

THIS FILING IS

Item 1: ☐ An Initial (Original)  
Submission

OR ☐ Resubmission No. \_\_\_\_

EI803-17-AR

Form 1 Approved  
OMB No.1902-0021  
(Expires 12/31/2019)

Form 1-F Approved  
OMB No.1902-0029  
(Expires 12/31/2019)

Form 3-Q Approved  
OMB No.1902-0205  
(Expires 12/31/2019)



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# FERC FINANCIAL REPORT

## FERC FORM No. 1: Annual Report of Major Electric Utilities, Licensees and Others

These reports are mandatory under the Federal Power Act, Sections 3, 4(a), 304 and 309, and 18 CFR 141.1 and 141.400. Failure to report may result in criminal fines, civil penalties and other sanctions as provided by law. The Federal Energy Regulatory Commission does not consider these reports to be of confidential nature

Exact Legal Name of Respondent (Company)

Florida Public Utilities Company

Year/Period of Report

End of 2017



2018 AUG 31 PM 12:33

DIVISION OF  
ACCOUNTING & FINANCE

## **Independent Auditors' Report**

Board of Directors and Stockholder  
Florida Public Utilities Company

### **Report on Financial Statements**

We have audited the accompanying financial statements of Florida Public Utilities Company - Electric Division, which comprise the balance sheets - regulatory basis as of December 31, 2017 and 2016, and the related statements of income - regulatory basis for each of the two years in the period ended December 31, 2017 and the statements of retained earnings and cash flows - regulatory basis for the year ended December 31, 2017, and the related notes to the financial statements, included on pages 110 through 122 of the accompanying Annual Report of Major Electric Utilities, Licensees and Other, as filed with the Florida Public Service Commission.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Florida Public Service Commission, which is substantially equivalent to the accounting requirements of the Federal Energy Regulatory Commission as set forth in its applicable Uniform System of Accounts and published accounting releases. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and proprietary capital of Florida Public Utilities Company - Electric Division as of December 31, 2017 and 2016, and its income and expenses for the years then ended in accordance with the financial reporting provisions of the Florida Public Service Commission, which are substantially equivalent to the accounting requirements of the Federal Energy Regulatory Commission as set forth in its applicable Uniform System of Accounts and published accounting releases described in Note 1.

## **Regulatory Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. As described in Note 1 to the financial statements, the financial statements are prepared by Florida Public Utilities Company - Electric Division on the basis of the financial reporting provisions of the Florida Public Service Commission, which are substantially equivalent to the accounting requirements of the Federal Energy Regulatory Commission as set forth in its applicable Uniform System of Accounts and published accounting releases, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

## **Restriction on Use**

Our report is intended solely for the information and use of the board of directors and management of Chesapeake Utilities Corporation and Florida Public Utilities Company - Electric Division and for filing with the Florida Public Service Commission and is not intended to be and should not be used by anyone other than these specified parties.

*Baker Tilly Virchow Krause, LLP*

Philadelphia, Pennsylvania  
August 30, 2017



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FERC FORM NO. 1: **ANNUAL REPORT OF MAJOR ELECTRIC UTILITIES, LICENSEES AND OTHER**

IDENTIFICATION			
01 Exact Legal Name of Respondent <b>FLORIDA PUBLIC UTILITIES COMPANY</b>		02 Year of Report <b>December 31, 2017</b>	
03 Previous Name and Date of Change (if name changed during year)			
04 Address of Principal Office at End of Year (Street, City, State, Zip Code) <b>1641 Worthington Road, Suite 220, West Palm Beach, FL, 33409</b>			
05 Name of Contact Person <b>Michael Cassel</b>		06 Title of Contact Person <b>Director of Regulatory Affairs</b>	
07 Address of Contact Person (Street, City, State, Zip Code) <b>Same as above</b>			
08 Telephone of Contact Person, Including Area Code <b>(904) 530-7052</b>	09 This Report Is (1) <input checked="" type="checkbox"/> <b>An Original</b> (2) <input type="checkbox"/> <b>A Resubmission</b>		10 Date of Report (Mo, Da, Yr) <b>December 31, 2017</b>
ATTESTATION			
<p>The undersigned officer certifies that he/she has examined the accompanying report; that to the best of his/her knowledge, information, and belief, all statements of fact contained in the accompanying report are true and the accompanying report is a correct statement of the business and affairs of the above named respondent in respect to each and every matter set forth therein during the period from and including January 1 to and including December 31 of the year of the report.</p>			
01 Name <b>Beth W. Cooper</b>		02 Title <b>Chief Financial Officer</b>	
03 Signature 		04 Date Signed (Mo, Da, Yr) <b>8/30/18</b>	
<small>Title 18, U.S.C. 1001, makes it a crime for any person knowingly and willingly to make to any Agency or Department of the United States any false, fictitious or fraudulent statements as to any matter within its jurisdiction.</small>			

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Name of Respondent	This Report is:	Date of Report	Year of Report
Florida Public Utilities Company Electric Division	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) December 31, 2017	December 31, 2017

**LIST OF SCHEDULES (Electric Utility)**

Enter in Column (d) the terms "none," "not applicable," or "NA," as appropriate, where no information or amounts have been reported for

certain pages. Omit pages where the responses are "none," not applicable," or "NA."

Title of Schedule (A)	Reference Page No. (B)	Date Revised (C)	Remarks (D)
<b>GENERAL CORPORATE INFORMATION AND FINANCIAL STATEMENTS</b>			
General Information.....	101	Ed. 12-87	
Control Over Respondent.....	102	Ed. 12-87	None
Corporations Controlled by Respondent.....	103	Ed. 12-95	
Officers.....	104	Ed. 12-87	
Directors.....	105	Ed. 12-95	
Security Holders and Voting Powers.....	106-107	Ed. 12-87	pg. 107 - None
Important Changes During the Year.....	108-109	Ed. 12-90	
Comparative Balance Sheet.....	110-113	Rev. 12-94	
Statement of Income for the Year.....	114-117	Rev. 12-95	Pg. 116-None
Statement of Retained Earnings for the Year.....	118-119	Ed. 12-94	
Statement of Cash Flows.....	120-121	Rev. 12-94	
Notes to Financial Statements.....	122-123	Ed. 12-88	Pg. 123-None
<b>BALANCE SHEET SUPPORTING SCHEDULES (Assets and Other Debits)</b>			
Summary of Utility Plant and Accumulated Provisions for Depreciation, Amortization, and Depletion.....			
Nuclear Fuel Materials.....	200-201	Ed. 12-89	
Electric Plant in Service.....	202-203	Ed. 12-89	None
Electric Plant Leased to Others.....	204-207	Rev. 12-95	
Electric Plant Held for Future Use.....	213	Rev. 12-95	None
Construction Work in Progress-Electric.....	214	Ed. 12-89	None
Construction Overheads-Electric.....	216	Ed. 12-87	
General Description of Construction Overhead Procedure.....	217	Ed. 12-89	None
Accumulated Provision for Depreciation of Electric Utility Plant..	218	Ed. 12-88	None
Nonutility Property.....	219	Ed. 12-88	
Investment in Subsidiary Companies.....	221	Ed. 12-95	None
Materials and Supplies.....	224-225	Ed. 12-89	None
Allowances.....	227	Ed. 12-89	
Extraordinary Property Losses.....	228-229	Ed. 12-95	None
Unrecovered Plant and Regulatory Study Costs.....	230	Ed. 12-93	None
Other Regulatory Assets.....	230	Ed. 12-93	None
Miscellaneous Deferred Debits.....	232	New 12-93	
Accumulated Deferred Income Taxes (Account 190).....	233	Ed. 12-94	
	234	Ed. 12-88	
<b>BALANCE SHEET SUPPORTING SCHEDULES (Liabilities and Other credits)</b>			
Capital Stock.....	250-251	Ed. 12-90	None
Capital Stock Subscribed, Capital Stock Liability for Conversion, Premium on Capital Stock, and Installments Received on Capital Stock.....	252	Rev. 12-95	None
Other Paid-in Capital.....	253	Ed. 12-87	None
Discount on Capital Stock.....	254	Ed. 12-87	None
Capital Stock Expense.....	254	Ed. 12-86	None
Long-Term Debt.....	256-257	Ed. 12-91	

Name of Respondent	This Report is:	Date of Report	Year of Report
Florida Public Utilities Company Electric Division	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) December 31, 2017	December 31, 2017

**LIST OF SCHEDULES (Electric Utility)(Continued)**

Enter in Column (d) the terms "none," "not applicable," or "NA," as appropriate, where no information or amounts have been reported for

certain pages. Omit pages where the responses are "none," not applicable," or "NA."

Title of Schedule (A)	Reference Page No. (B)	Date Revised (C)	Remarks (D)
<b>BALANCE SHEET SUPPORTING SCHEDULES</b> (Liabilities and Other Credits) (Continued)			
Reconciliation of Reporting Net Income with Taxable Income for Federal Income Taxes.....	261	Ed. 12-88	
Taxes Accrued, Prepaid and Changed During Year.....	262-263	Rev. 12-95	
Accumulated Deferred Investment Tax Credits.....	266-267	Ed. 12-89	None
Other Deferred Credits.....	269	Ed. 12-88	
Accumulated Deferred Income Taxes-Accelerated Amortization Property.....	272-273	Ed. 12-94	None
Accumulated Deferred Income Taxes-Other Property.....	274-275	Ed. 12-94	
Accumulated Deferred Income Taxes-Other.....	276-277	Ed. 12-94	
Other Regulatory Liabilities.....	278	Ed. 12-94	
<b>INCOME ACCOUNT SUPPORTING SCHEDULES</b>			
Electric Operating Revenues.....	300-301	Ed. 12-90	
Sales of Electricity by Rate Schedules.....	304	Ed. 12-95	
Sales for Resale.....	310-311	Ed. 12-88	None
Electric Operation and Maintenance Expenses.....	320-323	Ed. 12-95	
Number of Electric Department Employees.....	323	Ed. 12-93	See page 462
Purchase Power.....	326-327	Ed. 12-95	
Transmission of Electricity for Others.....	328-330	Ed. 12-90	None
Transmission of Electricity by Others.....	332	Ed. 12-90	None
Miscellaneous General Expenses-Electric.....	335	Ed. 12-94	
Depreciation and Amortization of Electric Plant.....	336-337	Ed. 12-95	
Particulars Concerning Certain Income Deduction and Interest Charges Accounts.....	340	Ed. 12-87	See page 463
<b>COMMON SECTION</b>			
Regulatory Commission Expenses.....	350-351	Ed. 12-90	
Research, Development and Demonstration Activities.....	352-353	Ed. 12-87	None
Distribution of Salaries and Wages.....	354-355	Ed. 12-88	
Common Utility Plant and Expenses.....	356	Ed. 12-87	
<b>ELECTRIC PLANT STATISTICAL DATA</b>			
Electric Energy Account.....	401	Rev. 12-90	
Monthly Peaks and Output.....	401	Rev. 12-90	
Steam -Electric Generating Plant Statistics (Large Plants).....	402-403	Ed. 12-89	None
Hydroelectric Generating Plant Statistics (Large Plants).....	406-407	Ed. 12-89	None
Pumped Storage Generating Plant Statistics (Large Plants).....	408-409	Ed. 12-88	None
Generating Plant Statistics (Small Plant).....	410-411	Ed. 12-87	None



Name of Respondent	This Report is:	Date of Report	Year of Report
Florida Public Utilities Company Electric Division	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr)  December 31, 2017	December 31, 2017

**LIST OF SCHEDULES (Electric Utility)(Continued)**

Enter in Column (d) the terms "none," "not applicable," or "NA," as appropriate, where no information or amounts have been reported for

certain pages. Omit pages where the responses are "none," not applicable," or "NA."

Title of Schedule (A)	Reference Page No. (B)	Date Revised (C)	Remarks (D)
<b>ELECTRIC PLANT STATISTICAL DATA (CONTINUED)</b>			
Transmission Line Statistics.....	422-423	Ed. 12-87	
Transmission Lines Added During Year.....	424-425	Ed. 12-86	None
Substations.....	426-427	Ed. 12-96	
Electric Distribution Meters and Line Transformers.....	429	Ed. 12-88	None
Environmental Protection Facilities.....	430	Ed. 12-88	None
Environmental Protection Expenses.....	431	Ed. 12-88	None
Footnote Data.....	450	Ed. 12-87	None
Affiliated Officers and Directors	451		
Business Contracts with Officers, Directors and Affiliates	452		
Reconciliation of Gross Operating Revenues			
Annual Report versus Regulatory Assessment Fee Return	453		
Analysis of Diversification Activity			
Changes in Corporate Structure	454		
Analysis of Diversification Activity			
New or Amended Contracts with Affiliated Companies	455		
Analysis of Diversification Activity			
Individual Affiliated Transactions in Excess of \$500,000	456		
Analysis of Diversification Activity			
Summary of Affiliated Transfers and Cost Allocations	457		
Analysis of Diversification Activity			
Assets or Rights Purchased from or Sold to Affiliates	458		
Analysis of Diversification Activity			
Employee Transfers	459		
Analysis of Diversification Activity			
Non-Tariffed Services and Products Provided by the Utility	460		
Non-Utility Property	461		
Number of Electric Department Employees	462		
Particulars Concerning Certain Income Deductions and Interest Charges			
Accounts	463		
<b>Stockholders' Reports</b>			

Check appropriate box:

☐

Four Copies will be submitted.

☒

No annual report to stockholders is prepared.



Florida Public Utilities Company Electric Division	An Original	For the Year Ended  December 31, 2017
GENERAL INFORMATION		
<p>1. Provide name and title of officer having custody of the general corporate books of account and address of office where the general corporate books are kept, and address of office where any other corporate books of account are kept, if different from that where the general corporate books are kept.</p> <p style="margin-left: 40px;">             Beth W. Cooper              Chief Financial Officer              909 Silver Lake Boulevard              Dover, Delaware 19904           </p>		
<p>2. Provide the name of the State under the laws of which respondent is incorporated, and date of incorporation. If incorporated under a special law, give reference to such law. If not incorporated, state that fact and give the type of organization and the date organized.</p> <p style="margin-left: 40px;">             State of Florida              March 6, 1924; Reincorporated April 25, 1929           </p>		
<p>3. If at any time during the year the property of respondent was held by a receiver or trustee, give (a) name of receiver or trustee, (b) date such receiver or trustee took possession, (c) the authority by which the receivership or trusteeship was created, and (d) date when possession by receiver or trustee ceased.</p> <p style="margin-left: 40px;">N/A</p>		
<p>4. State the classes of utility and other services furnished by respondent during the year in each State in which the respondent operated.</p> <p style="margin-left: 40px;">             The Electric Division of Florida Public Utilities Company ("FPU") provides electric distribution service in Florida. FPU also has two natural gas divisions, which provide natural gas distribution services in Florida           </p>		
<p>5. Have you engaged as the principal accountant to audit your financial statements an accountant who is not the principal accountant for your previous year's certified financial statements?</p> <p>(1) YES</p> <p>(2) <input checked="" type="checkbox"/> NO</p>		

December 31, 2017

**CORPORATIONS CONTROLLED BY RESPONDENT**

1. Report below the names of all corporations, business trusts, and similar organizations, controlled directly or indirectly by respondent at any time during the year. If control ceased prior to end of year, give particulars (details) in a footnote.
2. If control was by other means than a direct holding of voting rights, state in a footnote the manner in which control was held, naming any intermediaries involved.
3. If control was held jointly with one or more other interests, state the fact in a footnote and name the other interests.

**DEFINITIONS**

1. See the Uniform System of Accounts for a definition of control.
2. Direct control is that which is exercised without interposition of an intermediary.
3. Indirect control is that which is exercised by the interposition of an intermediary which exercises direct control.
4. Joint control is that in which neither interest can effectively control or direct action without the consent of the other, as where the voting control is equally divided between two holders, or each party holds a veto power over the other. Joint control may exist by mutual agreement or understanding between two or more parties who together have control within the meaning of the definition of control in the Uniform System of Accounts, regardless of the relative voting rights of each party.

Name of Company Controlled (a)	Kind of Business (b)	Percent Voting Stock Owned (c)	Footnote Ref. (d)
Flo - Gas Corporation	Propane Gas	100%	

**OFFICERS**

<p>1. Report below the name, title and salary for each executive officer whose salary is \$50,000 or more. An "executive officer" of a respondent includes its president, secretary, treasurer, and vice president in charge of a principal business unit, division or function (such as sales, administration or finance), and any other</p>	<p>person who performs similar policymaking functions.</p> <p>2. If a change was made during the year in the incumbent of any position, show name and total remuneration of the previous incumbent, and date the change in incumbency was made.</p>
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Line No.	Title (a)	Name of Officer (b)	Salary for Year (c)
1	Director, Chairman & CEO	Michael P. McMasters	\$41,650
2	Chief Financial Officer	Beth W. Cooper	\$10,634
4	Chief Strategy Officer	Elaine B. Bittner (1)	\$13,915
5	Chief Information Officer	Vikrant A. Gadgil	\$14,663
6	President	Jeffry M. Householder	\$49,575
7	Vice President	Kevin J. Webber	\$42,034
8	Vice President	Naimul Islam	\$15,469
9	Senior Vice President	James Moriarty	\$11,008
12	Assistant Vice President	Nicole Carter	\$31,494
13	Assistant Vice President	Cheryl Martin	\$36,060
14	Assistant Vice President	Aleida Socarras (2)	\$10,011
15	Treasurer	Thomas E. Mahn	\$10,656
16	Assistant Vice President	Devon S. Rudloff	\$15,185
17	Assistant Vice President	Joseph D. Steinmetz	\$14,254
18	Chief Human Resources Officer	Lou J. Anatrella	\$14,663
19			
20			
21			
22			
23			
24	The salary information contains only the portion charged to the Electric Division of Florida Public		
25	Utilities Company.		
26			
27	(1) Effective 5/2018 no longer with the Company		
28	(2) Effective 5/2017 no longer an officer of FPU		
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DIRECTORS

1. Report below the information called for concerning each director of the respondent who held office at any time during the year. Include in column (a) abbreviated titles of the directors who are officers of the respondent.

2. Designate members of the Executive Committee by an asterisk and the Chairman of the Executive Committee by a double asterisk.

Name (and Title) of Director (a)	Principal Business Address (b)
Eugene H. Bayard, Director Thomas J. Bresnan, Director Ronald G. Forsythe, Jr., Ph.D., Director Thomas P. Hill, Jr., Director Dennis S. Hudson, III, Director Paul L. Maddock, Jr., Director Calvert A. Morgan, Jr., Director Dianna F. Morgan, Director John R. Schimkaitis, Director Michael P. McMasters, Chairman	909 Silver Lake Blvd., Dover Delaware 19904 909 Silver Lake Blvd., Dover Delaware 19904 909 Silver Lake Blvd., Dover Delaware 19904 909 Silver Lake Blvd., Dover Delaware 19904 909 Silver Lake Blvd., Dover Delaware 19904 909 Silver Lake Blvd., Dover Delaware 19904 909 Silver Lake Blvd., Dover Delaware 19904 909 Silver Lake Blvd., Dover Delaware 19904 909 Silver Lake Blvd., Dover Delaware 19904 909 Silver Lake Blvd., Dover Delaware 19904 909 Silver Lake Blvd., Dover Delaware 19904



**SECURITY HOLDERS AND VOTING POWERS**

1. Give the names and addresses of the 10 security holders of the respondents who, at the date of the latest closing of the stock book or compilation of the list of stockholders of the respondent, prior to the end of the year, had the highest voting powers in the respondent, and state the number of votes which each would have had the right to cast on that date if a meeting were in order. If any such holder held in trust, give in a footnote the known particulars of the trust (whether voting trust, etc.) duration of the trust, and principal holders of beneficiary interests in the trust. If the stock book was not closed or a list of stockholders was not compiled within one year prior to the end of the year, or if since the previous compilation of a list of stockholders, some other class of security has become vested with voting rights, then show such 10 security holders as of the close of the year. Arrange the names of the security holders in the order of voting power, commencing with the highest. Show in column (a) the titles of officers and directors included in such list of 10 security holders.

2. If any security other than stock carries voting rights, explain in a supplemental statement of circumstances whereby such security became

vested with voting rights and give others important particulars (details) concerning the voting rights of such security. State whether voting rights are actual or contingent if contingent, describe the contingency.

3. If any class or issue of security has any special privileges in the election of directors, trustees or managers, or in the determination of corporate action by any method, explain briefly in a footnote.

4. Furnish particulars (details) concerning any options, warrants, or rights outstanding at the end of the year for others to purchase securities of the respondent or any securities or other assets owned by the respondent, including prices, expiration dates, and other material information relating to exercise of the options, warrants, or rights. Specify the amount of such securities or assets so entitled to be purchased by any officer, director, associated company, or any of the ten largest security holders.

**VOTING SECURITIES**

Name (Title) and Address of Security Holder (a)	Number of votes as of (date):			
	Total Votes (b)	Common Stock (c)	Preferred Stock (d)	Other (e)
TOTAL votes of all voting securities				
TOTAL number of security holders				
TOTAL votes of security holders listed below				
Effective October 28, 2009 FPU became a wholly-owned subsidiary of Chesapeake Utilities Corporation.				

IMPORTANT CHANGES DURING THE YEAR

Give particulars (details) concerning the matters indicated below. Make the statements explicit and precise, and number them in accordance with the inquiries. Each inquiry should be answered. Enter "none" "not applicable," or "NA" where applicable. If information which answers an inquiry is given elsewhere in the report, make a reference to the schedule in which it appears.

1. Changes in and important information to franchise rights:

Describe the actual consideration given therefore and state from whom the franchise rights were acquired. If acquired without the payment of consideration, state that fact.

2. Acquisition of ownership in other companies by reorganization, merger, or consolidation with other companies: Give name of companies involved, particulars concerning the transactions, name of the Commission authorizing the transaction, and reference to Commission authorization.

3. Purchase or sale of an operating unit or system: Give brief description of the property, and of the transactions relating thereto, and reference to Commission authorization, if any was required. Give date journal entries called for by the Uniform System of Accounts were submitted to the Commission.

4. Important leaseholds (other than leaseholds for natural gas lands) that have been acquired or given, assigned or surrendered: Give effective dates, lengths of terms, names of parties, rents, and other conditions. State name of Commission authorizing lease and give reference to such authorization.

5. Important extension or reduction of transmission or distribution system: State territory added or relinquished and date operations began or ceased give reference to Commission authorization, if any was required. State also the approximate number of customers added or lost and approximate annual revenues of each class of service. Each natural gas company must also state major new continuing sources of gas made available to it from purchases,

development, purchase contract or otherwise, giving location and approximate total gas volumes available, period of contracts, and other parties to any such arrangements etc.

6. Obligations incurred as a result of issuance of securities or assumption of liabilities or guarantees including issuance of short-term debt and commercial paper having a maturity of one year or less.

Give reference to FERC or State Commission authorization, as appropriate, and the amount of obligation or guarantee.

7. Changes in articles of incorporation or amendments to charter: Explain the nature and purpose of such changes or amendments.

8. State the estimated annual effect and nature of any important wage scale changes during the year.

9. State briefly the status of any materially important legal proceedings pending at the end of the year, and the results of any such proceedings culminated during the year.

10. Describe briefly any materially important transactions of the respondent not disclosed elsewhere in this report in which an officer, director, security holder reported on page 106, voting trustee, associated company or known associate of any of these persons was a party or in which any such person had a material interest.

11. (Reserved)

12. If the important changes during the year relating to the respondent company appearing in the annual report to stockholders are applicable in every respect and furnish the data required by instruction 1 to 11 above, such notes may be included on this page.

