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FLORIDA PUBLIC SERVICE COMMISSION
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ANNUAL REPORT OF
NATURAL GAS UTILITIES

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Florida Public Utilities Company

(EXACT NAME OF RESPONDENT)

1641 Worthington Road Suite 220

West Palm Beach, FL 33409

(ADDRESS OF RESPONDENT)

TO THE

FLORIDA PUBLIC SERVICE COMMISSION

FOR THE

YEAR ENDED DECEMBER 31, 2018

Officer or other person to whom correspondence should be addressed concerning this report:

Name: Michael D. Cassel

Title: Assistant Vice President of Regulatory Affairs & Business Analysis

Address: 1750 South 14th Street

City: Fernandina Beach State: FL

Telephone No.: (904) 530-7052

PSC/ECR 020-G (12/03)

**INSTRUCTIONS FOR FILING THE
ANNUAL REPORT OF NATURAL GAS UTILITIES**

GENERAL INSTRUCTIONS

- I. Prepare this report in conformity with the Uniform System of Accounts (18 CFR 201) (U.S. of A.). Interpret all accounting words and phrases in accordance with the U.S. of A.
- II. Enter in whole numbers (dollars or Mcf) only, except where otherwise noted. (Enter cents for averages and figures per unit where cents are important.) The truncating of cents is allowed except on the four basic financial statements where rounding to dollars is required. The amounts shown on all supporting pages must agree with the amounts entered on the statements that they support. When applying thresholds to determine significance for reporting purposes, use for balance sheet accounts the balances at the end of the current reporting year, and use for statement of income accounts the current year's amounts.
- III. Complete each question fully and accurately, even if it has been answered in a previous annual report. Enter the word "None" where it truly and completely states the fact.
- IV. For any page that is not applicable to the respondent, enter the words "Not Applicable" on the particular page.
- V. Provide a supplemental statement further explaining accounts or pages as necessary. Attach the supplemental statement to the page being supplemented on 8 1/2 by 11 inch paper. Provide the appropriate identification information on the supplemental page, including the title of the page and the page number. Do not change the page numbers.
- VI. Do not make references to reports of previous years or to other reports in lieu of required entries, except as specifically authorized.
- VII. Wherever schedule pages refer to figures from a previous year, the figures reported must be based upon those shown by the annual report of the previous year, or an appropriate explanation given as to why different figures were used.
- VIII. Report all gas volumes on a pressure base of 14.73 psia and a temperature base of 60° F.

DEFINITIONS

- I. Btu per cubic foot - The total heating value expressed in Btu, produced by the combustion, at constant pressure, of the amount of the gas which would occupy a volume of 1 cubic foot at a temperature of 60° F if saturated with water vapor and under a pressure equivalent to that of 30 inches of mercury at 32° F, and under standard gravitational force (980.665 cm per sec. ²) with air of the same temperature and pressure as the gas, when the products of combustion are cooled to the initial temperature of gas and air when the water formed by combustion is condensed to the liquid state. (Sometimes called gross heating value or total heating value.)
- II. Respondent - The person, corporation, licensee, agency, authority, or other legal entity or instrumentality in whose behalf the report is made.

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STAFF OF
ACCOUNTING & FINANCE



Independent Auditors' Report

Board of Directors and Stockholder
Florida Public Utilities Company

We have audited the accompanying financial statements of Florida Public Utilities Company - Natural Gas Division, which comprise the balance sheets - regulatory basis as of December 31, 2018 and 2017, and the related statements of income - regulatory basis for each of the two years in the period ended December 31, 2018 and the statement of retained earnings - regulatory basis for the year ended December 31, 2018, and the related notes to the financial statements, included on pages 6 through 11 of the accompanying Annual Report of Natural Gas Utilities, as filed with the Florida Public Service Commission.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Florida Public Service Commission, which are substantially equivalent to the accounting requirements of the Federal Energy Regulatory Commission as set forth in its applicable Uniform System of Accounts and published accounting releases. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and proprietary capital of Florida Public Utilities Company - Natural Gas Division as of December 31, 2018 and 2017, and its income and expenses for the years then ended in accordance with the financial reporting provisions of the Florida Public Service Commission, which are substantially equivalent to the accounting requirements of the Federal Energy Regulatory Commission as set forth in its applicable Uniform System of Accounts and published accounting releases described in Note 1.

Regulatory Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. As described in Note 1 to the financial statements, the financial statements are prepared by Florida Public Utilities Company - Natural Gas Division on the basis of the financial reporting provisions of the Florida Public Service Commission, which are substantially equivalent to the accounting requirements of the Federal Energy Regulatory Commission as set forth in its applicable Uniform System of Accounts and published accounting releases, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Restriction on Use

Our report is intended solely for the information and use of the board of directors and management of Chesapeake Utilities Corporation and Florida Public Utilities Company - Natural Gas Division and for filing with the Florida Public Service Commission and is not intended to be and should not be used by anyone other than these specified parties.

Baker Tilly Voichau Krause, LLP

Philadelphia, Pennsylvania
April 30, 2019

ANNUAL REPORT OF NATURAL GAS UTILITIES

IDENTIFICATION

01 Exact Legal Name of Respondent Florida Public Utilities Company	02 Year of Report December 31, 2018
03 Previous Name and Date of Change (if name changed during year)	
04 Address of Principal Office at End of Year (Street, City, State, Zip Code) 1641 Worthington Road Suite 220 West Palm Beach, FL 33409	
05 Name of Contact Person Michael Cassel	06 Title of Contact Person Assistant Vice President of Regulatory Affairs & Business Analysis
07 Address of Contact Person (Street, City, State, Zip Code) 1750 South 14th Street, Suite 200, Fernandina Beach, FL 32034	
08 Telephone of Contact Person, Including Area Code (904) 530-7052	09 Date of Report (Mo., Day, Yr) 30-Apr-19

ATTESTATION

I certify that I am the responsible accounting officer of

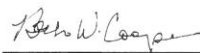
Florida Public Utilities Company

that I have examined the following report; that to the best of my knowledge, information, and belief, all statements of fact contained in the said report are true and the said report is a correct statement of the business and affairs of the above-named respondent in respect to each and every matter set forth therein during the period from January 1, 2018 to December 31, 2018, inclusive.

I also certify that all affiliated transfer prices and affiliated cost allocations were determined consistent with the methods reported to this Commission on the appropriate forms included in this report.

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 or her official duty shall be guilty of a misdemeanor of the second degree, punishable as provided in S. 775.082 and S. 775.083.



Signature

Beth W. Cooper

Name

04-30-2019

Date

Executive Vice President/Chief Financial Officer/
Assistant Corporate Secretary

Title

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Florida Public Utilities Company Natural Gas Division	For the Year Ended Dec. 31, 2018
CONTROL OVER RESPONDENT	
1. If any corporation, business trust, or similar organization or combination of such organizations jointly held control over the respondent at end of year, state name of controlling corporation or organization, manner in which control was held, and extent of control. If control was in a holding company organization, show the chain of ownership or control to the main parent company or	organization. If control was held by a trustee(s), state name of trustee(s). 2. If the above required information is available from the SEC 10K Report Form filing, a specific reference to the report form (i.e. year and company title) may be listed provided the fiscal years for both the 10-K report and this report are compatible.
<p>1. As of October 28, 2009, Florida Public Utilities Company ("FPU") is a wholly owned subsidiary of Chesapeake Utilities Corporation ("Chesapeake").</p> <p>2. Chesapeake's Form 10-K report filed with the Securities and Exchange Commission, is for the fiscal year ending December 31, 2018.</p>	

CORPORATIONS CONTROLLED BY RESPONDENT			
<p>1. Report below the names of all corporations, business trusts, and similar organizations, controlled directly or indirectly by respondent at any time during the year. If control ceased prior to end of year, give particulars (details) in a footnote.</p> <p>2. If control was by other means than a direct holding of voting rights, state in a footnote the manner in which control was held, naming any intermediaries involved.</p>		<p>3. If control was held jointly with one or more other interests, state the fact in a footnote and name the other interests.</p> <p>4. If the above required information is available from the SEC 10-K Report Form filing, a specific reference to the report form (i.e. year and company title) may be listed in column (a) provided the fiscal years for both the 10-K report and this report are compatible.</p>	
DEFINITIONS			
<p>1. See the Uniform System of Accounts for a definition of control.</p> <p>2. Direct control is that which is exercised without interposition of an intermediary.</p> <p>3. Indirect control is that which is exercised by the interposition of an intermediary which exercises direct control.</p> <p>4. Joint control is that in which neither interest can effectively</p>		<p>control or direct action without the consent of the other, as where the voting control is equally divided between two holders, or each party holds a veto power over the other. Joint control may exist by mutual agreement or understanding between two or more parties who together have control within the meaning of the definition of control in the Uniform System of Accounts, regardless of the relative voting rights of each party.</p>	
Name of Company Controlled (a)	Kind of Business (b)	Percent Voting Stock Owned (c)	Footnote Ref. (d)
Flo-Gas Corporation	Propane Gas	100%	
<p>Note: Chesapeake, our parent company directly and indirectly controls other subsidiaries. These organizations are listed in Chesapeake's Form 10-K.</p>			

Florida Public Utilities Company Natural Gas Division		For the Year Ended Dec. 31, 2018	
OFFICERS			
1. Report below the name, title and salary for each executive officer whose salary is \$50,000 or more. An "executive officer" of a respondent includes its president, secretary, treasurer, and vice president in charge of a principal business unit, division or function (such as sales, administration or finance), and any other person who performs similar policymaking functions.			
2. If a change was made during the year in the incumbent of any position, show name and total remuneration of the previous incumbent, and date the change in incumbency was made.			
Title (a)	Name of Officer (b)	Salary for Year (c)	
Director, Chairman, President & CEO	Michael P. McMasters (1)	\$	114,187
President & CEO	Jeffry M. Householder (2)	\$	44,038
Senior Vice President/Chief Financial Officer/Assistant Secretary	Beth W. Cooper (3)	\$	55,894
Vice President	Kevin J. Webber (4)	\$	96,833
Chief Strategy Officer	Elaine B. Bittner (5)	\$	12,667
Chief Information Officer	Vikrant A. Gadgil	\$	44,945
Vice President	Thomas E. Mahn	\$	29,889
Assistant Vice President	Nicole T. Carter	\$	66,783
Senior Vice President/Secretary/General Counsel	James Moriarty (6)	\$	52,727
Assistant Vice President	Cheryl Martin (7)	\$	57,130
Chief Human Resources Officer	Lou J. Anatrella	\$	48,505
Assistant Vice President	Devon S. Rudloff	\$	33,670
Assistant Vice President	Joseph D. Steinmetz (8)	\$	32,084
Vice President	Naimul Islam (9)	\$	27,810
Vice President	John J. Lewnard	\$	50,358
Vice President	Mark L. Eisenhower	\$	40,685
Note: The salaries above represent only that portion allocated to FPU's natural gas division			
(1) Retired as Company's Chairman (FPU), President & CEO effective 12/2018, continuing to serve on Board of Directors			
(2) Effective 1/2019 Director, Chairman (FPU); President and CEO of Chesapeake Utilities Corporation; effective 2/2019 no longer President FPU			
(3) Effective 2/2019 Executive Vice President, CFO and Assistant Corporate Secretary			
(4) Effective 2/2019 President; Senior Vice President of Chesapeake Utilities Corporation			
(5) Effective 5/2018 no longer with the Company			
(6) Effective 2/2019 Executive Vice President/General Counsel/Corporate Secretary/Chief Policy and Risk Officer			
(7) Effective 2/2019 Vice President			
(8) Effective 2/2019 Vice President and Controller			
(9) Effective 11/2018 no longer with the Company			
(10) Effective 2/2019 Barry D. Kennedy Assistant Vice President			
(11) Effective 2/2019 Drane A. Shelley Assistant Vice President			
(12) Effective 2/2019 Michael D. Cassell Assistant Vice President			

DIRECTORS			
1. Report below the information called for concerning each director of the respondent who held office at any time during the year. Include in column (a) abbreviated titles of the directors who are officers of the respondent.		2. Designate members of the Executive Committee by an asterisk and the Chairman of the Executive Committee by a double asterisk.	
Name (and Title) of Director (a)	Principal Business Address (b)	No. of Directors Meetings During Yr. (c)	Fees During Year (d)
Eugene H. Bayard, Director	909 Silver Lake Blvd., Dover Delaware 19904	8	\$ -
Thomas J. Bresnan, Director	909 Silver Lake Blvd., Dover Delaware 19904	9	\$ -
Ronald G. Forsythe, Jr., Ph.D., Director	909 Silver Lake Blvd., Dover Delaware 19904	9	\$ -
Thomas P. Hill, Jr., Director	909 Silver Lake Blvd., Dover Delaware 19904	9	\$ -
Dennis S. Hudson, III, Director	909 Silver Lake Blvd., Dover Delaware 19904	9	\$ -
Paul L. Maddock, Jr., Director	909 Silver Lake Blvd., Dover Delaware 19904	8	\$ -
Calvert A. Morgan, Jr., Director	909 Silver Lake Blvd., Dover Delaware 19904	8	\$ -
Dianna F. Morgan, Director	909 Silver Lake Blvd., Dover Delaware 19904	8	\$ -
John R. Schimkaitis, Director	909 Silver Lake Blvd., Dover Delaware 19904	9	\$ -
Michael P. McMasters, Director, Chairman (2)	909 Silver Lake Blvd., Dover Delaware 19904	9	\$ -
(1) Effective 1/2019 Jeffry M. Householder Director and Chairman (FPU)			
(2) Effective 12/2018 Director, no longer Chairman (FPU)			

SECURITY HOLDERS AND VOTING POWERS

1. Give the names and addresses of the 10 security holders of the respondents who, at the date of the latest closing of the stock book or compilation of the list of stockholders of the respondent, prior to the end of the year, had the highest voting powers in the respondent, and state the number of votes which each would have had the right to cast on that date if a meeting were in order. If any such holder held in trust, give in a footnote the known particulars of the trust (whether voting trust, etc.) duration of the trust, and principal holders of beneficiary interests in the trust. If the stock book was not closed or a list of stockholders was not complied within one year prior to the end of the year, or if since the previous compilation of a list of stockholders, some other class of security has become vested with voting rights, then show such 10 security holders as of the close of the year. Arrange the names of the security holders in the order of voting power, commencing with the highest. Show in column (a) the titles of officers and directors included in such list of 10 security holders.

2. If any security other than stock carries voting rights, explain in a supplemental statement of circumstances whereby such security became

vested with voting rights and give others important particulars (details) concerning the voting rights of such security. State whether voting rights are actual or contingent if contingent, describe the contingency.

3. If any class or issue of security has any special privileges in the election of directors, trustees or managers, or in the determination of corporate action by any method, explain briefly in a footnote.

4. Furnish particulars (details) concerning any options, warrants, or rights outstanding at the end of the year for others to purchase securities of the respondent or any securities or other assets owned by the respondent, including prices, expiration dates, and other material information relating to exercise of the options, warrants, or rights. Specify the amount of such securities or assets so entitled to be purchased by any officer, director, associated company, or any of the ten largest security holders.

VOTING SECURITIES

Name (Title) and Address of Security Holder (a)	Number of votes as of (date):			
	Total Votes (b)	Common Stock (c)	Preferred Stock (d)	Other (e)
TOTAL votes of all voting securities				
TOTAL number of security holders				
TOTAL votes of security holders listed below				
Effective October 28, 2009 FPU became a wholly-owned subsidiary of Chesapeake.				

IMPORTANT CHANGES DURING THE YEAR

Give particulars (details) concerning the matters indicated below. Make the statements explicit and precise, and number them in accordance with the inquiries. Each inquiry should be answered. Enter "none" "not applicable," or "NA" where applicable. If information which answers an inquiry is given elsewhere in the report, make a reference to the schedule in which it appears.

1. Acquisition of ownership in other companies by reorganization, merger, or consolidation with other companies: Give name of companies involved, particulars concerning the transactions.

2. Purchase or sale of an operating unit or system: Give brief description of the property, and of the transactions relating thereto, and reference to Commission authorization, if any was required.

3. Important extension or reduction of transmission or distribution system: State territory added or relinquished and date operations began or ceased also the approximate number of customers added or lost and approximate annual revenues of each class of service.

4. State briefly the status of any materially important legal proceedings pending at the end of the year, and the results of any such proceedings culminated during the year.

5. State briefly the status of any materially important transactions of the respondent not disclosed elsewhere in this report in which an officer, director, security holder, voting trustee, associated company or known associate of any of these persons was a party or in which any such person had a material interest.

- 1 None
- 2 None
- 3 None
- 4 None
- 5 None

Dec. 31, 2018

COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Balance at Beginning of Year (c)	Balance at End of Year (d)
1	UTILITY PLANT			
2	Utility Plant (101-106, 114)	12	\$ 330,862,979	\$ 345,059,628
3	Construction Work in Progress (107)	12	\$ 1,182,689	\$ 2,048,014
4	TOTAL Utility Plant Total of lines 2 and 3)		\$ 332,045,668	\$ 347,107,642
5	(Less) Accum. Prov. for Depr., Amort., Depl. & Acq. Adj. (108, 111, 115)	12	\$ (82,098,383)	\$ (90,172,189)
6	Net Utility Plant (Total of line 4 less 5)		\$ 249,947,285	\$ 256,935,453
7	Utility Plant Adjustments (116)			
8	Gas Stored (117.1, 117.2, 117.3, 117.4)	-		
9	OTHER PROPERTY AND INVESTMENTS			
10	Nonutility Property (121)	-	\$ 8,436	\$ 8,436
11	(Less) Accum. Prov. for Depr. and Amort. (122)	-		
12	Investments in Associated Companies (123)	-		
13	Investment in Subsidiary Companies (123.1)	-		
14	Other Investments (124)	-	\$ -	\$ -
15	Special Funds (125, 126, 128)	-		
16	TOTAL Other Property and Investments (Total of lines 10 through 15)		\$ 8,436	\$ 8,436
17	CURRENT AND ACCRUED ASSETS			
18	Cash (131)	-	\$ (399,969)	\$ 409,595
19	Special Deposits (132-134)	-		
20	Working Funds (135)	-	\$ 13,951	\$ 38,952
21	Temporary Cash Investments (136)	-		
22	Notes Receivable (141)	-		
23	Customer Accounts Receivable (142)	-	\$ 8,303,048	\$ 9,134,892
24	Other Accounts Receivable (143)	-	\$ 135,142	\$ 131,301
25	(Less) Accumulated Provision for Uncollectible Accounts-Credit (144)	-	\$ (133,359)	\$ (129,463)
26	Notes Receivable from Associated Companies (145)	-		
27	Accounts Receivable from Associated Companies (146)	-	\$ 196,900,672	\$ 233,311,206
28	Fuel Stock (151)	-		
29	Fuel Stock Expense Undistributed (152)	-		
30	Residuals (Electric) and Extracted Products (Gas) (153)	-		
31	Plant Material and Operating Supplies (154)	-	\$ 406,879	\$ 423,919
32	Merchandise (155)	-	\$ -	\$ -
33	Other Material and Supplies (156)	-		
34	Stores Expenses Undistributed (163)	-		
35	Gas Stored Underground & LNG Stored (164.1-164.3)	-		
36	Prepayments (165)	18	\$ 689,225	\$ 730,657
37	Advances for Gas (166-167)	-		
38	Interest and Dividends Receivable (171)	-		
39	Rents Receivable (172)	-		
40	Accrued Utility Revenues (173)	-	\$ 2,404,195	\$ 2,471,520
41	Miscellaneous Current and Accrued Assets (174)	-	\$ -	\$ -
42	TOTAL Current and Accrued Assets (Total of lines 18 through 41)		\$ 208,319,784	\$ 246,522,579
43	DEFERRED DEBITS			
44	Unamortized Debt Expense (181)	-		
45	Extraordinary Property Losses (182.1)	18		
46	Unrecovered Plant and Regulatory Study Costs (182.2)	18		
47	Other Regulatory Assets (182.3)	19	\$ 13,170,320	\$ 12,733,372
48	Preliminary Survey and Investigation Charges (Gas) (183.1, 183.2)	-	\$ -	\$ -
49	Clearing Accounts (184)	-	\$ 77,208	\$ 375,034
50	Temporary Facilities (185)	-		
51	Miscellaneous Deferred Debits (186)	19	\$ 1,067,528	\$ 1,018,949
52	Deferred Losses from Disposition of Utility Plant. (187)	-		
53	Research, Development and Demonstration Expenditures (188)	-		
54	Unamortized Loss on Reacquired Debt (189)	20		
55	Accumulated Deferred Income Taxes (190)	24	\$ 11,823,460	\$ 5,820,153
56	Unrecovered Purchased Gas Costs (191)	-		
57	TOTAL Deferred Debits (Total of lines 44 through 56)		\$ 26,138,516	\$ 19,947,508
58	TOTAL Assets and other Debits (Total of lines 6, 7, 8, 16, 42, 57)		\$ 484,414,021	\$ 523,413,976

Dec. 31, 2018

COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Balance at Beginning of Year (c)	Balance at End of Year (d)
1	PROPRIETARY CAPITAL			
2	Common Stock (201, 202, 203, 205, 206, 207)	-		
3	Preferred Stock Issued (204)	-		
4	Other Paid-In Capital (208-214)	-		\$ 463,477
5	Retained Earnings (215, 216)	10	\$ 120,228,338	\$ 129,011,827
6	Unappropriated Undistributed Subsidiary Earnings (216.1)	10		
7	(Less) Recquired Capital Stock (217)	-		
8	TOTAL Proprietary Capital (Total of lines 2 through 7)		\$ 120,228,338	\$ 129,475,304
9	LONG-TERM DEBT			
10	Bonds (221)	21		
11	(Less) Recquired Bonds (222)	21		
12	Advances from Associated Companies (223)	21		
13	Other Long-Term Debt (224)	21		
14	Unamortized Premium on Long-Term Debt (225)	21		
15	(Less) Unamortized Discount on Long-Term Debt-Debit (226)	21		
16	TOTAL Long-Term Debt (Total of lines 10 through 15)			
17	OTHER NONCURRENT LIABILITIES			
18	Obligations Under Capital Leases - Noncurrent (227)	-		
19	Accumulated Provision for Property Insurance (228.1)	-	\$ 669,310	\$ 675,310
20	Accumulated Provision for Injuries and Damages (228.2)	-	\$ 45,826	\$ 66,428
21	Accumulated Provision for Pensions and Benefits (228.3)	-	\$ 9,372,081	\$ 10,164,475
22	Accumulated Miscellaneous Operating Provisions (228.4)	-		
23	Accumulated Provision for Rate Refunds (229)	-		
24	TOTAL Other Noncurrent Liabilities (Total of lines 18 through 23)		\$ 10,087,217	\$ 10,906,213
25	CURRENT AND ACCRUED LIABILITIES			
26	Notes Payable (231)	-		
27	Accounts Payable (232)	-	\$ 5,380,513	\$ 6,838,988
28	Notes Payable to Associated Companies (233)	-		
29	Accounts Payable to Associated Companies (234)	-	\$ 256,848,210	\$ 293,418,088
30	Customer Deposits (235)	-	\$ 7,958,442	\$ 8,396,644
31	Taxes Accrued (236)	-	\$ (1,611,550)	\$ 684,805
32	Interest Accrued (237)	-	\$ 199,110	\$ 202,643
33	Dividends Declared (238)	-		
34	Matured Long-Term Debt (239)	-		
35	Matured Interest (240)	-		
36	Tax Collections Payable (241)	-	\$ 659,098	\$ 996,557
37	Miscellaneous Current and Accrued Liabilities (242)	22	\$ 1,334,402	\$ 2,013,716
38	Obligations Under Capital Leases-Current (243)	-		
39				
40	TOTAL Current and Accrued Liabilities (Total of lines 26 through 39)		\$ 270,768,225	\$ 312,551,441
41	DEFERRED CREDITS			
42	Customer Advances for Construction (252)	-	\$ 2,055,402	\$ 1,084,324
43	Other Deferred Credits (253)	22	\$ 14,452,971	\$ 13,768,927
44	Other Regulatory Liabilities (254)	22	25,886,357	\$ 19,114,574
45	Accumulated Deferred Investment Tax Credits (255)	23	-	-
46	Deferred Gains from Disposition of Utility Plant (256)	-		
47	Unamortized Gain on Recquired Debt (257)	20		
48	Accumulated Deferred Income Taxes (281-283)	24	\$ 40,935,511	\$ 36,513,193
49	TOTAL Deferred Credits (Total of lines 42 through 48)		\$ 83,330,241	\$ 70,481,018
50				
51	TOTAL Liabilities and Other Credits (Total of lines 8, 16, 24, 40 and 49)		\$ 484,414,021	\$ 523,413,976

Dec. 31, 2018

STATEMENT OF INCOME

1. Use page 11 for important notes regarding the statement of income or any account thereof.
2. Give concise explanations on page 11 concerning significant amounts of any refunds made or received during the year.
3. Enter on page 11 a concise explanation of only those changes in accounting methods made during the year
- which had an effect on net income, including the basis of allocations and apportionments from those used in the preceding year. Also give the approximate dollar effect of such changes.
4. Explain in a footnote if the previous year's figures are different from that reported in prior reports.

