



September 15, 2017

**VIA HAND DELIVERY**

Mr. Andrew Maurey, Director  
Division of Accounting and Finance  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

RECEIVED  
FLORIDA PUBLIC SERVICE  
COMMISSION  
2017 SEP 15 AM 3:38  
DIVISION OF  
ACCOUNTING & FINANCE

**Re: Florida Public Utilities Company (Electric and Gas Divisions) and the Florida Division of Chesapeake Utilities Corporation 2nd Quarter 2017 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 submits the original and four copies of the required 2nd Quarter Earnings Surveillance Reports for 2017.

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

CHESAPEAKE UTILITIES CORPORATION  
 FLORIDA DIVISION  
 RATE OF RETURN REPORT SUMMARY  
 June 30, 2017

SCHEDULE 1

	(1) ACTUAL PER BOOKS	(2) FPSC ADJUSTMENTS	(3) FPSC ADJUSTED	(4) PRO FORMA ADJUSTMENTS	(5) PRO FORMA ADJUSTED
<b>I. AVERAGE RATE OF RETURN (JURISDICTIONAL)</b>					
NET OPERATING INCOME	\$ 4,091,266	(\$125,708)	\$3,965,558	\$0	\$3,965,558
AVERAGE RATE BASE	\$73,559,654	(\$963,113)	\$72,596,541	\$0	\$72,596,541
AVERAGE RATE OF RETURN	5.56%		5.46%		5.46%
<b>II. YEAR-END RATE OF RETURN (JURISDICTIONAL)</b>					
NET OPERATING INCOME	\$4,091,266	(\$112,931)	\$3,978,335	\$0	\$3,978,335
YEAR-END RATE BASE	\$80,473,706	(\$1,003,911)	\$79,469,795	\$0	\$79,469,795
YEAR-END RATE OF RETURN	5.08%		5.01%		5.01%
<b>III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)</b>					
LOW	5.33%				
MIDPOINT	5.76%				
HIGH	6.20%				
<b>IV. EARNED RETURN ON EQUITY (FPSC ADJUSTED BASIS)</b>					
A.	INCL COMP RATE ADJ REVENUES			10.11%	
B.	EXCL COMP RATE ADJ REVENUES			10.11%	

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

*Michael Cassel* (Signature)  
 Signature

9/14/17  
 Date

CHESAPEAKE UTILITIES CORPORATION  
 FLORIDA DIVISION  
 AVERAGE RATE OF RETURN  
 For the 12 Months Ending December 31, 2017  
 RATE BASE

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	PLANT IN SERVICE	ACCUMULATED 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	\$99,046,792	(\$30,040,754)	\$69,006,038	\$0	\$3,934,710	\$72,940,748	\$618,905	\$73,559,654
FPSC ADJUSTMENTS:								
ELIMINATIONS TO WORKING CAPITAL							(\$669,062)	(\$669,062)
ELIMINATE ACQUISITION ADJ.	\$0	\$0	\$0			\$0		\$0
ELIM. FRANCHISE/CONSENT	(\$14,132)	\$12,551	(\$1,581)			(\$1,581)		(\$1,581)
ELIM. COMMON PLANT	(\$226,857)	\$76,958	(\$149,899)			(\$149,899)		(\$149,899)
FLEXIBLE GAS SERVICE	(\$259,136)	\$125,570	(\$133,567)			(\$133,567)	(\$9,004)	(\$142,571)
			\$0			\$0		\$0
TOTAL FPSC ADJUSTMENTS	(\$500,125)	\$215,079	(\$285,047)	\$0	\$0	(\$285,047)	(\$978,066)	(\$963,113)
FPSC ADJUSTED	\$98,546,667	(\$29,825,675)	\$68,720,992	\$0	\$3,934,710	\$72,655,702	(\$59,161)	\$72,596,541
COMP RATE ADJ REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR COMP RATE ADJ REVENUE	\$98,546,667	(\$29,825,675)	\$68,720,992	\$0	\$3,934,710	\$72,655,702	(\$59,161)	\$72,596,541
PROFORMA ADJUSTMENTS								
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRO FORMA ADJUSTED	\$98,546,667	(\$29,825,675)	\$68,720,992	\$0	\$3,934,710	\$72,655,702	(\$59,161)	\$72,596,541

