



August 8, 2014

HAND DELIVERY

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

RECEIVED
FLORIDA PUBLIC SERVICE
COMMISSION
14 AUG -8 PM 12:54
DIVISION OF
ACCOUNTING & FINANCE

Re: Florida Public Utilities Company (Electric and all Gas Divisions), and Central Florida Gas (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 (Electric Division and all Natural Gas Divisions), as well as the Florida Division of Chesapeake Utilities Corporation, hereby submit the required 2nd Quarter Earnings Surveillance Reports for 2014, along with an additional copy of each report.

As always, please don't hesitate to let me know 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

cc: Bart Fletcher

CHESAPEAKE UTILITIES CORPORATION
 FLORIDA DIVISION
 RATE OF RETURN REPORT SUMMARY
 June 30, 2014

SCHEDULE 1

	(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	\$ 3,257,768	(\$113,411)	\$3,144,357	\$0	\$3,144,357
AVERAGE RATE BASE	\$50,942,102	(\$452,133)	\$50,489,969	\$0	\$50,489,969
AVERAGE RATE OF RETURN	6.40%		6.23%		6.23%
II. YEAR-END RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	\$3,257,768	(\$147,622)	\$3,110,146	\$0	\$3,110,146
YEAR-END RATE BASE	\$53,351,594	(\$454,594)	\$52,897,000	\$0	\$52,897,000
YEAR-END RATE OF RETURN	6.11%		5.88%		5.88%
III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)					
LOW	5.85%				
MIDPOINT	6.30%				
HIGH	6.76%				
IV. EARNED RETURN ON EQUITY (FPSC ADJUSTED BASIS)					
		A.	INCL COMP RATE ADJ REVENUES		10.65%
		B.	EXCL COMP RATE ADJ REVENUES		10.85%

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.

Cheryl Martin
 Director, Regulatory Affairs

Cheryl M. Martin
 Signature
 per M&D

8/7/14
 Date

CHESAPEAKE UTILITIES CORPORATION
 FLORIDA DIVISION
AVERAGE RATE OF RETURN
 For the 12 Months Ending June 30, 2014
 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	<u>\$75,839,674</u>	<u>(\$27,696,235)</u>	<u>\$48,143,439</u>	<u>\$0</u>	<u>\$2,149,240</u>	<u>\$50,292,680</u>	<u>\$649,422</u>	<u>\$50,942,102</u>
FPSC ADJUSTMENTS:								
ELIMINATIONS TO WORKING CAPITAL							(\$110,535)	(\$110,535)
ELIMINATE ACQUISITION ADJ.	\$0	\$0	\$0			\$0		\$0
ELIM. FRANCHISE/CONSENT		(\$11,291)	(\$11,291)			(\$11,291)		(\$11,291)
ELIM. COMMON PLANT	(\$315,173)	\$158,906	(\$158,267)			(\$158,267)		(\$158,267)
FLEXIBLE GAS SERVICE	(\$259,136)	\$96,101	(\$163,035)			(\$163,035)	(\$9,004)	(\$172,039)
TOTAL FPSC ADJUSTMENTS	<u>(\$574,309)</u>	<u>\$241,716</u>	<u>(\$332,593)</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$332,593)</u>	<u>(\$119,539)</u>	<u>(\$452,133)</u>
FPSC ADJUSTED	<u>\$75,265,365</u>	<u>(\$27,454,519)</u>	<u>\$47,810,846</u>	<u>\$0</u>	<u>\$2,149,240</u>	<u>\$49,960,087</u>	<u>\$529,883</u>	<u>\$50,489,969</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>\$75,265,365</u>	<u>(\$27,454,519)</u>	<u>\$47,810,846</u>	<u>\$0</u>	<u>\$2,149,240</u>	<u>\$49,960,087</u>	<u>\$529,883</u>	<u>\$50,489,969</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>\$75,265,365</u>	<u>(\$27,454,519)</u>	<u>\$47,810,846</u>	<u>\$0</u>	<u>\$2,149,240</u>	<u>\$49,960,087</u>	<u>\$529,883</u>	<u>\$50,489,969</u>

