



September 16, 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) 2nd Quarter
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 hereby submits the required 2nd Quarter Earnings Surveillance Reports for 2019 for its electric and natural 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: Bart Fletcher
Curt Mouring

CHESAPEAKE UTILITIES CORPORATION
 FLORIDA DIVISION
 RATE OF RETURN REPORT SUMMARY
 June 30, 2019

SCHEDULE 1

I. AVERAGE RATE OF RETURN (JURISDICTIONAL)	(1) ACTUAL PER BOOKS	(2) FPSC ADJUSTMENTS	(3) FPSC ADJUSTED	(4) PRO FORMA ADJUSTMENTS	(5) PRO FORMA ADJUSTED
NET OPERATING INCOME	\$ 6,047,162	\$327,459	\$6,374,622	\$0	\$6,374,622
AVERAGE RATE BASE	\$97,838,400	(\$403,668)	\$97,434,732	\$0	\$97,434,732
AVERAGE RATE OF RETURN	6.18%		6.54%		6.54%

II. YEAR-END RATE OF RETURN (JURISDICTIONAL)	(1) ACTUAL PER BOOKS	(2) FPSC ADJUSTMENTS	(3) FPSC ADJUSTED	(4) PRO FORMA ADJUSTMENTS	(5) PRO FORMA ADJUSTED
NET OPERATING INCOME	\$6,047,162	\$314,850	\$6,362,012	\$0	\$6,362,012
YEAR-END RATE BASE	\$101,239,905	(\$447,131)	\$100,792,774	\$0	\$100,792,774
YEAR-END RATE OF RETURN	5.97%		6.31%		6.31%

III. REQUIRED RATES OF RETURN
 AVERAGE CAPITAL STRUCTURE
 (FPSC ADJUSTED BASIS)

LOW	5.36%
MIDPOINT	5.75%
HIGH	6.14%

IV. EARNED RETURN ON EQUITY
 (FPSC ADJUSTED BASIS)

A.	INCL COMP RATE ADJ REVENUES	12.82%
B.	EXCL COMP RATE ADJ REVENUES	12.82%

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

Mike Cassel per MDR

Signature

9/13/2019

Date

CHESAPEAKE UTILITIES CORPORATION
FLORIDA DIVISION
AVERAGE RATE OF RETURN
For the 12 Months Ending June 30, 2019
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	\$127,195,835	(\$34,137,120)	\$93,058,715	\$0	\$3,058,700	\$96,117,415	\$1,720,986	\$97,838,400
FPSC ADJUSTMENTS:								
ELIMINATIONS TO WORKING CAPITAL								
ELIM. ACQUISITION ADJ.	\$0	\$0	\$0	\$0		\$0	(\$155,788)	(\$155,788)
ELIM. FRANCHISE/CONSENT	(\$14,132)	\$13,391	(\$741)	(\$741)		(\$741)		(\$741)
ELIM. COMMON PLANT	(\$205,597)	\$80,811	(\$124,776)	(\$124,776)		(\$124,776)		(\$124,776)
FLEXIBLE GAS SERVICE	(\$259,136)	\$145,777	(\$113,359)	(\$113,359)		(\$113,359)	(\$9,004)	(\$122,363)
TOTAL FPSC ADJUSTMENTS	(\$478,855)	\$239,979	(\$238,877)	\$0	\$0	(\$238,877)	(\$164,732)	(\$403,608)
FPSC ADJUSTED	\$126,716,979	(\$33,897,141)	\$92,819,838	\$0	\$3,058,700	\$95,878,538	\$1,556,194	\$97,434,732
COMP RATE ADJ REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR COMP RATE ADJ REVENUE	\$126,716,979	(\$33,897,141)	\$92,819,838	\$0	\$3,058,700	\$95,878,538	\$1,556,194	\$97,434,732
PROFORMA ADJUSTMENTS								
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRO FORMA ADJUSTED	\$126,716,979	(\$33,897,141)	\$92,819,838	\$0	\$3,058,700	\$95,878,538	\$1,556,194	\$97,434,732

