



March 30, 2016

**VIA HAND DELIVERY**

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

RECEIVED  
FLORIDA PUBLIC SERVICE  
COMMISSION  
2016 MAR 30 PM 4:11  
DIVISION OF  
ACCOUNTING & FINANCE

**Re: Florida Public Utilities Company (Electric and Gas Divisions), Florida Public Utilities Company-Indiantown Division, Florida Public Utilities Company-Fort Meade, and Florida Division of Chesapeake Utilities Corporation 4th Quarter Surveillance Reports**

Dear Mr. Maurey:

In accordance with Rules 25-6.1352(3) and 25-7.1352(3), F.A.C., Florida Public Utilities Company (Gas and Electric Divisions), FPUC-Fort Meade, FPUC-Indiantown Division and the Florida Division of Chesapeake Utilities Corporation hereby submit the original and four (4) copies of the required 4th Quarter (December 2015) Earnings Surveillance Reports for 2015.

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

Sincerely,

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

cc: Cheryl Bulecza-Banks  
Bart Fletcher

FLORIDA PUBLIC UTILITIES COMPANY  
 FT. MEADE DIVISION  
 RATE OF RETURN REPORT SUMMARY  
 December 31, 2015

SCHEDULE 1

	(1) ACTUAL PER BOOKS	(2) FPSC ADJUSTMENTS	(3) FPSC ADJUSTED	(4) PRO FORMA ADJUSTMENTS	(5) PRO FORMA ADJUSTED
<b>I. AVERAGE RATE OF RETURN (JURISDICTIONAL)</b>					
NET OPERATING INCOME	\$ (71,950)	\$14,879	(\$57,071)	\$ (29,235)	(\$86,307)
AVERAGE RATE BASE	\$484,871	(\$106,833)	\$378,039	\$642,536	\$1,020,575
AVERAGE RATE OF RETURN	-14.84%		-15.10%		-8.46%
<b>II. YEAR-END RATE OF RETURN (JURISDICTIONAL)</b>					
NET OPERATING INCOME	(\$71,950)	\$15,815	(\$56,135)	(\$29,235)	(\$85,370)
YEAR-END RATE BASE	\$814,399	(\$153,771)	\$660,628	\$618,739	\$1,279,367
YEAR-END RATE OF RETURN	-8.83%		-8.50%		-6.67%

**III. REQUIRED RATES OF RETURN  
 AVERAGE CAPITAL STRUCTURE  
 (FPSC ADJUSTED BASIS)**

LOW	4.95%
MIDPOINT	5.34%
HIGH	5.73%

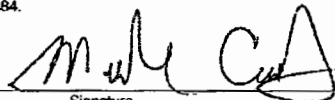
**IV. EARNED RETURN ON EQUITY  
 (FPSC ADJUSTED BASIS)**

A. RETURN ON COMMON EQUITY	-41.67%
----------------------------	---------

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

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

Mike Cassel  
 Director, Regulatory Affairs

  
 Signature

3/29/16  
 Date

FLORIDA PUBLIC UTILITIES COMPANY  
 FT. MEADE DIVISION  
 AVERAGE RATE OF RETURN  
 For the 12 Months Ending December 31, 2015  
 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	\$ 639,789	\$ (412,960)	\$ 226,830	\$ -	\$ 52,866	\$ 279,695	\$ 205,176	\$ 484,871
FPSC ADJUSTMENTS:								
REMOVE CONS. & PGA UNDER-RECOVERY			\$ -			\$ -	\$ -	\$ -
CORRECT RECORDING OF ACQUISITION		\$ (1,872)	\$ (1,872)			\$ (1,872)	\$ (104,961)	\$ (104,961)
TOTAL FPSC ADJUSTMENTS	\$ -	\$ (1,872)	\$ (1,872)	\$ -	\$ -	\$ (1,872)	\$ (104,961)	\$ (106,833)
FPSC ADJUSTED	\$ 639,789	\$ (414,831)	\$ 224,958	\$ -	\$ 52,866	\$ 277,824	\$ 100,215	\$ 378,039
PROFORMA ADJUSTMENTS								
RECORD ACQUISITION ADJUSTMENT	\$ 713,930	\$ (71,394)	\$ 642,536			\$ 642,536		\$ 642,536
TOTAL PRO FORMA ADJUSTMENTS	\$ 713,930	\$ (71,394)	\$ 642,536	\$ -	\$ -	\$ 642,536	\$ -	\$ 642,536
PRO FORMA ADJUSTED	\$ 1,353,719	\$ (486,225)	\$ 867,494	\$ -	\$ 52,866	\$ 920,360	\$ 100,215	\$ 1,020,575