PAGE 108 INTENTIONALLY LEFT BLANK  
SEE PAGE 109 FOR REQUIRED INFORMATION

IMPORTANT CHANGES DURING THE YEAR

- 1 None
- 2 None
- 3 None
- 4 None
- 5 None
- 6 None
- 7 None
- 8 None
- 9 None
- 10 None
- 11 None

Florida Public Utilities Company Electric Division			For the Year Ended December 31, 2017	
COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)				
Line No.	Title of Account	Ref. Page No.	Balance at Beginning of Year	Balance at End of Year
1	UTILITY PLANT			
2	Utility Plant (101-106, 114)	200-201	125,727,359	132,566,990
3	Construction Work in Progress (107)	200-201	1,028,921	582,838
4	TOTAL Utility Plant (Enter Total of lines 2 and 3)		126,756,280	133,149,828
5	(Less) Accum. Prov. for Depr. Amort. Depl. (108, 111, 115)	200-201	(60,327,249)	(62,664,072)
6	Net Utility Plant (Enter Total of line 4 less 5)		66,429,031	70,485,756
7	Nuclear Fuel (120.1-102.4, 120.6)		-	-
8	(Less) Accum. Prov. for Amort. of Nucl. Fuel Assemblies (120.5)		-	-
9	Net Nuclear Fuel (Enter Total of line 7 less 8)		-	-
10	Net Utility Plant (Enter Total of lines 6 and 9)		66,429,031	70,485,756
11	Utility Plant Adjustments (116)		-	-
12	Gas Stored Underground-Noncurrent (117)		-	-
13	OTHER PROPERTY AND INVESTMENTS			
14	Nonutility Property (121)		-	-
15	(Less) Accum. Prov. for Depr. and Amort. (122)		-	-
16	Investments in Associated Company (123)		-	-
17	Investment in Subsidiary Companies (123.1)		-	-
18	(For Cost of Account 123.1, See Footnote Page 224, line 42)		-	-
19	Noncurrent Portion of Allowances		-	-
20	Other Investments (124-128, 171)		-	-
21	Special Funds		-	-
22	TOTAL Other Property and Investments (Total of lines 14 through 20)		-	-
23	CURRENT AND ACCRUED ASSETS			
24	Cash (131)		360,135	(163,050)
25	Special Deposits (132-133)		-	-
26	Working Funds (135)		8,000	8,000
27	Temporary Cash Investments (136)		-	-
28	Notes Receivable (141)		-	-
29	Customer Accounts Receivable (142)		5,358,240	6,406,345
30	Other Accounts Receivable (143)		310,058	325,084
31	(Less) Accum. Prov. for Uncollectible Acct.-Credit (144)		(165,256)	(163,138)
32	Notes Receivable from Associated Companies (145)		-	-
33	Accounts Receivable from Assoc. Companies (146)		96,781,500	41,563,195
34	Fuel Stock (151)		-	-
35	Fuel Stock Expense Undistributed (152)		-	-
36	Residuals (Elec) and Extracted Products (Gas) (153)		-	-
37	Plant Material and Operating Supplies (154)	227	1,124,833	1,356,363
38	Merchandise (155)		-	-
39	Other Material and Supplies (156)		-	-
40	Nuclear Materials Held for Sale (157)		-	-
41	Allowances (158.1 and 158.2)		-	-
42	(Less) Noncurrent Portion of Allowances		-	-
43	Stores Expenses Undistributed (163)		-	-
44	Gas Stored Underground - Current (164.1)		-	-
45	Liquefied Natural Gas Stored and Held for Processing (164.2-164.3)		-	-
46	Prepayments (165)		209,604	224,871
47	Advances for Gas (166-167)		-	-
48	Interest and Dividends Receivable		-	-
49	Rents Receivable (172)		-	-
50	Accrued Utility Revenues (173)		2,266,142	2,400,362
51	Miscellaneous Current and Accrued Assets (174)		-	-
52	TOTAL Current and Accrued Assets (Enter Total of lines 24 through 51)		106,253,256	51,958,032



FLORIDA PUBLIC UTILITIES COMPANY		An Original			
Electric Division					
COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS, cont.)					
Line No.	Title of Account	Ref. Page No.	Balance at Beginning of Year	Balance at End of Year	
53	DEFERRED DEBITS				
54	Unamortized Debt Expense (181)		-	-	
55	Extraordinary Property Losses (182.1)		-	-	
56	Unrecovered Plant and Regulatory Study Costs (182.2)		-	-	
57	Other Regulatory Assets (182.3)	232	6,652,490	6,355,781	
58	Prelim. Survey and Investigation Charges (Electric) (183)		700	-	
59	Prelim. Survey and Investigation Charges (Gas) (183.1, 183.2)		-	-	
60	Clearing Accounts (184)		9,104	79,562	
61	Temporary Facilities (185)		(6,063)	(35,353)	
62	Miscellaneous Deferred Debits (186)	233	4,320,365	6,054,918	
63	Def. Losses from Disposition of Utility Plant. (187)		-	-	
64	Research, Devel. and Demonstration Expend. (188)		-	-	
65	Unamortized Loss on Reacquired Debt (189)		-	-	
66	Accumulated Deferred Income Taxes (190)	234	1,998,988	3,624,661	
67	Unrecovered Purchased Gas Costs (191)		-	-	
68					
69	TOTAL Deferred Debits (Enter Total of lines 54 through 67)		12,975,584	16,079,569	
70	TOTAL Assets and other Debits (Enter Total of lines 10, 11, 12, 22, 52, and 68)		185,657,871	138,523,357	

FLORIDA PUBLIC UTILITIES COMPANY		An Original	For the Year Ended	
Electric Division			December 31, 2017	
COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)				
Line No.	Title of Account	Ref. Page No.	Balance at Beginning of Year	Balance at End of Year
1	PROPRIETARY CAPITAL			
2	Common Stock Issued (201)	118-119	-	-
3	Preferred Stock Issued (204)		-	-
4	Capital Stock Subscribed (202, 205)		-	-
5	Stock Liability for Conversion (203, 206)		-	-
6	Premium on Capital Stock (207)		-	-
7	Other Paid-In Capital (208-211)		-	-
8	Installments Received on Capital Stock (212)		-	-
9	(Less) Discount on Capital Stock (213)		-	-
10	(Less) Capital Stock Expense (214)		-	-
11	Retained Earnings (215, 215.1, 216)		50,833,446	52,670,493
12	Unappropriated Undistributed Subsidiary Earnings (216.1)		-	-
13	(Less) Reacquired Capital Stock (217)		-	-
14	TOTAL Proprietary Capital (Enter Total of lines 2 through 13)		50,833,446	52,670,493
15	LONG-TERM DEBT			
16	Bonds (221)	-	-	
17	(Less) Reacquired Bonds (222)	-	-	
18	Advances from Associated Companies (223)	-	-	
19	Other Long-Term Debt (224)	-	-	
20	Unamortized Premium on Long-Term Debt (225)	-	-	
21	(Less) Unamortized Discount on Long-Term Debt-Dr. (226)	-	-	
22	TOTAL Long-Term Debt (Enter Total of lines 16 through 21)	-	-	
23	OTHER NONCURRENT LIABILITIES			
24	Obligations Under Capital Leases - Noncurrent (227)	-	-	
25	Accumulated Provision for Property Insurance (228.1)	1,537,900	-	
26	Accumulated Provision for Injuries and Damages (228.2)	21,310	30,871	
27	Accumulated Provision for Pensions and Benefits (228.3)	6,363,534	5,237,501	
28	Accumulated Miscellaneous Operating Provisions (228.4)	-	-	
29	Accumulated Provision for Rate Refunds (229)	-	-	
30	TOTAL Other Noncurrent Liabilities (Enter Total of lines 24 through 29)	7,922,744	5,268,372	
31	CURRENT AND ACCRUED LIABILITIES			
32	Notes Payable (231)	-	-	
33	Accounts Payable (232)	7,272,986	9,019,164	
34	Notes Payable to Associated Companies (233)	-	-	
35	Accounts Payable to Associated Companies (234)	101,794,899	51,508,285	
36	Customer Deposits (235)	3,210,211	3,214,372	
37	Taxes Accrued (236)	(5,903,454)	(5,831,823)	
38	Interest Accrued (237)	79,560	79,506	
39	Dividends Declared (238)	-	-	
40	Long-Term Debt Current(239)	-	-	
41	Matured Interest (240)	-	-	
42	Tax Collections Payable (241)	640,233	701,979	
43	Miscellaneous Current and Accrued Liabilities (242)	666,502	738,803	
44	Obligations Under Capital Leases-Current (243)	-	-	
45	TOTAL Current and Accrued Liabilities (Enter Total of lines 32 through 44)	107,760,937	59,430,286	

FLORIDA PUBLIC UTILITIES COMPANY		An Original		
COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS, continued)				
Line No.	Title of Account	Ref. Page No.	Balance at Beginning of Year	Balance at End of Year
46	DEFERRED CREDITS			
47	Customer Advances for Construction (252)		866,696	897,780
48	Accumulated Deferred Investment Tax Credits (255)	266-267	-	-
49	Deferred Gains from Disposition of Utility Plant (256)		-	-
50	Other Deferred Credits (253)	269	68,711	60,045
51	Other Regulatory Liabilities (254)	278	-	7,981,874
52	Unamortized Gain on Reacquired Debt (257)		-	-
53	Accumulated Deferred Income Taxes (281-283)	274-277	18,205,337	12,214,507
54	TOTAL Deferred Credits (Enter Total of lines 47 through 53)		19,140,744	21,154,206
55	TOTAL Liabilities and Other Credits (Enter Total of lines 14,22,30 and 53)		185,657,871	138,523,357

STATEMENT OF INCOME FOR THE YEAR

1. Report amounts for Accounts 412 and 413, Revenue and Expenses from Utility Plant Leased to Others, in another utility column (j,k,m,o) in a similar manner to a utility department. Spread the amount (s) over lines 02 through 24 as appropriate. Include these amounts in columns (c) and (d) totals.

2. Report amounts in Account 414, Other Utility Operating Income, in the same manner as Accounts 412 and 413 above.

3. Report data for lines 7,9,10 for Natural Gas companies using accounts 404.1, 404.2, 404.3, 407.1 and 407.2.

4. Use page 122-123 for important notes regarding the statement of income or any account thereof.

5. Give concise explanations concerning unsettled rate proceedings where a contingency exists such that refunds of a material amount may need to be made to the utility's customers or which may result in a material refund to the utility with respect to power or gas purchases. State for each year affected the gross revenues or costs to which the contingency relates and the tax effects together with an explanation of the major factors which affect the rights of the utility to retain such revenues or recover amounts paid with respect to power and gas purchases.

6. Give concise explanations concerning significant amounts of any refunds made or received during the year

Line No.	Account (a)	Ref. Page No. (b)	TOTAL	
			Current Year (c)	Previous Year (d)
1	UTILITY OPERATING INCOME			
2	Operating Revenues (400)	300-301	88,624,896	90,088,412
3	Operating Expenses			
4	Operation Expenses (401)		70,887,521	72,312,622
5	Maintenance Expenses (402)		2,476,155	2,785,571
6	Depreciation Expense (403)		4,046,454	3,682,236
7	Amort. & Depl. of Utility Plant (404-405)		-	-
8	Amort. of Utility Plant Acq. Adj. (406)		-	-
9	Amort. of Property Losses, Unrecovered Plant and Regulatory Study Costs (407)		-	-
10	Amort. of Conversion Expenses (407)		-	-
11	Regulatory Debits (407.3)		80,909	80,909
12	(Less) Regulatory Credits (407.4)		-	-
13	Taxes Other Than Income Taxes (408.1)		7,023,696	7,089,861
14	Income Taxes - Federal (409.1)		835,302	(868,280)
15	- Other (409.1)		-	39,980
16	Provision for Deferred Inc. Taxes (410.1) *		986,941	2,849,310
17	(Less) Provision for Deferred Income Taxes-Cr.(411.1)		(775,798)	(711,755)
18	Investment Tax Credit Adj. - Net (411.4)		-	-
19	(Less) Gains from Disp. of Utility Plant (411.6)		-	-
20	Losses from Disp. of Utility Plant (411.7)		-	-
21	(Less) Gains from Disposition of Allowances (411.8)		-	-
22	Losses from Disposition of Allowances (411.9)		-	-
23	TOTAL Utility Operating Expenses (Total of lines 4-22)		85,561,180	87,260,454
24	Net Utility Operating Income (Total of line 2 less 23) (Carry forward to page 117, line 25)		3,063,716	2,827,958



FLORIDA PUBLIC UTILITIES COMPANY		An Original		For the Year Ended		Line No.
Electric Division				December 31, 2017		
STATEMENT OF INCOME FOR THE YEAR (Continued)						
<p>resulting from settlement of any rate proceeding affecting allocations and apportionments from those used in the pre-revenues received or costs incurred for power or gas purchased year. Also give the approximate dollar effect of such changes, and a summary of the adjustments made to balance sheet, income, and expense accounts.</p> <p>7. If any notes appearing in the report to stockholders are different from that reported in prior reports. 9. Explain in a footnote if the previous year's figures are applicable to this Statement of Income, such notes must be attached at page 122. 10. If the columns are insufficient for reporting additional utility departments, supply the appropriate account titles, lines 1 to 19, and report the information in the blank space on page 122 or in a supplemental statement.</p> <p>8. Enter on page 122 a concise explanation of only those changes in accounting methods made during the year which had an effect on net income, including the basis of</p>						
ELECTRIC UTILITY		GAS UTILITY		OTHER UTILITY - WATER		
Current Year (e)	Previous Year (f)	Current Year (g)	Previous Year (h)	Current Year (i)	Previous Year (j)	
						1
88,624,896	90,088,412	-	-	-	-	2
						3
70,887,521	72,312,622	-	-	-	-	4
2,476,155	2,785,571	-	-	-	-	5
4,046,454	3,682,236	-	-	-	-	6
-	-	-	-	-	-	7
-	-	-	-	-	-	8
-	-	-	-	-	-	9
-	-	-	-	-	-	10
80,909	80,909	-	-	-	-	11
	-	-	-	-	-	12
7,023,696	7,089,861	-	-	-	-	13
835,302	(868,280)	-	-	-	-	14
	39,980	-	-	-	-	15
986,941	2,849,310	-	-	-	-	16
(775,798)	(711,755)	-	-	-	-	17
		-	-	-	-	18
-	-	-	-	-	-	19
-	-	-	-	-	-	20
-	-	-	-	-	-	21
-	-	-	-	-	-	22
85,561,180	87,260,454	-	-	-	-	23
3,063,716	2,827,958	-	-	-	-	24

Florida Public Utilities Company Electric Division			For the Year Ended December 31, 2017	
STATEMENT OF INCOME FOR THE YEAR (Continued)				
Line No.	Account	Ref. Page No.	TOTAL	
			Current Year	Previous Year
25	Net Utility Operating Income (Carried forward from page 114)	--	3,063,716	2,827,958
26	Other Income and Deductions			
27	Other Income	--		
28	Nonutility Operating Income	--		
29	Revenues From Merchandising, Jobbing and Contract Work (415)	--	-	-
30	(Less) Costs and Exp. of Merchandising, Job & Contract Work (416)	--	-	-
31	Revenues From Nonutility Operations (417)	--	-	-
32	(Less) Expenses of Nonutility Operations (417.1)	--	-	-
33	Nonoperating Rental Income (418)	--	-	-
34	Equity in Earnings of Subsidiary Companies (418.1)	119	-	-
35	Interest and Dividend Income (419)	--	-	-
36	Allowance for Other Funds Used During Construction (419.1)	--	-	-
37	Miscellaneous Nonoperating Income (421)	*	-	-
38	Gain on Disposition of Property (421.1)	--	-	-
		--	-	-
39	TOTAL Other Income (Enter Total of lines 29 through 38)	--	-	-
40	Other Income Deductions	--		
41	Loss on Disposition of Property (421.2)	--	-	-
42	Miscellaneous Amortization (425)	340	-	-
43	Miscellaneous Income Deductions (426.1-426.5)	463	9,633	(39,018)
44	TOTAL Other Income Deductions (Total of lines 41 through 43)		9,633	(39,018)
45	Taxes Applic. to Other Income and Deductions	--		
46	Taxes Other Than Income Taxes (408.2)	262-263	-	-
47	Income Taxes - Federal (409.2)	262-263	64	-
48	Income Taxes - Other (409.2)	262-263	-	-
49	Provision for Deferred Income Taxes (410.2)	234,272-277	(426,247)	(184,501)
50	(Less) Provision for Deferred Income Taxes - Cr. (411.2)	234,272-277	264,162	211,188
51	Investment Tax Credit Adj.- Net (411.5)	--		
52	(Less) Investment Tax Credits (420)	--		
53	TOTAL Taxes on Other Inc. and Ded. (Enter Total of 46 through 52)	--	(162,021)	26,687
54	Net Other Income and Deductions (Enter Total of lines 39,44,53)	--	(152,388)	(12,331)
55	Interest Charges			
56	Interest on Long-Term Debt (427)	--	675,810	525,518
57	Amortization of Debt Disc. and Expense (428)	--	12,712	11,088
58	Amortization of Loss on Reacquired Debt (428.1)	--	27,585	24,173
59	(Less) Amort. of Premium on Debt - Credit (429)	--		
60	(Less) Amortization of Gain on Reacquired Debt - Credit (429.1)	--		
61	Interest on Debt to Assoc. Companies (430)	463		
62	Other Interest Expense (431)	463	358,174	254,236
63	(Less) Allow. for Borrowed Funds Used During Const. - Cr. (432)	--		
64	Net Interest Charges (Total of lines 56 through 63)	--	1,074,281	815,015
65	Income Before Extraordinary Items (Enter Total of lines 25, 54 and 64)	--	1,837,047	2,000,612
66	Extraordinary Items			
67	Extraordinary Income (434) Cum.	--		
68	(Less) Extraordinary Deductions (435)	--		
69	Net Extraordinary Items (Enter Total of line 67 less line 68)	--		
70	Income Taxes - Federal and Other (409.3)	262-263		
71	Extraordinary Items After Taxes (Enter Total of line 69 less line 70)	--		
72	Net Income (Enter Total of lines 65 and 71)		1,837,047	2,000,612

STATEMENT OF RETAINED EARNINGS FOR THE YEAR

1. Report all changes in appropriate retained earnings, unappropriated retained earnings, and unappropriated undistributed subsidiary earnings for the year.
2. Each credit and debit during the year should be identified as to the retained earnings account in which recorded (Accounts 433, 436-439 inclusive). Show the contra primary account affected in column (b).
3. State the purpose and amount for each reservation or appropriation of retained earnings.
4. List first Account 439, Adjustments to Retained Earnings, reflecting adjustments to the opening balance of retained earnings. Follow by credit, then debit items, in that order.
5. Show dividends for each class and series of capital stock.
6. Show separately the state and federal income tax effect of items shown in account 439, Adjustments to Retained Earnings.
7. Explain in a footnote the basis for determining the amount reserved or appropriated. If such reservations or appropriation is to be recurrent, state the number and annual amounts to be reserved or appropriated as well as the totals eventually to be accumulated.
8. If any notes appearing in the report to stockholders are applicable to this statement attach them at page 122-123.

Line No.	Item (a)	Contra Primary Account Affected (b)	Amount (c)
	<b>UNAPPROPRIATED RETAINED EARNINGS (Account 216)</b>		
1	Balance - Beginning of Year		50,833,446
2	Changes (Identify by prescribed retained earnings accounts)		
3	Adjustments to Retained Earnings (Account 439)		
4	Credit:		
5	Credit:		
6	Credit:		
7	Credit:		
8	Credit:		
9	TOTAL Credits to Retained Earnings (Account 439) (Enter Total of lines 4 through 8)		
10	Debit: Chesapeake Utilities Corporations Acquisition of FPU		
11	Debit:		
12	Debit:		
13	Debit:		
14	Debit:		
15	TOTAL Debits to Retained Earnings (Account 439) (Enter Total of lines 10 through 14)		
16	Balance Transferred from Income (Account 433 less Account 418.1)		1,837,047
17	Appropriations of Retained Earnings (Account 436)		
18			
19			
20			
21	TOTAL Appropriations of Retained Earnings (Account 436)		
22	(Enter Total of lines 18 through 21)		-
23	Dividends Declared - Preferred Stock (Account 437)		
24	Preferred		
25			
26			
27			
28	TOTAL Dividends Declared - Preferred Stock (Account 437)		
29	(Enter Total of lines 24 through 28)		-
30	Dividends Declared - Common Stock (Account 438)		
31	Common - Cash		
32			
33			
34			
35	TOTAL Dividends Declared - Common Stock (Account 438)		
36	(Enter Total of lines 31 through 35)		-
37	Transfers from Acct. 216.1, Unappropriated Undistributed Subsidiary Earnings		-
38	Balance - End of Year (Enter Total of lines 01, 09, 15, 16, 22, 29, 36 and 37)		52,670,493

STATEMENT OF RETAINED EARNINGS FOR THE YEAR (Continued)

Line No.	Item (a)	Amount (b)
	<b>APPROPRIATED RETAINED EARNINGS (Account 215)</b>	
	State balance and purpose of each appropriated retained earnings amount at end of year and give accounting entries for any applications of appropriated retained earnings during the year.	
39		
40		
41		
42		
43		
44		
45	<b>TOTAL Appropriated Retained Earnings (Account 215)</b>	
	<b>APPROPRIATED RETAINED EARNINGS - Amortization , Reserve, Federal</b>	
	State below the total amount set aside through appropriations of retained earnings, as of the end of the year, in compliance with the provisions of Federally granted hydroelectric project licenses held by the respondent. If any reductions or changes other than the normal annual credits hereto have been made during the year, explain such items in a footnote.	
46	<b>TOTAL Appropriated Retained Earnings - Amortization Reserve, Federal (Account 215.1)</b>	
47	<b>TOTAL Appropriated Retained Earnings (Accounts 215, 215.1)</b>	
48	<b>TOTAL Retained Earnings (Account 215, 215.1, 216)</b>	<b>52,670,493</b>
	<b>UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS (Account 216.1)</b>	
49	Balance - Beginning of Year (Debit or Credit)	
50	Equity in Earnings for Year (Credit) (Account 418.1)	1,837,047
51	(Less) Dividends Received (Debit)	-
52	Other Changes (Explain) Cost of shares issued for employee stock plan	-
53	Balance - End of year (Total of Lines 49 Thru 52)	<b>1,837,047</b>



STATEMENT OF CASH FLOWS

1. If the notes to the cash flow statement in the respondent's annual stockholders report are applicable to this statement, such notes should be attached to page 122-123. Information about noncash investing and financing activities should be provided on page 122-123. Provide also on page 122-123 a reconciliation between "Cash and Cash Equivalents at end of Year" with related amounts on the balance sheet.

2. Under "Other" specify significant amounts and group others.

3. Operating Activities - Other: include gains and losses pertaining to operating activities only. Gains and losses pertaining to investing and financing activities should be reported in those activities. Show on page 122-123 the amounts of interest paid (net of amounts capitalized) and income taxes paid.

Line No.	Description (See Instruction No.5 for Explanation of Codes) (a)	Amounts (b)
1	<b>Operating Activities</b>	In thousands
2	Net Income - Electric	\$ 1,837,047
3	Adjustments to reconcile net income to net operating cash:	
4	Depreciation and amortization	3,425,654
5	Depreciation and accretion included in other costs	1,032,738
6	Deferred income taxes, net	365,371
7	Other, net	-
8	Changes in assets and liabilities:	
9	Accounts receivable and accrued utility revenue	(1,199,469)
10	Plant material and operating supplies	(231,530)
11	Regulatory assets	297,409
12	Prepayments	(15,267)
13	Other deferred charges	(1,775,721)
14	Accounts payable and other accrued liabilities	2,271,149
15	Taxes accrued	71,631
16	Interest accrued	(54)
17	Customer deposits	4,161
18	Regulatory liabilities	-
19	Other liabilities	(2,623,288)
20	Net cash provided by operating activities	\$ 3,459,831
21		
22	<b>Investing Activities</b>	
23	Property, plant and equipment expenditures	(8,914,707)
24	Net cash used by investing activities	\$ (8,914,707)
25		
26	<b>Financing Activities</b>	
27	Inter-company receivable (payable)	4,931,691
28	Net cash provided by financing activities	\$ 4,931,691
29		
30	Net Increase (Decrease) in Cash and Cash Equivalents	(523,185)
31	Cash and Cash Equivalents — Beginning of Period	360,135
32	Cash and Cash Equivalents — End of Period	\$ (163,050)

Florida Public Utilities Company Electric Division		For the Year Ended December 31, 2017
<b>CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)</b>		
4. Investing Activities	5. Codes used:	
<p>Include at other (line 31) net cash outflows to acquire other companies. Provide a reconciliation of assets acquired with liabilities assumed on page 122-123.</p> <p>Do not include on this statement the dollar amount of leases capitalized per USofA General instruction 20; instead provide a reconciliation of the dollar amount of leases capitalized with the plant cost on page 122-123.</p>	<p>(a) Net proceeds or payments (b) Bonds, debentures and other long-term debt. (c) Include commercial paper (d) Identify separately such items as investments, fixed assets, intangibles, etc.</p> <p>6. Enter on page 122-123 clarifications and explanations.</p>	
Line No.	Description (See Instruction No.5 for Explanation of Codes) (a)	Amounts (b)
	See Page 120	

Florida Public Utilities Company	An Original		For the Year Ended
Electric Division			December 31, 2017
NOTES TO FINANCIAL STATEMENTS			

## 1. Organization and Basis of Presentation

Florida Public Utilities Company ("FPU") is a utility engaged in the natural gas and electric distribution business in Florida. The electric division of FPU ("we," "our" or "us") is engaged in the distribution of electricity. We deliver electricity to approximately 32,000 residential, commercial and industrial customers located in Jackson, Liberty, Calhoun and Nassau counties in Florida. Our rates and services are subject to regulation by the Florida Public Service Commission ("FPSC"). FPU is a wholly-owned subsidiary of Chesapeake Utilities Corporation ("Chesapeake Utilities").

Our financial statements are prepared in conformity with the accounting requirements of the FPSC, which are substantially equivalent to the accounting requirements of the Federal Energy Regulatory Commission ("FERC") as set forth in the applicable Uniform System of Accounts and published accounting releases, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America ("US GAAP"). The accounting requirements of the FERC and the FPSC applied by us in these financial statements are consistent with US GAAP, except for:

- lack of reclassification of certain negative balances on the balance sheets;
- the presentation of deferred income tax assets and liabilities separately rather than as a single amount;
- the presentation of cost of removal as a component of accumulated depreciation rather than as a regulatory liability;
- lack of detail property, plant and equipment component costs disclosure;
- lack of detail regulatory assets and liability disclosure;
- the omission of the statement of cash flows for prior year for a comparative presentation;
- the omission of the statement of retained earnings for prior year for a comparative presentation; and
- the presentation of pass-through revenue taxes, such as gross receipts taxes, franchise taxes and sales taxes, as revenues and operating expenses rather than on a net basis.

We do not have any ownership interests in investments accounted for using the equity method or any variable interests in a variable interest entity. We have assessed and reported on subsequent events through 8/30, 2018, the date these financial statements are available to be issued.

## 2. Summary of Significant Accounting Policies

### Use of Estimates

Our financial statements are prepared based on the accounting requirements of the FPSC and the FERC, which require management to make estimates in measuring assets and liabilities and related revenues and expenses. These estimates involve judgments with respect to, among other things, various future economic factors that are difficult to predict and are beyond our control; therefore, actual results could differ from these estimates. As additional information becomes available, or actual amounts are determined, recorded estimates are revised. Consequently, operating results can be affected by revisions to prior accounting estimates.

### Utility Plant

Utility Plant is stated at the lower of original cost less accumulated depreciation or fair value if impaired. Costs include direct labor, materials and third-party construction contractor costs, allowance for funds used during construction ("AFUDC") and certain indirect costs related to equipment and employees engaged in construction. The costs of repairs and minor replacements are charged to expense as incurred, and the costs of major renewals and betterments are capitalized. Upon retirement or disposition of utility plant, the gain or loss, net of salvage value, is charged to accumulated depreciation or deferred as a regulatory asset or liability as required by the FPSC.

Customer contributions or advances in aid of construction reduce utility plant unless the amounts are refundable to customers. Contributions or advances may be refundable to customers after a number of years based on the amount of revenues generated from the customers or the duration of the service provided to the customers. Refundable contributions or advances are recorded initially as liabilities. The amounts that are determined to be non-refundable reduce utility plant at the time of such determination. As of December 31, 2017 and 2016, there were \$350,000 and \$182,000, respectively, of non-refunded contributions or advances reducing utility plant.



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AFUDC represents the estimated cost of funds, from both debt and equity sources, used to finance the construction of major projects. AFUDC is capitalized in rate base for rate making purposes when the completed projects are placed in service. We did not capitalize AFUDC on utility plant for the years ended December 31, 2017 and 2016.

#### Asset Impairment Evaluations

We periodically evaluate whether events or circumstances have occurred which indicate that other long-lived assets may not be fully recoverable. When such events or circumstances are present, we record an impairment loss equal to the excess of the assets' carrying value over their fair value, if any.

In May 2016, Chesapeake Utilities received \$650,000 in cash, as a result of a settlement agreement that Chesapeake Utilities had entered into with a vendor related to the implementation of a customer billing system. The retention of this amount is contingent upon engaging this vendor to provide agreed-upon services through May 2020. For each of the years ended December 31, 2017 and 2016, we were allocated a gain of \$39,000 related to this settlement agreement. The gain from the settlement agreement is included in operation expenses in the accompanying statements of income.

#### Depreciation

We compute depreciation expense by applying composite, annual rates as approved by the FPSC. Depreciation and amortization expenses are provided at an annual rate averaging 3.4 percent and 3.5 percent for the years 2017 and 2016, respectively.

In accordance with the accounting requirements of the FERC, we include the accretion of the cost of removal for future retirements of utility plant as depreciation expense. For the years ended December 31, 2017 and 2016, \$702,000 and \$617,000, respectively, of such accretion was included in depreciation expense. We also report certain depreciation expenses, mainly related to vehicle, computer software, and hardware, as operation expenses rather than depreciation and amortization expense to comply with the requirements of the FERC. For the years ended December 31, 2017 and 2016, \$331,000 and \$311,000, respectively, of such depreciation was reported as operation expenses.

