

GU616-11-AR

**ANNUAL REPORT OF  
NATURAL GAS UTILITIES**

**OFFICIAL COPY**  
**Public Service Commission**  
**Do Not Remove from this Office**

FLORIDA DIVISION OF CHESAPEAKE UTILITIES CORPORATION  
(EXACT NAME OF RESPONDENT)

WINTER HAVEN, FLORIDA  
(ADDRESS OF RESPONDENT)

TO THE

FLORIDA PUBLIC SERVICE COMMISSION

FOR THE

YEAR ENDED DECEMBER 31, 2011

ECONOMIC REGULATION

12/11/11 2:44:54

Officer or other person to whom correspondence should be addressed concerning this report:

Name	Cheryl Martin	Title	Director of Regulatory Affairs		
Address	1641 Worthington Road Suite 220	City	West Palm Beach	State	FL
Telephone No.	561.838.1725	PSC/ECR 020-G (12/03)			



## Independent Auditors' Report

Board of Directors  
Chesapeake Utilities Corporation and Central Florida Gas

We have audited the balance sheets of Chesapeake Utilities Corporation - Florida Division as of December 31, 2011 and 2010, and the accompanying statements of income for each of the two years in the period ended December 31, 2011 and the statement of retained earnings for the year ended December 31, 2011, included on pages 6 through 11 of the accompanying Annual Report of Natural Gas Utilities, as filed with the Florida Public Service Commission. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, these financial statements were prepared in accordance with the accounting requirements of the Florida Public Service Commission, which is substantially equivalent to the accounting requirements of the Federal Energy Regulatory Commission as set forth in its applicable Uniform System of Accounts and published accounting releases, which is a comprehensive basis of accounting other than generally accepted accounting principles in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Chesapeake Utilities Corporation - Florida Division as of December 31, 2011 and 2010 and the results of its operations for the years then ended, in accordance with accounting requirements of the Florida Public Service Commission, which are substantially equivalent to the accounting requirements of the Federal Energy Regulatory Commission as set forth in the applicable Uniform System of Accounts and published accounting releases.

This report is intended solely for the information and use of the board of directors of Chesapeake Utilities Corporation, management of Chesapeake Utilities Corporation - Florida Division and for filing with the Florida Public Service Commission and should not be used for any other purpose.

*ParenteBeard LLC*

Philadelphia, Pennsylvania  
June 26, 2012

12 JUL -2 PM 4:54  
REGULATION

**INSTRUCTIONS FOR FILING THE  
ANNUAL REPORT OF NATURAL GAS UTILITIES**

**GENERAL INSTRUCTIONS**

- I. Prepare this report in conformity with the Uniform System of Accounts (18 CFR 201) (U.S. of A.). Interpret all accounting words and phrases in accordance with the U.S. of A.
- II. Enter in whole numbers (dollars or Mcf) only, except where otherwise noted. (Enter cents for averages and figures per unit where cents are important.) The truncating of cents is allowed except on the four basic financial statements where rounding to dollars is required. The amounts shown on all supporting pages must agree with the amounts entered on the statements that they support. When applying thresholds to determine significance for reporting purposes, use for balance sheet accounts the balances at the end of the current reporting year, and use for statement of income accounts the current year's amounts.
- III. Complete each question fully and accurately, even if it has been answered in a previous annual report. Enter the word "None" where it truly and completely states the fact.
- IV. For any page that is not applicable to the respondent, enter the words "Not Applicable" on the particular page.
- V. Provide a supplemental statement further explaining accounts or pages as necessary. Attach the supplemental statement to the page being supplemented on 8 1/2 by 11 inch paper. Provide the appropriate identification information on the supplemental page, including the title of the page and the page number. Do not change the page numbers.
- VI. Do not make references to reports of previous years or to other reports in lieu of required entries, except as specifically authorized.
- VII. Wherever schedule pages refer to figures from a previous year, the figures reported must be based upon those shown by the annual report of the previous year, or an appropriate explanation given as to why different figures were used.
- VIII. Report all gas volumes on a pressure base of 14.73 psia and a temperature base of 60° F.

**DEFINITIONS**

- I. Btu per cubic foot - The total heating value expressed in Btu, produced by the combustion, at constant pressure, of the amount of the gas which would occupy a volume of 1 cubic foot at a temperature of 60° F if saturated with water vapor and under a pressure equivalent to that of 30 inches of mercury at 32° F, and under standard gravitational force (980.665 cm per sec. <sup>2</sup>) with air of the same temperature and pressure as the gas, when the products of combustion are cooled to the initial temperature of gas and air when the water formed by combustion is condensed to the liquid state. (Sometimes called gross heating value or total heating value.)
- II. Respondent - The person, corporation, licensee, agency, authority, or other legal entity or instrumentality in whose behalf the report is made.

# ANNUAL REPORT OF NATURAL GAS UTILITIES

## IDENTIFICATION

01 Exact Legal Name of Respondent CHESAPEAKE UTILITIES CORPORATION - FLORIDA DIVISION	02 Year of Report 31-Dec-11
03 Previous Name and Date of Change (if name changed during year)	
04 Address of Principal Office at End of Year (Street, City, State, Zip Code) 1015 6TH ST. NW, WINTER HAVEN, FL 33881	
05 Name of Contact Person CHERYL MARTIN	06 Title of Contact Person DIRECTOR OF REGULATORY AFFAIRS
07 Address of Contact Person (Street, City, State, Zip Code) 1641 WORTHINGTON ROAD SUITE 220, WEST Palm BEACH FL 33409	
08 Telephone of Contact Person, Including Area Code 561.838.1725	09 Date of Report (Mo., Day, Yr) June 28, 2012

## ATTESTATION

I certify that I am the responsible accounting officer of

### CHESAPEAKE UTILITIES CORPORATION

that I have examined the following report; that to the best of my knowledge, information, and belief, all statements of fact contained in the said report are true and the said report is a correct statement of the business and affairs of the above-named respondent in respect to each and every matter set forth therein during the period from January 1, 2010 to December 31, 2010, inclusive.

I also certify that all affiliated transfer prices and affiliated cost allocations were determined consistent with the methods reported to this Commission on the appropriate forms included in this report.

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 or her official duty shall be guilty of a misdemeanor of the second degree, punishable as provided in S. 775.082 and S. 775.083.

Beth W. Cooper  
Signature

BETH W. COOPER  
Name

June 29, 2012  
Date

SR VICE PRESIDENT, CHIEF FINANCIAL OFFICER  
Title

**TABLE OF CONTENTS**

Title of Schedule (a)	Page No. (b)	Title of Schedule (a)	Page No. (b)
<b>GENERAL CORPORATE INFORMATION AND FINANCIAL STATEMENTS</b>		<b>INCOME ACCOUNT SUPPORTING SCHEDULES</b>	
Control Over Respondent	3	Gas Operating Revenues	26
Corporations Controlled By Respondent	3	Gas Operation and Maintenance Expenses	27-29
Officers	4	Number of Gas Department Employees	29
Directors	4	Gas Purchases	30
Security Holders and Voting Powers	5	Gas Used in Utility Operations - Credit	30
Important Changes During the Year	5	Regulatory Commission Expenses	31
Comparative Balance Sheet	6-7	Miscellaneous General Expenses - Gas	31
Statement of Income	8-9	Distribution of Salaries and Wages	32
Statement of Retained Earnings	10	Charges for Outside Prof. and Other Consultative Serv	33
Notes to Financial Statements	11	Particulars Concerning Certain Income Deduction and Interest Charges Accounts	33
<b>BALANCE SHEET SUPPORTING SCHEDULES</b>		<b>REGULATORY ASSESSMENT FEE</b>	
<b>(Assets And Other Debits)</b>		Reconciliation of Gross Operating Revenues - Annual Report versus Regulatory Assessment Fee Return	
Summary of Utility Plant and Accum. Prov. for Depreciation, Amortization, and Depletion	12		34
Gas Plant in Service	13-14	<b>DIVERSIFICATION ACTIVITY</b>	
Accumulated Depreciation & Amortization	15-16	Corporate Structure	
Construction Work in Progress - Gas	17		35
Construction Overheads - Gas	17	Summary of Affiliated Transfers and Cost Allocations	36
Prepayments	18	New or Amended Contracts with Affiliated Companies	37
Extraordinary Property Losses	18	Individual Affiliated Transactions in Excess of \$25,000	37
Unrecovered Plant and Regulatory Study Costs	18	Assets or Rights Purchased from or Sold to Affiliates	38
Other Regulatory Assets	19	Employee Transfers	38
Miscellaneous Deferred Debits	19		
<b>(Liabilities and Other Credits)</b>			
Securities Issued and Securities Refunded or Retired During the Year	20		
Unamortized Loss and Gain on Reacquired Debt	20		
Long-Term Debt	21		
Unamortized Debt Exp., Premium and Discount on Long-Term Debt	21		
Miscellaneous Current and Accrued Liabilities	22		
Other Deferred Credits	22		
Other Regulatory Liabilities	22		
Taxes Other Than Income Taxes	23		
Accumulated Deferred Investment Tax Credits	23		
Accumulated Deferred Income Taxes	24		
Reconciliation of Reported Net Income with Taxable Income for Federal Income Taxes	25		

Name of Respondent CHESAPEAKE UTILITIES CORPORATION - FLORIDA DIVISION	For the Year Ended Dec. 31, 2011
---	-------------------------------------

**CONTROL OVER RESPONDENT**

1. If any corporation, business trust, or similar organization or combination of such organizations jointly held control over the respondent at end of year, state name of controlling corporation or organization, manner in which control was held, and extent of control. If control was in a holding company organization, show the chain of ownership or control to the main parent company or organization. If control was held by a trustee(s), state name of trustee(s).	2. If the above required information is available from the SEC 10-K Report Form filing, a specific reference to the report form (i.e. year and company title) may be listed provided the fiscal years for both the 10-K report and this report are compatible.

**CORPORATIONS CONTROLLED BY RESPONDENT**

1. Report below the names of all corporations, business trusts, and similar organizations, controlled directly or indirectly by respondent at any time during the year. If control ceased prior to end of year, give particulars (details) in a footnote.	3. If control was held jointly with one or more other interests, state the fact in a footnote and name the other interests.
2. If control was by other means than a direct holding of voting rights, state in a footnote the manner in which control was held, naming any intermediaries involved.	4. If the above required information is available from the SEC 10-K Report Form filing, a specific reference to the report form (i.e. year and company title) may be listed in column (a) provided the fiscal years for both the 10-K report and this report are compatible.

**DEFINITIONS**

1. See the Uniform System of Accounts for a definition of control.	control or direct action without the consent of the other, as where the voting control is equally divided between two holders, or each party holds a veto power over the other. Joint control may exist by mutual agreement or understanding between two or more parties who together have control within the meaning of the definition of control in the Uniform System of Accounts, regardless of the relative voting rights of each party.
2. Direct control is that which is exercised without interposition of an intermediary.	
3. Indirect control is that which is exercised by the interposition of an intermediary which exercises direct control.	
4. Joint control is that in which neither interest can effectively	

Name of Company Controlled (a)	Kind of Business (b)	Percent Voting Stock Owned (c)	Footnote Ref. (d)
THE FLORIDA DIVISION OF CHESAPEAKE UTILITIES CORPORATION DOES NOT CONTROL ANY OTHER ORGANIZATIONS, BUSINESS TRUSTS, OR CORPORATIONS. HOWEVER, OUR PARENT COMPANY, CHESAPEAKE UTILITIES DOES DIRECTLY OR INDIRECTLY CONTROL OTHER SUBSIDIARIES. THESE ORGANIZATIONS ARE LISTED IN CHESAPEAKE'S FORM 10-K.			

**OFFICERS**

1. Report below the name, title and salary for each executive officer whose salary is \$50,000 or more. An "executive officer" of a respondent includes its president, secretary, treasurer, and vice president in charge of a principal business unit, division or function (such as sales, administration or finance), and any other person who performs similar policymaking functions.

2. If a change was made during the year in the incumbent of any position, show name and total remuneration of the previous incumbent, and date the change in incumbency was made.

Title (a)	Name of Officer (b)	Salary for Year (c)
Chief Executive Officer	Michael P. McMasters	\$ 28,945
Senior Vice President	Stephen C. Thompson	\$ 72,813
Senior Vice President, Chief Financial Officer	Beth W. Cooper	\$ 22,348
Vice President	Thomas A. Geoffroy	
<p>Note: The salaries above represent only that portion allocated to the Florida Division of Chesapeake Utilities Corporation.</p> <p>Note: Thomas Geoffroy left the Company effective December 31, 2011</p>		

**DIRECTORS**

1. Report below the information called for concerning each director of the respondent who held office at any time during the year. Include in column (a) abbreviated titles of the directors who are officers of the respondent.

2. Designate members of the Executive Committee by an asterisk and the Chairman of the Executive Committee by a double asterisk.

Name (and Title) of Director (a)	Principal Business Address (b)	No. of Directors Meetings During Yr. (c)	Fees During Year (d)
Ralph J. Adkins, Chairman of Board	909 Silver Lake Blvd. , Dover Delaware 19901	21	\$ 1,319
John R. Schimkaitis, Vice Chairman	909 Silver Lake Blvd. , Dover Delaware 19901	10	\$ 1,319
Dennis S. Hudson, Director	909 Silver Lake Blvd. , Dover Delaware 19901	13	\$ 1,660
Richard Bernstein, Director	909 Silver Lake Blvd. , Dover Delaware 19901	13	\$ 1,660
Calvert A. Morgan, Jr., Director	909 Silver Lake Blvd. , Dover Delaware 19901	18	\$ 2,115
J. Peter Martin, Director	909 Silver Lake Blvd. , Dover Delaware 19901	13	\$ 1,660
Joseph E. Moore, Esq., Director	909 Silver Lake Blvd. , Dover Delaware 19901	19	\$ 2,229
Thomas J. Bresnan, Director	909 Silver Lake Blvd. , Dover Delaware 19901	13	\$ 1,660
Eugene H. Bayard, Director	909 Silver Lake Blvd. , Dover Delaware 19901	12	\$ 1,546
Thomas P. Hill, Jr., Director	909 Silver Lake Blvd. , Dover Delaware 19901	15	\$ 1,887
Dianna F. Morgan, Director	909 Silver Lake Blvd. , Dover Delaware 19901	13	\$ 1,660
Paul L. Maddock, Director	909 Silver Lake Blvd. , Dover Delaware 19901	12	\$ 1,546
Michael P. McMasters, President & CEO	909 Silver Lake Blvd. , Dover Delaware 19901	24	\$ -
<p>Note: The fees above represent only that portion allocated to the Florida Division of Chesapeake Utilities Corporation.</p>			

**SECURITY HOLDERS AND VOTING POWERS**

1. Give the names and addresses of the 10 security holders of the respondents who, at the date of the latest closing of the stock book or compilation of the list of stockholders of the respondent, prior to the end of the year, had the highest voting powers in the respondent, and state the number of votes which each would have had the right to cast on that date if a meeting were in order. If any such holder held in trust, give in a footnote the known particulars of the trust (whether voting trust, etc.) duration of the trust, and principal holders of beneficiary interests in the trust. If the stock book was not closed or a list of stockholders was not compiled within one year prior to the end of the year, or if since the previous compilation of a list of stockholders, some other class of security has become vested with voting rights, then show such 10 security holders as of the close of the year. Arrange the names of the security holders in the order of voting power, commencing with the highest. Show in column (a) the titles of officers and directors included in such list of 10 security holders.

2. If any security other than stock carries voting rights, explain in a supplemental statement of circumstances whereby such security became vested with voting rights and give others important particulars (details) concerning the voting rights of such security. State whether voting rights are actual or contingent if contingent, describe the contingency.

3. If any class or issue of security has any special privileges in the election of directors, trustees or managers, or in the determination of corporate action by any method, explain briefly in a footnote.

4. Furnish particulars (details) concerning any options, warrants, or rights outstanding at the end of the year for others to purchase securities of the respondent or any securities or other assets owned by the respondent, including prices, expiration dates, and other material information relating to exercise of the options, warrants, or rights. Specify the amount of such securities or assets so entitled to be purchased by any officer, director, associated company, or any of the ten largest security holders.

Name (Title) and Address of Security Holder (a)	VOTING SECURITIES			
	Number of votes as of (date):			
	Total Votes (b)	Common Stock (c)	Preferred Stock (d)	Other (e)
TOTAL votes of all voting securities				
TOTAL number of security holders				
TOTAL votes of security holders listed below				
Shareholder information may be obtained through:  Beth Cooper, Senior Vice President, CFO 909 Silver Lake Boulevard Dover, Delaware 19901				

**IMPORTANT CHANGES DURING THE YEAR**

Give particulars (details) concerning the matters indicated below. Make the statements explicit and precise, and number them in accordance with the inquires. Each inquiry should be answered. Enter "none" "not applicable," or "NA" where applicable. If information which answers an inquiry is given elsewhere in the report, make a reference to the schedule in which it appears.

1. Acquisition of ownership in other companies by reorganization, merger, or consolidation with other companies: Give name of companies involved, particulars concerning the transactions.

