



March 30, 2016

VIA HAND DELIVERY

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

RECEIVED
FLORIDA PUBLIC SERVICE
COMMISSION
2016 MAR 30 PM 4: 10
DIVISION OF
ACCOUNTING & FINANCE

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
 INDIANTOWN DIVISION
 RATE OF RETURN REPORT SUMMARY
 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	\$ (16,565)	\$ 3,121	\$ (13,444)	\$ 30,541	\$ 17,097
AVERAGE RATE BASE	\$ 2,194,727	\$ (27,075)	\$ 2,167,652	\$ (501,343)	\$ 1,666,309
AVERAGE RATE OF RETURN	-0.75%		-0.62%		1.03%
II. YEAR-END RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	\$ (16,565)	\$ 3,176	\$ (13,389)	\$ 30,541	\$ 17,152
YEAR-END RATE BASE	\$ 2,613,784	\$ (78,464)	\$ 2,535,320	\$ (476,483)	\$ 2,058,836
YEAR-END RATE OF RETURN	-0.63%		-0.53%		0.83%
III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)					
LOW	6.52%				
MIDPOINT	7.02%				
HIGH	7.52%				
IV. EARNED RETURN ON EQUITY (FPSC ADJUSTED BASIS)					
		A.	INCL ACQUISITION ADJUSTMENT		-3.81%
		B.	EXCL ACQUISITION ADJUSTMENT		-0.43%

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.

Mike Cassel
 Director, Regulatory Affairs


 Signature

3/29/16
 Date

FLORIDA PUBLIC UTILITIES COMPANY
 INDIANTOWN DIVISION
 AVERAGE RATE OF RETURN
 For the 12 Months Ending December 31, 2015
 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	3,141,207	(1,108,435)	2,031,771	-	76,671	2,108,443	86,284	2,194,727
FPSC ADJUSTMENTS:								
REMOVE NET UNRECOVERED CONSERVATION			-				(27,075)	(27,075)
TOTAL FPSC ADJUSTMENTS			-				(27,075)	(27,075)
FPSC ADJUSTED	3,141,207	(1,108,435)	2,031,771	-	76,671	2,108,443	59,209	2,167,652
PROFORMA ADJUSTMENTS								
Remove Acquisition Adjustment	(745,800)	244,457	(501,343)			(501,343)		(501,343)
TOTAL PRO FORMA ADJUSTMENTS	(745,800)	244,457	(501,343)			(501,343)		(501,343)
PRO FORMA ADJUSTED	2,395,407	(864,979)	1,530,428	-	76,671	1,607,099	59,209	1,666,309

FLORIDA PUBLIC UTILITIES COMPANY
 INDIANTOWN DIVISION
 AVERAGE RATE OF RETURN
 For the 12 Months Ending December 31, 2015
 INCOME STATEMENT

SCHEDULE 2
 PAGE 2 OF 2

	(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	\$ 416,981	\$ 27,125	\$ 277,005	\$ 121,305	\$ 30,836	\$ (22,745)				\$ 433,526	\$ (16,565)
FPSC ADJUSTMENTS:											
1) Interest Synchronization						\$ (2,240)				\$ (2,240)	\$ 2,240
2) Elmt. Conservation Rev & Exp.	\$ (27,262)	\$ (27,125)			\$ (136)	\$ (0)				\$ (27,262)	\$ (0)
3) Elimination of Revenue Taxes	\$ (2,118)				\$ (2,118)	\$ -				\$ (2,118)	\$ -
4) Income Tax Effective Rate Adjustment						\$ (882)				\$ (882)	\$ 882
5) Remove PGA						\$ -				\$ -	\$ -
						\$ -				\$ -	\$ -
TOTAL FPSC ADJUSTMENTS	\$ (29,380)	\$ (27,125)	\$ -	\$ -	\$ (2,254)	\$ (3,122)	\$ -	\$ -	\$ -	\$ (32,501)	\$ 3,121
FPSC ADJUSTED	\$ 387,581	\$ -	\$ 277,005	\$ 121,305	\$ 28,582	\$ (25,867)	\$ -	\$ -	\$ -	\$ 401,025	\$ (13,444)
PROFORMA ADJUSTMENTS											
Remove Acquisition Adjustment Amortization				\$ (49,720)		\$ 19,179				\$ (30,541)	\$ 30,541
TOTAL PRO FORMA ADJUSTMENTS	\$ -	\$ -	\$ -	\$ (49,720)	\$ -	\$ 19,179	\$ -	\$ -	\$ -	\$ (30,541)	\$ 30,541
PRO FORMA ADJUSTED	\$ 387,581	\$ -	\$ 277,005	\$ 71,585	\$ 28,582	\$ (6,687)	\$ -	\$ -	\$ -	\$ 370,484	\$ 17,097

FLORIDA PUBLIC UTILITIES COMPANY
 INDIANTOWN DIVISION
 YEAR END RATE OF RETURN
 For the 12 Months Ending December 31, 2015
 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	\$ 3,375,541	\$ (1,165,721)	\$ 2,209,820	\$ -	\$ 166,782	\$ 2,376,602	\$ 237,182	\$ 2,613,784
FPSC ADJUSTMENTS:								
REMOVE NET UNREC. CONSERVATION			\$ -			\$ -	\$ (78,464)	\$ (78,464)
TOTAL FPSC ADJUSTMENTS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (78,464)	\$ (78,464)
FPSC ADJUSTED	\$ 3,375,541	\$ (1,165,721)	\$ 2,209,820	\$ -	\$ 166,782	\$ 2,376,602	\$ 158,718	\$ 2,535,320
PROFORMA ADJUSTMENTS								
Remove Acquisition Adjustment	\$ (745,800)	\$ 269,317	\$ (476,483)			\$ (476,483)		\$ (476,483)
TOTAL PRO FORMA ADJUSTMENTS	\$ (745,800)	\$ 269,317	\$ (476,483)	\$ -	\$ -	\$ (476,483)	\$ -	\$ (476,483)
PRO FORMA ADJUSTED	\$ 2,629,741	\$ (896,405)	\$ 1,733,336	\$ -	\$ 166,782	\$ 1,900,118	\$ 158,718	\$ 2,058,836

