

GU603-19-AR

**ANNUAL REPORT OF  
NATURAL GAS UTILITIES**

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Public Service Commission  
Do Not Remove From This Office**

**Florida Public Utilities Company**

(EXACT NAME OF RESPONDENT)

**1641 Worthington Road Suite 220**

**West Palm Beach, FL 33409**

(ADDRESS OF RESPONDENT)

TO THE

FLORIDA PUBLIC SERVICE COMMISSION

FOR THE

YEAR ENDED DECEMBER 31, 2019

Officer or other person to whom correspondence should be addressed concerning this report:

Name: Michael D. Cassel

Title: Assistant Vice President Regulatory & Government Affairs

Address: 208 Wildlight Ave

City: Yulee

State: FL

Telephone No.: (561) 252-0250

PSC/ECR 020-G (12/03)

## **Independent Auditors' Report**

Board of Directors and Stockholder  
Florida Public Utilities Company

We have audited the accompanying financial statements of Florida Public Utilities Company - Natural Gas Division, which comprise the balance sheets - regulatory basis as of December 31, 2019 and 2018, and the related statements of income - regulatory basis for each of the two years in the period ended December 31, 2019 and the statement of retained earnings - regulatory basis for the year ended December 31, 2019, and the related notes to the financial statements, included on pages 6 through 11 of the accompanying Annual Report of Natural Gas Utilities, 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 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. 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 - Natural Gas Division as of December 31, 2019 and 2018, 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 - Natural Gas 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 - Natural Gas 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  
April 30, 2020

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NATURAL GAS UTILITIES**

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(EXACT NAME OF RESPONDENT)

**1641 Worthington Road Suite 220**

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TO THE

FLORIDA PUBLIC SERVICE COMMISSION

FOR THE

YEAR ENDED DECEMBER 31, 2019

Officer or other person to whom correspondence should be addressed concerning this report:

Name: Michael D. Cassel

Title: Assistant Vice President Regulatory & Government Affairs

Address: 208 Wildlight Ave

City: Yulee

State: FL

Telephone No.: (561) 252-0250

PSC/ECR 020-G (12/03)

**INSTRUCTIONS FOR FILING THE  
ANNUAL REPORT OF NATURAL GAS UTILITIES**

**GENERAL INSTRUCTIONS**

- I. Prepare this report in conformity with the Uniform System of Accounts (18 CFR 201) (U.S. of A.). Interpret all accounting words and phrases in accordance with the U.S. of A.
- II. Enter in whole numbers (dollars or Mcf) only, except where otherwise noted. (Enter cents for averages and figures per unit where cents are important.) The truncating of cents is allowed except on the four basic financial statements where rounding to dollars is required. The amounts shown on all supporting pages must agree with the amounts entered on the statements that they support. When applying thresholds to determine significance for reporting purposes, use for balance sheet accounts the balances at the end of the current reporting year, and use for statement of income accounts the current year's amounts.
- III. Complete each question fully and accurately, even if it has been answered in a previous annual report. Enter the word "None" where it truly and completely states the fact.
- IV. For any page that is not applicable to the respondent, enter the words "Not Applicable" on the particular page.
- V. Provide a supplemental statement further explaining accounts or pages as necessary. Attach the supplemental statement to the page being supplemented on 8 1/2 by 11 inch paper. Provide the appropriate identification information on the supplemental page, including the title of the page and the page number. Do not change the page numbers.
- VI. Do not make references to reports of previous years or to other reports in lieu of required entries, except as specifically authorized.
- VII. Wherever schedule pages refer to figures from a previous year, the figures reported must be based upon those shown by the annual report of the previous year, or an appropriate explanation given as to why different figures were used.
- VIII. Report all gas volumes on a pressure base of 14.73 psia and a temperature base of 60° F.

**DEFINITIONS**

- I. Btu per cubic foot - The total heating value expressed in Btu, produced by the combustion, at constant pressure, of the amount of the gas which would occupy a volume of 1 cubic foot at a temperature of 60° F if saturated with water vapor and under a pressure equivalent to that of 30 inches of mercury at 32° F, and under standard gravitational force (980.665 cm per sec. <sup>2</sup>) with air of the same temperature and pressure as the gas, when the products of combustion are cooled to the initial temperature of gas and air when the water formed by combustion is condensed to the liquid state. (Sometimes called gross heating value or total heating value.)
- II. Respondent - The person, corporation, licensee, agency, authority, or other legal entity or instrumentality in whose behalf the report is made.

# ANNUAL REPORT OF NATURAL GAS UTILITIES

## IDENTIFICATION

01 Exact Legal Name of Respondent Florida Public Utilities Company	02 Year of Report December 31, 2019
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) 1641 Worthington Road Suite 220 West Palm Beach, FL 33409	
05 Name of Contact Person Michael Cassel	06 Title of Contact Person Assistant Vice President of Regulatory & Governmental Affairs
07 Address of Contact Person (Street, City, State, Zip Code) 208 Wildlight Avenue, Yulee, FL 32097	
08 Telephone of Contact Person, Including Area Code (561) 252-0250	09 Date of Report (Mo., Day, Yr) April 30, 2020

## ATTESTATION

I certify that I am the responsible accounting officer of

**Florida Public Utilities Company**

that I have examined the following report; that to the best of my knowledge, information, and belief, all statements of fact contained in the said report are true and the said 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 January 1, 2019 to December 31, 2019, inclusive.

I also certify that all affiliated transfer prices and affiliated cost allocations were determined consistent with the methods reported to this Commission on the appropriate forms included in this report.

I am aware that Section 837.06, Florida Statutes, provides:

Whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his or her official duty shall be guilty of a misdemeanor of the second degree, punishable as provided in S. 775.082 and S. 775.083.

  
\_\_\_\_\_  
**Signature**

Beth W. Cooper  
\_\_\_\_\_  
**Name**

04-29-2020

\_\_\_\_\_  
**Date**

Executive Vice President/Chief Financial Officer/  
Assistant Corporate Secretary  
\_\_\_\_\_  
**Title**

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**OFFICERS**

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 person who performs similar policymaking functions.  
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.

Title (a)	Name of Officer (b)	Salary for Year (c)
Director, Chairman (FPU), President & CEO (CUC)	Jeffrey M. Householder	\$ 58,200
Executive Vice President/Secretary/General Counsel/Chief Policy Risk Officer	James Moriarty	\$ 48,287
Executive Vice President/Chief Financial Officer/Assistant Secretary	Beth W. Cooper	\$ 44,319
President (FPU); Senior Vice President (CUC)	Kevin J. Webber (1)	\$ 72,356
President (FPU)	Jeffrey S. Sylvester (2)	\$ 233
Vice President/Controller	Joseph D. Steinmetz	\$ 30,791
Vice President/Chief Accounting Officer	Michael D. Galtman	\$ 23,930
Chief Information Officer	Vikrant A. Gadgil	\$ 44,397
Vice President/Treasurer	Thomas E. Mahn	\$ 26,895
Vice President	Cheryl Martin	\$ 26,764
Chief Human Resources Officer	Lou J. Anatrella	\$ 46,958
Assistant Vice President	Devon S. Rudloff	\$ 32,538
Assistant Vice President	Nicole T. Carter (3)	\$ 69,148
Assistant Vice President	Michael D. Cassel	\$ 56,604
Assistant Vice President	Barry D. Kennedy	\$ 58,577
Assistant Vice President	Drane A. Shelley	\$ -
Assistant Vice President	Stacie L. Roberts	\$ 19,899
Vice President	John J. Lewnard (4)	\$ 15,028
Vice President	Mark L. Eisenhower (5)	\$ 12,608
Senior Vice President	Stephen C. Thompson (6)	\$ 3,538

Note: The salaries above represent only that portion allocated to FPU's natural gas division

(1) Effective January 2020 Senior Vice President, Unregulated Energy Delivery and Business Development (CUC)

(2) Effective December 2019 President of FPU, Senior Vice President of Pipeline Transmission and Regulated Gas and Electric Distribution (CUC)

(3) Effective February 2020 no longer with the Company

(4) Effective June 2019 no longer with the Company

(5) Effective May 2019 no longer with the Company

(6) Effective January 2020 no longer with the Company

**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)	No. of Directors Meetings During Yr. (c)	Fees During Year (d)
Eugene H. Bayard, Director	909 Silver Lake Blvd., Dover Delaware 19904	5	\$ -
Thomas J. Bresnan, Director	909 Silver Lake Blvd., Dover Delaware 19904	5	\$ -
Ronald G. Forsythe, Jr., Ph.D., Director	909 Silver Lake Blvd., Dover Delaware 19904	5	\$ -
Thomas P. Hill, Jr., Director	909 Silver Lake Blvd., Dover Delaware 19904	5	\$ -
Dennis S. Hudson, III, Director	909 Silver Lake Blvd., Dover Delaware 19904	5	\$ -
Paul L. Maddock, Jr., Director	909 Silver Lake Blvd., Dover Delaware 19904	5	\$ -
Calvert A. Morgan, Jr., Director	909 Silver Lake Blvd., Dover Delaware 19904	5	\$ -
Dianna F. Morgan, Director	909 Silver Lake Blvd., Dover Delaware 19904	5	\$ -
John R. Schimkaitis, Director	909 Silver Lake Blvd., Dover Delaware 19904	5	\$ -
Lila A. Jaber, Director (1)	909 Silver Lake Blvd., Dover Delaware 19904	0	\$ -
Jeffrey M. Householder, Director, Chairman	909 Silver Lake Blvd., Dover Delaware 19904	5	\$ -
Michael P. McMasters, Director (2)	909 Silver Lake Blvd., Dover Delaware 19904	1	\$ -

(1) Appointed Director in November 2019, effective January 1, 2020

(2) Effective May 2019 no longer Director

**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.

Name (Title) and Address of Security Holder (a)	VOTING SECURITIES			
	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.				

**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 inquires. 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. Acquisition of ownership in other companies by reorganization, merger, or consolidation with other companies: Give name of companies involved, particulars concerning the transactions.
2. 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.

3. Important extension or reduction of transmission or distribution system: State territory added or relinquished and date operations began or ceased also the approximate number of customers added or lost and approximate annual revenues of each class of service.
4. 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.
5. State briefly the status of any materially important transactions of the respondent not disclosed elsewhere in this report in which an officer, director, security holder, 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.

- 1 None
- 2 None
- 3 None
- 4 None
- 5 None

**COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)**

Line No.	Title of Account (a)	Ref. Page No. (b)	Balance at Beginning of Year (c)	Balance at End of Year (d)
1	UTILITY PLANT			
2	Utility Plant (101-106, 114)	12	\$ 345,059,628	\$ 369,604,898
3	Construction Work in Progress (107)	12	\$ 2,048,014	\$ 2,293,246
4	TOTAL Utility Plant Total of lines 2 and 3)		\$ 347,107,642	\$ 371,898,144
5	(Less) Accum. Prov. for Depr., Amort., Depl. & Acq. Adj. (108, 111, 115)	12	\$ (90,172,189)	\$ (96,191,312)
6	Net Utility Plant (Total of line 4 less 5)		\$ 256,935,453	\$ 275,706,832
7	Utility Plant Adjustments (116)			
8	Gas Stored (117.1, 117.2, 117.3, 117.4)	-		
9	OTHER PROPERTY AND INVESTMENTS			
10	Nonutility Property (121)	-	\$ 8,436	\$ 8,436
11	(Less) Accum. Prov. for Depr. and Amort. (122)	-		
12	Investments in Associated Companies (123)	-		
13	Investment in Subsidiary Companies (123.1)	-		
14	Other Investments (124)	-	\$ -	\$ -
15	Special Funds (125, 126, 128)	-		
16	TOTAL Other Property and Investments (Total of lines 10 through 15)		\$ 8,436	\$ 8,436
17	CURRENT AND ACCRUED ASSETS			
18	Cash (131)	-	\$ 409,595	\$ 1,473,960
19	Special Deposits (132-134)	-		
20	Working Funds (135)	-	\$ 38,952	\$ 38,952
21	Temporary Cash Investments (136)	-		
22	Notes Receivable (141)	-		
23	Customer Accounts Receivable (142)	-	\$ 9,134,892	\$ 9,230,811
24	Other Accounts Receivable (143)	-	\$ 131,301	\$ 168,486
25	(Less) Accumulated Provision for Uncollectible Accounts-Credit (144)	-	\$ (129,463)	\$ (156,411)
26	Notes Receivable from Associated Companies (145)	-		
27	Accounts Receivable from Associated Companies (146)	-	\$ -	\$ -
28	Fuel Stock (151)	-		
29	Fuel Stock Expense Undistributed (152)	-		
30	Residuals (Electric) and Extracted Products (Gas) (153)	-		
31	Plant Material and Operating Supplies (154)	-	\$ 423,919	\$ 364,596
32	Merchandise (155)	-	\$ -	\$ -
33	Other Material and Supplies (156)	-		
34	Stores Expenses Undistributed (163)	-		
35	Gas Stored Underground & LNG Stored (164.1-164.3)	-		
36	Prepayments (165)	18	\$ 730,657	\$ 977,677
37	Advances for Gas (166-167)	-		
38	Interest and Dividends Receivable (171)	-		
39	Rents Receivable (172)	-		
40	Accrued Utility Revenues (173)	-	\$ 2,471,520	\$ 2,661,518
41	Miscellaneous Current and Accrued Assets (174)	-	\$ -	\$ -
42	TOTAL Current and Accrued Assets (Total of lines 18 through 41)		\$ 13,211,373	\$ 14,759,589
43	DEFERRED DEBITS			
44	Unamortized Debt Expense (181)	-		
45	Extraordinary Property Losses (182.1)	18		
46	Unrecovered Plant and Regulatory Study Costs (182.2)	18		
47	Other Regulatory Assets (182.3)	19	\$ 12,733,372	\$ 12,372,504
48	Preliminary Survey and Investigation Charges (Gas) (183.1, 183.2)	-	\$ -	\$ -
49	Clearing Accounts (184)	-	\$ 375,034	\$ 436,311
50	Temporary Facilities (185)	-		
51	Miscellaneous Deferred Debits (186)	19	\$ 1,018,949	\$ 1,051,225
52	Deferred Losses from Disposition of Utility Plant. (187)	-		
53	Research, Development and Demonstration Expenditures (188)	-		
54	Unamortized Loss on Reacquired Debt (189)	20		
55	Accumulated Deferred Income Taxes (190)	24	\$ 5,820,153	\$ 6,410,511
56	Unrecovered Purchased Gas Costs (191)	-		
57	TOTAL Deferred Debits (Total of lines 44 through 56)		\$ 19,947,508	\$ 20,270,551
58	TOTAL Assets and other Debits (Total of lines 6, 7, 8, 16, 42, 57)		\$ 290,102,770	\$ 310,745,408

Note : Prior year balance for Intercompany has been updated to be presented as a net balance (accounts 146 & 234) and is now reflected in FERC account 234.

**COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)**

Line No.	Title of Account (a)	Ref. Page No. (b)	Balance at Beginning of Year (c)	Balance at End of Year (d)
1	PROPRIETARY CAPITAL			
2	Common Stock (201, 202, 203, 205, 206, 207)	-		
3	Preferred Stock Issued (204)	-		
4	Other Paid-In Capital (208-214)	-	\$ 463,477	\$ -
5	Retained Earnings (215, 216)	10	\$ 129,011,827	\$ 138,167,414
6	Unappropriated Undistributed Subsidiary Earnings (216.1)	10		
7	(Less) Reacquired Capital Stock (217)	-		
8	TOTAL Proprietary Capital (Total of lines 2 through 7)		\$ 129,475,304	\$ 138,167,414
9	LONG-TERM DEBT			
10	Bonds (221)	21		
11	(Less) Reacquired Bonds (222)	21		
12	Advances from Associated Companies (223)	21		
13	Other Long-Term Debt (224)	21		
14	Unamortized Premium on Long-Term Debt (225)	21		
15	(Less) Unamortized Discount on Long-Term Debt-Debit (226)	21		
16	TOTAL Long-Term Debt (Total of lines 10 through 15)			
17	OTHER NONCURRENT LIABILITIES			
18	Obligations Under Capital Leases - Noncurrent (227)	-	\$ -	\$ 1,958,767
19	Accumulated Provision for Property Insurance (228.1)	-	\$ 675,310	\$ 656,950
20	Accumulated Provision for Injuries and Damages (228.2)	-	\$ 66,428	\$ 102,875
21	Accumulated Provision for Pensions and Benefits (228.3)	-	\$ 10,164,475	\$ 9,013,351
22	Accumulated Miscellaneous Operating Provisions (228.4)	-		
23	Accumulated Provision for Rate Refunds (229)	-	\$ -	\$ 166,089
24	TOTAL Other Noncurrent Liabilities (Total of lines 18 through 23)		\$ 10,906,213	\$ 11,898,032
25	CURRENT AND ACCRUED LIABILITIES			
26	Notes Payable (231)	-		
27	Accounts Payable (232)	-	\$ 6,838,988	\$ 6,469,810
28	Notes Payable to Associated Companies (233)	-		
29	Accounts Payable to Associated Companies (234)	-	\$ 60,106,882	\$ 71,323,541
30	Customer Deposits (235)	-	\$ 8,396,644	\$ 8,638,831
31	Taxes Accrued (236)	-	\$ 684,805	\$ 1,667,309
32	Interest Accrued (237)	-	\$ 202,643	\$ 202,801
33	Dividends Declared (238)	-		
34	Matured Long-Term Debt (239)	-		
35	Matured Interest (240)	-		
36	Tax Collections Payable (241)	-	\$ 996,557	\$ 1,007,285
37	Miscellaneous Current and Accrued Liabilities (242)	22	\$ 2,013,716	\$ 1,376,315
38	Obligations Under Capital Leases-Current (243)	-	\$ -	\$ 368,336
39				
40	TOTAL Current and Accrued Liabilities (Total of lines 26 through 39)		\$ 79,240,235	\$ 91,054,228
41	DEFERRED CREDITS			
42	Customer Advances for Construction (252)	-	\$ 1,084,324	\$ 993,725
43	Other Deferred Credits (253)	22	\$ 13,768,927	\$ 12,806,462
44	Other Regulatory Liabilities (254)	22	19,114,574	\$ 19,192,036
45	Accumulated Deferred Investment Tax Credits (255)	23	-	-
46	Deferred Gains from Disposition of Utility Plant (256)	-		
47	Unamortized Gain on Reacquired Debt (257)	20		
48	Accumulated Deferred Income Taxes (281-283)	24	\$ 36,513,193	\$ 36,633,511
49	TOTAL Deferred Credits (Total of lines 42 through 48)		\$ 70,481,018	\$ 69,625,734
50				
51	TOTAL Liabilities and Other Credits (Total of lines 8, 16, 24, 40 and 49)		\$ 290,102,770	\$ 310,745,408

Note : Prior year balance for Intercompany has been updated to be presented as a net balance (accounts 146 & 234) and is now reflected in FERC account 234.