2. Purchase or sale of an operating unit or system: Give brief description of the property, and of the transactions relating thereto, and reference to Commission authorization, if any was required.

3. Important extension or reduction of transmission or distribution system: State territory added or relinquished and date operations began or ceased also the approximate number of customers added or lost and approximate annual revenues of each class of service.

4. State briefly the status of any materially important legal proceedings pending at the end of the year, and the results of any such proceedings culminated during the year.

5. State briefly the status of any materially important transactions of the respondent not disclosed elsewhere in this report in which an officer, director, security holder, voting trustee, associated company or known associate of any of these persons was a party or in which any such person had a material interest.

- 1 None
- 2 None
- 3 None
- 4 None
- 5 None



**COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)**

Line No.	Title of Account (a)	Ref. Page No. (b)	Balance at Beginning of Year (c)	Balance at End of Year (d)
1	UTILITY PLANT			
2	Utility Plant (101-106, 114)	12	\$ 62,942,266	\$ 66,094,890
3	Construction Work in Progress (107)	12	\$ 497,156	\$ 108,301
4	TOTAL Utility Plant Total of lines 2 and 3)		\$ 63,439,422	\$ 66,203,191
5	(Less) Accum. Prov. for Depr., Amort., Depl. & Acq. Adj. (108, 111, 115)	12	\$ (20,656,558)	\$ (23,193,135)
6	Net Utility Plant (Total of line 4 less 5)		\$ 42,782,864	\$ 43,010,057
7	Utility Plant Adjustments (116)	11		
8	Gas Stored (117.1, 117.2, 117.3, 117.4)	-		
9	OTHER PROPERTY AND INVESTMENTS			
10	Nonutility Property (121)	-		
11	(Less) Accum. Prov. for Depr. and Amort. (122)	-		
12	Investments in Associated Companies (123)	-		
13	Investment in Subsidiary Companies (123.1)	-		
14	Other Investments (124)	-		
15	Special Funds (125, 126, 128)	-		
16	TOTAL Other Property and Investments (Total of lines 10 through 15)			
17	CURRENT AND ACCRUED ASSETS			
18	Cash (131)	-	\$ (93,814)	\$ (45,172)
19	Special Deposits (132-134)	-		
20	Working Funds (135)	-	\$ 200	\$ 1,000
21	Temporary Cash Investments (136)	-		
22	Notes Receivable (141)	-		
23	Customer Accounts Receivable (142)	-	\$ 3,158,016	\$ 2,458,166
24	Other Accounts Receivable (143)	-	\$ (31,353)	\$ 108,456
25	(Less) Accumulated Provision for Uncollectible Accounts-Credit (144)	-	\$ (65,201)	\$ (163,600)
26	Notes Receivable from Associated Companies (145)	-		
27	Accounts Receivable from Associated Companies (146)	-	\$ (10,147,509)	\$ (7,088,489)
28	Fuel Stock (151)	-		
29	Fuel Stock Expense Undistributed (152)	-		
30	Residuals (Electric) and Extracted Products (Gas) (153)	-		
31	Plant Material and Operating Supplies (154)	-	\$ 715,198	\$ 536,965
32	Merchandise (155)	-		
33	Other Material and Supplies (156)	-		
34	Stores Expenses Undistributed (163)	-		
35	Gas Stored Underground & LNG Stored (164.1-164.3)	-		
36	Prepayments (165)	18	\$ 281,937	\$ 281,989
37	Advances for Gas (166-167)	-		
38	Interest and Dividends Receivable (171)	-		
39	Rents Receivable (172)	-		
40	Accrued Utility Revenues (173)	-		
41	Miscellaneous Current and Accrued Assets (174)	-		
42	TOTAL Current and Accrued Assets (Total of lines 18 through 41)		\$ (6,182,526)	\$ (3,984,198)
43	DEFERRED DEBITS			
44	Unamortized Debt Expense (181)	-		
45	Extraordinary Property Losses (182.1)	18		
46	Unrecovered Plant and Regulatory Study Costs (182.2)	18		
47	Other Regulatory Assets (182.3)	19		
48	Preliminary Survey and Investigation Charges (Gas) (183.1, 183.2)	-		
49	Clearing Accounts (184)	-		
50	Temporary Facilities (185)	-		
51	Miscellaneous Deferred Debits (186)	19	\$ 863,972	\$ 557,646
52	Deferred Losses from Disposition of Utility Plant. (187)	-		
53	Research, Development and Demonstration Expenditures (188)	-		
54	Unamortized Loss on Reacquired Debt (189)	20		
55	Accumulated Deferred Income Taxes (190)	24	\$ 719,642	\$ 717,969
56	Unrecovered Purchased Gas Costs (191)	-		
57	TOTAL Deferred Debits (Total of lines 44 through 56)		\$ 1,583,614	\$ 1,275,615
58	TOTAL Assets and other Debits (Total of lines 6, 7, 8, 16, 42, 57)		\$ 38,183,952	\$ 40,301,473

**COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)**

Line No.	Title of Account (a)	Ref. Page No. (b)	Balance at Beginning of Year (c)	Balance at End of Year (d)
1	PROPRIETARY CAPITAL			
2	Common Stock (201, 202, 203, 205, 206, 207)	-		
3	Preferred Stock Issued (204)	-		
4	Other Paid-In Capital (208-214)	-		
5	Retained Earnings (215, 216)	10	\$ 25,581,384	\$ 28,022,333
6	Unappropriated Undistributed Subsidiary Earnings (216.1)	10		
7	(Less) Reacquired Capital Stock (217)	-		
8	TOTAL Proprietary Capital (Total of lines 2 through 7)		\$ 25,581,384	\$ 28,022,333
9	LONG-TERM DEBT			
10	Bonds (221)	21		
11	(Less) Reacquired Bonds (222)	21		
12	Advances from Associated Companies (223)	21		
13	Other Long-Term Debt (224)	21		
14	Unamortized Premium on Long-Term Debt (225)	21		
15	(Less) Unamortized Discount on Long-Term Debt-Debit (226)	21		
16	TOTAL Long-Term Debt (Total of lines 10 through 15)			
17	OTHER NONCURRENT LIABILITIES			
18	Obligations Under Capital Leases - Noncurrent (227)	-		
19	Accumulated Provision for Property Insurance (228.1)	-		
20	Accumulated Provision for Injuries and Damages (228.2)	-	\$ 81,980	\$ 110,070
21	Accumulated Provision for Pensions and Benefits (228.3)	-	\$ 307,533	\$ 347,399
22	Accumulated Miscellaneous Operating Provisions (228.4)	-		
23	Accumulated Provision for Rate Refunds (229)	-		
24	TOTAL Other Noncurrent Liabilities (Total of lines 18 through 23)		\$ 389,512	\$ 457,468
25	CURRENT AND ACCRUED LIABILITIES			
26	Notes Payable (231)	-		
27	Accounts Payable (232)	-	\$ 2,014,750	\$ 497,908
28	Notes Payable to Associated Companies (233)	-		
29	Accounts Payable to Associated Companies (234)	-		
30	Customer Deposits (235)	-	\$ 1,005,131	\$ 966,380
31	Taxes Accrued (236)	-	\$ (546,259)	\$ (500,108)
32	Interest Accrued (237)	-	\$ 51,811	\$ 27,756
33	Dividends Declared (238)	-		
34	Matured Long-Term Debt (239)	-		
35	Matured Interest (240)	-		
36	Tax Collections Payable (241)	-	\$ 149,687	\$ 153,788
37	Miscellaneous Current and Accrued Liabilities (242)	22	\$ 235,541	\$ 83,260
38	Obligations Under Capital Leases-Current (243)	-		
39				
40	TOTAL Current and Accrued Liabilities (Total of lines 26 through 39)		\$ 2,910,661	\$ 1,228,985
41	DEFERRED CREDITS			
42	Customer Advances for Construction (252)	-	\$ 22,955	\$ 157,041
43	Other Deferred Credits (253)	22	\$ (1,279,935)	\$ (1,534,969)
44	Other Regulatory Liabilities (254)	22	\$ 1,977,000	\$ 1,977,000
45	Accumulated Deferred Investment Tax Credits (255)	23	\$ 113,241	\$ 93,717
46	Deferred Gains from Disposition of Utility Plant (256)	-		
47	Unamortized Gain on Reacquired Debt (257)	20		
48	Accumulated Deferred Income Taxes (281-283)	24	\$ 8,469,133	\$ 9,899,899
49	TOTAL Deferred Credits (Total of lines 42 through 48)		\$ 9,302,394	\$ 10,592,687
50				
51	TOTAL Liabilities and Other Credits (Total of lines 8, 16, 24, 40 and 49)		\$ 38,183,952	\$ 40,301,473

**STATEMENT OF INCOME**

1. Use page 11 for important notes regarding the statement of income or any account thereof.  
2. Give concise explanations on page 11 concerning significant amounts of any refunds made or received during the year.  
3. Enter on page 11 a concise explanation of only those changes in accounting methods made during the year

which had an effect on net income, including the basis of allocations and apportionments from those used in the preceding year. Also give the approximate dollar effect of such changes.  
4. Explain in a footnote if the previous year's figures are different from that reported in prior reports.

Line No.	Account (a)	Ref. Page No. (b)	Total Gas Utility Current Year (c)	Total Gas Utility Previous Year (d)
1	UTILITY OPERATING INCOME			
2	Operating Revenues (400)	26	\$ 15,386,668	\$ 14,898,566
3	Operating Expenses			
4	Operation Expenses (401)	27-29	\$ 5,995,129	\$ 6,550,073
5	Maintenance Expenses (402)	27-29	\$ 1,132,979	\$ 295,958
6	Depreciation Expense (403)	15-16	\$ 2,330,836	\$ 2,183,178
7	Amortization & Depletion of Utility Plant (404-405)	-	\$ 424	\$ 424
8	Amortization of Utility Plant Acquisition Adjustment (406)	-		
9	Amortization of Property Losses, Unrecovered Plant and Regulatory Study Costs (407.1)	-		
10	Amortization of Conversion Expenses (407.2)	-		
11	Regulatory Debits (407.3)	-		
12	(Less) Regulatory Credits (407.4)	-		
13	Taxes Other Than Income Taxes (408.1)	23	\$ 1,206,347	\$ 1,602,812
14	Income Taxes - Federal (409.1)	-	\$ (40,099)	\$ -
15	- Other (409.1)	-	\$ 133,844	\$ 177,566
16	Provision for Deferred Income Taxes (410.1)	24	\$ 1,611,120	\$ 1,826,200
17	(Less) Provision for Deferred Income Taxes - Cr.(411.1)	24	\$ (182,064)	\$ (657,375)
18	Investment Tax Credit Adjustment - Net (411.4)	23		
19	(Less) Gains from Disposition of Utility Plant (411.6)	-		
20	Losses from Disposition of Utility Plant (411.7)	-		
21	Other Operating Income (412-414)	-		
22	TOTAL Utility Operating Expenses (Total of lines 4 -21)		\$ 12,188,516	\$ 11,978,836
23	Net Utility Operating Income (Total of line 2 less 22)			
24	(Carry forward to page 9, line 25)		\$ 3,198,152	\$ 2,919,730

Name of Respondent CHESAPEAKE UTILITIES CORPORATION - FLORIDA DIVISION	For the Year Ended Dec. 31, 2011
---	-------------------------------------

**STATEMENT OF INCOME (Continued)**

Line No.	Account (a)	Ref. Page No. (b)	TOTAL	
			Current Year (c)	Previous Year (d)
25	Net Utility Operating Income (Carried forward from page 8)		\$ 3,198,152	\$ 2,919,730
26	<b>Other Income and Deductions</b>			
27	Other Income			
28	Nonutility Operating Income			
29	Revenues From Merchandising, Jobbing and Contract Work (415)	-		
30	(Less) Costs and Exp. of Merchandising, Job & Contract Work (416)	-		
31	Revenues From Nonutility Operations (417)	-	\$ 128	\$ 6,077
32	(Less) Expenses of Nonutility Operations (417.1)	-		
33	Nonoperating Rental Income (418)	-		
34	Equity in Earnings of Subsidiary Companies (418.1)	10		
35	Interest and Dividend Income (419)	-	\$ 4,689	\$ 21,755
36	Allowance for Other Funds Used During Construction (419.1)	-		
37	Miscellaneous Nonoperating Income (421)	-	\$ -	\$ 121
38	Gain on Disposition of Property (421.1)	-		
39	TOTAL Other Income (Total of lines 29 through 38)		\$ 4,817	\$ 27,953
40	Other Income Deductions			
41	Loss on Disposition of Property (421.2)	-		
42	Miscellaneous Amortization (425)	33		
43	Miscellaneous Income Deductions (426.1-426.5)	33	\$ (500)	\$ (2,279)
44	TOTAL Other Income Deductions (Total of lines 41 through 43)		\$ (500)	\$ (2,279)
45	Taxes Applicable to Other Income and Deductions			
46	Taxes Other Than Income Taxes (408.2)	-		
47	Income Taxes - Federal (409.2)	-	\$ -	\$ -
48	Income Taxes - Other (409.2)	-	\$ 2,222	\$ 28,417
49	Provision for Deferred Income Taxes (410.2)	24	\$ (17,334)	\$ (38,321)
50	(Less) Provision for Deferred Income Taxes - Credit (411.2)	24	\$ 13,447	
51	Investment Tax Credit Adjustment - Net (411.5)	-		
52	(Less) Investment Tax Credits (420)	-	\$ 19,524	\$ 19,524
53	TOTAL Taxes on Other Inc. and Ded. (Total of 46 through 52)		\$ 17,859	\$ 9,620
54	Net Other Income and Deductions (Total of lines 39,44,53)		\$ 22,176	\$ 35,294
55	<b>Interest Charges</b>			
56	Interest on Long-Term Debt (427)	-	\$ 685,533	\$ 873,264
57	Amortization of Debt Discount and Expense (428)	21	\$ 4,555	\$ 6,142
58	Amortization of Loss on Reacquired Debt (428.1)	-		
59	(Less) Amortization of Premium on Debt - Credit (429)	21		
60	(Less) Amortization of Gain on Reacquired Debt - Credit (429.1)	-		
61	Interest on Debt to Associated Companies (430)	33		
62	Other Interest Expense (431)	33	\$ 89,291	\$ 95,723
63	(Less) Allowance for Borrowed Funds Used During Const.-Credit (432)	-		
64	Net Interest Charges (Total of lines 56 through 63)		\$ 779,379	\$ 975,129
65	Income Before Extraordinary Items (Total of lines 25, 54 and 64)		\$ 2,440,949	\$ 1,979,895
66	<b>Extraordinary Items</b>			
67	Extraordinary Income (434)	-		
68	(Less) Extraordinary Deductions (435)	-		
69	Net Extraordinary Items (Total of line 67 less line 68)			
70	Income Taxes - Federal and Other (409.3)	-		
71	Extraordinary Items After Taxes (Total of line 69 less line 70)			
72	Net Income (Total of lines 65 and 71)		\$ 2,440,949	\$ 1,979,895

**STATEMENT OF RETAINED EARNINGS**

1. Report all changes in appropriated retained earnings, and unappropriated retained earnings for the year.
2. Each credit and debit during the year should be identified as to the retained earnings account in which recorded (Accounts 433, 436-439 inclusive). Show the contra primary account affected in column (b).
3. State the purpose and amount for each reservation or appropriation of retained earnings.
4. List first Account 439, Adjustments to Retained Earnings, reflecting adjustments to the opening balance of retained earnings. Follow by credit, then debit items, in that order.
5. Show dividends for each class and series of capital stock.
6. Show separately the state and federal income tax effect of items shown in account 439, Adjustments to Retained Earnings.
7. Explain in a footnote the basis for determining the amount reserved or appropriated. If such reservations or appropriation is to be recurrent, state the number and annual amounts to be reserved or appropriated as well as the totals eventually to be accumulated.
8. If any notes appearing in the report to stockholders are applicable to this statement attach them at page 11.

Line No.	Item (a)	Contra Primary Account Affected (b)	Amount (c)
<b>UNAPPROPRIATED RETAINED EARNINGS (Account 216)</b>			
1	Balance - Beginning of Year		\$ 25,581,384
2	Changes (Identify by prescribed retained earnings accounts)		
3	Adjustments to Retained Earnings (Account 439):		
4	Credit:		
5	Credit:		
6	TOTAL Credits to Retained Earnings (Account 439) (Total of lines 4 and 5)		
7	Debit:		
8	Debit:		
9	TOTAL Debits to Retained Earnings (Account 439) (Total of lines 7 and 8)		
10	Balance Transferred from Income (Account 433 less Account 418.1)		\$ 2,440,949
11	Appropriations of Retained Earnings (Account 436) TOTAL		
12	Dividends Declared - Preferred Stock (Account 437) TOTAL		
13	Dividends Declared - Common Stock (Account 438) TOTAL		
14	Transfers from Acct. 216.1, Unappropriated Undistributed Subsidiary Earnings		
15	FAS 133 Other Comprehensive Income		
16	Balance - End of Year (Total of lines 01, 6, 9, 10, 11, 12, 13, 14 and 15)		\$ 28,022,333
<b>APPROPRIATED RETAINED EARNINGS (Account 215)</b>			
	State balance and purpose of each appropriated retained earnings amount at end of year and give accounting entries for any applications of appropriated retained earnings during the year.		
17			
18			
19			
20			
21			
22			
23	TOTAL Appropriated Retained Earnings (Account 215)		
	TOTAL Retained Earnings (Account 215 and 216) (Total of lines 16 and 23)		\$ 28,022,333

**Chesapeake Utilities Corporation – Florida Division**  
**Notes to the Financial Statements**

1. Summary of Accounting Policies

Nature of Business

The Florida Division (“we” or “CFG”) of Chesapeake Utilities Corporation (“Chesapeake”) is engaged in the distribution of natural gas. We provide only unbundled delivery service. We serve approximately 14,800 residential, commercial and industrial customers in Polk, Osceola, Citrus, DeSoto, Liberty, Hillsborough, Holmes, Jackson, Gadsden, Gilchrist, Union, Washington, Pasco and Suwannee counties in Florida. Our rates and services are subject to regulation by the Florida Public Service Commission (“FPSC”).

