



September 15, 2016

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DIVISION OF
ACCOUNTING & FINANCE

HAND DELIVERY

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

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 2nd 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 2nd Quarter (June 2016) Earnings Surveillance Reports for 2016.

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

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
 June 30, 2016

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	\$ (46,680)	\$128	(\$46,552)	\$ (29,235)	(\$75,788)
AVERAGE RATE BASE	\$676,253	(\$148,194)	\$528,059	\$618,738	\$1,146,797
AVERAGE RATE OF RETURN	-6.90%		-8.82%		-6.61%
II. YEAR-END RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	(\$46,680)	\$509	(\$46,171)	(\$29,235)	(\$75,406)
YEAR-END RATE BASE	\$822,041	(\$183,882)	\$638,158	\$594,941	\$1,233,099
YEAR-END RATE OF RETURN	-5.68%		-7.24%		-6.12%
III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)			IV. EARNED RETURN ON EQUITY (FPSC ADJUSTED BASIS)		
LOW	5.50%		A. RETURN ON COMMON EQUITY		-22.75%
MIDPOINT	5.94%				
HIGH	6.38%				

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

Mike Cassel
 Signature

9/14/16
 Date

FLORIDA PUBLIC UTILITIES COMPANY
 FT. MEADE DIVISION
 AVERAGE RATE OF RETURN
 For the 12 Months Ending June 30, 2016
 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	\$ 665,340	\$ (421,989)	\$ 243,351	\$ -	\$ 155,771	\$ 399,122	\$ 277,131	\$ 676,253
FPSC ADJUSTMENTS:								
REMOVE CONS. & PGA UNDER-RECOVERY			\$ -			\$ -		\$ -
CORRECT RECORDING OF ACQUISITION		\$ (1,698)	\$ (1,698)			\$ (1,698)	\$ (146,496)	\$ (146,496)
TOTAL FPSC ADJUSTMENTS	\$ -	\$ (1,698)	\$ (1,698)	\$ -	\$ -	\$ (1,698)	\$ (146,496)	\$ (148,194)
FPSC ADJUSTED	\$ 665,340	\$ (423,687)	\$ 241,653	\$ -	\$ 155,771	\$ 397,424	\$ 130,635	\$ 528,059
PROFORMA ADJUSTMENTS								
RECORD ACQUISITION ADJUSTMENT	\$ 713,930	\$ (95,192)	\$ 618,738			\$ 618,738		\$ 618,738
TOTAL PRO FORMA ADJUSTMENTS	\$ 713,930	\$ (95,192)	\$ 618,738	\$ -	\$ -	\$ 618,738	\$ -	\$ 618,738
PRO FORMA ADJUSTED	\$ 1,379,270	\$ (518,879)	\$ 860,391	\$ -	\$ 155,771	\$ 1,016,162	\$ 130,635	\$ 1,146,797

FLORIDA PUBLIC UTILITIES COMPANY
 FT. MEADE DIVISION
 AVERAGE RATE OF RETURN
 For the 12 Months Ending June 30, 2016
 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	\$ 350,898	\$ 162,201	\$ 207,700	\$ 18,387	\$ 42,837	\$ (33,547)				\$ 397,578	\$ (46,680)
FPSC ADJUSTMENTS:											
1) Interest Synchronization						\$ 298				\$ 298	\$ (298)
2) Correct Depreciation of Acquisition				\$ 132		\$ (51)				\$ 81	\$ (81)
3) Elim. Conservation Rev & Exp.	\$ (16,014)	\$ (15,933)			\$ (80)	\$ (0)				\$ (16,013)	\$ (1)
4) Elim. PGA Revenues & Expense	\$ (146,609)	\$ (146,298)			\$ (1,167)	\$ 319				\$ (147,116)	\$ 507
TOTAL FPSC ADJUSTMENTS	\$ (162,623)	\$ (162,201)	\$ -	\$ 132	\$ (1,247)	\$ 565	\$ -	\$ -	\$ -	\$ (162,751)	\$ 128
FPSC ADJUSTED	\$ 188,275	\$ -	\$ 207,700	\$ 18,519	\$ 41,590	\$ (32,982)	\$ -	\$ -	\$ -	\$ 234,827	\$ (46,552)
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	\$ 188,275	\$ -	\$ 207,700	\$ 66,114	\$ 41,590	\$ (51,341)	\$ -	\$ -	\$ -	\$ 264,063	\$ (75,788)

FLORIDA PUBLIC UTILITIES COMPANY
 FT. MEADE DIVISION
 YEAR END RATE OF RETURN
 For the 12 Months Ending June 30, 2016
 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	\$ 680,226	\$ (435,001)	\$ 245,225	\$ -	\$ 226,697	\$ 471,921	\$ 350,120	\$ 822,041
FPSC ADJUSTMENTS:								
CORRECT RECORDING OF ACQUISITION		\$ (517)	\$ (517)			\$ (517)		\$ (517)
REMOVE CONS. & PGA UNDER-RECOVERIES			\$ -			\$ -	\$ (183,365)	\$ (183,365)
TOTAL FPSC ADJUSTMENTS	\$ -	\$ (517)	\$ (517)	\$ -	\$ -	\$ (517)	\$ (183,365)	\$ (183,882)
FPSC ADJUSTED	\$ 680,226	\$ (435,519)	\$ 244,707	\$ -	\$ 226,697	\$ 471,404	\$ 166,755	\$ 638,158
PROFORMA ADJUSTMENTS								
RECORD ACQUISITION ADJUSTMENT	\$ 713,930	\$ (118,989)	\$ 594,941			\$ 594,941		\$ 594,941
TOTAL PRO FORMA ADJUSTMENTS	\$ 713,930	\$ (118,989)	\$ 594,941	\$ -	\$ -	\$ 594,941	\$ -	\$ 594,941
PRO FORMA ADJUSTED	\$ 1,394,156	\$ (554,508)	\$ 839,648	\$ -	\$ 226,697	\$ 1,066,345	\$ 166,755	\$ 1,233,099

