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September 12, 2019

**BY E-PORTAL**

Mr. Adam Teitzman, Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

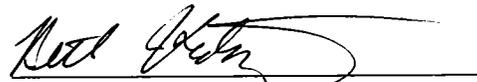
**Re: 20190056-GU - Petition for approval of 2019 consolidated depreciation study by Florida Public Utilities Company, Florida Public Utilities Company-Indiantown Division, Florida Public Utilities Company-Fort Meade, and Florida Division of Chesapeake Utilities Corporation.**

Dear Mr. Teitzman:

Attached, please find the Florida Division of Chesapeake Utilities Corporation's updated pro forma surveillance report through year-end 2019, consistent with Staff's request for additional information.

As always, thank you for your assistance. Please do not hesitate to contact me if you have any questions whatsoever.

Sincerely,



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

MEK

Enclosures

Cc:// Suzanne Brownless, Office of the General Counsel (email)  
Patricia Christensen, Office of Public Counsel

CHESAPEAKE UTILITIES CORPORATION  
 FLORIDA DIVISION  
 RATE OF RETURN REPORT SUMMARY  
 Forecast December 31, 2019

SCHEDULE 1

	(1) ACTUAL PER BOOKS	(2) FPSC ADJUSTMENTS	(3) FPSC ADJUSTED	(4) PRO FORMA ADJUSTMENTS	(5) PRO FORMA ADJUSTED
<b>I. AVERAGE RATE OF RETURN (JURISDICTIONAL)</b>					
NET OPERATING INCOME	\$ 6,098,627	\$254,425	\$6,353,053	\$0	\$6,353,053
AVERAGE RATE BASE	\$102,698,734	(\$400,043)	\$102,298,692	\$0	\$102,298,692
AVERAGE RATE OF RETURN	5.94%		6.21%		6.21%
<b>II. YEAR-END RATE OF RETURN (JURISDICTIONAL)</b>					
NET OPERATING INCOME	\$6,098,627	\$233,794	\$6,332,422	\$0	\$6,332,422
YEAR-END RATE BASE	\$105,595,447	(\$444,781)	\$105,150,666	\$0	\$105,150,666
YEAR-END RATE OF RETURN	5.78%		6.02%		6.02%
<b>III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)</b>					
LOW	5.44%				
MIDPOINT	5.83%				
HIGH	6.23%				
<b>IV. EARNED RETURN ON EQUITY (FPSC ADJUSTED BASIS)</b>					
		A.	INCL COMP RATE ADJ REVENUES		11.66%
		B.	EXCL COMP RATE ADJ REVENUES		11.66%

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

Whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his official duty shall be guilty of a misdemeanor of the second degree punishable as provided in s. 775.082, s. 775.083, or s. 775.084.

Mike Cassel  
 Director, Regulatory Affairs

Signature

Date

CHESAPEAKE UTILITIES CORPORATION  
 FLORIDA DIVISION  
 AVERAGE RATE OF RETURN  
 Forecast December 31, 2019  
 RATE BASE

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	PLANT IN SERVICE	ACCUMULATED DEPRECIATION & AMORTIZATION	PLANT IN SERVICE	NET PROPERTY HELD FOR FUTURE USE	CONSTRUCTION WORK IN PROGRESS	NET UTILITY PLANT	WORKING CAPITAL	TOTAL RATE BASE
PER BOOKS	\$133,487,093	(\$35,326,845)	\$98,160,248	\$0	\$2,817,500	\$100,977,748	\$1,720,986	\$102,698,734
FPSC ADJUSTMENTS:								
ELIMINATIONS TO WORKING CAPITAL								
ELIMINATE ACQUISITION ADJ.	\$0	\$0	\$0				(\$152,162)	(\$152,162)
ELIM. FRANCHISE/CONSENT	(\$14,132)	\$13,391	(\$741)			(\$741)		(\$741)
ELIM. COMMON PLANT	(\$205,587)	\$80,811	(\$124,776)			(\$124,776)		(\$124,776)
FLEXIBLE GAS SERVICE	(\$259,136)	\$145,777	(\$113,359)			(\$113,359)	(\$9,004)	(\$122,363)
TOTAL FPSC ADJUSTMENTS	(\$478,855)	\$239,979	(\$238,877)	\$0	\$0	(\$238,877)	(\$161,166)	(\$400,043)
FPSC ADJUSTED	\$133,008,238	(\$35,086,866)	\$97,921,371	\$0	\$2,817,500	\$100,738,872	\$1,559,820	\$102,298,692
COMP RATE ADJ REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR COMP RATE ADJ REVENUE	\$133,008,238	(\$35,086,866)	\$97,921,371	\$0	\$2,817,500	\$100,738,872	\$1,559,820	\$102,298,692
PROFORMA ADJUSTMENTS								
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRO FORMA ADJUSTED	\$133,008,238	(\$35,086,866)	\$97,921,371	\$0	\$2,817,500	\$100,738,872	\$1,559,820	\$102,298,692

