



March 15, 2020

**VIA ELECTRONIC MAIL**

Ms. Shari Cornelius  
Division of Accounting and Finance  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

**Re: Florida Public Utilities Company (Gas Divisions and Electric Division) and Florida  
Division of Chesapeake Utilities 4th Quarter 2019 Surveillance Reports/2020  
Forecasted Surveillance for FPUC Electric and Gas Divisions**

Dear Ms. Cornelius:

In accordance with Rule 25-7.1352(3), F.A.C., Florida Public Utilities Company hereby submits its 4th Quarter Earnings Surveillance Reports for 2019 for FPUC (All Divisions) and Chesapeake. FPUC also submits, on behalf of its Electric and Natural Gas Divisions, the Company's 2020 Forecasted Earnings Surveillance Reports ("Reports") required by Rules 25-6.1353 and 25-7.1353, F.A.C.

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  
Curt Mouring

FLORIDA PUBLIC UTILITIES COMPANY  
 INDIANTOWN DIVISION  
 RATE OF RETURN REPORT SUMMARY  
 December 31, 2019

SCHEDULE 1

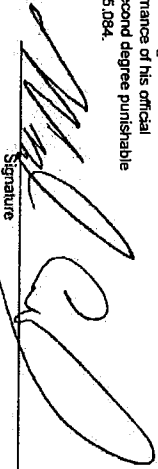
	(1) ACTUAL PER BOOKS (JURISDICTIONAL)	(2) FPSC ADJUSTMENTS	(3) FPSC ADJUSTED	(4) PRO FORMA ADJUSTMENTS	(5) PRO FORMA ADJUSTED
I. AVERAGE RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	\$ (64,364)	\$ (9,485)	\$ (73,849)	\$ 37,528	\$ (36,321)
AVERAGE RATE BASE	\$ 2,220,896	\$ -	\$ 2,220,896	\$ (302,465)	\$ 1,918,431
AVERAGE RATE OF RETURN	-2.90%		-3.33%		-1.89%
II. YEAR-END RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	\$ (64,364)	\$ (10,174)	\$ (74,538)	\$ 37,528	\$ (37,010)
YEAR-END RATE BASE	\$ 2,215,305	\$ (4,625)	\$ 2,210,680	\$ (277,605)	\$ 1,933,075
YEAR-END RATE OF RETURN	-2.91%		-3.37%		-1.91%

III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)	N. EARNED RETURN ON EQUITY (FPSC ADJUSTED BASIS)
LOW	A. INCL ACQUISITION ADJUSTMENT -12.70%
MIDPOINT	B. EXCL ACQUISITION ADJUSTMENT -9.14%
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. 775.094.

Mike Cassel  
 AVP, Regulatory Affairs



Signature

Date

3/12/20

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	PLANT IN SERVICE	ACQUIRED 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	3,600,598	(1,535,022)	2,065,576	-	21,691	2,087,266	133,639	2,220,896
FISC ADJUSTMENTS:								
REMOVE NET UNRECOVERED CONSERVATION								
TOTAL FISC ADJUSTMENTS								
FISC ADJUSTED	3,600,598	(1,535,022)	2,065,576	-	21,691	2,087,266	133,639	2,220,896
PRO FORMA ADJUSTMENTS								
Remove Acquisition Adjustment	(745,800)	443,335	(302,465)	-	-	(302,465)	-	(302,465)
TOTAL PRO FORMA ADJUSTMENTS	(745,800)	443,335	(302,465)	-	-	(302,465)	-	(302,465)
PRO FORMA ADJUSTED	2,854,798	(1,091,687)	1,763,101	-	21,691	1,784,791	133,639	1,918,431

FLORIDA PUBLIC UTILITIES COMPANY  
 INCOME STATEMENT  
 AVERAGE RATE OF RETURN  
 For the 12 Months Ending December 31, 2019  
 INCOME STATEMENT