Basis of Presentation

Our financial statements are prepared in conformity with the accounting requirements of the FPSC, which are substantially equivalent to the accounting requirements of the Federal Energy Regulatory Commission (“FERC”) as set forth in the applicable Uniform System of Accounts and published accounting releases, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (“US GAAP”). The accounting requirements of the FPSC and the FERC applied by us in these financial statements are consistent with US GAAP, except for:

- lack of reclassification of certain negative balances on the balance sheets;
- the presentation of deferred income tax assets and liabilities separately rather than as a single amount;
- the presentation of cost of removal as a component of accumulated depreciation rather than as a regulatory liability;
- lack of detail property, plant and equipment component costs disclosure;
- lack of detail regulatory assets and liability disclosure;
- the omission of the statements of cash flows; and
- the omission of the statement of retained earnings for prior year for a comparative presentation.

Use of Estimates

Our financial statements are prepared based on the accounting requirements of the FERC, which require management to make estimate in measuring assets and liabilities and related revenues and expenses. These estimates involve judgments with respect to, among other things, various future economic factors that are difficult to predict and are beyond our control; therefore, actual results could differ from those estimates.

**Chesapeake Utilities Corporation – Florida Division**  
**Notes to the Financial Statements**

Utility Plant

Property, plant and equipment are stated at original cost less accumulated depreciation or fair value, if impaired. Costs include direct labor, materials and third-party construction contractor costs, allowance for capitalized interest and certain indirect costs related to equipment and employees engaged in construction. The costs of repairs and minor replacements are charged against income as incurred, and the costs of major renewals and betterments are capitalized. Upon retirement or disposition of utility property, the gain or loss, net of salvage value, is charged to accumulated depreciation.

The allowance for funds used during construction (“AFUDC”) is an accounting procedure whereby the cost of borrowed and other funds used to finance construction projects is capitalized as part of utility plant on the balance sheet and is credited as non-cash items on the income statement. The costs of borrowed and equity funds are segregated between interest expense and other income, respectively. We did not capitalize AFUDC on utility plant for the years ended December 31, 2011 and 2010, respectively.

Depreciation

The provision for depreciation is computed using the straight-line method at rates that amortize the unrecovered cost of depreciable property over the estimated remaining useful life of the asset, as approved by the FPSC. Depreciation and amortization expenses are provided at an annual rate averaging 3.8 percent and 3.7 percent for 2011 and 2010, respectively.

In accordance with the accounting requirements of the FERC, we include the accretion of the cost of removal for future retirements of utility assets as depreciation expense. For the years ended December 31, 2011 and 2010, \$611,263 and \$581,739, respectively, of such accretion was included in depreciation expense. We also report certain depreciation expense, mainly related to vehicle, computer software and hardware, in operations expense rather than depreciation expense to comply with the accounting requirements of the FERC. For the years ended December 31, 2011 and 2010, \$117,582 and \$114,531, respectively, of such depreciation was reported as operations expense.

Cash and Cash Equivalents

Our cash is held in Chesapeake’s name. Chesapeake’s policy is to invest cash in excess of operating requirements in overnight income producing accounts. Investments with an original maturity of three months or less when purchased are considered cash equivalents.

Inventories

We use the average cost method to value propane, materials and supplies, and other merchandise inventory.

**Chesapeake Utilities Corporation – Florida Division**  
**Notes to the Financial Statements**

Regulatory Assets, Liabilities and Expenditures

We account for our operations in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 980, “Regulated Operations.” This Topic includes accounting principles for companies whose rates are determined by independent third-party regulators. When setting rates, regulators often make decisions, the economics of which require companies to defer costs or revenues in different periods than may be appropriate for unregulated enterprises. When this situation occurs, a regulated company defers the associated costs as regulatory assets on the balance sheet and records them as expense on the income statement as it collects revenues. Further, regulators can also impose liabilities upon a regulated company for amounts previously collected from customers, and for recovery of costs that are expected to be incurred in the future as regulatory liabilities. If we were required to terminate the application of these regulatory provisions to our operations, all such deferred amounts would be recognized in the statement of income at that time, which could have a material impact on our financial position, results of operations and cash flows.

We monitor our regulatory and competitive environment to determine whether the recovery of our regulatory assets continues to be probable. If we were to determine that recovery of these assets is no longer probable, we would write off the assets against earnings. We believe that provisions of ASC Topic 980, “Regulated Operations,” continue to apply to our operations and that the recovery of our regulatory assets is probable.

Pension and Other Postretirement Plans

Our eligible employees participate in Chesapeake’s pension and other postretirement plans. Chesapeake allocates our share of its pension and other postretirement plan costs based on a portion of the benefits related to providing our service. Chesapeake’s pension and other postretirement plan costs and liabilities are determined on an actuarial basis and are affected by numerous assumptions and estimates including the market value of plan assets, estimates of the expected returns on plan assets, assumed discount rates, the level of contributions made to the plans, and current demographic and actuarial mortality data. Chesapeake’s management annually reviews the estimates and assumptions underlying our pension and other postretirement plan costs and liabilities with the assistance of third-party actuarial firms. The assumed discount rates and the expected returns on plan assets are the assumptions that generally have the most significant impact on Chesapeake’s pension costs and liabilities. The assumed discount rates, health care cost trend rates and rates of retirement generally have the most significant impact on Chesapeake’s postretirement plan costs and liabilities.



**Chesapeake Utilities Corporation – Florida Division**  
**Notes to the Financial Statements**

Income Taxes and Investment Tax Credit Adjustments

We are included in the Chesapeake consolidated federal tax return, along with all of Chesapeake's other subsidiaries. We also file state income tax return in Florida as part of Chesapeake. Income taxes are allocated to us based on our taxable income and tax credits as if we were a separate taxpayer.

Deferred tax assets and liabilities are recorded for the tax effect of temporary differences between the financial statement bases and tax bases of assets and liabilities and are measured using the enacted tax rates in effect in the years in which the differences are expected to reverse. The portions of our deferred tax liabilities, which have not been reflected in current service rates, represent income taxes recoverable through future rates. Deferred tax assets are recorded net of any valuation allowance when it is more likely than not that such tax benefits will be realized. Investment tax credits on utility property have been deferred and are allocated to income ratably over the lives of the subject property.

We account for uncertainty in income taxes in the financial statements only if it is more likely than not that an uncertain tax position is sustainable based on technical merits. Recognizable tax positions are then measured to determine the amount of benefit recognized in the financial statements. We recognize penalties and interest related to unrecognized tax benefits as a component of other income.

Financial Instruments

Financial assets and liabilities with carrying values approximating fair value include accounts receivable, accounts payable and other accrued liabilities.

Operating Revenue

Our operating revenues are based on rates approved by the FPSC. We read meters and bill customers on monthly cycles that do not coincide with the accounting periods used for financial reporting purposes. We accrue unbilled revenues for the charges associated with natural gas delivered, but not yet billed, at the end of an accounting period to the extent that they do not coincide.

Allowance for Doubtful Accounts

An allowance for doubtful accounts is recorded against amounts due from customers in order to reduce the net receivables balance to the amount we reasonably expect to collect based upon our collections experiences and management's assessment of our customers' inability or reluctance to pay. If circumstances change, our estimates of recoverable accounts receivable may also change. Circumstances that could affect such estimates include, but are not limited to, customer credit issues, the level of natural gas, electricity and propane prices and general economic conditions. Accounts are written off when they are deemed to be uncollectible.

Subsequent Events

We have assessed and reported on subsequent events through June 26, 2012, the date these financial statements are available to be issued.

2. Transaction with Affiliates

We utilize Chesapeake's short-term borrowing facility and long-term debt to finance our capital requirements. The excess cash generated above our operating cash requirement is held in Chesapeake's name. We are allocated a portion of interest expense on Chesapeake's short-term borrowing facility and long-term debt and interest income generated from our excess cash held in Chesapeake's name. Chesapeake allocated a net interest expense of \$715,071 and \$915,998 for the years ended December 31, 2011 and 2010, respectively.

**Chesapeake Utilities Corporation – Florida Division**  
**Notes to the Financial Statements**

At December 31, 2011 and 2010, we had a net advance from Chesapeake of \$7,088,489 and \$10,147,509, respectively. These amounts are reflected as accounts receivable from associated in the accompanying financial statements.

Chesapeake provides payroll and treasury services for us. Chesapeake also provides certain managerial, accounting and information technology oversight functions. For the years ended December 31, 2011 and 2010, Chesapeake and subsidiaries charged us \$1,906,687 and \$1,937,667, respectively, for these services.

Florida Public Utilities Company (“FPU”), a subsidiary of Chesapeake in Florida, provides certain managerial, operations and customer service functions. For the years ended December 31, 2011 and 2010, FPU charged us \$1,997,376 and \$566,149, respectively, for these services.

We provide billing and certain customer service functions to Peninsula Energy Services Company, Inc. (“PESCO”), a natural gas marketing affiliate. We charged PESCO \$212,082 and \$172,257, for the years ended December 31, 2011 and 2010, respectively, for these services.

**3. Income Taxes**

We are included in the Chesapeake consolidated federal tax return, along with all of Chesapeake’s other divisions and subsidiaries. We also file state income tax return in Florid with Chesapeake. Income taxes are allocated to us as if we were a separate taxpayer.

In January 2012, the Internal Revenue Service (“IRS”) informed Chesapeake that its 2009 consolidated federal tax return has been selected for examination. The examination is currently ongoing and we cannot predict the outcome at this time.

As of December 31, 2011, we recorded a deferred tax liability of \$442,323 which partially offset Chesapeake’s consolidated net operating loss generated in 2011. The federal net operating losses are available to offset Chesapeake’s future taxable income and will expire in 2026. We did not record a valuation allowance to reduce the future benefit of the tax net operating losses because we believe they will be fully utilized. For the year ended December 31, 2010, we utilized \$5,174 of Chesapeake’s consolidated net operating loss carryforwards from previous years to offset our income tax expense.

The components of federal and state income tax expense are:

	<u>2011</u>	<u>2010</u>
Current	\$91,523	\$149,149
Deferred	1,432,943	1,207,146
Investment tax credits, net	<u>(19,524)</u>	<u>(19,524)</u>
	\$1,504,942	\$1,336,771

Deferred income tax expense results primarily from the use of accelerated depreciation for tax purposes.

**Chesapeake Utilities Corporation – Florida Division**  
**Notes to the Financial Statements**

Total income tax expense results primarily from applying the federal income tax statutory rate to book income before tax.

	<u>2011</u>	<u>2010</u>
Federal income tax expense, 35% in 2011 and 2010	\$1,381,062	\$1,160,833
State income taxes, net of federal tax benefit	141,066	118,571
Other	<u>(17,186)</u>	<u>57,367</u>
	\$1,504,942	\$1,336,771

Deferred tax assets and liabilities at December 31, 2011 were \$717,969 and \$9,899,899, respectively. Deferred tax assets and liabilities at December 31, 2010 were \$719,642 and \$8,469,133, respectively. Deferred tax assets and liabilities are primarily the result of depreciation-related timing differences.

4. Customer Concentration

We operate primarily in the natural gas distribution business. Our operations include the transportation of natural gas in intra-state commerce. We did not have any customer that accounted for 10 percent or more of our revenue for the years ended December 31, 2011 and 2010.

5. Lease Obligations

We have entered into operating lease arrangement for office equipment. Rent expense related to this leases was \$969 and \$1,794 for the years ended December 31, 2011 and 2010, respectively. There are no future minimum lease payments under this lease.

We have entered into a lease agreement for pipeline assets owned by a commercial customer for use in providing service to that party. We recover the amounts paid through the operational balancing account mechanism of the FPSC's ongoing purchased gas cost recovery proceedings. Payments related to this lease were \$134,392, for the years ended December 31, 2011 and 2010. Future minimum lease payments under this lease are \$134,392 in 2012, \$134,392 in 2013 and \$111,993 in 2014.

6. Employee Benefit Plans

Our eligible employees participate in various benefit plans sponsored by Chesapeake. Chesapeake allocates to us a portion of the benefit costs associated with these plans. Our share of the costs is based on a portion of the benefits related to providing services to us. For the years ended December 31, 2011 and 2010, we recorded the benefit costs of \$180,742 and \$278,610, respectively, related to these plans.

Chesapeake sponsors a defined benefit pension plan ("Chesapeake Pension Plan"), an unfunded pension supplemental executive retirement plan ("Chesapeake SERP"), and an unfunded postretirement health care and life insurance plan ("Chesapeake Postretirement Plan"). Chesapeake also sponsors other pension and postretirement plans for eligible employees of a specific subsidiary. Only the eligible employees of that specific subsidiary can participate in these plans.

Chesapeake measures the assets and obligations of the defined benefit pension plans and other postretirement benefits plans to determine the plans' funded status as of the end of the year as an asset or a liability on our consolidated balance sheets. A portion of this asset or liability related to us is reflected on our balance sheet. At December 31, 2011 and 2010, \$347,399 and \$307,533, respectively, of the pension and postretirement benefit liabilities were assigned to us.

**Chesapeake Utilities Corporation – Florida Division**  
**Notes to the Financial Statements**

Chesapeake records as a component of other comprehensive income/loss or a regulatory asset the changes in funded status that occurred during the year that are not recognized as part of net periodic benefit costs. The following table presents the amounts not yet reflected in net periodic benefit cost and included in Chesapeake's accumulated other comprehensive income/loss related to the above plans as of December 31, 2011:

<i>(in thousands)</i>	Chesapeake Pension Plan	Chesapeake SERP	Chesapeake Postretirement Plan	Total
Prior service cost (credit)	\$ (6)	\$ 65	\$ (1,063)	\$ (1,004)
Net loss	4,337	712	1,178	6,227
Total unrecognized cost	\$ 4,331	\$ 777	\$ 115	\$ 5,223

During the second half of 2011, Chesapeake experienced a significant decline in interest and other corporate bond rates, and as a result, it used lower discount rates for its defined benefit retirement plans at December 31, 2011 to estimate the benefit obligations of those plans. Chesapeake also experienced a decline in plan asset values during 2011, which, in conjunction with the higher benefit obligations, resulted in higher unrecognized costs at December 31, 2011.

The amounts in accumulated other comprehensive income/loss for the above plans sponsored by Chesapeake that are expected to be recognized as a component of net benefit cost in 2012 are set forth in the following table:

<i>(in thousands)</i>	Chesapeake Pension Plan	Chesapeake SERP	Chesapeake Postretirement Plan	Total
Prior service cost (credit)	\$ (5)	\$ 19	\$ (77)	\$ (63)
Net loss	\$ 339	\$ 46	\$ 70	\$ 455

In January 2011, Chesapeake's former Chief Executive Officer retired and received a lump-sum pension distribution of \$844,000 and \$765,000 from the Chesapeake Pension Plan and Chesapeake SERP, respectively. In connection with these lump-sum payment distributions, Chesapeake recorded \$436,000 in pension settlement losses in addition to the net benefit cost in 2011. Based upon the current funding status of the Chesapeake Pension Plan, which does not meet or exceed 110 percent of the benefit obligation as required per the regulation, this former executive officer was required to deposit property equal to 125 percent of the restricted portion of his lump sum distribution into an escrow. Each year, an amount equal to the value of payments that would have been paid to him if he had elected the life annuity form of distribution will become unrestricted. Property equal to the life annuity amount will be returned to him from the escrow account. These same regulations will apply to the top 20 highest compensated employees taking distributions from the Pension Plan.

**Chesapeake Utilities Corporation – Florida Division**  
**Notes to the Financial Statements**

*Defined Benefit Pension Plans*

The Chesapeake Pension Plan was closed to new participants effective January 1, 1999, and was frozen with respect to additional years of service and additional compensation effective January 1, 2005. Benefits under the Chesapeake Pension Plan were based on each participant's years of service and highest average compensation, prior to the freezing of the plan.

