



September 15, 2020

VIA ELECTRONIC MAIL

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

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

Dear Ms. Cornelius:

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

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

Sincerely,

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

cc: Shari Cornelius
Curt Mouring

FLORIDA PUBLIC UTILITIES COMPANY
 NATURAL GAS
 RATE OF RETURN REPORT SUMMARY
 For the 12 Months Ending June 30, 2020

SCHEDULE 1

	(1) ACTUAL PER BOOKS	(2) FPSC ADJUSTMENTS	(3) FPSC ADJUSTED	(4) PRO FORMA ADJUSTMENTS	(5) PRO FORMA ADJUSTED
I. AVERAGE RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	\$ 12,985,903	\$ 135,085	\$ 13,120,987	\$ 1,139,750	\$ 14,260,737
AVERAGE RATE BASE	\$ 255,874,371	\$ (357,919)	\$ 255,516,452	\$ (22,605,037)	\$ 232,911,415
AVERAGE RATE OF RETURN	5.08%		5.14%		6.12%
II. YEAR-END RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	\$ 12,985,903	\$ 126,642	\$ 13,112,544	\$ 1,139,750	\$ 14,252,294
YEAR-END RATE BASE	\$ 268,135,912	\$ (243,878)	\$ 267,892,034	\$ (22,035,162)	\$ 245,856,872
YEAR-END RATE OF RETURN	4.84%		4.89%		5.80%
III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)					
LOW				A. INCL ACQUISITION ADJUSTMENT	9.55%
				B. EXCL ACQUISITION ADJUSTMENT	12.68%
MIDPOINT					
HIGH					

I am aware that Section 837.06, Florida Statutes, provides:

Whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his official duty shall be guilty of a misdemeanor of the second degree punishable as provided in s. 775.082, s. 775.083, or s. 775.084.

Michael Cassel
 AVP - Regulatory Affairs

Signature Michael Cassel

Date 9/11/20

FLORIDA PUBLIC UTILITIES COMPANY
 NATURAL GAS
 AVERAGE RATE OF RETURN
 For the 12 Months Ending June 30, 2020
 RATE BASE

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	PLANT IN SERVICE	ACCUMULATED DEPRECIATION & AMORTIZATION	PLANT IN SERVICE	NET PROPERTY HELD FOR FUTURE USE	CONSTRUCTION WORK IN PROGRESS	NET UTILITY PLANT	WORKING CAPITAL	TOTAL RATE BASE
PER BOOKS	\$ 354,281,693	\$ (90,117,216)	\$ 264,164,477	\$ -	\$ 6,078,674	\$ 270,243,151	\$ (14,368,780)	\$ 255,874,371
FPSC ADJUSTMENTS:								
1) ELIMINATIONS TO NON-UTILITY MATERIALS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 423,448	\$ 423,448
2) ELIMINATE GOODWILL	\$ (2,469,682)	\$ -	\$ (2,469,682)	\$ -	\$ -	\$ (2,469,682)	\$ -	\$ (2,469,682)
3) FLEX RATE PLANT	\$ (1,020,000)	\$ 95,000	\$ (925,000)	\$ -	\$ -	\$ (925,000)	\$ -	\$ (925,000)
4) ELM. NON-UTILITY PLANT	\$ (4,285,254)	\$ 1,288,937	\$ (2,996,318)	\$ -	\$ -	\$ (2,996,318)	\$ -	\$ (2,996,318)
5) ELIMINATE UNDER-RECOVERIES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6) OUT OF PERIOD ADJUSTMENT	\$ -	\$ (1,437)	\$ (1,437)	\$ -	\$ -	\$ (1,437)	\$ -	\$ (1,437)
7) ELIMINATE DEF. ENVIRONMENTAL COSTS	\$ (7,774,936)	\$ 1,382,500	\$ (6,392,436)	\$ -	\$ -	\$ (6,392,436)	\$ 5,611,069	\$ 5,611,069
TOTAL FPSC ADJUSTMENTS	\$ (12,529,572)	\$ 1,377,063	\$ (11,152,509)	\$ -	\$ -	\$ (11,152,509)	\$ 5,611,069	\$ (5,541,440)
FPSC ADJUSTED	\$ 341,752,121	\$ (88,739,716)	\$ 253,012,405	\$ -	\$ 6,078,674	\$ 259,090,642	\$ (8,334,263)	\$ 255,516,452
ADJUSTED PROFORMA ADJUSTMENTS	\$ 346,506,757	\$ (88,734,716)	\$ 257,772,041	\$ -	\$ 6,078,674	\$ 263,850,714	\$ (8,334,263)	\$ 255,516,452
ELIM. ACQUISITION ADJUSTMENT	\$ (34,192,493)	\$ 11,587,456	\$ (22,605,037)	\$ -	\$ -	\$ (22,605,037)	\$ -	\$ (22,605,037)
ELIM. REG ASSET-TRNSCTN & TRNSITN CSTS	\$ (34,192,493)	\$ 11,587,456	\$ (22,605,037)	\$ -	\$ -	\$ (22,605,037)	\$ -	\$ (22,605,037)
TOTAL PROFORMA ADJUSTMENTS	\$ (68,384,986)	\$ 23,174,912	\$ (45,210,074)	\$ -	\$ -	\$ (45,210,074)	\$ -	\$ (45,210,074)
PROFORMA ADJUSTED	\$ 273,367,135	\$ (65,562,804)	\$ 207,804,331	\$ -	\$ 6,078,674	\$ 213,640,638	\$ (8,334,263)	\$ 210,082,346

