



March 30, 2016

VIA 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 4th 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 4th Quarter (December 2015) Earnings Surveillance Reports for 2015.

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: Cheryl Bulecza-Banks Bart Fletcher

215 South Monroe Street, Suite 601 Tallahassee, FL 32301-1804 p 850-521-1980 f 850-576-0902 GUNSTER.COM Fort Lauderdale | Jacksonville | Miami | Orlando | Palm Beach | Stuart | Tallahassee | Tampa | The Florida Keys | Vero Beach | West Palm Beach

ELECTRIC

RATE OF RETURN REPORT SUMMARY

December 31, 2015

December 31, 2015						
I. AVERAGE RATE OF RETURN (JURISDICTIONAL)	(1) ACTUAL PER BOOKS	(2) FPSC ADJUSTMENTS	(3) FPSC ADIUSTED		(4) RO FORMA USTMENTS	(5) PRO FORMA ADJUSTED
NET OPERATING INCOME	\$ 2,949,136	\$75,407	\$3,024,543		\$0	\$3,024,543
AVERAGE RATE BASE	\$65,539,535	(\$4,303,388)	\$61,236,148		\$0	\$61,236,148
AVERAGE RATE OF RETURN	4.50%		4.94%			4.94%
II. YEAR-END RATE OF RETURN (JURISDICTIONAL)						
NET OPERATING INCOME	\$2,949,136	\$50,463	\$2,999,599		\$0	\$2,999,599
YEAR-END RATE BASE	\$64,683,605	(\$2,251,908)	\$62,431,697		\$0\$0	\$62,431,697
YEAR-END RATE OF RETURN	4.56%		4.80%			4.80%
		IV. FINANCI	AL INTEGRITY INDICATORS			
III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)		A. TE WITH	AFUDC	5.19		
LOW	5.18%		IOUT AFUDC	5.19		
MIDPOINT	5.59%		O NET INCOME	0.00		
нюн	6.01%		OTAL INVESTOR FUNDS	25.73		
			OTAL INVESTOR FUNDS	17.72		
		G. RETURN		8.66		
	e statement in writing with the t in the performance of his official anor of the second degree punishable	M.L. Cut			3/29/1	6
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Signature

Date

SCHEDULE 1

ELECTRIC

AVERAGE RATE OF RETURN

For the 12 Months Ending December 31, 2015

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 BOOK5	\$111,291,850	(\$55,523,983)	\$55,767,867	\$0	\$838,988	\$56,606,855	\$8,932,680	\$65,539,535
FPSC ADJUSTMENTS:								
 ELIM. NON UTILITY PLANT REGULATORY LIAB - PENSION AMORT REGULATORY ASSET - LITIGATION COSTS ELIMINATE NET UNDERRECOVERY STREE TRIMMING & UNDERGROUND RESERVE GJADJUST TAX STEP UP TO STIPULATION DEFERRED RATE CASE EXPENSE TOTAL PPSC ADJUSTMENTS 	(\$198,104)	\$92,746	\$0 (\$105,358) \$0 \$0 (\$105,358)	\$0		\$0 (\$105,358) \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0	(\$0) \$0 (\$3,669,737) (104,176) \$0 (\$424,117) (\$4,198,030)	\$0 (\$105,358) (\$0) \$0 (\$3,669,737) (\$104,176) \$0 (\$424,117) (\$4,303,388)
TUTAL PPSC ADJUSTMENTS	(\$158,104)	332,740	(\$105,550)			(\$105,550)		(04,303,300)
FPSC ADJUSTED	\$111,093,746	(\$55,431,236)	\$55,662,509	\$0	\$838,988	\$56,501,497	\$4,734,650	\$61,236,148
FLEX RATE REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR FLEX RATE REVENUES	\$111,093,746	(\$55,431,236)	\$55,662,509	\$0	\$838,988	\$56,501,497	\$4,734,650	\$61,236,148
PROFORMA ADJUSTMENTS								
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRO FORMA ADJUSTED	\$111,093,746	(\$55,431,236)	\$55,662,509	\$0	\$838,988	\$56,501,497	\$4,734,650	\$61,236,148