Chesapeake's funding policy provides that payments to the trustee of each plan shall be equal to at least the minimum funding requirements of the Employee Retirement Income Security Act of 1974. The following schedule summarizes the assets of the Chesapeake Pension Plan, by investment type, at December 31, 2011 and 2010:

At December 31, Asset Category	Chesapeake Pension Plan	
	2011	2010
Equity securities	51.75%	64.33%
Debt securities	37.88%	30.60%
Other	10.37%	5.07%
Total	100.00%	100.00%

In December 2011, Chesapeake changed the investments and investment asset allocation of the Chesapeake Pension Plan assets to better align them with the investment goals and objectives. The investment policy of the Chesapeake Pension Plan is designed to provide the capital assets necessary to meet the financial obligations of the plan. Investment assets are intended to provide a level of return generating sufficient capital to meet those obligations. The investment goals and objectives are to achieve investment returns that together with contributions will provide funds adequate to pay promised benefits to present and future beneficiaries of the plan, earn a long-term investment return in excess of the growth of the plan's retirement liabilities, minimize pension expense and cumulative contributions resulting from liability measurement and asset performance and maintain a diversified portfolio to reduce the risk of large losses.

**Chesapeake Utilities Corporation – Florida Division**  
**Notes to the Financial Statements**

The following allocation range of asset classes is intended to produce a rate of return sufficient to meet the plans' goals and objectives:

Asset Allocation Strategy		
Asset Class	Minimum Allocation Percentage	Maximum Allocation Percentage
Domestic Equities (Large Cap, Mid Cap and Small Cap)	14%	32%
Foreign Equities (Developed and Emerging Markets)	13%	25%
Fixed Income (Inflation Bond and Taxable Fixed)	26%	40%
Alternative Strategies (Long/Short Equity and Hedge Fund of Funds)	6%	14%
Diversifying Assets (High Yield Fixed Income, Commodities, and Real Estate)	7%	19%
Cash	0%	5%

Due to periodic contributions and different asset classes producing different returns, the actual asset values may temporarily move outside of the intended ranges. The investments are monitored on a quarterly basis, at a minimum, for asset allocation and performance.

At December 31, 2011, the assets of the Chesapeake Pension Plan were comprised of the following investments:

Asset Category <i>(in thousands)</i>	Fair Value Measurement Hierarchy			Total
	Level 1	Level 2	Level 3	
Equity securities				
Domestic equities	\$498	\$1,138	\$0	\$1,636
Foreign equities	1,358	-	-	1,358
Alternative strategies	712	-	-	712
	2,568	1,138	-	3,706
Debt securities				
Fixed income	354	2,001	-	2,355
Diversifying assets	-	358	-	358
	354	2,359	-	2,713
Other				
Diversifying assets	569	-	-	569
Guaranteed deposit	-	-	142	142
Other	32	-	-	32
	601	-	142	743
<b>Total Pension Plan Assets</b>	<b>\$3,523</b>	<b>\$3,497</b>	<b>\$142</b>	<b>\$7,162</b>

**Chesapeake Utilities Corporation – Florida Division**  
**Notes to the Financial Statements**

At December 31, 2011, all of the investments classified under Level 1 of the fair value measurement hierarchy were recorded at fair value based on unadjusted quoted prices in active markets for identical investments. The Level 2 investments were recorded at fair value based on net asset value per unit of the investments, which used significant observable inputs although those investments were not traded publicly and did not have quoted market prices in active markets. The level 3 investments were guaranteed deposit accounts, which were valued based on liquidation value of those accounts, including the effect of the balance and interest guarantee and liquidation restriction.

Prior to the change in the pension asset investments and investment allocation in December 2011, all of the equity securities held by the Chesapeake Pension Plan were classified under Level 1 of the fair value hierarchy and were recorded at fair value based on unadjusted quoted prices in active markets for identical securities. All of the debt securities and other assets held by the Chesapeake Pension Plan were classified under Level 2 of the fair value hierarchy and were recorded at fair value based on quoted market prices in active markets for similar assets or closing prices reported in active markets for those assets.

**Chesapeake Utilities Corporation – Florida Division**  
**Notes to the Financial Statements**

The following schedule sets forth the funded status at December 31, 2011 and 2010:

<b>At December 31,</b>	<b>Chesapeake Pension Plan</b>	
	<b>2011</b>	<b>2010</b>
<i>(in thousands)</i>		
<b>Change in benefit obligation:</b>		
Benefit obligation — beginning of year	\$ 11,760	\$ 11,127
Interest cost	520	570
Change in assumptions	49	(5)
Actuarial loss	892	776
Benefits paid	(705)	(708)
Effect of settlement	(844)	-
Benefit obligation — end of year	11,672	11,760
<b>Change in plan assets:</b>		
Fair value of plan assets — beginning of year	7,787	7,449
Actual return on plan assets	(124)	490
Employer contributions	1,048	556
Benefits paid	(705)	(708)
Effect of settlement	(844)	-
Fair value of plan assets — end of year	7,162	7,787
<b>Reconciliation:</b>		
Funded status	(4,510)	(3,973)
<b>Accrued pension cost</b>	<b>\$ (4,510)</b>	<b>\$ (3,973)</b>
<b>Assumptions:</b>		
Discount rate	4.25%	5.00%
Expected return on plan assets	6.00%	6.00%



**Chesapeake Utilities Corporation – Florida Division**  
**Notes to the Financial Statements**

Net periodic pension cost (benefit) for the plans for 2011 and 2010 include the components shown below:

For the Years Ended December 31, <i>(in thousands)</i>	Chesapeake Pension Plan	
	2011	2010
<b>Components of net periodic pension cost:</b>		
Interest cost	\$ 520	\$ 570
Expected return on assets	(424)	(423)
Amortization of prior service cost	(5)	(5)
Amortization of actuarial loss	156	155
<b>Net periodic pension cost</b>	<b>247</b>	<b>297</b>
Settlement Expense	217	-
Amortization of pre-merger regulatory asset	-	-
<b>Total periodic cost</b>	<b>\$ 464</b>	<b>\$ 297</b>
<b>Assumptions:</b>		
Discount rate	5.00%	5.25%
Expected return on plan assets	6.00%	6.00%

***Pension Supplemental Executive Retirement Plan***

The Chesapeake SERP was frozen with respect to additional years of service and additional compensation as of December 31, 2004. Benefits under the Chesapeake SERP were based on each participant's years of service and highest average compensation, prior to the freezing of the plan. The accumulated benefit obligation for the Chesapeake SERP, which is unfunded, was \$2.2 million and \$2.7 million, at December 31, 2011 and 2010, respectively.

At December 31, <i>(in thousands)</i>	2011	2010
<b>Change in benefit obligation:</b>		
Benefit obligation — beginning of year	\$ 2,731	\$ 2,505
Interest cost	107	136
Actuarial loss	176	179
Benefits paid	(89)	(89)
Effect of settlement	(765)	-
Benefit obligation — end of year	<b>2,160</b>	<b>2,731</b>
<b>Change in plan assets:</b>		
Fair value of plan assets — beginning of year	-	-
Employer contributions	854	89
Benefits paid	(89)	(89)
Effect of settlement	(765)	-
Fair value of plan assets — end of year	-	-
<b>Reconciliation:</b>		
Funded status	(2,160)	(2,731)
<b>Accrued pension cost</b>	<b>\$ (2,160)</b>	<b>\$ (2,731)</b>
<b>Assumptions:</b>		
Discount rate	4.25%	5.00%

**Chesapeake Utilities Corporation – Florida Division**  
**Notes to the Financial Statements**

Net periodic pension costs for the Chesapeake SERP for 2011 and 2010 include the components shown below:

<b>For the Years Ended December 31,</b>	<b>2011</b>	<b>2010</b>
<i>(in thousands)</i>		
<b>Components of net periodic pension cost:</b>		
Interest cost	\$ 107	\$ 136
Amortization of prior service cost	19	18
Amortization of actuarial loss	38	59
<b>Net periodic pension cost</b>	<b>164</b>	<b>213</b>
Settlement expense	219	-
<b>Total periodic cost</b>	<b>\$ 383</b>	<b>\$ 213</b>
<b>Assumptions:</b>		
Discount rate	5.00%	5.25%

***Other Postretirement Benefits Plans***

The following schedule sets forth the status of other postretirement benefit plans:

<b>At December 31,</b>	<b>Chesapeake</b>	
	<b>Postretirement Plan</b>	
	<b>2011</b>	<b>2010</b>
<i>(in thousands)</i>		
<b>Change in benefit obligation:</b>		
Benefit obligation — beginning of year	\$ 2,474	\$ 2,585
Service cost	-	-
Interest cost	64	121
Plan amendments	(1,140)	-
Plan participants contributions	108	100
Actuarial (gain) loss	100	(149)
Benefits paid	(210)	(183)
Benefit obligation — end of year	<b>1,396</b>	<b>2,474</b>
<b>Change in plan assets:</b>		
Fair value of plan assets — beginning of year	-	-
Employer contributions <sup>(1)</sup>	102	83
Plan participants contributions	108	100
Benefits paid	(210)	(183)
Fair value of plan assets — end of year	-	-
<b>Reconciliation:</b>		
Funded status	(1,396)	(2,474)
<b>Accrued postretirement cost</b>	<b>\$ (1,396)</b>	<b>\$ (2,474)</b>
<b>Assumptions:</b>		
Discount rate	4.25%	5.00%

**Chesapeake Utilities Corporation – Florida Division**  
**Notes to the Financial Statements**

Net periodic postretirement benefit costs for 2011 and 2010 include the following components:

For the Years Ended December 31, <i>(in thousands)</i>	Chesapeake	
	Postretirement Plan	
	2011	2010
<b>Components of net periodic postretirement cost:</b>		
Service cost	\$ -	\$ -
Interest cost	64	122
Amortization of:		
Actuarial (gain) loss	67	57
Prior service cost	(77)	-
<b>Net periodic postretirement cost</b>	<b>\$ 54</b>	<b>\$ 179</b>
<b>Assumptions</b>		
Discount rate	5.00%	5.25%

***Assumptions***

The assumptions used for the discount rate to calculate the benefit obligations of all the plans were based on the interest rates of high-quality bonds in 2011, reflecting the expected lives of the plans. In determining the average expected return on plan assets for each applicable plan, various factors, such as historical long-term return experience, investment policy and current and expected allocation, were considered. Since the Chesapeake Pension Plan is frozen with respect to additional years of service and compensation, the rate of assumed compensation increases is not applicable.

The health care inflation rate for 2011 used to calculate the benefit obligation is 6.5 percent for medical and 7.5 percent for prescription drugs for the Chesapeake Postretirement Plan. A one–percentage point increase in the health care inflation rate from the assumed rate would increase the accumulated postretirement benefit obligation by approximately \$132,000 as of January 1, 2011, and would increase the aggregate of the service cost and interest cost components of the net periodic postretirement benefit cost for 2011 by approximately \$7,000. A one–percentage point decrease in the health care inflation rate from the assumed rate would decrease the accumulated postretirement benefit obligation by approximately \$113,000 as of January 1, 2011, and would decrease the aggregate of the service cost and interest cost components of the net periodic postretirement benefit cost for 2011 by approximately \$6,000.

**Chesapeake Utilities Corporation – Florida Division**  
**Notes to the Financial Statements**

***Estimated Future Benefit Payments***

Chesapeake expects to contribute 1.3 million to the Chesapeake Pension Plan during 2012, which includes minimum contribution payments required in 2012 and any additional contribution payments that Chesapeake plans on making to maintain a certain level of funding in this plan. The schedule below shows the estimated future benefit payments for each of the Chesapeake plans previously described:

	Chesapeake Pension Plan <sup>(1)</sup>	Chesapeake SERP <sup>(2)</sup>	Chesapeake Postretirement Plan <sup>(2)</sup>
<i>(in thousands)</i>			
2012	\$ 443	\$ 88	\$ 87
2013	\$ 513	\$ 87	\$ 91
2014	\$ 536	\$ 85	\$ 91
2015	\$ 605	\$ 134	\$ 93
2016	\$ 560	\$ 142	\$ 95
Years 2017 through 2021	\$ 3,803	\$ 663	\$ 464

<sup>(1)</sup> The pension plan is funded; therefore, benefit payments are expected to be paid out of the plan assets.

<sup>(2)</sup> Benefit payments are expected to be paid out of our general funds.

***Retirement Savings Plan***

Chesapeake 401(k) plan is offered to all eligible employees who have completed three months of service, except for employees represented by a collective bargaining agreement that does not specifically provide for participation in the plan, non-resident aliens with no U.S. source income and individuals classified as consultants, independent contractors or leased employees. Effective January 1, 2011, Chesapeake matches 100 percent of eligible participants' pre-tax contributions to the Chesapeake 401(k) plan up to a maximum of six percent of the eligible compensation. In addition, Chesapeake may make a supplemental contribution to participants in the plan, without regard to whether or not they make pre-tax contributions. Beginning January 1, 2011, the employer matching contribution is made in cash and is invested based on a participant's investment directions. Any supplemental employer contribution is generally made in Chesapeake stock. With respect to the employer match and supplemental employer contribution, employees are 100 percent vested after two years of service or upon reaching 55 years of age while still employed by Chesapeake. Employees with one year of service are 20 percent vested and will become 100 percent vested after two years of service. Employees who do not make an election to contribute or do not opt out of the Chesapeake 401(k) plan will be automatically enrolled at a deferral rate of three percent and the automatic deferral rate will increase by one percent per year up to a maximum of six percent.

Effective January 1, 1999, Chesapeake began offering a non-qualified supplemental employee retirement savings plan ("401(k) SERP") to the executive officers of Chesapeake and its subsidiaries over a specific income threshold. Participants receive a cash-only matching contribution percentage equivalent to their 401(k) match level. All contributions and matched funds can be invested among the mutual funds available for investment. These same funds are available for investment of employee contributions within Chesapeake's 401(k) plan. All obligations arising under the 401(k) SERP are payable from our general assets, although we have established a Rabbi Trust for the 401(k) SERP. Assets held in the Rabbi Trust for the 401(k) SERP had a fair value of \$1.7 million and \$2.4 million at December 31, 2011 and 2010,

**Chesapeake Utilities Corporation – Florida Division**  
**Notes to the Financial Statements**

respectively. The assets of the Rabbi Trust are at all times subject to the claims of Chesapeake's general creditors.

Prior to January 1, 2011, Chesapeake made matching contributions up to six percent of employee's eligible pre-tax compensation for Chesapeake legacy businesses, except for one of its subsidiary. The match was between 100 percent and 200 percent of the employee's contribution (up to six percent of eligible compensation), based on the employee's age and years of service. The first 100 percent was matched with Chesapeake common stock; the remaining match was invested in Chesapeake's 401(k) Plan according to each employee's investment direction. Employees were automatically enrolled at a two-percent contribution, with the option of opting out, and were eligible for the company match after three months of continuing service, with vesting of 20 percent per year.

**7. Rates and Other Regulatory Activities**

*"Come-Back" Filing:* As part of our 2010 rate case settlement, the FPSC required us to submit a "Come-Back" filing, detailing all known benefits, synergies, cost savings and cost increases resulting from the merger with FPU. We submitted this filing on April 29, 2011, and requested the recovery, through rates, of approximately \$34.2 million in acquisition adjustment (the price paid in excess of the book value) and \$2.2 million in merger-related costs. In the past, the FPSC has allowed recovery of an acquisition adjustment under certain circumstances to provide an incentive for larger utilities to purchase smaller utilities. The FPSC requires a company seeking recovery of the acquisition adjustment and merger-related costs to demonstrate that customers will benefit from the acquisition. They use the following five factor test to determine if the customers are benefiting from the transaction: (a) increased quality of service; (b) lower operating costs; (c) increased ability to attract capital for improvements; (d) lower overall cost of capital; and (e) more professional and experienced managerial, financial, technical and operational resources. With respect to lower costs, the Florida PSC effectively requires that the synergies be sufficient to offset the rate impact of the recovery of the acquisition adjustment and merger-related costs.

At the December 6, 2011 agenda conference, the FPSC approved the following: (a) FPU and CFG have complied with the reporting requirements in the 2010 rate case settlement; (b) FPU is authorized to reflect an acquisition adjustment of \$34.2 million, to be amortized over a 30-year period using the straight-line method beginning in November 2009; (c) FPU is authorized to reflect a regulatory asset of \$2.2 million for the merger-related costs, to be amortized over a five-year period using the straight-line method beginning in November 2009; (d) FPU and CFG are not permitted to consolidate the earnings surveillance reporting and accounting records until such time as the rates and tariffs are combined; (e) FPU and CFG are not permitted to establish a combined benchmark for the purpose of evaluating incremental cost increases in their future rate proceedings until those entities are functioning as a single utility for regulatory purposes; and (f) FPU and CFG do not have any 2010 excess earnings to be refunded to customers.

*Other Activity:* On February 3, 2012, FPU's natural gas distribution operation and we filed a petition with the FPSC for approval of a surcharge to customers for a Gas Reliability Infrastructure Program. We are seeking approval to recover costs, inclusive of an appropriate return on investment, associated with accelerating the replacement of qualifying distribution mains and services (defined as any material other than coated steel or plastic (Polyethylene)) in their respective systems. If the petition is approved, we will replace qualifying mains and services over a 10-year period.

