



April 7, 2014

VIA E-MAIL [AMAUREY@PSC.STATE.FL.US](mailto:AMAUREY@PSC.STATE.FL.US)

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

**Re: Florida Public Utilities Company (Electric and Gas Divisions), Indiantown and Florida  
Division of Chesapeake Utilities Corporation – 4<sup>th</sup> Quarter Surveillance Reports**

Dear Mr. Maurey:

In accordance with Rules 25-6.1352 (3) and 25-7.1352 (3), F.A.C., Florida Public Utilities Company ("FPUC"), and the Florida Division of Chesapeake Utilities Corporation ("CFG") (jointly herein "Companies") hereby submit the required 4<sup>th</sup> Quarter Earnings Surveillance Reports for 2013. In addition, Florida Public Utilities has included with this submittal a revised 3<sup>rd</sup> Quarter Surveillance Report for the Company's Electric Division.

If you have any questions whatsoever, please do not hesitate to let me know.

Sincerely,



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

Cc:// Cheryl Bulecza-Banks, Assistant Director  
Bart Fletcher, Public Utility Supervisor

CHESAPEAKE UTILITIES CORPORATION  
 FLORIDA DIVISION  
 RATE OF RETURN REPORT SUMMARY  
 December 31, 2013

SCHEDULE 1

	(1) ACTUAL PER BOOKS	(2) FPSC ADJUSTMENTS	(3) FPSC ADJUSTED	(4) PRO FORMA ADJUSTMENTS	(5) PRO FORMA ADJUSTED
I. AVERAGE RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	\$ 3,568,259	(\$177,673)	\$3,390,586	\$0	\$3,390,586
AVERAGE RATE BASE	\$49,181,715	(\$459,650)	\$48,722,065	\$0	\$48,722,065
AVERAGE RATE OF RETURN	7.26%		6.96%		6.96%
II. YEAR-END RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	\$3,568,259	(\$197,125)	\$3,371,134	\$0	\$3,371,134
YEAR-END RATE BASE	\$51,834,105	(\$366,154)	\$51,467,951	\$0	\$51,467,951
YEAR-END RATE OF RETURN	6.88%		6.55%		6.55%

III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)	IV. EARNED RETURN ON EQUITY (FPSC ADJUSTED BASIS)
LOW	A. INCL COMP RATE ADJ REVENUES 11.73%
MIDPOINT	B. EXCL COMP RATE ADJ REVENUES 11.73%
HIGH	

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 per MDA*  
 Signature

4/7/14  
 Date

CHESAPEAKE UTILITIES CORPORATION  
FLORIDA DIVISION  
AVERAGE RATE OF RETURN  
For the 12 Months Ending December 31, 2013  
RATE BASE

	(1) PLANT IN SERVICE	(2) ACCUMULATED DEPRECIATION & AMORTIZATION	(3) PLANT IN SERVICE	(4) NET PROPERTY HELD FOR FUTURE USE	(5) CONSTRUCTION WORK IN PROGRESS	(6) NET UTILITY PLANT	(7) WORKING CAPITAL	(8) TOTAL RATE BASE
PER BOOKS	\$72,020,986	(\$26,943,439)	\$45,877,546	\$0	\$1,544,586	\$47,422,134	\$1,759,561	\$49,181,715
FPSC ADJUSTMENTS:								
ELIMINATIONS TO WORKING CAPITAL	\$0	\$0	\$0				(\$115,107)	\$0
ELIM: ACQUISITION ADJ.		(\$11,079)	(\$11,079)			\$0		(\$11,079)
ELIM: FRANCHISE/CONSENT	(\$308,264)	\$149,891	(\$158,373)			(\$158,373)		(\$156,373)
ELIM: COMMON PLANT	(\$259,136)	\$91,049	(\$168,087)			(\$168,087)	(\$9,004)	(\$177,091)
FLEXIBLE GAS SERVICE								
TOTAL FPSC ADJUSTMENTS	(\$595,400)	\$29,661	(\$35,539)	\$0	\$0	(\$35,539)	(\$124,111)	(\$459,650)
FPSC ADJUSTED	\$72,255,586	(\$26,713,577)	\$45,542,009	\$0	\$1,544,586	\$47,086,595	\$1,635,470	\$48,722,065
COMP RATE ADJ REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR COMP RATE ADJ REVENUE	\$72,255,586	(\$26,713,577)	\$45,542,009	\$0	\$1,544,586	\$47,086,595	\$1,635,470	\$48,722,065
PROFORMA ADJUSTMENTS								
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRO FORMA ADJUSTED	\$72,255,586	(\$26,713,577)	\$45,542,009	\$0	\$1,544,586	\$47,086,595	\$1,635,470	\$48,722,065