#### Regulated Operations

We account for our operations in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 980, *Regulated Operations*, which includes accounting principles for companies whose rates are determined by independent third-party regulators. When setting rates, regulators often make decisions, the economics of which require companies to defer costs or revenues in different periods than may be appropriate for unregulated enterprises. When this situation occurs, a regulated company defers the associated costs as regulatory assets on the balance sheet and records them as expense on the income statement as it collects revenues. Further, regulators can also impose liabilities upon a regulated company for amounts previously collected from customers and for recovery of costs that are expected to be incurred in the future as regulatory liabilities. If we were required to terminate the application of these regulatory provisions to our regulated operations, all such deferred amounts would be recognized in the income statement at that time, which could have a material impact on our financial position, results of operations and cash flows.

We monitor our regulatory and competitive environment to determine whether the recovery of our regulatory assets continues to be probable. If we were to determine that recovery of these assets is no longer probable, we would write off the assets against earnings. We believe that provisions of ASC Topic 980, *Regulated Operations*, continue to apply to our operations and that the recovery of our regulatory assets is probable.

#### Revenue Recognition

Our operating revenues are based on rates approved by the FPSC. Customers' base rates may not be changed without formal approval by the FPSC. We read meters and bill customers on monthly cycles that do not coincide with the accounting periods used for financial reporting purposes. We accrue unbilled revenues for the charges associated with electricity delivered, but not yet billed, at the end of an accounting period to the extent that they do not coincide.

We have a fuel (electricity) cost recovery mechanism. This mechanism provides a method of adjusting the billing rates to reflect changes in the cost of purchased fuel. The difference between the current cost of fuel and the cost of fuel recovered in billed rates is deferred and accounted for as either unrecovered purchased fuel costs or amounts payable to customers. Generally, these deferred amounts are recovered or refunded within one year.



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#### Operation and Maintenance Expenses

Operation and maintenance expenses are costs associated with the operation and maintenance of our electric distribution systems. Major cost components include operation and maintenance salaries and benefits, materials and supplies, usage of vehicles, tools and equipment, payments to contractors, utility plant maintenance, customer service, professional fees and other outside services, insurance expense, minor amounts of depreciation, accretion of cost of removal for future retirement of utility assets, and other administrative expenses.

#### Cash and Cash Equivalents

We consider all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Excess cash generated by our receipts may be transferred to and invested in Chesapeake Utilities' overnight income-producing accounts. We are allocated the portion of interest income generated from those accounts, which reduced interest expense in the accompanying statements of income.

#### Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable consist primarily of amounts due for sales of electricity. An allowance for doubtful accounts is recorded against amounts due to reduce the receivables balance to the amount we reasonably expect to collect based upon our collections experiences and management's assessment of our customers' inability or reluctance to pay. If circumstances change, our estimates of recoverable accounts receivable may also change. Circumstances which could affect such estimates include, but are not limited to, customer credit issues, the level of electricity prices and general economic conditions. Accounts are written off when they are deemed to be uncollectible.

#### Inventories

We use the average cost method to value materials and supplies inventory. If market prices drop below cost, inventory balances that are subject to price risk are adjusted to net realizable value.

#### Pension and Other Postretirement Plans

Our eligible employees participate in FPU's pension and other postretirement plans. FPU allocates our share of its pension and other postretirement plan costs based on a portion of the benefits related to providing our service. FPU's pension and other postretirement plan costs and liabilities are determined on an actuarial basis and are affected by numerous assumptions and estimates including the fair value of plan assets, estimates of the expected returns on plan assets, assumed discount rates, the level of contributions made to the plans, and current demographic and actuarial mortality data. FPU's management annually reviews the estimates and assumptions underlying our pension and other postretirement plan costs and liabilities with the assistance of third-party actuarial firms.

The assumed discount rates, expected returns on plan assets and the mortality assumptions are the factors that generally have the most significant impact on FPU's pension costs and liabilities. The assumed discount rates, health care cost trend rates and rates of retirement generally have the most significant impact on our postretirement plan costs and liabilities. A 0.25 percent decrease in the discount rate could increase FPU's annual pension and postretirement costs by approximately \$10,000, and a 0.25 percent increase could decrease FPU's annual pension and postretirement costs by approximately \$11,000. A 0.25 percent decrease in the rate of return could increase FPU's annual pension cost by approximately \$120,000, and a 0.25 percent increase in the rate of return could decrease FPU's annual pension cost by approximately \$119,000 and would not have an impact on the postretirement plan because the plan is not funded.

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### Income Taxes

Deferred tax assets and liabilities are recorded for the income tax effect of temporary differences between the financial statement basis and tax basis of assets and liabilities and are measured using the enacted income tax rates in effect in the years in which the differences are expected to reverse. The portions of our deferred tax liabilities, which have not been reflected in current service rates, represent income taxes recoverable through future rates. Deferred tax assets are recorded net of any valuation allowance when it is more likely than not that such tax benefits will be realized.

We account for uncertainty in income taxes in the financial statements only if it is more likely than not that an uncertain tax position is sustainable based on technical merits. Recognizable tax positions are then measured to determine the amount of benefit recognized in the financial statements. We recognize penalties and interest related to unrecognized tax benefits as a component of other income.

We account for contingencies associated with taxes other than income when the likelihood of a loss is both probable and estimable. In assessing the likelihood of a loss, we do not consider the existence of current inquiries, or the likelihood of future inquiries, by tax authorities as a factor. Our assessment is based solely on our application of the appropriate statutes and the likelihood of a loss assuming the proper inquiries are made by tax authorities.

### Financial Instruments

We have entered into agreements with suppliers to purchase electricity for resale to our customers. Purchases under these contracts either do not meet the definition of derivatives or are considered "normal purchases" and are accounted for on an accrual basis.

Financial assets with carrying values approximating fair value include accounts receivable. Financial liabilities with carrying values approximating fair value include accounts payable and other accrued liabilities.

### Recently Adopted Accounting Standards

**Inventory (ASC 330)** - In July 2015, the FASB issued Accounting Standards Update ("ASU") 2015-11, *Simplifying the Measurement of Inventory*. Under this guidance, inventories are required to be measured at the lower of cost or net realizable value. Net realizable value represents the estimated selling price less costs associated with completion, disposal and transportation. We adopted ASU 2015-11 on January 1, 2017, on a prospective basis. Adoption of this standard did not have a material impact on our financial position or results of operations.

### Recent Accounting Standards Yet to be Adopted

**Revenue from Contracts with Customers (ASC 606)** - In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*. This standard provides a single comprehensive revenue recognition model for all contracts with customers to improve comparability within industries, as well as across industries and capital markets. The standard contains principles that entities will apply to determine the measurement of revenue and when it is recognized. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The guidance also requires a number of disclosures regarding the nature, amount, timing, and uncertainty of revenue and the related cash flows. In March 2016, FASB issued ASU 2016-08, *Principal versus Agent Considerations* (Reporting Revenue Gross versus Net), to clarify the implementation guidance on principal versus agent considerations. For non-public entities, this standard is effective for interim and annual financial statements issued beginning January 1, 2019.

We have elected to early adopt the updated accounting guidance in the first quarter of 2018, using the modified retrospective transition method. The implementation of this standard did not have a material impact on our financial position, results of operations or cash flows.

**Leases (ASC 842)** - In February 2016, the FASB issued ASU 2016-02, *Leases*, which provides updated guidance regarding accounting for leases. This update requires a lessee to recognize a lease liability and a lease asset for all leases, including operating leases, with a term greater than 12 months on its balance sheet. The update also expands the required quantitative and qualitative disclosures surrounding leases. ASU 2016-02 will be effective for our annual and interim financial statements beginning January 1, 2020, however, we have elected early adoption effective January 1, 2019.

The FASB allows companies to elect several practical expedients, in order to simplify the transition to the new standard. The following three expedients must all be elected together:

- An entity need not reassess whether any expired or existing contracts are or contain leases.



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- An entity need not reassess the lease classification for any expired or existing leases (that is, all existing leases that were classified as operating leases in accordance with Topic 840 will continue to be classified as operating leases, and all existing leases that were classified as capital leases in accordance with Topic 840 will continue to be classified as capital leases).
- An entity need not reassess initial direct costs for any existing leases.

Other practical expedients that can be elected individually are:

- An entity may elect to use hindsight in determining the lease term and in assessing impairment of the entity's right-of-use assets.
- An entity may elect to apply the provisions of the new lease guidance at the effective date, without adjusting the comparative periods presented.

We expect to use the practical expedients to assist in implementation of this standard. We have assessed all of our leases and have concluded that we may have some operating leases that qualify for the short-term lease exception. Upon adoption, we will record the right-of-use assets and the lease liabilities related to our operating leases with a lease term in excess of one year. We do not believe that adoption of this standard will have a material impact on our financial position, results of operations or cash flows.

In January 2018, the FASB issued ASU 2018-01, *Land Easement Practical Expedient for Transition to Topic 842*, which provides a practical expedient to not evaluate, under Topic 842, existing or expired land easements that were not previously accounted for as leases. We plan to utilize the provided practical expedient for existing and expired land easements and will assess all new or modified land easements and right-of-way agreements, under the guidance of ASU 2016-02, following its adoption.

Statement of Cash Flows (ASC 230) - In August 2016, the FASB issued ASU 2016-15, *Classification of Certain Cash Receipts and Cash Payments*, which clarifies how certain transactions are classified in the statement of cash flows. ASU 2016-15 will be effective for our annual financial statements beginning January 1, 2019, however we have elected early adoption effective January 1, 2018. We believe that the implementation of this new standard will not have a material impact on our statement of cash flows.

Compensation-Retirement Benefits (ASC 715) - In March 2017, the FASB issued ASU 2017-07, *Improving the Presentation of Net Periodic Pension Cost and Net Periodic Post Retirement Benefit Cost*. Under this guidance, employers are required to report the service cost component in the same line item or items as other compensation costs arising from services rendered by the pertinent employees during the period. The other components of net benefit costs are required to be presented in the income statement separately from the service cost component and outside a subtotal of income from operations. The update allows for capitalization of the service cost component when applicable. ASU 2017-07 will be effective for our annual financial statements beginning January 1, 2019, however we have elected early adoption effective January 1, 2018. The presentation of the service cost and other components in this update are to be applied retrospectively, and the capitalization of the service cost is to be applied prospectively on or after the effective date. Aside from changes in presentation, we believe that the implementation of this new standard will not have a material impact on our financial position or results of operations.

Compensation - Stock Compensation (ASC 718) - In May 2017, the FASB issued ASU 2017-09, *Scope of Modification Accounting*, to clarify when to account for a change in the terms or conditions of a share-based payment award as a modification. Under this guidance, modification accounting is required only if the fair value, the vesting conditions or the award classification (equity or liability) changes as a result of a change in the terms or conditions of the award. The guidance is effective for our annual financial statements beginning January 1, 2018, although early adoption is permitted. The amendments included in this standard are to be applied prospectively. We believe that the implementation of this new standard will not have a material impact on our financial position or results of operations.

### 3. Transactions with Affiliates

#### Financing Arrangements

Our excess cash is transferred to Chesapeake Utilities to be invested in overnight income-producing accounts. We utilize Chesapeake Utilities' short-term borrowing facility and long-term debt to satisfy our financing needs. For the years ended December 31, 2017 and 2016, Chesapeake Utilities allocated to us \$996,000 and \$740,000, respectively, in interest

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expense, which represents a portion of interest from Chesapeake Utilities' short-term and long-term debt allocated to us, net of a portion of interest income from the overnight income-producing accounts allocated to us.

#### Allocated Costs from Affiliates

Chesapeake Utilities provides us with administrative and support services. These services include certain managerial, accounting, information technology, payroll, human resources and treasury services. For each of the years ended December 31, 2017 and 2016, Chesapeake Utilities charged us \$3.3 million for these services. Chesapeake Utilities also provides us with shared services which includes safety and customer care services. For each of the years ended December 31, 2017 and 2016, Chesapeake Utilities charged us \$1.7 million for these services.

#### Advances from Affiliates

As of December 31, 2017 and 2016, we had advances to and from Chesapeake Utilities and its subsidiaries in the net amount of \$9.9 million and \$5.0 million, respectively. These amounts are reflected as accounts receivable from associated companies and accounts payable to associated companies in the accompanying balance sheet.

#### Letter of Credit

As of December 31, 2017, Chesapeake Utilities issued a letter of credit for \$1.0 million, which expires in September 2018, related to electric transmission services for our northwest division.

### **4. Income Taxes**

We are included in the Chesapeake Utilities consolidated federal income tax return, along with all of Chesapeake Utilities' other subsidiaries. Chesapeake Utilities' federal income tax returns for tax years after 2013 are subject to examination. FPU files a separate state income tax return in the state of Florida. State income tax returns for FPU for tax years after 2013 are subject to examination.

Income taxes are allocated to us as if we were a separate tax payer. FPU recorded a state net operating loss in the state of Florida of \$3.6 million as of December 31, 2016 and none as of December 31, 2017. FPU recorded a deferred tax asset of \$71,000 related to state net operating loss carry-forwards at December 31, 2016 and none at December 31, 2017.

#### *Federal Tax Reform*

On December 22, 2017, President Trump signed into law the Tax Cuts and Jobs Act ("TCJA"). Substantially all of the provisions of the TCJA are effective for taxable years beginning on or after January 1, 2018. The provisions significantly impacting us include the reduction of the corporate federal income tax rate from 35 percent to 21 percent and several technical provisions, including, among others, limiting the utilization of net operating losses arising after December 31, 2017 to 80 percent of taxable income with an indefinite carryforward. Our federal income tax expense for periods beginning on January 1, 2018 will be based on the new federal corporate income tax rate. The specific TCJA provisions related to regulated public utilities generally allow for the continued deductibility of interest expense, the elimination of full expensing for tax purposes of certain property acquired after September 27, 2017, and continuation of certain rate normalization requirements for accelerated depreciation benefits.

Additionally, enactment of the TCJA resulted in changes to the Internal Revenue Code, which materially impacted our 2017 financial statements. ASC 740, *Income Taxes*, requires recognition of the effects of changes in tax laws in the period in which the law is enacted. ASC 740 requires deferred tax assets and liabilities to be measured at the enacted tax rate expected to apply when temporary differences are to be realized or settled. We have completed and have made a reasonable estimate of the measurement and accounting of certain effects of the TCJA, which have been reflected in the December 31, 2017 financial statements, the period in which the TCJA was enacted. At the date of enactment, we re-measured deferred income taxes based upon the new corporate tax rate. The change in deferred income taxes of \$8.0 million was recorded as an offset to a regulatory liability, some portion of which may ultimately be subject to refund to customers. We are at various stages of discussion with the FPSC regarding the treatment of the regulatory liability.

The components of federal and state income tax expense (benefit) are:

	For the Year Ended December 31,	
	2017	2016
(in thousands)		



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Current	\$	835	\$	(828)
Deferred		373		2,111
Total Income Tax Expense	\$	1,208	\$	1,283

Deferred tax expense results primarily from the use of accelerated depreciation for tax purposes and deferred fuel costs. Total income tax expense results primarily from applying the federal income tax statutory rate to book income before tax.

	For the Year Ended December 31,	
	2017	2016
<i>(in thousands)</i>		
Federal income tax, 35% in 2017 and 2016	\$ 1,066	\$ 1,149
State income tax, net of federal benefit	109	117
Other	33	17
Total Income Tax Expense	\$ 1,208	\$ 1,283

Deferred tax assets and liabilities at December 31, 2017 were \$3.6 million and \$12.2 million, respectively. Deferred tax assets and liabilities at December 31, 2016 were \$2.0 million and \$18.2 million, respectively. Deferred tax assets are primarily the result of timing differences associated with storm reserves and state decoupling as well as the impact of rate changes due to the TCJA. Deferred tax liabilities are primarily the result of depreciation-related timing differences.

## 5. Customer Concentration

We operate entirely in the electricity distribution business. Our operations include the transportation of electricity in intra-state commerce. We did not have any customer that accounted for more than 10 percent of our revenues for the years ended December 31, 2017 and 2016.

## 6. Lease Obligations

FPU has entered into operating lease arrangements for office and warehouse space. Rent expense for the years ended December 31, 2017 and 2016 allocated to us by FPU totaled \$109,000 and \$89,000 respectively, with no future minimum payments.

## 7. Supplemental Cash Flow Disclosures

Cash received from income tax refunds, net of tax payments, for the year ended December 31, 2017 was \$823,000. Capital property and equipment acquired on account, but not paid as of December 31, 2017 was \$1.1 million.

## 8. Employee Benefit Plans

Eligible FPU employees participate in various benefit plans sponsored by FPU and Chesapeake Utilities. They allocate to us a portion of the benefit costs associated with these plans. Our share of the costs is based on a portion of the benefits related to providing services to us. For the years ended December 31, 2017 and 2016, we recorded the benefit costs of \$712,000 and \$753,000, respectively, related to these plans.

FPU continues to sponsor and maintain a separate defined benefit pension plan ("FPU Pension Plan") and a separate unfunded postretirement medical plan ("FPU Medical Plan") for eligible FPU employees.

FPU measures the assets and obligations of the defined benefit pension plan and other postretirement benefit plans to determine the plans' funded status as of the end of the year as an asset or a liability on its consolidated balance sheets. A portion of this asset or liability related to us is reflected on our balance sheet. At December 31, 2017 and 2016, \$5.2 million and \$6.4 million, respectively, of the pension and postretirement benefit liabilities were assigned to us.

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### Defined Benefit Pension Plan

The following schedule sets forth the funded status at December 31, 2017 and 2016 and the net periodic cost for the years ended December 31, 2017 and 2016 for the FPU Pension Plan:

	As of December 31,	
	2017	2016
<i>(in thousands)</i>		
<b>Change in benefit obligation:</b>		
Benefit obligation — beginning of year	\$ 63,832	\$ 64,435
Interest cost	2,482	2,525
Actuarial (gain) loss	1,199	(216)
Benefits paid	(2,849)	(2,912)
Benefit obligation — end of year	64,664	63,832
<b>Change in plan assets:</b>		
Fair value of plan assets — beginning of year	43,272	42,207
Actual return on plan assets	6,025	2,343
Employer contributions	1,948	1,634
Benefits paid	(2,849)	(2,912)
Fair value of plan assets — end of year	48,396	43,272
<b>Reconciliation:</b>		
Funded status	(16,268)	(20,560)
<b>Accrued pension cost</b>	<b>\$ (16,268)</b>	<b>\$ (20,560)</b>
<b>Assumptions:</b>		
Discount rate	3.75%	4.00%
Expected return on plan assets	6.50%	6.50%

	For the Year Ended December 31,	
	2017	2016
<i>(in thousands)</i>		
<b>Components of net periodic pension cost:</b>		
Interest cost	\$ 2,482	\$ 2,525
Expected return on assets	(2,779)	(2,702)
Amortization of actuarial loss	513	519
<b>Net periodic pension cost</b>	<b>216</b>	<b>342</b>
Amortization of pre-merger regulatory asset	761	761
<b>Total periodic cost</b>	<b>\$ 977</b>	<b>\$ 1,103</b>
<b>Assumptions:</b>		
Discount rate	4.00%	4.00%
Expected return on plan assets	6.50%	6.50%

Included in the net periodic costs for the FPU Pension Plan is continued amortization of FPU's pension regulatory asset, which represents the portion attributable to FPU's regulated operations for the changes in funded status that occurred but were not recognized as part of net periodic cost prior to the merger with Chesapeake Utilities in October 2009. This was previously deferred as a regulatory asset by FPU prior to the merger to be recovered through rates pursuant to an order by the FPSC. The unamortized balance of this regulatory asset was \$1.3 million and \$2.1 million at December 31, 2017 and 2016, respectively.

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FPU's funding policy provides that payments to the trustee shall be equal to at least the minimum funding requirements of the Employee Retirement Income Security Act of 1974. The following schedule summarizes the assets of the FPU Pension Plan, by investment type, at December 31, 2017 and 2016:

Asset Category	As of December 31,	
	2017	2016
Equity securities	55.17%	53.18%
Debt securities	36.56%	37.74%
Other	8.27%	9.08%
Total	100.00%	100.00%

The investment policy for the FPU Pension Plan is designed to provide the capital assets necessary to meet the financial obligations of the plan. The investment goals and objectives are to achieve investment returns that, together with contributions, will provide funds adequate to pay promised benefits to present and future beneficiaries of the plan, earn a long-term investment return in excess of the growth of the plan's retirement liabilities, minimize pension expense and cumulative contributions resulting from liability measurement and asset performance, and maintain a diversified portfolio to reduce the risk of large losses.

The following allocation range of asset classes is intended to produce a rate of return sufficient to meet FPU Pension Plan's goals and objectives:

<u>Asset Class</u>	<u>Asset Allocation Strategy</u>	
	Minimum Allocation Percentage	Maximum Allocation Percentage
Domestic Equities (Large Cap, Mid Cap and Small Cap)	14%	32%
Foreign Equities (Developed and Emerging Markets)	13%	25%
Fixed Income (Inflation Bond and Taxable Fixed)	26%	40%
Alternative Strategies (Long/Short Equity and Hedge Fund of Funds)	6%	14%
Diversifying Assets (High Yield Fixed Income, Commodities, and Real Estate)	7%	19%
Cash	0%	5%

Due to periodic contributions and different asset classes producing varying returns, the actual asset values may temporarily move outside of the intended ranges. The investments are monitored on a quarterly basis, at a minimum, for asset allocation and performance.

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At December 31, 2017 and 2016, the assets of the FPU Pension Plan were comprised of the following investments:

<u>Asset Category</u>	<u>Fair Value Measurement Hierarchy</u>							
	<u>December 31, 2017</u>				<u>December 31, 2016</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<i>(in thousands)</i>								
Mutual Funds - Equity securities								
U.S. Large Cap <sup>(1)</sup>	\$ 3,583	\$ —	\$ —	\$ 3,583	\$ 3,350	\$ —	\$ —	\$ 3,350
U.S. Mid Cap <sup>(1)</sup>	1,486	—	—	1,486	1,391	—	—	1,391
U.S. Small Cap <sup>(1)</sup>	750	—	—	750	708	—	—	708
International <sup>(2)</sup>	10,113	—	—	10,113	8,009	—	—	8,009
Alternative Strategies <sup>(3)</sup>	4,609	—	—	4,609	4,352	—	—	4,352
	<u>20,541</u>	<u>—</u>	<u>—</u>	<u>20,541</u>	<u>17,810</u>	<u>—</u>	<u>—</u>	<u>17,810</u>
Mutual Funds - Debt securities								
Fixed income <sup>(4)</sup>	15,383	—	—	15,383	14,134	—	—	14,134
High Yield <sup>(4)</sup>	2,310	—	—	2,310	2,197	—	—	2,197
	<u>17,693</u>	<u>—</u>	<u>—</u>	<u>17,693</u>	<u>16,331</u>	<u>—</u>	<u>—</u>	<u>16,331</u>
Mutual Funds - Other								
Commodities <sup>(5)</sup>	1,807	—	—	1,807	1,776	—	—	1,776
Real Estate <sup>(6)</sup>	1,919	—	—	1,919	1,760	—	—	1,760
Guaranteed deposit <sup>(7)</sup>	—	—	274	274	—	—	395	395
	<u>3,726</u>	<u>—</u>	<u>274</u>	<u>4,000</u>	<u>3,536</u>	<u>—</u>	<u>395</u>	<u>3,931</u>
Total Pension Plan Assets in fair value hierarchy	<u>\$ 41,960</u>	<u>\$ —</u>	<u>\$ 274</u>	<u>42,234</u>	<u>\$ 37,667</u>	<u>\$ —</u>	<u>\$ 395</u>	<u>38,072</u>
Investments measured at net asset value <sup>(8)</sup>				6,162				5,200
Total Pension Plan Assets				<u>\$ 48,396</u>				<u>\$ 43,272</u>

<sup>(1)</sup> Includes funds that invest primarily in United States common stocks.

<sup>(2)</sup> Includes funds that invest primarily in foreign equities and emerging markets equities.

<sup>(3)</sup> Includes funds that actively invest in both equity and debt securities, funds that sell short securities and funds that provide long-term capital appreciation. The funds may invest in debt securities below investment grade.

<sup>(4)</sup> Includes funds that invest in investment grade and fixed income securities.

<sup>(5)</sup> Includes funds that invest primarily in commodity-linked derivative instruments and fixed income securities.

<sup>(6)</sup> Includes funds that invest primarily in real estate.

<sup>(7)</sup> Includes investment in a group annuity product issued by an insurance company.

<sup>(8)</sup> Certain investments that were measured at net asset value per share have not been classified in the fair value hierarchy. These amounts are presented to reconcile to total pension plan assets.



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At December 31, 2017 and 2016, all of the investments were classified under the same fair value measurement hierarchy (Level 1 through Level 3). Level 1 investments are recorded at fair value based on unadjusted quoted prices in active markets for identical investments. The Level 3 investments are recorded at fair value based on the contract value of annuity products underlining guaranteed deposit accounts, which was calculated using discounted cash flow models. The contract value of these products represented deposits made to the contract, plus earnings at guaranteed crediting rates, less withdrawals and fees.

The following table sets forth the summary of the changes in the fair value of Level 3 investments for the FPU Pension Plan for the years ended December 31, 2017 and 2016:

	For the Year Ended December 31,	
	2017	2016
<i>(in thousands)</i>		
<b>Balance, beginning of year</b>	\$ 395	\$ 832
Purchases	1,954	1,634
Transfers in	1,112	1,167
Disbursements	(3,207)	(3,251)
Investment income	20	13
<b>Balance, end of year</b>	<u>\$ 274</u>	<u>\$ 395</u>

#### Other Postretirement Benefits Plan

The following sets forth the funded status for the FPU Medical Plan at December 31, 2017 and 2016 and the net periodic cost for the years ended December 31, 2017 and 2016:

	As of December 31,	
	2017	2016
<i>(in thousands)</i>		
<b>Change in benefit obligation:</b>		
Benefit obligation — beginning of year	\$ 1,349	\$ 1,444
Interest cost	50	55
Plan participants contributions	48	64
Actuarial gain	(48)	(41)
Benefits paid	(112)	(173)
Benefit obligation — end of year	<u>1,287</u>	<u>1,349</u>
<b>Change in plan assets:</b>		
Fair value of plan assets — beginning of year	—	—
Employer contributions <sup>(1)</sup>	64	109
Plan participants contributions	48	64
Benefits paid	(112)	(173)
Fair value of plan assets — end of year	<u>—</u>	<u>—</u>
<b>Reconciliation:</b>		
Funded status	<u>(1,287)</u>	<u>(1,349)</u>
<b>Accrued postretirement cost</b>	<u>\$ (1,287)</u>	<u>\$ (1,349)</u>
<b>Assumptions:</b>		
Discount rate	3.75%	4.00%

(1) The FPU Medical Plan did not receive a significant Medicare part-D subsidy for the post-merger period.

