



September 15, 2016

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FLORIDA PUBLIC SERVICE
COMMISSION
2016 SEP 15 AM 10:41
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
 INDIANTOWN 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	\$ (66,770)	\$ 1,621	\$ (65,149)	\$ 30,541	\$ (34,809)
AVERAGE RATE BASE	\$ 2,422,781	\$ (59,871)	\$ 2,362,910	\$ (476,485)	\$ 1,886,425
AVERAGE RATE OF RETURN	-2.76%		-2.76%		-1.83%
II. YEAR-END RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	\$ (66,770)	\$ 1,396	\$ (65,374)	\$ 30,541	\$ (34,833)
YEAR-END RATE BASE	\$ 2,599,754	\$ (77,809)	\$ 2,521,945	\$ (451,825)	\$ 2,070,320
YEAR-END RATE OF RETURN	-2.57%		-2.59%		-1.68%
III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)					
LOW	6.22%				
MIDPOINT	6.69%				
HIGH	7.17%				
IV. EARNED RETURN ON EQUITY (FPSC ADJUSTED BASIS)					
			A.	INCL ACQUISITION ADJUSTMENT	-8.36%
			B.	EXCL ACQUISITION ADJUSTMENT	-6.58%

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 *per MEX*

9/14/16
 Date

FLORIDA PUBLIC UTILITIES COMPANY
 INDIANTOWN DIVISION
 AVERAGE 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	3,251,062	(1,147,371)	2,103,692	-	117,906	2,221,598	201,184	2,422,781
FPSC ADJUSTMENTS: REMOVE NET UNRECOVERED CONSERVATION							(59,871)	(59,871)
TOTAL FPSC ADJUSTMENTS							(59,871)	(59,871)
FPSC ADJUSTED	3,251,062	(1,147,371)	2,103,692	-	117,906	2,221,598	141,313	2,362,910
PROFORMA ADJUSTMENTS Remove Acquisition Adjustment	(745,800)	269,315	(476,485)			(476,485)		(476,485)
TOTAL PRO FORMA ADJUSTMENTS	(745,800)	269,315	(476,485)			(476,485)		(476,485)
PRO FORMA ADJUSTED	2,505,262	(878,056)	1,627,207		117,906	1,745,113	141,313	1,886,425

FLORIDA PUBLIC UTILITIES COMPANY
 INDIANTOWN 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	\$ 369,450	\$ 24,802	\$ 311,186	\$ 125,429	\$ 32,200	\$ (57,397)				\$ 436,220	\$ (66,770)
FPSC ADJUSTMENTS:											
1) Interest Synchronization						\$ (1,160)				\$ (1,160)	\$ 1,160
2) Elim. Conservation Rev & Exp.	\$ (24,927)	\$ (24,802)			\$ (125)	\$ (0)				\$ (24,927)	\$ (0)
3) Elimination of Revenue Taxes	\$ (1,883)				\$ (1,883)	\$ -				\$ (1,883)	\$ -
4) Income Tax Effective Rate Adjustment						\$ (461)				\$ (461)	\$ 461
5) Remove PGA						\$ -				\$ -	\$ -
TOTAL FPSC ADJUSTMENTS	\$ (26,810)	\$ (24,802)	\$ -	\$ -	\$ (2,008)	\$ (1,621)	\$ -	\$ -	\$ -	\$ (28,431)	\$ 1,621
FPSC ADJUSTED	\$ 342,640	\$ -	\$ 311,186	\$ 125,429	\$ 30,192	\$ (59,018)	\$ -	\$ -	\$ -	\$ 407,789	\$ (65,149)
PROFORMA ADJUSTMENTS											
Remove Acquisition Adjustment Amortization				\$ (49,720)		\$ 19,179				\$ (30,541)	\$ 30,541
TOTAL PRO FORMA ADJUSTMENTS	\$ -	\$ -	\$ -	\$ (49,720)	\$ -	\$ 19,179	\$ -	\$ -	\$ -	\$ (30,541)	\$ 30,541
PRO FORMA ADJUSTED	\$ 342,640	\$ -	\$ 311,186	\$ 75,709	\$ 30,192	\$ (39,839)	\$ -	\$ -	\$ -	\$ 377,249	\$ (34,609)