CHESAPEAKE UTILITIES CORPORATION
FLORIDA DIVISION
AVERAGE RATE OF RETURN
For the 12 Months Ending June 30, 2019
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	\$27,807,202	\$ 5,350,200	\$8,491,283	\$3,502,338	\$2,288,444	\$1,927,774				\$ 21,560,040	\$6,047,162
FPSC ADJUSTMENTS:											
1) Interest Synchronization						(\$281,888)				(\$281,888)	\$281,888
2) Acquisition adjust.						\$0				\$0	\$0
3) Elim. Property Tax - Common Plant					(\$2,161)	\$548				(\$1,613)	\$1,613
4) Elim. amort org costs				(\$420)		\$106				(\$314)	\$314
5) Elim Economic Dev. Expense			\$0			\$0				\$0	\$0
6) Elim Depreciation Exp. Common Plant				(\$16,553)		\$4,195				(\$12,357)	\$12,357
7) Elim. Non-utility O & M			\$0			\$0				\$0	\$0
8) Elim. Ind. Assoc dues			(\$8,999)			\$2,281				(\$6,718)	\$6,718
9) Elim charitable contributions			(\$1,740)			\$441				(\$1,299)	\$1,299
10) Elim. Social Activities			(\$23,806)			\$6,034				(\$17,773)	\$17,773
11) Elim. promotional expenses			(\$7,540)			\$1,911				(\$5,629)	\$5,629
12) Elim. Civic Dues			\$0			\$0				\$0	\$0
13) Interest Income	\$3,109					\$788				\$788	\$2,321
14) Elim. Rev Related Taxes (Franchise & PSC Assess)	(\$683,111)				(\$683,111)	\$0				(\$683,111)	\$0
15) Elim. Conservation Rev & Exp.	(\$996,765)				(\$4,988)	(\$0)				(\$996,765)	\$0
16) Elim. Swing Service Expenses and Revenue	(\$4,380,347)	(\$4,358,424)			(\$22,033)	\$28				(\$4,380,430)	\$82
18) Elim. Flexible Gas Service	(\$156,600)		(\$45,184)	(\$10,104)	(\$2,688)	(\$24,996)				(\$82,972)	(\$73,626)
19) Out of Period Adjustments				\$ 7,413.00		(\$1,878)				\$5,534	(\$5,534)
20) Out of Period Amt. of Regulatory Assets booked in 2019				\$ 45,323.00		(\$11,487)				\$33,836	(\$33,836)
21) Out of Period GRIP Refund	\$ 147,965.00					\$37,502				\$37,502	\$110,463
TOTAL FPSC ADJUSTMENTS	(\$5,065,749)	(\$5,350,200)	(\$87,270)	\$25,660	(\$714,982)	(\$266,417)	\$0	\$0	\$0	(\$6,393,293)	\$327,459
FPSC ADJUSTED	\$21,541,453	\$0	\$8,404,013	\$3,527,998	\$1,573,462	\$1,661,357	\$0	\$0	\$0	\$15,166,831	\$6,374,622
COMP RATE ADJ REVENUES - DEFICIT/(SURPLUS)	\$0					\$0				\$0	\$0
ADJUSTED FOR COMP RATE ADJ REVENUES	\$21,541,453	\$0	\$8,404,013	\$3,527,998	\$1,573,462	\$1,661,357	\$0	\$0	\$0	\$15,166,831	6,374,622
PROFORMA ADJUSTMENTS											
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRO FORMA ADJUSTED	\$21,541,453	\$0	\$8,404,013	\$3,527,998	\$1,573,462	\$1,661,357	\$0	\$0	\$0	\$15,166,831	\$6,374,622

