



March 30, 2012

HAND DELIVERY

Mr. Marshall Willis, Director
Division of Economic Regulation
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Florida Public Utilities Company – 4th Quarter (2011) Earnings Surveillance Reports

Dear Mr. Willis:

Enclosed, please find the 4th Quarter Earnings Surveillance reports for Florida Public Utilities Company's Electric and Natural Gas divisions, as well as the report for the Florida Division of Chesapeake Utilities Corporation. One additional hard copy of each report is also included.

As always, please do not hesitate to give me a call if you have any questions or concerns whatsoever.

Sincerely,

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

MEK
Cc://Mr. John Slemkewicz

CHESAPEAKE UTILITIES CORPORATION
 FLORIDA DIVISION
 RATE OF RETURN REPORT SUMMARY
 December 31, 2011

SCHEDULE I

	(1) ACTUAL PER BOOKS	(2) FPSC ADJUSTMENTS	(3) FPSC ADJUSTED	(4) PRO FORMA ADJUSTMENTS	(5) PRO FORMA ADJUSTED
I. AVERAGE RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	\$ 3,217,675	(\$36,672)	\$3,181,003	\$0	\$3,181,003
AVERAGE RATE BASE	\$44,416,876	(\$1,006,191)	\$43,410,686	\$0	\$43,410,686
AVERAGE RATE OF RETURN	7.24%		7.34%		7.33%
II. YEAR-END RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	\$3,217,675	(\$61,564)	\$3,156,111	\$0	\$3,156,111
YEAR-END RATE BASE	\$45,423,061	(\$1,009,473)	\$44,413,589	\$0	\$44,413,589
YEAR-END RATE OF RETURN	7.08%		7.11%		7.11%
III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)			IV. EARNED RETURN ON EQUITY (FPSC ADJUSTED BASIS)		
LOW	6.92%		A	INCL COMP RATE ADJ REVENUES	11.00%
MIDPOINT	7.43%		B	EXCL COMP RATE ADJ REVENUES	11.00%
HIGH	7.79%				

I am aware that Section 837.06, Florida Statutes, provides:

Whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his official duty shall be guilty of a misdemeanor of the second degree punishable as provided in s. 775.082, s. 775.083 or s. 775.084.

Cheryl Martin
 Director, Regulatory Affairs

Cheryl Martin
 Signature

3/30/12
 Date

CHESAPEAKE UTILITIES CORPORATION
 FLORIDA DIVISION
AVERAGE RATE OF RETURN
 For the 12 Months Ending December 31, 2011
 RATE BASE

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	PLANT IN SERVICE	ACCUMULATED DEPRECIATION & AMORTIZATION	PLANT IN SERVICE	NET PROPERTY HELD FOR FUTURE USE	CONSTRUCTION WORK IN PROGRESS	NET UTILITY PLANT	WORKING CAPITAL	TOTAL RATE BASE
PER BOOKS	\$64,818,648	(\$22,071,769)	\$42,746,879	\$0	\$289,984	\$43,036,863	\$1,380,013	\$44,416,876
FPSC ADJUSTMENTS:								
ELIMINATIONS TO WORKING CAPITAL							(\$647,657)	(\$647,657)
ELIMINATE ACQUISITION ADJ.	\$0	\$0	\$0			\$0		\$0
ELIM. FRANCHISE/CONSENT		\$10,443	\$10,443			\$10,443		\$10,443
ELIM. COMMON PLANT	(\$281,382)	\$109,703	(\$171,678)			(\$171,678)		(\$171,678)
FLEXIBLE GAS SERVICE	(\$259,136)	\$70,842	(\$188,294)			(\$188,294)	(\$9,004)	(\$197,298)
TOTAL FPSC ADJUSTMENTS	(\$540,518)	\$190,988	(\$349,530)	\$0	\$0	(\$349,530)	(\$656,661)	(\$1,006,191)
FPSC ADJUSTED	\$64,278,130	(\$21,880,781)	\$42,397,349	\$0	\$289,984	\$42,687,334	\$723,352	\$43,410,686
COMP RATE ADJ REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR COMP RATE ADJ REVENUE	\$64,278,130	(\$21,880,781)	\$42,397,349	\$0	\$289,984	\$42,687,334	\$723,352	\$43,410,686
PROFORMA ADJUSTMENTS								
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRO FORMA ADJUSTED	\$64,278,130	(\$21,880,781)	\$42,397,349	\$0	\$289,984	\$42,687,334	\$723,352	\$43,410,686

