



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

FLORIDA PUBLIC UTILITIES COMPANY
 FT. MEADE DIVISION
 RATE OF RETURN REPORT SUMMARY
 December 31, 2018

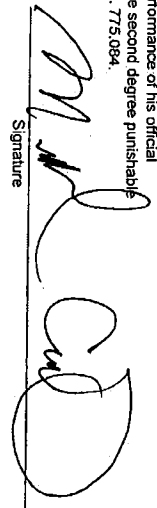
SCHEDULE 1

	(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	\$ (57,363)	\$655	(\$56,708)	\$ (56,532)	(\$92,240)
AVERAGE RATE BASE	\$535,887	\$0	\$535,887	\$499,750	\$1,035,637
AVERAGE RATE OF RETURN	-10.70%		-10.58%		-8.91%
II. YEAR-END RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	(\$57,363)	\$934	(\$56,429)	(\$35,532)	(\$91,961)
YEAR-END RATE BASE	\$708,175	\$0	\$708,175	\$475,953	\$1,184,127
YEAR-END RATE OF RETURN	-8.10%		-7.97%		-7.77%

III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)	IV. EARNED RETURN ON EQUITY (FPSC ADJUSTED BASIS)	A. RETURN ON COMMON EQUITY
LOW	4.18%	-37.20%
MIDPOINT	4.49%	
HIGH	4.80%	

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



Date 3/13/19

	(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	\$ 1,135,577	\$ (418,185)	\$ 717,413	\$ -	\$ 14,887	\$ 732,299	\$ (196,413)	\$ 535,887
FPSC ADJUSTMENTS:								
REMOVE CONS. & PGA UNDER-RECOVERY	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL FPSC ADJUSTMENTS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FPSC ADJUSTED	\$ 1,135,577	\$ (418,185)	\$ 717,413	\$ -	\$ 14,887	\$ 732,299	\$ (196,413)	\$ 535,887
PROFORMA ADJUSTMENTS								
RECORD ACQUISITION ADJUSTMENT	\$ 713,930	\$ (214,180)	\$ 499,750	\$ -	\$ -	\$ 499,750	\$ -	\$ 499,750
TOTAL PROFORMA ADJUSTMENTS	\$ 713,930	\$ (214,180)	\$ 499,750	\$ -	\$ -	\$ 499,750	\$ -	\$ 499,750
PROFORMA ADJUSTED	\$ 1,849,507	\$ (632,365)	\$ 1,217,163	\$ -	\$ 14,887	\$ 1,232,050	\$ (196,413)	\$ 1,035,637

	(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	\$ 212,597	\$ 9,133	\$ 214,731	\$ 31,172	\$ 38,114	\$ (23,190)	-	-	-	\$ 268,950	\$ (57,363)
FPSC ADJUSTMENTS:											
1) Interest Synchroization						\$1,348				\$ 1,348	\$ (1,348)
2) Economic Development Expense	\$ (8,794)	\$ (8,755)	\$ (1,750)		\$ (44)	\$ 444				\$ (1,306)	\$ 1,306
3) Eilm. Conservation Rev & Exp.	\$ (1,984)	\$ (378)			\$ 449	\$ (521)				\$ (8,798)	\$ 4
4) Eilm. PGA and Swing Revenues & Expense	\$ (2,472)					\$ (627)				\$ (450)	\$ (1,524)
5) Refund of Grip Tax Savings						\$ 219				\$ (627)	\$ (1,845)
6) Protected Amortization Not Recorded						\$ 1,163				\$ (647)	\$ (847)
7) Unprotected Amortization Not Recorded						\$ 2,027				\$ (647)	\$ 2,424
TOTAL FPSC ADJUSTMENTS	\$ (13,250)	\$ (9,133)	\$ (1,750)	\$ (4,588)	\$ 405	\$ 2,027				\$ (13,909)	\$ (57,363)
PROFORMA ADJUSTED	\$ 199,347	\$ -	\$ 212,981	\$ 25,718	\$ 38,519	\$ (21,163)	\$ -	\$ -	\$ -	\$ 258,055	\$ (56,708)
PROFORMA ADJUSTMENTS											
1) Amortize Acquisition Adjustment	\$ -	\$ -	\$ -	\$ 47,595	\$ -	\$ (12,083)	\$ -	\$ -	\$ -	\$ 35,512	\$ (35,512)
TOTAL PROFORMA ADJUSTMENTS	\$ -	\$ -	\$ -	\$ 47,595	\$ -	\$ (12,083)	\$ -	\$ -	\$ -	\$ 35,512	\$ (35,512)
PROFORMA ADJUSTED	\$ 199,347	\$ -	\$ 212,981	\$ 73,313	\$ 38,519	\$ (33,228)	\$ -	\$ -	\$ -	\$ 291,567	\$ (92,240)