**STATEMENT OF INCOME**

- |  |   |
|--|---|
| <p>1. Use page 11 for important notes regarding the statement of income or any account thereof.</p> <p>2. Give concise explanations on page 11 concerning significant amounts of any refunds made or received during the year.</p> <p>3. Enter on page 11 a concise explanation of only those changes in accounting methods made during the year</p> | <p>which had an effect on net income, including the basis of allocations and apportionments from those used in the preceding year. Also give the approximate dollar effect of such changes.</p> <p>4. Explain in a footnote if the previous year's figures are different from that reported in prior reports.</p> |
|--|---|

Line No.	Account (a)	Ref. Page No. (b)	Total Gas Utility Current Year (c)	Total Gas Utility Previous Year (d)
1	UTILITY OPERATING INCOME			
2	Operating Revenues (400)	26	\$ 85,642,684	\$ 84,589,825
3	Operating Expenses			
4	Operation Expenses (401)	27-29	\$ 49,069,426	\$ 49,613,130
5	Maintenance Expenses (402)	27-29	\$ 1,350,229	\$ 1,362,536
6	Depreciation Expense (403)	15-16	\$ 7,483,517	\$ 7,768,703
7	Amortization & Depletion of Utility Plant (404-405)	-	\$ 990,958	\$ 948,242
8	Amortization of Utility Plant Acquisition Adjustment (406)	-	\$ 1,224,588	\$ 1,821,708
9	Amortization of Property Losses, Unrecovered Plant and Regulatory Study Costs (407.1)	-		
10	Amortization of Conversion Expenses (407.2)	-		
11	Regulatory Debits (407.3)	-	\$ -	\$ 441,154
12	(Less) Regulatory Credits (407.4)	-	\$ -	\$ (432,861)
13	Taxes Other Than Income Taxes (408.1)	23	\$ 8,136,434	\$ 8,065,987
14	Income Taxes - Federal (409.1)	25	\$ 2,337,318	\$ 2,118,681
15	- Other (409.1)	-	\$ 288,508	\$ 112,364
16	Provision for Deferred Income Taxes (410.1)	24	\$ 1,731,258	\$ 1,823,574
17	(Less) Provision for Deferred Income Taxes - Cr.(411.1)	24	\$ (1,100,458)	\$ (1,176,660)
18	Investment Tax Credit Adjustment - Net (411.4)	23	\$ -	\$ -
19	(Less) Gains from Disposition of Utility Plant (411.6)	-		
20	Losses from Disposition of Utility Plant (411.7)	-		
21	Other Operating Income (412-414)	-		
22	TOTAL Utility Operating Expenses (Total of lines 4 -21)		\$ 71,511,778	\$ 72,466,558
23	Net Utility Operating Income (Total of line 2 less 22)			
24	(Carry forward to page 9, line 25)		\$ 14,130,906	\$ 12,123,267

**STATEMENT OF INCOME (Continued)**

Line No.	Account (a)	Ref. Page No. (b)	TOTAL	
			Current Year (c)	Previous Year (d)
25	Net Utility Operating Income (Carried forward from page 8)		\$ 14,130,906	\$ 12,123,267
26	<b>Other Income and Deductions</b>			
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)	10		
35	Interest and Dividend Income (419)	-	\$ 93,723	\$ 62,806
36	Allowance for Other Funds Used During Construction (419.1)	-		
37	Miscellaneous Nonoperating Income (421)	-	\$ (64,622)	\$ (39,095)
38	Gain on Disposition of Property (421.1)	-	\$ -	\$ -
39	TOTAL Other Income (Total of lines 29 through 38)		\$ 29,101	\$ 23,711
40	Other Income Deductions			
41	Loss on Disposition of Property (421.2)	-		
42	Miscellaneous Amortization (425)	33		
43	Miscellaneous Income Deductions (426.1-426.5)	33	\$ (47,512)	\$ (80,827)
44	TOTAL Other Income Deductions (Total of lines 41 through 43)		\$ (47,512)	\$ (80,827)
45	Taxes Applicable to Other Income and Deductions			
46	Taxes Other Than Income Taxes (408.2)	-		
47	Income Taxes - Federal (409.2)	-	\$ 93,672	\$ 74,981
48	Income Taxes - Other (409.2)	-	\$ 20,813	\$ 20,781
49	Provision for Deferred Income Taxes (410.2)	24	\$ -	\$ -
50	(Less) Provision for Deferred Income Taxes - Credit (411.2)	24	\$ -	\$ -
51	Investment Tax Credit Adjustment - Net (411.5)	-		
52	(Less) Investment Tax Credits (420)	-		
53	TOTAL Taxes on Other Inc. and Ded. (Total of 46 through 52)		\$ 114,485	\$ 95,762
54	Net Other Income and Deductions (Total of lines 39,44,53)		\$ 96,074	\$ 38,646
55	<b>Interest Charges</b>			
56	Interest on Long-Term Debt (427)	21	\$ 2,710,297	\$ 2,240,454
57	Amortization of Debt Discount and Expense (428)	21	\$ 35,721	\$ 36,033
58	Amortization of Loss on Reacquired Debt (428.1)	-	\$ 54,723	\$ 65,830
59	(Less) Amortization of Premium on Debt - Credit (429)	21		
60	(Less) Amortization of Gain on Reacquired Debt - Credit (429.1)	-		
61	Interest on Debt to Associated Companies (430)	33	\$ -	\$ -
62	Other Interest Expense (431)	33	\$ 1,737,720	\$ 1,569,039
63	(Less) Allowance for Borrowed Funds Used During Const.-Credit (432)	-		
64	Net Interest Charges (Total of lines 56 through 63)		\$ 4,538,461	\$ 3,911,356
65	Income Before Extraordinary Items (Total of lines 25, 54 and 64)		\$ 9,688,519	\$ 8,250,557
66	<b>Extraordinary Items</b>			
67	Extraordinary Income (434)	-		
68	(Less) Extraordinary Deductions (435)	-		
69	Net Extraordinary Items (Total of line 67 less line 68)			
70	Income Taxes - Federal and Other (409.3)	-		
71	Extraordinary Items After Taxes (Total of line 69 less line 70)			
72	Net Income (Total of lines 65 and 71)		\$ 9,688,519	\$ 8,250,557

**STATEMENT OF RETAINED EARNINGS**

- |  |   |
|--|---|
| <p>1. Report all changes in appropriated retained earnings, and unappropriated retained earnings for the year.</p> <p>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).</p> <p>3. State the purpose and amount for each reservation or appropriation of retained earnings.</p> <p>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.</p> | <p>5. Show dividends for each class and series of capital stock.</p> <p>6. Show separately the state and federal income tax effect of items shown in account 439, Adjustments to Retained Earnings.</p> <p>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.</p> <p>8. If any notes appearing in the report to stockholders are applicable to this statement attach them at page 11.</p> |
|--|---|

Line No.	Item (a)	Contra Primary Account Affected (b)	Amount (c)
<b>UNAPPROPRIATED RETAINED EARNINGS (Account 216)</b>			
1	Balance - Beginning of Year		\$ 129,011,827
2	Changes (Identify by prescribed retained earnings accounts)		
3	Adjustments to Retained Earnings (Account 439):		
4	Credit: Treasury Stock (Rabbi Trust)		\$ -
5	Credit:		
6	TOTAL Credits to Retained Earnings (Account 439) (Total of lines 4 and 5)		
7	Debit: Treasury Stock (Rabbi Trust)		\$ (532,932)
8	Debit:		
9	TOTAL Debits to Retained Earnings (Account 439) (Total of lines 7 and 8)		
10	Balance Transferred from Income (Account 433 less Account 418.1)		\$ 9,688,519
11	Appropriations of Retained Earnings (Account 436) TOTAL		
12	Dividends Declared - Preferred Stock (Account 437) TOTAL		
13	Dividends Declared - Common Stock (Account 438) TOTAL		
14	Transfers from Acct. 216.1, Unappropriated Undistributed Subsidiary Earnings		
15	FAS 133 Other Comprehensive Income		
16	Balance - End of Year (Total of lines 01, 6, 9, 10, 11, 12, 13, 14 and 15)		\$ 138,167,414
<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.		
17			
18			
19			
20			
21			
22			
23	TOTAL Appropriated Retained Earnings (Account 215)		
	TOTAL Retained Earnings (Account 215 and 216) (Total of lines 16 and 23)		\$ 138,167,414

**NOTES TO THE FINANCIAL STATEMENTS ON A CONSOLIDATED BASIS**

1. Use the space below for important notes regarding the Balance Sheet, Statement of Income for the year, Statement of Retained Earnings for the year, and Statement of Changes in Financial Position, or any account thereof. Classify the notes according to each basic statement, providing a subheading for each statement except where a note is applicable to more than one statement.

2. Furnish particulars (details) as to any significant contingent assets or liabilities existing at end of year, including a brief explanation of any action initiated by the Internal Revenue Service involving possible assessment of additional income taxes of material amount, or of a claim for refund of income taxes of a material amount initiated by the utility. Give also a brief explanation of any dividends in arrears on cumulative preferred stock.

3. For Account 116, Utility Plant Adjustments, explain the origin of such amount, debits and credits during the year, and

plan of disposition contemplated, giving references to Commission orders or other authorizations respecting classification of amounts as plant adjustments and requirements as to disposition thereof.

4. Where Accounts 189, Unamortized Loss on Reacquired Debt, and 257, Unamortized Gain on Reacquired Debt, are not used, give an explanation, providing the rate treatment given these items. See General Instruction 17 of the Uniform System of Accounts.

5. Give a concise explanation of any retained earnings restrictions and state the amount of retained earnings affected by such restrictions.

6. If the notes to financial statements relating to the respondent company appearing in the annual report to the stockholders are applicable and furnish the data required by instructions above and on pages 8-10, such notes may be attached hereto.

See Notes to Financial Statements attached

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## 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 natural gas division of FPU, excluding the Indiantown and Fort Meade divisions, (“we,” “our” or “us”) is engaged in the distribution of natural gas to approximately 64,000 residential, commercial and industrial customers located in south, central and northeast 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 include the accounts of FPU’s natural gas operation, excluding the accounts of the Indiantown and Fort Meade divisions. The FPSC requires FPU’s Indiantown and Fort Meade natural gas divisions to be reported separately from us and therefore, those accounts are excluded from our financial statements. FPU’s electric distribution and unregulated businesses are also excluded from our financial statements.

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 statements of cash flows;
- the omission of the statement of retained earnings for prior year for a comparative presentation;
- the accounting treatment of acquisition adjustment and regulatory asset associated with the merger-related costs and the presentation of acquisition adjustment;
- 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;
- presentation of the components of net benefit costs in operating expenses, whereas for GAAP, only the service cost component is presented in operating expenses; and
- the presentation of operating leases’ right-of-use asset and lease liability in the FERC balance sheet accounts for capital lease assets and liabilities.

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 April 30, 2020, the date these financial statements are available to be issued.

In March 2020, the World Health Organization declared a global pandemic related to the rapidly growing outbreak of a novel strain of coronavirus (“COVID-19”). In response to this declaration and the rapid spread of COVID-19 within the United States, federal, state and local governments throughout the country imposed varying degrees of restrictions on social and commercial activity to promote social distancing in an effort to slow the spread of the illness. As a result, these restrictions have significantly impacted economic conditions in the United States, which are expected to continue as the need for social distancing restrictions remain in place. The Company is considered an “essential business,” which allows the Company to continue its operational activities and construction projects while the social distancing restrictions remain in place. In response to the COVID-19 pandemic and these social distancing restrictions, the Company has implemented its pandemic response plan, which includes having office staff work remotely to promote social distancing and field employees utilizing personal protective equipment where necessary to reduce the spread of COVID-19. Any future impact on the Company’s results of operations or financial position from COVID-19, particularly from continued social distancing restrictions, cannot be estimated at this time. The Company will continue to monitor developments affecting its workforce, its customers and its suppliers and take additional precautions as warranted to comply with the applicable social distancing restrictions.

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## 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 those 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 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. Non-refundable contributions reduce utility plant at the time of such determination. As of December 31, 2019 and 2018, there were \$1.1 million and \$1.8 million, respectively, of non-refunded contributions or advances reducing utility plant.

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, 2019 and 2018.

### Asset Impairment Evaluations

We periodically evaluate whether events or circumstances have occurred, which indicate that other long-lived assets may not be fully recoverable. The determination of whether an impairment has occurred is based on an estimate of undiscounted future cash flows attributable to the asset, compared to the carrying value of the asset. When such events or circumstances are present, we record an impairment loss equal to the excess of the asset's carrying value over its fair value, if any.

### 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 2.6 percent and 2.9 percent in 2019 and 2018, respectively.

In accordance with the accounting requirements of the FERC, we include the accretion of the cost of removal for future retirements of utility assets as depreciation expense. For each of the years ended December 31, 2019 and 2018, \$1.0 million 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, 2019 and 2018, \$0.4 million and \$0.3 million, 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*. This Topic 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

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the application of these 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. 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 natural gas delivered, but not yet billed, at the end of an accounting period to the extent that they do not coincide.

We have a fuel 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.

#### Operation and Maintenance Expenses

Operation and maintenance expenses are costs associated with the operation and maintenance of our natural gas 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 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 Accumulated Provision for Uncollectible Accounts

Accounts receivable consist primarily of amounts due for distribution sales of natural gas to customers. A provision for uncollectible accounts is recorded 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 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 market values.

#### 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 and the expected returns on plan assets are the assumptions that generally have the most significant impact on FPU's pension costs and liabilities. The assumed discount rates, the assumed health care cost trend rates and the assumed rates of retirement generally have the most significant impact on FPU's postretirement plan costs and liabilities. A 0.25 percent change in the discount rate could change the FPU's annual pension and postretirement costs

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by an immaterial amount. A 0.25 percent change in the rate of return could change FPU's annual pension cost by an immaterial amount, and would not have an impact on the postretirement and plan because this plan is not funded.

#### Income Taxes

Deferred tax assets and liabilities are recorded for the income tax effect of temporary differences between the financial statement bases and tax bases 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.

#### Financial Instruments

We have entered into agreements with suppliers to purchase natural gas 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.

### **FASB Statements and Other Authoritative Pronouncements**

#### Recently Adopted Accounting Standards

Leases (ASC 842) - In February 2016, the FASB issued Accounting Standards Update ("ASU") 2016-02, *Leases*, which requires lessees to recognize leases on the balance sheet and disclose key information about leasing arrangements. The standard establishes a right of use model that requires a lessee to recognize a right of use asset and lease liability for all leases with a term greater than 12 months. The update also expands the required quantitative and qualitative disclosures surrounding leases. ASC 842 was subsequently amended by ASU No. 2018-01, *Land Easement Practical Expedient for Transition to Topic 842*; ASU No. 2018-10, *Codification Improvements to Topic 842, Leases*; ASU No. 2018-11, *Targeted Improvements*; and ASU No. 2019-01, *Codification Improvements*. We adopted ASU 2016-02 and the related amendments on January 1, 2019, and used the optional transition method for all existing leases. The optional transition method enabled us to adopt the new standard as of the beginning of the period of adoption and did not require restatement of prior period financial information. As a result, prior period financial information was not recast and continues to be reported under the accounting guidance effective during those periods.

At adoption, we elected the following practical expedients: (1) the 'package of practical expedients,' pursuant to which we did not need to reassess our prior conclusions about lease identification, lease classification and initial direct costs, (2) the 'use-of-hindsight' practical expedient, which allowed us to use hindsight in assessing impairment of our existing land easements, (3) the creation of an accounting policy for short-term leases resulting in lease payments being recorded as an expense on a straight-line basis over the lease term, and (4) the aggregation, rather than separation, of the lease and non-lease components for all leases.

Beginning January 1, 2019, in conformity with the FERC's interpretation, we recorded operating leases that require a lease liability and right-of-use asset in the FERC balance sheet accounts that have already been established for capital lease assets and liabilities. See Note 6, *Leases*, for additional details.

#### Recent Accounting Standards Yet to be Adopted

Financial Instruments - Credit Losses (ASC 326) - In June 2016, the FASB issued ASU 2016-13, *Measurement of Credit Losses on Financial Instruments*, which changes how entities account for credit losses for most financial assets and certain other instruments, and subsequent guidance which served to clarify or amend the original standard. ASU 2016-13 and the related amendments require entities to estimate lifetime expected credit losses for trade receivables and to provide additional disclosure related to credit losses. ASU 2016-13 will be effective for our financial statements beginning January 1, 2020 and is not expected to have a material impact on our financial position or results of operations.

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Fair Value Measurement (ASC 820) - In August 2018, the FASB issued ASU 2018-13, *Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*, which removes, modifies and adds certain disclosure requirements on fair value measurements in ASC 820. ASU 2018-13 will be effective for our financial statements beginning January 1, 2020, and since the changes only impact disclosures, 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 Chesapeake Utilities' and FPU's long-term debt to satisfy our financing needs. For the years ended December 31, 2019 and 2018, Chesapeake Utilities and FPU allocated to us \$4.3 million and \$3.7 million, respectively, in interest expense, which represents a portion of interest from Chesapeake Utilities' short-term and Chesapeake Utilities' and FPU's long-term debt, net of a portion of interest income from the overnight income-producing accounts.

#### 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 the years ended December 31, 2019 and 2018, Chesapeake Utilities charged us \$7.1 million and \$7.5 million, for these services. Chesapeake Utilities also provides us with shared services which include safety and customer care services. For the years ended December 31, 2019 and 2018, Chesapeake Utilities charged us \$3.7 million and \$3.2 million, respectively, for these services.

#### Advances from Affiliates

As of December 31, 2019 and 2018, we had net advances payable to Chesapeake Utilities and its subsidiaries in the amount of \$71.3 million and \$60.1 million, respectively. These amounts are reflected as accounts receivable from associated companies and accounts payable to associated companies in the accompanying balance sheets.

#### Firm Transportation Service and Natural Gas Purchase/Sale

Peninsula Pipeline Company, Inc. ("Peninsula Pipeline"), a wholly-owned subsidiary of Chesapeake Utilities, provided us with firm transportation service in conjunction with our service in Florida. For the years ended December 31, 2019 and 2018, we incurred \$14.0 million and \$9.5 million, respectively, in cost associated with this transportation service, which was included in the cost of fuel and our fuel cost recovery mechanism.

Marlin Gas Services, LLC, a wholly-owned subsidiary of Chesapeake Utilities, provided us natural gas transportation service in conjunction with our service in Florida. For the year ended December 31, 2019, we incurred \$1.1 million, in cost associated with this transportation service, which was included in the cost of fuel and our fuel cost recovery mechanism.

Eight Flags Energy, LLC ("Eight Flags"), a subsidiary of Chesapeake Utilities' OnSight Services, LLC, generates electricity and steam at its Combined Heat and Power ("CHP") plant located on Amelia Island, Florida. The Eight Flags' CHP plant is powered by natural gas transported in our distribution system. For the years ended December 31, 2019 and 2018, we recorded \$0.9 million and \$1.0 million, respectively, in revenue associated with transportation service provided to Eight Flags to power its CHP plant.

### 4. Income Taxes

We are included in the Chesapeake Utilities consolidated federal income tax return, along with all of Chesapeake Utilities' other subsidiaries. At December 31, 2019, Chesapeake Utilities' federal income tax returns for tax years 2015 through 2018 are under examination, and no report has been issued at this time. FPU files a separate state income tax return in the state of Florida. Income taxes in the accompanying consolidated statements of income have been allocated to us as if we were a separate taxpayer. State income tax returns for FPU for tax years after 2015 are subject to examination.

Income taxes are allocated to us as if we were a separate tax payer. FPU had a state net operating loss in Florida of \$15.7 million as of December 31, 2019 and none for 2018. In March 2020, President Trump signed into law, the Coronavirus Aid, Relief, and Economy Stimulus ("CARES") Act. Under the CARES Act, a taxpayer that generates a NOL in 2020

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(or generated a NOL in 2019 or 2018) can elect to carryback such NOL to the prior five years to offset prior years' taxable income and claim a tax refund(s) of previously paid federal income taxes. We are currently evaluating the impact of the CARES Act and have not reached a conclusion on whether we will elect to carryback any NOL generated in 2018 and 2019.

#### *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. Our federal income tax expense for periods beginning on January 1, 2018 are based on the new federal corporate income tax rate. 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. At the date of enactment in 2017, we re-measured deferred income taxes based upon the new corporate tax rate, which resulted in the change in deferred income taxes of \$26.0 million that was recorded as an offset to regulatory liability, some portion of which may ultimately be subject to refund to customers. During 2018, we completed the assessment of the impact of accounting for certain effects of the TCJA. See Note 9, *Rates and Other Regulatory Activities*, for further discussion of the TCJA's impact on our business.

The following tables provide: (a) the components of income tax expense in 2019 and 2018; (b) the reconciliation between the statutory federal income tax rate for 2019 and 2018; and (c) the components of accumulated deferred income tax assets and liabilities at December 31, 2019 and 2018.

<i>(in thousands)</i>	For the Years Ended December 31,	
	2019	2018
<b>Income Tax Expense</b>		
Current	\$ 2,511	\$ 2,135
Deferred	631	647
<b>Total Income Tax Expense</b>	<b>\$ 3,142</b>	<b>\$ 2,782</b>
<b>Reconciliation of Effective Income Tax Rates:</b>		
Federal income tax expense, 21% in 2019 and 2018	\$ 2,694	\$ 2,317
State income taxes, net of federal tax benefit	438	479
Other	10	(14)
<b>Total Income Tax Expense</b>	<b>\$ 3,142</b>	<b>\$ 2,782</b>
	At December 31,	
	2019	2018
<b>Deferred Income Tax Liabilities</b>		
Property, plant and equipment	\$ 27,516	\$ 26,996
Acquisition adjustment	8,469	8,896
Other	649	621
<b>Total Deferred Income Tax Liabilities</b>	<b>\$ 36,634</b>	<b>\$ 36,513</b>
<b>Deferred Income Tax Assets</b>		
Environmental costs	\$ 1,516	\$ 1,669
Storm reserve liability	167	171
Amortization - Customer-based intangibles	1,652	1,490
Acquisition adjustment - Tax Reform	1,501	-
Other	1,575	2,490
<b>Total Deferred Income Tax Assets</b>	<b>\$ 6,411</b>	<b>\$ 5,820</b>

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## 5. Customer Concentration

We operate entirely in the natural gas distribution business. Our operations include the transportation of natural gas 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, 2019 and 2018.

