



GUNSTER
FLORIDA'S LAW FIRM FOR BUSINESS

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FLORIDA PUBLIC SERVICE
COMMISSION
Writer's E-Mail Address: bkeating@gunster.com
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

FLORIDA PUBLIC UTILITIES COMPANY
 FT. MEADE DIVISION
 RATE OF RETURN REPORT SUMMARY
 June 30, 2018

SCHEDULE 1

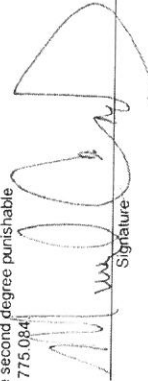
	(1) ACTUAL PER BOOKS	(2) FPSC ADJUSTMENTS	(3) FPSC ADJUSTED	(4) PRO FORMA ADJUSTMENTS	(5) PRO FORMA ADJUSTED
I. AVERAGE RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	\$ (20,953)	(\$1,961)	(\$22,914)	\$ (35,532)	(\$58,446)
AVERAGE RATE BASE	\$857,107	\$0	\$857,107	\$523,548	\$1,380,656
AVERAGE RATE OF RETURN	-2.44%		-2.67%		-4.23%
II. YEAR-END RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	(\$20,953)	(\$2,015)	(\$22,968)	(\$35,532)	(\$58,500)
YEAR-END RATE BASE	\$880,518	\$0	\$880,518	\$499,751	\$1,380,269
YEAR-END RATE OF RETURN	-2.38%		-2.61%		-4.24%

III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)	IV. EARNED RETURN ON EQUITY (FPSC ADJUSTED BASIS)
LOW	A. RETURN ON COMMON EQUITY -9.63%
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.

Mike Cassel
 Director, Regulatory Affairs



Signature

Date

5/22/18

FLORIDA PUBLIC UTILITIES COMPANY
FT. MEADE 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	\$ 1,106,494	\$ (467,724)	\$ 638,770	\$ -	\$ 21,801	\$ 660,571	\$ 196,537	\$ 857,107
FPSC ADJUSTMENTS:								
REMOVE CONS. & PGA UNDER-RECOVERY			\$ -	\$ -		\$ -	\$ -	\$ -
			\$ -	\$ -		\$ -	\$ -	\$ -
TOTAL FPSC ADJUSTMENTS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FPSC ADJUSTED	\$ 1,106,494	\$ (467,724)	\$ 638,770	\$ -	\$ 21,801	\$ 660,571	\$ 196,537	\$ 857,107
PROFORMA ADJUSTMENTS								
RECORD ACQUISITION ADJUSTMENT	\$ 713,930	\$ (190,382)	\$ 523,548	\$ -	\$ -	\$ 523,548	\$ -	\$ 523,548
TOTAL PROFORMA ADJUSTMENTS	\$ 713,930	\$ (190,382)	\$ 523,548	\$ -	\$ -	\$ 523,548	\$ -	\$ 523,548
PROFORMA ADJUSTED	\$ 1,820,424	\$ (658,106)	\$ 1,162,318	\$ -	\$ 21,801	\$ 1,184,119	\$ 196,537	\$ 1,380,656

	(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	\$ 212,270	\$ 11,641	\$ 214,299	\$ 31,223	\$ (1,926)	\$ (22,014)				\$ 233,223	\$ (20,953)
FPSC ADJUSTMENTS:											
1) Interest Synchronization						\$ 7,575				\$ 7,575	\$ (7,575)
2) Elim. Conservation Rev & Exp.	\$ (11,415)	\$ (11,358)			\$ (57)					\$ (11,415)	\$ 0
3) Elim. PGA and Swing Revenues & Expense	\$ (794)	\$ (283)			\$ 476	\$ (250)				\$ (57)	\$ (737)
4) Provision for Rate Refund	\$ 8,507					2,156				\$ 2,156	\$ 6,351
5) Provision for Rate Refund-Protected Amortization	\$ (1,043)		\$ (1,043)							\$ (1,043)	\$ -
6) Provision for Rate Refund-Unprotected Amortization	\$ (1,906)		\$ (1,906)							\$ (1,906)	\$ -
7) Provision for Rate Refund-Protected Amortization	\$ (6,551)		\$ (2,949)		\$ 419	\$ 9,481				\$ (4,689)	\$ (1,961)
TOTAL FPSC ADJUSTMENTS	\$ 205,620	\$ -	\$ 211,350	\$ 31,223	\$ (1,507)	\$ (12,533)	\$ -	\$ -	\$ -	\$ 228,533	\$ (22,914)
FPSC ADJUSTED	\$ -	\$ -	\$ -	\$ 47,595	\$ -	\$ (12,063)	\$ -	\$ -	\$ -	\$ 35,532	\$ (35,532)
PROFORMA ADJUSTMENTS											
1) Amortize Acquisition Adjustment				\$ 47,595	\$ -	\$ (12,063)	\$ -	\$ -	\$ -	\$ 35,532	\$ (35,532)
TOTAL PROFORMA ADJUSTMENTS	\$ -	\$ -	\$ -	\$ 47,595	\$ -	\$ (12,063)	\$ -	\$ -	\$ -	\$ 35,532	\$ (35,532)
PROFORMA ADJUSTED	\$ 205,620	\$ -	\$ 211,350	\$ 78,818	\$ (1,507)	\$ (24,596)	\$ -	\$ -	\$ -	\$ 264,065	\$ (58,446)

