



September 15, 2015

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FLORIDA PUBLIC SERVICE
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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 2nd 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
 FT. MEADE 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
I. AVERAGE RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	\$ (29,098)	(\$4,091)	(\$33,187)	\$ (29,235)	(\$32,428)
AVERAGE RATE BASE	\$686,915	(\$334,800)	\$251,315	\$686,335	\$917,850
AVERAGE RATE OF RETURN	-4.97%		-13.21%		-8.90%
II. YEAR-END RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	(\$26,098)	(\$4,104)	(\$33,200)	(\$29,235)	(\$32,438)
YEAR-END RATE BASE	\$403,350	(\$99,321)	\$304,029	\$842,637	\$946,568
YEAR-END RATE OF RETURN	-7.21%		-10.92%		-8.90%

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

LOW	5.08%
MIDPOINT	5.48%
HIGH	5.88%

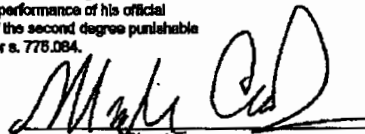
**IV. EARNED RETURN ON EQUITY
 (FPSC ADJUSTED BASIS)**

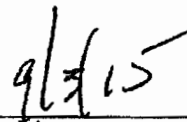
A. RETURN ON COMMON EQUITY	-35.85%
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I am aware that Section 837.06, Florida Statutes, provides:

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. 778.082, s. 775.083, or s. 775.084.

Mike Cassel
 Director, Regulatory Affairs


 Signature


 Date

FLORIDA PUBLIC UTILITIES COMPANY
 FT. MEADE 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	\$ 873,829	\$ (226,783)	\$ 447,066	\$ -	\$ 1,351	\$ 448,416	\$ 137,499	\$ 585,915
FPSC ADJUSTMENTS:								
REMOVE CONS. & PGA UNDER-RECOVERY CORRECT RECORDING OF ACQUISITION	\$ (84,565)	\$ (184,541)	\$ (269,106)			\$ (269,106)	\$ (65,494)	\$ (65,494) \$ (269,106)
TOTAL FPSC ADJUSTMENTS	\$ (84,565)	\$ (184,541)	\$ (269,106)	\$ -	\$ -	\$ (269,106)	\$ (65,494)	\$ (334,600)
FPSC ADJUSTED	\$ 589,264	\$ (411,304)	\$ 177,960	\$ -	\$ 1,351	\$ 179,310	\$ 72,005	\$ 251,315
PROFORMA ADJUSTMENTS								
RECORD ACQUISITION ADJUSTMENT	\$ 713,930	\$ (47,595)	\$ 666,335			\$ 666,335		\$ 666,335
TOTAL PRO FORMA ADJUSTMENTS	\$ 713,930	\$ (47,595)	\$ 666,335	\$ -	\$ -	\$ 666,335	\$ -	\$ 666,335
PRO FORMA ADJUSTED	\$ 1,303,194	\$ (458,899)	\$ 844,294	\$ -	\$ 1,351	\$ 845,645	\$ 72,005	\$ 917,650

FLORIDA PUBLIC UTILITIES COMPANY
 FT. MEADE 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	\$ 353,482	\$ 154,845	\$ 188,120	\$ 14,839	\$ 51,740	\$ (26,786)				\$ 382,578	\$ (29,096)
FPSC ADJUSTMENTS:						\$ 4,161				\$ 4,161	\$ (4,161)
1) Interest Synchronization						(19)				30	(30)
2) Correct Depreciation of Acquisition				\$ 49		(66)				(13,110)	(61)
3) Elim. Conservation Rev & Exp.	\$ (13,170)	\$ (13,006)				101				(142,250)	181
4) Elim. PGA Revenues & Expense	\$ (142,089)	\$ (141,840)				(777)				(151,168)	(4,091)
TOTAL FPSC ADJUSTMENTS	\$ (155,260)	\$ (154,845)	\$ -	\$ 49	\$ (777)	\$ 4,204	\$ -	\$ -	\$ -	\$ (151,168)	\$ (4,091)
FPSC ADJUSTED	\$ 198,222	\$ (0)	\$ 188,120	\$ 14,888	\$ 50,963	\$ (22,562)	\$ -	\$ -	\$ -	\$ 231,410	\$ (33,187)
PROFORMA ADJUSTMENTS											
1) Amortize Acquisition Adjustment				\$ 47,595		(18,360)				29,235	(29,235)
TOTAL PRO FORMA ADJUSTMENTS	\$ -	\$ -	\$ -	\$ 47,595	\$ -	(18,360)	\$ -	\$ -	\$ -	\$ 29,235	\$ (29,235)
PRO FORMA ADJUSTED	\$ 198,222	\$ (0)	\$ 188,120	\$ 62,484	\$ 50,963	\$ (40,921)	\$ -	\$ -	\$ -	\$ 260,645	\$ (62,423)

