



GUNSTER
FLORIDA'S LAW FIRM FOR BUSINESS

RECEIVED
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

	(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	\$ 4,086,673	(\$538,679)	\$3,547,995	\$0	\$3,547,995
AVERAGE RATE BASE	\$82,357,469	(\$6,356,828)	\$76,000,641	\$0	\$76,000,641
AVERAGE RATE OF RETURN	4.96%		4.67%		4.67%
II. YEAR-END RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	\$4,086,673	(\$553,097)	\$3,533,577	\$0	\$3,533,577
YEAR-END RATE BASE	\$85,376,382	(\$8,214,169)	\$77,162,213	\$0	\$77,162,213
YEAR-END RATE OF RETURN	4.79%		4.58%		4.58%

IV. FINANCIAL INTEGRITY INDICATORS

III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)					
LOW	5.12%				3.98
MIDPOINT	5.52%				3.98
HIGH	5.91%				0.00
					(23.80)
					23.84
					23.14
					8.12

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

5/24/13

	(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	\$129,682,216	(\$63,012,164)	\$66,670,052	\$0	\$2,489,588	\$69,159,640	\$13,197,828	\$82,357,469
FPSC ADJUSTMENTS:								
1) ELIM. NON UTILITY PLANT	\$0	\$0	\$0			\$0		\$0
2) REGULATORY LIAB - PENSION AMORT						\$0		\$0
3) REGULATORY ASSET - LITIGATION COSTS						\$0	\$0	\$0
4) ELIMINATE NET UNDERRECOVERY						\$0	(\$0)	(\$0)
5) DEFERRED RATE CASE EXPENSE						\$0	(\$6,177,397)	(\$6,177,397)
TOTAL FPSC ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	(\$179,431)	(\$179,431)
							(\$6,356,828)	(\$6,356,828)
FPSC ADJUSTED	\$129,682,216	(\$63,012,164)	\$66,670,052	\$0	\$2,489,588	\$69,159,640	\$6,841,000	\$76,000,641
FLEX RATE REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR FLEX RATE REVENUES	\$129,682,216	(\$63,012,164)	\$66,670,052	\$0	\$2,489,588	\$69,159,640	\$6,841,000	\$76,000,641
PROFORMA ADJUSTMENTS								
TOTAL PROFORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PROFORMA ADJUSTED	\$129,682,216	(\$63,012,164)	\$66,670,052	\$0	\$2,489,588	\$69,159,640	\$6,841,000	\$76,000,641

AVERAGE 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 FUEL 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	\$ 87,345,563	\$ 59,437,730	\$ 11,368,522	\$ 4,268,444	\$ 7,084,703	\$ 1,099,490				\$ 83,258,890	\$ 4,086,673
FPSC ADJUSTMENTS:											
1) INCOME TAX SYNCH ADJUSTMENT											
2) ELIMINATE FUEL REVENUES AND EXPENSES	\$ (58,923,716)	\$ (58,788,909)		\$ (44,079)	\$ (22,995)	\$ 216,664				\$ 216,664	\$ (216,664)
3) ELIMINATE CONSERVATION	\$ (651,097)	\$ (648,821)		\$ (468)	\$ (458)					\$ (58,855,983)	\$ (67,733)
4) NON-UTILITY DEPRECIATION EXPENSE				\$						\$ (649,748)	\$ (1,349)
5) ELIMINATE REVENUE RELATED TAXES (FRANCHISE & GROSS RECEIPTS)	\$ (5,768,035)				\$ (5,768,035)					\$ (5,768,035)	\$
6) PROVISION FOR RATE REFUND-ANNUAL	\$ (338,801)			\$ (148,636)	\$ (85,869)	\$ (85,869)				\$ (85,869)	\$ (252,932)
7) PROV. FOR RATE REFUND PROTECTED AMT.	\$ (148,636)			\$ (72,525)						\$ (148,636)	\$
8) PROV. FOR RATE REFUND UNPROTECTED AMT.	\$ (72,525)									\$ (72,525)	\$
TOTAL FPSC ADJUSTMENTS	\$ (65,902,810)	\$ (59,437,730)		\$ (221,161)	\$ (5,812,582)	\$ 107,342				\$ (65,364,131)	\$ (538,679)
FPSC ADJUSTED	\$ 21,442,753	\$	\$ 11,368,522	\$ 4,047,283	\$ 1,272,121	\$ 1,206,832				\$ 17,894,758	\$ 3,547,995
PRO FORMA ADJUSTMENTS											
TOTAL PRO FORMA ADJUSTMENTS	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
PRO FORMA ADJUSTED	\$21,442,753	\$0	\$11,368,522	\$4,047,283	\$1,272,121	\$1,206,832	\$0	\$0	\$0	\$17,894,758	\$3,547,995