CHESAPEAKE UTILITIES CORPORATION
 FLORIDA DIVISION
 AVERAGE RATE OF RETURN
 For the 12 Months Ending December 31, 2011
 INCOME STATEMENT

SCHEDULE 2
 PAGE 2 OF 2

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	OPERATING REVENUES	O & M GAS EXPENSE	O & M OTHER	DEPREC. & AMORTIZATION	TAXES OTHER THAN INCOME	INCOME TAXES CURRENT	D.I.T (NET)	I.T.C (NET)	GAIN/LOSS ON DISPOSITION	TOTAL OPERATING EXPENSES	NET OPERATING INCOME
PER BOOKS	\$15,386,668	\$ 984,104	\$6,519,435	\$2,331,260	\$830,916	\$1,503,278				\$12,168,993	\$3,217,675
FPSC ADJUSTMENTS:											
1) Interest Synchronization						(\$30,918)				(\$30,918)	\$30,918
2) Acquisition adjust.						\$0				\$0	\$0
3) Out of Period Adjustments			\$0			\$0				\$0	\$0
4) Elim. Property Tax - Common Plant					(\$3,613)	\$1,394				(\$2,219)	\$2,219
5) Elim. amort.org costs				(\$424)		\$164				(\$260)	\$260
6) Elim Economic Dev. Expense			\$0			\$0				\$0	\$0
7) Elim. Depreciation Exp. Common Plant				(\$12,153)		\$4,688				(\$7,465)	\$7,465
8) Elim. Non-utility O & M			\$0			\$0				\$0	\$0
9) Elim. Ind. Assoc dues						\$0				\$0	\$0
10) Elim charitable contributions			\$0			\$0				\$0	\$0
11) Elim. Social Activities			\$0			\$0				\$0	\$0
12) Elim. promotional expenses			\$0			\$0				\$0	\$0
13) Elim. Civic Dues			\$0			\$0				\$0	\$0
14) Interest Income	(\$639)					(\$246)				(\$246)	(\$392)
15) Elim. Rev Related Taxes (Franchise & PSC Assess)	(\$375,432)	(\$375,432)				\$0				(\$375,432)	\$0
16) Elim. Conservation Rev & Exp.	(\$608,672)	(\$608,672)				\$0				(\$608,672)	\$0
17) Elim. PGA Expenses		\$0				\$0				\$0	\$0
18) Elim. PGA Revenues	\$0					\$0				\$0	\$0
19) Elim. Flexible Gas Service	(\$156,600)		(\$45,184)	(\$10,104)	(\$3,699)	(\$37,655)				(\$96,641)	(\$59,959)
20) Income Tax Effective Rate Adjustment						\$17,184				\$17,184	(\$17,184)
TOTAL FPSC ADJUSTMENTS	(\$1,141,342)	(\$984,104)	(\$45,184)	(\$22,681)	(\$7,312)	(\$45,390)	\$0	\$0	\$0	(\$1,104,670)	(\$36,672)
FPSC ADJUSTED	\$14,245,326	\$0	\$6,474,251	\$2,308,579	\$823,604	\$1,457,888	\$0	\$0	\$0	\$11,064,323	\$3,181,003
COMP RATE ADJ REVENUES - DEFICIT/(SURPLUS)	\$0					\$0				\$0	\$0
ADJUSTED FOR COMP RATE ADJ REVENUES	\$14,245,326	\$0	\$6,474,251	\$2,308,579	\$823,604	\$1,457,888	\$0	\$0	\$0	\$11,064,323	\$3,181,003
PROFORMA ADJUSTMENTS											
TOTAL PROFORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PROFORMA ADJUSTED	\$14,245,326	\$0	\$6,474,251	\$2,308,579	\$823,604	\$1,457,888	\$0	\$0	\$0	\$11,064,323	\$3,181,003

CHESAPEAKE UTILITIES CORPORATION
 FLORIDA DIVISION
 YEAR END RATE OF RETURN
 For the 12 Months Ending December 31, 2011
 RATE BASE