## 6. Leases

FPU has entered into lease arrangements for office space, land and warehouses. We utilize these lease arrangements to enable us to better conduct business operations in our service territory, provide adequate workspace for all our employees and to store equipment and materials used in repairs and maintenance for our businesses. FPU has allocated to us the right-of-use asset, lease liability and lease expense for our use of these leased facilities. Both of the operating lease right-of-use asset and liability in the FERC balance sheet accounts for capital lease assets and liabilities at December 31, 2019, were \$2.3 million. Operating lease cost included in our consolidated statements of income was \$0.5 million for both of the years ended December 31, 2019 and 2018. The following table presents the future undiscounted maturities of operating leases allocated to us at December 31, 2019 and for each of the next five years and thereafter:

<i>(in thousands)</i>	<b>Operating Leases</b>
2020	\$ 467
2021	454
2022	467
2023	481
2024	453
Thereafter	<u>273</u>
Total Lease Payments	2,595
Less: Interest	<u>268</u>
Present Value of Lease Liabilities	<u><u>\$ 2,327</u></u>

## 7. 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. We recorded benefit costs of \$1.3 million and \$1.1 million for the years ended December 31, 2019 and 2018, 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 benefits plans to determine the plan’s 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, 2019 and 2018, \$9.0 million and \$10.2 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, 2019 and 2018 and the net periodic cost for the years ended December 31, 2019 and 2018 for the FPU Pension Plan:

	<u>As of December 31,</u>	
	<u>2019</u>	<u>2018</u>
<i>(in thousands)</i>		
<b>Change in benefit obligation:</b>		
Benefit obligation — beginning of year	\$ 59,377	\$ 64,664
Interest cost	2,452	2,339
Actuarial (gain) loss	6,508	(4,739)
Benefits paid	(3,033)	(2,887)
Benefit obligation — end of year	<u>65,304</u>	<u>59,377</u>
<b>Change in plan assets:</b>		
Fair value of plan assets — beginning of year	43,601	48,396
Actual return on plan assets	7,978	(3,113)
Employer contributions	1,157	1,205
Benefits paid	(3,033)	(2,887)
Fair value of plan assets — end of year	<u>49,703</u>	<u>43,601</u>
<b>Reconciliation:</b>		
Funded status	<u>(15,601)</u>	<u>(15,776)</u>
<b>Accrued pension cost</b>	<u>\$ (15,601)</u>	<u>\$ (15,776)</u>
<b>Assumptions:</b>		
Discount rate	3.25%	4.25%
Expected return on plan assets	6.50%	6.50%

	<u>For the Year Ended</u>	
	<u>December 31,</u>	
	<u>2019</u>	<u>2018</u>
<i>(in thousands)</i>		
<b>Components of net periodic pension cost:</b>		
Interest cost	\$ 2,452	\$ 2,339
Expected return on assets	(2,770)	(3,091)
Amortization of actuarial loss	505	404
<b>Net periodic pension cost</b>	<u>187</u>	<u>(348)</u>
Amortization of pre-merger regulatory asset	543	761
<b>Total periodic cost</b>	<u>\$ 730</u>	<u>\$ 413</u>
<b>Assumptions:</b>		
Discount rate	4.25%	3.75%
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 to be recovered through rates pursuant to an order by the FPSC. At December 31, 2019, this regulatory asset was fully amortized. Excluding the service cost component, the other components of the net periodic costs have been recorded or reclassified to other expense, net of tax, in the consolidated statements of income.

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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, 2019 and 2018:

<b>Asset Category</b>	<b>As of December 31,</b>	
	<b>2019</b>	<b>2018</b>
Equity securities	53%	50%
Debt securities	37%	41%
Other	10%	9%
<b>Total</b>	<b>100%</b>	<b>100%</b>

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 competitive return to increasingly fund a large portion of the plan's retirement liabilities, minimize pension expense and cumulative contributions resulting from liability measurement and asset performance, and maintain the appropriate mix of investments to reduce the risk of large losses over the expected remaining life of each plan.

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

#### Asset Allocation Strategy

<u>Asset Class</u>	<u>Minimum Allocation Percentage</u>	<u>Maximum Allocation Percentage</u>
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, 2019 and 2018, the assets of the FPU Pension Plan were comprised of the following investments:

Asset Category	Fair Value Measurement Hierarchy							
	December 31, 2019				December 31, 2018			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<i>(in thousands)</i>								
Mutual Funds - Equity securities								
U.S. Large Cap <sup>(1)</sup>	\$ 3,553	\$ -	\$ -	\$ 3,553	\$ 2,853	\$ -	\$ -	\$ 2,853
U.S. Mid Cap <sup>(1)</sup>	1,604	-	-	1,604	1,221	-	-	1,221
U.S. Small Cap <sup>(1)</sup>	726	-	-	726	579	-	-	579
International <sup>(2)</sup>	9,855	-	-	9,855	7,702	-	-	7,702
Alternative Strategies <sup>(3)</sup>	4,739	-	-	4,739	4,799	-	-	4,799
	<u>20,477</u>	-	-	<u>20,477</u>	<u>17,154</u>	-	-	<u>17,154</u>
Mutual Funds - Debt securities								
Fixed income <sup>(4)</sup>	15,938	-	-	15,938	15,554	-	-	15,554
High Yield <sup>(4)</sup>	2,476	-	-	2,476	2,350	-	-	2,350
	<u>18,414</u>	-	-	<u>18,414</u>	<u>17,904</u>	-	-	<u>17,904</u>
Mutual Funds - Other								
Commodities <sup>(5)</sup>	1,708	-	-	1,708	1,596	-	-	1,596
Real Estate <sup>(6)</sup>	2,288	-	-	2,288	1,851	-	-	1,851
Guaranteed deposit <sup>(7)</sup>	-	-	759	759	-	-	433	433
	<u>3,996</u>	-	<u>759</u>	<u>4,755</u>	<u>3,447</u>	-	<u>433</u>	<u>3,880</u>
Total Pension Plan Assets	<u>\$ 42,887</u>	<u>\$ -</u>	<u>\$ 759</u>	<u>\$ 43,646</u>	<u>\$ 38,505</u>	<u>\$ -</u>	<u>\$ 433</u>	<u>\$ 38,938</u>
Investments Measured at net asset value <sup>(8)</sup>				<u>6,057</u>				<u>4,663</u>
Total Pension Plan Assets				<u>\$49,703</u>				<u>\$ 43,601</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, 2019 and 2018, 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, 2019 and 2018:

	<b>For the Year Ended December 31,</b>	
	<b>2019</b>	<b>2018</b>
<i>(in thousands)</i>		
<b>Balance, beginning of year</b>	\$ 433	\$ 274
Purchases	1,157	1,206
Transfers in	2,530	2,188
Disbursements	(3,401)	(3,248)
Investment income	40	13
<b>Balance, end of year</b>	<b>\$ 759</b>	<b>\$ 433</b>

#### Other Postretirement Benefits Plan

The following sets forth the funded status of the FPU Medical Plan at December 31, 2019 and 2018 and the net periodic cost for the years ended December 31, 2019 and 2018:

	<b>As of December 31,</b>	
	<b>2019</b>	<b>2018</b>
<i>(in thousands)</i>		
<b>Change in benefit obligation:</b>		
Benefit obligation — beginning of year	\$ 1,187	\$ 1,287
Interest cost	48	47
Plan participants contributions	38	41
Actuarial gain	47	(89)
Benefits paid	(96)	(99)
Benefit obligation — end of year	<b>1,224</b>	<b>1,187</b>
<b>Change in plan assets:</b>		
Fair value of plan assets — beginning of year	—	—
Employer contributions <sup>(1)</sup>	58	58
Plan participants contributions	38	41
Benefits paid	(96)	(99)
Fair value of plan assets — end of year	—	—
<b>Reconciliation:</b>		
Funded status	<b>(1,224)</b>	<b>(1,187)</b>
<b>Accrued postretirement cost</b>	<b>\$ (1,224)</b>	<b>\$ (1,187)</b>
<b>Assumptions:</b>		
Discount rate	<b>3.25%</b>	<b>4.25%</b>

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

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Net periodic postretirement benefit costs for the FPU Medical Plan for 2019 and 2018 include the following components:

	<b>For the Year Ended December 31,</b>	
	<b>2019</b>	<b>2018</b>
<i>(in thousands)</i>		
Net periodic cost – interest cost	\$ 48	\$ 47
Amortization of pre-merger regulatory asset	8	8
<b>Total periodic cost<sup>(1)</sup></b>	<b>\$ 56</b>	<b>\$ 55</b>
<b>Assumptions</b>		
Discount rate	4.25%	3.75%

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, 2019:

	<b>FPU Pension Plan</b>	<b>FPU Medical Plan</b>	<b>Total</b>
<i>(in thousands)</i>			
Net loss (gain)	\$ 19,339	\$ (32)	\$ 19,307
Accumulated other comprehensive loss (gain) pre-tax <sup>(1)</sup>	\$ 3,674	\$ (6)	\$ 3,668
Post-merger regulatory asset	15,665	(26)	15,639
Subtotal	19,339	(32)	19,307
Pre-merger regulatory asset	---	6	6
Total unrecognized cost	\$ 19,339	\$ (26)	\$ 19,313

<sup>(1)</sup> The total amount of accumulated other comprehensive loss recorded in FPU's consolidated balance sheet as of December 31, 2019 is net of income tax benefits of \$0.9 million.

### **Assumptions**

The assumptions used for the discount rate to calculate the benefit obligations of all the FPU plans were based on the interest rates of high-quality bonds in 2019, considering the expected lives of each 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. Since the FPU Pension Plan is frozen with respect to additional years of service and compensation, the rate of assumed compensation increases is not applicable.

The health care inflation rate for 2019 used to calculate the benefit obligation is 5.0 percent for the FPU Medical Plan.

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Estimated Future Benefit Payments

In 2020, FPU expects to contribute \$3.2 million and \$0.1 million 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:

<i>(in thousands)</i>	<b>FPU Pension Plan<sup>(1)</sup></b>	<b>FPU Medical Plan<sup>(2)</sup></b>
2020	\$ 3,281	\$ 86
2021	\$ 3,348	\$ 90
2022	\$ 3,424	\$ 91
2023	\$ 3,498	\$ 79
2024	\$ 3,549	\$ 80
Years 2025 through 2029	\$ 18,429	\$ 389

<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

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 Chesapeake Utilities 401(k) 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 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 net of a portion capitalized, totaled \$0.5 million for both years ended December 31, 2019 and 2018.

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, 2019 and 2018, the amounts matched to FPU's participants in this plan, who are our employees were immaterial.

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## 8. 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 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 year ended December 31, 2019, we were allocated \$0.1 million in total compensation expense related primarily to the FPU officer that participates in Chesapeake Utilities' share-based compensation plan. The amount allocated to us for the year ended December 31, 2018, was immaterial.

The weighted average grant-date fair value of Chesapeake Utilities SICP awards granted during 2019 and 2018 was \$92.74 and \$67.76, respectively. The intrinsic value of these awards was \$0.9 million and \$1.4 million for 2019 and 2018, respectively. At December 31, 2019, there was \$0.4 million of unrecognized compensation cost related to these awards, which is expected to be recognized during 2020 and 2021, assuming certain performance levels are achieved.

## 9. Rates and Other Regulatory Activities

*Effect of the TCJA on customers:* In February 2018, the FPSC opened dockets to consider the impacts associated with the TCJA. In May 2018, we filed petitions and supporting testimony regarding the disposition of the related impacts of the TCJA. Hearings on this matter took place in November 2018, The FPSC approved staff's recommendations on February 5, 2019. Final orders were issued on February 25, 2019, and became final after a 30-day appeal period. The order stated that: (1) the net ADIT liability of \$19.2 million would be amortized and retained by us pursuant to the prescribed schedule; (2) excluding GRIP, tax savings arising from the TCJA rate reduction will be retained by us; and (3) tax savings for GRIP for 2018 will be refunded to customers in 2020 through the annual GRIP cost recovery mechanism and future customer GRIP surcharges will be adjusted to reflect tax savings associated with TCJA.

*Natural Gas Depreciation Study:* In March 2019, we filed a petition, with the FPSC, for approval of our consolidated natural gas depreciation rates. The petition was approved by the FPSC at Agenda on October 3, 2019. The new rates were effective retroactive to January 1, 2019.

## 10. Environmental Commitments and Contingencies

We are subject to federal, state and local laws and regulations governing environmental quality and pollution control. These laws and regulations require us to remove or remediate at current and former operating sites the effect on the environment of the disposal or release of specified substances.

We have participated in the investigation, assessment or remediation, and have exposures at four former manufactured gas plant ("MGP") sites. Those sites are located in West Palm Beach, Sanford, Key West and Pensacola, Florida.

As of December 31, 2019 and 2018, we had approximately \$8.0 million and \$9.1 million, respectively, in environmental liabilities related to all of the MGP sites, representing our estimate of the future costs associated with those sites. These amounts are reflected in environmental liabilities in the accompanying balance sheets. We have approval to recover up to \$14.0 million of the environmental costs related to all of our MGP sites from insurance and from customers through rates, approximately \$11.9 million of which has been recovered as of December 31, 2019. We had approximately \$2.1 million in regulatory assets for future recovery of environmental costs from our customers.

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Environmental liabilities for our MGP sites are recorded on an undiscounted basis based on the estimate of future costs provided by independent consultants. We continue to expect that all costs related to environmental remediation and related activities, including any potential future remediation costs for which we do not currently have approval for regulatory recovery, will be recoverable from customers through rates. The following is a summary of our remediation status and estimated costs to implement clean-up of our key MGP sites:

Jurisdiction	MGP Site	Status	Cost to Clean up	Recovery through Rates
Florida	West Palm Beach	Remedial actions approved by FDEP have been implemented on the east parcel of the site. We expect to implement similar remedial actions on the site's west parcel in 2020.	Between \$4.5 million to \$15.4 million, including costs associated with the relocation of our operations at this site, and any potential costs associated with future redevelopment of the properties.	Yes
Florida	Sanford	On March 1, 2018, the EPA approved a "site-wide ready for anticipated use" status, which is the final step before delisting a site. Construction has been completed and restrictive covenants are in place to ensure protection of human health. The only remaining activity is long-term groundwater monitoring.	Our remaining remediation expenses, including attorneys' fees and costs, are anticipated to be immaterial.	Yes

## 11. Other Commitments and Contingencies

We have entered into contractual commitments to purchase natural gas from various suppliers. The contracts have various expiration dates. The total purchase obligations for natural gas are \$15.0 million for 2020, \$19.4 million for 2021-2022, \$19.2 million for 2023-2024 and \$112.2 million thereafter, with an aggregate total of \$165.8 million.

We are involved in certain other legal actions and claims arising in the normal course of business. We are also involved in certain legal proceedings 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.

## 12. Revenue from Contracts with Customers

### *Customer Revenue*

We recognize revenue when our performance obligations under contracts with customers have been satisfied, which generally occurs when we have delivered natural gas to customers. We bill customers for both the delivery of natural gas and the related commodity, as our customers are also required to purchase the commodity from us. We consider the delivery of natural gas and the related commodity sale as one performance obligation because the commodity and its delivery are highly interrelated with two-way dependency on one another. Our performance obligation is satisfied over time as natural gas is delivered and consumed by the customer. We recognize revenues based on monthly meter readings, which are based on the quantity of natural gas used and rates approved by the FPSC. We accrue unbilled revenues for natural gas that have been delivered, but not yet billed, at the end of an accounting period, to the extent that billing and delivery do not coincide. We exclude sales taxes and other similar taxes from the transaction price. Typically, our

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customers pay for the goods and/or services we provide in the month following the satisfaction of our performance obligation.

*Contract Balances*

The timing of revenue recognition, customer billings and cash collections results in trade receivables, unbilled receivables (contract assets), and customer advances (contract liabilities) in our balance sheets. As of December 31, 2019 and 2018, the balance of our trade receivables, net of provision for uncollectable accounts, was \$7.1 million and \$7.8 million, respectively. As of December 31, 2019 and 2018, there were no material contract assets or liabilities recorded on the Comparative Balance Sheet.

*Remaining performance obligations*

We have long-term fixed fee contracts with customers in which revenues are recognized as performance obligations are satisfied over the contract term. Revenue for the remaining performance obligations at December 31, 2019 are expected to be recognized as follows:

	2020	2021	2022	2023	2024	2025 and thereafter
<i>(in thousands)</i>						
Natural gas distribution operations	\$600	\$220	\$220	\$220	\$220	\$458

*Practical expedients*

For agreements that contain variable consideration, we use the invoice practical expedient method. We determined that the amounts invoiced to customers correspond directly with the value to our customers and our performance to date.

**SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS  
FOR DEPRECIATION, AMORTIZATION AND DEPLETION**

Line No.	Item (a)	Total (b)	Gas (c)
1	UTILITY PLANT		
2	In Service		
3	101 Plant in Service (Classified)	\$ 318,842,196	\$ 318,842,196
4	101.1 Property Under Capital Leases	\$ 2,326,705	\$ 2,326,705
5	102 Plant Purchased or Sold		
6	106 Completed Construction not Classified		
7	103 Experimental Plant Unclassified		
8	104 Leased to Others	-	-
9	105 Held for Future Use		
10	114 Acquisition Adjustments	\$ 48,435,997	\$ 48,435,997
11	TOTAL Utility Plant (Total of lines 3 through 10 )	\$ 369,604,898	\$ 369,604,898
12	107 Construction Work in Progress	\$ 2,293,246	\$ 2,293,246
13	Accum. Provision for Depreciation, Amortization, & Depletion	\$ (96,191,312)	\$ (96,191,312)
14	Net Utility Plant (Total of lines 11 plus 12 less line 13)	\$ 275,706,832	\$ 275,706,832
15	DETAIL OF ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION		
16	In Service:		
17	108 Depreciation	\$ 77,805,768	\$ 77,805,768
18	111 Amort. and Depl. of Producing Nat. Gas Land & Land Rights		-
19	111 Amort. of Underground Storage Land and Land Rights		-
20	119 Amortization of Other Utility Plant		-
21	TOTAL in Service (Total of lines 17 through 20)	\$ 77,805,768	\$ 77,805,768
22	Leased to Others		
23	108 Depreciation		
24	111 Amortization and Depletion		
25	TOTAL Leased to Others (Total of lines 23 and 24)		
26	Held for Future Use		
27	108 Depreciation		
28	111 Amortization		
29	TOTAL Held for Future Use (Enter. Tot. of lines 27 and 28)	-	-
30	111 Abandonment of Leases (Natural Gas)		
31	115 Amortization of Plant Acquisition Adjustment	\$ 18,385,544	\$ 18,385,544
32	TOTAL Accum. Provisions (Should agree with line 13 above) (Total of lines 21, 25, 29, 30, and 31)	\$ 96,191,312	\$ 96,191,312

**Annual Status Report  
Analysis of Plant in Service Accounts**

Florida Public Utilities Company - Natural Gas Division & Common Plants Allocated to Florida Public Utilities Natural Gas

For the Year Ended December 31, 2019

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Acct. No.	Account Description	Depr. Rate	Beginning Balance	Additions	Retirements	Reclass.	Adjustments	Transfers	Ending Balance
<b>General Plant Assets:</b>									
301	Organization		-	-	-	-	-	-	-
303	Miscellaneous Intangible Plant	10 Yrs	470,740	381	-	-	-	-	471,121
374	Land - Distribution		164,608	-	-	-	-	-	164,608
389	Land - General		4,506,723	1,935	-	-	-	-	4,508,658
	Land - Other								
<b>Amortizable General Plant Assets:</b>									
Depreciable Assets: This schedule should identify each account/subaccount for which a separate depreciation rate has been approved by the FPSC.									
<b>DISTRIBUTION PLANT</b>									
3741	Land Rights	5.50%	12,910	-	-	-	-	-	12,910
375	Structures and Improvements	2.50%	910,746	241,599	-	-	-	-	1,152,344
3761	Mains - Plastic	2.10%	64,384,673	4,307,815	(119,125)	-	-	-	68,573,363
3762	Mains - Other	2.20%	37,236,177	589,952	(50,979)	-	-	-	37,775,151
378	Meas. And Reg. Sta. Equipment - General	3.50%	1,283,394	110,017	-	-	-	-	1,393,411
379	meas. And Reg. Sta. Equipment - City Gate	3.10%	5,598,239	514,133	-	-	-	-	6,112,372
3801	Services - Plastic	2.20%	37,836,789	2,885,097	(264,289)	-	-	-	40,457,596
3802	Services - Other	9.20%	1,687,627	(0)	(34,537)	-	(377)	-	1,652,712
381	Meters	3.60%	11,902,623	1,218,647	(850,596)	-	-	-	12,270,674
382	Meter Installations	3.20%	8,843,016	1,010,321	(896)	-	-	-	9,852,441
383	House Regulators	3.30%	3,639,175	303,382	(84,574)	-	-	-	3,857,983
384	House Reg. Installations	2.70%	1,043,408	343	-	-	-	-	1,043,751
385	Industrial Meas. And Reg. Sta. Equipment	2.30%	55,465	-	-	-	-	-	55,465
386	Other Property on Customers Prem.		-	-	-	-	-	-	-
387	Other Equipment	4.00%	1,838,140	80,169	-	-	-	-	1,918,308
	<b>TOTAL DISTRIBUTION PLANT</b>		<b>181,414,453</b>	<b>11,263,790</b>	<b>(1,404,997)</b>	<b>-</b>	<b>(377)</b>	<b>-</b>	<b>191,272,868</b>
<b>GENERAL PLANT</b>									
390	Structures and Improvements	2.30%	2,877,114	2,671,516	-	-	-	-	5,548,631
3910	Office Furniture	20 Yrs	426,528	-	(172,645)	-	-	-	253,882
3911	Computers & Peripherals	10 Yrs	-	-	-	-	-	-	-
3912	Office Equipment	14 Yrs	1,104,003	393,211	(45,440)	(165,584)	-	-	1,286,191
3913	Computer Hardware	10 Yrs	925,011	-	-	13,945	-	-	938,957
3914	Software	10 Yrs	5,587,679	64,514	-	-	-	-	5,652,193
3921	Transportation - Cars	17.40%	138,855	11,298	-	-	(3,197)	-	146,956
3922	Transportation - Light Trucks, Vans	8.40%	4,174,732	190,341	(177,654)	-	-	16,714	4,204,134
3923	Transportation - Heavy Trucks	8.20%	-	-	-	-	-	-	-
3924	Transportation - Trailers	5.80%	73,643	-	-	(4,319)	-	-	69,325
393	Stores Equipment	26 Yrs	32,698	2,929	(7,117)	-	-	-	28,510

