



FLORIDA PUBLIC SERVICE
COMMISION
MAR 21 PM 1:55
ECONOMIC REGULATION

March 15, 2011

Mr. Marshall Willis
Director, Division of Economic Regulation
Florida Public Service Commission
2540 Shumard Blvd.
Tallahassee, Florida 32399-0950

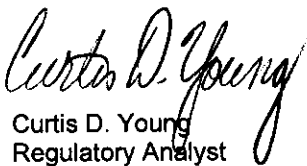
Dear Mr. Willis:

Subject: Earnings Surveillance Report

Enclosed is the earnings surveillance report (Schedules 1 through 4) for the Florida Division of Chesapeake Utility Corporation Natural Gas for the twelve months ended December 31, 2010.

If you have any questions or need additional information, please let me know.

Sincerely,


Curtis D. Young
Regulatory Analyst

Cc:
Geoffroy, Thomas
Householder, Jeff (Sch 1 only)
Office of Public Counsel - Christensen (all)
Gulf Power Company-Buck, William G. (all Electric only)
Webber, Kevin (all)
Kennedy, Barry (all Nat gas)
Cutshaw, Mark (all Electric only)
Shelley, Buddy (all Electric only)
SJ 45-69 (all)

SCHEDULE 1

CHESAPEAKE UTILITIES CORPORATION
 FLORIDA DIVISION
 RATE OF RETURN REPORT SUMMARY
 December 31, 2010

	(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	\$ 2,929,384	(\$55,706)	\$2,873,678	\$0	\$2,873,678
AVERAGE RATE BASE	\$44,259,072	(\$1,307,217)	\$42,951,855	\$0	\$42,951,855
AVERAGE RATE OF RETURN	6.62%		6.69%		6.69%
II. YEAR-END RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	\$1,929,384	(\$66,488)	\$2,862,895	\$0	\$2,862,895
YEAR-END RATE BASE	\$43,452,877	(\$1,171,648)	\$42,280,529	\$0	\$42,280,529
YEAR-END RATE OF RETURN	6.74%		6.77%		6.77%

III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)	IV. EARNED RETURN ON EQUITY (FPSC ADJUSTED BASIS)	
	A. INCL COMP RATE ADJ REVENUES	B. EXCL COMP RATE ADJ REVENUES
LOW	6.73%	6.68%
MIDPOINT	7.26%	7.21%
HIGH	7.79%	7.74%

I am aware that Section 887.06, 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.

Thomas A. Geffroy
 Vice-President - Regulatory Affairs & Business Planning

Thomas A. Geffroy
 Signature

3-8-11
 Date

CHESAPEAKE UTILITIES CORPORATION
FLORIDA DIVISION
AVERAGE RATE OF RETURN
For the 12 Months Ending December 31, 2010
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	\$61,172,816	(\$20,240,685)	\$40,932,141	\$0	\$682,597	\$41,614,738	\$2,644,285	\$44,259,023
FFSC ADJUSTMENTS:								
ELIMINATIONS TO WORKING CAPITAL	\$0	\$0	\$0			\$0	(\$944,279)	(\$944,279)
ELIMINATE ACQUISITION ADJ.	\$10,019	\$10,019	\$10,019			\$10,019	\$0	\$10,019
ELIM. FRANCHISE/CONSENT	(\$764,318)	\$98,764	(\$165,555)			(\$165,555)		(\$165,555)
ELIM. COMMON PLANT	(\$259,186)	\$60,738	(\$198,398)			(\$198,398)	(\$9,004)	(\$207,402)
FLEXIBLE GAS SERVICE								
TOTAL FFSC ADJUSTMENTS	(\$523,655)	\$189,521	(\$353,334)	\$0	\$0	(\$353,934)	(\$953,283)	(\$1,307,217)
FFSC ADJUSTED	\$60,649,372	(\$20,071,165)	\$40,578,207	\$0	\$682,597	\$41,260,804	\$1,691,002	\$42,951,806
COMP RATE ADJ REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR COMP RATE ADJ REVENUE	\$60,649,372	(\$20,071,165)	\$40,578,207	\$0	\$682,597	\$41,260,804	\$1,691,002	\$42,951,806
PROFORMA ADJUSTMENTS								
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRO FORMA ADJUSTED	\$60,649,372	(\$20,071,165)	\$40,578,207	\$0	\$682,597	\$41,260,804	\$1,691,002	\$42,951,806