FLORIDA PUBLIC UTILITIES COMPANY
 FT. MEADE DIVISION
 YEAR END RATE OF RETURN
 For the 12 Months Ending June 30, 2016
 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	\$ 350,898	\$ 162,201	\$ 207,700	\$ 18,387	\$ 42,837	\$ (33,547)				\$ 397,578	\$ (46,680)
FPSC ADJUSTMENTS:											
1) Interest Synchronization						(\$83)				\$ (83)	\$ 83
2) Correct Depreciation of Acquisition				\$ 132		\$ (51)				\$ 81	\$ (81)
3) Elim. Conservation Rev & Exp.	\$ (16,014)	\$ (15,933)			\$ (80)	\$ (0)				\$ (16,013)	\$ (1)
4) Elim. PGA Revenues & Expense	\$ (146,609)	\$ (146,268)			\$ (1,167)	\$ 319				\$ (147,116)	\$ 507
TOTAL FPSC ADJUSTMENTS	\$ (162,623)	\$ (162,201)	\$ -	\$ 132	\$ (1,247)	\$ 184	\$ -	\$ -	\$ -	\$ (163,132)	\$ 509
FPSC ADJUSTED	\$ 188,275	\$ 0	\$ 207,700	\$ 18,519	\$ 41,590	\$ (33,363)	\$ -	\$ -	\$ -	\$ 234,446	\$ (46,171)
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	\$ 188,275	\$ 0	\$ 207,700	\$ 66,114	\$ 41,590	\$ (51,723)	\$ -	\$ -	\$ -	\$ 263,681	\$ (75,406)

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	\$312,875	\$0	\$312,875	\$0	(\$82,001)	\$230,874	43.72%	10.00%	4.37%	11.00%	4.81%	12.00%	5.25%
LONG TERM DEBT	\$124,442	\$0	\$124,442	\$0	(\$32,615)	\$91,827	17.39%	4.95%	0.86%	4.95%	0.86%	4.95%	0.86%
SHORT TERM DEBT	\$128,114	\$0	\$128,114	\$0	(\$33,578)	\$94,536	17.90%	1.38%	0.25%	1.38%	0.25%	1.38%	0.25%
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	\$23,224	\$0	\$23,224	\$0	\$0	\$23,224	4.40%	0.56%	0.02%	0.56%	0.02%	0.56%	0.02%
DEFERRED INCOME TAXES	\$87,598	\$0	\$87,598	\$0	\$0	\$87,598	16.59%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$0	\$0	\$0	\$0	\$0	\$0	0.00%	5.48%	0.00%	5.92%	0.00%	6.36%	0.00%
TOTAL AVERAGE	\$676,253	\$0	\$676,253	\$0	(\$148,194)	\$528,059	100.00%		5.50%		5.94%		6.38%

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	\$380,552	\$0	\$380,552	\$0	(\$99,867)	\$280,685	43.98%	10.00%	4.40%	11.00%	4.84%	12.00%	5.28%
LONG TERM DEBT	\$142,064	\$0	\$142,064	\$0	(\$37,281)	\$104,783	16.42%	5.06%	0.83%	5.06%	0.83%	5.06%	0.83%
SHORT TERM DEBT	\$178,091	\$0	\$178,091	\$0	(\$46,735)	\$131,356	20.58%	1.16%	0.24%	1.16%	0.24%	1.16%	0.24%
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	\$16,136	\$0	\$16,136	\$0	\$0	\$16,136	2.53%	0.81%	0.02%	0.81%	0.02%	0.81%	0.02%
DEFERRED INCOME TAXES	\$105,198	\$0	\$105,198	\$0	\$0	\$105,198	16.48%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$0	\$0	\$0	\$0	\$0	\$0	0.00%	5.47%	0.00%	5.91%	0.00%	6.35%	0.00%
TOTAL YEAR-END	\$822,041	\$0	\$822,041	\$0	(\$183,883)	\$638,158	100.00%		5.49%		5.93%		6.37%

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	\$312,875	\$0	\$312,875	\$0	\$260,371	\$573,246	49.99%	10.00%	5.00%	11.00%	5.50%	12.00%	6.00%
LONG TERM DEBT	\$124,442	\$0	\$124,442	\$0	\$103,559	\$228,001	19.88%	4.95%	0.98%	4.95%	0.98%	4.95%	0.98%
SHORT TERM DEBT	\$128,114	\$0	\$128,114	\$0	\$106,614	\$234,728	20.47%	1.38%	0.28%	1.38%	0.28%	1.38%	0.28%
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	\$23,224	\$0	\$23,224	\$0	\$0	\$23,224	2.03%	0.56%	0.01%	0.56%	0.01%	0.56%	0.01%
DEFERRED INCOME TAXES	\$87,598	\$0	\$87,598	\$0	\$0	\$87,598	7.64%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$0	\$0	\$0	\$0	\$0	\$0	0.00%	6.26%	0.00%	6.76%	0.00%	7.26%	0.00%
TOTAL AVERAGE	\$676,253	\$0	\$676,253	\$0	\$470,544	\$1,146,797	100.00%		6.27%		6.77%		7.27%