	(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	\$133,439,800	(\$64,597,618)	\$68,842,182	\$0	\$1,251,339	\$70,093,521	\$15,282,861	\$85,376,382
FPSC ADJUSTMENTS:								
1) ELIM. NON UTILITY PLANT	\$0	\$0	\$0			\$0	\$0	\$0
2) OUT OF PERIOD LITIGATION ADJ						\$0	\$0	\$0
3) ELIMINATION OF UNDER RECOVERY						\$0	(\$8,083,675)	(\$8,083,675)
4) DEFERRED RATE CASE EXPENSE						\$0	(\$130,494)	(\$130,494)
TOTAL FPSC ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	(\$8,214,169)	(\$8,214,169)
FPSC ADJUSTED	\$133,439,800	(\$64,597,618)	\$68,842,182	\$0	\$1,251,339	\$70,093,521	\$7,068,692	\$77,162,213
COMP RATE ADJ REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR COMP RATE ADJ REVENUE	\$133,439,800	(\$64,597,618)	\$68,842,182	\$0	\$1,251,339	\$70,093,521	\$7,068,692	\$77,162,213
PROFORMA ADJUSTMENTS								
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRO FORMA ADJUSTED	\$133,439,800	(\$64,597,618)	\$68,842,182	\$0	\$1,251,339	\$70,093,521	\$7,068,692	\$77,162,213

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	OPERATING REVENUES	O & M FUEL 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	\$ 87,345,563	\$ 59,437,730	\$ 11,368,522	\$ 4,268,444	\$ 7,084,703	\$ 1,099,490				\$ 83,258,890	\$ 4,086,673
FPSC ADJUSTMENTS:											
1) INCOME TAX SYNCH ADJUSTMENT											
2) ELIMINATE FUEL REVENUES AND EXPENSES	\$ (58,923,716)	\$ (58,788,909)			\$ (44,079)	\$ (22,995)				\$ 233,513	\$ (233,513)
3) ELIMINATE CONSERVATION	\$ (651,097)	\$ (648,821)			\$ (468)	\$ (458)				\$ (58,855,983)	\$ (67,733)
4) NON-UTILITY DEPRECIATION EXPENSE										\$ (649,748)	\$ (1,349)
5) ELIMINATE REVENUE RELATED TAXES (FRANCHISE & GROSS RECEIPTS)	\$ (5,768,035)				\$ (5,768,035)					\$ (5,768,035)	\$ -
6) PROVISION FOR RATE REFUND-ANNUAL	\$ (338,801)					\$ (85,869)				\$ (85,869)	\$ -
7) PROV. FOR RATE REFUND PROTECTED AMT.	\$ (148,636)			\$ (148,636)						\$ (148,636)	\$ -
8) PROV. FOR RATE REFUND UNPROTECTED AMT.	\$ (72,525)			\$ (72,525)						\$ (72,525)	\$ -
TOTAL FPSC ADJUSTMENTS	\$ (65,902,810)	\$ (59,437,730)		\$ (221,161)	\$ (5,812,582)	\$ 124,191	\$ -	\$ -	\$ -	\$ (65,347,282)	\$ (555,528)
FPSC ADJUSTED	\$ 21,442,753	\$ -	\$ 11,368,522	\$ 4,047,283	\$ 1,272,121	\$ 1,223,681	\$ -	\$ -	\$ -	\$ 17,911,608	\$ 3,531,145
PRO FORMA ADJUSTMENTS											
TOTAL PRO FORMA ADJUSTMENTS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
PRO FORMA ADJUSTED	\$ 21,442,753	\$ 0	\$ 11,368,522	\$ 4,047,283	\$ 1,272,121	\$ 1,223,681	\$ 0	\$ 0	\$ 0	\$ 17,911,608	\$ 3,531,145