**Chesapeake Utilities Corporation – Florida Division**  
**Notes to the Financial Statements**

8. Other Commitments and Contingencies

We are involved in certain legal actions and claims arising in the normal course of business. We are also involved in certain legal and administrative proceedings before various governmental agencies concerning rates. In the opinion of management, the ultimate disposition of these proceedings will not have a material effect on our financial position, results of operation or cash flows.

**SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS  
 FOR DEPRECIATION, AMORTIZATION AND DEPLETION**

Line No.	Item (a)	Total (b)	Gas (c)
1	UTILITY PLANT		
2	In Service		
3	101 Plant in Service (Classified)	\$ 66,094,890	\$ 66,094,890
4	101.1 Property Under Capital Leases		\$ -
5	102 Plant Purchased or Sold		\$ -
6	106 Completed Construction not Classified		\$ -
7	103 Experimental Plant Unclassified		\$ -
8	104 Leased to Others		\$ -
9	105 Held for Future Use		\$ -
10	114 Acquisition Adjustments		\$ -
11	TOTAL Utility Plant (Total of lines 3 through 10 )	\$ 66,094,890	\$ 66,094,890
12	107 Construction Work in Progress	\$ 108,301	\$ 108,301
13	Accum. Provision for Depreciation, Amortization, & Depletion	\$ (23,193,135)	\$ (23,193,135)
14	Net Utility Plant (Total of lines 11 plus 12 less line 13)	\$ 43,010,057	\$ 43,010,057
15	DETAIL OF ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION		
16	In Service:		
17	108 Depreciation	\$ 23,159,364	\$ 23,159,364
18	111 Amort. and Depl. of Producing Nat. Gas Land & Land Rights		\$ -
19	111 Amort. of Underground Storage Land and Land Rights		\$ -
20	119 Amortization of Other Utility Plant	\$ 33,771	\$ 33,771
21	TOTAL in Service (Total of lines 17 through 20)	\$ 23,193,135	\$ 23,193,135
22	Leased to Others		
23	108 Depreciation		\$ -
24	111 Amortization and Depletion		\$ -
25	TOTAL Leased to Others (Total of lines 23 and 24)		\$ -
26	Held for Future Use		
27	108 Depreciation		\$ -
28	111 Amortization		\$ -
29	TOTAL Held for Future Use (Enter. Tot. of lines 27 and 28)		\$ -
30	111 Abandonment of Leases (Natural Gas)		\$ -
31	115 Amortization of Plant Acquisition Adjustment		\$ -
32	TOTAL Accum. Provisions (Should agree with line 14 above) (Total of lines 21, 25, 29, 30, and 31)	\$ 23,193,135	\$ 23,193,135

**Annual Status Report**  
**Analysis of Plant in Service Accounts**

Company: CHESAPEAKE UTILITIES CORPORATION - FLORIDA DIVISION  
 For the Year Ended December 31, 2011

Page 1 of 2

Acct. No.	Account Description	Depr. Rate	Beginning Balance*	Additions	Retirements	Reclass.	Adjustments	Transfers	Ending Balance*
374	Land-Distribution		\$ 211,591	\$ 600	\$ -	\$ -	\$ -	\$ -	\$ 212,191
389	Land-General		\$ 98,285	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 98,285
<b>Amortizable General Plant Assets:</b>									
301	Organization	3.000%	\$ 23,328	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,328
302	Franchise and Consent	3.000%	\$ 14,132	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,132
303	Misc Intangible Plant	0.000%	\$ -	\$ -	\$ -	\$ -	\$ (345)	\$ 547	\$ 202
<b>Subtotal</b>			\$ 347,336	\$ 600	\$ -	\$ -	\$ (345)	\$ 547	\$ 348,138
<b>Depreciable Assets: This schedule should identify each account/subaccount for which a separate depreciation rate has been approved by the FPSC.</b>									
375	Structures & Improvements	0.420%	\$ 363,539	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 363,539
376.1	Mains (Plastic)	3.300%	\$ 19,328,533	\$ 649,508	\$ (17,935)	\$ -	\$ -	\$ -	\$ 19,960,105
376.2	Mains (Steel)	3.300%	\$ 14,047,496	\$ 156,005	\$ (114)	\$ -	\$ -	\$ -	\$ 14,203,387
378	M & R Equipment - General	3.500%	\$ 928,364	\$ 51,322	\$ (1,649)	\$ -	\$ -	\$ -	\$ 978,036
379	M & R Equipment - City	3.325%	\$ 3,676,553	\$ 628,142	\$ -	\$ -	\$ -	\$ -	\$ 4,304,695
380.1	Dist Plant - Services (Plastic)	3.600%	\$ 8,103,200	\$ 595,843	\$ (2,973)	\$ -	\$ -	\$ -	\$ 8,696,069
380.2	Dist Plant - Services (Steel)	3.500%	\$ 1,030,610	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,030,610
381	Meters	4.000%	\$ 2,600,788	\$ 40,019	\$ -	\$ -	\$ -	\$ (1,394)	\$ 2,639,413
381.1	Meters	5.000%	\$ 2,158,611	\$ (2,464)	\$ -	\$ -	\$ -	\$ -	\$ 2,156,147
382	Meter Installations	3.400%	\$ 1,991,241	\$ 88,791	\$ -	\$ -	\$ -	\$ -	\$ 2,080,032
382.2	Meter Installations MTU/DCU	5.000%	\$ 593,040	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 593,040
383	Regulators	3.300%	\$ 1,431,320	\$ 70,433	\$ -	\$ -	\$ -	\$ (1,047)	\$ 1,500,706
384	Regulstor Install House	3.200%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
385	M & R Equipment - Industrial	3.895%	\$ 1,556,520	\$ 18,001	\$ -	\$ -	\$ -	\$ -	\$ 1,574,521
387	Other Equipment	5.600%	\$ 490,575	\$ 55,237	\$ -	\$ -	\$ -	\$ -	\$ 545,812
390	Structures & Improvements	2.000%	\$ 613,405	\$ 21,515	\$ -	\$ -	\$ 664	\$ 280,293	\$ 915,877
391	Data Processing Equipment	12.500%	\$ 641,645	\$ 11,983	\$ -	\$ -	\$ 2,601	\$ 15,966	\$ 672,194
391	Office Furniture	5.000%	\$ 183,800	\$ 18,174	\$ -	\$ -	\$ 13,225	\$ 108,208	\$ 323,407
391	Office Equipment	7.300%	\$ 474,686	\$ 39,308	\$ (30,009)	\$ -	\$ -	\$ 4,520	\$ 488,505
392	Transportation Other	5.000%	\$ 18,920	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,920
394	Tools and Work Equipment	3.100%	\$ 175,004	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 175,004
396	Power Operatied Equipment	7.700%	\$ 504,973	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 504,973
397	Communication Equipment	7.100%	\$ 771,097	\$ 504	\$ -	\$ -	\$ -	\$ 22,035	\$ 793,636
397.1	Communication Equipment	5.000%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
398	Misc Equipment	6.700%	\$ 60,058	\$ -	\$ -	\$ -	\$ (4,176)	\$ 4,176	\$ 60,058
392	Transportation Equip - Autos	12.700%	\$ 850,954	\$ 165,573	\$ -	\$ -	\$ -	\$ (91,522)	\$ 925,004
<b>Subtotal</b>			\$ 62,594,930	\$ 2,607,894	\$ (52,681)	\$ -	\$ 12,313	\$ 341,234	\$ 65,503,690



**Annual Status Report  
Analysis of Plant in Service Accounts**

Company: CHESAPEAKE UTILITIES CORPORATION - FLORIDA DIVISION  
For the Year Ended December 31, 2011

Page 2 of 2

Acct. No.	Account Description	Depr. Rate	Beginning Balance*	Additions	Retirements	Reclass.	Adjustments	Transfers	Ending Balance*
(Continued)									
389	Land & Land Rights		\$ -	\$ -	\$ -	\$ -	\$ -	\$ 37,612	\$ 37,612
391.4	System Software		\$ -	\$ 2,463	\$ -	\$ -	\$ (13,049)	\$ 212,209	\$ 201,623
399	Other Tangible Property		\$ -	\$ -	\$ -	\$ -	\$ 1,081	\$ 2,747	\$ 3,828
<b>Capital Recovery Schedules:</b>									
<b>Total Account 101*</b>									
<b>Amortizable Assets:</b>									
114	Acquisition Adjustment								
118	Other Utility Plant								
	Other								
<b>Total Utility Plant</b>			\$ 62,942,266	\$ 2,610,956	\$ (52,681)	\$ -	\$ 0	\$ 594,349	\$ 66,094,890

Note: \* The total beginning and ending balances must agree to acct. 101, Plant in Service, Line 3, Page 12.

**Annual Status Report**

**Analysis of Entries in Accumulated Depreciation & Amortization**

Company CHESAPEAKE UTILITIES CORPORATION - FLORIDA DIVISION

For the Year Ended December 31, 2011

Page 1 of 2

Acct. No.	Account Description	Beginning Balance*	Provision	Reclass.	Retirements	Gross Salvage	Cost of Removal	Adjustments	Transfers	Ending Balance*
<b>Amortizable General Plant Assets:</b>										
301	Organization	\$ (23,328)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (23,328)
302	Franchise and Consent	\$ (10,019)	\$ (424)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (10,443)
303	Misc Intangible Plant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		\$ (33,347)	\$ (424)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (33,771)
<b>This schedule should identify each account/subaccount for which a separate depreciation rate has been approved by the FPSC.</b>										
375.0	Structures & Improvements	\$ (139,263)	\$ (10,179)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (149,442)
376.1	Mains (Plastic)	\$ (5,643,841)	\$ (647,473)	\$ -	\$ 30,079	\$ -	\$ 13,551	\$ 1,659	\$ -	\$ (6,246,025)
376.2	Mains (Steel)	\$ (5,898,426)	\$ (466,717)	\$ -	\$ 19,863	\$ (807)	\$ 14,237	\$ -	\$ -	\$ (6,331,850)
378.0	M & R Equipment - General	\$ (390,817)	\$ (33,404)	\$ -	\$ 1,649	\$ -	\$ -	\$ -	\$ -	\$ (422,571)
379	M & R Equipment - City	\$ (1,085,863)	\$ (142,104)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,227,967)
380.1	Dist Plant - Services (Plastic)	\$ (1,858,312)	\$ (300,808)	\$ -	\$ 2,973	\$ -	\$ 11,040	\$ -	\$ -	\$ (2,145,107)
380.2	Dist Plant - Services (Steel)	\$ (883,564)	\$ (36,071)	\$ -	\$ -	\$ -	\$ 965	\$ -	\$ -	\$ (918,670)
381	Meters	\$ (557,349)	\$ (105,084)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (662,433)
381.1	Meters	\$ (241,233)	\$ (107,513)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (348,746)
382	Meter Installations	\$ (536,002)	\$ (68,928)	\$ -	\$ -	\$ -	\$ 1,538	\$ -	\$ -	\$ (603,392)
382.2	Meter Installations	\$ (56,784)	\$ (29,652)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (86,436)
383	Regulators	\$ (583,711)	\$ (48,838)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,185)	\$ (633,734)
384	Regulstor Install House	\$ (5)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (5)
385	M & R Equipment - Industrial	\$ (488,472)	\$ (63,922)	\$ -	\$ -	\$ -	\$ 1,000	\$ -	\$ -	\$ (551,394)
387	Other Equipment	\$ (271,577)	\$ (28,412)	\$ -	\$ -	\$ -	\$ (4,000)	\$ -	\$ -	\$ (303,989)
390	Structures & Improvements	\$ (145,129)	\$ (12,569)	\$ -	\$ -	\$ -	\$ -	\$ (30,518)	\$ (80,307)	\$ (268,522)
391.1	Data Processing Equipment	\$ (92,442)	\$ (34,279)	\$ -	\$ 8,167	\$ -	\$ -	\$ (4,808)	\$ (8,860)	\$ (132,222)
391.2	Office Furniture	\$ (75,349)	\$ (27,940)	\$ -	\$ 6,656	\$ -	\$ -	\$ (49,968)	\$ (29,600)	\$ (176,201)
391.3	Office Equipment	\$ (171,902)	\$ (63,743)	\$ -	\$ 15,186	\$ -	\$ -	\$ (1,746)	\$ (2,161)	\$ (224,366)
392.3	Transportation Other	\$ (19,841)	\$ (5,117)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,580	\$ (19,378)
394	Tools and Work Equipment	\$ (152,903)	\$ (5,425)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (158,328)
396	Power Operated Equipment	\$ (502,068)	\$ (38,883)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (540,951)
397	Communication Equipment	\$ (370,621)	\$ (54,869)	\$ -	\$ -	\$ -	\$ -	\$ (13,770)	\$ 7,443	\$ (431,817)
397.1	Communication Equipment	\$ 5,956	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,956
398	Misc Equipment	\$ (56,437)	\$ (4,024)	\$ -	\$ -	\$ -	\$ -	\$ 782	\$ (782)	\$ (60,461)
392.0	Transportation Equip - Autos	\$ (407,255)	\$ (105,028)	\$ -	\$ -	\$ -	\$ -	\$ (19,290)	\$ 114,829	\$ (416,744)
<b>Subtotal</b>		\$ (20,623,211)	\$ (2,440,981)	\$ -	\$ 84,573	\$ (807)	\$ 38,330	\$ (117,659)	\$ 4,957	\$ (23,054,798)

**Annual Status Report**  
**Analysis of Entries in Accumulated Depreciation & Amortization**

Company CHESAPEAKE UTILITIES CORPORATION - FLORIDA DIVISION

For the Year Ended December 31, 2011

Page 2 of 2

Acct. No.	Account Description	Beginning Balance*	Accruals	Reclass.	Retirements	Gross Salvage	Cost of Removal	Adjustments	Transfers	Ending Balance*
(Continued)										
389	Land & Land Rights	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
391.4	System Software	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 109,011	\$ (211,545)	\$ (102,534)
399	Other Tangible Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 756	\$ (2,788)	\$ (2,032)
Capital Recovery Schedules:										
<b>Subtotal</b>		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 109,767	\$ (214,333)	\$ (104,566)
List any other items necessary to reconcile the total depreciation and amortization accrual amount to Acct. 403, Depreciation Expense, shown on page 8.										
<b>Subtotal</b>		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Grand Total</b>		\$ (20,656,558)	\$ (2,441,405)	\$ -	\$ 84,573	\$ (807)	\$ 38,330	\$ (7,891)	\$ (209,376)	\$ (23,193,135)

Note: \* The grand total of beginning and ending balances must agree to Line 17, Page 12.

**CONSTRUCTION WORK IN PROGRESS-GAS (Account 107)**

1. Report below descriptions and balances at end of year of projects in process of construction (107). 2. Show items relating to "research, development, and demonstration" projects last, under a caption Research,	Development, and Demonstration (see Account 107 of the Uniform System of Accounts). 3. Minor projects (less than \$500,000) may be grouped.
---	--

Line No.	Description of Project (a)	Construction Work in Progress-Gas (Account 107) (b)	Estimated Additional Cost of Project (c)
1	Miscellaneous	\$ 108,301	Unknown
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15	<b>TOTAL</b>	\$ 108,301	\$ -

**CONSTRUCTION OVERHEADS-GAS**

1. List in column (a) the kinds of overheads according to the titles used by the respondent. Charges for outside professional services for engineering fees and management or supervision fees capitalized should be shown as separate items. 2. A respondent should not report "none" to this page if no overhead apportionments are made, but rather should explain the accounting procedures employed	and the amounts of engineering, supervision, and administrative costs, etc. which are directly charged to construction. 3. Enter on this page engineering, supervision, administrative,, and allowance for funds used during construction, etc. which are first assigned to a blanket work order and then prorated to construction jobs.
---	---

Line No.	Description of Overhead (a)	Total Amount Charged for the Year (b)	Total Cost of Construction to Which Overheads Were Charged (Exclusive of Overhead Charges) (c)
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12	<b>TOTAL</b>		

Name of Respondent CHESAPEAKE UTILITIES CORPORATION - FLORIDA DIVISION	For the Year Ended Dec. 31, 2011
---	-------------------------------------

**PREPAYMENTS (Account 165)**

1. Report below the particulars (details) on each prepayment.

Line No.	Nature of Prepayment (a)	Balance at End of Year (In Dollars) (b)
1	Prepaid Insurance	\$ 160,323
2	Prepaid Rents	\$ 111,993
3	Miscellaneous Prepayments: Industry Dues	\$ 9,672
4	<b>TOTAL</b>	<b>\$ 281,989</b>

**EXTRAORDINARY PROPERTY LOSSES (Account 182.1)**

Line No.	Description of Extraordinary Loss [Include in the description the date of loss, the date of Commission authorization to use Account 182.1 and period of amortization (mo, yr, to mo, yr).] (a)	Total Amount of Loss (b)	Losses Recognized During Year (c)	WRITTEN OFF DURING YEAR		Balance at End of Year (f)
				Account Charged (d)	Amount (e)	
1	N/A					
2						
3						
4						
5						
6						
7						
8						
9						
10						

**UNRECOVERED PLANT AND REGULATORY STUDY COSTS (182.2)**

Line No.	Description of Unrecovered Plant and Regulatory Study Costs [Include in the description of costs, the date of Commission authorization to use Account 182.2 and period of amortization (mo, yr, to mo, yr).] (a)	Total Amount of Charges (b)	Costs Recognized During Year (c)	WRITTEN OFF DURING YEAR		Balance at End of Year (f)
				Account Charged (d)	Amount (e)	
1	N/A					
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						

**OTHER REGULATORY ASSETS (Account 182.3)**

1. Reporting below the particulars (details) called for concerning other regulatory assets which are created through the ratemaking actions of regulatory agencies (and not includible in other amounts).  
 2. For regulatory assets being amortized, show period of amortization in column (a).  
 3. Minor items (amounts less than \$25,000) may be grouped by classes.