CHESAPEAKE UTILITIES CORPORATION
 FLORIDA DIVISION
AVERAGE RATE OF RETURN
 For the 12 Months Ending June 30, 2014
 INCOME STATEMENT

SCHEDULE 2
 PAGE 2 OF 2

	(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	\$16,680,291	\$ 846,030	\$7,002,258	\$2,747,934	\$1,281,168	\$1,545,133				\$13,422,523	\$3,257,768
FPSC ADJUSTMENTS:											
1) Interest Synchronization						\$40,757				\$40,757	(\$40,757)
2) Acquisition adjust.						\$0				\$0	\$0
3) O&M Adj. - Deprec Study Costs and Bonus True-Ups			\$0			\$0				\$0	\$0
4) Elim. Property Tax - Common Plant					(\$3,510)	\$1,354				(\$2,156)	\$2,156
5) Elim. amort org costs				(\$424)		\$164				(\$260)	\$260
6) Elim Economic Dev. Expense			(\$39)			\$15				(\$24)	\$24
7) Elim. Depreciation Exp. Common Plant				(\$24,417)		\$9,419				(\$14,998)	\$14,998
8) Elim. Non-utility O & M			\$0			\$0				\$0	\$0
9) Elim. Ind. Assoc dues			(4,949.84)			\$1,909				(\$3,040)	\$3,040
10) Elim charitable contributions			\$0			\$0				\$0	\$0
11) Elim. Social Activities			(\$19,247)			\$7,425				(\$11,822)	\$11,822
12) Elim. promotional expenses			\$0			\$0				\$0	\$0
13) Elim. Civic Dues			\$0			\$0				\$0	\$0
14) Interest Income	\$1,183					\$456				\$456	\$727
15) Elim. Rev Related Taxes (Franchise & PSC Assess)	(\$213,050)				(\$213,050)	\$0				(\$213,050)	\$0
16) Elim. Conservation Rev & Exp.	(\$850,174)	(\$846,030)			(\$4,255)	\$43				(\$850,242)	\$68
17) Elim. PGA Expenses		\$0				\$0				\$0	\$0
18) Elim. PGA Revenues	\$0					\$0				\$0	\$0
19) Elim. Flexible Gas Service	(\$156,600)		(\$45,184)	(\$10,104)	(\$3,222)	(\$37,839)				(\$96,348)	(\$80,252)
20) Out of Period Adjustments			\$74,069			(\$28,572)				\$45,497	(\$45,497)
TOTAL FPSC ADJUSTMENTS	(\$1,218,641)	(\$846,030)	\$4,650	(\$34,945)	(\$224,037)	(\$4,869)	\$0	\$0	\$0	(\$1,105,230)	(\$113,411)
FPSC ADJUSTED	\$15,461,650	\$0	\$7,006,908	\$2,712,989	\$1,057,131	\$1,540,264	\$0	\$0	\$0	\$12,317,293	\$3,144,357
COMP RATE ADJ REVENUES - DEFICIT/(SURPLUS)	\$0					\$0				\$0	\$0
ADJUSTED FOR COMP RATE ADJ REVENUES	\$15,461,650	\$0	\$7,006,908	\$2,712,989	\$1,057,131	\$1,540,264	\$0	\$0	\$0	\$12,317,293	\$3,144,357
PROFORMA ADJUSTMENTS											
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRO FORMA ADJUSTED	\$15,461,650	\$0	\$7,006,908	\$2,712,989	\$1,057,131	\$1,540,264	\$0	\$0	\$0	\$12,317,293	\$3,144,357