Line No.	Account (a)	Ref. Page No. (b)	Total Gas Utility Current Year (c)	Total Gas Utility Previous Year (d)
1	UTILITY OPERATING INCOME			
2	Operating Revenues (400)	26	\$ 84,589,825	\$ 82,508,447
3	Operating Expenses			
4	Operation Expenses (401)	27-29	\$ 49,613,130	\$ 47,834,816
5	Maintenance Expenses (402)	27-29	\$ 1,362,536	\$ 1,190,357
6	Depreciation Expense (403)	15-16	\$ 7,768,703	\$ 7,144,530
7	Amortization & Depletion of Utility Plant (404-405)	-	\$ 948,242	\$ 950,817
8	Amortization of Utility Plant Acquisition Adjustment (406)	-	\$ 1,821,708	\$ 1,821,708
9	Amortization of Property Losses, Unrecovered Plant and Regulatory Study Costs (407.1)	-		
10	Amortization of Conversion Expenses (407.2)	-		
11	Regulatory Debits (407.3)	-	\$ 441,154	\$ 441,154
12	(Less) Regulatory Credits (407.4)	-	\$ (432,861)	\$ (432,861)
13	Taxes Other Than Income Taxes (408.1)	23	\$ 8,065,987	\$ 7,400,745
14	Income Taxes - Federal (409.1)	25	\$ 2,118,681	\$ 3,696,530
15	- Other (409.1)	-	\$ 112,364	\$ 258,399
16	Provision for Deferred Income Taxes (410.1)	24	\$ 1,823,574	\$ 3,088,074
17	(Less) Provision for Deferred Income Taxes - Cr.(411.1)	24	\$ (1,176,660)	\$ (2,652,961)
18	Investment Tax Credit Adjustment - Net (411.4)	23	\$ -	\$ -
19	(Less) Gains from Disposition of Utility Plant (411.6)	-		
20	Losses from Disposition of Utility Plant (411.7)	-		
21	Other Operating Income (412-414)	-		
22	TOTAL Utility Operating Expenses (Total of lines 4 -21)		\$ 72,466,558	\$ 70,741,305
23	Net Utility Operating Income (Total of line 2 less 22)			
24	(Carry forward to page 9, line 25)		\$ 12,123,267	\$ 11,767,142

STATEMENT OF INCOME (Continued)

Line No.	Account (a)	Ref. Page No. (b)	TOTAL	
			Current Year (c)	Previous Year (d)
25	Net Utility Operating Income (Carried forward from page 8)		\$ 12,123,267	\$ 11,767,142
26	Other Income and Deductions			
27	Other Income			
28	Nonutility Operating Income			
29	Revenues From Merchandising, Jobbing and Contract Work (415)	-		
30	(Less) Costs and Exp. of Merchandising, Job & Contract Work (416)	-		
31	Revenues From Nonutility Operations (417)	-		
32	(Less) Expenses of Nonutility Operations (417.1)	-		
33	Nonoperating Rental Income (418)	-		
34	Equity in Earnings of Subsidiary Companies (418.1)	10		
35	Interest and Dividend Income (419)	-	\$ 62,806	\$ 5,589
36	Allowance for Other Funds Used During Construction (419.1)	-		
37	Miscellaneous Nonoperating Income (421)	-	\$ (39,095)	\$ (4,467)
38	Gain on Disposition of Property (421.1)	-	\$ -	\$ -
39	TOTAL Other Income (Total of lines 29 through 38)		\$ 23,711	\$ 1,122
40	Other Income Deductions			
41	Loss on Disposition of Property (421.2)	-		
42	Miscellaneous Amortization (425)	33		
43	Miscellaneous Income Deductions (426.1-426.5)	33	\$ (80,827)	\$ (55,319)
44	TOTAL Other Income Deductions (Total of lines 41 through 43)		\$ (80,827)	\$ (55,319)
45	Taxes Applicable to Other Income and Deductions			
46	Taxes Other Than Income Taxes (408.2)	-		
47	Income Taxes - Federal (409.2)	-	\$ 74,981	\$ 8,552
48	Income Taxes - Other (409.2)	-	\$ 20,781	\$ 1,422
49	Provision for Deferred Income Taxes (410.2)	24	\$ -	\$ (638,480)
50	(Less) Provision for Deferred Income Taxes - Credit (411.2)	24	\$ -	\$ 3,338
51	Investment Tax Credit Adjustment - Net (411.5)	-		
52	(Less) Investment Tax Credits (420)	-		
53	TOTAL Taxes on Other Inc. and Ded. (Total of 46 through 52)		\$ 95,762	\$ (625,168)
54	Net Other Income and Deductions (Total of lines 39,44,53)		\$ 38,646	\$ (679,366)
55	Interest Charges			
56	Interest on Long-Term Debt (427)	21	\$ 2,240,454	\$ 2,116,205
57	Amortization of Debt Discount and Expense (428)	21	\$ 36,033	\$ 40,001
58	Amortization of Loss on Reacquired Debt (428.1)	-	\$ 65,830	\$ 86,168
59	(Less) Amortization of Premium on Debt - Credit (429)	21		
60	(Less) Amortization of Gain on Reacquired Debt - Credit (429.1)	-		
61	Interest on Debt to Associated Companies (430)	33	\$ -	\$ -
62	Other Interest Expense (431)	33	\$ 1,569,039	\$ 1,061,619
63	(Less) Allowance for Borrowed Funds Used During Const.-Credit (432)	-		
64	Net Interest Charges (Total of lines 56 through 63)		\$ 3,911,356	\$ 3,303,993
65	Income Before Extraordinary Items (Total of lines 25, 54 and 64)		\$ 8,250,557	\$ 7,783,784
66	Extraordinary Items			
67	Extraordinary Income (434)	-		
68	(Less) Extraordinary Deductions (435)	-		
69	Net Extraordinary Items (Total of line 67 less line 68)			
70	Income Taxes - Federal and Other (409.3)	-		
71	Extraordinary Items After Taxes (Total of line 69 less line 70)			
72	Net Income (Total of lines 65 and 71)		\$ 8,250,557	\$ 7,783,784

Dec. 31, 2018

STATEMENT OF RETAINED EARNINGS

1. Report all changes in appropriated retained earnings, and unappropriated retained earnings for the year.
2. Each credit and debit during the year should be identified as to the retained earnings account in which recorded (Accounts 433, 436-439 inclusive). Show the contra primary account affected in column (b).
3. State the purpose and amount for each reservation or appropriation of retained earnings.
4. List first Account 439, Adjustments to Retained Earnings, reflecting adjustments to the opening balance of retained earnings. Follow by credit, then debit items, in that order.

5. Show dividends for each class and series of capital stock.
6. Show separately the state and federal income tax effect of items shown in account 439, Adjustments to Retained Earnings.
7. Explain in a footnote the basis for determining the amount reserved or appropriated. If such reservations or appropriation is to be recurrent, state the number and annual amounts to be reserved or appropriated as well as the totals eventually to be accumulated.
8. If any notes appearing in the report to stockholders are applicable to this statement attach them at page 11.

Line No.	Item (a)	Contra Primary Account Affected (b)	Amount (c)
UNAPPROPRIATED RETAINED EARNINGS (Account 216)			
1	Balance - Beginning of Year		\$ 120,228,338
2	Changes (Identify by prescribed retained earnings accounts)		
3	Adjustments to Retained Earnings (Account 439):		
4	Credit: Treasury Stock (Rabbi Trust)		\$ 532,932
5	Credit:		
6	TOTAL Credits to Retained Earnings (Account 439) (Total of lines 4 and 5)		
7	Debit:		
8	Debit:		
9	TOTAL Debits to Retained Earnings (Account 439) (Total of lines 7 and 8)		
10	Balance Transferred from Income (Account 433 less Account 418.1)		\$ 8,250,557
11	Appropriations of Retained Earnings (Account 436) TOTAL		
12	Dividends Declared - Preferred Stock (Account 437) TOTAL		
13	Dividends Declared - Common Stock (Account 438) TOTAL		
14	Transfers from Acct. 216.1, Unappropriated Undistributed Subsidiary Earnings		
15	FAS 133 Other Comprehensive Income		
16	Balance - End of Year (Total of lines 01, 6, 9, 10, 11, 12, 13, 14 and 15)		\$ 129,011,827
APPROPRIATED RETAINED EARNINGS (Account 215)			
	State balance and purpose of each appropriated retained earnings amount at end of year and give accounting entries for any applications of appropriated retained earnings during the year.		
17			
18			
19			
20			
21			
22			
23	TOTAL Appropriated Retained Earnings (Account 215)		
	TOTAL Retained Earnings (Account 215 and 216) (Total of lines 16 and 23)		\$ 129,011,827

Dec. 31, 2018

NOTES TO THE FINANCIAL STATEMENTS ON A CONSOLIDATED BASIS

1. Use the space below for important notes regarding the Balance Sheet, Statement of Income for the year, Statement of Retained Earnings for the year, and Statement of Changes in Financial Position, or any account thereof. Classify the notes according to each basic statement, providing a subheading for each statement except where a note is applicable to more than one statement.

2. Furnish particulars (details) as to any significant contingent assets or liabilities existing at end of year, including a brief explanation of any action initiated by the Internal Revenue Service involving possible assessment of additional income taxes of material amount, or of a claim for refund of income taxes of a material amount initiated by the utility. Give also a brief explanation of any dividends in arrears on cumulative preferred stock.

3. For Account 116, Utility Plant Adjustments, explain the origin of such amount, debits and credits during the year, and

plan of disposition contemplated, giving references to Commission orders or other authorizations respecting classification of amounts as plant adjustments and requirements as to disposition thereof.

4. Where Accounts 189, Unamortized Loss on Reacquired Debt, and 257, Unamortized Gain on Reacquired Debt, are not used, give an explanation, providing the rate treatment given these items. See General Instruction 17 of the Uniform System of Accounts.

5. Give a concise explanation of any retained earnings restrictions and state the amount of retained earnings affected by such restrictions.

6. If the notes to financial statements relating to the respondent company appearing in the annual report to the stockholders are applicable and furnish the data required by instructions above and on pages 8-10, such notes may be attached hereto.

See Notes to Financial Statements attached

Florida Public Utilities Company			For the Year Ended
Natural Gas Division			December 31, 2018
NOTES TO FINANCIAL STATEMENTS			

1. Organization and Basis of Presentation

Florida Public Utilities Company ("FPU") is a utility engaged in the natural gas and electric distribution business in Florida. The natural gas division of FPU, excluding the Indiantown and Fort Meade divisions, ("we," "our" or "us") is engaged in the distribution of natural gas to approximately 62,000 residential, commercial and industrial customers located in south, central and northeast Florida. Our rates and services are subject to regulation by the Florida Public Service Commission ("FPSC"). FPU is a wholly-owned subsidiary of Chesapeake Utilities Corporation ("Chesapeake Utilities").

Our financial statements include the accounts of FPU's natural gas operation, excluding the accounts of the Indiantown and Fort Meade divisions. The FPSC requires FPU's Indiantown and Fort Meade natural gas divisions to be reported separately from us and therefore, those accounts are excluded from our financial statements. FPU's electric distribution and unregulated businesses are also excluded from our financial statements.

Our financial statements are prepared in conformity with the accounting requirements of the FPSC, which are substantially equivalent to the accounting requirements of the Federal Energy Regulatory Commission ("FERC") as set forth in the applicable Uniform System of Accounts and published accounting releases, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America ("US GAAP"). The accounting requirements of the FERC and the FPSC applied by us in these financial statements are consistent with US GAAP, except for:

- lack of reclassification of certain negative balances on the balance sheets;
- the presentation of deferred income tax assets and liabilities separately rather than as a single amount;
- the presentation of cost of removal as a component of accumulated depreciation rather than as a regulatory liability;
- lack of detail property, plant and equipment component costs disclosure;
- lack of detail regulatory assets and liability disclosure;
- the omission of the statements of cash flows;
- the omission of the statement of retained earnings for prior year for a comparative presentation;
- the accounting treatment of acquisition adjustment and regulatory asset associated with the merger-related costs and the presentation of acquisition adjustment;
- the presentation of pass-through revenue taxes, such as gross receipts taxes, franchise taxes and sales taxes, as revenues and operating expenses rather than on a net basis; and
- presentation of the components of net benefit costs in operating expenses, whereas for GAAP, only the service cost component is presented in operating expenses.

We do not have any ownership interests in investments accounted for using the equity method or any variable interests in a variable interest entity. We have assessed and reported on subsequent events through April 30, 2019 the date these financial statements are available to be issued.

2. Summary of Significant Accounting Policies

Use of Estimates

Our financial statements are prepared based on the accounting requirements of the FPSC and the FERC, which require management to make estimates in measuring assets and liabilities and related revenues and expenses. These estimates involve judgments with respect to, among other things, various future economic factors that are difficult to predict and are beyond our control; therefore, actual results could differ from those estimates. As additional information becomes available, or actual amounts are determined, recorded estimates are revised. Consequently, operating results can be affected by revisions to prior accounting estimates.

Florida Public Utilities Company			For the Year Ended
Natural Gas Division			December 31, 2018
NOTES TO FINANCIAL STATEMENTS			

Utility Plant

Utility plant is stated at original cost less accumulated depreciation or fair value, if impaired. Costs include direct labor, materials and third-party construction contractor costs, allowance for funds used during construction ("AFUDC"), and certain indirect costs related to equipment and employees engaged in construction. The costs of repairs and minor replacements are charged to expense as incurred, and the costs of major renewals and betterments are capitalized. Upon retirement or disposition of utility plant, the gain or loss, net of salvage value, is charged to accumulated depreciation or deferred as a regulatory asset or liability as required by the FPSC.

Customer contributions or advances in aid of construction reduce utility plant, unless the amounts are refundable to customers. Contributions or advances may be refundable to customers after a number of years based on the amount of revenues generated from the customers or the duration of the service provided to the customers. Refundable contributions or advances are recorded initially as liabilities. Non-refundable contributions reduce utility plant at the time of such determination. As of December 31, 2018 and 2017, there were \$1.8 million and \$1.3 million, respectively, of non-refunded contributions or advances reducing utility plant.

AFUDC represents the estimated cost of funds, from both debt and equity sources, used to finance the construction of major projects. AFUDC is capitalized in rate base for rate making purposes when the completed projects are placed in service. We did not capitalize AFUDC on utility plant for the years ended December 31, 2018 and 2017.

Asset Impairment Evaluations

We periodically evaluate whether events or circumstances have occurred, which indicate that other long-lived assets may not be fully recoverable. The determination of whether an impairment has occurred is based on an estimate of undiscounted future cash flows attributable to the asset, compared to the carrying value of the asset. When such events or circumstances are present, we record an impairment loss equal to the excess of the asset's carrying value over its fair value, if any.

In May 2016, Chesapeake Utilities received \$650,000 in cash, as a result of a settlement agreement that Chesapeake Utilities had entered into with a vendor related to the implementation of a customer billing system. The retention of this amount is contingent upon engaging this vendor to provide agreed-upon services through May 2020. For each of the years ended December 31, 2018 and 2017, we were allocated a gain of \$67,000 related to this settlement agreement. The gain from the settlement agreement is included in operations expense in the accompanying statements of income.

Depreciation

We compute depreciation expense by applying composite, annual rates as approved by the FPSC. Depreciation and amortization expenses are provided at an annual rate averaging 2.9 percent for each of 2018 and 2017.

In accordance with the accounting requirements of the FERC, we include the accretion of the cost of removal for future retirements of utility assets as depreciation expense. For both the years ended December 31, 2018 and 2017, \$1.0 million of such accretion was included in depreciation expense. We also report certain depreciation expenses, mainly related to vehicle, computer software and hardware, as operation expenses rather than depreciation and amortization expense to comply with the requirements of the FERC. For the years ended December 31, 2018 and 2017, \$320,000 and \$389,000, respectively, of such depreciation was reported as operation expenses.

Florida Public Utilities Company			For the Year Ended
Natural Gas Division			December 31, 2018
NOTES TO FINANCIAL STATEMENTS			

Regulated Operations

We account for our operations in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 980, *Regulated Operations*. This Topic includes accounting principles for companies whose rates are determined by independent third-party regulators. When setting rates, regulators often make decisions, the economics of which require companies to defer costs or revenues in different periods than may be appropriate for unregulated enterprises. When this situation occurs, a regulated company defers the associated costs as regulatory assets on the balance sheet and records them as expense on the income statement as it collects revenues. Further, regulators can also impose liabilities upon a regulated company for amounts previously collected from customers, and for recovery of costs that are expected to be incurred in the future as regulatory liabilities. If we were required to terminate the application of these provisions to our regulated operations, all such deferred amounts would be recognized in the income statement at that time, which could have a material impact on our financial position, results of operations and cash flows.

We monitor our regulatory and competitive environment to determine whether the recovery of our regulatory assets continues to be probable. If we were to determine that recovery of these assets is no longer probable, we would write off the assets against earnings. We believe that provisions of ASC Topic 980, *Regulated Operations*, continue to apply to our operations and that the recovery of our regulatory assets is probable.

Revenue Recognition

Our operating revenues are based on rates approved by the FPSC. We read meters and bill customers on monthly cycles that do not coincide with the accounting periods used for financial reporting purposes. We accrue unbilled revenues for the charges associated with natural gas delivered, but not yet billed, at the end of an accounting period to the extent that they do not coincide.

We have a fuel cost recovery mechanism. This mechanism provides a method of adjusting the billing rates to reflect changes in the cost of purchased fuel. The difference between the current cost of fuel and the cost of fuel recovered in billed rates is deferred and accounted for as either unrecovered purchased fuel costs or amounts payable to customers. Generally, these deferred amounts are recovered or refunded within one year.

Operation and Maintenance Expenses

Operation and maintenance expenses are costs associated with the operation and maintenance of our natural gas distribution systems. Major cost components include operation and maintenance salaries and benefits, materials and supplies, usage of vehicles, tools and equipment, payments to contractors, utility plant maintenance, customer service, professional fees and other outside services, insurance expense, minor amounts of depreciation and other administrative expenses.

Cash and Cash Equivalents

We consider all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Excess cash generated by our receipts may be transferred to and invested in Chesapeake Utilities' overnight income-producing accounts. We are allocated the portion of interest income generated from those accounts, which reduced interest expense in the accompanying statements of income.

Accounts Receivable and Accumulated Provision for Uncollectible Accounts

Accounts receivable consist primarily of amounts due for distribution sales of natural gas to customers. A provision for uncollectible accounts is recorded based upon our collections experiences and management's assessment of our customers' inability or reluctance to pay. If circumstances change, our estimates of recoverable accounts receivable may also change. Circumstances which could affect such estimates include, but are not limited to, customer credit issues and general economic conditions. Accounts are written off when they are deemed to be uncollectible.

Inventories

We use the average cost method to value materials and supplies inventory. If market prices drop below cost, inventory balances that are subject to price risk are adjusted to market values.

Florida Public Utilities Company			For the Year Ended
Natural Gas Division			December 31, 2018
NOTES TO FINANCIAL STATEMENTS			

Pension and Other Postretirement Plans

Our eligible employees participate in FPU's pension and other postretirement plans. FPU allocates our share of its pension and other postretirement plan costs based on a portion of the benefits related to providing our service. FPU's pension and other postretirement plan costs and liabilities are determined on an actuarial basis and are affected by numerous assumptions and estimates including the fair value of plan assets, estimates of the expected returns on plan assets, assumed discount rates, the level of contributions made to the plans, and current demographic and actuarial mortality data. FPU's management annually reviews the estimates and assumptions underlying our pension and other postretirement plan costs and liabilities with the assistance of third-party actuarial firms.

The assumed discount rates, expected returns on plan assets and the mortality assumptions are the factors that generally have the most significant impact on FPU's pension costs and liabilities. The assumed discount rates, health care cost trend rates and rates of retirement generally have the most significant impact on our postretirement plan costs and liabilities. A 0.25 percent decrease in the discount rate could increase our annual pension and postretirement costs by approximately \$5,000, and a 0.25 percent increase could decrease our annual pension and postretirement costs by approximately \$7,000. A 0.25 percent decrease in the rate of return could increase our annual pension cost by approximately \$107,000, and a 0.25 basis increase could decrease our annual pension cost by approximately \$107,000 and would not have an impact on the postretirement and supplemental executive retirement plans because these plans are not funded.

Income Taxes

Deferred tax assets and liabilities are recorded for the income tax effect of temporary differences between the financial statement bases and tax bases of assets and liabilities and are measured using the enacted income tax rates in effect in the years in which the differences are expected to reverse. The portions of our deferred tax liabilities, which have not been reflected in current service rates, represent income taxes recoverable through future rates. Deferred tax assets are recorded net of any valuation allowance when it is more likely than not that such tax benefits will be realized.

We account for uncertainty in income taxes in the financial statements only if it is more likely than not that an uncertain tax position is sustainable based on technical merits. Recognizable tax positions are then measured to determine the amount of benefit recognized in the financial statements. We recognize penalties and interest related to unrecognized tax benefits as a component of other income.

Financial Instruments

We have entered into agreements with suppliers to purchase natural gas for resale to our customers. Purchases under these contracts either do not meet the definition of derivatives or are considered "normal purchases" and are accounted for on an accrual basis.

Financial assets with carrying values approximating fair value include accounts receivable. Financial liabilities with carrying values approximating fair value include, accounts payable and other accrued liabilities.

FASB Statements and Other Authoritative Pronouncements

Recently Adopted Accounting Standards

Revenue from Contracts with Customers (ASC 606) - On January 1, 2018, we adopted Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers*, and all the related amendments using the modified retrospective method. For additional information and disclosure related to revenue from contracts with customers, see Note 12, *Revenue from Contracts with Customers*, in this report.

Compensation-Retirement Benefits (ASC 715) - In March 2017, the FASB issued ASU 2017-07, *Improving the Presentation of Net Periodic Pension Cost and Net Periodic Post-Retirement Benefit Cost*. Under this guidance, employers are required to report the service cost component in the same line item or items as other compensation costs arising from services rendered by the pertinent employees during the period. The other components of net benefit costs are required to be presented in the income statement separately from the service cost component and should not be included in operating expenses. FPU adopted ASU 2017-07 on January 1, 2018 and applied the changes in the other components of net benefit costs, retrospectively. Adoption of this standard did not have an impact on presentation of our financial statements as the FERC does not require similar presentation.

Florida Public Utilities Company			For the Year Ended
Natural Gas Division			December 31, 2018
NOTES TO FINANCIAL STATEMENTS			

Compensation - Stock Compensation (ASC 718) - In May 2017, the FASB issued ASU 2017-09, *Scope of Modification Accounting*, to clarify when to account for a change in the terms or conditions of a share-based payment award as a modification. Under this guidance, modification accounting is required only if the fair value, the vesting conditions or the award classification (equity or liability) change because of a change in the terms or conditions of the award. We adopted ASU 2017-09, prospectively, on January 1, 2018. Implementation of this new standard did not have a material impact on our financial position or results of operations.

Compensation - Retirement Benefits - Defined Benefit Plans - General (ASC 715-20) - In August 2018, the FASB issued ASU 2018-14, *Disclosure Framework - Changes to the Disclosure Requirements for Defined Benefit Plans*, which removes, clarifies and adds certain disclosure requirements in ASC 715-20 related to defined benefit pension and other postretirement plans. ASU 2018-14 will be effective for our financial statements, on a retrospective basis, beginning January 1, 2022, although early adoption is permitted. We early adopted and updated our disclosures during the annual period ended December 31, 2018. Since the guidance impacted disclosures only, there was no impact on our financial position or results of operations.

