

May 13, 2016

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REDA PUBLIC SERVIC
COMMISSION

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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 1st Quarter (March 2016) Earnings Surveillance Reports for 2016.

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

I. AVERAGE RATE OF RETURN (JURISOICTIONAL)	(1) ACTUAL PER BOOKS	(2) FPSC AQUUSTMENTS	(3) FPSC ADJUSTED	(4) PRO FORMA ADJUSTMENTS	(5) PRO FORMA ADJUSTED
NET OPERATING INCOME	\$ 3,039,867	\$97,419	\$3,137,286	\$0	\$3,137,286
AVERAGE RATE BASE	\$64,849,964	(\$3,522,502)	\$61,327,462	\$0	\$61,327,462
AVERAGE RATE OF RETURN	4,69%		5.12%		5,12%
II. YEAR-END RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	\$3,039,867	\$69,804	\$3,109,671	\$0	\$3,109,671
YEAR-END RATE BASE	\$63,862,645	(\$2,373,383)	\$61,489,262	\$o	\$61,489,262
YEAR-END RATE OF RETURN	4.76%		5.06%		5.06%
III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS) LOW	5.12%	A. TIE WIT	CAL INTEGRITY INDICATORS H AFUDC HOUT AFUDC TO NET INCOME	5.20 5.20 0.00	
MIDPOINT	5.53%	D. INTERN	ALLY GENERATED FUNDS	73.51	
HIGH	5.94%	E. LTD TO	TOTAL INVESTOR FUNDS	24.10	
		F. STD TO	TOTAL INVESTOR FUNDS	20.06	
I am aware that Section 837.06. Florida Statutes, pr	raidne.	G. RETURA	ON COMMON EQUITY	9.23	

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 for min

5/12/16

Date

FLORIDA PUBLIC UTILITIES COMPANY
ELECTRIC

AVERAGE RATE OF RETURN

For the 12 Months Ending March 31, 2

For the 12 Months Ending March 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	\$111,637,990	(\$56,256,569)	\$55,381,421	\$0	\$1,613,821	\$56,995,242	\$7,854,722	\$64,849,964
1) ELIM. NON UTILITY PLANT 2) REGULATORY LIAB - PENSION AMORT 3) REGULATORY ASSET - LITIGATION COSTS 4) ELIMINATE NET UNDERRECOVERY 5) TREE TRIMMING & UNDERGROUND RESERVE 6) ADJUST TAX STEP UP TO STIPULATION 7) DEFERRED RATE CASE EXPENSE TOTAL FPSC ADJUSTMENTS	\$0	\$0 	\$0 \$0 \$0 \$0 \$0	\$0		\$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0	\$0 \$0 (\$3,045,584) (77,270) \$ (\$399,648) (\$3,522,502)	\$0 \$0 \$0 \$0 (\$3,045,584) (\$77,270) \$0 (\$399,648) (\$3,522,502)
FPSC ADJUSTMENTS	\$111,637,990	(\$56,256,569)	\$55,381,421	\$0	\$1,613,821	\$56,995,242	\$4,332,220	\$61,327,462
FLEX RATE REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR FLEX RATE REVENUES =	\$111,637,990	(\$56,256,569)	\$55,381,421	\$0	\$1,613,821	\$56,995,242	\$4,332,220	\$61,327,462
PROFORMA ADJUSTMENTS								
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRO FORMA ADJUSTED	\$111,637,990	(\$56,256,569)	\$55,381,421	\$0	\$1,613,821	\$56,995,242	\$4,332,220	\$61,327,462