	(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	\$ 3,356,278	\$ (1,139,470)	\$ 2,216,808	\$ -	\$ 15,106	\$ 2,231,914	\$ 367,840	\$ 2,599,754
FPSC ADJUSTMENTS:								
REMOVE NET UNREC. CONSERVATION			\$ -			\$ -	\$ -	\$ -
TOTAL FPSC ADJUSTMENTS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (77,809)	\$ (77,809)	\$ (77,809)
FPSC ADJUSTED	\$ 3,356,278	\$ (1,139,470)	\$ 2,216,808	\$ -	\$ 15,106	\$ 2,231,914	\$ 290,031	\$ 2,521,945
PROFORMA ADJUSTMENTS								
Remove Acquisition Adjustment	\$ (745,800)	\$ 294,175	\$ (451,625)			\$ (451,625)		\$ (451,625)
TOTAL PRO FORMA ADJUSTMENTS	\$ (745,800)	\$ 294,175	\$ (451,625)	\$ -	\$ -	\$ (451,625)	\$ -	\$ (451,625)
PRO FORMA ADJUSTED	\$ 2,610,478	\$ (845,295)	\$ 1,765,183	\$ -	\$ 15,106	\$ 1,780,289	\$ 290,031	\$ 2,070,320

FLORIDA PUBLIC UTILITIES COMPANY
 INDIANTOWN 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	\$ 369,450	\$ 24,802	\$ 311,186	\$ 125,429	\$ 32,200	\$ (57,397)				\$ 436,220	\$ (66,770)
FPSC ADJUSTMENTS:											
1) Interest Synchronization						\$ (935)				\$ (935)	\$ 935
2) Elim. Conservation Rev & Exp	\$ (24,927)	\$ (24,802)			\$ (125)	\$ (0)				\$ (24,927)	\$ (0)
3) Elimination of Revenue Taxes	\$ (1,883)				\$ (1,883)	\$ -				\$ (1,883)	\$ -
4) Income Tax Effective Rate Adjustment						\$ (461)				\$ (461)	\$ 461
5) Remove PGA						\$ -				\$ -	\$ -
TOTAL FPSC ADJUSTMENTS	\$ (26,810)	\$ (24,802)	\$ -	\$ -	\$ (2,008)	\$ (1,396)	\$ -	\$ -	\$ -	\$ (26,206)	\$ 1,396
FPSC ADJUSTED	\$ 342,640	\$ -	\$ 311,186	\$ 125,429	\$ 30,192	\$ (58,793)	\$ -	\$ -	\$ -	\$ 408,014	\$ (65,374)
PROFORM ADJUSTMENTS											
Remove Acquisition Adjustment Amortization				\$ (49,720)		\$ 19,179				\$ (30,541)	\$ 30,541
TOTAL PRO FDRMA ADJUSTMENTS	\$ -	\$ -	\$ -	\$ (49,720)	\$ -	\$ 19,179	\$ -	\$ -	\$ -	\$ (30,541)	\$ 30,541
PRO FORMA ADJUSTED	\$ 342,640	\$ -	\$ 311,186	\$ 75,709	\$ 30,192	\$ (39,614)	\$ -	\$ -	\$ -	\$ 377,473	\$ (34,833)

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	\$ 1,157,557	\$ -	\$ 1,157,557	\$ -	\$ (33,129)	\$1,124,428	47.59%	10.50%	5.00%	11.50%	5.47%	12.50%	5.95%
LONG TERM DEBT	\$ 460,402	\$ -	\$ 460,402	\$ -	\$ (13,176)	\$ 447,226	18.93%	4.95%	0.94%	4.95%	0.94%	4.95%	0.94%
SHORT TERM DEBT	\$ 473,988	\$ -	\$ 473,988	\$ -	\$ (13,566)	\$ 460,422	19.49%	1.38%	0.27%	1.38%	0.27%	1.38%	0.27%
SHORT TERM DEBT REFINANCED LTD	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$ 7,440	\$ -	\$ 7,440	\$ -	\$ -	\$ 7,440	0.31%	2.03%	0.01%	2.03%	0.01%	2.03%	0.01%
DEFERRED INCOME TAXES	\$ 323,394	\$ -	\$ 323,394	\$ -	\$ -	\$ 323,394	13.69%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	6.21%	0.00%	6.68%	0.00%	7.16%	0.00%
TOTAL AVERAGE	\$ 2,422,781	\$ -	\$ 2,422,781	\$ -	\$ (59,871)	\$ 2,362,910	100.00%		6.22%		6.69%		7.17%