Recent Accounting Standards Yet to be Adopted

Leases (ASC 842) - In February 2016, the FASB issued ASU 2016-02, *Leases*, which requires lessees to recognize leases on the balance sheet and disclose key information about leasing arrangements. The standard establishes a right of use ("ROU") model that requires a lessee to recognize a ROU asset and lease liability for all leases with a term greater than 12 months. The update also expands the required quantitative and qualitative disclosures surrounding leases. ASC 842 was subsequently amended by ASU No. 2018-01, *Land Easement Practical Expedient for Transition to Topic 842*; ASU No. 2018-10, *Codification Improvements to Topic 842, Leases*; and ASU No. 2018-11, *Targeted Improvements*. ASU 2016-02 will be effective for our financial statements, beginning January 1, 2020, however, we elected early adoption effective January 1, 2019 using the modified retrospective transition approach to all existing leases.

The new standard permits companies to elect several practical expedients. We expect to elect: (1) the 'package of practical expedients,' pursuant to which we do not need to reassess our prior conclusions about lease identification, lease classification and initial direct costs and (2) the 'use-of-hindsight' practical expedient, which allows us to use hindsight in assessing impairment of our existing land easements. We also intend to aggregate all non-lease components with the respective lease components.

Adoption of this standard resulted in recording a ROU asset and lease liability of approximately \$3.0 million, as of January 1, 2019.

Fair Value Measurement (ASC 820) - In August 2018, the FASB issued ASU 2018-13, *Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*, which removes, modifies and adds certain disclosure requirements on fair value measurements in ASC 820. ASU 2018-13 will be effective for our financial statements beginning January 1, 2020. Since the changes only impact disclosures, there will be no financial impact.

Florida Public Utilities Company			For the Year Ended
Natural Gas Division			December 31, 2018
NOTES TO FINANCIAL STATEMENTS			

3. Transactions with Affiliates

Financing Arrangements

Our excess cash is transferred to Chesapeake Utilities to be invested in overnight income-producing accounts. We utilize Chesapeake Utilities' short-term borrowing facility and Chesapeake Utilities' and FPU's long-term debt to satisfy our financing needs. For the years ended December 31, 2018 and 2017, Chesapeake Utilities and FPU allocated to us \$3.7 million and \$3.1 million, respectively, in interest expense, which represents a portion of interest from Chesapeake Utilities' short-term and Chesapeake Utilities' and FPU's long-term debt, net of a portion of interest income from the overnight income-producing accounts.

Allocated Costs from Affiliates

Chesapeake Utilities provides us with administrative and support services. These services include certain managerial, accounting, information technology, payroll, human resources and treasury services. For the years ended December 31, 2018 and 2017, Chesapeake Utilities charged us \$7.5 million and \$7.9 million, for these services. Chesapeake Utilities also provides us with shared services which include safety and customer care services. For the years ended December 31, 2018 and 2017, Chesapeake Utilities charged us \$3.2 million and \$3.6 million, respectively, for these services.

Advances from Affiliates

As of December 31, 2018 and 2017, we had net advances payable to Chesapeake Utilities and its subsidiaries in the amount of \$60.1 million and \$59.9 million, respectively. These amounts are reflected as accounts receivable from associated companies and accounts payable to associated companies in the accompanying balance sheet.

Firm Transportation Service and Natural Gas Purchase

Peninsula Pipeline Company, Inc. ("Peninsula Pipeline"), a wholly-owned subsidiary of Chesapeake Utilities, provided us with firm transportation service in conjunction with our service in Florida. For the years ended December 31, 2018 and 2017, we incurred \$9.5 million and \$4.1 million, respectively, in cost associated with this transportation service, which was included in the cost of fuel and our fuel cost recovery mechanism.

During 2018 and 2017, Peninsula Energy Services Company, Inc., Chesapeake Utilities' natural gas marketing subsidiary, provided us with natural gas supply service. There were immaterial costs incurred during 2018 and 2017. These costs are included in the cost of fuel and our fuel cost recovery mechanism.

4. Income Taxes

We are included in the Chesapeake Utilities' consolidated federal income tax return, along with all of Chesapeake Utilities' other subsidiaries. At December 31, 2018, Chesapeake Utilities' federal income tax returns for 2015 and 2016 are under examination and no report has been issued at this time. FPU files a separate state income tax return in the state of Florida. State income tax returns for FPU for tax years after 2015 are subject to examination.

Income taxes are allocated to us as if we were a separate tax payer. FPU recorded no state net operating loss in the state of Florida as of December 31, 2018 and 2017. We recorded an immaterial deferred tax asset related to state net operating loss carry-forwards at December 31, 2018 and 2017.

Federal Tax Reform

On December 22, 2017, President Trump signed into law the Tax Cuts and Jobs Act ("TCJA"). Substantially all of the provisions of the TCJA are effective for taxable years beginning on or after January 1, 2018. The provisions significantly impacting us include the reduction of the corporate federal income tax rate from 35 percent to 21 percent. Our federal income tax expense for periods beginning on January 1, 2018 are based on the new federal corporate income tax rate. The TCJA included changes to the Internal Revenue Code, which materially impacted our 2017 financial statements. ASC 740, *Income Taxes*, requires recognition of the effects of changes in tax laws in the period in which the law is enacted. ASC 740 requires deferred tax assets and liabilities to be measured at the enacted tax rate expected to apply when temporary differences are to be realized or settled. At the date of enactment in 2017, we re-measured deferred income taxes based upon the new corporate tax rate, which resulted in the change in deferred income taxes of \$26.0 million that was recorded as an offset to regulatory liability, some portion of which may ultimately be subject to refund to customers. At December 31, 2018, we have completed the assessment of the impact as it relates to accounting for certain effects of the TCJA. See Note 9, *Rates and Other Regulatory Activities*, for further discussion of the TCJA's impact on our business.

Florida Public Utilities Company			For the Year Ended
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NOTES TO FINANCIAL STATEMENTS			

The following tables provide: (a) the components of income tax expense in 2018 and 2017; (b) the reconciliation between the statutory federal income tax rate for 2018 and 2017; and (c) the components of accumulated deferred income tax assets and liabilities at December 31, 2018 and 2017.

<i>(in thousands)</i>	For the Years Ended December 31,	
	2018	2017
Income Tax (Benefit) Expense		
Current	\$ 2,135	\$ 3,945
Deferred	647	1,070
Total Income Tax Expense	\$ 2,782	\$ 5,015

Reconciliation of Effective Income Tax Rates:

Federal income tax expense, 21% in 2018 and 35% in 2017	\$ 2,317	\$ 4,480
State income taxes, net of federal tax benefit	479	458
Other	(14)	77
Total Income Tax Expense	\$ 2,782	\$ 5,015

	At December 31,	
	2018	2017
Deferred Income Tax Liabilities		
Property, plant and equipment	\$ 26,996	\$ 31,497
Acquisition adjustment	8,896	9,323
Conservation	-	(195)
Other	621	311
Total Deferred Income Tax Liabilities	\$ 36,513	\$ 40,936

Deferred Income Tax Assets		
Environmental costs	\$ 1,669	\$ 1,690
Storm reserve liability	171	170
Amortization - Customer-based intangibles	1,490	1,287
Other	2,490	8,676
Total Deferred Income Tax Assets	\$ 5,820	\$ 11,823

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NOTES TO FINANCIAL STATEMENTS			

5. Customer Concentration

We operate entirely in the natural gas distribution business. Our operations include the transportation of natural gas in intra-state commerce. We did not have any customer that accounted for more than 10 percent of our revenues for the years ended December 31, 2018 and 2017.

6. Lease Obligations

We have entered into several operating lease arrangements for equipment and rights of way for pipeline facilities. FPU has also entered into operating lease arrangements for office and warehouse space and has allocated to us rent for our use of these spaces. Rent expense for the years ended December 31, 2018 and 2017 totaled \$520,000 and \$387,000 respectively. Future minimum payments for these leases are \$636,000 for 2019, \$522,000 for 2020, \$505,000 for 2021, \$518,000 for 2022, \$532,000 for 2023 and \$774,000 thereafter, for a total of \$3.5 million.

7. Employee Benefit Plans

Eligible FPU employees participate in various benefit plans sponsored by FPU and Chesapeake Utilities. They allocate to us a portion of the benefit costs associated with these plans. Our share of the costs is based on a portion of the benefits related to providing services to us. We recorded benefit costs of \$1.1 million and \$1.4 million for the years ended December 31, 2018 and 2017, respectively, related to these plans.

FPU continues to sponsor and maintain a separate defined benefit pension plan ("FPU Pension Plan") and a separate unfunded postretirement medical plan ("FPU Medical Plan") for eligible FPU employees.

FPU measures the assets and obligations of the defined benefit pension plan and other postretirement benefits plans to determine the plan's funded status as of the end of the year as an asset or a liability on its consolidated balance sheets. A portion of this asset or liability related to us is reflected on our balance sheet. At December 31, 2018 and 2017, \$10.2 million and \$9.4 million, respectively, of the pension and postretirement benefit liabilities were assigned to us.

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NOTES TO FINANCIAL STATEMENTS			

Defined Benefit Pension Plan

The following schedule sets forth the funded status at December 31, 2018 and 2017 and the net periodic cost for the years ended December 31, 2018 and 2017 for the FPU Pension Plan:

	<u>As of December 31,</u>	
	<u>2018</u>	<u>2017</u>
<i>(in thousands)</i>		
Change in benefit obligation:		
Benefit obligation — beginning of year	\$ 64,664	\$ 63,832
Interest cost	2,339	2,482
Actuarial (gain) loss	(4,739)	1,199
Benefits paid	(2,887)	(2,849)
Benefit obligation — end of year	<u>59,377</u>	<u>64,664</u>
Change in plan assets:		
Fair value of plan assets — beginning of year	48,396	43,272
Actual return on plan assets	(3,113)	6,025
Employer contributions	1,205	1,948
Benefits paid	(2,887)	(2,849)
Fair value of plan assets — end of year	<u>43,601</u>	<u>48,396</u>
Reconciliation:		
Funded status	<u>(15,776)</u>	<u>(16,268)</u>
Accrued pension cost	<u>\$ (15,776)</u>	<u>\$ (16,268)</u>
Assumptions:		
Discount rate	4.25%	3.75%
Expected return on plan assets	6.50%	6.50%

	<u>For the Year Ended</u>	
	<u>December 31,</u>	
	<u>2018</u>	<u>2017</u>
<i>(in thousands)</i>		
Components of net periodic pension cost:		
Interest cost	\$ 2,339	\$ 2,482
Expected return on assets	(3,091)	(2,779)
Amortization of actuarial loss	404	513
Net periodic pension cost	<u>(348)</u>	<u>216</u>
Amortization of pre-merger regulatory asset	761	761
Total periodic cost	<u>\$ 413</u>	<u>\$ 977</u>
Assumptions:		
Discount rate	3.75%	4.00%
Expected return on plan assets	6.50%	6.50%

Included in the net periodic costs for the FPU Pension Plan is continued amortization of FPU's pension regulatory asset, which represents the portion attributable to FPU's regulated operations for the changes in funded status that occurred, but was not recognized as part of net periodic cost, prior to the merger with Chesapeake Utilities in October 2009. This was previously deferred as a regulatory asset prior to the merger with Chesapeake Utilities to be recovered through rates pursuant to an order by the FPSC. The unamortized balance of this regulatory asset was \$543,000 and \$1.3 million at December 31, 2018 and 2017, respectively.

Florida Public Utilities Company			For the Year Ended
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FPU's funding policy provides that payments to the trustee shall be equal to at least the minimum funding requirements of the Employee Retirement Income Security Act of 1974.

The following schedule summarizes the assets of the FPU Pension Plan, by investment type, at December 31, 2018 and 2017:

Asset Category	As of December 31,	
	2018	2017
Equity securities	50.04%	55.17%
Debt securities	41.06%	36.56%
Other	8.90%	8.27%
Total	100.00%	100.00%

The investment policy for the FPU Pension Plan is designed to provide the capital assets necessary to meet the financial obligations of the plan. The investment goals and objectives are to achieve investment returns that, together with contributions, will provide funds adequate to pay promised benefits to present and future beneficiaries of the plan, earn a long-term investment return in excess of the growth of the plan's retirement liabilities, minimize pension expense and cumulative contributions resulting from liability measurement and asset performance, and maintain a diversified portfolio to reduce the risk of large losses.

The following allocation range of asset classes is intended to produce a rate of return sufficient to meet the FPU Pension Plan's goals and objectives:

Asset Class	Asset Allocation Strategy	
	Minimum Allocation Percentage	Maximum Allocation Percentage
Domestic Equities (Large Cap, Mid Cap and Small Cap)	14%	32%
Foreign Equities (Developed and Emerging Markets)	13%	25%
Fixed Income (Inflation Bond and Taxable Fixed)	26%	40%
Alternative Strategies (Long/Short Equity and Hedge Fund of Funds)	6%	14%
Diversifying Assets (High Yield Fixed Income, Commodities, and Real Estate)	7%	19%
Cash	0%	5%

Due to periodic contributions and different asset classes producing varying returns, the actual asset values may temporarily move outside of the intended ranges. The investments are monitored on a quarterly basis, at a minimum, for asset allocation and performance.

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NOTES TO FINANCIAL STATEMENTS			

At December 31, 2018 and 2017, the assets of the FPU Pension Plan were comprised of the following investments:

Asset Category (in thousands)	Fair Value Measurement Hierarchy							
	December 31, 2018				December 31, 2017			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Mutual Funds - Equity securities								
US Large Cap ⁽¹⁾	\$2,853	\$ -	\$ -	\$2,853	\$3,583	\$ -	\$ -	\$3,583
US Mid Cap ⁽¹⁾	1,221	-	-	1,221	1,486	-	-	1,486
US Small Cap ⁽¹⁾	579	-	-	579	750	-	-	750
International ⁽²⁾	7,702	-	-	7,702	10,113	-	-	10,113
Alternative Strategies ⁽³⁾	4,799	-	-	4,799	4,609	-	-	4,609
	<u>17,154</u>	<u>-</u>	<u>-</u>	<u>17,154</u>	<u>20,541</u>	<u>-</u>	<u>-</u>	<u>20,541</u>
Mutual Funds - Debt securities								
Fixed Income ⁽⁴⁾	15,554	-	-	15,554	15,383	-	-	15,383
High Yield ⁽⁴⁾	2,350	-	-	2,350	2,310	-	-	2,310
	<u>17,904</u>	<u>-</u>	<u>-</u>	<u>17,904</u>	<u>17,693</u>	<u>-</u>	<u>-</u>	<u>17,693</u>
Mutual Funds - Other								
Commodities ⁽⁵⁾	1,596	-	-	1,596	1,807	-	-	1,807
Real Estate ⁽⁶⁾	1,851	-	-	1,851	1,919	-	-	1,919
Guaranteed Deposit ⁽⁷⁾	-	-	433	433	-	-	274	274
	<u>3,447</u>	<u>-</u>	<u>433</u>	<u>3,880</u>	<u>3,726</u>	<u>-</u>	<u>274</u>	<u>4,000</u>
Total Pension Plan Assets in fair value hierarchy	<u>\$38,505</u>	<u>\$ -</u>	<u>\$433</u>	<u>38,938</u>	<u>\$41,960</u>	<u>\$ -</u>	<u>\$274</u>	<u>42,234</u>
Investments measured at net asset value ⁽⁸⁾				<u>4,663</u>				<u>6,162</u>
Total Pension Plan Assets				<u>\$43,601</u>				<u>\$48,396</u>

⁽¹⁾ Includes funds that invest primarily in United States common stocks.

⁽²⁾ Includes funds that invest primarily in foreign equities and emerging markets equities.

⁽³⁾ Includes funds that actively invest in both equity and debt securities, funds that sell short securities and funds that provide long-term capital appreciation. The funds may invest in debt securities below investment grade.

⁽⁴⁾ Includes funds that invest in investment grade and fixed income securities.

⁽⁵⁾ Includes funds that invest primarily in commodity-linked derivative instruments and fixed income securities.

⁽⁶⁾ Includes funds that invest primarily in real estate

⁽⁷⁾ Includes investment in a group annuity product issued by an insurance company.

⁽⁸⁾ Certain investments that were measured at net asset value per share have not been classified in the fair value hierarchy. These amounts are presented to reconcile to total pension plan assets.

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Natural Gas Division			December 31, 2018
NOTES TO FINANCIAL STATEMENTS			

At December 31, 2018 and 2017, all of the investments were classified under the same fair value measurement hierarchy (Level 1 through Level 3). Level 1 investments are recorded at fair value based on unadjusted quoted prices in active markets for identical investments. The Level 3 investments are recorded at fair value based on the contract value of annuity products underlining guaranteed deposit accounts, which was calculated using discounted cash flow models. The contract value of these products represented deposits made to the contract, plus earnings at guaranteed crediting rates, less withdrawals and fees.

The following table sets forth the summary of the changes in the fair value of Level 3 investments for the FPU Pension Plan for the years ended December 31, 2018 and 2017:

	For the Year Ended December 31,	
	2018	2017
<i>(in thousands)</i>		
Balance, beginning of year	\$ 274	\$ 395
Purchases	1,206	1,954
Transfers in	2,188	1,112
Disbursements	(3,248)	(3,207)
Investment income	13	20
Balance, end of year	<u>\$ 433</u>	<u>\$ 274</u>

Other Postretirement Benefits Plan

The following sets forth the funded status of the FPU Medical Plan at December 31, 2018 and 2017 and the net periodic cost for the years ended December 31, 2018 and 2017:

	As of December 31,	
	2018	2017
<i>(in thousands)</i>		
Change in benefit obligation:		
Benefit obligation — beginning of year	\$ 1,287	\$ 1,349
Interest cost	47	50
Plan participants contributions	41	48
Actuarial gain	(89)	(48)
Benefits paid	(99)	(112)
Benefit obligation — end of year	<u>1,187</u>	<u>1,287</u>
Change in plan assets:		
Fair value of plan assets — beginning of year	—	—
Employer contributions ⁽¹⁾	58	64
Plan participants contributions	41	48
Benefits paid	(99)	(112)
Fair value of plan assets — end of year	<u>—</u>	<u>—</u>
Reconciliation:		
Funded status	<u>(1,187)</u>	<u>(1,287)</u>
Accrued postretirement cost	<u>\$ (1,187)</u>	<u>\$ (1,287)</u>
Assumptions:		
Discount rate	4.25%	3.75%

⁽¹⁾ The FPU Medical Plan did not receive a significant Medicare part-D subsidy for the post-merger period.

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NOTES TO FINANCIAL STATEMENTS			

Net periodic postretirement benefit costs for the FPU Medical Plan for 2018 and 2017 include the following components:

	For the Year Ended December 31,	
	2018	2017
<i>(in thousands)</i>		
Net periodic cost - interest cost	\$ 47	\$ 50
Amortization of pre-merger regulatory asset	8	8
Total periodic cost⁽¹⁾	\$ 55	\$ 58
Assumptions		
Discount rate	3.75%	4.00%

Similar to the FPU Pension Plan, continued amortization of the FPU postretirement benefit regulatory asset related to the unrecognized cost prior to the merger with Chesapeake Utilities was included in the net periodic cost. The unamortized balance of this regulatory asset was \$14,000 and \$22,000 at December 31, 2018 and 2017, respectively.

The following table presents the amounts not yet reflected in net periodic benefit cost and included in accumulated other comprehensive income/loss or as a regulatory asset as of December 31, 2018:

	FPU Pension Plan	FPU Medical Plan	Total
<i>(in thousands)</i>			
Net loss (gain)	\$ 18,544	\$ (79)	\$ 18,465
Accumulated other comprehensive loss (gain) pre-tax ⁽¹⁾	\$ 3,523	\$ (15)	\$ 3,508
Post-merger regulatory asset	15,021	(64)	14,957
Subtotal	18,544	(79)	18,465
Pre-merger regulatory asset	543	14	557
Total unrecognized cost	\$ 19,087	\$ (65)	\$ 19,022

⁽¹⁾ The total amount of accumulated other comprehensive loss recorded in FPU's consolidated balance sheet as of December 31, 2018 is net of income tax benefits of \$889,000.

Assumptions

The assumptions used for the discount rate to calculate the benefit obligations of all the FPU plans were based on the interest rates of high-quality bonds in 2018, reflecting the expected lives of the plans. In determining the average expected return on plan assets for the FPU Pension Plan, various factors, such as historical long-term return experience, investment policy and current and expected allocation, were considered. Since the FPU Pension Plan is frozen with respect to additional years of service and compensation, the rate of assumed compensation increases is not applicable.

The health care inflation rate for 2018 used to calculate the benefit obligation is 5.0 percent for the FPU Medical Plan.

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Estimated Future Benefit Payments

In 2019, FPU expects to contribute \$1.2 million and \$94,000 to the FPU Pension Plan and FPU Medical Plan, respectively. The schedule below shows the estimated future benefit payments for each of the plans previously described:

		FPU Pension Plan⁽¹⁾	FPU Medical Plan⁽²⁾
<i>(in thousands)</i>			
2019	\$	3,091	\$ 94
2020	\$	3,221	\$ 87
2021	\$	3,299	\$ 91
2022	\$	3,485	\$ 93
2023	\$	3,558	\$ 80
Years 2024 through 2028	\$	18,570	\$ 402

⁽¹⁾ The pension plan is funded; therefore, benefit payments are expected to be paid out of the plan assets.

⁽²⁾ Benefit payments are expected to be paid out of FPU's general funds.

Retirement Savings Plan

We offer the Chesapeake Utilities 401(k) Retirement Savings Plan to all eligible employees who have completed three months of service, except for employees represented by a collective bargaining agreement that does not specifically provide for participation in the plan, non-resident aliens with no U.S. source income and individuals classified as consultants, independent contractors or leased employees. Chesapeake Utilities matches 100 percent of eligible participants' pre-tax contributions to the Chesapeake Utilities 401(k) Retirement Savings Plan up to a maximum of six percent of eligible compensation. The employer matching contribution is made in cash and is invested based on a participant's investment directions. In addition, Chesapeake Utilities may make a discretionary supplemental contribution to participants in the plan, without regard to whether or not they make pre-tax contributions. Any supplemental employer contribution is generally made in Chesapeake Utilities' common stock. With respect to the employer match and supplemental employer contribution, employees are 100 percent vested after two years of service or upon reaching 55 years of age while still employed by Chesapeake Utilities. Employees with one year of service are 20 percent vested and will become 100 percent vested after two years of service. Employees who do not make an election to contribute or do not opt out of the Chesapeake Utilities 401(k) Retirement Savings Plan will be automatically enrolled at a deferral rate of three percent, and the automatic deferral rate will increase by one percent per year up to a maximum of ten percent. All contributions and matched funds can be invested among the mutual funds available for investment. Our contributions to the Chesapeake Utilities 401(k) Retirement Savings Plan for the years ended December 31, 2018 and 2017, net of a portion capitalized, totaled \$544,000 and \$504,000, respectively.

Chesapeake Utilities' executive officers and directors are eligible to participate in the Chesapeake Utilities Corporation Non-Qualified Deferred Compensation Plan. Executive officers can defer up to 80 percent of their base compensation, cash bonuses or any amount of their stock bonuses (net of required withholdings). Executive officers may receive a matching contribution on their cash compensation deferrals up to six percent of their compensation, provided it does not duplicate a match they receive in the Chesapeake Utilities 401(k) Retirement Savings Plan. For each of the years ended December 31, 2018 and 2017, the amounts matched to FPU's participants in this plan, who are our employees, totaled \$7,000 and \$9,000, respectively, and are included in operations expense in the accompanying statements of income.

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8. Share-Based Compensation

One of our executives has been granted share-based awards through Chesapeake Utilities' Stock Incentive Compensation Plan ("SICP"). We record these share-based awards as compensation costs over the respective service period for which services are received in exchange for an award of equity or equity-based compensation. The compensation cost is based primarily on the fair value of shares awarded, using the estimated fair value of each share on the date it was granted and the number of shares to be issued at the end of the service period.

These awards are based on multi-year performance plans, which are earned based upon the successful achievement of long-term goals, growth and financial results, which comprised both market-based and performance-based conditions or targets. The fair value of each share of stock tied to a performance-based condition or target is equal to the market price of Chesapeake Utilities common stock on the date of the grant. For the market-based conditions, we used the Black-Scholes pricing model to estimate the fair value of each share of market-based award granted.

For the years ended December 31, 2018 and 2017, we were allocated \$40,000 and \$39,000, respectively, in total compensation expense related primarily to the FPU officer that participates in Chesapeake Utilities' share-based compensation plan.

