



September 15, 2016

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FLORIDA PUBLIC SERVICE
COMMISSION
2016 SEP 15 AM 10:41
DIVISION OF
ACCOUNTING & FINANCE

HAND DELIVERY

Mr. Andrew Maurey
Director
Division of Accounting and Finance
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Florida Public Utilities Company (Electric and Gas Divisions), Florida Public Utilities Company-Indiantown Division, Florida Public Utilities Company-Fort Meade, and Florida Division of Chesapeake Utilities Corporation 2nd Quarter Surveillance Reports

Dear Mr. Maurey:

In accordance with Rules 25-6.1352(3) and 25-7.1352(3), F.A.C., Florida Public Utilities Company (Gas and Electric Divisions), FPUC-Fort Meade, FPUC-Indiantown Division and the Florida Division of Chesapeake Utilities Corporation hereby submit the original and four (4) copies of the required 2nd Quarter (June 2016) Earnings Surveillance Reports for 2016.

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

Sincerely,

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

cc: Cheryl Bulecza-Banks
Bart Fletcher

	(1) ACTUAL PER BOOKS	(2) FPSC ADJUSTMENTS	(3) FPSC ADJUSTED	(4) PRO FORMA ADJUSTMENTS	(5) PRO FORMA ADJUSTED
I. AVERAGE RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	\$ 2,745,206	\$211,662	\$2,956,868	\$0	\$2,956,868
AVERAGE RATE BASE	\$64,779,854	(\$3,020,154)	\$61,759,700	\$0	\$61,759,700
AVERAGE RATE OF RETURN	4.24%		4.79%		4.79%
II. YEAR-END RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	\$2,745,206	\$193,427	\$2,938,633	\$0	\$2,938,633
YEAR-END RATE BASE	\$65,722,244	(\$3,297,625)	\$62,424,620	\$0	\$62,424,620
YEAR-END RATE OF RETURN	4.18%		4.71%		4.71%

IV. FINANCIAL INTEGRITY INDICATORS

III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)			
LOW	5.04%	A. TIE WITH AFUDC	5.17
MIDPOINT	5.44%	B. TIE WITHOUT AFUDC	5.17
HIGH	5.84%	C. AFUDC TO NET INCOME	0.00
		D. INTERNALLY GENERATED FUNDS	64.70
		E. LTD TO TOTAL INVESTOR FUNDS	22.79
		F. STD TO TOTAL INVESTOR FUNDS	22.43
		G. RETURN ON COMMON EQUITY	8.61

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

Mike Cassel
Signature

9/14/16
Date

FLORIDA PUBLIC UTILITIES COMPANY
ELECTRIC
AVERAGE RATE OF RETURN
For the 12 Months Ending June 30, 2016
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	\$112,053,261	(\$57,052,587)	\$55,000,673	\$0	\$2,990,018	\$57,990,691	\$6,789,163	\$64,779,854
FPSC ADJUSTMENTS:								
1) ELIM. NON UTILITY PLANT	\$0	\$0		\$0		\$0		\$0
2) REGULATORY LIAB - PENSION AMORT				\$0		\$0	\$0	\$0
3) REGULATORY ASSET - LITIGATION COSTS				\$0		\$0	\$0	\$0
4) ELIMINATE NET UNDERRECOVERY						\$0	(\$2,589,660)	(\$2,589,660)
5) TREE TRIMMING & UNDERGROUND RESERVE						\$0	(\$5,314)	(\$55,314)
6) ADJUST TAX STEP UP TO STIPULATION						\$0	\$0	\$0
7) DEFERRED RATE CASE EXPENSE						\$0	(\$375,180)	(\$375,180)
TOTAL FPSC ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	(\$3,020,154)	(\$3,020,154)
FPSC ADJUSTED	\$112,053,261	(\$57,052,587)	\$55,000,673	\$0	\$2,990,018	\$57,990,691	\$3,769,009	\$61,759,700
FLEX RATE REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR FLEX RATE REVENUES	\$112,053,261	(\$57,052,587)	\$55,000,673	\$0	\$2,990,018	\$57,990,691	\$3,769,009	\$61,759,700
PROFORMA ADJUSTMENTS								
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRO FORMA ADJUSTED	\$112,053,261	(\$57,052,587)	\$55,000,673	\$0	\$2,990,018	\$57,990,691	\$3,769,009	\$61,759,700