	(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	\$ 1,122,381	\$ (266,753)	\$ 856,629	\$ -	\$ 4,175	\$ 860,804	\$ (152,630)	\$ 708,175
FPSC ADJUSTMENTS:								
REMOVE CONS. & PGA UNDER-RECOVERIES			\$ -	\$ -		\$ -	\$ -	\$ -
TOTAL FPSC ADJUSTMENTS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FPSC ADJUSTED	\$ 1,122,381	\$ (266,753)	\$ 856,629	\$ -	\$ 4,175	\$ 860,804	\$ (152,630)	\$ 708,175
PROFORMA ADJUSTMENTS								
RECORD ACQUISITION ADJUSTMENT	\$ 713,930	\$ (237,977)	\$ 475,953	\$ -	\$ -	\$ 475,953	\$ -	\$ 475,953
TOTAL PROFORMA ADJUSTMENTS	\$ 713,930	\$ (237,977)	\$ 475,953	\$ -	\$ -	\$ 475,953	\$ -	\$ 475,953
PROFORMA ADJUSTED	\$ 1,836,311	\$ (504,730)	\$ 1,332,581	\$ -	\$ 4,175	\$ 1,336,757	\$ (152,630)	\$ 1,184,127

FLORIDA PUBLIC UTILITIES COMPANY
 FT. MEADE 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	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	\$ 212,597	\$ 9,133	\$ 214,731	\$ 31,172	\$ 38,114	\$ (23,190)	-	-	\$ 269,961	\$ (57,364)	
FPSC ADJUSTMENTS:											
1) Interest Synchronization						\$ 1,069			\$ 1,069	\$ (1,069)	
2) Economic Development Expense	\$ (8,794)	\$ (8,755)	\$ (1,750)		\$ (44)	444			\$ (1,306)	\$ 1,306	
3) Elim. Conservation Rev. & Exp.	\$ (1,964)	\$ (378)			\$ 449	1			\$ (8,798)	\$ 4	
4) Elim. PGA. and Swing Revenues & Expense	\$ (2,472)					(627)			\$ (450)	\$ (1,534)	
5) Refund of GRIP Tax Savings						219			\$ (627)	\$ (1,845)	
6) Protected Amortization Not Recorded						163			\$ (647)	\$ 647	
7) Unprotected Amortization Not Recorded						1,748			\$ (3,425)	\$ 3,425	
TOTAL FPSC ADJUSTMENTS	\$ (13,250)	\$ (9,133)	\$ (1,750)	\$ (4,986)	\$ 405	\$ 1,748			\$ (14,184)	\$ 934	
FPSC ADJUSTED	\$ 199,347	\$ 0	\$ 212,981	\$ 25,718	\$ 38,519	\$ (21,442)			\$ 255,776	\$ (56,429)	
PROFORM ADJUSTMENTS											
1) Amortize Acquisition Adjustment				\$ 47,595		\$ (12,063)			\$ 35,532	\$ (35,532)	
TOTAL PROFORM ADJUSTMENTS	\$ -	\$ -	\$ -	\$ 47,595	\$ -	\$ (12,063)			\$ 35,532	\$ (35,532)	
PROFORM ADJUSTED	\$ 199,347	\$ 0	\$ 212,981	\$ 73,313	\$ 38,519	\$ (33,505)			\$ 291,309	\$ (91,962)	

