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FLORIDA PUBLIC SERVICE
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2018 AUG 29 PM 1:21
DIVISION OF
ACCOUNTING & FINANCE

August 29, 2018

VIA HAND DELIVERY

Mr. Andrew Maurey, Director
Division of Accounting and Finance
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

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

Dear Mr. Maurey:

In accordance with Rules 25-6.1352(3) and 25-7.1352(3), F.A.C., Florida Public Utilities Company and the Florida Division of Chesapeake Utilities Corporation hereby submit the original and four copies of the required 2nd Quarter Earnings Surveillance Reports for 2018.

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

Sincerely,

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

cc: Bart Fletcher

SCHEDULE 1

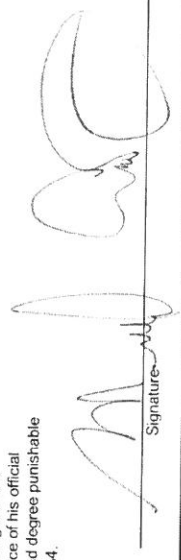
	(1) ACTUAL PER BOOKS	(2) FPSC ADJUSTMENTS	(3) FPSC ADJUSTED	(4) PRO FORMA ADJUSTMENTS	(5) PRO FORMA ADJUSTED
I. AVERAGE RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	\$ (98,833)	\$ 35,990	\$ (62,844)	\$ 37,118	\$ (25,725)
AVERAGE RATE BASE	\$ 2,494,804	\$ (43,638)	\$ 2,451,166	\$ (377,045)	\$ 2,074,121
AVERAGE RATE OF RETURN	-3.96%		-2.56%		-1.24%
II. YEAR-END RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	\$ (98,833)	\$ 35,182	\$ (63,651)	\$ 37,118	\$ (26,533)
YEAR-END RATE BASE	\$ 2,399,576	\$ (36,421)	\$ 2,363,155	\$ (352,185)	\$ 2,010,970
YEAR-END RATE OF RETURN	-4.12%		-2.69%		-1.32%

III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)	IV. EARNED RETURN ON EQUITY (FPSC ADJUSTED BASIS)
LOW	A. INCL. ACQUISITION ADJUSTMENT -8.89%
MIDPOINT	B. EXCL. ACQUISITION ADJUSTMENT -5.96%
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.

Mike Cassel
 Director, Regulatory Affairs



Signature-

Date

5/24/18

FLORIDA PUBLIC UTILITIES COMPANY
INDIANTOWN DIVISION
AVERAGE RATE OF RETURN
For the 12 Months Ending June 30, 2018
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	3,499,479	(1,384,279)	2,196,200	-	41,810	2,148,009	346,794	2,494,803
FPSC ADJUSTMENTS:								
REMOVE NET UNRECOVERED CONSERVATION	-	-	-	-	-	-	(43,638)	(43,638)
TOTAL FPSC ADJUSTMENTS	-	-	-	-	-	-	(43,638)	(43,638)
FPSC ADJUSTED	3,499,479	(1,384,279)	2,196,200	-	41,810	2,148,009	303,156	2,451,165
PROFORMA ADJUSTMENTS								
Remove Acquisition Adjustment	(745,800)	368,755	(377,045)	-	-	(377,045)	-	(377,045)
TOTAL PROFORMA ADJUSTMENTS	(745,800)	368,755	(377,045)	-	-	(377,045)	-	(377,045)
PROFORMA ADJUSTED	2,744,679	(1,015,524)	1,729,155	-	41,810	1,770,964	303,156	2,074,120

