



March 30, 2016

RECEIVED
FLORIDA PUBLIC SERVICE
COMMISSION
2016 MAR 30 PM 4:11
DIVISION OF
ACCOUNTING & FINANCE

VIA HAND DELIVERY

Mr. Andrew Maurey, Director
Division of Accounting and Finance
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Florida Public Utilities Company (Electric and Gas Divisions), Florida Public Utilities Company-Indiantown Division, Florida Public Utilities Company-Fort Meade, and Florida Division of Chesapeake Utilities Corporation 4th Quarter Surveillance Reports

Dear Mr. Maurey:

In accordance with Rules 25-6.1352(3) and 25-7.1352(3), F.A.C., Florida Public Utilities Company (Gas and Electric Divisions), FPUC-Fort Meade, FPUC-Indiantown Division and the Florida Division of Chesapeake Utilities Corporation hereby submit the original and four (4) copies of the required 4th Quarter (December 2015) Earnings Surveillance Reports for 2015.

As always, please don't hesitate to let me know if you have any questions whatsoever.

Sincerely,

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

cc: Cheryl Bulecza-Banks
Bart Fletcher

FLORIDA PUBLIC UTILITIES COMPANY
 NATURAL GAS
 RATE OF RETURN REPORT SUMMARY
 For the 12 Months Ending December 31, 2015

SCHEDULE 1

	(1) ACTUAL PER BOOKS	(2) FPSC ADJUSTMENTS	(3) FPSC ADJUSTED	(4) PRO FORMA ADJUSTMENTS	(5) PRO FORMA ADJUSTED
I. AVERAGE RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	\$ 9,027,659	\$ (115,053)	\$ 8,912,606	\$ 1,139,748	\$ 10,052,354
AVERAGE RATE BASE	\$ 183,135,156	\$ 2,030,475	\$ 185,165,630	\$ (27,733,917)	\$ 157,431,713
AVERAGE RATE OF RETURN	4.93%		4.81%		6.39%
II. YEAR-END RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	\$ 9,027,659	\$ (110,623)	\$ 8,917,036	\$ 1,139,748	\$ 10,056,784
YEAR-END RATE BASE	\$ 211,601,037	\$ (298,777)	\$ 211,302,260	\$ (27,164,043)	\$ 184,138,217
YEAR-END RATE OF RETURN	4.27%		4.22%		5.46%
III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)			IV. EARNED RETURN ON EQUITY (FPSC ADJUSTED BASIS)		
LOW	6.14%		A.	INCL ACQUISITION ADJUSTMENT	6.98%
MIDPOINT	6.60%		B.	EXCL ACQUISITION ADJUSTMENT	10.89%
HIGH	7.07%				

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.

Michael Cassel
 Director - Regulatory Affairs

Michael Cassel
 Signature

3/29/16
 Date

FLORIDA PUBLIC UTILITIES COMPANY
 NATURAL GAS
 AVERAGE RATE OF RETURN
 For the 12 Months Ending December 31, 2015
 RATE BASE

