



September 15, 2016

RECEIVED
FLORIDA PUBLIC SERVICE
COMMISSION
2016 SEP 15 AM 10:41
DIVISION OF
ACCOUNTING & FINANCE

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 2nd 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 2nd Quarter (June 2016) Earnings Surveillance Reports for 2016.

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

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
 June 30, 2016

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	\$ (66,770)	\$ 1,621	\$ (65,149)	\$ 30,541	\$ (34,809)
AVERAGE RATE BASE	\$ 2,422,781	\$ (59,871)	\$ 2,362,910	\$ (476,485)	\$ 1,886,425
AVERAGE RATE OF RETURN	-2.76%		-2.76%		-1.83%
II. YEAR-END RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	\$ (66,770)	\$ 1,396	\$ (65,374)	\$ 30,541	\$ (34,833)
YEAR-END RATE BASE	\$ 2,599,754	\$ (77,809)	\$ 2,521,945	\$ (451,825)	\$ 2,070,320
YEAR-END RATE OF RETURN	-2.57%		-2.59%		-1.68%
III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)					
LOW	6.22%				
MIDPOINT	6.69%				
HIGH	7.17%				
IV. EARNED RETURN ON EQUITY (FPSC ADJUSTED BASIS)					
			A.	INCL ACQUISITION ADJUSTMENT	-8.36%
			B.	EXCL ACQUISITION ADJUSTMENT	-6.58%

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

Mike Cassel
 Signature *per MEX*

9/14/16
 Date

FLORIDA PUBLIC UTILITIES COMPANY
 INDIANTOWN DIVISION
 AVERAGE RATE OF RETURN
 For the 12 Months Ending June 30, 2016
 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	3,251,062	(1,147,371)	2,103,692	-	117,906	2,221,598	201,184	2,422,781
FPSC ADJUSTMENTS: REMOVE NET UNRECOVERED CONSERVATION							(59,871)	(59,871)
TOTAL FPSC ADJUSTMENTS							(59,871)	(59,871)
FPSC ADJUSTED	3,251,062	(1,147,371)	2,103,692	-	117,906	2,221,598	141,313	2,362,910
PROFORMA ADJUSTMENTS Remove Acquisition Adjustment	(745,800)	269,315	(476,485)			(476,485)		(476,485)
TOTAL PRO FORMA ADJUSTMENTS	(745,800)	269,315	(476,485)			(476,485)		(476,485)
PRO FORMA ADJUSTED	2,505,262	(878,056)	1,627,207		117,906	1,745,113	141,313	1,886,425

FLORIDA PUBLIC UTILITIES COMPANY
 INDIANTOWN DIVISION
 AVERAGE RATE OF RETURN
 For the 12 Months Ending June 30, 2016
 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	\$ 369,450	\$ 24,802	\$ 311,186	\$ 125,429	\$ 32,200	\$ (57,397)				\$ 436,220	\$ (66,770)
FPSC ADJUSTMENTS:											
1) Interest Synchronization						\$ (1,160)				\$ (1,160)	\$ 1,160
2) Elim. Conservation Rev & Exp.	\$ (24,927)	\$ (24,802)			\$ (125)	\$ (0)				\$ (24,927)	\$ (0)
3) Elimination of Revenue Taxes	\$ (1,883)				\$ (1,883)	\$ -				\$ (1,883)	\$ -
4) Income Tax Effective Rate Adjustment						\$ (461)				\$ (461)	\$ 461
5) Remove PGA						\$ -				\$ -	\$ -
TOTAL FPSC ADJUSTMENTS	\$ (26,810)	\$ (24,802)	\$ -	\$ -	\$ (2,008)	\$ (1,621)	\$ -	\$ -	\$ -	\$ (28,431)	\$ 1,621
FPSC ADJUSTED	\$ 342,640	\$ -	\$ 311,186	\$ 125,429	\$ 30,192	\$ (59,018)	\$ -	\$ -	\$ -	\$ 407,789	\$ (65,149)
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	\$ 342,640	\$ -	\$ 311,186	\$ 75,709	\$ 30,192	\$ (39,839)	\$ -	\$ -	\$ -	\$ 377,249	\$ (34,609)