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	\$380,552	\$0	\$380,552	\$0	\$223,245	\$603,797	48.97%	10.00%	4.90%	11.00%	5.39%	12.00%	5.88%
LONG TERM DEBT	\$142,064	\$0	\$142,064	\$0	\$83,339	\$225,403	18.28%	5.06%	0.92%	5.06%	0.92%	5.06%	0.92%
SHORT TERM DEBT	\$178,091	\$0	\$178,091	\$0	\$104,474	\$282,565	22.92%	1.16%	0.27%	1.16%	0.27%	1.16%	0.27%
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	\$16,136	\$0	\$16,136	\$0	\$0	\$16,136	1.31%	0.81%	0.01%	0.81%	0.01%	0.81%	0.01%
DEFERRED INCOME TAXES	\$105,198	\$0	\$105,198	\$0	\$0	\$105,198	8.53%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$0	\$0	\$0	\$0	\$0	\$0	0.00%	6.09%	0.00%	6.58%	0.00%	7.07%	0.00%
TOTAL YEAR-END	\$822,041	\$0	\$822,041	\$0	\$411,058	\$1,233,099	100.00%		6.10%		6.59%		7.08%

March 31, 2017

VIA HAND DELIVERY

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

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FLORIDA PUBLIC SERVICE
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ACCOUNTING & FINANCE

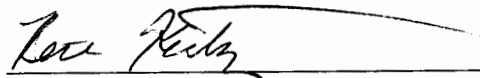
**Re: Florida Public Utilities Company (Electric and Gas Divisions) 4th Quarter/Year End
2016 Surveillance Reports**

Dear Mr. Maurey:

In accordance with Rules 25-6.1352(3) and 25-7.1352(3), F.A.C., Florida Public Utilities Company and the Florida Division of Chesapeake Utilities Corporation hereby submits the original and four copies of the required Year End Earnings Surveillance Reports for 2016.

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: Bart Fletcher

FLORIDA PUBLIC UTILITIES COMPANY
 FT. MEADE DIVISION
 RATE OF RETURN REPORT SUMMARY
 December 31, 2016

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	\$ (58,239)	\$7,011	(\$51,228)	\$ (29,235)	(\$80,463)
AVERAGE RATE BASE	\$836,008	(\$187,932)	\$648,077	\$594,941	\$1,243,018
AVERAGE RATE OF RETURN	-6.97%		-7.90%		-6.47%
II. YEAR-END RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	(\$58,239)	\$7,143	(\$51,096)	(\$29,235)	(\$80,332)
YEAR-END RATE BASE	\$1,034,569	(\$211,170)	\$823,400	\$571,143	\$1,394,543
YEAR-END RATE OF RETURN	-5.63%		-6.21%		-5.76%
III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)					
LOW	5.13%				
MIDPOINT	5.54%				
HIGH	5.95%				
IV. EARNED RETURN ON EQUITY (FPSC ADJUSTED BASIS)					
			A. RETURN ON COMMON EQUITY		-21.86%

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

Mike Cassel (MCA)
 Signature

3/31/17
 Date

FLORIDA PUBLIC UTILITIES COMPANY
 FT. MEADE DIVISION
AVERAGE RATE OF RETURN
 For the 12 Months Ending December 31, 2016
 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	\$ 786,412	\$ (435,049)	\$ 351,363	\$ -	\$ 125,146	\$ 476,509	\$ 359,499	\$ 836,008
FPSC ADJUSTMENTS:								
REMOVE CONS. & PGA UNDER-RECOVERY CORRECT RECORDING OF ACQUISITION		\$ (1,728)	\$ (1,728)			\$ (1,728)	\$ (186,204)	\$ (186,204) \$ (1,728)
TOTAL FPSC ADJUSTMENTS	\$ -	\$ (1,728)	\$ (1,728)	\$ -	\$ -	\$ (1,728)	\$ (186,204)	\$ (187,932)
FPSC ADJUSTED	\$ 786,412	\$ (436,776)	\$ 349,636	\$ -	\$ 125,146	\$ 474,782	\$ 173,295	\$ 648,077
PROFORMA ADJUSTMENTS								
RECORD ACQUISITION ADJUSTMENT	\$ 713,930	\$ (118,989)	\$ 594,941			\$ 594,941		\$ 594,941
TOTAL PRO FORMA ADJUSTMENTS	\$ 713,930	\$ (118,989)	\$ 594,941	\$ -	\$ -	\$ 594,941	\$ -	\$ 594,941
PRO FORMA ADJUSTED	\$ 1,500,342	\$ (555,765)	\$ 944,577	\$ -	\$ 125,146	\$ 1,069,723	\$ 173,295	\$ 1,243,018

FLORIDA PUBLIC UTILITIES COMPANY
 FT. MEADE DIVISION
AVERAGE RATE OF RETURN
 For the 12 Months Ending December 31, 2016
 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	\$ 361,023	\$ 159,072	\$ 215,073	\$ 25,577	\$ 43,189	\$ (23,649)				\$ 419,262	\$ (58,239)
FPSC ADJUSTMENTS:											
1) Interest Synchronization						(\$10,540)				\$ (10,540)	\$ 10,540
2) Correct Depreciation of Acquisition				\$ (3,862)		\$ 1,490				\$ (2,372)	\$ 2,372
3) Elim. Conservation Rev & Exp.	\$ (17,604)	\$ (17,768)			\$ (88)	\$ 97				\$ (17,759)	\$ 155
4) Elim. PGA Revenues & Expense	\$ (152,326)	\$ (141,304)			\$ (1,163)	\$ (3,803)				\$ (146,270)	\$ (6,056)
TOTAL FPSC ADJUSTMENTS	\$ (169,930)	\$ (159,072)	\$ -	\$ (3,862)	\$ (1,251)	\$ (12,756)	\$ -	\$ -	\$ -	\$ (176,941)	\$ 7,011
FPSC ADJUSTED	\$ 191,093	\$ -	\$ 215,073	\$ 21,715	\$ 41,938	\$ (36,405)	\$ -	\$ -	\$ -	\$ 242,321	\$ (51,228)
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	\$ 191,093	\$ -	\$ 215,073	\$ 69,310	\$ 41,938	\$ (54,765)	\$ -	\$ -	\$ -	\$ 271,556	\$ (80,463)

