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# ANNUAL REPORT OF NATURAL GAS UTILITIES

**Florida Public Utilities Company**

(EXACT NAME OF RESPONDENT)

**1641 Worthington Road Suite 220**

**West Palm Beach, FL 33409**

(ADDRESS OF RESPONDENT)

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TO THE

FLORIDA PUBLIC SERVICE COMMISSION

FOR THE

YEAR ENDED DECEMBER 31, 2015

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Officer or other person to whom correspondence should be addressed concerning this report:

<b>Name:</b> Mike Cassel	<b>Title:</b> Director of Regulatory Affairs
<b>Address:</b> 1641 Worthington Road, Suite 220	<b>City:</b> West Palm Beach <b>State:</b> FL
<b>Telephone No.:</b> (904) 530-7052	<b>PSC/ECR 020-G (12/03)</b>

# INSTRUCTIONS FOR FILING THE ANNUAL REPORT OF NATURAL GAS UTILITIES

## GENERAL INSTRUCTIONS

- I. Prepare this report in conformity with the Uniform System of Accounts (18 CFR 201) (U.S. of A.). Interpret all accounting words and phrases in accordance with the U.S. of A.
- II. Enter in whole numbers (dollars or Mcf) only, except where otherwise noted. (Enter cents for averages and figures per unit where cents are important.) The truncating of cents is allowed except on the four basic financial statements where rounding to dollars is required. The amounts shown on all supporting pages must agree with the amounts entered on the statements that they support. When applying thresholds to determine significance for reporting purposes, use for balance sheet accounts the balances at the end of the current reporting year, and use for statement of income accounts the current year's amounts.
- III. Complete each question fully and accurately, even if it has been answered in a previous annual report. Enter the word "None" where it truly and completely states the fact.
- IV. For any page that is not applicable to the respondent, enter the words "Not Applicable" on the particular page.
- V. Provide a supplemental statement further explaining accounts or pages as necessary. Attach the supplemental statement to the page being supplemented on 8 1/2 by 11 inch paper. Provide the appropriate identification information on the supplemental page, including the title of the page and the page number. Do not change the page numbers.
- VI. Do not make references to reports of previous years or to other reports in lieu of required entries, except as specifically authorized.
- VII. Wherever schedule pages refer to figures from a previous year, the figures reported must be based upon those shown by the annual report of the previous year, or an appropriate explanation given as to why different figures were used.
- VIII. Report all gas volumes on a pressure base of 14.73 psia and a temperature base of 60° F.

## DEFINITIONS

- I. Btu per cubic foot - The total heating value expressed in Btu, produced by the combustion, at constant pressure, of the amount of the gas which would occupy a volume of 1 cubic foot at a temperature of 60° F if saturated with water vapor and under a pressure equivalent to that of 30 inches of mercury at 32° F, and under standard gravitational force (980.665 cm per sec. <sup>2</sup>) with air of the same temperature and pressure as the gas, when the products of combustion are cooled to the initial temperature of gas and air when the water formed by combustion is condensed to the liquid state. (Sometimes called gross heating value or total heating value.)
- II. Respondent - The person, corporation, licensee, agency, authority, or other legal entity or instrumentality in whose behalf the report is made.



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## Independent Auditors' Report

Board of Directors and Stockholder  
Florida Public Utilities Company

We have audited the accompanying financial statements of Florida Public Utilities Company - Natural Gas Division, which comprise the balance sheets - regulatory basis as of December 31, 2015 and 2014, and the related statements of income - regulatory basis for each of the two years in the period ended December 31, 2015 and the statement of retained earnings - regulatory basis for the year ended December 31, 2015, and the related notes to the financial statements, included on pages 6 through 11 of the accompanying Annual Report of Natural Gas Utilities, as filed with the Florida Public Service Commission.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Florida Public Service Commission, which are substantially equivalent to the accounting requirements of the Federal Energy Regulatory Commission as set forth in its applicable Uniform System of Accounts and published accounting releases. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and proprietary capital of Florida Public Utilities Company - Natural Gas Division as of December 31, 2015 and 2014, and its income and expenses for the years then ended in accordance with the financial reporting provisions of the Florida Public Service Commission, which are substantially equivalent to the accounting requirements of the Federal Energy Regulatory Commission as set forth in its applicable Uniform System of Accounts and published accounting releases described in Note 1.

## **Regulatory Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. As described in Note 1 to the financial statements, the financial statements are prepared by Florida Public Utilities Company - Natural Gas Division on the basis of the financial reporting provisions of the Florida Public Service Commission, which are substantially equivalent to the accounting requirements of the Federal Energy Regulatory Commission as set forth in its applicable Uniform System of Accounts and published accounting releases, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

## **Restriction on Use**

Our report is intended solely for the information and use of the board of directors and management of Chesapeake Utilities Corporation and Florida Public Utilities Company - Natural Gas Division and for filing with the Florida Public Service Commission and is not intended to be and should not be used by anyone other than these specified parties.

*Baker Tilly Virchow Krause, LLP*

Philadelphia, Pennsylvania  
August 31, 2016

# ANNUAL REPORT OF NATURAL GAS UTILITIES

## IDENTIFICATION

01 Exact Legal Name of Respondent <b>Florida Public Utilities Company</b>	02 Year of Report <b>December 31, 2015</b>
03 Previous Name and Date of Change (if name changed during year)	
04 Address of Principal Office at End of Year (Street, City, State, Zip Code) <b>1641 Worthington Road Suite 220 West Palm Beach, FL 33409</b>	
05 Name of Contact Person <b>Mike Cassel</b>	06 Title of Contact Person <b>Director of Regulatory Affairs</b>
07 Address of Contact Person (Street, City, State, Zip Code) <b>1641 Worthington Road, Suite 220, West Palm Beach, FL 33409</b>	
08 Telephone of Contact Person, Including Area Code <b>(904) 530-7052</b>	09 Date of Report (Mo., Day, Yr) <b>31-Aug-16</b>

## ATTESTATION

I certify that I am the responsible accounting officer of

**Florida Public Utilities Company**

that I have examined the following report; that to the best of my knowledge, information, and belief, all statements of fact contained in the said report are true and the said report is a correct statement of the business and affairs of the above-named respondent in respect to each and every matter set forth therein during the period from January 1, 2015 to December 31, 2015, inclusive.

I also certify that all affiliated transfer prices and affiliated cost allocations were determined consistent with the methods reported to this Commission on the appropriate forms included in this report.

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 or her official duty shall be guilty of a misdemeanor of the second degree, punishable as provided in S. 775.082 and S. 775.083.

*Beth W. Cooper*  
Signature

8/31/16  
Date

Beth W. Cooper  
Name

Chief Financial Officer  
Title

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**OFFICERS**

1. Report below the name, title and salary for each executive officer whose salary is \$50,000 or more. An "executive officer" of a respondent includes its president, secretary, treasurer, and vice president in charge of a principal business unit, division or function (such as sales, administration or finance), and any other person who performs similar policymaking functions.  
2. If a change was made during the year in the incumbent of any position, show name and total remuneration of the previous incumbent, and date the change in incumbency was made.

Title (a)	Name of Officer (b)	Salary for Year (c)
Director, Chairman & CEO	Michael P. McMasters	\$ 104,652
President	Jeffry M. Householder	\$ 101,821
Chief Financial Officer	Beth W. Cooper	\$ 68,239
Vice President	Kevin J. Webber	\$ 88,749
Chief Strategy Officer	Elaine B. Bittner	\$ 63,741
Chief Information Officer	Vikrant A. Gadgil	\$ 11,615
Treasurer	Thomas E. Mahn	\$ 27,252
Assistant Vice President	Nicole T. Carter	\$ 55,885
Vice President	James Moriarty	\$ 40,625
Assistant Vice President	Cheryl Martin	\$ 50,172
Assistant Vice President	Aleida Socarras	\$ 90,281
Assistant Vice President	Devon R. Moormann	\$ 31,605
Assistant Vice President	Joseph D. Steinmetz	\$ 29,412
Vice President (1)	Matthew M. Kim	\$ 26,913

Note: The salaries above represent only that portion allocated to FPU's natural gas division

(1) No longer with the company as of Oct 2015

**DIRECTORS**

1. Report below the information called for concerning each director of the respondent who held office at any time during the year. Include in column (a) abbreviated titles of the directors who are officers of the respondent.  
2. Designate members of the Executive Committee by an asterisk and the Chairman of the Executive Committee by a double asterisk.

Name (and Title) of Director (a)	Principal Business Address (b)	No. of Directors Meetings During Yr. (c)	Fees During Year (d)
Ralph J. Adkins, Director	909 Silver Lake Blvd., Dover Delaware 19904	16	\$ 857
Eugene H. Bayard, Director	909 Silver Lake Blvd., Dover Delaware 19904	15	\$ 1,333
Richard Bernstein, Director	909 Silver Lake Blvd., Dover Delaware 19904	14	\$ 1,571
Thomas J. Bresnan, Director	909 Silver Lake Blvd., Dover Delaware 19904	16	\$ 1,333
Ronald G. Forsythe, Jr., Ph.D., Director	909 Silver Lake Blvd., Dover Delaware 19904	15	\$ 857
Thomas P. Hill, Jr., Director	909 Silver Lake Blvd., Dover Delaware 19904	14	\$ 1,047
Dennis S. Hudson, III, Director	909 Silver Lake Blvd., Dover Delaware 19904	16	\$ 1,333
Paul L. Maddock, Jr., Director	909 Silver Lake Blvd., Dover Delaware 19904	15	\$ 1,333
Joseph E. Moore, Esq., Director	909 Silver Lake Blvd., Dover Delaware 19904	20	\$ 1,928
Calvert A. Morgan, Jr., Director	909 Silver Lake Blvd., Dover Delaware 19904	20	\$ 1,928
Dianna F. Morgan, Director	909 Silver Lake Blvd., Dover Delaware 19904	14	\$ 1,571
John R. Schimkaitis, Director	909 Silver Lake Blvd., Dover Delaware 19904	15	\$ 857
Michael P. McMasters, Chairman	909 Silver Lake Blvd., Dover Delaware 19904	27	\$ -

Note: The fees above represent only that portion allocated to FPU Natural Gas

**SECURITY HOLDERS AND VOTING POWERS**

1. Give the names and addresses of the 10 security holders of the respondents who, at the date of the latest closing of the stock book or compilation of the list of stockholders of the respondent, prior to the end of the year, had the highest voting powers in the respondent, and state the number of votes which each would have had the right to cast on that date if a meeting were in order. If any such holder held in trust, give in a footnote the known particulars of the trust (whether voting trust, etc.) duration of the trust, and principal holders of beneficiary interests in the trust. If the stock book was not closed or a list of stockholders was not compiled within one year prior to the end of the year, or if since the previous compilation of a list of stockholders, some other class of security has become vested with voting rights, then show such 10 security holders as of the close of the year. Arrange the names of the security holders in the order of voting power, commencing with the highest. Show in column (a) the titles of officers and directors included in such list of 10 security holders.

2. If any security other than stock carries voting rights, explain in a supplemental statement of circumstances whereby such security became

vested with voting rights and give others important particulars (details) concerning the voting rights of such security. State whether voting rights are actual or contingent if contingent, describe the contingency.

3. If any class or issue of security has any special privileges in the election of directors, trustees or managers, or in the determination of corporate action by any method, explain briefly in a footnote.

4. Furnish particulars (details) concerning any options, warrants, or rights outstanding at the end of the year for others to purchase securities of the respondent or any securities or other assets owned by the respondent, including prices, expiration dates, and other material information relating to exercise of the options, warrants, or rights. Specify the amount of such securities or assets so entitled to be purchased by any officer, director, associated company, or any of the ten largest security holders.

Name (Title) and Address of Security Holder (a)	VOTING SECURITIES			
	Number of votes as of (date):			
	Total Votes (b)	Common Stock (c)	Preferred Stock (d)	Other (e)
TOTAL votes of all voting securities				
TOTAL number of security holders				
TOTAL votes of security holders listed below				
Effective October 28, 2009 FPU became a wholly-owned subsidiary of Chesapeake.				

**IMPORTANT CHANGES DURING THE YEAR**

Give particulars (details) concerning the matters indicated below. Make the statements explicit and precise, and number them in accordance with the inquires. Each inquiry should be answered. Enter "none" "not applicable," or "NA" where applicable. If information which answers an inquiry is given elsewhere in the report, make a reference to the schedule in which it appears.

1. Acquisition of ownership in other companies by reorganization, merger, or consolidation with other companies: Give name of companies involved, particulars concerning the transactions.
2. Purchase or sale of an operating unit or system: Give brief description of the property, and of the transactions relating thereto, and reference to Commission authorization, if any was required.

3. Important extension or reduction of transmission or distribution system: State territory added or relinquished and date operations began or ceased also the approximate number of customers added or lost and approximate annual revenues of each class of service.
4. State briefly the status of any materially important legal proceedings pending at the end of the year, and the results of any such proceedings culminated during the year.
5. State briefly the status of any materially important transactions of the respondent not disclosed elsewhere in this report in which an officer, director, security holder, voting trustee, associated company or known associate of any of these persons was a party or in which any such person had a material interest.

- 1 None
- 2 None
- 3 None
- 4 None
- 5 None

**COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)**

Line No.	Title of Account (a)	Ref. Page No. (b)	Balance at Beginning of Year (c)	Balance at End of Year (d)
1	<b>UTILITY PLANT</b>			
2	Utility Plant (101-106, 114)	12	\$ 239,821,709	\$ 281,996,155
3	Construction Work in Progress (107)	12	\$ 4,175,370	\$ 4,959,385
4	TOTAL Utility Plant Total of lines 2 and 3)		\$ 243,997,079	\$ 286,955,540
5	(Less) Accum. Prov. for Depr., Amort., Depl. & Acq. Adj. (108, 111, 115)	12	\$ (64,209,912)	\$ (68,484,913)
6	Net Utility Plant (Total of line 4 less 5)		\$ 179,787,167	\$ 218,470,627
7	Utility Plant Adjustments (116)	11		
8	Gas Stored (117.1, 117.2, 117.3, 117.4)	-		
9	<b>OTHER PROPERTY AND INVESTMENTS</b>			
10	Nonutility Property (121)	-	\$ 8,436	\$ 8,436
11	(Less) Accum. Prov. for Depr. and Amort. (122)	-		
12	Investments in Associated Companies (123)	-		
13	Investment in Subsidiary Companies (123.1)	-		
14	Other Investments (124)	-	\$ 128	\$ -
15	Special Funds (125, 126, 128)	-		
16	TOTAL Other Property and Investments (Total of lines 10 through 15)		\$ 8,564	\$ 8,436
17	<b>CURRENT AND ACCRUED ASSETS</b>			
18	Cash (131)	-	\$ 963,003	\$ 73,563
19	Special Deposits (132-134)	-		
20	Working Funds (135)	-	\$ 13,952	\$ 13,952
21	Temporary Cash Investments (136)	-		
22	Notes Receivable (141)	-		
23	Customer Accounts Receivable (142)	-	\$ 6,398,822	\$ 5,637,458
24	Other Accounts Receivable (143)	-	\$ 149,457	\$ 175,131
25	(Less) Accumulated Provision for Uncollectible Accounts-Credit (144)	-	\$ (171,948)	\$ (111,531)
26	Notes Receivable from Associated Companies (145)	-		
27	Accounts Receivable from Associated Companies (146)	-	\$ 123,188,359	\$ 127,313,380
28	Fuel Stock (151)	-		
29	Fuel Stock Expense Undistributed (152)	-		
30	Residuals (Electric) and Extracted Products (Gas) (153)	-		
31	Plant Material and Operating Supplies (154)	-	\$ 449,928	\$ 400,229
32	Merchandise (155)	-	\$ -	\$ -
33	Other Material and Supplies (156)	-		
34	Stores Expenses Undistributed (163)	-		
35	Gas Stored Underground & LNG Stored (164.1-164.3)	-		
36	Prepayments (165)	18	\$ 563,120	\$ 551,491
37	Advances for Gas (166-167)	-		
38	Interest and Dividends Receivable (171)	-		
39	Rents Receivable (172)	-		
40	Accrued Utility Revenues (173)	-	\$ 2,749,216	\$ 2,180,040
41	Miscellaneous Current and Accrued Assets (174)	-	\$ -	\$ -
42	TOTAL Current and Accrued Assets (Total of lines 18 through 41)		\$ 134,303,909	\$ 136,233,713
43	<b>DEFERRED DEBITS</b>			
44	Unamortized Debt Expense (181)	-		
45	Extraordinary Property Losses (182.1)	18		
46	Unrecovered Plant and Regulatory Study Costs (182.2)	18		
47	Other Regulatory Assets (182.3)	19	\$ 17,332,243	\$ 16,696,104
48	Preliminary Survey and Investigation Charges (Gas) (183.1, 183.2)	-	\$ -	\$ -
49	Clearing Accounts (184)	-	\$ -	\$ -
50	Temporary Facilities (185)	-		
51	Miscellaneous Deferred Debits (186)	19	\$ 3,094,491	\$ 6,277,401
52	Deferred Losses from Disposition of Utility Plant. (187)	-		
53	Research, Development and Demonstration Expenditures (188)	-		
54	Unamortized Loss on Reacquired Debt (189)	20		
55	Accumulated Deferred Income Taxes (190)	24	\$ 5,082,920	\$ 6,037,985
56	Unrecovered Purchased Gas Costs (191)	-		
57	TOTAL Deferred Debits (Total of lines 44 through 56)		\$ 25,509,654	\$ 29,011,490
58	TOTAL Assets and other Debits (Total of lines 6, 7, 8, 16, 42, 57)		\$ 339,609,294	\$ 383,724,266

**COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)**

Line No.	Title of Account (a)	Ref. Page No. (b)	Balance at Beginning of Year (c)	Balance at End of Year (d)
1	<b>PROPRIETARY CAPITAL</b>			
2	Common Stock (201, 202, 203, 205, 206, 207)	-		
3	Preferred Stock Issued (204)	-		
4	Other Paid-In Capital (208-214)	-		
5	Retained Earnings (215, 216)	10	\$ 98,624,225	\$ 105,212,837
6	Unappropriated Undistributed Subsidiary Earnings (216.1)	10		
7	(Less) Reacquired Capital Stock (217)	-		
8	<b>TOTAL Proprietary Capital (Total of lines 2 through 7)</b>		\$ 98,624,225	\$ 105,212,837
9	<b>LONG-TERM DEBT</b>			
10	Bonds (221)	21		
11	(Less) Reacquired Bonds (222)	21		
12	Advances from Associated Companies (223)	21		
13	Other Long-Term Debt (224)	21		
14	Unamortized Premium on Long-Term Debt (225)	21		
15	(Less) Unamortized Discount on Long-Term Debt-Debit (226)	21		
16	<b>TOTAL Long-Term Debt (Total of lines 10 through 15)</b>			
17	<b>OTHER NONCURRENT LIABILITIES</b>			
18	Obligations Under Capital Leases - Noncurrent (227)	-		
19	Accumulated Provision for Property Insurance (228.1)	-	\$ 823,943	\$ 829,943
20	Accumulated Provision for Injuries and Damages (228.2)	-	\$ 114,797	\$ 128,735
21	Accumulated Provision for Pensions and Benefits (228.3)	-	\$ 12,890,153	\$ 12,413,609
22	Accumulated Miscellaneous Operating Provisions (228.4)	-		
23	Accumulated Provision for Rate Refunds (229)	-		
24	<b>TOTAL Other Noncurrent Liabilities (Total of lines 18 through 23)</b>		\$ 13,828,893	\$ 13,372,287
25	<b>CURRENT AND ACCRUED LIABILITIES</b>			
26	Notes Payable (231)	-		
27	Accounts Payable (232)	-	\$ 6,068,326	\$ 5,391,791
28	Notes Payable to Associated Companies (233)	-		
29	Accounts Payable to Associated Companies (234)	-	\$ 156,880,799	\$ 193,614,497
30	Customer Deposits (235)	-	\$ 7,703,950	\$ 7,675,353
31	Taxes Accrued (236)	-	\$ (6,058,683)	\$ (10,520,396)
32	Interest Accrued (237)	-	\$ 192,428	\$ 190,225
33	Dividends Declared (238)	-		
34	Matured Long-Term Debt (239)	-		
35	Matured Interest (240)	-		
36	Tax Collections Payable (241)	-	\$ 1,093,508	\$ 822,503
37	Miscellaneous Current and Accrued Liabilities (242)	22	\$ 982,545	\$ 1,073,143
38	Obligations Under Capital Leases-Current (243)	-		
39				
40	<b>TOTAL Current and Accrued Liabilities (Total of lines 26 through 39)</b>		\$ 166,862,873	\$ 198,247,116
41	<b>DEFERRED CREDITS</b>			
42	Customer Advances for Construction (252)	-	\$ 2,599,994	\$ 2,350,595
43	Other Deferred Credits (253)	22	\$ 12,886,241	\$ 10,454,481
44	Other Regulatory Liabilities (254)	22	\$ -	\$ -
45	Accumulated Deferred Investment Tax Credits (255)	23	\$ -	\$ -
46	Deferred Gains from Disposition of Utility Plant (256)	-		
47	Unamortized Gain on Reacquired Debt (257)	20		
48	Accumulated Deferred Income Taxes (281-283)	24	\$ 45,007,069	\$ 54,086,950
49	<b>TOTAL Deferred Credits (Total of lines 42 through 48)</b>		\$ 60,293,303	\$ 66,892,026
50				
51	<b>TOTAL Liabilities and Other Credits (Total of lines 8, 16, 24, 40 and 49)</b>		\$ 339,609,294	\$ 383,724,266

**STATEMENT OF INCOME**

- |  |   |
|--|---|
| <p>1. Use page 11 for important notes regarding the statement of income or any account thereof.</p> <p>2. Give concise explanations on page 11 concerning significant amounts of any refunds made or received during the year.</p> <p>3. Enter on page 11 a concise explanation of only those changes in accounting methods made during the year</p> | <p>which had an effect on net income, including the basis of allocations and apportionments from those used in the preceding year. Also give the approximate dollar effect of such changes.</p> <p>4. Explain in a footnote if the previous year's figures are different from that reported in prior reports.</p> |
|--|---|

Line No.	Account (a)	Ref. Page No. (b)	Total Gas Utility Current Year (c)	Total Gas Utility Previous Year (d)
1	UTILITY OPERATING INCOME			
2	Operating Revenues (400)	26	\$ 69,869,955	\$ 71,905,876
3	Operating Expenses			
4	Operation Expenses (401)	27-29	\$ 40,812,843	\$ 47,002,800
5	Maintenance Expenses (402)	27-29	\$ 1,363,533	\$ 1,497,405
6	Depreciation Expense (403)	15-16	\$ 5,392,529	\$ 4,377,093
7	Amortization & Depletion of Utility Plant (404-405)	-	\$ 858,668	\$ 819,965
8	Amortization of Utility Plant Acquisition Adjustment (406)	-	\$ 1,821,708	\$ 1,821,708
9	Amortization of Property Losses, Unrecovered Plant and Regulatory Study Costs (407.1)	-		
10	Amortization of Conversion Expenses (407.2)	-		
11	Regulatory Debits (407.3)	-	\$ 441,154	\$ 478,950
12	(Less) Regulatory Credits (407.4)	-	\$ (432,861)	\$ (432,861)
13	Taxes Other Than Income Taxes (408.1)	23	\$ 6,280,213	\$ 6,095,786
14	Income Taxes - Federal (409.1)	-	\$ (3,405,246)	\$ (1,977,375)
15	- Other (409.1)	-	\$ (414,941)	\$ (968)
16	Provision for Deferred Income Taxes (410.1)	24	\$ 10,126,369	\$ 7,468,402
17	(Less) Provision for Deferred Income Taxes - Cr.(411.1)	24	\$ (2,001,552)	\$ (2,177,324)
18	Investment Tax Credit Adjustment - Net (411.4)	23	\$ -	\$ (9,967)
19	(Less) Gains from Disposition of Utility Plant (411.6)	-		
20	Losses from Disposition of Utility Plant (411.7)	-		
21	Other Operating Income (412-414)	-		
22	TOTAL Utility Operating Expenses (Total of lines 4 -21)		\$ 60,842,417	\$ 64,963,614
23	Net Utility Operating Income (Total of line 2 less 22)			
24	(Carry forward to page 9, line 25)		\$ 9,027,538	\$ 6,942,261