FLORIDA PUBLIC UTILITIES COMPANY ELECTRIC

AVERAGE RATE OF RETURN

For the 12 Months Ending March 31, 2015

INCOME STATEMENT

	(1) OPERATING	(2)	(3) O & M	(4) DEPREC. &	(5) TAXES OTHER	(6)	(7) D.I.T.	(8) I.T.C.	(9) GAIN/LOSS ON	(10) TOTAL OPERATING	(11) NET OPERATING
	REVENUES	EXPENSE	OTHER	AMORTIZATION	THAN INCOME	CURRENT	(NET)	(NET)	DISPOSITION	EXPENSES	INCOME
PER BOOKS	\$ 84,433,131	\$ 57,824,644	\$ 11,455,234	\$ 3,605,252	\$ 7,082,459	\$ 1,425,675				\$ 81,393,26	\$ 3,039,867
FPSC ADJUSTMENTS: 1) INCOME TAX SYNCH ADJUSTMENT 2) ELIMINATE FUEL REVENUES AND EXPENSES 3) ELIMINATE CONSERVATION 4)NON-UTILITY DEPRECIATION EXPENSE	\$ (57,076,474) \$ (715,121)			\$ -	\$ (46,481) \$ (515)	\$ (24,828) \$ 29,781 \$ 1,097 \$ -				\$ (24,82) \$ (57,123,89) \$ (716,86) \$ -	5) \$ 47,421
5)TREE TRIMMING & UNDERGROUND ACCRUAL			\$ (38,133)			\$ 14,710 \$ - \$ -				\$ (23,42) \$ - \$ -	\$ 23,423 \$ - \$ -
						\$ - \$ -				\$ - \$ -	\$ - \$ - \$ -
					,	\$ - \$ -				\$ - \$ -	\$ - \$ -
						\$ - \$ -				\$ -	\$ - \$ -
TOTAL FPSC ADJUSTMENTS	\$ (57,791,595)	\$ (57,824,644	\$ (38,133)	\$ -	\$ (46,995)	\$ 20,759	\$ -	\$ -	\$ -	\$ (57,889,01	\$ 97,419
FPSC ADJUSTED	\$ 26,641,536	\$ -	\$ 11,417,100	\$ 3,605,252	\$ 7,035,464	\$ 1,446,434	\$ -	\$ -	\$ -	\$ 23,504,25	\$ 3,137,286
PRO FORMA ADJUSTMENTS											
TOTAL PRO FORMA ADJUSTMENTS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ - \$ -	\$
PRO FORMA ADJUSTED	\$26,641,536	\$0	\$11,417,100	\$3,605,252	\$7,035,464	\$1,446,434	\$0	\$0	\$0	\$23,504,25	\$3,137,286

FLORIDA PUBLIC UTILITIES COMPANY ELECTRIC YEAR END RATE OF RETURN For the 12 Months Ending March 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	\$112,681,625	(\$57,699,593)	\$54,982,032	\$0	\$5,169,260	\$60,151,292	\$3,711,353	\$63,862,645
FPSC ADJUSTMENTS: 1) ELIM. NON UTILITY PLANT	\$o	\$0	\$0			\$0		\$0
2) OUT OF PERIOD LITIGATION ADJ 3) ELIMINATION OF UNDER-RECOVERY 4)TREE TRIMMING & UNDERGROUND RESERVE 5) DEFERRED RATE CASE EXPENSE	v	**	v			\$0 \$0 \$0 \$0	\$0 (\$2,010,130) (12,542) (\$350,711)	\$0 (\$2,010,130) (\$12,542) (\$350,711)
TOTAL FPSC ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	(\$2,373,383)	(\$2,373,383)
FPSC ADJUSTED	\$112,681,625	(\$57,699,593)	\$54,982,032	\$0	\$5,169,260	\$60,151,292	\$1,337,970	\$61,489,262
COMP RATE ADJ REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR COMP RATE ADJ REVENUE	\$112,681,625	(\$57,699,593)	\$54,982,032	\$0	\$5,169,260	\$60,151,292	\$1,337,970	\$61,489,262
PROFORMA ADJUSTMENTS								\$0
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0 \$0
PRO FORMA ADJUSTED	\$112,681,625	(\$57,699,593)	\$54,982,032	\$0	\$5,169,260	\$60,151,292	\$1,337,970	\$61,489,262

FLORIDA PUBLIC UTILITIES COMPANY
ELECTRIC
YEAR END RATE OF RETURN
For the 12 Months Ending March 31, 2015
INCOME STATEMENT