	(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	\$ 3,356,278	\$ (1,139,470)	\$ 2,216,808	\$ -	\$ 15,106	\$ 2,231,914	\$ 367,840	\$ 2,599,754
FPSC ADJUSTMENTS:								
REMOVE NET UNREC. CONSERVATION			\$ -			\$ -	\$ -	\$ -
TOTAL FPSC ADJUSTMENTS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (77,809)	\$ (77,809)
FPSC ADJUSTED	\$ 3,356,278	\$ (1,139,470)	\$ 2,216,808	\$ -	\$ 15,106	\$ 2,231,914	\$ 290,031	\$ 2,521,945
PROFORMA ADJUSTMENTS								
Remove Acquisition Adjustment	\$ (745,800)	\$ 294,175	\$ (451,625)			\$ (451,625)		\$ (451,625)
TOTAL PRO FORMA ADJUSTMENTS	\$ (745,800)	\$ 294,175	\$ (451,625)	\$ -	\$ -	\$ (451,625)	\$ -	\$ (451,625)
PRO FORMA ADJUSTED	\$ 2,610,478	\$ (845,295)	\$ 1,765,183	\$ -	\$ 15,106	\$ 1,780,289	\$ 290,031	\$ 2,070,320

FLORIDA PUBLIC UTILITIES COMPANY
 INDIANTOWN DIVISION
 YEAR END RATE OF RETURN
 For the 12 Months Ending June 30, 2016
 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	\$ 369,450	\$ 24,802	\$ 311,186	\$ 125,429	\$ 32,200	\$ (57,397)				\$ 436,220	\$ (66,770)
FPSC ADJUSTMENTS:											
1) Interest Synchronization						\$ (935)				\$ (935)	\$ 935
2) Elim. Conservation Rev & Exp.	\$ (24,927)	\$ (24,802)			\$ (125)	\$ (0)				\$ (24,927)	\$ (0)
3) Elimination of Revenue Taxes	\$ (1,883)				\$ (1,883)	\$ -				\$ (1,883)	\$ -
4) Income Tax Effective Rate Adjustment						\$ (461)				\$ (461)	\$ 461
5) Remove PGA						\$ -				\$ -	\$ -
TOTAL FPSC ADJUSTMENTS	\$ (26,810)	\$ (24,802)	\$ -	\$ -	\$ (2,008)	\$ (1,396)	\$ -	\$ -	\$ -	\$ (28,206)	\$ 1,396
FPSC ADJUSTED	\$ 342,640	\$ -	\$ 311,186	\$ 125,429	\$ 30,192	\$ (58,793)	\$ -	\$ -	\$ -	\$ 408,014	\$ (65,374)
PROFORM ADJUSTMENTS											
Remove Acquisition Adjustment Amortization				\$ (49,720)		\$ 19,179				\$ (30,541)	\$ 30,541
TOTAL PRO FDRMA ADJUSTMENTS	\$ -	\$ -	\$ -	\$ (49,720)	\$ -	\$ 19,179	\$ -	\$ -	\$ -	\$ (30,541)	\$ 30,541
PRO FORMA ADJUSTED	\$ 342,640	\$ -	\$ 311,186	\$ 75,709	\$ 30,192	\$ (39,614)	\$ -	\$ -	\$ -	\$ 377,473	\$ (34,833)

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	\$ 1,157,557	\$ -	\$ 1,157,557	\$ -	\$ (33,129)	\$1,124,428	47.59%	10.50%	5.00%	11.50%	5.47%	12.50%	5.95%
LONG TERM DEBT	\$ 460,402	\$ -	\$ 460,402	\$ -	\$ (13,176)	\$ 447,226	18.93%	4.95%	0.94%	4.95%	0.94%	4.95%	0.94%
SHORT TERM DEBT	\$ 473,988	\$ -	\$ 473,988	\$ -	\$ (13,566)	\$ 460,422	19.49%	1.38%	0.27%	1.38%	0.27%	1.38%	0.27%
SHORT TERM DEBT REFINANCED LTD	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$ 7,440	\$ -	\$ 7,440	\$ -	\$ -	\$ 7,440	0.31%	2.03%	0.01%	2.03%	0.01%	2.03%	0.01%
DEFERRED INCOME TAXES	\$ 323,394	\$ -	\$ 323,394	\$ -	\$ -	\$ 323,394	13.69%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	6.21%	0.00%	6.68%	0.00%	7.16%	0.00%
TOTAL AVERAGE	\$ 2,422,781	\$ -	\$ 2,422,781	\$ -	\$ (59,871)	\$ 2,362,910	100.00%		6.22%		6.69%		7.17%