STATEMENT OF INCOME (Continued)

Line No.	Account (a)	Ref. Page No. (b)	TOTAL	
			Current Year (c)	Previous Year (d)
25	Net Utility Operating Income (Carried forward from page 8)		\$ 9,027,538	\$ 6,942,261
26	<b>Other Income and Deductions</b>			
27	Other Income			
28	Nonutility Operating Income			
29	Revenues From Merchandising, Jobbing and Contract Work (415)	-		
30	(Less) Costs and Exp. of Merchandising, Job & Contract Work (416)	-		
31	Revenues From Nonutility Operations (417)	-		
32	(Less) Expenses of Nonutility Operations (417.1)	-		
33	Nonoperating Rental Income (418)	-		
34	Equity in Earnings of Subsidiary Companies (418.1)	10		
35	Interest and Dividend Income (419)	-	\$ 7,464	\$ 6,006
36	Allowance for Other Funds Used During Construction (419.1)	-		
37	Miscellaneous Nonoperating Income (421)	-	\$ 6,079	\$ 4,011
38	Gain on Disposition of Property (421.1)	-	\$ -	\$ -
39	TOTAL Other Income (Total of lines 29 through 38)		\$ 13,543	\$ 10,017
40	Other Income Deductions			
41	Loss on Disposition of Property (421.2)	-		
42	Miscellaneous Amortization (425)	33		
43	Miscellaneous Income Deductions (426.1-426.5)	33	\$ (5,052)	\$ (35,707)
44	TOTAL Other Income Deductions (Total of lines 41 through 43)		\$ (5,052)	\$ (35,707)
45	Taxes Applicable to Other Income and Deductions			
46	Taxes Other Than Income Taxes (408.2)	-		
47	Income Taxes - Federal (409.2)	-	\$ (4,462)	\$ (5,821)
48	Income Taxes - Other (409.2)	-	\$ (741)	\$ (968)
49	Provision for Deferred Income Taxes (410.2)	24	\$ -	\$ -
50	(Less) Provision for Deferred Income Taxes - Credit (411.2)	24	\$ -	\$ 15,682
51	Investment Tax Credit Adjustment - Net (411.5)	-		
52	(Less) Investment Tax Credits (420)	-		
53	TOTAL Taxes on Other Inc. and Ded. (Total of 46 through 52)		\$ (5,203)	\$ 8,893
54	Net Other Income and Deductions (Total of lines 39,44,53)		\$ 3,288	\$ (16,797)
55	<b>Interest Charges</b>			
56	Interest on Long-Term Debt (427)	-	\$ 1,820,931	\$ 1,432,979
57	Amortization of Debt Discount and Expense (428)	21	\$ 17,891	\$ 7,934
58	Amortization of Loss on Reacquired Debt (428.1)	-	\$ 85,031	\$ 81,334
59	(Less) Amortization of Premium on Debt - Credit (429)	21		
60	(Less) Amortization of Gain on Reacquired Debt - Credit (429.1)	-		
61	Interest on Debt to Associated Companies (430)	33	\$ -	\$ -
62	Other Interest Expense (431)	33	\$ 518,361	\$ 403,775
63	(Less) Allowance for Borrowed Funds Used During Const.-Credit (432)	-		
64	Net Interest Charges (Total of lines 56 through 63)		\$ 2,442,214	\$ 1,926,022
65	Income Before Extraordinary Items (Total of lines 25, 54 and 64)		\$ 6,588,612	\$ 4,999,444
66	<b>Extraordinary Items</b>			
67	Extraordinary Income (434)	-		
68	(Less) Extraordinary Deductions (435)	-		
69	Net Extraordinary Items (Total of line 67 less line 68)			
70	Income Taxes - Federal and Other (409.3)	-		
71	Extraordinary Items After Taxes (Total of line 69 less line 70)			
72	Net Income (Total of lines 65 and 71)		\$ 6,588,612	\$ 4,999,444

**STATEMENT OF RETAINED EARNINGS**

- |  |   |
|--|---|
| <p>1. Report all changes in appropriated retained earnings, and unappropriated retained earnings for the year.</p> <p>2. Each credit and debit during the year should be identified as to the retained earnings account in which recorded (Accounts 433, 436-439 inclusive). Show the contra primary account affected in column (b).</p> <p>3. State the purpose and amount for each reservation or appropriation of retained earnings.</p> <p>4. List first Account 439, Adjustments to Retained Earnings, reflecting adjustments to the opening balance of retained earnings. Follow by credit, then debit items, in that order.</p> | <p>5. Show dividends for each class and series of capital stock.</p> <p>6. Show separately the state and federal income tax effect of items shown in account 439, Adjustments to Retained Earnings.</p> <p>7. Explain in a footnote the basis for determining the amount reserved or appropriated. If such reservations or appropriation is to be recurrent, state the number and annual amounts to be reserved or appropriated as well as the totals eventually to be accumulated.</p> <p>8. If any notes appearing in the report to stockholders are applicable to this statement attach them at page 11.</p> |
|--|---|

Line No.	Item (a)	Contra Primary Account Affected (b)	Amount (c)
<b>UNAPPROPRIATED RETAINED EARNINGS (Account 216)</b>			
1	Balance - Beginning of Year		\$ 98,624,225
2	Changes (Identify by prescribed retained earnings accounts)		
3	Adjustments to Retained Earnings (Account 439):		
4	Credit:		
5	Credit:		
6	TOTAL Credits to Retained Earnings (Account 439) (Total of lines 4 and 5)		
7	Debit:		
8	Debit:		
9	TOTAL Debits to Retained Earnings (Account 439) (Total of lines 7 and 8)		
10	Balance Transferred from Income (Account 433 less Account 418.1)		\$ 6,588,612
11	Appropriations of Retained Earnings (Account 436) TOTAL		
12	Dividends Declared - Preferred Stock (Account 437) TOTAL		
13	Dividends Declared - Common Stock (Account 438) TOTAL		
14	Transfers from Acct. 216.1, Unappropriated Undistributed Subsidiary Earnings		
15	FAS 133 Other Comprehensive Income		
16	Balance - End of Year (Total of lines 01, 6, 9, 10, 11, 12, 13, 14 and 15)		\$ 105,212,837
<b>APPROPRIATED RETAINED EARNINGS (Account 215)</b>			
	State balance and purpose of each appropriated retained earnings amount at end of year and give accounting entries for any applications of appropriated retained earnings during the year.		
17			
18			
19			
20			
21			
22			
23	TOTAL Appropriated Retained Earnings (Account 215)		
	TOTAL Retained Earnings (Account 215 and 216) (Total of lines 16 and 23)		\$ 105,212,837

Florida Public Utilities Company			For the Year Ended
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## 1. Organization and Basis of Presentation

Florida Public Utilities Company ("FPU") is a utility engaged in the natural gas and electric distribution business in Florida. The natural gas division of FPU, excluding the Indiantown and Fort Meade divisions, ("we," "our" or "us") is engaged in the distribution of natural gas to approximately 56,000 residential, commercial and industrial customers located in Palm Beach, Broward, Martin, Marion, Seminole, Volusia, Nassau and Okeechobee counties in Florida. Our rates and services are subject to regulation by the Florida Public Service Commission ("FPSC"). FPU is a wholly-owned subsidiary of Chesapeake Utilities Corporation ("Chesapeake Utilities").

Our financial statements include the accounts of FPU's natural gas operation, excluding the accounts of the Indiantown and Fort Meade divisions. The FPSC requires FPU's Indiantown and Fort Meade natural gas divisions to be reported separately from us and therefore, those accounts are excluded from our financial statements. FPU's electric distribution and unregulated businesses are also excluded from our financial statements.

Our financial statements are prepared in conformity with the accounting requirements of the FPSC, which are substantially equivalent to the accounting requirements of the Federal Energy Regulatory Commission ("FERC") as set forth in the applicable Uniform System of Accounts and published accounting releases, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America ("US GAAP"). The accounting requirements of the FERC and the FPSC applied by us in these financial statements are consistent with US GAAP, except for:

- lack of reclassification of certain negative balances on the balance sheets;
- the presentation of deferred income tax assets and liabilities separately rather than as a single amount;
- the presentation of cost of removal as a component of accumulated depreciation rather than as a regulatory liability;
- lack of detail property, plant and equipment component costs disclosure;
- lack of detail regulatory assets and liability disclosure;
- the omission of the statements of cash flows;
- the omission of the statement of retained earnings for prior year for a comparative presentation;
- the accounting treatment of acquisition adjustment and regulatory asset associated with the merger-related costs and the presentation of acquisition adjustment (US GAAP does not reflect the accounting impact of the approval of acquisition adjustment and the regulatory asset retroactively in 2011 and 2010); and
- the presentation of pass-through revenue taxes, such as gross receipts taxes, franchise taxes and sales taxes, as revenues and operating expenses rather than on a net basis.

We do not have any ownership interests in investments accounted for using the equity method or any variable interests in a variable interest entity. We have assessed and reported on subsequent events through August 31, 2016 the date these financial statements are available to be issued.

## 2. Summary of Significant Accounting Policies

### Use of Estimates

Our financial statements are prepared based on the accounting requirements of the FPSC and the FERC, which require management to make estimates in measuring assets and liabilities and related revenues and expenses. These estimates involve judgments with respect to, among other things, various future economic factors that are difficult to predict and are beyond our control; therefore, actual results could differ from those estimates.

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### Utility Plant

Utility plant is stated at original cost less accumulated depreciation. Costs include direct labor, materials and third-party construction contractor costs, allowance for funds used during construction ("AFUDC") and certain indirect costs related to equipment and employees engaged in construction. The costs of repairs and minor replacements are charged against income as incurred, and the costs of major renewals and betterments are capitalized. Upon retirement or disposition of utility plant, the gain or loss, net of salvage value, is charged to accumulated depreciation or deferred as a regulatory asset or liability as required by the FPSC.

Customer contributions or advances in aid of construction reduce utility plant unless the amounts are refundable to customers. Contributions or advances may be refundable to customers after a number of years based on the amount of revenues generated from the customers or the duration of the service provided to the customers. Refundable contributions or advances are recorded initially as liabilities. The amounts that are determined to be non-refundable reduce utility plant at the time of such determination. During the years ended December 31, 2015 and 2014, there were \$868,000 and \$669,000, respectively, of non-refunded contributions or advances reducing utility plant.

AFUDC represents the estimated cost of funds, from both debt and equity sources, used to finance the construction of major projects. AFUDC is capitalized in rate base for rate making purposes when the completed projects are placed in service. We did not capitalize AFUDC on utility plant for the years ended December 31, 2015 and 2014.

### Impairment of long-lived assets

We periodically evaluate whether events or circumstances have occurred which indicate that other long-lived assets may not be fully recoverable. When such events or circumstances are present, we record an impairment loss equal to the excess of the assets' carrying value over its fair value if any.

In May 2015, we recorded a gain of \$370,089 as a result of a settlement agreement that Chesapeake Utilities entered into, with a vendor related to the implementation of a customer billing system. Pursuant to the agreement, Chesapeake Utilities received \$1.5 million in cash. Previously, at December 31, 2014, we recorded \$2,173,285 pre-tax, non-cash impairment loss related to the same billing system implementation. This impairment was part of the \$6.5 million impairment loss recorded by Chesapeake Utilities and represented all of the capitalized costs associated with this project allocated to us. The gain from the settlement agreement and the impairment loss are included in operations expense in the accompanying statements of income. Chesapeake Utilities may also receive \$750,000 in additional cash and discounts from future services; however, the receipt or retention of additional cash and future discounts is contingent upon engaging this vendor to provide agreed-upon services over the next five years.

### Depreciation

We compute depreciation expense by applying composite, annual rates as approved by the FPSC. Depreciation and amortization expenses are provided at an annual rate averaging 2.9 percent for 2015 and 2014.

In accordance with the accounting requirements of the FERC, we include the accretion of the cost of removal for future retirements of utility assets as depreciation expense. For the years ended December 31, 2015 and 2014, \$775,230 and \$652,305, respectively, of such accretion was included in depreciation expense. We also report certain depreciation expenses, mainly related to vehicle, computer software and hardware, as operations expense rather than depreciation and amortization expense to comply with the requirements of the FERC. For the years ended December 31, 2015 and 2014, \$362,646 and \$355,392, respectively, of such depreciation was reported as operations expense.

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### Regulated Operations

We account for our operations in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 980, *Regulated Operations*. This Topic includes accounting principles for companies whose rates are determined by independent third-party regulators. When setting rates, regulators often make decisions, the economics of which require companies to defer costs or revenues in different periods than may be appropriate for unregulated enterprises. When this situation occurs, a regulated company defers the associated costs as regulatory assets on the balance sheet and records them as expense on the income statement as it collects revenues. Further, regulators can also impose liabilities upon a regulated company for amounts previously collected from customers, and for recovery of costs that are expected to be incurred in the future as regulatory liabilities. If we were required to terminate the application of these provisions to our regulated operations, all such deferred amounts would be recognized in the income statement at that time, which could have a material impact on our financial position, results of operations and cash flows.

We monitor our regulatory and competitive environment to determine whether the recovery of our regulatory assets continues to be probable. If we were to determine that recovery of these assets is no longer probable, we would write off the assets against earnings. We believe that provisions of ASC Topic 980, *Regulated Operations*, continue to apply to our operations and that the recovery of our regulatory assets is probable.

### Operating Revenues

Our operating revenues are based on rates approved by the FPSC. We read meters and bill customers on monthly cycles that do not coincide with the accounting periods used for financial reporting purposes. We accrue unbilled revenues for the charges associated with natural gas delivered, but not yet billed, at the end of an accounting period to the extent that they do not coincide.

We have a fuel cost recovery mechanism. This mechanism provides a method of adjusting the billing rates to reflect changes in the cost of purchased fuel. The difference between the current cost of fuel and the cost of fuel recovered in billed rates is deferred and accounted for as either unrecovered purchased fuel costs or amounts payable to customers. Generally, these deferred amounts are recovered or refunded within one year.

### Operations and Maintenance Expenses

Operations and maintenance expenses are costs associated with the operation and maintenance of our natural gas distribution systems. Major cost components include operations and maintenance salaries and benefits, materials and supplies, usage of vehicles, tools and equipment, payments to contractors, utility plant maintenance, customer service, professional fees and other outside services, insurance expense, minor amounts of depreciation and other administrative expenses.

### Cash and Cash Equivalents

We consider all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Excess cash generated by our receipts may be transferred to and invested in Chesapeake Utilities' overnight income-producing accounts. We are allocated the portion of interest income generated from those accounts, which reduced interest expense in the accompanying statements of income.

### Accounts Receivable and Accumulated Provision for Uncollectible Accounts

Accounts receivable consist primarily of amounts due for distribution sales of natural gas to customers. A provision for uncollectible accounts is recorded based upon our collections experiences and management's assessment of our customers' inability or reluctance to pay. If circumstances change, our estimates of recoverable accounts receivable may also change. Circumstances which could affect such estimates include, but are not limited to, customer credit issues and general economic conditions. Accounts are written off when they are deemed to be uncollectible.

### Inventories

We use the average cost method to value materials and supplies inventory. If market prices drop below cost, inventory balances that are subject to price risk are adjusted to market values.

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### Pension and Other Postretirement Plans

Pension and other postretirement plan costs and liabilities are determined on an actuarial basis and are affected by numerous assumptions and estimates, including the fair value of plan assets, estimates of the expected returns on plan assets, assumed discount rates, the level of contributions made to the plans, and current demographic and actuarial mortality data. Management annually reviews the estimates and assumptions underlying our pension and other postretirement plan costs and liabilities with the assistance of third-party actuarial firms. The assumed discount rates, expected returns on plan assets and the mortality assumption are the factors that generally have the most significant impact on our pension costs and liabilities. The assumed discount rates, health care cost trend rates and rates of retirement generally have the most significant impact on our postretirement plan costs and liabilities.

Actual changes in the fair value of plan assets and the differences between the actual return on plan assets and the expected return on plan assets could have a material effect on the amount of pension and postretirement benefit costs that we ultimately recognize. A 0.25 percent decrease in the discount rate could increase our annual pension and postretirement costs by approximately \$1,000, and a 0.25 percent increase could decrease our annual pension and postretirement costs by approximately \$1,000. A 0.25 percent change in the rate of return could change our annual pension cost by approximately \$104,000 and would not have an impact on the postretirement and supplemental executive retirement plans because these plans are not funded.

### Income Taxes and Investment Tax Credit Adjustments

Deferred tax assets and liabilities are recorded for the income tax effect of temporary differences between the financial statement bases and tax bases of assets and liabilities and are measured using the enacted income tax rates in effect in the years in which the differences are expected to reverse. The portions of our deferred tax liabilities, which have not been reflected in current service rates, represent income taxes recoverable through future rates. Deferred tax assets are recorded net of any valuation allowance when it is more likely than not that such tax benefits will be realized. Investment tax credits on utility property have been deferred and are allocated to income ratably over the lives of the subject property.

We account for uncertainty in income taxes in the financial statements only if it is more likely than not that an uncertain tax position is sustainable based on technical merits. Recognizable tax positions are then measured to determine the amount of benefit recognized in the financial statements. We recognize penalties and interest related to unrecognized tax benefits as a component of other income.

### Financial Instruments

We have entered into agreements with suppliers to purchase natural gas for resale to our customers. Purchases under these contracts either do not meet the definition of derivatives or are considered "normal purchases" and are accounted for on an accrual basis.

Financial assets with carrying values approximating fair value include accounts receivable. Financial liabilities with carrying values approximating fair value include accounts payable and other accrued liabilities.

### **FASB Statements and Other Authoritative Pronouncements**

#### *Recent Accounting Standards Yet to be Adopted*

Revenue from Contracts with Customers (ASC 606) - In May 2014, the FASB issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers*. This standard provides a single comprehensive revenue recognition model for all contracts with customers to improve comparability within industries, as well as across industries and capital markets. The standard contains principles that entities will apply to determine the measurement of revenue and when it is recognized. On July 1, 2015, the FASB affirmed its proposal to defer the implementation of this standard by one year. The affirmed deferral would result in the new standard being effective for nonpublic entities for their 2019 annual statements and 2020 interim financial statements. We are currently assessing the impact this standard will have on our financial position and results of operations.

Inventory (ASC 330) - In July 2015, the FASB issued ASU 2015-11, *Inventory*. Under this guidance, inventories are required to be measured at the lower of cost or net realizable value. Net realizable value represents the estimated selling price less costs associated with completion, disposal and transportation. ASU 2015-11 will be effective for our annual

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financial statements beginning January 1, 2017. Early adoption is permitted. The standard is to be adopted on a prospective basis. We are currently assessing the impact this standard will have on our financial position and results of operations.

**Leases (ASC 842)** - In February 2016, the FASB issued ASU 2016-02, *Leases*. The new lease accounting guidance significantly changes the current lease accounting guidance by requiring most operating leases to be recognized in the balance sheet. Under this guidance, a lessee will recognize on its balance sheet, a lease obligation and an asset for the right to use the underlying asset for all leases with a term greater than 12 months. A short-term lease (with a lease term of 12 months or less and does not include a purchase option) would not be reflected on the lessee's balance sheet. ASU 2016-02, made minor modifications to the current lessor accounting guidance. The update also expands the required quantitative and qualitative disclosures surrounding leases. ASU 2016-02 will be effective for our annual financial statements beginning January 1, 2020 and early adoption is permitted. This standard will be applied using a modified retrospective transition approach for existing leases and therefore applies to the earliest year presented in the financial statements. We are currently assessing the impact this standard will have on our financial position and results of operations.

**Compensation (ASC 718)** - In March 2016, the FASB issued ASU 2016-09, *Improvements to Employee Share-Based Payment Accounting*, which simplifies several aspects of the accounting for employee share-based payment transactions, including the accounting for income taxes, forfeitures, and statutory tax withholding requirements, as well as classification in the statement of cash flows. As a non public entity, ASU 2016-09 will be effective for our annual financial statements beginning January 1, 2018. Early adoption is permitted. The amendments included in this update are to be applied prospectively except for changes effecting presentation of the cash flow statement which can be applied prospectively or retrospectively. We are currently assessing the impact this standard will have on our financial position and results of operations.

### 3. Transactions with affiliates

#### Financing Arrangements

Our excess cash is transferred to Chesapeake Utilities to be invested in overnight income-producing accounts. We utilize Chesapeake Utilities' short-term borrowing facility and Chesapeake Utilities' and FPU's long-term debt to satisfy our financing needs. For the years ended December 31, 2015 and 2014, Chesapeake Utilities and FPU allocated to us \$2,262,012 and \$1,746,591 respectively, in interest expense, which represents a portion of interest from Chesapeake Utilities' short-term and Chesapeake Utilities' and FPU's long-term debt allocated to us, net of a portion of interest income from the overnight income-producing accounts allocated to us.

#### Allocated Costs from Affiliates

Chesapeake Utilities provides us with administrative and support services. These services include certain managerial, accounting, information technology, payroll, human resources and treasury services. For the years ended December 31, 2015 and 2014, Chesapeake Utilities charged us \$7,099,470 and \$5,959,356 respectively, for these services.

#### Advances from Affiliates

As of December 31, 2015 and 2014, we had advances from Chesapeake Utilities and its subsidiaries in the amount of \$66,301,117 and \$33,692,440 respectively. These amounts are reflected as accounts receivable from associated companies and accounts payable to associated companies in the accompanying financial statements.

#### Firm Transportation Service and Natural Gas Purchase

In April 2012, Peninsula Pipeline Company, Inc. a wholly-owned subsidiary of Chesapeake Utilities, commenced firm transportation service in conjunction with our expansion to Nassau and Okeechobee counties, Florida. For the years ended December 31, 2015 and 2014, we incurred \$2,935,582 and \$2,339,781 respectively, in cost associated with this transportation service, which was included in the cost of fuel and our fuel cost recovery mechanism.

During 2015 and 2014, Peninsula Energy Services Company, Inc., Chesapeake Utilities' natural gas marketing subsidiary, provided us with natural gas supply service. We incurred \$2,827,286 in costs associated with this supply service during 2015. There were no costs incurred during 2014. These costs are included in the cost of fuel and our fuel cost recovery mechanism.

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#### 4. Income Taxes

We are included in the Chesapeake Utilities consolidated federal income tax return, along with all of Chesapeake Utilities' other subsidiaries. Chesapeake Utilities' federal income tax returns for tax years after 2012 are subject to examination. FPU files a separate state income tax return in the state of Florida. FPU's state income tax returns for tax years after 2012 are subject to examination.

Income taxes are allocated to us as if we were a separate tax payer. Chesapeake Utilities did not have net operating losses for federal income tax purposes as of December 31, 2015 and 2014. FPU recorded state net operating losses of \$10,353,750 and \$8,559,692, in the state of Florida as of December 31, 2015 and December 31, 2014, respectively, which will expire in 2035. We recorded a deferred tax of \$39,596 related to state net operating loss carry-forwards at December 31, 2015. There was no deferred income tax asset recorded at December 31, 2014.

The following table provides: (a) the components of income tax expense in 2015 and 2014; (b) the reconciliation between the statutory federal income tax rate for 2015 and 2014; and (c) the components of accumulated deferred income tax assets and liabilities at December 31, 2015 and 2014.

	For the Years Ended December 31,	
	2015	2014
<b>Income Tax (Benefit) Expense</b>		
Current	(\$3,814,984)	(\$1,971,554)
Deferred	8,124,817	5,275,396
Investment tax credits, net	-	(9,967)
<b>Total Income Tax Expense</b>	<b>\$4,309,833</b>	<b>\$3,293,875</b>
<b>Reconciliation of Effective Income Tax Rates:</b>		
Federal income tax expense, 35% in 2015 and 2014	\$3,814,456	\$2,902,662
State income taxes, net of federal tax benefit	389,619	296,486
Other	105,758	94,727
<b>Total Income Tax Expense</b>	<b>\$4,309,833</b>	<b>\$3,293,875</b>
	At December 31,	
	2015	2014
<b>Deferred Income Tax Liabilities</b>		
Property, plant and equipment	\$37,294,649	\$28,241,447
Acquisition adjustment	15,490,311	16,140,255
Conservation	792,210	248,543
Other	509,780	376,823
<b>Total Deferred Income Tax Liabilities</b>	<b>\$54,086,950</b>	<b>\$45,007,068</b>
<b>Deferred Income Tax Assets</b>		
Environmental costs	\$2,358,795	\$2,226,962
Storm reserve liability	320,151	317,836
Amortization - Customer-based intangibles	1,361,458	619,302
Other	1,997,581	1,918,820
<b>Total Deferred Income Tax Assets</b>	<b>\$6,037,985</b>	<b>\$5,082,920</b>

#### 5. Customer Concentration

We operate entirely in the natural gas distribution business. Our operations include the transportation of natural gas in intra-state commerce. We did not have any customer that accounted for more than 10 percent of our revenues for the years ended December 31, 2015 and 2014.

