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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:

Mediantown

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
INDIANTOWN DIVISION

2ND QUARTER EARNINGS SURVEILLANCE REPORT

RATE OF RETURN REPORT SUMMARY
JUNE 30, 2011

	(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	\$133,364	\$395	\$133,760	(\$16,539)	\$117,220
AVERAGE RATE BASE	\$1,158,881	(\$624,051)	\$534,830	\$755,940	\$1,290,770
AVERAGE RATE OF RETURN	11.51%		25.01%		9.08%
II. YEAR-END RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	\$133,364	(\$704)	\$132,660	(\$16,539)	\$116,121
YEAR-END RATE BASE	\$1,259,086	(\$745,800)	\$513,286	\$741,441	\$1,254,727
YEAR-END RATE OF RETURN	10.59%		25.85%		9.25%

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

LOW	8.58%
MIDPOINT	9.16%
HIGH	9.74%

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

A.	INCL COMP RATE ADJ REVENUES	39.62%
B.	EXCL COMP RATE ADJ REVENUES	39.62%

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 of Regulatory Affairs

Cheryl M. Martin
Signature

10/14/11
Date

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JUNE 30, 2011

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III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)			IV. EARNED RETURN ON EQUITY (FPSC ADJUSTED BASIS)		
LOW	8.58%		A.	INCL COMP RATE ADJ REVENUES	39.62%
MIDPOINT	9.16%		B.	EXCL COMP RATE ADJ REVENUES	39.62%
HIGH	9.74%				

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Cheryl M. Martin
Director of Regulatory Affairs

Signature

Date

AVERAGE RATE OF RETURN
FOR THE THIRTEEN MONTHS ENDED 06/30/2011
RATE BASE

	(1) PLANT IN SERVICE	(2) ACCUMULATED DEPRECIATION & AMORTIZATION	(3) PLANT IN SERVICE	(4) NET PROPERTY HELD FOR FUTURE USE	(5) CONSTRUCTION WORK IN PROGRESS	(6) NET UTILITY PLANT	(7) WORKING CAPITAL	(8) TOTAL RATE BASE
PER BOOKS	\$1,745,541	(\$639,982)	\$1,105,559	\$0	\$0	\$1,105,559	\$53,322	\$1,158,881
FPSC ADJUSTMENTS:								
ELIMINATIONS TO WORKING CAPITAL ELIMINATE ACQUISITION ADJ	(\$629,658)		(\$629,858)			(\$629,858)	\$5,808	\$5,808 (\$629,858)
TOTAL FPSC ADJUSTMENTS	(\$629,658)	\$0	(\$629,858)	\$0	\$0	(\$629,858)	\$5,808	(\$624,051)
FPSC ADJUSTED	\$1,115,882	(\$639,982)	\$475,700	\$0	\$0	\$475,700	\$59,130	\$534,830
COMP RATE ADJ REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR COMP RATE ADJ REVENUE	\$1,115,882	(\$639,982)	\$475,700	\$0	\$0	\$475,700	\$59,130	\$534,830
PROFORMA ADJUSTMENTS								
ACQUISITION ADJUSTMENT	\$745,600	(\$10,516)	\$735,282	\$0	\$0	\$735,282	\$0	\$735,282
TRANSACTION & TRANSITION COSTS	\$0	\$0	\$0	\$0	\$0	\$0	\$20,657	\$20,657
TOTAL PRO FORMA ADJUSTMENTS	\$745,600	(\$10,516)	\$735,282	\$0	\$0	\$735,282	\$20,657	\$755,940
PRO FORMA ADJUSTED	\$1,861,482	(\$650,500)	\$1,210,982	\$0	\$0	\$1,210,982	\$79,788	\$1,290,770