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	For the Year Ended December 31,	
	2017	2016
<i>(in thousands)</i>		
Net periodic cost - interest cost	\$ 50	\$ 55
Amortization of pre-merger regulatory asset	8	8
<b>Total periodic cost</b>	<b>\$ 58</b>	<b>\$ 63</b>
<b>Assumptions</b>		
Discount rate	4.00%	4.00%

Similar to the FPU Pension Plan, continued amortization of the FPU postretirement benefit regulatory asset related to the unrecognized cost prior to the merger with Chesapeake Utilities was included in the net periodic cost. The unamortized balance of this regulatory asset was \$22,000 and \$30,000 at December 31, 2017 and 2016, respectively.

The following table presents the amounts not yet reflected in net periodic benefit cost and included in accumulated other comprehensive income/loss or as a regulatory asset as of December 31, 2017:

<i>(in thousands)</i>	FPU Pension Plan	FPU Medical Plan	Total
Net loss	\$ 17,483	\$ 10	\$ 17,493
Accumulated other comprehensive loss pre-tax <sup>(1)</sup>	\$ 3,322	\$ 2	\$ 3,324
Post-merger regulatory asset	14,161	8	14,169
Subtotal	17,483	10	17,493
Pre-merger regulatory asset	1,304	22	1,326
Total unrecognized cost	\$ 18,787	\$ 32	\$ 18,819

<sup>(1)</sup> The total amount of accumulated other comprehensive loss recorded in FPU's balance sheet as of December 31, 2017 is net of income tax benefit of \$1.3 million.

The amounts recorded as a regulatory asset for the FPU Pension Plan and FPU Medical Plan that are expected to be recognized as a component of net benefit cost in 2018 are set forth in the following table:

<i>(in thousands)</i>	FPU Pension Plan	FPU Medical Plan	Total
Net loss	\$ 434	\$ —	\$ 434
Amortization of pre-merger regulatory asset	\$ 761	\$ 8	\$ 769

#### Assumptions

The assumptions used for the discount rate to calculate the benefit obligations of the FPU plans were based on the interest rates of high-quality bonds in 2017, reflecting the expected lives of the plans. In determining the average expected return on plan assets for the FPU Pension Plan, various factors, such as historical long-term return experience, investment policy and current and expected allocation, were considered.

The health care inflation rate for 2017 used to calculate the benefit obligation is 5.0 percent for the FPU Medical Plan. A one-percentage point increase in the health care inflation rate from the assumed rate would increase the accumulated postretirement benefit obligation by approximately \$123,000 as of December 31, 2017, and would increase the aggregate of the service cost and interest cost components of the net periodic postretirement benefit cost for 2017 by approximately \$5,000. A one-percentage point decrease in the health care inflation rate from the assumed rate would decrease the

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accumulated postretirement benefit obligation by approximately \$107,000 as of December 31, 2017, and would decrease the aggregate of the service cost and interest cost components of the net periodic postretirement benefit cost for 2017 by approximately \$4,000.

#### Estimated Future Benefit Payments

In 2018, FPU expects to contribute \$1.5 million and \$88,000 to the FPU Pension Plan and FPU Medical Plan, respectively. The schedule below shows the estimated future benefit payments for each of the plans previously described:

	FPU Pension Plan <sup>(1)</sup>	FPU Medical Plan <sup>(2)</sup>
<i>(in thousands)</i>		
2018	\$ 3,078	\$ 88
2019	\$ 3,207	\$ 94
2020	\$ 3,304	\$ 87
2021	\$ 3,362	\$ 91
2022	\$ 3,536	\$ 93
Years 2023 through 2027	\$ 18,608	\$ 404

<sup>(1)</sup> The pension plan is funded; therefore, benefit payments are expected to be paid out of the plan assets.

<sup>(2)</sup> Benefit payments are expected to be paid out of FPU's general funds.

#### Retirement Savings Plan

Prior to January 1, 2012, we maintained a separate 401(k) Retirement Savings Plan for our employees. Effective January 1, 2012, our employees became eligible to participate in the Chesapeake Utilities Corporation 401(k) Retirement Savings Plan, which is a plan sponsored by Chesapeake Utilities. We offer the Chesapeake Utilities 401(k) Retirement Savings Plan to all eligible employees who have completed three months of service, except for employees represented by a collective bargaining agreement that does not specifically provide for participation in the plan, non-resident aliens with no U.S. source income and individuals classified as consultants, independent contractors or leased employees. Chesapeake Utilities matches 100 percent of eligible participants' pre-tax contributions to the Retirement Savings Plan up to a maximum of six percent of eligible compensation. The employer matching contribution is made in cash and is invested based on a participant's investment directions. In addition, Chesapeake Utilities may make a discretionary supplemental contribution to participants in the plan, without regard to whether or not they make pre-tax contributions. Any supplemental employer contribution is generally made in Chesapeake Utilities common stock. With respect to the employer match and supplemental employer contribution, employees are 100 percent vested after two years of service or upon reaching 55 years of age while still employed by Chesapeake Utilities. Employees with one year of service are 20 percent vested and will become 100 percent vested after two years of service. Employees who do not make an election to contribute or do not opt out of the Chesapeake Utilities 401(k) Retirement Savings Plan will be automatically enrolled at a deferral rate of three percent, and the automatic deferral rate will increase by one percent per year up to a maximum of six percent. In 2018, the maximum automatic deferral rate will be increased to ten percent. All contributions and matched funds can be invested among the mutual funds available for investment.

Our contributions to the Chesapeake Utilities 401(k) Retirement Savings Plan for the years ended December 31, 2017 and 2016, net of a portion capitalized, totaled \$252,000 and \$263,000, respectively.

Chesapeake Utilities' executive officers and directors are eligible to participate in the Chesapeake Utilities Corporation Non-Qualified Deferred Compensation Plan. Executive officers can defer up to 80 percent of their base compensation, cash bonuses or any amount of their stock bonuses (net of required withholdings). Executive officers may receive a matching contribution on their cash compensation deferrals up to six percent of their compensation, provided it does not duplicate a match they receive in the Chesapeake Utilities 401(k) Retirement Savings Plan. For each of the years ended December 31, 2017 and 2016, the amounts matched to FPU's participants in this plan, who are our employees, totaled \$6,000, and are included in operation expenses in the accompanying statements of income.



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## 9. Share-Based Compensation

One of our executives has been granted share-based awards through Chesapeake Utilities' Stock Incentive Compensation Plan ("SICP"). We record these share-based awards as compensation costs over the respective service period for which services are received in exchange for an award of equity or equity-based compensation. The compensation cost is based primarily on the fair value of the shares awarded, using the estimated fair value of each share on the date it was granted and the number of shares to be issued at the end of the service period.

These awards are based on multi-year performance plans, which are earned based upon the successful achievement of long-term goals, growth and financial results, which comprised both market-based and performance-based conditions or targets. The fair value of each share of stock tied to a performance-based condition or target is equal to the market price of Chesapeake Utilities common stock on the date of the grant. For the market-based conditions, we used the Black-Scholes pricing model to estimate the fair value of each share of market-based award granted.

For the years ended December 31, 2017 and 2016, we were allocated \$46,000 and \$15,000, respectively, in total compensation expense related to a FPU officer that participates in Chesapeake Utilities' share-based compensation plan.

The weighted average grant-date fair value of Chesapeake Utilities SICP awards granted during 2017 and 2016 was \$63.42 and \$67.90, respectively. The intrinsic value of these awards was \$1.0 million and \$970,000 for 2017 and 2016, respectively. At December 31, 2017 there was \$262,000 of unrecognized compensation cost related to these awards, which is expected to be recognized during 2018 and 2019, assuming certain performance levels are achieved.

## 10. Rates and Other Regulatory Activities

*Cost Recovery for the Electric Interconnect Project:* In September 2015, we filed to recover the cost of the proposed Florida Power & Light Company ("FPL") interconnect project through our annual Fuel and Purchased Power Cost Recovery Clause filing. The interconnect project would enable us to negotiate a new power purchase agreement to mitigate fuel costs for our Northeast division. Our proposal was approved by the FPSC at its Agenda Conference held in December 2015. In January 2016, however, the Office of Public Counsel filed an appeal of the FPSC's decision with the Florida Supreme Court. The Florida Supreme Court reversed the FPSC decision in March 2017, after consideration of the parties' legal briefs and oral arguments. As a result, we excluded the recovery of these costs from our 2018 Fuel and Purchased Power Cost Recovery Clause and included the costs for recovery in the Electric Reliability/Modernization Pilot Program filing described below.

*Surcharge Associated with Modernization of Electric Distribution System Project:* In February 2017, we filed a petition with the FPSC requesting a temporary surcharge mechanism to recover costs and generate an appropriate return on investment associated with an essential reliability and modernization project for our electric distribution system. We requested approval to invest approximately \$59.8 million, over a five-year period, associated with the modernization project. In February 2017, the Office of Public Counsel intervened in this petition. The FPSC requested that we file a limited proceeding to include these investments in base rates instead of seeking approval of a temporary surcharge. In April 2017, we voluntarily withdrew our petition and subsequently filed the limited proceeding described in the next paragraph.

*Florida Electric Reliability/Modernization Pilot Program:* In July 2017, we filed a petition with the FPSC, requesting approval to include \$15.2 million of certain capital project expenditures in our rate base and to adjust our base rates accordingly. These expenditures are designed to improve the stability and safety of the electric system while enhancing the capability of our grid. Included in the \$15.2 million is the interconnection project with FPL, which enables us to mitigate fuel costs for our electric customers. In December 2017, the FPSC approved this petition with an effective date of January 1, 2018. The settlement agreement prescribes the methodology for adjusting the new rates based on the lower federal income tax rate and the process and methodology regarding the refund of deferred income taxes, reclassified as a regulatory liability, as a result of the TCJA. We have established a regulatory liability to reflect the impacts of the changes in the federal corporate income tax rate in compliance with the settlement agreement.

*Electric Limited Proceeding-Storm Recovery:* In February 2018, we filed a petition with the FPSC, requesting recovery of incremental storm restoration costs related to several hurricanes and tropical storms, along with the replenishment of our storm reserve to its pre-storm level of \$1.5 million. As a result of these hurricanes and tropical storms, our storm



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reserve was depleted and is currently at a deficit of \$779,000. We are requesting approval of a surcharge of \$1.82 per kilowatt per hour for two years to recover and replenish storm-related costs. At this time, no date for approval of this petition has been scheduled by the FPSC.

*Effect of the TCJA on ratepayers:* The Office of Public Counsel filed a petition requesting that the FPSC establish a general docket to investigate and adjust rates for all investor-owned utilities related to the passage of the TCJA. The FPSC issued a Memorandum with a recommendation that, if utilities do not agree to a January 1, 2018 effective date, then the effective date should be February 6, 2018. On January 30, 2018, the FPSC scheduled informal meetings between its staff and interested persons to discuss the impact of the TCJA. Meetings to discuss the impact for natural gas utilities, electric utilities and water and wastewater utilities were held in mid-February 2018. In December 2017, the FPSC issued an order regarding our limited proceeding, which prescribes the applicability, timing and treatment of the implications of the TCJA. We established a regulatory liability to reflect the impacts of the changes in the federal corporate income tax rate in compliance with the settlement agreement. We believe that the ultimate resolution of this matter will not have a material impact on our financial position or results of operations.

## 11. Other Commitments and Contingencies

We are involved in certain other legal actions and claims arising in the normal course of business. We are also involved in certain legal and administrative proceedings before various governmental agencies concerning rates. In the opinion of management, the ultimate disposition of these proceedings will not have a material effect on our financial position, results of operations or cash flows.

### Electric Supply

We have entered into contractual commitments to purchase electricity from various suppliers. The contracts have various expiration dates. The total purchase obligations for electric supplies are \$16.2 million for 2018, \$18.2 million for 2019-2020, \$2.7 million for 2021-2022 and \$2.8 million thereafter.

Our electric fuel supply contracts require us to maintain an acceptable standard of creditworthiness based on specific financial ratios. Our agreement with FPL requires us to meet or exceed a debt service coverage ratio of 1.25 times based on the results of the prior 12 months. If this ratio is not met, we must provide an irrevocable letter of credit or pay all amounts outstanding under the agreement within five business days. Our electric fuel supply agreement with Gulf Power requires us to meet the following ratios based on the average of the prior six quarters: (a) funds from operations interest coverage ratio (minimum of 2 times), and (b) total debt to total capital (maximum of 65 percent). If we fail to meet the requirements, we have to provide the supplier a written explanation of actions taken, or proposed to be taken, to become compliant. Failure to comply with the ratios specified in the Gulf Power agreement could also result in us having to provide an irrevocable letter of credit. As of December 31, 2017, we were in compliance with all of the requirements of these fuel supply contracts.

Eight Flags Energy, LLC ("Eight Flags"), an affiliate of Chesapeake Utilities, provides electricity and steam generation services through its Combined Heat and Power ("CHP") plant located on Amelia Island, Florida. In June 2016, Eight Flags began selling power generated from the CHP plant to us pursuant to a 20-year power purchase agreement for distribution to our retail customers.

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SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION					
Line No.	Item (a)	Total (b)	Electric (c)		
1	UTILITY PLANT				
2	In Service				
3	Plant in Service (Classified)	132,563,299	132,563,299		
4	Property Under Capital Leases	-	-		
5	Plant Purchased or Sold	-	-		
6	Completed Construction not Classified	-	-		
7	Experimental Plant Unclassified	-	-		
8	TOTAL (Enter Total of lines 3 thru 7)	132,563,299	132,563,299		
9	Leased to Others	-	-		
10	Held for Future Use	-	-		
11	Construction Work in Progress	582,838	582,838		
12	Acquisition Adjustment	3,691	3,691		
13	TOTAL Utility Plant (Enter Total of lines 8 thru 12 )	133,149,828	133,149,828		
14	Accum. Prov. for Depr., Amort., & Depl.	62,664,072	62,664,072		
15	Net Utility Plant (Enter total of line 13 less 14)	70,485,756	70,485,756		
16	DETAIL OF ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION				
17	In Service:				
18	Depreciation	62,660,381	62,660,381		
19	Amort. and Depl. of Producing Nat. Gas Land and Land Rights	-	-		
20	Amort. of Underground Storage Land and Land Rights	-	-		
21	Amort. of Other Utility Plant	-	-		
22	TOTAL in Service (Enter Total of lines 18 thru 21)	62,660,381	62,660,381		
23	Leased to Others	-	-		
24	Depreciation	-	-		
25	Amortization and Depletion	-	-		
26	TOTAL Leased to Others (Enter Total of lines 24 and 25)	-	-		
27	Held for Future Use	-	-		
28	Depreciation	-	-		
29	Amortization	-	-		
30	TOTAL Held for Future Use (Ent. Tot. of lines 28 and 29)	-	-		
31	Abandonment of Leases (Natural Gas)	-	-		
32	Amort. of Plant Acquisition Adjustment	3,691	3,691		
33	TOTAL Accumulated Provisions (Should agree with line 14 above)(Enter Total of lines 22, 26, 30, 31, and 32)	62,664,072	62,664,072		



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ELECTRIC PLANT IN SERVICE (Accounts 101, 102, 103, 106)					ELECTRIC PLANT IN SERVICE (Accounts 101, 102, 103, and 106) (Continued)														
<p>1. Report below the original cost of electric plant in service according to the prescribed accounts.</p> <p>2. In addition to Account 101, Electric Plant in Service (Classified) this page and the next include Account 102, Electric Plant Purchased or Sold, Account 103, Experimental Gas Plant Unclassified, and Account 106, Completed Construction Not Classified - Electric</p> <p>3. Include in column (c) or (d), as appropriate, corrections of additions and retirements for the current or preceding year.</p> <p>4. Enclose in parentheses credit adjustments of plant accounts to indicate the negative effect of such accounts.</p> <p>5. Classify Account 106 according to prescribed accounts, on an estimated basis if necessary, and include the entries in column (c). Also to be included in column (c) are entries for</p>					<p>reversals of tentative distributions of prior year reported in column (b). Likewise, if the respondent has a significant amount of plant retirements the end of the year, included in column (d) a tentative distribution of such retirements, on an estimated basis, with appropriate contra entry to the account for accumulated depreciation provision. Include also in column (d) reversals of tentative distributions of prior years of unclassified retirements. Attach supplemental statement showing the account distributions of these tentative classifications in columns (c) and (d), including the reversals of the prior years tentative account distributions of these amounts. Careful observance of the above instructions and the texts of accounts 101 and 106 will avoid serious omissions of the reported amount of respondent's plant actually in service at end of year.</p>					<p>6. Show in column (f) reclassifications or transfers within utility plant accounts. Include also in column (f) the additions or reductions of primary account classifications arising from distribution of amounts initially recorded in Account 102. In showing the clearance of Account 102, include in column (e) the amounts with respect to accumulated provision for depreciation, acquisition adjustments, etc., and show in column (f) only the offset to the debits or credits distributed in column (f) to primary account classifications.</p> <p>7. For Account 399, state the nature and use of plant included in this account and if substantial in amount submit a supplementary statement</p>					<p>showing subaccount classifications of such plant conforming to the requirements of these pages.</p> <p>8. For each amount comprising the reported balance and changes in Account 102, state the property purchased or sold, name of vendor or purchaser, and the date of transaction. If proposed journal entries have been filed with the Commission as required by the Uniform System of Accounts, give also date of such filing.</p>				
Line No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)	Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)		Line No.										
1	1. INTANGIBLE PLANT								1										
2	(301) Organization	-					-	(301)	2										
3	(302) Franchises and Consents	-					-	(302)	3										
4	(303) Miscellaneous Intangible Plant	-					-	(303)	4										
5	TOTAL Intangible Plant (Enter Total of lines 2, 3, and 4)	-	-	-	-	-	-		5										
6	2. PRODUCTION PLANT								6										
7	A. Steam Production Plant								7										
8	(310) Land and Land Rights	-					-	(310)	8										
9	(311) Structures and Improvements	-					-	(311)	9										
10	(312) Boiler Plant Equipment	-					-	(312)	10										
11	(313) Engines and Engine Driven Generators	-					-	(313)	11										
12	(314) Turbogenerator Units	-					-	(314)	12										
13	(315) Accessory Electric Equipment	-					-	(315)	13										
14	(316) Misc. Power Plant Equipment	-					-	(316)	14										
15	TOTAL Steam Production Plant (Enter Total of lines 8 through 14)	-	-	-	-	-	-		15										
16	B. Nuclear Production Plant								16										
17	(320) Land and Land Rights	-					-	(320)	17										
18	(321) Structures and Improvements	-					-	(321)	18										
19	(322) Reactor Plant Equipment	-					-	(322)	19										
20	(323) Turbogenerator Units	-					-	(323)	20										
21	(324) Accessory Electric Equipment	-					-	(324)	21										
22	(325) Misc. Power Plant Equipment	-					-	(325)	22										
23	TOTAL Nuclear Production Plant (Enter Total of lines 17 through 22)	-	-	-	-	-	-		23										
24	C. Hydraulic Production Plant								24										
25	(330) Land and Land Rights	-					-	(330)	25										
26	(331) Structures and Improvements	-					-	(331)	26										
27	(332) Reservoirs, Dams, and Waterways	-					-	(332)	27										
28	(333) Water Wheels, Turbines, and Generators	-					-	(333)	28										
29	(334) Accessory Electric Equipment	-					-	(334)	29										
30	(335) Misc. Power Plant Equipment	-					-	(335)	30										
31	(336) Roads, Railroads, and Bridges	-					-	(336)	31										
32	TOTAL Hydraulic Production Plant (Enter Total of lines 25 through 31)	-	-	-	-	-	-		32										
33	D. Other Production Plant								33										
34	(340) Land and Land Rights	-					-	(340)	34										
35	(341) Structures and Improvements	-					-	(341)	35										
36	(342) Fuel Holders, Products and Accessories	-					-	(342)	36										
37	(343) Prime Movers	-					-	(343)	37										
38	(344) Generators	-					-	(344)	38										
39	(345) Accessory Electric Equipment	-					-	(345)	39										



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ELECTRIC PLANT IN SERVICE (Accounts 101, 102, 103, 106)					ELECTRIC PLANT IN SERVICE (Accounts 101, 102, 103, and 106) (Continued)				
Line No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)	Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)	Line No.	
40	(346) Misc. Power Plant Equipment	-	-	-	-	-	-	(346)	
41	TOTAL Other Production Plant (Enter Total of lines 34 through 40)	-	-	-	-	-	-		
42	TOTAL Production Plant (Enter Total of lines 15, 23, 32, and 41)	-	-	-	-	-	-		
43	3. TRANSMISSION PLANT	-	-	-	-	-	-		
44	(350) Land and Land Rights	41,471	-	(23,842)	-	-	17,629	(350)	
45	(352) Structures and Improvements	197,760	1,618,147	-	-	-	1,815,907	(352)	
46	(353) Station Equipment	4,367,489	2,357,428	-	-	-	6,724,915	(353)	
47	(354) Towers and Fbdures	224,802	-	-	-	-	224,802	(354)	
48	(355) Poles and Fbdures	6,522,770	(441,016)	(629,147)	-	-	5,452,607	(355)	
49	(356) Overhead Conductors and Devices	3,244,214	672,120	(910,388)	-	-	3,005,946	(356)	
50	(357) Underground Conduit	-	-	-	-	-	-	(357)	
51	(358) Underground Conductors and Devices	-	-	-	-	-	-	(358)	
52	(359) Roads and Trails	6,788	-	-	-	-	6,788	(359)	
53	TOTAL Transmission Plant (Enter Total of lines 44 through 52)	14,805,294	4,206,677	(1,563,377)	-	-	17,248,594		
54	4. DISTRIBUTION PLANT	-	-	-	-	-	-		
55	(360) Land and Land Rights	70,567	-	-	-	-	70,567	(360)	
56	(361) Structures and Improvements	1,198,983	-	-	-	-	1,198,983	(361)	
57	(362) Station Equipment	11,919,288	(117,119)	-	1,126,829	-	12,926,998	(362)	
58	(363) Storage Battery Equipment	1,126,828	-	-	(1,126,829)	-	-	(363)	
59	(364) Poles, Towers, and Fbdures	15,499,309	768,779	(107,649)	-	-	16,160,439	(364)	
60	(365) Overhead Conductors and Devices	13,968,363	750,294	(28,487)	-	-	14,690,170	(365)	
61	(366) Underground Conduit	5,938,946	449,532	(809)	-	-	6,387,669	(366)	
62	(367) Underground Conductors and Devices	8,470,809	346,385	(13,887)	-	-	8,803,307	(367)	
63	(368) Line Transformers	17,792,089	847,088	(14,149)	-	-	18,625,008	(368)	
64	(369) Services	10,549,558	604,930	(58,322)	-	-	11,096,166	(369)	
65	(370) Meters	4,035,922	154,198	-	-	-	4,190,120	(370)	
66	(371) Installations on Customer Premises	3,270,507	116,813	(47,692)	-	-	3,339,628	(371)	
67	(372) Leased Property on Customer Premises	-	-	-	-	-	-	(372)	
68	(373) Street Lighting and Signal Systems	2,148,603	133,663	(4,691)	-	-	2,277,575	(373)	
69	TOTAL Distribution Plant (Enter Total of lines 55 through 68)	95,989,753	4,054,563	(275,686)	-	-	99,768,630		
70	5. GENERAL PLANT	-	-	-	-	-	-		
71	(380) Land and Land Rights	320,005	-	-	-	-	320,005		
72	(389) Land and Land Rights	864,155	102,063	-	-	-	966,218	(389)	
73	(390) Structures and Improvements	4,083,214	-	(24,858)	-	-	4,058,356	(390)	
74	(391) Office Furniture and Equipment	2,387,786	314,258	-	-	-	2,702,044	(391)	
75	(392) Transportation Equipment	5,359,435	94,949	(44,438)	(500)	-	5,409,446	(392)	
76	(393) Stores Equipment	149,712	-	-	-	-	149,712	(393)	
77	(394) Tools, Shop and Garage Equipment	413,153	22,147	-	-	-	435,300	(394)	
78	(395) Laboratory Equipment	119,512	-	-	-	-	119,512	(395)	
79	(396) Power Operated Equipment	884,704	-	-	-	-	884,704	(396)	
80	(397) Communication Equipment	401,922	18,742	-	-	-	420,664	(397)	
81	(398) Miscellaneous Equipment	64,720	-	-	-	-	64,720	(398)	
82	SUBTOTAL (Enter Total of lines 71 through 80)	15,048,318	552,159	(69,296)	(500)	-	15,530,681		
83	(399) Other Tangible Property	15,394	-	-	-	-	15,394	(399)	
84	TOTAL General Plant (Enter Total of lines 81 and 82)	15,063,712	552,159	(69,296)	(500)	-	15,546,075		
85	TOTAL (Accounts 101 and 106)	125,658,759	8,813,399	(1,908,359)	(500)	-	132,563,299		
86	(102) Electric Plant Purchased	-	-	-	-	-	-	(102)	
87	(Less) (102) Electric Plant Sold	-	-	-	-	-	-		
88	(103) Experimental Plant Unclassified	-	-	-	-	-	-	(103)	
	TOTAL Electric Plant in Service	125,658,759	8,813,399	(1,908,359)	(500)	-	132,563,299		

CONSTRUCTION WORK IN PROGRESS-ELECTRIC (Account 107)

1. Report below descriptions and balances at end of year of projects in process of construction (107).  
2. Show items relating to "research, development, and demonstration" projects last, under a caption Research, Development, and Demonstration (see Account 107 of the Uniform System of Accounts).  
3. Minor projects (5% of the Balance End of the Year for Account 107 or \$100,000, whichever is less) may be grouped

Line No.	Description of Project	Construction Work in Progress-Electric (Acct. 107)
1	Meters	\$ 64,399
2	Poles	100,738
3	U/G Conduit	36,299
4	O/H Conductors	3,612
5	Station Equipment	49,239
6	Lignotech Florida- U/G Conductor	243,820
7	Crane Island Entrance- U/G Conductor	142,525
8	Line Transformers-Buried	(154,221)
9	O/S Phase 1	44,481
10	Concrete Transmission Poles	9,870
11 *	Other	42,076
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
34		
35		
36	* Grouped Items	
37		
38		
39	TOTAL	582,838

**ACCUMULATED PROVISION FOR DEPRECIATION OF ELECTRIC UTILITY PLANT (Account 108)**

1. Explain in a footnote any important adjustments during year.
2. Explain in a footnote any difference between the amount for book cost of plant retired, line 11, column (c), and that reported for electric plant in service, pages 204-207, column (d), excluding retirements of non-depreciable property.
3. The provisions of Account 108 in the Uniform System of Accounts require that retirements of depreciable plant be recorded when such plant is removed from service.

