



September 15, 2016

RECEIVED
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

CHESAPEAKE UTILITIES CORPORATION
 FLORIDA DIVISION
 RATE OF RETURN REPORT SUMMARY
 June 30, 2016

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	\$ 3,763,749	(\$96,821)	\$3,664,928	\$0	\$3,664,928
AVERAGE RATE BASE	\$64,435,838	(\$782,764)	\$63,653,175	\$0	\$63,653,175
AVERAGE RATE OF RETURN	5.84%		5.76%		5.78%
II. YEAR-END RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	\$3,763,749	(\$99,010)	\$3,664,739	\$0	\$3,664,739
YEAR-END RATE BASE	\$69,180,388	(\$1,369,755)	\$67,810,634	\$0	\$67,810,634
YEAR-END RATE OF RETURN	5.44%		5.40%		5.40%
III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)					
LOW	5.34%				
MIDPOINT	5.77%				
HIGH	6.20%				
IV. EARNED RETURN ON EQUITY (FPSC ADJUSTED BASIS)					
A.	INCL COMP RATE ADJ REVENUES			10.77%	
B.	EXCL COMP RATE ADJ REVENUES			10.77%	

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 *As YMSX*

9/14/16
 Date

CHESAPEAKE UTILITIES CORPORATION
 FLORIDA DIVISION
AVERAGE RATE OF RETURN
 For the 12 Months Ending December 31, 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	\$88,674,085	(\$28,543,548)	\$60,130,537	\$0	\$2,830,044	\$62,960,581	\$1,475,358	\$64,435,938
FPSC ADJUSTMENTS:								
ELIMINATIONS TO WORKING CAPITAL							(\$438,990)	(\$438,990)
ELIMINATE ACQUISITION ADJ.	\$0	\$0	\$0			\$0		\$0
ELIM. FRANCHISE/CONSENT	(\$14,132)	\$12,131	(\$2,001)			(\$2,001)		(\$2,001)
ELIM. COMMON PLANT	(\$282,683)	\$73,584	(\$189,098)			(\$189,098)		(\$189,098)
FLEXIBLE GAS SERVICE	(\$259,136)	\$115,466	(\$143,670)			(\$143,670)	(\$9,004)	(\$152,674)
			\$0			\$0		\$0
TOTAL FPSC ADJUSTMENTS	(\$535,951)	\$201,182	(\$334,769)	\$0	\$0	(\$334,769)	(\$447,994)	(\$782,764)
FPSC ADJUSTED	\$88,138,134	(\$28,342,366)	\$59,795,768	\$0	\$2,830,044	\$62,625,811	\$1,027,363	\$63,653,175
COMP RATE ADJ REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR COMP RATE ADJ REVENUE	\$88,138,134	(\$28,342,366)	\$59,795,768	\$0	\$2,830,044	\$62,625,811	\$1,027,363	\$63,653,175
PROFORMA ADJUSTMENTS								
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRO FORMA ADJUSTED	\$88,138,134	(\$28,342,366)	\$59,795,768	\$0	\$2,830,044	\$62,625,811	\$1,027,363	\$63,653,175

CHESAPEAKE UTILITIES CORPORATION
 FLORIDA DIVISION
AVERAGE RATE OF RETURN
 For the 12 Months Ending June 30, 2016
 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	\$19,708,580	\$ 1,550,404	\$8,236,208	\$2,589,100	\$1,772,770	\$1,796,349				\$15,944,831	\$3,763,749
FPSC ADJUSTMENTS:											
1) Interest Synchronization						\$70,996				\$70,996	(\$70,996)
2) Acquisition adjust.						\$0				\$0	\$0
3) Elim. Property Tax - Common Plant					(\$2,934)	\$1,132				(\$1,802)	\$1,802
4) Elim. amort on costs				(\$420)		\$162				(\$258)	\$258
5) Elim Economic Dev. Expense			(\$20)			\$8				(\$13)	\$13
6) Elim. Depreciation Exp. Common Plant				(\$16,468)		\$6,353				(\$10,116)	\$10,116
7) Elim. Non-utility O & M			\$0			\$0				\$0	\$0
8) Elim. Ind. Assoc dues			(\$3,130)			\$1,207				(\$1,922)	\$1,922
9) Elim charitable contributions			\$0			\$0				\$0	\$0
10) Elim. Social Activities			(\$27,147)			\$10,472				(\$16,675)	\$16,675
11) Elim. promotional expenses			(\$2,668)			\$1,029				(\$1,639)	\$1,639
12) Elim. Civic Dues			\$0			\$0				\$0	\$0
13) Interest Income	\$462					\$178				\$178	\$284
14) Elim. Rev Related Taxes (Franchise & PSC Assess)	(\$537,617)				(\$537,617)	\$0				(\$537,617)	\$0
15) Elim. Conservation Rev & Exp.	(\$1,558,200)	(\$1,550,404)			(\$7,799)	\$1				(\$1,558,202)	\$2
16) Elim. PGA Expenses		\$0				\$0				\$0	\$0
17) Elim. PGA Revenues	\$0					\$0				\$0	\$0
18) Elim. Flexible Gas Service	(\$156,600)		(\$45,184)	(\$10,104)	(\$2,761)	(\$38,016)				(\$96,065)	(\$80,535)
19) Out of Period Adjustments			\$0			\$0				\$0	\$0
TOTAL FPSC ADJUSTMENTS	(\$2,251,955)	(\$1,550,404)	(\$78,149)	(\$26,992)	(\$551,110)	\$53,522	\$0	\$0	\$0	(\$2,153,134)	(\$98,821)
FPSC ADJUSTED	\$17,456,625	\$0	\$8,158,059	\$2,562,108	\$1,221,660	\$1,849,871	\$0	\$0	\$0	\$13,791,697	\$3,664,928
COMP RATE ADJ REVENUES - DEFICIT/(SURPLUS)	\$0					\$0				\$0	\$0
ADJUSTED FOR COMP RATE ADJ REVENUES	\$17,456,625	\$0	\$8,158,059	\$2,562,108	\$1,221,660	\$1,849,871	\$0	\$0	\$0	\$13,791,697	3,664,928
PROFORMA ADJUSTMENTS											
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRO FORMA ADJUSTED	\$17,456,625	\$0	\$8,158,059	\$2,562,108	\$1,221,660	\$1,849,871	\$0	\$0	\$0	\$13,791,697	\$3,664,928