FLORIDA PUBLIC UTILITIES COMPANY
 FT. MEADE DIVISION
 YEAR END RATE OF RETURN
 For the 12 Months Ending December 31, 2016
 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	\$ 972,026	\$ (439,962)	\$ 532,064	\$ -	\$ 21,085	\$ 553,149	\$ 481,421	\$ 1,034,569
FPSC ADJUSTMENTS:								
CORRECT RECORDING OF ACQUISITION		\$ (48)	\$ (48)			\$ (48)		\$ (48)
REMOVE CONS. & PGA UNDER-RECOVERIES			\$ -			\$ -	\$ (211,122)	\$ (211,122)
TOTAL FPSC ADJUSTMENTS	\$ -	\$ (48)	\$ (48)	\$ -	\$ -	\$ (48)	\$ (211,122)	\$ (211,170)
FPSC ADJUSTED	\$ 972,026	\$ (440,009)	\$ 532,016	\$ -	\$ 21,085	\$ 553,101	\$ 270,299	\$ 823,400
PROFORMA ADJUSTMENTS								
RECORD ACQUISITION ADJUSTMENT	\$ 713,930	\$ (142,787)	\$ 571,143			\$ 571,143		\$ 571,143
TOTAL PRO FORMA ADJUSTMENTS	\$ 713,930	\$ (142,787)	\$ 571,143	\$ -	\$ -	\$ 571,143	\$ -	\$ 571,143
PRO FORMA ADJUSTED	\$ 1,885,956	\$ (582,796)	\$ 1,103,160	\$ -	\$ 21,085	\$ 1,124,244	\$ 270,299	\$ 1,394,543

FLORIDA PUBLIC UTILITIES COMPANY
 FT. MEADE DIVISION
 YEAR END RATE OF RETURN
 For the 12 Months Ending December 31, 2016
 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	\$ 361,023	\$ 159,072	\$ 215,073	\$ 25,577	\$ 43,189	\$ (23,649)				\$ 419,262	\$ (58,239)
FPSC ADJUSTMENTS:											
1) Interest Synchronization						(\$10,671)				\$ (10,671)	\$ 10,671
2) Correct Depreciation of Acquisition				\$ (3,862)		\$ 1,490				\$ (2,372)	\$ 2,372
3) Elim. Conservation Rev & Exp.	\$ (17,604)	\$ (17,765)			\$ (88)	\$ 96				\$ (17,757)	\$ 153
4) Elim. PGA Revenues & Expense	\$ (152,326)	\$ (141,307)			\$ (1,163)	\$ (3,802)				\$ (146,272)	\$ (6,054)
TOTAL FPSC ADJUSTMENTS	\$ (169,930)	\$ (159,072)	\$ -	\$ (3,862)	\$ (1,251)	\$ (12,887)	\$ -	\$ -	\$ -	\$ (177,073)	\$ 7,143
FPSC ADJUSTED	\$ 191,093	\$ 0	\$ 215,073	\$ 21,715	\$ 41,938	\$ (36,536)	\$ -	\$ -	\$ -	\$ 242,189	\$ (51,096)
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	\$ 191,093	\$ 0	\$ 215,073	\$ 69,310	\$ 41,938	\$ (54,896)	\$ -	\$ -	\$ -	\$ 271,425	\$ (80,332)

FLORIDA PUBLIC UTILITIES COMPANY
 FT. MEADE DIVISION
 CAPITAL STRUCTURE
 December 31, 2016
 FPSC ADJUSTED BASIS

SCHEDULE 4

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	\$369,210	\$0	\$369,210	\$0	(\$104,083)	\$265,127	40.91%	10.00%	4.09%	11.00%	4.50%	12.00%
LONG TERM DEBT	\$131,700	\$0	\$131,700	\$0	(\$37,127)	\$94,573	14.59%	4.93%	0.72%	4.93%	0.72%	4.93%	0.72%
SHORT TERM DEBT	\$165,730	\$0	\$165,730	\$0	(\$46,721)	\$119,009	18.36%	1.52%	0.28%	1.52%	0.28%	1.52%	0.28%
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	\$16,425	\$0	\$16,425	\$0	\$0	\$16,425	2.53%	1.42%	0.04%	1.42%	0.04%	1.42%	0.04%
DEFERRED INCOME TAXES	\$152,943	\$0	\$152,943	\$0	\$0	\$152,943	23.60%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$0	\$0	\$0	\$0	\$0	\$0	0.00%	5.09%	0.00%	5.50%	0.00%	5.91%	0.00%
TOTAL AVERAGE	\$836,008	\$0	\$836,008	\$0	(\$187,931)	\$648,077	100.00%		5.13%		5.54%		5.95%