Line No.	Description and Purpose of Other Regulatory Assets (a)	Balance Beginning of Year (b)	Debits (c)	Credits		Balance End of Year (f)
				Account Charged (d)	Amounts (e)	
1						\$ -
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17	TOTAL	\$ -	\$ -			\$ -

**MISCELLANEOUS DEFERRED DEBITS (Account 186)**

1. Report below the particulars (details) called for concerning miscellaneous deferred debits.  
 2. For any deferred debit being amortized, show period of amortization in column (a).  
 3. Minor items (amounts less than \$25,000) may be grouped by classes.

Line No.	Description of Miscellaneous Deferred Debit (a)	Balance Beginning of Year (b)	Debits (c)	Credits		Balance End of Year (f)
				Account Charged (d)	Amount (e)	
1	Environmental Regulatory (Contra)	\$ (1,319,280)	\$ -	142	\$ (237,578)	\$ (1,556,858)
2	Conservation Cost Recovery (transfer to 253)	\$ -	\$ -			\$ -
3	Environmental Regulatory	\$ 1,977,000		2540		\$ 1,977,000
4	Deferred Rate Case	\$ 206,252	\$ -	928	\$ (68,748)	\$ 137,504
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17	Misc. Work in Progress					
18	Deferred Regulatory Comm. Expenses					
19	TOTAL	\$ 863,972				\$ 557,646

**SECURITIES ISSUED AND  
SECURITIES REFUNDED OR RETIRED DURING THE YEAR**

<p>1. Furnish a supplemental statement giving a brief description of security financing and refinancing transactions during the year and the accounting for the securities, discounts, premiums, expenses, and related gains or losses.</p> <p>2. Furnish particulars (details) showing fully the accounting for the total principal amount, par value, or stated value of each class and series of security issued, retired, or refunded and the accounting for premiums, discounts, expenses, and gains or losses relating to the securities. Set forth the facts of the accounting clearly with regard to redemption premiums, unamortized discounts, expenses, and gains or losses relating to securities retired or refunded.</p>	<p>and gains or losses relating to securities retired or refunded.</p> <p>3. Included in the identification of each class and series of security, as appropriate, the interest or dividend rate, nominal date of issuance, maturity date, aggregate principal amount, par value or stated value, and number of shares.</p> <p>4. Where the accounting for amounts relating to securities refunded or retired is other than that specified in General Instruction 17 of the Uniform System of Accounts, give references to the Commission authorization for the different accounting and state the accounting method.</p>
--	--

**UNAMORTIZED LOSS AND GAIN ON REACQUIRED DEBT (Accounts 189, 257)**

<p>1. Report under separate subheadings for Unamortized Loss and Unamortized Gain on Reacquired Debt, particulars (details) of gain and loss, including maturity date, on reacquisition applicable to each class and series of long-term debt. If gain or loss resulted from a refunding transaction, include also the maturity date of the new issue.</p> <p>2. In column (c) show the principal amount of bonds or other long-term debt reacquired.</p> <p>3. In column (d) show the net gain or net loss realized on each debt reacquisition as computed in accordance with</p>	<p>General Instruction 17 of the Uniform Systems of Accounts</p> <p>4. Show loss amounts by enclosing the figures in parentheses.</p> <p>5. Explain in a footnote any debits and credits other than amortization debited to Account 428.1, Amortization of Loss on Reacquired Debt, or credited to Account 429.1, Amortization of Gain on Reacquired Debit-Credit.</p>
--	--

Line No.	Designation of Long-Term Debt (a)	Date Reacquired (b)	Principal of Debt Reacquired (c)	Net Gain or Net Loss (d)	Balance at Beginning of Year (e)	Balance at End of Year (f)
1						
2	N/A					
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						

**LONG-TERM DEBT (Accounts 221, 222, 223, and 224)**

1. Report by balance sheet Account the particulars (details) concerning long-term debt included in Accounts 221, Bonds, 222, Reacquired Bonds, 223, Advances from Associated Companies, and 224, Other Long-Term Debt. If information to meet the stock exchange reporting requirement outlined in column (a) is available from the SEC 10-K Report Form Filing, a specific reference to the report form (i.e., year and company title) may be reported in column (a) provided the fiscal years for both the 10-K report and this report are compatible.

2. For advances from Associated Companies, report separately advances on notes and advances on open accounts. Designate demand notes as such. Include in column (a) names of associated companies from which advances were received.

3. If the respondent has any long-term securities which have been nominally issued and are nominally outstanding at end of year, describe such securities in a footnote.

4. If interest expense was incurred during the year on any obligations retired or reacquired before end of year, include such interest in column (f). Explain in a footnote any difference between the total of column (f) and the total of Account 427, Interest on Long-Term Debt and Account 430, Interest on Debt to Associated Companies.

Line No.	Class and Series of Obligation (a)	Nominal Date of Issue (b)	Date of Maturity (c)	Original Amount Issued (d)	Interest for Year		Total Amount Outstanding (g)
					Rate (in %) (e)	Amount (f)	
1	Convertible Debentures	2/15/1989	3/1/2014	\$ 5,000,000	8.25%	\$ 92,063	\$ 1,134,000
2	Senior Note 3	12/15/1997	1/1/2012	\$ 10,000,000	6.85%	\$ 68,500	\$ -
3	Senior Note 4	12/29/2000	1/1/2015	\$ 20,000,000	7.83%	\$ 626,400	\$ 6,000,000
4	Senior Note 5	10/31/2002	10/31/2017	\$ 30,000,000	6.64%	\$ 1,237,455	\$ 16,363,000
5	Senior Note 6	10/12/2006	10/12/2020	\$ 20,000,000	5.50%	\$ 1,072,500	\$ 18,000,000
6	Senior Note 7	10/31/2008	10/31/2023	\$ 30,000,000	5.93%	\$ 1,779,000	\$ 30,000,000
7	Senior Note 8	6/24/2011	6/30/2026	\$ 29,000,000	5.68%	\$ 855,628	\$ 29,000,000
8	Promissory Note	7/27/2005	1/31/2011	\$ 300,000	5.15%	\$ -	\$ 186,000
9	FPU Note 1	5/1/1988	5/1/2018	\$ 10,000,000	9.57%	\$ 638,032	\$ 6,348,000
10	FPU Note 2	5/1/1988	5/1/2018	\$ 5,500,000	10.03%	\$ 367,767	\$ 3,492,000
11	FPU Note 3	6/1/1992	6/1/2022	\$ 8,000,000	9.08%	\$ 726,400	\$ 7,958,000
12	Subtotal						\$ 118,481,000
13	Less Maturities						\$ (8,196,000)
14							
15							
16	Allocation to Florida Division	\$ 685,533					
17	Allocation to Other Jurisdictions	\$ 6,778,212					
18							
19	Total Chesapeake Utilities Corp.	\$ 7,463,745					
20	TOTAL			\$ 167,800,000		\$ 7,463,745	\$ 110,285,000

Note: Schedule lists total long term debt for Chesapeake Utilities Corporation. Line number 16 indicates the amount that is allocated to the Florida Division.

**UNAMORTIZED DEBT EXPENSE, PREMIUM AND DISCOUNT ON LONG-TERM DEBT (Accounts 181, 225, 226)**

1. Report under separate subheadings for Unamortized Debt Expense, Unamortized Premium on Long-Term Debt and Unamortized Discount on Long-Term Debt, particulars (details) of expense, premium or discount applicable to each class and series of long-term debt.

2. Show premium amounts by enclosing the figures in parentheses.

3. In column (b) show the principal amount of bonds or other long-term debt originally issued.

4. In column (c) show the expense, premium or discount with respect to the amount of bonds or other long-term debt originally issued.

5. Furnish in a footnote particulars (details) regarding the treatment of unamortized debt expense, premium or discount associated with issues redeemed during the year.

6. Identify separately indisposed amounts applicable to issues which were redeemed in prior years.

7. Explain any debits and credits other than amortization debited to Account 428, Amortization of Debt Discount and Expense, or credited to Account 429, Amortization of Premium on Debt - Credit.

Line No.	Designation of Long-Term Debt (a)	Principal Amount of Debt issued (b)	Total Expense Premium or Discount (c)	Amortization Period		Balance at beginning of Year (f)	Debits (Credits) During Year (g)	Balance at End of Year (h)
				Date From (d)	Date To (e)			
1	Convertible Debentures	\$ 5,000,000	\$ 98,488	2/15/1989	3/1/2014	\$ 13,267	\$ (5,622)	\$ 7,645
2	Senior Note 3	\$ 10,000,000	\$ 41,645	12/15/1997	1/1/2012	\$ 1,028	\$ (1,028)	\$ -
3	Senior Note 4	\$ 20,000,000	\$ 84,896	12/29/2000	1/1/2015	\$ 12,428	\$ (4,971)	\$ 7,456
4	Senior Note 5	\$ 30,000,000	\$ 132,375	10/31/2002	10/31/2017	\$ 34,598	\$ (8,811)	\$ 25,788
5	Senior Note 6	\$ 20,000,000	\$ 79,566	10/12/2006	10/12/2020	\$ 43,971	\$ (8,166)	\$ 35,805
6	Senior Note 7	\$ 30,000,000	\$ 39,518	10/31/2008	10/31/2023	\$ 31,298	\$ (3,794)	\$ 27,505
7	Senior Note 8	\$ 29,000,000	\$ 34,794	6/24/2011	6/30/2026	\$ -	\$ 32,946	\$ 32,946
8	Unamortized Issuance Costs		\$ 73,186			\$ 47,571	\$ (7,725)	\$ 39,846
9								
10								
11	Exp Allocation to Florida Division		\$ 4,555					
12	Exp Allocation to Other Jurisdictions		\$ 35,561					
13								
14	Total Chesapeake Utilities Corp.		\$ 40,116					
15								
16	A Established unamortized debt expense on new security.							
17								
18								
19								

Note: Schedule lists total long term debt for Chesapeake Utilities Corporation. Line number 11 indicates the amount that is allocated to the Florida Division.



**MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES (Account 242)**

1. Describe and report the amount of other current and accrued liabilities at the end of year.		2. Minor items (less than \$50,000) may be grouped under appropriate title.	
Line No.	Item	Balance at End of Year	
1	Competitive Rate Liability	\$	(50,390)
2	Accrued Commissions	\$	-
3	Self Insurance	\$	3,860
4	Accrued Gross Receipts and Sales Tax Liability (Potential)	\$	129,791
5			
6			
7			
8			
9			
10			
11			
12			
13	TOTAL	\$	83,260

**OTHER DEFERRED CREDITS (Account 253)**

1. Report below the particulars (details) called for concerning other deferred credits.						
2. For any deferred credit being amortized, show the period of amortization.						
3. Minor Items (less than \$25,000) may be grouped by classes.						
Line No.	Description of Other Deferred Credit (a)	Balance Beginning of Year (b)	DEBITS		Credits (e)	Balance End of Year (f)
			Contra Account (c)	Amount (d)		
1	Unearned Interest Income	\$ 4,689	4190	\$ (4,689)	\$ -	\$ -
2	Deferred Revenues-Short Term	\$ 197,480	480	\$ (406,956)	\$ 406,956	\$ 197,480
3	Deferred Environmental Costs	\$ (1,619,061)	2320	\$ (153,912)	\$ 50,419	\$ (1,722,555)
4	Conservation Cost Recovery	\$ 136,957	908	\$ (463,360)	\$ 316,509	\$ (9,894)
5						
6						
7						
8						
9						
10						
11						
12						
13	TOTAL	\$ (1,279,935)				\$ (1,534,969)

**OTHER REGULATORY LIABILITIES (Account 254)**

1. Reporting below the particulars (details) called for concerning other regulatory liabilities which are created through the ratemaking actions of regulatory agencies (and not includable in other amounts).			2. For regulatory liabilities being amortized, show period of amortization in column (a).			
			3. Minor items (5% of the Balance at End of Year for Account 254 or amounts less than \$50,000, whichever is less) may be grouped by classes.			
Line No.	Description and Purpose of Other Regulatory Liabilities (a)	Balance Beginning of Year (b)	Debits		Credits (d)	Balance End of Year (e)
			Contra Account (b)	Amount (c)		
1	Environmental Regulatory Liability	\$ 1,977,000		\$ -	\$ -	\$ 1,977,000
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13	TOTAL	\$ 1,977,000				\$ 1,977,000

**TAXES OTHER THAN INCOME TAXES (Account 408.1)**

	Name of Taxing Authority	Real Property	Tangible Personal Property	Intangible Personal Property	FICA, SUTA, FUTA	Gross Receipts	Regulatory Assessment Fees	Environmental, Excise	Franchise	Other*	Total
1	Various Florida Counties								\$ 323,586		\$ 323,586
2	Various Florida Counties		\$ 832,317								\$ 832,317
3	Florida Public Service Commission						\$ 68,883				\$ 68,883
4	Payroll Taxes				\$ 100,350						\$ 100,350
5	Business Taxes									\$ 728	\$ 728
6	Sales and Gross Receipts Tax Contingencies									\$ (119,517)	\$ (119,517)
7											\$ -
8											\$ -
9											\$ -
10											\$ -
11											\$ -
12											\$ -
13											\$ -
14											\$ -
15	Less: Charged to Construction										\$ -
16	TOTAL Taxes Charged During Year (Lines 1-15) to Account 408.1	\$ -	\$ 832,317	\$ -	\$ 100,350	\$ -	\$ 68,883	\$ -	\$ 323,586	\$ (118,789)	\$ 1,206,347

Note: \*List separately each item in excess of \$500.

**ACCUMULATED DEFERRED INVESTMENT TAX CREDITS (Account 255)**

Report below the information applicable to Account 255. Where appropriate, segregate the balances and transactions by utility and nonutility operations.  
 Explain by footnote any correction adjustment to the account balance shown in column (f).

Line No.	Account Subdivisions (a)	Balance Beginning of Year (b)	Amount Deferred for Year (c)	Allocations to Current Year's Income		Adjustments (f)	Balance End of Year (g)	Average Period of Allocation to Income (h)
				Acct. No. (d)	Amount (e)			
1	Gas Utility							
2	3%							
3	4%							
4	7%							
5	10%	\$ 113,241		420	\$ (19,524)		\$ 93,717	
6								
7								
8								
9								
10	TOTAL	\$ 113,241			\$ (19,524)		\$ 93,717	

Notes

**ACCUMULATED DEFERRED INCOME TAXES (Account 190)**

1. At Other (Specify), include deferrals relating to other income and deductions.

2. In the space provided below, identify by amount and classification, significant items for which deferred taxes are being provided.