CHESAPEAKE UTILITIES CORPORATION  
 FLORIDA DIVISION  
 AVERAGE RATE OF RETURN  
 Forecast December 31, 2019  
 INCOME STATEMENT

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	OPERATING REVENUES	O & M GAS EXPENSE	O & M OTHER	DEPREC. & AMORTIZATION	TAXES OTHER THAN INCOME	INCOME TAXES CURRENT	D.I.T. (NET)	I.T.C. (NET)	GAIN/LOSS ON DISPOSITION	TOTAL OPERATING EXPENSES	NET OPERATING INCOME
PER BOOKS	\$28,771,990	\$ 5,631,866	\$9,257,737	\$3,705,104	\$2,261,357	\$1,817,299				\$ 22,673,363	\$6,098,627
FPSC ADJUSTMENTS:											
1) Interest Synchronization						(\$186,223)				(\$186,223)	\$186,223
2) Acquisition adjust.						\$0				\$0	\$0
3) Elim. Property Tax - Common Plant						\$548				(\$1,613)	\$1,613
4) Elim. amort org costs				(\$420)	(\$2,161)	\$106				(\$314)	\$314
5) Elim Economic Dev. Expense			\$0			\$0				\$0	\$0
6) Elim. Depreciation Exp. Common Plant				(\$16,553)		\$4,195				(\$12,357)	\$12,357
7) Elim. Non-utility O & M			\$0			\$0				\$0	\$0
8) Elim. Ind. Assoc dues			(\$8,999)			\$2,281				(\$6,718)	\$6,718
9) Elim charitable contributions			(\$1,740)			\$441				(\$1,299)	\$1,299
10) Elim. Social Activities			(\$23,806)			\$6,034				(\$17,773)	\$17,773
11) Elim. promotional expenses			(\$7,540)			\$1,911				(\$5,629)	\$5,629
12) Elim. Civic Dues			\$0			\$0				\$0	\$0
13) Interest Income	\$3,109					\$788				\$788	\$2,321
14) Elim. Rev Related Taxes (Franchise & PSC Assess)	(\$683,111)				(\$683,111)	\$0				(\$683,111)	\$0
15) Elim. Conservation Rev & Exp.	(\$996,765)	(\$991,776)			(\$4,989)	(\$0)				(\$996,765)	(\$0)
16) Elim. Swing Service Expenses and Revenue	(\$4,662,123)	(\$4,640,090)			(\$22,033)	\$0				(\$4,662,123)	\$0
18) Elim. Flexible Gas Service	(\$156,600)		(\$45,184)	(\$10,104)	(\$2,688)	(\$24,996)				(\$82,972)	(\$73,628)
19) Reduce Depreciation and GRIP Margin for new dep. Rates	(\$165,216)			(\$290,869)		\$31,847				(\$259,022)	\$93,806
						\$0				\$0	\$0
						\$0				\$0	\$0
						\$0				\$0	\$0
						\$0				\$0	\$0
TOTAL FPSC ADJUSTMENTS	(\$6,680,706)	(\$5,631,866)	(\$87,270)	(\$317,945)	(\$714,982)	(\$163,069)	\$0	\$0	\$0	(\$6,915,132)	\$254,425
FPSC ADJUSTED	\$22,111,284	\$0	\$9,170,467	\$3,387,159	\$1,546,375	\$1,654,230	\$0	\$0	\$0	\$15,758,231	\$6,353,053
COMP RATE ADJ REVENUES - DEFICIT/(SURPLUS)	\$0					\$0				\$0	\$0
ADJUSTED FOR COMP RATE ADJ REVENUES	\$22,111,284	\$0	\$9,170,467	\$3,387,159	\$1,546,375	\$1,654,230	\$0	\$0	\$0	\$15,758,231	6,353,053
PROFORMA ADJUSTMENTS											
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRO FORMA ADJUSTED	\$22,111,284	\$0	\$9,170,467	\$3,387,159	\$1,546,375	\$1,654,230	\$0	\$0	\$0	\$15,758,231	\$6,353,053

CHESAPEAKE UTILITIES CORPORATION  
 FLORIDA DIVISION  
 YEAR END RATE OF RETURN  
 Forecast December 31, 2019  
 RATE BASE