If the respondent has a significant amount of plant retired at year end which has not been recorded and/or classified to the various reserve functional classifications, make preliminary closing entries to tentatively functionalize the book cost of the plant retired. In addition, include all costs included in retirement work in progress at year end in the appropriate functional classifications.

4. Show separately interest credits under a sinking fund or similar method of depreciation accounting.

**Section A. Balances and Changes During Year**

Line No.	Item (a)	Total (c+d+e) (b)	Electric Plant in Service (c)	Electric Plant Held for Future Use (d)	Electric Plant Leased to Others (e)
	Item				
1.	Balance Beginning of Year	60,305,979	60,305,979		
2.	Depreciation Provisions for Year, Charged to				
3.	(403) Depreciation Expense	4,046,454	4,046,454		
4.	(413) Exp. of Elec. Plt. Leas. to Others				
5.	Transportation Expenses-Clearing	323,749	323,749		
6.	Other Clearing Accounts	(12,225)	(12,225)		
7.	Other Accounts (Specify):				
8.	Accrued Depreciation on Transfers	-			
9.	TOTAL Deprec. Prov. for Year (Enter Total of lines 3 thru 8)	4,357,979	4,357,979		
10.	Net Charges for Plant Retired:				
11.	Book Cost of Plant Retired	(1,859,659)	(1,859,659)		
12.	Cost of Removal	(1,093,095)	(1,093,095)		
13.	Salvage (Credit)	904,471	904,471		
14.	TOTAL Net Chrgs. for Plant Ret. (Enter Total of lines 11 thru 13)	(2,048,283)	(2,048,283)		
15.	Other Debit or Credit Items (Describe)-Transfers	48,396	48,396		
		-			
16.	Balance End of Year (Enter Total of lines 1, 9, 14, 15, and 16)	62,664,072	62,664,072		

**Section B. Balances at End of Year According to Functional Classifications**

18.	0	-	-		
19.	Nuclear Production	-	-		
20.	Hydraulic Production - Conventional	-	-		
21.	Hydraulic Production - Pumped Storage	-	-		
22.	Other Production	-	-		
23.	Transmission	2,886,460	2,886,460		
24.	Distribution	52,761,965	52,761,965		
25.	General	7,015,647	7,015,647		-
26.	TOTAL (Enter Total of lines 18 thru 25)	62,664,072	62,664,072		-

MATERIALS AND SUPPLIES

1. For Account 154, report the amount of plant materials and operating supplies under the primary functional classifications as indicated in column (a); estimates of amounts by function are acceptable. In column (d), designate the department or departments which use the class of material.
2. Give an explanation of important inventory adjustments during year (in a footnote) showing general classes of material and supplies and the various accounts (operating expense, clearing accounts, plant, etc.) Affected - debited or credited. Show separately debits or credits to stores expense-clearing, if applicable.

Line No.	Account	Balance Beginning of Year	Balance End of Year	Department or Departments Which Use Material
	(a)	(b)	(c)	(d)
1	Fuel Stock (Account 151)			
2	Fuel Stock Expenses Undistributed (Account 152)			
3	Residuals and Extracted Products (Account 153)			
4	Plant Materials and Operating Supplies (Account 154)			
5	Assigned to - Construction (Estimated)	843,625	1,017,272	Operations
6	Assigned to - Operations and Maintenance			
7	Production Plant (Estimated)			
8	Transmission Plant (Estimated)			
9	Distribution Plant (Estimated)	281,208	339,091	Operations
10	Assigned to - Other			
11	TOTAL Account 154 (Enter Total of lines 5 thru 10)	1,124,833	1,356,363	
12	Merchandise (Account 155)	-	-	
13	Other Materials and Supplies (Account 156)	-	-	
14	Nuclear Materials Held for Sale (Account 157) (Not applicable to Gas Utilities)			
15	Stores Expense Undistributed (Account 163)			
16				
17				
18				
19				
20	TOTAL Materials and Supplies (per Balance Sheet)	1,124,833	1,356,363	
Physical Inventories were taken and the appropriate adjustments recorded in the following:				
		Amount	Account Debited	Account Credited
114	Northwest Electric Division - Materials & Supplies	772	146, 154, 596	146, 596
115	Northeast Electric Materials & Supplies	2,447	107, 146, 596	146, 154, 596
121	South Florida - Materials & Supplies	-		
	South Florida Gas Division - Merchandise	-		
123	Central Florida - Materials & Supplies	-		
	Central Florida Gas Division - Merchandise	-		
993	Central Florida Propane Division - Merchandise	-		
995	Northeast Florida Propane Division - Materials & Supplies	-		
	Northeast Florida Propane Division - Merchandise	-		



**OTHER REGULATORY ASSETS**

- |  |  |
|--|--|
| <p>1. Reporting below the particulars (details) called for concerning other regulatory assets which are created through the ratemaking actions of regulatory agencies (and not includable in other amounts).</p> <p>2. For regulatory assets being amortized, show period of amortization in column (a).</p> | <p>3. Minor items (5% of the Balance at End of Year for Account 182.3 or amounts less than \$50,000, whichever is less) may be grouped by classes.</p> |
|--|--|

	Description and Purpose of Other Regulatory Assets (a)	Balance Beginning of Year	Debits (b)	Credits Account Charged (c)	Amounts (d)	Balance End of Year (e)
1						
2	Regulatory Asset Retirement Plan	6,303,791		228.3	(994,974)	5,308,817
3	Regulatory Asset 35% Federal Tax	185,999		407	(9,876)	176,123
4	Regulatory Asset Deferred Litigation	21,033		923	(21,033)	-
5	Regulatory Asset Risk FPU	141,667		407	(50,000)	91,667
6	Regulatory Asset Storm Reserve	-		228.1	779,174	779,174
7						
8						
9						
10						
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40						
41	<b>TOTAL</b>	<b>\$ 6,652,490</b>	<b>\$ -</b>		<b>\$ (296,709)</b>	<b>\$ 6,355,781</b>

Florida Public Utilities Company Electric Division		An Original		For the Year Ended December 31, 2017		
MISCELLANEOUS DEFERRED DEBITS (Account 186)						
1. Report below the particulars (details) called for concerning miscellaneous deferred debits. 2. For any deferred debit being amortized, show period of amortization in column (a).			3. Minor items (1% of the Balance at End of Year for Account 186 or amounts less than \$50,000, whichever is less) may be grouped by classes.			
	Description of Miscellaneous Deferred Debit (a)	Balance at Beginning of Year (b)	Debits (c)	Account Charged (d)	Credit Amount (e)	Balance End of Year (f)
1	Deferred Rate Case	554,610		928	(195,748)	358,862
2	Unrecovered PGC/FEC	3,706,539	1,930,301			5,636,840
3	Gain on sale of asset	59,216				59,216
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
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32						
33						
1	TOTAL	4,320,365				6,054,918

ACCUMULATED DEFERRED INCOME TAXES (Account 190)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes.
2. At Other (Specify), include deferrals relating to other income and deductions.
3. If more space is needed, use separate pages as required.
4. In the space provided below, identify by amount and classification, significant items for which deferred taxes are being provided. Indicate insignificant amounts under Other.

Line No.	Account Subdivisions	Balance at Beginning of Year	Amounts Charged to 410 and 411	Adjustments	Balance at End of Year
	(a)	(b)	(c)	(d)	(e)
1	<b>Electric</b>				
2	Customer based intangible asset for tax	143,068	(1,438)	(48,575)	93,055
3	Bad debt provision	63,750	(823)	(21,582)	41,345
4	Short Term IPP Bonus	-	-	1,998,594	1,998,594
5	Pension	-	-		-
6	OPRB	139,931	391	(48,125)	92,197
7	State decoupling asset	722,375	(101,281)	142,108	763,202
8	Storm reserve	832,516	(67)	(285,504)	546,945
9	Conservation Costs	26,509	(3,349)	(7,946)	15,214
10	NOL Reclass to Parent	70,839	(70,839)		-
11	Reacquired Debt		18	74,091	74,109
12					-
13	TOTAL Electric (Lines 2 thru 13)	1,998,988	(177,388)	1,803,061	3,624,661
14	<b>Gas</b>				
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26	TOTAL Gas (Lines 15 thru 25)	-	-	-	-
27					
28	Other (Specify) Common				
29	TOTAL (Account 190)(Lines 12, 23 & 24)	1,998,988	(177,388)	1,803,061	3,624,661
	(d) Adjustment to A/C 280 - Tax Reform				

Florida Public Utilities Company Electric Division		Original	For the Year Ended December 31, 2017
LONG-TERM DEBT (Accounts 221, 222, 223, and 224)			
<p>1. Report by balance sheet the account particulars (details) concerning long-term debt included in Accounts 221, Bonds, 222, Reacquired Bonds, 223, Advances from Associated companies, and 224, Other Long-Term Debt.</p> <p>2. In column (a), for new issues, give Commission authorization numbers and dates.</p> <p>3. For bonds assumed by the respondent, include in column (a) the name of the issuing company as well as a description of the bonds.</p> <p>4. For advances from Associated Companies, report separately advances on note and advances on open accounts. Designate demand notes as such. Include in column (a) names of associated companies from which advances were received.</p> <p>5. For receivers' certificates, show in column (a) the named of the court and date of court order under which</p>		<p>such certificates were issued.</p> <p>6. In column (b) show the principal amount of bonds or other long-term debt originally issued.</p> <p>7. In column (c) show the expense, premium or discount with respect to the amount of bonds or other long-term debt originally issued.</p> <p>8. For column (c) the total expenses should be listed first for each issuance, then the amount of premium (in parentheses) or discount. Indicate the premium or discount with a notation, such as (P) or (D). The expenses, premium or discount should not be netted.</p> <p>9. Furnish in a footnote particulars (details) regarding the treatment of unamortized debt expense, premium or discount associated with issues redeemed during the year. Also, give in a footnote the date of the Commission's authorization of treatment other than as specified by the</p>	
Line No.	(a)	Principal Amount of Debt Issued (b)	Total Expense Premium or Discount (c)
1	Unamortized Issuance Costs (DRP)		\$ 125,808
2	Senior Note 5 - 6.64%	\$ 30,000,000	\$ 141,831
3	Senior Note 6 - 5.5%	\$ 20,000,000	\$ 79,566
4	Senior Note 7 - 5.93%	\$ 30,000,000	\$ 39,518
5	Senior Note 8 - 5.68%	\$ 29,000,000	\$ 34,794
6	Senior Note 9 - 6.43%	\$ 7,000,000	\$ 12,789
7	Senior Note 10 - 3.73%	\$ 20,000,000	\$ 68,794
8	Senior Note 11 - 3.88%	\$ 50,000,000	\$ 192,790
9	Senior Note 12 - 3.25%	\$ 70,000,000	\$ 150,539
10	Promissory Note	\$ 310,000	
11	Flo-Gas Notes Payable		
12	FPU Bond - 9.08%	\$ 8,000,000	\$ 122,010
13	Shelf Facility-Prudential		\$ 58,133
14	Shelf Facility-Met Life		\$ 34,250
15	Shelf Facility-New York Life		\$ 8,636
16	Bank Credit Facility (Annual)		\$ 21,500
17	Bank Credit Facility (Annual)		\$ 21,500
18	Bank Credit Facility (Annual)		\$ 21,500
19	Bank Credit Facility (Annual)		\$ -
20	Bank Credit Facility (Annual)		\$ -
21	Bank Credit Facility (Five Years)		\$ 466,119
22	Subtotal		
23	Less current maturities		
24			
25	Totals	\$ 264,310,000	\$ 1,600,077
26			
27	2017 Annual Amortization of Premiums or Discounts:		
28	Allocation to Florida Public Utilities - Electric Division		\$ 12,712
29	Allocation to Other Jurisdictions		\$ 158,083
30	Total		\$ 170,795
31			
32			
33			
34			
35	Note: Schedule lists total long-term debt for Chesapeake Utilities Corporation.		
36	Line number 28 indicates the amount that is allocated to the Florida Public Utilities - Electric Division.		
37			
38			
39			
40			
41			
42			





**RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME  
FOR FEDERAL INCOME TAXES**

1. Report the reconciliation of reported net income for the year with taxable income used in computing Federal income tax accruals and show computation of such tax accruals. Include in the reconciliation, as far as practicable, the same detail as furnished on Schedule M-1 of the tax return for the year. Submit a reconciliation even though there is no taxable income for the year. Indicate clearly the nature of each reconciling amount.

2. If the utility is a member of a group which files a consolidated Federal tax return, reconcile reported net income with taxable net income as if a separate return were to be filed, indicating, however, intercompany amounts to be eliminated in such a consolidated return. State names of group members, tax assigned to each group member, and basis of allocation, assignment, or sharing of the consolidated tax among the group members.

Line No.	Particulars (Details) (a)	Amount (b)
1	<b>Net Income for the Year</b> *	1,837,047
2		
3	<b>Taxable Income Not Reported on Books</b>	
4	Taxable service contribution	-
5		
9	<b>Deductions Recorded on Books Not Deducted for Return</b>	
10	Federal income tax expense	931,516
11	Deferred income tax expense	373,228
12	P100: 50% Meals Deduction	30,006
13	P102: Not Deductible for Tax-Other	(9,800)
14	25DP.04: Asset Gain/Loss	684,747
15	25RE: Repairs Deduction	557,073
16	25DP.02: Contribution in Aid of Construction	349,599
17	25DP.01: Depreciation	346,949
18	25PN: Pension	224,190
19	25RC: Rate Case	195,748
20	25LT: Deferred Litigation	21,033
21	25PR.02: Post Retirement Benefits (Non-Current)	1,042
22	25ID: Reserve for Insurance Deductibles	830
23	<b>Income Recorded on Books Not Included in Return</b>	
24	Investment tax credit amortization	-
25		
26	<b>Deductions On Return Not Recorded on Books</b>	
27	25BD: Bad Debts	(2,119)
28	25AM: Customer Based Intangibles	(3,698)
29	25CN: Conservation	(8,666)
30	25DP.03: Cost of Removal	(1,216,276)
31	25PG: Purchased Gas Cots	(1,930,302)
32		
33		
34		
35		
36		
37		
38		
39		
40		
41		
42	<b>Federal Taxable Net Income</b>	2,382,147
43		
44	Show Computatation of Tax:	
45	Federal Income Tax @ 35%	833,751
46	Net Operating Loss Adjustment	-
47	Prior Period Adjustment	97,765
48		
49	<b>Federal Income Tax Expense</b>	931,516

TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR

1. Give particulars (details) of the combined prepaid and accrued tax accounts and show the total taxes charged to operations and other accounts during the year. Do not include gasoline and other sales taxes which have been charged. If the actual or estimated amounts of such taxes are known, show the amounts in a footnote and designate whether estimated or actual amounts.  
2. Include on this page, taxes paid during the year and charged direct to final accounts, (not charged to prepaid accrued taxes). Enter the amounts in both columns (d) and (e). The balancing of this page is not affected by inclu-

sion of these taxes.  
3. Include in column (d) taxes charged during the year, taxes charged to operations and other accounts through (a) accruals credited to taxes accrued, (b) amounts credited to proportions of prepaid taxes chargeable to current year, and (c) taxes paid and charged direct to operations or accounts other than accrued and prepaid tax accounts.  
4. List the aggregate of each kind of tax in such manner that the total tax for each State and subdivision can readily be ascertained.  
5. If any tax (exclude Federal and State income taxes)

Line No.	Kind of Tax (See Instruction 5) (a)	BALANCE AT BEGINNING OF YEAR			Taxes Paid During Year (e)	Adjustments (f)
		Taxes Accrued (Account 236) (b)	Prepaid Taxes (Include in Account 165) (c)	Taxes Charged During Year (d)		
1	<b>Federal Taxes:</b>					
2	Income Tax	(6,257,927)		931,516	(704,672)	(53,473)
3	<b>Total Federal Taxes</b>	(6,257,927)	-	931,516	(704,672)	(53,473)
4						
5	<b>State of Florida:</b>					
6	Income	354,473	0.00	(96,278)	0	(5,462)
7	<b>Total State of Florida Taxes</b>	354,473	0.00	(96,278)	0	(5,462)
8						
9						
10	<b>Reclassified to Prepaid Taxes</b>					
11	<b>Federal Taxes:</b>					
12	Income Tax					
13	<b>State of Florida:</b>					
14	Income					
15						
16	Payroll Taxes			243,575	(243,575)	
17	Property Taxes			868,392	(868,392)	
18	Franchise Tax			3,545,926	(3,545,926)	
19	Gross Receipts Tax			2,216,245	(2,216,245)	
20	Other Taxes			89,523	(89,523)	
21						
22						
23	<b>TOTAL</b>	(5,903,454)	0	7,798,899	(7,668,333)	(58,935)



TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR (Continued)

*covers more than one year, show the required information separately for each tax year, identifying the year in column (a).*

6. Enter all adjustments of the accrued and prepaid tax accounts in column (f) and explain each adjustment in a footnote. Designate debit adjustments by parentheses.

7. Do not include on this page entries with respect to deferred income taxes or taxes collected through payroll footnote. Designate debit adjustments by parentheses. deductions or otherwise pending transmittal of such taxes to the taxing authority.

8. Report in column (i) through (l) how the taxes were

distributed. Report in column (i) only the amounts charged to Accounts 408.1 and 409.1 pertaining to electric operations. Report in column (l) the amounts charged to Accounts 408.1 and 409.1 pertaining to other utility departments and amounts charged to Accounts 408.2 and 409.2. Also show in column (l) the taxes charged to utility plant or other balance sheet accounts.

9. For any tax apportioned to more than one utility department or account, state in a footnote the basis (necessity) of apportioning such tax.

BALANCE AT END OF YEAR		DISTRIBUTION OF TAXES CHARGED				Line No.
Taxes Accrued (Account 236) (g)	Prepaid Taxes (Incl. in Account 165) (h)	Electric (Account 408.1, 409.1) (i)	(Account 408.2 & 409.2) (j)	Adjustment to Ret. Earnings (Account 439) (k)	Other Gas & Common (l)	
(6,084,556)	0	931,516	0		0	1
(6,084,556)	0	931,516	0		0	2
						3
						4
252,733	0	(96,278)	0		0	5
252,733	0	(96,278)	0	0	0	6
						7
						8
						9
						10
						11
						12
						13
						14
						15
		243,575				16
		868,392				17
		3,545,926				18
		2,216,245				19
		89,523				20
						21
(5,831,823)	0	7,798,899	0		0	22
						23

Florida Public Utilities Company  
Electric Division

An Original  
OTHER DEFERRED CREDITS (Account 253)

For the Year Ended  
December 31, 2017

1. Report below the particulars (details) called for concerning other deferred credits.  
2. For any deferred credit being amortized, show the period of amortization.

3. Minor items (5% of the Balance End of Year for Account 253 or amounts less than \$10,000, whichever is greater) may be grouped by classes.

Line No.	Description of Other Deferred Credit (a)	Balance at Beginning of Year (b)	DEBITS		Credits (e)	Balance at End of Year (f)
			Contra Account (c)	Amount (d)		
1	Conservation Over/Under Recovery	(68,711)		8,666		(60,045)
2						
3						
4						
5						
6						
7						
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36						
37						
38						
39						
40						
41						
42	TOTAL	(68,711)		8,666		(60,045)
43						
44						

ACCUMULATED DEFERRED INCOME TAXES-OTHER PROPERTY (Account 282)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes relating to property not subject to accelerated amortization.

Line No.	Account Subdivisions	CHANGES DURING YEAR		
		Balance at Beginning of Year	Amounts Debited (Account 410.1)	Amounts Credited (Account 411.1)
	(a)	(b)	(c)	(d)
1	Account 282			
2	Electric	15,957,884	40,257	(580,533)
3	Gas	-		
4	Other - Water	-		
5	Other - Common	-		
6	TOTAL (Lines 2 thru 4)	15,957,884	40,257	(580,533)
7	Other (Specify)			
8				
9				
10				
11	TOTAL Account 282 (Lines 5 thru 8)	15,957,884	40,257	(580,533)
12				
13	Classification of TOTAL			
14	Federal Income Tax	13,724,107	34,517	(497,761)
15	State Income Tax	2,233,777	5,740	(82,772)
16	Local Income Tax			
17	Total	15,957,884	40,257	(580,533)
18				
19				
20				
21				
22				
23	Total	15,957,884	40,257	(580,533)
24				
25				
26				
27				
28				

ACCUMULATED DEFERRED INCOME TAXES-OTHER PROPERTY (Account 282) (Continued)

2. For Other (Specify), include deferrals relating to other income and deductions.  
3. Use footnotes as required.

CHANGES DURING YEAR			ADJUSTMENTS			Balance at End of Year	Line No.
Amounts Debited (Account 410.2)	Amounts Credited (Account 411.2)		Credits		Debits		
(e)	(f)	Acct. Debited (g)	Amount (h)	Acct. Credited (i)	Amount (j)	(k)	
426,247	(264,162)	280	(5,293,068)			10,286,625	1
						-	2
						-	3
						-	4
426,247	(264,162)		(5,293,068)		-	10,286,625	5
							6
							7
							8
							9
426,247	(264,162)		(5,293,068)		-	10,286,625	10
							11
							12
365,473	(226,498)		(4,911,760)		-	8,488,078	13
60,774	(37,664)		(381,308)		-	1,798,547	14
							15
426,247	(264,162)		(5,293,068)		-	10,286,625	16
							17
							18
							19
							20
							21
426,247	(264,162)		(5,293,068)	-	-	10,286,625	22
							23
							24
							25
							26
							27
							28



Florida Public Utilities Company Electric Division		An Original	For the Year Ended December 31, 2017	
ACCUMULATED DEFERRED INCOME TAXES - OTHER (Account 283)				
1. Report the information called for below concerning the respondent's accounting for deferred income taxes relating to amounts recorded in Account 283. 2. For Other (Specify), include deferrals relating to other income and deductions.				
Line No.	Account Subdivisions (a)	Balance at Beginning of Year (b)	CHANGES DURING THE YEAR	
			Amounts Debited (Account 410.1) (c)	Amounts Credited (Account 411.1) (d)
1	Account 283			
2	<b>Electric</b>			
3	Tax Normalization for Tax Rate Increase	-		
4	Insurance	46,465	(324)	
5	Bonus	-		
6	Rate Case Costs	213,937	(75,526)	
7	Litigation	8,108	(8,109)	
8	Conservation Cost	-		
9	Regulatory Liability	216,047		
10	Purchased Fuel Cost	1,429,710	915,184	(170,685)
11	Pension	241,570	(86,501)	
12	Self Insurance	91,616	(7)	
13	TOTAL Electric (Total Lines 3-9)	2,247,453	744,717	(170,685)
14	<b>Other - Common</b>			
15				
16	TOTAL Account 283 (Total lines 11, 17 and 31)	2,247,453	744,717	(170,685)
18				
19	Classification of TOTAL			
20	Federal Income Tax	1,875,788	638,536	(146,349)
21	State Income Tax	371,665	106,181	(24,336)
22	Local Income Tax			
23	Total	2,247,453	744,717	(170,685)

Florida Public Utilities Company Electric Division			An Original			For the Year Ended December 31, 2017	
ACCUMULATED DEFERRED INCOME TAXES-OTHER (Account 283)(Continued)							
3. Provide in the space below explanations for pages 276 and 277. Include amounts relating to insignificant items under Other.							
4. Use footnotes required.							

Florida Public Utilities Company Electric Division		An Original		For the Year Ended December 31, 2017	
OTHER REGULATORY LIABILITIES (Account 254)					
1. Reporting below the particulars (details) called for concerning other regulatory liabilities which are created through the ratemaking actions of regulatory agencies (and not includable in other amounts). 2. For regulatory liabilities being amortized, show period of amortization in column (a).			3. Minor items (5% of the Balance at End of Year for Account 254 or amounts less than \$50,000, whichever is less) may be grouped by classes.		
Line No.	Description and Purpose of Other Regulatory Liabilities (a)	Balance Beginning of Year (b)	DEBITS		Balance End of Year (e)
			Account Credited (b)	Amount (c)	Credits (d)
1	Regulatory Liability- Tax Rate Change	-			(\$7,981,874)
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34					
35					
36					
37					
38	TOTAL	-			(7,981,874)
39					
40					

ELECTRIC OPERATING REVENUES (Account 400)

1. Report below operating revenues for each prescribed account, and manufactured gas revenues in total.  
2. Report number of customers, columns (f) and (g), on the basis of meters, in addition to the number of flat rate accounts; except that where separate meter readings are added for billing purposes, one customer should be

counted for each group of meters added. The average number of customers means the average of twelve figures at the close of each month.  
3. If increases or decreases from previous year (columns (c), (e), and (g)), are not derived from previously reported figures, explain any inconsistencies in a footnote.

OPERATING REVENUES			
Line No.	Title of Account (a)	Amount for Year (b)	Amount for Previous Year (c)
1	Sales of Electricity		
2	(440) Residential Sales	44,091,289	46,484,888
3	(442) Commercial and Industrial Sales		
4	Small (or Commercial)	28,791,971	29,688,155
5	Large (or Industrial)	13,645,658	13,260,513
6	(443) Outdoor Lighting	2,057,341	2,042,103
7	(444) Public Street and Highway Lighting	180,899	184,830
8	(445) Other Sales to Public Authorities	-	-
10	(448) Interdepartmental Sales	40,723	42,760
9	(456.3) Unbilled Revenues	107,579	(32,240)
11		- - - - -	- - - - -
12	TOTAL Sales to Ultimate Consumers	88,915,460	91,671,009
13	(447) Sales for Resale		
14		- - - - -	- - - - -
15	TOTAL Sales of Electricity	88,915,460	91,671,009
16	(Less) (449.1) Provision for Rate Refunds		
17		- - - - -	- - - - -
18	TOTAL Revenue Net of Provision for Refunds	88,915,460	91,671,009
19	Other Operating Revenues		
20	(450) Forfeited Discounts	404,860	417,301
21	(451) Miscellaneous Service Revenues	262,525	263,876
22	(453) Sales of Water and Water Power		
23	(454) Rent from Electric Property	248,393	178,063
24	(455) Interdepartmental Rents		
25	(456.2) Other Electric Revenues		
26	(456.1) Overrecoveries Purchase Electric	(1,206,342)	(2,441,837)
27	(456.6) Overrecoveries Conservation		
28			
29		- - - - -	- - - - -
30	TOTAL Other Operating Revenues	(290,564)	(1,582,597)
31		- - - - -	- - - - -
32	TOTAL Electric Operating Revenues	88,624,896	90,088,412
		=====	=====



ELECTRIC OPERATING REVENUES (Account 400) (Continued)

4. Commercial and Industrial Sales, Account 442, may be classified according to the basis of classification (Small or Commercial, and Large or Industrial) regularly used by the respondent if such basis of classification is not generally greater than 1000 kw of demand. (See Account 442 of the Uniform System of Accounts. Explain basis of classification in a footnote.)

5. See page 108-109, Important Changes During Year, for important new territory added and important rate increases or decreases.