Line No.		Balance at Beginning of Year	Changes During Year				Adjustments				Balance at End of Year
			Amounts Debited to Account 410.1	Amounts Credited to Account 411.1	Amounts Debited to Account 410.2	Amounts Credited to Account 411.2	Debits		Credits		
							Account No.	Amount	Account No.	Amount	
1	GAS	\$ 696,175	\$ (105,494)	\$ 103,821							\$ 694,502
2	GAS	\$ 23,467									\$ 23,467
3											
4											
5											
6											
7											
8											
9											
10											
11	TOTAL Gas (Lines 2 - 10)										
12	Other (Specify)										
13	TOTAL (Account 190) (Total of lines 11 and 12)	\$ 719,642	\$ (105,494)	\$ 103,821	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 717,969

**Notes**

Amortization of Bonus Depreciation for State Taxes	\$ -
	\$ -
	\$ -

**ACCUMULATED DEFERRED INCOME TAXES (Accounts 281, 282, 283)**

Line No.		Balance at Beginning of Year	Changes During Year				Adjustments				Balance at End of Year
			Amounts Debited to Account 410.1	Amounts Credited to Account 411.1	Amounts Debited to Account 410.2	Amounts Credited to Account 411.2	Debits		Credits		
							Account No.	Amount	Account No.	Amount	
1	Account 281 - Accelerated Amortization Property										
2	Electric										\$ -
3	Gas										\$ -
4	Other										\$ -
5	TOTAL Account 281 (Lines 2 thru 4)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6	Account 282 - Other Property										
7	Electric										\$ -
8	Gas	\$ (8,200,025)	\$ (1,038,521)	\$ -	\$ (17,334)	0	\$ -	409.1	\$ 504		\$ (9,255,376)
9	Other										\$ -
10	TOTAL Account 282 (Lines 7 thru 9)	\$ (8,200,025)	\$ (1,038,521)	\$ -	\$ (17,334)	\$ -	\$ -	409.1	\$ 504		\$ (9,255,376)
11	Account 283 - Other										
12	Electric										\$ -
13	Gas	\$ (269,108)	\$ (467,105)	\$ 78,243	\$ -	\$ 13,447	\$ -	\$ -	\$ -		\$ (644,523)
14	Other										\$ -
15	TOTAL Account 283 - Other (Lines 12 thru 14)	\$ (269,108)	\$ (467,105)	\$ 78,243	\$ -	\$ 13,447	\$ -	\$ -	\$ -		\$ (644,523)
16	GAS										
17	Federal Income Tax										\$ -
18	State Income Tax										\$ -
19											\$ -
20	TOTAL Gas (Lines 17 thru 19)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -
21	OTHER										
22	Federal Income Tax										\$ -
23	State Income Tax										\$ -
24	TOTAL Other (Lines 22 and 23)										\$ -
25	TOTAL (Total of lines 5, 10 and 15)	\$ (8,469,133)	\$ (1,505,626)	\$ 78,243	\$ (17,334)	\$ 13,447	\$ -	\$ 504	\$ 504		\$ (9,899,899)

**Notes**

DIT 2010 true up	\$ -
	\$ -
	\$ -
	\$ -
	\$ -

Name of Respondent CHESAPEAKE UTILITIES CORPORATION - FLORIDA DIVISION		For the Year Ended Dec. 31, 2011
<b>RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME FOR FEDERAL INCOME TAXES</b>		
1. Report the reconciliation of reported net income for the year with taxable income used in computing Federal income tax accruals and show computation of such tax accruals. Include in the reconciliation, as far as practicable, the same detail as furnished on Schedule M-1 of the tax return for the year. Submit a reconciliation even though there is no taxable income for the year. Indicate clearly the nature of each reconciling amount.		
2. If the utility is a member of a group which files a consolidated Federal tax return, reconcile reported net income with taxable net income as if a separate return were to be filed, indicating, however, intercompany amounts to be eliminated in such a consolidated return. State names of group members, tax assigned to each group member, and basis of allocation, allocation, assignment, or sharing of the consolidated tax among the group members.		
Line No.	Particulars (Details) (a)	Amount (b)
1	<b>Net Income for the Year (Page 9)</b>	\$ 2,440,949
2	<b>Income on Return Not on Books</b>	
3	<b>Expenses Booked Not Recorded on Return</b>	
4	Current Federal Income Taxes	\$ (40,099)
5	Deferred Income Taxes	\$ 1,432,943
6	Investment Tax Credit Amortization	\$ (19,524)
7	Provision for Bad Debt	\$ 98,099
8	Environmental Expenses	\$ 134,084
9	Pension Reserve	\$ 39,866
10	Rate Case Expenses	\$ 68,748
11	Self-insurance Reserve	\$ 11,568
12	Meals	\$ 5,795
13	<b>Deductions on Return Not Charged Against Book Income</b>	
14	Conservation Program Costs	\$ (146,851)
15	Excess of allowable depreciation over that charged to depreciation and other book expenses	\$ (2,577,517)
16	Flex Revenue Program	\$ (12,605)
17	Insurance Deductibles	\$ (6,704)
18	Customer Sales Tax Reserve	\$ (120,000)
19	Removal Costs	\$ (37,523)
20	Asset Gain (Loss)	\$ (7,449)
21	<b>Federal Tax Net Income</b>	\$ 1,263,780
22	Show Computation of Tax:	
23	Tax at 35%	\$ 442,323
24	Less: Benefit of Chesapeake Utilities Corporation Consolidated NOL generated in 2011	\$ (442,323)
25	<b>Total Federal Income Tax Payable</b>	\$ -

**GAS OPERATING REVENUES (Account 400)**

1. Report below natural gas operating revenues for each prescribed account in total.
2. Report number of customers, columns (f) and (g), on the basis of meters, except that where separate meter readings are added for billing purposes, one customer should be counted for each group of meters added. The average number of customers means the average of twelve figures at the close of each month.
3. Report quantities of natural gas sold in therms (14.73 psia at 60 F).
4. Report gas service revenues and therms sold by rate schedule.
5. If increases or decreases from previous year (columns (c),(e), and (g)), are not derived from previously reported figures, explain any inconsistencies in a footnote.

Line No.	Title of Account (a)	Operating Revenues		Therms of Natural Gas Sold		Avg. No. of Natural Gas Customers Per Mo.	
		Amount for Year (b)	Amount for Previous Year (c)	Current Year (d)	Previous Year (e)	Current Year (f)	Previous Year (g)
1	<b>Gas Service Revenues</b>						
2	<b>Firm Sales Service</b>						
3	480						
4	481						
5	481						
6	481						
7	481						
8	481						
9	<b>Interruptible Sales Service</b>						
10	481						
11	481						
12	<b>Firm Transportation Service</b>						
13	489	\$ 13,061,303	\$ 13,052,428	122,732,433	121,552,657	14,825	14,619
14	489						
15	489						
16	<b>Interruptible Transportation Serv.</b>						
17	489						
18	489						
19	482 Other Sales to Public Authorities						
20	484 Flex Rate - Refund						
21	<b>TOTAL Sales to Ultimate Consumers</b>	\$ 13,061,303	\$ 13,052,428	122,732,433	121,552,657	14,825	14,619
22	483 Sales for Resale						
23	Off-System Sales						
24	<b>TOTAL Nat. Gas Service Revenues</b>	\$ 13,061,303	\$ 13,052,428				
25	<b>TOTAL Gas Service Revenues</b>	\$ 13,061,303	\$ 13,052,428				
26	<b>Other Operating Revenues</b>						
27	485 Intracompany Transfers						
28	487 Forfeited Discounts						
29	488 Misc. Service Revenues						
30	489 Rev. from Trans. of Gas of Others						
31	not included in above rate schedules)						
32	493 Rent from Gas Property	\$ 5,208	\$ 5,208				
33	494 Interdepartmental Rents						
34	495 Other Gas Revenues						
35	Initial Connection	\$ -	\$ -				
36	Reconnect for Cause						
37	Collection in lieu of disconnect	\$ 1,960	\$ 2,125				
38	Returned Check	\$ 5,803	\$ 7,715				
39	Other	\$ 2,312,393	\$ 1,831,089				
40	495.1 Overrecoveries Purchased Gas						
41	<b>TOTAL Other Operating Revenues</b>	\$ 2,325,364	\$ 1,846,137				
42	<b>TOTAL Gas Operating Revenues</b>	\$ 15,386,667	\$ 14,898,565				
43	(Less) 496 Provision for Rate Refunds						
44	<b>TOTAL Gas Operating Revenues Net of Provision for Refunds</b>						
45	Sales for Resale						
46	Other Sales to Public Authority						
47	Interdepartmental Sales						
48	<b>TOTAL</b>	\$ 15,386,667	\$ 14,898,565				

Notes

**GAS OPERATION AND MAINTENANCE EXPENSES**

If the amount for previous year is not derived from previously reported figures, explain in footnotes.

Line No.	Account	Amount for Current Year	Amount for Previous Year
1	<b>1. Production Expenses</b>		
2	A. TOTAL Manufactured Gas Production (Total of Accounts 700-742)		
3	B. TOTAL Natural Gas Prod. and Gathering (Total of Accts. 750 - 769)		
4	C. TOTAL Products Extraction (Total of Accounts 770 through 791)		
5	D. TOTAL Exploration and Development (Total of Accts. 795 through 798)		
6	E. Other Gas Supply Expenses		
7	Operation		
8	800 Natural Gas Well Head Purchases		
9	800.1 Natural Gas Well Head Purchases, Intracompany Transfers		
10	801 Natural Gas Field Line Purchases		
11	802 Natural Gas Gasoline Plant Outlet Purchases		
12	803 Natural Gas Transmission Line Purchases		
13	804 Natural Gas City Gate Purchases		
14	804.1 Liquefied Natural Gas Purchases		
15	805 Other Gas Purchases		
16	805.1 Purchased Gas Cost Adjustments - Debit/(Credit)		
17	TOTAL Purchased Gas (Total of Lines 8 to 16)		
18	806 Exchange Gas		
19	Purchased Gas Expenses		
20	807.1 Well Expenses--Purchased Gas		
21	807.2 Operation of Purchased Gas Measuring Stations		
22	807.3 Maintenance of Purchased Gas Measuring Stations		
23	807.4 Purchased Gas Calculations Expenses		
24	807.5 Other Purchased Gas Expenses		
25	TOTAL Purchased Gas Expenses (Total of lines 20 through 24)		
26	808.1 Gas Withdrawn from Storage--Debit		
27	(Less) 808.2 Gas Delivered to Storage--Credit		
28	809.1 Withdrawals of Liquefied Natural Gas for Processing--Debit		
29	(Less) 809.2 Deliveries of Natural Gas for Processing--Credit		
30	Gas Used in Utility Operations--Credit		
31	810 Gas Used for Compressor Station Fuel--Credit		
32	811 Gas Used for Products Extraction--Credit		
33	812 Gas Used for Other Utility Operations--Credit		
34	TOTAL Gas Used in Utility Operations--Credit (Lines 31 through 33)		
35	813 Other Gas Supply Expenses		
36	TOTAL Other Gas Supply Exp. (Total of Lines 17,18,25,26 through 29,34,35)		
37	TOTAL Production Expenses (Total of Lines 2,3,4,5 and 36)		
38	<b>2. Natural Gas Storage, Terminating and Processing Expenses</b>		
39	A. TOTAL Underground Storage Expenses (Total of Accounts 814 through 837)		
40	B. TOTAL Other Storage Expenses (Total of Accounts 840 through 843.9)		
41	C. TOTAL Liquefied Nat Gas Terminating & Processing Expenses (Total of Accounts 844.1 through 847.8)		
42	TOTAL Natural Gas Storage (Total of lines 39, 40, and 41)		
43	<b>3. Transmission Expenses</b>		
44	TOTAL Transmission Expenses (Total of Accounts 850 through 867)	\$ -	\$ -
45			
46			

Name of Respondent		For the Year Ended	
CHESAPEAKE UTILITIES CORPORATION - FLORIDA DIVISION		Dec. 31, 2011	
GAS OPERATION AND MAINTENANCE EXPENSES (Continued)			
Line No.	Account	Amount for Current Year	Amount for Previous Year
47	<b>4. Distribution Expenses</b>		
48	Operation		
49	870 Operation Supervision and Engineering	\$ 12,573	\$ 387,126
50	871 Distribution Load Dispatching		
51	872 Compressor Station Labor and Expenses		
52	873 Compressor Station Fuel and Power		
53	874 Mains and Services Expenses	\$ 415,860	\$ 350,936
54	875 Measuring and Regulating Station Expenses--General	\$ 53,155	\$ 42,772
55	876 Measuring and Regulating Station Expenses--Industrial	\$ 39,151	\$ 120,317
56	877 Measuring and Regulating Station Expenses--City Gate Check Station	\$ 53,492	\$ 17,049
57	878 Meter and House Regulator Expenses	\$ 326,553	\$ 253,849
58	879 Customer Installations Expenses	\$ 9,271	\$ 11,110
59	880 Other Expenses	\$ 127,265	\$ 241,930
60	881 Rents	\$ 18,094	\$ 12,632
61	TOTAL Operation (Total of lines 49 through 60)	\$ 1,055,414	\$ 1,437,721
62	Maintenance		
63	885 Maintenance Supervision and Engineering	\$ (4)	\$ (98)
64	886 Maintenance of Structures and Improvements	\$ -	\$ -
65	887 Maintenance of Mains	\$ 225,642	\$ 122,658
66	888 Maintenance of Compressor Station Equipment		
67	889 Maintenance of Meas. and Reg. Sta. Equip.--General	\$ 46,537	\$ 31,178
68	890 Maintenance of Meas. and Reg. Sta. Equip.--Industrial	\$ 49,607	\$ 47,231
69	891 Maintenance of Meas. and Reg. Sta. Equip.--City Gate Check Station	\$ 69,480	\$ 55,736
70	892 Maintenance of Services	\$ 24,697	\$ 15,046
71	893 Maintenance of Meters and House Regulators	\$ 86,778	\$ (5,207)
72	894 Maintenance of Other Equipment	\$ 603,939	\$ 15,545
73	TOTAL Maintenance (Total of Lines 63 through 72)	\$ 1,106,676	\$ 282,089
74	TOTAL Distribution Expenses (Total of Lines 61 and 73)	\$ 2,162,090	\$ 1,719,809
75	<b>5. Customer Accounts Expenses</b>		
76	Operation		
77	901 Supervision	\$ 9,202	\$ 88,899
78	902 Meter Reading Expenses	\$ 25,183	\$ 38,103
79	903 Customer Records and Collection Expenses	\$ 775,589	\$ 919,732
80	904 Uncollectible Accounts	\$ 150,462	\$ 117,095
81	905 Miscellaneous Customer Accounts Expenses	\$ -	\$ 502
82	TOTAL Customer Accounts Expenses (Total of Lines 77 through 81)	\$ 960,436	\$ 1,164,330
83	<b>6. Customer Service and Informational Expenses</b>		
84	Operation		
85	907 Supervision	\$ -	\$ -
86	908 Customer Assistance Expenses	\$ 257,299	\$ (9,554)
87	909 Informational and Instructional Expenses	\$ 351,373	\$ 149,685
88	910 Miscellaneous Customer Service and Informational Expenses		
89	TOTAL Customer Service and Informational Expenses (Total of Lines 85 through 88)	\$ 608,672	\$ 140,132
90	<b>7. Sales Expenses</b>		
91	Operation		
92	911 Supervision	\$ -	\$ -
93	912 Demonstrating and Selling Expenses	\$ 49,620	\$ 258,416
94	913 Advertising Expenses	\$ 17,243	\$ 18,225
95	916 Miscellaneous Sales Expenses	\$ -	\$ -
96	TOTAL Sales Expenses (Total of lines 92 through 95)	\$ 66,863	\$ 276,640
97			

Name of Respondent CHESAPEAKE UTILITIES CORPORATION - FLORIDA DIVISION	For the Year Ended Dec. 31, 2011
---	-------------------------------------

**GAS OPERATION AND MAINTENANCE EXPENSES (Continued)**

Line No.	Account	Amount for Current Year	Amount for Previous Year
98	<b>8. Administrative and General Expenses</b>		
99	Operation		
100	920 Administrative and General Salaries	\$ 720,043	\$ 1,256,701
101	921 Office Supplies and Expenses	\$ 444,321	\$ 614,108
102	(Less) (922) Administrative Expenses Transferred--Credit	\$ -	\$ -
103	923 Outside Services Employed	\$ 1,219,939	\$ 370,208
104	924 Property Insurance	\$ 26,060	\$ 32,491
105	925 Injuries and Damages	\$ 223,909	\$ 255,605
106	926 Employee Pensions and Benefits	\$ 388,290	\$ 626,760
107	927 Franchise Requirements	\$ -	\$ -
108	928 Regulatory Commission Expenses	\$ 68,748	\$ 178,588
109	(Less) (929) Duplicate Charges--Credit	\$ -	\$ -
110	930.1 General Advertising Expenses	\$ -	\$ -
111	930.2 Miscellaneous General Expenses	\$ 170,773	\$ 144,162
112	931 Rents	\$ 41,661	\$ 52,626
113	TOTAL Operation (Total of lines 100 through 112)	\$ 3,303,744	\$ 3,531,250
114	Maintenance		
115	932 Maintenance of General Plant	\$ 26,303	\$ 13,870
116	TOTAL Administrative and General Expense (Total of lines 113 and 115)	\$ 3,330,047	\$ 3,545,120
117			
118	TOTAL Gas O&M Expenses (Lines 37, 42, 44, 74, 82, 89, 96, and 116)	\$ 7,128,108	\$ 6,846,031
119			
120			

NUMBER OF GAS DEPARTMENT EMPLOYEES	
	1. The data on number of employees should be reported for payroll period ending nearest to October 31, or any payroll period ending 60 days before or after October 31.
	2. If the respondent's payroll for the reporting period includes any special construction personnel, include such employees on line 3, and show the number of such special construction employees in a footnote.
	3. The number of employees assignable to the gas department from joint functions of combination utilities may be determined by estimate, on the basis of employee equivalents. Show the estimated number of equivalent employees attributed to the gas department from joint functions.
1	
2	1. Payroll Period Ended (Date) <span style="float:right">October 31, 2011</span>
3	2. Total Regular Full-Time Employees <span style="float:right">25</span>
4	3. Total Part-Time and Temporary Employees <span style="float:right">0</span>
5	4. Total Employees <span style="float:right">25</span>
6	
7	
8	
9	
10	
11	
12	
13	