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## 6. Lease Obligations

We have entered into several operating lease arrangements for equipment and right of way for pipeline facilities. FPU has also entered into operating lease arrangements for office and warehouse space and has allocated to us rent for our use of these spaces. Rent expense for the years ended December 31, 2015 and 2014 totaled \$282,252 and \$213,427 respectively, with no future minimum payments for these leases.

## 7. Employee Benefit Plans

Eligible FPU employees participate in various benefit plans sponsored by FPU and Chesapeake Utilities. They allocate to us a portion of the benefit costs associated with these plans. Our share of the costs is based on a portion of the benefits related to providing services to us. For the years ended December 31, 2015 and 2014, we recorded the benefit costs of \$1,000,825 and \$830,131, respectively, related to these plans.

FPU continues to sponsor and maintain a separate defined benefit pension plan ("FPU Pension Plan") and a separate unfunded postretirement medical plan ("FPU Medical Plan") for eligible FPU employees after the merger with Chesapeake Utilities.

FPU measures the assets and obligations of the defined benefit pension plan and other postretirement benefit plans to determine the plans' funded status as of the end of the year as an asset or a liability on its consolidated balance sheets. A portion of this asset or liability related to us is reflected on our balance sheet. At December 31, 2015 and 2014, \$12,413,609 and \$12,890,153, respectively, of the pension and postretirement benefit liabilities were assigned to us.

### Defined Benefit Pension Plan

The following schedule sets forth the funded status at December 31, 2015 and 2014 and the net periodic cost for the years ended December 31, 2015 and 2014 for the FPU Pension Plan:

	<u>As of December 31,</u>	
	<u>2015</u>	<u>2014</u>
<i>(in thousands)</i>		
<b>Change in benefit obligation:</b>		
Benefit obligation — beginning of year	\$ 68,173	\$ 55,876
Interest cost	2,504	2,613
Actuarial (gain) loss	(3,374)	12,785
Benefits paid	(2,868)	(3,101)
Benefit obligation — end of year	<u>64,435</u>	<u>68,173</u>
<b>Change in plan assets:</b>		
Fair value of plan assets — beginning of year	45,077	44,337
Actual (loss) return on plan assets	(1,464)	1,485
Employer contributions	1,462	2,356
Benefits paid	(2,868)	(3,101)
Fair value of plan assets — end of year	<u>42,207</u>	<u>45,077</u>
<b>Reconciliation:</b>		
Funded status	<u>(22,228)</u>	<u>(23,096)</u>
Accrued pension cost	<u>\$ (22,228)</u>	<u>\$ (23,096)</u>
<b>Assumptions:</b>		
Discount rate	4.00%	3.75%
Expected return on plan assets	7.00%	7.00%

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	<b>For the Year Ended December 31,</b>	
	<b>2015</b>	<b>2014</b>
<i>(in thousands)</i>		
<b>Components of net periodic pension cost:</b>		
Interest cost	\$ 2,504	\$ 2,613
Expected return on assets	(3,107)	(3,089)
Amortization of actuarial loss	456	8
<b>Net periodic pension cost</b>	<b>(147)</b>	<b>(468)</b>
Amortization of pre-merger regulatory asset	761	761
<b>Total periodic cost</b>	<b>\$ 614</b>	<b>\$ 293</b>
<b>Assumptions:</b>		
Discount rate	3.75%	4.75%
Expected return on plan assets	7.00%	7.00%

Included in the net periodic costs for the FPU Pension Plan is continued amortization of FPU's pension regulatory asset, which represents the portion attributable to FPU's regulated operations for the changes in funded status that occurred but was not recognized as part of net periodic cost prior to the merger with Chesapeake Utilities in October 2009. This was previously deferred as a regulatory asset prior to the merger with Chesapeake Utilities to be recovered through rates pursuant to an order by the FPSC. The unamortized balance of this regulatory asset was \$2.8 million and \$3.6 million at December 31, 2015 and 2014, respectively.

FPU's funding policy provides that payments to the trustee shall be equal to at least the minimum funding requirements of the Employee Retirement Income Security Act of 1974.

The following schedule summarizes the assets of the FPU Pension Plan, by investment type, at December 31, 2015 and 2014:

<b>Asset Category</b>	<b>As of December 31,</b>	
	<b>2015</b>	<b>2014</b>
Equity securities	48.56%	52.62%
Debt securities	41.74%	37.69%
Other	9.70%	9.69%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

The investment policy for the FPU Pension Plan is designed to provide the capital assets necessary to meet the financial obligations of the plan. The investment goals and objectives are to achieve investment returns that, together with contributions, will provide funds adequate to pay promised benefits to present and future beneficiaries of the plan, earn a long-term investment return in excess of the growth of the plan's retirement liabilities, minimize pension expense and cumulative contributions resulting from liability measurement and asset performance, and maintain a diversified portfolio to reduce the risk of large losses.

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The following allocation range of asset classes is intended to produce a rate of return sufficient to meet the FPU Pension Plan's goals and objectives:

#### Asset Allocation Strategy

<u>Asset Class</u>	<u>Minimum Allocation Percentage</u>	<u>Maximum Allocation Percentage</u>
Domestic Equities (Large Cap, Mid Cap and Small Cap)	14%	32%
Foreign Equities (Developed and Emerging Markets)	13%	25%
Fixed Income (Inflation Bond and Taxable Fixed)	26%	40%
Alternative Strategies (Long/Short Equity and Hedge Fund of Funds)	6%	14%
Diversifying Assets (High Yield Fixed Income, Commodities, and Real Estate)	7%	19%
Cash	0%	5%

Due to periodic contributions and different asset classes producing varying returns, the actual asset values may temporarily move outside of the intended ranges. The investments are monitored on a quarterly basis, at a minimum, for asset allocation and performance.

At December 31, 2015, the assets of the FPU Pension Plan were comprised of the following investments:

<u>Asset Category</u>	<u>Fair Value Measurement Hierarchy</u>			<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
<i>(in thousands)</i>				
<b>Equity securities</b>				
U.S. Large Cap <sup>(1)</sup>	\$ 3,010	\$ 3,305	\$ —	\$ 6,315
U.S. Mid Cap <sup>(1)</sup>	1,296	1,317	—	2,613
U.S. Small Cap <sup>(1)</sup>	727	679	—	1,406
International <sup>(2)</sup>	7,861	—	—	7,861
Alternative Strategies <sup>(3)</sup>	2,297	—	—	2,297
	<u>15,191</u>	<u>5,301</u>	<u>—</u>	<u>20,492</u>
<b>Debt securities</b>				
Fixed Income <sup>(4)</sup>	15,514	—	—	15,514
High Yield <sup>(4)</sup>	2,104	—	—	2,104
	<u>17,618</u>	<u>—</u>	<u>—</u>	<u>17,618</u>
<b>Other</b>				
Commodities <sup>(5)</sup>	1,138	—	—	1,138
Real Estate <sup>(6)</sup>	2,127	—	—	2,127
Guaranteed Deposit <sup>(7)</sup>	—	—	832	832
	<u>3,265</u>	<u>—</u>	<u>832</u>	<u>4,097</u>
<b>Total Pension Plan Assets</b>	<u>\$ 36,074</u>	<u>\$ 5,301</u>	<u>\$ 832</u>	<u>\$ 42,207</u>

(1) Includes funds that invest primarily in United States common stocks.

(2) Includes funds that invest primarily in foreign equities and emerging markets equities.

(3) Includes funds that actively invest in both equity and debt securities, funds that sell short securities and funds that provide long-term capital appreciation. The funds may invest in debt securities below investment grade.

(4) Includes funds that invest in investment grade and fixed income securities.

(5) Includes funds that invest primarily in commodity-linked derivative instruments and fixed income securities.

(6) Includes funds that invest primarily in real estate.

(7) Includes investment in a group annuity product issued by an insurance company.

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At December 31, 2014, the assets of the FPU Pension Plan were comprised of the following investments:

<u>Asset Category</u>	<u>Fair Value Measurement Hierarchy</u>			<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
<i>(in thousands)</i>				
Equity securities				
U.S. Large Cap <sup>(1)</sup>	\$ 3,406	\$ 3,369	\$ —	\$ 6,775
U.S. Mid Cap <sup>(1)</sup>	1,446	1,424	—	2,870
U.S. Small Cap <sup>(1)</sup>	733	682	—	1,415
International <sup>(2)</sup>	8,032	—	—	8,032
Alternative Strategies <sup>(3)</sup>	4,631	—	—	4,631
	<u>18,248</u>	<u>5,475</u>	<u>—</u>	<u>23,723</u>
Debt securities				
Fixed Income <sup>(4)</sup>	14,770	—	—	14,770
High Yield <sup>(4)</sup>	2,219	—	—	2,219
	<u>16,989</u>	<u>—</u>	<u>—</u>	<u>16,989</u>
Other				
Commodities <sup>(5)</sup>	1,516	—	—	1,516
Real Estate <sup>(6)</sup>	2,041	—	—	2,041
Guaranteed Deposit <sup>(7)</sup>	—	—	808	808
	<u>3,557</u>	<u>—</u>	<u>808</u>	<u>4,365</u>
<b>Total Pension Plan Assets</b>	<b>\$ 38,794</b>	<b>\$ 5,475</b>	<b>\$ 808</b>	<b>\$ 45,077</b>

- (1) Includes funds that invest primarily in United States common stocks.
- (2) Includes funds that invest primarily in foreign equities and emerging markets equities.
- (3) Includes funds that actively invest in both equity and debt securities, funds that sell short securities and funds that provide long-term capital appreciation. The funds may invest in debt securities below investment grade.
- (4) Includes funds that invest in investment grade and fixed income securities.
- (5) Includes funds that invest primarily in commodity-linked derivative instruments and fixed income securities.
- (6) Includes funds that invest primarily in real estate.
- (7) Includes investment in a group annuity product issued by an insurance company.

At December 31, 2015 and 2014, all of the investments classified under Level 1 of the fair value measurement hierarchy were recorded at fair value based on unadjusted quoted prices in active markets for identical investments. The Level 2 investments were recorded at fair value based on net asset value per unit of the investments, which used significant observable inputs although those investments were not traded publicly and did not have quoted market prices in active markets. The Level 3 investments were recorded at fair value based on the contract value of annuity products underlining guaranteed deposit accounts, which was calculated using discounted cash flow models. The contract value of these products represented deposits made to the contract, plus earnings at guaranteed crediting rates, less withdrawals and fees.

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The following table sets forth the summary of the changes in the fair value of Level 3 investments for the FPU Pension Plan for the years ended December 31, 2015 and 2014:

	<u>For the Year Ended December</u>	
	<u>2015</u>	<u>2014</u>
<i>(in thousands)</i>		
<b>Balance, beginning of year</b>	<b>\$ 808</b>	<b>\$ 462</b>
Purchases	1,475	1,469
Transfers in	1,700	1,947
Disbursements	(3,154)	(3,101)
Investment income	3	31
<b>Balance, end of year</b>	<b>\$ 832</b>	<b>\$ 808</b>

**Other Postretirement Benefits Plan**

The following sets forth the funded status of the FPU Medical Plan at December 31, 2015 and 2014 and the net periodic cost for the years ended December 31, 2015 and 2014:

	<u>As of December 31,</u>	
	<u>2015</u>	<u>2014</u>
<i>(in thousands)</i>		
<b>Change in benefit obligation:</b>		
Benefit obligation — beginning of year	<b>\$ 1,712</b>	<b>\$ 1,519</b>
Interest cost	57	69
Plan participants contributions	75	97
Actuarial (gain) loss	(132)	375
Benefits paid	(268)	(348)
Benefit obligation — end of year	<b>1,444</b>	<b>1,712</b>
<b>Change in plan assets:</b>		
Fair value of plan assets — beginning of year	—	—
Employer contributions <sup>(1)</sup>	193	251
Plan participants contributions	75	97
Benefits paid	(268)	(348)
Fair value of plan assets — end of year	—	—
<b>Reconciliation:</b>		
Funded status	<b>(1,444)</b>	<b>(1,712)</b>
<b>Accrued postretirement cost</b>	<b>\$ (1,444)</b>	<b>\$ (1,712)</b>
<b>Assumptions:</b>		
Discount rate	4.00%	3.75%

(1) The FPU Medical Plan did not receive a significant subsidy for the post-merger period.

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Net periodic postretirement benefit costs for the FPU Medical Plan for 2015 and 2014 include the following components:

	<u>For the Year Ended December 31,</u>	
	<u>2015</u>	<u>2014</u>
<i>(in thousands)</i>		
Net periodic cost - interest cost	\$ 57	\$ 69
Amortization of pre-merger regulatory asset	8	8
<b>Total periodic cost</b>	<b>\$ 65</b>	<b>\$ 77</b>
<b>Assumptions</b>		
Discount rate	3.75%	4.75%

Similar to the FPU Pension Plan, continued amortization of the FPU postretirement benefit regulatory asset related to the unrecognized cost prior to the merger with Chesapeake Utilities was included in the net periodic cost. The unamortized balance of this regulatory asset was \$38,000 and \$46,000 at December 31, 2015 and 2014, respectively.

The following table presents the amounts not yet reflected in net periodic benefit cost and included in accumulated other comprehensive income/loss or as a regulatory asset as of December 31, 2015:

	<b>FPU Pension Plan</b>	<b>FPU Medical Plan</b>	<b>Total</b>
<i>(in thousands)</i>			
Net loss	\$ 20,410	\$ 99	\$ 20,509
Accumulated other comprehensive loss pre-tax <sup>(1)</sup>	3,878	19	3,897
Post-merger regulatory asset	16,532	80	16,612
Subtotal	20,410	99	20,509
Pre-merger regulatory asset	2,826	38	2,864
Total unrecognized cost	<b>\$ 23,236</b>	<b>\$ 137</b>	<b>\$ 23,373</b>

<sup>(1)</sup> The total amount of accumulated other comprehensive loss recorded in FPU's consolidated balance sheet as of December 31, 2015 is net of income tax benefits of \$1.5 million.

The amounts recorded as a regulatory asset for the FPU Pension Plan and FPU Medical Plan that are expected to be recognized as a component of net benefit cost in 2016 are set forth in the following table:

	<b>FPU Pension Plan</b>	<b>FPU Medical Plan</b>	<b>Total</b>
<i>(in thousands)</i>			
Net loss	\$ 512	\$ —	\$ 512
Amortization of pre-merger regulatory asset	761	8	769

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### Assumptions

The assumptions used for the discount rate to calculate the benefit obligations of all the FPU plans were based on the interest rates of high-quality bonds in 2015, reflecting the expected lives of the plans. In determining the average expected return on plan assets for the FPU Pension Plan, various factors, such as historical long-term return experience, investment policy and current and expected allocation, were considered. Since the FPU Pension Plan is frozen with respect to additional years of service and compensation, the rate of assumed compensation increases is not applicable. The FPU Pension Plan adopted a new mortality table (RP 2014), which was developed by the Society of Actuaries and published during 2014. In December of 2015, the FPU Pension Plan adopted an updated mortality table (RP 2014 with Scale MP-2015).

The health care inflation rate for 2015 used to calculate the benefit obligation is 5.0 percent for the FPU Medical Plan. A one-percentage point increase in the health care inflation rate from the assumed rate would increase the accumulated postretirement benefit obligation by approximately \$152,000 as of December 31, 2015, and would increase the aggregate of the service cost and interest cost components of the net periodic postretirement benefit cost for 2015 by approximately \$6,000. A one-percentage point decrease in the health care inflation rate from the assumed rate would decrease the accumulated postretirement benefit obligation by approximately \$131,000 as of December 31, 2015, and would decrease the aggregate of the service cost and interest cost components of the net periodic postretirement benefit cost for 2015 by approximately \$5,000.

### Estimated Future Benefit Payments

In 2016, FPU expects to contribute \$1.6 million and \$149,000 to the FPU Pension Plan and FPU Medical Plan, respectively. The schedule below shows the estimated future benefit payments for each of the plans previously described:

<i>(in thousands)</i>	<u>FPU Pension Plan<sup>(1)</sup></u>	<u>FPU Medical Plan<sup>(2)</sup></u>
2016	\$ 2,980	\$ 149
2017	\$ 3,000	\$ 130
2018	\$ 3,047	\$ 93
2019	\$ 3,129	\$ 100
2020	\$ 3,218	\$ 94
Years 2021 through 2025	\$ 17,469	\$ 424

(1) The pension plan is funded; therefore, benefit payments are expected to be paid out of the plan assets.

(2) Benefit payments are expected to be paid out of our general funds.

### Retirement Savings Plan

Prior to January 1, 2012, FPU maintained a separate 401(k) retirement savings plan for our employees. Effective January 1, 2012, our employees became eligible to participate in the Chesapeake Utilities Corporation 401(k) Retirement Savings Plan, which is a plan sponsored by Chesapeake Utilities. We offer the Chesapeake Utilities 401(k) plan to all eligible employees who have completed three months of service, except for employees represented by a collective bargaining agreement that does not specifically provide for participation in the plan, non-resident aliens with no U.S. source income and individuals classified as consultants, independent contractors or leased employees. Chesapeake Utilities matches 100 percent of eligible participants' pre-tax contributions to the Chesapeake Utilities 401(k) plan up to a maximum of six percent of eligible compensation. In addition, Chesapeake Utilities may make a supplemental contribution to participants in the plan, without regard to whether or not they make pre-tax contributions. Chesapeake Utilities' employer matching contribution is made in cash and is invested based on a participant's investment directions. Any supplemental employer contribution would be made in Chesapeake Utilities stock. With respect to the employer match and supplemental employer contribution, employees are 100 percent vested after two years of service or upon reaching 55 years of age while still employed by Chesapeake Utilities. Employees with one year of service are 20 percent vested and will become 100 percent vested after two years of service. Employees who do

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not make an election to contribute or do not opt out of the Chesapeake Utilities 401(k) plan will be automatically enrolled at a deferral rate of three percent, and the automatic deferral rate will increase by one percent per year up to a maximum of six percent. For the years ended December 31, 2015 and 2014, our share of contributions to the Chesapeake Utilities 401(k) plan, net of a portion capitalized, totaled \$308,421 and \$330,665, respectively.

Prior to January 1, 2014, Chesapeake Utilities offered a non-qualified supplemental employee retirement savings plan ("SERP") to its executives. Effective January 1, 2014, the Chesapeake Utilities 401(k) SERP was amended, restated and renamed as the Chesapeake Utilities Corporation Non-Qualified Deferred Compensation Plan. In addition, the Chesapeake Utilities Deferred Compensation Plan was consolidated into this plan. Participants can defer up to 80 percent of their base compensation, cash bonuses or any amount of their stock bonuses (net of required withholdings). Participants may receive a matching contribution on their cash compensation deferrals up to six percent of their compensation, provided it does not duplicate a match they receive in the qualified 401(k) plan. For the years ended December 31, 2015 and 2014, our share of the amounts matched to FPU's participants in this plan totaled \$5,526 and \$9,284, respectively.

## **8. Share-Based Compensation**

One of our executives has been granted share-based awards through Chesapeake Utilities' Stock Incentive Compensation Plan ("SICP"). We record these share-based awards as compensation costs over the respective service period for which services are received in exchange for an award of equity-based compensation. The compensation cost is based primarily on the fair value of shares awarded, using the estimated fair value of each share on the date it was granted and the number of shares to be issued at the end of the service period.

These awards are based on multi-year performance plans, which are earned based upon the successful achievement of long-term goals, growth and financial results, which comprised both market-based and performance-based conditions or targets. The fair value of each share of stock tied to a performance-based condition or target is equal to the market price of Chesapeake Utilities common stock on the date of the grant. For the market-based conditions, we used the Black-Scholes pricing model to estimate the fair value of each share of market-based award granted.

For the years ended December 31 2015 and 2014 we were allocated \$38,000 and \$88,000, respectively, in total compensation expense related to a FPU officer that participates in Chesapeake Utilities' share-based compensation plan.

The weighted average grant-date fair value of Chesapeake Utilities SICP awards granted during 2015 and 2014 was \$47.65 and \$39.99, respectively. As of December 31, 2015, there were 575,473 shares reserved for issuance under the Chesapeake Utilities SICP. The intrinsic value of these awards was \$935,000 and \$954,000 for 2015 and 2014, respectively. At December 31, 2015 there was \$179,000 of unrecognized compensation cost related to these awards, which is expected to be recognized during 2016 and 2017.

## **9. Rates and Other Regulatory Activities**

On January 16, 2015, we filed a petition with the FPSC for approval of a contract with Peninsula Pipeline Company, Inc. for additional natural gas transportation services in the vicinity of Haines City, located in Polk County, Florida. This petition was approved by the FPSC at its Agenda Conference on May 5, 2015.

On September 1, 2015, our natural gas system, which was purchased from the City of Fort Meade ("Fort Meade"), filed a petition with the FPSC for approval to implement the Gas Reliability Infrastructure Program ("GRIP"). On October 27, 2015, the petition was amended to allow Fort Meade to commence the replacement of steel tubing services in January 2016, although the collection of GRIP surcharges from customers will be delayed until January 2017, pursuant to the terms and conditions of the purchase agreement with the City of Fort Meade. This action was approved by the FPSC at its Agenda Conference on December 3, 2015.

On February 2, 2016, we filed a petition with the FPSC for approval of an amendment to our existing transportation agreement with the City of Lake Worth, located in Palm Beach County, Florida. The amendment allows the city to resell natural gas distributed by us to the City's compressed natural gas station. The City will then resell the natural gas, after compression, to its customers. The amendment of the transportation agreement was approved by the FPSC at its Agenda Conference held April 5, 2016.

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## 10. Environmental Commitments and Contingencies

We are subject to federal, state and local laws and regulations governing environmental quality and pollution control. These laws and regulations require us to remove or remediate at current and former operating sites the effect on the environment of the disposal or release of specified substances.

We have participated in the investigation, assessment or remediation, and have exposures at four former manufactured gas plant ("MGP") sites. Those sites are located in Key West, Pensacola, Sanford and West Palm Beach, Florida. As of December 31, 2015, we had approximately \$10.0 million in environmental liabilities related to all of the MGP sites, representing our estimate of the future costs associated with those sites. We have approval to recover up to \$14.0 million of the environmental costs related to all of our MGP sites from insurance and from customers through rates, approximately \$10.1 million of which has been recovered as of December 31, 2015. We had approximately \$3.9 million in regulatory assets for future recovery of environmental costs from our customers.

Environmental liabilities for all of our MGP sites are recorded on an undiscounted basis based on the estimate of future costs provided by independent consultants. We continue to expect that all costs related to environmental remediation and related activities will be recoverable from customers through rates.

The following discussion provides details on MGP sites:

### West Palm Beach, Florida

Remedial options are being evaluated to respond to environmental impacts to soil and groundwater at and in the immediate vicinity of a parcel of property owned by us in West Palm Beach, Florida, where we previously operated a MGP. We are implementing a remedial plan approved by the Florida Department of Environmental Protection ("FDEP") for the east parcel of the West Palm Beach site, which includes installation of monitoring test wells, sparging of air into the groundwater system and extraction of vapors from the subsurface. The Start-Up and Monitoring Report, dated November 30, 2015, was submitted for review and comment. A letter dated January 6, 2016, was received from FDEP, which provided minor comments. A facility inspection was also conducted with FDEP on January 12, 2016. No problems or deficiencies were noted by FDEP.