CHESAPEAKE UTILITIES CORPORATION
FLORIDA DIVISION
YEAR END RATE OF RETURN
For the 12 Months Ending June 30, 2019
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	\$134,459,087	(\$35,393,347)	\$99,065,740	\$0	\$2,539,944	\$101,605,684	(\$265,779)	\$101,239,905
FPSC ADJUSTMENTS:								
ELIMINATIONS TO WORKING CAPITAL								
ELIM. FRANCHISE/CONSENT	(\$14,132)	\$13,601	(\$531)			(\$531)	(\$174,132)	(\$174,132)
ELIM. COMMON PLANT	(\$210,320)	\$80,423	(\$129,897)			(\$129,897)	(\$129,897)	(\$129,897)
FLEXIBLE GAS SERVICE	(\$259,136)	\$125,570	(\$133,567)			(\$133,567)	(\$9,004)	(\$142,571)
TOTAL FPSC ADJUSTMENTS	(\$483,588)	\$219,594	(\$263,995)	\$0	\$0	(\$263,995)	(\$183,136)	(\$447,131)
FPSC ADJUSTED	\$133,975,499	(\$35,173,753)	\$98,801,745	\$0	\$2,539,944	\$101,341,689	(\$548,915)	\$100,792,774
COMP RATE ADJ REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR COMP RATE ADJ REVENUE	\$133,975,499	(\$35,173,753)	\$98,801,745	\$0	\$2,539,944	\$101,341,689	(\$548,915)	\$100,792,774
PROFORMA ADJUSTMENTS								
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRO FORMA ADJUSTED	\$133,975,499	(\$35,173,753)	\$98,801,745	\$0	\$2,539,944	\$101,341,689	(\$548,915)	\$100,792,774

CHESAPEAKE UTILITIES CORPORATION
 FLORIDA DIVISION
 YEAR END RATE OF RETURN
 For the 12 Months Ending June 30, 2019
 INCOME STATEMENT

	(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	\$27,607,202	\$ 5,350,200	\$8,491,283	\$3,502,338	\$2,288,444	\$1,927,774				\$ 21,560,040	\$6,047,162
FPSC ADJUSTMENTS:											
1) Interest Synchronization						(\$269,279)				(\$269,279)	\$269,279
2) Acquisition adjust.						\$0				\$0	\$0
3) Elim. Property Tax - Common Plant					(\$2,161)	\$548				(\$1,613)	\$1,613
4) Elim. Amort. Orig. Costs				(\$420)		\$106				(\$314)	\$314
5) Elim. Economic Dev. Expense			\$0			\$0				\$0	\$0
6) Elim. Depreciation Exp. Common Plant			\$0	(\$16,553)		\$4,195				(\$12,357)	\$12,357
7) Elim. Non-utility O & M			\$0			\$0				\$0	\$0
8) Elim. Ind. Assoc. dues			(\$999)			\$2,281				(\$6,718)	\$6,718
9) Elim. charitable contributions			(\$1,740)			\$441				(\$1,299)	\$1,299
10) Elim. Social Activities			(\$23,806)			\$6,034				(\$17,773)	\$17,773
11) Elim. promotional expenses			(\$7,540)			\$1,911				(\$5,629)	\$5,629
12) Elim. Civic Dues			\$0			\$0				\$0	\$0
13) Interest Income	\$3,109					\$788				\$788	\$2,321
14) Elim. Rev Related Taxes (Franchise & PSC Assess)					(\$683,111)	\$0				(\$683,111)	\$0
15) Elim. Conservation Rev & Exp.		(\$891,776)			(\$4,889)	\$0				(\$996,765)	(\$0)
16) Elim. Swing Service Expenses		(\$4,358,424)			(\$22,033)	\$28				(\$4,380,429)	\$82
17) Elim. Flexible Gas Service					(\$2,686)					(\$2,686)	
18) Elim. Out of Period Adjustments			(\$45,184)			(\$24,996)				(\$70,180)	(\$73,628)
19) Out of Period Adjustments			\$0			(\$1,879)				\$5,534	(\$5,534)
20) Out of Period Amt. of Regulatory Assets booked in 2019						(\$11,487)				\$33,836	(\$33,836)
21) Out of Period GRIP Refund	\$ 147,965.00					\$37,502				\$37,502	\$110,463
TOTAL FPSC ADJUSTMENTS		(\$5,350,200)	(\$87,270)	\$25,660	(\$714,992)	(\$253,807)	\$0	\$0	\$0	(\$6,380,599)	\$314,850
FPSC ADJUSTED	\$21,541,453	\$0	\$8,404,013	\$3,527,998	\$1,573,462	\$1,673,967	\$0	\$0	\$0	\$15,179,440	\$6,362,012
COMP RATE ADJ REVENUES - DEFICIT/(SURPLUS)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR COMP RATE ADJ REVENUES	\$21,541,453	\$0	\$8,404,013	\$3,527,998	\$1,573,462	\$1,673,967	\$0	\$0	\$0	\$15,179,440	\$6,362,012
PROFORM ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL PRO FORMA ADJUSTMENTS	\$21,541,453	\$0	\$8,404,013	\$3,527,998	\$1,573,462	\$1,673,967	\$0	\$0	\$0	\$15,179,440	\$6,362,012
PRO FORMA ADJUSTED	\$21,541,453	\$0	\$8,404,013	\$3,527,998	\$1,573,462	\$1,673,967	\$0	\$0	\$0	\$15,179,440	\$6,362,012

