

RECEIVED-FPSC

11 OCT 14 PM 3:16

COMMISSION
CLERK

Writer's Direct Dial Number: (850) 521-1706
Writer's E-Mail Address: bkeating@gunster.com

October 14, 2011

**VIA E-MAIL - MWILLIS@PSC.STATE.FL.US
AND HAND DELIVERY**

Mr. Marshall Willis
Director, Division of Economic Regulation
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

**Re: Florida Public Utilities Company and Florida Division of Chesapeake Utilities
Corporation/Surveillance Reports**


Dear Mr. Willis:

electric

In accordance with Rules 25-6.1352 (3) and 25-7.1352 (3), F.A.C., Florida Public Utilities Company ("FPUC")(All Divisions) and the Florida Division of Chesapeake Utilities Corporation ("CFG") hereby submit an electronic copy the Companies' required 2nd Quarter Earnings Surveillance Reports. Hard copies will follow by hand delivery.

If you have any questions or concerns whatsoever in this regard, please do not hesitate to contact me. Thank you for your consideration of this Request.

Sincerely,


Beth Keating
Gunster, Yoakley & Stewart, P.A.
215 South Monroe St., Suite 601
Tallahassee, FL 32301
(850) 521-1706

MEK

FLORIDA PUBLIC UTILITIES COMPANY
ELECTRIC DIVISION

2ND QUARTER EARNINGS SURVEILLANCE REPORT

FLORIDA PUBLIC UTILITIES COMPANY
ELECTRIC
RATE OF RETURN REPORT SUMMARY
June 30, 2011

SCHEDULE 1

	(1) ACTUAL PER BOOKS	(2) FPSC ADJUSTMENTS	(3) FPSC ADJUSTED	(4) PRO FORMA ADJUSTMENTS	(5) PRO FORMA ADJUSTED
I. AVERAGE RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	\$ 2,562,941	(\$98,961)	\$2,463,980	\$0	\$2,463,980
AVERAGE RATE BASE	\$36,717,466	\$4,531,182	\$41,248,648	\$0	\$41,248,648
AVERAGE RATE OF RETURN	6.98%		5.97%		5.97%
II. YEAR-END RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	\$2,362,941	(\$132,315)	\$2,430,626	\$0	\$2,430,626
YEAR-END RATE BASE	\$35,290,040	\$5,192,541	\$40,482,581	\$0	\$40,482,581
YEAR-END RATE OF RETURN	7.26%		6.00%		6.00%

III. REQUIRED RATES OF RETURN - AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)		IV. FINANCIAL INTEGRITY INDICATORS	
LOW	6.67%	A. TIE WITH AFUDC	3.71
MIDPOINT	7.30%	B. TIE WITHOUT AFUDC	1.71
HIGH	7.54%	C. AFUDC TO NET INCOME	0.00
		D. INTERNALLY GENERATED FUNDS	191.47
		E. LTD TO TOTAL INVESTOR FUNDS	29.05
		F. LTD TO TOTAL INVESTOR FUNDS	0.60
		G. RETURN ON COMMON EQUITY	9.12

I am aware that Section 817.06, Florida Statutes, provides:

Whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his official duty shall be guilty of a misdemeanor of the second degree punishable as provided in s. 775.082, s. 775.083, or s. 775.084.

Cheryl M. Martin
Director - Regulatory Affairs

Cheryl M. Martin
Signature

10/14/11
TUM

FLORIDA PUBLIC UTILITIES COMPANY
ELECTRIC
RATE OF RETURN REPORT SUMMARY
June 30, 2011

SCHEDULE 1

	(1) ACTUAL PER BOOKS	(2) FPSC ADJUSTMENTS	(3) FPSC ADJUSTED	(4) PRO FORMA ADJUSTMENTS	(5) PRO FORMA ADJUSTED
I. AVERAGE RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	\$ 2,562,941	(\$98,961)	\$2,463,980	\$0	\$2,463,980
AVERAGE RATE BASE	\$36,717,466	\$4,532,282	\$41,249,748	\$0	\$41,249,748
AVERAGE RATE OF RETURN	6.98%		5.97%		5.97%
II. YEAR-END RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	\$2,562,941	(\$132,315)	\$2,430,626	\$0	\$2,430,626
YEAR-END RATE BASE	\$35,290,040	\$5,192,543	\$40,482,583	\$0	\$40,482,583
YEAR-END RATE OF RETURN	7.26%		6.00%		6.00%