We expect that similar remedial actions will ultimately be implemented for other portions of the site. Estimated costs of remediation for the West Palm Beach site range from approximately \$4.5 million to \$15.4 million, including costs associated with the relocation of our operations at this site, which is necessary to implement the remedial plan, and any potential costs associated with future redevelopment of the properties. We continue to expect that all costs related to these activities will be recoverable from customers through rates.

### Sanford, Florida

We are the current owner of property in Sanford, Florida, which was a former MGP site that was operated by several other entities before we acquired the property. We were never an owner or an operator of the MGP at this site. In January 2007, we and other responsible parties involved with the Sanford environmental site ("Sanford Group") signed a Third Participation Agreement, which provides for the funding of the final remedy approved by the Environmental Protection Agency ("EPA") for the site. Our share of remediation costs under the Third Participation Agreement is set at five percent of a maximum of \$13.0 million, or \$650,000. As of December 31, 2015, we have paid \$650,000 to the Sanford Group escrow account for its entire share of the funding requirements.

In December 2014, the EPA issued a preliminary close-out report, documenting the completion of all physical remedial construction activities at the Sanford site. Groundwater monitoring and statutory five-year reviews to ensure performance of the approved remedy will continue on this site. The total cost of the final remedy is estimated to be over \$20.0 million, which includes long-term monitoring and the settlement of claims asserted by two adjacent property owners to resolve damages that the property owners allege they have incurred and will incur as a result of the implementation of the EPA-approved remediation. In settlement of these claims, members of the Sanford Group, which in this instance does not include us, have agreed to pay specified sums of money to the parties. We have refused to participate in the funding of the third-party settlement agreements based on our contention that we did not contribute to the release of hazardous substances at the site giving rise to the third-party claims. We have advised the other members of the Sanford Group that we are unwilling at this time to agree to pay any sum in excess of the \$650,000 committed by us in the Third Participation Agreement.

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As of December 31, 2015, our remaining remediation expenses, including attorneys' fees and costs, are estimated to be \$24,000. However, we are unable to determine, to a reasonable degree of certainty, whether the other members of the Sanford Group will accept our asserted defense to liability for costs exceeding \$13.0 million to implement the final remedy for this site, as provided in the Third Participation Agreement, or will pursue a claim against us for a sum in excess of the \$650,000 that we have paid under the Third Participation Agreement. No such claims have been made as of December 31, 2015.

#### Key West, Florida

We formerly owned and operated a MGP in Key West, Florida. Field investigations performed in the 1990s identified limited environmental impacts at the site, which is currently owned by an unrelated third party. In 2010, after 17 years of regulatory inactivity, FDEP observed that some soil and groundwater standards were exceeded and requested implementation of additional soil and groundwater fieldwork. The scope of work is limited to the installation of two additional monitoring wells and periodic monitoring of the new and existing wells. The two additional monitoring wells were installed in November 2011, and groundwater monitoring began in December 2011. The first semi-annual report from the monitoring program was issued in May 2012. The data from the June 2012 and September 2012 monitoring events were submitted to the FDEP on October 4, 2012. FDEP responded on October 9, 2012 that, based on the data, Natural Attenuation Monitoring ("NAM") appears to be an appropriate remedy for the site.

In October 2012, FDEP issued a RAP approval order, which requires a limited semi-annual monitoring program. The most recent groundwater-monitoring event was conducted in March of 2016. Natural Attenuation Default criteria were met at all locations sampled.

Although the duration of the FDEP-required limited NAM cannot be determined with certainty, we anticipate that total costs to complete the remedial action will not exceed \$50,000. The annual cost to conduct the limited NAM program is not expected to exceed \$8,000.

#### Pensacola, Florida

We formerly owned and operated an MGP in Pensacola, Florida, which was subsequently owned by Gulf Power. Portions of the site are now owned by the City of Pensacola and the Florida Department of Transportation ("FDOT"). In October 2009, FDEP informed Gulf Power that it would approve a conditional No Further Action determination for the site with the requirement for institutional and engineering controls. On June 16, 2014, FDEP issued a draft memorandum of understanding between FDOT and FDEP to implement site closure with approved institutional and engineering controls for the site. We anticipate that our share of remaining legal and cleanup costs will not exceed \$5,000.

### **11. Other Commitments and Contingencies**

We have entered into contractual commitments to purchase natural gas from various suppliers. The contracts have various expiration dates. The total purchase obligations for natural gas are \$9.0 million for 2016, \$18.0 million for 2017-2018, \$15.5 million for 2019-2020 and \$12.3 million thereafter.

We are involved in certain other legal actions and claims arising in the normal course of business. We are also involved in certain legal proceedings and administrative proceedings before various governmental agencies concerning rates. In the opinion of management, the ultimate disposition of these proceedings will not have a material effect on our financial position, results of operations or cash flows.

**SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS  
FOR DEPRECIATION, AMORTIZATION AND DEPLETION**

Line No.	Item (a)	Total (b)	Gas (c)
1	<b>UTILITY PLANT</b>		
2	In Service		
3	101 Plant in Service (Classified)	\$ 227,041,590	\$ 227,041,590
4	101.1 Property Under Capital Leases		
5	102 Plant Purchased or Sold		
6	106 Completed Construction not Classified		
7	103 Experimental Plant Unclassified		
8	104 Leased to Others	\$ -	\$ -
9	105 Held for Future Use		
10	114 Acquisition Adjustments	\$ 54,954,565	\$ 54,954,565
11	TOTAL Utility Plant (Total of lines 3 through 10 )	\$ 281,996,155	\$ 281,996,155
12	107 Construction Work in Progress	\$ 4,959,385	\$ 4,959,385
13	Accum. Provision for Depreciation, Amortization, & Depletion	\$ (68,484,913)	\$ (68,484,913)
14	Net Utility Plant (Total of lines 11 plus 12 less line 13)	\$ 218,470,627	\$ 218,470,627
15	<b>DETAIL OF ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION</b>		
16	In Service:		
17	108 Depreciation	\$ 56,789,083	\$ 56,789,083
18	111 Amort. and Depl. of Producing Nat. Gas Land & Land Rights		\$ -
19	111 Amort. of Underground Storage Land and Land Rights		\$ -
20	119 Amortization of Other Utility Plant		\$ -
21	TOTAL in Service (Total of lines 17 through 20)	\$ 56,789,083	\$ 56,789,083
22	Leased to Others		
23	108 Depreciation		
24	111 Amortization and Depletion		
25	TOTAL Leased to Others (Total of lines 23 and 24)		
26	Held for Future Use		
27	108 Depreciation		
28	111 Amortization		
29	TOTAL Held for Future Use (Enter. Tot. of lines 27 and 28)	\$ -	\$ -
30	111 Abandonment of Leases (Natural Gas)		
31	115 Amortization of Plant Acquisition Adjustment	\$ 11,695,830	\$ 11,695,830
32	TOTAL Accum. Provisions (Should agree with line 14 above) (Total of lines 21, 25, 29, 30, and 31)	\$ 68,484,913	\$ 68,484,913

**Annual Status Report  
Analysis of Plant in Service Accounts**

Florida Public Utilities Company - Natural Gas Division & Common Plants Allocated to Florida Public Utilities Natural Gas

For the Year Ended December 31, 2015

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Acct. No.	Account Description	Depr. Rate	Beginning Balance*	Additions	Retirements	Reclass.	Adjustments	Transfers	Ending Balance*
<b>General Plant Assets:</b>									
301	Organization		-	-	-	-	-	-	-
303	Miscellaneous Intangible Plant		213,641	-	-	-	-	-	213,641
374	Land - Distribution		164,608	-	-	-	-	-	164,608
389	Land - General		4,279,942	3,982,202	-	-	-	-	8,262,144
	Land - Other								
<b>Amortizable General Plant Assets:</b>									
This schedule should identify each account/subaccount for which a separate depreciation rate has been approved by the FPSC.									
<b>DISTRIBUTION PLANT</b>									
3741	Land Rights	17.20%	12,910	-	-	-	-	-	12,910
375	Structures and Improvements	2.50%	720,690	(4,603)	-	-	-	-	716,087
3761	Mains - Plastic	2.24%	45,576,725	2,425,655	(1,865)	-	(22,642)	-	47,977,873
3762	Mains - Other	2.19%	31,097,127	1,546,652	(32,467)	-	-	-	32,611,312
378	Meas. And Reg. Sta. Equipment - General	3.14%	441,413	-	-	-	-	-	441,413
379	meas. And Reg. Sta. Equipment - City Gate	3.24%	4,582,697	676,064	-	-	-	-	5,258,761
3801	Services - Plastic	2.21%	31,141,261	2,401,770	(771,392)	-	(4,886)	-	32,766,753
3802	Services - Other	2.89%	1,912,683	-	(69,748)	-	-	-	1,842,935
381	Meters	3.70%	8,369,576	1,418,670	(4,495)	-	-	-	9,783,751
382	Meter Installations	2.82%	5,209,886	393,937	(2,032)	-	14,284	-	5,616,075
383	House Regulators	3.30%	2,822,173	187,422	(1,579)	-	-	-	3,008,016
384	House Reg. Installations	2.70%	1,046,196	-	(1,359)	-	-	-	1,046,837
385	Industrial Meas. And Reg. Sta. Equipment	3.40%	55,465	-	-	-	-	-	55,465
386	Other Property on Customers Prem.		-	-	-	-	-	-	-
387	Other Equipment	4.00%	1,093,189	109,532	-	-	-	-	1,202,720
	<b>TOTAL DISTRIBUTION PLANT</b>		<b>138,742,182</b>	<b>13,137,301</b>	<b>(884,936)</b>	<b>-</b>	<b>(13,244)</b>	<b>-</b>	<b>150,981,302</b>
<b>GENERAL PLANT</b>									
390	Structures and Improvements	2.00%	2,439,481	38,606	-	-	-	-	2,478,087
3910	Office Furniture	6.10%	500,597	13,074	-	-	-	-	513,671
3911	Computers & Peripherals		56,875	15,325	-	-	-	-	72,200
3912	Computer Hardware	5.20%	1,058,002	3,352	(284,585)	-	-	-	776,769
3913	EDP Equipment	3.70%	421,980	32,635	-	-	-	-	454,615
3914	Software	5.20%	1,467,997	3,712,038	-	-	-	-	5,180,035
3921	Transportation - Cars	11.00%	325,208	29,636	-	-	-	-	354,844
3922	Transportation - Light Trucks, Vans	8.00%	4,646,517	313,087	(247,363)	-	-	-	4,712,241
3923	Transportation - Heavy Trucks		-	-	-	-	-	-	-
3924	Transportation - Trailers	3.30%	92,080	123	-	-	-	-	92,203
393	Stores Equipment	5.80%	16,785	12,310	-	-	-	-	29,095

**Annual Status Report  
Analysis of Plant in Service Accounts**

Florida Public Utilities Company - Natural Gas Division & Common Plants Allocated to Florida Public Utilities Natural Gas

For the Year Ended December 31, 2015

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Acct. No.	Account Description	Depr. Rate	Beginning Balance*	Additions	Retirements	Reclass.	Adjustments	Transfers	Ending Balance*
(Continued)									
394	Tools, Shop, and Garage Equipment	7.40%	556,356	89,330	-	-	-	-	645,686
395	Laboratory Equipment		-	95,137	-	-	-	-	95,137
396	Power Operated Equipment	1.10%	726,433	18,894	-	-	-	-	745,327
397	Communication Equipment	7.00%	384,940	-	-	-	-	-	384,940
398	Miscellaneous Equipment	4.60%	278,647	10,232	-	-	-	-	288,879
	<b>SUBTOTAL</b>		<b>12,971,898</b>	<b>4,383,779</b>	<b>(531,949)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,823,729</b>
399	Other Tangible Property	20.00%	10,987	-	-	-	-	-	10,987
378G	Mains Plastic-GRIP		24,581,780	20,207,336	-	-	2,624	-	44,791,740
380G	Services Plastic-GRIP		8,616,393	5,735,691	-	-	81,748	-	14,433,832
	<b>TOTAL GENERAL PLANT</b>		<b>46,181,057</b>	<b>30,326,806</b>	<b>(531,949)</b>	<b>-</b>	<b>84,372</b>	<b>-</b>	<b>76,060,288</b>
	<b>TOTAL DISTRIBUTION PLANT</b>		<b>138,742,182</b>	<b>13,137,301</b>	<b>(884,936)</b>	<b>-</b>	<b>(13,244)</b>	<b>-</b>	<b>150,981,302</b>
	<b>TOTAL GAS PLANT IN SERVICE</b>		<b>184,923,239</b>	<b>43,464,108</b>	<b>(1,416,886)</b>	<b>-</b>	<b>71,128</b>	<b>-</b>	<b>227,041,690</b>
<b>Capital Recovery Schedules:</b>									
NONE									
<b>Total Account 101*</b>			<b>184,923,239</b>	<b>43,464,108</b>	<b>(1,416,886)</b>	<b>-</b>	<b>71,128</b>	<b>-</b>	<b>227,041,690</b>
<b>Amortizable Assets:</b>									
114	Acquisition Adjustment		54,954,566	-	-	-	-	-	54,954,566
104	Leased Plant to Others		-	-	-	-	-	-	-
	<b>Other</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Utility Plant</b>			<b>239,877,805</b>	<b>43,464,108</b>	<b>(1,416,886)</b>	<b>-</b>	<b>71,128</b>	<b>-</b>	<b>281,996,155</b>

Note: \* The total beginning and ending balances must agree to acct. 101, Plant in Service, Line 3, Page 12.  
 \* The grand total balances include Florida Public Utilities Company Allocation of Common Plant (see following pages 14.1 and 14.2 for additional details)  
 \* The grand total balances exclude Acct 115 and 107.

**Annual Status Report  
Analysis of Entries in Accumulated Depreciation & Amortization**

Florida Public Utilities Company - Natural Gas Division & Common Plants Allocated to Florida Public Utilities Natural Gas  
For the Year Ended December 31, 2015

Page 1 of 2

Acct. No.	Account Description	Beginning Balance*	Accruals	Reclass.	Retirements	Gross Salvage	Cost of Removal	Adjustments	Transfers	Ending Balance*
<b>Amortizable General Plant Assets:</b>										
301	Organization	-	-	-	-	-	-	-	-	-
303	Miscellaneous Intangible Plant	(127,642)	-	-	-	-	-	-	-	(127,642)
374	Land - Distribution	-	-	-	-	-	-	-	-	-
389	Land - General	-	-	-	-	-	-	-	-	-
	Land - Other - Common	-	-	-	-	-	-	-	-	-
<b>This schedule should identify each account/subaccount for which a separate depreciation rate has been approved by the FPSC.</b>										
<b>DISTRIBUTION PLANT</b>										
3741	Land Rights	1,260	(2,220)	-	-	-	-	-	-	(960)
375	Structures and Improvements	(362,239)	(17,913)	-	-	-	-	-	-	(380,152)
3761	Mains - Plastic	(9,985,349)	(1,197,527)	-	1,865	-	77,861	(49)	-	(11,103,199)
3762	Mains - Other	(18,974,881)	(896,568)	-	32,467	-	332,675	(1,719)	-	(19,508,026)
378	Meas. and Reg. Sta. Equipment - General	(179,500)	(12,984)	-	-	-	-	-	-	(192,484)
379	Meas. and Reg. Sta. Equipment - City Gate	(1,161,288)	(162,551)	-	-	-	4,175	-	-	(1,319,664)
3801	Services - Plastic	(9,793,916)	(860,978)	-	771,392	-	740,338	(2,184)	-	(9,145,348)
3802	Services - Other	(2,542,328)	(121,466)	-	69,748	-	-	-	-	(2,594,046)
381	Meters	(3,397,323)	(324,218)	-	4,495	-	7,672	-	-	(3,709,374)
382	Meter Installations	(1,396,373)	(189,162)	-	2,032	-	52,307	-	-	(1,511,196)
383	House Regulators	(1,234,834)	(95,721)	-	1,579	-	-	-	-	(1,328,976)
384	House Reg. Installations	(472,465)	(28,295)	-	1,359	-	-	-	-	(499,401)
385	Industrial Meas. and Reg. Sta. Equipment	(35,410)	(1,884)	-	-	-	-	-	-	(37,294)
386	Other Property on Customers Prem.	-	-	-	-	-	-	-	-	-
387	Other Equipment	(290,663)	(125,010)	-	-	-	-	-	-	(415,673)
	<b>TOTAL DISTRIBUTION PLANT</b>	<b>(49,952,951)</b>	<b>(4,016,497)</b>	-	<b>884,937</b>	-	<b>1,216,028</b>	<b>(3,952)</b>	-	<b>(51,873,435)</b>
<b>GENERAL PLANT</b>										
390	Structures and Improvements	(446,051)	(49,243)	-	-	-	-	-	-	(495,294)
3910	Office Furniture	(84,284)	(28,951)	-	-	-	-	-	-	(113,235)
3911	Computers & Peripherals	-	-	-	-	-	-	-	-	-
3912	Computer Hardware	(372,286)	(57,066)	-	284,585	-	-	-	-	(144,767)
3913	EDP Equipment	(105,743)	(20,143)	-	-	-	-	-	-	(125,886)
3914	Software	(1,105,174)	(56,871)	-	-	-	-	-	-	(1,162,045)
3921	Accum. Dep. - Transportation - Cars	(39,958)	(32,337)	-	-	-	-	-	-	(103,495)
3922	Accum. Dep. - Trans. - Light Trucks, vans	(1,764,162)	(339,174)	-	247,363	-	-	(31,200)	-	(1,863,573)
3923	Accum. Dep. - Trans. - Heavy Trucks	-	-	-	-	-	-	(7,600)	-	-
3924	Accum. Dep. - Transportation - Trailers	(53,082)	(3,054)	-	-	-	-	-	-	(56,137)
393	Stores Equipment	(12,118)	(1,322)	-	-	-	-	(1)	-	(13,440)

**Annual Status Report  
Analysis of Entries in Accumulated Depreciation & Amortization**

Florida Public Utilities Company - Natural Gas Division & Common Plants Allocated to Florida Public Utilities Natural Gas  
For the Year Ended December 31, 2015

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Acct. No.	Account Description	Beginning Balance*	Accruals	Reclass.	Retirements	Gross Salvage	Cost of Removal	Adjustments	Transfers	Ending Balance*
(Continued)										
394	Tools, Shop, and Garage Equipment	(331,356)	(43,281)	-	-	-	-	-	-	(374,637)
395	Laboratory Equipment	-	-	-	-	-	-	-	-	-
396	Power Operated Equipment	(277,250)	(7,992)	-	-	-	-	(3,500)	-	(288,742)
397	Communication Equipment	(156,133)	(26,944)	-	-	-	-	-	-	(183,077)
398	Miscellaneous Equipment	(76,268)	(12,980)	-	-	-	-	-	-	(89,248)
	<b>SUBTOTAL</b>	<b>(4,823,865)</b>	<b>(679,358)</b>	-	<b>531,948</b>	-	-	<b>(42,301)</b>	-	<b>(5,013,576)</b>
399	Other Tangible Property	(10,987)	-	-	-	-	-	-	-	(10,987)
378G	Mains Plastic-GRIP	(165,135)	(812,882)	-	-	-	93,641	-	-	(884,377)
380G	Services Plastic-GRIP	528,561	(305,926)	-	-	-	681,831	-	-	904,465
	<b>TOTAL GENERAL PLANT</b>	<b>(4,471,426)</b>	<b>(1,798,166)</b>	-	<b>531,948</b>	-	<b>775,473</b>	<b>(42,301)</b>	-	<b>(5,004,475)</b>
	<b>TOTAL DISTRIBUTION PLANT</b>	<b>(49,952,951)</b>	<b>(4,016,497)</b>	-	<b>884,937</b>	-	<b>1,215,028</b>	<b>(3,952)</b>	-	<b>(51,873,435)</b>
	<b>TOTAL GAS PLANT IN SERVICE</b>	<b>(54,424,377)</b>	<b>(5,814,663)</b>	-	<b>1,416,885</b>	-	<b>1,990,501</b>	<b>(46,253)</b>	-	<b>(56,877,910)</b>
<b>Capital Recovery Schedules:</b>										
NONE										
<b>Subtotal</b>		<b>(54,424,377)</b>	<b>(5,814,663)</b>	-	<b>1,416,885</b>	-	<b>1,990,501</b>	<b>(46,253)</b>	-	<b>(56,877,910)</b>
List any other items necessary to reconcile the total depreciation and amortization accrual amount to Acct. 403, Depreciation Expense, shown on page 8.										
108	RWIP	65,476	-	-	23,351	-	-	-	-	88,827
104	Leased Plant	-	-	-	-	-	-	-	-	-
392_	FPU transportation depreciation charges allocated to various business units	-	352,060	-	-	-	-	-	(352,060)	-
Various	Allocation of Common Plant from Florida Public Utilities consolidated	-	70,074	-	-	-	-	-	(70,074)	-
	<b>Subtotal</b>	<b>65,476</b>	<b>422,134</b>	-	<b>23,351</b>	-	-	-	<b>(422,134)</b>	<b>88,827</b>
<b>Grand Total</b>		<b>(54,358,901)</b>	<b>(5,392,529)</b>	-	<b>1,440,236</b>	-	<b>1,990,501</b>	<b>(46,253)</b>	<b>(422,134)</b>	<b>(56,789,083)</b>

**Note:**

- \* The grand total of beginning and ending balances must agree to Line 17, Page 12.
- \* The grand total balances include Florida Public Utilities Company Allocation of Common Plant (see following pages 16.1 and 16.2 for additional details)
- \* The grand total balances exclude Acct 115 and 107.

