



April 3, 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

RECEIVED
FLORIDA PUBLIC SERVICE
COMMISSION
2018 APR -3 PM 3 27
DIVISION OF
ACCOUNTING & FINANCE

**Re: Florida Public Utilities Company (Electric and Gas Divisions) 4th Quarter/Year End
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 Year End 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
 December 31, 2017

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	\$ 4,489,275	(\$94,797)	\$4,394,478	\$0	\$4,394,478
AVERAGE RATE BASE	\$82,867,080	(\$650,202)	\$82,216,878	\$0	\$82,216,878
AVERAGE RATE OF RETURN	5.42%		5.34%		5.34%
II. YEAR-END RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	\$4,489,275	(\$121,345)	\$4,367,930	\$0	\$4,367,930
YEAR-END RATE BASE	\$84,372,839	(\$57,302)	\$84,315,537	\$0	\$84,315,537
YEAR-END RATE OF RETURN	5.32%		5.18%		5.18%
III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)					
LOW	5.36%				
MIDPOINT	5.79%				
HIGH	6.22%				
IV. EARNED RETURN ON EQUITY (FPSC ADJUSTED BASIS)					
A.	INCL COMP RATE ADJ REVENUES			9.77%	
B.	EXCL COMP RATE ADJ REVENUES			9.77%	

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

4/2/18
 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	\$104,815,272	(\$30,991,609)	\$73,623,663	\$0	\$10,659,752	\$84,283,415	(\$1,416,335)	\$82,867,080
FPSC ADJUSTMENTS:								
ELIMINATIONS TO WORKING CAPITAL							(\$405,127)	(\$405,127)
ELIMINATE ACQUISITION ADJ.	\$0	\$0	\$0			\$0		\$0
ELIM. FRANCHISE/CONSENT	(\$14,132)	\$12,761	(\$1,371)			(\$1,371)		(\$1,371)
ELIM. COMMON PLANT	(\$184,942)	\$78,757	(\$106,185)			(\$106,185)		(\$106,185)
FLEXIBLE GAS SERVICE	(\$259,136)	\$130,622	(\$128,515)			(\$128,515)	(\$9,004)	(\$137,519)
			\$0			\$0		\$0
TOTAL FPSC ADJUSTMENTS	(\$458,211)	\$222,140	(\$236,071)	\$0	\$0	(\$236,071)	(\$414,131)	(\$650,202)
FPSC ADJUSTED	\$104,157,061	(\$30,769,470)	\$73,387,592	\$0	\$10,659,752	\$84,047,344	(\$1,830,466)	\$82,216,878
COMP RATE ADJ REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR COMP RATE ADJ REVENUE	\$104,157,061	(\$30,769,470)	\$73,387,592	\$0	\$10,659,752	\$84,047,344	(\$1,830,466)	\$82,216,878
PROFORMA ADJUSTMENTS								
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRO FORMA ADJUSTED	\$104,157,061	(\$30,769,470)	\$73,387,592	\$0	\$10,659,752	\$84,047,344	(\$1,830,466)	\$82,216,878

CHESAPEAKE UTILITIES CORPORATION
 FLORIDA DIVISION
AVERAGE RATE OF RETURN
 For the 12 Months Ending December 31, 2017
 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	\$21,748,728	\$ 2,105,336	\$8,134,108	\$2,988,247	\$1,894,438	\$2,137,324				\$17,259,453	\$4,489,275
FPSC ADJUSTMENTS:											
1) Interest Synchronization						\$57,334				\$57,334	(\$57,334)
2) Acquisition adjust.						\$0				\$0	\$0
3) Elim. Property Tax - Common Plant					(\$1,893)	\$730				(\$1,163)	\$1,163
4) Elim. amort org costs				(\$420)		\$162				(\$258)	\$258
5) Elim Economic Dev. Expense			(\$9)			\$3				(\$5)	\$5
6) Elim. Depreciation Exp. Common Plant				(\$14,406)		\$5,557				(\$8,849)	\$8,849
7) Elim. Non-utility O & M			\$0			\$0				\$0	\$0
8) Elim. Ind. Assoc dues			(\$7,881)			\$3,040				(\$4,841)	\$4,841
9) Elim charitable contributions			\$0			\$0				\$0	\$0
10) Elim. Social Activities			(\$12,013)			\$4,634				(\$7,379)	\$7,379
11) Elim. promotional expenses			(\$1,045)			\$403				(\$642)	\$642
12) Elim. Civic Dues			\$0			\$0				\$0	\$0
13) Interest Income	\$2,940					\$1,134				\$1,134	\$1,806
14) Elim. Rev Related Taxes (Franchise & PSC Assess)	(\$585,652)				(\$585,652)	\$0				(\$585,652)	\$0
15) Elim. Conservation Rev & Exp.	(\$1,624,414)	(\$1,616,286)			(\$8,130)	\$1				(\$1,624,415)	\$1
16) Elim. Swing Service Expenses		(\$489,050)				\$188,651				(\$300,399)	\$300,399
17) Elim. Swing Service Revenues	(\$494,511)				(\$2,487)	(\$189,798)				(\$192,285)	(\$302,226)
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	(\$2,858,237)	(\$2,105,336)	(\$66,132)	(\$24,929)	(\$600,850)	\$33,807	\$0	\$0	\$0	(\$2,763,440)	(\$94,797)
FPSC ADJUSTED	\$18,890,491	\$0	\$8,067,976	\$2,963,318	\$1,293,588	\$2,171,131	\$0	\$0	\$0	\$14,496,013	\$4,394,478
COMP RATE ADJ REVENUES - DEFICIT/(SURPLUS)	\$0					\$0				\$0	\$0
ADJUSTED FOR COMP RATE ADJ REVENUES	\$18,890,491	\$0	\$8,067,976	\$2,963,318	\$1,293,588	\$2,171,131	\$0	\$0	\$0	\$14,496,013	4,394,478
PROFORMA ADJUSTMENTS											
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRO FORMA ADJUSTED	\$18,890,491	\$0	\$8,067,976	\$2,963,318	\$1,293,588	\$2,171,131	\$0	\$0	\$0	\$14,496,013	\$4,394,478