6. For lines 2,4,5, and 6, see page 304 for amounts relating to unbilled revenues by accounts.

7. Include unmetered sales. Provide details of such sales in a footnote.

MEGAWATT HOURS SOLD		AVERAGE NUMBER OF CUSTOMERS PER MONTH			Line No.
Amount for Year (d)	Amount for Previous Year (e)	Number for Year (f)	Number for Previous Year (g)		
291,510	303,654	24,574	24,289		1
					2
					3
216,504	219,734	4,388	4,380		4
112,543	114,424	24	24		5
7,511	7,473	3,040	2,994		6
					7
					8
399	411	12	12		9
					10
-----	-----	-----	-----		11
628,467	645,695	32,038	31,699		12
					13
-----	-----	-----	-----		14
628,467	645,695	32,038	31,699		15
					16
-----	-----	-----	-----		17
628,467	645,695	32,038	31,699		18
-----	-----	-----	-----		19
					20
					21
					22
					23
					24
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					32
					33

1. Report below for each rate schedule in effect during the year the MWh of electricity sold, revenue, average number of customers, average KWh per customer, and average revenue per KWh, excluding data for Sales for Resale which is reported on pages 310-311.

2. Provide a subheading and total for each prescribed operating revenue account in the sequence followed in "Electric Operating Revenues," page 300-301. If the sales under any rate schedule are classified in more than one revenue account, list the rate schedule and sales data under each applicable revenue account subheading.

3. Where the same customers are served under more than one

rate schedule in the same revenues account classification (such as a general residential schedule and an off peak water heating schedule), the entries in column (d) for the special schedule should denote the duplication in number of reported customers.

4. The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the (12 if all billings are made monthly).

5. For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.

6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate Schedule	MWh Sold	Revenue	Average Number of Customers	KWH of Sales per Customer	Revenue (cents) per KWH Sold
	(a)	(b)	(c)	(d)	(e)	(f)
1	(440) Residential Sales	291,510	\$ 44,091,289	24,574	11,863	15.1
2	(442) Commercial and Industrial Sales					
3	Small (or Commercial)	216,504	\$ 28,791,971	4,388	49,340	13.3
4	Large (or Industrial)	112,543	\$ 13,645,658	24	4,689,312	12.1
5	(443) Outdoor Lighting	7,511	\$ 2,057,341	3,040	2,471	27.4
6	(444) Public Street and Highway Lighting	-	\$ 180,899	-	-	-
7	(445) Other Sales to Public Authorities	-	\$ -	-	-	-
8	(448) Interdepartmental Sales	399	\$ 40,723	12	33,217	10.2
9	(456) Unbilled Revenues	-	\$ 107,579	-	-	-
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40	Total Billed	628,468	\$ 88,915,460	32,038	19,600	14.1
41						
42	Rate Refund		0			
43						
	TOTAL	628,468	88,915,460	32,038	19,600	14.1

Florida Public Utilities Company Electric Division		An Original		For the Year Ended December 31, 2017	
ELECTRIC OPERATION AND MAINTENANCE EXPENSES					
Account		Amount for Current Year		Amount for Previous Year	
(a)		(b)		(c)	
1	(1) POWER PRODUCTION EXPENSES				
2	A. Steam Power Generation				
3	Operation				
4	(500) Operation Supervision and Engineering	-	-	-	-
5	(501) Fuel	-	-	-	-
6	(502) Steam Expenses	-	-	-	-
7	(503) Steam from Other Sources	-	-	-	-
8	(Less) (504) Steam Transferred-Cr.	-	-	-	-
9	(505) Electric Expenses	-	-	-	-
10	(506) Miscellaneous Steam Power Expenses	-	-	-	-
11	(507) Rents	-	-	-	-
12	TOTAL Operation	-	-	-	-
13	Maintenance				
14	(510) Maintenance Supervision and Engineering	-	-	-	-
15	(511) Maintenance of Structures	-	-	-	-
16	(512) Maintenance of Boiler Plant	-	-	-	-
17	(513) Maintenance of Electric Plant	-	-	-	-
18	(514) Maintenance of Miscellaneous Steam Plant	-	-	-	-
19	TOTAL Maintenance	-	-	-	-
20	TOTAL Power Production Expenses-Steam Plant	-	-	-	-
21	B. Nuclear Power Generation				
22	Operation				
23	(517) Operation Supervision and Engineering	-	-	-	-
24	(518) Fuel	-	-	-	-
25	(519) Coolants and Water	-	-	-	-
26	(520) Steam Expenses	-	-	-	-
27	(521) Steam from Other Sources	-	-	-	-
28	(Less) (522) Steam Transferred-Cr.	-	-	-	-
29	(523) Electric Expenses	-	-	-	-
30	(524) Miscellaneous Nuclear Power Expenses	-	-	-	-
31	(525) Rents	-	-	-	-
32	TOTAL Operation	-	-	-	-
33	Maintenance				
34	(528) Maintenance Supervision and Engineering	-	-	-	-
35	(529) Maintenance of Structures	-	-	-	-
36	(530) Maintenance of Reactor Plant Equipment	-	-	-	-
37	(531) Maintenance of Electric Plant	-	-	-	-
38	(532) Maintenance of Miscellaneous Nuclear Plant	-	-	-	-
39	TOTAL Maintenance	-	-	-	-
40	TOTAL Power Production Expenses-Nuclear Power	-	-	-	-
41	C. Hydraulic Power Generation				
42	Operation				
43	(535) Operation Supervision and Engineering	-	-	-	-
44	(536) Water for Power	-	-	-	-
45	(537) Hydraulic Expenses	-	-	-	-
46	(538) Electric Expenses	-	-	-	-
47	(539) Miscellaneous Hydraulic Power Generation Expenses	-	-	-	-
48	(540) Rents	-	-	-	-
49	TOTAL Operation	-	-	-	-

FLORIDA PUBLIC UTILITIES COMPANY		An Original		For the Year Ended	
Electric Division				December 31, 2017	
ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)					
Account		Amount for Current Year		Amount for Previous Year	
50	C. Hydraulic Power Generation (Continued)				
51	Maintenance				
52	(541) Maintenance Supervision and Engineering	-		-	
53	(542) Maintenance of Structures	-		-	
54	(543) Maintenance of Reservoirs, Dams, and Waterways	-		-	
55	(544) Maintenance of Electric Plant	-		-	
56	(545) Maintenance of Miscellaneous Hydraulic Plant	-		-	
57	TOTAL Maintenance	-		-	
58	TOTAL Power Production Expenses-Hydraulic Power	-		-	
59	D. Other Power Generation				
60	Operation				
61	(546) Operation Supervision and Engineering	-		-	
62	(547) Fuel	-		-	
63	(548) Generation Expenses	-		-	
64	(549) Miscellaneous Other Power Generation Expenses	-		-	
65	(550) Rents	-		-	
66	TOTAL Operation	-		-	
67	Maintenance				
68	(551) Maintenance Supervision and Engineering	-		-	
69	(552) Maintenance of Structures	-		-	
70	(553) Maintenance of Generating and Electric Plant	-		-	
71	(554) Maintenance of Miscellaneous Other Power Generation Plant	-		-	
72	TOTAL Maintenance	-		-	
73	TOTAL Power Production Expenses-Other Power	-		-	
74	E. Other Power Supply Expenses				
75	(555) Purchased Power	61,198,162		62,018,403	
76	(556) System Control and Load Dispatching	-		-	
77	(557) Other Expenses	261,335		359,936	
78	TOTAL Other Power Supply Expenses	61,459,497		62,378,339	
79	TOTAL Power Production Expenses	61,459,497		62,378,339	
80	2. TRANSMISSION EXPENSES				
81	Operation				
82	(560) Operation Supervision and Engineering	7,661		1,200	
83	(561) Load Dispatching	-		-	
84	(562) Station Expenses	48,912		57,681	
85	(563) Overhead Line Expenses	-		-	
86	(564) Underground Line Expenses	-		-	
87	(565) Transmission of Electricity by Others	-		-	
88	(566) Miscellaneous Transmission Expenses	-		-	
89	(567) Rents	-		-	
90	TOTAL Operation	56,573		58,881	
91	Maintenance				
92	(568) Maintenance Supervision and Engineering	-		-	
93	(569) Maintenance of Structures	-		-	
94	(570) Maintenance of Station Equipment	19,286		14,474	
95	(571) Maintenance of Overhead Lines	7,381		16,515	
96	(572) Maintenance of Underground Lines	-		-	
97	(573) Maintenance of Miscellaneous Transmission Plant	-		-	
98	TOTAL Maintenance	26,667		30,989	
99	TOTAL Transmission Expenses	83,240		89,870	
100	3. DISTRIBUTION EXPENSES				
101	Operation				
102	(580) Operation Supervision and Engineering	298,084		397,642	
103	(581) Load Dispatching	-		-	



ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

Account	Amount for Current Year	Amount for Previous Year
104 3. DISTRIBUTION EXPENSES (Continued)		
105 (581) Load Dispatching	-	-
106 (582) Station Expenses	47,261	51,362
107 (583) Overhead Line Expenses	101,330	102,533
108 (584) Underground Line Expenses	32,811	14,189
109 (585) Street Lighting and Signal System Expenses	3,263	(2,955)
110 (586) Meter Expenses	310,185	285,119
111 (587) Customer Installations Expenses	38,237	47,640
112 (588) Miscellaneous Distribution Expenses	213,378	243,039
113 (589) Rents	-	-
114 TOTAL Operation	1,044,549	1,138,569
115 Maintenance		
116 (590) Maintenance Supervision and Engineering	-	-
117 (591) Maintenance of Structures	3,221	3,358
118 (592) Maintenance of Station Equipment	28,218	33,966
119 (593) Maintenance of Overhead Lines	1,745,214	1,954,455
120 (594) Maintenance of Underground Lines	210,522	264,297
121 (595) Maintenance of Line Transformers	92,803	95,723
122 (596) Maintenance of Street Lighting and Signal Systems	105,593	120,048
123 (597) Maintenance of Meters	135,106	134,962
124 (598) Maintenance of Miscellaneous Distribution Plant	74,766	77,181
125 TOTAL Maintenance	2,395,443	2,683,990
126 TOTAL Distribution Expenses	3,439,992	3,822,559
127 4. CUSTOMER ACCOUNTS EXPENSES		
128 Operation		
129 (901) Supervision	252,675	210,555
130 (902) Meter Reading Expenses	232,064	208,410
131 (903) Customer Records and Collection Expenses	938,504	974,777
132 (904) Uncollectible Accounts	189,709	189,300
133 (905) Miscellaneous Customer Accounts Expenses	-	-
134 TOTAL Customer Accounts Expenses	1,612,952	1,583,042
135 5. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES		
136 Operation		
137 (906) Underrecovery Conservation	(8,666)	182,933
138 (907) Supervision	34,500	39,114
139 (908) Customer Assistance Expenses	435,482	387,909
140 (909) Informational and Instructional Expenses	91,415	88,221
141 (910) Miscellaneous Customer Service and Informational Expenses	79,600	172,346
142 TOTAL Cust. Service and Informational Expenses	632,331	870,523
143 6. SALES EXPENSES		
144 Operation		
145 (911) Supervision	2,722	16,729
146 (912) Demonstrating and Selling Expenses	4,703	-
147 (913) Advertising Expenses	110,560	122,648
148 (916) Miscellaneous Sales Expenses	-	-
149 TOTAL Sales Expenses	117,985	139,377
150 7. ADMINISTRATIVE AND GENERAL EXPENSES		
151 Operation		
152 (920) Administrative and General Salaries	1,983,869	1,887,977
153 (921) Office Supplies and Expenses	991,462	1,018,162
154 (Less) (922) Administrative expenses Transferred-Cr.	-	-
155 (923) Outside Services Employed	655,029	904,554
156 (924) Property Insurance	165,254	63,148
157 (925) Injuries and Damages	363,602	422,679
158 (926) Employee Pensions and Benefits	1,218,588	1,266,222

FLORIDA PUBLIC UTILITIES COMPANY		An Original	
Electric Division			
ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)			
Account	Amount for Current Year	Amount for Previous Year	
159 7. ADMINISTRATIVE AND GENERAL EXPENSES			
160 (927) Franchise Requirements	-	-	
161 (928) Regulatory Commission Expenses	195,748	195,748	
162 (Less) (929) Duplicate Charges-Cr.	-		
163 (930.1) General Advertising Expenses	54,092	62,461	
164 (930.2) Miscellaneous General Expenses	159,870	175,053	
165 (931) Rents	176,120	147,889	
166 TOTAL Operation	5,963,634	6,143,893	
167 Maintenance			
168 (935) Maintenance of General Plant	54,045	70,590	
169 TOTAL Administrative and General Expenses	6,017,679	6,214,483	
170 TOTAL Electric Operation and Maintenance Expenses	73,363,676	75,098,193	
NUMBER OF ELECTRIC DEPARTMENT EMPLOYEES			
<p>1. The data on number of employees should be reported for the payroll period ending nearest to October 31, or any payroll period ending 60 days before or after October 31.</p> <p>2. If the respondent's payroll for the reporting period includes any special construction personnel, include such employees on line 3, and show the number of such special construction employees in a footnote.</p> <p>3. The number of employees assignable to the electric department from joint functions of combination utilities may be determined by estimate, on the basis of employee equivalents. Show the estimated number of equivalent employees attributed to the electric department from joint functions.</p>			
See page 462			

FLORIDA PUBLIC UTILITIES COMPANY  
Electric Division

An Original  
PURCHASED POWER (Account 555)  
(Including power exchanges)

For the Year Ended  
December 31, 2016

1. Report all power purchases made during the year. Also report exchanges of electricity (i.e., transactions involving a balancing of debits and credits for energy, capacity, etc.) and any settlements for imbalanced exchanges.  
2. Enter the name of the seller or other party in an exchange transaction in column(a). Do not abbreviate or truncate the name or use acronyms. Explain in a footnote any ownership interest or affiliation the respondent has with the seller.  
3. In column(b), enter a Statistical Classification Code based on the original contractual terms and conditions of the services as follows:

RQ-for requirements service. Requirements service is service which the supplier plans to provide on an ongoing basis (i.e., the supplier includes projected load for this service in its system resource planning). In addition, the reliability of requirements service must be the same as, or second only to, the supplier's service to its own ultimate consumers.

LF-for long-term service. "Long-term" means five years longer and "firm" means that service cannot be interrupted for economic reasons and is intended to remain reliable even under adverse conditions (e.g., the supplier must attempt to buy emergency energy from third parties to maintain deliveries of LF service). This category should not be used for long-term firm service

which meets the definition of RQ service. For all transactions identified as LF, provide in a footnote the termination date of the contract defined as the earliest date that either buyer or seller can unilaterally get out of the contract.

IF-for intermediate-term firm service. The same as LF service except that "intermediate-term" means longer than one year but less than five years.

SF-for short-term firm service. Use this category for all firm services, where the duration of each period of commitment for service is one year or less.

LU-for long-term service from a designated generating unit. Long-term" means five years or longer. The availability and reliability of service, aside from transmission constraints, must match the availability and reliability of the designated unit.

IU-for intermediate-term service from a designated generating unit. The same as LU service except that "intermediate-term" means longer than one year but less than five years.

EX-For exchanges of electricity. Use this category for transactions involving a balancing of debits and credits for energy, capacity, etc. and any settlements for imbalanced exchanges.

Line No.	Name of Company or Public Authority [Footnote Affiliations] (a)	Statistical Classification (b)	FERC Rate Schedule or Tariff Number (c)	Average Monthly Billing Demand (d)	Actual Demand (MW)	
					Average Monthly NCP Demand (e)	Average Monthly CP Demand (f)
1	Jacksonville Electric Authority	RQ	MS	66.93	NA	NA
2	Rock-Tenn Company	OS		NA	NA	NA
3	Gulf Power Company	RQ	RE	91.00	NA	NA
4	Southern Company Services	RQ		58.96	NA	NA
5	Rayonier Performance Fibers	OS		N/A	N/A	N/A
	Footnote: Column (l) other Charges					
	Jacksonville Electric Authority					
	Transmission Charge	1,654,398				
	Special Cost	195,960				
		<u>1,850,358</u>				
	Gulf Power Company					
	Special Cost	1,977				
	Prior period Audit Adj	(29,248)				
		<u>(27,271)</u>				
	Southern Company Services					
	Distribution Facility Charge	953,667				
	FERC Ann'l Chge. & Attach. K Costs	22,400				
	Meter reading & Processing Charge	9,300				
		<u>985,367</u>				

FLORIDA PUBLIC UTILITIES COMPANY Electric Division			An Original PURCHASED POWER (Account 555) (Continued) (Including power exchanges)			For the Year Ended December 31, 2016	
<p>OS-for other service. Use this category only for those services which cannot be placed in the above-defined categories, such as all nonfirm service regardless of the length of the contract and service from designated units of less than one year. Describe the nature of the service in a footnote.</p> <p>AD-for out-of-period adjustment. Use this code for any accounting adjustments or "true-ups" for service provided in prior reporting years. Provide an explanation in a footnote for each adjustment.</p> <p>4. In column(c), identify the FERC Rate Schedule Number or Tariff, or, for non-FERC jurisdictional sellers, include an appropriate designation for the contract. On separate lines, list all FERC rate schedules, tariffs or contract designations under which service, as identified in column(b), is provided.</p> <p>5. For requirements RQ purchases and any type of service involving demand charges imposed on a monthly (or longer) basis, enter the monthly average billing demand in column(d), the average monthly non-coincident peak(NCP) demand in column(e), and the average monthly coincident peak(CP) demand in column(f). For all other types of service, enter NA in columns(d),(e) and (f). Monthly NCP demand is the maximum metered hourly (60-minute integration) demand in a month. Monthly CP Demand is the metered demand during the hour (60-minute integration) in which the supplier's system reaches its monthly peak. Demand reported in columns</p>			<p>(e) and (f) must be in megawatts. Footnote any demand not stated on a megawatt basis and explain.</p> <p>6. Report in column(g) the megawatthours shown on bills rendered to the respondent. Report in columns(h) and (i) the megawatthours of power exchanges received and delivered, used as the basis for settlement. Do not report net exchange.</p> <p>7. Report demand charges in column(j), energy charges in column(k), and the total of any other types of charges including out-of-period adjustments, in column(l). Explain in a footnote all components of the amount shown in column(l). Report in column(m) the total charge shown on bills received as settlement by the respondent. For power exchanges, report in column(m) the settlement amount for the net receipt of energy. If more energy was delivered than received, enter a negative amount. If the settlement amount(1) includes credits or charges other than incremental generation expenses, or (2) excludes certain credits or charges covered by the agreement, provide an explanatory footnote.</p> <p>8. The data in columns(g) through (m) must be totalled on the last line of the schedule. The total amount in column(g) must be reported as Purchases on page 401, line 10. The total amount in column(h) must be reported as Exchange Received on page 401, line 12. The total amount in column(i) must be reported as Exchange Delivered on page 401, line 13.</p> <p>9. Footnote entries as required and provide explanations following all required data.</p>				
Megawatthours Purchased (g)	POWER EXCHANGES		COST/SETTLEMENT OF POWER				Line No.
	Megawatthours Received (h)	Megawatthours Delivered (i)	(capacity) Demand Charges (\$) (j)	(fuel cost) Energy Charges (\$) (k)	Other Charges (\$) (l)	Total (j+k+l) or Settlement (\$) (m)	
331,748			11,494,050	15,817,153	1,850,358	29,161,561	1
10,749				475,766	0	475,766	2
314,547			11,520,600	18,000,871	(27,271)	29,494,200	3
NA			1,929,590		985,367	2,914,957	4
9,665				543,261		543,261	5
							6
							7
							8
							9
							10
							11
							12
							13
666,709			24,944,240	34,837,051	2,808,454	62,589,745	14



Florida Public Utilities Company		An Original	For the Year Ended
Electric Division	MISCELLANEOUS GENERAL EXPENSES (Account 930.2) (Electric)		December 31, 2017
Line	Description		Amount
No.	(a)		(b)
1	Industry Association Dues		3,264
2			
3	Nuclear Power Research Expenses		
4			
5	Other Experimental and General Research Expenses		
6			
7	Publishing and Distributing Information and		
8	Reports to Stockholders; Trustee, Registrar, and		
9	Transfer Agent Fees and Expenses, and Other		
10	Expenses of Servicing Outstanding Securities		
11	of the Respondent		152,888
12			
13	Other Expenses (List items of \$5000 or more in		
14	this column showing the (1) purpose, (2) recipient		
15	and (3) amount of such items. Group amounts of		
16	less than \$5,000 by classes if the number of items		
17	so grouped is shown)		
18			
19			
20	Miscellaneous Expenses		3,718
21			
22			
23			
24			
25			
26			
27			
28			
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39			
40			
41			
42			
43			
44			
45			
46			
47	TOTAL	\$	159,870

Florida Public Utilities Company Electric Division	An Original	For the Year Ended December 31, 2017			
<b>DEPRECIATION AND AMORTIZATION OF ELECTRIC PLANT (Accounts 403, 404, 405)</b> (Except amortization of acquisition adjustments)					
<div style="display: flex; justify-content: space-between;"> <div style="width: 48%;"> <p>1. Report in Section A for the year the amounts for:            (a) Depreciation Expense (Account 403); (b) Amortization of Limited-Term Electric Plant (Account 404); and (c) Amortization of Other Electric Plant (Account 405).</p> <p>2. Report in section B the rates used to compute amortization charges for electric plant (Accounts 404 and 405). State the basis used to compute the charges and whether any changes have been made in the basis or rates used from the preceding report year.</p> <p>3. Report all available information called for in section C every fifth year beginning with report year 1971, reporting annually only changes to columns (c) through (g) from the complete report of the preceding year.</p> <p>Unless composite depreciation accounting for total depreciable plant is followed, list numerically in column (a) each plant subaccount, account or functional classification, as appropriate, to which a rate is applied. Identify at the bottom of section C the type of plant included in any subaccounts used.</p> <p>In column (b) report all depreciable plant balances to which rates are applied showing subtotals by functional</p> </div> <div style="width: 48%;"> <p>classifications and showing a composite total. Indicate at the bottom of section C the manner in which column (b) balances are obtained. If average balances, state the method of averaging used.</p> <p>For columns (c), (d), and (e) report available information for each plant subaccount, account or functional classification listed in column (a). If plant mortality studies are prepared to assist in estimating average service lives, show in column (f) the type mortality curve selected as most appropriate for the account and in column (g), if available, the weighted average remaining life of surviving plant.</p> <p>If composite depreciation accounting is used, report available information called for in columns (b) through (g) on this basis.</p> <p>4. If provisions for depreciation were made during the year in addition to depreciation provided by application of reported rates, state at the bottom of section C the amounts and nature of the provisions and the plant items to which related.</p> </div> </div>					
<b>A. Summary of Depreciation and Amortization Charges</b>					
Line No.	Functional Classification (a)	Depreciation Expense (Account 403) (b)	Amortization of Limited-Term Electric Plant (Acct. 404) (c)	Amortization of Other Electric Plant (Acct. 405) (d)	Total (e)
1	Intangible Plant	-			-
2	Steam Production Plant	-			-
3	Nuclear Production Plant	-			-
4	Hydraulic Production Plant-Conventional	-			-
5	Hydraulic Production Plant-Pumped Storage	-			-
6	Other Production Plant	-			-
7	Transmission Plant	399,027			399,027
8	Distribution Plant	3,359,900			3,359,900
9	General Plant	287,527			287,527
10	Common Plant-Electric	-			-
11	Adjustment	-			-
12	<b>TOTAL</b>	4,046,454	-	-	4,046,454
<b>B. Basis for Amortization Charges</b>					

FLORIDA PUBLIC UTILITIES COMPANY				An Original		For the Year Ended	
DEPRECIATION AND AMORTIZATION OF ELECTRIC PLANT (Continued)						December 31, 2017	
C. Factors Used in Estimating Depreciation Charges							
Line No.	Account No. (a)	Depreciable Plant Base (b)	Estimated Avg. Service Life (c)	Net Salvage (Percent) (d)	Applied Depr. Rate(s) (Percent) (e)	Monthly Curve Type (f)	Average Remaining Life (g)
12	CONSOLIDATED ELECTRIC DIVISION ORDER # PSC-08-0094-PAA-EI						
13							
14	TRANSMISSION PLANT						
15	350.1	41,471	N/A	0	1.4		23.0
16	352	197,760	N/A	0	1.8		28.0
17	353	4,367,489	N/A	10	2.6		25.0
18	354	224,802	N/A	(15)	2.1		16.5
19	355	1,586,596	N/A	(30)	4.1		21.0
20	355.1	4,936,173	N/A	(30)	2.9		40.0
21	356	3,244,214	N/A	(10)	2.5		28.0
22	359	6,788	N/A	0	1.5		10.0
23	DISTRIBUTION PLANT						
24	360.1	56,995	N/A	0	1.6		42.0
25	361	1,198,983	N/A	0	1.7		35.0
26	362	11,919,288	N/A	(10)	2.4		31.0
27	364	15,499,309	N/A	(45)	3.9		21.0
28	365	13,968,363	N/A	(35)	3.4		15.7
29	366	5,938,946	N/A	0	1.8		41.0
30	367	8,470,808	N/A	0	3.2		24.0
31	368	17,792,071	N/A	(20)	4.0		13.6
32	369	10,549,556	N/A	(35)	3.6		21.0
33	370	4,035,922	N/A	(5)	3.7		14.3
34	371	3,270,507	N/A	15	4.5		8.3
35	373	2,148,603	N/A	(10)	4.9		9.5
36	GENERAL PLANT						
37	390	4,088,920	N/A	0	2.0		38.0
38	391.1	10,900		7 Years Amortization			
39	391.2	325,112		5 Years Amortization			
40	391.3	192,358		5 Years Amortization			
41	391.4	1,395,734		5 Years Amortization			
42	392.1	785,680	N/A	15	11.9		0.9
43	392.2	1,088,534	N/A	12	7.8		3.1
44	392.3	3,351,602	N/A	10	7.0		7.5
45	392.4	144,084	N/A	5	3.7		17.7
46	393.1	149,712		7 Years Amortization			
47	393.2			7 Years Amortization			
48	394.1	413,153		7 Years Amortization			
49	394.2			7 Years Amortization			
50	395.1	119,512		7 Years Amortization			
51	395.2			7 Years Amortization			
52	396	884,704	N/A	5	4.4		0.6
53	397	404,684		5 Years Amortization			
54	398	65,330		7 Years Amortization			
55	399	15816		5 Years Amortization			
56							
57							
58							
59							
60							
61							
62							
63							
64							
65							
66							

REGULATORY COMMISSION EXPENSES

1. Report particulars (details) of regulatory commission expenses incurred during the current year (or incurred in previous years, if being amortized) relating to formal cases before a regulatory body, or cases in which such a body was a party.

2. Report in columns (b) and (c), only the current year's expenses that are not deferred and the current year's amortization of amounts deferred in previous years.