**Annual Status Report  
Analysis of Plant in Service Accounts**

Florida Public Utilities Company - Natural Gas Division & Common Plants Allocated to Florida Public Utilities Natural Gas  
For the Year Ended December 31, 2019

Page 2 of 2

Acct. No.	Account Description	Depr. Rate	Beginning Balance	Additions	Retirements	Reclass.	Adjustments	Transfers	Ending Balance
<b>(Continued)</b>									
394	Tools, Shop, and Garage Equipment	15 Yrs	859,845	71,581	(171,410)	-	-	-	760,016
395	Laboratory Equipment	20 Yrs	95,137	-	-	-	-	-	95,137
396	Power Operated Equipment	5.10%	879,427	-	-	4,319	-	-	883,746
397	Communication Equipment	13 Yrs	1,093,242	174,267	(176,626)	151,638	-	-	1,242,521
398	Miscellaneous Equipment	17 Yrs	289,349	14,249	-	-	-	-	303,598
	<b>SUBTOTAL</b>		<b>18,557,265</b>	<b>3,593,906</b>	<b>(750,892)</b>	<b>-</b>	<b>(3,197)</b>	<b>16,714</b>	<b>21,413,796</b>
399	Other Tangible Property	5 Yrs	9,619	-	-	-	-	-	9,619
376G	Mains Plastic-GRIP	2.10%	71,898,469	7,827,096	(13,356)	-	-	-	79,712,208
380G	Services Plastic-GRIP	2.20%	22,872,675	3,561,032	-	-	-	-	26,433,705
	<b>TOTAL GENERAL PLANT</b>		<b>113,338,028</b>	<b>14,982,034</b>	<b>(764,247)</b>	<b>-</b>	<b>(3,197)</b>	<b>16,714</b>	<b>127,569,328</b>
	<b>TOTAL DISTRIBUTION PLANT</b>		<b>181,414,453</b>	<b>11,263,790</b>	<b>(1,404,997)</b>	<b>-</b>	<b>(377)</b>	<b>-</b>	<b>191,272,868</b>
	<b>TOTAL GAS PLANT IN SERVICE</b>		<b>294,752,481</b>	<b>26,245,825</b>	<b>(2,169,245)</b>	<b>-</b>	<b>(3,575)</b>	<b>16,714</b>	<b>318,842,196</b>
<b>Capital Recovery Schedules:</b>									
NONE									
<b>Total Account 101*</b>			<b>294,752,481</b>	<b>26,245,825</b>	<b>(2,169,245)</b>	<b>-</b>	<b>(3,575)</b>	<b>16,714</b>	<b>318,842,196</b>
<b>Amortizable Assets:</b>									
114	Acquisition Adjustment		50,088,128	-	-	-	(1,652,132)	-	48,435,996
104	Leased Plant to Others		-	-	-	-	-	-	-
101.1	Property Under Capital Leases		-	2,326,705	-	-	-	-	2,326,705
	Rounding		-	-	-	-	-	-	1
<b>Total Utility Plant</b>			<b>344,840,609</b>	<b>28,572,530</b>	<b>(2,169,245)</b>	<b>-</b>	<b>(1,655,707)</b>	<b>16,714</b>	<b>369,604,898</b>

**Note:** \* The grand total balances include Florida Public Utilities Company Allocation of Common Plant (see following pages 14.1 and 14.2 for additional details)  
\* The grand total balances exclude Acct 115 and 107.  
\* Balances previously reported incorrectly under account 3911 are now being reported under account 3913.

**Annual Status Report  
Analysis of Entries in Accumulated Depreciation & Amortization**

Florida Public Utilities Company - Natural Gas Division & Common Plants Allocated to Florida Public Utilities Natural Gas  
For the Year Ended December 31, 2019

Page 1 of 2

Acct. No.	Account Description	Beginning Balance	Accruals	Reclass.	Retirements	Gross Salvage	Cost of Removal	Adjustments	Transfers	Ending Balance
<b>Amortizable General Plant Assets:</b>										
301	Organization	-	-	-	-	-	-	-	-	-
303	Miscellaneous Intangible Plant	(138,860)	(25,742)	-	-	-	-	-	-	(164,601)
374	Land - Distribution	-	-	-	-	-	-	-	-	-
389	Land - General	-	-	-	-	-	-	-	-	-
	Land - Other - Common	-	-	-	-	-	-	-	-	-
<b>This schedule should identify each account/subaccount for which a separate depreciation rate has been approved by the FPSC.</b>										
<b>DISTRIBUTION PLANT</b>										
3741	Land Rights	(7,620)	(708)	-	-	-	-	-	-	(8,328)
375	Structures and Improvements	(441,706)	(25,846)	-	-	-	-	-	-	(467,552)
3761	Mains - Plastic	(15,012,308)	(1,396,052)	-	119,125	-	105,319	-	-	(16,183,916)
3762	Mains - Other	(21,816,831)	(825,326)	-	50,979	-	190,797	-	-	(22,400,382)
378	Meas. and Reg. Sta. Equipment - General	(268,949)	(44,944)	-	-	-	-	-	-	(313,893)
379	Meas. and Reg. Sta. Equipment - City Gate	(1,834,613)	(185,058)	-	-	-	118,201	157	-	(1,901,312)
3801	Services - Plastic	(9,964,166)	(854,263)	-	264,289	(600)	286,696	-	-	(10,268,043)
3802	Services - Other	(2,793,217)	(153,936)	-	34,533	-	223,993	-	-	(2,688,622)
381	Meters	(4,823,222)	(375,975)	-	850,596	-	-	-	-	(4,348,601)
382	Meter Installations	(2,020,633)	(295,047)	-	896	(315)	40,673	-	-	(2,274,426)
383	House Regulators	(1,631,249)	(117,003)	-	84,574	-	4,938	-	-	(1,658,740)
384	House Reg. Installations	(580,695)	(28,177)	-	-	-	-	-	-	(608,872)
385	Industrial Meas. and Reg. Sta. Equipment	(42,946)	(1,310)	-	-	-	-	-	-	(44,256)
386	Other Property on Customers Prem.	-	-	-	-	-	-	-	-	-
387	Other Equipment	(526,156)	(74,531)	-	-	-	-	-	-	(600,687)
	<b>TOTAL DISTRIBUTION PLANT</b>	<b>(61,903,170)</b>	<b>(4,403,919)</b>	<b>-</b>	<b>1,404,994</b>	<b>(915)</b>	<b>970,619</b>	<b>157</b>	<b>-</b>	<b>(63,932,231)</b>
<b>GENERAL PLANT</b>										
390	Structures and Improvements	(649,189)	(76,685)	-	-	-	-	-	-	(725,874)
3910	Office Furniture	(169,261)	(21,393)	-	172,645	(6,934)	-	(2,374)	-	(27,317)
3911	Computers & Peripherals	-	-	-	-	-	-	-	-	-
3912	Office Equipment	(206,266)	(96,164)	50,603	45,440	-	-	(67,618)	-	(274,006)
3913	Computer Hardware	(307,729)	(42,420)	(12,528)	-	-	-	9,504	-	(353,172)
3914	Software	(1,841,260)	(599,199)	-	-	-	-	46,100	-	(2,394,358)
3921	Accum. Dep. - Transportation - Cars	(41,499)	(25,279)	-	-	-	-	-	-	(66,778)
3922	Accum. Dep. - Trans. - Light Trucks, vans	(1,495,584)	(351,281)	-	177,654	(19,806)	-	-	(3,621)	(1,692,637)
3923	Accum. Dep. - Trans. - Heavy Trucks	413	-	-	-	-	-	-	-	413
3924	Accum. Dep. - Transportation - Trailers	(37,203)	(3,134)	1,140	-	-	-	-	-	(39,197)
393	Stores Equipment	(18,704)	(895)	-	7,117	-	-	-	-	(12,482)

**Annual Status Report  
Analysis of Entries in Accumulated Depreciation & Amortization**

Florida Public Utilities Company - Natural Gas Division & Common Plants Allocated to Florida Public Utilities Natural Gas  
For the Year Ended December 31, 2019

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Acct. No.	Account Description	Beginning Balance	Accruals	Reclass.	Retirements	Gross Salvage	Cost of Removal	Adjustments	Transfers	Ending Balance
<b>(Continued)</b>										
	394 Tools, Shop, and Garage Equipment	(542,788)	(56,652)	-	171,410	-	-	-	-	(428,030)
	395 Laboratory Equipment	-	-	-	-	-	-	-	-	-
	396 Power Operated Equipment	(318,675)	(49,884)	(1,140)	-	-	-	-	-	(369,699)
	397 Communication Equipment	(314,194)	(107,338)	(38,075)	176,626	-	-	(15,802)	-	(298,782)
	398 Miscellaneous Equipment	(129,773)	(22,895)	-	-	-	-	(2,629)	-	(155,297)
	<b>SUBTOTAL</b>	<b>(6,071,712)</b>	<b>(1,453,217)</b>	<b>(0)</b>	<b>750,891</b>	<b>(26,739)</b>	<b>-</b>	<b>(32,819)</b>	<b>(3,621)</b>	<b>(6,837,216)</b>
	399 Other Tangible Property	(9,619)	-	-	-	-	-	-	-	(9,619)
	376G Mains Plastic-GRIP	(5,050,973)	(1,546,513)	-	13,356	-	14,446	-	-	(6,569,684)
	380G Services Plastic-GRIP	63,399	(526,420)	-	-	-	-	-	-	(463,022)
	<b>TOTAL GENERAL PLANT</b>	<b>(11,068,903)</b>	<b>(3,526,150)</b>	<b>(0)</b>	<b>764,246</b>	<b>(26,739)</b>	<b>14,445</b>	<b>(32,819)</b>	<b>(3,621)</b>	<b>(13,879,541)</b>
	<b>TOTAL DISTRIBUTION PLANT</b>	<b>(61,903,170)</b>	<b>(4,403,919)</b>	<b>-</b>	<b>1,404,994</b>	<b>(915)</b>	<b>970,619</b>	<b>157</b>	<b>-</b>	<b>(63,932,231)</b>
	<b>TOTAL GAS PLANT IN SERVICE</b>	<b>(72,972,073)</b>	<b>(7,930,068)</b>	<b>(0)</b>	<b>2,169,240</b>	<b>(27,654)</b>	<b>985,063</b>	<b>(32,662)</b>	<b>(3,621)</b>	<b>(77,811,772)</b>
<b>Capital Recovery Schedules:</b>										
NONE										
<b>Subtotal</b>		<b>(72,972,073)</b>	<b>(7,930,068)</b>	<b>(0)</b>	<b>2,169,240</b>	<b>(27,654)</b>	<b>985,063</b>	<b>(32,662)</b>	<b>(3,621)</b>	<b>(77,811,772)</b>
<b>List any other items necessary to reconcile the total depreciation and amortization accrual amount to Acct. 403, Depreciation Expense, shown on page 8.</b>										
	108 RWIP	25,623	-	-	(19,617)	-	-	-	-	6,006
	104 Leased Plant	-	-	-	-	-	-	-	-	-
	FPU transportation depreciation charges allocated to various business units	-	343,129	-	-	-	-	-	(343,129)	-
	Rounding	-	-	-	-	-	-	-	-	(2)
	Allocation of Common Plant from Florida Public Utilities consolidated	-	111,359	-	-	-	-	-	(111,359)	-
	<b>Subtotal</b>	<b>25,623</b>	<b>454,488</b>	<b>-</b>	<b>(19,617)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(454,487)</b>	<b>6,004</b>
<b>Grand Total</b>		<b>(72,946,450)</b>	<b>(7,475,582)</b>	<b>(0)</b>	<b>2,149,623</b>	<b>(27,654)</b>	<b>985,063</b>	<b>(32,662)</b>	<b>(458,110)</b>	<b>(77,805,768)</b>

**Note:**

- \* The grand total balances include Florida Public Utilities Company Allocation of Common Plant (see following pages 16.1 and 16.2 for additional details)
- \* The grand total balances exclude Acct 115 and 107.
- \* Balances previously reported incorrectly under account 3911 are now being reported under account 3913.
- \* Accumulated Depreciation of \$22,509 in 2018 was incorrectly reported under account 3910 and has been moved to 3912.

**Annual Status Report  
Analysis of Plant in Service Accounts**

**Common Plants Allocated to Florida Public Utilities Natural Gas  
For the Year Ended December 31, 2019**

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Acct. No.	Account Description	Depr. Rate	Beginning Balance	Additions	Retirements	Reclass.	Adjustments	Transfers	Ending Balance*
<b>Amortizable General Plant Assets:</b>									
301	Organization		-	-	-	-	-	-	-
303	Miscellaneous Intangible Plant	10 Yrs	-	-	-	-	-	-	-
374	Land - Distribution		-	-	-	-	-	-	-
389	Land - General		225,164	1,935	-	-	-	-	227,099
	Land - Other								
<b>Depreciable Assets: This schedule should identify each account/subaccount for which a separate depreciation rate has been approved by the FPSC.</b>									
<b>DISTRIBUTION PLANT</b>									
3741	Land Rights	5.50%	-	-	-	-	-	-	-
375	Structures and Improvements	2.50%	-	-	-	-	-	-	-
3761	Mains - Plastic	2.10%	-	-	-	-	-	-	-
3762	Mains - Other	2.20%	-	-	-	-	-	-	-
378	Meas. And Reg. Sta. Equipment - General	3.50%	-	-	-	-	-	-	-
379	meas. And Reg. Sta. Equipment - City Gate	3.10%	-	-	-	-	-	-	-
3801	Services - Plastic	2.20%	-	-	-	-	-	-	-
3802	Services - Other	9.20%	-	-	-	-	-	-	-
381	Meters	3.60%	-	-	-	-	-	-	-
382	Meter Installations	3.20%	-	-	-	-	-	-	-
383	House Regulators	3.30%	-	-	-	-	-	-	-
384	House Reg. Installations	2.70%	-	-	-	-	-	-	-
385	Industrial Meas. And Reg. Sta. Equipment	2.30%	-	-	-	-	-	-	-
386	Other Property on Customers Prem.		-	-	-	-	-	-	-
387	Other Equipment	4.00%	-	-	-	-	-	-	-
	<b>TOTAL DISTRIBUTION PLANT</b>		225,164	1,935	-	-	-	-	227,099
<b>GENERAL PLANT</b>									
390	Structures and Improvements	2.30%	85,729	2,656,119	-	-	-	-	2,741,848
3910	Office Furniture	20 Yrs	306,574	-	(172,645)	-	-	-	133,929
3911	Computers & Peripherals	10 Yrs	-	-	-	-	-	-	-
3912	Office Equipment	14 Yrs	101,187	139,724	(45,440)	-	-	-	195,471
3913	Computer Hardware	10 Yrs	79,795	-	-	-	-	-	79,795
3914	Software	10 Yrs	819,133	21,420	-	-	-	-	840,553
3921	Transportation - Cars	17.40%	79,933	11,298	-	-	(3,197)	-	88,033
3922	Transportation - Light Trucks, Vans	8.40%	250,337	27,179	-	-	-	16,714	294,230
3923	Transportation - Heavy Trucks	8.20%	-	-	-	-	-	-	-
3924	Transportation - Trailers	5.80%	-	-	-	-	-	-	-
393	Stores Equipment	26 Yrs	-	-	-	-	-	-	-

**Annual Status Report  
Analysis of Plant in Service Accounts**

**Common Plants Allocated to Florida Public Utilities Natural Gas**

**For the Year Ended December 31, 2019**

**Page 2 of 2**

Acct. No.	Account Description	Depr. Rate	Beginning Balance*	Additions	Retirements	Reclass.	Adjustments	Transfers	Ending Balance*
<b>(Continued)</b>									
394	Tools, Shop, and Garage Equipment	15 Yrs	-	-	-	-	-	-	-
395	Laboratory Equipment	20 Yrs	-	-	-	-	-	-	-
396	Power Operated Equipment	5.10%	-	-	-	-	-	-	-
397	Communication Equipment	13 Yrs	96,365	140,031	-	-	-	-	236,397
398	Miscellaneous Equipment	17 Yrs	13,995	-	-	-	-	-	13,995
	<b>SUBTOTAL</b>		<b>1,833,048</b>	<b>2,995,771</b>	<b>(218,085)</b>	<b>-</b>	<b>(3,197)</b>	<b>16,714</b>	<b>4,624,251</b>
399	Other Tangible Property	5 Yrs	9,619	-	-	-	-	-	9,619
376G	Mains Plastic-GRIP	2.10%	-	-	-	-	-	-	-
380G	Services Plastic-GRIP	2.20%	-	-	-	-	-	-	-
	<b>TOTAL GENERAL PLANT</b>		<b>1,842,666</b>	<b>2,997,706</b>	<b>(218,085)</b>	<b>-</b>	<b>(3,197)</b>	<b>16,714</b>	<b>4,633,870</b>
	<b>TOTAL DISTRIBUTION PLANT</b>		<b>225,164</b>	<b>1,935</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>227,099</b>
	<b>TOTAL GAS PLANT IN SERVICE</b>		<b>2,067,830</b>	<b>2,999,641</b>	<b>(218,085)</b>	<b>-</b>	<b>(3,197)</b>	<b>16,714</b>	<b>4,860,969</b>
<b>Capital Recovery Schedules:</b>									
NONE									
<b>Total Account 101*</b>			<b>2,067,830</b>	<b>2,999,641</b>	<b>(218,085)</b>	<b>-</b>	<b>(3,197)</b>	<b>16,714</b>	<b>4,860,969</b>
<b>Amortizable Assets:</b>									
114	Acquisition Adjustment		3,877,668						3,877,668
104	Leased Plant to Others								-
101.1	Property Under Capital Leases			308,712					308,712
	Other								
<b>Total Utility Plant</b>			<b>5,945,498</b>	<b>3,308,353</b>	<b>(218,085)</b>	<b>-</b>	<b>(3,197)</b>	<b>16,714</b>	<b>9,047,349</b>

**Note:** \* The grand total balances on pages 13.1-16.1 are Florida Public Utilities Company Allocation of Common Plant And Accumulated Depreciation only

\* FPUC Allocation of Common Plant and Accumulated Depreciation to this division was 42.6% in 2018 and 38.5% in 2019.