**Annual Status Report  
Analysis of Plant in Service Accounts**

Common Plants Allocated to Florida Public Utilities Natural Gas  
For the Year Ended December 31, 2015

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Acct. No.	Account Description	Depr. Rate	Beginning Balance*	Additions	Retirements	Reclass.	Adjustments	Transfers	Ending Balance*
<b>Amortizable General Plant Assets:</b>									
301	Organization		-						-
303	Miscellaneous Intangible Plant		-						-
374	Land - Distribution		-						-
389	Land - General		-						-
	Land - Other		-						-
<b>Depreciable Assets: This schedule should identify each account/subaccount for which a separate depreciation rate has been approved by the FPSC.</b>									
<b>DISTRIBUTION PLANT</b>									
3741	Land Rights	17.20%	-						-
375	Structures and Improvements	2.50%	-						-
3761	Mains - Plastic	2.24%	-						-
3782	Mains - Other	2.19%	-						-
378	Meas. And Reg. Sta. Equipment - General	3.14%	-						-
379	meas. And Reg. Sta. Equipment - City Gate	3.24%	-						-
3801	Services - Plastic	2.21%	-						-
3802	Services - Other	2.89%	-						-
381	Meters	3.70%	-						-
382	Meter Installations	2.82%	-						-
383	House Regulators	3.30%	-						-
384	House Reg. Installations	2.70%	-						-
385	Industrial Meas. And Reg. Sta. Equipment	3.40%	-						-
386	Other Property on Customers Prem.		-						-
387	Other Equipment	4.00%	-						-
	<b>TOTAL DISTRIBUTION PLANT</b>		-						-
<b>GENERAL PLANT</b>									
390	Structures and Improvements	2.00%	97,925	-	-	-		-	97,925
3910	Office Furniture	6.10%	79,211	3,737	-	-		-	82,948
3911	Computers & Peripherals		-						-
3912	Computer Hardware	5.20%	373,394	2,338	(284,585)	-		-	91,147
3913	EDP Equipment	3.70%	302,026	32,635	-	-		-	334,661
3914	Software	5.20%	613,162	-	-	-		-	613,162
3921	Transportation - Cars	11.00%	133,878	29,636	-	-		-	163,514
3922	Transportation - Light Trucks, Vans	8.00%	74,797	-	(9,248)	-		-	65,549
3923	Transportation - Heavy Trucks		-	-	-	-		-	-
3924	Transportation - Trailers	3.30%	-	-	-	-		-	-
393	Stores Equipment	5.80%	-	-	-	-		-	-

**Annual Status Report  
Analysis of Plant in Service Accounts**

Common Plants Allocated to Florida Public Utilities Natural Gas

For the Year Ended December 31, 2015

Page 2 of 2

Acct. No.	Account Description	Depr. Rate	Beginning Balance*	Additions	Retirements	Reclass.	Adjustments	Transfers	Ending Balance*
<b>(Continued)</b>									
394	Tools, Shop, and Garage Equipment	7.40%	-	-	-	-	-	-	-
395	Laboratory Equipment		-	-	-	-	-	-	-
396	Power Operated Equipment	1.10%	-	-	-	-	-	-	-
397	Communication Equipment	7.00%	71,896	-	-	-	-	-	71,896
398	Miscellaneous Equipment	4.60%	5,754	10,232	-	-	-	-	15,986
	<b>SUBTOTAL</b>		<b>1,752,043</b>	<b>78,578</b>	<b>(293,833)</b>	-	-	-	<b>1,536,788</b>
399	Other Tangible Property	20.00%	10,987	-	-	-	-	-	10,987
376G	Mains Plastic-GRIP		-	-	-	-	-	-	-
380G	Services Plastic-GRIP		-	-	-	-	-	-	-
	<b>TOTAL GENERAL PLANT</b>		<b>1,763,030</b>	<b>78,578</b>	<b>(293,833)</b>	-	-	-	<b>1,547,775</b>
	<b>TOTAL DISTRIBUTION PLANT</b>		-	-	-	-	-	-	-
	<b>TOTAL GAS PLANT IN SERVICE</b>		<b>1,763,030</b>	<b>78,578</b>	<b>(293,833)</b>	-	-	-	<b>1,547,775</b>
<b>Capital Recovery Schedules:</b>									
NONE									
<b>Total Account 101*</b>			<b>1,763,030</b>	<b>78,578</b>	<b>(293,833)</b>	-	-	-	<b>1,547,775</b>
<b>Amortizable Assets:</b>									
114	Acquisition Adjustment		3,877,668						3,877,668
104	Leased Plant to Others								-
	Other								
<b>Total Utility Plant</b>			<b>5,640,698</b>	<b>78,578</b>	<b>(293,833)</b>	-	-	-	<b>5,425,443</b>
<b>Note:</b> * The total beginning and ending balances must agree to acct. 101, Plant in Service, Line 3, Page 12.									
* The grand total balances on pages 13.1-16.1 are Florida Public Utilities Company Allocation of Common Plant only									

**Annual Status Report**  
**Analysis of Entries in Accumulated Depreciation & Amortization**

Common Plants Allocated to Florida Public Utilities Natural Gas  
 For the Year Ended December 31, 2015

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Acct. No.	Account Description	Beginning Balance*	Accruals	Reclass.	Retirements	Gross Salvage	Cost of Removal	Adjustments	Transfers	Ending Balance*
<b>Amortizable General Plant Assets:</b>										
301	Organization									
303	Miscellaneous Intangible Plant	-								-
374	Land - Distribution	-								-
389	Land - General	-								-
	Land - Other - Common									
This schedule should identify each account/subaccount for which a separate depreciation rate has been approved by the FPSC.										
<b>DISTRIBUTION PLANT</b>										
3741	Land Rights	-								-
375	Structures and Improvements	-								-
3761	Mains - Plastic	-								-
3762	Mains - Other	-								-
378	Meas. and Reg. Sta. Equipment - General	-								-
379	Meas. and Reg. Sta. Equipment - City Gate	-								-
3801	Services - Plastic	-								-
3802	Services - Other	-								-
381	Meters	-								-
382	Meter Installations	-								-
383	House Regulators	-								-
384	House Reg. Installations	-								-
385	Industrial Meas. and Reg. Sta. Equipment	-								-
386	Other Property on Customers Prem.	-								-
387	Other Equipment	-								-
	<b>TOTAL DISTRIBUTION PLANT</b>	-								-
<b>GENERAL PLANT</b>										
390	Structures and Improvements	(5,456)	(1,959)							(7,415)
3910	Office Furniture	8,372	(3,022)							5,350
3911	Computers & Peripherals	-								-
3912	Computer Hardware	(100,160)	(21,426)		284,585					162,999
3913	EDP Equipment	(40,831)	(15,703)							(56,534)
3914	Software	(613,162)	-							(613,162)
3921	Accum. Dep. - Transportation - Cars	(8,218)	(16,952)							(25,170)
3922	Accum. Dep. - Trans. - Light Trucks, vans	15,161	(5,552)		9,248					18,857
3923	Accum. Dep. - Trans. - Heavy Trucks	-								-
3924	Accum. Dep. - Transportation - Trailers	-								-
393	Stores Equipment	-								-

## Annual Status Report

### Analysis of Entries in Accumulated Depreciation & Amortization

Common Plants Allocated to Florida Public Utilities Natural Gas

For the Year Ended December 31, 2015

Page 2 of 2

Acct. No.	Account Description	Beginning Balance*	Accruals	Reclass.	Retirements	Gross Salvage	Cost of Removal	Adjustments	Transfers	Ending Balance*
<i>(Continued)</i>										
	394 Tools, Shop, and Garage Equipment	-	-	-	-	-	-	-	-	-
	395 Laboratory Equipment	-	-	-	-	-	-	-	-	-
	396 Power Operated Equipment	-	-	-	-	-	-	-	-	-
	397 Communication Equipment	20,909	(5,032)	-	-	-	-	-	-	15,877
	398 Miscellaneous Equipment	7,980	(428)	-	-	-	-	-	-	7,552
	<b>SUBTOTAL</b>	<b>(715,405)</b>	<b>(70,074)</b>	<b>-</b>	<b>293,833</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(491,646)</b>
	399 Other Tangible Property	(10,987)	-	-	-	-	-	-	-	(10,987)
	376G Mains Plastic-GRIP	-	-	-	-	-	-	-	-	-
	380G Services Plastic-GRIP	-	-	-	-	-	-	-	-	-
	<b>TOTAL GENERAL PLANT</b>	<b>(726,392)</b>	<b>(70,074)</b>	<b>-</b>	<b>293,833</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(502,633)</b>
	<b>TOTAL DISTRIBUTION PLANT</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>TOTAL GAS PLANT IN SERVICE</b>	<b>(726,392)</b>	<b>(70,074)</b>	<b>-</b>	<b>293,833</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(502,633)</b>
<b>Capital Recovery Schedules:</b>										
NONE										
<b>Subtotal</b>		<b>(726,392)</b>	<b>(70,074)</b>	<b>-</b>	<b>293,833</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(502,633)</b>
<b>List any other items necessary to reconcile the total depreciation and amortization accrual amount to Acct. 403, Depreciation Expense, shown on page 8.</b>										
	1089 RWIP	-	-	-	-	-	-	-	-	-
	1040 Leased Plant	-	-	-	-	-	-	-	-	-
	<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Grand Total</b>		<b>(726,392)</b>	<b>(70,074)</b>	<b>-</b>	<b>293,833</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(502,633)</b>

Note: \* The grand total of beginning and ending balances must agree to Line 17, Page 12.

\* The grand total balances on pages 13.1-16.1 are Florida Public Utilities Company Allocation of Common Plant only

**Annual Status Report  
Analysis of Plant in Service Accounts**

Florida Public Utilities Company - Natural Gas Division  
For the Year Ended December 31, 2015

Page 1 of 2

Acct. No.	Account Description	Depr. Rate	Beginning Balance*	Additions	Retirements	Reclass.	Adjustments	Transfers	Ending Balance*
<b>Amortizable General Plant Assets:</b>									
301	Organization		-		-	-	-	-	-
303	Miscellaneous Intangible Plant		213,641	-	-	-	-	-	213,641
374	Land - Distribution		164,608	-	-	-	-	-	164,608
389	Land - General		4,279,942	3,982,202	-	-	-	-	8,262,144
	Land - Other								
<b>Depreciable Assets: This schedule should identify each account/subaccount for which a separate depreciation rate has been approved by the FPSC.</b>									
<b>DISTRIBUTION PLANT</b>									
3741	Land Rights	17.20%	12,910	-	-	-	-	-	12,910
375	Structures and Improvements	2.50%	720,690	(4,603)	-	-	-	-	716,087
3761	Mains - Plastic	2.24%	45,576,725	2,425,655	(1,865)	-	(22,642)	-	47,977,873
3762	Mains - Other	2.19%	31,097,127	1,546,652	(32,467)	-	-	-	32,611,312
378	Meas. And Reg. Sta. Equipment - General	3.14%	441,413	-	-	-	-	-	441,413
379	meas. And Reg. Sta. Equipment - City Gate	3.24%	4,582,697	676,064	-	-	-	-	5,258,761
3801	Services - Plastic	2.21%	31,141,261	2,401,770	(771,392)	-	(4,886)	-	32,766,753
3802	Services - Other	2.89%	1,912,683	-	(69,748)	-	-	-	1,842,935
381	Meters	3.70%	8,369,576	1,418,670	(4,495)	-	-	-	9,783,751
382	Meter Installations	2.82%	5,209,886	393,937	(2,032)	-	14,284	-	5,616,075
383	House Regulators	3.30%	2,822,173	187,422	(1,579)	-	-	-	3,008,016
384	House Reg. Installations	2.70%	1,048,196	-	(1,359)	-	-	-	1,046,837
385	Industrial Meas. And Reg. Sta. Equipment	3.40%	55,465	-	-	-	-	-	55,465
386	Other Property on Customers Prem.		-	-	-	-	-	-	-
387	Other Equipment	4.00%	1,093,189	109,531	-	-	-	-	1,202,720
	<b>TOTAL DISTRIBUTION PLANT</b>		<b>138,742,181</b>	<b>13,137,300</b>	<b>(884,937)</b>	<b>-</b>	<b>(13,244)</b>	<b>-</b>	<b>150,981,301</b>
<b>GENERAL PLANT</b>									
390	Structures and Improvements	2.00%	2,341,556	38,606	-	-	-	-	2,380,162
3910	Office Furniture	6.10%	421,386	9,337	-	-	-	-	430,723
3911	Computers & Peripherals		56,875	15,325	-	-	-	-	72,200
3912	Computer Hardware	5.20%	684,608	1,014	-	-	-	-	685,622
3913	EDP Equipment	3.70%	119,954	-	-	-	-	-	119,954
3914	Software	5.20%	854,835	3,712,038	-	-	-	-	4,566,873
3921	Transportation - Cars	11.00%	191,330	-	-	-	-	-	191,330
3922	Transportation - Light Trucks, Vans	8.00%	4,571,722	313,087	(238,115)	-	-	-	4,646,694
3923	Transportation - Heavy Trucks		-	-	-	-	-	-	-
3924	Transportation - Trailers	3.30%	92,080	123	-	-	-	-	92,203
393	Stores Equipment	5.80%	16,785	12,310	-	-	-	-	29,095

**Annual Status Report  
Analysis of Plant in Service Accounts**

Florida Public Utilities Company - Natural Gas Division  
For the Year Ended December 31, 2015

Page 2 of 2

Acct. No.	Account Description	Depr. Rate	Beginning Balance*	Additions	Retirements	Reclass	Adjustments	Transfers	Ending Balance*
(Continued)									
394	Tools, Shop, and Garage Equipment	7.40%	556,356	89,330	-	-	-	-	645,686
395	Laboratory Equipment		-	95,137	-	-	-	-	95,137
396	Power Operated Equipment	1.10%	726,433	18,894	-	-	-	-	745,327
397	Communication Equipment	7.00%	313,043	-	-	-	-	-	313,043
398	Miscellaneous Equipment	4.60%	272,893	-	-	-	-	-	272,893
	SUBTOTAL		11,219,856	4,305,201	(238,115)	-	-	-	15,286,943
399	Other Tangible Property	20.00%	-	-	-	-	-	-	-
376G	Mains Plastic-GRIP	2.24%	24,581,779	20,207,336	-	-	2,624	-	44,791,740
380G	Services Plastic-GRIP	2.21%	8,616,392	5,735,691	-	-	81,748	-	14,433,831
	TOTAL GENERAL PLANT		44,418,028	30,248,228	(238,115)	-	84,372	-	74,512,514
	TOTAL DISTRIBUTION PLANT		138,742,181	13,137,300	(884,937)	-	(13,244)	-	150,981,301
	TOTAL GAS PLANT IN SERVICE		183,160,211	43,385,528	(1,123,052)	-	71,128	-	225,483,815
<b>Capital Recovery Schedules:</b>									
NONE									
<b>Total Account 101*</b>			183,160,211	43,385,528	(1,123,052)	-	71,128	-	225,483,815
<b>Amortizable Assets:</b>									
114	Acquisition Adjustment		51,076,898						51,076,898
104	Leased Plant to Others								
	Other								
<b>Total Utility Plant</b>			234,237,109	43,385,528	(1,123,052)	-	71,128	-	276,570,713

Note: \* The total beginning and ending balances must agree to acct. 101, Plant in Service, Line 3, Page 12.

\* The grand total balances on pages 13.2-16.2 are Florida Public Utilities Company Natural Gas Division only

**Annual Status Report  
Analysis of Entries in Accumulated Depreciation & Amortization**

Florida Public Utilities Company - Natural Gas Division  
For the Year Ended December 31, 2015

Page 1 of 2

Acct. No.	Account Description	Beginning Balance*	Accruals	Reclass.	Retirements	Gross Salvage	Cost of Removal	Adjustments	Transfers	Ending Balance*
<b>Amortizable General Plant Assets:</b>										
301	Organization	-	-	-	-	-	-	-	-	-
303	Miscellaneous Intangible Plant	(127,642)	-	-	-	-	-	-	-	(127,642)
374	Land - Distribution	-	-	-	-	-	-	-	-	-
389	Land - General	-	-	-	-	-	-	-	-	-
	Land - Other - Common	-	-	-	-	-	-	-	-	-
<b>This schedule should identify each account/subaccount for which a separate depreciation rate has been approved by the FPSC.</b>										
<b>DISTRIBUTION PLANT</b>										
3741	Land Rights	1,260	(2,220)	-	-	-	-	-	-	(960)
375	Structures and Improvements	(362,239)	(17,913)	-	-	-	-	-	-	(380,152)
3761	Mains - Plastic	(9,985,349)	(1,197,527)	-	1,865	-	77,861	(49)	-	(11,103,199)
3762	Mains - Other	(18,974,881)	(896,568)	-	32,467	-	332,675	(1,719)	-	(19,508,026)
378	Meas. and Reg. Sta. Equipment - General	(179,500)	(12,984)	-	-	-	-	-	-	(192,484)
379	Meas. and Reg. Sta. Equipment - City Gate	(1,161,288)	(162,551)	-	-	-	4,175	-	-	(1,319,664)
3801	Services - Plastic	(9,793,916)	(860,978)	-	771,392	-	740,338	(2,184)	-	(9,145,347)
3802	Services - Other	(2,542,328)	(121,466)	-	69,748	-	-	-	-	(2,594,046)
381	Meters	(3,397,323)	(324,218)	-	4,495	-	7,672	-	-	(3,709,374)
382	Meter Installations	(1,396,373)	(169,162)	-	2,032	-	52,307	-	-	(1,511,196)
383	House Regulators	(1,234,834)	(95,721)	-	1,579	-	-	-	-	(1,328,976)
384	House Reg. Installations	(472,465)	(28,295)	-	1,359	-	-	-	-	(499,401)
385	Industrial Meas. and Reg. Sta. Equipment	(35,410)	(1,884)	-	-	-	-	-	-	(37,294)
386	Other Property on Customers Prem.	-	-	-	-	-	-	-	-	-
387	Other Equipment	(290,663)	(125,010)	-	-	-	-	-	-	(415,673)
	<b>TOTAL DISTRIBUTION PLANT</b>	<b>(49,952,951)</b>	<b>(4,016,497)</b>	-	<b>884,937</b>	-	<b>1,215,028</b>	<b>(3,952)</b>	-	<b>(51,873,434)</b>
<b>GENERAL PLANT</b>										
390	Structures and Improvements	(440,595)	(47,284)	-	-	-	-	-	-	(487,879)
3910	Office Furniture	(92,657)	(25,929)	-	-	-	-	-	-	(118,586)
3911	Computers & Peripherals	-	-	-	-	-	-	-	-	-
3912	Office Equipment	(272,127)	(35,640)	-	-	-	-	-	-	(307,767)
3913	EDP Equipment	(64,911)	(4,440)	-	-	-	-	-	-	(69,351)
3914	Software	(492,012)	(56,871)	-	-	-	-	-	-	(548,883)
3921	Accum. Dep. - Transportation - Cars	(31,741)	(15,385)	-	-	-	-	(31,200)	-	(78,326)
3922	Accum. Dep. - Trans. - Light Trucks, vans	(1,779,322)	(333,622)	-	238,115	-	-	(7,600)	-	(1,882,429)
3923	Accum. Dep. - Trans. - Heavy Trucks	-	-	-	-	-	-	-	-	-
3924	Accum. Dep. - Transportation - Trailers	(53,082)	(3,054)	-	-	-	-	(1)	-	(56,137)
393	Stores Equipment	(12,118)	(1,322)	-	-	-	-	-	-	(13,440)

**Annual Status Report  
Analysis of Entries in Accumulated Depreciation & Amortization**

Florida Public Utilities Company - Natural Gas Division

For the Year Ended December 31, 2015

Page 2 of 2

Acct. No.	Account Description	Beginning Balance*	Accruals	Reclass.	Retirements	Gross Salvage	Cost of Removal	Adjustments	Transfers	Ending Balance*
<b>(Continued)</b>										
394	Tools, Shop, and Garage Equipment	(331,356)	(43,281)	-	-	-	-	-	-	(374,637)
395	Laboratory Equipment	-	-	-	-	-	-	-	-	-
396	Power Operated Equipment	(277,250)	(7,992)	-	-	-	-	(3,500)	-	(288,742)
397	Communication Equipment	(177,041)	(21,912)	-	-	-	-	-	-	(198,953)
398	Miscellaneous Equipment	(84,249)	(12,552)	-	-	-	-	-	-	(96,801)
	<b>SUBTOTAL</b>	<b>(4,108,461)</b>	<b>(609,284)</b>	-	<b>238,115</b>	-	-	<b>(42,301)</b>	-	<b>(4,521,931)</b>
399	Other Tangible Property	-	-	-	-	-	-	-	-	-
376G	Mains Plastic-GRIP	(165,135)	(812,882)	-	-	-	93,641	-	-	(884,377)
380G	Services Plastic-GRIP	528,561	(305,927)	-	-	-	681,831	-	-	904,465
	<b>TOTAL GENERAL PLANT</b>	<b>(3,745,035)</b>	<b>(1,728,093)</b>	-	<b>238,115</b>	-	<b>775,472</b>	<b>(42,301)</b>	-	<b>(4,501,843)</b>
	<b>TOTAL DISTRIBUTION PLANT</b>	<b>(49,952,951)</b>	<b>(4,016,497)</b>	-	<b>884,937</b>	-	<b>1,215,028</b>	<b>(3,952)</b>	-	<b>(51,873,434)</b>
	<b>TOTAL GAS PLANT IN SERVICE</b>	<b>(53,697,986)</b>	<b>(5,744,590)</b>	-	<b>1,123,052</b>	-	<b>1,990,500</b>	<b>(46,253)</b>	-	<b>(56,375,277)</b>
<b>Capital Recovery Schedules:</b>										
NONE										
<b>Subtotal</b>		<b>(53,697,986)</b>	<b>(5,744,590)</b>	-	<b>1,123,052</b>	-	<b>1,990,500</b>	<b>(46,253)</b>	-	<b>(56,375,277)</b>
List any other items necessary to reconcile the total depreciation and amortization accrual amount to Acct. 403, Depreciation Expense, shown on page 8.										
1089	RWIP	65,476	-	-	23,351	-	-	-	-	88,827
1040	Leased Plant	-	-	-	-	-	-	-	-	-
	<b>Subtotal</b>	<b>65,476</b>	<b>-</b>	<b>-</b>	<b>23,351</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>88,827</b>
<b>Grand Total</b>		<b>(53,632,509)</b>	<b>(5,744,590)</b>	-	<b>1,146,403</b>	-	<b>1,990,500</b>	<b>(46,253)</b>	-	<b>(56,286,450)</b>
Note: * The grand total balances on pages 13.2-16.2 are Florida Public Utilities Company Natural Gas Division only										

	A	B	C	D	E	F	G	H	I	J	K	L
1	<b>Annual Status Report</b>											
2	<b>Analysis of Plant in Service Accounts</b>											
3	Company: TOTAL COMMON ACCOUNTS											
4	For the Year Ended December 31, 2015										Page 1 of 2	
5												
6	Acct.	Account	Depr.	Beginning								Ending
7	No.	Description	Rate	Balance*	Additions	Retirements	Reclass.	Adjustments	Transfers			Balance*
8		374 Land-Distribution		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
9		389 Land-General		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10												
11												
12	Amortizable General Plant Assets:											
13												
14		301 Organization	0.000%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
15		302 Franchise and Consent	0.000%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
16		303 Misc Intangible Plant	0.000%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
17												
18	Subtotal				\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
19	Depreciable Assets: This schedule should identify each account/subaccount for which a separate depreciation rate has been approved by the FPSC.											
20												
21		375 Structures & Improvements	3.300%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
22												
23		376.1 Mains (Plastic)	3.100%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
24		376.2 Mains (Steel)	2.500%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
25		378 M & R Equipment - General	2.800%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
26		379 M & R Equipment - City	3.800%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
27												
28												
29		380.1 Dist Plant - Services (Plastic)	3.400%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
30		380.2 Dist Plant - Services (Steel)	11.100%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
31		381 Meters	3.400%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
32		381.1 Meters	5.000%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
33		382 Meter Installations	3.000%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
34		382.2 Meter Installations MTU/DCU	5.000%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
35		383 Regulators	3.400%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
36		384 Regulator Install House	3.000%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
37		385 M & R Equipment - Industrial	7.800%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
38												
39		387 Other Equipment	4.700%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
40		390 Structures & Improvements	2.600%	\$ 222,556	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 222,556
41		391.1 Data Processing Equipment	12.500%	\$ 180,024	\$ 8,493	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 188,518
42		391.2 Office Furniture	7.300%	\$ 848,623	\$ 5,314	\$ (646,785)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 207,153
43		391.3 Office Equipment	11.100%	\$ 686,422	\$ 74,189	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 760,592
44		391.0 VAX System Equipment		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
45												
46		392.3 Transportation Other	8.200%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
47												
48		394 Tools and Work Equipment	7.200%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
49		396 Power Operated Equipment	6.800%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
50		397 Communication Equipment	9.200%	\$ 163,400	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 163,400
51		397.1 Communication Equipment	5.000%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
52		388 Misc Equipment	6.000%	\$ 13,078	\$ 23,255	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 36,331
53		392 Transportation Equip - Autos	12.700%	\$ 474,261	\$ 67,355	\$ (21,019)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 520,597
54												
55	Subtotal				\$ 2,588,366	\$ 178,587	\$ (667,804)	\$ -	\$ -	\$ -	\$ -	\$ 2,099,149
56												
57	Page 13.3											

	A	B	C	D	E	F	G	H	I	J	K	L
58	Allocation of Common Plant from Florida Public Utilities Company											
59	<b>Annual Status Report</b>											
60	<b>Analysis of Plant in Service Accounts</b>											
61	Company: CHESAPEAKE UTILITIES CORPORATION - FLORIDA DIVISION											
62	For the Year Ended December 31, 2015						Page 2 of 2			Page 2 of 2		
63												
64	Acct.	Account		Depr.	Beginning							Ending
65	No.	Description		Rate	Balance*	Additions	Retirements	Reclas.	Adjustments	Transfers		Balance*
66	(Continued)											
67												
68	399	Other Tangible Property		20.000%	\$ 24,970	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,970
69	391.4	System Software		11.100%	\$ 1,393,549	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,393,549
70												
71												
72												
73												
74												
75												
76												
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84												
85												
86												
87												
88												
89												
90												
91												
92												
93												
94												
95	Capital Recovery Schedules:											
96												
97												
98												
99												
100	Total Account 101*											
101	Amortizable Assets:											
102												
103												
104												
105												
106	<b>Total Utility Plant</b>				\$ 4,006,896	\$ 178,587	\$ (687,804)	\$ -	\$ -	\$ -	\$ -	\$ 3,517,669
107												
108												
109	Page 14.3											
110	Allocation of Common Plant from Florida Public Utilities Company											