The weighted average grant-date fair value of Chesapeake Utilities SICP awards granted during 2018 and 2017 was \$67.76 and \$62.81, respectively. The intrinsic value of these awards was \$1.4 million and \$1.3 million for 2018 and 2017, respectively. At December 31, 2018, there was \$264,000 of unrecognized compensation cost related to these awards, which is expected to be recognized during 2019 and 2020, assuming certain performance levels are achieved.

9. Rates and Other Regulatory Activities

Effect of the TCJA on customers: In February 2018, the Florida PSC opened dockets to consider the impacts associated with the TCJA. In May 2018, we filed petitions and supporting testimony regarding the disposition of the related impacts of the TCJA. Hearings on this matter took place in November 2018. The Florida PSC approved staff's recommendations on February 5, 2019. Final orders were issued on February 25, 2019, and became final after a 30-day appeal period. The order states that the net ADIT liability of \$19.5 million would be amortized and retained by us pursuant to the prescribed schedule. In addition, no one-time bill credit or adjustment in rates would be applied. The tax rate savings arising from the TCJA rate reduction from 35 percent to 21 percent would be retained by us.

10. Environmental Commitments and Contingencies

We are subject to federal, state and local laws and regulations governing environmental quality and pollution control. These laws and regulations require us to remove or remediate at current and former operating sites the effect on the environment of the disposal or release of specified substances.

We have participated in the investigation, assessment or remediation, and have exposures at four former manufactured gas plant ("MGP") sites. Those sites are located in West Palm Beach, Sanford, Key West and Pensacola, Florida.

As of December 31, 2018 and 2017, we had approximately \$9.1 million and \$9.6 million, respectively, in environmental liabilities related to all of the MGP sites, representing our estimate of the future costs associated with those sites. These amounts are reflected in environmental liabilities in the accompanying consolidated balance sheets. We have approval to recover up to \$14.0 million of the environmental costs related to all of our MGP sites from insurance and from customers through rates, approximately \$11.5 million of which has been recovered as of December 31, 2018. We had approximately \$2.5 million in regulatory assets for future recovery of environmental costs from our customers.

Environmental liabilities for our MGP sites are recorded on an undiscounted basis based on the estimate of future costs provided by independent consultants. We continue to expect that all costs related to environmental remediation and related activities, including any potential future remediation costs for which we do not currently have approval for regulatory recovery, will be recoverable from customers through rates. The following is a summary of our remediation status and estimated costs to implement clean-up of our key MGP sites:

Florida Public Utilities Company			For the Year Ended
Natural Gas Division			December 31, 2018
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Jurisdiction	MGP Site	Status	Cost to Clean up	Recovery through Rates
Florida	West Palm Beach	Remedial actions approved by FDEP have been implemented on the east parcel of the site. Similar remedial actions expected to be implemented on other remaining portions.	Between \$4.5 million to \$15.4 million, including costs associated with the relocation of our operations at this site, which is necessary to implement the remedial plan, and any potential costs associated with future redevelopment of the properties.	Yes
Florida	Sanford	On March 1, 2018, the EPA approved a "site-wide ready for anticipated use" status, which is the final step before delisting a site. Construction has been completed and restrictive covenants are in place to ensure protection of human health. The only remaining activity is long-term groundwater monitoring. It is unlikely that we will incur any significant future costs associated with the site.	Our remaining remediation expenses, including attorneys' fees and costs, are anticipated to be less than \$10,000.	Yes

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Natural Gas Division			December 31, 2018
NOTES TO FINANCIAL STATEMENTS			

11. Other Commitments and Contingencies

We have entered into contractual commitments to purchase natural gas from various suppliers. The contracts have various expiration dates. The total purchase obligations for natural gas are \$14.0 million for 2019, \$18.0 million for 2020-2021, \$13.5 million for 2022-2023 and \$78.7 million thereafter, with an aggregate total of \$124.2 million.

We are involved in certain other legal actions and claims arising in the normal course of business. We are also involved in certain legal proceedings and administrative proceedings before various governmental agencies concerning rates. In the opinion of management, the ultimate disposition of these proceedings will not have a material effect on our financial position, results of operations or cash flows.

12. Revenue from Contracts with Customers

Adoption

On January 1, 2018, we adopted ASU 2014-09, *Revenue from Contracts with Customers*, and all the related amendments using the modified retrospective method. This standard requires entities to recognize revenue when control of the promised goods or services is transferred to customers at an amount that reflects the consideration that the entity expects to receive in exchange for those goods or services. The guidance also requires a number of disclosures regarding the nature, amount, timing, and uncertainty of revenue and the related cash flows. The adoption of this standard did not have a material impact on our financial statements.

Customer Revenue

We recognize revenue when our performance obligations under contracts with customers have been satisfied, which generally occurs when we have delivered natural gas to customers. We bill customers for both the delivery of natural gas and the related commodity, as our customers are also required to purchase the commodity from us. We consider the delivery of natural gas and the related commodity sale as one performance obligation because the commodity and its delivery are highly interrelated with two-way dependency on one another. Our performance obligation is satisfied over time as natural gas is delivered and consumed by the customer. We recognize revenues based on monthly meter readings, which are based on the quantity of natural gas used and rates approved by the FPSC. We accrue unbilled revenues for natural gas that have been delivered, but not yet billed, at the end of an accounting period, to the extent that billing and delivery do not coincide. We exclude sales taxes and other similar taxes from the transaction price. Typically, our customers pay for the goods and/or services we provide in the month following the satisfaction of our performance obligation.

Contract Balances

The timing of revenue recognition, customer billings and cash collections results in trade receivables, unbilled receivables (contract assets), and customer advances (contract liabilities) in our balance sheets. As of December 31, 2018 and 2017, the balance of our trade receivables, net of provision for uncollectable accounts, was \$7.8 million and \$7.5 million, respectively. As of December 31, 2018 and 2017, there were no material contract assets or liabilities recorded on the Comparative Balance Sheet.

Remaining performance obligations

We have long-term fixed fee contracts with customers in which revenues are recognized as performance obligations are satisfied over the contract term.

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Revenue for the remaining performance obligations at December 31, 2018 are expected to be recognized as follows:

	2019	2020	2021	2022	2023	2024 and thereafter
<i>(in thousands)</i>						
Natural gas distribution operations	\$710	\$710	\$710	\$710	\$710	\$3,852

Practical expedients

For agreements that contain variable consideration, we use the invoice practical expedient method. We determined that the amounts invoiced to customers correspond directly with the value to our customers and our performance to date.

**SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS
FOR DEPRECIATION, AMORTIZATION AND DEPLETION**

Line No.	Item (a)	Total (b)	Gas (c)
1	UTILITY PLANT		
2	In Service		
3	101 Plant in Service (Classified)	\$ 294,971,500	\$ 294,971,500
4	101.1 Property Under Capital Leases		
5	102 Plant Purchased or Sold		
6	106 Completed Construction not Classified		
7	103 Experimental Plant Unclassified		
8	104 Leased to Others	-	-
9	105 Held for Future Use		
10	114 Acquisition Adjustments	\$ 50,088,128	\$ 50,088,128
11	TOTAL Utility Plant (Total of lines 3 through 10)	\$ 345,059,628	\$ 345,059,628
12	107 Construction Work in Progress	\$ 2,048,014	\$ 2,048,014
13	Accum. Provision for Depreciation, Amortization, & Depletion	\$ (90,172,189)	\$ (90,172,189)
14	Net Utility Plant (Total of lines 11 plus 12 less line 13)	\$ 256,935,453	\$ 256,935,453
15	DETAIL OF ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION		
16	In Service:		
17	108 Depreciation	\$ 73,011,233	\$ 73,011,233
18	111 Amort. and Depl. of Producing Nat. Gas Land & Land Rights		-
19	111 Amort. of Underground Storage Land and Land Rights		-
20	119 Amortization of Other Utility Plant		-
21	TOTAL in Service (Total of lines 17 through 20)	\$ 73,011,233	\$ 73,011,233
22	Leased to Others		
23	108 Depreciation		
24	111 Amortization and Depletion		
25	TOTAL Leased to Others (Total of lines 23 and 24)		
26	Held for Future Use		
27	108 Depreciation		
28	111 Amortization		
29	TOTAL Held for Future Use (Enter. Tot. of lines 27 and 28)	-	-
30	111 Abandonment of Leases (Natural Gas)		
31	115 Amortization of Plant Acquisition Adjustment	\$ 17,160,956	\$ 17,160,956
32	TOTAL Accum. Provisions (Should agree with line 13 above) (Total of lines 21, 25, 29, 30, and 31)	\$ 90,172,189	\$ 90,172,189

Annual Status Report Analysis of Plant in Service Accounts Florida Public Utilities Company - Natural Gas Division & Common Plants Allocated to Florida Public Utilities Natural Gas For the Year Ended December 31, 2018									
Acct. No.	Account Description	Depr. Rate	Beginning Balance*	Additions	Retirements	Reclass.	Adjustments	Transfers	Ending Balance*
General Plant Assets:									
301	Organization		-	-	-	-	-	-	-
303	Miscellaneous Intangible Plant		346,921	123,820	-	-	-	-	470,740
374	Land - Distribution		164,608	-	-	-	-	-	164,608
389	Land - General		4,482,850	47,722	-	-	-	-	4,530,572
	Land - Other		-	-	-	-	-	-	-
Amortizable General Plant Assets:									
Depreciable Assets: This schedule should identify each account/subaccount for which a separate depreciation rate has been approved by the FPSC.									
DISTRIBUTION PLANT									
3741	Land Rights	17.20%	12,910	-	-	-	-	-	12,910
375	Structures and Improvements	2.50%	870,690	40,056	-	-	-	-	910,746
3761	Mains - Plastic	2.60%	59,250,742	5,187,127	(53,196)	-	-	-	64,384,674
3762	Mains - Other	2.80%	36,581,712	717,759	(63,295)	-	-	-	37,236,177
378	Meas. And Reg. Sta. Equipment - General	3.30%	1,226,639	56,755	-	-	-	-	1,283,394
379	Meas. And Reg. Sta. Equipment - City Gate	3.40%	5,577,860	20,379	-	-	-	-	5,598,239
3801	Services - Plastic	2.70%	35,611,713	2,439,529	(214,453)	-	-	-	37,836,789
3802	Services - Other	6.50%	1,707,585	-	(19,959)	-	-	-	1,687,627
381	Meters	3.70%	11,195,560	707,064	-	-	-	-	11,902,623
382	Meter Installations	3.10%	7,774,252	1,068,764	-	-	-	-	8,843,016
383	House Regulators	3.30%	3,374,280	270,148	(5,253)	-	-	-	3,639,175
384	House Reg. Installations	2.70%	1,044,909	-	(1,501)	-	-	-	1,043,408
385	Industrial Meas. And Reg. Sta. Equipment	2.70%	55,485	-	-	-	-	-	55,485
386	Other Property on Customers Prem.	3.40%	-	-	-	-	-	-	-
387	Other Equipment	4.00%	1,717,522	120,619	-	-	-	-	1,838,140
	TOTAL DISTRIBUTION PLANT		170,986,216	10,799,742	(357,656)	-	-	-	181,438,303
GENERAL PLANT									
390	Structures and Improvements	2.00%	2,579,795	306,400	-	-	-	-	2,886,195
3910	Office Furniture	3.70%	459,000	-	-	-	-	-	459,000
3911	Computers & Peripherals	5.20%	124,775	15,325	-	-	(19,493)	-	140,101
3912	Office Equipment	6.10%	652,632	502,233	(20,651)	-	-	-	1,114,721
3913	Computer Hardware	5.20%	773,869	-	-	-	19,493	-	793,362
3914	Software	5.20%	5,579,019	95,422	-	-	-	-	5,674,440
3921	Transportation - Cars	11.00%	80,560	52,788	3,244	-	-	10,729	147,321
3922	Transportation - Light Trucks, Vans	8.00%	4,730,903	453,198	(1,050,861)	-	-	68,008	4,201,248
3923	Transportation - Heavy Trucks		-	-	-	-	-	-	-
3924	Transportation - Trailers		-	-	-	-	-	-	-
393	Stores Equipment	3.30%	94,166	(2,838)	(17,685)	-	-	-	73,643
		5.80%	32,698	-	-	-	-	-	32,698

Annual Status Report Analysis of Plant in Service Accounts Florida Public Utilities Company - Natural Gas Division & Common Plants Allocated to Florida Public Utilities Natural Gas For the Year Ended December 31, 2018 Page 2 of 2									
Acct. No.	Account Description	Depr. Rate	Beginning Balance*	Additions	Retirements	Reclass.	Adjustments	Transfers	Ending Balance*
(Continued)									
394	Tools, Shop, and Garage Equipment	7.40%	805,159	54,686	-	-	-	-	859,845
395	Laboratory Equipment		95,137	-	-	-	-	-	95,137
396	Power Operated Equipment	1.10%	879,427	-	-	-	-	-	879,427
397	Communication Equipment	7.00%	675,861	427,588	-	-	-	-	1,103,449
398	Miscellaneous Equipment	4.60%	288,371	2,461	-	-	-	-	290,832
	SUBTOTAL		17,851,373	1,907,264	(1,085,954)	-	-	78,737	18,751,419
399	Other Tangible Property	20.00%	10,637	-	-	-	-	-	10,637
376G	Mains Plastic-GRIP		66,062,979	5,835,490	-	-	-	-	71,898,468
380G	Services Plastic-GRIP		20,860,049	2,012,626	-	-	-	-	22,872,675
	TOTAL GENERAL PLANT		104,785,039	9,755,380	(1,085,954)	-	-	78,737	113,533,197
	TOTAL DISTRIBUTION PLANT		170,996,218	10,799,742	(357,656)	-	-	-	181,438,303
	TOTAL GAS PLANT IN SERVICE		275,781,256	20,555,122	(1,443,611)	-	-	78,737	294,971,500
Capital Recovery Schedules:									
NONE									
Total Account 101*									
Amortizable Assets:									
114	Acquisition Adjustment		54,954,566	-	-	-	(4,866,438)	-	50,088,128
104	Leased Plant to Others		-	-	-	-	-	-	-
	Other		-	-	-	-	-	-	-
Total Utility Plant									
			330,735,822	20,555,122	(1,443,611)	-	(4,866,438)	78,737	345,059,628
Note: * The total beginning and ending balances must agree to acct. 101, Plant in Service, Line 3, Page 12.									
* The grand total balances include Florida Public Utilities Company Allocation of Common Plant (see following pages 14.1 and 14.2 for additional details)									
* The grand total balances exclude Acct 115 and 107.									

Annual Status Report									
Analysis of Entries in Accumulated Depreciation & Amortization									
Florida Public Utilities Company - Natural Gas Division & Common Plants Allocated to Florida Public Utilities Natural Gas									
For the Year Ended December 31, 2018									
Acct. No.	Account Description	Beginning Balance*	Accruals	Reclass.	Retirements	Gross Salvage	Cost of Removal	Adjustments	Transfers
Amortizable General Plant Assets:									
301	Organization	-	-	-	-	-	-	-	-
303	Miscellaneous Intangible Plant	(130,532)	(8,328)	-	-	-	-	-	-
374	Land - Distribution	-	-	-	-	-	-	-	-
389	Land - General	-	-	-	-	-	-	-	-
Land - Other - Common									
This schedule should identify each account/subaccount for which a separate depreciation rate has been approved by the FPSC.									
DISTRIBUTION PLANT									
3741	Land Rights	(5,400)	(2,220)	-	-	-	-	-	-
375	Structures and Improvements	(419,549)	(22,157)	-	-	-	-	-	-
3761	Mains - Plastic	(13,518,813)	(1,593,629)	-	53,196	-	46,938	-	-
3762	Mains - Other	(20,875,559)	(1,033,476)	-	63,295	-	28,909	-	-
378	Meas. and Reg. Sta. Equipment - General	(228,051)	(40,898)	-	-	-	-	-	-
379	Meas. and Reg. Sta. Equipment - City Gate	(1,692,323)	(190,055)	-	-	-	47,765	-	-
3801	Services - Plastic	(9,401,431)	(984,144)	-	214,453	-	206,956	-	-
3802	Services - Other	(2,702,803)	(110,372)	-	19,955	-	-	-	-
381	Meters	(4,401,142)	(422,080)	-	-	-	-	-	-
382	Meter Installations	(1,807,585)	(253,865)	-	-	-	40,817	-	-
383	House Regulators	(1,522,445)	(114,057)	-	5,253	-	-	-	-
384	House Reg. Installations	(553,998)	(28,197)	-	1,501	-	-	-	-
385	Industrial Meas. and Reg. Sta. Equipment	(41,062)	(1,884)	-	-	-	-	-	-
386	Other Property on Customers Prem.	-	-	-	-	-	-	-	-
387	Other Equipment	(456,360)	(69,796)	-	-	-	-	-	-
TOTAL DISTRIBUTION PLANT		(57,757,053)	(4,875,158)	-	357,653	-	371,386	-	-
GENERAL PLANT									
390	Structures and Improvements	(597,405)	(53,134)	-	-	-	-	-	-
3910	Office Furniture	(179,409)	(21,533)	-	-	-	-	-	-
3911	Computers & Peripherals	(14,117)	(7,152)	-	-	-	-	-	-
3912	Office Equipment	(160,520)	(45,096)	-	20,651	-	-	-	-
3913	Computer Hardware	(232,632)	(40,243)	-	-	-	-	-	-
3914	Software	(1,636,757)	(263,622)	-	-	-	-	-	-
3921	Accum. Dep. - Transportation - Cars	(20,224)	(15,723)	-	(3,244)	-	-	(3,515)	-
3922	Accum. Dep. - Trans. - Light Trucks vans	(2,062,174)	(309,269)	-	1,050,861	(181,426)	-	(5,947)	6,783
3923	Accum. Dep. - Trans. - Heavy Trucks	413	-	-	-	-	-	-	-
3924	Accum. Dep. - Transportation - Trailers	(61,943)	4,217	2,838	17,685	-	-	-	-
393	Stores Equipment	(16,808)	(1,896)	-	-	-	-	-	-

Page 1 of 2

Annual Status Report										
Analysis of Entries in Accumulated Depreciation & Amortization										
Florida Public Utilities Company - Natural Gas Division & Common Plants Allocated to Florida Public Utilities Natural Gas										
For the Year Ended December 31, 2018										
Page 2 of 2										
Acct. No.	Account Description	Beginning Balance*	Accruals	Reclass.	Retirements	Gross Salvage	Cost of Removal	Adjustments	Transfers	Ending Balance*
(Continued)										
394	Tools, Shop, and Garage Equipment	(482,108)	(60,680)	-	-	-	-	-	-	(542,788)
395	Laboratory Equipment	-	-	-	-	-	-	-	-	-
396	Power Operated Equipment	(307,959)	(10,716)	-	-	-	-	-	-	(318,675)
397	Communication Equipment	(258,420)	(55,974)	-	-	-	-	-	-	(314,394)
398	Miscellaneous Equipment	(116,014)	(13,263)	-	-	-	-	-	-	(129,277)
	SUBTOTAL	(6,146,078)	(894,082)	2,838	1,085,953	(181,426)	-	(9,462)	6,783	(6,135,474)
399	Other Tangible Property	(10,637)	-	-	-	-	-	-	-	(10,637)
376G	Mains Plastic-GRIP	(3,400,225)	(1,787,666)	-	-	-	136,918	-	-	(5,050,973)
380G	Services Plastic-GRIP	568,908	(582,376)	-	-	-	76,867	-	-	63,399
	TOTAL GENERAL PLANT	(8,988,031)	(3,264,124)	2,838	1,085,953	(181,426)	213,784	(9,462)	6,783	(11,133,686)
	TOTAL DISTRIBUTION PLANT	(57,757,053)	(4,875,158)	-	357,653	-	371,366	-	-	(61,903,170)
	TOTAL GAS PLANT IN SERVICE	(66,745,084)	(8,139,282)	2,838	1,443,606	(181,426)	585,170	(9,462)	6,783	(73,036,856)
Capital Recovery Schedules:										
NONE										
		(66,745,084)	(8,139,282)	2,838	1,443,606	(181,426)	585,170	(9,462)	6,783	(73,036,856)
	Subtotal									
List any other items necessary to reconcile the total depreciation and amortization accrual amount to Acct. 403, Depreciation Expense, shown on page 8.										
108	RWIP	22,010	-	-	3,613	-	-	-	-	25,623
104	Leased Plant	-	-	-	-	-	-	-	-	-
	FPU transportation depreciation charges allocated to various business units	-	-	-	-	-	-	-	-	-
392	Allocation of Common Plant from Florida Public Utilities consolidated	-	294,484	-	-	-	-	-	(294,484)	-
Various		-	76,097	-	-	-	-	-	(76,097)	-
	Subtotal	22,010	370,581	-	3,613	-	-	-	(370,580)	25,623
	Grand Total	(66,723,074)	(7,768,703)	2,838	1,447,219	(181,426)	585,170	(9,462)	(363,798)	(73,011,233)
Note:										
* The grand total of beginning and ending balances must agree to Line 17, Page 12.										
* The grand total balances include Florida Public Utilities Company Allocation of Common Plant (see following pages 16.1 and 16.2 for additional details)										
* The grand total balances exclude Acct 115 and 107.										