ELECTRIC

AVERAGE RATE OF RETURN

For the 12 Months Ending December 31, 2015

INCOME STATEMENT

	(1)	(2)			(3)		(4)		(5)		(6)		(7)		(8)		(9)		(10)		(11)		
		-								ANCE OTHER		ON AF TAYES	-				GA	IN/LOSS		TOTAL OPERATING		NET	
	OPERATIN REVENUE			& M FUEL EXPENSE	O & M OTHER			DEPREC. & AMORTIZATION		AXES OTHER		OME TAXES		U.T. NET)		.T.C. NET)	DISC	ON POSITION		EXPENSES	'	OPERATING INCOME	
	REVENUE	<u> </u>				OTHER		IOK 12ATION		AN INCOME		CORREIT				1217	0131	Ostrion		CAPENSES		INCOME.	
PER BOOKS	\$ 85,40	1,442	\$	58,579,909	\$	11,680,245	\$	3,649,999	\$	7,161,515	\$	1,383,638							\$	82,455,306	\$	2,949,136	
FPSC ADJUSTMENTS: 1) INCOME TAX SYNCH ADJUSTMENT											\$	(38,252)							\$	(38,252)	¢	38,252	
2) ELIMINATE FUEL REVENUES AND EXPENSES	\$ (57,86	164)	\$	(\$7,895,127)					\$	(47,064)	s	29,713							ş	(58,232)	ş	47,314	
3) ELIMINATE CONSERVATION		2,235)	ŝ	(684,782)					ŝ	(491)	ş	1,172							ş	(684,101)	ŝ	1,866	
4)NON-UTILITY DEPRECIATION EXPENSE	• (,,	•	(/			\$	(7,032)	•	· -/	\$	2,713							\$	(4,319)	\$	4,319	
5)TREE TRIMMING & UNDERGROUND ACCRUAL					\$	26,608					\$	(10,264)							\$	16,344	\$	(16,344)	
											\$	-							\$	-	\$	-	
											\$	•							\$	-	\$	-	
											\$	-							\$	-	\$	-	
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																			•		•		
TOTAL FPSC ADJUSTMENTS	\$ (58,54	7,399)	\$	(58,579,909)	\$	26,608	\$	(7,032)	\$	(47,555)	\$	(14,918)	\$	-	\$	-	\$	-	\$	(58,622,806)	\$	75,407	
FPSC ADJUSTED	\$ 26,85	7,043	\$	-	\$	11,706,853	\$	3,642,967	_\$	7,113,960	\$	1,368,720	\$	<u> </u>	\$		\$		\$	23,832,500	\$	3,024,543	
PRO FORMA ADJUSTMENTS																							
																			\$	-	\$	-	
TOTAL PRO FORMA ADJUSTMENTS	\$	-	\$		\$		\$		\$		\$		\$	-	\$		\$	-	\$	· · · ·	\$		
PRO FORMA ADJUSTED	\$26,85	7,043		\$0		\$11,706,853		\$3,642,967		\$7,113,960	_	\$1,368,720		\$0	<u></u>	\$0		\$0		\$23,832,500		\$3,024,543	