	M	N	O	P	Q	R	S	T	U	V	W	X	Y
1	<b>Annual Status Report</b>												
2	<b>Analysis of Entries in Accumulated Depreciation &amp; Amortization</b>												
3	Company: TOTAL COMMON ACCOUNTS												
4	For the Year Ended December 31, 2015											Page 1 of 2	
5													
6	Acct. No.	Account Description	Beginning Balance*	Provision	Recless.	Retirements	Gross Salvage	Cost of Removal	Adjustments	Transfers	Ending Balance*		
7													
8		374 Land-Distribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
9		389 Land-General	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
10													
11													
12	Amortizable General Plant Assets:												
13													
14		301 Organization	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
15		302 Franchise and Consent	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
16		303 Misc Intangible Plant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
17													
18		<b>Subtotal</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
19	This schedule should identify each account/subaccount for which a separate depreciation rate has been approved by the FPSC.												
20													
21		375.0 Structures & Improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
22													
23		376.1 Mains (Plastic)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
24		376.2 Mains (Steel)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
25		378.0 M & R Equipment - General	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
26		379 M & R Equipment - City	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
27													
28													
29		380.1 Dist Plant - Services (Plastic)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
30		380.2 Dist Plant - Services (Steel)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
31		381 Meters	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
32		381.1 Meters	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
33		382 Meter Installations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
34		382.2 Meter Installations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
35		383 Regulators	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
36		384 Regulator Install House	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
37		385 M & R Equipment - Industrial	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
38													
39		387 Other Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
40		390 Structures & Improvements	\$ (12,399)	\$ (4,452)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (16,851)	
41		391.1 Data Processing Equipment	\$ 19,027	\$ (6,868)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,159	
42		391.2 Office Furniture	\$ (227,636)	\$ (48,696)	\$ -	\$ 646,785	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 370,453	
43		391.3 Office Equipment	\$ (92,798)	\$ (35,688)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (128,486)	
44		391.0 VAX System Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
45													
46		392.3 Transportation Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
47													
48		394 Tools and Work Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
49		396 Power Operated Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
50		397 Communication Equipment	\$ 47,521	\$ (11,436)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 36,085	
51		397.1 Communication Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
52		398 Misc Equipment	\$ 18,135	\$ (973)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,162	
53		392.0 Transportation Equip - Autos	\$ 15,780	\$ (51,146)	\$ -	\$ 21,019	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (14,347)	
54													
55		<b>Subtotal</b>	\$ (232,371)	\$ (159,259)	\$ -	\$ 667,804	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 276,174	
56													
57	Page 15.3												

	M	N	O	P	Q	R	S	T	U	V	W	X	Y
58	Allocation of Common Plant from Florida Public Utilities Company												
59	<b>Annual Status Report</b>												
60	<b>Analysis of Entries in Accumulated Depreciation &amp; Amortization</b>												
61	Company: CHESAPEAKE UTILITIES CORPORATION - FLORIDA DIVISION												
62	For the Year Ended December 31, 2015											Page 2 of 2	
63													
64	Acct.	Account	Beginning						Gross	Cost of			Ending
65	No.	Description	Balance*	Accruals	Reclass.	Retirements			Salvage	Removal	Adjustments	Transfers	Balance*
66	(Continued)												
67													
68	399	Other Tangible Property	\$ (24,970)	\$ -	\$ -	\$ -			\$ -	\$ -	\$ -	\$ -	\$ (24,970)
69	391.4	System Software	\$ (1,393,549)	\$ -	\$ -	\$ -			\$ -	\$ -	\$ -	\$ -	\$ (1,393,549)
70													
71													
72													
73													
74													
75													
76													
77													
78													
79													
80													
81													
82													
83													
84													
85													
86													
87													
88													
89													
90													
91													
92													
93													
94													
95	Capital Recovery Schedules:												
96													
97													
98													
99													
100	Subtotal		\$ (1,418,520)	\$ -	\$ -	\$ -			\$ -	\$ -	\$ -	\$ -	\$ (1,418,520)
101	List any other items necessary to reconcile the total depreciation and amortization accrual amount to Acct. 403, Depreciation Expense, shown on page 8.												
102													0
103													
104													
105													
106	Grand Total		\$ (1,850,891)	\$ (159,259)	\$ -	\$ 667,804			\$ -	\$ -	\$ -	\$ -	\$ (1,142,345)
107	* The grand total of beginning and ending balances must agree to Line 17, Page 12.												
108													
109	Page 18.3												
110	Allocation of Common Plant from Florida Public Utilities Company												

**CONSTRUCTION WORK IN PROGRESS-GAS (Account 107)**

1. Report below descriptions and balances at end of year of projects in process of construction (107).  
 2. Show items relating to "research, development, and demonstration" projects last, under a caption Research, Development, and Demonstration (see Account 107 of the Uniform System of Accounts).  
 3. Minor projects (less than \$500,000) may be grouped.

Line No.	Description of Project (a)	Construction Work in Progress-Gas (Account 107) (b)	Estimated Additional Cost of Project (c)
1	Solid Waste Authority	\$ 865,496	
2	Various	\$ 1,795,008	
3	Various GRIP	\$ 1,342,767	
4	Compliance Tracking Software	\$ 171,307	
5	Ranger Asphalt	\$ 401,244	
6	Deland Gate Station	\$ 383,563	
7			
8			
9			
10			
11			
12			
13			
14			
15	<b>TOTAL</b>	\$ 4,959,385	\$ -

**CONSTRUCTION OVERHEADS-GAS**

1. List in column (a) the kinds of overheads according to the titles used by the respondent. Charges for outside professional services for engineering fees and management or supervision fees capitalized should be shown as separate items.  
 2. A respondent should not report "none" to this page if no overhead apportionments are made, but rather should explain the accounting procedures employed  
 and the amounts of engineering, supervision, and administrative costs, etc. which are directly charged to construction.  
 3. Enter on this page engineering, supervision, administrative, and allowance for funds used during construction, etc. which are first assigned to a blanket work order and then prorated to construction jobs.

Line No.	Description of Overhead (a)	Total Amount Charged for the Year (b)	Total Cost of Construction to Which Overheads Were Charged (Exclusive of Overhead Charges) (c)
1	Administrative & General Salaries Capitalized	\$ 1,404,564	\$ -
2	Administrative & General Expenses Capitalized	\$ 271,459	\$ -
3	Benefits Capitalized	\$ 240,687	\$ -
4	Payroll Taxes Capitalized	\$ 106,220	\$ -
5	Total Cost of Construction- Overhead Charges	\$ -	\$ 36,836,844
6			
7			
8			
9			
10			
11			
12	<b>TOTAL</b>	\$ 2,022,930	\$ 36,836,844

**PREPAYMENTS (Account 165)**

1. Report below the particulars (details) on each prepayment.

Line No.	Nature of Prepayment (a)	Balance at End of Year (In Dollars) (b)
1	Prepaid Insurance	\$ 230,255
2	Prepaid Rents	\$ 34,438
3	Prepaid Taxes	\$ -
4	Prepaid Interest	\$ -
5	Gas Prepayments	\$ -
6	Miscellaneous Prepayments: Membership dues, software maintenance, office security deposit, odorant	\$ 286,798
7		
8	<b>TOTAL</b>	<b>\$ 551,491</b>

**EXTRAORDINARY PROPERTY LOSSES (Account 182.1)**

Line No.	Description of Extraordinary Loss [Include in the description the date of loss, the date of Commission authorization to use Account 182.1 and period of amortization (mo, yr, to mo, yr).] (a)	Total Amount of Loss (b)	Losses Recognized During Year (c)	WRITTEN OFF DURING YEAR		Balance at End of Year (f)
				Account Charged (d)	Amount (e)	
1	None					
2						
3						
4						
5						
6						
7						
8						
9						
10						

**UNRECOVERED PLANT AND REGULATORY STUDY COSTS (182.2)**

Line No.	Description of Unrecovered Plant and Regulatory Study Costs [Include in the description of costs, the date of Commission authorization to use Account 182.2 and period of amortization (mo, yr, to mo, yr).] (a)	Total Amount of Charges (b)	Costs Recognized During Year (c)	WRITTEN OFF DURING YEAR		Balance at End of Year (f)
				Account Charged (d)	Amount (e)	
1	None					
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						

**OTHER REGULATORY ASSETS (Account 182.3)**

1. Reporting below the particulars (details) called for concerning other regulatory assets which are created through the ratemaking actions of regulatory agencies (and not includible in other amounts).

2. For regulatory assets being amortized, show period of amortization in column (a).  
3. Minor items (amounts less than \$25,000) may be grouped by classes.

Line No.	Description and Purpose of Other Regulatory Assets (a)	Balance Beginning of Year (b)	Debits (c)	Credits		Balance End of Year (f)
				Account Charged (d)	Amounts (e)	
1	Environmental	\$ 4,342,018	\$ -	405	\$ (456,348)	\$ 3,885,670
2	Merger Costs	\$ 33,170	\$ -	407.3	\$ (8,292)	\$ 24,878
3	Pension	\$ 12,957,055	\$ 572,836	926/228	\$ (744,335)	\$ 12,785,556
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17	<b>TOTAL</b>	<b>\$ 17,332,243</b>	<b>\$ 572,836</b>		<b>\$ (1,208,975)</b>	<b>\$ 16,696,104</b>

**MISCELLANEOUS DEFERRED DEBITS (Account 186)**

1. Report below the particulars (details) called for concerning miscellaneous deferred debits.  
2. For any deferred debit being amortized, show period of amortization in column (a).

3. Minor items (amounts less than \$25,000) may be grouped by classes.

Line No.	Description of Miscellaneous Deferred Debit (a)	Balance Beginning of Year (b)	Debits (c)	Account Charged (d)	Amount (e)	Balance End of Year (f)
1	Under-Recovery Conservation	\$ 644,312	\$ 5,890,687	906	\$ (4,481,425)	\$ 2,053,574
2	Unamortized Piping & Conversion Costs	\$ 1,162,887	\$ 610,782	405	\$ (517,749)	\$ 1,255,920
3	Goodwill	\$ 224	\$ -	887	\$ (1)	\$ 223
4	Gas Program Infrastructure Program (GRIP)	\$ 1,287,068	\$ 1,975,162		\$ (294,546)	\$ 2,967,684
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17	Misc. Work in Progress					
18	Deferred Regulatory Comm. Expenses	\$ -	\$ -		\$ -	\$ -
19	<b>TOTAL</b>	<b>\$ 3,094,491</b>				<b>\$ 6,277,401</b>

**SECURITIES ISSUED AND  
SECURITIES REFUNDED OR RETIRED DURING THE YEAR**

1. Furnish a supplemental statement giving a brief description of security financing and refinancing transactions during the year and the accounting for the securities, discounts, premiums, expenses, and related gains or losses.

2. Furnish particulars (details) showing fully the accounting for the total principal amount, par value, or stated value of each class and series of security issued, retired, or refunded and the accounting for premiums, discounts, expenses, and gains or losses relating to the securities. Set forth the facts of the accounting clearly with regard to redemption premiums, unamortized discounts, expenses, and gains or losses relating to securities retired or refunded.

and gains or losses relating to securities retired or refunded.

3. Included in the identification of each class and series of security, as appropriate, the interest or dividend rate, nominal date of issuance, maturity date, aggregate principal amount, par value or stated value, and number of shares.

4. Where the accounting for amounts relating to securities refunded or retired is other than that specified in General Instruction 17 of the Uniform System of Accounts, give references to the Commission authorization for the different accounting and state the accounting method.

**UNAMORTIZED LOSS AND GAIN ON REACQUIRED DEBT (Accounts 189, 257)**

1. Report under separate subheadings for Unamortized Loss and Unamortized Gain on Reacquired Debt, particulars (details) of gain and loss, including maturity date, on reacquisition applicable to each class and series of long-term debt. If gain or loss resulted from a refunding transaction, include also the maturity date of the new issue.

2. In column (c) show the principal amount of bonds or other long-term debt reacquired.

3. In column (d) show the net gain or net loss realized on each debt reacquisition as computed in accordance with

General Instruction 17 of the Uniform Systems of Accounts

4. Show loss amounts by enclosing the figures in parentheses.

5. Explain in a footnote any debits and credits other than amortization debited to Account 428.1, Amortization of Loss on Reacquired Debt, or credited to Account 429.1, Amortization of Gain on Reacquired Debit-Credit.

Line No.	Designation of Long-Term Debt (a)	Date Reacquired (b)	Principal of Debt Reacquired (c)	Net Gain or Net Loss (d)	Balance at Beginning of Year (e)	Balance at End of Year (f)
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						

Florida Public Utilities Company Natural Gas Division						For the Year Ended Dec. 31, 2015		
LONG-TERM DEBT (Accounts 221, 222, 223, and 224)								
1. Report by balance sheet Account the particulars (details) concerning long-term debt included in Accounts 221, Bonds, 222, Reacquired Bonds, 223, Advances from Associated Companies, and 224, Other Long-Term Debt. If information to meet the stock exchange reporting requirement outlined in column (a) is available from the SEC 10-K Report Form Filing, a specific reference to the report form (i.e., year and company title) may be reported in column (a) provided the fiscal years for both the 10-K report and this report are compatible.					3. If the respondent has any long-term securities which have been nominally issued and are nominally outstanding at end of year, describe such securities in a footnote.			
2. For advances from Associated Companies, report separately advances on notes and advances on open accounts. Designate demand notes as such. Include in column (a) names of associated					4. If interest expense was incurred during the year on any obligations retired or reacquired before end of year, include such interest in column (f). Explain in a footnote any difference between the total of column (f) and the total of Account 427, Interest on Long-Term Debt and Account 430, Interest on Debt to Associated Companies.			
Line No.	Class and Series of Obligation (a)	Nominal Date of Issue (b)	Date of Maturity (c)	Original Amount Issued (d)	Interest for Year		Total Amount Outstanding (g)	
					Rate (in %) (e)	Amount (f)		
1	Unamortized Issuance Costs (DRP)							
2	Senior Note 5 - 6.64%	10/31/2002	10/31/2017	\$ 30,000,000	6.64%	\$ 513,091	\$ 5,454,546	
3	Senior Note 6 - 5.5%	12/12/2006	10/12/2020	\$ 20,000,000	5.50%	\$ 635,861	\$ 10,000,000	
4	Senior Note 7 - 5.93%	10/31/2008	10/31/2023	\$ 30,000,000	5.93%	\$ 1,526,975	\$ 24,000,000	
5	Senior Note 8 - 5.68%	6/24/2011	6/30/2026	\$ 29,000,000	5.68%	\$ 1,647,200	\$ 29,000,000	
6	Senior Note 9 - 6.43%	5/2/2013	5/2/2028	\$ 7,000,000	6.43%	\$ 450,100	\$ 7,000,000	
7	Senior Note 10 - 3.73%	12/16/2013	12/16/2028	\$ 20,000,000	3.73%	\$ 746,000	\$ 20,000,000	
8	Senior Note 11 - 3.88%	5/15/2014	5/15/2029	\$ 50,000,000	3.88%	\$ 1,940,000	\$ 50,000,000	
9	Promissory Note	2/1/2010	3/1/2015	\$ 310,000	0.00%	\$ -	\$ -	
10	Flo-Gas Notes Payable					\$ -	\$ 238,333	
11	FPU Bond - 9.08%	6/1/1992	6/1/2022	\$ 8,000,000	9.08%	\$ 726,400	\$ 8,000,000	
12	Shelf Facility	10/8/2015	10/8/2030					
13	Bank Credit Facility (Annual)	10/8/2015	10/8/2016					
14	Bank Credit Facility (Five Years)	10/8/2015	10/8/2020					
15								
16	Subtotal			\$ 194,310,000		\$ 8,185,627	\$ 153,692,879	
17	Less Current Maturities						\$ (7,798,106)	
18								
19								
20	Allocation to Florida Division					\$ 1,820,931		
21	Allocation to Other Jurisdictions					\$ 6,364,696		
22	Total Chesapeake Utilities Corp.					\$ 8,185,627		
23								
24	TOTAL			\$ 194,310,000		\$ 8,185,627	\$ 145,894,773	
Note: Schedule lists total long term debt for Chesapeake Utilities Corporation. Line number 16 indicates the amount that is allocated to the Florida Division.								
UNAMORTIZED DEBT EXPENSE, PREMIUM AND DISCOUNT ON LONG-TERM DEBT (Accounts 181, 225, 226)								
1. Report under separate subheadings for Unamortized Debt Expense, Unamortized Premium on Long-Term Debt and Unamortized Discount on Long-Term Debt, particulars (details) of expense, premium or discount applicable to each class and series of long-term debt.					5. Furnish in a footnote particulars (details) regarding the treatment of unamortized debt expense, premium or discount associated with issues redeemed during the year.			
2. Show premium amounts by enclosing the figures in parentheses.					6. Identify separately indispensed amounts applicable to issues which were redeemed in prior years.			
3. In column (b) show the principal amount of bonds or other long-term debt originally issued.					7. Explain any debits and credits other than amortization debited to Account 428, Amortization of Debt Discount and Expense, or credited to Account 429, Amortization of Premium on Debt - Credit.			
4. In column (c) show the expense, premium or discount with respect to the amount of bonds or other long-term debt originally issued.								
Line No.	Designation of Long-Term Debt (a)	Principal Amount of Debt Issued (b)	Total Expense Premium or Discount (c)	Amortization Period		Balance at beginning of Year (f)	Debits (Credits) During Year (g)	Balance at End of Year (h)
				Date From (d)	Date To (e)			
1	Unamortized Issuance Costs (DRP)		\$119,274			\$ 28,120	\$ (3,695)	\$24,425
2	Senior Note 5 - 6.64%	\$30,000,000	\$141,831	10/31/2002	10/31/2017	\$ 7,092	\$ (3,653)	\$3,439
3	Senior Note 6 - 5.5%	\$20,000,000	\$79,566	12/12/2006	10/12/2020	\$ 16,332	\$ (4,816)	\$11,516
4	Senior Note 7 - 5.93%	\$30,000,000	\$39,518	10/31/2008	10/31/2023	\$ 16,219	\$ (3,320)	\$12,899
5	Senior Note 8 - 5.68%	\$29,000,000	\$34,794	6/24/2011	6/30/2026	\$ 21,862	\$ (2,099)	\$19,763
6	Senior Note 9 - 6.43%	\$7,000,000	\$12,789	5/2/2013	5/2/2028	\$ 10,845	\$ (1,228)	\$9,617
7	Senior Note 10 - 3.73%	\$20,000,000	\$68,794	12/16/2013	12/16/2028	\$ 62,190	\$ (6,604)	\$55,586
8	Senior Note 11 - 3.88%	\$50,000,000	\$192,790	5/15/2014	5/15/2029	\$ 181,993	\$ (18,508)	\$163,485
9	Promissory Note	\$310,000				\$ -	\$ -	\$0
10	Flo-Gas Notes Payable	\$0				\$ -	\$ -	\$0
11	FPU Bond - 9.08%	\$8,000,000	\$122,010	6/1/1992	6/1/2022	\$ 30,163	\$ (4,067)	\$26,096
12	Shelf Facility	\$0	\$58,133	10/8/2015	10/8/2030	\$ -	\$ 57,171	\$57,171
13	Bank Credit Facility (Annual)	\$0	\$21,500	10/8/2015	10/8/2016	\$ -	\$ 16,128	\$16,128
14	Bank Credit Facility (Five Years)	\$0	\$459,271	10/8/2015	10/8/2020	\$ -	\$ 436,335	\$ 436,335
15								
16								
17								
18								
19								
20	Allocation to Florida Public Utilities - Natural Gas						\$ 17,891	
21	Allocation to Other Jurisdictions						\$ 443,753	
22							\$ 461,644	
23								
24								
25								
Note: Schedule lists total long-term debt for Chesapeake Utilities Corporation. Line number 20 indicates the amount that is allocated to the Florida Public Utilities - Natural Gas.								

**MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES (Account 242)**

1. Describe and report the amount of other current and accrued liabilities at the end of year.

2. Minor items (less than \$50,000) may be grouped under appropriate title.

Line No.	Item	Balance at End of Year
1	Accrued Payroll	\$ 324,717
2	Accrued PTO	\$ 162,209
3	Accrued Bonus	\$ 586,217
4		
5		
6		
7		
8		
9		
10		
11		
12		
13	<b>TOTAL</b>	<b>\$ 1,073,143</b>

**OTHER DEFERRED CREDITS (Account 253)**

1. Report below the particulars (details) called for concerning other deferred credits.

2. For any deferred credit being amortized, show the period of amortization.

3. Minor Items (less than \$25,000) may be grouped by classes.

Line No.	Description of Other Deferred Credit (a)	Balance Beginning of Year (b)	DEBITS		Credits (e)	Balance End of Year (f)
			Contra Account (c)	Amount (d)		
1	Conservation Recovery	\$ -	495/186	\$ 415,129	\$ 415,129	\$ -
2	Environmental	\$ 10,115,087	232/182.3	\$ 652,335	\$ 537,719	\$ 10,000,471
3	Over Recovery - Fuel	\$ 2,571,154	495	\$ 4,311,392	\$ 2,194,248	\$ 454,010
4	Gas Reliability Infrastructure Program (GRIP)	\$ -	495/421	\$ 2,285,053	\$ 2,285,053	\$ -
5						
6						
7						
8						
9						
10						
11						
12						
13	<b>TOTAL</b>	<b>\$ 12,686,241</b>		<b>\$ 7,663,909</b>	<b>\$ 5,432,149</b>	<b>\$ 10,454,481</b>

**OTHER REGULATORY LIABILITIES (Account 254)**

1. Reporting below the particulars (details) called for concerning other regulatory liabilities which are created through the ratemaking actions of regulatory agencies (and not includable in other amounts).

2. For regulatory liabilities being amortized, show period of amortization in column (a).

3. Minor items (5% of the Balance at End of Year for Account 254 or amounts less than \$50,000, whichever is less) may be grouped by classes.

Line No.	Description and Purpose of Other Regulatory Liabilities (a)	Balance Beginning of Year (b)	Debits		Credits (d)	Balance End of Year (e)
			Contra Account (b)	Amount (c)		
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13	<b>TOTAL</b>	<b>\$ -</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**TAXES OTHER THAN INCOME TAXES (Account 408.1)**

	Name of Taxing Authority	Real Property	Tangible Personal Property	Intangible Personal Property	FICA, SUTA, FUTA	Gross Receipts	Regulatory Assessment Fees	Environmental, Excise	Franchise	Other*	Total
1	Various Florida Counties	\$ 2,291,826							\$ 1,236,713		\$ 3,528,538
2	State of Florida					\$1,832,000				\$ -	\$ 1,832,000
3	Payroll Taxes				\$ 575,556						\$ 575,556
4	Florida Public Service Commission						\$ 340,301				\$ 340,301
5	Business License / Excise							\$ -		\$ 3,818	\$ 3,818
6											
7											
8											
9											
10											
11											
12											
13											
14											
15	Less: Charged to Construction										\$ -
16	TOTAL Taxes Charged During Year (Lines 1-15) to Account 408.1	\$ 2,291,826	\$ -	\$ -	\$ 575,556	\$1,832,000	\$ 340,301	\$ -	\$ 1,236,713	\$ 3,818	\$ 6,280,213

Note: \*List separately each item in excess of \$500.

**ACCUMULATED DEFERRED INVESTMENT TAX CREDITS (Account 255)**

Report below the information applicable to Account 255. Where appropriate, segregate the balances and transactions by utility and nonutility operations. Explain by footnote any correction adjustment to the account balance shown in column (f).

Line No.	Account Subdivisions (a)	Balance Beginning of Year (b)	Amount Deferred for Year (c)	Allocations to Current Year's Income		Adjustments (f)	Balance End of Year (g)	Average Period of Allocation to Income (h)
				Acct. No. (d)	Amount (e)			
1	Gas Utility							
2	3%							35 Years
3	4%							35 Years
4	7%	\$ -		411.4	\$ -		\$ -	35 Years
5	10%	\$ -		411.4	\$ -		\$ -	35 Years
6								
7								
8								
9								
10	TOTAL	\$ -			\$ -		\$ -	

Notes

**ACCUMULATED DEFERRED INCOME TAXES (Account 190)**

1. At Other (Specify), include deferrals relating to other income and deductions.

2. In the space provided below, identify by amount and classification, significant items for which deferred taxes are being provided.