CHESAPEAKE UTILITIES CORPORATION
FLORIDA DIVISION
AVERAGE RATE OF RETURN
For the 12 Months Ending December 31, 2010
INCOME STATEMENT

	(1) OPERATING REVENUES	(2) O & M GAS EXPENSE	(3) O & M OTHER	(4) DEPREC. & AMORTIZATION	(5) TAXES OTHER THAN INCOME	(6) INCOME TAXES CURRENT	(7) D.I.T. (NET)	(8) I.T.C. (NET)	(9) GAIN/(LOSS) ON DISPOSITION	(10) TOTAL OPERATING EXPENSES	(11) TOTAL OPERATING INCOME
PER BOOKS	\$14,898,565	\$ 510,078	\$6,706,494	\$2,183,604	\$1,232,234	\$1,396,771				\$11,949,181	\$2,949,384
FPSC ADJUSTMENTS:											
1) Interest Synchronization						\$54,723				\$54,723	(\$54,723)
2) Acquisition Adjust						\$0				\$0	\$0
3) Out of Period Adjustments			(\$77,347)			\$19,817				(\$57,530)	\$47,510
4) Elim. Property Tax - Common Plant				(\$424)	(\$3,327)	\$1,283				(\$2,043)	\$2,043
5) Elim. amort or g costs						\$164				(\$260)	\$260
6) Elim Economic Dev. Expense			\$0	(\$5,695)		\$0				(\$5,698)	\$0
7) Elim. Depreciation Exp. Common Plant			\$0			\$2,137				(\$0)	\$0
8) Elim. Non-utility O & M			\$0			\$0				\$0	\$0
9) Elim. Ind. Assoc dues			\$0			\$0				\$0	\$0
10) Elim charitable contributions			\$0			\$0				\$0	\$0
11) Elim. Social Activities			\$0			\$0				\$0	\$0
12) Elim. promotional expenses			\$0			\$0				\$0	\$0
13) Elim. Civic Dues			\$0			\$0				\$0	\$0
14) Interest Income	\$12,920					\$0				\$12,920	\$12,920
15) Elim. Rev Related Taxes	(\$370,542)					\$0				(\$370,542)	\$0
16) Elim. Conservation Rev & Exp	(\$139,536)					\$0				(\$139,536)	\$0
17) Elim. P&A Expenses		\$0				\$0				\$0	\$0
18) Elim. P&A Revenues	\$0					\$0				\$0	\$0
19) Elim. Flexible Gas Service	(\$156,600)		(\$45,184)	(\$10,104)		(\$39,081)				(\$94,369)	(\$82,231)
TOTAL FPSC ADJUSTMENTS	(\$557,758)	(\$510,078)	(\$127,951)	(\$16,225)	(\$3,327)	\$54,106				(\$588,052)	(\$55,706)
FPSC ADJUSTED	\$14,340,807	\$0	\$6,583,963	\$2,167,381	\$1,228,907	\$1,390,877	\$0	\$0	\$0	\$11,371,129	\$2,873,678
COMP RATE ADJ. REVENUES - DEF/CTY(SURPLUS)	\$0					\$0				\$0	\$0
ADJUSTED FOR COMP RATE ADJ. REVENUES	\$14,340,807	\$0	\$6,583,963	\$2,167,381	\$1,228,907	\$1,390,877	\$0	\$0	\$0	\$11,371,129	\$2,873,678
PROFORMA ADJUSTMENTS											
TOTAL PROFORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PROFORMA ADJUSTED	\$14,340,807	\$0	\$6,583,963	\$2,167,381	\$1,228,907	\$1,390,877	\$0	\$0	\$0	\$11,371,129	\$2,873,678