FLORIDA PUBLIC UTILITIES COMPANY  
 FT. MEADE DIVISION  
 AVERAGE RATE OF RETURN  
 For the 12 Months Ending December 31, 2015  
 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	\$ 316,351	\$ 151,974	\$ 224,554	\$ 17,654	\$ 42,778	\$ (48,659)				\$ 388,301	\$ (71,950)
FPSC ADJUSTMENTS:											
1) Interest Synchronization						\$ 574				\$ 574	\$ (574)
2) Correct Depreciation of Acquisition				\$ (117)		\$ 45				\$ (72)	\$ 72
3) Elim. Conservation Rev & Exp.	\$ (13,598)	\$ (13,529)			\$ (68)	\$ (0)				\$ (13,597)	\$ (1)
4) Elim. PGA Revenues & Expense	\$ (114,011)	\$ (138,445)			\$ (607)	\$ 9,659				\$ (129,392)	\$ 15,381
TOTAL FPSC ADJUSTMENTS	\$ (127,609)	\$ (151,974)	\$ -	\$ (117)	\$ (675)	\$ 10,278	\$ -	\$ -	\$ -	\$ (142,488)	\$ 14,879
FPSC ADJUSTED	\$ 188,742	\$ 0	\$ 224,554	\$ 17,537	\$ 42,103	\$ (38,381)	\$ -	\$ -	\$ -	\$ 245,813	\$ (57,071)
PROFORMA ADJUSTMENTS											
1) Amortize Acquisition Adjustment				\$ 47,595		\$ (18,360)				\$ 29,235	\$ (29,235)
TOTAL PRO FORMA ADJUSTMENTS	\$ -	\$ -	\$ -	\$ 47,595	\$ -	\$ (18,360)	\$ -	\$ -	\$ -	\$ 29,235	\$ (29,235)
PRO FORMA ADJUSTED	\$ 188,742	\$ 0	\$ 224,554	\$ 65,133	\$ 42,103	\$ (56,741)	\$ -	\$ -	\$ -	\$ 275,049	\$ (86,307)

FLORIDA PUBLIC UTILITIES COMPANY  
 FT. MEADE DIVISION  
 YEAR END RATE OF RETURN  
 For the 12 Months Ending December 31, 2015  
 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	\$ 679,455	\$ (424,101)	\$ 255,353	\$ -	\$ 209,403	\$ 464,756	\$ 349,643	\$ 814,399
FPSC ADJUSTMENTS:								
CORRECT RECORDING OF ACQUISITION		\$ (1,916)	\$ (1,916)			\$ (1,916)		\$ (1,916)
REMOVE CONS. & PGA UNDER-RECOVERIES			\$ -			\$ -	\$ (151,855)	\$ (151,855)
TOTAL FPSC ADJUSTMENTS	\$ -	\$ (1,916)	\$ (1,916)	\$ -	\$ -	\$ (1,916)	\$ (151,855)	\$ (153,771)
FPSC ADJUSTED	\$ 679,455	\$ (426,017)	\$ 253,437	\$ -	\$ 209,403	\$ 462,840	\$ 197,788	\$ 660,628
PROFORMA ADJUSTMENTS								
RECORD ACQUISITION ADJUSTMENT	\$ 713,930	\$ (95,191)	\$ 618,739			\$ 618,739		\$ 618,739
TOTAL PRO FORMA ADJUSTMENTS	\$ 713,930	\$ (95,191)	\$ 618,739	\$ -	\$ -	\$ 618,739	\$ -	\$ 618,739
PRO FORMA ADJUSTED	\$ 1,393,385	\$ (521,209)	\$ 872,176	\$ -	\$ 209,403	\$ 1,081,579	\$ 197,788	\$ 1,279,367