SCHEDULE 2
 PAGE 1 OF 2

	(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	\$ 237,604,617	\$ (62,688,261)	\$ 174,916,356	\$ -	\$ 9,361,544	\$ 184,277,899	\$ (1,142,744)	\$ 183,135,156
FPSC ADJUSTMENTS:								
1) ELIMINATIONS TO NON-UTILITY MATERIALS	\$ -	\$ -	\$ -			\$ -	\$ 480,563	\$ 480,563
2) ELIMINATE GOODWILL	\$ (2,469,682)	\$ -	\$ (2,469,682)			\$ (2,469,682)		\$ (2,469,682)
	\$ -	\$ -	\$ -			\$ -		\$ -
3) ELIM. NON-UTILITY PLANT	\$ (2,536,613)	\$ 945,137	\$ (1,591,475)			\$ (1,591,475)		\$ (1,591,475)
	\$ -	\$ -	\$ -			\$ -		\$ -
	\$ -	\$ -	\$ -			\$ -	\$ -	\$ -
4) ELIMINATE DEFERRED ENVIRONMENTAL COSTS						\$ -	\$ 5,611,069	\$ 5,611,069
TOTAL FPSC ADJUSTMENTS	\$ (5,006,295)	\$ 945,137	\$ (4,061,157)	\$ -	\$ -	\$ (4,061,157)	\$ 6,091,632	\$ 2,030,475
FPSC ADJUSTED	\$ 232,598,322	\$ (61,743,124)	\$ 170,855,198	\$ -	\$ 9,361,544	\$ 180,216,742	\$ 4,948,888	\$ 185,165,630
FLEX RATE REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
ADJUSTED FOR FLEX RATE REVENUES	\$ 232,598,322	\$ (61,743,124)	\$ 170,855,198	\$ -	\$ 9,361,544	\$ 180,216,742	\$ 4,948,888	\$ 185,165,630
PROFORMA ADJUSTMENTS			\$ -			\$ -		\$ -
			\$ -			\$ -		\$ -
ELIM. ACQUISITION ADJUSTMENT	\$ (33,997,839)	\$ 6,263,922	\$ (27,733,917)			\$ (27,733,917)		\$ (27,733,917)
ELIM. REG ASSET-TRNSCTN & TRNSITN CSTS							\$ -	\$ -
TOTAL PRO FORMA ADJUSTMENTS	\$ (33,997,839)	\$ 6,263,922	\$ (27,733,917)	\$ -	\$ -	\$ (27,733,917)	\$ -	\$ (27,733,917)
PRO FORMA ADJUSTED	\$ 198,600,483	\$ (55,479,202)	\$ 143,121,281	\$ -	\$ 9,361,544	\$ 152,482,825	\$ 4,948,888	\$ 157,431,713

	(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	\$ 262,755,699	\$ (64,680,082)	\$ 198,075,617	\$ -	\$ 5,045,425	\$ 203,121,042	\$ 8,479,995	\$ 211,601,037
FPSC ADJUSTMENTS:								
1) ELIMINATIONS TO NON-UTILITY MATERIALS	\$ -	\$ -	\$ -			\$ -	\$ 364,208	\$ 364,208
2) ELIMINATE GOODWILL	\$ (2,469,682)	\$ -	\$ (2,469,682)			\$ (2,469,682)		\$ (2,469,682)
	\$ -	\$ -	\$ -			\$ -		\$ -
3) ELIM. NON-UTILITY PLANT	\$ (3,193,074)	\$ 988,266	\$ (2,204,809)			\$ (2,204,809)		\$ (2,204,809)
4) ELIM. UNDER-RECOVERIES	\$ -	\$ -	\$ -			\$ -	\$ (1,599,564)	\$ (1,599,564)
	\$ -	\$ -	\$ -			\$ -	\$ -	\$ -
4) ELIMINATE DEFERRED ENVIRONMENTAL COSTS						\$ -	\$ 5,611,069	\$ 5,611,069
TOTAL FPSC ADJUSTMENTS	\$ (5,662,756)	\$ 988,266	\$ (4,674,491)	\$ -	\$ -	\$ (4,674,491)	\$ 4,375,713	\$ (298,777)
FPSC ADJUSTED	\$ 257,092,943	\$ (63,691,816)	\$ 193,401,127	\$ -	\$ 5,045,425	\$ 198,446,552	\$ 12,855,708	\$ 211,302,260
COMP RATE ADJ REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
ADJUSTED FOR COMP RATE ADJ REVENUE	\$ 257,092,943	\$ (63,691,816)	\$ 193,401,127	\$ -	\$ 5,045,425	\$ 198,446,552	\$ 12,855,708	\$ 211,302,260
PROFORMA ADJUSTMENTS								
ELIM. ACQUISITION ADJUSTMENT	\$ (34,322,811)	\$ 7,158,768	\$ (27,164,043)			\$ (27,164,043)		\$ (27,164,043)
ELIM. REG ASSET-TRANSMISSION & TRANSMISSION COSTS	\$ -	\$ -	\$ -			\$ -	\$ -	\$ -
TOTAL PRO FORMA ADJUSTMENTS	\$ (34,322,811)	\$ 7,158,768	\$ (27,164,043)	\$ -	\$ -	\$ (27,164,043)	\$ -	\$ (27,164,043)
PRO FORMA ADJUSTED	\$ 222,770,132	\$ (56,533,048)	\$ 166,237,084	\$ -	\$ 5,045,425	\$ 171,282,509	\$ 12,855,708	\$ 184,138,217