CHESAPEAKE UTILITIES CORPORATION
 FLORIDA DIVISION
 YEAR END 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	<u>\$109,242,962</u>	<u>(\$32,094,706)</u>	<u>\$77,148,256</u>	<u>\$0</u>	<u>\$7,956,818</u>	<u>\$85,105,074</u>	<u>(\$732,235)</u>	<u>\$84,372,839</u>
FPSC ADJUSTMENTS:								
ELIMINATIONS TO WORKING CAPITAL							\$192,379	\$192,379
ELIM. FRANCHISE/CONSENT	(\$14,132)	\$12,971	(\$1,161)			(\$1,161)		(\$1,161)
ELIM. COMMON PLANT	(\$186,646)	\$80,697	(\$105,949)			(\$105,949)		(\$105,949)
FLEXIBLE GAS SERVICE	(\$259,136)	\$125,570	(\$133,567)			(\$133,567)	(\$9,004)	(\$142,571)
TOTAL FPSC ADJUSTMENTS	<u>(\$459,914)</u>	<u>\$219,238</u>	<u>(\$240,677)</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$240,677)</u>	<u>\$183,375</u>	<u>(\$57,302)</u>
FPSC ADJUSTED	<u>\$108,783,048</u>	<u>(\$31,875,469)</u>	<u>\$76,907,579</u>	<u>\$0</u>	<u>\$7,956,818</u>	<u>\$84,864,397</u>	<u>(\$548,860)</u>	<u>\$84,315,537</u>
COMP RATE ADJ REVENUES	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
ADJUSTED FOR COMP RATE ADJ REVENUE	<u>\$108,783,048</u>	<u>(\$31,875,469)</u>	<u>\$76,907,579</u>	<u>\$0</u>	<u>\$7,956,818</u>	<u>\$84,864,397</u>	<u>(\$548,860)</u>	<u>\$84,315,537</u>
PROFORMA ADJUSTMENTS								
TOTAL PRO FORMA ADJUSTMENTS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
PRO FORMA ADJUSTED	<u>\$108,783,048</u>	<u>(\$31,875,469)</u>	<u>\$76,907,579</u>	<u>\$0</u>	<u>\$7,956,818</u>	<u>\$84,864,397</u>	<u>(\$548,860)</u>	<u>\$84,315,537</u>