CHESAPEAKE UTILITIES CORPORATION
 FLORIDA DIVISION
 YEAR END RATE OF RETURN
 For the 12 Months Ending December 31, 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	<u>\$92,790,270</u>	<u>(\$29,193,479)</u>	<u>\$63,596,791</u>	<u>\$0</u>	<u>\$3,479,241</u>	<u>\$67,076,032</u>	<u>\$2,104,357</u>	<u>\$69,180,388</u>
FPSC ADJUSTMENTS:								
ELIMINATIONS TO WORKING CAPITAL								
ELIM. FRANCHISE/CONSENT	(\$14,132)	\$12,341	(\$1,791)			(\$1,791)	(\$1,017,846)	(\$1,017,846)
ELIM. COMMON PLANT	(\$272,668)	\$75,225	(\$197,443)			(\$197,443)		(\$197,443)
FLEXIBLE GAS SERVICE	(\$259,136)	\$115,466	(\$143,670)			(\$143,670)	(\$9,004)	(\$152,674)
TOTAL FPSC ADJUSTMENTS	<u>(\$545,936)</u>	<u>\$203,032</u>	<u>(\$342,904)</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$342,904)</u>	<u>(\$1,026,850)</u>	<u>(\$1,369,755)</u>
FPSC ADJUSTED	<u>\$92,244,334</u>	<u>(\$28,990,447)</u>	<u>\$63,253,886</u>	<u>\$0</u>	<u>\$3,479,241</u>	<u>\$66,733,127</u>	<u>\$1,077,507</u>	<u>\$67,810,634</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>\$92,244,334</u>	<u>(\$28,990,447)</u>	<u>\$63,253,886</u>	<u>\$0</u>	<u>\$3,479,241</u>	<u>\$66,733,127</u>	<u>\$1,077,507</u>	<u>\$67,810,634</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>\$92,244,334</u>	<u>(\$28,990,447)</u>	<u>\$63,253,886</u>	<u>\$0</u>	<u>\$3,479,241</u>	<u>\$66,733,127</u>	<u>\$1,077,507</u>	<u>\$67,810,634</u>