SCHEDULE 2  
 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) GAIN/LOSS ON DISPOSITION	(10) TOTAL OPERATING EXPENSES	(11) NET OPERATING INCOME
PER BOOKS	\$ 248,023	\$ 15,684	\$ 180,498	\$ 118,577	\$ 38,007	\$ (40,317)			\$ 312,987	\$ (64,964)	
FPSC ADJUSTMENTS:											
1) Interest Subvention	\$ (8,398)	\$ (9,262)			\$ (47)	\$ 771			\$ 771	\$ (771)	
2) Elim. Concentration Rev. & Exp.	\$ (1,089)				\$ (1,089)	\$ (0)			\$ (1,089)	\$ (0)	
3) Elimination of Revenue Taxes	\$ (6,311)	\$ (6,422)			\$ (32)	\$ 5,402			\$ (6,419)	\$ (5,402)	
4) Income Tax Effective Rate Adjustment						\$ 35			\$ (6,419)	\$ 108	
5) Remove Savings Service				\$ (578)		\$ 142			\$ (436)	\$ 438	
6) Out of Period Unproduced Deferred Taxes				\$ 5,108		\$ (1,253)			\$ 3,855	\$ (3,855)	
7) Amortization of Procced Deferred Taxes						\$ -			\$ -	\$ -	
TOTAL FPSC ADJUSTMENTS	\$ (16,719)	\$ (15,684)	\$ -	\$ 4,530	\$ (1,177)	\$ 5,087			\$ (7,234)	\$ (9,485)	
FPSC ADJUSTED	\$ 231,304	\$ -	\$ 180,498	\$ 123,107	\$ 36,890	\$ (35,230)			\$ 305,153	\$ (73,949)	
PROFORMA ADJUSTMENTS											
Remove Acquisition Adjustment Amortization	\$ -	\$ -	\$ -	\$ (48,720)	\$ -	\$ 12,182			\$ (37,538)	\$ 37,538	
TOTAL PROFORMA ADJUSTMENTS	\$ -	\$ -	\$ 180,498	\$ 73,387	\$ 38,830	\$ (23,029)			\$ 287,625	\$ (36,371)	
PROFORMA ADJUSTED	\$ 231,304	\$ -	\$ 180,498	\$ 73,387	\$ 38,830	\$ (23,029)			\$ 287,625	\$ (36,371)	





FLORIDA PUBLIC UTILITIES COMPANY  
 INVESTMENT ASSETS  
 YEAR END RATE OF RETURN  
 For the 12 Months Ending December 31, 2019  
 RATE BASE

	(1) PLANT IN SERVICE	(2) ACCUMULATED DEPRECIATION & AMORTIZATION	(3) PLANT IN SERVICE	(4) NET PROPERTY FIELD FOR FUTURE USE	(5) CONSTRUCTION WORK IN PROGRESS	(6) NET UTILITY PLANT	(7) WORKING CAPITAL	(8) TOTAL RATE BASE
PER BOOKS	\$ 3,613,948	\$ (1,572,549)	\$ 2,041,399	\$ -	\$ 2,772	\$ 2,044,170	\$ 171,135	\$ 2,215,305
FISC ADJUSTMENTS:								
REMOVE NET UNREC. CONSERVATION	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (14,623)	\$ (14,623)
TOTAL FISC ADJUSTMENTS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (14,623)	\$ (14,623)
FISC ADJUSTED	\$ 3,613,948	\$ (1,572,549)	\$ 2,041,399	\$ -	\$ 2,772	\$ 2,044,170	\$ 166,510	\$ 2,210,680
PRO FORMA ADJUSTMENTS:								
Remove Acquisition Adjustment	\$ (745,880)	\$ 468,195	\$ (277,695)	\$ -	\$ -	\$ (277,695)	\$ -	\$ (277,695)
TOTAL PRO FORMA ADJUSTMENTS	\$ (745,880)	\$ 468,195	\$ (277,695)	\$ -	\$ -	\$ (277,695)	\$ -	\$ (277,695)
PRO FORMA ADJUSTED	\$ 2,868,148	\$ (1,104,354)	\$ 1,763,704	\$ -	\$ 2,772	\$ 1,766,475	\$ 166,510	\$ 1,933,075

