



Writer's E-Mail Address: bkeating@gunster.com

March 30, 2021

**VIA ELECTRONIC MAIL**

Mr. Stephen Bart Fletcher, Chief of Surveillance and Rate Filings  
Division of Accounting and Finance  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

**Re: Florida Public Utilities Company (Gas Divisions and Electric Division) and Florida  
Division of Chesapeake Utilities 4th Quarter 2020 Surveillance Reports**

Dear Mr. Fletcher:

In accordance with Rules 25-6.1352 and 25-7.1352, F.A.C., Florida Public Utilities Company hereby submits its 4th Quarter Earnings Surveillance Reports for 2020 for FPUC (All Divisions) and Chesapeake.

As always, please don't hesitate to let me know if you have any questions whatsoever.

Sincerely,

*s/Beth Keating* \_\_\_\_\_  
Beth Keating  
Gunster, Yoakley & Stewart, P.A.  
215 South Monroe St., Suite 601  
Tallahassee, FL 32301  
(850) 521-1706

cc: Shari Cornelius  
Curt Mouring

FLORIDA PUBLIC UTILITIES COMPANY  
 INDIANTOWN DIVISION  
 RATE OF RETURN REPORT SUMMARY  
 December 31, 2020

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	\$ (73,299)	\$ 1,681	\$ (71,618)	\$ 37,525	\$ (34,093)
AVERAGE RATE BASE	\$ 2,123,043	\$ (44)	\$ 2,122,999	\$ (252,749)	\$ 1,870,250
AVERAGE RATE OF RETURN	<u>-3.45%</u>		<u>-3.37%</u>		<u>-1.82%</u>
<b>II. YEAR-END RATE OF RETURN (JURISDICTIONAL)</b>					
NET OPERATING INCOME	\$ (73,299)	\$ 1,316	\$ (71,983)	\$ 37,525	\$ (34,458)
YEAR-END RATE BASE	\$ 2,122,833	\$ -	\$ 2,122,833	\$ (227,891)	\$ 1,894,942
YEAR-END RATE OF RETURN	<u>-3.45%</u>		<u>-3.39%</u>		<u>-1.82%</u>
<hr/>					
<b>III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)</b>			<b>IV. EARNED RETURN ON EQUITY (FPSC ADJUSTED BASIS)</b>		
LOW	5.19%		A. INCL ACQUISITION ADJUSTMENT		-12.73%
MIDPOINT	5.56%		B. EXCL ACQUISITION ADJUSTMENT		-8.72%
HIGH	5.93%				

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  
 AVP, Regulatory Affairs

\_\_\_\_\_  
 Signature

\_\_\_\_\_  
 Date

FLORIDA PUBLIC UTILITIES COMPANY  
 INDIANTOWN DIVISION  
 AVERAGE RATE OF RETURN  
 For the 12 Months Ending December 31, 2020  
 RATE BASE

SCHEDULE 2  
 PAGE 1 OF 2

	(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	3,607,120	(1,631,715)	1,975,405	-	6,920	1,982,325	140,718	2,123,043
FPSC ADJUSTMENTS:								
REMOVE NET UNRECOVERED CONSERVATION			-		(44)	-	-	(44)
ELIMINATE INTEREST EARNING AFUDC IN CWIP					(44)	(44)	-	(44)
TOTAL FPSC ADJUSTMENTS	-	-	-	-	(44)	(44)	-	(44)
FPSC ADJUSTED	3,607,120	(1,631,715)	1,975,405	-	6,876	1,982,281	140,718	2,122,999
PROFORMA ADJUSTMENTS								
Remove Acquisition Adjustment	(745,800)	493,051	(252,749)			(252,749)		(252,749)
TOTAL PRO FORMA ADJUSTMENTS	(745,800)	493,051	(252,749)	-	-	(252,749)	-	(252,749)
PRO FORMA ADJUSTED	2,861,320	(1,138,664)	1,722,656	-	6,876	1,729,532	140,718	1,870,250

FLORIDA PUBLIC UTILITIES COMPANY  
 INDIANTOWN DIVISION  
 AVERAGE RATE OF RETURN  
 For the 12 Months Ending December 31, 2020  
 INCOME STATEMENT