CHESAPEAKE UTILITIES CORPORATION  
 FLORIDA DIVISION  
 AVERAGE RATE OF RETURN  
 #REF!  
 INCOME STATEMENT

SCHEDULE 2  
 PAGE 2 OF 2

	(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	\$21,206,675	\$ 1,847,558	\$8,627,328	\$2,802,765	\$1,911,395	\$1,926,363				\$17,115,409	\$4,091,286
FPSC ADJUSTMENTS:											
1) Interest Synchronization						\$98,093				\$98,093	(\$98,093)
2) Acquisition adjust.						\$0				\$0	\$0
3) Elim. Property Tax - Common Plant					(\$2,526)	\$974				(\$1,552)	\$1,552
4) Elim. amort org costs				(\$420)		\$162				(\$258)	\$258
5) Elim Economic Dev. Expense			(\$2)			\$1				(\$1)	\$1
6) Elim. Depreciation Exp. Common Plant				(\$15,855)		\$6,116				(\$9,739)	\$9,739
7) Elim. Non-utility O & M			\$0			\$0				\$0	\$0
8) Elim. Ind. Assoc dues			(\$4,198)			\$1,819				(\$2,578)	\$2,578
9) Elim charitable contributions			\$0			\$0				\$0	\$0
10) Elim. Social Activities			(\$27,261)			\$10,516				(\$16,745)	\$16,745
11) Elim. promotional expenses			(\$2,759)			\$1,064				(\$1,694)	\$1,694
12) Elim. Civic Dues			\$0			\$0				\$0	\$0
13) Interest Income	\$802					\$310				\$310	\$493
14) Elim. Rev Related Taxes (Franchise & PSC Assess)	(\$577,998)				(\$577,998)	\$0				(\$577,998)	\$0
15) Elim. Conservation Rev & Exp.	(\$1,694,309)	(\$1,685,670)			(\$8,480)	(\$61)				(\$1,694,211)	(\$98)
16) Elim. Swing Service Expenses		(\$161,888)				\$62,448				(\$99,440)	\$99,440
17) Elim. Swing Service Revenues	(\$162,702)				(\$818)	(\$62,447)				(\$63,265)	(\$99,437)
18) Elim. Flexible Gas Service	(\$156,600)		(\$45,184)	(\$10,104)	(\$2,888)	(\$38,044)				(\$96,020)	(\$60,580)
19) Out of Period Adjustments			\$0			\$0				\$0	\$0
TOTAL FPSC ADJUSTMENTS	(\$2,590,807)	(\$1,847,558)	(\$79,403)	(\$26,379)	(\$582,510)	\$80,752	\$0	\$0	\$0	(\$2,465,099)	(\$125,708)
FPSC ADJUSTED	\$18,615,868	\$0	\$8,547,925	\$2,776,386	\$1,318,885	\$2,007,115	\$0	\$0	\$0	\$14,650,310	\$3,965,558
COMP RATE ADJ REVENUES - DEFICIT/(SURPLUS)	\$0					\$0				\$0	\$0
ADJUSTED FOR COMP RATE ADJ REVENUES	\$18,615,868	\$0	\$8,547,925	\$2,776,386	\$1,318,885	\$2,007,115	\$0	\$0	\$0	\$14,650,310	3,965,558
PROFORMA ADJUSTMENTS											
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRO FORMA ADJUSTED	\$18,615,868	\$0	\$8,547,925	\$2,776,386	\$1,318,885	\$2,007,115	\$0	\$0	\$0	\$14,650,310	\$3,965,558