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	\$21,748,728	\$ 2,105,336	\$8,134,108	\$2,988,247	\$1,894,438	\$2,137,324				\$17,259,453	\$4,489,275
FPSC ADJUSTMENTS:											
1) Interest Synchronization						\$83,882				\$83,882	(\$83,882)
2) Acquisition adjust.						\$0				\$0	\$0
3) Elim. Property Tax - Common Plant					(\$1,893)	\$730				(\$1,163)	\$1,163
4) Elim. Amort. Org. Costs				(\$420)		\$162				(\$258)	\$258
5) Elim Economic Dev. Expense			(\$9)			\$3				(\$5)	\$5
6) Elim. Depreciation Exp. Common Plant				(\$14,406)		\$5,557				(\$8,849)	\$8,849
7) Elim. Non-utility O & M			\$0			\$0				\$0	\$0
8) Elim. Ind. Assoc dues			(7,881)			\$3,040				(\$4,841)	\$4,841
9) Elim charitable contributions			\$0			\$0				\$0	\$0
10) Elim. Social Activities			(\$12,013)			\$4,634				(\$7,379)	\$7,379
11) Elim. promotional expenses			(\$1,045)			\$403				(\$642)	\$642
12) Elim. Civic Dues			\$0			\$0				\$0	\$0
13) Interest Income	\$2,940					\$1,134				\$1,134	\$1,806
14) Elim. Rev Related Taxes (Franchise & PSC Assess)	(\$585,652)				(\$585,652)	\$0				(\$585,652)	\$0
15) Elim. Conservation Rev & Exp.	(\$1,624,414)	(\$1,616,286)			(\$8,130)	\$1				(\$1,624,415)	\$1
16) Elim. Swing Service Expenses		(\$489,050)				\$188,651				(\$300,399)	\$300,399
17) Elim. Swing Service Revenues	(\$494,511)				(\$2,487)	(\$189,798)				(\$192,285)	(\$302,226)
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	<u>(\$2,858,237)</u>	<u>(\$2,105,336)</u>	<u>(\$66,132)</u>	<u>(\$24,929)</u>	<u>(\$600,850)</u>	<u>\$60,356</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$2,736,892)</u>	<u>(\$121,345)</u>
FPSC ADJUSTED	\$18,890,491	\$0	\$8,067,976	\$2,963,318	\$1,293,588	\$2,197,680	\$0	\$0	\$0	\$14,522,561	\$4,367,930
COMP RATE ADJ REVENUES - DEFICIT/(SURPLUS)	\$0					\$0				\$0	\$0
ADJUSTED FOR COMP RATE ADJ REVENUES	\$18,890,491	\$0	\$8,067,976	\$2,963,318	\$1,293,588	\$2,197,680	\$0	\$0	\$0	\$14,522,561	\$4,367,930
PROFORM ADJUSTMENTS											
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRO FORMA ADJUSTED	<u>\$18,890,491</u>	<u>\$0</u>	<u>\$8,067,976</u>	<u>\$2,963,318</u>	<u>\$1,293,588</u>	<u>\$2,197,680</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$14,522,561</u>	<u>\$4,367,930</u>

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	\$35,735,457	\$0	\$35,735,457	\$0	(\$361,227)	\$35,374,230	43.03%	9.80%	4.22%	10.80%	4.65%	11.80%	5.08%
LONG TERM DEBT	\$13,891,944	\$0	\$13,891,944	\$0	(\$140,425)	\$13,751,519	16.73%	4.44%	0.74%	4.44%	0.74%	4.44%	0.74%
SHORT TERM DEBT	\$14,695,668	\$0	\$14,695,668	\$0	(\$148,550)	\$14,547,118	17.69%	2.09%	0.37%	2.09%	0.37%	2.09%	0.37%
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	\$1,087,194	\$0	\$1,087,194	\$0	\$0	\$1,087,194	1.32%	2.39%	0.03%	2.39%	0.03%	2.39%	0.03%
DEFERRED INCOME TAXES	\$17,458,093	\$0	\$17,458,093	\$0	\$0	\$17,458,093	21.23%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	(\$1,276)	\$0	(\$1,276)	\$0	\$0	(\$1,276)	0.00%	5.33%	0.00%	5.76%	0.00%	6.19%	0.00%
TOTAL AVERAGE	\$82,867,080	\$0	\$82,867,080	\$0	(\$650,202)	\$82,216,878	100.00%		5.36%		5.79%		6.22%

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	\$34,265,929	\$0	\$34,265,929	\$0	(\$29,962)	\$34,235,967	40.60%	9.80%	3.98%	10.80%	4.39%	11.80%	4.79%
LONG TERM DEBT	\$13,737,222	\$0	\$13,737,222	\$0	(\$12,012)	\$13,725,210	16.28%	4.10%	0.67%	4.10%	0.67%	4.10%	0.67%
SHORT TERM DEBT	\$17,530,169	\$0	\$17,530,169	\$0	(\$15,328)	\$17,514,841	20.77%	1.60%	0.33%	1.60%	0.33%	1.60%	0.33%
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	\$1,115,518	\$0	\$1,115,518	\$0	\$0	\$1,115,518	1.32%	2.33%	0.03%	2.33%	0.03%	2.33%	0.03%
DEFERRED INCOME TAXES	\$17,724,002	\$0	\$17,724,002	\$0	\$0	\$17,724,002	21.02%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$0	\$0	\$0	\$0	\$0	\$0	0.00%	4.98%	0.00%	5.39%	0.00%	5.79%	0.00%
TOTAL YEAR-END	\$84,372,839	\$0	\$84,372,839	\$0	(\$57,302)	\$84,315,537	100.00%		5.01%		5.42%		5.82%