III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)		IV. FINANCIAL INTEGRITY INDICATORS	
LOW	6.67%	A. TIE WITH AFUDC	3.71
MIDPOINT	7.10%	B. TIE WITHOUT AFUDC	3.71
HIGH	7.54%	C. AFUDC TO NET INCOME	0.00
		D. INTERNALLY GENERATED FUNDS	191.47
		E. LTD TO TOTAL INVESTOR FUNDS	29.05
		F. STD TO TOTAL INVESTOR FUNDS	5.00
		G. RETURN ON COMMON EQUITY	9.12

I am aware that Section 837.06, Florida Statutes, provides:

Whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his official duty shall be guilty of a misdemeanor of the second degree punishable as provided in s. 775.082, s. 775.083, or s. 775.084.

Cheryl M. Martin
Director, Regulatory Affairs

Signature

Date

	(1) PLANT IN SERVICE	(2) ACCUMULATED DEPRECIATION & AMORTIZATION	(3) PLANT IN SERVICE	(4) NET PROPERTY HELD FOR FUTURE USE	(5) CONSTRUCTION WORK IN PROGRESS	(6) NET UTILITY PLANT	(7) WORKING CAPITAL	(8) TOTAL RATE BASE
PER BOOKS	586,502,655	(544,031,042)	542,471,613	\$0	5575,456	543,047,069	(56,329,603)	536,717,466
FPSC ADJUSTMENTS:								
ELIMINATIONS TO WORKING CAPITAL			\$0			\$0	\$4,104,791	\$4,104,791
ELIM. NON UTILITY PLANT	(\$185,407)	\$117,694	(\$67,713)			(\$67,713)		(\$67,713)
ELIMINATE ACQUISITION ADJUSTMENT	5495,204	\$0	5495,204			5495,204		5495,204
TOTAL FPSC ADJUSTMENTS	5309,797	\$117,694	5427,491	\$0	\$0	5427,491	\$4,104,791	54,532,282
FPSC ADJUSTED	586,812,452	(543,913,348)	542,899,104	\$0	5575,456	543,474,560	(52,224,812)	541,249,748
FLEX RATE REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR FLEX RATE REVENUES	586,812,452	(543,913,348)	542,899,104	\$0	5575,456	543,474,560	(52,224,812)	541,249,748
PROFORMA ADJUSTMENTS:								\$0
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRO FORMA ADJUSTED	586,812,452	(543,913,348)	542,899,104	\$0	5575,456	543,474,560	(52,224,812)	541,249,748

	(1) PLANT IN SERVICE	(2) ACCUMULATED DEPRECIATION & AMORTIZATION	(3) PLANT IN SERVICE	(4) NET PROPERTY HELD FOR FUTURE USE	(5) CONSTRUCTION WORK IN PROGRESS	(6) NET UTILITY PLANT	(7) WORKING CAPITAL	(8) TOTAL RATE BASE
PER BOOKS	\$88,098,890	(\$45,396,596)	\$42,671,264	\$0	\$378,771	\$43,045,035	(\$7,254,995)	\$35,290,040
FPSC ADJUSTMENTS:								
DEDUCTIONS TO WORKING CAPITAL ELIM. NON UTILITY PLANT	(\$185,381)	\$123,799	\$0			\$0	\$4,768,066	\$4,768,066
ILLUMINATE ACQUISITION ADJUSTMENT	\$487,059	\$0	(\$62,582)			(\$62,582)		(\$62,582)
			\$487,059			\$487,059		\$487,059
TOTAL FPSC ADJUSTMENTS	\$321,678	\$123,799	\$424,477	\$0	\$0	\$424,477	\$4,768,066	\$5,192,543
FPSC ADJUSTED	\$88,370,538	(\$45,274,797)	\$43,095,741	\$0	\$378,771	\$43,469,512	(\$2,986,929)	\$40,482,583
COMP RATE ADJ REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR COMP RATE ADJ REVENUE	\$88,370,538	(\$45,274,797)	\$43,095,741	\$0	\$378,771	\$43,469,512	(\$2,986,929)	\$40,482,583
PROFORMA ADJUSTMENTS								\$0
TOTAL PROFORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PROFORMA ADJUSTED	\$88,370,538	(\$45,274,797)	\$43,095,741	\$0	\$378,771	\$43,469,512	(\$2,986,929)	\$40,482,583