SCHEDULE 2  
 PAGE 2 OF 2

	(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	\$ 258,346	\$ 25,178	\$ 170,490	\$ 128,066	\$ 38,610	\$ (30,699)				\$ 331,645	\$ (73,299)
FPSC ADJUSTMENTS:											
1) Interest Synchronization						\$ (1,674)				\$ (1,674)	\$ 1,674
2) Elim. Conservation Rev & Exp.	\$ (13,501)	\$ (13,433)			\$ (68)	\$ (0)				\$ (13,501)	\$ (0)
3) Elimination of Revenue Taxes	\$ (1,285)				\$ (1,285)	\$ -				\$ (1,285)	\$ -
4) Elim. Economic Development			\$ (5)			\$ 1				\$ (4)	\$ 4
5) Remove Swing Service	\$ (11,800)	\$ (11,745)			\$ (59)	\$ 1				\$ (11,803)	\$ 3
6) Out of Period Unprotected Deferred Taxes				\$ -		\$ -				\$ -	\$ -
7) Amortization of Protected Deferred Taxes				\$ -		\$ -				\$ -	\$ -
TOTAL FPSC ADJUSTMENTS	\$ (26,586)	\$ (25,178)	\$ (5)	\$ -	\$ (1,412)	\$ (1,672)	\$ -	\$ -	\$ -	\$ (28,267)	\$ 1,681
FPSC ADJUSTED	\$ 231,760	\$ -	\$ 170,485	\$ 128,066	\$ 37,198	\$ (32,371)	\$ -	\$ -	\$ -	\$ 303,378	\$ (71,618)
PROFORMA ADJUSTMENTS											
Remove Acquisition Adjustment Amortization				\$ (49,716)		\$ 12,191				\$ (37,525)	\$ 37,525
TOTAL PRO FORMA ADJUSTMENTS	\$ -	\$ -	\$ -	\$ (49,716)	\$ -	\$ 12,191	\$ -	\$ -	\$ -	\$ (37,525)	\$ 37,525
PRO FORMA ADJUSTED	\$ 231,760	\$ -	\$ 170,485	\$ 78,350	\$ 37,198	\$ (20,180)	\$ -	\$ -	\$ -	\$ 265,853	\$ (34,093)

FLORIDA PUBLIC UTILITIES COMPANY  
 INDIANTOWN DIVISION  
 YEAR END RATE OF RETURN  
 For the 12 Months Ending December 31, 2020  
 RATE BASE

SCHEDULE 3  
 PAGE 1 OF 2

	(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	\$ 3,602,873	\$ (1,684,068)	\$ 1,918,805	\$ -	\$ 5,442	\$ 1,924,247	\$ 198,586	\$ 2,122,833
FPSC ADJUSTMENTS:								
REMOVE NET UNREC. CONSERVATION			\$ -			\$ -	\$ -	\$ -
TOTAL FPSC ADJUSTMENTS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FPSC ADJUSTED	\$ 3,602,873	\$ (1,684,068)	\$ 1,918,805	\$ -	\$ 5,442	\$ 1,924,247	\$ 198,586	\$ 2,122,833
PROFORMA ADJUSTMENTS								
Remove Acquisition Adjustment	\$ (745,800)	\$ 517,909	\$ (227,891)			\$ (227,891)		\$ (227,891)
TOTAL PRO FORMA ADJUSTMENTS	\$ (745,800)	\$ 517,909	\$ (227,891)	\$ -	\$ -	\$ (227,891)	\$ -	\$ (227,891)
PRO FORMA ADJUSTED	\$ 2,857,073	\$ (1,166,159)	\$ 1,690,914	\$ -	\$ 5,442	\$ 1,696,356	\$ 198,586	\$ 1,894,942

FLORIDA PUBLIC UTILITIES COMPANY  
 INDIANTOWN DIVISION  
 YEAR END RATE OF RETURN  
 For the 12 Months Ending December 31, 2020  
 INCOME STATEMENT

