



GUNSTER
FLORIDA'S LAW FIRM FOR BUSINESS

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September 30, 2013

ELECTRONIC MAIL

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

Re: Florida Division of Chesapeake Utilities Corporation—June 2013 Earnings Surveillance Reports

Dear Mr. Willis:

Attached, please find the Earnings Surveillance Report (ESR) for Florida Division of Chesapeake Utilities Corporation for the period ended June 30, 2013.

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
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MEK

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CHESAPEAKE UTILITIES CORPORATION
 FLORIDA DIVISION
 RATE OF RETURN REPORT SUMMARY
 June 30, 2013

SCHEDULE 1

	(1) ACTUAL PER BOOKS (JURISDICTIONAL)	(2) FPSC ADJUSTMENTS	(3) FPSC ADJUSTED	(4) PRO FORMA ADJUSTMENTS	(5) PRO FORMA ADJUSTED
I. AVERAGE RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	\$ 3,743,082	(\$411,526)	\$3,331,556	\$0	\$3,331,556
AVERAGE RATE BASE	\$47,298,887	(\$622,489)	\$46,676,392	\$0	\$46,676,392
AVERAGE RATE OF RETURN	7.91%		7.14%		7.14%
II. YEAR-END RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	\$3,743,082	(\$421,189)	\$3,321,893	\$0	\$3,321,893
YEAR-END RATE BASE	\$49,245,498	(\$546,483)	\$48,699,016	\$0	\$48,699,016
YEAR-END RATE OF RETURN	7.60%		6.82%		6.82%

III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)	IV. EARNED RETURN ON EQUITY (FPSC ADJUSTED BASIS)	A. INCL COMP RATE ADJ REVENUES	B. EXCL COMP RATE ADJ REVENUES
LOW	6.17%		11.80%
MIDPOINT	6.66%		
HIGH	7.15%		

I am aware that Section 337.06, 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

9/30/13
 Date

	(1) PLANT IN SERVICE	(2) ACQUILATED DEPRECIATION & AMORTIZATION	(3) PLANT IN SERVICE	(4) NET PROPERTY HELD FOR FUTURE USE	(5) CONSTRUCTION WORK IN PROGRESS	(6) NET UTILITY PLANT	(7) WORKING CAPITAL	(8) TOTAL RATE BASE
PER BOOKS	\$89,699,740	(\$25,584,513)	\$44,115,227	\$0	\$1,310,703	\$45,425,930	\$1,872,957	\$47,298,887
FPSC ADJUSTMENTS:								
ELIMINATIONS TO WORKING CAPITAL								
ELIMINATE ACQUISITION ADJ.	\$0	\$0	\$0	\$0		\$0	(\$270,116)	(\$270,116)
ELIM. FRANCHISE/CONSENT	(\$297,889)	(\$10,867)	(\$10,867)			(\$10,867)		(\$10,867)
ELIM. COMMON PLANT		\$138,519	(\$159,370)			(\$159,370)		(\$159,370)
FLEXIBLE GAS SERVICE	(\$259,136)	\$85,997	(\$173,139)			(\$173,139)	(\$9,004)	(\$182,143)
TOTAL FPSC ADJUSTMENTS	(\$557,024)	\$213,549	(\$343,375)	\$0		(\$343,375)	(\$279,120)	(\$622,495)
FPSC ADJUSTED	\$89,142,715	(\$25,370,964)	\$43,771,852	\$0	\$1,310,703	\$45,082,555	\$1,593,837	\$46,676,392
COMP RATE ADJ REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR COMP RATE ADJ REVENUE	\$89,142,715	(\$25,370,964)	\$43,771,852	\$0	\$1,310,703	\$45,082,555	\$1,593,837	\$46,676,392
PROFORMA ADJUSTMENTS								
TOTAL PROFORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PROFORMA ADJUSTED	\$89,142,715	(\$25,370,964)	\$43,771,852	\$0	\$1,310,703	\$45,082,555	\$1,593,837	\$46,676,392