AVERAGE	ADJUSTMENTS				BALANCE	RATIO (%)	LOW POINT		MIDPOINT		HIGH POINT	
	PER BOOKS	NON-UTILITY	ADJUSTED BOOKS	PRO-RATA			SPECIFIC	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)
COMMON EQUITY	\$33,590,312		\$33,590,312	(\$3,370,520)	\$30,219,792	39.76%	9.25%	3.68%	10.25%	4.08%	11.25%	4.47%
LONG TERM DEBT - CU	\$13,436,784		\$13,436,784	(1,348,274)	\$12,088,510	15.91%	4.16%	0.66%	4.16%	0.66%	4.16%	0.66%
SHORT TERM DEBT	\$14,656,991		\$14,656,991	(1,470,712)	\$13,186,279	17.35%	2.52%	0.44%	2.52%	0.44%	2.52%	0.44%
LONG TERM DEBT - FC	\$1,667,515		\$1,667,515	(167,322)	\$1,500,193	1.97%	12.07%	0.24%	12.07%	0.24%	12.07%	0.24%
SHORT TERM DEBT - REFINANCED LTD	\$0		\$0	\$0	\$0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$3,254,629		\$3,254,629		\$3,254,629	4.28%	2.44%	0.10%	2.44%	0.10%	2.44%	0.10%
DEFERRED INCOME TAXES	\$15,751,239		\$15,751,239		\$15,751,239	20.73%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$0		\$0		\$0	0.00%	5.02%	0.00%	5.42%	0.00%	5.81%	0.00%
TOTAL AVERAGE	\$82,357,469	\$0	\$82,357,469	(\$6,356,828)	\$0	100.00%		5.12%		5.52%		5.91%

YEAR-END	ADJUSTMENTS				BALANCE	RATIO (%)	LOW POINT		MIDPOINT		HIGH POINT	
	PER BOOKS	NON-UTILITY	ADJUSTED BOOKS	PRO-RATA			SPECIFIC	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)
COMMON EQUITY	\$34,014,244		\$34,014,244	(4,227,227)	\$0	38.60%	9.25%	3.57%	10.25%	3.96%	11.25%	4.34%
LONG TERM DEBT - CU	\$14,811,047		\$14,811,047	(1,840,689)	\$12,970,358	16.81%	3.67%	0.62%	3.67%	0.62%	3.67%	0.62%
SHORT TERM DEBT	\$15,579,277		\$15,579,277	(1,936,163)	\$13,643,114	17.68%	2.29%	0.40%	2.29%	0.40%	2.29%	0.40%
LONG TERM DEBT - FC	\$1,690,482		\$1,690,482	(210,090)	\$1,480,392	1.92%	11.98%	0.23%	11.98%	0.23%	11.98%	0.23%
SHORT TERM DEBT - REFINANCED LTD	\$0		\$0	\$0	\$0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$3,313,201		\$3,313,201		\$3,313,201	4.29%	2.39%	0.10%	2.39%	0.10%	2.39%	0.10%
DEFERRED INCOME TAXES	\$15,968,131		\$15,968,131		\$15,968,131	20.69%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$0		\$0		\$0	0.00%	4.82%	0.00%	5.21%	0.00%	5.59%	0.00%
TOTAL YEAR-END	\$85,376,382	\$0	\$85,376,382	(\$8,214,169)	\$0	100.00%		4.92%		5.31%		5.69%