FLORIDA PUBLIC UTILITIES COMPANY
 FT. MEADE 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	\$ 625,924	\$ (415,308)	\$ 210,616	\$ -	\$ 5,949	\$ 216,565	\$ 186,785	\$ 403,350
FPSC ADJUSTMENTS:								
CORRECT RECORDING OF ACQUISITION		\$ (3,100)	\$ (3,100)			\$ (3,100)		\$ (3,100)
REMOVE CONS. & PGA UNDER-RECOVERIES		\$ -	\$ -			\$ -	\$ (96,221)	\$ (96,221)
TOTAL FPSC ADJUSTMENTS	\$ -	\$ (3,100)	\$ (3,100)	\$ -	\$ -	\$ (3,100)	\$ (96,221)	\$ (99,321)
FPSC ADJUSTED	\$ 625,924	\$ (418,408)	\$ 207,516	\$ -	\$ 5,949	\$ 213,464	\$ 90,564	\$ 304,029
PROFORMA ADJUSTMENTS								
RECORD ACQUISITION ADJUSTMENT	\$ 713,930	\$ (71,393)	\$ 642,537			\$ 642,537		\$ 642,537
TOTAL PRO FORMA ADJUSTMENTS	\$ 713,930	\$ (71,393)	\$ 642,537	\$ -	\$ -	\$ 642,537	\$ -	\$ 642,537
PRO FORMA ADJUSTED	\$ 1,339,854	\$ (489,801)	\$ 850,053	\$ -	\$ 5,949	\$ 856,001	\$ 90,564	\$ 946,566

FLORIDA PUBLIC UTILITIES COMPANY
 FT. MEADE 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	\$ 353,482	\$ 154,645	\$ 188,120	\$ 14,839	\$ 51,740	\$ (26,766)				\$ 382,578	\$ (29,096)
FPSC ADJUSTMENTS:											
1) Interest Synchronization						\$ 4,174				\$ 4,174	\$ (4,174)
2) Correct Depreciation of Acquisition				\$ 49		\$ (19)				\$ 30	\$ (30)
3) Elim. Conservation Rev & Exp.	\$ (13,170)	\$ (13,006)			\$ (66)	\$ (38)				\$ (13,110)	\$ (61)
4) Elim. PGA Revenues & Expense	\$ (142,089)	\$ (141,640)			\$ (711)	\$ 101				\$ (142,250)	\$ 161
TOTAL FPSC ADJUSTMENTS	\$ (155,260)	\$ (154,645)	\$ -	\$ 49	\$ (777)	\$ 4,217	\$ -	\$ -	\$ -	\$ (151,155)	\$ (4,104)
FPSC ADJUSTED	\$ 198,222	\$ (0)	\$ 188,120	\$ 14,888	\$ 50,963	\$ (22,549)	\$ -	\$ -	\$ -	\$ 231,423	\$ (33,200)
PROFORM ADJUSTMENTS											
1) Amortize Acquisition Adjustment				\$ 47,595		\$ (18,360)				\$ 29,235	\$ (29,235)
TOTAL PRO FORMA ADJUSTMENTS	\$ -	\$ -	\$ -	\$ 47,595	\$ -	\$ (18,360)	\$ -	\$ -	\$ -	\$ 29,235	\$ (29,235)
PRO FORMA ADJUSTED	\$ 198,222	\$ (0)	\$ 188,120	\$ 62,484	\$ 50,963	\$ (40,909)	\$ -	\$ -	\$ -	\$ 260,658	\$ (62,436)