CHESAPEAKE UTILITIES CORPORATION
 FLORIDA DIVISION
 AVERAGE RATE OF RETURN
 For the 12 Months Ending June 30, 2013
 INCOME STATEMENT

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	OPERATING REVENUES	O & M GAS EXPENSE	O & M OTHER	DEPREC. & AMORTIZATION	TAXES OTHER THAN INCOME	INCOME TAXES CURRENT	D.I.T. (NET)	I.T.C. (NET)	GAIN/LOSS ON DISPOSITION	TOTAL OPERATING EXPENSES	NET OPERATING INCOME
PER BOOKS	\$15,944,086	744,505	\$5,850,920	2,468,764	\$1,372,302	\$1,746,513				\$12,201,004	\$3,743,082
PESC ADJUSTMENTS:											
1) Interest Synchronization						\$117,222				\$117,222	(\$117,222)
2) Acquisition adjust.-NG						\$0				\$0	\$0
3) Allocation Adjustment						(\$160,325)				\$255,294	(\$255,294)
4) Elim. Property Tax - Common Plant			\$415,619			\$1,354				(\$2,185)	\$2,156
5) Elim. amort org costs						\$184				(\$290)	\$280
6) Elim Economic Dev. Expense						\$0				\$0	\$0
7) Elim. Depreciation Exp. Common Plant				(\$424)		\$0				(\$13,553)	\$13,553
8) Elim. Non-Utility O & M						\$0				\$0	\$0
9) Elim. Ind. Assoc. dues						\$0				\$0	\$0
10) Elim charitable contributions						\$0				(\$91)	\$81
11) Elim. Social Activities						\$5,813				(\$9,257)	\$9,257
12) Elim. promotional expenses						\$0				\$0	\$0
13) Elim. Civic Dues						\$0				\$0	\$0
14) Interest Income	\$1,540					\$633				\$633	\$1,007
15) Elim. Rev Related Taxes (Franchise & PSC Assets)	(\$412,259)					\$0				(\$412,259)	\$0
16) Elim. Conservation Rev & Exp.	(\$746,601)	(\$744,505)				(\$135)				(\$748,386)	(\$215)
17) Elim. FGA Expenses						\$0				\$0	\$0
18) Elim. FGA Revenues						\$0				\$0	\$0
19) Elim. Flexible Gas Service	\$0		(\$48,949)	(\$10,946)	(\$3,757)	\$0				(\$104,541)	(\$65,109)
TOTAL PESC ADJUSTMENTS	(\$1,328,870)	(\$744,505)	\$351,458	(\$33,434)	(\$423,272)	(\$67,601)	\$0	\$0	\$0	(\$917,344)	(\$411,525)
COMP RATE ADJUSTED	\$14,615,216	\$0	\$5,202,388	\$2,453,330	\$949,030	\$1,578,912	\$0	\$0	\$0	\$11,253,650	\$3,331,556
ADJUSTED FOR COMP RATE ADJUSTMENTS	\$14,615,216	\$0	\$5,202,388	\$2,453,330	\$949,030	\$1,578,912	\$0	\$0	\$0	\$11,253,650	\$3,331,556
PROFORMA ADJUSTMENTS											
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRO FORMA ADJUSTED	\$14,615,216	\$0	\$5,202,388	\$2,453,330	\$949,030	\$1,578,912	\$0	\$0	\$0	\$11,253,650	\$3,331,556

