



September 15, 2015

RECEIVED  
FLORIDA PUBLIC SERVICE  
COMMISSION  
15 SEP 15 PM 7:21  
DIVISION OF ACCOUNTING & FINANCE

**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 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 2<sup>nd</sup> Quarter (June 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: Bart Fletcher

FLORIDA PUBLIC UTILITIES COMPANY  
 INDIANTOWN DIVISION  
 RATE OF RETURN REPORT SUMMARY  
 June 30, 2015

SCHEDULE 1

	(1) ACTUAL PER BOOKS	(2) FPSC ADJUSTMENTS	(3) FPSC ADJUSTED	(4) PRO FORMA ADJUSTMENTS	(5) PRO FORMA ADJUSTED
<b>I. AVERAGE RATE OF RETURN (JURISDICTIONAL)</b>					
NET OPERATING INCOME	\$ (22,721)	\$ 4,748	\$ (17,973)	\$ 30,541	\$ 12,567
AVERAGE RATE BASE	\$ 2,056,835	\$ (4,717)	\$ 2,052,118	\$ (526,203)	\$ 1,525,914
AVERAGE RATE OF RETURN	-1.10%		-0.86%		0.82%
<b>II. YEAR-END RATE OF RETURN (JURISDICTIONAL)</b>					
NET OPERATING INCOME	\$ (22,721)	\$ 3,850	\$ (18,871)	\$ 30,541	\$ 11,670
YEAR-END RATE BASE	\$ 2,081,262	\$ (12,109)	\$ 2,079,153	\$ (601,343)	\$ 1,577,809
YEAR-END RATE OF RETURN	-1.09%		-0.91%		0.74%

**III. REQUIRED RATES OF RETURN  
 AVERAGE CAPITAL STRUCTURE  
 (FPSC ADJUSTED BASIS)**

LOW	6.72%
MIDPOINT	7.22%
HIGH	7.73%

**IV. EARNED RETURN ON EQUITY  
 (FPSC ADJUSTED BASIS)**

A.	INCL ACQUISITION ADJUSTMENT	-4.49%
B.	EXCL ACQUISITION ADJUSTMENT	-1.06%

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

  
 Signature

9/3/15  
 Date

FLORIDA PUBLIC UTILITIES COMPANY  
 INDIANTOWN DIVISION  
 AVERAGE RATE OF RETURN  
 For the 12 Months Ending June 30, 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	3,038,587	(1,062,191)	1,976,396	-	7,469	1,983,865	72,970	2,056,835
FPSC ADJUSTMENTS: REMOVE NET UNRECOVERED CONSERVATION							(4,717)	(4,717)
TOTAL FPSC ADJUSTMENTS							(4,717)	(4,717)
FPSC ADJUSTED	3,038,587	(1,062,191)	1,976,396	-	7,469	1,983,865	68,253	2,052,118
PROFORMA ADJUSTMENTS Remove Acquisition Adjustment	(745,800)	219,587	(526,203)			(526,203)		(526,203)
TOTAL PRO FORMA ADJUSTMENTS	(745,800)	219,587	(526,203)			(526,203)		(526,203)
PRO FORMA ADJUSTED	2,292,787	(842,584)	1,450,193		7,469	1,457,662	68,253	1,525,914

FLORIDA PUBLIC UTILITIES COMPANY  
 INDIANTOWN DIVISION  
 AVERAGE RATE OF RETURN  
 For the 12 Months Ending June 30, 2015  
 INCOME STATEMENT

