



March 14, 2019

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 (Electric and Gas Divisions) and Florida Division of Chesapeake Utilities Corporation 4th Quarter 2018 Surveillance Reports

Dear Ms. Cornelius:

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 required 4th Quarter Earnings Surveillance Reports for 2018 for the FPU electric and natural gas divisions and the Chesapeake division.

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

CHESAPEAKE UTILITIES CORPORATION
 FLORIDA DIVISION
 RATE OF RETURN REPORT SUMMARY
 December 31, 2018

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	\$ 5,691,617	(\$70,874)	\$5,620,743	\$0	\$5,620,743
AVERAGE RATE BASE	\$92,991,487	(\$133,240)	\$92,858,246	\$0	\$92,858,246
AVERAGE RATE OF RETURN	6.12%		6.05%		6.05%
II. YEAR-END RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	\$5,691,617	(\$87,222)	\$5,604,395	\$0	\$5,604,395
YEAR-END RATE BASE	\$97,702,481	(\$382,739)	\$97,319,742	\$0	\$97,319,742
YEAR-END RATE OF RETURN	5.83%		5.76%		5.76%

III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)	IV. EARNED RETURN ON EQUITY (FPSC ADJUSTED BASIS)	
	A. INCL COMP RATE ADJ REVENUES	B. EXCL COMP RATE ADJ REVENUES
LOW	5.38%	11.45%
MIDPOINT	5.79%	11.45%
HIGH	6.20%	11.45%

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
 Assistant Vice President, Regulatory Affairs


 Signature

3/19/19
 Date

CHESAPEAKE UTILITIES CORPORATION
 FLORIDA DIVISION
 AVERAGE RATE OF RETURN
 For the 12 Months Ending December 31, 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	\$118,757,221	(\$33,043,469)	\$85,713,753	\$0	\$4,882,937	\$90,596,690	\$2,394,797	\$92,991,487
FPSC ADJUSTMENTS:								
ELIMINATIONS TO WORKING CAPITAL							\$114,310	\$114,310
ELIMINATE ACQUISITION ADJ.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ELIM. FRANCHISE/CONSENT	(\$14,132)	\$13,181	(\$951)			(\$951)		(\$951)
ELIM. COMMON PLANT	(\$193,366)	\$79,182	(\$119,184)			(\$119,184)	(\$9,004)	(\$119,184)
FLEXIBLE GAS SERVICE	(\$293,136)	\$140,725	(\$118,411)			(\$118,411)		(\$127,415)
TOTAL FPSC ADJUSTMENTS	(\$471,535)	\$233,089	(\$238,546)	\$0	\$0	\$0	\$105,306	(\$133,240)
FPSC ADJUSTED	\$118,285,686	(\$32,810,379)	\$85,475,207	\$0	\$4,882,937	\$90,358,144	\$2,500,103	\$92,858,246
COMP RATE ADJ REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR COMP RATE ADJ REVENUE	\$118,285,686	(\$32,810,379)	\$85,475,207	\$0	\$4,882,937	\$90,358,144	\$2,500,103	\$92,858,246
PROFORMA ADJUSTMENTS								
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRO FORMA ADJUSTED	\$118,285,686	(\$32,810,379)	\$85,475,207	\$0	\$4,882,937	\$90,358,144	\$2,500,103	\$92,858,246

