EXPENSE											\$ 13,520
5) ELIMINATE REVENUE RELATED TAXES (FRANCHISE & GROSS RECEIPTS)	\$ (5,562,350)				\$ (5,562,350)					\$ (5,562,350)	
6) ELIMINATE 5% OF ECONOMIC DEVELOPMENT			\$ (2,010)			\$ 493				\$ (1,517)	\$ 1,517
7) OUT OF PERIOD ADJ											
8) REMOVE STORM 2017 ADJUSTMENT	\$ (952,884)		\$ (875,000)	\$ (213,132)		\$ 33,166				\$ (1,054,966)	\$ 102,082
TOTAL FPSC ADJUSTMENTS	\$ (56,242,291)	\$ (49,636,769)	\$ (877,010)	\$ (213,132)	\$ (5,600,146)	\$ 249,990				\$ (56,077,067)	\$ (165,224)
FPSC ADJUSTED	\$ 21,802,900	\$ -	\$ 12,469,864	\$ 4,918,187	\$ 1,275,892	\$ 206,460				\$ 18,870,402	\$ 2,932,498
PRO FORMA ADJUSTMENTS											
TOTAL PRO FORMA ADJUSTMENTS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -				\$ -	\$ -
PRO FORMA ADJUSTED	\$ 21,802,900	\$ 0	\$ 12,469,864	\$ 4,918,187	\$ 1,275,892	\$ 206,460	\$ 0	\$ 0	\$ 0	\$ 18,870,402	\$ 2,932,498

AVERAGE	ADJUSTMENTS				ADJUSTED BOOKS	PRO-RATA	SPECIFIC	BALANCE	RATIO (%)	LOW POINT			MIDPOINT			HIGH POINT		
	PER BOOKS	NON-UTILITY								COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	
COMMON EQUITY	\$58,743,631				\$58,743,631	(\$11,952,555)		\$46,791,076	37.56%	9.25%	3.47%	10.25%	3.85%	11.25%	4.23%			
LONG TERM DEBT - CU	\$40,543,711				\$40,543,711	(8,249,421)		\$32,294,290	25.92%	3.85%	1.00%	3.85%	1.00%	3.85%	1.00%			
SHORT TERM DEBT	\$26,630,459				\$26,630,459	(5,418,494)		\$21,211,965	17.03%	2.39%	0.41%	2.39%	0.41%	2.39%	0.41%			
LONG TERM DEBT - FC	\$2,365,752				\$2,365,752	(481,359)		\$1,884,393	1.51%	11.25%	0.17%	11.25%	0.17%	11.25%	0.17%			
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	\$3,352,503				\$3,352,503			\$3,352,503	2.69%	2.34%	0.06%	2.34%	0.06%	2.34%	0.06%			
DEFERRED INCOME TAXES	\$19,041,030				\$19,041,030			\$19,041,030	15.25%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
TAX CREDITS - WEIGHTED COST	\$0				\$0			\$0	0.00%	5.05%	0.00%	5.43%	0.00%	5.81%	0.00%			
TOTAL AVERAGE	\$150,677,086	\$0	\$150,677,086	(\$26,101,829)	\$0	\$124,575,257	100.00%			5.11%		5.49%		5.87%				

YEAR-END	ADJUSTMENTS				ADJUSTED BOOKS	PRO-RATA	SPECIFIC	BALANCE	RATIO (%)	LOW POINT			MIDPOINT			HIGH POINT		
	PER BOOKS	NON-UTILITY								COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	
COMMON EQUITY	\$56,006,212				\$56,006,212	(1,277,635)		\$54,728,577	36.22%	9.25%	3.35%	10.25%	3.71%	11.25%	4.07%			
LONG TERM DEBT - CU	\$39,112,219				\$39,112,219	(892,243)		\$38,219,976	25.29%	3.60%	0.91%	3.60%	0.91%	3.60%	0.91%			
SHORT TERM DEBT	\$26,835,286				\$26,835,286	(612,177)		\$26,223,109	17.35%	2.16%	0.37%	2.16%	0.37%	2.16%	0.37%			
LONG TERM DEBT - FC	\$2,571,141				\$2,571,141	(98,654)		\$2,512,487	1.66%	11.23%	0.19%	11.23%	0.19%	11.23%	0.19%			
SHORT TERM DEBT - REFINANCED LTD	\$0				\$0			\$0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
CUSTOMER DEPOSITS	\$3,501,838				\$3,501,838			\$3,501,838	2.32%	2.24%	0.05%	2.24%	0.05%	2.24%	0.05%			
DEFERRED INCOME TAXES	\$25,933,889				\$25,933,889			\$25,933,889	17.16%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
TAX CREDITS - WEIGHTED COST	\$0				\$0			\$0	0.00%	4.82%	0.00%	5.18%	0.00%	5.54%	0.00%			
TOTAL YEAR-END	\$153,960,585	\$0	\$153,960,585	(\$2,840,709)	\$0	\$151,119,876	100.00%			4.87%		5.23%		5.59%				