FLORIDA PUBLIC UTILITIES COMPANY
 NATURAL GAS
 AVERAGE RATE OF RETURN
 For the 12 Months Ending June 30, 2020
 INCOME STATEMENT

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	OPERATING REVENUES	O & M GAS EXPENSE	O & M OTHER	DEPRECC. & AMORTIZATION	TAXES OTHER THAN INCOME	INCOME TAXES CURRENT	D.I.T. (NET)	I.T.C. (NET)	GAIN/LOSS ON DISPOSITION	TOTAL OPERATING EXPENSES	NET OPERATING INCOME
PER BOOKS	\$ 87,758,923	\$ 30,247,412	\$ 23,515,629	\$ 10,199,678	\$ 8,109,319	\$ 2,700,983				\$ 74,773,020	\$ 12,985,903
FPSC ADJUSTMENTS:											
1) INCOME TAX SYNC AND INTEREST ADJ.						\$ 98,361				\$ 98,361	\$ (98,361)
2) ELIMINATE FUEL REVENUES AND EXPENSES	\$ (27,125,015)	\$ (27,016,069)			\$ (136,511)	\$ 6,760				\$ (27,145,821)	\$ 20,806
3) ELIMINATE CONSERVATION	\$ (3,246,456)	\$ (3,231,343)			\$ (16,248)	\$ 278				\$ (3,247,313)	\$ 857
4) NON-UTILITY DEPRECIATION EXPENSE				\$ (297,437)		\$ 72,938				\$ (224,500)	\$ 224,500
5) ELIMINATE AEP REVENUES AND EXPENSES	\$ (199,981)			\$ (198,976)	\$ (1,054)	\$ 12				\$ (200,018)	\$ 37
6) ELIMINATE REVENUE RELATED TAXES	\$ (3,336,475)				\$ (3,336,475)					\$ (3,336,475)	\$ -
7) 5% OF ECONOMIC DEVELOPMENT			\$ (812)			\$ 199				\$ (613)	\$ 613
8) OUT OF PERIOD ADJ						\$ -				\$ -	\$ -
9) FLEX RATE REVENUES	\$ (337,463)		\$ (11,818)	\$ (51,000)	\$ (19,010)	\$ (62,687)				\$ (144,515)	\$ (192,948)
10) REVERSE STATE INCOME TAX POTENTIAL REFUND	\$ 237,926					\$ 58,344				\$ 58,344	\$ 179,582
TOTAL FPSC ADJUSTMENTS	\$ (34,007,464)	\$ (30,247,412)	\$ (12,630)	\$ (547,413)	\$ (3,509,299)	\$ 174,205				\$ (34,142,549)	\$ 135,085
FPSC ADJUSTED	\$ 53,751,459	\$ -	\$ 23,502,998	\$ 9,652,265	\$ 4,600,020	\$ 2,875,188				\$ 40,630,471	\$ 13,120,987
ADJUSTED	\$ 53,751,459	\$ -	\$ 23,502,998	\$ 9,652,265	\$ 4,600,020	\$ 2,875,188				\$ 40,630,471	\$ 13,120,987
ELIMINATE ACQUISITION AMORTIZATION											
ELIMINATE TRANSACT./TRANSIT. AMORTIZATION				\$ (1,491,132)		\$ 351,382				\$ (1,139,750)	\$ -
TOTAL PRO FORMA ADJUSTMENTS	\$ -	\$ -	\$ -	\$ (1,491,132)		\$ 351,382				\$ (1,139,750)	\$ 1,139,750
PRO FORMA ADJUSTED	\$ 53,751,459	\$ -	\$ 23,502,998	\$ 8,161,133	\$ 4,600,020	\$ 3,226,570				\$ 39,490,722	\$ 14,260,737