	(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	\$113,122,417	(\$58,640,657)	\$54,481,760	\$0	\$7,089,083	\$61,570,843	\$4,151,401	\$65,722,244
FPSC ADJUSTMENTS:								
1) ELIM. NON UTILITY PLANT	\$0	\$0	\$0			\$0		\$0
2) OUT OF PERIOD LITIGATION ADJ						\$0	\$0	\$0
3) ELIMINATION OF UNDER-RECOVERY						\$0	(\$3,052,475)	(\$3,052,475)
4) TREE TRIMMING & UNDERGROUND RESERVE						\$0	81,093	\$81,093
5) DEFERRED RATE CASE EXPENSE						\$0	(\$326,243)	(\$326,243)
TOTAL FPSC ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	(\$3,297,625)	(\$3,297,625)
FPSC ADJUSTED	\$113,122,417	(\$58,640,657)	\$54,481,760	\$0	\$7,089,083	\$61,570,843	\$853,777	\$62,424,620
COMP RATE ADJ REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR COMP RATE ADJ REVENUE	\$113,122,417	(\$58,640,657)	\$54,481,760	\$0	\$7,089,083	\$61,570,843	\$853,777	\$62,424,620
PROFORMA ADJUSTMENTS								
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRO FORMA ADJUSTED	\$113,122,417	(\$58,640,657)	\$54,481,760	\$0	\$7,089,083	\$61,570,843	\$853,777	\$62,424,620

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	\$26,371,359		\$26,371,359	(\$1,654,441)		\$24,716,918	40.02%	9.25%	3.70%	10.25%	4.10%	11.25%
LONG TERM DEBT - CU	\$9,566,482		\$9,566,482	(600,165)		\$8,966,317	14.52%	4.95%	0.72%	4.95%	0.72%	4.95%	0.72%
SHORT TERM DEBT	\$10,798,346		\$10,798,346	(677,448)		\$10,120,898	16.39%	1.38%	0.23%	1.38%	0.23%	1.38%	0.23%
LONG TERM DEBT - FC	\$1,404,289		\$1,404,289	(88,101)		\$1,316,189	2.13%	12.57%	0.27%	12.57%	0.27%	12.57%	0.27%
SHORT TERM DEBT - REFINANCED LTD	\$0		\$0	\$0		\$0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$3,184,694		\$3,184,694			\$3,184,694	5.16%	2.38%	0.12%	2.38%	0.12%	2.38%	0.12%
DEFERRED INCOME TAXES	\$13,454,685		\$13,454,685			\$13,454,685	21.79%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$0		\$0			\$0	0.00%	4.92%	0.00%	5.32%	0.00%	5.72%	0.00%
TOTAL AVERAGE	\$64,779,855	\$0	\$64,779,855	(\$3,020,154)	\$0	\$61,759,700	100.00%		5.04%		5.44%		5.84%

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	\$26,209,063		\$26,209,063	(1,773,911)	\$0	\$24,435,152	39.14%	9.25%	3.62%	10.25%	4.01%	11.25%
LONG TERM DEBT - CU	\$8,900,463		\$8,900,463	(602,411)		\$8,298,052	13.29%	5.06%	0.67%	5.06%	0.67%	5.06%	0.67%
SHORT TERM DEBT	\$12,265,334		\$12,265,334	(830,156)		\$11,435,178	18.32%	1.16%	0.21%	1.16%	0.21%	1.16%	0.21%
LONG TERM DEBT - FC	\$1,346,663		\$1,346,663	(91,146)		\$1,255,517	2.01%	12.46%	0.25%	12.46%	0.25%	12.46%	0.25%
SHORT TERM DEBT - REFINANCED LTD	\$0		\$0	-		\$0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$3,210,650		\$3,210,650			\$3,210,650	5.14%	2.36%	0.12%	2.36%	0.12%	2.36%	0.12%
DEFERRED INCOME TAXES	\$13,790,071		\$13,790,071			\$13,790,071	22.09%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$0		\$0			\$0	0.00%	4.75%	0.00%	5.14%	0.00%	5.53%	0.00%
TOTAL YEAR-END	\$65,722,244	\$0	\$65,722,244	(\$3,297,624)	\$0	\$62,424,620	100.00%		4.87%		5.26%		5.65%