CHESAPEAKE UTILITIES CORPORATION
 FLORIDA DIVISION
 AVERAGE RATE OF RETURN
 #REF!
 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	\$26,273,053	4,430,560	\$9,007,731	\$3,385,471	\$2,079,180	\$1,678,494				\$ 20,581,436	\$5,691,617
PSC ADJUSTMENTS:											
1) Interest Synchronization						(\$137,675)				(\$137,675)	\$137,675
2) Acquisition adjust.						\$0				\$0	\$0
3) Elim. Property Tax - Common Plant					(\$1,968)	\$499				(\$1,469)	\$1,469
4) Elim. amort org costs				(\$420)		\$106				(\$314)	\$314
5) Elim Economic Dev. Expense						\$0				\$0	\$0
6) Elim. Depreciation Exp. Common Plant				(\$17,212)		\$4,362				(\$12,850)	\$12,850
7) Elim. Non-utility O & M						\$0				\$0	\$0
8) Elim. Ind. Assoc dues						\$3,183				(\$3,376)	\$3,374
9) Elim charitable contributions						\$460				(\$1,354)	\$1,354
10) Elim. Social Activities						\$6,751				(\$13,885)	\$13,885
11) Elim. promotional expenses						\$1,848				(\$5,444)	\$5,444
12) Elim. Civic Dues						\$0				\$0	\$0
13) Interest Income	\$5,142					\$1,303				\$1,303	\$3,839
14) Elim. Rev Related Taxes (Franchise & PSC Assess)	(\$644,508)	(\$1,034,049)			(\$644,508)	\$0				(\$644,508)	\$0
15) Elim. Conservation Rev & Exp.	(\$1,039,250)	(\$3,434,337)			(\$5,201)	\$0				(\$1,039,250)	\$0
16) Elim. Swing Service Expenses and Revenue	(\$3,434,337)	(\$3,396,511)			(\$17,275)	(\$5,209)				(\$3,418,994)	(\$15,343)
17) Elim. Flexible Gas Service	(\$156,600)		(\$45,184)		(\$2,688)	(\$24,996)				(\$82,972)	(\$73,629)
18) Out of Period Adjustments						\$0				\$0	\$0
19) Provision for GRIP Rate Refund				(\$10,104)		(\$88,221)				(\$98,325)	\$9,221
20) Provision for GRIP Rate Refund						\$2,620				(\$259,859)	(\$259,859)
21) Protected Amortization Not Booked				(\$207,616)		\$82,751				(\$154,966)	\$154,966
22) Protected Amortization Not Booked				(\$92,751)		(\$208,476)				(\$154,966)	(\$59,243)
TOTAL PSC ADJUSTMENTS	(\$5,617,633)	(\$4,430,560)	(\$93,481)	\$92,751	(\$671,640)	(\$208,476)	\$0	\$0	\$0	(\$5,545,799)	(\$70,675)
FPSC ADJUSTED											
COMP RATE ADJ REVENUES - DEFICIT/(SURPLUS)	\$20,655,420	\$0	\$8,914,249	\$3,242,871	\$1,407,540	\$1,470,018	\$0	\$0	\$0	\$15,034,677	\$5,620,743
ADJUSTED FOR COMP RATE ADJ REVENUES	\$20,655,420	\$0	\$8,914,249	\$3,242,871	\$1,407,540	\$1,470,018	\$0	\$0	\$0	\$15,034,677	5,620,743
PROFORMA ADJUSTMENTS											
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRO FORMA ADJUSTED	\$20,655,420	\$0	\$8,914,249	\$3,242,871	\$1,407,540	\$1,470,018	\$0	\$0	\$0	\$15,034,677	\$5,620,743

CHESAPEAKE UTILITIES CORPORATION
 FLORIDA DIVISION
 YEAR END RATE OF RETURN
 For the 12 Months Ending December 31, 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	\$127,094,920	(\$34,046,054)	\$93,048,866	\$0	\$2,596,675	\$95,645,541	\$2,056,941	\$97,702,481
FPSC ADJUSTMENTS:								
ELIMINATIONS TO WORKING CAPITAL								
ELIM. FRANCHISE/CONSENT	(\$14,132)	\$13,391	(\$741)			(\$741)	(\$112,267)	(\$12,267)
ELIM. COMMON PLANT	(\$208,142)	\$80,981	(\$127,161)			(\$127,161)	(\$9,004)	(\$127,161)
FLEXIBLE GAS SERVICE	(\$259,136)	\$125,570	(\$133,567)			(\$133,567)		(\$42,571)
TOTAL FPSC ADJUSTMENTS	(\$481,411)	\$219,942	(\$261,469)	\$0	\$0	(\$261,469)	(\$121,271)	(\$382,739)
FPSC ADJUSTED	\$126,613,509	(\$33,826,112)	\$92,787,397	\$0	\$2,596,675	\$95,384,072	\$1,935,670	\$97,319,742
COMP RATE ADJ REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR COMP RATE ADJ REVENUE	\$126,613,509	(\$33,826,112)	\$92,787,397	\$0	\$2,596,675	\$95,384,072	\$1,935,670	\$97,319,742
PROFORMA ADJUSTMENTS								
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRO FORMA ADJUSTED	\$126,613,509	(\$33,826,112)	\$92,787,397	\$0	\$2,596,675	\$95,384,072	\$1,935,670	\$97,319,742