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	\$ 1,193,455	\$ -	\$ 1,193,455	\$ -	\$ (42,258)	\$1,151,197	45.65%	10.50%	4.79%	11.50%	5.25%	12.50%	5.71%
LONG TERM DEBT	\$ 445,528	\$ -	\$ 445,528	\$ -	\$ (15,775)	\$ 429,753	17.04%	5.06%	0.86%	5.06%	0.86%	5.06%	0.86%
SHORT TERM DEBT	\$ 558,514	\$ -	\$ 558,514	\$ -	\$ (19,776)	\$ 538,738	21.36%	1.16%	0.25%	1.16%	0.25%	1.16%	0.25%
SHORT TERM DEBT REFINANCED LTD	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$ 8,191	\$ -	\$ 8,191	\$ -	\$ -	\$ 8,191	0.32%	1.85%	0.01%	1.85%	0.01%	1.85%	0.01%
DEFERRED INCOME TAXES	\$ 394,066	\$ -	\$ 394,066	\$ -	\$ -	\$ 394,066	15.63%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	5.90%	0.00%	6.36%	0.00%	6.82%	0.00%
TOTAL YEAR-END	\$ 2,599,754	\$ -	\$ 2,599,754	\$ -	\$ (77,809)	\$ 2,521,945	100.00%		5.91%		6.37%		6.83%

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	\$ 1,157,557	\$ -	\$ 1,157,557	\$ -	\$ (296,787)	\$ 860,770	45.63%	10.50%	4.79%	11.50%	5.25%	12.50%	5.70%
LONG TERM DEBT	\$ 460,402	\$ -	\$ 460,402	\$ -	\$ (118,043)	\$ 342,359	18.15%	4.95%	0.90%	4.95%	0.90%	4.95%	0.90%
SHORT TERM DEBT	\$ 473,988	\$ -	\$ 473,988	\$ -	\$ (121,528)	\$ 352,462	18.68%	1.38%	0.26%	1.38%	0.26%	1.38%	0.26%
SHORT TERM DEBT REFINANCED LTD	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$ 7,440	\$ -	\$ 7,440	\$ -	\$ -	\$ 7,440	0.39%	2.03%	0.01%	2.03%	0.01%	2.03%	0.01%
DEFERRED INCOME TAXES	\$ 323,394	\$ -	\$ 323,394	\$ -	\$ -	\$ 323,394	17.14%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	5.95%	0.00%	6.41%	0.00%	6.86%	0.00%
TOTAL AVERAGE	\$ 2,422,781	\$ -	\$ 2,422,781	\$ -	\$ (536,356)	\$ 1,886,425	100.00%		5.96%		6.42%		6.87%

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	\$ 1,193,455	\$ -	\$ 1,193,455	\$ -	\$ (287,534)	\$ 905,921	43.76%	10.50%	4.59%	11.50%	5.03%	12.50%	5.47%
LONG TERM DEBT	\$ 445,528	\$ -	\$ 445,528	\$ -	\$ (107,339)	\$ 338,189	16.34%	5.06%	0.83%	5.06%	0.83%	5.06%	0.83%
SHORT TERM DEBT	\$ 558,514	\$ -	\$ 558,514	\$ -	\$ (134,561)	\$ 423,953	20.48%	1.16%	0.24%	1.16%	0.24%	1.16%	0.24%
SHORT TERM DEBT REFINANCED LTD	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$ 8,191	\$ -	\$ 8,191	\$ -	\$ -	\$ 8,191	0.40%	1.85%	0.01%	1.85%	0.01%	1.85%	0.01%
DEFERRED INCOME TAXES	\$ 394,066	\$ -	\$ 394,066	\$ -	\$ -	\$ 394,066	19.03%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	5.66%	0.00%	6.10%	0.00%	6.54%	0.00%
TOTAL YEAR-END	\$ 2,599,754	\$ -	\$ 2,599,754	\$ -	\$ (529,434)	\$ 2,070,320	100.00%		5.67%		6.11%		6.55%