CHESAPEAKE UTILITIES CORPORATION  
FLORIDA DIVISION  
AVERAGE RATE OF RETURN  
For the 12 Months Ending December 31, 2013  
INCOME STATEMENT

	(1) OPERATING REVENUES	(2) O & M GAS EXPENSE	(3) O & M OTHER	(4) DEPREC. & AMORTIZATION	(5) TAXES OTHER THAN INCOME	(6) INCOME TAXES CURRENT	(7) D.I.T. (NET)	(8) I.T.C. (NET)	(9) GAIN/LOSS ON DISPOSITION	(10) TOTAL OPERATING EXPENSES	(11) NET OPERATING INCOME
PER BOOKS	\$16,002,325	\$ 625,928	\$6,222,505	\$2,615,956	\$1,216,786	\$1,752,881				\$12,434,066	\$3,568,259
FFSC ADJUSTMENTS:											
1) Interest Synchronization						\$46,016				\$46,016	(\$46,016)
2) Acquisition adjust.			\$34,019			\$0				\$0	\$0
3) O&M Adj.- Deprac Study Costs and Bonus True-Ups					(\$3,474)	(\$13,123)				\$20,896	(\$20,896)
4) Elim. Property Tax - Common Plant				(\$424)		\$1,340				\$2,134	\$2,134
5) Elim. amort cig costs						\$164				(\$260)	\$260
6) Elim. Economic Dev. Expense			\$0	(\$22,288)		\$0				\$0	\$0
7) Elim. Depreciation Exp. Common Plant			\$0			\$5,590				(\$13,978)	\$13,978
8) Elim. Non-utility O & M						\$0				\$0	\$0
9) Elim. Inc. 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
14) Interest Income	\$2,463					\$0				\$0	\$0
15) Elim. Rev Related Taxes (Franchise & PSC Assess)	(\$201,979)				(\$201,979)	\$950				(\$201,979)	\$1,513
16) Elim. Conservation Rev & Exp.	(\$528,962)				(\$3,148)	\$0				(\$528,962)	\$0
17) Elim. PGA Expenses	\$0					\$43				\$0	\$88
18) Elim. PGA Revenues	\$0		(\$45,184)			\$0				\$0	\$0
19) Elim. Flexible Gas Service	(\$156,600)		\$111,187	(\$10,104)		(\$37,754)				(\$96,482)	(\$60,118)
20) Out of Period Adjustments	(\$865,077)		\$100,022	(\$32,786)	(\$212,040)	(\$42,890)				\$66,287	(\$68,297)
TOTAL FFSC ADJUSTMENTS											
	\$15,017,248	\$1	\$5,322,527	\$2,581,162	\$1,006,746	\$1,716,227	\$0	\$0	\$0	\$11,626,662	\$3,390,586
FFSC ADJUSTED											
COMP RATE ADJ REVENUES - DEFICIT/(SURPLUS)	\$0					\$0				\$0	\$0
ADJUSTED FOR COMP RATE ADJ REVENUES	\$15,017,248	\$1	\$5,322,527	\$2,581,162	\$1,006,746	\$1,716,227	\$0	\$0	\$0	\$11,626,662	\$3,390,586
PROFORMA ADJUSTMENTS											
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRO FORMA ADJUSTED	\$15,017,248	\$1	\$5,322,527	\$2,581,162	\$1,006,746	\$1,716,227	\$0	\$0	\$0	\$11,626,662	\$3,390,586

CHESAPEAKE UTILITIES CORPORATION  
FLORIDA DIVISION  
YEAR END RATE OF RETURN  
For the 12 Months Ending December 31, 2013  
RATE BASE

