



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

	(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	\$ 5,846,219	(\$512,771)	\$5,333,448	\$0	\$5,333,448
AVERAGE RATE BASE	\$151,028,993	(\$40,275,429)	\$110,753,564	\$0	\$110,753,564
AVERAGE RATE OF RETURN	3.87%		4.82%		4.82%
II. YEAR-END RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	\$5,846,219	(\$549,848)	\$5,296,371	\$0	\$5,296,371
YEAR-END RATE BASE	\$143,155,630	(\$34,809,169)	\$108,346,461	\$0	\$108,346,461
YEAR-END RATE OF RETURN	4.08%		4.89%		4.89%

IV. FINANCIAL INTEGRITY INDICATORS

III. REQUIRED RATES OF RETURN		A. TIE WITH AFUDC		4.70
AVERAGE CAPITAL STRUCTURE		B. TIE WITHOUT AFUDC		4.70
(FPSC ADJUSTED BASIS)		C. AFUDC TO NET INCOME		0.00
LOW	5.54%	D. INTERNALLY GENERATED FUNDS		(2,439.74)
MIDPOINT	6.04%	E. LTD TO TOTAL INVESTOR FUNDS		22.37
HIGH	6.55%	F. STD TO TOTAL INVESTOR FUNDS		10.35
		G. RETURN ON COMMON EQUITY		7.82

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

AVERAGE RATE OF RETURN

For the 12 Months Ending December 31, 2020

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	\$160,743,507	(\$65,743,955)	\$94,999,551	\$0	\$1,777,055	\$96,776,606	\$54,252,386	\$151,028,993
FPSC ADJUSTMENTS:								
			\$0			\$0		\$0
1) ELIM. NON UTILITY PLANT	\$0	\$0	\$0			\$0		\$0
2) REGULATORY LIAB - PENSION AMORT			\$0			\$0		\$0
3) REGULATORY ASSET - LITIGATION COSTS			\$0			\$0		\$0
4) REMOVE INT. EARNING STORM & CWIP			\$0		\$ (3,174)	(\$3,174)	(\$38,279,626)	(\$38,282,800)
5) MOVE A/D MICHAEL REG ASSET TO WC		(\$4,210,694)	(\$4,210,694)			(\$4,210,694)	\$4,210,694	\$0
6) ADJUST STORM 13-MONTH AVG TO ORDER			\$0			\$0	(\$404,789)	(\$404,789)
6) ELIMINATE NET UNDERRECOVERY			\$0			\$0	(\$1,587,282)	(\$1,587,282)
7) DEFERRED RATE CASE EXPENSE			\$0			\$0	(\$557)	(\$557)
TOTAL FPSC ADJUSTMENTS	\$0	(\$4,210,694)	(\$4,210,694)	\$0	(\$3,174)	(\$4,213,868)	(\$36,061,560)	(\$40,275,429)
FPSC ADJUSTED	\$160,743,507	(\$69,954,650)	\$90,788,857	\$0	\$1,773,881	\$92,562,738	\$18,190,826	\$110,753,564
FLEX RATE REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR FLEX RATE REVENUES	\$160,743,507	(\$69,954,650)	\$90,788,857	\$0	\$1,773,881	\$92,562,738	\$18,190,826	\$110,753,564
PROFORMA ADJUSTMENTS								
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRO FORMA ADJUSTED	\$160,743,507	(\$69,954,650)	\$90,788,857	\$0	\$1,773,881	\$92,562,738	\$18,190,826	\$110,753,564