FLORIDA PUBLIC UTILITIES COMPANY
 FT. MEADE DIVISION
 CAPITAL STRUCTURE
 June 30, 2015
 FPSC ADJUSTED BASIS

SCHEDULE 4

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	\$294,166	\$0	\$294,166	\$0	(\$193,940)	\$100,226	39.88%	10.00%	3.99%	11.00%	4.39%	12.00%	4.79%
LONG TERM DEBT	\$143,752	\$0	\$143,752	\$0	(\$94,774)	\$48,978	19.49%	5.03%	0.98%	5.03%	0.98%	5.03%	0.98%
SHORT TERM DEBT	\$69,598	\$0	\$69,598	\$0	(\$45,885)	\$23,713	9.44%	1.21%	0.11%	1.21%	0.11%	1.21%	0.11%
SHORT TERM DEBT REFINANCED LTD	\$0	\$0	\$0	\$0	\$0	\$0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$32,558	\$0	\$32,558	\$0	\$0	\$32,558	12.96%	-0.02%	0.00%	-0.02%	0.00%	-0.02%	0.00%
DEFERRED INCOME TAXES	\$45,841	\$0	\$45,841	\$0	\$0	\$45,841	18.24%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$0	\$0	\$0	\$0	\$0	\$0	0.00%	5.08%	0.00%	5.48%	0.00%	5.88%	0.00%
TOTAL AVERAGE	\$585,915	\$0	\$585,915	\$0	(\$334,600)	\$251,315	100.00%		5.08%		5.48%		5.88%

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	\$169,760	\$0	\$169,760	\$0	(\$58,771)	\$110,989	36.51%	10.00%	3.65%	11.00%	4.02%	12.00%	4.38%
LONG TERM DEBT	\$72,044	\$0	\$72,044	\$0	(\$24,942)	\$47,102	15.49%	5.17%	0.80%	5.17%	0.80%	5.17%	0.80%
SHORT TERM DEBT	\$45,081	\$0	\$45,081	\$0	(\$15,607)	\$29,474	9.69%	0.96%	0.09%	0.96%	0.09%	0.96%	0.09%
SHORT TERM DEBT REFINANCED LTD	\$0	\$0	\$0	\$0	\$0	\$0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$32,279	\$0	\$32,279	\$0	\$0	\$32,279	10.62%	-0.02%	0.00%	-0.02%	0.00%	-0.02%	0.00%
DEFERRED INCOME TAXES	\$84,185	\$0	\$84,185	\$0	\$0	\$84,185	27.69%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$0	\$0	\$0	\$0	\$0	\$0	0.00%	4.54%	0.00%	4.91%	0.00%	5.27%	0.00%
TOTAL YEAR-END	\$403,349	\$0	\$403,349	\$0	(\$99,320)	\$304,029	100.00%		4.54%		4.91%		5.27%

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	\$294,166	\$0	\$294,166	\$0	\$192,280	\$486,446	53.01%	10.00%	5.30%	11.00%	5.83%	12.00%	6.36%
LONG TERM DEBT	\$143,752	\$0	\$143,752	\$0	\$93,962	\$237,714	25.90%	5.03%	1.30%	5.03%	1.30%	5.03%	1.30%
SHORT TERM DEBT	\$69,598	\$0	\$69,598	\$0	\$45,493	\$115,091	12.54%	1.21%	0.15%	1.21%	0.15%	1.21%	0.15%
SHORT TERM DEBT REFINANCED LTD	\$0	\$0	\$0	\$0	\$0	\$0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$32,558	\$0	\$32,558	\$0	\$0	\$32,558	3.55%	-0.02%	0.00%	-0.02%	0.00%	-0.02%	0.00%
DEFERRED INCOME TAXES	\$45,841	\$0	\$45,841	\$0	\$0	\$45,841	5.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$0	\$0	\$0	\$0	\$0	\$0	0.00%	6.75%	0.00%	7.28%	0.00%	7.81%	0.00%
TOTAL AVERAGE	\$585,915	\$0	\$585,915	\$0	\$331,735	\$917,650	100.00%		6.75%		7.28%		7.81%

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	\$169,760	\$0	\$169,760	\$0	\$321,440	\$491,200	51.89%	10.00%	5.19%	11.00%	5.71%	12.00%	6.23%
LONG TERM DEBT	\$72,044	\$0	\$72,044	\$0	\$136,416	\$208,460	22.02%	5.17%	1.14%	5.17%	1.14%	5.17%	1.14%
SHORT TERM DEBT	\$45,081	\$0	\$45,081	\$0	\$85,361	\$130,442	13.78%	0.96%	0.13%	0.96%	0.13%	0.96%	0.13%
SHORT TERM DEBT REFINANCED LTD	\$0	\$0	\$0	\$0	\$0	\$0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$32,279	\$0	\$32,279	\$0	\$0	\$32,279	3.41%	-0.02%	0.00%	-0.02%	0.00%	-0.02%	0.00%
DEFERRED INCOME TAXES	\$84,185	\$0	\$84,185	\$0	\$0	\$84,185	8.89%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$0	\$0	\$0	\$0	\$0	\$0	0.00%	6.46%	0.00%	6.98%	0.00%	7.50%	0.00%
TOTAL YEAR-END	\$403,349	\$0	\$403,349	\$0	\$543,217	\$946,566	100.00%		6.46%		6.98%		7.50%