**Annual Status Report**  
**Analysis of Entries in Accumulated Depreciation & Amortization**

**Common Plants Allocated to Florida Public Utilities Natural Gas**  
**For the Year Ended December 31, 2019**

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Acct. No.	Account Description	Beginning Balance*	Accruals	Reclass.	Retirements	Gross Salvage	Cost of Removal	Adjustments	Transfers	Ending Balance*
<b>Amortizable General Plant Assets:</b>										
301	Organization									
303	Miscellaneous Intangible Plant	-	-	-	-	-	-	-	-	-
374	Land - Distribution	-	-	-	-	-	-	-	-	-
389	Land - General	-	-	-	-	-	-	-	-	-
	Land - Other - Common									
<b>This schedule should identify each account/subaccount for which a separate depreciation rate has been approved by the FPSC.</b>										
<b>DISTRIBUTION PLANT</b>										
3741	Land Rights	-	-	-	-	-	-	-	-	-
375	Structures and Improvements	-	-	-	-	-	-	-	-	-
3761	Mains - Plastic	-	-	-	-	-	-	-	-	-
3762	Mains - Other	-	-	-	-	-	-	-	-	-
378	Meas. and Reg. Sta. Equipment - General	-	-	-	-	-	-	-	-	-
379	Meas. and Reg. Sta. Equipment - City Gate	-	-	-	-	-	-	-	-	-
3801	Services - Plastic	-	-	-	-	-	-	-	-	-
3802	Services - Other	-	-	-	-	-	-	-	-	-
381	Meters	-	-	-	-	-	-	-	-	-
382	Meter Installations	-	-	-	-	-	-	-	-	-
383	House Regulators	-	-	-	-	-	-	-	-	-
384	House Reg. Installations	-	-	-	-	-	-	-	-	-
385	Industrial Meas. and Reg. Sta. Equipment	-	-	-	-	-	-	-	-	-
386	Other Property on Customers Prem.	-	-	-	-	-	-	-	-	-
387	Other Equipment	-	-	-	-	-	-	-	-	-
	<b>TOTAL DISTRIBUTION PLANT</b>	-								-
<b>GENERAL PLANT</b>										
390	Structures and Improvements	(12,745)	(12,402)	-	-	-	-	-	-	(25,147)
3910	Office Furniture	(86,590)	(8,136)	-	172,645	(6,934)	-	(2,374)	-	68,611
3911	Computers & Peripherals	-	-	-	-	-	-	-	-	-
3912	Office Equipment	(11,402)	(7,987)	-	45,440	-	-	(67,618)	-	(41,568)
3913	Computer Hardware	128,263	(7,978)	-	-	-	-	10,886	-	131,171
3914	Software	(558,154)	(29,125)	-	-	-	-	46,100	-	(541,179)
3921	Accum. Dep. - Transportation - Cars	(11,393)	(15,027)	-	-	-	-	-	-	(26,420)
3922	Accum. Dep. - Trans. - Light Trucks, vans	(52,767)	(21,538)	-	-	-	-	-	(3,621)	(77,927)
3923	Accum. Dep. - Trans. - Heavy Trucks	-	-	-	-	-	-	-	-	-
3924	Accum. Dep. - Transportation - Trailers	-	-	-	-	-	-	-	-	-
393	Stores Equipment	-	-	-	-	-	-	-	-	-

**Annual Status Report**  
**Analysis of Entries in Accumulated Depreciation & Amortization**

Common Plants Allocated to Florida Public Utilities Natural Gas

For the Year Ended December 31, 2019

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Acct. No.	Account Description	Beginning Balance	Accruals	Reclass.	Retirements	Gross Salvage	Cost of Removal	Adjustments	Transfers	Ending Balance*
<b>(Continued)</b>										
394	Tools, Shop, and Garage Equipment	-	-	-	-	-	-	-	-	-
395	Laboratory Equipment	-	-	-	-	-	-	-	-	-
396	Power Operated Equipment	-	-	-	-	-	-	-	-	-
397	Communication Equipment	(1,895)	(8,343)	-	-	-	-	(9,248)	-	(19,486)
398	Miscellaneous Equipment	4,683	(823)	-	-	-	-	(2,629)	-	1,231
	<b>SUBTOTAL</b>	<b>(602,001)</b>	<b>(111,359)</b>	<b>-</b>	<b>218,085</b>	<b>(6,934)</b>	<b>-</b>	<b>(24,884)</b>	<b>(3,621)</b>	<b>(530,714)</b>
399	Other Tangible Property	(9,619)	-	-	-	-	-	-	-	(9,619)
376G	Mains Plastic-GRIP	-	-	-	-	-	-	-	-	-
380G	Services Plastic-GRIP	-	-	-	-	-	-	-	-	-
	<b>TOTAL GENERAL PLANT</b>	<b>(611,620)</b>	<b>(111,359)</b>	<b>-</b>	<b>218,085</b>	<b>(6,934)</b>	<b>-</b>	<b>(24,884)</b>	<b>(3,621)</b>	<b>(540,333)</b>
	<b>TOTAL DISTRIBUTION PLANT</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>TOTAL GAS PLANT IN SERVICE</b>	<b>(611,620)</b>	<b>(111,359)</b>	<b>-</b>	<b>218,085</b>	<b>(6,934)</b>	<b>-</b>	<b>(24,884)</b>	<b>(3,621)</b>	<b>(540,333)</b>
<b>Capital Recovery Schedules:</b>										
NONE										
	<b>Subtotal</b>	<b>(611,620)</b>	<b>(111,359)</b>	<b>-</b>	<b>218,085</b>	<b>(6,934)</b>	<b>-</b>	<b>(24,884)</b>	<b>(3,621)</b>	<b>(540,333)</b>
List any other items necessary to reconcile the total depreciation and amortization accrual amount to Acct. 403, Depreciation Expense, shown on page 8.										
1089	RWIP	-	-	-	-	-	-	-	-	-
1040	Leased Plant	-	-	-	-	-	-	-	-	-
	<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Grand Total</b>	<b>(611,620)</b>	<b>(111,359)</b>	<b>-</b>	<b>218,085</b>	<b>(6,934)</b>	<b>-</b>	<b>(24,884)</b>	<b>(3,621)</b>	<b>(540,333)</b>

Note: \* The grand total balances on pages 13.1-16.1 are Florida Public Utilities Company Allocation of Common Plant And Accumulated Depreciation only

\* FPUC Allocation of Common Plant and Accumulated Depreciation to this division was 42.6% in 2018 and 38.5% in 2019.

**Annual Status Report  
Analysis of Plant in Service Accounts**

Florida Public Utilities Company - Natural Gas Division  
For the Year Ended December 31, 2019

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Acct. No.	Account Description	Depr. Rate	Beginning Balance*	Additions	Retirements	Reclass.	Adjustments	Transfers	Ending Balance*
<b>Amortizable General Plant Assets:</b>									
301	Organization		-	-	-	-	-	-	-
303	Miscellaneous Intangible Plant	10 Yrs	470,740	381	-	-	-	-	471,121
374	Land - Distribution		164,608	-	-	-	-	-	164,608
389	Land - General		4,281,559	-	-	-	-	-	4,281,559
	Land - Other								
<b>Depreciable Assets: This schedule should identify each account/subaccount for which a separate depreciation rate has been approved by the FPSC.</b>									
<b>DISTRIBUTION PLANT</b>									
3741	Land Rights	5.50%	12,910	-	-	-	-	-	12,910
375	Structures and Improvements	2.50%	910,746	241,599	-	-	-	-	1,152,344
3761	Mains - Plastic	2.10%	64,384,674	4,307,815	(119,125)	-	-	-	68,573,363
3762	Mains - Other	2.20%	37,236,177	589,952	(50,979)	-	-	-	37,775,151
378	Meas. And Reg. Sta. Equipment - General	3.50%	1,283,394	110,017	-	-	-	-	1,393,411
379	meas. And Reg. Sta. Equipment - City Gate	3.10%	5,598,239	514,133	-	-	-	-	6,112,372
3801	Services - Plastic	2.20%	37,836,789	2,885,097	(264,289)	-	-	-	40,457,596
3802	Services - Other	9.20%	1,687,627	(0)	(34,537)	-	(377)	-	1,652,712
381	Meters	3.60%	11,902,623	1,218,647	(850,596)	-	-	-	12,270,674
382	Meter Installations	3.20%	8,843,016	1,010,321	(896)	-	-	-	9,852,441
383	House Regulators	3.30%	3,639,175	303,382	(84,574)	-	-	-	3,857,983
384	House Reg. Installations	2.70%	1,043,408	343	-	-	-	-	1,043,751
385	Industrial Meas. And Reg. Sta. Equipment	2.30%	55,465	-	-	-	-	-	55,465
386	Other Property on Customers Prem.		-	-	-	-	-	-	-
387	Other Equipment	4.00%	1,838,140	80,168	-	-	-	-	1,918,308
	<b>TOTAL DISTRIBUTION PLANT</b>		<b>181,189,290</b>	<b>11,261,854</b>	<b>(1,404,997)</b>	<b>-</b>	<b>(377)</b>	<b>-</b>	<b>191,045,769</b>
<b>GENERAL PLANT</b>									
390	Structures and Improvements	2.30%	2,791,386	15,397	-	-	-	-	2,806,783
3910	Office Furniture	20 Yrs	119,954	-	-	-	-	-	119,954
3911	Computers & Peripherals	10 Yrs	-	-	-	-	-	-	-
3912	Office Equipment	14 Yrs	1,002,816	253,487	-	(165,584)	-	-	1,090,720
3913	Computer Hardware	10 Yrs	845,216	-	-	13,945	-	-	859,162
3914	Software	10 Yrs	4,768,546	43,094	-	-	-	-	4,811,640
3921	Transportation - Cars	17.40%	58,922	-	-	-	-	-	58,922
3922	Transportation - Light Trucks, Vans	8.40%	3,924,396	163,161	(177,654)	-	-	-	3,909,904
3923	Transportation - Heavy Trucks	8.20%	-	-	-	-	-	-	-
3924	Transportation - Trailers	5.80%	73,643	-	-	(4,319)	-	-	69,325
393	Stores Equipment	26 Yrs	32,698	2,929	(7,117)	-	-	-	28,510

**Annual Status Report  
Analysis of Plant in Service Accounts**

Florida Public Utilities Company - Natural Gas Division  
For the Year Ended December 31, 2019

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Acct. No.	Account Description	Depr. Rate	Beginning Balance	Additions	Retirements	Reclass	Adjustments	Transfers	Ending Balance*
<b>(Continued)</b>									
394	Tools, Shop, and Garage Equipment	15 Yrs	859,845	71,581	(171,410)	-	-	-	760,016
395	Laboratory Equipment	20 Yrs	95,137	-	-	-	-	-	95,137
396	Power Operated Equipment	5.10%	879,427	-	-	4,319	-	-	883,746
397	Communication Equipment	13 Yrs	996,877	34,235	(176,626)	151,638	-	-	1,006,125
398	Miscellaneous Equipment	17 Yrs	275,354	14,249	-	-	-	-	289,603
	<b>SUBTOTAL</b>		<b>16,724,217</b>	<b>598,134</b>	<b>(532,807)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,789,546</b>
399	Other Tangible Property	5 Yrs	-	-	-	-	-	-	-
376G	Mains Plastic-GRIP	2.10%	71,898,468	7,827,096	(13,356)	-	-	-	79,712,208
380G	Services Plastic-GRIP	2.20%	22,872,673	3,561,032	-	-	-	-	26,433,705
	<b>TOTAL GENERAL PLANT</b>		<b>111,495,357</b>	<b>11,986,262</b>	<b>(546,162)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>122,935,459</b>
	<b>TOTAL DISTRIBUTION PLANT</b>		<b>181,189,290</b>	<b>11,261,854</b>	<b>(1,404,997)</b>	<b>-</b>	<b>(377)</b>	<b>-</b>	<b>191,045,769</b>
	<b>TOTAL GAS PLANT IN SERVICE</b>		<b>292,684,647</b>	<b>23,248,116</b>	<b>(1,951,159)</b>	<b>-</b>	<b>(377)</b>	<b>-</b>	<b>313,981,228</b>
<b>Capital Recovery Schedules:</b>									
NONE									
<b>Total Account 101*</b>			<b>292,684,647</b>	<b>23,248,116</b>	<b>(1,951,159)</b>	<b>-</b>	<b>(377)</b>	<b>-</b>	<b>313,981,228</b>
<b>Amortizable Assets:</b>									
114	Acquisition Adjustment		46,210,460				(1,652,132)		44,558,328
104	Leased Plant to Others								-
101.1	Property Under Capital Leases			2,017,993					2,017,993
	Other								
<b>Total Utility Plant</b>			<b>338,895,107</b>	<b>25,266,109</b>	<b>(1,951,159)</b>	<b>-</b>	<b>(1,652,509)</b>	<b>-</b>	<b>360,557,549</b>

**Notes:** \* The grand total balances on pages 13.2-16.2 are Florida Public Utilities Company Natural Gas Division only  
\* Balances previously reported incorrectly under account 3911 are now being reported under account 3913.

**Annual Status Report  
Analysis of Entries in Accumulated Depreciation & Amortization**

Florida Public Utilities Company - Natural Gas Division  
For the Year Ended December 31, 2019

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Acct. No.	Account Description	Beginning Balance*	Accruals	Reclass.	Retirements	Gross Salvage	Cost of Removal	Adjustments	Transfers	Ending Balance*
<b>Amortizable General Plant Assets:</b>										
301	Organization	-	-	-	-	-	-	-	-	-
303	Miscellaneous Intangible Plant	(138,860)	(25,742)	-	-	-	-	-	-	(164,601)
374	Land - Distribution	-	-	-	-	-	-	-	-	-
389	Land - General	-	-	-	-	-	-	-	-	-
	Land - Other - Common	-	-	-	-	-	-	-	-	-
<b>This schedule should identify each account/subaccount for which a separate depreciation rate has been approved by the FPSC.</b>										
<b>DISTRIBUTION PLANT</b>										
3741	Land Rights	(7,620)	(708)	-	-	-	-	-	-	(8,328)
375	Structures and Improvements	(441,706)	(25,846)	-	-	-	-	-	-	(467,552)
3761	Mains - Plastic	(15,012,308)	(1,396,052)	-	119,125	-	105,319	-	-	(16,183,916)
3762	Mains - Other	(21,816,831)	(825,326)	-	50,979	-	190,797	-	-	(22,400,382)
378	Meas. and Reg. Sta. Equipment - General	(268,949)	(44,944)	-	-	-	-	-	-	(313,893)
379	Meas. and Reg. Sta. Equipment - City Gate	(1,834,613)	(185,058)	-	-	-	118,201	157	-	(1,901,312)
3801	Services - Plastic	(9,964,166)	(854,263)	-	264,289	(600)	286,696	-	-	(10,268,043)
3802	Services - Other	(2,793,217)	(153,936)	-	34,537	-	223,993	-	-	(2,688,622)
381	Meters	(4,823,222)	(375,975)	-	850,596	-	-	-	-	(4,348,601)
382	Meter Installations	(2,020,633)	(295,047)	-	896	(315)	40,673	-	-	(2,274,426)
383	House Regulators	(1,631,249)	(117,003)	-	84,574	-	4,938	-	-	(1,658,740)
384	House Reg. Installations	(580,695)	(28,177)	-	-	-	-	-	-	(608,872)
385	Industrial Meas. and Reg. Sta. Equipment	(42,946)	(1,310)	-	-	-	-	-	-	(44,256)
386	Other Property on Customers Prem.	-	-	-	-	-	-	-	-	-
387	Other Equipment	(526,156)	(74,531)	-	-	-	-	-	-	(600,687)
	<b>TOTAL DISTRIBUTION PLANT</b>	<b>(61,903,170)</b>	<b>(4,403,919)</b>	<b>-</b>	<b>1,404,997</b>	<b>(915)</b>	<b>970,618</b>	<b>157</b>	<b>-</b>	<b>(63,932,231)</b>
<b>GENERAL PLANT</b>										
390	Structures and Improvements	(636,443)	(64,283)	-	-	-	-	-	-	(700,726)
3910	Office Furniture	(82,671)	(13,256)	-	-	-	-	-	-	(95,928)
3911	Computers & Peripherals	-	-	-	-	-	-	-	-	-
3912	Office Equipment	(194,864)	(88,178)	50,603	-	-	-	-	-	(232,438)
3913	Computer Hardware	(435,992)	(34,442)	(12,528)	-	-	-	(1,381)	-	(484,343)
3914	Software	(1,283,106)	(570,073)	-	-	-	-	-	-	(1,853,179)
3921	Accum. Dep. - Transportation - Cars	(30,107)	(10,252)	-	-	-	-	-	-	(40,359)
3922	Accum. Dep. - Trans. - Light Trucks, vans	(1,442,815)	(329,743)	-	177,654	(19,806)	-	-	-	(1,614,710)
3923	Accum. Dep. - Trans. - Heavy Trucks	413	-	-	-	-	-	-	-	413
3924	Accum. Dep. - Transportation - Trailers	(37,203)	(3,134)	1,140	-	-	-	-	-	(39,197)
393	Stores Equipment	(18,704)	(895)	-	7,117	-	-	-	-	(12,482)

**Annual Status Report**  
**Analysis of Entries in Accumulated Depreciation & Amortization**

Florida Public Utilities Company - Natural Gas Division  
For the Year Ended December 31, 2019

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Acct. No.	Account Description	Beginning Balance	Accruals	Reclass.	Retirements	Gross Salvage	Cost of Removal	Adjustments	Transfers	Ending Balance*
<b>(Continued)</b>										
394	Tools, Shop, and Garage Equipment	(542,788)	(56,652)	-	171,410	-	-	-	-	(428,030)
395	Laboratory Equipment	-	-	-	-	-	-	-	-	-
396	Power Operated Equipment	(318,675)	(49,884)	(1,140)	-	-	-	-	-	(369,699)
397	Communication Equipment	(312,298)	(98,995)	(38,075)	176,626	-	-	(6,554)	-	(279,296)
398	Miscellaneous Equipment	(134,457)	(22,072)	-	-	-	-	-	-	(156,529)
	<b>SUBTOTAL</b>	<b>(5,469,709)</b>	<b>(1,341,859)</b>	<b>(0)</b>	<b>532,807</b>	<b>(19,806)</b>	<b>-</b>	<b>(7,935)</b>	<b>-</b>	<b>(6,306,502)</b>
399	Other Tangible Property	-	-	-	-	-	-	-	-	-
376G	Mains Plastic-GRIP	(5,050,973)	(1,546,513)	-	13,356	-	14,446	-	-	(6,569,684)
380G	Services Plastic-GRIP	63,399	(526,421)	-	-	-	-	-	-	(463,022)
	<b>TOTAL GENERAL PLANT</b>	<b>(10,457,284)</b>	<b>(3,414,792)</b>	<b>(0)</b>	<b>546,162</b>	<b>(19,806)</b>	<b>14,445</b>	<b>(7,935)</b>	<b>-</b>	<b>(13,339,208)</b>
	<b>TOTAL DISTRIBUTION PLANT</b>	<b>(61,903,170)</b>	<b>(4,403,919)</b>	<b>-</b>	<b>1,404,997</b>	<b>(915)</b>	<b>970,618</b>	<b>157</b>	<b>-</b>	<b>(63,932,231)</b>
	<b>TOTAL GAS PLANT IN SERVICE</b>	<b>(72,360,454)</b>	<b>(7,818,711)</b>	<b>(0)</b>	<b>1,951,159</b>	<b>(20,721)</b>	<b>985,062</b>	<b>(7,778)</b>	<b>-</b>	<b>(77,271,439)</b>
<b>Capital Recovery Schedules:</b>										
NONE										
<b>Subtotal</b>		<b>(72,360,454)</b>	<b>(7,818,711)</b>	<b>(0)</b>	<b>1,951,159</b>	<b>(20,721)</b>	<b>985,062</b>	<b>(7,778)</b>	<b>-</b>	<b>(77,271,439)</b>
List any other items necessary to reconcile the total depreciation and amortization accrual amount to Acct. 403, Depreciation Expense, shown on page 8										
1089	RWIP	25,623	-	-	(19,617)	-	-	-	-	6,006
1040	Leased Plant Rounding	-	-	-	-	-	-	-	-	(2)
	<b>Subtotal</b>	<b>25,623</b>	<b>-</b>	<b>-</b>	<b>(19,617)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,004</b>
<b>Grand Total</b>		<b>(72,334,831)</b>	<b>(7,818,711)</b>	<b>(0)</b>	<b>1,931,542</b>	<b>(20,721)</b>	<b>985,062</b>	<b>(7,778)</b>	<b>-</b>	<b>(77,265,435)</b>

**Notes:** \* The grand total balances on pages 13.2-16.2 are Florida Public Utilities Company Natural Gas Division only  
\* Balances previously reported incorrectly under account 3911 are now being reported under account 3913.  
\* Accumulated Depreciation of \$22,509 in 2018 was incorrectly reported under account 3910 and has been moved to 3912.

**CONSTRUCTION WORK IN PROGRESS-GAS (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 (less than \$500,000) may be grouped.

Line No.	Description of Project (a)	Construction Work in Progress-Gas (Account 107) (b)	Estimated Additional Cost of Project (c)
1	Various GRIP Projects	\$ 44,884	\$ 1,337,207
2	Various Mains Projects	\$ 645,849	\$ 4,330,229
3	Other	\$ 62,922	\$ 491,189
4	Power Plan Fixed Asset Software	\$ 454,750	\$ 1,141,355
5	Valencia Sound Subdivision	\$ 294,537	\$ 275,003
6	BB Town Sq SE 1st Ave BB	\$ 235,437	\$ -
7	Broadway Ph 5	\$ 232,474	\$ 218,268
8	4 Inch PE SR 44 Reinforcement	\$ 203,220	\$ 6,372
9	Sky Cove Westlake	\$ 106,499	\$ 43,481
10	Corporate	\$ 12,674	\$ 443,082
11			
12			
13			
14			
15	<b>TOTAL</b>	\$ 2,293,246	\$ 8,286,186

**CONSTRUCTION OVERHEADS-GAS**

1. List in column (a) the kinds of overheads according to the titles used by the respondent. Charges for outside professional services for engineering fees and management or supervision fees capitalized should be shown as separate items.  
2. A respondent should not report "none" to this page if no overhead apportionments are made, but rather should explain the accounting procedures employed  
and the amounts of engineering, supervision, and administrative costs, etc. which are directly charged to construction.  
3. Enter on this page engineering, supervision, administrative,, and allowance for funds used during construction, etc. which are first assigned to a blanket work order and then prorated to construction jobs.