AVERAGE RATE OF RETURN
FOR THE THIRTEEN MONTHS ENDED 03/30/2011
INCOME STATEMENT

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	OPERATING REVENUES	O & M GAS EXPENSE	O & M OTHER	DEPREC. & AMORTIZATION	TAXES OTHER THAN INCOME	INCOME TAXES CURRENT	D.I.T. (NET)	I.T.C. (NET)	GAIN/LOSS ON DISPOSITION	TOTAL OPERATING EXPENSES	NET OPERATING INCOME
PER BOOKS	\$503,417	\$3,106	\$236,329	\$46,482	\$8,169	\$75,967	\$0	\$0	\$0	\$270,053	\$133,364
FPSC ADJUSTMENTS:											
1) Interest Synchronization						(\$5,142)				(\$5,142)	\$5,142
2) Income Tax Effective Rate Adjustment						\$4,747				\$4,747	(\$4,747)
						\$0				\$0	\$0
						\$0				\$0	\$0
						\$0				\$0	\$0
TOTAL FPSC ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	(\$395)	\$0	\$0	\$0	(\$395)	\$395
FPSC ADJUSTED	\$503,417	\$3,106	\$236,329	\$46,482	\$8,169	\$75,571	\$0	\$0	\$0	\$366,658	\$133,760
COMP RATE ADJ REVENUES - DEFICIT/(SURPLUS)	\$0					\$0				\$0	\$0
ADJUSTED FOR COMP RATE ADJ REVENUES	\$503,417	\$3,106	\$236,329	\$46,482	\$8,169	\$75,571	\$0	\$0	\$0	\$366,658	\$133,760
ACQUISITION ADJ. - AMORT EXP	\$0	\$0	\$0	\$22,788	\$0	(\$8,791)	\$0	\$0	\$0	\$13,998	(\$13,998)
TRANSACTION/TRANSITION COSTS - AMORT EXP	\$0	\$0	\$0	\$4,137	\$0	(\$1,596)	\$0	\$0	\$0	\$2,541	(\$2,541)
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$26,926	\$0	(\$10,387)	\$0	\$0	\$0	\$16,539	(\$16,539)
PRO FORMA ADJUSTED	\$503,417	\$3,106	\$236,329	\$73,408	\$8,169	\$65,185	\$0	\$0	\$0	\$383,197	\$117,220

YEAR END RATE OF RETURN
FOR THE THIRTEEN MONTHS ENDED 06/30/2011
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	\$1,847,953	(\$662,231)	\$1,185,732	\$0	\$0	\$1,185,732	573,354	\$1,259,086
FPSC ADJUSTMENTS								
ELIMINATIONS TO WORKING CAPITAL ELIMINATE ACQUISITION ADJ.	(\$745,800)		(\$745,800)			(\$745,800)	\$0	\$0 (\$745,800)
TOTAL FPSC ADJUSTMENTS	(\$745,800)	\$0	(\$745,800)	\$0	\$0	(\$745,800)	\$0	(\$745,800)
FPSC ADJUSTED	\$1,102,153	(\$662,231)	\$439,932	\$0	\$0	\$439,932	\$73,354	\$513,286
COMP RATE ADJ REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR COMP RATE ADJ REVENUE	\$1,102,153	(\$662,231)	\$439,932	\$0	\$0	\$439,932	\$73,354	\$513,286
PROFORMA ADJUSTMENTS								
ACQUISITION ADJUSTMENT	\$745,800	(\$22,788)	\$723,012	\$0	\$0	\$723,012	\$0	\$723,012
TRANSACTION & TRANSITION COSTS	\$0	\$0	\$0	\$0	\$0	\$0	\$18,430	\$18,430
TOTAL PROFORMA ADJUSTMENTS	\$745,800	(\$22,788)	\$723,012	\$0	\$0	\$723,012	\$18,430	\$741,441
PROFORMA ADJUSTED	\$1,847,953	(\$685,019)	\$1,162,944	\$0	\$0	\$1,162,944	\$91,784	\$1,254,727