	(1) PLANT IN SERVICE	(2) ACCUMULATED DEPRECIATION & AMORTIZATION	(3) PLANT IN SERVICE	(4) NET PROPERTY HELD FOR FUTURE USE	(5) CONSTRUCTION WORK IN PROGRESS	(6) NET UTILITY PLANT	(7) WORKING CAPITAL	(8) TOTAL RATE BASE
PER BOOKS	<u>\$140,244,498</u>	<u>(\$36,921,679)</u>	<u>\$103,322,819</u>	<u>\$0</u>	<u>\$2,638,407</u>	<u>\$105,961,226</u>	<u>(\$365,779)</u>	<u>\$105,595,447</u>
FPSC ADJUSTMENTS:								
ELIMINATIONS TO WORKING CAPITAL								
ELIM. FRANCHISE/CONSENT	(\$14,132)	\$13,601	(\$531)				(\$171,782)	(\$171,782)
ELIM. COMMON PLANT	(\$210,320)	\$80,423	(\$129,897)			(\$531)		(\$531)
FLEXIBLE GAS SERVICE	(\$259,136)	\$125,570	(\$133,567)			(\$129,897)	(\$9,004)	(\$129,897)
						(\$133,567)		(\$142,571)
TOTAL FPSC ADJUSTMENTS	<u>(\$483,589)</u>	<u>\$219,594</u>	<u>(\$263,995)</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$263,995)</u>	<u>(\$180,786)</u>	<u>(\$444,781)</u>
FPSC ADJUSTED	<u>\$139,760,909</u>	<u>(\$36,702,085)</u>	<u>\$103,058,824</u>	<u>\$0</u>	<u>\$2,638,407</u>	<u>\$105,697,231</u>	<u>(\$546,565)</u>	<u>\$105,150,666</u>
COMP RATE ADJ REVENUES	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
ADJUSTED FOR COMP RATE ADJ REVENUE	<u>\$139,760,909</u>	<u>(\$36,702,085)</u>	<u>\$103,058,824</u>	<u>\$0</u>	<u>\$2,638,407</u>	<u>\$105,697,231</u>	<u>(\$546,565)</u>	<u>\$105,150,666</u>
PROFORMA ADJUSTMENTS								
TOTAL PRO FORMA ADJUSTMENTS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
PRO FORMA ADJUSTED	<u>\$139,760,909</u>	<u>(\$36,702,085)</u>	<u>\$103,058,824</u>	<u>\$0</u>	<u>\$2,638,407</u>	<u>\$105,697,231</u>	<u>(\$546,565)</u>	<u>\$105,150,666</u>

CHESAPEAKE UTILITIES CORPORATION  
 FLORIDA DIVISION  
 YEAR END RATE OF RETURN  
 Forecast December 31, 2019  
 INCOME STATEMENT

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	OPERATING REVENUES	O & M GAS EXPENSE	O & M OTHER	DEPREC. & AMORTIZATION	TAXES OTHER THAN INCOME	INCOME TAXES CURRENT	D.I.T. (NET)	I.T.C. (NET)	GAIN/LOSS ON DISPOSITION	TOTAL OPERATING EXPENSES	NET OPERATING INCOME
PER BOOKS	\$28,771,990	\$ 5,631,866	\$9,208,517	\$3,705,104	\$2,261,357	\$1,817,299				\$ 22,624,143	\$6,147,847
FPSC ADJUSTMENTS:											
1) Interest Synchronization						(\$165,592)				(\$165,592)	\$165,592
2) Acquisition adjust.						\$0				\$0	\$0
3) Elim. Property Tax - Common Plant						\$548				(\$1,613)	\$1,613
4) Elim. amort org costs				(\$420)	(\$2,161)	\$106				(\$314)	\$314
5) Elim Economic Dev. Expense			\$0			\$0				\$0	\$0
6) Elim. Depreciation Exp. Common Plant				(\$16,553)		\$4,195				(\$12,357)	\$12,357
7) Elim. Non-utility O & M			\$0			\$0				\$0	\$0
8) Elim. Ind. Assoc dues			(\$8,999)			\$2,281				(\$6,718)	\$6,718
9) Elim charitable contributions			(\$1,740)			\$441				(\$1,299)	\$1,299
10) Elim. Social Activities			(\$23,806)			\$6,034				(\$17,773)	\$17,773
11) Elim. promotional expenses			(\$7,540)			\$1,911				(\$5,629)	\$5,629
12) Elim. Civic Dues			\$0			\$0				\$0	\$0
13) Interest Income	\$3,109					\$788				\$788	\$2,321
14) Elim. Rev Related Taxes (Franchise & PSC Assess)	(\$683,111)				(\$683,111)	\$0				(\$683,111)	\$0
15) Elim. Conservation Rev & Exp.	(\$996,765)				(\$4,989)	(\$0)				(\$996,765)	(\$0)
16) Elim. Swing Service Expenses and Revenue	(\$4,662,123)	(\$4,640,090)			(\$22,033)	\$0				(\$4,662,123)	\$0
18) Elim. Flexible Gas Service	(\$156,600)		(\$45,184)	(\$10,104)	(\$2,688)	(\$24,996)				(\$92,972)	(\$73,628)
19) Reduce Depreciation and GRIP Margin for new dep. R	(\$165,216)			(\$290,869)		\$31,847				(\$259,022)	\$93,806
						\$0				\$0	\$0
						\$0				\$0	\$0
						\$0				\$0	\$0
TOTAL FPSC ADJUSTMENTS	(\$6,660,706)	(\$5,631,866)	(\$87,270)	(\$317,945)	(\$714,982)	(\$142,438)	\$0	\$0	\$0	(\$6,894,501)	\$233,794
FPSC ADJUSTED	\$22,111,284	\$0	\$9,121,247	\$3,387,159	\$1,546,375	\$1,674,861	\$0	\$0	\$0	\$15,729,642	\$6,381,642
COMP RATE ADJ REVENUES - DEFICIT/(SURPLUS)	\$0					\$0				\$0	\$0
ADJUSTED FOR COMP RATE ADJ REVENUES	\$22,111,284	\$0	\$9,121,247	\$3,387,159	\$1,546,375	\$1,674,861	\$0	\$0	\$0	\$15,729,642	\$6,381,642
PROFORM ADJUSTMENTS											
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRO FORMA ADJUSTED	\$22,111,284	\$0	\$9,121,247	\$3,387,159	\$1,546,375	\$1,674,861	\$0	\$0	\$0	\$15,729,642	\$6,381,642