Line No.	Description of Overhead (a)	Total Amount Charged for the Year (b)	Total Cost of Construction to Which Overheads Were Charged (Exclusive of Overhead Charges) (c)
1	Administrative & General	\$ 799,012	\$ -
2	Engineering	\$ 1,314,471	\$ -
3	Operations	\$ 258,062	\$ -
4	Supervision	\$ 756,803	\$ -
5	Total Cost of Construction	\$ -	\$ 20,861,572
6			
7			
8			
9			
10			
11			
12	<b>TOTAL</b>	\$ 3,128,348	\$ 20,861,572

**PREPAYMENTS (Account 165)**

1. Report below the particulars (details) on each prepayment.

Line No.	Nature of Prepayment (a)	Balance at End of Year (In Dollars) (b)
1	Prepaid Insurance	\$ 569,011
2	Prepaid Rents	\$ 40,612
3	Prepaid Taxes	\$ -
4	Prepaid Interest	\$ -
5	Gas Prepayments	\$ -
6	Miscellaneous Prepayments: Membership dues, software maintenance, office security deposit, odorant	\$ 368,054
7		
8	<b>TOTAL</b>	<b>\$ 977,677</b>

**EXTRAORDINARY PROPERTY LOSSES (Account 182.1)**

Line No.	Description of Extraordinary Loss [Include in the description the date of loss, the date of Commission authorization to use Account 182.1 and period of amortization (mo, yr, to mo, yr).] (a)	Total Amount of Loss (b)	Losses Recognized During Year (c)	WRITTEN OFF DURING YEAR		Balance at End of Year (f)
				Account Charged (d)	Amount (e)	
1	None					
2						
3						
4						
5						
6						
7						
8						
9						
10						

**UNRECOVERED PLANT AND REGULATORY STUDY COSTS (182.2)**

Line No.	Description of Unrecovered Plant and Regulatory Study Costs [Include in the description of costs, the date of Commission authorization to use Account 182.2 and period of amortization (mo, yr, to mo, yr).] (a)	Total Amount of Charges (b)	Costs Recognized During Year (c)	WRITTEN OFF DURING YEAR		Balance at End of Year (f)
				Account Charged (d)	Amount (e)	
1	None					
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13	<b>TOTAL</b>					

December 31, 2019

**OTHER REGULATORY ASSETS (Account 182.3)**

1. Reporting below the particulars (details) called for concerning other regulatory assets which are created through the ratemaking actions of regulatory agencies (and not includible in other amounts).

2. For regulatory assets being amortized, show period of amortization in column (a).  
3. Minor items (amounts less than \$25,000) may be grouped by classes.

Line No.	Description and Purpose of Other Regulatory Assets (a)	Balance Beginning of Year (b)	Debits (c)	Credits		Balance End of Year (f)
				Account Charged (d)	Amounts (e)	
1	Environmental	\$ 2,516,626	\$ -	405	\$ (456,348)	\$ 2,060,278
2	Depreciation Study	\$ 0	\$ -	407.3	\$ -	\$ 0
3	Pension	\$ 10,216,746	\$ 656,466	926/228	\$ (560,986)	\$ 10,312,226
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17	TOTAL	\$ 12,733,372	\$ 656,466		\$ (1,017,334)	\$ 12,372,504

**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 (amounts less than \$25,000) may be grouped by classes.

Line No.	Description of Miscellaneous Deferred Debit (a)	Balance Beginning of Year (b)	Debits (c)	Account Charged (d)	Amount (e)	Balance End of Year (f)
1	Unamortized Piping & Conversion Costs	\$ 1,018,726	\$ 330,743	405	\$ (445,864)	\$ 903,605
2	Conservation Recovery	\$ -	\$ 357,316		\$ (209,919)	\$ 147,397
3	Goodwill	\$ 223	\$ -	887	\$ -	\$ 223
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16	Misc. Work in Progress					
17	Deferred Regulatory Comm. Expenses	\$ -	\$ -		\$ -	\$ -
18	TOTAL	\$ 1,018,949	\$ 688,059		\$ (655,783)	\$ 1,051,225

**SECURITIES ISSUED AND  
SECURITIES REFUNDED OR RETIRED DURING THE YEAR**

- |  |  |
|--|--|
| <p>1. Furnish a supplemental statement giving a brief description of security financing and refinancing transactions during the year and the accounting for the securities, discounts, premiums, expenses, and related gains or losses.</p> <p>2. Furnish particulars (details) showing fully the accounting for the total principal amount, par value, or stated value of each class and series of security issued, retired, or refunded and the accounting for premiums, discounts, expenses, and gains or losses relating to the securities. Set forth the facts of the accounting clearly with regard to redemption premiums, unamortized discounts, expenses, and gains or losses relating to securities retired or refunded.</p> | <p>and gains or losses relating to securities retired or refunded.</p> <p>3. Included in the identification of each class and series of security, as appropriate, the interest or dividend rate, nominal date of issuance, maturity date, aggregate principal amount, par value or stated value, and number of shares.</p> <p>4. Where the accounting for amounts relating to securities refunded or retired is other than that specified in General Instruction 17 of the Uniform System of Accounts, give references to the Commission authorization for the different accounting and state the accounting method.</p> |
|--|--|

Not Applicable

**UNAMORTIZED LOSS AND GAIN ON REACQUIRED DEBT (Accounts 189, 257)**

- |  |  |
|--|--|
| <p>1. Report under separate subheadings for Unamortized Loss and Unamortized Gain on Reacquired Debt, particulars (details) of gain and loss, including maturity date, on reacquisition applicable to each class and series of long-term debt. If gain or loss resulted from a refunding transaction, include also the maturity date of the new issue.</p> <p>2. In column (c) show the principal amount of bonds or other long-term debt reacquired.</p> <p>3. In column (d) show the net gain or net loss realized on each debt reacquisition as computed in accordance with</p> | <p>General Instruction 17 of the Uniform Systems of Accounts</p> <p>4. Show loss amounts by enclosing the figures in parentheses.</p> <p>5. Explain in a footnote any debits and credits other than amortization debited to Account 428.1, Amortization of Loss on Reacquired Debt, or credited to Account 429.1, Amortization of Gain on Reacquired Debit-Credit.</p> |
|--|--|

Line No.	Designation of Long-Term Debt (a)	Date Reacquired (b)	Principal of Debt Reacquired (c)	Net Gain or Net Loss (d)	Balance at Beginning of Year (e)	Balance at End of Year (f)
1	Senior Note 8 - 5.68%	6/24/2011	\$ 29,000,000	\$ 1,461,528	\$ 942,458	\$ 868,757
2						
3						
4						
5						
6						
7						
8						
9						
10	Annual amortization of unamortized loss on required debt allocated to Florida Public Utilities-NG					\$54,723
11						
12	Note: Schedule lists total unamortized loss on reacquired debt for Chesapeake Utilities Corporation. Line number 10 indicates the amount that is allocated to Florida Public Utilities - Natural Gas.					
13						

**LONG-TERM DEBT (Accounts 221, 222, 223, and 224)**

1. Report by balance sheet Account the 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. If information to meet the stock exchange reporting requirement outlined in column (a) is available from the SEC 10-K Report Form Filing, a specific reference to the report form (i.e., year and company title) may be reported in column (a) provided the fiscal years for both the 10-K report and this report are compatible.  
2. For advances from Associated Companies, report separately advances on notes and advances on open accounts. Designate demand notes as such. Include in column (a) names of associated

companies from which advances were received.  
3. If the respondent has any long-term securities which have been nominally issued and are nominally outstanding at end of year, describe such securities in a footnote.  
4. If interest expense was incurred during the year on any obligations retired or reacquired before end of year, include such interest in column (f). Explain in a footnote any difference between the total of column (f) and the total of Account 427, Interest on Long-Term Debt and Account 430, Interest on Debt to Associated Companies.

Line No.	Class and Series of Obligation (a)	Nominal Date of Issue (b)	Date of Maturity (c)	Original Amount Issued (d)	Interest for Year		Total Amount Outstanding (g)
					Rate (in %) (e)	Amount (f)	
1	Unamortized Issuance Costs (DRP)						
2	Senior Note 5 - 6.64%	10/31/2002	10/31/2017	\$ 30,000,000	6.64%	\$ -	\$ -
3	Senior Note 6 - 5.5%	12/12/2006	10/12/2020	\$ 20,000,000	5.50%	\$ 195,861	\$ 2,000,000
4	Senior Note 7 - 5.93%	10/31/2008	10/31/2023	\$ 30,000,000	5.93%	\$ 815,375	\$ 12,000,000
5	Senior Note 8 - 5.68%	6/24/2011	6/30/2026	\$ 29,000,000	5.68%	\$ 1,235,400	\$ 20,300,000
6	Senior Note 9 - 6.43%	5/2/2013	5/2/2028	\$ 7,000,000	6.43%	\$ 420,093	\$ 6,300,000
7	Senior Note 10 - 3.73%	12/16/2013	12/16/2028	\$ 20,000,000	3.73%	\$ 742,892	\$ 18,000,000
8	Senior Note 11 - 3.88%	5/15/2014	5/15/2029	\$ 50,000,000	3.88%	\$ 1,940,000	\$ 50,000,000
9	Senior Note 12 - 3.25%	4/21/2017	4/30/2032	\$ 70,000,000	3.25%	\$ 2,275,000	\$ 70,000,000
10	Senior Note 16 - 2.98%	12/20/2019	12/20/2034	\$ 70,000,000	2.98%	\$ 57,944	\$ 70,000,000
11	Tranche 1	5/1/2018	5/31/2038	\$ 50,000,000	3.48%	\$ 1,740,000	\$ 50,000,000
12	Tranche 2	11/1/2018	11/1/2038	\$ 50,000,000	3.58%	\$ 1,819,833	\$ 50,000,000
13	Tranche 3	8/1/2019	8/1/2039	\$ 100,000,000	3.98%	\$ 1,536,722	\$ 100,000,000
14	Promissory Note	2/1/2010	3/1/2015	\$ 310,000	0.00%	\$ -	\$ -
15	Interim Term Note 1	12/21/2018	1/21/2020	\$ 30,000,000		\$ 921,272	\$ -
16	Interim Term Note 2	1/31/2019	2/28/2020	\$ 30,000,000		\$ 838,320	\$ 30,000,000
17	FPU Bond - 9.08%	6/1/1992	6/1/2022	\$ 8,000,000	9.08%	\$ 726,400	\$ 8,000,000
18	Shelf Facility-Prudential	10/8/2015	10/8/2030				
19	Shelf Facility-Met Life	3/2/2017	3/2/2032				
20	Shelf Facility-New York Life	3/2/2017	5/31/2038				
21	Bank Credit Facility (Annual)	10/8/2018	10/8/2019				
22	Bank Credit Facility (Annual)	10/8/2019	10/8/2020				
23	Bank Credit Facility (Five Years)	10/8/2015	10/8/2020			\$ -	
24							
25	<i>Subtotal</i>			\$ 594,310,000		\$ 15,265,112	\$ 486,600,000
26	Less Current Maturities						\$ (45,600,000)
27							
28							
29	Allocation to Florida Public Utilities - Natural Gas					\$ 2,710,297	
30	Allocation to Other Jurisdictions					\$ 12,554,815	
31	Total Chesapeake Utilities Corp.					\$ 15,265,112	
32							
33	<b>TOTAL</b>			\$ 594,310,000		\$ 15,265,112	\$ 441,000,000

Note: Schedule lists total long term debt for Chesapeake Utilities Corporation. Line number 29 indicates the amount that is allocated to Florida Public Utilities - Natural Gas.

**UNAMORTIZED DEBT EXPENSE, PREMIUM AND DISCOUNT ON LONG-TERM DEBT (Accounts 181, 225, 226)**

1. Report under separate subheadings for Unamortized Debt Expense, Unamortized Premium on Long-Term Debt and Unamortized Discount on Long-Term Debt, particulars (details) of expense, premium or discount applicable to each class and series of long-term debt.  
2. Show premium amounts by enclosing the figures in parentheses.  
3. In column (b) show the principal amount of bonds or other long-term debt originally issued.  
4. In column (c) show the expense, premium or discount with respect to the amount of bonds or other long-term debt originally issued.

5. Furnish in a footnote particulars (details) regarding the treatment of unamortized debt expense, premium or discount associated with issues redeemed during the year.  
6. Identify separately indisposed amounts applicable to issues which were redeemed in prior years.  
7. Explain any debits and credits other than amortization debited to Account 428, Amortization of Debt Discount and Expense, or credited to Account 429, Amortization of Premium on Debt - Credit.

Line No.	Designation of Long-Term Debt (a)	Principal Amount of Debt issued (b)	Total Expense Premium or Discount (c)	Amortization Period		Balance at beginning of Year (f)	Debits (Credits) During Year (g)	Balance at End of Year (h)
				Date From (d)	Date To (e)			
1	Unamortized Issuance Costs (DRP)		\$131,808			\$ 20,928	\$ (2,757)	\$ 18,171
2	Senior Note 5 - 6.64%	\$30,000,000	\$141,831	10/31/2002	10/31/2017	\$ -	\$ -	\$ -
3	Senior Note 6 - 5.5%	\$20,000,000	\$79,566	12/12/2006	10/12/2020	\$ 2,094	\$ (1,466)	\$ 628
4	Senior Note 7 - 5.93%	\$30,000,000	\$39,518	10/31/2008	10/31/2023	\$ 5,217	\$ (1,802)	\$ 3,415
5	Senior Note 8 - 5.68%	\$29,000,000	\$34,794	6/24/2011	6/30/2026	\$ 10,467	\$ (2,477)	\$ 7,990
6	Senior Note 9 - 6.43%	\$7,000,000	\$12,789	5/2/2013	5/2/2028	\$ 5,933	\$ (1,146)	\$ 4,787
7	Senior Note 10 - 3.73%	\$20,000,000	\$68,794	12/16/2013	12/16/2028	\$ 35,773	\$ (6,549)	\$ 29,224
8	Senior Note 11 - 3.88%	\$50,000,000	\$192,790	5/15/2014	5/15/2029	\$ 107,962	\$ (18,508)	\$ 89,454
9	Senior Note 12 - 3.25%	\$70,000,000	\$150,539	4/21/2017	4/30/2032	\$ 125,759	\$ (14,868)	\$ 110,891
10	Senior Note 16 - 2.98%	\$70,000,000	\$152,706	12/20/2019	12/20/2034	\$ -	\$ 152,706	\$ 152,706
11	Tranche 1	\$50,000,000	\$99,400	5/1/2018	5/1/2038	\$ 95,659	\$ (6,413)	\$ 89,246
12	Tranche 2	\$50,000,000	\$76,938	11/1/2018	11/1/2038	\$ 76,524	\$ 11,922	\$ 88,446
13	Tranche 3	\$100,000,000	\$12,164	8/1/2019	8/1/2039	\$ 12,164	\$ 152,190	\$ 164,354
14	Promissory Note	\$310,000				\$ -	\$ -	\$ -
15	Interim Term Note 1	\$30,000,000	\$8,996	12/21/2018	1/21/2020	\$ 5,000	\$ (4,308)	\$ 692
16	Interim Term Note 2	\$30,000,000	\$21,786	1/31/2019	2/28/2020	\$ -	\$ 3,352	\$ 3,352
17	FPU Bond - 9.08%	\$8,000,000	\$122,010			\$ 13,895	\$ (4,067)	\$ 9,828
18	Shelf Facility-Prudential	\$0	\$58,133	10/8/2015	10/8/2030	\$ 45,543	\$ (3,876)	\$ 41,667
19	Shelf Facility-Met Life	\$0	\$34,250			\$ 30,400	\$ (2,280)	\$ 28,120
20	Shelf Facility-New York Life	\$0	\$8,636			\$ 7,680	\$ (576)	\$ 7,104
21	Bank Credit Facility (Annual)	\$0	\$21,500	10/8/2018	10/8/2019	\$ 16,128	\$ (16,128)	\$ -
22	Bank Credit Facility (Annual)	\$0	\$21,500	10/8/2019	10/8/2020	\$ -	\$ -	\$ -
23	Bank Credit Facility (Five Years)	\$0	\$466,119	10/8/2015	10/8/2020	\$ 163,149	\$ (98,600)	\$ 64,549
24								
25								
26	Allocation to Florida Public Utilities - Natural Gas					\$ 35,721		
27	Allocation to Other Jurisdictions					\$ 98,628		
28	Total Chesapeake Utilities Corp.					\$ 134,349		
29	Note: Schedule lists total long-term debt for Chesapeake Utilities Corporation. Line number 26 indicates the amount that is allocated to Florida Public Utilities - Natural Gas.							
30								

**MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES (Account 242)**

1. Describe and report the amount of other current and accrued liabilities at the end of year.

2. Minor items (less than \$50,000) may be grouped under appropriate title.

Line No.	Item	Balance at End of Year
1	Accrued Payroll	\$ 438,053
2	Accrued PTO	\$ 127,465
3	Accrued Bonus	\$ 805,532
4	Accrued Severance	\$ 5,265
5		
6		
7		
8		
9		
10		
11		
12		
13	TOTAL	\$ 1,376,315

**OTHER DEFERRED CREDITS (Account 253)**

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 (less than \$25,000) may be grouped by classes.

Line No.	Description of Other Deferred Credit (a)	Balance Beginning of Year (b)	DEBITS		Credits (e)	Balance End of Year (f)
			Contra Account (c)	Amount (d)		
1	Conservation Recovery	\$ 282,437	495/186	\$ 1,034,480	\$ 752,043	\$ -
2	Environmental	\$ 9,101,197	232/182.3	\$ 2,184,754	\$ 1,127,534	\$ 8,043,977
3	Over Recovery - Fuel	\$ 980,732	495	\$ 4,298,901	\$ 6,014,943	\$ 2,696,774
4	Gas Reliability Infrastructure Program (GRIP)	\$ 1,562,745	495/421	\$ 1,551,464	\$ 2,054,430	\$ 2,065,711
5	Reserve for Refund - TCJA	\$ 1,841,816		\$ 2,397,987	\$ 556,171	\$ -
6						
7						
8						
9						
10						
11						
12						
13	TOTAL	\$ 13,768,927		\$ 11,467,586	\$ 10,505,121	\$ 12,806,462

**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		Credits (d)	Balance End of Year (e)
			Contra Account (b)	Amount (c)		
1	Regulatory Liability-Tax Rate Change	\$ 19,114,574		\$ 7,685,096	\$ 7,762,558	\$ 19,192,036
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13	TOTAL	\$ 19,114,574		\$ 7,685,096	\$ 7,762,558	\$ 19,192,036

**TAXES OTHER THAN INCOME TAXES (Account 408.1)**

	Name of Taxing Authority	Real Property	Tangible Personal Property	Intangible Personal Property	FICA, SUTA, FUTA	Gross Receipts	Regulatory Assessment Fees	Environmental, Excise	Franchise	Other*	Total
1	Various Florida Counties	\$ 3,431,590							\$ 1,710,208		\$ 5,141,798
2	State of Florida					\$1,933,490					\$ 1,933,490
3	Payroll Taxes				\$ 643,812						\$ 643,812
4	Florida Public Service Commission						\$ 436,015				\$ 436,015
5	Business License / Excise									\$ (18,681)	\$ (18,681)
6											
7											
8											
9											
10											
11											
12											
13											
14											
15	Less: Charged to Construction										\$ -
16	TOTAL Taxes Charged During Year (Lines 1-15) to Account 408.1	\$ 3,431,590	\$ -	\$ -	\$ 643,812	\$1,933,490	\$ 436,015	\$ -	\$ 1,710,208	\$ (18,681)	\$ 8,136,434

Note: \*List separately each item in excess of \$500.

**ACCUMULATED DEFERRED INVESTMENT TAX CREDITS (Account 255)**

Report below the information applicable to Account 255. Where appropriate, segregate the balances and transactions by utility and nonutility operations. Explain by footnote any correction adjustment to the account balance shown in column (f).

Line No.	Account Subdivisions (a)	Balance Beginning of Year (b)	Amount Deferred for Year (c)	Allocations to Current Year's Income		Adjustments (f)	Balance End of Year (g)	Average Period of Allocation to Income (h)
				Acct. No. (d)	Amount (e)			
1	Gas Utility							
2	3%	\$ -			\$ -		\$ -	
3	4%	\$ -			\$ -		\$ -	
4	7%	\$ -			\$ -		\$ -	
5	10%	\$ -			\$ -		\$ -	
6								
7								
8								
9								
10	TOTAL	\$ -			\$ -		\$ -	

Notes

**ACCUMULATED DEFERRED INCOME TAXES (Account 190)**

1. At Other (Specify), include deferrals relating to other income and deductions.

2. In the space provided below, identify by amount and classification, significant items for which deferred taxes are being provided.