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	PLANT IN SERVICE	ACCUMULATED DEPRECIATION & AMORTIZATION	PLANT IN SERVICE	NET PROPERTY HELD FOR FUTURE USE	CONSTRUCTION WORK IN PROGRESS	NET UTILITY PLANT	WORKING CAPITAL	TOTAL RATE BASE
PER BOOKS	\$64,661,607	(\$22,052,626)	\$42,608,981	\$0	\$289,984	\$42,898,965	\$2,524,096	\$45,423,061
FPSC ADJUSTMENTS:								
ELIMINATIONS TO WORKING CAPITAL ELIMINATE ACQUISITION ADJ.							(\$619,975)	(\$619,975)
ELIM. FRANCHISE/CONSENT		\$10,019	\$10,019			\$10,019		\$10,019
ELIM. COMMON PLANT	(\$288,207)	\$117,142	(\$171,065)			(\$171,065)		(\$171,065)
FLEXIBLE GAS SERVICE	(\$259,136)	\$39,689	(\$219,447)			(\$219,447)	(\$9,004)	(\$228,451)
TOTAL FPSC ADJUSTMENTS	(\$547,344)	\$166,851	(\$380,493)	\$0	\$0	(\$380,493)	(\$628,979)	(\$1,009,473)
FPSC ADJUSTED	\$64,114,263	(\$21,885,775)	\$42,228,488	\$0	\$289,984	\$42,518,472	\$1,895,117	\$44,413,589
COMP RATE ADJ REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR COMP RATE ADJ REVENUE	\$64,114,263	(\$21,885,775)	\$42,228,488	\$0	\$289,984	\$42,518,472	\$1,895,117	\$44,413,589
PROFORMA ADJUSTMENTS								
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRO FORMA ADJUSTED	\$64,114,263	(\$21,885,775)	\$42,228,488	\$0	\$289,984	\$42,518,472	\$1,895,117	\$44,413,589

CHESAPEAKE UTILITIES CORPORATION
 FLORIDA DIVISION
 YEAR END RATE OF RETURN
 For the 12 Months Ending December 31, 2011
 INCOME STATEMENT

SCHEDULE 3
 PAGE 2 OF 2

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	OPERATING REVENUES	O & M GAS EXPENSE	O & M OTHER	DEPREC. & AMORTIZATION	TAXES OTHER THAN INCOME	INCOME TAXES CURRENT	D.I.T. (NET)	I.T.C. (NET)	GAIN/LOSS ON DISPOSITION	TOTAL OPERATING EXPENSES	NET OPERATING INCOME
PER BOOKS	\$15,386,668	\$ 984,104	\$6,519,435	\$2,331,260	\$830,916	\$1,503,278				\$12,168,993	\$3,217,675
FPSC ADJUSTMENTS:											
1) Interest Synchronization						(\$6,027)				(\$6,027)	\$6,027
2) Acquisition adjust.						\$0				\$0	\$0
3) Out of Period Adjustments			\$0			\$0				\$0	\$0
4) Elim. Property Tax - Common Plant					(\$3,613)	\$1,394				(\$2,219)	\$2,219
5) Elim. amort.org costs				(\$424)		\$164				(\$260)	\$260
6) Elim Economic Dev. Expense			\$0			\$0				\$0	\$0
7) Elim. Depreciation Exp. Common Plant				(\$12,153)		\$4,688				(\$7,465)	\$7,465
8) Elim. Non-utility O & M			\$0			\$0				\$0	\$0
9) Elim. Ind. Assoc dues			\$0			\$0				\$0	\$0
10) Elim charitable contributions			\$0			\$0				\$0	\$0
11) Elim. Social Activities			\$0			\$0				\$0	\$0
12) Elim. promotional expenses			\$0			\$0				\$0	\$0
13) Elim. Civic Dues			\$0			\$0				\$0	\$0
14) Interest Income	(\$639)					(\$246)				(\$246)	(\$392)
15) Elim. Rev Related Taxes (Franchise & PSC Ass	(\$375,432)	(\$375,432)				\$0				(\$375,432)	\$0
16) Elim. Conservation Rev & Exp.	(\$608,672)	(\$608,672)				\$0				(\$608,672)	\$0
17) Elim. PGA Expenses		\$0				\$0				\$0	\$0
18) Elim. PGA Revenues	\$0					\$0				\$0	\$0
19) Elim. Flexible Gas Service	(\$156,600)		(\$45,184)	(\$10,104)	(\$3,699)	(\$37,655)				(\$96,641)	(\$59,959)
20) Income Tax Effective Tax Rate Adjustment						\$17,184				\$17,184	(\$17,184)
TOTAL FPSC ADJUSTMENTS	(\$1,141,342)	(\$984,104)	(\$45,184)	(\$22,681)	(\$7,312)	(\$20,498)	\$0	\$0	\$0	(\$1,079,778)	(\$61,564)
FPSC ADJUSTED	\$14,245,326	\$0	\$6,474,251	\$2,308,579	\$823,604	\$1,482,780	\$0	\$0	\$0	\$11,089,215	\$3,156,111
COMP RATE ADJ REVENUES - DEFICIT/(SURPLUS)	\$0					\$0				\$0	\$0
ADJUSTED FOR COMP RATE ADJ REVENUES	\$14,245,326	\$0	\$6,474,251	\$2,308,579	\$823,604	\$1,482,780	\$0	\$0	\$0	\$11,089,215	\$3,156,111
PROFORM ADJUSTMENTS											
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRO FORMA ADJUSTED	\$14,245,326	\$0	\$6,474,251	\$2,308,579	\$823,604	\$1,482,780	\$0	\$0	\$0	\$11,089,215	\$3,156,111