AVERAGE	ADJUSTMENTS							LOW POINT		MIDPOINT		HIGH POINT	
	PER BOOKS	NON-UTILITY	ADJUSTED BOOKS	PRO-RATA	SPECIFIC	BALANCE	RATIO (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
COMMON EQUITY	\$40,589,550	\$0	\$40,589,550	\$0	(\$197,474)	\$40,392,076	39.48%	9.80%	3.87%	10.80%	4.26%	11.80%	4.66%
LONG TERM DEBT	\$24,482,858	\$0	\$24,482,858	\$0	(\$119,113)	\$24,363,745	23.82%	3.98%	0.95%	3.98%	0.95%	3.98%	0.95%
SHORT TERM DEBT	\$17,153,650	\$0	\$17,153,650	\$0	(\$83,455)	\$17,070,195	16.69%	3.48%	0.58%	3.48%	0.58%	3.48%	0.58%
SHORT TERM DEBT REFINANCED LTD	\$0	\$0	\$0	\$0	\$0	\$0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$1,753,178	\$0	\$1,753,178	\$0	\$0	\$1,753,178	1.71%	2.31%	0.04%	2.31%	0.04%	2.31%	0.04%
DEFERRED INCOME TAXES	\$18,719,498	\$0	\$18,719,498	\$0	\$0	\$18,719,498	18.30%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	-	\$0	\$0	\$0	\$0	\$0	0.00%	5.40%	0.00%	5.79%	0.00%	6.19%	0.00%
TOTAL AVERAGE	\$102,698,734	\$0	\$102,698,734	\$0	(\$400,041)	\$102,298,693	100.00%		5.44%		5.83%		6.23%

YEAR-END	ADJUSTMENTS							LOW POINT		MIDPOINT		HIGH POINT	
	PER BOOKS	NON-UTILITY	ADJUSTED BOOKS	PRO-RATA	SPECIFIC	BALANCE	RATIO (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
COMMON EQUITY	\$41,670,312	\$0	\$41,670,312	\$0	(\$218,288)	\$41,452,024	39.42%	9.80%	3.86%	10.80%	4.26%	11.80%	4.65%
LONG TERM DEBT	\$27,155,824	\$0	\$27,155,824	\$0	(\$142,254)	\$27,013,570	25.69%	3.45%	0.89%	3.45%	0.89%	3.45%	0.89%
SHORT TERM DEBT	\$16,081,585	\$0	\$16,081,585	\$0	(\$84,242)	\$15,997,343	15.21%	3.48%	0.53%	3.48%	0.53%	3.48%	0.53%
SHORT TERM DEBT REFINANCED LTD	\$0	\$0	\$0	\$0	\$0	\$0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$1,565,981	\$0	\$1,565,981	\$0	\$0	\$1,565,981	1.49%	2.11%	0.03%	2.11%	0.03%	2.11%	0.03%
DEFERRED INCOME TAXES	\$19,121,745	\$0	\$19,121,745	\$0	\$0	\$19,121,745	18.19%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$0	\$0	\$0	\$0	\$0	\$0	0.00%	5.28%	0.00%	5.68%	0.00%	6.07%	0.00%
TOTAL YEAR-END	\$105,595,446	\$0	\$105,595,446	\$0	(\$444,783)	\$105,150,663	100.00%		5.31%		5.71%		6.10%