FLORIDA PUBLIC UTILITIES COMPANY
 NATURAL GAS
 YEAR END RATE OF RETURN
 For the 12 Months Ending June 30, 2020
 RATE BASE

	(1) PLANT IN SERVICE	(2) ACCUMULATED DEPRECIATION & AMORTIZATION	(3) PLANT IN SERVICE	(4) NET PROPERTY HELD FOR FUTURE USE	(5) CONSTRUCTION WORK IN PROGRESS	(6) NET UTILITY PLANT	(7) WORKING CAPITAL	(8) TOTAL RATE BASE
PER BOOKS	\$ 364,374,695	\$ (92,979,141)	\$ 271,395,554	\$ -	\$ 9,858,169	\$ 281,253,722	\$ (13,117,810)	\$ 268,135,912
FPSC ADJUSTMENTS:								
1) ELIMINATIONS TO NON-UTILITY MATERIALS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 423,579	\$ 423,579
2) ELIMINATE GOODWILL	\$ (2,469,682)	\$ -	\$ (2,469,682)	\$ -	\$ -	\$ (2,469,682)	\$ -	\$ (2,469,682)
3) FLEX RATE PLANT	\$ (1,020,000)	\$ 120,500	\$ (899,500)	\$ -	\$ -	\$ (899,500)	\$ -	\$ (899,500)
4) ELM. NON-UTILITY PLANT	\$ (4,141,012)	\$ 1,231,668	\$ (2,909,344)	\$ -	\$ -	\$ (2,909,344)	\$ -	\$ (2,909,344)
5) ELIMINATE UNDER-RECOVERIES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6) OUT OF PERIOD ADJUSTMENT	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7) ELIMINATE DEF. ENVIRONMENTAL COSTS	\$ (7,630,694)	\$ 1,352,168	\$ (6,278,526)	\$ -	\$ -	\$ (6,278,526)	\$ 5,611,069	\$ 5,611,069
TOTAL FPSC ADJUSTMENTS	\$ (13,261,398)	\$ 1,472,676	\$ (11,788,722)	\$ -	\$ -	\$ (13,261,398)	\$ 5,611,069	\$ (8,677,729)
FPSC ADJUSTED	\$ 356,744,000	\$ (91,626,973)	\$ 265,117,028	\$ -	\$ 9,858,169	\$ 274,975,197	\$ (7,083,163)	\$ 267,892,034
ADJUSTED	\$ 356,744,000	\$ (91,626,973)	\$ 265,117,028	\$ -	\$ 9,858,169	\$ 274,975,197	\$ (7,083,163)	\$ 267,892,034
PROFORMA ADJUSTMENTS								
ELIM. ACQUISITION ADJUSTMENT	\$ (34,192,493)	\$ 12,157,331	\$ (22,035,162)	\$ -	\$ -	\$ (22,035,162)	\$ -	\$ (22,035,162)
ELIM. REG ASSET-TRNSCTN & TRNSFTN CSTS	\$ (34,192,493)	\$ 12,157,331	\$ (22,035,162)	\$ -	\$ -	\$ (22,035,162)	\$ -	\$ (22,035,162)
TOTAL PROFORMA ADJUSTMENTS	\$ (322,551,507)	\$ (79,469,642)	\$ 243,081,865	\$ -	\$ 9,858,169	\$ 252,940,034	\$ (7,083,163)	\$ 245,856,872
PROFORMA ADJUSTED	\$ 322,551,507	\$ (79,469,642)	\$ 243,081,865	\$ -	\$ 9,858,169	\$ 252,940,034	\$ (7,083,163)	\$ 245,856,872