	(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	\$ 360,447	\$ 20,742	\$ 290,812	\$ 109,809	\$ 18,540	\$ (28,533)				\$ 413,168	\$ (22,721)
FPSC ADJUSTMENTS:											
1) Interest Synchronization						\$ (3,170)				\$ (3,170)	\$ 3,170
2) Elim. Conservation Rev & Exp.	\$ (18,895)	\$ (20,742)			\$ (95)	\$ 753				\$ (20,084)	\$ 1,199
3) Elimination of Revenue Taxes	\$ -				\$ -	\$ -				\$ -	\$ -
4) Income Tax Effective Rate Adjustment						\$ (379)				\$ (379)	\$ 379
5) Remove PGA						\$ -				\$ -	\$ -
TOTAL FPSC ADJUSTMENTS	\$ (18,895)	\$ (20,742)	\$ -	\$ -	\$ (95)	\$ (2,796)	\$ -	\$ -	\$ -	\$ (23,633)	\$ 4,746
FPSC ADJUSTED	\$ 371,562	\$ (0)	\$ 290,812	\$ 109,809	\$ 18,445	\$ (29,329)	\$ -	\$ -	\$ -	\$ 389,535	\$ (17,973)
PROFORMA ADJUSTMENTS											
Remove Acquisition Adjustment Amortization				\$ (49,720)		\$ 19,179				\$ (30,541)	\$ 30,541
TOTAL PRO FORMA ADJUSTMENTS	\$ -	\$ -	\$ -	\$ (49,720)	\$ -	\$ 19,179	\$ -	\$ -	\$ -	\$ (30,541)	\$ 30,541
PRO FORMA ADJUSTED	\$ 371,562	\$ (0)	\$ 290,812	\$ 60,089	\$ 18,445	\$ (10,150)	\$ -	\$ -	\$ -	\$ 358,995	\$ 12,567

FLORIDA PUBLIC UTILITIES COMPANY  
 INDIANTOWN DIVISION  
 YEAR END RATE OF RETURN  
 For the 12 Months Ending June 30, 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	\$ 3,112,815	\$ (1,110,861)	\$ 2,001,954	\$ -	\$ 787	\$ 2,002,741	\$ 88,520	\$ 2,091,262
FPSC ADJUSTMENTS:								
REMOVE NET UNREC. CONSERVATION			\$ -			\$ -	\$ -	\$ -
TOTAL FPSC ADJUSTMENTS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (12,109)	\$ (12,109)
FPSC ADJUSTED	\$ 3,112,815	\$ (1,110,861)	\$ 2,001,954	\$ -	\$ 787	\$ 2,002,741	\$ 76,411	\$ 2,079,153
PROFORMA ADJUSTMENTS								
Remove Acquisition Adjustment	\$ (745,800)	\$ 244,457	\$ (501,343)			\$ (501,343)		\$ (501,343)
TOTAL PRO FORMA ADJUSTMENTS	\$ (745,800)	\$ 244,457	\$ (501,343)	\$ -	\$ -	\$ (501,343)	\$ -	\$ (501,343)
PRO FORMA ADJUSTED	\$ 2,367,015	\$ (866,405)	\$ 1,500,610	\$ -	\$ 787	\$ 1,501,398	\$ 76,411	\$ 1,577,809

FLORIDA PUBLIC UTILITIES COMPANY  
 INDIANTOWN DIVISION  
 YEAR END RATE OF RETURN  
 For the 12 Months Ending June 30, 2015  
 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	\$ 390,447	\$ 20,740	\$ 290,612	\$ 109,809	\$ 18,540	\$ (26,533)				\$ 413,188	\$ (22,721)
FPSC ADJUSTMENTS:											
1) Interest Synchronization						\$ (2,273)				\$ (2,273)	\$ 2,273
2) Elim. Conservation Rev & Exp.	\$ (18,885)	\$ (20,740)			\$ (95)	\$ 752				\$ (20,083)	\$ 1,198
3) Elimination of Revenue Taxes	\$ -				\$ -	\$ -				\$ -	\$ -
4) Income Tax Effective Rate Adjustment						\$ (379)				\$ (379)	\$ 379
5) Remove PGA						\$ -				\$ -	\$ -
TOTAL FPSC ADJUSTMENTS	\$ (18,885)	\$ (20,740)	\$ -	\$ -	\$ (95)	\$ (1,900)	\$ -	\$ -	\$ -	\$ (22,735)	\$ 3,850
FPSC ADJUSTED	\$ 371,562	\$ (0)	\$ 290,612	\$ 109,809	\$ 18,445	\$ (28,433)	\$ -	\$ -	\$ -	\$ 390,433	\$ (18,871)
PROFORM ADJUSTMENTS											
Remove Acquisition Adjustment Amortization	\$ -	\$ -	\$ -	\$ (49,720)	\$ -	\$ 19,179	\$ -	\$ -	\$ -	\$ (30,541)	\$ 30,541
TOTAL PRO FORMA ADJUSTMENTS	\$ -	\$ -	\$ -	\$ (49,720)	\$ -	\$ 19,179	\$ -	\$ -	\$ -	\$ (30,541)	\$ 30,541
PRO FORMA ADJUSTED	\$ 371,562	\$ (0)	\$ 290,612	\$ 60,089	\$ 18,445	\$ (9,254)	\$ -	\$ -	\$ -	\$ 359,892	\$ 11,670