Line No.		Balance at Beginning of Year	Changes During Year				Adjustments				Balance at End of Year
			Amounts Debited to Account 410.1	Amounts Credited to Account 411.1	Amounts Debited to Account 410.2	Amounts Credited to Account 411.2	Debits		Credits		
							Account No.	Amount	Account No.	Amount	
1	GAS										
2	Fed NOL	\$ 258,349									\$ 258,349
3	Bad Debts	\$ 86,328	\$ 23,308								\$ 43,021
4	Conservation										
5	Environmental	\$ 2,228,982		\$ 131,833							\$ 2,358,795
6	GRIP										
7	Misc Reserve										
8	State Decoupling	\$ 934,984	\$ 2,842	\$ 220,973							\$ 1,153,115
9	Storm Reserve	\$ 317,838		\$ 2,315							\$ 320,161
10	Amortization	\$ 619,302		\$ 742,156							\$ 1,361,458
11	Merger Cost Amortization										
12	Reg Assets Liability										
13	Pipe/Conv Prop LT	\$ 201,242		\$ 38,828							\$ 240,070
14	Long-term Bonus	\$ 172,415	\$ 169,037								\$ 3,378
15	Pension										
16	OPRB	\$ 285,501	\$ 25,449								\$ 260,052
17	Self Insurance										
18	State NOL		\$ 21,321	\$ 60,917							\$ 39,596
19	TOTAL Gas (Lines 2 - 10)	\$ 5,082,920	\$ 241,957	\$ 1,197,022	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,037,985
20	Other (Specify)										
21	TOTAL (Account 190) (Total of lines 11 and 12)	\$ 5,082,920	\$ 241,957	\$ 1,197,022	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,037,985

Notes

**Account 282**

As we integrated accounting systems we further refined which GL accounts and divisions have DIT balances.

**Account 254**

Tax gross-up of a regulatory liability for a one-time tax contingency gain related to FPU's income tax liability, which originated prior to the acquisition by Chesapeake from excess tax depreciation on vehicles. Docket # 120189-PU

**ACCUMULATED DEFERRED INCOME TAXES (Accounts 281, 282, 283)**

Line No.		Balance at Beginning of Year	Changes During Year				Adjustments				Balance at End of Year
			Amounts Debited to Account 410.1	Amounts Credited to Account 411.1	Amounts Debited to Account 410.2	Amounts Credited to Account 411.2	Debits		Credits		
							Account No.	Amount	Account No.	Amount	
1	Account 281 - Accelerated Amortization Property										
2	Electric										
3	Gas										
4	Other										
5	TOTAL Account 281 (Lines 2 thru 4)										
6	Account 282 - Other Property										
7	Electric										
8	Gas	\$ 28,241,447	\$ 9,206,381	\$ 153,179							\$ 37,294,649
9	Other										
10	TOTAL Account 282 (Lines 7 thru 9)	\$ 28,241,447	\$ 9,206,381	\$ 153,179	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 37,294,649
11	Account 283 - Other										
12	Electric										
13	Gas	\$ 16,765,821	\$ 678,031	\$ 651,351							\$ 16,792,301
14	Other										
15	TOTAL Account 283 - Other (Lines 12 thru 14)	\$ 16,765,821	\$ 678,031	\$ 651,351	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,792,301
16	GAS										
17	Federal Income Tax										
18	State Income Tax										
19											
20	TOTAL Gas (Lines 17 thru 19)										
21	OTHER										
22	Federal Income Tax										
23	State Income Tax										
24	TOTAL Other (Lines 22 and 23)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
25	TOTAL (Total of lines 5, 10 and 15)	\$ 45,007,068	\$ 9,884,412	\$ 804,530	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 54,086,950

Notes

**Account 282 - Debits**

As we integrated accounting systems we further refined which GL accounts and divisions have DIT balances.

**Account Various - Credits**

Deferred tax gain reclassified to Florida Public Utilities - Natural Gas and other affiliates

**RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME  
FOR FEDERAL INCOME TAXES**

1. Report the reconciliation of reported net income for the year with taxable income used in computing Federal income tax accruals and show computation of such tax accruals. Include in the reconciliation, as far as practicable, the same detail as furnished on Schedule M-1 of the tax return for the year. Submit a reconciliation even though there is no taxable income for the year. Indicate clearly the nature of each reconciling amount.

2. If the utility is a member of a group which files a consolidated Federal tax return, reconcile reported net income with taxable net income as if a separate return were to be filed, indicating, however, intercompany amounts to be eliminated in such a consolidated return. State names of group members, tax assigned to each group member, and basis of allocation, allocation, assignment, or sharing of the consolidated tax among the group members.

Line No.	Particulars (Details) (a)	Amount (b)
1	<b>Net Income for the Year (Page 9)</b>	\$ 6,588,612
2	Reconciling Items for the Year	
3		
4	<b>Taxable Income Not Reported on Books</b>	
5		
6	<b>Deductions Recorded on Books Not Deducted for Return</b>	
7	Current Federal Income Taxes	\$ (3,400,784)
8	Deferred Income Taxes	\$ 8,124,817
9	25AM: Customer Based Intangibles	2,133,548
10	25DP.02: Contribution in Aid of Construction	1,135,862
11	25EN: Environmental	341,731
12	25PC: Piping and Conservation	100,649
13	25WR: Storm Reserve	6,000
14	25ID: Reserve for Insurance Deductibles	3,647
15	P100: 50% Meals Deduction	162,500
16	P103: Lobbying	5,000
17	P106: Acquisition Adjustment	1,789,692
18		
19		
20		
21		
22		
23		
24	<b>Income Recorded on Books Not Included in Return</b>	
25		
26	<b>Deductions on Return Not Charged Against Book Income</b>	
27	25DP.04: Asset Gain/Loss	(14,330)
28	25BD: Bad Debts	(60,417)
29	25PR.02: Post Retirement Benefits (Non-Current)	(65,967)
30	25AM.01: Amortization Schedules Prior Acquisitions	(209,773)
31	25PN: Pension	(348,290)
32	25RE: Repairs Deduction	(414,553)
33	25BN.01: Short Term Bonus	(438,167)
34	25CN: Conservation	(1,409,262)
35	25DP.03: Cost of Removal	(1,991,324)
36	25DP.01: Depreciation	(20,500,505)
	Non-Cash Tax Adjustments	(1,255,211)
37	<b>Federal Tax Net Income</b>	\$ (9,716,525)
38	Show Computation of Tax:	
39	Tax at 35%	\$ (3,400,784)
40	Add: Reversal of Prior Year Benefit of Federal Consolidated NOL carryforward	
41	Interest adjustment	
42	Prior year Federal income tax true up	
43	<b>Total Federal Income Tax Payable</b>	\$ (3,400,784)

**GAS OPERATING REVENUES (Account 400)**

1. Report below natural gas operating revenues for each prescribed account in total.
2. Report number of customers, columns (f) and (g), on the basis of meters, except that where separate meter readings are added for billing purposes, one customer should be counted for each group of meters added. The average number of customers means the average of twelve figures at the close of each month.
3. Report quantities of natural gas sold in therms (14.73 psia at 60 F).
4. Report gas service revenues and therms sold by rate schedule.
5. If increases or decreases from previous year (columns (c),(e), and (g)), are not derived from previously reported figures, explain any inconsistencies in a footnote.

Line No.	Title of Account (a)	Operating Revenues		Therms of Natural Gas Sold		Avg. No. of Natural Gas Customers Per Mo.	
		Amount for Year (b)	Amount for Previous Year (c)	Current Year (d)	Previous Year (e)	Current Year (f)	Previous Year (g)
1	<b>Gas Service Revenues</b>						
2	<b>Firm Sales Service</b>						
3	480 Residential Sales	\$ 22,663,882	\$ 24,186,774	12,285,000	12,609,110	50,747	49,510
4	481 Comm & Industrial Sales - Small	\$ 10,532,199	\$ 12,102,508	8,753,812	8,938,610	3,326	3,316
5	481 Comm & Industrial Sales - Large	\$ 15,499,243	\$ 20,301,834	15,156,673	16,668,569	834	961
6	481 Outdoor Lighting	\$ 183,279	\$ 211,725	189,858	208,615	59	39
7	481						
8	481						
9	<b>Interruptible Sales Service</b>						
10	481 Comm & Ind Sales - Interruptible	\$ -	\$ -	-	-	-	-
11	481						
12	<b>Firm Transportation Service</b>						
13	489 Comm & Gen Service- -Firm Transportation	\$ 13,169,407	\$ 10,270,053	29,833,034	27,222,205	1,591	1,303
14	489	\$ -	\$ -	-	-	-	-
15	489	\$ -	\$ -	-	-	-	-
16	<b>Interruptible Transportation Serv.</b>						
17	489 Comm & Gen Service- -Firm Transportation	\$ 2,191,012	\$ 1,890,925	7,446,459	6,539,843	17	16
18	484 Interdepartmental	\$ 8,253	\$ 11,893	-	-	-	-
19	482 Other Sales to Public Authorities	\$ -	\$ -	-	-	-	-
20	484 Flex Rate - Refund	\$ -	\$ -	-	-	-	-
21	TOTAL Sales to Ultimate Consumers	\$ 64,247,275	\$ 68,975,712	73,664,836	72,186,952	56,574	55,145
22	483 Sales for Resale	\$ -	\$ -	-	-	-	-
23	Off-System Sales 4954x & 4955x	\$ -	\$ -	-	-	-	-
24	TOTAL Nat. Gas Service Revenues	\$ -	\$ -				
25	TOTAL Gas Service Revenues	\$ 64,247,275	\$ 68,975,712				
26	<b>Other Operating Revenues</b>						
27	485 Intracompany Transfers	\$ -	\$ -				
28	487 Forfeited Discounts	\$ 712,275	\$ 803,783				
29	488 Misc. Service Revenues	\$ 1,031,444	\$ 1,097,913				
30	489 Rev. from Trans. of Gas of Others	\$ -	\$ -				
31	not included in above rate schedules)	\$ -	\$ -				
32	493 Rent from Gas Property	\$ -	\$ -				
33	494 Interdepartmental Rents	\$ -	\$ -				
34	495 Other Gas Revenues						
35	Initial Connection	\$ -	\$ -				
36	Overrecoveries Conservation 495.7	\$ -	\$ -				
37	AEP & Storm Surcharge 4956	\$ 23,800	\$ 24,660				
38	Unbilled Revenue 495.3	\$ (239,154)	\$ 166,010				
39	Other 495.2	\$ 2,307,194	\$ 2,354,104				
40	495.1 Overrecoveries Purchased Gas	\$ 1,787,122	\$ (1,516,306)				
41	TOTAL Other Operating Revenues	\$ 5,622,680	\$ 2,930,164				
42	TOTAL Gas Operating Revenues	\$ 64,247,275	\$ 68,975,712				
43	(Less) 496 Provision for Rate Refunds	\$ -	\$ -				
44	TOTAL Gas Operating Revenues	\$ 69,869,955	\$ 71,905,876				
	Net of Provision for Refunds	\$ -	\$ -				
45	Sales for Resale	\$ -	\$ -				
46	Other Sales to Public Authority	\$ -	\$ -				
47	Interdepartmental Sales	\$ -	\$ -				
48	TOTAL	\$ 69,869,955	\$ 71,905,876	73,664,836	72,186,952		

Notes

Dec. 31, 2015

**GAS OPERATION AND MAINTENANCE EXPENSES**

If the amount for previous year is not derived from previously reported figures, explain in footnotes.

Line No.	Account	Amount for Current Year	Amount for Previous Year
1	<b>1. Production Expenses</b>		
2	A. TOTAL Manufactured Gas Production (Total of Accounts 700-742)		
3	B. TOTAL Natural Gas Prod. and Gathering (Total of Accts. 750 - 769)		
4	C. TOTAL Products Extraction (Total of Accounts 770 through 791)		
5	D. TOTAL Exploration and Development (Total of Accts. 795 through 798)		
6	E. Other Gas Supply Expenses		
7	Operation		
8	800 Natural Gas Well Head Purchases		
9	800.1 Natural Gas Well Head Purchases, Intracompany Transfers	\$ 12,959,828	\$ 19,771,147
10	801 Natural Gas Field Line Purchases		
11	802 Natural Gas Gasoline Plant Outlet Purchases		
12	803 Natural Gas Transmission Line Purchases	\$ 4,123,678	\$ 3,467,931
13	804 Natural Gas City Gate Purchases		
14	804.1 Liquefied Natural Gas Purchases		
15	805 Other Gas Purchases		
16	805.1 Purchased Gas Cost Adjustments - Debit/(Credit)	\$ 17,083,506	\$ 23,239,078
17	TOTAL Purchased Gas (Total of Lines 8 to 16)		
18	806 Exchange Gas		
19	Purchased Gas Expenses		
20	807.1 Well Expenses--Purchased Gas		
21	807.2 Operation of Purchased Gas Measuring Stations		
22	807.3 Maintenance of Purchased Gas Measuring Stations		
23	807.4 Purchased Gas Calculations Expenses	\$ 6,425	\$ 1,633
24	807.5 Other Purchased Gas Expenses	\$ 6,425	\$ 1,633
25	TOTAL Purchased Gas Expenses (Total of lines 20 through 24)		
26	808.1 Gas Withdrawn from Storage--Debit		
27	(Less) 808.2 Gas Delivered to Storage--Credit		
28	809.1 Withdrawals of Liquefied Natural Gas for Processing--Debit		
29	(Less) 809.2 Deliveries of Natural Gas for Processing--Credit		
30	Gas Used in Utility Operations--Credit		
31	810 Gas Used for Compressor Station Fuel--Credit		
32	811 Gas Used for Products Extraction--Credit		
33	812 Gas Used for Other Utility Operations--Credit	\$ -	\$ -
34	TOTAL Gas Used in Utility Operations--Credit (Lines 31 through 33)	\$ -	\$ -
35	813 Other Gas Supply Expenses	\$ 17,089,931	\$ 23,240,711
36	TOTAL Other Gas Supply Exp. (Total of Lines 17,18,25,26 through 29,34,35)	\$ 17,089,931	\$ 23,240,711
37	TOTAL Production Expenses (Total of Lines 2,3,4,5 and 36)		
38	<b>2. Natural Gas Storage, Terminating and Processing Expenses</b>		
39	A. TOTAL Underground Storage Expenses (Total of Accounts 814 through 837)	\$ 132	\$ 600
40	B. TOTAL Other Storage Expenses (Total of Accounts 840 through 843.9)		
41	C. TOTAL Liquefied Nat Gas Terminating & Processing Expenses (Total of Accounts 844.1 through 847.8)	\$ 132	\$ 600
42	TOTAL Natural Gas Storage (Total of lines 39, 40, and 41)		
43	<b>3. Transmission Expenses</b>		
44	TOTAL Transmission Expenses (Total of Accounts 850 through 867)		
45			
46			

Dec. 31, 2015

**GAS OPERATION AND MAINTENANCE EXPENSES (Continued)**

Line No.	Account	Amount for Current Year	Amount for Previous Year
<b>47</b>	<b>4. Distribution Expenses</b>		
<b>48</b>	<b>Operation</b>		
49	870 Operation Supervision and Engineering	\$ 349,122	\$ 403,795
50	871 Distribution Load Dispatching	\$ 115,575	\$ 91,930
51	872 Compressor Station Labor and Expenses		
52	873 Compressor Station Fuel and Power		
53	874 Mains and Services Expenses	\$ 1,631,003	\$ 1,622,328
54	875 Measuring and Regulating Station Expenses--General	\$ 63,107	\$ 49,861
55	876 Measuring and Regulating Station Expenses--Industrial	\$ 8,845	\$ 9,939
56	877 Measuring and Regulating Station Expenses--City Gate Check Station	\$ 134,306	\$ 124,853
57	878 Meter and House Regulator Expenses	\$ 1,233,362	\$ 1,162,038
58	879 Customer Installations Expenses	\$ 260,780	\$ 134,577
59	880 Other Expenses	\$ 90,346	\$ 100,695
60	881 Rents	\$ -	\$ -
61	TOTAL Operation (Total of lines 49 through 60)	\$ 3,886,446	\$ 3,700,016
<b>62</b>	<b>Maintenance</b>		
63	885 Maintenance Supervision and Engineering	\$ 69,619	\$ 41,181
64	886 Maintenance of Structures and Improvements	\$ 2,724	\$ 29,597
65	887 Maintenance of Mains	\$ 393,304	\$ 487,069
66	888 Maintenance of Compressor Station Equipment		\$ -
67	889 Maintenance of Meas. and Reg. Sta. Equip.--General	\$ 21,947	\$ 13,360
68	890 Maintenance of Meas. and Reg. Sta. Equip.--Industrial	\$ 3,465	\$ 4,046
69	891 Maintenance of Meas. and Reg. Sta. Equip.--City Gate Check Station	\$ 154,877	\$ 148,869
70	892 Maintenance of Services	\$ 233,093	\$ 213,316
71	893 Maintenance of Meters and House Regulators	\$ 257,419	\$ 357,992
72	894 Maintenance of Other Equipment	\$ 42,837	\$ 23,786
73	TOTAL Maintenance (Total of Lines 63 through 72)	\$ 1,179,285	\$ 1,319,216
74	TOTAL Distribution Expenses (Total of Lines 61 and 73)	\$ 5,065,730	\$ 5,019,232
<b>75</b>	<b>5. Customer Accounts Expenses</b>		
<b>76</b>	<b>Operation</b>		
77	901 Supervision	\$ 346,446	\$ 292,629
78	902 Meter Reading Expenses	\$ 889,692	\$ 788,097
79	903 Customer Records and Collection Expenses	\$ 2,016,942	\$ 2,136,382
80	904 Uncollectible Accounts	\$ 162,593	\$ 255,638
81	905 Miscellaneous Customer Accounts Expenses	\$ 22,423	\$ 22,041
82	TOTAL Customer Accounts Expenses (Total of Lines 77 through 81)	\$ 3,438,096	\$ 3,494,787
<b>83</b>	<b>6. Customer Service and Informational Expenses</b>		
<b>84</b>	<b>Operation</b>		
85	907 Supervision	\$ 88,544	\$ 67,744
86	908 Customer Assistance Expenses	\$ 5,575,113	\$ 2,831,165
87	909 Informational and Instructional Expenses	\$ 943,911	\$ 880,879
88	910 Miscellaneous Customer Service and Informational Expenses	\$ (2,813,433)	\$ (603,772)
89	TOTAL Customer Service and Informational Expenses (Total of Lines 85 through 88)	\$ 3,794,135	\$ 3,176,016
<b>90</b>	<b>7. Sales Expenses</b>		
<b>91</b>	<b>Operation</b>		
92	911 Supervision	\$ 131,219	\$ 118,630
93	912 Demonstrating and Selling Expenses	\$ 582,000	\$ 599,808
94	913 Advertising Expenses	\$ 252,934	\$ 264,873
95	916 Miscellaneous Sales Expenses	\$ 973	\$ -
96	TOTAL Sales Expenses (Total of lines 92 through 95)	\$ 967,126	\$ 983,311
97			

Name of Respondent		For the Year Ended	
Natural Gas Division		Dec. 31, 2015	
<b>GAS OPERATION AND MAINTENANCE EXPENSES (Continued)</b>			
Line No.	Account	Amount for Current Year	Amount for Previous Year
98	<b>8. Administrative and General Expenses</b>		
99	Operation		
100	920 Administrative and General Salaries	\$ 3,986,700	\$ 3,508,430
101	921 Office Supplies and Expenses	\$ 2,064,362	\$ 1,793,324
102	(Less) (922) Administrative Expenses Transferred--Credit		
103	923 Outside Services Employed	\$ 1,527,574	\$ 3,616,306
104	924 Property Insurance	\$ 59,135	\$ 63,941
105	925 Injuries and Damages	\$ 916,163	\$ 789,082
106	926 Employee Pensions and Benefits	\$ 2,049,533	\$ 1,823,091
107	927 Franchise Requirements		\$ -
108	928 Regulatory Commission Expenses		\$ -
109	(Less) (929) Duplicate Charges--Credit		
110	930.1 General Advertising Expenses	\$ 126,447	\$ 47,565
111	930.2 Miscellaneous General Expenses	\$ 505,538	\$ 467,126
112	931 Rents	\$ 401,526	\$ 298,494
113	<b>TOTAL Operation (Total of lines 100 through 112)</b>	<b>\$ 11,636,978</b>	<b>\$ 12,407,359</b>
114	Maintenance		
115	935 Maintenance of General Plant	\$ 184,248	\$ 178,189
116	<b>TOTAL Administrative and General Expense (Total of lines 113 and 115)</b>	<b>\$ 11,821,226</b>	<b>\$ 12,585,548</b>
117			
118	<b>TOTAL Gas O&amp;M Expenses (Lines 37, 42, 44, 74, 82, 89, 96, and 116)</b>	<b>\$ 42,176,376</b>	<b>\$ 48,500,204</b>
119			
120			

<b>NUMBER OF GAS DEPARTMENT EMPLOYEES</b>	
	1. The data on number of employees should be reported for payroll period ending nearest to October 31, or any payroll period ending 60 days before or after October 31.
	2. If the respondent's payroll for the reporting period includes any special construction personnel, include such employees on line 3, and show the number of such special construction employees in a footnote.
	3. The number of employees assignable to the gas department from joint functions of combination utilities may be determined by estimate, on the basis of employee equivalents. Show the estimated number of equivalent employees attributed to the gas department from joint functions.
1	
2	1. Payroll Period Ended (Date) <span style="float: right;">12/31/2015</span>
3	2. Total Regular Full-Time Employees <span style="float: right;">107</span>
4	3. Total Part-Time and Temporary Employees <span style="float: right;">-</span>
5	4. Total Employees <span style="float: right;">107</span>
6	
7	
8	
9	
10	
11	
12	
13	

**GAS PURCHASES (Accounts 800, 800.1, 801, 802, 803, 804, 804.1, 805, 805.1)**

1. Provide totals for the following accounts:  
800 - Natural Gas Well Head Purchases  
800.1- Natural Gas Well Head Purchases  
    Intracompany Transfers  
801 - Natural Gas Field Line Purchases  
802 - Natural Gas Gasoline Plant Outlet Purchases  
803 - Natural Gas Transmission Line Purchases  
804 - Natural Gas City Gate Purchases  
804.1- Liquefied Natural Gas Purchases  
805 - Other Gas Purchases  
805.1- Purchases Gas Cost Adjustments

The totals shown in columns (b) and (c) should agree with the books of account. Reconcile any differences in a footnote.  
2. State in column (b) the volume of purchased gas as finally measured for the purpose of determining the amount payable for the gas. Include current year receipts of makeup gas that was paid for in prior years.  
3. State in column (c) the dollar amount (omit cents) paid and previously paid for the volumes of gas shown in column (b).  
4. State in column (d) the average cost per Therm to the nearest hundredth of a cent. (Average means column (c) divided by column (b) multiplied by 100.)

Line No.	Account Title (a)	Gas Purchased- Therms (14.73 psia 60 F) (b)	Cost of Gas (In dollars) (c)	Average Cost Per Therm (To nearest .01 of a cent) (d)
1	800 - Natural Gas Well Head Purchases			
2	800.1 - Natural Gas Well Head Purchases, Intracompany Transfers			
3	801 - Natural Gas Field Line Purchases	34,031,327	\$ 12,959,828	\$ 38.08
4	802 - Natural Gas Gasoline Plant Outlet Purchases			
5	803 - Natural Gas Transmission Line Purchases			
6	804 - Natural Gas City Gate Purchases	35,356,190	\$ 4,123,678	\$ 11.66
7	804.1 - Liquefied Natural Gas Purchases			
8	805 - Other Gas Purchases			
9	805.1 - Purchased Gas Cost Adjustments			
10	TOTAL (Total of lines 1 through 9)	69,387,517	\$ 17,083,506	\$ 24.62

**Notes to Gas Purchases**

**GAS USED IN UTILITY OPERATIONS - CREDIT (Accounts 812)**

1. Report below particulars (details) of credits during the year to Accounts 810, 811 and 812 which offset charges to operating expenses or other accounts for the cost of gas from the respondent's own supply.
2. Natural gas means either natural gas unmixed, or any mixture of natural and manufactured gas.
3. If the reported Therms for any use is an estimated quantity, state such fact in a footnote.