FLORIDA PUBLIC UTILITIES COMPANY
 NATURAL GAS
 YEAR END RATE OF RETURN
 For the 12 Months Ending June 30, 2020
 INCOME STATEMENT

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	OPERATING REVENUES	O & M GAS EXPENSE	O & M OTHER	DEPREC. & AMORTIZATION	TAXES OTHER THAN INCOME	INCOME TAXES CURRENT	D.I.T. (NET)	I.T.C. (NET)	GAIN/LOSS ON DISPOSITION	TOTAL OPERATING EXPENSES	NET OPERATING INCOME
PER BOOKS	\$ 87,758,923	\$ 30,247,412	\$ 23,515,629	\$ 10,199,678	\$ 8,109,319	\$ 2,700,983	\$ -	\$ -	\$ -	\$ 74,773,020	\$ 12,985,903
PFSC ADJUSTMENTS:											
1) INCOME TAX SYNC AND INTEREST ADJ.	\$ (27,125,015)	\$ (27,016,069)			\$ (136,511)	\$ 106,804	\$ -	\$ -	\$ -	\$ 106,804	\$ (106,804)
2) ELIMINATE FUEL REVENUES AND EXPENSES	\$ (3,246,456)	\$ (3,231,343)			\$ (16,248)	\$ 6,760	\$ -	\$ -	\$ -	\$ (27,145,821)	\$ 20,806
3) ELIMINATE CONSERVATION						\$ 278	\$ -	\$ -	\$ -	\$ (3,247,313)	\$ 857
4)NON-UTILITY DEPRECIATION EXPENSE						\$ 72,938	\$ -	\$ -	\$ -	\$ (224,500)	\$ 224,500
5) ELIMINATE AEP REVENUES AND EXPENSES	\$ (199,981)				\$ (1,054)	\$ 12	\$ -	\$ -	\$ -	\$ (200,018)	\$ 37
6) ELIMINATE REVENUE RELATED TAXES	\$ (3,336,475)				\$ (3,336,475)	\$ -	\$ -	\$ -	\$ -	\$ (3,336,475)	\$ -
7)5% OF ECONOMIC DEVELOPMENT			\$ (812)			\$ 199	\$ -	\$ -	\$ -	\$ (613)	\$ 613
8) OUT OF PERIOD ADJ.						\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
9) FLEX RATE REVENUES	\$ (337,463)		\$ (11,818)		\$ (19,010)	\$ (62,687)	\$ -	\$ -	\$ -	\$ (144,515)	\$ (192,948)
10)REVERSE STATE INCOME TAX POTENTIAL REFUND	\$ 237,926					\$ 58,344	\$ -	\$ -	\$ -	\$ 58,344	\$ 179,582
TOTAL PFSC ADJUSTMENTS	\$ (34,007,464)	\$ (30,247,412)	\$ (12,630)	\$ (547,413)	\$ (3,509,299)	\$ 182,648	\$ -	\$ -	\$ -	\$ (34,134,106)	\$ 126,642
PFSC ADJUSTED	\$ 53,751,459	\$ -	\$ 23,502,998	\$ 9,652,265	\$ 4,600,020	\$ 2,883,631	\$ -	\$ -	\$ -	\$ 40,638,914	\$ 13,112,544
ADJUSTED	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
ELIMINATE ACQUISITION AMORTIZATION	\$ 53,751,459	\$ -	\$ 23,502,998	\$ 9,652,265	\$ 4,600,020	\$ 2,883,631	\$ -	\$ -	\$ -	\$ 40,638,914	\$ 13,112,544
ELIMINATE TRANSACT./TRANSIT. AMORTIZATION				\$ (1,491,132)		\$ 351,382	\$ -	\$ -	\$ -	\$ (1,139,750)	\$ 1,139,750
TOTAL PRO FORMA ADJUSTMENTS	\$ -	\$ -	\$ -	\$ (1,491,132)	\$ -	\$ 351,382	\$ -	\$ -	\$ -	\$ (1,139,750)	\$ 1,139,750
PRO FORMA ADJUSTED	\$ 53,751,459	\$ -	\$ 23,502,998	\$ 8,161,133	\$ 4,600,020	\$ 3,235,013	\$ -	\$ -	\$ -	\$ 39,499,165	\$ 14,252,294

FLORIDA PUBLIC UTILITIES COMPANY
 NATURAL GAS
 CAPITAL STRUCTURE
 For the 12 Months Ending June 30, 2020
 FPSC ADJUSTED BASIS