FLORIDA PUBLIC UTILITIES COMPANY
 FT. MEADE DIVISION
 CAPITAL STRUCTURE
 December 31, 2018
 FPSC ADJUSTED BASIS

SCHEDULE 4

AVERAGE	ADJUSTMENTS				ADJUSTED BOOKS	PRO-RATA	SPECIFIC	BALANCE	RATIO (%)	LOW POINT			MIDPOINT			HIGH POINT		
	PER BOOKS	NON-UTILITY	ADJUSTED BOOKS	ADJUSTED BOOKS						COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)			
COMMON EQUITY	\$167,554	\$0	\$167,554	\$0	\$167,554	\$0	\$167,554	31.27%	10.00%	3.13%	11.00%	3.44%	12.00%	3.75%				
LONG TERM DEBT	\$77,810	\$0	\$77,810	\$0	\$77,810	\$0	\$77,810	14.52%	4.04%	0.59%	4.04%	0.59%	4.04%	0.59%				
SHORT TERM DEBT	\$81,910	\$0	\$81,910	\$0	\$81,910	\$0	\$81,910	15.28%	2.94%	0.45%	2.94%	0.45%	2.94%	0.45%				
SHORT TERM DEBT REFINANCED LTD	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%				
CUSTOMER DEPOSITS	\$15,095	\$0	\$15,095	\$0	\$15,095	\$0	\$15,095	2.82%	0.22%	0.01%	0.22%	0.01%	0.22%	0.01%				
DEFERRED INCOME TAXES	\$193,518	\$0	\$193,518	\$0	\$193,518	\$0	\$193,518	36.11%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%				
TAX CREDITS - WEIGHTED COST	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.00%	4.17%	0.00%	4.48%	0.00%	4.79%	0.00%				
TOTAL AVERAGE	\$535,887	\$0	\$535,887	\$0	\$535,887	\$0	\$535,887	100.00%	4.18%	4.49%	4.49%	4.80%	4.80%					

YEAR-END	ADJUSTMENTS				ADJUSTED BOOKS	PRO-RATA	SPECIFIC	BALANCE	RATIO (%)	LOW POINT			MIDPOINT			HIGH POINT		
	PER BOOKS	NON-UTILITY	ADJUSTED BOOKS	ADJUSTED BOOKS						COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)			
COMMON EQUITY	\$207,827	\$0	\$207,827	\$0	\$207,827	\$0	\$207,827	29.35%	10.00%	2.93%	11.00%	3.23%	12.00%	3.52%				
LONG TERM DEBT	\$111,041	\$0	\$111,041	\$0	\$111,041	\$0	\$111,041	15.68%	3.43%	0.54%	3.43%	0.54%	3.43%	0.54%				
SHORT TERM DEBT	\$116,531	\$0	\$116,531	\$0	\$116,531	\$0	\$116,531	16.46%	2.50%	0.41%	2.50%	0.41%	2.50%	0.41%				
SHORT TERM DEBT REFINANCED LTD	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%				
CUSTOMER DEPOSITS	\$15,149	\$0	\$15,149	\$0	\$15,149	\$0	\$15,149	2.14%	0.22%	0.00%	0.22%	0.00%	0.22%	0.00%				
DEFERRED INCOME TAXES	\$257,628	\$0	\$257,628	\$0	\$257,628	\$0	\$257,628	36.38%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%				
TAX CREDITS - WEIGHTED COST	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.00%	3.88%	0.00%	4.18%	0.00%	4.47%	0.00%				
TOTAL YEAR-END	\$708,175	\$0	\$708,175	\$0	\$708,175	\$0	\$708,175	100.00%	3.88%	4.18%	4.18%	4.47%	4.47%					