CHESAPEAKE UTILITIES CORPORATION
FLORIDA DIVISION
YEAR END DATE OF RETURN
For the 12 Month Ending December 31, 2010
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	\$43,174,817	\$20,340,683	\$40,832,332	\$0	\$82,397	\$41,615,529	\$1,828,848	\$43,444,377
PPSC ADJUSTMENTS:								
ELIMINATIONS TO WORKING CAPITAL								
CLIMATE ACQUISITION ADJ.		\$8,585	\$8,585					
PLANT ACQUISITION ADJ.		\$142,244	\$142,244					
CUM. COMP. ADJUSTMENT		\$18,609	\$18,609					
FLEXIBLE GAS SERVICE								
TOTAL PPSC ADJUSTMENTS		\$358,438	\$358,438					
PPSC ADJUSTED	\$43,174,817	\$20,699,121	\$41,183,870	\$0	\$82,397	\$41,311,932	\$1,828,848	\$43,140,770
COMP RATE ADJ REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR COMP RATE ADJ REVENUE	\$43,174,817	\$20,699,121	\$41,183,870	\$0	\$82,397	\$41,311,932	\$1,828,848	\$43,140,770
PROGRAM ADJUSTMENTS								
TOTAL PPO FORAMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PPO FORAMA ADJUSTED	\$43,174,817	\$20,699,121	\$41,183,870	\$0	\$82,397	\$41,311,932	\$1,828,848	\$43,140,770

CHESAPEAKE UTILITIES CORPORATION
FLORIDA DIVISION
YEAR-END STATE OF RETURN
For the year ending December 31, 2010
INCOME STATEMENT

	(1) OPERATING REVENUES	(2) O & M GAS EXPENSE	(3) O & M OTHER	(4) DEPRECIATION & AMORTIZATION	(5) STATE OTHER TAXES	(6) INCOME TAXES CURRENT	(7) DATE (NET)	(8) GAIN/LOSS ON DISPOSITION	(9) OPERATING EXPENSES	(10) OPERATING INCOME
PRE BOOKS	\$14,898,565	\$10,078,444	\$5,706,484	\$2,183,604	\$1,232,334	\$1,336,771		\$11,969,881	\$2,928,384	
PP&C ADJUSTMENTS:										
1) Interest Subsidization						\$47,902		\$47,902	(\$47,902)	
2) Acquisition adjust.						\$29,375		\$29,375	\$0	
3) Out of Period Adjustments						\$43,530		\$43,530	\$43,530	
4) Elec. Property Tax - Common Plant						\$1,288		\$1,288	\$1,041	
5) Elec. Property Tax - Common Plant						\$164		\$164	\$260	
6) Elec. Economic Dev. Expense						\$0		\$0	\$0	
7) Elec. Depreciation Exp. Common Plant						\$2,197		\$2,197	\$1,498	
8) Elec. Non-utility O & M						\$0		\$0	\$0	
9) Elec. Ind. Assoc. dues						\$0		\$0	\$0	
10) Elec. charitable contributions						\$0		\$0	\$0	
11) Elec. Social Activities						\$0		\$0	\$0	
12) Elec. Other expenses						\$0		\$0	\$0	
13) Elec. Cook. Shop						\$0		\$0	\$0	
14) Interest Income						\$0		\$0	\$0	
15) Elec. Non-Related Trans.						\$4,984		\$4,984	\$2,936	
16) Elec. Conservation Rev. & Exp.						\$0		\$0	\$0	
17) Elec. PCA Expenses						\$0		\$0	\$0	
18) Elec. PCA Expenses						\$0		\$0	\$0	
19) Elec. Variable Cost Service						\$0		\$0	\$0	
TOTAL PP&C ADJUSTMENTS	\$155,758	(\$130,078)	(\$132,331)	(\$10,504)	(\$3,901)	(\$37,377)	\$0	(\$527,270)	(\$46,481)	
PP&C ADJUSTED	\$14,742,807	\$9,948,366	\$5,574,153	\$2,173,100	\$1,228,433	\$1,400,560	\$0	\$11,442,611	\$2,881,903	
COMP RATE ADJ REVENUE - DEFICIT/SURPLUS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
ADJUSTED FOR COMP RATE ADJUSTMENTS	\$14,742,807	\$9,948,366	\$5,574,153	\$2,173,100	\$1,228,433	\$1,400,560	\$0	\$11,442,611	\$2,881,903	
PROFORM ADJUSTMENTS										
TOTAL PRO FORM ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
PRO FORM ADJUSTED	\$14,742,807	\$9,948,366	\$5,574,153	\$2,173,100	\$1,228,433	\$1,400,560	\$0	\$11,442,611	\$2,881,903	