CHESAPEAKE UTILITIES CORPORATION
 FLORIDA DIVISION
 YEAR END RATE OF RETURN
 For the 12 Months Ending December 31, 2018
 INCOME STATEMENT

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	OPERATING REVENUES	O & M GAS EXPENSE	O & M OTHER	DEPRECIATION & AMORTIZATION	TAXES OTHER THAN INCOME	INCOME TAXES CURRENT	D.L.T. (NET)	I.T.C. (NET)	GAIN/LOSS ON DISPOSITION	TOTAL OPERATING EXPENSES	NET OPERATING INCOME
PER BOOKS	\$28,273,053	\$ 4,430,560	\$9,007,731	\$3,385,471	\$2,079,180	\$1,678,494				\$ 20,581,436	\$5,691,617
FPPSC ADJUSTMENTS:											
1) Interest Synchronization						(\$121,327)				(\$121,327)	\$121,327
2) Acquisition adjust.						\$0				\$0	\$0
3) Elim. Property Tax - Common Plant						\$469				(\$1,469)	\$1,469
4) Elim. Amort. Orig. Costs						\$706				(\$314)	\$314
5) Elim. Economic Dev. Expense						\$0				\$0	\$0
6) Elim. Depreciation Exp. - Common Plant						\$4,362				(\$12,950)	\$12,850
7) Elim. Non-utility O & M						\$0				\$0	\$0
8) Elim. Ind. Assoc. dues						\$3,183				(\$9,374)	\$9,374
9) Elim. charitable contributions						\$460				(\$1,354)	\$1,354
10) Elim. Social Activities						\$6,751				(\$19,885)	\$19,885
11) Elim. promotional expenses						\$1,848				(\$5,444)	\$5,444
12) Elim. Civic Dues						\$0				\$0	\$0
13) Interest Income	\$5,142					\$1,303				\$1,303	\$3,839
14) Elim. Rev. Related Taxes (Franchise & PSC Assets)	(\$644,508)				(\$644,508)	\$0				(\$644,508)	\$0
15) Elim. Conservation Rev & Exp.	(\$1,039,250)	(\$1,034,049)			(\$5,201)	\$0				(\$1,039,250)	\$0
16) Elim. Sewing Service Expenses	(\$3,424,337)	(\$3,396,511)			(\$17,215)	(\$5,209)				(\$3,418,994)	(\$15,343)
17) Elim. Flexible Gas Service	(\$156,600)				(\$2,688)	(\$24,966)				(\$82,972)	(\$73,628)
18) Out of Period Adjustments						\$0				\$0	\$0
19) Provision for GRIP Rate Refund						(\$88,221)				(\$88,221)	(\$259,859)
20) Unrecorded Amortization Not Booked						\$52,620				(\$154,996)	\$154,996
21) Unrecorded Amortization Not Booked						(\$192,128)				(\$192,128)	(\$69,243)
22) Unrecorded Amortization Not Booked						\$0				\$0	(\$87,222)
TOTAL FPPSC ADJUSTMENTS	(\$5,617,633)	(\$4,430,560)	(\$93,481)	\$2,242,871	(\$671,640)	(\$23,508)	\$0	\$0	\$0	(\$5,530,411)	(\$69,243)
FPPSC ADJUSTED	\$20,655,420	\$0	\$8,914,249	\$3,242,871	\$1,407,540	\$1,486,365	\$0	\$0	\$0	\$15,051,025	\$5,604,395
COMP RATE ADJ REVENUES - DEFICIT/(SURPLUS)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR COMP RATE ADJ REVENUES	\$20,655,420	\$0	\$8,914,249	\$3,242,871	\$1,407,540	\$1,486,365	\$0	\$0	\$0	\$15,051,025	\$5,604,395
PROFORM ADJUSTMENTS											
TOTAL PRO FORM ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRO FORM ADJUSTED	\$20,655,420	\$0	\$8,914,249	\$3,242,871	\$1,407,540	\$1,486,365	\$0	\$0	\$0	\$15,051,025	\$5,604,395