Annual Status Report									
Analysis of Plant in Service Accounts									
Common Plants Allocated to Florida Public Utilities Natural Gas									
For the Year Ended December 31, 2018									
Acct. No.	Account Description	Depr. Rate	Beginning Balance*	Additions	Retirements	Reclass.	Adjustments	Transfers	Ending Balance*
Amortizable General Plant Assets:									
301	Organization		-	-	-	-	-	-	-
303	Miscellaneous Intangible Plant		-	-	-	-	-	-	-
374	Land - Distribution		-	-	-	-	-	-	-
389	Land - General		201,291	47,722	-	-	-	-	249,013
	Land - Other								
Depreciable Assets: This schedule should identify each account/subaccount for which a separate depreciation rate has been approved by the FPSC:									
DISTRIBUTION PLANT									
3741	Land Rights	17.20%	-	-	-	-	-	-	-
375	Structures and Improvements	2.50%	-	-	-	-	-	-	-
3761	Mains - Plastic	2.60%	-	-	-	-	-	-	-
3762	Mains - Other	2.80%	-	-	-	-	-	-	-
378	Meas. And Reg. Sta. Equipment - General	3.30%	-	-	-	-	-	-	-
379	meas. And Reg. Sta. Equipment - City Gate	3.40%	-	-	-	-	-	-	-
3801	Services - Plastic	2.70%	-	-	-	-	-	-	-
3802	Services - Other	6.50%	-	-	-	-	-	-	-
381	Meters	3.70%	-	-	-	-	-	-	-
382	Meter Installations	3.10%	-	-	-	-	-	-	-
383	House Regulators	3.30%	-	-	-	-	-	-	-
384	House Reg. Installations	2.70%	-	-	-	-	-	-	-
385	Industrial Meas. And Reg. Sta. Equipment	3.40%	-	-	-	-	-	-	-
386	Other Property on Customers Prem.		-	-	-	-	-	-	-
387	Other Equipment	4.00%	-	-	-	-	-	-	-
	TOTAL DISTRIBUTION PLANT		201,291						249,013
GENERAL PLANT									
390	Structures and Improvements	2.00%	94,809	-	-	-	-	-	94,809
3910	Office Furniture	3.70%	339,046	-	-	-	-	-	339,046
3911	Computers & Peripherals	5.20%	-	-	-	-	-	-	-
3912	Office Equipment	6.10%	111,904	-	-	-	-	-	111,904
3913	Computer Hardware	5.20%	88,247	-	-	-	-	-	88,247
3914	Software	5.20%	825,088	-	-	-	-	-	825,088
3921	Transportation - Cars	11.00%	24,961	80,807	-	-	-	-	105,768
3922	Transportation - Light Trucks, Vans	8.00%	265,439	52,788	-	-	-	-	318,227
3923	Transportation - Heavy Trucks		-	-	-	-	-	-	-
3924	Transportation - Trailers		-	-	-	-	-	-	-
393	Stores Equipment	3.30%	-	-	-	-	-	-	-
		5.80%	-	-	-	-	-	-	-

Annual Status Report									
Common Plants Allocated to Florida Public Utilities Natural Gas									
For the Year Ended December 31, 2018									
Analysis of Plant in Service Accounts									
Page 2 of 2									
Acct. No.	Account Description	Depr. Rate	Beginning Balance*	Additions	Retirements	Reclass.	Adjustments	Transfers	Ending Balance*
(Continued)									
394	Tools, Shop, and Garage Equipment	7.40%	-	-	-	-	-	-	-
395	Laboratory Equipment		-	-	-	-	-	-	-
396	Power Operated Equipment	1.10%	-	-	-	-	-	-	-
397	Communication Equipment	7.00%	106,572	-	-	-	-	-	106,572
398	Miscellaneous Equipment	4.60%	15,478	-	-	-	-	-	15,478
	SUBTOTAL		1,871,544	133,595	-	-	-	22,063	2,027,202
399	Other Tangible Property	20.00%	10,637	-	-	-	-	-	10,637
376G	Mains Plastic-GRIP		-	-	-	-	-	-	-
380G	Services Plastic-GRIP		-	-	-	-	-	-	-
	TOTAL GENERAL PLANT		1,882,182	181,317	-	-	-	22,063	2,037,840
	TOTAL DISTRIBUTION PLANT		201,291	-	-	-	-	-	249,013
	TOTAL GAS PLANT IN SERVICE		2,083,473	181,317	-	-	-	22,063	2,286,853
Capital Recovery Schedules:									
NONE									
Total Account 101*									
			2,083,473	181,317	-	-	-	22,063	2,286,853
Amortizable Assets:									
114	Acquisition Adjustment								3,877,668
104	Leased Plant to Others		3,877,668						-
	Other								
Total Utility Plant									
			5,961,141	181,317	-	-	-	22,063	6,164,521
Note: * The total beginning and ending balances must agree to acct. 101, Plant in Service, Line 3, Page 12.									
* The grand total balances on pages 13.1-16.1 are Florida Public Utilities Company Allocation of Common Plant only									

Annual Status Report Analysis of Entries in Accumulated Depreciation & Amortization

Common Plants Allocated to Florida Public Utilities Natural Gas

For the Year Ended December 31, 2018

Page 1 of 2

Acct. No.	Account Description	Beginning Balance*	Accruals	Reclass.	Retirements	Gross Salvage	Cost of Removal	Adjustments	Transfers	Ending Balance*
Amortizable General Plant Assets:										
301	Organization	-	-	-	-	-	-	-	-	-
303	Miscellaneous Intangible Plant	-	-	-	-	-	-	-	-	-
374	Land - Distribution	-	-	-	-	-	-	-	-	-
389	Land - General	-	-	-	-	-	-	-	-	-
	Land - Other - Common	-	-	-	-	-	-	-	-	-
DISTRIBUTION PLANT										
This schedule should identify each account/subaccount for which a separate depreciation rate has been approved by the FPSC.										
3741	Land Rights	-	-	-	-	-	-	-	-	-
375	Structures and Improvements	-	-	-	-	-	-	-	-	-
3761	Mains - Plastic	-	-	-	-	-	-	-	-	-
3762	Mains - Other	-	-	-	-	-	-	-	-	-
378	Meas. and Reg. Sta. Equipment - General	-	-	-	-	-	-	-	-	-
379	Meas. and Reg. Sta. Equipment - City Gate	-	-	-	-	-	-	-	-	-
3801	Services - Plastic	-	-	-	-	-	-	-	-	-
3802	Services - Other	-	-	-	-	-	-	-	-	-
381	Meters	-	-	-	-	-	-	-	-	-
382	Meter Installations	-	-	-	-	-	-	-	-	-
383	House Regulators	-	-	-	-	-	-	-	-	-
384	House Reg. Installations	-	-	-	-	-	-	-	-	-
385	Industrial Meas. and Reg. Sta. Equipment	-	-	-	-	-	-	-	-	-
386	Other Property on Customers Prem.	-	-	-	-	-	-	-	-	-
387	Other Equipment	-	-	-	-	-	-	-	-	-
TOTAL DISTRIBUTION PLANT		-	-	-	-	-	-	-	-	-
GENERAL PLANT										
390	Structures and Improvements	(12,199)	(1,897)	-	-	-	-	-	-	(14,095)
3910	Office Furniture	(83,217)	(12,545)	-	-	-	-	-	-	(95,762)
3911	Computers & Peripherals	-	-	-	-	-	-	-	-	-
3912	Office Equipment	(5,785)	(6,825)	-	-	-	-	-	-	(12,610)
3913	Computer Hardware	146,439	(4,591)	-	-	-	-	-	-	141,848
3914	Software	(601,493)	(15,780)	-	-	-	-	-	-	(617,273)
3921	Accum. Dep. - Transportation - Cars	(4,032)	(5,053)	-	-	-	-	(3,515)	-	(12,600)
3922	Accum. Dep. - Trans. - Light Trucks, vans	(31,171)	(21,238)	-	-	-	-	(5,947)	-	(58,356)
3923	Accum. Dep. - Trans. - Heavy Trucks	-	-	-	-	-	-	-	-	-
3924	Accum. Dep. - Transportation - Trailers	-	-	-	-	-	-	-	-	-
393	Stores Equipment	-	-	-	-	-	-	-	-	-

Annual Status Report **Analysis of Entries in Accumulated Depreciation & Amortization**

Common Plants Allocated to Florida Public Utilities Natural Gas

For the Year Ended December 31, 2018

Page 2 of 2

Acct. No.	Account Description	Beginning Balance*	Accruals	Reclass.	Retirements	Gross Salvage	Cost of Removal	Adjustments	Transfers	Ending Balance*
(Continued)										
394	Tools, Shop, and Garage Equipment	-	-	-	-	-	-	-	-	-
395	Laboratory Equipment	-	-	-	-	-	-	-	-	-
396	Power Operated Equipment	-	-	-	-	-	-	-	-	-
397	Communication Equipment	5,363	(7,458)	-	-	-	-	-	-	(2,096)
398	Miscellaneous Equipment	5,890	(711)	-	-	-	-	-	-	5,179
	SUBTOTAL	(580,206)	(76,097)	-	-	-	-	(9,462)	-	(685,764)
399	Other Tangible Property	(10,637)	-	-	-	-	-	-	-	(10,637)
376G	Mains Plastic-GRIP	-	-	-	-	-	-	-	-	-
380G	Services Plastic-GRIP	-	-	-	-	-	-	-	-	-
	TOTAL GENERAL PLANT	(590,843)	(76,097)	-	-	-	-	(9,462)	-	(676,402)
	TOTAL DISTRIBUTION PLANT	-	-	-	-	-	-	-	-	-
	TOTAL GAS PLANT IN SERVICE	(590,843)	(76,097)	-	-	-	-	(9,462)	-	(676,402)
Capital Recovery Schedules:										
NONE										
	Subtotal	(590,843)	(76,097)	-	-	-	-	(9,462)	-	(676,402)
List any other items necessary to reconcile the total depreciation and amortization accrual amount to Acct. 403, Depreciation Expense, shown on page 8.										
1089	RWIP	-	-	-	-	-	-	-	-	-
1040	Leased Plant	-	-	-	-	-	-	-	-	-
	Subtotal	-	-	-	-	-	-	-	-	-
	Grand Total	(590,843)	(76,097)	-	-	-	-	(9,462)	-	(676,402)

Note: * The grand total of beginning and ending balances must agree to Line 17, Page 12.

* The grand total balances on pages 13.1-16.1 are Florida Public Utilities Company Allocation of Common Plant only

Annual Status Report Analysis of Plant in Service Accounts									
Florida Public Utilities Company - Natural Gas Division For the Year Ended December 31, 2018					Page 1 of 2				
Acct. No.	Account Description	Depr. Rate	Beginning Balance*	Additions	Retirements	Reclass.	Adjustments	Transfers	Ending Balance*
Amortizable General Plant Assets:									
301	Organization		-	-	-	-	-	-	-
303	Miscellaneous Intangible Plant		346,921	123,820	-	-	-	-	470,740
374	Land - Distribution		164,608	-	-	-	-	-	164,608
389	Land - General		4,281,559	-	-	-	-	-	4,281,559
	Land - Other		-	-	-	-	-	-	-
Depreciable Assets: This schedule should identify each account/subaccount for which a separate depreciation rate has been approved by the FPSC.									
DISTRIBUTION PLANT									
3741	Land Rights	17.20%	12,910	-	-	-	-	-	12,910
375	Structures and Improvements		870,690	40,056	-	-	-	-	910,746
3761	Mains - Plastic	2.50%	59,250,743	5,187,127	(53,196)	-	-	-	64,384,674
3762	Mains - Other	2.60%	36,581,712	717,759	(63,295)	-	-	-	37,236,177
378	Meas. And Reg. Sta. Equipment - General	2.80%	1,226,639	56,755	-	-	-	-	1,283,394
379	Meas. And Reg. Sta. Equipment - City Gate	3.30%	5,577,860	20,379	-	-	-	-	5,598,239
3801	Services - Plastic	3.40%	35,611,713	2,439,529	(214,453)	-	-	-	37,836,789
3802	Services - Other	2.70%	1,707,585	-	(19,959)	-	-	-	1,687,627
381	Meters	6.50%	11,195,560	707,064	-	-	-	-	11,902,623
382	Meter Installations	3.70%	7,774,252	1,068,764	-	-	-	-	8,843,016
383	House Regulators	3.10%	3,374,280	270,148	(5,253)	-	-	-	3,639,175
384	House Reg. Installations	3.30%	1,044,909	-	(1,501)	-	-	-	1,043,408
385	Industrial Meas. And Reg. Sta. Equipment	2.70%	55,465	-	-	-	-	-	55,465
386	Other Property on Customers Prem.	3.40%	-	-	-	-	-	-	-
387	Other Equipment		1,717,522	120,618	-	-	-	-	1,838,140
	TOTAL DISTRIBUTION PLANT	4.00%	170,794,927	10,752,019	(357,656)	-	-	-	181,189,290
GENERAL PLANT									
390	Structures and Improvements		2,484,986	306,400	-	-	-	-	2,791,386
3910	Office Furniture	3.70%	119,954	-	-	-	-	-	119,954
3911	Computers & Peripherals	5.20%	124,776	15,325	-	-	-	-	140,101
3912	Office Equipment	6.10%	540,727	502,233	(20,651)	-	(19,493)	-	1,002,816
3913	Computer Hardware	5.20%	685,622	-	-	-	19,493	-	705,115
3914	Software	5.20%	4,753,931	14,615	-	-	-	-	4,768,546
3921	Transportation - Cars	5.20%	55,600	-	3,244	-	-	79	58,922
3922	Transportation - Light Trucks, Vans	11.00%	4,485,465	453,198	(1,050,861)	-	-	56,595	3,924,396
3923	Transportation - Heavy Trucks	8.00%	-	-	-	-	-	-	-
3924	Transportation - Trailers		94,166	(2,838)	(17,685)	-	-	-	73,643
393	Stores Equipment	3.30%	32,698	-	-	-	-	-	32,698
		5.80%	-	-	-	-	-	-	-

Annual Status Report Analysis of Plant in Service Accounts										Page 2 of 2	
Florida Public Utilities Company - Natural Gas Division For the Year Ended December 31, 2018											
Acct. No.	Account Description	Depr. Rate	Beginning Balance*	Additions	Retirements	Reclass	Adjustments	Transfers	Ending Balance*		
(Continued)											
394	Tools, Shop, and Garage Equipment	7.40%	805,159	54,686	-	-	-	-	859,845		
395	Laboratory Equipment		95,137	-	-	-	-	-	95,137		
396	Power Operated Equipment	1.10%	879,427	-	-	-	-	-	879,427		
397	Communication Equipment	7.00%	569,288	427,588	-	-	-	-	996,877		
398	Miscellaneous Equipment	4.60%	272,893	2,461	-	-	-	-	275,354		
	SUBTOTAL		15,979,828	1,773,668	(1,085,954)	-	-	56,674	16,724,217		
399	Other Tangible Property	20.00%	-	-	-	-	-	-	-		
376G	Mains Plastic-GRIP	2.24%	66,062,978	5,835,490	-	-	-	-	71,898,468		
380G	Services Plastic-GRIP	2.21%	20,860,047	2,012,626	-	-	-	-	22,872,673		
	TOTAL GENERAL PLANT		102,902,853	9,621,784	(1,085,954)	-	-	56,674	111,495,357		
	TOTAL DISTRIBUTION PLANT		170,794,927	10,752,019	(357,656)	-	-	-	181,189,290		
	TOTAL GAS PLANT IN SERVICE		273,697,780	20,373,803	(1,443,610)	-	-	56,674	292,684,647		
Capital Recovery Schedules:											
NONE											
Total Account 101*											
Amortizable Assets:											
114	Acquisition Adjustment		51,076,898			-	(4,866,438)		46,210,460		
104	Leased Plant to Others										
	Other										
Total Utility Plant											
			324,774,678	20,373,803	(1,443,610)	-	(4,866,438)	56,674	338,895,107		
Note: * The total beginning and ending balances must agree to acct. 101, Plant in Service, Line 3, Page 12.											
* The grand total balances on pages 13.2-16.2 are Florida Public Utilities Company Natural Gas Division only											
Page 14.2											

Annual Status Report Analysis of Entries in Accumulated Depreciation & Amortization

Florida Public Utilities Company - Natural Gas Division
For the Year Ended December 31, 2018

Page 1 of 2

Acct. No.	Account Description	Beginning Balance*	Accruals	Reclass.	Retirements	Gross Salvage	Cost of Removal	Adjustments	Transfers	Ending Balance*
Amortizable General Plant Assets:										
301	Organization	-	-	-	-	-	-	-	-	-
303	Miscellaneous Intangible Plant	(130,532)	(8,328)	-	-	-	-	-	-	(138,860)
374	Land - Distribution	-	-	-	-	-	-	-	-	-
389	Land - General	-	-	-	-	-	-	-	-	-
	Land - Other - Common	-	-	-	-	-	-	-	-	-
This schedule should identify each account/subaccount for which a separate depreciation rate has been approved by the FPSC.										
DISTRIBUTION PLANT										
3741	Land Rights	(5,400)	(2,220)	-	-	-	-	-	-	(7,620)
375	Structures and Improvements	(419,549)	(22,157)	-	-	-	-	-	-	(441,706)
3761	Mains - Plastic	(13,518,813)	(1,593,629)	-	53,196	-	46,938	-	-	(15,012,308)
3762	Mains - Other	(20,875,559)	(1,033,476)	-	63,295	-	28,909	-	-	(21,816,831)
378	Meas. and Reg. Sta. Equipment - General	(228,051)	(40,898)	-	-	-	-	-	-	(268,949)
379	Meas. and Reg. Sta. Equipment - City Gate	(1,692,323)	(190,055)	-	-	-	47,765	-	-	(1,834,613)
3801	Services - Plastic	(9,401,431)	(984,144)	-	214,453	-	206,956	-	-	(9,964,166)
3802	Services - Other	(2,702,803)	(110,372)	-	19,959	-	-	-	-	(2,793,217)
381	Meters	(4,401,142)	(422,080)	-	-	-	-	-	-	(4,823,222)
382	Meter Installations	(1,807,585)	(253,865)	-	-	-	40,817	-	-	(2,020,633)
383	House Regulators	(1,522,445)	(114,057)	-	5,253	-	-	-	-	(1,631,249)
384	House Reg. Installations	(553,998)	(28,197)	-	1,501	-	-	-	-	(580,695)
385	Industrial Meas. and Reg. Sta. Equipment	(41,062)	(1,884)	-	-	-	-	-	-	(42,946)
386	Other Property on Customers Prem.	-	-	-	-	-	-	-	-	-
387	Other Equipment	(456,360)	(69,796)	-	-	-	-	-	-	(526,156)
	TOTAL DISTRIBUTION PLANT	(57,757,053)	(4,875,158)	-	357,656	-	371,385	-	-	(61,903,170)
GENERAL PLANT										
390	Structures and Improvements	(585,206)	(51,237)	-	-	-	-	-	-	(636,443)
3910	Office Furniture	(96,192)	(8,988)	-	-	-	-	-	-	(105,180)
3911	Computers & Peripherals	(14,117)	(7,152)	-	-	-	-	-	-	(21,269)
3912	Office Equipment	(154,735)	(38,271)	-	20,651	-	-	-	-	(172,355)
3913	Computer Hardware	(379,071)	(35,652)	-	-	-	-	-	-	(414,723)
3914	Software	(1,035,264)	(247,842)	-	-	-	-	-	-	(1,283,106)
3921	Accum. Dep. - Transportation - Cars	(16,193)	(10,670)	-	(3,244)	-	-	-	-	(30,107)
3922	Accum. Dep. - Trans. - Light Trucks, vans	(2,031,002)	(288,031)	-	1,050,861	(181,426)	-	-	6,783	(1,442,815)
3923	Accum. Dep. - Trans. - Heavy Trucks	413	-	-	-	-	-	-	-	413
3924	Accum. Dep. - Transportation - Trailers	(61,943)	4,217	2,838	17,685	-	-	-	-	(37,203)
393	Stores Equipment	(16,808)	(1,896)	-	-	-	-	-	-	(18,704)

Annual Status Report										
Analysis of Entries in Accumulated Depreciation & Amortization										
Florida Public Utilities Company - Natural Gas Division										
For the Year Ended December 31, 2018										
Acct. No.	Account Description	Beginning Balance*	Accruals	Reclass.	Retirements	Gross Salvage	Cost of Removal	Adjustments	Transfers	Ending Balance*
(Continued)										
394	Tools, Shop, and Garage Equipment	(482,108)	(60,680)	-	-	-	-	-	-	(542,788)
395	Laboratory Equipment	-	-	-	-	-	-	-	-	-
396	Power Operated Equipment	(307,959)	(10,716)	-	-	-	-	-	-	(318,675)
397	Communication Equipment	(263,782)	(48,516)	-	-	-	-	-	-	(312,298)
398	Miscellaneous Equipment	(121,905)	(12,552)	-	-	-	-	-	-	(134,457)
	SUBTOTAL	(5,565,872)	(817,986)	2,838	1,085,954	(181,426)	-	-	6,783	(5,469,709)
399	Other Tangible Property	-	-	-	-	-	-	-	-	-
376G	Mains Plastic-GRIP	(3,400,225)	(1,787,666)	-	-	-	136,918	-	-	(5,050,973)
380G	Services Plastic-GRIP	568,908	(582,377)	-	-	-	76,867	-	-	63,399
	TOTAL GENERAL PLANT	(8,397,188)	(3,188,029)	2,838	1,085,954	(181,426)	213,784	-	6,783	(10,457,284)
	TOTAL DISTRIBUTION PLANT	(57,757,053)	(4,875,158)	-	357,656	-	371,385	-	-	(61,903,170)
	TOTAL GAS PLANT IN SERVICE	(66,154,241)	(8,063,187)	2,838	1,443,610	(181,426)	585,169	-	6,783	(72,360,454)
Capital Recovery Schedules:										
NONE										
	Subtotal	(66,154,241)	(8,063,187)	2,838	1,443,610	(181,426)	585,169	-	6,783	(72,360,454)
List any other items necessary to reconcile the total depreciation and amortization accrual amount to Acct. 403, Depreciation Expense, shown on page 8.										
1089	RWIP	22,010	-	-	3,613	-	-	-	-	25,623
1040	Leased Plant	-	-	-	-	-	-	-	-	-
	Subtotal	22,010	-	-	3,613	-	-	-	-	25,623
	Grand Total	(66,132,231)	(8,063,187)	2,838	1,447,223	(181,426)	585,169	-	6,783	(72,334,831)
Note: * The grand total balances on pages 13.2-16.2 are Florida Public Utilities Company Natural Gas Division only										

CONSTRUCTION WORK IN PROGRESS-GAS (Account 107)

1. Report below descriptions and balances at end of year of projects in process of construction (107).
2. Show items relating to "research, development, and demonstration" projects last, under a caption Research, Development, and Demonstration (see Account 107 of the Uniform System of Accounts).
3. Minor projects (less than \$500,000) may be grouped.

Line No.	Description of Project (a)	Construction Work in Progress-Gas (Account 107) (b)	Estimated Additional Cost of Project (c)
1	Various GRIP Projects	\$ 2,455	\$ 155,431
2	Various Mains Projects	\$ 531,573	\$ 3,751,091
3	Other	\$ 269,273	\$ 746,534
4	Various Service Projects	\$ 3,458	\$ -
5	Davis Rd LW Gate Station	\$ 227,945	\$ 22,055
6	GRIP S Ocean PB 17 Via F Sloans	\$ 123,930	\$ 378,590
7	Corporate	\$ 889,380	\$ 2,265,685
8			
9			
10			
11			
12			
13			
14			
15	TOTAL	\$ 2,048,014	\$ 7,319,386

CONSTRUCTION OVERHEADS-GAS

1. List in column (a) the kinds of overheads according to the titles used by the respondent. Charges for outside professional services for engineering fees and management or supervision fees capitalized should be shown as separate items.
2. A respondent should not report "none" to this page if no overhead apportionments are made, but rather should explain the accounting procedures employed
and the amounts of engineering, supervision, and administrative costs, etc. which are directly charged to construction.
3. Enter on this page engineering, supervision, administrative,, and allowance for funds used during construction, etc. which are first assigned to a blanket work order and then prorated to construction jobs.

Line No.	Description of Overhead (a)	Total Amount Charged for the Year (b)	Total Cost of Construction to Which Overheads Were Charged (Exclusive of Overhead Charges) (c)
1	Administrative & General	\$ 641,518	\$ -
2	Engineering	\$ 1,306,509	\$ -
3	Operations	\$ 241,151	\$ -
4	Supervision	\$ 645,770	\$ -
5	Total Cost of Construction- Overhead Charges	\$ -	\$ 17,471,049
6			
7			
8			
9			
10			
11			
12	TOTAL	\$ 2,834,948	\$ 17,471,049

PREPAYMENTS (Account 165)

1. Report below the particulars (details) on each prepayment.

Line No.	Nature of Prepayment (a)	Balance at End of Year (In Dollars) (b)
1	Prepaid Insurance	\$ 239,683
2	Prepaid Rents	\$ 44,256
3	Prepaid Taxes	\$ -
4	Prepaid Interest	\$ -
5	Gas Prepayments	\$ -
6	Miscellaneous Prepayments: Membership dues, software maintenance, office security deposit, odorant	\$ 446,718
7		
8	TOTAL	\$ 730,657

EXTRAORDINARY PROPERTY LOSSES (Account 182.1)

Line No.	Description of Extraordinary Loss [Include in the description the date of loss, the date of Commission authorization to use Account 182.1 and period of amortization (mo, yr, to mo, yr).] (a)	Total Amount of Loss (b)	Losses Recognized During Year (c)	WRITTEN OFF DURING YEAR		Balance at End of Year (f)
				Account Charged (d)	Amount (e)	
1	None					
2						
3						
4						
5						
6						
7						
8						
9						
10	TOTAL					

UNRECOVERED PLANT AND REGULATORY STUDY COSTS (182.2)

Line No.	Description of Unrecovered Plant and Regulatory Study Costs [Include in the description of costs, the date of Commission authorization to use Account 182.2 and period of amortization (mo, yr, to mo, yr).] (a)	Total Amount of Charges (b)	Costs Recognized During Year (c)	WRITTEN OFF DURING YEAR		Balance at End of Year (f)
				Account Charged (d)	Amount (e)	
1	None					
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13	TOTAL					

Dec. 31, 2018

OTHER REGULATORY ASSETS (Account 182.3)

1. Reporting below the particulars (details) called for concerning other regulatory assets which are created through the ratemaking actions of regulatory agencies (and not includible in other amounts).

2. For regulatory assets being amortized, show period of amortization in column (a).
3. Minor items (amounts less than \$25,000) may be grouped by classes.

Line No.	Description and Purpose of Other Regulatory Assets (a)	Balance Beginning of Year (b)	Debits (c)	Credits		Balance End of Year (f)
				Account Charged (d)	Amounts (e)	
1	Environmental	\$ 2,972,974	\$ -	405	\$ (456,348)	\$ 2,516,626
2	Depreciation Study	\$ 8,293	\$ -	407.3	\$ (8,293)	\$ 0
3	Pension	\$ 10,189,053	\$ 811,268	926/228	\$ (783,575)	\$ 10,216,746
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17	TOTAL	\$ 13,170,320	\$ 811,268		\$ (1,248,216)	\$ 12,733,372

MISCELLANEOUS DEFERRED DEBITS (Account 186)

1. Report below the particulars (details) called for concerning miscellaneous deferred debits.
2. For any deferred debit being amortized, show period of amortization in column (a).