Line No.		Balance at Beginning of Year	Changes During Year				Adjustments				Balance at End of Year
			Amounts Debited to Account 410.1	Amounts Credited to Account 411.1	Amounts Debited to Account 410.2	Amounts Credited to Account 411.2	Debits		Credits		
							Account No.	Amount	Account No.	Amount	
1	GAS										
2	Fed NOL	\$ 169,730								\$ 169,730	
3	Bad Debts	\$ 32,812		\$ 6,830						\$ 39,642	
4	Conservation	\$ 71,583	\$ 108,941					283	\$ 37,358	\$ -	
5	Environmental	\$ 1,668,727	\$ 152,424	\$ 133						\$ 1,516,436	
6	Leases			\$ 1,369						\$ 1,369	
7	GRIP	\$ -								\$ -	
8	Rabbi Trust	\$ 135,072				190	\$ 135,072			\$ -	
9	State Decoupling	\$ 1,070,431	\$ 291,804	\$ 62,286						\$ 840,913	
10	Storm Reserve	\$ 171,142	\$ 4,653	\$ 15						\$ 166,504	
11	Amortization	\$ 1,489,675		\$ 162,571						\$ 1,652,246	
12	Merger Cost Amortization	\$ -								\$ -	
13	Reaquired debt	\$ 8								\$ 8	
14	Pipe/Conv Propt LT	\$ 324,822		\$ 28,551						\$ 353,373	
15	Bonus	\$ 254,799				190	\$ 254,799			\$ -	
16	Self Insurance	\$ 4,639		\$ 9,237						\$ 13,876	
17	OPRB	\$ 123,420	\$ 1,065	\$ 33,268						\$ 155,623	
18	SERP	\$ 303,293				190	\$ 303,293			\$ -	
19	State NOL	\$ -								\$ -	
20	Excess Deferred Tax Rate Change	\$ -								\$ -	
21	Acquisition Adjustment - Tax Rate Change	\$ -	\$ 56,754	\$ (94,590)				280	\$ 1,652,135	\$ 1,500,791	
22	TOTAL Gas (Lines 2 - 10)	\$ 5,820,153	\$ 615,641	\$ 209,670	\$ -	\$ -	\$ 693,164		\$ 1,689,493	\$ 6,410,511	
23	Other (Specify)									\$ -	
24	TOTAL (Account 190) (Total of lines 11 and 12)	\$ 5,820,153	\$ 615,641	\$ 209,670	\$ -	\$ -	\$ 693,164		\$ 1,689,493	\$ 6,410,511	

**Notes**

Account 282

To be consistent with other divisions, the ADIT related to the excess deferred tax rate change has been reclassified to 282

**ACCUMULATED DEFERRED INCOME TAXES (Accounts 281, 282, 283)**

Line No.		Balance at Beginning of Year	Changes During Year				Adjustments				Balance at End of Year
			Amounts Debited to Account 410.1	Amounts Credited to Account 411.1	Amounts Debited to Account 410.2	Amounts Credited to Account 411.2	Debits		Credits		
							Account No.	Amount	Account No.	Amount	
1	Account 281 - Accelerated Amortization Property										
2	Electric										
3	Gas										
4	Other										
5	TOTAL Account 281 (Lines 2 thru 4)										
6	Account 282 - Other Property										
7	Electric										
8	Gas	\$ 26,996,134	\$ 1,026,928	\$ 463,745		280	12,116	190	\$ 55,103	\$ 27,516,330	
9	Other										
10	TOTAL Account 282 (Lines 7 thru 9)	\$ 26,996,134	\$ 1,026,928	\$ 463,745	\$ -	\$ -	12,116		\$ 55,103	\$ 27,516,330	
11	Account 283 - Other										
12	Electric										
13	Gas	\$ 9,517,059	\$ 88,689	\$ 427,039		190	\$ 37,358	280	\$ 98,886	\$ 9,117,181	
14	Other										
15	TOTAL Account 283 - Other (Lines 12 thru 14)	\$ 9,517,059	\$ 88,689	\$ 427,039	\$ -	\$ -	\$ 37,358		\$ 98,886	\$ 9,117,181	
16	GAS										
17	Federal Income Tax	28,589,636	873,522	697,479	-	-	38,738		120,573	\$ 28,683,844	
18	State Income Tax	7,923,557	242,095	193,305	-	-	10,736		33,416	\$ 7,949,667	
19											
20	TOTAL Gas (Lines 17 thru 19)	36,513,193	1,115,617	890,784	-	-	49,474		153,989	\$ 36,633,511	
21	OTHER										
22	Federal Income Tax										
23	State Income Tax										
24	TOTAL Other (Lines 22 and 23)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -	
25	TOTAL (Total of lines 5, 10 and 15)	\$ 36,513,193	\$ 1,115,617	\$ 890,784	\$ -	\$ -	\$ 49,474		\$ 153,989	\$ 36,633,511	

**Notes**

Account 282 - Debits

To be consistent with other divisions, the ADIT related to the excess deferred tax rate change has been reclassified to 282

**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, 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 (Page 9)</b>	\$ 9,688,519
2	Reconciling Items for the Year	
3		
4	<b>Taxable Income Not Reported on Books</b>	
5		
6	<b>Deductions Recorded on Books Not Deducted for Return</b>	
7	Current Federal Income Taxes	\$ 2,337,318
8	Deferred Income Taxes	\$ 630,800
9	P100: 50% Meals Deduction	\$ 79,705
10	P101: Not Deductible for Tax-Penalties	\$ 351
11	P102: Not Deductible for Tax-Other	\$ 47,046
12	P106: Acquisition Adjustment	\$ 1,192,572
13	25DP.02: Contribution in Aid of Construction	\$ 1,060,129
14	25AM: Customer Based Intangibles	\$ 641,428
15	25RE: Repairs Deduction	\$ 162,399
16	25PR.02: Post Retirement Benefits (Non-Current)	\$ 131,260
17	25PC: Piping and Conservation	\$ 112,648
18	25SI.01: Self Insurance (Current)	\$ 36,447
19	25BD: Bad Debts	\$ 26,948
20	25LS: Leases	\$ 5,402
21		
22		
23		
24	<b>Income Recorded on Books Not Included in Return</b>	
25		
26	<b>Deductions on Return Not Charged Against Book Income</b>	
27	25PN: Pension	\$ (16,105)
28	25WR: Storm Reserve	\$ (18,360)
29	25DP.04: Asset Gain/Loss	\$ (178,179)
30	25ID: Reserve for Insurance Deductibles	\$ (329,324)
31	25CN: Conservation	\$ (429,834)
32	25EN: Environmental	\$ (600,873)
33	25DP.03: Cost of Removal	\$ (985,064)
34	25DP.01: Depreciation	\$ (2,828,223)
35		
36		
37		
38		
39	<b>Federal Tax Net Income</b>	\$ 10,767,010
40	Show Computation of Tax:	
41	Tax at 21%	\$ 2,261,072
42	Add: Reversal of Prior Year Benefit of Federal Consolidated NOL carryforward	
43	Interest adjustment	
44	Prior year Federal income tax true up	\$ 76,246
45	<b>Total Federal Income Tax Payable</b>	\$ 2,337,318

**GAS OPERATING REVENUES (Account 400)**

1. Report below natural gas operating revenues for each prescribed account in total.
2. Report number of customers, columns (f) and (g), on the basis of meters, 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. Report quantities of natural gas sold in therms (14.73 psia at 60 F).
4. Report gas service revenues and therms sold by rate schedule.
5. 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.

Line No.	Title of Account (a)	Operating Revenues		Therms of Natural Gas Sold		Avg. No. of Natural Gas Customers Per Mo.	
		Amount for Year (b)	Amount for Previous Year (c)	Current Year (d)	Previous Year (e)	Current Year (f)	Previous Year (g)
1	<b>Gas Service Revenues</b>						
2	<b>Firm Sales Service</b>						
3	480 Residential Sales	\$ 31,700,760	\$ 31,825,862	13,739,686	13,749,143	56,424	54,464
4	481 Comm & Industrial Sales - Small	\$ 12,796,487	\$ 13,020,490	7,731,849	7,826,182	3,218	3,170
5	481 Comm & Industrial Sales - Large	\$ 13,641,475	\$ 13,636,820	9,095,257	9,101,180	656	671
6	481 Outdoor Lighting	\$ 171,896	\$ 238,634	125,677	165,556	36	49
7	481 Natural Gas Vehicles	\$ -	\$ -	-	-	-	-
8	481						
9	<b>Interruptible Sales Service</b>						
10	481 Comm & Ind Sales - Interruptible	\$ -	\$ -	-	-	-	-
11	481						
12	<b>Firm Transportation Service</b>						
13	489 Comm & Gen Service- -Firm Transportation	\$ 20,814,518	\$ 18,967,660	39,696,256	38,492,904	2,396	2,272
14	489	\$ -	\$ -	-	-	-	-
15	489	\$ -	\$ -	-	-	-	-
16	<b>Interruptible Transportation Serv.</b>						
17	489 Comm & Gen Service- -Firm Transportation	\$ 3,157,051	\$ 3,310,323	9,991,203	10,312,588	18	17
18	484 Interdepartmental	\$ 13,526	\$ 14,362	-	-	-	-
19	482 Other Sales to Public Authorities	\$ -	\$ -	-	-	-	-
20	484 Flex Rate - Refund	\$ -	\$ -	-	-	-	-
21	TOTAL Sales to Ultimate Consumers	\$ 82,295,713	\$ 81,014,151	80,379,928	79,647,553	62,748	60,643
22	483 Sales for Resale	\$ -	\$ -	-	-	-	-
23	Off-System Sales 4954x & 4955x	\$ -	\$ -	-	-	-	-
24	TOTAL Nat. Gas Service Revenues	\$ -	\$ -				
25	TOTAL Gas Service Revenues	\$ 82,295,713	\$ 81,014,151				
26	<b>Other Operating Revenues</b>						
27	485 Intracompany Transfers	\$ -	\$ -				
28	487 Forfeited Discounts	\$ 717,579	\$ 700,069				
29	488 Misc. Service Revenues	\$ 1,046,686	\$ 1,076,537				
30	489 Rev. from Trans. of Gas of Others	\$ -	\$ -				
31	not included in above rate schedules)	\$ -	\$ -				
32	493 Rent from Gas Property	\$ -	\$ -				
33	494 Interdepartmental Rents	\$ -	\$ -				
34	495 Other Gas Revenues						
35	Initial Connection	\$ -	\$ -				
36	Overrecoveries Conservation 495.7	\$ -	\$ -				
37	AEP & Storm Surcharge 4956	\$ 165,536	\$ 110,472				
38	Unbilled Revenue 495.3	\$ 26,129	\$ 66,961				
39	Other 495.2	\$ 1,160,137	\$ 2,542,023				
40	495.1 Overrecoveries Purchased Gas	\$ (1,444,823)	\$ 921,428				
41	TOTAL Other Operating Revenues	\$ 1,671,244	\$ 5,417,490				
42	TOTAL Gas Operating Revenues	\$ 83,966,957	\$ 86,431,641				
43	(Less) 496 Provision for Rate Refunds	\$ 1,675,727	\$ (1,841,816)				
44	TOTAL Gas Operating Revenues	\$ 85,642,684	\$ 84,589,825				
	Net of Provision for Refunds	\$ -	\$ -				
45	Sales for Resale	\$ -	\$ -				
46	Other Sales to Public Authority	\$ -	\$ -				
47	Interdepartmental Sales	\$ -	\$ -				
48	TOTAL	\$ 85,642,684	\$ 84,589,825	80,379,928	79,647,553		

Notes  
Updated formula on Line 42 to reflect the total of Gas Service Revenues and Other Operating Revenues for current and prior year.

December 31, 2019

**GAS OPERATION AND MAINTENANCE EXPENSES**

If the amount for previous year is not derived from previously reported figures, explain in footnotes.

Line No.	Account	Amount for Current Year	Amount for Previous Year
1	<b>1. Production Expenses</b>		
2	A. TOTAL Manufactured Gas Production (Total of Accounts 700-742)		
3	B. TOTAL Natural Gas Prod. and Gathering (Total of Accts. 750 - 769)		
4	C. TOTAL Products Extraction (Total of Accounts 770 through 791)		
5	D. TOTAL Exploration and Development (Total of Accts. 795 through 798)		
6	E. Other Gas Supply Expenses		
7	Operation		
8	800 Natural Gas Well Head Purchases		
9	800.1 Natural Gas Well Head Purchases, Intracompany Transfers		
10	801 Natural Gas Field Line Purchases	\$ 6,204,723	\$ 8,320,971
11	802 Natural Gas Gasoline Plant Outlet Purchases		
12	803 Natural Gas Transmission Line Purchases		
13	804 Natural Gas City Gate Purchases	\$ 22,127,130	\$ 18,454,561
14	804.1 Liquefied Natural Gas Purchases		
15	805 Other Gas Purchases	\$ (4,568,384)	\$ (3,405,411)
16	805.1 Purchased Gas Cost Adjustments - Debit/(Credit)		
17	TOTAL Purchased Gas (Total of Lines 8 to 16)	\$ 23,763,469	\$ 23,370,121
18	806 Exchange Gas		
19	Purchased Gas Expenses		
20	807.1 Well Expenses--Purchased Gas		
21	807.2 Operation of Purchased Gas Measuring Stations		
22	807.3 Maintenance of Purchased Gas Measuring Stations		
23	807.4 Purchased Gas Calculations Expenses		
24	807.5 Other Purchased Gas Expenses	\$ 471,189	\$ 831,942
25	TOTAL Purchased Gas Expenses (Total of lines 20 through 24)	\$ 471,189	\$ 831,942
26	808.1 Gas Withdrawn from Storage--Debit		
27	(Less) 808.2 Gas Delivered to Storage--Credit		
28	809.1 Withdrawals of Liquefied Natural Gas for Processing--Debit		
29	(Less) 809.2 Deliveries of Natural Gas for Processing--Credit		
30	Gas Used in Utility Operations--Credit		
31	810 Gas Used for Compressor Station Fuel--Credit		
32	811 Gas Used for Products Extraction--Credit		
33	812 Gas Used for Other Utility Operations--Credit		
34	TOTAL Gas Used in Utility Operations--Credit (Lines 31 through 33)	\$ -	\$ -
35	813 Other Gas Supply Expenses		
36	TOTAL Other Gas Supply Exp. (Total of Lines 17,18,25,26 through 29,34,35)	\$ 24,234,658	\$ 24,202,063
37	TOTAL Production Expenses (Total of Lines 2,3,4,5 and 36)	\$ 24,234,658	\$ 24,202,063
38	<b>2. Natural Gas Storage, Terminating and Processing Expenses</b>		
39	A. TOTAL Underground Storage Expenses (Total of Accounts 814 through 837)	\$ 852	\$ 348
40	B. TOTAL Other Storage Expenses (Total of Accounts 840 through 843.9)		
41	C. TOTAL Liquefied Nat Gas Terminating & Processing Expenses (Total of Accounts 844.1 through 847.8)		
42	TOTAL Natural Gas Storage (Total of lines 39, 40, and 41)	\$ 852	\$ 348
43	<b>3. Transmission Expenses</b>		
44	TOTAL Transmission Expenses (Total of Accounts 850 through 867)		
45			
46			

December 31, 2019

**GAS OPERATION AND MAINTENANCE EXPENSES (Continued)**

Line No.	Account	Amount for Current Year	Amount for Previous Year
47	<b>4. Distribution Expenses</b>		
48	Operation		
49	870 Operation Supervision and Engineering	\$ 370,016	\$ 309,104
50	871 Distribution Load Dispatching	\$ 139,834	\$ 139,539
51	872 Compressor Station Labor and Expenses	\$ -	\$ -
52	873 Compressor Station Fuel and Power	\$ -	\$ -
53	874 Mains and Services Expenses	\$ 2,128,195	\$ 2,225,361
54	875 Measuring and Regulating Station Expenses--General	\$ 58,177	\$ 52,292
55	876 Measuring and Regulating Station Expenses--Industrial	\$ 49,294	\$ 41,508
56	877 Measuring and Regulating Station Expenses--City Gate Check Station	\$ 188,016	\$ 152,723
57	878 Meter and House Regulator Expenses	\$ 1,620,514	\$ 1,704,828
58	879 Customer Installations Expenses	\$ 231,973	\$ 213,522
59	880 Other Expenses	\$ 216,937	\$ 205,142
60	881 Rents	\$ -	\$ -
61	TOTAL Operation (Total of lines 49 through 60)	\$ 5,002,956	\$ 5,044,019
62	Maintenance		
63	885 Maintenance Supervision and Engineering	\$ 71,259	\$ 62,652
64	886 Maintenance of Structures and Improvements	\$ 14,825	\$ 14,790
65	887 Maintenance of Mains	\$ 427,288	\$ 435,995
66	888 Maintenance of Compressor Station Equipment	\$ -	\$ -
67	889 Maintenance of Meas. and Reg. Sta. Equip.--General	\$ 46,651	\$ 38,064
68	890 Maintenance of Meas. and Reg. Sta. Equip.--Industrial	\$ 18,805	\$ 4,398
69	891 Maintenance of Meas. and Reg. Sta. Equip.--City Gate Check Station	\$ 179,170	\$ 161,950
70	892 Maintenance of Services	\$ 302,677	\$ 340,674
71	893 Maintenance of Meters and House Regulators	\$ 113,078	\$ 110,753
72	894 Maintenance of Other Equipment	\$ 63,777	\$ 53,589
73	TOTAL Maintenance (Total of Lines 63 through 72)	\$ 1,237,530	\$ 1,222,865
74	TOTAL Distribution Expenses (Total of Lines 61 and 73)	\$ 6,240,486	\$ 6,266,884
75	<b>5. Customer Accounts Expenses</b>		
76	Operation		
77	901 Supervision	\$ 546,193	\$ 568,981
78	902 Meter Reading Expenses	\$ 1,089,851	\$ 1,044,269
79	903 Customer Records and Collection Expenses	\$ 2,336,090	\$ 2,167,062
80	904 Uncollectible Accounts	\$ 219,025	\$ 245,559
81	905 Miscellaneous Customer Accounts Expenses	\$ -	\$ -
82	TOTAL Customer Accounts Expenses (Total of Lines 77 through 81)	\$ 4,191,159	\$ 4,025,871
83	<b>6. Customer Service and Informational Expenses</b>		
84	Operation		
85	907 Supervision	\$ 26,476	\$ 183,587
86	908 Customer Assistance Expenses	\$ 3,157,852	\$ 3,602,432
87	909 Informational and Instructional Expenses	\$ 525,310	\$ 524,704
88	910 Miscellaneous Customer Service and Informational Expenses	\$ (998,760)	\$ (1,440,419)
89	TOTAL Customer Service and Informational Expenses (Total of Lines 85 through 88)	\$ 2,710,878	\$ 2,870,304
90	<b>7. Sales Expenses</b>		
91	Operation		
92	911 Supervision	\$ 21,152	\$ 5,900
93	912 Demonstrating and Selling Expenses	\$ 348,617	\$ 500,287
94	913 Advertising Expenses	\$ 170,557	\$ 199,568
95	916 Miscellaneous Sales Expenses	\$ -	\$ 6,487
96	TOTAL Sales Expenses (Total of lines 92 through 95)	\$ 540,326	\$ 712,242
97			

Name of Respondent Natural Gas Division		For the Year Ended December 31, 2019	
<b>GAS OPERATION AND MAINTENANCE EXPENSES (Continued)</b>			
Line No.	Account	Amount for Current Year	Amount for Previous Year
98	<b>8. Administrative and General Expenses</b>		
99	Operation		
100	920 Administrative and General Salaries	\$ 4,529,481	\$ 4,449,910
101	921 Office Supplies and Expenses	\$ 2,523,475	\$ 2,526,450
102	(Less) (922) Administrative Expenses Transferred--Credit	\$ -	\$ -
103	923 Outside Services Employed	\$ 1,093,057	\$ 1,476,481
104	924 Property Insurance	\$ 62,020	\$ 62,380
105	925 Injuries and Damages	\$ 997,408	\$ 887,717
106	926 Employee Pensions and Benefits	\$ 2,443,376	\$ 2,230,975
107	927 Franchise Requirements		
108	928 Regulatory Commission Expenses		
109	(Less) (929) Duplicate Charges--Credit		
110	930.1 General Advertising Expenses	\$ 118,322	\$ 124,505
111	930.2 Miscellaneous General Expenses	\$ 279,762	\$ 428,304
112	931 Rents	\$ 341,696	\$ 571,561
113	TOTAL Operation (Total of lines 100 through 112)	\$ 12,388,597	\$ 12,758,283
114	Maintenance		
115	935 Maintenance of General Plant	\$ 112,699	\$ 139,671
116	TOTAL Administrative and General Expense (Total of lines 113 and 115)	\$ 12,501,296	\$ 12,897,954
117			
118	TOTAL Gas O&M Expenses (Lines 37, 42, 44, 74, 82, 89, 96, and 116)	\$ 50,419,655	\$ 50,975,666
119			
120			
<b>NUMBER OF GAS DEPARTMENT EMPLOYEES</b>			
	<p>1. The data on number of employees should be reported for 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 gas 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 gas department from joint functions.</p>		
1			
2	1. Payroll Period Ended (Date)		12/31/2019
3	2. Total Regular Full-Time Employees		144
4	3. Total Part-Time and Temporary Employees		-
5	4. Total Employees		144
6			
7			
8			
9			
10			
11			
12			
13			

**GAS PURCHASES (Accounts 800, 800.1, 801, 802, 803, 804, 804.1, 805, 805.1)**

- |  |   |
|--|---|
| <p>1. Provide totals for the following accounts:<br/>                 800 - Natural Gas Well Head Purchases<br/>                 800.1- Natural Gas Well Head Purchases<br/>                     Intracompany Transfers<br/>                 801 - Natural Gas Field Line Purchases<br/>                 802 - Natural Gas Gasoline Plant Outlet Purchases<br/>                 803 - Natural Gas Transmission Line Purchases<br/>                 804 - Natural Gas City Gate Purchases<br/>                 804.1- Liquefied Natural Gas Purchases<br/>                 805 - Other Gas Purchases<br/>                 805.1- Purchases Gas Cost Adjustments</p> | <p>The totals shown in columns (b) and (c) should agree with the books of account. Reconcile any differences in a footnote.<br/>                 2. State in column (b) the volume of purchased gas as finally measured for the purpose of determining the amount payable for the gas. Include current year receipts of makeup gas that was paid for in prior years.<br/>                 3. State in column (c) the dollar amount (omit cents) paid and previously paid for the volumes of gas shown in column (b).<br/>                 4. State in column (d) the average cost per Therm to the nearest hundredth of a cent. (Average means column (c) divided by column (b) multiplied by 100.)</p> |
|--|---|

Line No.	Account Title (a)	Gas Purchased- Therms (14.73 psia 60 F) (b)	Cost of Gas (In dollars) (c)	Average Cost Per Therm (To nearest .01 of a cent) (d)
1	800 - Natural Gas Well Head Purchases			
2	800.1 - Natural Gas Well Head Purchases, Intracompany Transfers			
3	801 - Natural Gas Field Line Purchases	18,446,900	\$ 6,204,723	33.64
4	802 - Natural Gas Gasoline Plant Outlet Purchases			
5	803 - Natural Gas Transmission Line Purchases			
6	804 - Natural Gas City Gate Purchases	26,120,125	\$ 22,127,130	84.71
7	804.1 - Liquefied Natural Gas Purchases			
8	805 - Other Gas Purchases		\$ (4,568,384)	
9	805.1 - Purchased Gas Cost Adjustments			
10	TOTAL (Total of lines 1 through 9)			
		44,567,025	\$ 23,763,469	53.32

**Notes to Gas Purchases**

805 - Other Gas Purchases amount are Swing Service costs allocated to affiliates.