SCHEDULE 4

CHESAPEAKE UTILITIES CORPORATION
 FLORIDA DIVISION
 CAPITALS STRUCTURE
 December 31, 2010
 FPSC-ADJUSTED BASIS

AVERAGE	ADJUSTMENTS			ADJUSTED BOOKS	PRO-RATA	SPECIFIC	BALANCE	RATIO (%)	LOW POINT			MIDPOINT			HIGH POINT		
	NON-UTILITY	UTILITY	OTHER						COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	
COMMON EQUITY	\$24,927,122	\$0	(\$3,829,798)	\$21,097,324	\$0		\$31,097,324	49.09%	9.80%	4.91%	10.80%	5.30%	11.80%	5.79%			
LONG TERM DEBT	\$0	\$0	\$10,207,988	\$10,207,988	\$0		\$10,207,988	23.75%	6.96%	1.65%	6.96%	1.65%	6.96%	1.65%			
SHORT TERM DEBT	\$0	\$0	\$3,695,926	\$3,695,926	\$0		\$3,695,926	6.00%	1.76%	0.15%	1.76%	0.15%	1.76%	0.15%			
CUSTOMER DEPOSITS	\$965,697	\$0	\$0	\$965,697	\$0		\$965,697	2.25%	6.44%	0.14%	6.44%	0.14%	6.44%	0.14%			
DEFERRED INCOME TAXES	\$6,888,754	\$0	\$6,888,754	\$6,888,754	\$0		\$6,888,754	16.03%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
TAX CREDITS - WEIGHTED COST	\$123,003	\$0	\$0	\$123,003	\$0		\$123,003	0.29%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
TOTAL AVERAGE	\$32,804,576	\$0	\$32,804,576	\$32,804,576	\$0	\$10,074,116	\$42,878,692	100.00%	6.75%	6.75%	7.24%	7.24%	7.73%	7.73%			

YEAR-END	ADJUSTMENTS			ADJUSTED BOOKS	PRO-RATA	SPECIFIC	BALANCE	RATIO (%)	LOW POINT			MIDPOINT			HIGH POINT		
	NON-UTILITY	UTILITY	OTHER						COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	
COMMON EQUITY	\$25,581,384	\$0	(\$5,230,907)	\$20,350,477	\$0		\$20,350,477	47.74%	9.80%	4.69%	10.80%	5.10%	11.80%	5.63%			
LONG TERM DEBT	\$0	\$0	\$9,846,624	\$9,846,624	\$0		\$9,846,624	23.10%	6.94%	1.60%	6.94%	1.60%	6.94%	1.60%			
SHORT TERM DEBT	\$0	\$0	\$3,565,090	\$3,565,090	\$0		\$3,565,090	8.35%	1.65%	0.14%	1.65%	0.14%	1.65%	0.14%			
CUSTOMER DEPOSITS	\$1,005,131	\$0	\$0	\$1,005,131	\$0		\$1,005,131	2.36%	6.44%	0.15%	6.44%	0.15%	6.44%	0.15%			
DEFERRED INCOME TAXES	\$7,749,491	\$0	\$7,749,491	\$7,749,491	\$0		\$7,749,491	18.18%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
TAX CREDITS - WEIGHTED COST	\$113,241	\$0	\$0	\$113,241	\$0		\$113,241	0.27%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
TOTAL YEAR-END	\$34,449,247	\$0	\$34,449,247	\$34,449,247	\$0	\$8,180,807	\$42,630,054	100.00%	6.57%	6.57%	7.05%	7.05%	7.53%	7.53%			