



September 15, 2016

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FLORIDA PUBLIC SERVICE
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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

FLORIDA PUBLIC UTILITIES COMPANY
 NATURAL GAS
 RATE OF RETURN REPORT SUMMARY
 For the 12 Months Ending 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	\$ 9,496,210	\$ (229,616)	\$ 9,266,594	\$ 1,139,748	\$ 10,406,342
AVERAGE RATE BASE	\$ 205,728,019	\$ 983,589	\$ 206,711,609	\$ (27,164,043)	\$ 179,547,566
AVERAGE RATE OF RETURN	4.62%		4.48%		5.80%
II. YEAR-END RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	\$ 9,496,210	\$ (224,968)	\$ 9,271,242	\$ 1,139,748	\$ 10,410,990
YEAR-END RATE BASE	\$ 222,823,695	\$ 1,113,265	\$ 223,936,960	\$ (26,594,169)	\$ 197,342,791
YEAR-END RATE OF RETURN	4.26%		4.14%		5.28%
III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)			IV. EARNED RETURN ON EQUITY (FPSC ADJUSTED BASIS)		
LOW	5.90%		A.	INCL ACQUISITION ADJUSTMENT	6.68%
MIDPOINT	6.35%		B.	EXCL ACQUISITION ADJUSTMENT	10.05%
HIGH	6.80%				

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.

Michael Cassel
 Director - Regulatory Affairs

Michael Cassel
 Signature

9/14/16
 Date

FLORIDA PUBLIC UTILITIES COMPANY
 NATURAL GAS
 AVERAGE RATE OF RETURN
 For the 12 Months Ending June 30, 2016
 RATE BASE

SCHEDULE 2
 PAGE 1 OF 2

	(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	\$ 256,090,797	\$ (65,153,261)	\$ 190,937,536	\$ -	\$ 11,853,380	\$ 202,790,916	\$ 2,937,103	\$ 205,728,019
FPSC ADJUSTMENTS:								
1) ELIMINATIONS TO NON-UTILITY MATERIALS	\$ -	\$ -	\$ -			\$ -	\$ 394,862	\$ 394,862
2) ELIMINATE GOODWILL	\$ (2,469,682)	\$ -	\$ (2,469,682)			\$ (2,469,682)		\$ (2,469,682)
	\$ -	\$ -	\$ -			\$ -		\$ -
3) ELIM. NON-UTILITY PLANT	\$ (2,926,124)	\$ 1,004,768	\$ (1,921,355)			\$ (1,921,355)		\$ (1,921,355)
4) ELIMINATE UNDER-RECOVERIES	\$ -	\$ -	\$ -			\$ -	\$ (631,304)	\$ (631,304)
	\$ -	\$ -	\$ -			\$ -	\$ -	\$ -
5) ELIMINATE DEFERRED ENVIRONMENTAL COSTS						\$ -	\$ 5,611,069	\$ 5,611,069
TOTAL FPSC ADJUSTMENTS	\$ (5,395,806)	\$ 1,004,768	\$ (4,391,037)	\$ -	\$ -	\$ (4,391,037)	\$ 5,374,627	\$ 983,589
FPSC ADJUSTED	\$ 250,694,991	\$ (64,148,492)	\$ 186,546,499	\$ -	\$ 11,853,380	\$ 198,399,879	\$ 8,311,730	\$ 206,711,609
FLEX RATE REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
ADJUSTED FOR FLEX RATE REVENUES	\$ 250,694,991	\$ (64,148,492)	\$ 186,546,499	\$ -	\$ 11,853,380	\$ 198,399,879	\$ 8,311,730	\$ 206,711,609
PROFORMA ADJUSTMENTS			\$ -			\$ -		\$ -
			\$ -			\$ -		\$ -
ELIM. ACQUISITION ADJUSTMENT	\$ (34,322,811)	\$ 7,158,768	\$ (27,164,043)			\$ (27,164,043)		\$ (27,164,043)
ELIM. REG ASSET-TRNSCTN & TRNSITN CSTS							\$ -	\$ -
TOTAL PRO FORMA ADJUSTMENTS	\$ (34,322,811)	\$ 7,158,768	\$ (27,164,043)	\$ -	\$ -	\$ (27,164,043)	\$ -	\$ (27,164,043)
PRO FORMA ADJUSTED	\$ 216,372,180	\$ (56,989,724)	\$ 159,382,456	\$ -	\$ 11,853,380	\$ 171,235,836	\$ 8,311,730	\$ 179,547,566