4. If any natural gas was used by the respondent for which a change was not made to the appropriate operating expense or other account, list separately in column (c) the Therms of gas used, omitting entries in columns (d) and (e).
5. Report pressure base of measurement of gas volumes at 14.73 psia at 60 degrees F.

Line No.	Purpose for Which Gas Was Used (a)	Account Charged (b)	Therms of Gas Used (c)	Natural Gas Amount of Credit (d)
1	812 Gas used for Other Utility Operations Credit (Report separately for each principal uses. Group minor uses.)			
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18	TOTAL			

**REGULATORY COMMISSION EXPENSES (Account 928)**

1. Report particulars (details) of regulatory commission expenses incurred during the current year (or incurred in previous years if being amortized) relating to formal cases before a regulatory body, or cases in which such a body was a party.  
 2. Show in column (h) any expenses incurred in prior years which are being amortized. List in column (a) the period of amortization.  
 3. The totals of columns (c), (f), (h), and (i) must agree with the totals shown at the bottom of page 19 for Account 186  
 4. List in Column (d) and (e) expenses incurred during year which were charged currently to income, plant, or other accounts.  
 5. Minor items (less than \$25,000) may be grouped.

Line No.	Description (Name of regulatory commission, the docket number, and a description of the case.) (a)	Total Expenses to Date (b)	Deferred in Account 186 Beginning of Year (c)	Expenses Incurred During Year		Amortized During Year		Deferred in Account 186 End of Year (i)
				Charged Currently to Account No. (d)	Amount (e)	Deferred to Account 186 (f)	Contra Account (g)	
1	All expenses incurred by the company							
2	In its filings for Rate Relief for							
3	Gas Docket Number 080366-GU	\$ -	\$ -				\$ -	\$ -
4								
5								
6								
7								
8								
9								
10								
11								
12								
13								
14								
15								
16								
17	<b>TOTAL</b>	\$ -	\$ -		\$ -	\$ -	\$ -	\$ -

**MISCELLANEOUS GENERAL EXPENSES (Account 930.2) (Gas)**

Line No.	Description (a)	Amount (b)
1	Industry Association Dues	\$ 16,835
2	Experimental and General Research Expenses: (a) Gas Research Institute (GRI) (b) Other	
3	Publishing and distributing information and reports to stockholders; trustee, registrar, and transfer agent fees and expenses, and other expenses of servicing outstanding securities of the Respondent.	\$ 67,829
4	Other expenses (items of \$5,000 or more must be listed separately in this column showing the (1) purpose, (2) recipient and (3) amount of such items. Amounts of less than \$5,000 may be grouped by classes if the number of items so grouped is shown.)	
5		
6	Directors Fees and Expenses	\$ 408,148
7		
8	Economic Development	\$ 12,726
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20	<b>TOTAL</b>	\$ 505,538

**DISTRIBUTION OF SALARIES AND WAGES**

Report below the distribution of total salaries and wages for the year. Segregate amounts originally charged to clearing accounts to Utility Departments, Construction, Plant Removals, and Other Accounts, and enter such amounts in the appropriate lines and columns provided. In determining this segregation of salaries and wages originally charged to clearing accounts, a method of approximation giving substantially correct results may be used.

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll Charged for Clearing Accounts (c)	Total (d)
1	<b>Electric</b>			
2	TOTAL Operation and Maintenance - Electric			\$ -
3	<b>Gas</b>			
4	Operation			
5	Production - Manufd. Gas & Nat. Gas (inc. Expl. and Dev.); Other Gas Supply; Storage, LNG, Terminaling & Processing	\$ 444		
6	Transmission			
7	Distribution	\$ 1,939,050		
8	Customer Accounts	\$ 1,534,294		
9	Customer Service and Informational	\$ 500,507		
10	Sales	\$ 585,212		
11	Administrative and General	\$ 1,576,637		
12	TOTAL Operation (Total of lines 5 through 11)	\$ 6,136,144		
13	Maintenance			
14	Production - Manufd. Gas & Nat. Gas (inc. Expl. and Dev.); Other Gas Supply; Storage, LNG, Terminaling & Processing			
15	Transmission			
16	Distribution	\$ 367,657		
17	Administrative and General	\$ -		
18	TOTAL Maintenance (Total of lines 14 through 17)	\$ 367,657		
19	Total Operation and Maintenance	\$ 6,503,801		
20	Production - Manufd. Gas & Nat. Gas (inc. Expl. and Dev.); Other Gas Supply; Storage, LNG, Terminaling & Processing	\$ 444		
21	Transmission (Enter Total of lines 6 and 15)	\$ -		
22	Distribution (Total of lines 7 and 16)	\$ 2,306,707		
23	Customer Accounts (Transcribe from line 8)	\$ 1,534,294		
24	Customer Service and Informational (Transcribe from line 9)	\$ 500,507		
25	Sales (Transcribe from line 10)	\$ 585,212		
26	Administrative and General (Total of lines 11 and 17)	\$ 1,576,637		
27	TOTAL Operation and Maint. (Total of lines 20 through 26)	\$ 6,503,801	\$ 2,131,236	\$ 8,635,037
28	<b>Other Utility Departments</b>			
29	Operation and Maintenance			
30	TOTAL All Utility Dept. (Total of lines 2, 27, and 29)	\$ 6,503,801	\$ 2,131,236	\$ 8,635,037
31	<b>Utility Plant</b>			
32	Construction (By Utility Departments)			
33	Electric Plant			
34	Gas Plant	\$ 2,510,484		\$ 2,510,484
35	Other			
36	TOTAL Construction (Total of lines 33 through 35)	\$ 2,510,484	\$ -	\$ 2,510,484
37	Plant Removal (By Utility Department)			
38	Electric Plant			
39	Gas Plant	\$ 165,005		\$ 165,005
40	Other			
41	TOTAL Plant Removal (Total of lines 38 through 40)	\$ 165,005	\$ -	\$ 165,005
42				
43	Other Accounts (Specify):			
44	Other/Employee Accounts Receivable	\$ 63,816		\$ 63,816
45	Miscellaneous Deferred Debits	\$ 39,476		\$ 39,476
46				
47				
48				
49				
50				
51				
52				
53	TOTAL Other Accounts	\$ 103,292	\$ -	\$ 103,292
54	TOTAL SALARIES AND WAGES	\$ 9,282,582	\$ 2,131,236	\$ 11,413,818

**CHARGES FOR OUTSIDE PROFESSIONAL AND OTHER CONSULTATIVE SERVICES**

1. Report the information specified below for all charges made during the year included in any account (including plant accounts) for outside consultative and other professional services. (These services include rate, management, construction, engineering, research, financial, valuation, legal, accounting, purchasing, advertising, labor relations, and public relations, rendered the respondent under written or oral arrangement, for which aggregate payments were made during the year to any corporation, partnership, organization of any kind, or individual [other than for services as an employee or for payments made for medical and related services] amounting to more than \$25,000, including payments for legislative services, except those which should be reported in Account 426.4 - Expenditures for Certain Civic, Political and Related Activities.

(a) Name of person or organization rendering services,  
(b) description of services received,  
(c) basis of charges,  
(d) total charges for the year, detailing account charged.

2. For any services which are of a continuing nature, give the date and term of contract.

3. Designate with an asterisk associated companies.

	Description	Amount
1	HEATH CONSULTANTS INCORPORATED 7290 Other Outside Services	\$ 1,453,978
2	WARSCHAWSKI PUBLIC RELATIONS INC 7230 Consulting	\$ 73,539
3	KUBRA DATA TRANSFER LTD 7190 Other Customer Related Expenses	\$ 373,676
4	BAKER & HOSTETLER LLP 7220 Legal	\$ 115,755
5	TERRI HARTWELL EASTER CONSULTING LLC 7230 Consulting	\$ 72,309
6	PRICewaterHOUSE COOPERS LLP 7230 Consulting	\$ 48,987
7	GLOBAL BI SOLUTIONS INC 7230 Consulting	\$ 50,921
8	PARENTE BEARD/BAKER TILLY 7210 Audit Fees	\$ 169,430
9	BRAVEPOINT INC 7230 Consulting	\$ 64,045
10	HERBERT J MARTIN ESQ 7230 Consulting	\$ 27,243
11	RUTH ASSOCIATES INC 2815 Deferred Environmental Liability	\$ 126,447
12	SIEMENS INDUSTRY INC 7230 Consulting	\$ 29,321
13	HIGH TECH ENGINEERING INC 7290 Other Outside Services	\$ 111,305
14	ERNST & YOUNG LLP 7230 Consulting	\$ 64,948
15	VERTEX BUSINESS SERVICES 7290 Other Outside Services	\$ 84,321
16	SPARKS RESEARCH 7230 Consulting	\$ 67,500
17	RMG 7290 Other Outside Services	\$ 37,500
18	KATHY L WELCH 7230 Consulting	\$ 31,258
19	CARDINAL TECHNOLOGY LLC 7290 Other Outside Services	\$ 29,925
20		
21		
22		
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24		
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32		
33		
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39		

**PARTICULARS CONCERNING CERTAIN INCOME DEDUCTIONS AND INTEREST CHARGES ACCOUNTS**

Report the information specified below, in the order given for the respective income deduction and interest charges accounts. Provide a subheading for each account and total for the account. Additional columns may be added if deemed appropriate with respect to any account.

(a) Miscellaneous Amortization (Account 425) - Describe the nature of items included in this account, the contra account charges, the total of amortization charged for the year, and the period of amortization.

(b) Miscellaneous Income Deductions - Report the nature, payee, and amount of other income deductions for the year as required by Accounts 426.1, Donations; 426.2 Life Insurance; 426.3 Penalties; 426.4, Expenditures for Certain Civic, Political and Related Activities; and 426.5, Other Deductions, of the Uniform System of Accounts. Amounts of less than \$25,000 may be grouped by classes within the above accounts.

(c) Other Interest Expense (Account 431) - Report particulars (Details) including the amount and interest rate for each other interest charges incurred during the year.

	Item	Amount
1	Account 425: Miscellaneous Amortization	\$ -
2		
3	Account 426: Miscellaneous Income Deductions	
4	426.1 Charitable Contributions	\$ -
5	426.2 Life Insurance	
6	426.3 Penalties	\$ (56)
7	426.4 Expenditures for Lobbying and Other Politically Related Activities	\$ (5,000)
8	426.5 Other	\$ 4
9	TOTAL MISCELLANEOUS INCOME DEDUCTIONS	\$ (5,052)
10		
11		
12	Account 430: Interest on Debt to Associated Company	\$ -
13		
14		
15	Account 431: Other Interest Expense	
16	431.1 Interest on Customer Deposits	\$ 180,202
17	431.2 Interest on ST Debt	\$ 338,159
18	431.3 Interest on Miscellaneous	\$ -
19	TOTAL OTHER INTEREST EXPENSE	\$ 518,361
20		
21		
22		
23		

**Reconciliation of Gross Operating Revenues  
Annual Report versus Regulatory Assessment Fee Return**

For the current year, reconcile the gross operating revenues as reported on Page 26 of this report with the gross operating revenues as reported on the utility's regulatory assessment fee return. Explain and justify any differences between the reported gross operating revenues in column (f).

	(a)	(b)	(c)	(d)	(e)	(f)
Line No.	Description	Gross Operating Revenues per Page 26	Interstate and Sales for Resale Adjustments	Adjusted Intrastate Gross Operating Revenues	Intrastate Gross Operating Revenues per RAF Return	Difference (d) - (e)
1	Total Sales to Ultimate Customers (480-482, 484)	\$ 48,886,856		\$ 48,886,856	48,886,856	\$ -
2	Sales for Resale (483)					
3	Total Natural Gas Service Revenues	\$ 48,886,856		\$ 48,886,856	48,886,856	\$ -
4	Total Other Operating Revenues (485-495)	\$ 20,983,099		\$ 20,983,099	20,983,099	\$ (0)
5	Total Gas Operating Revenues	\$ 69,869,955		\$ 69,869,955	69,869,955	\$ (0)
6	Provision for Rate Refunds (496)					
7	Other (Specify)					
8						
9						
10	Total Gross Operating Revenues	\$ 69,869,955		\$ 69,869,955	69,869,955	\$ (0)

Notes:

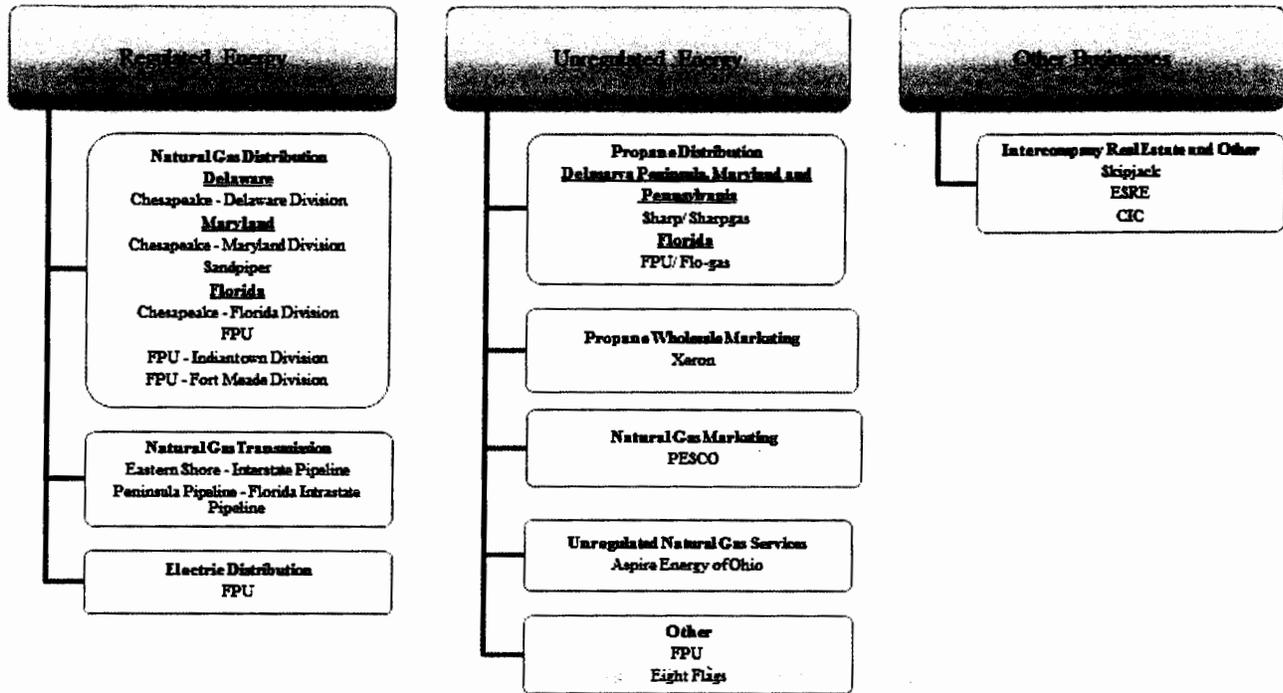
CHESAPEAKE UTILITIES CORPORATION - FLORIDA DIVISION

Dec. 31, 2015

**CORPORATE STRUCTURE**

Provide an updated organizational chart showing all affiliated companies, partnerships, etc.

Effective Date: December 31, 2015



**SUMMARY OF AFFILIATED TRANSFERS AND COST ALLOCATIONS**

Grouped by affiliate, list each contract, agreement, or other business transaction exceeding a cumulative amount of \$300 in any one year, entered into between the Respondent and an affiliated business or financial organization, firm, or partnership identifying parties, amounts, dates, and product, asset, or service involved.

- (a) Enter name of affiliate.
- (b) Give description of type of service, or name the product involved.
- (c) Enter contract or agreement effective dates.
- (d) Enter the letter "p" if the service or product is purchased by the Respondent: "s" if the service or product is sold by the Respondent.
- (e) Enter utility account number in which charges are recorded.
- (f) Enter total amount paid, received, or accrued during the year for each type of service or product listed in column (c). Do not net amounts when services are both received and provided.

Name of Affiliate (a)	Type of Service and/or Name of Product (b)	Relevant Contract or Agreement and Effective Date (c)	Total Charge for Year		
			"p" or "s" (d)	Account Number (e)	Dollar Amount (f)
Chesapeake Utilities Corporation	Parent Company:				
	Corporate Services		p		\$ 3,047,288
	Corporate Overheads		p		\$ 4,052,182

**NEW OR AMENDED CONTRACTS WITH AFFILIATED COMPANIES**

Provide a synopsis of each new or amended contract, agreement, or arrangement with affiliated companies for the purchase, lease, or sale of land, goods, or services (excluding tariffed items). The synopsis shall include, at a minimum, the terms, price, quantity, amount, and duration of the contracts.

Name of Affiliate	Synopsis of Contract
Peninsula Pipeline Company, Inc.	Firm Transportation Service Agreement between FPUC and Peninsula Pipeline Company (PPC) dated September 26, 2014. The agreement is for 20 years and then an indefinite amount of 10 year extensions. The monthly payment is \$36,918.85 for a maximum of 7,500 Dths per day.

**INDIVIDUAL AFFILIATED TRANSACTIONS IN EXCESS OF \$25,000**

Provide information regarding individual affiliated transactions in excess of \$25,000. Recurring monthly affiliated transactions which exceed \$25,000 per month should be reported annually in the aggregate. However, each land or property sales transaction even though similar sales recur, should be reported as a "non-recurring" item for the period in which it occurs.

Name of Affiliate	Description of Transaction	Dollar Amount
Peninsula Pipeline Company, Inc. Peninsula Energy Services	Firm Transportation Service Agreement between FPUC and PPC 2014 Imbalance Settlements	2,935,582 2,828,486

**ASSETS OR RIGHTS PURCHASED FROM OR SOLD TO AFFILIATES**

Provide a summary of affiliated transactions involving asset transfers or the right to use assets.

Name of Affiliate	Description of Asset or Right	Cost/Orig. Cost	Accumulated Depreciation	Net Book Value	Fair Market Value	Purchase Price	Title Passed Yes/No
<b>Purchases from Affiliates:</b>							
None		\$	\$	\$	\$	\$	
<b>Total</b>						\$	
<b>Sales to Affiliates:</b>							
None		\$	\$	\$	\$	Sales Price	
<b>Total</b>						\$	

**EMPLOYEE TRANSFERS**

List employees earning more than \$50,000 annually transferred to/from the utility to/from an affiliate company.

Company Transferred From	Company Transferred To	Old Job Assignment	New Job Assignment	Transfer Permanent or Temporary and Duration
None				

FLORIDA PUBLIC UTILITIES CONSOLIDATED NATURAL GAS ROLLFORWARD

PLANT IN SERVICE

December 31, 2015

Acct. No.	Account Description	Depr. Rate	Beginning Balance*	Additions	Retirements	Reclass.	Adjustments	Transfers	Ending Balance*
<b>Amortizable General Plant Assets:</b>									
301	Organization		23,328	-	-	-	-	-	23,328
303	Miscellaneous intangible Plant		213,641	-	-	-	-	-	213,641
374	Land - Distribution		376,799	-	-	-	-	-	376,799
389	Land - General		4,330,672	3,982,202	-	-	-	-	8,312,874
302	Franchise and Consent		14,132	-	-	-	-	-	14,132
	Land - Other								
<b>DISTRIBUTION PLANT</b>									
374.1	Land Rights	17.20%	12,910	-	-	-	-	-	12,910
375	Structures and Improvements	2.50%	1,159,511	58,950	-	-	-	-	1,218,461
376.1	Mains - Plastic	2.24%	68,918,647	3,693,829	(11,769)	(486,773)	(22,642)	-	72,091,292
376.2	Mains - Other	2.19%	47,004,724	1,656,166	(45,213)	412,551	-	-	49,028,228
378	Meas. And Reg. Sta. Equipment - General	3.14%	2,099,735	295,850	-	1,069	-	-	2,396,654
379	meas. And Reg. Sta. Equipment - City Gate	3.24%	9,882,361	729,526	-	-	-	-	10,611,887
380.1	Services - Plastic	2.21%	41,448,014	2,934,656	(976,335)	19,564	(4,886)	-	43,421,013
380.2	Services - Other	2.89%	2,463,381	-	(267,942)	-	-	-	2,195,439
381	Meters	3.70%	11,718,484	1,678,270	(4,495)	-	-	-	13,392,259
381.1	Meters	5.00%	2,216,411	-	-	-	-	-	2,216,411
382	Meter Installations	2.82%	7,778,043	842,503	(2,032)	-	14,284	-	8,632,798
382.2	Meter Installations MTU/DCU	5.00%	593,040	-	-	-	-	-	593,040
383	House Regulators	3.30%	4,474,711	259,567	(1,579)	-	-	-	4,732,699
384	House Reg. Installations	2.70%	1,048,196	-	(1,359)	-	-	-	1,046,837
385	Industrial Meas. And Reg. Sta. Equipment	3.40%	1,836,158	3,877	-	-	-	-	1,840,035
386	Other Property on Customers Prem.		-	-	-	-	-	-	-
387	Other Equipment	4.00%	1,881,460	195,477	-	24,376	-	-	2,101,313
	<b>TOTAL DISTRIBUTION PLANT</b>		<b>209,494,358</b>	<b>16,330,873</b>	<b>(1,310,724)</b>	<b>(29,213)</b>	<b>(13,244)</b>	<b>-</b>	<b>224,472,050</b>
<b>GENERAL PLANT</b>									
390	Structures and Improvements	2.00%	2,569,594	107,285	-	-	-	-	2,676,879
391	VAX System Equipment		360,439	25,469	-	-	-	-	385,908
3910	Office Furniture	6.10%	449,534	9,337	-	-	-	-	458,871
391.1	Computers & Peripherals		263,448	15,325	-	-	-	-	278,773
391.2	Computer Hardware	5.20%	922,123	8,714	-	-	-	-	930,837
391.3	EDP Equipment	3.70%	635,344	-	-	1,213	-	-	636,557
391.4	Software	5.20%	953,512	3,717,131	-	-	-	-	4,670,643
392	Transportation Equip - Autos	12.70%	981,878	108,492	(154,411)	-	-	-	935,959
3921	Transportation - Cars	11.00%	191,330	-	-	-	-	-	191,330
3922	Transportation - Light Trucks, Vans	8.00%	4,571,722	313,087	(238,115)	28,000	-	-	4,674,694
3923	Transportation - Heavy Trucks		1,314	-	-	-	-	-	1,314
3924	Transportation - Trailers	3.30%	92,080	123	-	-	-	-	92,203
393	Stores Equipment	5.80%	16,785	12,310	-	-	-	-	29,095
394	Tools, Shop, and Garage Equipment	7.40%	749,427	89,330	-	-	-	-	838,757

395 Laboratory Equipment		-	95,137	-	-	-	-	95,137
396 Power Operated Equipment	1.10%	1,258,690	57,431	(43,682)	-	-	-	1,272,439
397 Communication Equipment	7.00%	1,286,788	75,303	-	-	-	-	1,362,091
398 Miscellaneous Equipment	4.60%	373,326	-	-	-	-	-	373,326
SUBTOTAL		15,677,334	4,634,474	(436,208)	29,213	-	-	19,904,813
399 Other Tangible Property	20.00%	-	-	-	-	-	-	-
376G Mains Plastic-GRIP	2.24%	32,833,054	26,755,284	-	-	2,624	-	59,590,962
380G Services Plastic-GRIP	2.21%	9,255,545	6,149,036	-	-	81,748	-	15,486,329
TOTAL GENERAL PLANT		57,765,933	37,538,794	(436,208)	29,213	84,372	-	94,982,104
TOTAL DISTRIBUTION PLANT		209,494,358	16,330,873	(1,310,724)	(29,213)	(13,244)	-	224,472,050
<b>TOTAL GAS PLANT IN SERVICE</b>		267,260,290	53,869,667	(1,746,932)	-	71,128	-	319,454,154
<b>Total Account 101*</b>		267,260,290	53,869,667	(1,746,932)	-	71,128	-	319,454,154
<b>Amortizable Assets:</b>								
114 Acquisition Adjustment		51,822,698	-	-	-	-	-	51,822,698
104 Leased Plant to Others		-	-	-	-	-	-	-
Other								
<b>Total Utility Plant</b>		319,082,988	53,869,667	(1,746,932)	-	71,128	-	371,276,852