3. Minor items (amounts less than \$25,000) may be grouped by classes.

Line No.	Description of Miscellaneous Deferred Debit (a)	Balance Beginning of Year (b)	Debits (c)	Account Charged (d)	Amount (e)	Balance End of Year (f)
1	Unamortized Piping & Conversion Costs	\$ 1,067,305	\$ 432,645	405	\$ (481,224)	\$ 1,018,726
2	Goodwill	\$ 223	\$ -	887	\$ -	\$ 223
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16	Misc. Work in Progress					
17	Deferred Regulatory Comm. Expenses	\$ -	\$ -		\$ -	\$ -
18	TOTAL	\$ 1,067,528	\$ 432,645		\$ (481,224)	\$ 1,018,949

Dec. 31, 2018

**SECURITIES ISSUED AND
SECURITIES REFUNDED OR RETIRED DURING THE YEAR**

1. Furnish a supplemental statement giving a brief description of security financing and refinancing transactions during the year and the accounting for the securities, discounts, premiums, expenses, and related gains or losses.

2. Furnish particulars (details) showing fully the accounting for the total principal amount, par value, or stated value of each class and series of security issued, retired, or refunded and the accounting for premiums, discounts, expenses, and gains or losses relating to the securities. Set forth the facts of the accounting clearly with regard to redemption premiums, unamortized discounts, expenses, and gains or losses relating to securities retired or refunded.

and gains or losses relating to securities retired or refunded.

3. Included in the identification of each class and series of security, as appropriate, the interest or dividend rate, nominal date of issuance, maturity date, aggregate principal amount, par value or stated value, and number of shares.

4. Where the accounting for amounts relating to securities refunded or retired is other than that specified in General Instruction 17 of the Uniform System of Accounts, give references to the Commission authorization for the different accounting and state the accounting method.

Not Applicable

UNAMORTIZED LOSS AND GAIN ON REACQUIRED DEBT (Accounts 189, 257)

1. Report under separate subheadings for Unamortized Loss and Unamortized Gain on Recquired Debt, particulars (details) of gain and loss, including maturity date, on reacquisition applicable to each class and series of long-term debt. If gain or loss resulted from a refunding transaction, include also the maturity date of the new issue.

2. In column (c) show the principal amount of bonds or other long-term debt reacquired.

3. In column (d) show the net gain or net loss realized on each debt reacquisition as computed in accordance with

General Instruction 17 of the Uniform Systems of Accounts

4. Show loss amounts by enclosing the figures in parentheses.

5. Explain in a footnote any debits and credits other than amortization debited to Account 428.1, Amortization of Loss on Recquired Debt, or credited to Account 429.1, Amortization of Gain on Recquired Debt-Credit.

Line No.	Designation of Long-Term Debt (a)	Date Reacquired (b)	Principal of Debt Reacquired (c)	Net Gain or Net Loss (d)	Balance at Beginning of Year (e)	Balance at End of Year (f)
1	Senior Note 8 - 5.68%	6/24/2011	\$ 29,000,000	\$ 1,461,528	\$ 1,031,033	\$ 942,458
2						
3						
4						
5						
6						
7						
8						
9						
10	Annual amortization of unamortized loss on required debt allocated to Florida Public Utilities-NG					\$65,830
11						
12	Note: Schedule lists total unamortized loss on reacquired debt for Chesapeake Utilities Corporation. Line number 10 indicates the amount that is allocated to Florida Public Utilities - Natural Gas.					
13						

LONG-TERM DEBT (Accounts 221, 222, 223, and 224)

1. Report by balance sheet Account the particulars (details) concerning long-term debt included in Accounts 221, Bonds, 222, Reacquired Bonds, 223, Advances from Associated Companies, and 224, Other Long-Term Debt. If information to meet the stock exchange reporting requirement outlined in column (a) is available from the SEC 10-K Report Form Filing, a specific reference to the report form (i.e., year and company title) may be reported in column (a) provided the fiscal years for both the 10-K report and this report are compatible.
2. For advances from Associated Companies, report separately advances on notes and advances on open accounts. Designate demand notes as such. Include in column (a) names of associated

companies from which advances were received.
3. If the respondent has any long-term securities which have been nominally issued and are nominally outstanding at end of year, describe such securities in a footnote.
4. If interest expense was incurred during the year on any obligations retired or reacquired before end of year, include such interest in column (f). Explain in a footnote any difference between the total of column (f) and the total of Account 427, Interest on Long-Term Debt and Account 430, Interest on Debt to Associated Companies.

Line No.	Class and Series of Obligation (a)	Nominal Date of Issue (b)	Date of Maturity (c)	Original Amount Issued (d)	Interest for Year		Total Amount Outstanding (g)
					Rate (in %) (e)	Amount (f)	
1	Unamortized Issuance Costs (DRP)						
2	Senior Note 5 - 6.64%	10/31/2002	10/31/2017	\$ 30,000,000	6.64%	\$ -	\$ -
3	Senior Note 6 - 5.5%	12/12/2006	10/12/2020	\$ 20,000,000	5.50%	\$ 305,861	\$ 4,000,000
4	Senior Note 7 - 5.93%	10/31/2008	10/31/2023	\$ 30,000,000	5.93%	\$ 993,275	\$ 15,000,000
5	Senior Note 8 - 5.68%	6/24/2011	6/30/2026	\$ 29,000,000	5.68%	\$ 1,400,120	\$ 23,200,000
6	Senior Note 9 - 6.43%	5/2/2013	5/2/2028	\$ 7,000,000	6.43%	\$ 450,100	\$ 7,000,000
7	Senior Note 10 - 3.73%	12/16/2013	12/16/2028	\$ 20,000,000	3.73%	\$ 746,000	\$ 20,000,000
8	Senior Note 11 - 3.88%	5/15/2014	5/15/2029	\$ 50,000,000	3.88%	\$ 1,940,000	\$ 50,000,000
9	Senior Note 12 - 3.25%	4/21/2017	4/30/2032	\$ 70,000,000	3.25%	\$ 2,275,000	\$ 70,000,000
10	Tranche 1	5/1/2018	5/1/2038	\$ 50,000,000	3.48%	\$ 1,087,500	\$ 50,000,000
11	Tranche 2	11/1/2018	11/1/2038	\$ 50,000,000	3.58%	\$ 198,889	\$ 50,000,000
12	Tranche 3	8/1/2019	8/1/2039	\$ 100,000,000	3.98%	\$ -	\$ -
13	Promissory Note	2/1/2010	3/1/2015	\$ 310,000	0.00%	\$ -	\$ 25,833
14	Interim Term Note 1	12/21/2018	1/21/2019	\$ 30,000,000		\$ 29,603	\$ 30,000,000
15	FPU Bond - 9.08%	6/1/1992	6/1/2022	\$ 8,000,000	9.08%	\$ 726,400	\$ 8,000,000
16	Shelf Facility-Prudential	10/8/2015	10/8/2030				
17	Shelf Facility-Met Life	3/2/2017	3/2/2032				
18	Shelf Facility-New York Life	3/2/2017	5/31/2038				
19	Bank Credit Facility (Annual)	10/8/2017	10/8/2018				
20	Bank Credit Facility (Annual)	10/8/2018	10/8/2019				
21	Bank Credit Facility (Annual)	10/8/2019	10/8/2020				
22	Bank Credit Facility (Five Years)	10/8/2015	10/8/2020			\$ 236,708	
23							
24	Subtotal			\$ 494,310,000		\$ 10,389,456	\$ 327,225,833
25	Less Current Maturities						\$ (10,625,833)
26							
27							
28	Allocation to Florida Public Utilities - Natural Gas					\$ 2,240,454	
29	Allocation to Other Jurisdictions					\$ 8,149,002	
30	Total Chesapeake Utilities Corp.					\$ 10,389,456	
31							
32	TOTAL			\$ 494,310,000		\$ 10,389,456	\$ 316,600,000

Note: Schedule lists total long term debt for Chesapeake Utilities Corporation. Line number 30 indicates the amount that is allocated to the Florida Division.

UNAMORTIZED DEBT EXPENSE, PREMIUM AND DISCOUNT ON LONG-TERM DEBT (Accounts 181, 225, 226)

1. Report under separate subheadings for Unamortized Debt Expense, Unamortized Premium on Long-Term Debt and Unamortized Discount on Long-Term Debt, particulars (details) of expense, premium or discount applicable to each class and series of long-term debt.
2. Show premium amounts by enclosing the figures in parentheses.
3. In column (b) show the principal amount of bonds or other long-term debt originally issued.
4. In column (c) show the expense, premium or discount with respect to the amount of bonds or other long-term debt originally issued.

5. Furnish in a footnote particulars (details) regarding the treatment of unamortized debt expense, premium or discount associated with issues redeemed during the year.
6. Identify separately indisposed amounts applicable to issues which were redeemed in prior years.
7. Explain any debits and credits other than amortization debited to Account 428, Amortization of Debt Discount and Expense, or credited to Account 429, Amortization of Premium on Debt - Credit.

Line No.	Designation of Long-Term Debt (a)	Principal Amount of Debt Issued (b)	Total Expense Premium or Discount (c)	Amortization Period		Balance at beginning of Year (f)	Debits (Credits) During Year (g)	Balance at End of Year (h)
				Date From (d)	Date To (e)			
1	Unamortized Issuance Costs (DRP)		\$131,808			\$ 18,020	\$ 2,908	\$ 20,928
2	Senior Note 5 - 6.64%	\$30,000,000	\$141,831	10/31/2002	10/31/2017	\$ -	\$ -	\$ -
3	Senior Note 6 - 5.5%	\$20,000,000	\$79,566	12/12/2006	10/12/2020	\$ 4,397	\$ (2,303)	\$ 2,094
4	Senior Note 7 - 5.93%	\$30,000,000	\$39,518	10/31/2008	10/31/2023	\$ 7,398	\$ (2,181)	\$ 5,217
5	Senior Note 8 - 5.68%	\$29,000,000	\$34,794	6/24/2011	6/30/2026	\$ 13,278	\$ (2,811)	\$ 10,467
6	Senior Note 9 - 6.43%	\$7,000,000	\$12,789	5/2/2013	5/2/2028	\$ 7,161	\$ (1,228)	\$ 5,933
7	Senior Note 10 - 3.73%	\$20,000,000	\$68,794	12/16/2013	12/16/2028	\$ 42,378	\$ (6,604)	\$ 35,774
8	Senior Note 11 - 3.88%	\$50,000,000	\$192,790	5/15/2014	5/15/2029	\$ 126,470	\$ (18,508)	\$ 107,962
9	Senior Note 12 - 3.25%	\$70,000,000	\$150,539	4/21/2017	4/30/2032	\$ 140,627	\$ (14,868)	\$ 125,759
10	Tranche 1	\$50,000,000	\$99,400	5/1/2018	5/1/2038	\$ -	\$ 95,659	\$ 95,659
11	Tranche 2	\$50,000,000	\$76,938	11/1/2018	11/1/2038	\$ -	\$ 76,524	\$ 76,524
12	Tranche 3	\$100,000,000	\$12,164	8/1/2019	8/1/2039	\$ -	\$ 12,164	\$ 12,164
13	Promissory Note	\$310,000				\$ -	\$ -	\$ -
14	Interim Term Note 1	\$30,000,000	\$5,000	12/21/2018	1/21/2019	\$ -	\$ 5,000	\$ 5,000
15	FPU Bond - 9.08%	\$8,000,000	\$122,010			\$ 17,962	\$ (4,067)	\$ 13,895
16	Shelf Facility-Prudential	\$0	\$58,133	10/8/2015	10/8/2030	\$ 49,419	\$ (3,876)	\$ 45,543
17	Shelf Facility-Met Life	\$0	\$34,250			\$ 32,680	\$ (2,280)	\$ 30,400
18	Shelf Facility-New York Life	\$0	\$8,636			\$ 8,256	\$ (576)	\$ 7,680
19	Bank Credit Facility (Annual)	\$0	\$21,500	10/8/2017	10/8/2018	\$ 16,128	\$ (16,128)	\$ -
20	Bank Credit Facility (Annual)	\$0	\$21,500	10/8/2018	10/8/2019	\$ -	\$ 16,128	\$ 16,128
21	Bank Credit Facility (Annual)	\$0	\$0	10/8/2019	10/8/2020	\$ -	\$ -	\$ -
22	Bank Credit Facility (Five Years)	\$0	\$466,119	10/8/2015	10/8/2020	\$ 256,377	\$ (93,228)	\$ 163,149
23								
24								
25	Allocation to Florida Public Utilities - Natural Gas						\$ 36,033	
26	Allocation to Other Jurisdictions						\$ 142,152	
27	Total Chesapeake Utilities Corp.						\$ 178,185	
28								
29								

Note: Schedule lists total long-term debt for Chesapeake Utilities Corporation. Line number 23 indicates the amount that is allocated to the Florida Public Utilities - Natural Gas.

Dec. 31, 2018

MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES (Account 242)

1. Describe and report the amount of other current and accrued liabilities at the end of year.

2. Minor items (less than \$50,000) may be grouped under appropriate title.

Line No.	Item	Balance at End of Year
1	Accrued Payroll	\$ 1,053,489
2	Accrued PTO	\$ 145,671
3	Accrued Bonus	\$ 814,556
4	Accrued Severance	\$ -
5		
6		
7		
8		
9		
10		
11		
12		
13	TOTAL	\$ 2,013,716

OTHER DEFERRED CREDITS (Account 253)

1. Report below the particulars (details) called for concerning other deferred credits.

2. For any deferred credit being amortized, show the period of amortization.

3. Minor Items (less than \$25,000) may be grouped by classes.

Line No.	Description of Other Deferred Credit (a)	Balance Beginning of Year (b)	DEBITS		Credits (e)	Balance End of Year (f)
			Contra Account (c)	Amount (d)		
1	Conservation Recovery	\$ 769,964	495/186	\$ 4,279,124	\$ 3,791,598	\$ 282,437
2	Environmental	\$ 9,642,490	232/182.3	\$ 1,138,217	\$ 596,924	\$ 9,101,197
3	Over Recovery - Fuel	\$ 1,809,113	495	\$ 4,717,318	\$ 3,888,937	\$ 980,732
4	Gas Reliability Infrastructure Program (GRIP)	\$ 2,231,405	495/421	\$ 1,713,385	\$ 1,044,725	\$ 1,562,745
5	Reserve for Refund - TCJA	\$ -		\$ -	\$ 1,841,816	\$ 1,841,816
6						
7						
8						
9						
10						
11						
12						
13	TOTAL	\$ 14,452,972		\$ 11,848,044	\$ 11,164,000	\$ 13,768,927

OTHER REGULATORY LIABILITIES (Account 254)

1. Reporting below the particulars (details) called for concerning other regulatory liabilities which are created through the ratemaking actions of regulatory agencies (and not includable in other amounts).

2. For regulatory liabilities being amortized, show period of amortization in column (a).

3. Minor items (5% of the Balance at End of Year for Account 254 or amounts less than \$50,000, whichever is less) may be grouped by classes.

Line No.	Description and Purpose of Other Regulatory Liabilities (a)	Balance Beginning of Year (b)	Debits		Credits (d)	Balance End of Year (e)
			Contra Account (b)	Amount (c)		
1	Regulatory Liability-Tax Rate Change	\$ 25,886,357		\$ 7,308,831	\$ 537,048	\$ 19,114,574
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13	TOTAL	\$ 25,886,357		\$ 7,308,831	\$ 537,048	\$ 19,114,574

TAXES OTHER THAN INCOME TAXES (Account 408.1)

	Name of Taxing Authority	Real Property	Tangible Personal Property	Intangible Personal Property	FICA, SUTA, FUTA	Gross Receipts	Regulatory Assessment Fees	Environmental, Excise	Franchise	Other*	Total
1	Various Florida Counties	\$ 2,953,051							\$ 2,137,538		\$ 5,090,589
2	State of Florida					\$1,835,577					\$ 1,835,577
3	Payroll Taxes				\$ 636,826						\$ 636,826
4	Florida Public Service Commission						\$ 420,724				\$ 420,724
5	Business License / Excise									\$ 82,271	\$ 82,271
6											
7											
8											
9											
10											
11											
12											
13											
14											
15	Less: Charged to Construction										\$ -
16	TOTAL Taxes Charged During Year (Lines 1-15) to Account 408.1	\$ 2,953,051	\$ -	\$ -	\$ 636,826	\$1,835,577	\$ 420,724	\$ -	\$ 2,137,538	\$ 82,271	\$ 8,065,987

Note: *List separately each item in excess of \$500.

ACCUMULATED DEFERRED INVESTMENT TAX CREDITS (Account 255)

Report below the information applicable to Account 255. Where appropriate, segregate the balances and transactions by utility and nonutility operations. Explain by footnote any correction adjustment to the account balance shown in column (f).

Line No.	Account Subdivisions (a)	Balance Beginning of Year (b)	Amount Deferred for Year (c)	Allocations to Current Year's Income		Adjustments (f)	Balance End of Year (g)	Average Period of Allocation to Income (h)
				Acct. No. (d)	Amount (e)			
1	Gas Utility							
2	3%	\$ -			\$ -		\$ -	
3	4%	\$ -			\$ -		\$ -	
4	7%	\$ -			\$ -		\$ -	
5	10%	\$ -			\$ -		\$ -	
6								
7								
8								
9								
10	TOTAL	\$ -			\$ -		\$ -	

Notes

DEC. 31, 2010

[illegible][illegible]

Line No.		Balance at Beginning of Year	Changes During Year			Adjustments				Balance at End of Year	
			Amounts Debited to Account 410.1	Amounts Credited to Account 411.1	Amounts Debited to Account 410.2	Amounts Credited to Account 411.2	Debits		Credits		
							Account No.	Amount	Account No.		Amount
1	GAS										
2	Fed NOL	\$ 169,730									\$ 169,730
3	Bad Debts	\$ 33,798	\$ 988							280	\$ 32,812
4	Conservation	\$ -								283	\$ 71,593
5	Environmental	\$ 1,690,256	\$ 21,329								\$ 1,668,727
6	GRIP	\$ -									\$ -
7	Rabbi Trust	\$ -									\$ -
8	State Decoupling	\$ 1,437,729	\$ 370,250	\$ 2,429						280	\$ 135,072
9	Storm Reserve	\$ 169,621		\$ 1,521						280	\$ 1,070,431
10	Amortization	\$ 1,286,931		\$ 202,812							\$ 171,142
11	Merger Cost Amortization	\$ -					280	\$ 68			\$ 1,489,675
12	Reacquired debt	\$ 8									\$ -
13	Pipe/Conv Propt LT	\$ 269,759		\$ 55,042						280	\$ 324,822
14	Bonus	\$ -								280	\$ 254,769
15	Self Insurance	\$ -								283	\$ 4,639
16	OPRB	\$ 165,493	\$ 42,073								\$ 123,420
17	SERP	\$ -								280	\$ 303,293
18	State NOL	\$ (1,336)								283	\$ -
19	Excess Deferred Tax Rate Change	\$ 6,601,471									\$ -
20	TOTAL Gas (Lines 2 - 10)	\$ 11,823,460	\$ 434,840	\$ 261,804	\$ -		282	\$ 6,601,471			\$ 5,820,153
21	Other (Specify)							\$ 6,601,539			\$ -
22	TOTAL (Account 190) (Total of lines 11 and 12)	\$ 11,823,460	\$ 434,840	\$ 261,804	\$ -			\$ 771,268			\$ 5,820,153

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ACCUMULATED DEFERRED INCOME TAXES (Accounts 281, 282, 283)										
Line No.		Balance at Beginning of Year	Changes During Year				Adjustments			Balance at End of Year
			Amounts Debited to Account 410 1	Amounts Credited to Account 411 1	Amounts Debited to Account 410 2	Amounts Credited to Account 411 2	Debits Account No.	Credits Account No.		
1	Account 281 - Accelerated Amortization Property									
2	Electric									
3	Gas									
4	Other									
5	TOTAL Account 281 (Lines 2 thru 4)									
6	Account 282 - Other Property									
7	Electric									
8	Gas	\$ 31,496,585	\$ 845,430	\$ 482,639			280	1,738,229	190	\$ 6,601,471 \$ 26,996,134
9	Other									
10	TOTAL Account 282 (Lines 7 thru 9)	\$ 31,496,585	\$ 845,430	\$ 482,639	\$ -	\$ -		1,738,229		\$ 6,601,471 \$ 26,996,134
11	Account 283 - Other									
12	Electric									
13	Gas	\$ 9,438,926	\$ 543,304	\$ 432,217			190	\$ 77,558	280	\$ 110,512 \$ 9,517,059
14	Other									
15	TOTAL Account 283 - Other (Lines 12 thru 14)	\$ 9,438,926	\$ 543,304	\$ 432,217	\$ -	\$ -		\$ 77,558		\$ 110,512 \$ 9,517,059
16	GAS									
17	Federal Income Tax	32,052,287	1,087,371	716,327	-	-		1,421,752		5,255,447 \$ 28,589,636
18	State Income Tax	8,883,224	301,363	198,529	-	-		394,035		1,466,536 \$ 7,923,557
19	Other									
20	TOTAL Gas (Lines 17 thru 19)	40,935,511	1,388,734	914,856	-	-		1,815,787		6,711,983 \$ 36,513,193
21	OTHER									
22	Federal Income Tax									
23	State Income Tax									
24	TOTAL Other (Lines 22 and 23)									
25	TOTAL (Total of lines 5, 10 and 15)	\$ 40,935,511	\$ 1,388,734	\$ 914,856	\$ -	\$ -		\$ 1,815,787		\$ 6,711,983 \$ 36,513,193
Notes										

Dec. 31, 2018

**RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME
FOR FEDERAL INCOME TAXES**

1. Report the reconciliation of reported net income for the year with taxable income used in computing Federal income tax accruals and show computation of such tax accruals. Include in the reconciliation, as far as practicable, the same detail as furnished on Schedule M-1 of the tax return for the year. Submit a reconciliation even though there is no taxable income for the year. Indicate clearly the nature of each reconciling amount.

2. If the utility is a member of a group which files a consolidated Federal tax return, reconcile reported net income with taxable net income as if a separate return were to be filed, indicating, however, intercompany amounts to be eliminated in such a consolidated return. State names of group members, tax assigned to each group member, and basis of allocation, allocation, assignment, or sharing of the consolidated tax among the group members.

Line No.	Particulars (Details) (a)	Amount (b)
1	Net Income for the Year (Page 9)	\$ 8,250,557
2	Reconciling Items for the Year	
3		
4	Taxable Income Not Reported on Books	
5		
6	Deductions Recorded on Books Not Deducted for Return	
7	Current Federal Income Taxes	\$ 2,118,681
8	Deferred Income Taxes	\$ 646,914
9	P100: 50% Meals Deduction	\$ 87,140
10	P101: Not Deductible for Tax-Penalties	\$ 482
11	P102: Not Deductible for Tax-Other	\$ 32,000
12	P106: Acquisition Adjustment	\$ 1,789,692
13	25DP.02: Contribution in Aid of Construction	\$ 1,733,846
14	25AM: Customer Based Intangibles	\$ 767,676
15	25PC: Piping and Conservation	\$ 217,173
16	25RE: Repairs Deduction	\$ 162,817
17	25AM.01: Amortization Schedules Prior Acquisitions	\$ 32,016
18	25SI.01: Self Insurance (Current)	\$ 20,601
19	25WR: Storm Reserve	\$ 6,000
20		
21		
22		
23		
24	Income Recorded on Books Not Included in Return	
25		
26	Deductions on Return Not Charged Against Book Income	
27	25BD: Bad Debts	\$ (3,897)
28	25ID: Reserve for Insurance Deductibles	\$ (6,255)
29	25DP.04: Asset Gain/Loss	\$ (48,007)
30	25GP: Grip Over Recoveries	\$ (60,120)
31	25EN: Environmental	\$ (84,944)
32	25PR.02: Post Retirement Benefits (Non-Current)	\$ (166,002)
33	25PN: Pension	\$ (318,457)
34	25CN: Conservation	\$ (487,526)
35	25DP.03: Cost of Removal	\$ (585,170)
36	25DP.01: Depreciation	\$ (2,688,961)
37		
38		
39	Federal Tax Net Income	\$ 11,416,256
40	Show Computation of Tax:	
41	Tax at 21%	\$ 2,397,414
42	Add: Reversal of Prior Year Benefit of Federal Consolidated NOL carryforward	
43	Interest adjustment	
44	Prior year Federal income tax true up	\$ (278,733)
45	Total Federal Income Tax Payable	\$ 2,118,681

GAS OPERATING REVENUES (Account 400)

1. Report below natural gas operating revenues for each prescribed account in total.
2. Report number of customers, columns (f) and (g), on the basis of meters, except that where separate meter readings are added for billing purposes, one customer should be counted for each group of meters added. The average number of customers means the average of twelve figures at the close of each month.
3. Report quantities of natural gas sold in therms (14.73 psia at 60 F).
4. Report gas service revenues and therms sold by rate schedule.
5. If increases or decreases from previous year (columns (c),(e), and (g)), are not derived from previously reported figures, explain any inconsistencies in a footnote.