CHESAPEAKE UTILITIES CORPORATION
 FLORIDA DIVISION
 YEAR END RATE OF RETURN
 For the 12 Months Ending June 30, 2013
 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	\$72,910,461	(\$26,789,392)	\$46,141,099	\$0	\$1,259,556	\$47,400,655	\$1,844,843	\$49,245,498
FPPSC ADJUSTMENTS:								
ELIMINATIONS TO WORKING CAPITAL							(\$152,945)	(\$152,945)
ELIMINATE ACQUISITION ADJ.								
ELIM. FRANCHISE/CONS								
ELIM. COMMON PLANT	(\$303,894)	(\$11,079)	(\$11,079)			(\$11,079)		(\$11,079)
FLEXIBLE GAS SERVICE	(\$259,139)	\$149,886	(\$154,008)			(\$154,008)	(\$9,004)	(\$154,008)
		\$39,689	(\$219,447)			(\$219,447)		(\$228,451)
TOTAL FPPSC ADJUSTMENTS	(\$563,030)	\$178,496	(\$384,534)	\$0	\$0	(\$384,534)	(\$161,949)	(\$546,483)
FPPSC ADJUSTED	\$72,347,431	(\$26,590,896)	\$45,756,565	\$0	\$1,259,556	\$47,016,121	\$1,682,894	\$48,699,016
COMP RATE ADJ REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR COMP RATE ADJ REVENUE	\$72,347,431	(\$26,590,896)	\$45,756,565	\$0	\$1,259,556	\$47,016,121	\$1,682,894	\$48,699,016
PROFORMA ADJUSTMENTS								
TOTAL PROFORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PROFORMA ADJUSTED	\$72,347,431	(\$26,590,896)	\$45,756,565	\$0	\$1,259,556	\$47,016,121	\$1,682,894	\$48,699,016

CHESAPEAKE UTILITIES CORPORATION
 FLORIDA DIVISION
 YEAR END RATE OF RETURN
 For the 12 Months Ending June 30, 2013
 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	OPERATING NET INCOME
PER BOOKS	\$15,944,088	\$ 744,505	\$5,890,920	\$2,486,764	\$1,372,302	\$1,746,513				\$12,201,004	\$3,743,082
FPSC ADJUSTMENTS:											
1) Interest Synchronization						\$126,885				\$126,885	(\$126,885)
2) Acquisition adjust.						\$0				\$0	\$0
3) Allocation adjustment-NG						(\$160,325)				\$255,294	(\$255,294)
4) Elim. Property Tax - Common Plant			\$415,619			\$1,354				(\$2,156)	\$2,156
5) Elim. amort org costs				(\$424)		\$164				(\$260)	\$260
6) Elim. Economic Dev. Expense						\$0				\$0	\$0
7) Elim. Depreciation Exp. Common Plant				(\$22,064)		\$8,511				(\$13,553)	\$13,553
8) Elim. Ind. Assoc dues			\$0			\$0				\$0	\$0
9) Elim. Non-utility O & M			\$0			\$0				\$0	\$0
10) Elim. charitable contributions						\$51				(\$81)	\$81
11) Elim. Social Activities						\$5,813				(\$9,257)	\$9,257
12) Elim. promotional expenses						\$0				\$0	\$0
13) Elim. Civic Dues			\$0			\$0				\$0	\$0
14) Interest Income	\$1,640					\$633				\$633	\$1,007
15) Elim. Rev Related Taxes (Franchise & PSC Assets)	(\$412,259)					\$0				(\$412,259)	\$0
16) Elim. Conservation Rev & Exp.	(\$748,601)	(\$744,505)				(\$135)				(\$748,386)	(\$215)
17) Elim. PGA Expenses		\$0				\$0				\$0	\$0
18) Elim. PGA Revenues						\$0				\$0	\$0
19) Elim. Flexible Gas Service	\$0		(\$48,949)	(\$10,946)		(\$40,889)				(\$104,541)	(\$65,109)
TOTAL FPSC ADJUSTMENTS	(\$1,328,870)	(\$744,505)	\$351,468	(\$33,434)	(\$423,272)	(\$57,938)	\$0	\$0	\$0	(\$907,681)	(\$421,189)
COMP RATE ADJUSTED	\$14,615,216	\$0	\$6,202,388	\$2,453,330	\$949,030	\$1,688,575	\$0	\$0	\$0	\$11,293,323	\$3,321,893
ADJUSTED FOR COMP RATE ADJ REVENUES	\$14,615,216	\$0	\$6,202,388	\$2,453,330	\$949,030	\$1,688,575	\$0	\$0	\$0	\$11,293,323	\$3,321,893
PROFORM ADJUSTMENTS											
TOTAL PRO FORM ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRO FORM ADJUSTED	\$14,615,216	\$0	\$6,202,388	\$2,453,330	\$949,030	\$1,688,575	\$0	\$0	\$0	\$11,293,323	\$3,321,893