SCHEDULE 3  
 PAGE 2 OF 2

	(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	\$ 258,346	\$ 25,178	\$ 170,490	\$ 128,066	\$ 38,610	\$ (30,699)				\$ 331,645	\$ (73,299)
FPSC ADJUSTMENTS:											
1) Interest Synchronization						\$ (1,310)				\$ (1,310)	\$ 1,310
2) Elim. Conservation Rev & Exp.	\$ (13,501)	\$ (13,433)			\$ (68)	\$ (0)				\$ (13,501)	\$ (0)
3) Elimination of Revenue Taxes	\$ (1,285)				\$ (1,285)	\$ -				\$ (1,285)	\$ -
4) Elim. Economic Development			\$ (5)			\$ 1				\$ (4)	\$ 4
5) Remove Swing Service	\$ (11,800)	\$ (11,745)			\$ (59)	\$ 1				\$ (11,803)	\$ 3
6) Out of Period Unprotected Deferred Taxes				\$ -		\$ -				\$ -	\$ -
7) Amortization of Protected Deferred Taxes				\$ -		\$ -				\$ -	\$ -
TOTAL FPSC ADJUSTMENTS	\$ (26,586)	\$ (25,178)	\$ (5)	\$ -	\$ (1,412)	\$ (1,307)	\$ -	\$ -	\$ -	\$ (27,902)	\$ 1,316
FPSC ADJUSTED	\$ 231,760	\$ -	\$ 170,485	\$ 128,066	\$ 37,198	\$ (32,006)	\$ -	\$ -	\$ -	\$ 303,743	\$ (71,983)
PROFORM ADJUSTMENTS											
Remove Acquisition Adjustment Amortization				\$ (49,716)		\$ 12,191				\$ (37,525)	\$ 37,525
TOTAL PRO FORMA ADJUSTMENTS	\$ -	\$ -	\$ -	\$ (49,716)	\$ -	\$ 12,191	\$ -	\$ -	\$ -	\$ (37,525)	\$ 37,525
PRO FORMA ADJUSTED	\$ 231,760	\$ -	\$ 170,485	\$ 78,350	\$ 37,198	\$ (19,815)	\$ -	\$ -	\$ -	\$ 266,218	\$ (34,458)

FLORIDA PUBLIC UTILITIES COMPANY  
 INDIANTOWN DIVISION  
 CAPITAL STRUCTURE  
 For the 12 Months Ending December 31, 2020  
 FPSC ADJUSTED BASIS

SCHEDULE 4

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	\$782,816	\$ -	\$ 782,816	\$ -	\$ (21)	\$782,795	36.87%	10.50%	3.87%	11.50%	4.24%	12.50%	4.61%
LONG TERM DEBT	\$ 614,362	\$ -	\$ 614,362	\$ -	\$ (16)	\$ 614,346	28.94%	3.69%	1.07%	3.69%	1.07%	3.69%	1.07%
SHORT TERM DEBT	\$ 295,265	\$ -	\$ 295,265	\$ -	\$ (7)	\$ 295,258	13.91%	1.83%	0.25%	1.83%	0.25%	1.83%	0.25%
SHORT TERM DEBT REFINANCED LTD	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$8,306	\$ -	\$ 8,306	\$ -	\$ -	\$ 8,306	0.39%	0.71%	0.00%	0.71%	0.00%	0.71%	0.00%
DEFERRED INCOME TAXES	\$422,294	\$ -	\$ 422,294	\$ -	\$ -	\$ 422,294	19.89%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	5.19%	0.00%	5.56%	0.00%	5.93%	0.00%
TOTAL AVERAGE	\$ 2,123,043	\$ -	\$ 2,123,043	\$ -	\$ (44)	\$ 2,122,999	100.00%		5.19%		5.56%		5.93%

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	\$836,641	\$ -	\$ 836,641	\$ -	\$ -	\$836,641	39.41%	10.50%	4.14%	11.50%	4.53%	12.50%	4.93%
LONG TERM DEBT	\$ 624,058	\$ -	\$ 624,058	\$ -	\$ -	\$ 624,058	29.40%	3.42%	1.01%	3.42%	1.01%	3.42%	1.01%
SHORT TERM DEBT	\$ 209,437	\$ -	\$ 209,437	\$ -	\$ -	\$ 209,437	9.87%	2.43%	0.24%	2.43%	0.24%	2.43%	0.24%
SHORT TERM DEBT REFINANCED LTD	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$ 7,575	\$ -	\$ 7,575	\$ -	\$ -	\$ 7,575	0.36%	0.78%	0.00%	0.78%	0.00%	0.78%	0.00%
DEFERRED INCOME TAXES	\$445,122	\$ -	\$ 445,122	\$ -	\$ -	\$ 445,122	20.97%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	5.39%	0.00%	5.78%	0.00%	6.18%	0.00%
TOTAL YEAR-END	\$ 2,122,833	\$ -	\$ 2,122,833	\$ -	\$ -	\$ 2,122,833	100.00%		5.39%		5.78%		6.18%