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	\$434,968	\$0	\$434,968	\$0	(\$119,294)	\$315,674	38.34%	10.00%	3.83%	11.00%	4.22%	12.00%
LONG TERM DEBT	\$132,562	\$0	\$132,562	\$0	(\$36,357)	\$96,205	11.68%	5.12%	0.60%	5.12%	0.60%	5.12%	0.60%
SHORT TERM DEBT	\$202,427	\$0	\$202,427	\$0	(\$55,518)	\$146,909	17.84%	1.30%	0.23%	1.30%	0.23%	1.30%	0.23%
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	\$15,209	\$0	\$15,209	\$0	\$0	\$15,209	1.85%	1.53%	0.03%	1.53%	0.03%	1.53%	0.03%
DEFERRED INCOME TAXES	\$249,403	\$0	\$249,403	\$0	\$0	\$249,403	30.29%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$0	\$0	\$0	\$0	\$0	\$0	0.00%	4.66%	0.00%	5.05%	0.00%	5.43%	0.00%
TOTAL YEAR-END	\$1,034,569	\$0	\$1,034,569	\$0	(\$211,169)	\$823,400	100.00%		4.69%		5.08%		5.46%



September 15, 2017

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
2017 SEP 15 AM 3:38
DIVISION OF
ACCOUNTING & FINANCE

Re: Florida Public Utilities Company (Electric and Gas Divisions) and the Florida Division of Chesapeake Utilities Corporation 2nd Quarter 2017 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 and the Florida Division of Chesapeake Utilities Corporation hereby submits the original and four copies of the required 2nd Quarter Earnings Surveillance Reports for 2017.

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: Bart Fletcher

FLORIDA PUBLIC UTILITIES COMPANY
 FT. MEADE DIVISION
 RATE OF RETURN REPORT SUMMARY
 June 30, 2017

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	\$ (66,032)	\$12,783	(\$53,249)	\$ (31,672)	(\$84,920)
AVERAGE RATE BASE	\$884,909	(\$155,534)	\$729,375	\$594,941	\$1,324,316
AVERAGE RATE OF RETURN	-7.46%		-7.30%		-6.41%
II. YEAR-END RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	(\$66,032)	\$12,825	(\$53,207)	(\$31,672)	(\$84,878)
YEAR-END RATE BASE	\$790,620	\$143	\$790,762	\$571,143	\$1,361,906
YEAR-END RATE OF RETURN	-8.35%		-6.73%		-6.23%
III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)			IV. EARNED RETURN ON EQUITY (FPSC ADJUSTED BASIS)		
LOW	4.97%		A. RETURN ON COMMON EQUITY		-20.53%
MIDPOINT	5.37%				
HIGH	5.77%				

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

Michael Cassel (Signature)
 Signature

9/14/17 (Date)
 Date

FLORIDA PUBLIC UTILITIES COMPANY
 FT. MEADE DIVISION
AVERAGE RATE OF RETURN
 For the 12 Months Ending June 30, 2017
 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	\$ 935,824	\$ (443,536)	\$ 492,288	\$ -	\$ 48,287	\$ 540,575	\$ 344,334	\$ 884,909
FPSC ADJUSTMENTS:								
REMOVE CONS. & PGA UNDER-RECOVERY CORRECT RECORDING OF ACQUISITION		\$ (916)	\$ (916)			\$ (916)	\$ (154,618)	\$ (154,618)
TOTAL FPSC ADJUSTMENTS	\$ -	\$ (916)	\$ (916)	\$ -	\$ -	\$ (916)	\$ (154,618)	\$ (155,534)
FPSC ADJUSTED	\$ 935,824	\$ (444,452)	\$ 491,372	\$ -	\$ 48,287	\$ 539,659	\$ 189,716	\$ 729,375
PROFORMA ADJUSTMENTS								
RECORD ACQUISITION ADJUSTMENT	\$ 713,930	\$ (118,989)	\$ 594,941			\$ 594,941		\$ 594,941
TOTAL PRO FORMA ADJUSTMENTS	\$ 713,930	\$ (118,989)	\$ 594,941	\$ -	\$ -	\$ 594,941	\$ -	\$ 594,941
PRO FORMA ADJUSTED	\$ 1,649,754	\$ (563,441)	\$ 1,086,313	\$ -	\$ 48,287	\$ 1,134,600	\$ 189,716	\$ 1,324,316

FLORIDA PUBLIC UTILITIES COMPANY
 FT. MEADE DIVISION
 AVERAGE RATE OF RETURN
 For the 12 Months Ending June 30, 2017
 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	\$ 327,751	\$ 138,192	\$ 210,745	\$ 30,051	\$ 43,111	\$ (28,316)				\$ 393,783	\$ (66,032)
FPSC ADJUSTMENTS:											
1) Interest Synchronization						(\$10,752)				\$ (10,752)	\$ 10,752
2) Correct Depreciation of Acquisition				\$ (3,633)		\$ 1,402				\$ (2,232)	\$ 2,232
3) Elim. Conservation Rev & Exp.	\$ (14,843)	\$ (15,021)			\$ (74)	\$ 97				\$ (14,998)	\$ 155
4) Elim. PGA Revenues & Expense	\$ (124,567)	\$ (123,171)			\$ (818)	\$ (223)				\$ (124,212)	\$ (355)
TOTAL FPSC ADJUSTMENTS	\$ (139,410)	\$ (138,192)	\$ -	\$ (3,633)	\$ (893)	\$ (9,476)	\$ -	\$ -	\$ -	\$ (152,193)	\$ 12,783
FPSC ADJUSTED	\$ 188,341	\$ -	\$ 210,745	\$ 26,418	\$ 42,218	\$ (37,792)	\$ -	\$ -	\$ -	\$ 241,590	\$ (53,249)
PROFORMA ADJUSTMENTS											
1) Amortize Acquisition Adjustment				\$ 51,562		\$ (19,890)				\$ 31,672	\$ (31,672)
TOTAL PRO FORMA ADJUSTMENTS	\$ -	\$ -	\$ -	\$ 51,562	\$ -	\$ (19,890)	\$ -	\$ -	\$ -	\$ 31,672	\$ (31,672)
PRO FORMA ADJUSTED	\$ 188,341	\$ -	\$ 210,745	\$ 77,979	\$ 42,218	\$ (57,681)	\$ -	\$ -	\$ -	\$ 273,261	\$ (84,920)

