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March 30, 2012

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 – 4th Quarter (2011) Earnings Surveillance Reports

Dear Mr. Willis:

Enclosed, please find the 4th Quarter Earnings Surveillance reports for Florida Public Utilities Company's Electric and Natural Gas divisions, as well as the report for the Florida Division of Chesapeake Utilities Corporation. One additional hard copy of each report is also included.

As always, please do not hesitate to give me a call if you have any questions or concerns whatsoever.

Sincerely,



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

MEK
Cc://Mr. John Slemkewicz

FLORIDA PUBLIC UTILITIES COMPANY
 NATURAL GAS
 RATE OF RETURN REPORT SUMMARY
 December 31, 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	\$ 8,241,867	(\$1,973,957)	\$6,267,910	(\$1,465,439)	\$7,733,349
AVERAGE RATE BASE	\$104,908,582	\$2,130,468	\$107,039,050	(\$33,641,256)	\$73,397,794
AVERAGE RATE OF RETURN	7.86%		5.80%		10.54%
II. YEAR-END RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	\$8,241,867	(\$2,006,760)	\$6,235,107	(\$1,465,439)	\$7,700,546
YEAR-END RATE BASE	\$111,487,215	\$1,160,274	\$112,647,489	(\$32,973,758)	\$79,673,731
YEAR-END RATE OF RETURN	7.39%		5.54%		9.67%
III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)					
LOW	7.37%				
MIDPOINT	7.67%				
HIGH	8.16%				
IV. EARNED RETURN ON EQUITY (FPSC ADJUSTED BASIS)					
A.				INCL COMP RATE ADJ REVENUES	7.55%
B.				EXCL COMP RATE ADJ REVENUES	7.55%

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

Cheryl M. Martin
 Signature

3/30/12
 Date

FLORIDA PUBLIC UTILITIES COMPANY
 NATURAL GAS
 AVERAGE RATE OF RETURN
 For the 12 Months Ending December 31, 2011
 RATE BASE

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	PLANT IN SERVICE	ACCUMULATED DEPRECIATION & AMORTIZATION	PLANT IN SERVICE	NET PROPERTY HELD FOR FUTURE USE	CONSTRUCTION WORK IN PROGRESS	NET UTILITY PLANT	WORKING CAPITAL	TOTAL RATE BASE
PER BOOKS	\$158,749,051	(\$47,059,841)	\$111,689,209	\$0	\$1,688,236	\$113,377,445	(\$8,468,863)	\$104,908,582
FPSC ADJUSTMENTS:								
ELIMINATIONS TO WORKING CAPITAL	\$0	\$0	\$0			\$0	\$160,893	\$160,893
ELIMINATE ACQUISITION ADJ	(\$36,033,855)	\$0	(\$36,033,855)			(\$36,033,855)		(\$36,033,855)
ELIMINATE REG ASSET	\$0	\$0	\$0			\$0	(\$123,092)	(\$123,092)
ELIM. NON-UTILITY PLANT	(\$1,939,700)	\$690,806	(\$1,248,895)			(\$1,248,895)		(\$1,248,895)
ACQUISITION ADJUSTMENT	\$34,192,493	(\$1,899,583)	\$32,292,910			\$32,292,910		\$32,292,910
REG ASSET-TRNSCTN & TRNSITN CSTS	\$0	\$0	\$0			\$0	\$1,471,438	\$1,471,438
ELIMINATE DEFERRED ENVIRONMENTAL COSTS							\$5,611,069	\$5,611,069
TOTAL FPSC ADJUSTMENTS	(\$3,781,063)	(\$1,208,777)	(\$4,989,840)	\$0	\$0	(\$4,989,840)	\$7,120,308	\$2,130,468
FPSC ADJUSTED	\$154,967,988	(\$48,268,618)	\$106,699,370	\$0	\$1,688,236	\$108,387,606	(\$1,348,555)	\$107,039,050
FLEX RATE REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR FLEX RATE REVENUES	\$154,967,988	(\$48,268,618)	\$106,699,370	\$0	\$1,688,236	\$108,387,606	(\$1,348,555)	\$107,039,050
PROFORMA ADJUSTMENTS								
REINSTATE REG ASSET per books			\$0			\$0		\$0
ELIM. ACQUISITION ADJUSTMENT	(\$34,192,493)	\$1,899,583	(\$32,292,910)			(\$32,292,910)		(\$32,292,910)
ELIM. REG ASSET-TRNSCTN & TRNSITN CSTS							(\$1,471,438)	(\$1,471,438)
TOTAL PRO FORMA ADJUSTMENTS	(\$34,192,493)	\$1,899,583	(\$32,292,910)	\$0	\$0	(\$32,292,910)	(\$1,348,346)	(\$33,641,256)
PRO FORMA ADJUSTED	\$120,775,495	(\$46,369,035)	\$74,406,460	\$0	\$1,688,236	\$76,094,696	(\$2,696,901)	\$73,397,794

FLORIDA PUBLIC UTILITIES COMPANY
 NATURAL GAS
 YEAR END RATE OF RETURN
 For the 12 Months Ending December 31, 2011
 RATE BASE