FLORIDA PUBLIC UTILITIES COMPANY  
 INDIANTOWN DIVISION  
 CAPITAL STRUCTURE  
 June 30, 2015  
 FPSC ADJUSTED BASIS

SCHEDULE 4

AVERAGE	ADJUSTMENTS		ADJUSTED BOOKS	PRO-RATA	SPECIFIC	BALANCE	RATIO (%)	LOW POINT		MIDPOINT		HIGH POINT	
	PER BOOKS	NON-UTILITY						COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
COMMON EQUITY	\$ 1,041,768	\$ -	\$ 1,041,768	\$ -	\$ (2,733)	\$ 1,039,035	50.63%	10.50%	5.32%	11.50%	5.82%	12.50%	6.33%
LONG TERM DEBT	\$ 509,085	\$ -	\$ 509,085	\$ -	\$ (1,336)	\$ 507,749	24.74%	5.03%	1.25%	5.03%	1.25%	5.03%	1.25%
SHORT TERM DEBT	\$ 246,477	\$ -	\$ 246,477	\$ -	\$ (647)	\$ 245,830	11.98%	1.21%	0.14%	1.21%	0.14%	1.21%	0.14%
SHORT TERM DEBT REFINANCED LTD	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$ 6,933	\$ -	\$ 6,933	\$ -	\$ -	\$ 6,933	0.34%	2.03%	0.01%	2.03%	0.01%	2.03%	0.01%
DEFERRED INCOME TAXES	\$ 252,571	\$ -	\$ 252,571	\$ -	\$ -	\$ 252,571	12.31%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	6.71%	0.00%	7.21%	0.00%	7.72%	0.00%
<b>TOTAL AVERAGE</b>	<b>\$ 2,056,834</b>	<b>\$ -</b>	<b>\$ 2,056,834</b>	<b>\$ -</b>	<b>\$ (4,716)</b>	<b>\$ 2,052,118</b>	<b>100.00%</b>		<b>6.72%</b>		<b>7.22%</b>		<b>7.73%</b>

YEAR-END	ADJUSTMENTS		ADJUSTED BOOKS	PRO-RATA	SPECIFIC	BALANCE	RATIO (%)	LOW POINT		MIDPOINT		HIGH POINT	
	PER BOOKS	NON-UTILITY						COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
COMMON EQUITY	\$ 1,079,722	\$ -	\$ 1,079,722	\$ -	\$ (7,164)	\$ 1,072,558	51.59%	10.50%	5.42%	11.50%	5.93%	12.50%	6.45%
LONG TERM DEBT	\$ 458,222	\$ -	\$ 458,222	\$ -	\$ (3,041)	\$ 455,181	21.89%	5.17%	1.13%	5.17%	1.13%	5.17%	1.13%
SHORT TERM DEBT	\$ 286,729	\$ -	\$ 286,729	\$ -	\$ (1,903)	\$ 284,826	13.70%	0.96%	0.13%	0.96%	0.13%	0.96%	0.13%
SHORT TERM DEBT REFINANCED LTD	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$ 6,977	\$ -	\$ 6,977	\$ -	\$ -	\$ 6,977	0.34%	2.02%	0.01%	2.02%	0.01%	2.02%	0.01%
DEFERRED INCOME TAXES	\$ 259,611	\$ -	\$ 259,611	\$ -	\$ -	\$ 259,611	12.49%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	6.68%	0.00%	7.19%	0.00%	7.71%	0.00%
<b>TOTAL YEAR-END</b>	<b>\$ 2,091,261</b>	<b>\$ -</b>	<b>\$ 2,091,261</b>	<b>\$ -</b>	<b>\$ (12,108)</b>	<b>\$ 2,079,153</b>	<b>100.00%</b>		<b>6.69%</b>		<b>7.20%</b>		<b>7.72%</b>