Line No.	Title of Account (a)	Operating Revenues		Therms of Natural Gas Sold		Avg. No. of Natural Gas Customers Per Mo.	
		Amount for Year (b)	Amount for Previous Year (c)	Current Year (d)	Previous Year (e)	Current Year (f)	Previous Year (g)
1	Gas Service Revenues						
2	Firm Sales Service						
3	480 Residential Sales	\$ 31,825,862	\$ 32,776,971	13,749,143	13,324,437	54,464	53,148
4	481 Comm & Industrial Sales - Small	\$ 13,020,490	\$ 14,228,807	7,826,182	8,129,235	3,170	3,247
5	481 Comm & Industrial Sales - Large	\$ 13,636,820	\$ 15,486,479	9,101,180	10,109,841	671	726
6	481 Outdoor Lighting	\$ 238,634	\$ 301,492	165,556	188,565	49	55
7	481 Natural Gas Vehicles	\$ -	\$ 164,200	-	85,189	-	1
8	481						
9	Interruptible Sales Service						
10	481 Comm & Ind Sales - Interruptible	\$ -	\$ -	-	-	-	-
11	481						
12	Firm Transportation Service						
13	489 Comm & Gen Service- -Firm Transportation	\$ 18,967,660	\$ 17,813,806	38,492,904	36,008,142	2,272	2,039
14	489	\$ -	\$ -	-	-	-	-
15	489	\$ -	\$ -	-	-	-	-
16	Interruptible Transportation Serv.						
17	489 Comm & Gen Service- -Firm Transportation	\$ 3,310,323	\$ 3,223,040	10,312,588	8,859,117	17	18
18	484 Interdepartmental	\$ 14,362	\$ 12,660	-	-	-	-
19	482 Other Sales to Public Authorities	\$ -	\$ -	-	-	-	-
20	484 Flex Rate - Refund	\$ -	\$ -	-	-	-	-
21	TOTAL Sales to Ultimate Consumers	\$ 81,014,151	\$ 84,007,455	79,647,553	76,704,526	60,643	59,234
22	483 Sales for Resale	\$ -	\$ -	-	-	-	-
23	Off-System Sales 4954x & 4955x	\$ -	\$ -	-	-	-	-
24	TOTAL Nat. Gas Service Revenues	\$ -	\$ -				
25	TOTAL Gas Service Revenues	\$ 81,014,151	\$ 84,007,455				
26	Other Operating Revenues						
27	485 Intracompany Transfers	\$ -	\$ -				
28	487 Forfeited Discounts	\$ 700,069	\$ 727,271				
29	488 Misc. Service Revenues	\$ 1,076,537	\$ 1,081,225				
30	489 Rev. from Trans. of Gas of Others	\$ -	\$ -				
31	not included in above rate schedules)	\$ -	\$ -				
32	493 Rent from Gas Property	\$ -	\$ -				
33	494 Interdepartmental Rents	\$ -	\$ -				
34	495 Other Gas Revenues						
35	Initial Connection	\$ -	\$ -				
36	Overrecoveries Conservation 495.7	\$ -	\$ -				
37	AEP & Storm Surcharge 4956	\$ 110,472	\$ 92,283				
38	Unbilled Revenue 495.3	\$ 66,961	\$ (35,783)				
39	Other 495.2	\$ 2,542,023	\$ (2,150,000)				
40	495.1 Overrecoveries Purchased Gas	\$ 921,428	\$ (1,214,004)				
41	TOTAL Other Operating Revenues	\$ 5,417,490	\$ (1,499,008)				
42	TOTAL Gas Operating Revenues	\$ 81,014,151	\$ 84,007,455				
43	(Less) 496 Provision for Rate Refunds	\$ (1,841,816)	\$ -				
44	TOTAL Gas Operating Revenues	\$ 84,589,825	\$ 82,508,447				
	Net of Provision for Refunds	\$ -	\$ -				
45	Sales for Resale	\$ -	\$ -				
46	Other Sales to Public Authority	\$ -	\$ -				
47	Interdepartmental Sales	\$ -	\$ -				
48	TOTAL	\$ 84,589,825	\$ 82,508,447	79,647,553	76,704,526		

Notes

December 31, 2018

GAS OPERATION AND MAINTENANCE EXPENSES

If the amount for previous year is not derived from previously reported figures, explain in footnotes.

Line No.	Account	Amount for Current Year	Amount for Previous Year
1	1. Production Expenses		
2	A. TOTAL Manufactured Gas Production (Total of Accounts 700-742)		
3	B. TOTAL Natural Gas Prod. and Gathering (Total of Accts. 750 - 769)		
4	C. TOTAL Products Extraction (Total of Accounts 770 through 791)		
5	D. TOTAL Exploration and Development (Total of Accts. 795 through 798)		
6	E. Other Gas Supply Expenses		
7	Operation		
8	800 Natural Gas Well Head Purchases		
9	800.1 Natural Gas Well Head Purchases, Intracompany Transfers		
10	801 Natural Gas Field Line Purchases	\$ 8,320,971	\$ 11,911,088
11	802 Natural Gas Gasoline Plant Outlet Purchases		
12	803 Natural Gas Transmission Line Purchases		
13	804 Natural Gas City Gate Purchases	\$ 18,454,561	\$ 9,411,874
14	804.1 Liquefied Natural Gas Purchases		
15	805 Other Gas Purchases	\$ (3,405,411)	\$ (503,217)
16	805.1 Purchased Gas Cost Adjustments - Debit/(Credit)		
17	TOTAL Purchased Gas (Total of Lines 8 to 16)	\$ 23,370,121	\$ 20,819,746
18	806 Exchange Gas		
19	Purchased Gas Expenses		
20	807.1 Well Expenses--Purchased Gas		
21	807.2 Operation of Purchased Gas Measuring Stations		
22	807.3 Maintenance of Purchased Gas Measuring Stations		
23	807.4 Purchased Gas Calculations Expenses		
24	807.5 Other Purchased Gas Expenses	\$ 831,942	\$ 303,674
25	TOTAL Purchased Gas Expenses (Total of lines 20 through 24)	\$ 831,942	\$ 303,674
26	808.1 Gas Withdrawn from Storage--Debit		
27	(Less) 808.2 Gas Delivered to Storage--Credit		
28	809.1 Withdrawals of Liquefied Natural Gas for Processing--Debit		
29	(Less) 809.2 Deliveries of Natural Gas for Processing--Credit		
30	Gas Used in Utility Operations--Credit		
31	810 Gas Used for Compressor Station Fuel--Credit		
32	811 Gas Used for Products Extraction--Credit		
33	812 Gas Used for Other Utility Operations--Credit		
34	TOTAL Gas Used in Utility Operations--Credit (Lines 31 through 33)	\$ -	\$ -
35	813 Other Gas Supply Expenses		
36	TOTAL Other Gas Supply Exp. (Total of Lines 17,18,25,26 through 29,34,35)	\$ 24,202,063	\$ 21,123,420
37	TOTAL Production Expenses (Total of Lines 2,3,4,5 and 36)	\$ 24,202,063	\$ 21,123,420
38	2. Natural Gas Storage, Terminaling and Processing Expenses		
39	A. TOTAL Underground Storage Expenses (Total of Accounts 814 through 837)	\$ 348	\$ 541
40	B. TOTAL Other Storage Expenses (Total of Accounts 840 through 843.9)		
41	C. TOTAL Liquefied Nat Gas Terminaling & Processing Expenses (Total of Accounts 844.1 through 847.8)		
42	TOTAL Natural Gas Storage (Total of lines 39, 40, and 41)	\$ 348	\$ 541
43	3. Transmission Expenses		
44	TOTAL Transmission Expenses (Total of Accounts 850 through 867)		
45			
46	Note: Account 807.5 was updated for 2017 to include costs of \$301,918 that were reported in 804 due to a clerical error.		

December 31, 2018

GAS OPERATION AND MAINTENANCE EXPENSES (Continued)

Line No.	Account	Amount for Current Year	Amount for Previous Year
47	4. Distribution Expenses		
48	Operation		
49	870 Operation Supervision and Engineering	\$ 309,104	\$ 311,822
50	871 Distribution Load Dispatching	\$ 139,539	\$ 114,939
51	872 Compressor Station Labor and Expenses		
52	873 Compressor Station Fuel and Power		
53	874 Mains and Services Expenses	\$ 2,225,361	\$ 1,789,844
54	875 Measuring and Regulating Station Expenses--General	\$ 52,292	\$ 58,448
55	876 Measuring and Regulating Station Expenses--Industrial	\$ 41,508	\$ 46,019
56	877 Measuring and Regulating Station Expenses--City Gate Check Station	\$ 152,723	\$ 194,364
57	878 Meter and House Regulator Expenses	\$ 1,704,828	\$ 1,451,117
58	879 Customer Installations Expenses	\$ 213,522	\$ 246,809
59	880 Other Expenses	\$ 205,142	\$ 141,937
60	881 Rents	\$ -	\$ -
61	TOTAL Operation (Total of lines 49 through 60)	\$ 5,044,019	\$ 4,355,300
62	Maintenance		
63	885 Maintenance Supervision and Engineering	\$ 62,652	\$ 63,603
64	886 Maintenance of Structures and Improvements	\$ 14,790	\$ 10,456
65	887 Maintenance of Mains	\$ 435,995	\$ 383,431
66	888 Maintenance of Compressor Station Equipment		
67	889 Maintenance of Meas. and Reg. Sta. Equip.--General	\$ 38,064	\$ 23,016
68	890 Maintenance of Meas. and Reg. Sta. Equip.--Industrial	\$ 4,398	\$ 4,986
69	891 Maintenance of Meas. and Reg. Sta. Equip.--City Gate Check Station	\$ 161,950	\$ 148,182
70	892 Maintenance of Services	\$ 340,674	\$ 253,164
71	893 Maintenance of Meters and House Regulators	\$ 110,753	\$ 137,006
72	894 Maintenance of Other Equipment	\$ 53,589	\$ 57,499
73	TOTAL Maintenance (Total of Lines 63 through 72)	\$ 1,222,865	\$ 1,081,343
74	TOTAL Distribution Expenses (Total of Lines 61 and 73)	\$ 6,266,884	\$ 5,436,644
75	5. Customer Accounts Expenses		
76	Operation		
77	901 Supervision	\$ 568,981	\$ 517,945
78	902 Meter Reading Expenses	\$ 1,044,269	\$ 1,044,538
79	903 Customer Records and Collection Expenses	\$ 2,167,062	\$ 2,206,076
80	904 Uncollectible Accounts	\$ 245,559	\$ 229,217
81	905 Miscellaneous Customer Accounts Expenses	\$ -	\$ 20,975
82	TOTAL Customer Accounts Expenses (Total of Lines 77 through 81)	\$ 4,025,871	\$ 4,018,751
83	6. Customer Service and Informational Expenses		
84	Operation		
85	907 Supervision	\$ 183,587	\$ 112,093
86	908 Customer Assistance Expenses	\$ 3,602,432	\$ 3,418,586
87	909 Informational and Instructional Expenses	\$ 524,704	\$ 830,978
88	910 Miscellaneous Customer Service and Informational Expenses	\$ (1,440,419)	\$ 322,449
89	TOTAL Customer Service and Informational Expenses (Total of Lines 85 through 88)	\$ 2,870,304	\$ 4,684,107
90	7. Sales Expenses		
91	Operation		
92	911 Supervision	\$ 5,900	\$ 33,865
93	912 Demonstrating and Selling Expenses	\$ 500,287	\$ 553,632
94	913 Advertising Expenses	\$ 199,568	\$ 165,396
95	916 Miscellaneous Sales Expenses	\$ 6,487	\$ -
96	TOTAL Sales Expenses (Total of lines 92 through 95)	\$ 712,242	\$ 752,893
97			

Name of Respondent Natural Gas Division		For the Year Ended December 31, 2018	
GAS OPERATION AND MAINTENANCE EXPENSES (Continued)			
Line No.	Account	Amount for Current Year	Amount for Previous Year
98	8. Administrative and General Expenses		
99	Operation		
100	920 Administrative and General Salaries	\$ 4,449,910	\$ 4,598,421
101	921 Office Supplies and Expenses	\$ 2,526,450	\$ 2,273,924
102	(Less) (922) Administrative Expenses Transferred--Credit		
103	923 Outside Services Employed	\$ 1,476,481	\$ 1,543,201
104	924 Property Insurance	\$ 62,380	\$ 53,581
105	925 Injuries and Damages	\$ 887,717	\$ 853,057
106	926 Employee Pensions and Benefits	\$ 2,230,975	\$ 2,473,060
107	927 Franchise Requirements		
108	928 Regulatory Commission Expenses		
109	(Less) (929) Duplicate Charges--Credit		
110	930.1 General Advertising Expenses	\$ 124,505	\$ 122,696
111	930.2 Miscellaneous General Expenses	\$ 428,304	\$ 469,932
112	931 Rents	\$ 571,561	\$ 511,930
113	TOTAL Operation (Total of lines 100 through 112)	\$ 12,758,283	\$ 12,899,803
114	Maintenance		
115	935 Maintenance of General Plant	\$ 139,671	\$ 109,014
116	TOTAL Administrative and General Expense (Total of lines 113 and 115)	\$ 12,897,954	\$ 13,008,817
117			
118	TOTAL Gas O&M Expenses (Lines 37, 42, 44, 74, 82, 89, 96, and 116)	\$ 50,975,666	\$ 49,025,173
119			
120			
NUMBER OF GAS DEPARTMENT EMPLOYEES			
	1. The data on number of employees should be reported for payroll period ending nearest to October 31, or any payroll period ending 60 days before or after October 31. 2. If the respondent's payroll for the reporting period includes any special construction personnel, include such employees on line 3, and show the number of such special construction employees in a footnote. 3. The number of employees assignable to the gas department from joint functions of combination utilities may be determined by estimate, on the basis of employee equivalents. Show the estimated number of equivalent employees attributed to the gas department from joint functions.		
1			
2	1. Payroll Period Ended (Date)	12/31/2018	
3	2. Total Regular Full-Time Employees	137	
4	3. Total Part-Time and Temporary Employees	-	
5	4. Total Employees	137	
6			
7			
8			
9			
10			
11			
12			
13			

GAS PURCHASES (Accounts 800, 800.1, 801, 802, 803, 804, 804.1, 805, 805.1)

1. Provide totals for the following accounts:

- 800 - Natural Gas Well Head Purchases
- 800.1- Natural Gas Well Head Purchases
Intracompany Transfers
- 801 - Natural Gas Field Line Purchases
- 802 - Natural Gas Gasoline Plant Outlet Purchases
- 803 - Natural Gas Transmission Line Purchases
- 804 - Natural Gas City Gate Purchases
- 804.1- Liquefied Natural Gas Purchases
- 805 - Other Gas Purchases
- 805.1- Purchases Gas Cost Adjustments

The totals shown in columns (b) and (c) should agree with the books of account. Reconcile any differences in a footnote.
2. State in column (b) the volume of purchased gas as finally measured for the purpose of determining the amount payable for the gas. Include current year receipts of makeup gas that was paid for in prior years.
3. State in column (c) the dollar amount (omit cents) paid and previously paid for the volumes of gas shown in column (b).
4. State in column (d) the average cost per Therm to the nearest hundredth of a cent. (Average means column (c) divided by column (b) multiplied by 100.)

Line No.	Account Title (a)	Gas Purchased- Therms (14.73 psia 60 F) (b)	Cost of Gas (In dollars) (c)	Average Cost Per Therm (To nearest .01 of a cent) (d)
1	800 - Natural Gas Well Head Purchases			
2	800.1 - Natural Gas Well Head Purchases, Intracompany Transfers			
3	801 - Natural Gas Field Line Purchases	22,568,930	\$ 8,320,971	\$ 36.87
4	802 - Natural Gas Gasoline Plant Outlet Purchases			
5	803 - Natural Gas Transmission Line Purchases			
6	804 - Natural Gas City Gate Purchases	28,133,044	\$ 18,454,561	\$ 65.60
7	804.1 - Liquefied Natural Gas Purchases			
8	805 - Other Gas Purchases		\$ (3,405,411)	
9	805.1 - Purchased Gas Cost Adjustments			
10	TOTAL (Total of lines 1 through 9)	50,701,974	\$ 23,370,121	\$ 46.09

Notes to Gas Purchases

805 - Other Gas Purchases amount are Swing Service costs allocated to affiliates.

GAS USED IN UTILITY OPERATIONS - CREDIT (Accounts 812)

1. Report below particulars (details) of credits during the year to Accounts 810, 811 and 812 which offset charges to operating expenses or other accounts for the cost of gas from the respondent's own supply.
2. Natural gas means either natural gas unmixed, or any mixture of natural and manufactured gas.
3. If the reported Therms for any use is an estimated quantity, state such fact in a footnote.

4. If any natural gas was used by the respondent for which a change was not made to the appropriate operating expense or other account, list separately in column (c) the Therms of gas used, omitting entries in columns (d) and (e).
5. Report pressure base of measurement of gas volumes at 14.73 psia at 60 degrees F.

Line No.	Purpose for Which Gas Was Used (a)	Account Charged (b)	Therms of Gas Used (c)	Natural Gas Amount of Credit (d)
1	812 Gas used for Other Utility Operations Credit (Report separately for each principal uses. Group minor uses.)			
2	Not applicable			
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18	TOTAL			

Dec. 31, 2018

REGULATORY COMMISSION EXPENSES (Account 928)

1. Report particulars (details) of regulatory commission expenses incurred during the current year (or incurred in previous years if being amortized) relating to formal cases before a regulatory body, or cases in which such a body was a party.
2. Show in column (h) any expenses incurred in prior years which are being amortized. List in column (a) the period of amortization.

3. The totals of columns (c), (f), (h), and (i) must agree with the totals shown at the bottom of page 19 for Account 186
4. List in Column (d) and (e) expenses incurred during year which were charged currently to income, plant, or other accounts.
5. Minor items (less than \$25,000) may be grouped.

Line No.	Description (Name of regulatory commission, the docket number, and a description of the case.) (a)	Total Expenses to Date (b)	Deferred in Account 186 Beginning of Year (c)	Expenses Incurred During Year		Deferred to Account 186 (f)	Amortized During Year		Deferred in Account 186 End of Year (i)
				Account No. (d)	Amount (e)		Contra Account (g)	Amount (h)	
1	N/A								
2									
3									
4									
5									
6									
7									
8									
9									
10									
11									
12									
13									
14									
15									
16									
17	TOTAL	\$ -	\$ -		\$ -	\$ -		\$ -	\$ -

MISCELLANEOUS GENERAL EXPENSES (Account 930.2) (Gas)

Line No.	Description (a)	Amount (b)
1	Industry Association Dues	\$ 9,671
2	Experimental and General Research Expenses: (a) Gas Research Institute (GRI) (b) Other	
3	Publishing and distributing information and reports to stockholders; trustee, registrar, and transfer agent fees and expenses, and other expenses of servicing outstanding securities of the Respondent.	\$ 73,900
4	Other expenses (items of \$5,000 or more must be listed separately in this column showing the (1) purpose, (2) recipient and (3) amount of such items. Amounts of less than \$5,000 may be grouped by classes if the number of items so grouped is shown.)	
5		
6	Directors Expenses	\$ 309,194
7		
8	Economic Development	\$ 35,540
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20	TOTAL	\$ 428,305

DISTRIBUTION OF SALARIES AND WAGES

Report below the distribution of total salaries and wages for the year. Segregate amounts originally charged to clearing accounts to Utility Departments, Construction, Plant Removals, and Other Accounts, and enter such amounts in the appropriate lines and columns provided. In determining this segregation of salaries and wages originally charged to clearing accounts, a method of approximation giving substantially correct results may be used.

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll Charged for Clearing Accounts (c)	Total (d)
1	Electric			
2	TOTAL Operation and Maintenance - Electric			\$ -
3	Gas			
4	Operation			
5	Production - Manufd. Gas & Nat.Gas (inc. Expl. and Dev.); Other Gas Supply; Storage, LNG, Terminaling & Processing	\$ 82		
6	Transmission			
7	Distribution	\$ 2,108,693		
8	Customer Accounts	\$ 1,992,198		
9	Customer Service and Informational	\$ 726,275		
10	Sales	\$ 422,134		
11	Administrative and General	\$ 4,615,747		
12	TOTAL Operation (Total of lines 5 through 11)	\$ 9,865,129		
13	Maintenance			
14	Production - Manufd. Gas & Nat.Gas (inc. Expl. and Dev.); Other Gas Supply; Storage, LNG, Terminaling & Processing			
15	Transmission			
16	Distribution	\$ 414,659		
17	Administrative and General	\$ -		
18	TOTAL Maintenance (Total of lines 14 through 17)	\$ 414,659		
19	Total Operation and Maintenance	\$ 10,279,788		
20	Production - Manufd. Gas & Nat.Gas (inc. Expl. and Dev.); Other Gas Supply; Storage, LNG, Terminaling & Processing	\$ 82		
21	Transmission (Enter Total of lines 6 and 15)	\$ -		
22	Distribution (Total of lines 7 and 16)	\$ 2,523,352		
23	Customer Accounts (Transcribe from line 8)	\$ 1,992,198		
24	Customer Service and Informational (Transcribe from line 9)	\$ 726,275		
25	Sales (Transcribe from line 10)	\$ 422,134		
26	Administrative and General (Total of lines 11 and 17)	\$ 4,615,747		
27	TOTAL Operation and Maint. (Total of lines 20 through 26)	\$ 10,279,788	\$ -	\$ 10,279,788
28	Other Utility Departments			
29	Operation and Maintenance			
30	TOTAL All Utility Dept. (Total of lines 2, 27, and 29)	\$ 10,279,788	\$ -	\$ 10,279,788
31	Utility Plant			
32	Construction (By Utility Departments)			
33	Electric Plant			
34	Gas Plant	\$ 3,213,987		\$ 3,213,987
35	Other			
36	TOTAL Construction (Total of lines 33 through 35)	\$ 3,213,987	\$ -	\$ 3,213,987
37	Plant Removal (By Utility Department)			
38	Electric Plant			
39	Gas Plant	\$ 64,686		\$ 64,686
40	Other			
41	TOTAL Plant Removal (Total of lines 38 through 40)	\$ 64,686	\$ -	\$ 64,686
42				
43	Other Accounts (Specify):			
44	Other/Employee Accounts Receivable	\$ 58,560		\$ 58,560
45	Miscellaneous Deferred Debits	\$ 1,201		\$ 1,201
46				
47				
48				
49				
50				
51				
52				
53	TOTAL Other Accounts	\$ 59,761	\$ -	\$ 59,761
54	TOTAL SALARIES AND WAGES	\$ 13,618,222	\$ -	\$ 13,618,222

Dec. 31, 2018

CHARGES FOR OUTSIDE PROFESSIONAL AND OTHER CONSULTATIVE SERVICES

1. Report the information specified below for all charges made during the year included in any account (including plant accounts) for outside consultative and other professional services. (These services include rate, management, construction, engineering, research, financial, valuation, legal, accounting, purchasing, advertising, labor relations, and public relations, rendered the respondent under written or oral arrangement, for which aggregate payments were made during the year to any corporation, partnership, organization of any kind, or individual [other than for services as an employee or for payments made for medical and related services] amounting to more than \$25,000, including

payments for legislative services, except those which should be reported in Account 426.4 - Expenditures for Certain Civic, Political and Related Activities.
(a) Name of person or organization rendering services,
(b) description of services received,
(c) basis of charges,
(d) total charges for the year, detailing account charged.
2. For any services which are of a continuing nature, give the date and term of contract.
3. Designate with an asterisk associated companies.