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

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	(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	\$ 82,348,365	\$ 43,710,052	\$ 12,262,832	\$ 12,526,555	\$ 7,209,135	\$ 793,572				\$ 76,502,146	\$ 5,846,219
FPSC ADJUSTMENTS:											
1) INCOME TAX SYNCH ADJUSTMENT						\$ 595,639				\$ 595,639	\$ (595,639)
2) ELIMINATE FUEL REVENUES AND EXPENSES	\$ (42,956,585)	\$ (42,918,070)			\$ (32,298)	\$ (1,524)				\$ (42,951,893)	\$ (4,692)
3) ELIMINATE CONSERVATION	\$ (793,849)	\$ (791,982)			\$ (571)	\$ (318)				\$ (792,871)	\$ (978)
4)NON-UTILITY DEPRECIATION EXPENSE				\$ -		\$ -				\$ -	\$ -
5) ELIMINATE REVENUE RELATED TAXES (FRANCHISE & GROSS RECEIPTS)	\$ (5,486,737)				\$ (5,486,737)	\$ -				\$ (5,486,737)	\$ -
6) ELIMINATE 5% OF ECONOMIC DEVELOPMENT			\$ (1,201)			\$ 294				\$ (906)	\$ 906
7) OUT OF PERIOD ADJ						\$ -				\$ -	\$ -
8) REMOVE STORM SURCHARGE ADJUSTMENT	\$ (8,506,025)		\$ (771,057)	\$ (7,845,556)	\$ (5,514)	\$ 28,471				\$ (8,593,656)	\$ 87,632
						\$ -				\$ -	\$ -
						\$ -				\$ -	\$ -
TOTAL FPSC ADJUSTMENTS	<u>\$ (57,743,196)</u>	<u>\$ (43,710,052)</u>	<u>\$ (772,258)</u>	<u>\$ (7,845,556)</u>	<u>\$ (5,525,120)</u>	<u>\$ 622,562</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (57,230,424)</u>	<u>\$ (512,771)</u>
FPSC ADJUSTED	<u>\$ 24,605,170</u>	<u>\$ -</u>	<u>\$ 11,490,574</u>	<u>\$ 4,680,999</u>	<u>\$ 1,684,015</u>	<u>\$ 1,416,134</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,271,722</u>	<u>\$ 5,333,448</u>
PRO FORMA ADJUSTMENTS										\$ -	\$ -
TOTAL PRO FORMA ADJUSTMENTS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
PRO FORMA ADJUSTED	<u>\$24,605,170</u>	<u>\$0</u>	<u>\$11,490,574</u>	<u>\$4,680,999</u>	<u>\$1,684,015</u>	<u>\$1,416,134</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$19,271,722</u>	<u>\$5,333,448</u>

Note: Storm Surcharge Under-recovered due to COVID reduction in Kwh sales.

YEAR END RATE OF RETURN

For the 12 Months Ending December 31, 2020
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	\$160,684,796	(\$69,948,205)	\$90,736,590	\$0	\$1,107,998	\$91,844,588	\$51,311,042	\$143,155,630
FPSC ADJUSTMENTS:								
1) ELIM. NON UTILITY PLANT	\$0	\$0	\$0			\$0		\$0
2) OUT OF PERIOD LITIGATION ADJ						\$0		\$0
3) ELIMINATION OF UNDER-RECOVERY						\$0	\$0	\$0
4) DEFERRED RATE CASE EXPENSE						\$0	\$0	\$0
5) AMORTIZE STORM COSTS						\$0		\$0
6) REMOVE STORM COST-INTEREST EARNING						\$0	(\$34,809,169)	(\$34,809,169)
TOTAL FPSC ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	(\$34,809,169)	(\$34,809,169)
FPSC ADJUSTED	\$160,684,796	(\$69,948,205)	\$90,736,590	\$0	\$1,107,998	\$91,844,588	\$16,501,873	\$108,346,461
COMP RATE ADJ REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR COMP RATE ADJ REVENUE	\$160,684,796	(\$69,948,205)	\$90,736,590	\$0	\$1,107,998	\$91,844,588	\$16,501,873	\$108,346,461
PROFORMA ADJUSTMENTS								
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRO FORMA ADJUSTED	\$160,684,796	(\$69,948,205)	\$90,736,590	\$0	\$1,107,998	\$91,844,588	\$16,501,873	\$108,346,461

FLORIDA PUBLIC UTILITIES COMPANY
ELECTRIC
YEAR END RATE OF RETURN
For the 12 Months Ending December 31, 2020
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	\$ 82,348,365	\$ 43,710,052	\$ 12,262,832	\$ 12,526,555	\$ 7,209,135	\$ 793,572				\$ 76,502,146	\$ 5,846,219
FPSC ADJUSTMENTS:											
1) INCOME TAX SYNCH ADJUSTMENT						\$ 632,716				\$ 632,716	\$ (632,716)
2) ELIMINATE FUEL REVENUES AND EXPENSES	\$ (42,956,585)	\$ (42,918,067)			\$ (32,298)	\$ (1,525)				\$ (42,951,890)	\$ (4,695)
3) ELIMINATE CONSERVATION	\$ (793,849)	\$ (791,985)			\$ (571)	\$ (317)				\$ (792,873)	\$ (976)
4)NON-UTILITY DEPRECIATION EXPENSE				\$ -		\$ -				\$ -	\$ -
5) ELIMINATE REVENUE RELATED TAXES (FRANCHISE & GROSS RECEIPTS)	\$ (5,486,737)				\$ (5,486,737)	\$ -				\$ (5,486,737)	\$ -
6) ELIMINATE 5% OF ECONOMIC DEVELOPMENT			\$ (1,201)			\$ 294				\$ (906)	\$ 906
7) OUT OF PERIOD ADJ	\$ -		\$ -	\$ -		\$ -				\$ -	\$ -
8) REMOVE STORM SURCHARGE ADJUSTMENT	\$ (8,506,025)		\$ (771,057)	\$ (7,845,556)	\$ (5,514)	\$ 28,471				\$ (8,593,656)	\$ 87,632
						\$ -				\$ -	\$ -
						\$ -				\$ -	\$ -
TOTAL FPSC ADJUSTMENTS	<u>\$ (57,743,196)</u>	<u>\$ (43,710,052)</u>	<u>\$ (772,258)</u>	<u>\$ (7,845,556)</u>	<u>\$ (5,525,120)</u>	<u>\$ 659,638</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (57,193,348)</u>	<u>\$ (549,848)</u>
FPSC ADJUSTED	<u>\$ 24,605,170</u>	<u>\$ -</u>	<u>\$ 11,490,574</u>	<u>\$ 4,680,999</u>	<u>\$ 1,684,015</u>	<u>\$ 1,453,210</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,308,798</u>	<u>\$ 5,296,371</u>
PRO FORMA ADJUSTMENTS										\$ -	\$ -
TOTAL PRO FORMA ADJUSTMENTS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
PRO FORMA ADJUSTED	<u>\$24,605,170</u>	<u>\$0</u>	<u>\$11,490,574</u>	<u>\$4,680,999</u>	<u>\$1,684,015</u>	<u>\$1,453,210</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$19,308,798</u>	<u>\$5,296,371</u>