CHESAPEAKE UTILITIES CORPORATION
 FLORIDA DIVISION
 YEAR END RATE OF RETURN
 For the 12 Months Ending June 30, 2014
 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	<u>\$79,629,406</u>	<u>(\$28,504,566)</u>	<u>\$51,124,841</u>	<u>\$0</u>	<u>\$2,052,891</u>	<u>\$53,177,732</u>	<u>\$173,862</u>	<u>\$53,351,594</u>
FPSC ADJUSTMENTS:								
ELIMINATIONS TO WORKING CAPITAL							(\$118,808)	(\$118,808)
ELIMINATE ACQUISITION ADJ.								
ELIM. FRANCHISE/CONSENT		(\$11,503)	(\$11,503)			(\$11,503)		(\$11,503)
ELIM. COMMON PLANT	(\$321,015)	\$163,720	(\$157,295)			(\$157,295)		(\$157,295)
FLEXIBLE GAS SERVICE	(\$259,136)	\$101,153	(\$157,984)			(\$157,984)	(\$9,004)	(\$166,988)
TOTAL FPSC ADJUSTMENTS	<u>(\$580,151)</u>	<u>\$253,370</u>	<u>(\$326,781)</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$326,781)</u>	<u>(\$127,812)</u>	<u>(\$454,594)</u>
FPSC ADJUSTED	<u>\$79,049,255</u>	<u>(\$28,251,196)</u>	<u>\$50,798,059</u>	<u>\$0</u>	<u>\$2,052,891</u>	<u>\$52,850,951</u>	<u>\$46,050</u>	<u>\$52,897,000</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>\$79,049,255</u>	<u>(\$28,251,196)</u>	<u>\$50,798,059</u>	<u>\$0</u>	<u>\$2,052,891</u>	<u>\$52,850,951</u>	<u>\$46,050</u>	<u>\$52,897,000</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>\$79,049,255</u>	<u>(\$28,251,196)</u>	<u>\$50,798,059</u>	<u>\$0</u>	<u>\$2,052,891</u>	<u>\$52,850,951</u>	<u>\$46,050</u>	<u>\$52,897,000</u>

CHESAPEAKE UTILITIES CORPORATION
 FLORIDA DIVISION
YEAR END RATE OF RETURN
 For the 12 Months Ending June 30, 2014
 INCOME STATEMENT

SCHEDULE 3
 PAGE 2 OF 2

	(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	\$16,680,291	\$ 846,030	\$7,002,258	\$2,747,934	\$1,281,168	\$1,545,133				\$13,422,523	\$3,257,768
FPSC ADJUSTMENTS:											
1) Interest Synchronization						\$74,968				\$74,968	(\$74,968)
2) Acquisition adjust.						\$0				\$0	\$0
3) O&M Adj. - Deprec Study Costs and Bonus True-Ups			\$0			\$0				\$0	\$0
4) Elim. Property Tax - Common Plant					(\$3,510)	\$1,354				(\$2,156)	\$2,156
5) Elim. amort org costs				(\$424)		\$164				(\$260)	\$260
6) Elim Economic Dev. Expense			(\$39)			\$15				(\$24)	\$24
7) Elim. Depreciation Exp. Common Plant			\$0	(\$24,417)		\$9,419				(\$14,998)	\$14,998
8) Elim. Non-utility O & M			\$0			\$0				\$0	\$0
9) Elim. Ind. Assoc dues			(4,949.84)			\$1,909				(\$3,040)	\$3,040
10) Elim charitable contributions			\$0			\$0				\$0	\$0
11) Elim. Social Activities			(\$19,247)			\$7,425				(\$11,822)	\$11,822
12) Elim. promotional expenses			\$0			\$0				\$0	\$0
13) Elim. Civic Dues			\$0			\$0				\$0	\$0
14) Interest Income	\$1,183					\$456				\$456	\$727
15) Elim. Rev Related Taxes (Franchise & PSC Assess)	(\$213,050)				(\$213,050)	\$0				(\$213,050)	\$0
16) Elim. Conservation Rev & Exp.	(\$850,174)	(\$846,030)			(\$4,255)	\$43				(\$850,242)	\$68
17) Elim. PGA Expenses		\$0				\$0				\$0	\$0
18) Elim. PGA Revenues	\$0					\$0				\$0	\$0
19) Elim. Flexible Gas Service	(\$156,600)		(\$45,184)	(\$10,104)	(\$3,222)	(\$37,839)				(\$96,348)	(\$60,252)
20) Out of Period Adjustments			\$74,069			(\$28,572)				\$45,497	(\$45,497)
TOTAL FPSC ADJUSTMENTS	(\$1,218,641)	(\$846,030)	\$4,650	(\$34,945)	(\$224,037)	\$29,342	\$0	\$0	\$0	(\$1,071,019)	(\$147,622)
FPSC ADJUSTED	\$15,461,650	\$0	\$7,006,908	\$2,712,989	\$1,057,131	\$1,574,475	\$0	\$0	\$0	\$12,351,504	\$3,110,146
COMP RATE ADJ REVENUES - DEFICIT/(SURPLUS)	\$0					\$0				\$0	\$0
ADJUSTED FOR COMP RATE ADJ REVENUES	\$15,461,650	\$0	\$7,006,908	\$2,712,989	\$1,057,131	\$1,574,475	\$0	\$0	\$0	\$12,351,504	\$3,110,146
PROFORM ADJUSTMENTS											
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRO FORMA ADJUSTED	\$15,461,650	\$0	\$7,006,908	\$2,712,989	\$1,057,131	\$1,574,475	\$0	\$0	\$0	\$12,351,504	\$3,110,146