FLORIDA PUBLIC UTILITIES COMPANY
FT. MEADE 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	\$ 1,152,093	\$ (493,448)	\$ 658,645	\$ -	\$ 26,585	\$ 685,230	\$ 195,288	\$ 880,518
FPSC ADJUSTMENTS:								
REMOVE CONS. & PGA UNDER-RECOVERIES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL FPSC ADJUSTMENTS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FPSC ADJUSTED	\$ 1,152,093	\$ (493,448)	\$ 658,645	\$ -	\$ 26,585	\$ 685,230	\$ 195,288	\$ 880,518
PROFORMA ADJUSTMENTS								
RECORD ACQUISITION ADJUSTMENT	\$ 713,930	\$ (214,179)	\$ 499,751	\$ -	\$ -	\$ 499,751	\$ -	\$ 499,751
TOTAL PROFORMA ADJUSTMENTS	\$ 713,930	\$ (214,179)	\$ 499,751	\$ -	\$ -	\$ 499,751	\$ -	\$ 499,751
PROFORMA ADJUSTED	\$ 1,866,023	\$ (707,627)	\$ 1,158,396	\$ -	\$ 26,585	\$ 1,184,980	\$ 195,288	\$ 1,380,269

FLORIDA PUBLIC UTILITIES COMPANY
FT. MEADE DIVISION
YEAR END RATE OF RETURN
For the 12 Months Ending June 30, 2018
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	\$ 212,270	\$ 11,641	\$ 214,299	\$ 31,223	\$ (1,926)	\$ (22,014)				\$ 233,223	\$ (20,953)
FPSC ADJUSTMENTS:											
1) Interest Synchronization											
2) Elim. Conservation Rev & Exp.	\$ (11,415)	\$ (11,358)		\$ -	\$ (57)	\$ 7,629				\$ 7,629	\$ (7,629)
3) Elim. PCA and Swing Revenues & Expense	\$ (794)	\$ (283)			\$ 476	\$ 0				\$ (11,415)	\$ 0
4) Provision for Rate Refund	\$ 8,507					\$ (2,500)				\$ (57)	\$ (737)
5) Provision for Rate Refund-Protected Amortization	\$ (1,043)		\$ (1,043)			\$ 2,156				\$ 2,156	\$ 6,351
6) Provision for Rate Refund-Unprotected Amortization	\$ (1,906)		\$ (1,906)			\$ -				\$ (1,043)	\$ -
7) Provision for Rate Refund-Unprotected Amortization	\$ (6,651)		\$ (2,949)		\$ 419	\$ 9,535				\$ (1,906)	\$ -
TOTAL FPSC ADJUSTMENTS	\$ (205,620)	\$ 0	\$ 211,350	\$ 31,223	\$ (1,507)	\$ (12,479)				\$ (4,635)	\$ (2,015)
FPSC ADJUSTED	\$ 205,620	\$ 0	\$ 211,350	\$ 31,223	\$ (1,507)	\$ (12,479)				\$ 228,588	\$ (22,968)
PROFORM ADJUSTMENTS											
1) Amortize Acquisition Adjustment	\$ -	\$ -	\$ -	\$ 47,595	\$ -	\$ (12,063)				\$ 35,532	\$ (35,532)
TOTAL PRO FORMA ADJUSTMENTS	\$ -	\$ -	\$ -	\$ 47,595	\$ -	\$ (12,063)				\$ 39,532	\$ (39,532)
PRO FORMA ADJUSTED	\$ 205,620	\$ 0	\$ 211,350	\$ 78,818	\$ (1,507)	\$ (24,542)				\$ 264,120	\$ (58,500)

SCHEDULE 4

FLORIDA PUBLIC UTILITIES COMPANY
 FT. MEADE 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	\$341,041	\$0	\$341,041	\$0	\$1	\$341,041	39.79%	10.00%	3.98%	11.00%	4.38%	12.00%	4.77%
LONG TERM DEBT	\$148,516	\$0	\$148,516	\$0	(\$1)	\$148,516	17.33%	4.16%	0.72%	4.16%	0.72%	4.16%	0.72%
SHORT TERM DEBT	\$148,812	\$0	\$148,812	\$0	\$0	\$148,812	17.36%	2.52%	0.44%	2.52%	0.44%	2.52%	0.44%
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	\$14,847	\$0	\$14,847	\$0	\$0	\$14,847	1.73%	0.07%	0.00%	0.07%	0.00%	0.07%	0.00%
DEFERRED INCOME TAXES	\$203,892	\$0	\$203,892	\$0	\$0	\$203,892	23.79%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$0	\$0	\$0	\$0	\$0	\$0	0.00%	5.14%	0.00%	5.54%	0.00%	5.93%	0.00%
TOTAL AVERAGE	\$857,107	\$0	\$857,107	\$0	\$0	\$857,107	100.00%	5.14%	5.14%	5.54%	5.54%	5.93%	5.93%

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	\$353,067	\$0	\$353,067	\$0	\$0	\$353,067	40.10%	10.00%	4.01%	11.00%	4.41%	12.00%	4.81%
LONG TERM DEBT	\$166,471	\$0	\$166,471	\$0	\$0	\$166,471	18.91%	3.67%	0.69%	3.67%	0.69%	3.67%	0.69%
SHORT TERM DEBT	\$161,713	\$0	\$161,713	\$0	\$0	\$161,713	18.37%	2.29%	0.42%	2.29%	0.42%	2.29%	0.42%
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	\$15,134	\$0	\$15,134	\$0	\$0	\$15,134	1.72%	0.07%	0.00%	0.07%	0.00%	0.07%	0.00%
DEFERRED INCOME TAXES	\$184,133	\$0	\$184,133	\$0	\$0	\$184,133	20.91%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$0	\$0	\$0	\$0	\$0	\$0	0.00%	5.12%	0.00%	5.52%	0.00%	5.92%	0.00%
TOTAL YEAR-END	\$880,518	\$0	\$880,518	\$0	\$0	\$880,518	100.00%	5.12%	5.12%	5.52%	5.52%	5.92%	5.92%