		(1) OPERATING REVENUES		(2) O & M FUEL EXPENSE		(3) O & M OTHER		(4) DEPREC. & HORTIZATION		(5) XES OTHER AN INCOME		(6) OME TAXES URRENT	D	(7) .I.T. JET)	L'	8) F.C. IET)		(9) IN/LOSS ON POSITION		(10) TOTAL OPERATING EXPENSES		(11) NET DPERATING INCOME
PER BOOKS	\$	84,433,131	\$	57,824,644	\$	11,455,234	\$	3,605,252	\$	7,082,459	\$	1,425,675							\$	81,393,264	\$	3,039,867
FPSC ADJUSTMENTS: 1) INCOME TAX SYNCH ADJUSTMENT 2) ELIMINATE FUEL REVENUES AND EXPENSES 3) ELIMINATE CONSERVATION 4)NON-UTILITY DEPRECIATION EXPENSE S)TREE TRIMMING & UNDERGROUND ACCRUAL	\$ \$	(57,076,474) (715,121)	\$ \$	(57,107,195) (717,449)	\$	(38,133)	\$	-	\$ \$	{46,481} (515)	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	2,786 29,781 1,097 - 14,710							* * * * * * * * * * * * * * *	2,786 (57,123,895) (716,867) - (23,423) - - - - - - - - -	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	(2,786) 47,421 1,746 - 23,423 - - - - - - -
TOTAL FPSC ADJUSTMENTS	\$	(57,791,595)	\$	(57,824,644)	\$	(38,133)	\$		\$	(46,995)	\$	48,373	\$		\$		\$	<u>-</u> -	\$	(57,861,399)	\$	69,804
FPSC ADJUSTED	\$	26,641,536	\$		\$	11,417,100	\$	3,605,252	\$	7,035,464	\$	1,474,048	_\$	~	\$		\$		\$	23,531,865	\$	3,109,671
PRO FORMA ADJUSTMENTS																						
TOTAL PRO FORMA ADJUSTMENTS	\$		\$		\$		\$		\$		\$	-	\$	*	\$		\$		\$	-	\$	-
PRO FORMA ADJUSTED	_	\$26,641,536		\$0	_	\$11,417,100	_	\$3,605,252		\$7,035,464		\$1,474,048		\$0	-	\$0	_	\$0	_	\$23,531,865		\$3,109,671

FLORIDA PUBLIC UTILITIES COMPANY ELECTRIC CAPITAL STRUCTURE March 31, 2015 FPSC ADJUSTED BASIS

							LO	W POINT	М	DPOINT	HIGH POINT		
_	ADJUSTMENTS						COST	WEIGHTED	COST	WEIGHTED	COST	WEIGHTED	
_		ADJUSTED				RATIO	RATE	COST	RATE	COST	RATE	COST	
PER BOOKS	NON-UTILITY	BOOKS	PRO-RATA	SPECIFIC	BALANCE	(%)	(%)	(%)	(%)	(%)	(%)	(%)	
\$26,914,305		\$26,914,305	(\$1,966,888)		\$24,947,417	40.68%	9.25%	3.76%	10.25%	4.17%	11.25%	4.58%	
\$10,175,234		\$10,175,234	(743,603)		\$9,431,631	15.38%	4.97%	0.76%	4.97%	0.76%	4.97%	0.76%	
\$9,669,960		\$9,669,960	(706,677)		\$8,963,283	14.62%	1.32%	0.19%	1.32%	0.19%	1.32%	0.19%	
\$1,441,356		\$1,441,356	(105,334)		\$1,336,022	2.18%	12.63%	0.28%	12.63%	0.28%	12.63%	0.28%	
\$0		\$0	\$0		\$0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
\$3,190,068		\$3,190,068			\$3,190,068	5.20%	2.41%	0.13%	2.41%	0.13%	2.41%	0.13%	
\$13,459,041		\$13,459,041			\$13,459,041	21.95%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
\$0		\$0			\$0	0.00%	4.99%	0.00%	5.40%	0.00%	5.81%	0.00%	
\$64.849.964	\$0	\$64,849,964	(\$3.522.502)	\$0	\$61,327,462	100.00%		5.12%		5.53%		5.94%	
	\$26,914,305 \$10,175,234 \$9,669,960 \$1,441,356 \$0 \$3,190,068 \$13,459,041	\$26,914,305 \$10,175,234 \$9,669,960 \$1,441,356 \$0 \$3,190,068 \$13,459,041 \$0	PER BOOKS NON-UTILITY ADJUSTED BOOKS \$26,914,305 \$26,914,305 \$10,175,234 \$10,175,234 \$9,669,960 \$9,669,960 \$1,441,356 \$1,441,356 \$0 \$0 \$3,190,068 \$3,190,068 \$13,459,041 \$13,459,041 \$0 \$0	PER BOOKS NON-UTILITY ADJUSTED BOOKS PRO-RATA \$26,914,305 \$26,914,305 (\$1,966,888) \$10,175,234 \$10,175,234 (743,603) \$9,669,960 \$9,669,960 (706,677) \$1,441,356 \$1,441,356 (105,334) \$0 \$0 \$0 \$3,190,068 \$3,190,068 \$3,190,068 \$13,459,041 \$13,459,041 \$0	PER BOOKS NON-UTILITY ADJUSTED BOOKS PRO-RATA SPECIFIC \$26,914,305 \$26,914,305 (\$1,966,888) \$10,175,234 \$10,175,234 (743,603) \$9,669,960 \$9,669,960 (706,677) \$1,441,356 \$1,441,356 (105,334) \$0 \$0 \$0 \$3,190,068 \$3,190,068 \$13,459,041 \$13,459,041 \$0 \$0	PER BOOKS NON-UTILITY ADJUSTED BOOKS PRO-RATA SPECIFIC BALANCE \$26,914,305 \$26,914,305 \$1,966,888 \$24,947,417 \$10,175,234 \$10,175,234 \$743,603 \$9,431,631 \$9,669,960 \$9,669,960 \$706,677 \$8,963,283 \$1,441,356 \$1,441,356 \$105,334 \$1,336,022 \$0 \$0 \$0 \$0 \$3,190,068 \$3,190,068 \$3,190,068 \$13,459,041 \$13,459,041 \$13,459,041 \$0 \$0 \$0 \$0 \$0 \$0	ADJUSTED BOOKS PRO-RATA SPECIFIC BALANCE (%) \$26,914,305 \$26,914,305 (\$1,966,888) \$24,947,417 40.68% \$10,175,234 \$10,175,234 (743,603) \$9,431,631 15.38% \$9,669,960 \$9,669,960 (706,677) \$8,963,283 14.62% \$1,441,356 \$1,441,356 (105,334) \$1,336,022 2.18% \$0 \$0 \$0 \$0 0.00% \$3,190,068 \$3,190,068 \$3,190,068 \$33,190,068 \$33,190,068 \$5.20% \$13,459,041 \$13,459,041 \$21.95% \$0 \$0 \$0 0.00%	ADJUSTMENTS	ADJUSTMENTS	ADJUSTMENTS	ADJUSTMENTS ADJUSTED RATIO COST COST RATIO COST COST COST RATIO COST C	ADJUSTMENTS	