**GAS USED IN UTILITY OPERATIONS - CREDIT (Accounts 812)**

- |   |  |
|---|--|
| <p>1. Report below particulars (details) of credits during the year to Accounts 810, 811 and 812 which offset charges to operating expenses or other accounts for the cost of gas from the respondent's own supply.<br/>                 2. Natural gas means either natural gas unmixed, or any mixture of natural and manufactured gas.<br/>                 3. If the reported Therms for any use is an estimated quantity, state such fact in a footnote.</p> | <p>4. If any natural gas was used by the respondent for which a change was not made to the appropriate operating expense or other account list separately in column (c) the Therms of gas used, omitting entries in columns (d) and (e).<br/>                 5. Report pressure base of measurement of gas volumes at 14.73 psia at 60 degrees F.</p> |
|---|--|

Line No.	Purpose for Which Gas Was Used (a)	Account Charged (b)	Therms of Gas Used (c)	Natural Gas Amount of Credit (d)
1	812 Gas used for Other Utility Operations Credit (Report separately for each principal uses. Group minor uses.)			
2	Not applicable			
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18	TOTAL			

**REGULATORY COMMISSION EXPENSES (Account 928)**

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. Show in column (h) any expenses incurred in prior years which are being amortized. List in column (a) the period of amortization.  
3. The totals of columns (c), (f), (h), and (i) must agree with the totals shown at the bottom of page 19 for Account 186  
4. List in Column (d) and (e) expenses incurred during year which were charged currently to income, plant, or other accounts.  
5. Minor items (less than \$25,000) may be grouped.

Line No.	Description (Name of regulatory commission, the docket number, and a description of the case.) (a)	Total Expenses to Date (b)	Deferred in Account 186 Beginning of Year (c)	Expenses Incurred During Year		Amortized During Year		Deferred in Account 186 End of Year (i)
				Charged Currently to Account No. (d)	Amount (e)	Deferred to Account 186 (f)	Contra Account (g)	
1	N/A							
2								
3								
4								
5								
6								
7								
8								
9								
10								
11								
12								
13								
14								
15								
16								
17	TOTAL	\$ -	\$ -		\$ -	\$ -		\$ -

**MISCELLANEOUS GENERAL EXPENSES (Account 930.2) (Gas)**

Line No.	Description (a)	Amount (b)
1	Industry Association Dues	\$ 7,938
2	Experimental and General Research Expenses: (a) Gas Research Institute (GRI) (b) Other	
3	Publishing and distributing information and reports to stockholders; trustee, registrar, and transfer agent fees and expenses, and other expenses of servicing outstanding securities of the Respondent.	\$ 44,170
4	Other expenses (items of \$5,000 or more must be listed separately in this column showing the (1) purpose, (2) recipient and (3) amount of such items. Amounts of less than \$5,000 may be grouped by classes if the number of items so grouped is shown.)	
5		
6	Directors Expenses	\$ 212,130
7		
8	Economic Development	\$ 15,524
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20	TOTAL	\$ 279,762

**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	TOTAL Operation and Maintenance - Electric			\$ -
3	<b>Gas</b>			
4	Operation			
5	Production - Manufd. Gas & Nat.Gas (inc. Expl. and Dev.); Other Gas Supply; Storage, LNG, Terminaling & Processing	\$ 579		
6	Transmission			
7	Distribution	\$ 2,267,259		
8	Customer Accounts	\$ 2,188,903		
9	Customer Service and Informational	\$ 669,793		
10	Sales	\$ 308,966		
11	Administrative and General	\$ 4,568,254		
12	TOTAL Operation (Total of lines 5 through 11)	\$ 10,003,754		
13	Maintenance			
14	Production - Manufd. Gas & Nat.Gas (inc. Expl. and Dev.); Other Gas Supply; Storage, LNG, Terminaling & Processing			
15	Transmission			
16	Distribution	\$ 448,722		
17	Administrative and General	\$ -		
18	TOTAL Maintenance (Total of lines 14 through 17)	\$ 448,722		
19	Total Operation and Maintenance	\$ 10,452,476		
20	Production - Manufd. Gas & Nat.Gas (inc. Expl. and Dev.); Other Gas Supply; Storage, LNG, Terminaling & Processing	\$ 579		
21	Transmission (Enter Total of lines 6 and 15)	\$ -		
22	Distribution (Total of lines 7 and 16)	\$ 2,715,981		
23	Customer Accounts (Transcribe from line 8)	\$ 2,188,903		
24	Customer Service and Informational (Transcribe from line 9)	\$ 669,793		
25	Sales (Transcribe from line 10)	\$ 308,966		
26	Administrative and General (Total of lines 11 and 17)	\$ 4,568,254		
27	TOTAL Operation and Maint. (Total of lines 20 through 26)	\$ 10,452,476	\$ -	\$ 10,452,476
28	<b>Other Utility Departments</b>			
29	Operation and Maintenance			
30	TOTAL All Utility Dept. (Total of lines 2, 27, and 29)	\$ 10,452,476	\$ -	\$ 10,452,476
31	<b>Utility Plant</b>			
32	Construction (By Utility Departments)			
33	Electric Plant			
34	Gas Plant	\$ 3,377,306		\$ 3,377,306
35	Other			
36	TOTAL Construction (Total of lines 33 through 35)	\$ 3,377,306	\$ -	\$ 3,377,306
37	Plant Removal (By Utility Department)			
38	Electric Plant			
39	Gas Plant	\$ 113,023		\$ 113,023
40	Other			
41	TOTAL Plant Removal (Total of lines 38 through 40)	\$ 113,023	\$ -	\$ 113,023
42				
43	Other Accounts (Specify):			
44	Other/Employee Accounts Receivable	\$ 78,943		\$ 78,943
45	Miscellaneous Deferred Debits	\$ 2,679		\$ 2,679
46				
47				
48				
49				
50				
51				
52				
53	TOTAL Other Accounts	\$ 81,622	\$ -	\$ 81,622
54	TOTAL SALARIES AND WAGES	\$ 14,024,427	\$ -	\$ 14,024,427

**CHARGES FOR OUTSIDE PROFESSIONAL AND OTHER CONSULTATIVE SERVICES**

1. Report the information specified below for all charges made during the year included in any account (including plant accounts) for outside consultative and other professional services. (These services include rate, management, construction, engineering, research, financial, valuation, legal, accounting, purchasing, advertising, labor relations, and public relations, rendered the respondent under written or oral arrangement, for which aggregate payments were made during the year to any corporation, partnership, organization of any kind, or individual [other than for services as an employee or for payments made for medical and related services] amounting to more than \$25,000, including payments for legislative services, except those which should be reported in Account 426.4 - Expenditures for Certain Civic, Political and Related Activities.  
 (a) Name of person or organization rendering services,  
 (b) description of services received,  
 (c) basis of charges,  
 (d) total charges for the year, detailing account charged.  
 2. For any services which are of a continuing nature, give the date and term of contract.  
 3. Designate with an asterisk associated companies.

	Description	Amount
1	SOUTHEAST CONNECTIONS LLC	Other Outside Services \$ 7,386,014
2	GAS SYSTEMS TECHNOLOGY INC	Other Outside Services \$ 2,761,339
3	HEATH CONSULTANTS INC	Other Outside Services \$ 2,152,181
4	MILLER PIPELINE LLC	Other Outside Services \$ 1,401,344
5	MAGNOLIA RIVER SERVICES INC	Other Outside Services \$ 1,198,469
6	DEVTECH SALES INC	Other Outside Services \$ 798,502
7	MEARS GROUP INC	Other Outside Services \$ 683,304
8	HAMLET CONSTRUCTION CO LLC	Other Outside Services \$ 589,963
9	TB LANDMARK CONSTRUCTION INC	Other Outside Services \$ 521,557
10	KIMLEY-HORN AND ASSOCIATES INC	Other Outside Services \$ 400,014
11	DBE UTILITY SERVICES	Other Outside Services \$ 379,700
12	KUBRA DATA TRANSFER LTD	Other Customer Related Expenses \$ 360,522
13	POND & COMPANY	Other Outside Services \$ 292,257
14	PRECISION METER REPAIR INC	Other Outside Services \$ 253,527
15	GAS PLUMBING SERVICES INC	Other Outside Services \$ 399,282
16	TAMRIC DBA GAS UTILITY SERVICE COMPANY	Other Outside Services \$ 195,290
17	BAKER TILLY	Other Outside Services \$ 189,038
18	ARDENT COMMERCIAL CONSTRUCTION LLC	Other Outside Services \$ 154,613
19	ADVANCED OFFICE ENVIRONMENTS INC	Other Outside Services \$ 140,369
20	MIDLAND RESOURCE RECOVERY INC	Other Outside Services \$ 113,085
21	BAKER & HOSTETLER LLP	Legal \$ 97,984
22	JEM-TECH INC	Other Outside Services \$ 95,233
23	GUNSTER YOAKLEY & STEWART PA	Legal \$ 69,613
24	JEFF MALMBORG CONSTRUCTION CO INC	Other Outside Services \$ 65,234
25	M&M ASPHALT MAINTENANCE INC	Other Outside Services \$ 46,889
26	ERNST & YOUNG LLP	Other Outside Services \$ 45,820
27	T & T PIPELINE	Other Outside Services \$ 42,598
28	MAI ENGINEERING SERVICES INC	Other Outside Services \$ 40,467
29	SABCON UNDERGROUND LLC	Other Outside Services \$ 38,778
30	CORRPRO COMPANIES INC	Other Outside Services \$ 36,342
31	RUTH ASSOCIATES INC	Consulting \$ 31,518
32	SPARKS RESEARCH	Other Customer Related Expenses \$ 31,466
33	CATES FENCING INC	Other Outside Services \$ 30,300
34	JOHN W MCLELLAND	Other Outside Services \$ 30,000
35	ULYSSES LEARNING CORP	Other Outside Services \$ 26,391
36	PIERPONT AND MCLELLAND LLC	Consulting \$ 26,148

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

	Item	Amount
1	Account 425: Miscellaneous Amortization	\$ -
2		
3	Account 426: Miscellaneous Income Deductions	
4	426.1 Charitable Contributions	\$ -
5	426.2 Life Insurance	
6	426.3 Penalties	\$ (351)
7	426.4 Expenditures for Lobbying and Other Politically Related Activities	\$ (47,046)
8	426.5 Other	\$ (115)
9	TOTAL MISCELLANEOUS INCOME DEDUCTIONS	\$ (47,512)
10		
11		
12	Account 430: Interest on Debt to Associated Company	\$ -
13		
14		
15	Account 431: Other Interest Expense	
16	431.1 Interest on Customer Deposits	\$ 218,541
17	431.2 Interest on ST Debt	\$ 1,519,179
18	431.3 Interest on Miscellaneous	\$ -
19	TOTAL OTHER INTEREST EXPENSE	\$ 1,737,720
20		
21		
22		
23		

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

For the current year, reconcile the gross operating revenues as reported on Page 26 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).

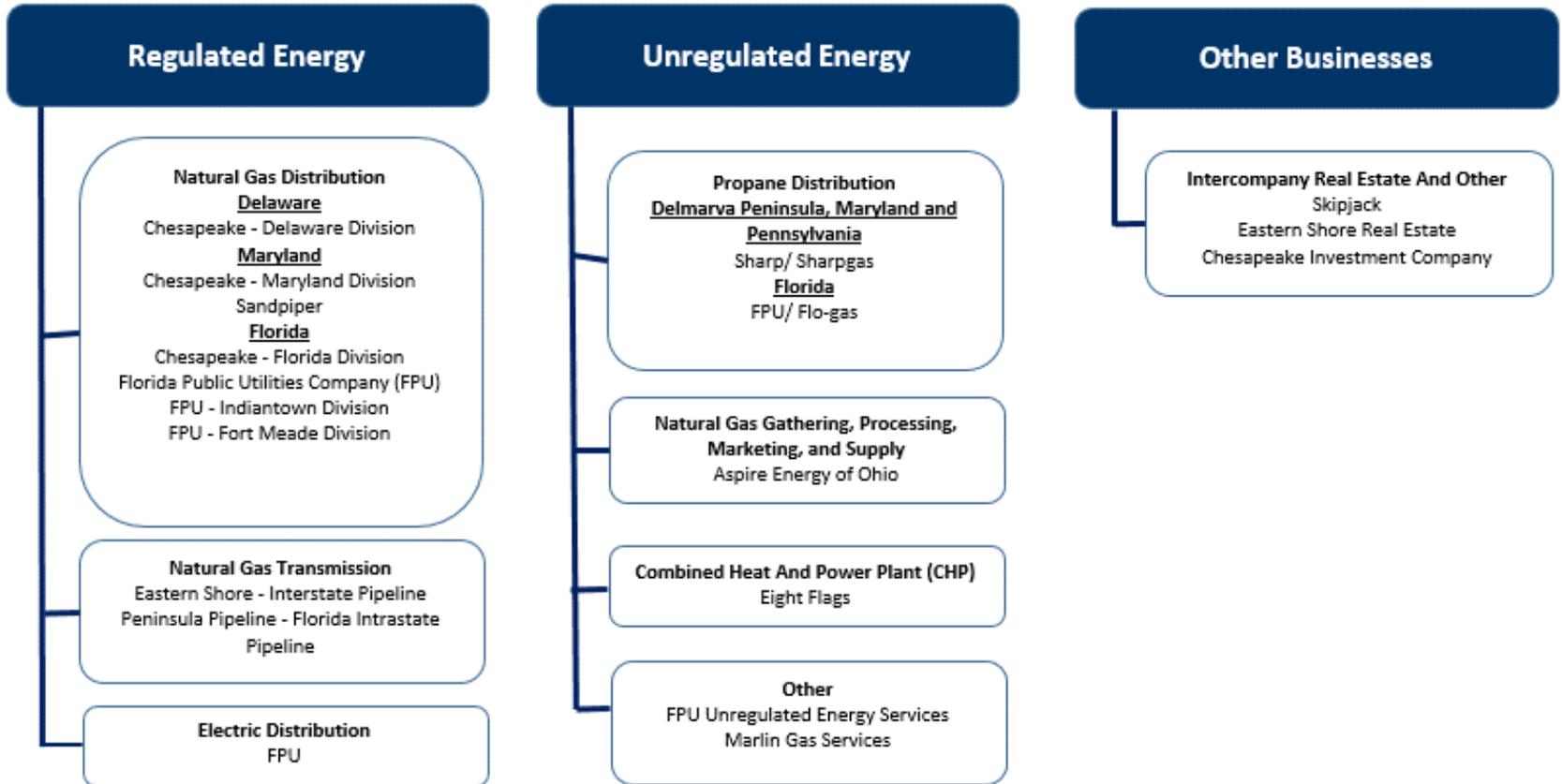
	(a)	(b)	(c)	(d)	(e)	(f)
Line No.	Description	Gross Operating Revenues per Page 26	Interstate and Sales for Resale Adjustments	Adjusted Intrastate Gross Operating Revenues	Intrastate Gross Operating Revenues per RAF Return	Difference (d) - (e)
1	Total Sales to Ultimate Customers (480-482, 484)	\$ 58,324,144		\$ 58,324,144	60,165,960	\$ (1,841,816)
2	Sales for Resale (483)					
3	Total Natural Gas Service Revenues	\$ 58,324,144		\$ 58,324,144	60,165,960	\$ (1,841,816)
4	Total Other Operating Revenues (485-495)	\$ 25,642,813		\$ 25,642,813	25,642,813	\$ -
5	Total Gas Operating Revenues	\$ 83,966,957		\$ 83,966,957	85,808,773	\$ (1,841,816)
6	Provision for Rate Refunds (496)	\$ 1,675,727		\$ 1,675,727	(166,089)	\$ 1,841,816
7	Other (Specify)					
8						
9						
10	<b>Total Gross Operating Revenues</b>	\$ 85,642,684		\$ 85,642,684	85,642,684	\$ -

Notes:

Account 496 - Provision for Rate Refunds for 2018 was reported in Total Sales to Ultimate Customers in error on the Company's Regulatory Assessment Fee Return. The entry for the Provision for Rate Refunds related to TCJA for 2018 was reversed in 2019 due to the decision in FPSC Docket No. 20180054-GU.

**CORPORATE STRUCTURE**

Provide an updated organizational chart showing all affiliated companies, partnerships, etc.



**SUMMARY OF AFFILIATED TRANSFERS AND COST ALLOCATIONS**

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 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)	Total Charge for Year		
			"p" or "s" (d)	Account Number (e)	Dollar Amount (f)
Chesapeake Utilities Corporation	Parent Company:				
	Corporate Services		p		\$ 3,614,251
	Corporate Overheads		p		\$ 3,447,518
	Shared Services		p		\$ 3,742,040

**NEW OR AMENDED CONTRACTS WITH AFFILIATED COMPANIES**

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 Affiliate	Synopsis of Contract
Peninsula Pipeline Company, Inc.	Firm Transportation Service Agreement between FPUC and Peninsula Pipeline Company (PPC) dated May 17th, 2019. The agreement is for 20 years and then an indefinite amount of 10 year extensions unless either party terminates within 180 days prior to the current term. The monthly payment is \$381,791 for a maximum of 60,000 dths per day.

**INDIVIDUAL AFFILIATED TRANSACTIONS IN EXCESS OF \$25,000**

Provide information regarding individual affiliated transactions in excess of \$25,000. Recurring monthly affiliated transactions which exceed \$25,000 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.

Name of Affiliate	Description of Transaction	Dollar Amount
Peninsula Pipeline Company, Inc. Eight Flags Energy Marlin Gas Services, LLC	Firm Transportation Service Agreement between FPUC and PPC Capacity Agreement with Eight Flags Energy Natural Gas Transportation Service	14,003,640 334,250 571,461

**ASSETS OR RIGHTS PURCHASED FROM OR SOLD TO AFFILIATES**

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
Purchases from Affiliates:							
None		\$	\$	\$	\$	\$	
<b>Total</b>						\$	
Sales to Affiliates:							
None		\$	\$	\$	\$	Sales Price	
<b>Total</b>						\$	

**EMPLOYEE TRANSFERS**

List employees earning more than \$50,000 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
PESCO	FPU-NG	Supv, PESCO Customer Support	Energy Logistics Analyst II	Permanent
PESCO	FPU-NG	System Admin Mgr	Energy Logistics Analyst III	Permanent
Flo-Gas	FPU-NG	Propane Operator I	Gas Utility Worker	Permanent