Line No.	Description (Furnish name of regulatory commission or body, the docket or case number, and a description of the case.) (a)	Assessed by Regulatory Commission (b)	Expenses of Utility (c)	Total Expenses for Current Year (b) + (c)	Deferred in Account 186 at Beginning of Year (e)
1	All expenses incurred by the company				
2	filings for Rate Relief for electric.		(195,748)	(195,748)	554,610
3					
4					
5	Unrecovered PGC/PEC		1,930,301	1,930,301	3,706,539
6					
7					
8	Gain on Sale				59,216
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34					
35					
36					
37					
38					
39					
40					
41	TOTAL		1,734,552	1,734,552	4,320,365



REGULATORY COMMISSION EXPENSES (Continued)

3. Show in column (k) any expenses incurred in prior years which are being amortized. List in column (a) the period of amortization.

or other accounts.

4. The totals of columns (f), (g) and (h) expenses incurred during year which were charged currently to income, plant

5. Minor items (less than \$25,000) may be grouped.

EXPENSES INCURRED DURING YEAR							Line No.
CHARGED CURRENTLY TO			AMORTIZED DURING YEAR			Deferred in	
Department	Account No.	Amount	Deferred to	Contra	Amount	Account 186	
(f)	(g)	(h)	Account 186	Account	(k)	End of Year	
(f)	(g)	(h)	(i)	(j)	(k)	(l)	
	186		(195,748)			358,862	1
							2
	186		1,930,301			5,636,840	3
							4
							5
	186					59,216	6
							7
							8
							9
							10
							11
							12
							13
							14
							15
							16
							17
							18
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							29
							30
							31
							32
							33
							34
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							36
							37
							39
							42
			1,734,552			6,054,918	46

Florida Public Utilities Company Electric Division		An Original	An Original	For the Year Ended December 31, 2017	
DISTRIBUTION OF SALARIES AND WAGES					
Report below the distribution of total salaries and wages for the year. Segregate amounts originally charged to clearing accounts to Utility Departments, Construction, Plant Removals, and Other Accounts, and enter such amounts in the appropriate lines and columns provided. In determining this segregation of salaries and wages originally charged to clearing accounts, a method of approximation giving substantially correct results may be used.					
Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll Charged for Clearing Accounts (c)	Total (d)	
1	<b>Electric</b>				
2	Operation				
3	Production	-			
4	Transmission	9,280			
5	Distribution	699,817			
6	Customer Accounts	912,347			
7	Customer Service and Informational	-			
8	Sales	5,472			
9	Administrative and General	122,227			
10	TOTAL Operation (Enter Total of lines 3 thru 9)	1,749,143			
11	Maintenance				
12	Production				
13	Transmission	15,959			
14	Distribution	939,514			
15	Administrative and General	1,244			
16	TOTAL Maintenance (Enter Total of lines 12 thru 15)	956,717			
17	Total Operation and Maintenance				
18	Production (Enter Total of lines 3 and 12)	-			
19	Transmission (Enter Total of lines 4 and 13)	25,239			
20	Distribution (Enter Total of lines 5 and 14)	1,639,331			
21	Customer Accounts (Transcribe from line 6)	912,347			
22	Customer Service and Information (Transcribe from line 7)	-			
23	Sales (Transcribe from line 8)	5,472			
24	Administrative and General (Enter Total of lines 9 and 15)	123,471			
25	TOTAL Operation and Maintenance (Total of lines 18 - 24)	2,705,860	1,983,869	4,689,729	
26	<b>Gas</b>				
27	Operation				
28	Production - Manufactured Gas				
29	Production - Natural Gas (Including Expl. and Dev.)				
30	Other Gas Supply				
31	Storage, LNG Terminaling and Processing				
32	Transmission				
33	Distribution				
34	Customer Accounts				
35	Customer Service and Informational				
36	Sales				
37	Administrative and General				
38	TOTAL Operation (Enter Total of lines 28 thru 37)				
39	Maintenance				
40	Production - Manufactured Gas				
41	Production - Natural Gas				
42	Other Gas Supply				
43	Storage, LNG Terminaling and Processing				
44	Transmission				
45	Distribution				
46	Administrative and General				
47	TOTAL Maintenance (Enter Total of lines 40 thru 46)				

## DISTRIBUTION OF SALARIES AND WAGES

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll Charged for Clearing Accounts (c)	Total (d)
<b>Gas (Continued)</b>				
48	Total Operation and Maintenance			
49	Production - Manufactured Gas ( Total of lines 28 and 40)			
50	Production - Natural Gas (Including Expl. and Dev.) (Total of lines 29 and 41)			
51	Other Gas Supply (Enter Total of lines 30 and 42)			
52	Storage, LNG, Terminaling and Processing (Total of lines 31 and 43)			
53	Transmission (Enter Total of lines 32 and 44)			
54	Distribution (Enter Total of lines 33 and 45)			
55	Customer Accounts (Transcribe from line 34)			
56	Customer Service and Informational (From line 35)			
57	Sales (Transcribe from line 36)			
58	Administrative and General (Total of lines 37 and 46)			
59	TOTAL Operation and Maint. (Total of lines 49 thru 58)			
60	<b>Other Utility Departments</b>			
61	Operation and Maintenance	290,371	-	290,371
62	TOTAL All Utility Dept. (Total of lines 25,59, and 61)	2,996,231	1,983,869	4,980,100
63	<b>Utility Plant</b>			
64	Construction (By Utility Departments)			
65	Electric Plant	116,463		116,463
66	Gas Plant			-
67	Other - Common			-
68	TOTAL Construction (Enter Total of lines 65 thru 67)	116,463	-	116,463
69	Plant Removal (By Utility Department)			
70	Electric Plant			-
71	Gas Plant			-
72	Other - Water			-
73	TOTAL Plant Removal (Enter Total of lines 70 thru 72)	-		-
74	Other Accounts (Specify):			
75				
76				
77	Other Accounts Receivable/Employee			-
78	Temporary Facilities	9,584		9,584
79	Stores Expense			-
80	Clearing Accounts			-
81	Miscellaneous Deferred Debits			-
82	Merchandise and Jobbing		-	-
83	Taxes Other Than Income Taxes-Electric			-
84	Taxes Other Than Income Taxes-Gas			-
85				-
86	Vacation Pay			-
87	Non-Operating and Rental Income			-
88	Other Accounts Receivable		-	-
89	Environmental Cost	246,820		246,820
90	Merchandise plant leased to other - Gas			-
91	Accrued Liability Insurance			-
92				
93				
94				
95	TOTAL Other Accounts	256,404	-	256,404
96	TOTAL SALARIES AND WAGES	3,369,098	1,983,869	5,352,967

Florida Public Utilities Company  
Electric Division

An Original  
COMMON UTILITY PLANT AND EXPENSES

For the Year Ended  
December 31, 2017

1. Describe the property carried in the utility's accounts as common utility plant and show the book cost of such plant at end of year classified by account as provided by Plant Instruction 13, Common Utility Plant, of the Uniform System of Accounts. Also show the allocation of such plant costs to the respective departments using the common utility plant and explain the basis of allocation used, giving the allocation factors.

2. Furnish the accumulated provisions for depreciation and amortization at end of year, showing the amounts and classifications of such accumulated provisions, and amounts allocated to utility departments using the common utility plant to which such accumulated provisions relate, including explanation of basis of

allocation and factors used.

3. Give for the year the expenses of operation, maintenance rents, depreciation, and amortization for common utility plant classified by accounts as provided by the Uniform System of Accounts. Show the allocation of such expenses to the departments using the common utility plant to which such expenses are related. Explain the basis of allocation used and give the factors of allocation.

4. Give date of approval by the Commission for use of the common utility plant classification and reference to order of the Commission or other authorization.

Account 118: Common Utility Plant  
General Office Buildings and Land  
Land & Land Rights  
Structures & Improvements  
Office Furniture & Equipment  
Communications Equipment  
Miscellaneous

-----  
-  
=====

Account 119: Accumulated Provision for Depreciation  
of Common Utility Plant

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FLORIDA PUBLIC UTILITIES COMPANY			An Original ELECTRIC ENERGY ACCOUNT		For the Year Ended December 31, 2017	
Report below the information called for concerning the disposition of electric energy generated, purchased, exchanged, and wheeled during the year.						
Line No.	Item (a)	Megawatt Hours (b)	Line No.	Item (a)	Megawatt Hours (b)	
1	SOURCES OF ENERGY		21	DISPOSITION OF ENERGY		
2	Generation (Excluding Station Use):		22	Sales to Ultimate Consumers (Including Interdepartmental Sales)	638,345	
3	Steam		23	Requirements Sales For Resale (See instruction 4, page 311)		
4	Nuclear		24	Non-Requirements Sales For Resale (See instruction 4, page 311)		
5	Hydro-Conventional		25	Energy Furnished Without Charge		
6	Hydro-Pumped Storage		26	Energy Used by the Company (Electric Department Only, Excluding Station Use)	601	
7	Other		27	Total Energy Losses	27,763	
8	Less Energy for Pumping		28	TOTAL (Enter Total of Lines 22 Through 27) (MUST EQUAL LINE 20)	666,709	
9	Net Generation (Enter Total of lines 3 thru 8)	0				
10	Purchases	666,709				
11	Interchanges:					
12	Received					
13	Delivered					
14	Purchases	0				
15	Transmission for/by Others (Wheeling)					
16	Received (MWh)					
17	Delivered (MWh)					
18	Net Transmission for Other (Lines 16 minus 17)	0				
19	Transmission By Other Losses					
20	TOTAL (Enter Total of lines 9, 10, 14, 18 and 19)	666,709				

**MONTHLY PEAKS AND OUTPUT**

1. If the respondent has two or more power systems which are not physically integrated, furnish the required information for each non-integrated system.

2. Report in column (b) the system's energy output for each month such that the total on Line 41 matches the total on Line 20.

3. Report in column © a monthly breakdown of the Non-Requirements Sales For Resale reported on Line 24. Include in the monthly amounts any energy and energy losses associated with the sales so that the total on Line 41 exceeds the amount on Line 24 by the amount of losses incurred (or estimated) in making the Non-Requirements Sales for Resale.

4. Report in column (d) the system's monthly maximum megawatt load (60-minute integration) associated with the net energy for the system defined as the difference between columns (b) and ©.

5. Report in columns (e) and (f) the specified information for each monthly peak load reported in column (d).

Line No.	Month (a)	Total Monthly Energy (b)	Monthly Non- Required Sales for Resale & Associated Losses (c)	MONTHLY PEAK		
				Megawatts (d)	Day of Month (e)	Hour (f)
29	January					
30	February					
31	March					
32	April					
33	May					
34	June					
35	July					
36	August					
37	September					
38	October					
39	November					
40	December					
41	TOTAL					

## FLORIDA PUBLIC UTILITIES COMPANY

For the Year Ended  
December 31, 2017MONTHLY PEAKS AND OUTPUT  
NORTHWEST FLORIDA SYSTEM

Month (a)	Megawatts (b)	Day of Month (d)	Hour (e)	Type of Reading (f)	Monthly Output (MWh) (g)
January	74.9	8	8:00 AM	15 Min. Int.	27,520
February	69.8	20	7:00 AM	15 Min. Int.	25,319
March	50.6	6	9:00 AM	15 Min. Int.	21,758
April	48.4	8	4:00 PM	15 Min. Int.	22,465
May	58.2	20	4:00 PM	15 Min. Int.	26,605
June	66.7	22	4:00 PM	15 Min. Int.	29,770
July	68.5	22	4:00 PM	15 Min. Int.	33,085
August	65.7	12	3:00 PM	15 Min. Int.	32,165
September	63.9	2	4:00 PM	15 Min. Int.	27,125
October	48.1	9	3:00 PM	15 Min. Int.	23,047
November	49.3	5	3:00 PM	15 Min. Int.	22,292
December	47.9	20	8:00 AM	15 Min. Int.	23,396
TOTAL					314,547

MONTHLY PEAKS AND OUTPUT  
NORTHEAST FLORIDA SYSTEM

Month (a)	Megawatts (b)	Day of Month (d)	Hour (e)	Type of Reading (f)	Monthly Output (MWh) (g)
January	74.8	8	9:00 AM	15 Min. Int.	30,763
February	91.8	20	7:30 AM	15 Min. Int.	30,000
March	62.0	28	7:00 PM	15 Min. Int.	24,921
April	51.0	23	5:30 PM	15 Min. Int.	24,162
May	61.5	21	5:45 PM	15 Min. Int.	29,220
June	82.0	16	4:15 PM	15 Min. Int.	34,867
July	72.4	3	3:00 PM	15 Min. Int.	37,537
August	72.8	17	2:30 PM	15 Min. Int.	35,684
September	75.8	4	3:00 PM	15 Min. Int.	30,104
October	55.4	30	4:00 PM	15 Min. Int.	24,727
November	50.8	4	2:30 PM	15 Min. Int.	24,343
December	53.0	23	3:30 PM	15 Min. Int.	25,834
TOTAL					352,162

TRANSMISSION LINE STATISTICS

1. Report information concerning transmission lines, cost of lines, and expenses for year. List each transmission line having nominal voltage of 132 kilovolts or greater. Report transmission lines below voltages in group totals only for each voltage.  
2. Transmission lines include all lines covered by the definition of transmission system plant as given in the Uniform System of Accounts. Do not report substation costs and expenses on this page.  
3. Report data by individual lines for all voltages if so required by a State commission.  
4. Exclude from this page any transmission lines for which plant costs are included in Account 121, Nonutility Property.  
5. Indicate whether the type of supporting structure reported in column (e) is: (1) single pole, wood, or steel; (2) H-frame wood, or steel poles; (3) tower; or (4) underground construction.

If a transmission line has more than one type of supporting structure, indicate the mileage of each type of construction by the use of brackets and extra lines. Minor portions of a transmission line of a different type of construction need not be distinguished from the remainder of the line.  
6. Report in columns (f) and (g) the total pole miles of transmission line. Show in column (f) the pole miles of line on structures the cost of which is reported for the line designated; conversely, show in column (g) the pole miles of line on structures the cost of which is reported for another line. Report pole miles of line on leased or partly owned structures in column (g). In a footnote, explain the basis of such occupancy and state whether expenses with respect to such structures are included in the expenses reported for the line designated.

Line No.	DESIGNATION		VOLTAGE		Type of Supporting Structure (e)	LENGTH		Number of Circuits (h)
	From (a)	To (b)	Operating (c)	Designed (d)		On Structures of Line Designated (f)	On Structures of Another Line (g)	
1	Yulee, FL	Block 97			Steel Tower	0.55		
2		Fernandina			Steel Pole	0.8		
3		Beach, FL	138,000	138,000	Concrete Pole	7.7	NONE	2
4								
5	Block 97	Block 83						
6	Fernandina	Fernandina			Concrete Pole	1.0		
7	Beach, FL	Beach, FL	69,000	69,000	Wood Pole	2.8	NONE	1
8								
9	Block 97	State Road 105			Concrete Pole	2.7		
10	Fernandina	and Julia St.	69,000	69,000	Wood Pole	3.3	NONE	1
11	Beach, FL							
12	Block 83	Container			Concrete Pole	0.6		
13	Fernandina	Corporation			Wood Pole	1.4	NONE	1
14	Beach, FL	of America	69,000	69,000				
15								
16	Block 83	ITT Rayonier			Concrete Pole	0.2		
17	Fernandina	Inc.	69,000	69,000	Wood Pole	1.0	NONE	1
18	Beach, FL							
19								
20								
21								
22								
23								
24								
25								
26								
27								
28								
29								
30					TOTAL	22.00		

TRANSMISSION LINE STATISTICS (Continued)

7. Do not report the same transmission line structure twice. Report lower voltage lines and higher voltage lines as one line. Designate in a footnote if you do not include lower voltage lines with higher voltage lines. If two or more transmission line structures support lines of the same voltage, report the pole miles of the primary structure in column (f) and pole miles of the other line(s) in column (g).

8. Designate any transmission line or portion thereof for which the respondent is not the sole owner. If such property is leased from another company, give name of lessor, date and terms of lease, and amount of rent for year. For any transmission line other than a leased line, or portion thereof, for which the respondent is not the sole owner but which the respondent operates or

share in the operation of, furnish a succinct statement explaining the arrangement and giving particulars (details) of such matters as percent ownership by respondent in the line, name of co-owner, basis of sharing expenses of the line, and how the expenses borne by the respondent are accounted for, and accounts affected. Specify whether lessor, co-owner, or other party is an associated company.

9. Designate any transmission line leased to another company and give name of lessee, date and terms of lease, annual rent for year, and how determined. Specify whether lessee is an associated company.

10. Base the plant cost figures called for in columns (j) to (l) on the book cost at end of year.

		COST OF LINE		EXPENSES, EXCEPT DEPRECIATION AND TAXES**					
Size of Conductor and Material (i)	Land (j)	Construction and Other Costs (k)	Total Cost (l)	Operation Expenses (m)	Maintenance Expenses (n)	Rents (o)	Total Expenses (p)	Line no.	
652 MCM Alum.	* 25,803	2,494,226	2,520,029					1	
394.6MCM Alum.								2	
								3	
								4	
4/0 Alum.		474,069	474,069					5	
394.6MCM Alum.								6	
477 MCM Alum.								7	
636 MCM Alum.								8	
477MCM Alum.	32,677	786,408	819,085					9	
								10	
								11	
								12	
394.6MCM Alum.		90,636	90,636					13	
								14	
								15	
								16	
4/0 Alum.								17	
								18	
								19	
								20	
								21	
								22	
*Includes Roads and Trails								23	
**Expenses Shown Below Include All Transmission Lines								24	
								25	
								26	
								27	
								28	
	58,480	3,845,339	3,903,819	15,858	47,202		63,060	29	
								30	



SUBSTATIONS

1. Report below the information called for concerning substations for the respondent as of the end of the year.

2. Substations which serve only one industrial or street railway customer should not be listed below.

3. Substations with capacities for less than 10,000 Kva except those serving customers with energy for resale,

may be grouped according to functional character, but the number of such substations must be shown.

4. Indicate in column (b) the functional character of each substation, designating whether transmission or distribution and whether attended or unattended. At end of the page, summarize according to function the capacities reported for the individual stations in column (f).

Line No.	Name and Location of Substation (a)	Character of Substation (b)	VOLTAGE (In MVa)		
			Primary (c)	Secondary (d)	Tertiary (e)
1	Fernandina Beach, Fl	Distribution			
2	Jesse L. Terry, Substation	Unattended	69M	12.4M	
3					
4	Amelia Plantation Substation	Distribution	69M	12.4M	
5		Unattended			
6					
7	Rayonier Chip Mill	Distribution	69M	12.4M	
8					
9	Stepdown Substation	Transmission	138M	69M	
10		Distribution	69M	12.4M	
11		Unattended			
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34					
35					
36					

SUBSTATIONS (Continued)

5. Show in columns (i), (j) and (k) special equipment such as rotary converters, rectifiers, condensers, etc. and auxiliary equipment for increasing capacity.

of lessor, date and period of lease, and annual rent. For any substation or equipment operated other than reason of sole ownership or lease, give name of co-owner or other party, explain basis of sharing expenses or other accounting between the parties, and state amounts and accounts affected in respondent's books of account. Specify in each case whether lessor, any substation or equipment operated under lease, give name co-owner or other party is an associated company.

Capacity of Substation (In Service) (In MVA) (f)	Number of Trans- formers In Service (g)	Number of Spare Trans- formers (h)	CONVERSION APPARATUS AND SPECIAL EQUIPMENT Type of Equipment (i)	Number of Units (j)	Total Capacity (k)	Line No.
70	2	0	Fans Added			1
						2
80	2	0	Fans Added			3
						4
						5
						6
8	1	0	Fans Added			7
						8
150	3	0	Fans Added			9
40	2	0	Fans Added			10
						11
						12
						13
						14
						15
						16
						17
						18
						19
						20
						21
						22
						23
						24
						25
						26
						27
						28
						29
						30
						31
						32
						33
						34
						35
						36

## Affiliation of Officers and Directors

**Company: Florida Public Utilities Company- Electric Division**

**For the Year Ended December 31, 2017**

For each of the officials named in Part 1 of the Executive Summary, list the principal occupation or business affiliation if other than listed in Part 1 of the Executive Summary and all affiliations or connections with any other business or financial organizations, firms, or partnerships. For purposes of this part, the official will be considered to have an affiliation with any business or financial organization, firm or partnership in which he is an officer, director, trustee, partner, or a person exercising similar functions.

Name	Principal Occupation or Bus Affiliation	Affiliation or Connection with any Other Business or Financial Organization Firm or Partnership	
		Affiliation or Connection	Name and Address
<b>Directors</b>			
John R. Schimkaitis			
Michael P. McMasters			
Eugene H. Bayard			Wilson, Halbrook & Bayard, Georgetown, Delaware
Thomas J. Bresnan			Accounting & Business School of the Rockies, Greenwood, Colorado
Thomas P. Hill, Jr.			
Dennis S. Hudson, III			Seacoast National Bank, Stuart, Florida
Paul L. Maddock, Jr.			The Maddock Companies, Palm Beach, Florida
Ronald G. Forsythe, Jr. PhD			Qlarant Corporation, Easton, Maryland
Calvert A. Morgan, Jr.			WSFS Financial Corp., Wilmington Delaware
Dianna F. Morgan			CNL Bancshares, Inc, Hersha Hospitality Trust, Orlando Health and Childrens Miracle Network
<b>Officers</b>			
Michael P. McMasters	Director, Chairman & CEO		
Beth W. Cooper	Chief Financial Officer		
Stephen C. Thompson	Chief Operating Officer		
Elaine B. Bittner	Chief Strategy Officer		
Vikrant A. Gadgil	Chief Information Officer		
Jeffry M. Householder	President		
Kevin J. Webber	Vice President		
Naimul Islam	Vice President		
James Moriarty	Vice President		
Mark L. Eisenhower	Vice President		
John J. Lewnard	Vice President		
Nicole Carter	Assistant Vice President		
Cheryl Martin	Assistant Vice President		
Aleida Socarras	Assistant Vice President		
Thomas E. Mahn	Treasurer		
Devon S. Rudloff	Director of Human Resources		
Joseph D. Steinmetz	Director of Internal Audit		

### ***Business Contracts with Officers, Directors, and Affiliates***

**Company: Florida Public Utilities Company - Electric Division**

**For the Year Ended December 31, 2017**

List all contracts, agreements, or other business arrangements\* entered into during the calendar year (other than compensation- related to position with respondent) between the respondent and each officer and director listed in Part 1 of the Executive Summary. In addition, provide the same information with respect to professional services for each firm, partnership, or organization with which the officer or director is affiliated.

Note\* Business agreement, for this schedule, shall mean any oral or written business deal which binds the concerned parties for products or services during the reporting year or future years.

<b>Name of Officer or Director</b>	<b>Name and Address of Affiliated Entity</b>	<b>Amount</b>	<b>Identification of Product or Service</b>
<b>None</b>			
<p>*Business Agreement, for this schedule, shall mean any oral or written business deal which binds the concerned parties for products or services during the reporting year or future years.</p>			



# **Reconciliation of Gross Operating Revenues** **Annual Report versus Regulatory Assessment Fee Return**

**Florida Public Utilities Company - Electric Division**

**For the Year Ended December 31, 2017**

For the current year, reconcile the gross operating revenues as reported on Page 300 of this report with the gross operating revenues as reported on the utility's regulatory assessment fee return. Explain and justify any differences between the reported gross operating revenues in column (f).

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
Line No.	Description	Gross Operating Revenues per Page 300	Interstate and Sales for Resale Adjustments	Adjusted Intrastate Gross Operating Revenues	Gross Operating Revenues per RAF Return	Intrastate and Sales for Resale Adjustments	Adjusted Intrastate Gross Operating Revenues	Difference (d) - (g)
1	Total Sales to Ultimate Customers (440-446, 448)	88,915,460		88,915,460	88,807,881		88,807,881	107,579
2	Sales for Resale (447)	-		-	-		-	-
3	Total Sales of Electricity	88,915,460		88,915,460	88,807,881		88,807,881	107,579
4	Provision for Rate Refunds (449.1)	-		-	-		-	-
5	Total Net Sales of Electricity	88,915,460		88,915,460	88,807,881		88,807,881	107,579
6	Total Other Operating Revenues (450-456)	(290,564)		(290,564)	(182,985)		(182,985)	(107,579)
7	Total Electric Operating Revenues	88,624,896		88,624,896	88,624,896		88,624,896	(0)
8	Other (specify): Deferred fuel revenue			-	1,289,892		1,289,892	(1,289,892)
9				-				-
10	<b>Total Gross Operating Revenues</b>	<b>88,624,896</b>		<b>88,624,896</b>	<b>89,914,788</b>		<b>89,914,788</b>	<b>(1,289,892)</b>

Notes:

1 Rounding

8 Deferred fuel revenue are reversed to pay RAF only on the actual collected revenue.

(The original payment of the RAF occurred when the actual revenues were collected.)

-
1,289,892
<u>1,289,892</u>

## Analysis of Diversification Activity

Changes in Corporate Structure

**Company: Florida Public Utilities Company- Electric Division**

**For the Year Ended December 31, 2017**

Provide any changes in Corporate Structure including partnerships, minority interest, and joint ventures and an updated organizational chart.

Effective Date (a)	Description of Change (b)
	<div style="display: flex; justify-content: space-between;"> <div style="width: 30%;"> <p style="text-align: center; background-color: #2c4e64; color: white; padding: 5px;"><b>Regulated Energy</b></p> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;"> <p style="text-align: center;"><b>NATURAL GAS DISTRIBUTION</b></p> <p><u>Delaware</u> Chesapeake – Delaware Division</p> <p><u>Maryland</u> Chesapeake – Maryland Division</p> <p><u>Florida</u> Sandpiper Energy Chesapeake – Florida Division (CFG) Florida Public Utilities Company (FPU) FPU – Indiantown Division FPU – Fort Meade Division</p> </div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;"> <p style="text-align: center;"><b>NATURAL GAS TRANSMISSION</b></p> <p>Eastern Shore Natural Gas – Interstate Pipeline Peninsula Pipeline – Florida Intrastate Pipeline</p> </div> <div style="border: 1px solid black; padding: 5px;"> <p style="text-align: center;"><b>ELECTRIC DISTRIBUTION</b></p> <p>FPU</p> </div> </div> <div style="width: 30%;"> <p style="text-align: center; background-color: #2c4e64; color: white; padding: 5px;"><b>Unregulated Energy</b></p> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;"> <p style="text-align: center;"><b>PROPANE DISTRIBUTION</b></p> <p><u>Delmarva Peninsula, Western Shore of Maryland and Pennsylvania</u> Sharp/Sharpgas <u>Florida</u> FPU/Flo-gas</p> </div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;"> <p style="text-align: center;"><b>NATURAL GAS GATHERING, PROCESSING, MARKETING, AND SUPPLY</b></p> <p>Aspire Energy of Ohio</p> </div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;"> <p style="text-align: center;"><b>PROPANE WHOLESALE MARKETING</b></p> <p>Xeron</p> </div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;"> <p style="text-align: center;"><b>NATURAL GAS MARKETING</b></p> <p>PESCO</p> </div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;"> <p style="text-align: center;"><b>COMBINED HEAT AND POWER PLANT (CHP)</b></p> <p>Eight Flags</p> </div> <div style="border: 1px solid black; padding: 5px;"> <p style="text-align: center;"><b>OTHER</b></p> <p>FPU Unregulated Energy Services</p> </div> </div> <div style="width: 30%;"> <p style="text-align: center; background-color: #2c4e64; color: white; padding: 5px;"><b>Other Businesses</b></p> <div style="border: 1px solid black; padding: 5px;"> <p style="text-align: center;"><b>INTERCOMPANY REAL ESTATE AND OTHER</b></p> <p>Skipjack ESRE CIC</p> </div> </div> </div>

**FLORIDA PUBLIC SERVICE COMMISSION**

# **DIVERSIFICATION REPORT**

PSC/AFA 16 (12/94)

***Analysis of Diversification Activity***  
**New or Amended Contracts with Affiliated Companies**

**COMPANY: Florida Public Utilities Company - Electric Division**  
**For the Year Ended 12/31/17**

Provide a synopsis of each new or amended contract, agreement, or arrangement with affiliated companies for the purchase, lease, or sale of land, goods, or services (excluding tariffed items). The synopsis shall include, at a minimum, the terms, price, quantity, amount, and duration of the contracts.