	(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	\$ 271,231,484	\$ (68,198,159)	\$ 203,033,325	\$ -	\$ 16,299,608	\$ 219,332,932	\$ 3,490,762	\$ 222,823,695
FPSC ADJUSTMENTS:								
1) ELIMINATIONS TO NON-UTILITY MATERIALS	\$ -	\$ -	\$ -			\$ -	\$ 433,012	\$ 433,012
2) ELIMINATE GOODWILL	\$ (2,469,682)	\$ -	\$ (2,469,682)			\$ (2,469,682)		\$ (2,469,682)
3) ELIM. NON-UTILITY PLANT	\$ (3,341,530)	\$ 1,080,354	\$ (2,261,176)			\$ (2,261,176)		\$ (2,261,176)
4) ELIM. UNDER-RECOVERIES	\$ -	\$ -	\$ -			\$ -	\$ (199,957)	\$ (199,957)
5) ELIMINATE DEFERRED ENVIRONMENTAL COSTS	\$ -	\$ -	\$ -			\$ -	\$ 5,611,069	\$ 5,611,069
TOTAL FPSC ADJUSTMENTS	\$ (5,811,212)	\$ 1,080,354	\$ (4,730,858)	\$ -	\$ -	\$ (4,730,858)	\$ 5,844,124	\$ 1,113,265
FPSC ADJUSTED	\$ 265,420,272	\$ (67,117,805)	\$ 198,302,466	\$ -	\$ 16,299,608	\$ 214,602,074	\$ 9,334,886	\$ 223,936,960
COMP RATE ADJ REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
ADJUSTED FOR COMP RATE ADJ REVENUE PROFORMA ADJUSTMENTS	\$ 265,420,272	\$ (67,117,805)	\$ 198,302,466	\$ -	\$ 16,299,608	\$ 214,602,074	\$ 9,334,886	\$ 223,936,960
ELIM. ACQUISITION ADJUSTMENT ELIM. REG ASSET-TRNSCTN & TRNSITN CSTS	\$ (34,647,783)	\$ 8,053,614	\$ (26,594,169)			\$ (26,594,169)	\$ -	\$ (26,594,169)
TOTAL PRO FORMA ADJUSTMENTS	\$ (34,647,783)	\$ 8,053,614	\$ (26,594,169)	\$ -	\$ -	\$ (26,594,169)	\$ -	\$ (26,594,169)
PRO FORMA ADJUSTED	\$ 230,772,489	\$ (59,064,191)	\$ 171,708,297	\$ -	\$ 16,299,608	\$ 188,007,905	\$ 9,334,886	\$ 197,342,791

FLORIDA PUBLIC UTILITIES COMPANY
 NATURAL GAS
 CAPITAL STRUCTURE
 For the 12 Months Ending June 30, 2016
 FPSC ADJUSTED BASIS

SCHEDULE 4

AVERAGE	ADJUSTMENTS					RATIO (%)	LOW POINT		MIDPOINT		HIGH POINT		
	PER BOOKS	NON-UTILITY	ADJUSTED BOOKS	PRO-RATA	SPECIFIC		BALANCE	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
COMMON EQUITY	\$ 92,941,598		\$ 92,941,598	\$ 1,891,702	\$ (2,469,682)	\$ 92,363,618	44.68%	9.85%	4.40%	10.85%	4.85%	11.85%	5.29%
LONG TERM DEBT - CU	\$ 33,353,630		\$ 33,353,630	\$ 678,869		\$ 34,032,499	16.46%	4.95%	0.82%	4.95%	0.82%	4.95%	0.82%
SHORT TERM DEBT	\$ 38,057,026		\$ 38,057,026	\$ 774,600		\$ 38,831,626	18.79%	1.38%	0.26%	1.38%	0.26%	1.38%	0.26%
LONG TERM DEBT - FC	\$ 5,311,074		\$ 5,311,074	\$ 108,101		\$ 5,419,174	2.62%	12.57%	0.33%	12.57%	0.33%	12.57%	0.33%
SHORT TERM DEBT - REFINANCED LTD	\$ -		\$ -	\$ -		\$ -	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$ 7,635,082		\$ 7,635,082			\$ 7,635,082	3.69%	2.36%	0.09%	2.36%	0.09%	2.36%	0.09%
DEFERRED INCOME TAXES	\$ 28,429,609		\$ 28,429,609			\$ 28,429,609	13.75%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$ -		\$ -			\$ -	0.00%	5.81%	0.00%	6.26%	0.00%	6.70%	0.00%
TOTAL AVERAGE	\$ 205,728,019	\$ -	\$ 205,728,019	\$ 3,453,272	\$ (2,469,682)	\$ 206,711,608	100.00%		5.90%		6.35%		6.79%

YEAR-END	ADJUSTMENTS					RATIO (%)	LOW POINT		MIDPOINT		HIGH POINT		
	PER BOOKS	NON-UTILITY	ADJUSTED BOOKS	PRO-RATA	SPECIFIC		BALANCE	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
COMMON EQUITY	\$ 97,884,837		\$ 97,884,837	\$ 1,927,396	\$ (2,469,682)	\$ 97,342,551	43.47%	9.85%	4.28%	10.85%	4.72%	11.85%	5.15%
LONG TERM DEBT - CU	\$ 32,843,059		\$ 32,843,059	\$ 646,696		\$ 33,489,755	14.96%	5.06%	0.76%	5.06%	0.76%	5.06%	0.76%
SHORT TERM DEBT	\$ 45,808,208		\$ 45,808,208	\$ 901,984		\$ 46,710,192	20.86%	1.16%	0.24%	1.16%	0.24%	1.16%	0.24%
LONG TERM DEBT - FC	\$ 5,427,607		\$ 5,427,607	\$ 106,872		\$ 5,534,479	2.47%	12.46%	0.31%	12.46%	0.31%	12.46%	0.31%
SHORT TERM DEBT - REFINANCED LTD	\$ -		\$ -	\$ -		\$ -	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$ 7,552,794		\$ 7,552,794			\$ 7,552,794	3.37%	2.39%	0.08%	2.39%	0.08%	2.39%	0.08%
DEFERRED INCOME TAXES	\$ 33,307,191		\$ 33,307,191			\$ 33,307,191	14.87%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$ -		\$ -			\$ -	0.00%	5.59%	0.00%	6.03%	0.00%	6.46%	0.00%
TOTAL YEAR-END	\$ 222,823,696	\$ -	\$ 222,823,696	\$ 3,582,948	\$ (2,469,682)	\$ 223,936,961	100.00%		5.67%		6.11%		6.54%