SCHEDULE 2 PAGE 2 OF 2

FLORIDA PUBLIC UTILITIES COMPANY ELECTRIC	SCHEDULE 3 PAGE 1 OF 2
YEAR END RATE OF RETURN	
For the 12 Months Ending December 31, 2015	
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	\$112,321,513	(\$56,867,628)	\$55,453,885	\$0	\$2,103,928	\$57,557,814	\$7,125,792	\$64,683,605
FPSC ADJUSTMENTS:								
1) ELIM. NON UTILITY PLANT 2) OUT OF PERIOD LITIGATION ADJ 3) ELIMINATION OF UNDER-RECOVERY 4)TREE TRIMMING & UNDERGROUND RESERVE 5) DEFERRED RATE CASE EXPENSE	(\$149,477)	\$100,974	(\$48,503)			(\$48,503) \$0 \$0 \$0 \$0 \$0	\$0 {\$1,720,538} (107,688) (\$375,180)	(\$48,503) \$0 (\$1,720,538) (\$107,688) (\$375,180)
TOTAL FPSC ADJUSTMENTS	(\$149,477)	\$100,974	(\$48,503)	\$0	\$0	(\$48,503)	(\$2,203,406)	(\$2,251,908)
FPSC ADJUSTED	\$112,172,037	(\$56,766,654)	\$55,405,383	\$0	\$2,103,928	\$57,509,311	\$4,922,386	\$62,431,697
COMP RATE ADJ REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR COMP RATE ADJ REVENUE	\$112,172,037	(\$56,766,654)	\$55,405,383	<u>\$0</u>	\$2,103,928	\$57,509,311	\$4,922,386	\$62,431,697
PROFORMA ADJUSTMENTS								\$0
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0 \$0
PRO FORMA ADJUSTED	\$112,172,037	(\$56,766,654)	\$55,405,383	\$0	\$2,103,928	\$57,509,311	\$4,922,386	\$62,431,697

INCOME STATEMENT

ELECTRIC

YEAR END RATE OF RETURN

For the 12 Months Ending December 31, 2015

SCHEDULE 3 PAGE 2 OF 2

		(1) OPERATING REVENUES		(2) O & M FUEL EXPENSE	 (3) O & M OTHER /		{4) DEPREC. & AMORTIZATION		(5) TAXES OTHER THAN INCOME		(6) INCOME TAXES CURRENT		(7) D.I.T. (NET)		(8) .T.C. NET)	GAI	(9) N/LOSS ON OSITION		(10) TOTAL DPERATING EXPENSES		(11) NET DPERATING INCOME
PER BOOKS	\$	85,404,442	\$	58,579,9 0 9	\$ 11,680,245	\$	3,649,999	\$	7,161,515	\$	1,383,638							\$	82,455,306	\$	2,949,136
FPSC ADJUSTMENTS: 1) INCOME TAX SYNCH ADJUSTMENT 2) ELIMINATE FUEL REVENUES AND EXPENSES 3) ELIMINATE CONSERVATION 4)NON-UTILITY DEPRECIATION EXPENSE 5)TREE TRIMMING & UNDERGROUND ACCRUAL	\$ \$	(57,865,164) (682,235)	\$ \$	(57,895,127) (684,782)	\$ 26,608	\$	(7,032)	\$ \$	(47,064) (491)	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	(13,308) 29,713 1,172 2,713 (10,264) - - - - - - - - - - - - - - - - - - -							\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	(13,308) (57,912,478) (684,101) (4,319) 16,344 - - - - - - - - - - - - - - - - - -	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	13,308 47,314 1,866 4,319 (16,344) - - - - - - - - - - - - - - - - - -
TOTAL FPSC ADJUSTMENTS	\$	(58,547,399)	\$	(58,579,909)	\$ 26,608	\$	(7,032)	\$	(47,555)	\$	10,026	\$	-	\$	-	\$		\$	(58,597,862)	\$	50,463
FPSC ADJUSTED	\$	26,857,043	\$		\$ 11,706,853	\$	3,642,967	\$	7,113,960	\$	1,393,664	\$		\$	<u> </u>	\$	-	\$	23,857,444	\$	2,999,599
PRO FORMA ADJUSTMENTS																					
TOTAL PRO FORMA ADJUSTMENTS	\$		\$		\$ 	\$		\$		\$		\$		\$	-	\$		\$		\$	
PRO FORMA ADJUSTED		\$26,857,043	_	\$0	 \$11,706,853	-	\$3,642,967		\$7,113,960	<u> </u>	\$1,393,664	_	\$0		\$0		\$0		\$23,857,444		\$2,999,599