	(1) OPERATING REVENUES	(2) O & M GAS EXPENSE	(3) O & M OTHER	(4) DEPREC. & AMORTIZATION	(5) TAXES OTHER THAN INCOME	(6) INCOME TAXES CURRENT	(7) D.L.T. (NET)	(8) I.T.C. (NET)	(9) GAIN/LOSS ON DISPOSITION	(10) TOTAL OPERATING EXPENSES	(11) NET OPERATING INCOME
PER BOOKS	\$ 327,918	\$ 64,269	\$ 215,598	\$ 133,612	\$ 36,147	\$ (22,874)				\$ 426,751	\$ (98,833)
FPSC ADJUSTMENTS:											
1) Interest Synchronization	\$ (48,243)	\$ (48,001)			\$ (241)	\$ 375				\$ 375	\$ (375)
2) Elm. Conservation Rev. & Exp	\$ (1,576)				\$ (1,576)	(0)				\$ (48,243)	\$ (48,243)
3) Elimination of Revenue Taxes						(25,231)				\$ (25,231)	\$ (25,231)
4) Income Tax Effective Rate Adjustment	\$ (16,350)	\$ (16,268)			\$ (82)	0				\$ (16,350)	\$ 25,231
5) Income Synchronization	\$ (4,974)					3,780				\$ (1,194)	\$ 0
6) Provision for Rate Rebut. - Annual	\$ (1,322)			\$ (3,622)						\$ (3,780)	\$ 11,134
7) Provision for Rate Rebut Protected Amortization	\$ (1,323)			\$ (1,323)						\$ (3,622)	\$ -
8) Provision for Rate Rebut Unprotected Amortization										\$ (1,323)	\$ -
TOTAL FPSC ADJUSTMENTS	\$ (56,200)	\$ (64,269)	\$ -	\$ (4,945)	\$ (1,900)	\$ (21,076)				\$ (92,189)	\$ 35,990
FPSC ADJUSTED	\$ 271,719	\$ -	\$ 215,598	\$ 128,667	\$ 34,247	\$ (43,950)				\$ 334,562	\$ (62,844)
PRO-FORMA ADJUSTMENTS											
Remove Acquisition Adjustment Amortization	\$ -	\$ -	\$ -	\$ (48,720)	\$ -	\$ 12,602				\$ (37,118)	\$ 37,118
TOTAL PRO-FORMA ADJUSTMENTS	\$ -	\$ -	\$ -	\$ (48,720)	\$ -	\$ 12,602				\$ (37,118)	\$ 37,118
PRO-FORMA-ADJUSTED	\$ 271,719	\$ -	\$ 215,598	\$ 79,947	\$ 34,247	\$ (31,349)				\$ 297,444	\$ (25,725)

FLORIDA PUBLIC UTILITIES COMPANY
INDIAN TOWN DIVISION
YEAR END RATE OF RETURN
For the 12 Months Ending June 30, 2018
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	\$ 3,630,380	\$ (1,446,694)	\$ 2,183,685	\$ -	\$ 2,029	\$ 2,185,715	\$ 213,861	\$ 2,399,576
FPSC ADJUSTMENTS								
REMOVE NET UNREC. CONSERVATION								
TOTAL FPSC ADJUSTMENTS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (38,421)	\$ (38,421)
FPSC ADJUSTED	\$ 3,630,380	\$ (1,446,694)	\$ 2,183,685	\$ -	\$ 2,029	\$ 2,185,715	\$ 177,440	\$ 2,363,155
PROFORMA ADJUSTMENTS								
Remove Acquisition Adjustment	\$ (745,800)	\$ 393,615	\$ (352,185)	\$ -	\$ -	\$ (352,185)	\$ -	\$ (352,185)
TOTAL PROFORMA ADJUSTMENTS	\$ (745,800)	\$ 393,615	\$ (352,185)	\$ -	\$ -	\$ (352,185)	\$ -	\$ (352,185)
PROFORMA ADJUSTED	\$ 2,884,580	\$ (1,053,079)	\$ 1,831,500	\$ -	\$ 2,029	\$ 1,833,530	\$ 177,440	\$ 2,010,970

FLORIDA PUBLIC UTILITIES COMPANY
 INDIANTOWN DIVISION
 YEAR-END RATE OF RETURN
 Financial Reporting Ending June 30, 2018
 INCOME STATEMENT

SCHEDULE 3
 PAGE 2 OF 2

	(1) OPERATING REVENUES	(2) O & M GAS EXPENSE	(3) O & M OTHER	(4) DEPRECIATION & AMORTIZATION	(5) TAXES OTHER THAN INCOME	(6) INCOME TAXES CURRENT	(7) D.I.T. (NET)	(8) I.T.C. (NET)	(9) GROSS GAIN/LOSS ON DISPOSITION	(10) TOTAL OPERATING EXPENSES	(11) NET OPERATING INCOME
PER BOOKS	\$ 327,918	\$ 64,269	\$ 215,598	\$ 133,612	\$ 36,147	\$ (22,874)				\$ 476,751	\$ (98,833)
FFSC ADJUSTMENTS											
1) Interest Synchronization	\$ (48,243)	\$ (48,001)			\$ (241)	\$ 1,182				\$ 1,182	\$ (1,182)
2) Elim. Conservation Rev & Exp	\$ (1,576)				\$ (1,576)	\$ (0)				\$ (4,576)	\$ (0)
3) Elimination of Revenue Taxes						\$ (25,231)				\$ (25,231)	\$ 25,231
4) Income Tax Effective Rate Adjustment	\$ (16,350)	\$ (16,268)			\$ (82)	\$ 0				\$ (16,350)	\$ 0
5) Remove Swing Service	\$ 14,914					\$ 3,780				\$ 3,780	\$ 11,134
6) Provision for Rate Refund Amortization	\$ (1,271)			\$ (3,822)		\$ -				\$ (3,822)	\$ -
7) Provision for Rate Refund Protected Amortization	\$ (1,323)			\$ (1,323)		\$ -				\$ (1,323)	\$ -
8) Provision for Rate Refund Unprotected Amortization						\$ -				\$ -	\$ -
TOTAL FFSC ADJUSTMENTS	\$ (56,200)	\$ (64,269)	\$ -	\$ (4,945)	\$ (1,900)	\$ (20,269)				\$ (91,382)	\$ 35,182
FFSC ADJUSTED	\$ 271,719	\$ -	\$ 215,598	\$ 128,667	\$ 34,247	\$ (43,143)				\$ 335,370	\$ (63,651)
PROFORM ADJUSTMENTS											
Remove Acquisition Adjustment Amortization	\$ -	\$ -	\$ -	\$ (49,720)	\$ -	\$ 12,602				\$ (37,118)	\$ 37,118
TOTAL PROFORM ADJUSTMENTS	\$ -	\$ -	\$ -	\$ (49,720)	\$ -	\$ 12,602				\$ (37,118)	\$ 37,118
PROFORMA ADJUSTED	\$ 271,719	\$ -	\$ 215,598	\$ 78,947	\$ 34,247	\$ (30,541)				\$ 298,251	\$ (26,533)