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

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2017 SEP 15 AM 3:38
DIVISION OF
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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
 INDIANTOWN 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	\$ (43,887)	\$ (31,029)	\$ (74,916)	\$ 30,541	\$ (44,375)
AVERAGE RATE BASE	\$ 2,514,739	\$ (80,401)	\$ 2,434,338	\$ (426,765)	\$ 2,007,573
AVERAGE RATE OF RETURN	-1.75%		-3.08%		-2.21%
II. YEAR-END RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	\$ (43,887)	\$ (32,175)	\$ (76,062)	\$ 30,541	\$ (45,521)
YEAR-END RATE BASE	\$ 2,464,102	\$ (107,755)	\$ 2,356,347	\$ (401,905)	\$ 1,954,442
YEAR-END RATE OF RETURN	-1.78%		-3.23%		-2.33%
III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)					
LOW	5.90%				
MIDPOINT	6.36%				
HIGH	6.82%				
IV. EARNED RETURN ON EQUITY (FPSC ADJUSTED BASIS)					
A.	INCL ACQUISITION ADJUSTMENT				-9.09%
B.	EXCL ACQUISITION ADJUSTMENT				-7.45%

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

9/14/17
 Date

FLORIDA PUBLIC UTILITIES COMPANY
 INDIANTOWN DIVISION
 AVERAGE 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	3,362,942	(1,246,269)	2,116,673	-	(1,405)	2,115,268	399,472	2,514,739
FPSC ADJUSTMENTS:								
REMOVE NET UNRECOVERED CONSERVATION			-			-	(80,401)	(80,401)
TOTAL FPSC ADJUSTMENTS			-				(80,401)	(80,401)
FPSC ADJUSTED	3,362,942	(1,246,269)	2,116,673	-	(1,405)	2,115,268	319,071	2,434,338
PROFORMA ADJUSTMENTS								
Remove Acquisition Adjustment	(745,800)	319,035	(426,765)			(426,765)		(426,765)
TOTAL PRO FORMA ADJUSTMENTS	(745,800)	319,035	(426,765)			(426,765)		(426,765)
PRO FORMA ADJUSTED	2,617,142	(927,234)	1,689,908		(1,405)	1,688,503	319,071	2,007,573

FLORIDA PUBLIC UTILITIES COMPANY
 INDIANTOWN 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	\$ 317,306	\$ 24,791	\$ 266,920	\$ 129,894	\$ 34,330	\$ (94,742)				\$ 361,193	\$ (43,887)
FPSC ADJUSTMENTS:											
1) Interest Synchronization						\$ (168)				\$ (168)	\$ 168
2) Elim. Conservation Rev. & Exp.	\$ (22,848)	\$ (22,537)			\$ (113)	\$ 1				\$ (22,849)	\$ 1
3) Elimination of Revenue Taxes	\$ (1,580)				\$ (1,580)	\$ -				\$ (1,580)	\$ -
4) Income Tax Effective Rate Adjustment						\$ 31,198				\$ 31,198	\$ (31,198)
5) Remove Swing Service	\$ (2,296)	\$ (2,254)			\$ (11)	\$ (0)				\$ (2,296)	\$ (0)
TOTAL FPSC ADJUSTMENTS	\$ (26,494)	\$ (24,791)	\$ -	\$ -	\$ (1,705)	\$ 31,031	\$ -	\$ -	\$ -	\$ 4,535	\$ (31,029)
FPSC ADJUSTED	\$ 290,812	\$ -	\$ 266,920	\$ 129,894	\$ 32,625	\$ (63,711)	\$ -	\$ -	\$ -	\$ 365,728	\$ (74,916)
PROFORMA ADJUSTMENTS											
Remove Acquisition Adjustment Amortization				\$ (49,720)		\$ 19,179				\$ (30,541)	\$ 30,541
TOTAL PRO FORMA ADJUSTMENTS	\$ -	\$ -	\$ -	\$ (49,720)	\$ -	\$ 19,179	\$ -	\$ -	\$ -	\$ (30,541)	\$ 30,541
PRO FORMA ADJUSTED	\$ 290,812	\$ -	\$ 266,920	\$ 80,174	\$ 32,625	\$ (44,532)	\$ -	\$ -	\$ -	\$ 335,187	\$ (44,375)