AVERAGE	PER BOOKS	ADJUSTMENTS NON-UTILITY	ADJUSTED BOOKS	PRO-RATA	SPECIFIC	BALANCE	RATIO (%)	LOW POINT			MIDPOINT			HIGH POINT			
								COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)		
COMMON EQUITY	\$23,037,835	\$0	\$23,037,835	\$0	(\$390,715)	\$22,647,120	48.52%	9.80%	4.75%	10.80%	5.24%	11.80%	5.73%	6.06%	1.17%	6.06%	1.17%
LONG TERM DEBT	\$9,166,552	\$0	\$9,166,552	\$0	(\$155,497)	\$9,013,055	19.31%	6.06%	1.17%	6.06%	1.17%	6.06%	1.17%	6.06%	1.17%	6.06%	1.17%
SHORT TERM DEBT	\$4,497,821	\$0	\$4,497,821	\$0	(\$76,282)	\$4,421,539	9.47%	1.29%	0.12%	1.29%	0.12%	1.29%	0.12%	1.29%	0.12%	1.29%	0.12%
SHORT TERM DEBT REFINANCED LTD	\$0	\$0	\$0	\$0	\$0	\$0	0.00%	6.33%	0.00%	6.33%	0.00%	6.33%	0.00%	6.33%	0.00%	6.33%	0.00%
CUSTOMER DEPOSITS	\$960,696	\$0	\$960,696	\$0	\$0	\$960,696	2.06%	6.00%	0.12%	6.00%	0.12%	6.00%	0.12%	6.00%	0.12%	6.00%	0.12%
DEFERRED INCOME TAXES	\$9,559,790	\$0	\$9,559,790	\$0	\$0	\$9,559,790	20.48%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$74,193	\$0	\$74,193	\$0	\$0	\$74,193	0.16%	6.04%	0.01%	6.53%	0.01%	7.02%	0.01%	7.02%	0.01%	7.02%	0.01%
TOTAL AVERAGE	\$47,298,888	\$0	\$47,298,888	\$0	(\$822,494)	\$46,676,394	100.00%		6.17%		6.65%		7.15%				

YEAR-END	PER BOOKS	ADJUSTMENTS NON-UTILITY	ADJUSTED BOOKS	PRO-RATA	SPECIFIC	BALANCE	RATIO (%)	LOW POINT			MIDPOINT			HIGH POINT			
								COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)		
COMMON EQUITY	\$22,506,104	\$0	\$22,506,104	\$0	(\$321,024)	\$22,185,080	45.55%	9.80%	4.46%	10.80%	4.92%	11.80%	5.38%	5.85%	1.07%	5.85%	1.07%
LONG TERM DEBT	\$9,021,452	\$0	\$9,021,452	\$0	(\$128,688)	\$8,892,764	18.25%	5.85%	1.07%	5.85%	1.07%	5.85%	1.07%	5.85%	1.07%	5.85%	1.07%
SHORT TERM DEBT	\$6,784,860	\$0	\$6,784,860	\$0	(\$96,779)	\$6,688,081	13.75%	0.81%	0.11%	0.81%	0.11%	0.81%	0.11%	0.81%	0.11%	0.81%	0.11%
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%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$969,579	\$0	\$969,579	\$0	\$0	\$969,579	1.99%	6.00%	0.12%	6.00%	0.12%	6.00%	0.12%	6.00%	0.12%	6.00%	0.12%
DEFERRED INCOME TAXES	\$9,899,073	\$0	\$9,899,073	\$0	\$0	\$9,899,073	20.33%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$64,431	\$0	\$64,431	\$0	\$0	\$64,431	0.13%	5.64%	0.01%	6.10%	0.01%	6.58%	0.01%	6.58%	0.01%	6.58%	0.01%
TOTAL YEAR-END	\$49,248,499	\$0	\$49,248,499	\$0	(\$546,483)	\$48,699,016	100.00%		5.77%		6.23%		6.69%				