	(1) PLANT IN SERVICE	(2) ACCUMULATED DEPRECIATION & AMORTIZATION	(3) PLANT IN SERVICE	(4) NET PROPERTY HELD FOR FUTURE USE	(5) CONSTRUCTION WORK IN PROGRESS	(6) NET UTILITY PLANT	(7) WORKING CAPITAL	(8) TOTAL RATE BASE
PER BOOKS	\$76,950,593	(\$27,367,199)	\$49,583,409	\$0	\$1,297,816	\$50,881,225	\$952,880	\$51,834,105
FPSC ADJUSTMENTS:								
ELIMINATIONS TO WORKING CAPITAL ELIMINATE ACQUISITION ADJ.							\$35,367	\$35,367
ELIM. FRANCHISE/CONSENT	(\$322,545)	(\$11,291)	(\$11,291)	(\$161,779)		(\$11,291)	(\$161,779)	(\$11,291)
ELIM. COMMON PLANT	(\$259,136)	\$160,766	(\$161,779)			(\$161,779)		(\$161,779)
FLEXIBLE GAS SERVICE		\$39,689	(\$219,447)			(\$219,447)	(\$9,004)	(\$228,451)
TOTAL FPSC ADJUSTMENTS	(\$581,681)	\$189,165	(\$392,517)	\$0	\$0	(\$392,517)	\$26,353	(\$366,154)
FPSC ADJUSTED	\$76,368,927	(\$27,178,034)	\$49,190,892	\$0	\$1,297,816	\$50,488,708	\$979,242	\$51,467,951
COMP RATE ADJ REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR COMP RATE ADJ REVENUE	\$76,368,927	(\$27,178,034)	\$49,190,892	\$0	\$1,297,816	\$50,488,708	\$979,242	\$51,467,951
PROFORMA ADJUSTMENTS								
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRO FORMA ADJUSTED	\$76,368,927	(\$27,178,034)	\$49,190,892	\$0	\$1,297,816	\$50,488,708	\$979,242	\$51,467,951

CHESAPEAKE UTILITIES CORPORATION  
FLORIDA DIVISION  
YEAR END RATE OF RETURN  
For the 12 Months Ending December 31, 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	\$16,002,325	\$ 625,926	\$6,222,505	\$2,613,968	\$1,218,786	\$1,752,891				\$12,434,066	\$3,568,259
FFSC ADJUSTMENTS:											
1) Interest Synchronization						\$65,468				\$65,468	(\$65,468)
2) Acquisition adjust.			\$34,019			\$0				\$0	\$0
3) O&M Adj. - Deprec. Study Costs and Bonus True-Ups					(\$3,474)	(\$13,123)				\$20,896	(\$20,896)
4) Elim. Property Tax - Common Plant						\$13,440				(\$2,134)	\$2,134
5) Elim. amort. org. costs				(\$424)		\$254				(\$263)	\$260
6) Elim. Economic Dev. Expense			\$0			\$0				\$0	\$0
7) Elim. Depreciation Exp. Common Plant			\$0	(\$22,268)		\$8,590				(\$13,678)	\$13,678
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			\$950				\$950	\$1,513
14) Interest Income	\$2,463					\$0				\$0	\$0
15) Elim. Rev. Related Taxes (Franchise & PSC Assess)	(\$201,979)				(\$201,979)	\$0				(\$201,979)	\$0
16) Elim. Conservation Rev & Exp.	(\$628,962)	(\$625,926)			(\$3,148)	\$43				(\$629,030)	\$88
17) Elim. PGA Expenses	\$0					\$0				\$0	\$0
18) Elim. PGA Revenues						\$0				\$0	\$0
19) Elim. Flexible Gas Service	(\$156,600)		(\$45,184)		(\$3,440)	(\$37,754)				(\$96,482)	(\$60,118)
20) Out of Period Adjustments			\$111,187			(\$42,890)				\$68,297	(\$59,297)
TOTAL FFSC ADJUSTMENTS	(\$985,077)	(\$625,926)	\$100,022	(\$32,736)	(\$212,040)	(\$17,212)	\$0	\$0	\$0	(\$787,952)	(\$197,125)
FFSC ADJUSTED	\$15,017,248	\$1	\$6,322,527	\$2,581,162	\$1,006,746	\$1,735,679	\$0	\$0	\$0	\$11,646,114	\$3,371,134
COMP RATE ADJ REVENUES - DEFICIT/(SURPLUS)	\$0					\$0				\$0	\$0
ADJUSTED FOR COMP RATE ADJ REVENUES	\$15,017,248	\$1	\$6,322,527	\$2,581,162	\$1,006,746	\$1,735,679	\$0	\$0	\$0	\$11,646,114	\$3,371,134
PROFORM ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL PRO FORMA ADJUSTMENTS	\$15,017,248	\$1	\$6,322,527	\$2,581,162	\$1,006,746	\$1,735,679	\$0	\$0	\$0	\$11,646,114	\$3,371,134
PRO FORMA ADJUSTED	\$15,017,248	\$1	\$6,322,527	\$2,581,162	\$1,006,746	\$1,735,679	\$0	\$0	\$0	\$11,646,114	\$3,371,134