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	\$23,285,798	\$0	\$23,285,798	\$0	(\$265,326)	\$23,020,472	45.59%	9.80%	4.47%	10.80%	4.92%	11.80%
LONG TERM DEBT	\$9,283,882	\$0	\$9,283,882	\$0	(\$105,784)	\$9,178,098	18.18%	5.61%	1.02%	5.61%	1.02%	5.61%	1.02%
SHORT TERM DEBT	\$4,661,337	\$0	\$4,661,337	\$0	(\$53,113)	\$4,608,224	9.13%	1.11%	0.10%	1.11%	0.10%	1.11%	0.10%
SHORT TERM DEBT REFINANCED LTD	\$2,449,444	\$0	\$2,449,444	\$0	(\$27,909)	\$2,421,535	4.80%	4.17%	0.20%	4.17%	0.20%	4.17%	0.20%
CUSTOMER DEPOSITS	\$978,471	\$0	\$978,471	\$0	\$0	\$978,471	1.94%	2.44%	0.05%	2.44%	0.05%	2.44%	0.05%
DEFERRED INCOME TAXES	\$10,228,501	\$0	\$10,228,501	\$0	\$0	\$10,228,501	20.26%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$54,669	\$0	\$54,669	\$0	\$0	\$54,669	0.11%	5.79%	0.01%	6.24%	0.01%	6.70%	0.01%
TOTAL AVERAGE	\$50,942,102	\$0	\$50,942,102	\$0	(\$452,132)	\$50,489,970	100.00%		5.85%		6.30%		6.76%

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	\$24,665,403	\$0	\$24,665,403	\$0	(\$267,499)	\$24,397,904	46.12%	9.80%	4.52%	10.80%	4.98%	11.80%
LONG TERM DEBT	\$13,298,697	\$0	\$13,298,697	\$0	(\$144,225)	\$13,154,472	24.87%	3.96%	0.99%	3.96%	0.99%	3.96%	0.99%
SHORT TERM DEBT	\$3,952,946	\$0	\$3,952,946	\$0	(\$42,870)	\$3,910,076	7.39%	1.32%	0.10%	1.32%	0.10%	1.32%	0.10%
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	\$961,661	\$0	\$961,661	\$0	\$0	\$961,661	1.82%	2.48%	0.05%	2.48%	0.05%	2.48%	0.05%
DEFERRED INCOME TAXES	\$10,427,979	\$0	\$10,427,979	\$0	\$0	\$10,427,979	19.71%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$44,907	\$0	\$44,907	\$0	\$0	\$44,907	0.08%	5.61%	0.00%	6.07%	0.01%	6.53%	0.01%
TOTAL YEAR-END	\$53,351,593	\$0	\$53,351,593	\$0	(\$454,594)	\$52,896,999	100.00%		5.66%		6.13%		6.59%