SCHEDULE 4

CHESAPEAKE UTILITIES CORPORATION
 FLORIDA DIVISION
 CAPITAL STRUCTURE
 June 30, 2019
 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	\$38,359,813	\$0	\$38,359,813	\$0	(\$197,334)	\$38,162,479	39.17%	9.80%	3.84%	10.80%	4.23%	11.80%	4.62%
LONG TERM DEBT	\$20,301,130	\$0	\$20,301,130	\$0	(\$104,496)	\$20,196,694	20.73%	3.91%	0.81%	3.91%	0.81%	3.91%	0.81%
SHORT TERM DEBT	\$19,808,136	\$0	\$19,808,136	\$0	(\$101,899)	\$19,706,237	20.23%	3.35%	0.68%	3.35%	0.68%	3.35%	0.68%
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	\$1,173,142	\$0	\$1,173,142	\$0	\$0	\$1,173,142	1.20%	2.31%	0.03%	2.31%	0.03%	2.31%	0.03%
DEFERRED INCOME TAXES	\$18,196,180	\$0	\$18,196,180	\$0	\$0	\$18,196,180	18.68%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$0	\$0	\$0	\$0	\$0	\$0	0.00%	5.33%	0.00%	5.72%	0.00%	6.11%	0.00%
TOTAL AVERAGE	\$97,838,400	\$0	\$97,838,400	\$0	(\$403,669)	\$97,434,732	100.00%	5.36%	5.75%	5.75%	5.75%	6.14%	6.14%

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	\$38,645,396	\$0	\$38,645,396	\$0	(\$212,810)	\$38,432,587	38.13%	9.80%	3.74%	10.80%	4.12%	11.80%	4.50%
LONG TERM DEBT	\$21,391,458	\$0	\$21,391,458	\$0	(\$117,797)	\$21,273,661	21.11%	3.60%	0.76%	3.60%	0.76%	3.60%	0.76%
SHORT TERM DEBT	\$21,160,417	\$0	\$21,160,417	\$0	(\$116,524)	\$21,043,893	20.88%	3.04%	0.63%	3.04%	0.63%	3.04%	0.63%
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	\$1,288,079	\$0	\$1,288,079	\$0	\$0	\$1,288,079	1.28%	2.11%	0.03%	2.11%	0.03%	2.11%	0.03%
DEFERRED INCOME TAXES	\$18,754,555	\$0	\$18,754,555	\$0	\$0	\$18,754,555	18.61%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$0	\$0	\$0	\$0	\$0	\$0	0.00%	5.13%	0.00%	5.51%	0.00%	5.89%	0.00%
TOTAL YEAR-END	\$101,239,905	\$0	\$101,239,905	\$0	(\$447,131)	\$100,792,774	100.00%	5.16%	5.54%	5.54%	5.54%	5.92%	5.92%