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	PLANT IN SERVICE	ACCUMULATED DEPRECIATION & AMORTIZATION	PLANT IN SERVICE	NET PROPERTY HELD FOR FUTURE USE	CONSTRUCTION WORK IN PROGRESS	NET UTILITY PLANT	WORKING CAPITAL	TOTAL RATE BASE
PER BOOKS	\$163,866,703	(\$48,839,345)	\$115,029,358	\$0	\$314,025	\$115,343,383	(\$3,856,168)	\$111,487,215
FPSC ADJUSTMENTS:								
ELIMINATIONS TO WORKING CAPITAL	\$0	\$0	\$0			\$0	(\$335,023)	(\$335,023)
ELIMINATE ACQUISITION ADJ.	(\$34,192,717)	\$0	(\$34,192,717)			(\$34,192,717)		(\$34,192,717)
ELIMINATE REG ASSET			\$0			\$0	(\$1,600,193)	(\$1,600,193)
ELIM. NON-UTILITY PLANT	(\$2,013,401)	\$716,781	(\$1,296,619)			(\$1,296,619)		(\$1,296,619)
ACQUISITION ADJUSTMENT	\$34,192,493	(\$2,469,457)	\$31,723,036			\$31,723,036		\$31,723,036
REG ASSET-TRANSCN & TRANSITN COSTS	\$0	\$0	\$0			\$0	\$1,250,722	\$1,250,722
ELIMINATE DEFERRED ENVIRONMENTAL COSTS							\$5,611,069	\$5,611,069
TOTAL FPSC ADJUSTMENTS	(\$2,013,625)	(\$1,752,676)	(\$3,766,301)	\$0	\$0	(\$3,766,301)	\$4,926,575	\$1,160,274
FPSC ADJUSTED	\$161,855,079	(\$50,592,021)	\$111,263,058	\$0	\$314,025	\$111,577,083	\$1,070,406	\$112,647,489
COMP RATE ADJ REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR COMP RATE ADJ REVENUE	\$161,855,079	(\$50,592,021)	\$111,263,058	\$0	\$314,025	\$111,577,083	\$1,070,406	\$112,647,489
PROFORMA ADJUSTMENTS								
REINSTATE REG ASSET per books			\$0			\$0		\$0
ELIM. ACQUISITION ADJUSTMENT	(\$34,192,493)	\$2,469,457	(\$31,723,036)			(\$31,723,036)	\$1,600,193	(\$31,723,036)
ELIM. REG ASSET-TRANSCN & TRANSITN COSTS							(\$1,250,722)	(\$1,250,722)
TOTAL PRO FORMA ADJUSTMENTS	(\$34,192,493)	\$2,469,457	(\$31,723,036)	\$0	\$0	(\$31,723,036)	(\$1,250,722)	(\$32,973,758)
PRO FORMA ADJUSTED	\$127,662,586	(\$48,122,564)	\$79,540,022	\$0	\$314,025	\$79,854,047	(\$180,316)	\$79,673,731

AVERAGE	ADJUSTMENTS		ADJUSTED BOOKS	PRO-RATA	SPECIFIC	BALANCE	RATIO (%)	LOW POINT		MIDPOINT		HIGH POINT	
	PER BOOKS	NON-UTILITY						COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
COMMON EQUITY	\$51,650,310	(\$1,248,895)	\$50,401,415	\$6,301,614	(\$3,740,945)	\$52,962,084	49.48%	9.85%	4.67%	10.85%	5.37%	11.85%	5.86%
LONG TERM DEBT	\$24,009,935		\$24,009,935	\$609,786		\$24,619,721	23.00%	6.91%	1.59%	6.91%	1.59%	6.91%	1.59%
SHORT TERM DEBT	\$5,304,843		\$5,304,843	\$134,729		\$5,439,572	5.05%	1.24%	0.06%	1.24%	0.06%	1.24%	0.06%
STD REFINANCED LTD	\$2,920,784		\$2,920,784	\$74,179		\$2,994,963	2.80%	6.33%	0.18%	6.33%	0.18%	6.33%	0.18%
CUSTOMER DEPOSITS	\$8,395,845		\$8,395,845			\$8,395,845	7.84%	5.99%	0.47%	5.99%	0.47%	5.99%	0.47%
DEFERRED INCOME TAXES	\$12,572,078		\$12,572,078			\$12,572,078	11.75%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$54,788		\$54,788			\$54,788	0.05%	6.70%	0.00%	7.20%	0.00%	7.69%	0.00%
TOTAL AVERAGE	\$104,908,583	(\$1,248,895)	\$103,659,688	\$7,120,307	(\$3,740,945)	\$107,039,050	100.00%		7.17%		7.67%		8.16%

YEAR-END	ADJUSTMENTS		ADJUSTED BOOKS	PRO-RATA	SPECIFIC	BALANCE	RATIO (%)	LOW POINT		MIDPOINT		HIGH POINT	
	PER BOOKS	NON-UTILITY						COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
COMMON EQUITY	\$55,288,621	(\$1,296,619)	\$53,992,002	\$4,478,926	(\$2,469,681)	\$56,001,246	49.71%	9.85%	4.90%	10.85%	5.39%	11.85%	5.89%
LONG TERM DEBT	\$26,760,955		\$26,760,955	\$344,927		\$27,105,882	24.06%	6.52%	1.57%	6.52%	1.57%	6.52%	1.57%
SHORT TERM DEBT	\$7,969,633		\$7,969,633	\$102,722		\$8,072,355	7.17%	1.34%	0.10%	1.34%	0.10%	1.34%	0.10%
STD REFINANCED LTD	50		50	50		50	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$7,451,122		\$7,451,122			\$7,451,122	6.62%	6.68%	0.44%	6.68%	0.44%	6.68%	0.44%
DEFERRED INCOME TAXES	\$13,974,609		\$13,974,609			\$13,974,609	12.41%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$42,275		\$42,275			\$42,275	0.04%	6.57%	0.00%	7.06%	0.00%	7.56%	0.00%
TOTAL YEAR-END	\$111,487,215	(\$1,296,619)	\$110,190,596	\$4,926,575	(\$2,469,681)	\$112,647,489	100.00%		7.01%		7.50%		8.00%