CHESAPEAKE UTILITIES CORPORATION  
 FLORIDA DIVISION  
 YEAR END RATE OF RETURN  
 For the 12 Months Ending December 31, 2017  
 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	\$105,004,380	(\$30,883,996)	\$74,120,384	\$0	\$9,108,777	\$83,229,162	(\$2,755,455)	\$80,473,706
FPSC ADJUSTMENTS:								
ELIMINATIONS TO WORKING CAPITAL							(\$756,942)	(\$756,942)
ELIM. FRANCHISE/CONSENT	(\$14,132)	\$12,761	(\$1,371)			(\$1,371)		(\$1,371)
ELIM. COMMON PLANT	(\$181,770)	\$78,743	(\$103,027)			(\$103,027)		(\$103,027)
FLEXIBLE GAS SERVICE	(\$259,136)	\$125,570	(\$133,567)			(\$133,567)	(\$9,004)	(\$142,571)
TOTAL FPSC ADJUSTMENTS	(\$455,038)	\$217,074	(\$237,965)	\$0	\$0	(\$237,965)	(\$765,946)	(\$1,003,911)
FPSC ADJUSTED	\$104,549,342	(\$30,666,922)	\$73,882,420	\$0	\$9,108,777	\$82,991,197	(\$3,521,402)	\$79,469,795
COMP RATE ADJ REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR COMP RATE ADJ REVENUE	\$104,549,342	(\$30,666,922)	\$73,882,420	\$0	\$9,108,777	\$82,991,197	(\$3,521,402)	\$79,469,795
PROFORMA ADJUSTMENTS								
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRO FORMA ADJUSTED	\$104,549,342	(\$30,666,922)	\$73,882,420	\$0	\$9,108,777	\$82,991,197	(\$3,521,402)	\$79,469,795

CHESAPEAKE UTILITIES CORPORATION  
 FLORIDA DIVISION  
 YEAR END RATE OF RETURN  
 For the 12 Months Ending December 31, 2017  
 INCOME STATEMENT

SCHEDULE 3  
 PAGE 2 OF 2

	(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	\$21,206,675	\$ 1,847,558	\$8,627,328	\$2,802,765	\$1,911,395	\$1,926,363				\$17,115,409	\$4,091,266
FPSC ADJUSTMENTS:											
1) Interest Synchronization						\$85,317				\$85,317	(\$85,317)
2) Acquisition adjust.						\$0				\$0	\$0
3) Elim. Property Tax - Common Plant					(\$2,526)	\$974				(\$1,552)	\$1,552
4) Elim. Amort. Org. Costs				(\$420)		\$162				(\$258)	\$258
5) Elim Economic Dev. Expense			(\$2)			\$1				(\$1)	\$1
6) Elim. Depreciation Exp. Common Plant			\$0	(\$15,855)		\$6,116				(\$9,739)	\$9,739
7) Elim. Non-utility O & M			\$0			\$0				\$0	\$0
8) Elim. Ind. Assoc dues			(4,198)			\$1,619				(\$2,578)	\$2,578
9) Elim charitable contributions			\$0			\$0				\$0	\$0
10) Elim. Social Activities			(\$27,261)			\$10,516				(\$16,745)	\$16,745
11) Elim. promotional expenses			(\$2,759)			\$1,064				(\$1,694)	\$1,694
12) Elim. Civic Dues			\$0			\$0				\$0	\$0
13) Interest Income	\$802					\$310				\$310	\$493
14) Elim. Rev Related Taxes (Franchise & PSC Assess)	(\$577,998)				(\$577,998)	\$0				(\$577,998)	\$0
15) Elim. Conservation Rev & Exp.	(\$1,694,309)	(\$1,685,670)			(\$8,480)	(\$61)				(\$1,694,211)	(\$98)
16) Elim. Swing Service Expenses		(\$161,888)				\$62,448				(\$99,440)	\$99,440
17) Elim. Swing Service Revenues	(\$162,702)				(\$818)	(\$62,447)				(\$63,265)	(\$99,437)
18) Elim. Flexible Gas Service	(\$156,600)		(\$45,184)	(\$10,104)	(\$2,688)	(\$38,044)				(\$96,020)	(\$60,580)
19) Out of Period Adjustments			\$0			\$0				\$0	\$0
TOTAL FPSC ADJUSTMENTS	(\$2,590,807)	(\$1,847,558)	(\$79,403)	(\$26,379)	(\$592,510)	\$67,975	\$0	\$0	\$0	(\$2,477,875)	(\$112,931)
FPSC ADJUSTED	\$18,615,868	\$0	\$8,547,925	\$2,776,386	\$1,318,885	\$1,994,338	\$0	\$0	\$0	\$14,637,534	\$3,978,335
COMP RATE ADJ REVENUES - DEFICIT/(SURPLUS)	\$0					\$0				\$0	\$0
ADJUSTED FOR COMP RATE ADJ REVENUES	\$18,615,868	\$0	\$8,547,925	\$2,776,386	\$1,318,885	\$1,994,338	\$0	\$0	\$0	\$14,637,534	\$3,978,335
PROFORM ADJUSTMENTS											
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRO FORMA ADJUSTED	\$18,615,868	\$0	\$8,547,925	\$2,776,386	\$1,318,885	\$1,994,338	\$0	\$0	\$0	\$14,637,534	\$3,978,335