FLORIDA PUBLIC UTILITIES COMPANY
 NATURAL GAS
 CAPITAL STRUCTURE
 For the 12 Months Ending December 31, 2015
 FPSC ADJUSTED BASIS

SCHEDULE 4

AVERAGE	ADJUSTMENTS					RATIO (%)	LOW POINT		MIDPOINT		HIGH POINT		
	PER BOOKS	NON-UTILITY	ADJUSTED BOOKS	PRO-RATA	SPECIFIC		BALANCE	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
COMMON EQUITY	\$ 85,649,328		\$ 85,649,328	\$ 2,544,908	\$ (2,469,682)	\$ 85,724,554	46.30%	9.85%	4.56%	10.85%	5.02%	11.85%	5.49%
LONG TERM DEBT - CU	\$ 33,802,051		\$ 33,802,051	\$ 1,004,364		\$ 34,806,415	18.80%	4.98%	0.94%	4.98%	0.94%	4.98%	0.94%
SHORT TERM DEBT	\$ 26,841,903		\$ 26,841,903	\$ 797,556		\$ 27,639,459	14.93%	1.20%	0.18%	1.20%	0.18%	1.20%	0.18%
LONG TERM DEBT - FC	\$ 5,160,296		\$ 5,160,296	\$ 153,328		\$ 5,313,624	2.87%	12.68%	0.36%	12.68%	0.36%	12.68%	0.36%
SHORT TERM DEBT - REFINANCED LTD	\$ -		\$ -	\$ -		\$ -	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$ 7,648,430		\$ 7,648,430			\$ 7,648,430	4.13%	2.36%	0.10%	2.36%	0.10%	2.36%	0.10%
DEFERRED INCOME TAXES	\$ 24,033,148		\$ 24,033,148			\$ 24,033,148	12.98%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$ -		\$ -			\$ -	0.00%	6.04%	0.00%	6.50%	0.00%	6.97%	0.00%
TOTAL AVERAGE	\$ 183,135,156	\$ -	\$ 183,135,156	\$ 4,500,156	\$ (2,469,682)	\$ 185,165,630	100.00%		6.14%		6.60%		7.07%

YEAR-END	ADJUSTMENTS					RATIO (%)	LOW POINT		MIDPOINT		HIGH POINT		
	PER BOOKS	NON-UTILITY	ADJUSTED BOOKS	PRO-RATA	SPECIFIC		BALANCE	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
COMMON EQUITY	\$ 91,636,152		\$ 91,636,152	\$ 1,146,515	\$ (2,469,682)	\$ 90,312,984	42.74%	9.85%	4.21%	10.85%	4.64%	11.85%	5.06%
LONG TERM DEBT - CU	\$ 32,905,711		\$ 32,905,711	\$ 411,704		\$ 33,317,415	15.77%	5.17%	0.82%	5.17%	0.82%	5.17%	0.82%
SHORT TERM DEBT	\$ 43,654,748		\$ 43,654,748	\$ 546,191		\$ 44,200,939	20.92%	0.75%	0.16%	0.75%	0.16%	0.75%	0.16%
LONG TERM DEBT - FC	\$ 5,314,758		\$ 5,314,758	\$ 66,496		\$ 5,381,254	2.55%	12.57%	0.32%	12.57%	0.32%	12.57%	0.32%
SHORT TERM DEBT - REFINANCED LTD	\$ -		\$ -	\$ -		\$ -	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$ 7,675,353		\$ 7,675,353			\$ 7,675,353	3.63%	2.35%	0.09%	2.35%	0.09%	2.35%	0.09%
DEFERRED INCOME TAXES	\$ 30,414,314		\$ 30,414,314			\$ 30,414,314	14.39%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$ -		\$ -			\$ -	0.00%	5.51%	0.00%	5.94%	0.00%	6.36%	0.00%
TOTAL YEAR-END	\$ 211,601,036	\$ -	\$ 211,601,036	\$ 2,170,905	\$ (2,469,682)	\$ 211,302,259	100.00%		5.60%		6.03%		6.45%