	(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.I.T. (NET)	(8) I.T.C. (NET)	(9) GAIN/LOSS ON DISPOSITION	(10) TOTAL OPERATING EXPENSES	(11) NET OPERATING INCOME
PER BOOKS	\$ 248,023	\$ 15,884	\$ 180,496	\$ 118,577	\$ 28,007	\$ (40,317)	-	-	\$ 312,387	\$ (64,364)	
FPSC ADJUSTMENTS:											
1) Line Code Supplementation	\$ (8,308)	\$ (9,262)	-	-	\$ (47)	\$ 1,460	-	-	\$ (8,308)	\$ (1,460)	
2) Elimination of Revenue Taxes	\$ (1,099)	-	-	-	\$ (1,099)	\$ (0)	-	-	\$ (1,099)	\$ (0)	
3) Elimination of Revenue Taxes	\$ (6,311)	\$ (6,422)	-	-	\$ (32)	\$ 5,402	-	-	\$ (6,412)	\$ (5,402)	
4) Income Tax Effective Rate Adjustment	-	-	-	-	-	\$ 35	-	-	\$ (412)	\$ (412)	
5) Remove Swing Service	-	-	-	\$ (479)	-	\$ 142	-	-	\$ (438)	\$ 438	
6) Out of Period Unreported Deferred Taxes	-	-	-	\$ 5,108	-	\$ (1,253)	-	-	\$ 3,855	\$ (3,855)	
7) Amortization of Protected Deferred Taxes	-	-	-	-	-	-	-	-	\$ -	\$ -	
TOTAL FPSC ADJUSTMENTS	\$ (16,719)	\$ (15,684)	\$ -	\$ 4,530	\$ (1,177)	\$ 5,786	-	-	\$ (16,545)	\$ (116,174)	
FPSC ADJUSTED	\$ 231,304	\$ -	\$ 180,496	\$ 123,107	\$ 36,830	\$ (34,531)	-	-	\$ 305,842	\$ (74,538)	
PROFORM ADJUSTMENTS											
1) Line Code Supplementation	\$ -	\$ -	\$ -	\$ (49,720)	\$ -	\$ 12,192	-	-	\$ (37,528)	\$ 37,528	
2) Elimination of Revenue Taxes	\$ -	\$ -	\$ -	\$ (49,720)	\$ -	\$ 12,192	-	-	\$ (37,528)	\$ 37,528	
TOTAL PROFORM ADJUSTMENTS	\$ -	\$ -	\$ -	\$ (99,440)	\$ -	\$ 24,384	-	-	\$ (75,056)	\$ (75,056)	
PROFORM ADJUSTED	\$ 231,304	\$ -	\$ 180,496	\$ 23,667	\$ 36,830	\$ (10,147)	-	-	\$ 230,786	\$ (111,600)	



AVERAGE	ADJUSTMENTS		PRO-RATA	SPECIFIC	BALANCE	RATIO (%)	LOW POINT			MIDPOINT			HIGH POINT		
	PER BOOKS	NON-UTILITY BOOKS					COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)			
COMMON EQUITY	\$ 848,722	\$ -	\$ -	\$ -	\$ 848,722	38.22%	10.50%	4.01%	11.50%	4.39%	12.50%	4.78%			
LONG TERM DEBT	\$ 537,594	\$ -	\$ -	\$ -	\$ 537,594	24.21%	3.79%	0.92%	3.79%	0.92%	3.79%	0.92%			
SHORT TERM DEBT	\$ 411,887	\$ -	\$ -	\$ -	\$ 411,887	18.55%	3.28%	0.60%	3.28%	0.60%	3.28%	0.60%			
SHORT TERM DEBT REFINANCED LTD	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
CUSTOMER DEPOSITS	\$ 8,490	\$ -	\$ -	\$ -	\$ 8,490	0.38%	2.08%	0.01%	2.08%	0.01%	2.08%	0.01%			
DEFERRED INCOME TAXES	\$ 414,203	\$ -	\$ -	\$ -	\$ 414,203	18.65%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
TAX CREDITS - WEIGHTED COST	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	5.53%	0.00%	5.91%	0.00%	6.30%	0.00%			
TOTAL AVERAGE	\$ 2,220,898	\$ -	\$ 2,220,898	\$ -	\$ 2,220,898	100.00%	5.54%		5.92%		6.31%				

YEAR-END	ADJUSTMENTS		PRO-RATA	SPECIFIC	BALANCE	RATIO (%)	LOW POINT			MIDPOINT			HIGH POINT		
	PER BOOKS	NON-UTILITY BOOKS					COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)			
COMMON EQUITY	\$ 806,718	\$ -	\$ 806,718	\$ -	\$ 806,824	36.40%	10.50%	3.82%	11.50%	4.19%	12.50%	4.55%			
LONG TERM DEBT	\$ 623,050	\$ -	\$ 623,050	\$ -	\$ 621,432	28.11%	3.00%	0.84%	3.00%	0.84%	3.00%	0.84%			
SHORT TERM DEBT	\$ 351,432	\$ -	\$ 351,432	\$ -	\$ 350,519	15.86%	3.50%	0.56%	3.50%	0.56%	3.50%	0.56%			
SHORT TERM DEBT REFINANCED LTD	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
CUSTOMER DEPOSITS	\$ 8,440	\$ -	\$ 8,440	\$ -	\$ 8,440	0.38%	2.10%	0.01%	2.10%	0.01%	2.10%	0.01%			
DEFERRED INCOME TAXES	\$ 425,665	\$ -	\$ 425,665	\$ -	\$ 425,665	19.25%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
TAX CREDITS - WEIGHTED COST	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	5.22%	0.00%	5.59%	0.00%	5.95%	0.00%			
TOTAL YEAR-END	\$ 2,215,305	\$ -	\$ 2,215,305	\$ -	\$ 2,210,880	100.00%	5.23%		5.60%		5.95%				