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 (%)	COST RATE (%)	WEIGHTED COST (%)		
COMMON EQUITY	\$37,890,035	\$0	\$37,890,035	\$0	(\$68,216)	\$37,821,820	40.73%	9.80%	3.99%	10.80%	4.40%	11.80%	4.81%				
LONG TERM DEBT	\$17,595,675	\$0	\$17,595,675	\$0	(\$31,678)	\$17,563,997	18.91%	4.04%	0.77%	4.04%	0.77%	4.04%	0.77%				
SHORT TERM DEBT	\$18,522,885	\$0	\$18,522,885	\$0	(\$33,347)	\$18,489,538	19.91%	2.94%	0.59%	2.94%	0.59%	2.94%	0.59%				
SHORT TERM DEBT REFINANCED LTD	\$0	\$0	\$0	\$0	\$0	\$0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%				
CUSTOMER DEPOSITS	\$1,138,435	\$0	\$1,138,435	\$0	\$0	\$1,138,435	1.23%	2.33%	0.03%	2.33%	0.03%	2.33%	0.03%				
DEFERRED INCOME TAXES	\$17,844,457	\$0	\$17,844,457	\$0	\$0	\$17,844,457	19.22%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%				
TAX CREDITS - WEIGHTED COST	\$0	\$0	\$0	\$0	\$0	\$0	0.00%	5.35%	0.00%	5.76%	0.00%	6.17%	0.00%				
TOTAL AVERAGE	\$92,991,487	\$0	\$92,991,487	\$0	(\$133,241)	\$92,858,246	100.00%	5.38%	5.38%	5.79%	5.79%	6.20%	6.20%				

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 (%)	COST RATE (%)	WEIGHTED COST (%)		
COMMON EQUITY	\$37,310,915	\$0	\$37,310,915	\$0	(\$182,692)	\$37,128,224	38.15%	9.80%	3.74%	10.80%	4.12%	11.80%	4.50%				
LONG TERM DEBT	\$19,995,001	\$0	\$19,995,001	\$0	(\$97,611)	\$19,897,390	20.38%	3.43%	0.70%	3.43%	0.70%	3.43%	0.70%				
SHORT TERM DEBT	\$20,920,627	\$0	\$20,920,627	\$0	(\$102,437)	\$20,818,190	21.39%	2.50%	0.53%	2.50%	0.53%	2.50%	0.53%				
SHORT TERM DEBT REFINANCED LTD	\$0	\$0	\$0	\$0	\$0	\$0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%				
CUSTOMER DEPOSITS	\$1,156,626	\$0	\$1,156,626	\$0	\$0	\$1,156,626	1.19%	2.29%	0.03%	2.29%	0.03%	2.29%	0.03%				
DEFERRED INCOME TAXES	\$18,379,312	\$0	\$18,379,312	\$0	\$0	\$18,379,312	18.89%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%				
TAX CREDITS - WEIGHTED COST	\$0	\$0	\$0	\$0	\$0	\$0	0.00%	4.97%	0.00%	5.35%	0.00%	5.73%	0.00%				
TOTAL YEAR-END	\$97,702,481	\$0	\$97,702,481	\$0	(\$382,739)	\$97,319,742	100.00%	5.00%	5.00%	5.38%	5.38%	5.73%	5.73%				