-								LO	N POINT	M	DPOINT	нк	SH POINT
	_	ADJUSTMENTS						COST	WEIGHTED	COST	WEIGHTED	COST	WEIGHTED
			ADJUSTED				RATIO	RATE	COST	RATE	COST	RATE	COST
AVERAGE	PER BOOKS	NON-UTILITY	BOOKS	PRO-RATA	SPECIFIC	BALANCE	(%)	(%)	(%)	(%)	(%)	(%)	(%)
COMMON EQUITY	\$27,609,209		\$27,609,209	(\$2,433,632)		\$25,175,577	41.11%	9.25%	3.80%	10.25%	4.21%	11.25%	4.63%
LONG TERM DEBT - CU	\$11,062,973		\$11,062,973	(975,153)		\$10,087,820	16.47%	4.98%	0.82%	4.98%	0.82%	4.98%	0.82%
SHORT TERM DEBT	\$8,652,534		\$8,652,534	(762,683)		\$7,889,851	12.88%	1.20%	0.15%	1.20%	0.15%	1.20%	0.15%
LONG TERM DEBT - FC	\$1,496,608		\$1,496,608	(131,919)		\$1,364,689	2.23%	12.68%	0.28%	12.68%	0.28%	12.68%	0.28%
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	\$3,224,218		\$3,224,218			\$3,224,218	5.27%	2.40%	0.13%	2.40%	0.13%	2.40%	0.13%
DEFFERED INCOME TAXES	\$13,493,993		\$13,493,993			\$13,493,993	22.04%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$0		\$0			\$0	0.00%	5.05%	0.00%	5.46%	0.00%	5.88%	0.00%
TOTAL AVERAGE	\$65,539,535	\$0	\$65,539,535	(\$4,303,387)	\$0	\$61,236,148	100.00%		5.18%		5.59%		6.01%

								LO	W POINT	м	DPOINT	Hio	H POINT
	-	ADJUSTMENTS	ADJUSTED				RATIO	COST RATE	WEIGHTED COST	COST RATE	WEIGHTED COST	COST RATE	WEIGHTED
YEAR-END	PER BOOKS	NON-UTILITY	BOOKS	PRO-RATA	SPECIFIC	BALANCE	(%)	(%)	(%)	(%)	(%)	(%)	(%)
COMMON EQUITY	\$25,280,359		\$25,280,359	(1,189,295)	\$0	\$24,091,064	38.59%	9.25%	3.57%	10.25%	3.96%	11.25%	4.34%
LONG TERM DEBT - CU	\$9,146,266		\$9,146,266	(430,279)		\$8,715,987	13.96%	5.17%	0.72%	5.17%	0.72%	5.17%	0.72%
SHORT TERM DEBT	\$12,043,366		\$12,043,366	(566,571)		\$11,476,795	18.38%	0.75%	0.14%	0.75%	0.14%	0.75%	0.14%
LONG TERM DEBT - FC	\$1,397,905		\$1,397,905	(65,763)		\$1,332,141	2.13%	12.57%	0.27%	12.57%	0.27%	12.57%	0.27%
SHORT TERM DEBT - REFINANCED LTD	\$0		\$0			\$0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$3,182,981		\$3,182,981			\$3,182,981	5.10%	2.43%	0.12%	2.43%	0.12%	2.43%	0.12%
DEFFERED INCOME TAXES	\$13,632,729		\$13,632,729			\$13,632,729	21.84%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$0		\$0			\$0	0.00%	4.70%	0.00%	5.09%	0.00%	5.47%	0.00%
TOTAL YEAR-END	\$64,683,605	\$0	\$64,683,605	(\$2,251,908)	\$0	\$62,431,697	100.00%		4.82%		5.21%		5.59%