SCHEDULE 4

CHESAPEAKE UTILITIES CORPORATION  
 FLORIDA DIVISION  
 CAPITAL STRUCTURE  
 December 31, 2013  
 PFSC ADJUSTED BASIS

AVERAGE	ADJUSTMENTS		ADJUSTED BOOKS	PRO-RATA	SPECIFIC	BALANCE	RATIO (%)	LOW POINT		MIDPOINT		HIGH POINT	
	PER BOOKS	NON-UTILITY						COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
COMMON EQUITY	\$0	\$23,577,459	\$0	(\$280,018)	\$23,297,441	47.82%	9.80%	4.69%	10.80%	5.16%	11.80%	5.64%	
LONG TERM DEBT	\$8,444,420	\$0	\$8,444,420	(\$100,291)	\$8,344,129	17.13%	6.02%	1.03%	6.02%	1.03%	6.02%	1.03%	
SHORT TERM DEBT	\$5,419,507	\$0	\$5,419,507	(\$64,365)	\$5,355,142	10.99%	1.48%	0.16%	1.48%	0.16%	1.48%	0.16%	
SHORT TERM DEBT REFINANCED LTD	\$1,260,793	\$0	\$1,260,793	(\$14,974)	\$1,245,819	2.56%	4.17%	0.11%	4.17%	0.11%	4.17%	0.11%	
CUSTOMER DEPOSITS	\$972,007	\$0	\$972,007	\$0	\$972,007	2.00%	2.34%	0.05%	2.34%	0.05%	2.34%	0.05%	
DEFERRED INCOME TAXES	\$9,443,097	\$0	\$9,443,097	\$0	\$9,443,097	19.38%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
TAX CREDITS - WEIGHTED COST	\$64,431	\$0	\$64,431	\$0	\$64,431	0.13%	5.99%	0.01%	6.46%	0.01%	6.94%	0.01%	
TOTAL AVERAGE	\$49,181,714	\$0	\$49,181,714	\$0	(\$459,648)	\$48,722,066	100.00%	5.05%	6.52%	7.80%			

YEAR-END	ADJUSTMENTS		ADJUSTED BOOKS	PRO-RATA	SPECIFIC	BALANCE	RATIO (%)	LOW POINT		MIDPOINT		HIGH POINT	
	PER BOOKS	NON-UTILITY						COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
COMMON EQUITY	\$22,615,748	\$0	\$22,615,748	\$0	(\$205,932)	\$22,409,816	43.54%	9.80%	4.27%	10.80%	4.70%	11.80%	5.14%
LONG TERM DEBT	\$9,100,625	\$0	\$9,100,625	\$0	(\$82,867)	\$9,017,758	17.52%	5.20%	0.91%	5.20%	0.91%	5.20%	0.91%
SHORT TERM DEBT	\$4,475,280	\$0	\$4,475,280	\$0	(\$40,750)	\$4,434,530	8.62%	1.66%	0.14%	1.66%	0.14%	1.66%	0.14%
SHORT TERM DEBT REFINANCED LTD	\$4,019,783	\$0	\$4,019,783	\$0	(\$36,603)	\$3,983,180	7.74%	1.22%	0.09%	1.22%	0.09%	1.22%	0.09%
CUSTOMER DEPOSITS	\$982,986	\$0	\$982,986	\$0	\$0	\$982,986	1.91%	2.31%	0.04%	2.31%	0.04%	2.31%	0.04%
DEFERRED INCOME TAXES	\$10,585,013	\$0	\$10,585,013	\$0	\$0	\$10,585,013	20.57%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$54,669	\$0	\$54,669	\$0	\$0	\$54,669	0.11%	5.41%	0.01%	5.84%	0.01%	6.28%	0.01%
TOTAL YEAR-END	\$51,834,104	\$0	\$51,834,104	\$0	(\$366,152)	\$51,467,952	100.00%	5.46%	5.89%	6.33%			