AVERAGE	ADJUSTMENTS							LOW POINT		MIDPOINT		HIGH POINT	
	PER BOOKS	NON-UTILITY	ADJUSTED BOOKS	PRO-RATA	SPECIFIC	BALANCE	RATIO (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
	COMMON EQUITY	\$32,156,846	\$0	\$32,156,846	\$0	(\$547,866)	\$31,608,980	43.54%	9.80%	4.27%	10.80%	4.70%	11.80%
LONG TERM DEBT	\$11,351,311	\$0	\$11,351,311	\$0	(\$193,396)	\$11,157,915	15.37%	4.66%	0.72%	4.66%	0.72%	4.66%	0.72%
SHORT TERM DEBT	\$13,021,501	\$0	\$13,021,501	\$0	(\$221,851)	\$12,799,650	17.63%	1.77%	0.31%	1.77%	0.31%	1.77%	0.31%
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	\$1,070,897	\$0	\$1,070,897	\$0	\$0	\$1,070,897	1.48%	2.30%	0.03%	2.30%	0.03%	2.30%	0.03%
DEFERRED INCOME TAXES	\$15,963,235	\$0	\$15,963,235	\$0	\$0	\$15,963,235	21.99%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	(\$4,136)	\$0	(\$4,136)	\$0	\$0	(\$4,136)	-0.01%	5.30%	0.00%	5.73%	0.00%	6.17%	0.00%
<b>TOTAL AVERAGE</b>	<b>\$73,559,654</b>	<b>\$0</b>	<b>\$73,559,654</b>	<b>\$0</b>	<b>(\$963,113)</b>	<b>\$72,596,541</b>	<b>100.00%</b>		<b>5.33%</b>		<b>5.76%</b>		<b>6.20%</b>

YEAR-END	ADJUSTMENTS							LOW POINT		MIDPOINT		HIGH POINT	
	PER BOOKS	NON-UTILITY	ADJUSTED BOOKS	PRO-RATA	SPECIFIC	BALANCE	RATIO (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
	COMMON EQUITY	\$35,316,028	\$0	\$35,316,028	\$0	(\$574,992)	\$34,741,036	43.72%	9.80%	4.28%	10.80%	4.72%	11.80%
LONG TERM DEBT	\$15,336,931	\$0	\$15,336,931	\$0	(\$249,707)	\$15,087,224	18.98%	3.57%	0.68%	3.57%	0.68%	3.57%	0.68%
SHORT TERM DEBT	\$11,007,210	\$0	\$11,007,210	\$0	(\$179,213)	\$10,827,997	13.63%	2.17%	0.30%	2.17%	0.30%	2.17%	0.30%
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	\$1,081,404	\$0	\$1,081,404	\$0	\$0	\$1,081,404	1.36%	2.28%	0.03%	2.28%	0.03%	2.28%	0.03%
DEFERRED INCOME TAXES	\$17,732,134	\$0	\$17,732,134	\$0	\$0	\$17,732,134	22.31%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$0	\$0	\$0	\$0	\$0	\$0	0.00%	5.26%	0.00%	5.70%	0.00%	6.14%	0.00%
<b>TOTAL YEAR-END</b>	<b>\$80,473,706</b>	<b>\$0</b>	<b>\$80,473,706</b>	<b>\$0</b>	<b>(\$1,003,912)</b>	<b>\$79,469,795</b>	<b>100.00%</b>		<b>5.29%</b>		<b>5.73%</b>		<b>6.17%</b>