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	\$ 1,193,455	\$ -	\$ 1,193,455	\$ -	\$ (42,258)	\$1,151,197	45.65%	10.50%	4.79%	11.50%	5.25%	12.50%	5.71%
LONG TERM DEBT	\$ 445,528	\$ -	\$ 445,528	\$ -	\$ (15,775)	\$ 429,753	17.04%	5.06%	0.86%	5.06%	0.86%	5.06%	0.86%
SHORT TERM DEBT	\$ 558,514	\$ -	\$ 558,514	\$ -	\$ (19,776)	\$ 538,738	21.36%	1.16%	0.25%	1.16%	0.25%	1.16%	0.25%
SHORT TERM DEBT REFINANCED LTD	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$ 8,191	\$ -	\$ 8,191	\$ -	\$ -	\$ 8,191	0.32%	1.85%	0.01%	1.85%	0.01%	1.85%	0.01%
DEFERRED INCOME TAXES	\$ 394,066	\$ -	\$ 394,066	\$ -	\$ -	\$ 394,066	15.63%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	5.90%	0.00%	6.36%	0.00%	6.82%	0.00%
TOTAL YEAR-END	\$ 2,599,754	\$ -	\$ 2,599,754	\$ -	\$ (77,809)	\$ 2,521,945	100.00%		5.91%		6.37%		6.83%

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	\$ 1,157,557	\$ -	\$ 1,157,557	\$ -	\$ (296,787)	\$ 860,770	45.63%	10.50%	4.79%	11.50%	5.25%	12.50%	5.70%
LONG TERM DEBT	\$ 460,402	\$ -	\$ 460,402	\$ -	\$ (118,043)	\$ 342,359	18.15%	4.95%	0.90%	4.95%	0.90%	4.95%	0.90%
SHORT TERM DEBT	\$ 473,988	\$ -	\$ 473,988	\$ -	\$ (121,528)	\$ 352,462	18.68%	1.38%	0.26%	1.38%	0.26%	1.38%	0.26%
SHORT TERM DEBT REFINANCED LTD	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$ 7,440	\$ -	\$ 7,440	\$ -	\$ -	\$ 7,440	0.39%	2.03%	0.01%	2.03%	0.01%	2.03%	0.01%
DEFERRED INCOME TAXES	\$ 323,394	\$ -	\$ 323,394	\$ -	\$ -	\$ 323,394	17.14%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	5.95%	0.00%	6.41%	0.00%	6.86%	0.00%
TOTAL AVERAGE	\$ 2,422,781	\$ -	\$ 2,422,781	\$ -	\$ (536,356)	\$ 1,886,425	100.00%		5.96%		6.42%		6.87%

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	\$ 1,193,455	\$ -	\$ 1,193,455	\$ -	\$ (287,534)	\$ 905,921	43.76%	10.50%	4.59%	11.50%	5.03%	12.50%	5.47%
LONG TERM DEBT	\$ 445,528	\$ -	\$ 445,528	\$ -	\$ (107,339)	\$ 338,189	16.34%	5.06%	0.83%	5.06%	0.83%	5.06%	0.83%
SHORT TERM DEBT	\$ 558,514	\$ -	\$ 558,514	\$ -	\$ (134,561)	\$ 423,953	20.48%	1.16%	0.24%	1.16%	0.24%	1.16%	0.24%
SHORT TERM DEBT REFINANCED LTD	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$ 8,191	\$ -	\$ 8,191	\$ -	\$ -	\$ 8,191	0.40%	1.85%	0.01%	1.85%	0.01%	1.85%	0.01%
DEFERRED INCOME TAXES	\$ 394,066	\$ -	\$ 394,066	\$ -	\$ -	\$ 394,066	19.03%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	5.66%	0.00%	6.10%	0.00%	6.54%	0.00%
TOTAL YEAR-END	\$ 2,599,754	\$ -	\$ 2,599,754	\$ -	\$ (529,434)	\$ 2,070,320	100.00%		5.67%		6.11%		6.55%