SCHEDULE 4

AVERAGE	ADJUSTMENTS				RATIO (%)	LOW POINT			MIDPOINT			HIGH POINT		
	PER BOOKS	NON-UTILITY	ADJUSTED BOOKS	PRO-RATA		SPECIFIC	BALANCE	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	
COMMON EQUITY	\$ 94,223,873	\$ -	\$ 94,223,873	\$ 957,019	\$ (2,469,682)	\$ 92,721,210	36.29%	9.85%	3.57%	10.85%	3.94%	11.85%	4.30%	
LONG TERM DEBT - CU	\$ 64,070,449	\$ -	\$ 64,070,449	\$ 657,555	\$ -	\$ 64,728,004	25.33%	3.85%	0.98%	3.85%	0.98%	3.85%	0.98%	
SHORT TERM DEBT	\$ 42,714,844	\$ -	\$ 42,714,844	\$ 438,382	\$ -	\$ 43,153,226	16.89%	2.39%	0.40%	2.39%	0.40%	2.39%	0.40%	
LONG TERM DEBT - FC	\$ 4,755,664	\$ -	\$ 4,755,664	\$ 48,807	\$ -	\$ 4,804,471	1.88%	11.29%	0.21%	11.29%	0.21%	11.29%	0.21%	
SHORT TERM DEBT - REFINANCED LTD	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
CUSTOMER DEPOSITS	\$ 8,529,982	\$ -	\$ 8,529,982	\$ -	\$ -	\$ 8,529,982	3.34%	2.38%	0.08%	2.38%	0.08%	2.38%	0.08%	
DEFERRED INCOME TAXES	\$ 41,579,560	\$ -	\$ 41,579,560	\$ -	\$ -	\$ 41,579,560	16.27%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
TAX CREDITS - WEIGHTED COST	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	5.16%	0.00%	5.53%	0.00%	5.89%	0.00%	
TOTAL AVERAGE	\$ 255,874,371	\$ -	\$ 255,874,371	\$ 2,111,769	\$ (2,469,682)	\$ 255,516,452	100.00%	5.24%	5.61%	5.61%	5.97%	5.97%		

YEAR-END	ADJUSTMENTS				RATIO (%)	LOW POINT			MIDPOINT			HIGH POINT		
	PER BOOKS	NON-UTILITY	ADJUSTED BOOKS	PRO-RATA		SPECIFIC	BALANCE	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	
COMMON EQUITY	\$ 97,795,221	\$ -	\$ 97,795,221	\$ 1,001,076	\$ (2,469,682)	\$ 96,324,615	35.96%	9.85%	3.54%	10.85%	3.90%	11.85%	4.25%	
LONG TERM DEBT - CU	\$ 68,194,734	\$ -	\$ 68,194,734	\$ 698,087	\$ -	\$ 68,892,821	25.72%	3.60%	0.93%	3.60%	0.93%	3.60%	0.93%	
SHORT TERM DEBT	\$ 46,857,464	\$ -	\$ 46,857,464	\$ 479,664	\$ -	\$ 47,337,128	17.67%	2.16%	0.38%	2.16%	0.38%	2.16%	0.38%	
LONG TERM DEBT - FC	\$ 4,589,159	\$ -	\$ 4,589,159	\$ 46,978	\$ -	\$ 4,636,137	1.73%	11.23%	0.19%	11.23%	0.19%	11.23%	0.19%	
SHORT TERM DEBT - REFINANCED LTD	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
CUSTOMER DEPOSITS	\$ 8,559,273	\$ -	\$ 8,559,273	\$ -	\$ -	\$ 8,559,273	3.20%	2.37%	0.08%	2.37%	0.08%	2.37%	0.08%	
DEFERRED INCOME TAXES	\$ 42,142,061	\$ -	\$ 42,142,061	\$ -	\$ -	\$ 42,142,061	15.73%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
TAX CREDITS - WEIGHTED COST	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	5.04%	0.00%	5.40%	0.00%	5.76%	0.00%	
TOTAL YEAR-END	\$ 268,135,913	\$ -	\$ 268,135,913	\$ 2,225,804	\$ (2,469,682)	\$ 267,892,035	100.00%	5.12%	5.48%	5.48%	5.84%	5.84%		