FLORIDA PUBLIC UTILITIES COMPANY
 FT. MEADE DIVISION
 YEAR END RATE OF RETURN
 For the 12 Months Ending June 30, 2017
 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	\$ 1,053,300	\$ (445,247)	\$ 608,053	\$ -	\$ 23,398	\$ 631,451	\$ 159,169	\$ 790,620
FPSC ADJUSTMENTS:								
CORRECT RECORDING OF ACQUISITION		\$ 143	\$ 143			\$ 143		\$ 143
REMOVE CONS. & PGA UNDER-RECOVERIES			\$ -			\$ -	\$ -	\$ -
TOTAL FPSC ADJUSTMENTS	\$ -	\$ 143	\$ 143	\$ -	\$ -	\$ 143	\$ -	\$ 143
FPSC ADJUSTED	\$ 1,053,300	\$ (445,104)	\$ 608,195	\$ -	\$ 23,398	\$ 631,594	\$ 159,169	\$ 790,762
PROFORMA ADJUSTMENTS								
RECORD ACQUISITION ADJUSTMENT	\$ 713,930	\$ (142,787)	\$ 571,143			\$ 571,143		\$ 571,143
TOTAL PRO FORMA ADJUSTMENTS	\$ 713,930	\$ (142,787)	\$ 571,143	\$ -	\$ -	\$ 571,143	\$ -	\$ 571,143
PRO FORMA ADJUSTED	\$ 1,767,230	\$ (587,891)	\$ 1,179,339	\$ -	\$ 23,398	\$ 1,202,737	\$ 159,169	\$ 1,361,906

FLORIDA PUBLIC UTILITIES COMPANY
 FT. MEADE DIVISION
 YEAR END RATE OF RETURN
 For the 12 Months Ending June 30, 2017
 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	\$ 327,751	\$ 138,192	\$ 210,745	\$ 30,051	\$ 43,111	\$ (28,316)				\$ 393,783	\$ (66,032)
FPSC ADJUSTMENTS:											
1) Interest Synchronization						(\$10,794)				\$ (10,794)	\$ 10,794
2) Correct Depreciation of Acquisition				\$ (3,633)		1,402				\$ (2,232)	\$ 2,232
3) Elim. Conservation Rev & Exp	\$ (14,843)	\$ (15,021)			\$ (74)	97				\$ (14,998)	\$ 155
4) Elim. PGA Revenues & Expense	\$ (124,567)	\$ (123,171)			\$ (818)	(223)				\$ (124,212)	\$ (355)
TOTAL FPSC ADJUSTMENTS	\$ (139,410)	\$ (138,192)	\$ -	\$ (3,633)	\$ (893)	\$ (9,518)	\$ -	\$ -	\$ -	\$ (152,236)	\$ 12,826
FPSC ADJUSTED	\$ 188,341	\$ -	\$ 210,745	\$ 26,418	\$ 42,218	\$ (37,834)	\$ -	\$ -	\$ -	\$ 241,547	\$ (53,206)
PROFORM ADJUSTMENTS											
1) Amortize Acquisition Adjustment				\$ 51,562		(19,890)				\$ 31,672	\$ (31,672)
TOTAL PRO FORMA ADJUSTMENTS	\$ -	\$ -	\$ -	\$ 51,562	\$ -	(19,890)	\$ -	\$ -	\$ -	\$ 31,672	\$ (31,672)
PRO FORMA ADJUSTED	\$ 188,341	\$ -	\$ 210,745	\$ 77,980	\$ 42,218	\$ (57,724)	\$ -	\$ -	\$ -	\$ 273,219	\$ (84,878)

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	\$381,598	\$0	\$381,598	\$0	(\$88,475)	\$293,123	40.19%	10.00%	4.02%	11.00%	4.42%	12.00%
LONG TERM DEBT	\$134,704	\$0	\$134,704	\$0	(\$31,232)	\$103,472	14.19%	4.66%	0.66%	4.66%	0.66%	4.66%	0.66%
SHORT TERM DEBT	\$154,523	\$0	\$154,523	\$0	(\$35,827)	\$118,696	16.27%	1.77%	0.29%	1.77%	0.29%	1.77%	0.29%
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	\$15,139	\$0	\$15,139	\$0	\$0	\$15,139	2.08%	-0.08%	0.00%	-0.08%	0.00%	-0.08%	0.00%
DEFERRED INCOME TAXES	\$198,945	\$0	\$198,945	\$0	\$0	\$198,945	27.28%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$0	\$0	\$0	\$0	\$0	\$0	0.00%	4.97%	0.00%	5.37%	0.00%	5.77%	0.00%
TOTAL AVERAGE	\$884,909	\$0	\$884,909	\$0	(\$155,534)	\$729,375	100.00%		4.97%		5.37%		5.77%