Note: Storm Surcharge Under-recovered due to COVID reduction in Kwh sales.

AVERAGE	ADJUSTMENTS						LOW POINT		MIDPOINT		HIGH POINT	
	PER BOOKS	HURRICANE MICHAEL	ADJUSTED BOOKS	PRO-RATA ADJ.	SPECIFIC BALANCE	RATIO (%)	COST RATE	WEIGHTED COST	COST RATE	WEIGHTED COST	COST RATE	WEIGHTED COST
							(%)	(%)	(%)	(%)	(%)	(%)
COMMON EQUITY	\$56,691,917		\$56,691,917	(\$918,612)	\$55,773,305	50.36%	9.25%	4.66%	10.25%	5.16%	11.25%	5.67%
LONG TERM DEBT - CU	\$43,302,173	(\$24,131,476)	\$19,170,696	(\$701,650)	\$18,469,046	16.68%	3.73%	0.62%	3.73%	0.62%	3.73%	0.62%
SHORT TERM DEBT	\$21,383,273	(\$12,456,190)	\$8,927,083	(\$346,486)	\$8,580,597	7.75%	2.35%	0.18%	2.35%	0.18%	2.35%	0.18%
LONG TERM DEBT - FC	\$1,793,064	(\$1,691,959)	\$101,104	(\$29,054)	\$72,050	0.07%	11.59%	0.01%	11.59%	0.01%	11.59%	0.01%
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	\$3,493,028		\$3,493,028		\$3,493,028	3.15%	2.32%	0.07%	2.32%	0.07%	2.32%	0.07%
DEFERRED INCOME TAXES	\$24,365,538		\$24,365,538		\$24,365,538	22.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$0		\$0		\$0	0.00%	5.45%	0.00%	5.97%	0.00%	6.48%	0.00%
TOTAL AVERAGE	\$151,028,993	(\$38,279,626)	\$112,749,366	(\$1,995,802)	\$0	100.00%		5.54%		6.04%		6.55%

YEAR-END	ADJUSTMENTS						LOW POINT		MIDPOINT		HIGH POINT	
	PER BOOKS	HURRICANE MICHAEL	ADJUSTED BOOKS	PRO-RATA ADJ.	SPECIFIC BALANCE	RATIO (%)	COST RATE	WEIGHTED COST	COST RATE	WEIGHTED COST	COST RATE	WEIGHTED COST
							(%)	(%)	(%)	(%)	(%)	(%)
COMMON EQUITY	\$57,688,608		\$57,688,608	-	\$0	53.25%	9.25%	4.93%	10.25%	5.46%	11.25%	5.99%
LONG TERM DEBT - CU	\$42,964,908	(\$23,482,265)	\$19,482,643	-	\$19,482,642	17.98%	3.44%	0.62%	3.44%	0.62%	3.44%	0.62%
SHORT TERM DEBT	\$14,441,215	(\$11,326,904)	\$3,114,311	-	\$3,114,311	2.87%	2.34%	0.07%	2.34%	0.07%	2.34%	0.07%
LONG TERM DEBT - FC	\$0		\$0	-	\$0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
SHORT TERM DEBT - REFINANCED LTD	\$0		\$0	-	\$0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$3,622,092		\$3,622,092		\$3,622,092	3.34%	2.23%	0.07%	2.23%	0.07%	2.23%	0.07%
DEFERRED INCOME TAXES	\$24,438,807		\$24,438,807		\$24,438,807	22.56%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$0		\$0		\$0	0.00%	5.62%	0.00%	6.15%	0.00%	6.68%	0.00%
TOTAL YEAR-END	\$143,155,630	(\$34,809,169)	\$108,346,461	\$0	\$0	100.00%		5.69%		6.22%		6.75%