Name of Respondent		For the Year Ended		
CHESAPEAKE UTILITIES CORPORATION - FLORIDA DIVISION		Dec. 31, 2011		
<b>GAS PURCHASES (Accounts 800, 800.1, 801, 802, 803, 804, 804.1, 805, 805.1)</b>				
1. Provide totals for the following accounts: 800 - Natural Gas Well Head Purchases 800.1- Natural Gas Well Head Purchases Intracompany Transfers 801 - Natural Gas Field Line Purchases 802 - Natural Gas Gasoline Plant Outlet Purchases 803 - Natural Gas Transmission Line Purchases 804 - Natural Gas City Gate Purchases 804.1- Liquefied Natural Gas Purchases 805 - Other Gas Purchases 805.1- Purchases Gas Cost Adjustments		The totals shown in columns (b) and (c) should agree with the books of account. Reconcile any differences in a footnote. 2. State in column (b) the volume of purchased gas as finally measured for the purpose of determining the amount payable for the gas. Include current year receipts of makeup gas that was paid for in prior years. 3. State in column (c) the dollar amount (omit cents) paid and previously paid for the volumes of gas shown in column (b). 4. State in column (d) the average cost per Therm to the nearest hundredth of a cent. (Average means column (c) divided by column (b) multiplied by 100.)		
Line No.	Account Title (a)	Gas Purchased- Therms (14.73 psia 60 F) (b)	Cost of Gas (In dollars) (c)	Average Cost Per Therm (To nearest .01 of a cent) (d)
1	800 - Natural Gas Well Head Purchases			
2	800.1 - Natural Gas Well Head Purchases, Intracompany Transfers			
3	801 - Natural Gas Field Line Purchases			
4	802 - Natural Gas Gasoline Plant Outlet Purchases			
5	803 - Natural Gas Transmission Line Purchases			
6	804 - Natural Gas City Gate Purchases			
7	804.1 - Liquefied Natural Gas Purchases			
8	805 - Other Gas Purchases			
9	805.1 - Purchased Gas Cost Adjustments			
10	TOTAL (Total of lines 1 through 9)	N/A	N/A	N/A
Notes to Gas Purchases				

<b>GAS USED IN UTILITY OPERATIONS - CREDIT (Accounts 812)</b>				
1. Report below particulars (details) of credits during the year to Accounts 810, 811 and 812 which offset charges to operating expenses or other accounts for the cost of gas from the respondent's own supply. 2. Natural gas means either natural gas unmixed, or any mixture of natural and manufactured gas. 3. If the reported Therms for any use is an estimated quantity, state such fact in a footnote.		4. If any natural gas was used by the respondent for which a change was not made to the appropriate operating expense or other account, list separately in column (c) the Therms of gas used, omitting entries in columns (d) and (e). 5. Report pressure base of measurement of gas volumes at 14.73 psia at 60 degrees F.		
Line No.	Purpose for Which Gas Was Used (a)	Account Charged (b)	Therms of Gas Used (c)	Natural Gas Amount of Credit (d)
1	812 Gas used for Other Utility Operations Credit (Report separately for each principal uses. Group minor uses.)			
2	N/A			
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18	TOTAL			

**REGULATORY COMMISSION EXPENSES (Account 928)**

<p>1. Report particulars (details) of regulatory commission expenses incurred during the current year (or incurred in previous years if being amortized) relating to formal cases before a regulatory body, or cases in which such a body was a party.</p> <p>2. Show in column (h) any expenses incurred in prior years which are being amortized. List in column (a) the period of amortization.</p>	<p>3. The totals of columns (c), (f), (h), and (i) must agree with the totals shown at the bottom of page 19 for Account 186</p> <p>4. List in Column (d) and (e) expenses incurred during year which were charged currently to income, plant, or other accounts.</p> <p>5. Minor items (less than \$25,000) may be grouped.</p>
--	--

Line No.	Description (Name of regulatory commission, the docket number, and a description of the case.)  (a)	Total Expenses to Date (b)	Deferred in Account 186 Beginning of Year (c)	Expenses Incurred During Year		Amortized During Year		Deferred in Account 186 End of Year (i)	
				Charged Currently to Account No. (d)	Amount (e)	Deferred to Account 186 (f)	Contra Account (g)		Amount (h)
1	Amortization of Rate Case Expense		\$ 206,252	928	\$ -	\$ -	928	\$ (68,748)	\$ 137,504
2									
3									
4									
5									
6									
7									
8									
9									
10									
11									
12									
13									
14									
15									
16									
17	<b>TOTAL</b>	\$ -	\$ 206,252		\$ -	\$ -		\$ (68,748)	\$ 137,504

**MISCELLANEOUS GENERAL EXPENSES (Account 930.2) (Gas)**

Line No.	Description (a)	Amount (b)
1	Industry Association Dues	
2	Experimental and General Research Expenses: (a) Gas Research Institute (GRI) (b) Other	
3	Publishing and distributing information and reports to stockholders; trustee, registrar, and transfer agent fees and expenses, and other expenses of servicing outstanding securities of the Respondent.	\$ 35,880
4	Other expenses (items of \$5,000 or more must be listed separately in this column showing the (1) purpose, (2) recipient and (3) amount of such items. Amounts of less than \$5,000 may be grouped by classes if the number of items so grouped is shown.)	
5		
6	Misc Corporate Adjustments	\$ -
7	Board Meetings and Director Fees	\$ 133,930
8	Misc Board of Director Expenses	\$ 963
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20	<b>TOTAL</b>	\$ 170,773

**DISTRIBUTION OF SALARIES AND WAGES**

Report below the distribution of total salaries and wages for the year. Segregate amounts originally charged to clearing accounts to Utility Departments, Construction, Plant Removals, and Other Accounts, and enter such amounts in the appropriate lines and columns provided. In determining this segregation of salaries and wages originally charged to clearing accounts, a method of approximation giving substantially correct results may be used.

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll Charged for Clearing Accounts (c)	Total (d)
1	<b>Electric</b>			
2	TOTAL Operation and Maintenance - Electric			
3	<b>Gas</b>			
4	Operation			
5	Production - Manufd. Gas & Nat.Gas (inc. Expl. and Dev.); Other Gas Supply; Storage, LNG, Terminaling & Processing			
6	Transmission			
7	Distribution	\$ 531,470		
8	Customer Accounts	\$ 26,902		
9	Customer Service and Informational	\$ 75,319		
10	Sales	\$ 4,835		
11	Administrative and General	\$ 720,043		
12	TOTAL Operation (Total of lines 5 through 11)	\$ 1,358,569		
13	Maintenance	\$ 195,965		
14	Production - Manufd. Gas & Nat.Gas (inc. Expl. and Dev.); Other Gas Supply; Storage, LNG, Terminaling & Processing			
15	Transmission			
16	Distribution	\$ -		
17	Administrative and General			
18	TOTAL Maintenance (Total of lines 14 through 17)	\$ 195,965		
19	Total Operation and Maintenance	\$ 1,554,534		
20	Production - Manufd. Gas & Nat.Gas (inc. Expl. and Dev.); Other Gas Supply; Storage, LNG, Terminaling & Processing			
21	Transmission (Enter Total of lines 6 and 15)	\$ -		
22	Distribution (Total of lines 7 and 16)	\$ 531,470		
23	Customer Accounts (Transcribe from line 8)	\$ 26,902		
24	Customer Service and Informational (Transcribe from line 9)	\$ 75,319		
25	Sales (Transcribe from line 10)	\$ 4,835		
26	Administrative and General (Total of lines 11 and 17)	\$ 720,043		
27	TOTAL Operation and Maint. (Total of lines 20 through 26)	\$ 1,358,569		
28	<b>Other Utility Departments</b>			
29	Operation and Maintenance	\$ 195,965		
30	TOTAL All Utility Dept. (Total of lines 2, 27, and 29)	\$ 1,554,534		
31	<b>Utility Plant</b>			
32	Construction (By Utility Departments)			
33	Electric Plant			
34	Gas Plant	\$ 97,182		
35	Other			
36	TOTAL Construction (Total of lines 33 through 35)	\$ 97,182		
37	Plant Removal (By Utility Department)			
38	Electric Plant			
39	Gas Plant	\$ 7,525		
40	Other			
41	TOTAL Plant Removal (Total of lines 38 through 40)	\$ 7,525		
42				
43	Other Accounts (Specify):			
44				
45				
46				
47				
48				
49				
50				
51				
52				
53	TOTAL Other Accounts	\$ -		
54	<b>TOTAL SALARIES AND WAGES</b>	<b>\$ 1,659,241</b>		

Name of Respondent		For the Year Ended
CHESAPEAKE UTILITIES CORPORATION - FLORIDA DIVISION		Dec. 31, 2011
<b>CHARGES FOR OUTSIDE PROFESSIONAL AND OTHER CONSULTATIVE SERVICES</b>		
<p>1. Report the information specified below for all charges made during the year included in any account (including plant accounts) for outside consultative and other professional services. (These services include rate, management, construction, engineering, research, financial, valuation, legal, accounting, purchasing, advertising, labor relations, and public relations, rendered the respondent under written or oral arrangement, for which aggregate payments were made during the year to any corporation, partnership, organization of any kind, or individual [other than for services as an employee or for payments made for medical and related services] amounting to more than \$25,000, including</p>		<p>payments for legislative services, except those which should be reported in Account 426.4 - Expenditures for Certain Civic, Political and Related Activities.</p> <p>(a) Name of person or organization rendering services,  (b) description of services received,  (c) basis of charges,  (d) total charges for the year, detailing account charged.</p> <p>2. For any services which are of a continuing nature, give the date and term of contract.</p> <p>3. Designate with an asterisk associated companies.</p>
	Description	Amount
1	Consulting	\$ 9,096
2		
3	Legal	\$ 6,102
4		
5	Allocated from Parent	\$ 378,001
6		
7	Operations and management charges from Florida Public Utilities	\$ 826,740
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		
26		
27		
28		

<b>PARTICULARS CONCERNING CERTAIN INCOME DEDUCTIONS AND INTEREST CHARGES ACCOUNTS</b>		
<p>Report the information specified below, in the order given for the respective income deduction and interest charges accounts. Provide a subheading for each account and total for the account. Additional columns may be added if deemed appropriate with respect to any account.</p> <p>(a) Miscellaneous Amortization (Account 425) - Describe the nature of items included in this account, the contra account charges, the total of amortization charged for the year, and the period of amortization.</p> <p>(b) Miscellaneous Income Deductions - Report the nature, payee, and amount of other income deductions for the year as required by Accounts 426.1, Donations; 426.2 Life Insurance; 426.3 Penalties; 426.4, Expenditures for Certain Civic, Political and Related Activities; and 426.5, Other Deductions, of the Uniform System of Accounts. Amounts of less than \$25,000 may be grouped by classes within the above accounts.</p> <p>(c) Other Interest Expense (Account 431) - Report particulars (Details) including the amount and interest rate for each other interest charges incurred during the year.</p>		
	Item	Amount
1		
2	Charitable Contributions - 426.1	\$ -
3	Penalties - 426.3	\$ 500
4	Other Interest Charges - 431.0	\$ 89,291
5	Campaign Contributions - 426.4	\$ -
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		

**Reconciliation of Gross Operating Revenues  
 Annual Report versus Regulatory Assessment Fee Return**

For the current year, reconcile the gross operating revenues as reported on Page 26 of this report with the gross operating revenues as reported on the utility's regulatory assessment fee return. Explain and justify any differences between the reported gross operating revenues in column (f).

	(a)	(b)	(c)	(d)	(e)	(f)
Line No.	Description	Gross Operating Revenues per Page 26	Interstate and Sales for Resale Adjustments	Adjusted Intrastate Gross Operating Revenues	Intrastate Gross Operating Revenues per RAF Return	Difference (d) - (e)
1	Total Sales to Ultimate Customers (480-482, 484)	\$ 15,386,667		\$ (294,006)	\$ 15,092,661	\$ 294,006
2	Sales for Resale (483)	\$ -			\$ -	\$ -
3	Total Natural Gas Service Revenues	\$ -			\$ -	\$ -
4	Total Other Operating Revenues (485-495)	\$ -			\$ -	\$ -
5	Total Gas Operating Revenues	\$ 15,386,667	\$ -	\$ (294,006)	\$ 15,092,661	\$ 294,006
6	Provision for Rate Refunds (496)					
7	Other (Specify)					
8						
9						
10	<b>Total Gross Operating Revenues</b>	\$ 15,386,667	\$ -	\$ (294,006)	\$ 15,092,661	\$ 294,006

Notes:

Environmental Recovery	\$ -
Competitive Rate Adjustment	\$ (62)
Competitive Rate Adjustment - Interest	\$ -
Franchise Taxes	\$ (306,549)
Competitive Rate Recovery not in Operating Revenues	\$ 12,605
Ending Variance:	\$ 0.00

Name of Respondent

For the Year Ended

CHESAPEAKE UTILITIES CORPORATION - FLORIDA DIVISION

Dec. 31, 2011

**CORPORATE STRUCTURE**

Provide an updated organizational chart showing all affiliated companies, partnerships, etc.

Effective Date: 12/31/11

# CHESAPEAKE



**Regulated Energy**

**Natural Gas**

**Distribution**

- Chesapeake Utilities
- Central Florida Gas
- Florida Public Utilities Company

**Transmission**

- Peninsula Pipeline Company
- Eastern Shore Natural Gas Company

**Electric Distribution**

- Florida Public Utilities Company

**Unregulated Energy**

**Natural Gas Marketing**

- Peninsula Energy Services Co

**Propane**

**Distribution**

- Sharp Energy, Inc.
- Sharpgas, Inc.
- Flo-Gas Corporation

**Wholesale Marketing**

- Xeron, Inc.

**Other**

**Advanced Information Services**

- Bravepoint, Inc.

**Chesapeake Investment Company**

**Intercompany Real Estate**

- Eastern Shore Real Estate, Inc.
- Skipjack, Inc

Name of Respondent

For the Year Ended

CHESAPEAKE UTILITIES CORPORATION - FLORIDA DIVISION

Dec. 31, 2011

**SUMMARY OF AFFILIATED TRANSFERS AND COST ALLOCATIONS**

Grouped by affiliate, list each contract, agreement, or other business transaction exceeding a cumulative amount of \$300 in any one year, entered into between the Respondent and an affiliated business or financial organization, firm, or partnership identifying parties, amounts, dates, and product, asset, or service involved.

(a) Enter name of affiliate.

(b) Give description of type of service, or name the product involved.

(c) Enter contract or agreement effective dates.

(d) Enter the letter "p" if the service or product is purchased by the Respondent; "s" if the service or product is sold by the Respondent.

(e) Enter utility account number in which charges are recorded.

(f) Enter total amount paid, received, or accrued during the year for each type of service or product listed in column (c). Do not net amounts when services are both received and provided.

Name of Affiliate (a)	Type of Service and/or Name of Product (b)	Relevant Contract or Agreement and Effective Date (c)	Total Charge for Year		
			"p" or "s" (d)	Account Number (e)	Dollar Amount (f)
Chesapeake Utilities Corporation	Parent Company: Corporate Services		s	Various	926,254
	Corporate Overheads		s	Various	980,433
Florida Public Utilities Company	Affiliate: Operations and management charges		s	Various	1,997,376
PESCO	Affiliate: Customer Service & Billing		s	Various	(212,082)
	Net Imbalance Cashouts and OBA		s	Various	689,039
	Office space rental		s	4930	(5,208)

Name of Respondent CHESAPEAKE UTILITIES CORPORATION - FLORIDA DIVISION	For the Year Ended Dec. 31, 2011
---	-------------------------------------

**NEW OR AMENDED CONTRACTS WITH AFFILIATED COMPANIES**

Provide a synopsis of each new or amended contract, agreement, or arrangement with affiliated companies for the purchase, lease, or sale of land, goods, or services (excluding tariffed items). The synopsis shall include, at a minimum, the terms, price, quantity, amount, and duration of the contracts.

Name of Affiliate	Synopsis of Contract
N/A	

**INDIVIDUAL AFFILIATED TRANSACTIONS IN EXCESS OF \$25,000**

Provide information regarding individual affiliated transactions in excess of \$25,000. Recurring monthly affiliated transactions which exceed \$25,000 per month should be reported annually in the aggregate. However, each land or property sales transaction even though similar sales recur, should be reported as a "non-recurring" item for the period in which it occurs.

Name of Affiliate	Description of Transaction	Dollar Amount
Peninsula Energy Services	2011 Imbalance Settlements	689,039
Peninsula Energy Services	Customer Service & Billing	(212,082)
Florida Public Utilities Company	Property plant and equipment transfers	(121,159)



**ASSETS OR RIGHTS PURCHASED FROM OR SOLD TO AFFILIATES**

Provide a summary of affiliated transactions involving asset transfers or the right to use assets.

Name of Affiliate	Description of Asset or Right	Cost/Orig. Cost	Accumulated Depreciation	Net Book Value	Fair Market Value	Purchase Price	Title Passed Yes/No
Purchases from Affiliates:		\$	\$	\$	\$	\$	
N/A							
<b>Total</b>						\$	
Sales to Affiliates:		\$	\$	\$	\$	Sales Price	
<b>Total</b>						\$ -	

**EMPLOYEE TRANSFERS**

List employees earning more than \$50,000 annually transferred to/from the utility to/from an affiliate company.

Company Transferred From	Company Transferred To	Old Job Assignment	New Job Assignment	Transfer Permanent or Temporary and Duration