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	\$316,145	\$0	\$316,145	\$0	\$82	\$316,227	39.99%	10.00%	4.00%	11.00%	4.40%	12.00%
LONG TERM DEBT	\$137,296	\$0	\$137,296	\$0	\$34	\$137,330	17.37%	3.57%	0.62%	3.57%	0.62%	3.57%	0.62%
SHORT TERM DEBT	\$98,535	\$0	\$98,535	\$0	\$26	\$98,561	12.46%	2.17%	0.27%	2.17%	0.27%	2.17%	0.27%
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	\$15,015	\$0	\$15,015	\$0	\$0	\$15,015	1.90%	-0.08%	0.00%	-0.08%	0.00%	-0.08%	0.00%
DEFERRED INCOME TAXES	\$223,629	\$0	\$223,629	\$0	\$0	\$223,629	28.28%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$0	\$0	\$0	\$0	\$0	\$0	0.00%	4.89%	0.00%	5.29%	0.00%	5.69%	0.00%
TOTAL YEAR-END	\$790,620	\$0	\$790,620	\$0	\$142	\$790,762	100.00%		4.89%		5.29%		5.69%



April 3, 2018

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
DIVISION OF
ACCOUNTING & FINANCE
2018 APR -3 PM 3:27

**Re: Florida Public Utilities Company (Electric and Gas Divisions) 4th Quarter/Year End
2017 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 and the Florida Division of Chesapeake Utilities Corporation hereby submits the original and four copies of the required Year End Earnings Surveillance Reports for 2017.

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: Bart Fletcher

FLORIDA PUBLIC UTILITIES COMPANY
 FT. MEADE DIVISION
 RATE OF RETURN REPORT SUMMARY
 December 31, 2017

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	\$ (17,131)	(\$1,679)	(\$18,810)	\$ (29,235)	(\$48,046)
AVERAGE RATE BASE	\$883,521	(\$56,255)	\$827,266	\$547,346	\$1,374,612
AVERAGE RATE OF RETURN	-1.94%		-2.27%		-3.50%
II. YEAR-END RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	(\$17,131)	(\$1,543)	(\$18,674)	(\$29,235)	(\$47,910)
YEAR-END RATE BASE	\$906,177	\$139	\$906,316	\$523,548	\$1,429,864
YEAR-END RATE OF RETURN	-1.89%		-2.06%		-3.35%
III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)					
LOW	4.98%				
MIDPOINT	5.37%				
HIGH	5.77%				
IV. EARNED RETURN ON EQUITY (FPSC ADJUSTED BASIS)					
A. RETURN ON COMMON EQUITY					-8.33%

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.

Mika Cassel
 Director, Regulatory Affairs

Michael Cassel (Signature)

4/3/18 (Date)

FLORIDA PUBLIC UTILITIES COMPANY
 FT. MEADE DIVISION
AVERAGE RATE OF RETURN
 For the 12 Months Ending December 31, 2017
 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	\$ 1,042,205	\$ (449,850)	\$ 592,355	\$ -	\$ 39,860	\$ 632,215	\$ 251,305	\$ 883,521
FPSC ADJUSTMENTS:								
REMOVE CONS. & PGA UNDER-RECOVERY			\$ -			\$ -	\$ -	\$ -
CORRECT RECORDING OF ACQUISITION		\$ (123)	\$ (123)			\$ (123)	\$ (56,132)	\$ (56,132)
TOTAL FPSC ADJUSTMENTS	\$ -	\$ (123)	\$ (123)	\$ -	\$ -	\$ (123)	\$ (56,132)	\$ (56,255)
FPSC ADJUSTED	\$ 1,042,205	\$ (449,973)	\$ 592,232	\$ -	\$ 39,860	\$ 632,093	\$ 195,173	\$ 827,266
PROFORMA ADJUSTMENTS								
RECORD ACQUISITION ADJUSTMENT	\$ 713,930	\$ (166,584)	\$ 547,346			\$ 547,346		\$ 547,346
TOTAL PRO FORMA ADJUSTMENTS	\$ 713,930	\$ (166,584)	\$ 547,346	\$ -	\$ -	\$ 547,346	\$ -	\$ 547,346
PRO FORMA ADJUSTED	\$ 1,756,135	\$ (616,557)	\$ 1,139,578	\$ -	\$ 39,860	\$ 1,179,438	\$ 195,173	\$ 1,374,612

FLORIDA PUBLIC UTILITIES COMPANY
 FT. MEADE DIVISION
AVERAGE RATE OF RETURN
 For the 12 Months Ending December 31, 2017
 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	\$ 263,060	\$ 68,534	\$ 199,223	\$ 29,263	\$ 1,950	\$ (18,779)				\$ 280,191	\$ (17,131)
FPSC ADJUSTMENTS:											
1) Interest Synchronization						\$1,671				\$ 1,671	\$ (1,671)
2) Correct Depreciation of Acquisition				\$ 187		\$ (72)				\$ 115	\$ (115)
3) Elim. Conservation Rev & Exp.	\$ (14,310)	\$ (14,236)			\$ (72)	\$ (1)				\$ (14,309)	\$ (1)
4) Elim. PGA Revenues & Expense	\$ (54,201)	\$ (54,298)			\$ (60)	\$ 68				\$ (54,310)	\$ 109
TOTAL FPSC ADJUSTMENTS	\$ (88,511)	\$ (68,534)	\$ -	\$ 187	\$ (151)	\$ 1,666	\$ -	\$ -	\$ -	\$ (66,832)	\$ (1,679)
FPSC ADJUSTED	\$ 194,549	\$ -	\$ 199,223	\$ 29,450	\$ 1,799	\$ (17,113)	\$ -	\$ -	\$ -	\$ 213,359	\$ (18,810)
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	\$ 194,549	\$ -	\$ 199,223	\$ 77,046	\$ 1,799	\$ (35,473)	\$ -	\$ -	\$ -	\$ 242,595	\$ (48,046)