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	\$ 1,041,768.00	\$ -	\$ 1,041,768.00	\$ -	\$ (307,732.00)	\$ 734,036.00	48.10%	10.50%	5.05%	11.50%	5.53%	12.50%	6.01%
LONG TERM DEBT	\$ 509,085.00	\$ -	\$ 509,085.00	\$ -	\$ (150,380.00)	\$ 358,705.00	23.51%	5.03%	1.18%	5.03%	1.18%	5.03%	1.18%
SHORT TERM DEBT	\$ 246,477.00	\$ -	\$ 246,477.00	\$ -	\$ (72,808.00)	\$ 173,669.00	11.38%	1.21%	0.14%	1.21%	0.14%	1.21%	0.14%
SHORT TERM DEBT REFINANCED LTD	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$ 6,933.00	\$ -	\$ 6,933.00	\$ -	\$ -	\$ 6,933.00	0.45%	2.03%	0.01%	2.03%	0.01%	2.03%	0.01%
DEFERRED INCOME TAXES	\$ 252,571.00	\$ -	\$ 252,571.00	\$ -	\$ -	\$ 252,571.00	16.55%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	6.37%	0.00%	6.85%	0.00%	7.33%	0.00%
<b>TOTAL AVERAGE</b>	<b>\$ 2,056,834.00</b>	<b>\$ -</b>	<b>\$ 2,056,834.00</b>	<b>\$ -</b>	<b>\$ (530,920.00)</b>	<b>\$ 1,525,914.00</b>	<b>100.00%</b>		<b>6.38%</b>		<b>6.86%</b>		<b>7.34%</b>

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	\$ 1,079,722.00	\$ -	\$ 1,079,722.00	\$ -	\$ (303,827.00)	\$ 775,895.00	49.18%	10.50%	5.16%	11.50%	5.66%	12.50%	6.15%
LONG TERM DEBT	\$ 458,222.00	\$ -	\$ 458,222.00	\$ -	\$ (126,941.00)	\$ 329,281.00	20.87%	5.17%	1.08%	5.17%	1.08%	5.17%	1.08%
SHORT TERM DEBT	\$ 286,729.00	\$ -	\$ 286,729.00	\$ -	\$ (80,684.00)	\$ 206,045.00	13.06%	0.96%	0.13%	0.96%	0.13%	0.96%	0.13%
SHORT TERM DEBT REFINANCED LTD	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$ 6,977.00	\$ -	\$ 6,977.00	\$ -	\$ -	\$ 6,977.00	0.44%	2.02%	0.01%	2.02%	0.01%	2.02%	0.01%
DEFERRED INCOME TAXES	\$ 259,611.00	\$ -	\$ 259,611.00	\$ -	\$ -	\$ 259,611.00	16.45%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	6.37%	0.00%	6.87%	0.00%	7.36%	0.00%
<b>TOTAL YEAR-END</b>	<b>\$ 2,091,281.00</b>	<b>\$ -</b>	<b>\$ 2,091,281.00</b>	<b>\$ -</b>	<b>\$ (513,452.00)</b>	<b>\$ 1,577,809.00</b>	<b>100.00%</b>		<b>6.38%</b>		<b>6.88%</b>		<b>7.37%</b>