Name of Affiliated Company (a)	Synopsis of Contract (b)



***Analysis of Diversification Activity***  
***Individual Affiliated Transactions in Excess of \$500,000***

**COMPANY: Florida Public Utilities Company - Electric Division**  
**For the Year Ended 12/31/17**

Provide information regarding individual affiliated transactions in excess of \$500,000. Recurring monthly affiliated transactions which exceed \$500,000 per month should be reported annually in the aggregate. However, each land or property sales transaction even though similar sales recur, should be reported as a "non-recurring" item for the period in which it occurs.

<b>Name of Affiliate (a)</b>	<b>Description of Transaction (b)</b>	<b>Dollar Amount (c)</b>
Eight Flags Energy LLC	Purchased Power	\$ 14,219,089

## Analysis of Diversification Activity

Summary of Affiliated Transfers and Cost Allocations

**Company: Florida Public Utilities Company - Electric Division**

**For the Year Ended December 31, 2017**

Grouped by affiliate, list each contract, agreement, or other business transaction exceeding a cumulative amount of \$300 in any one year, entered into between the Respondent and an affiliated business or financial organization, firm, or partnership identifying parties, amounts, dates, and product, asset, or service involved.

(a) Enter name of affiliate.

(b) Give description of type of service, or name the product involved.

(c) Enter contract or agreement effective dates.

(d) Enter the letter "p" if the service or product is a purchased by the Respondent: "s" if the service or product is sold by the Respondent.

(e) Enter utility account number in which charges are recorded.

(f) Enter total amount paid, received, or accrued during the year for each type of service or product listed in column (c). Do not net amounts when services are both received and provided.

Name of Affiliate (a)	Type of Service and/or Name of Product (b)	Relevant Contract or Agreement and Effective Date (c)	"p" or "s" (d)	Total Charge for Year	
				Account Number (e)	Dollar Amount (f)
Chesapeake Utilities Corporation	Parent Company:				
	Corporate Services		s		\$ 1,573,510
	Corporate Overheads		s		\$ 1,680,138
	Shared Services		s		\$ 1,736,303

***Analysis of Diversification Activity***  
**ASSETS OR RIGHTS PURCHASED FROM OR SOLD TO AFFILIATES**

**FLORIDA PUBLIC UTILITIES COMPANY - Electric Division**  
**For the Year Ended 2017**

Provide a summary of affiliated transactions involving asset transfers or the right to use assets.

Name of Affiliate	Description of Asset or Right	Cost/Orig. Cost	Accumulated Depreciation	Net Book Value	Fair Market Value	Purchase Price	Title Passed Yes/No
None							

## ***Analysis of Diversification Activity***

### ***Employee Transfers***

***Company: Florida Public Utilities Company - Electric Division***

***For the Year Ended December 31, 2017***

List employees earning more than \$30,000 annually transferred to/from the utility to/from an affiliate company.

Company Transferred From	Company Transferred To	Old Job Assignment	New Job Assignment	Transfer Permanent or Temporary and Duration
None				



**Analysis of Diversification Activity**  
**Non-Tariffed Services and Products Provided by the Utility**  
**Company: Florida Public Utilities Company - Electric Division**  
**For the Year Ended December 31, 2017**

Provide the following information regarding all non-tariffed services and products provided by the utility.

Description of Product or Service (a)	Account No. (b)	Regulated or Non-regulated (c)
None		

Florida Public Utilities Company  
Electric Division

An Original

For the Year Ended  
December 31, 2017

**NONUTILITY PROPERTY (Account 121)**

1. Give a brief description and state the location of nonutility property included in Account 121.
2. Designate with an asterisk any property which is leased to another company. State name of lessee and whether lessee is an associated company.
3. Furnish particulars (details) concerning sales, purchases, or transfers of Nonutility Property during the year.
4. List separately all property previously devoted to public service and give date of transfer to Account 121, Nonutility Property.
5. Minor items (5% of the Balance at the End of the Year for Account 121 or \$100,000, whichever is less) may be grouped by (1) previously devoted to public service (line 39), or (2) other nonutility property (line 40).

Line No.	Description and Location (a)	Balance at Beginning of Year (b)	Purchases, Sales, Transfers, etc. (c)	Balance at End of Year (d)
1	None			
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
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15				
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35				
36				
37				
38				
39				
40				
41				

## ***Number of Electric Department Employees***

***Company: Florida Public Utilities Company - Electric Division***

***For the Year Ended December 31, 2017***

### **NUMBER OF ELECTRIC DEPARTMENT EMPLOYEES**

1. The data on number of employees should be reported for the payroll period ending nearest to October 31, or any payroll period ending 60 days before or after October 31.
2. If the respondent's payroll for the reporting period includes any special construction personnel, include such employees on line 3, and show the number of such special construction employees in a footnote.
3. The number of employees assignable to the electric department from joint functions of combination utilities may be determined by estimate, on the basis of employee equivalents. Show the estimated number of equivalent employees attributed to the electric department from joint functions.

1	Payroll Period Ended (Date)	12/31/17
2	Total Regular Full-Time Employees (Equivalent Employees from joint functions -6)	46
3	Total Part-Time and Temporary Employees	-
4	Total Employees	46

PARTICULARS CONCERNING CERTAIN INCOME DEDUCTIONS AND  
INTEREST CHARGES ACCOUNTS

Report the information specified below, in the order given for the respective income deduction and interest charges accounts. Provide a subheading for each account and total for the account. Additional columns may be added if deemed appropriate with respect to any account.

(a) Miscellaneous Amortization (Account 425) - Describe the nature of items included in this account, the contra account charged, the total of amortization charged for the year, and the period of amortization.

(b) Miscellaneous Income Deductions - Report the nature, payee, and amount of other income deductions for the year as required by Accounts 426.1, Donations; 426.2 Life Insurance; 426.3 Penalties; 426.4, Expenditures for Certain Civic, Political and Related Activities; and 426.5, Other Deductions, of the Uniform System of Accounts. Amounts of less than \$25,000 may be grouped by classes within the above accounts.

(c) Interest on Debt to Associated Companies (Account 430) - For each associated company to which interest on debt was incurred during the year, indicate the amount and interest rate respectively for (a) advances on notes, (b) advances on open account, (c) notes payable, (d) accounts payable, and (e) other debt, and total interest. Explain the nature of other debt on which interest was incurred during the year.

(d) Other Interest Expense (Account 431) - Report particulars (Details) including the amount and interest rate for each other interest charges incurred during the year.

Line No.	Item (a)	Amount (b)
1	Account 425: Miscellaneous Amortization	0
2		
3	Account 426: Miscellaneous Income Deductions	
4	Charitable Contributions	
5	Expenditures for certain civic politic	9,800
6	Other	(167)
7		
8	TOTAL MISCELLANEOUS INCOME DEDUCTIONS	9,633
9		
10	Account 430: Interest on Debt to Associated Company	0
11		
12		
13	Account 431: Other Interest Expense	
14	Customer Deposit	0
15	Short-term Borrowings - allocated from the parent	279,397
16	Note Payable - allocated from the parent	0
17	Other	78,777
18	TOTAL OTHER INTEREST EXPENSE	358,174
19		
20		
21		
22		
23		



Revised 11.13.18

**FLORIDA PUBLIC UTILITIES COMPANY  
ANNUAL STATUS REPORT FOR  
STORM DAMAGE RESERVE CONSOLIDATED ELECTRIC**

**Status of Reserve**

Beginning Balance 01/01/2017	\$ 1,537,900
Accruals under Docket #93-0400 EI (01/17 - 12/17)	
Total Accruals During 2017	121,620
Additional Accrual from prior year	
Total Charges During 2017	(2,438,694)
Ending Balance 12/31/17	<u>(779,174)</u>

**Reasonableness of Reserve**

**Distribution Plant - Book Cost**

Storm Damage Reserve Balance @ 12/31/2017	(\$779,174)
Total Distribution Plant (per books) @ 12/31/2017	<u>\$99,768,630</u>
Ratio of Reserve to Distribution Plant	<u>-0.78%</u>

**Distribution Plant - Replacement Cost**

Storm Damage Reserve Balance @ 12/31/2017	(\$779,174)
Estimated Replacement Cost of Distribution Plant (Distribution Plant @ 12/31/17 times 2)	<u>\$199,537,260</u>
Ratio of Reserve to Replacement Distribution Plant	<u>-0.39%</u>

**Availability of Distribution Systems Insurance**

Insurance for the Distribution Systems is now available but the costs would be significant.

Revised  
11/13/18

## CUSTOMER GROWTH

	2017	2016	2015	2014			
	Customers				Current	Prior year	Average
	Current Year	Prior Year	Two Years Prior	Three Years Prior	Year increase	Increase	Increase
<b>Operations:</b>							
Marianna - Electric	15,342	15,232	15,142	15,130	1%	1%	1%
Fernandina Beach - Electric	16,696	16,454	16,278	16,133	1%	1%	1%

FLORIDA PUBLIC UTILITIES COMPANY  
NORTHEAST FLORIDA ELECTRIC DIVISION  
REPORT OF DEPRECIATION DATA UNDER RULE 22-6.0436(8)  
2017

REVISOR 11/13/18

PLANT IN SERVICE (\$)						RESERVE (\$)					(CREDIT BALANCES)					
Plant	Beginning Balance	Additions	Purchases & Adjustments	Transfers	Retirements	Ending Balance	Plant Acct.	Beginning Balance	Retirements	Accruals	Salvage	Cost of Removal	Transfers	Common Plant Allocation	Reclassifications	Ending Balance
350	41,471				(23,842)	17,629	350	15,830		334	(16,164)					28,676
352	197,780	1,618,147				1,815,927	352	25,135		3,560		(19)				1,196,594
353	4,367,489	2,357,428				8,724,915	353	1,083,771		114,823						212,868
354	224,802					224,802	354	208,247		4,721						1,257,251
355	1,588,598				(28,850)	1,557,746	355	1,222,135	(28,850)	63,986						(320,331)
355.1	4,938,174	(441,016)			(800,297)	3,696,861	355.1	479,679	(800,297)	133,330	519,602	(852,845)				474,032
356	3,244,046	672,120			(910,388)	3,005,778	356	907,064	(910,388)	78,187	399,169					5,906
359	6,788					6,788	359	5,704		102						
360	12,472					12,472	360									
3601	35,795					35,795	3601	23,063		573						23,636
361	1,166,634					1,166,634	361	46,734		19,833						86,567
362	10,184,421	(158,957)	1,126,829			11,151,293	362	2,112,871		248,308		(62,508)			20,495	2,319,168
363	1,126,829		(1,126,829)				363					(26,927)				(28,927)
364	4,232,180	380,924			(87,229)	4,535,875	364	1,985,242	(87,229)	171,410		(61,023)				2,006,400
365	5,563,310	599,226			(21,311)	6,141,225	365	2,945,098	(21,311)	195,978		(58,944)				3,060,917
366	5,897,917	443,198			(809)	6,140,306	366	983,121	(809)	104,386		(899)				1,085,799
367	7,297,269	214,792			(13,557)	7,498,504	367	2,727,511	(13,557)	235,186		(9,848)				2,939,472
368	9,604,992	633,247			(8,317)	10,229,922	368	6,687,503	(8,317)	388,598		(8,198)				7,041,588
369	5,865,448	499,575			(1,505)	6,363,518	369	3,956,040	(1,505)	215,734		(5,018)			32,587	4,186,820
370	2,309,599	3,087				2,312,686	370	1,761,070		85,859	439					1,847,168
371	1,538,140	28,436			(223)	1,566,353	371	983,581	(223)	99,529						932,867
373	1,842,131	117,751			(1,123)	1,758,759	373	883,496	(1,123)	86,033		(828)				987,576
3800	320,005					320,005	3800									
389	860,389					860,389	389	8,704								6,704
390	2,661,476					2,661,476	390	338,310		57,230						365,540
3910	333,006	28,923				361,931	3910	66,823		7,809						74,632
3911	10,900					10,900	3911	108,197		36,346						144,543
3912	117,258					117,258	3912	106,072		3,550						109,622
3913	3,539					3,539	3913	2,824		229						2,853
3914	584,880					584,880	3914	560,759		6,518						567,277
3921	280,871					280,871	3921	17,475		8,083						23,558
3922	666,573		(500)		(26,815)	639,458	3922	384,884	(26,815)	46,858						404,927
3923	1,895,993					1,895,993	3923	1,197,865		111,893						1,309,558
3924	67,601					67,601	3924	25,533		3,140						28,673
3930	79,045					79,045	3930	70,488		5,066						75,544
3932							3932									
3940	291,556					291,556	3940	197,856		22,307						220,163
3942							3942									
3950	64,514					64,514	3950	50,126		6,646						56,772
3952							3952									
396	872,937					872,937	396	215,586		38,409						253,995
397	257,456					257,456	397	226,839		15,934						244,573
397.3							397.3									
398	45,782					45,782	398	23,818		5,562						29,180
399	5,000					5,000	399	5,000								5,000
80,521,008						7,005,880	(500)	(1,724,066)	85,802,329	32,508,232	(1,700,224)	2,593,598	903,046	(1,087,555)	63,062	33,271,159

FLORIDA PUBLIC UTILITIES COMPANY  
NORTHWEST ELECTRIC DIVISION  
REPORT OF DEPRECIATION DATA UNDER RULE 25-6.0436(8)  
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PLANT IN SERVICE (\$)							RESERVE (\$)							(CREDIT BALANCES)		
Plant	Beginning Balance	Additions	Purchases & Adjustments	Transfers	Retirements	Ending Balance	Plant Acct.	Beginning Balance	Retirements	Accruals	Salvage	Cost of Removal	Transfers	Common Plant Allocation	Reclassifications	Ending Balance
350	-	-	-	-	-	-	350	-	-	-	-	-	-	-	-	(500)
352	-	-	-	-	-	-	352	(800)	-	-	-	-	-	-	-	59,837
353	-	-	-	-	-	-	353	59,837	-	-	-	-	-	-	-	(8,505)
354	-	-	-	-	-	-	354	(8,505)	-	-	-	-	-	-	-	14
355	-	-	-	-	-	-	355	14	-	-	-	-	-	-	-	8,117
355.1	-	-	-	-	-	-	355.1	8,117	-	-	-	-	-	-	-	(29,304)
356	188	-	-	-	-	188	356	(29,304)	-	4	-	-	-	-	-	-
358	-	-	-	-	-	-	358	-	-	-	-	-	-	-	-	-
360	1,100	-	-	-	-	1,100	360	-	-	-	-	-	-	-	-	8,840
3601	21,200	-	-	-	-	21,200	3601	8,301	-	339	-	-	-	-	-	891
361	32,349	-	-	-	-	32,349	361	341	-	560	-	-	-	-	-	893,850
362	1,734,867	42,838	-	-	-	1,777,705	362	852,042	-	41,808	-	-	-	-	-	-
363	-	-	-	-	-	-	363	-	-	-	-	-	-	-	-	6,215,568
364	11,267,129	377,855	-	-	(20,420)	11,824,564	364	5,876,736	(20,420)	445,055	-	(85,803)	-	-	-	6,454,193
365	8,405,053	151,088	-	-	(7,176)	8,548,945	365	6,182,586	(7,176)	287,007	132	(8,336)	-	-	-	43,495
366	241,029	6,334	-	-	-	247,363	366	38,113	-	4,382	-	-	-	-	-	446,894
367	1,173,540	131,583	-	-	(330)	1,304,803	367	409,838	(330)	37,657	-	(272)	-	-	-	6,812,954
368	8,167,077	213,641	-	-	(5,832)	8,395,086	368	8,502,853	(5,832)	330,728	-	(14,793)	-	-	-	3,280,526
369	4,664,110	106,355	-	-	(56,817)	4,712,648	369	3,174,519	(56,817)	168,818	33	(5,627)	-	-	-	989,749
370	1,728,323	151,101	-	-	-	1,879,424	370	930,888	-	66,313	-	(7,230)	-	-	-	822,875
371	1,732,367	88,377	-	-	(47,489)	1,773,275	371	795,834	(47,489)	79,141	-	(4,531)	-	-	-	324,077
373	806,472	15,912	-	-	(3,568)	818,816	373	304,662	(3,568)	24,929	-	(2,146)	-	-	-	-
3800	-	-	-	-	-	-	3800	-	-	-	-	-	-	-	-	-
386	3,768	-	-	-	-	3,768	386	-	-	-	-	-	-	-	-	453,933
390	1,148,807	-	-	-	-	1,148,807	390	430,957	-	22,976	-	-	-	-	-	48,063
3910	114,435	187,987	-	-	-	302,422	3910	23,881	-	24,182	-	-	-	-	-	-
3911	-	-	-	-	-	-	3911	-	-	-	-	-	-	-	-	-
3912	159,509	-	-	-	-	159,509	3912	198,826	-	-	-	-	-	-	-	188,626
3913	3,458	-	-	-	-	3,458	3913	3,344	-	115	-	-	-	-	-	3,459
3914/3915	486,316	-	-	-	-	486,316	3914	470,513	-	5,413	-	-	-	-	-	475,626
3921	418,479	-	-	-	-	418,479	3921	(23,314)	-	8,182	-	-	-	-	-	(15,132)
3922	394,090	81,469	-	-	(17,823)	457,736	3922	255,314	(17,823)	26,288	1,260	-	-	-	-	265,019
3923	1,455,809	-	-	-	-	1,455,809	3923	898,249	-	125,975	-	-	-	-	-	994,224
3924	78,484	-	-	-	-	78,484	3924	47,477	-	2,630	-	-	-	-	-	50,307
3930	70,667	-	-	-	-	70,667	3930	70,667	-	-	-	-	-	-	-	70,667
3932	-	-	-	-	-	-	3932	-	-	-	-	-	-	-	-	-
3940	121,597	22,147	-	-	-	143,744	3940	70,821	-	14,184	-	-	-	-	-	85,005
3942	-	-	-	-	-	-	3942	-	-	-	-	-	-	-	-	-
3950	54,998	-	-	-	-	54,998	3950	55,182	-	-	-	-	-	-	-	55,182
3952	-	-	-	-	-	-	3952	-	-	-	-	-	-	-	-	-
396	11,787	-	-	-	-	11,787	396	3,385	-	518	-	-	-	-	-	3,903
397	109,171	-	-	-	-	109,171	397	77,451	-	14,318	-	-	-	-	-	91,769
397.3	-	-	-	-	-	-	397.3	-	-	-	-	-	-	-	-	-
398	11,107	-	-	-	-	11,107	398	9,670	-	228	-	-	-	-	-	9,898
399	5,000	-	-	-	-	5,000	399	5,000	-	-	-	-	-	-	-	5,000
44,308,114	1,558,877	-	-	-	(159,435)	45,704,556	27,844,554	(159,435)	1,731,918	1,425	(128,738)	-	-	-	-	28,089,724



**FLORIDA PUBLIC UTILITIES COMPANY**  
**CONSOLIDATED ELECTRIC DIVISION**  
**REPORT OF DEPRECIATION DATA UNDER RULE 25-6.0436(8)**  
**2017**

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PLANT IN SERVICE (\$)							RESERVE (\$)					(CREDIT BALANCES)					
Plant	Beginning Balance	Additions	Purchases & Adjustments	Transfers	Retirements	Ending Balance	Plant Acct.	Beginning Balance	Retirements	Accruals	Salvage	Cost of Removal	Transfers	Common Plant Allocation	Reclassifications	Ending Balance	
350	41,471	-	-	-	(23,842)	17,629	350	15,830	(23,842)	334	(16,164)	23,842	-	-	-	-	
352	197,760	1,618,147	-	-	-	1,815,907	352	24,635	-	3,560	-	(19)	-	-	-	28,176	
353	4,367,489	2,357,426	-	-	-	6,724,915	353	1,143,408	-	114,823	-	-	-	-	-	1,258,231	
354	224,802	-	-	-	-	224,802	354	199,742	-	4,721	-	-	-	-	-	204,463	
355	1,586,596	-	-	-	(28,850)	1,557,746	355	1,222,149	(28,850)	63,966	-	-	-	-	-	1,257,265	
355.1	4,936,174	(441,016)	-	-	(600,297)	3,894,861	355.1	487,796	(600,297)	133,330	519,602	(852,645)	-	-	-	(312,214)	
356	3,244,214	672,120	-	-	(910,388)	3,005,946	356	877,760	(910,388)	78,191	399,169	-	-	-	-	444,732	
359	6,788	-	-	-	-	6,788	359	5,704	-	102	-	-	-	-	-	5,806	
360	13,572	-	-	-	-	13,572	360	-	-	-	-	-	-	-	-	-	
3601	56,995	-	-	-	-	56,995	3601	31,364	-	912	-	-	-	-	-	32,276	
361	1,198,983	-	-	-	-	1,198,983	361	47,075	-	20,383	-	-	-	-	-	67,458	
362	11,919,288	(117,119)	1,126,829	-	-	12,928,998	362	2,964,913	-	310,611	-	(91,435)	-	-	-	3,184,088	
363	1,126,829	-	(1,126,829)	-	-	-	363	-	-	-	-	-	-	-	-	-	
364	15,499,309	768,779	-	-	(107,649)	16,160,439	364	7,861,978	(107,649)	616,465	-	(146,826)	-	-	-	8,223,968	
365	13,968,363	750,294	-	-	(28,487)	14,690,170	365	9,127,662	(28,487)	482,983	132	(67,180)	-	-	-	9,515,110	
366	5,938,946	449,532	-	-	(809)	6,387,669	366	1,022,234	(809)	108,768	-	(899)	-	-	-	1,129,294	
367	8,470,809	346,385	-	-	(13,887)	8,803,307	367	3,137,350	(13,887)	272,823	-	(9,920)	-	-	-	3,386,366	
368	17,792,069	847,088	-	-	(14,149)	18,625,008	368	13,170,356	(14,149)	719,324	-	(20,991)	-	-	-	13,854,540	
369	10,549,558	604,930	-	-	(58,322)	11,096,166	369	7,130,559	(58,322)	417,119	33	(11,643)	-	-	-	7,477,746	
370	4,035,922	154,198	-	-	-	4,190,120	370	2,691,736	-	151,972	439	(7,230)	-	-	-	2,836,917	
371	3,270,507	116,813	-	-	(47,692)	3,339,628	371	1,659,395	(47,692)	148,670	-	(4,531)	-	-	-	1,755,842	
373	2,148,603	133,663	-	-	(4,691)	2,277,575	373	1,188,358	(4,691)	110,962	-	(2,974)	-	-	-	1,291,655	
3800	320,005	-	-	-	-	320,005	3800	-	-	-	-	-	-	-	-	-	
389	864,155	102,063	-	-	-	966,218	389	6,704	-	-	-	-	-	-	-	6,704	
390	4,083,214	-	(24,858)	-	-	4,058,356	390	774,242	-	81,416	-	-	-	-	-	855,658	
3910	504,183	196,910	-	-	-	701,093	3910	90,177	-	35,451	-	-	-	-	-	125,628	
3911	10,900	-	-	-	-	10,900	3911	108,197	-	36,346	-	-	-	-	-	144,543	
3912	321,612	-	-	-	-	321,612	3912	198,320	-	5,878	-	-	-	-	-	204,198	
3913	178,908	-	-	-	-	178,908	3913	41,802	-	6,705	-	-	-	-	-	48,507	
3914	1,372,183	117,348	-	-	-	1,489,531	3914	1,332,279	-	15,907	-	-	-	-	-	1,348,186	
3921	779,416	13,480	(80,890)	-	-	712,006	3921	11,739	-	11,253	-	-	-	-	(12,521)	10,471	
3922	1,084,332	81,469	80,390	-	(44,438)	1,201,753	3922	632,972	(44,438)	83,436	1,260	-	-	-	12,521	685,751	
3923	3,351,602	-	-	-	-	3,351,602	3923	2,065,914	-	237,868	-	-	-	-	-	2,303,782	
3924	144,085	-	-	-	-	144,085	3924	73,010	-	5,970	-	-	-	-	-	78,980	
3930	149,712	-	-	-	-	149,712	3930	141,155	-	5,056	-	-	-	-	-	146,211	
3932	-	-	-	-	-	-	3932	-	-	-	-	-	-	-	-	-	
3940	413,153	22,147	-	-	-	435,300	3940	268,677	-	36,491	-	-	-	-	-	305,168	
3942	-	-	-	-	-	-	3942	-	-	-	-	-	-	-	-	-	
3950	119,512	-	-	-	-	119,512	3950	105,308	-	6,646	-	-	-	-	-	111,954	
3952	-	-	-	-	-	-	3952	-	-	-	-	-	-	-	-	-	
396	884,704	-	-	-	-	884,704	396	218,971	-	38,927	-	-	-	-	-	257,898	
397	401,922	18,742	-	-	-	420,664	397	300,766	-	32,857	-	-	-	-	-	333,623	
397.3	-	-	-	-	-	-	397.3	-	-	-	-	-	-	-	-	-	
398	64,720	-	-	-	-	64,720	398	29,935	-	6,150	-	-	-	-	-	36,085	
399	15,394	-	-	-	-	15,394	399	15,394	-	-	-	-	-	-	-	15,394	
RWIP							(123,278)							123,198			(80)
A/D for Acq							3,691							-			3,691
125,658,759		8,813,399	(25,358)	0	(1,883,501)	132,563,299	60,305,979		(1,883,501)	4,406,376	904,471	(1,069,253)	-	-	-	62,664,072	

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