FLORIDA PUBLIC UTILITIES COMPANY
 FT. MEADE DIVISION
 YEAR END RATE OF RETURN
 For the 12 Months Ending December 31, 2017
 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	\$ 1,120,258	\$ (460,705)	\$ 659,553	\$ -	\$ 44,696	\$ 704,249	\$ 201,929	\$ 906,178
FPSC ADJUSTMENTS:								
CORRECT RECORDING OF ACQUISITION		\$ 139	\$ 139			\$ 139		\$ 139
REMOVE CONS. & PGA UNDER-RECOVERIES			\$ -			\$ -	\$ -	\$ -
TOTAL FPSC ADJUSTMENTS	\$ -	\$ 139	\$ 139	\$ -	\$ -	\$ 139	\$ -	\$ 139
FPSC ADJUSTED	\$ 1,120,258	\$ (460,566)	\$ 659,692	\$ -	\$ 44,696	\$ 704,388	\$ 201,929	\$ 906,317
PROFORMA ADJUSTMENTS								
RECORD ACQUISITION ADJUSTMENT	\$ 713,930	\$ (190,382)	\$ 523,548			\$ 523,548		\$ 523,548
TOTAL PRO FORMA ADJUSTMENTS	\$ 713,930	\$ (190,382)	\$ 523,548	\$ -	\$ -	\$ 523,548	\$ -	\$ 523,548
PRO FORMA ADJUSTED	\$ 1,834,188	\$ (650,948)	\$ 1,183,240	\$ -	\$ 44,696	\$ 1,227,936	\$ 201,929	\$ 1,429,865

FLORIDA PUBLIC UTILITIES COMPANY
 FT. MEADE DIVISION
 YEAR END RATE OF RETURN
 For the 12 Months Ending December 31, 2017
 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	\$ 263,060	\$ 68,534	\$ 199,223	\$ 29,263	\$ 1,950	\$ (18,779)				\$ 280,191	\$ (17,131)
FPSC ADJUSTMENTS:						\$ 1,535				\$ 1,535	\$ (1,535)
1) Interest Synchronization				\$ 187		\$ (72)				\$ 115	\$ (115)
2) Correct Depreciation of Acquisition						\$ (1)				\$ (14,309)	\$ (1)
3) Elim. Conservation Rev & Exp.	\$ (14,310)	\$ (14,236)			\$ (72)	\$ (1)				\$ (14,309)	\$ (1)
4) Elim. PGA Revenues & Expense	\$ (54,201)	\$ (54,298)			\$ (80)	\$ 68				\$ (54,310)	\$ 109
TOTAL FPSC ADJUSTMENTS	\$ (68,511)	\$ (68,534)	\$ -	\$ 187	\$ (151)	\$ 1,530	\$ -	\$ -	\$ -	\$ (66,968)	\$ (1,543)
FPSC ADJUSTED	\$ 194,549	\$ 0	\$ 199,223	\$ 29,450	\$ 1,799	\$ (17,249)	\$ -	\$ -	\$ -	\$ 213,223	\$ (18,674)
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	\$ 194,549	\$ 0	\$ 199,223	\$ 77,046	\$ 1,799	\$ (35,609)	\$ -	\$ -	\$ -	\$ 242,459	\$ (47,910)

FLORIDA PUBLIC UTILITIES COMPANY
 FT. MEADE DIVISION
 CAPITAL STRUCTURE
 December 31, 2017
 FPSC ADJUSTED BASIS

SCHEDULE 4

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	\$358,495	\$0	\$358,495	\$0	(\$31,254)	\$327,241	39.56%	10.00%	3.96%	11.00%	4.35%	12.00%
LONG TERM DEBT	\$139,362	\$0	\$139,362	\$0	(\$12,150)	\$127,213	15.38%	4.44%	0.68%	4.44%	0.68%	4.44%	0.68%
SHORT TERM DEBT	\$147,425	\$0	\$147,425	\$0	(\$12,852)	\$134,573	16.27%	2.09%	0.34%	2.09%	0.34%	2.09%	0.34%
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	\$14,845	\$0	\$14,845	\$0	\$0	\$14,845	1.79%	-0.04%	0.00%	-0.04%	0.00%	-0.04%	0.00%
DEFERRED INCOME TAXES	\$223,394	\$0	\$223,394	\$0	\$0	\$223,394	27.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$0	\$0	\$0	\$0	\$0	\$0	0.00%	4.98%	0.00%	5.37%	0.00%	5.77%	0.00%
TOTAL AVERAGE	\$883,521	\$0	\$883,521	\$0	(\$56,256)	\$827,266	100.00%		4.98%		5.37%		5.77%

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	\$359,451	\$0	\$359,451	\$0	\$73	\$359,524	39.67%	10.00%	3.97%	11.00%	4.36%	12.00%
LONG TERM DEBT	\$144,104	\$0	\$144,104	\$0	\$29	\$144,133	15.90%	4.10%	0.65%	4.10%	0.65%	4.10%	0.65%
SHORT TERM DEBT	\$183,892	\$0	\$183,892	\$0	\$37	\$183,929	20.29%	1.60%	0.32%	1.60%	0.32%	1.60%	0.32%
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	\$14,679	\$0	\$14,679	\$0	\$0	\$14,679	1.62%	-0.04%	0.00%	-0.04%	0.00%	-0.04%	0.00%
DEFERRED INCOME TAXES	\$204,051	\$0	\$204,051	\$0	\$0	\$204,051	22.51%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$0	\$0	\$0	\$0	\$0	\$0	0.00%	4.94%	0.00%	5.33%	0.00%	5.73%	0.00%
TOTAL YEAR-END	\$906,177	\$0	\$906,177	\$0	\$139	\$906,316	100.00%		4.94%		5.33%		5.73%