Description		Amount	
1	MEARS CONSTRUCTION LLC	7290 Other Outside Services	\$ 6,199,488 1
2	HEATH CONSULTANTS INCORPORATED	7290 Other Outside Services	\$ 2,356,030 2
3	GAS SYSTEMS TECHNOLOGY INC	7290 Other Outside Services	\$ 2,247,035 3
4	HAMLET CONSTRUCTION INC	7290 Other Outside Services	\$ 2,195,756 4
5	TB LANDMARK CONSTRUCTION INC	7290 Other Outside Services	\$ 918,932 5
6	MAGNOLIA RIVER SERVICES INC	7290 Other Outside Services	\$ 912,746 6
7	DEVTECH SALES INC	7290 Other Outside Services	\$ 416,048 7
8	ADVANCED OFFICE ENVIRONMENTS INC	7290 Other Outside Services	\$ 409,603 8
9	KUBRA DATA TRANSFER LTD	7190 Other Customer Related Expenses	\$ 356,672 9
10	GAS PLUMBING SERVICES INC	7290 Other Outside Services	\$ 300,227 10
11	TAMRIC DBA GAS UTILITY SERVICE COMPANY	7290 Other Outside Services	\$ 227,268 11
12	BAKER TILLY	7290 Other Outside Services	\$ 195,436 12
13	TOWN OF PALM BEACH	7290 Other Outside Services	\$ 184,479 13
14	ADVANTECH INC	7290 Other Outside Services	\$ 166,518 14
15	GUNSTER YOAKLEY & STEWART PA	7220 Legal	\$ 164,879 15
16	JEM-TECH INCORPORATED	7290 Other Outside Services	\$ 162,069 16
17	POND & CO	7290 Other Outside Services	\$ 156,073 17
18	ERNST & YOUNG LLP	7290 Other Outside Services	\$ 118,101 18
19	DBE UTILITY SERVICES	7290 Other Outside Services	\$ 110,610 19
20	T&T PIPELINE	7290 Other Outside Services	\$ 108,640 20
21	ADVANCE ENGINEERING CORP	7290 Other Outside Services	\$ 89,782 21
22	BAKER & HOSTETLER LLP	7220 Legal	\$ 62,318 22
23	PRECISION METER REPAIR INC	7290 Other Outside Services	\$ 61,877 23
24	PIERPONT AND MCLELLAND LLC	7230 Consulting	\$ 59,925 24
25	KIMLEY-HORN AND ASSOCIATES INC	7290 Other Outside Services	\$ 59,585 25
26	AROUND THE CLOCK GAS SERVICE CORP	7290 Other Outside Services	\$ 53,430 26
27	BIG ELK ENERGY SYSTEMS	7290 Other Outside Services	\$ 51,808 27
28	CLEAN HARBORS ENVIRONMENTAL SERVICES INC	7290 Other Outside Services	\$ 47,765 28
29	AMERICAN ASSOCIATED TESTING INC	7290 Other Outside Services	\$ 44,581 29
30	JOHN W MCLELLAND	7290 Other Outside Services	\$ 33,910 30
31	KATHY L WELCH	7230 Consulting	\$ 30,683 31
32	WANTMAN GROUP INC	7290 Other Outside Services	\$ 30,618 32
33	BETY MAITRE	7230 Consulting	\$ 30,405 33
34	SPARKS RESEARCH	7190 Other Customer Related Expenses	\$ 29,623 34
35	TACTICAL ENERGY SOLUTIONS LLC	7230 Consulting	\$ 28,697 35
36	AWP INC	7290 Other Outside Services	\$ 26,908 36
37	SUNSHINE SERVICES UNLIMITED INC	7290 Other Outside Services	\$ 26,019 37

PARTICULARS CONCERNING CERTAIN INCOME DEDUCTIONS AND INTEREST CHARGES ACCOUNTS

Report the information specified below, in the order given for the respective income deduction and interest charges accounts. Provide a subheading for each account and total for the account. Additional columns may be added if deemed appropriate with respect to any account.
(a) Miscellaneous Amortization (Account 425) - Describe the nature of items included in this account, the contra account charges, the total of amortization charged for the year, and the period of amortization.
(b) Miscellaneous Income Deductions - Report the nature, payee, and amount of other income deductions for the year as required by Accounts 426.1, Donations; 426.2 Life Insurance; 426.3 Penalties; 426.4, Expenditures for Certain Civic, Political and Related Activities; and 426.5, Other Deductions, of the Uniform System of Accounts. Amounts of less than \$25,000 may be grouped by classes within the above accounts.
(c) Other Interest Expense (Account 431) - Report particulars (Details) including the amount and interest rate for each other interest charges incurred during the year.

Item		Amount
1	Account 425: Miscellaneous Amortization	\$ -
2		
3	Account 426: Miscellaneous Income Deductions	
4	426.1 Charitable Contributions	\$ (48,115)
5	426.2 Life Insurance	
6	426.3 Penalties	\$ (482)
7	426.4 Expenditures for Lobbying and Other Politically Related Activities	\$ (32,000)
8	426.5 Other	\$ (230)
9	TOTAL MISCELLANEOUS INCOME DEDUCTIONS	\$ (80,827)
10		
11		
12	Account 430: Interest on Debt to Associated Company	\$ -
13		
14		
15	Account 431: Other Interest Expense	
16	431.1 Interest on Customer Deposits	\$ 195,616
17	431.2 Interest on ST Debt	\$ 1,373,423
18	431.3 Interest on Miscellaneous	\$ -
19	TOTAL OTHER INTEREST EXPENSE	\$ 1,569,039
20		
21		
22		
23		

**Reconciliation of Gross Operating Revenues
Annual Report versus Regulatory Assessment Fee Return**

For the current year, reconcile the gross operating revenues as reported on Page 26 of this report with the gross operating revenues as reported on the utility's regulatory assessment fee return. Explain and justify any differences between the reported gross operating revenues in column (f).

	(a)	(b)	(c)	(d)	(e)	(f)
Line No.	Description	Gross Operating Revenues per Page 26	Interstate and Sales for Resale Adjustments	Adjusted Intrastate Gross Operating Revenues	Intrastate Gross Operating Revenues per RAF Return	Difference (d) - (e)
1	Total Sales to Ultimate Customers (480-482, 484)	\$ 58,736,168		\$ 58,736,168	56,894,352	\$ 1,841,816
2	Sales for Resale (483)					
3	Total Natural Gas Service Revenues	\$ 58,736,168		\$ 58,736,168	56,894,352	\$ 1,841,816
4	Total Other Operating Revenues (485-495)	\$ 27,695,473		\$ 27,695,473	27,695,473	\$ 0
5	Total Gas Operating Revenues	\$ 86,431,641		\$ 86,431,641	84,589,825	\$ 1,841,816
6	Provision for Rate Refunds (496)	\$ (1,841,816)		\$ (1,841,816)	-	\$ (1,841,816)
7	Other (Specify)					
8						
9						
10	Total Gross Operating Revenues	\$ 84,589,825		\$ 84,589,825	84,589,825	\$ 0

Notes:

Account 496 - Provision for Rate Refunds was reported in Total Sales to Ultimate Customers in error on the Company's Regulatory Assessment Fee Return.

Name of Respondent

For the Year Ended

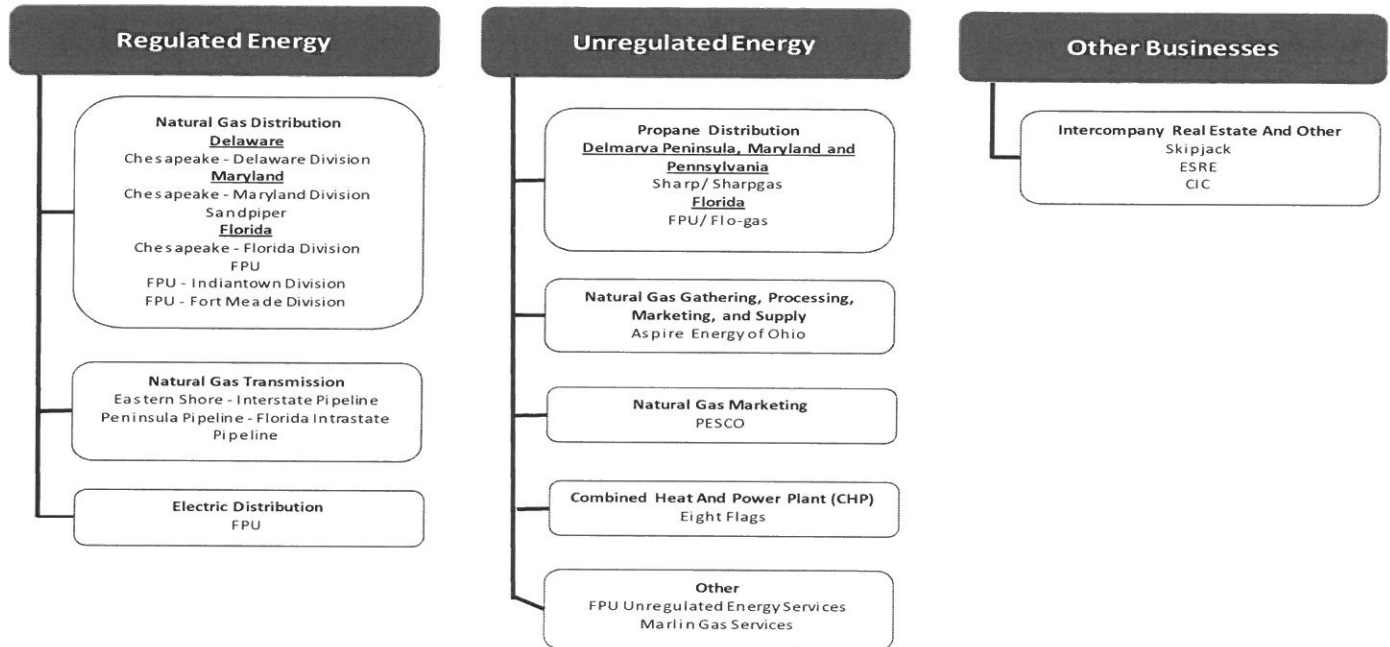
CHESAPEAKE UTILITIES CORPORATION - FLORIDA DIVISION

Dec. 31, 2018

CORPORATE STRUCTURE

Provide an updated organizational chart showing all affiliated companies, partnerships, etc.

Effective Date: December 31, 2018



Dec. 31, 2018

SUMMARY OF AFFILIATED TRANSFERS AND COST ALLOCATIONS

Grouped by affiliate, list each contract, agreement, or other business transaction exceeding a cumulative amount of \$300 in any one year, entered into between the Respondent and an affiliated business or financial organization, firm, or partnership identifying parties, amounts, dates, and product, asset, or service involved.

- (a) Enter name of affiliate.
 (b) Give description of type of service, or name the product involved.
 (c) Enter contract or agreement effective dates.
 (d) Enter the letter "p" if the service or product is purchased by the Respondent: "s" if the service or product is sold by the Respondent.
 (e) Enter utility account number in which charges are recorded.
 (f) Enter total amount paid, received, or accrued during the year for each type of service or product listed in column (c). Do not net amounts when services are both received and provided.

Name of Affiliate (a)	Type of Service and/or Name of Product (b)	Relevant Contract or Agreement and Effective Date (c)	Total Charge for Year		
			"p" or "s" (d)	Account Number (e)	Dollar Amount (f)
Chesapeake Utilities Corporation	Parent Company:				
	Corporate Services		p		\$ 3,562,292
	Corporate Overheads		p		\$ 3,889,638
	Shared Services		p		\$ 3,197,901

Florida Public Utilities Company Natural Gas Division		For the Year Ended Dec. 31, 2018
NEW OR AMENDED CONTRACTS WITH AFFILIATED COMPANIES		
Provide a synopsis of each new or amended contract, agreement, or arrangement with affiliated companies for the purchase, lease, or sale of land, goods, or services (excluding tariffed items). The synopsis shall include, at a minimum, the terms, price, quantity, amount, and duration of the contracts.		
Name of Affiliate	Synopsis of Contract	
Peninsula Pipeline Company, Inc.	Firm Transportation Service Agreement between FPUC and Peninsula Pipeline Company (PPC) dated January 12th, 2018. The agreement is for 20 years and then an indefinite amount of 10 year extensions unless either party terminates within 180 days prior to the current term. The monthly payment is \$53,766 for a maximum of 7,000 dths per day.	

INDIVIDUAL AFFILIATED TRANSACTIONS IN EXCESS OF \$25,000		
Provide information regarding individual affiliated transactions in excess of \$25,000. Recurring monthly affiliated transactions which exceed \$25,000 per month should be reported annually in the aggregate. However, each land or property sales transaction even though similar sales recur, should be reported as a "non-recurring" item for the period in which it occurs.		
Name of Affiliate	Description of Transaction	Dollar Amount
Peninsula Pipeline Company, Inc.	Firm Transportation Service Agreement between FPUC and PPC	9,474,217
Peninsula Energy Services	Imbalance Settlements	2,118,806
Eight Flags Energy	Capacity Agreement with Eight Flags Energy	774,834
Marlin Gas Services, LLC	Natural Gas Transportation Service	12,348

ASSETS OR RIGHTS PURCHASED FROM OR SOLD TO AFFILIATES

Provide a summary of affiliated transactions involving asset transfers or the right to use assets.

Name of Affiliate	Description of Asset or Right	Cost/Orig. Cost	Accumulated Depreciation	Net Book Value	Fair Market Value	Purchase Price	Title Passed Yes/No
Purchases from Affiliates:		\$	\$	\$	\$	\$	
None							
Total						\$	
Sales to Affiliates:		\$	\$	\$	\$	Sales Price	
None							
Total						\$	

EMPLOYEE TRANSFERS

List employees earning more than \$50,000 annually transferred to/from the utility to/from an affiliate company.

Company Transferred From	Company Transferred To	Old Job Assignment	New Job Assignment	Transfer Permanent or Temporary and Duration
None				

Florida Public Utilities Company
AEP Reconciliation
As Of December 31, 2018

Rev Start Date	AEP #	Facilities Area	Bal @ Beginning of year		12 Months Ended 12/31/18		Over/Under Collection	Charges to Date	
			Surcharge Revenues	Facilities Cost	Surcharge*	Facilities**		Surcharge Revenues	Facilities Cost
Feb-03	20851	Juno Beach	2,997.91	16,338.00	1,682.04	804.00	-	4,679.95	17,142.00
May-08	22076	Wellington Woods	20,831.27	14,191.13	4,132.48	-	-	24,963.75	14,191.13
Sep-07	22130	Canopy Creek Subdiv.	33,982.90	46,409.49	-	(378.35)	-	33,982.90	46,031.14
May-09	22234	Sugar Mill Gardens	19,582.48	12,049.79	114.89	-	-	19,697.37	12,049.79
Sep-08	22237	Baton Lake Estates	30,016.48	5,658.52	3,712.09	-	-	33,728.57	5,658.52
Aug-09	22300	Boca Grove	1,056.84	17,194.72	24.65	1,028.76	-	1,081.49	18,223.48
Apr-15	30000	Longwood	3,963.30	24,961.41	1,598.41	1,284.35	-	5,561.71	26,245.76
May-14	30010	Reserve at Alaqua	3,892.79	58,699.91	1,827.83	3,443.40	-	5,720.62	62,143.31
Jan-15	30020	Royal Palm Polo Club	4,377.90	117,312.00	7,365.94	7,015.06	-	11,743.84	124,327.06
Apr-15	30030	Seven Bridges	60,941.76	210,919.00	50,458.44	8,186.65	-	111,400.20	219,105.65
Aug-15	30040	Ocean Breeze	7,400.23	45,709.00	9,611.27	2,175.07	-	17,011.50	47,884.07
Apr-16	30050	Lake Markham	700.45	63,123.05	656.64	3,963.12	-	1,357.09	67,086.17
May-15	30060	Dunes of Amelia	7,734.12	27,872.00	7,616.81	1,073.15	-	15,350.93	28,945.15
Feb-18	30070	Amelia Oaks	-	-	171.46	-	-	171.46	-
Oct-15	30080	Plantation Hammock	1,597.38	8,897.00	983.67	437.10	-	2,581.05	9,334.10
May-17	30090	Coastal Oaks	3,456.42	42,100.00	3,194.72	2,378.45	-	6,651.14	44,478.45
Jun-16	30100	Shell Cove	532.45	14,489.45	3,221.80	815.71	-	3,754.25	15,305.16
May-18	30120	Quattlefield Lane	-	-	144.39	24,720.24	-	144.39	24,720.24
May-17	30130	Coastal Cottages	162.44	-	776.14	-	-	938.58	-
Jan-18	30140	Amelia Concourse	-	-	3,176.67	158,129.76	-	3,176.67	158,129.76
Oct-17	30150	Andalucia	288.79	167,536.00	2,860.83	10,603.61	-	3,149.62	178,139.61
Jun-18	30160	Surf Unit Two	-	-	225.62	4,399.00	-	225.62	4,399.00
Mar-18	30170	Amelia Park TND	-	-	216.58	23,222.74	-	216.58	23,222.74
Mar-18	30190	Hammocks	-	-	5,802.84	294,480.60	-	5,802.84	294,480.60
Aug-18	30210	Wildlight	-	-	234.64	120,477.62	-	234.64	120,477.62
Sep-18	30270	Enclave Ph 1	-	-	108.29	24,420.00	-	108.29	24,420.00
	Total		203,515.91	893,460.47	109,919.14	692,680.04	-	313,435.05	1,586,140.51
Note:							Balance in 1420 at 12/31/2018		
* Collections posted to 1860.4							1,272,705.46		
** Includes interest							Plus Revenues		
							313,435.05		
							Less Over/under Recovery		
							1,586,140.51		

FPUC Natural Gas Environmental Liability Status Report
For the Year ending December 31, 2018

Environmental Liability Beginning Balance @ 01/01/2018		(9,642,489.60)
Recovered from Customers		(456,348.00)
Expenses:		
Legal	34,064.96	
Consulting-Ruth Assoc. (Monitoring,Clean Up)	156,643.10	
Travel	-	
Temporary Relocation/ Facilities	350,584.50	
Other		
Total Expenses		541,292.56
Environmental Liability Accrual (\$14M)		456,348.00
Environmental Liability Ending Balance @ 12/31/2017		<u>(9,101,197.04)</u>
GL Balance Check		<u>(9,101,197.04)</u>

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FLORIDA PUBLIC UTILITIES CONSOLIDATED NATURAL GAS ROLLFORWARD									
PLANT IN SERVICE									
Acct. No.	Description	Beginning Balance*	Ending Balance*	Acct. No.	Description	Beginning Balance*	Ending Balance*	Transfers	Adjustments
Amortizable General Plant Assets:									
301	Organization	23,328	-	-	301	Organization	(23,328)	-	-
303	Miscellaneous Intangible Plant	480,200	167,859	-	303	Miscellaneous Intangible Plant	(133,422)	-	-
314	Land - Distribution	376,799	-	-	314	Land - Distribution	(1,318)	-	-
389	Land - General	4,792,803	112,024	-	389	Land - General	(12,971)	(420)	-
302	Franchise and Consent	14,132	-	-	302	Franchise and Consent	-	-	-
Land - Other									
DISTRIBUTION PLANT									
314.1	Land Rights	12,910	-	-	314.1	Land Rights	(5,400)	(2,220)	-
315	Structures and Improvements	1,604,358	207,062	-	315	Structures and Improvements	(637,905)	-	-
316	Mans - Plastic	87,341,164	7,086,042	(140,511)	316	Mans - Plastic	(23,474,151)	140,511	378,233
317	Mans - Other	52,314,007	8,096,669	(417,220)	317	Mans - Other	(27,698,490)	417,220	(162,393)
318	Mans - Other	3,787,740	572,000	-	318	Mans - Other	(973,449)	-	7,864
319	Mans And Reg. Sta. Equipment - General	11,576,167	1,441,497	-	319	Mans And Reg. Sta. Equipment - General	(3,555,613)	47,765	15,348
319	Mans And Reg. Sta. Equipment - City Gate	2,705,494	3,463,273	(301,683)	319	Mans And Reg. Sta. Equipment - City Gate	(22,678,253)	301,683	(32,267)
380	Services - Plastic	1,988,293	8,492	(112,654)	380	Services - Plastic	(1,328,095)	-	(181,893)
380	Services - Other	15,247,157	1,412,671	-	380	Services - Other	(5,887,550)	112,654	721
381	Mans	2,216,411	-	-	381	Mans	(961,839)	-	61,783
382	Mans	12,085,698	1,443,602	(3,251)	382	Mans	(2,906,237)	3,251	18,976
382	Mans	593,040	-	-	382	Mans	(2,906,348)	-	-
383	House Reg. Insulations	5,035,933	313,296	(1,501)	383	House Reg. Insulations	(168,949)	30,475	-
384	House Reg. Insulations	1,044,909	-	-	384	House Reg. Insulations	(554,003)	1,501	-
385	Industrial Mans And Reg. Sta. Equipment	1,848,722	-	-	385	Industrial Mans And Reg. Sta. Equipment	(62,856)	-	-
386	Other Property on Customers Prem	2,735,643	208,584	-	386	Other Property on Customers Prem	(984,518)	-	-
387	Other Equipment	252,577,546	24,533,070	(1,007,246)	387	Other Equipment	(86,833,413)	1,007,247	36,774
TOTAL DISTRIBUTION PLANT									
GENERAL PLANT									
390	Structures and Improvements	2,832,364	306,400	-	390	Structures and Improvements	(433,234)	-	-
391	VAX System Equipment	1,953,826	-	-	391	VAX System Equipment	(58,185)	-	-
391	Office Furniture	124,776	15,325	-	391	Office Furniture	(401,533)	-	(492)
391	Computers & Peripherals	1,091,456	536,010	(20,651)	391	Computers & Peripherals	(14,117)	-	-
391	Computer Hardware	1,201,064	-	-	391	Computer Hardware	(276,439)	20,651	-
391	Office Furniture	7,180,435	204,302	-	391	Office Furniture	(310,349)	-	-
391	Software	188,170	-	-	391	Software	(2,565,083)	-	-
392	Transportation Equip - Autos	123,916	-	(6,902)	392	Transportation Equip - Autos	(29,595)	19,053	6,295
392	Transportation - Cars	6,165,148	500,152	(1,248,593)	392	Transportation - Cars	(2,676,964)	12,593	43,042
392	Transportation - Light Trucks, Vans	7,856	-	-	392	Transportation - Light Trucks, Vans	(422,969)	413	-
392	Transportation - Heavy Trucks	32,699	-	(7,856)	392	Transportation - Heavy Trucks	(4,645)	5,490	-
392	Transportation - Trailers	1,243,915	(2,838)	(17,685)	392	Transportation - Trailers	(61,943)	17,685	(2,528)
393	Stores Equipment	94,166	-	-	393	Stores Equipment	(18,608)	-	-
394	Tools, Shop, and Garage Equipment	1,212,999	121,915	-	394	Tools, Shop, and Garage Equipment	(716,216)	-	-
395	Laboratory Equipment	95,137	-	-	395	Laboratory Equipment	(84,682)	-	-
395	Power Generation Equipment	1,429,994	465,775	-	395	Power Generation Equipment	(920,982)	-	-
397	Communication Equipment	1,973,302	-	-	397	Communication Equipment	(147,652)	-	-
398	Miscellaneous Equipment	409,659	2,461	-	398	Miscellaneous Equipment	(205,798)	-	-
399	SUBTOTAL	25,302,052	2,273,420	0	399	SUBTOTAL	(1,983,428)	2,838	52,300
399	Other Intangible Property	24,970	-	-	399	Other Intangible Property	(24,970)	-	-
399	Mans Plastic Grip	89,985,212	10,113,224	-	399	Mans Plastic Grip	(4,855,661)	-	-
399	Services Plastic Grip	23,176,113	2,675,669	-	399	Services Plastic Grip	(650,938)	-	-
399	Services Plastic Grip	138,488,347	15,062,312	(1,306,982)	399	Services Plastic Grip	(14,026,765)	1,306,984	(16,246)
TOTAL GENERAL PLANT									
104	Leased Plant to Others	252,577,546	24,533,070	(1,007,246)	104	Leased Plant to Others	(86,833,413)	1,007,247	36,774
104	Other	391,065,893	39,595,382	(2,314,228)	104	Other	(100,863,088)	2,314,230	52,300
TOTAL GAS PLANT IN SERVICE									
Subtotal									
109	Rt/Rp	389,550	-	-	109	Rt/Rp	(389,550)	-	-
115	Accumulated provision for amortization	(388,741)	-	-	115	Accumulated provision for amortization	(388,741)	-	-
Grand Total									
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