FLORIDA PUBLIC UTILITIES COMPANY  
 FT. MEADE DIVISION  
 YEAR END RATE OF RETURN  
 For the 12 Months Ending December 31, 2015  
 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	\$ 316,351	\$ 151,974	\$ 224,554	\$ 17,654	\$ 42,778	\$ (48,659)				\$ 388,301	\$ (71,950)
FPSC ADJUSTMENTS:											
1) Interest Synchronization						(\$363)				\$ (363)	\$ 363
2) Correct Depreciation of Acquisition				\$ (117)		\$ 45				\$ (72)	\$ 72
3) Elim. Conservation Rev & Exp.	\$ (13,598)	\$ (13,529)			\$ (68)	\$ (1)				\$ (13,597)	\$ (1)
4) Elim. PGA Revenues & Expense	\$ (114,011)	\$ (138,445)			\$ (607)	\$ 9,659				\$ (129,392)	\$ 15,381
TOTAL FPSC ADJUSTMENTS	\$ (127,609)	\$ (151,973)	\$ -	\$ (117)	\$ (675)	\$ 9,340	\$ -	\$ -	\$ -	\$ (143,424)	\$ 15,815
FPSC ADJUSTED	\$ 188,742	\$ 1	\$ 224,554	\$ 17,537	\$ 42,103	\$ (39,319)	\$ -	\$ -	\$ -	\$ 244,877	\$ (56,135)
PROFORM ADJUSTMENTS											
1) Amortize Acquisition Adjustment				\$ 47,595		\$ (18,360)				\$ 29,235	\$ (29,235)
TOTAL PRO FORMA ADJUSTMENTS	\$ -	\$ -	\$ -	\$ 47,595	\$ -	\$ (18,360)	\$ -	\$ -	\$ -	\$ 29,235	\$ (29,235)
PRO FORMA ADJUSTED	\$ 188,742	\$ 1	\$ 224,554	\$ 65,133	\$ 42,103	\$ (57,679)	\$ -	\$ -	\$ -	\$ 274,112	\$ (85,370)

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	\$207,737	\$0	\$207,737	\$0	(\$61,081)	\$146,656	38.79%	10.00%	3.88%	11.00%	4.27%	12.00%
LONG TERM DEBT	\$90,499	\$0	\$90,499	\$0	(\$26,610)	\$63,889	16.90%	4.98%	0.84%	4.98%	0.84%	4.98%	0.84%
SHORT TERM DEBT	\$65,103	\$0	\$65,103	\$0	(\$19,141)	\$45,962	12.16%	1.20%	0.15%	1.20%	0.15%	1.20%	0.15%
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	\$30,793	\$0	\$30,793	\$0	\$0	\$30,793	8.15%	0.95%	0.08%	0.95%	0.08%	0.95%	0.08%
DEFERRED INCOME TAXES	\$90,739	\$0	\$90,739	\$0	\$0	\$90,739	24.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$0	\$0	\$0	\$0	\$0	\$0	0.00%	4.87%	0.00%	5.26%	0.00%	5.65%	0.00%
<b>TOTAL AVERAGE</b>	<b>\$484,871</b>	<b>\$0</b>	<b>\$484,871</b>	<b>\$0</b>	<b>(\$106,832)</b>	<b>\$378,039</b>	<b>100.00%</b>		<b>4.95%</b>		<b>5.34%</b>		<b>5.73%</b>

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	\$338,594	\$0	\$338,594	\$0	(\$82,010)	\$256,584	38.84%	10.00%	3.88%	11.00%	4.27%	12.00%
LONG TERM DEBT	\$134,977	\$0	\$134,977	\$0	(\$32,692)	\$102,285	15.48%	5.17%	0.80%	5.17%	0.80%	5.17%	0.80%
SHORT TERM DEBT	\$161,303	\$0	\$161,303	\$0	(\$39,068)	\$122,235	18.50%	0.75%	0.14%	0.75%	0.14%	0.75%	0.14%
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	\$18,007	\$0	\$18,007	\$0	\$0	\$18,007	2.73%	1.63%	0.04%	1.63%	0.04%	1.63%	0.04%
DEFERRED INCOME TAXES	\$161,518	\$0	\$161,518	\$0	\$0	\$161,518	24.45%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$0	\$0	\$0	\$0	\$0	\$0	0.00%	4.82%	0.00%	5.21%	0.00%	5.60%	0.00%
<b>TOTAL YEAR-END</b>	<b>\$814,399</b>	<b>\$0</b>	<b>\$814,399</b>	<b>\$0</b>	<b>(\$153,770)</b>	<b>\$660,628</b>	<b>100.00%</b>		<b>4.86%</b>		<b>5.25%</b>		<b>5.64%</b>