YEAR END RATE OF RETURN
FOR THE THIRTEEN MONTHS ENDED 06/30/2011
INCOME STATEMENT

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	OPERATING REVENUES	O & M GAS EXPENSE	O & M OTHER	DEPREC. & AMORTIZATION	TAXES OTHER THAN INCOME	INCOME TAXES CURRENT	D.I.T (NET)	I.T.C. (NET)	GAIN/LOSS ON DISPOSITION	TOTAL OPERATING EXPENSES	NET OPERATING INCOME
PER BOOKS	\$503,417	\$3,106	\$236,329	\$46,482	\$8,169	\$75,967	\$0	\$0	\$0	\$370,053	\$133,364
FPSC ADJUSTMENTS:											
1) Interest Synchronization						(\$4,043)				(\$4,043)	\$4,043
2) Income Tax Effective Rate Adjustment						\$4,747				\$4,747	(\$4,747)
						\$0				\$0	\$0
						\$0				\$0	\$0
						\$0				\$0	\$0
TOTAL FPSC ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$704	\$0	\$0	\$0	\$704	(\$704)
FPSC ADJUSTED	\$503,417	\$3,106	\$236,329	\$46,482	\$8,169	\$76,671	\$0	\$0	\$0	\$370,757	\$132,660
COMP RATE ADJ REVENUES - DEFICIT/(SURPLUS)	\$0					\$0				\$0	\$0
ADJUSTED FOR COMP RATE ADJ REVENUES	\$503,417	\$3,106	\$236,329	\$46,482	\$8,169	\$76,671	\$0	\$0	\$0	\$370,757	\$132,660
ACQUISITION ADJ. - AMORT EXP	\$0	\$0	\$0	\$22,788	\$0	(\$8,791)	\$0	\$0	\$0	\$13,998	(\$13,998)
TRANSACTION/TRANSITION COSTS - AMORT EXP	\$0	\$0	\$0	\$4,137	\$0	(\$1,596)	\$0	\$0	\$0	\$2,541	(\$2,541)
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$26,926	\$0	(\$10,387)	\$0	\$0	\$0	\$16,539	(\$16,539)
PRO FORMA ADJUSTED	\$503,417	\$3,106	\$236,329	\$73,408	\$8,169	\$66,284	\$0	\$0	\$0	\$387,296	\$116,121

FLORIDA PUBLIC UTILITIES COMPANY - INDIANTOWN DIVISION

SCHEDULE 4

CAPITAL STRUCTURE
JUNE 30, 2011
FPSC ADJUSTED BASIS

AVERAGE	ADJUSTMENTS							LOW POINT		MIDPOINT		HIGH POINT	
	PER BOOKS	PRO RATA	SPECIFIC	ADJUSTED	NON-UTILITY	BALANCE	RATIO (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
	COMMON EQUITY	\$ 309,152			\$ 309,152		\$ 309,152	57.80%	10.50%	8.07%	11.50%	6.65%	12.50%
LONG TERM DEBT	\$ 136,168			\$ 136,168		\$ 136,168	25.46%	7.03%	1.79%	7.03%	1.79%	7.03%	1.79%
SHORT TERM DEBT	\$ 23,415			\$ 23,415		\$ 23,415	4.38%	1.83%	0.07%	1.83%	0.07%	1.83%	0.07%
SHORT TERM DEBT REFINANCED LTD	\$ 36,055			\$ 36,055		\$ 36,055	6.74%	5.99%	0.40%	5.99%	0.40%	5.99%	0.40%
CUSTOMER DEPOSITS	\$ 19,553			\$ 19,553		\$ 19,553	3.66%	6.75%	0.25%	6.75%	0.25%	6.75%	0.25%
DEFERRED TAXES	\$ 10,488			\$ 10,488		\$ 10,488	1.96%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TOTAL AVERAGE	\$ 534,830	\$ 0	\$ 0	\$ 534,830	\$ 0	\$ 534,830	100.00%		8.58%		8.16%		9.74%

YEAR-END	ADJUSTMENTS							LOW POINT		MIDPOINT		HIGH POINT	
	PER BOOKS	PRO RATA	SPECIFIC	ADJUSTED	NON-UTILITY	BALANCE	RATIO (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
	COMMON EQUITY	\$ 286,039			\$ 286,039		\$ 286,039	55.73%	10.50%	5.85%	11.50%	6.41%	12.50%
LONG TERM DEBT	\$ 149,383			\$ 149,383		\$ 149,383	29.10%	5.83%	1.70%	5.83%	1.70%	5.83%	1.70%
SHORT TERM DEBT	\$ 5,105			\$ 5,105		\$ 5,105	1.00%	11.48%	0.11%	11.48%	0.11%	11.48%	0.11%
SHORT TERM DEBT REFINANCED LTD	\$ 0			\$ 0		\$ 0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$ 19,181			\$ 19,181		\$ 19,181	3.74%	6.75%	0.25%	6.75%	0.25%	6.75%	0.25%
DEFERRED TAXES	\$ 53,578			\$ 53,578		\$ 53,578	10.44%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TOTAL YEAR-END	\$ 513,286	\$ 0	\$ 0	\$ 513,286	\$ 0	\$ 513,286	100.00%		7.91%		8.47%		9.03%