CHESAPEAKE UTILITIES CORPORATION
 FLORIDA DIVISION
 YEAR END RATE OF RETURN
 For the 12 Months Ending December 31, 2016
 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	\$19,708,580	\$ 1,550,404	\$8,236,208	\$2,589,100	\$1,772,770	\$1,796,349				\$15,944,831	\$3,763,749
FPSC ADJUSTMENTS:											
1) Interest Synchronization						\$71,184				\$71,184	(\$71,184)
2) Acquisition adjust.						\$0				\$0	\$0
3) Elim. Property Tax - Common Plant					(\$2,934)	\$1,132				(\$1,802)	\$1,802
4) Elim. Amort. Org. Costs				(\$420)		\$162				(\$258)	\$258
5) Elim Economic Dev. Expense			(\$20)			\$8				(\$13)	\$13
6) Elim. Depreciation Exp. Common Plant				(\$16,468)		\$6,353				(\$10,116)	\$10,116
7) Elim. Non-utility O & M						\$0				\$0	\$0
8) Elim. Ind. Assoc dues			(3,130)			\$1,207				(\$1,922)	\$1,922
9) Elim charitable contributions			\$0			\$0				\$0	\$0
10) Elim. Social Activities			(\$27,147)			\$10,472				(\$16,675)	\$16,675
11) Elim. promotional expenses			(\$2,668)			\$1,029				(\$1,639)	\$1,639
12) Elim. Civic Dues			\$0			\$0				\$0	\$0
13) Interest Income	\$462					\$178				\$178	\$284
14) Elim. Rev Related Taxes (Franchise & PSC Assess)	(\$537,617)				(\$537,617)	\$0				(\$537,617)	\$0
15) Elim. Conservation Rev & Exp.	(\$1,558,200)	(\$1,550,404)			(\$7,799)	\$1				(\$1,558,202)	\$2
16) Elim. PGA Expenses		\$0				\$0				\$0	\$0
17) Elim. PGA Revenues	\$0					\$0				\$0	\$0
18) Elim. Flexible Gas Service	(\$156,600)		(\$45,184)	(\$10,104)	(\$2,761)	(\$38,016)				(\$96,065)	(\$60,535)
19) Out of Period Adjustments			\$0			\$0				\$0	\$0
TOTAL FPSC ADJUSTMENTS	(\$2,251,955)	(\$1,550,404)	(\$78,149)	(\$26,992)	(\$551,110)	\$53,710	\$0	\$0	\$0	(\$2,152,945)	(\$99,010)
FPSC ADJUSTED	\$17,456,625	\$0	\$8,158,059	\$2,562,108	\$1,221,660	\$1,850,059	\$0	\$0	\$0	\$13,791,886	\$3,664,739
COMP RATE ADJ REVENUES - DEFICIT/(SURPLUS)	\$0					\$0				\$0	\$0
ADJUSTED FOR COMP RATE ADJ REVENUES	\$17,456,625	\$0	\$8,158,059	\$2,562,108	\$1,221,660	\$1,850,059	\$0	\$0	\$0	\$13,791,886	\$3,664,739
PROFORM ADJUSTMENTS											
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRO FORMA ADJUSTED	\$17,456,625	\$0	\$8,158,059	\$2,562,108	\$1,221,660	\$1,850,059	\$0	\$0	\$0	\$13,791,886	\$3,664,739

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	\$27,794,449	\$0	\$27,794,449	\$0	(\$433,134)	\$27,361,315	42.98%	9.80%	4.21%	10.80%	4.64%	11.80%
LONG TERM DEBT	\$11,054,852	\$0	\$11,054,852	\$0	(\$172,273)	\$10,882,579	17.10%	4.95%	0.85%	4.95%	0.85%	4.95%	0.85%
SHORT TERM DEBT	\$11,381,062	\$0	\$11,381,062	\$0	(\$177,357)	\$11,203,705	17.60%	1.38%	0.24%	1.38%	0.24%	1.38%	0.24%
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	\$1,044,901	\$0	\$1,044,901	\$0	\$0	\$1,044,901	1.64%	2.29%	0.04%	2.29%	0.04%	2.29%	0.04%
DEFERRED INCOME TAXES	\$13,146,283	\$0	\$13,146,283	\$0	\$0	\$13,146,283	20.65%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$14,391	\$0	\$14,391	\$0	\$0	\$14,391	0.02%	5.30%	0.00%	5.73%	0.00%	6.16%	0.00%
TOTAL AVERAGE	\$64,435,938	\$0	\$64,435,938	\$0	(\$782,763)	\$63,653,175	100.00%		5.34%		5.77%		6.20%

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	\$28,994,679	\$0	\$28,994,679	\$0	(\$743,911)	\$28,250,768	41.66%	9.80%	4.08%	10.80%	4.50%	11.80%
LONG TERM DEBT	\$10,823,982	\$0	\$10,823,982	\$0	(\$277,709)	\$10,546,273	15.55%	5.06%	0.79%	5.06%	0.79%	5.06%	0.79%
SHORT TERM DEBT	\$13,568,948	\$0	\$13,568,948	\$0	(\$348,135)	\$13,220,813	19.50%	1.16%	0.23%	1.16%	0.23%	1.16%	0.23%
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	\$1,050,897	\$0	\$1,050,897	\$0	\$0	\$1,050,897	1.55%	2.28%	0.04%	2.28%	0.04%	2.28%	0.04%
DEFERRED INCOME TAXES	\$14,751,998	\$0	\$14,751,998	\$0	\$0	\$14,751,998	21.75%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	(\$10,115)	\$0	(\$10,115)	\$0	\$0	(\$10,115)	-0.01%	5.10%	0.00%	5.52%	0.00%	5.94%	0.00%
TOTAL YEAR-END	\$69,180,388	\$0	\$69,180,388	\$0	(\$1,369,754)	\$67,810,634	100.00%		5.14%		5.56%		5.98%