AVERAGE	ADJUSTMENTS						LOW POINT		MIDPOINT		HIGH POINT		
	PER BOOKS	NON-UTILITY	ADJUSTED BOOKS	PRO-RATA	SPECIFIC	BALANCE	RATIO (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
COMMON EQUITY	\$15,238,571	(\$67,713)	\$15,170,858	\$2,348,245	\$495,204	\$18,014,307	43.67%	10.00%	4.37%	11.00%	4.80%	12.00%	5.24%
LONG TERM DEBT	\$6,711,947		\$6,711,947	\$1,227,594		\$7,934,541	19.24%	7.03%	1.35%	7.03%	1.35%	7.03%	1.35%
SHORT TERM DEBT	\$1,154,150		\$1,154,150	\$210,231		\$1,364,381	3.31%	1.63%	0.05%	1.63%	0.05%	1.63%	0.05%
STD REFINANCED LTD	\$1,777,204		\$1,777,204	\$323,721		\$2,100,925	5.09%	5.09%	0.31%	5.09%	0.31%	5.09%	0.31%
CUSTOMER DEPOSITS	\$3,865,002		\$3,865,002			\$3,865,002	9.37%	6.32%	0.59%	6.32%	0.59%	6.32%	0.59%
DEFERRED INCOME TAXES	\$7,944,613		\$7,944,613			\$7,944,613	19.26%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$25,979		\$25,979			\$25,979	0.06%	6.08%	0.00%	6.51%	0.00%	6.95%	0.00%
TOTAL AVERAGE	\$36,717,466	(\$67,713)	\$36,649,753	\$4,104,791	\$495,204	\$41,249,748	100.00%		6.57%		7.10%		7.54%

61.24%

YEAR-END	ADJUSTMENTS						LOW POINT		MIDPOINT		HIGH POINT		
	PER BOOKS	NON-UTILITY	ADJUSTED BOOKS	PRO-RATA	SPECIFIC	BALANCE	RATIO (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
COMMON EQUITY	\$15,624,407	(\$62,582)	\$15,561,825	\$2,947,093	\$487,059	\$18,995,977	46.92%	10.00%	4.69%	11.00%	5.16%	12.00%	5.63%
LONG TERM DEBT	\$8,159,816		\$8,159,816	\$1,760,796		\$9,920,612	24.51%	5.83%	1.43%	5.83%	1.43%	5.83%	1.43%
SHORT TERM DEBT	\$278,870		\$278,870	\$60,177		\$339,047	0.84%	11.48%	0.10%	11.48%	0.10%	11.48%	0.10%
STD REFINANCED LTD	\$0		\$0			\$0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$3,875,684		\$3,875,684			\$3,875,684	9.57%	6.32%	0.60%	6.32%	0.60%	6.32%	0.60%
DEFERRED INCOME TAXES	\$7,332,484		\$7,332,484			\$7,332,484	18.11%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$18,779		\$18,779			\$18,779	0.05%	5.67%	0.00%	6.31%	0.00%	6.75%	0.00%
TOTAL YEAR-END	\$35,290,040	\$0	\$35,227,458	\$4,768,066	\$487,059	\$40,482,583	100.00%		6.82%		7.29%		7.76%

\$4.93%