								LO	W POINT	MIDPOINT		HIG	H POINT
	_	ADJUSTMENTS						COST	WEIGHTED	COST	WEIGHTED	COST	WEIGHTED
VEAR FAIR	DED DOOM	NON UTUITY	ADJUSTED	DDO DATA	SPECIFIC	DALANCE	RATIO	RATE	COST	RATE	COST	RATE	COST
YEAR-END	PER BOOKS	NON-UTILITY	BOOKS	PRO-RATA	SPECIFIC	BALANCE	(%)	(%)	(%)	(%)	(%)	(%)	(%)
							ĺ		- 1				-
COMMON EQUITY	\$25,309,462		\$25,309,462	(1,280,009)	\$0	\$24,029,453	39.08%	9.25%	3.61%	10.25%	4.01%	11.25%	4.40%
LONG TERM DEBT - CU	\$8,766,715		\$8,766,715	(443,371)		\$8,323,344	13.54%	5.09%	0.69%	5.09%	0.69%	5.09%	0.69%
SHORT TERM DEBT	\$11,505,220		\$11,505,220	(581,869)		\$10,923,351	17.77%	0.98%	0.17%	0.98%	0.17%	0.98%	0.17%
LONG TERM DEBT - FC	\$1,347,223		\$1,347,223	(68,135)		\$1,279,088	2.08%	12.52%	0.26%	12.52%	0.26%	12.52%	0.26%
SHORT TERM DEBT - REFINANCED LTD	\$0		\$0	-		\$0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$3,206,667		\$3,206,667			\$3,206,667	5.22%	2.39%	0.12%	2.39%	0.12%	2.39%	0.12%
DEFFERED INCOME TAXES	\$13,727,358		\$13,727,358			\$13,727,358	22.33%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$0		\$0			\$0	0.00%	4.73%	0.00%	5.13%	0.00%	5.52%	0.00%
									j				
TOTAL YEAR-END	\$63,862,645	\$0	\$63,862,645	(\$2,373,383)	\$0	\$61,489,262	100.00%		4.85%		5.25%		5.64%