FLORIDA PUBLIC UTILITIES COMPANY
 INDIANTOWN DIVISION
 YEAR END RATE OF RETURN
 For the 12 Months Ending December 31, 2015
 INCOME STATEMENT

SCHEDULE 3
 PAGE 2 OF 2

	(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	\$ 416,961	\$ 27,125	\$ 277,005	\$ 121,305	\$ 30,836	\$ (22,745)				\$ 433,526	\$ (16,565)
FPSC ADJUSTMENTS:											
1) Interest Synchronization						\$ (2,295)				\$ (2,295)	\$ 2,295
2) Elim. Conservation Rev & Exp	\$ (27,262)	\$ (27,125)			\$ (136)	\$ (0)				\$ (27,262)	\$ (0)
3) Elimination of Revenue Taxes	\$ (2,118)				\$ (2,118)	\$ -				\$ (2,118)	\$ -
4) Income Tax Effective Rate Adjustment						\$ (882)				\$ (882)	\$ 882
5) Remove PGA						\$ -				\$ -	\$ -
						\$ -				\$ -	\$ -
TOTAL FPSC ADJUSTMENTS	\$ (29,380)	\$ (27,125)	\$ -	\$ -	\$ (2,254)	\$ (3,177)	\$ -	\$ -	\$ -	\$ (32,556)	\$ 3,176
FPSC ADJUSTED	\$ 387,581	\$ -	\$ 277,005	\$ 121,305	\$ 28,582	\$ (25,922)	\$ -	\$ -	\$ -	\$ 400,970	\$ (13,389)
PROFORM ADJUSTMENTS											
Remove Acquisition Adjustment Amortization				\$ (49,720)		\$ 19,179				\$ (30,541)	\$ 30,541
TOTAL PRO FORMA ADJUSTMENTS	\$ -	\$ -	\$ -	\$ (49,720)	\$ -	\$ 19,179	\$ -	\$ -	\$ -	\$ (30,541)	\$ 30,541
PRO FORMA ADJUSTED	\$ 387,581	\$ -	\$ 277,005	\$ 71,585	\$ 28,582	\$ (6,742)	\$ -	\$ -	\$ -	\$ 370,429	\$ 17,152

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	\$ 1,097,588	\$ -	\$ 1,097,588	\$ -	\$ (15,480)	\$ 1,082,108	49.92%	10.50%	5.24%	11.50%	5.74%	12.50%	6.24%
LONG TERM DEBT	\$ 478,154	\$ -	\$ 478,154	\$ -	\$ (6,744)	\$ 471,410	21.75%	4.98%	1.08%	4.98%	1.08%	4.98%	1.08%
SHORT TERM DEBT	\$ 343,976	\$ -	\$ 343,976	\$ -	\$ (4,851)	\$ 339,125	15.64%	1.20%	0.19%	1.20%	0.19%	1.20%	0.19%
SHORT TERM DEBT REFINANCED LTD	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$ 7,110	\$ -	\$ 7,110	\$ -	\$ -	\$ 7,110	0.33%	2.05%	0.01%	2.05%	0.01%	2.05%	0.01%
DEFERRED INCOME TAXES	\$ 267,899	\$ -	\$ 267,899	\$ -	\$ -	\$ 267,899	12.36%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	6.51%	0.00%	7.01%	0.00%	7.51%	0.00%
TOTAL AVERAGE	\$ 2,194,727	\$ -	\$ 2,194,727	\$ -	\$ (27,075)	\$ 2,167,652	100.00%		6.52%		7.02%		7.52%

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	\$ 1,190,566	\$ -	\$ 1,190,566	\$ -	\$ (41,847)	\$ 1,148,719	45.31%	10.50%	4.76%	11.50%	5.21%	12.50%	5.66%
LONG TERM DEBT	\$ 474,607	\$ -	\$ 474,607	\$ -	\$ (16,682)	\$ 457,925	18.06%	5.17%	0.93%	5.17%	0.93%	5.17%	0.93%
SHORT TERM DEBT	\$ 567,176	\$ -	\$ 567,176	\$ -	\$ (19,935)	\$ 547,241	21.58%	0.75%	0.16%	0.75%	0.16%	0.75%	0.16%
SHORT TERM DEBT REFINANCED LTD	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$ 7,327	\$ -	\$ 7,327	\$ -	\$ -	\$ 7,327	0.29%	1.99%	0.01%	1.99%	0.01%	1.99%	0.01%
DEFERRED INCOME TAXES	\$ 374,108	\$ -	\$ 374,108	\$ -	\$ -	\$ 374,108	14.76%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	5.85%	0.00%	6.30%	0.00%	6.75%	0.00%
TOTAL YEAR-END	\$ 2,613,784	\$ -	\$ 2,613,784	\$ -	\$ (78,464)	\$ 2,535,320	100.00%		5.86%		6.31%		6.76%