SCHEDULE 4

FLORIDA PUBLIC UTILITIES COMPANY
 INDIANTOWN DIVISION
 CAPITAL STRUCTURE
 June 30, 2018
 FPSC ADJUSTED BASIS

AVERAGE	ADJUSTMENTS		ADJUSTED BOOKS	PRO-RATA	SPECIFIC	BALANCE	RATIO (%)	LOW POINT		MIDPOINT		HIGH POINT	
	PER BOOKS	NON-UTILITY						COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
COMMON EQUITY	\$ 1,077,791	\$ -	\$ 1,077,791	\$ -	\$ (23,314)	\$ 1,054,477	43.02%	10.50%	4.52%	11.50%	4.95%	12.50%	5.38%
LONG TERM DEBT	\$ 469,354	\$ -	\$ 469,354	\$ -	\$ (10,152)	\$ 459,202	18.73%	4.16%	0.78%	4.16%	0.78%	4.16%	0.78%
SHORT TERM DEBT	\$ 470,289	\$ -	\$ 470,289	\$ -	\$ (10,172)	\$ 460,117	18.77%	2.52%	0.47%	2.52%	0.47%	2.52%	0.47%
SHORT TERM DEBT REFINANCED LTD	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$ 8,348	\$ -	\$ 8,348	\$ -	\$ -	\$ 8,348	0.34%	2.06%	0.01%	2.06%	0.01%	2.06%	0.01%
DEFERRED INCOME TAXES	\$ 469,022	\$ -	\$ 469,022	\$ -	\$ -	\$ 469,022	19.13%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	5.77%	0.00%	6.20%	0.00%	6.63%	0.00%
TOTAL AVERAGE	\$ 2,494,804	\$ -	\$ 2,494,804	\$ -	\$ (43,638)	\$ 2,451,166	100.00%		5.78%		6.21%		6.64%

YEAR-END	ADJUSTMENTS		ADJUSTED BOOKS	PRO-RATA	SPECIFIC	BALANCE	RATIO (%)	LOW POINT		MIDPOINT		HIGH POINT	
	PER BOOKS	NON-UTILITY						COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
COMMON EQUITY	\$ 1,028,853	\$ -	\$ 1,028,853	\$ -	\$ (18,876)	\$ 1,009,977	42.74%	10.50%	4.48%	11.50%	4.91%	12.50%	5.34%
LONG TERM DEBT	\$ 485,104	\$ -	\$ 485,104	\$ -	\$ (8,900)	\$ 476,204	20.15%	3.67%	0.74%	3.67%	0.74%	3.67%	0.74%
SHORT TERM DEBT	\$ 471,237	\$ -	\$ 471,237	\$ -	\$ (8,645)	\$ 462,592	19.58%	2.29%	0.45%	2.29%	0.45%	2.29%	0.45%
SHORT TERM DEBT REFINANCED LTD	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$ 8,165	\$ -	\$ 8,165	\$ -	\$ -	\$ 8,165	0.35%	2.11%	0.01%	2.11%	0.01%	2.11%	0.01%
DEFERRED INCOME TAXES	\$ 406,217	\$ -	\$ 406,217	\$ -	\$ -	\$ 406,217	17.19%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	5.68%	0.00%	6.10%	0.00%	6.53%	0.00%
TOTAL YEAR-END	\$ 2,399,576	\$ -	\$ 2,399,576	\$ -	\$ (36,421)	\$ 2,363,155	100.00%		5.69%		6.11%		6.54%