AVERAGE	ADJUSTMENTS							LOW POINT		MIDPOINT		HIGH POINT	
	PER BOOKS	NON-UTILITY	ADJUSTED BOOKS	PRO-RATA	SPECIFIC	BALANCE	RATIO (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
COMMON EQUITY	\$22,459,246	\$0	\$22,459,246	\$0	(\$647,493)	\$21,811,753	50.25%	9.80%	4.92%	10.80%	5.43%	11.80%	5.93%
LONG TERM DEBT	\$8,865,117	\$0	\$8,865,117	\$0	(\$255,579)	\$8,609,538	19.83%	8.14%	1.61%	8.14%	1.61%	8.14%	1.61%
SHORT TERM DEBT	\$2,306,720	\$0	\$2,306,720	\$0	(\$66,503)	\$2,240,217	5.16%	1.24%	0.06%	1.24%	0.06%	1.24%	0.06%
SHORT TERM DEBT REFINANCED LTD	\$1,270,052	\$0	\$1,270,052	\$0	(\$36,615)	\$1,233,437	2.84%	6.33%	0.18%	6.33%	0.18%	1.24%	0.04%
CUSTOMER DEPOSITS	\$948,905	\$0	\$948,905	\$0	\$0	\$948,905	2.19%	6.00%	0.13%	6.00%	0.13%	6.00%	0.13%
DEFERRED INCOME TAXES	\$8,463,357	\$0	\$8,463,357	\$0	\$0	\$8,463,357	19.50%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$103,479	\$0	\$103,479	\$0	\$0	\$103,479	0.24%	6.77%	0.02%	7.28%	0.02%	7.64%	0.02%
TOTAL AVERAGE	\$44,416,876	\$0	\$44,416,876	\$0	(\$1,006,190)	\$43,410,686	100.00%		6.92%		7.43%		7.79%

YEAR-END	ADJUSTMENTS							LOW POINT		MIDPOINT		HIGH POINT	
	PER BOOKS	NON-UTILITY	ADJUSTED BOOKS	PRO-RATA	SPECIFIC	BALANCE	RATIO (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
COMMON EQUITY	\$22,540,467	\$0	\$22,540,467	\$0	(\$646,769)	\$21,893,698	49.30%	9.80%	4.83%	10.80%	5.32%	11.80%	5.82%
LONG TERM DEBT	\$9,391,450	\$0	\$9,391,450	\$0	(\$269,475)	\$9,121,975	20.54%	7.58%	1.56%	7.58%	1.56%	7.58%	1.56%
SHORT TERM DEBT	\$3,249,118	\$0	\$3,249,118	\$0	(\$93,229)	\$3,155,889	7.11%	1.34%	0.10%	1.34%	0.10%	1.34%	0.10%
SHORT TERM DEBT REFINANCED LTD	\$0	\$0	\$0	\$0	\$0	\$0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$966,380	\$0	\$966,380	\$0	\$0	\$966,380	2.18%	6.00%	0.13%	6.00%	0.13%	6.00%	0.13%
DEFERRED INCOME TAXES	\$9,181,930	\$0	\$9,181,930	\$0	\$0	\$9,181,930	20.67%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$93,717	\$0	\$93,717	\$0	\$0	\$93,717	0.21%	6.49%	0.01%	6.98%	0.01%	7.48%	0.02%
TOTAL YEAR-END	\$45,423,062	\$0	\$45,423,062	\$0	(\$1,009,473)	\$44,413,589	100.00%		6.63%		7.12%		7.63%