	(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	\$ 3,365,831	\$ (1,323,594)	\$ 2,042,237	\$ -	\$ 873	\$ 2,043,110	\$ 420,992	\$ 2,464,102
FPSC ADJUSTMENTS:								
REMOVE NET UNREC. CONSERVATION			\$ -			\$ -	\$ (107,755)	\$ (107,755)
TOTAL FPSC ADJUSTMENTS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (107,755)	\$ (107,755)
FPSC ADJUSTED	\$ 3,365,831	\$ (1,323,594)	\$ 2,042,237	\$ -	\$ 873	\$ 2,043,110	\$ 313,237	\$ 2,356,347
PROFORMA ADJUSTMENTS								
Remove Acquisition Adjustment	\$ (745,800)	\$ 343,895	\$ (401,905)			\$ (401,905)		\$ (401,905)
TOTAL PRO FORMA ADJUSTMENTS	\$ (745,800)	\$ 343,895	\$ (401,905)	\$ -	\$ -	\$ (401,905)	\$ -	\$ (401,905)
PRO FORMA ADJUSTED	\$ 2,620,031	\$ (979,699)	\$ 1,640,332	\$ -	\$ 873	\$ 1,641,205	\$ 313,237	\$ 1,954,442

FLORIDA PUBLIC UTILITIES COMPANY
 INDIANTOWN 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	\$ 317,306	\$ 24,791	\$ 266,920	\$ 129,894	\$ 34,330	\$ (94,742)				\$ 361,193	\$ (43,887)
FPSC ADJUSTMENTS:											
1) Interest Synchronization						\$ 978				\$ 978	\$ (978)
2) Elim. Conservation Rev & Exp.	\$ (22,648)	\$ (22,537)			\$ (113)	\$ 1				\$ (22,649)	\$ 1
3) Elimination of Revenue Taxes	\$ (1,580)				\$ (1,580)	\$ -				\$ (1,580)	\$ -
4) Income Tax Effective Rate Adjustment						\$ 31,198				\$ 31,198	\$ (31,198)
5) Remove Swing Service	\$ (2,268)	\$ (2,254)			\$ (11)	\$ (0)				\$ (2,268)	\$ (0)
						\$ -				\$ -	\$ -
TOTAL FPSC ADJUSTMENTS	\$ (26,494)	\$ (24,791)	\$ -	\$ -	\$ (1,705)	\$ 32,177	\$ -	\$ -	\$ -	\$ 5,681	\$ (32,175)
FPSC ADJUSTED	\$ 290,812	\$ -	\$ 266,920	\$ 129,894	\$ 32,625	\$ (62,565)	\$ -	\$ -	\$ -	\$ 366,874	\$ (76,062)
PROFORM ADJUSTMENTS											
Remove Acquisition Adjustment Amortization				\$ (49,720)		\$ 19,179				\$ (30,541)	\$ 30,541
TOTAL PRO FORMA ADJUSTMENTS	\$ -	\$ -	\$ -	\$ (49,720)	\$ -	\$ 19,179	\$ -	\$ -	\$ -	\$ (30,541)	\$ 30,541
PRO FORMA ADJUSTED	\$ 290,812	\$ -	\$ 266,920	\$ 80,174	\$ 32,625	\$ (43,386)	\$ -	\$ -	\$ -	\$ 336,333	\$ (45,521)

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	\$ 1,161,406	\$ -	\$ 1,161,406	\$ -	\$ (45,736)	\$ 1,115,670	45.83%	10.50%	4.81%	11.50%	5.27%	12.50%	5.73%
LONG TERM DEBT	\$ 409,974	\$ -	\$ 409,974	\$ -	\$ (16,144)	\$ 393,830	16.18%	4.66%	0.75%	4.66%	0.75%	4.66%	0.75%
SHORT TERM DEBT	\$ 470,296	\$ -	\$ 470,296	\$ -	\$ (18,521)	\$ 451,775	18.56%	1.77%	0.33%	1.77%	0.33%	1.77%	0.33%
SHORT TERM DEBT REFINANCED LTD	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$ 8,287	\$ -	\$ 8,287	\$ -	\$ -	\$ 8,287	0.34%	2.08%	0.01%	2.08%	0.01%	2.08%	0.01%
DEFERRED INCOME TAXES	\$ 464,776	\$ -	\$ 464,776	\$ -	\$ -	\$ 464,776	19.09%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	5.89%	0.00%	6.35%	0.00%	6.81%	0.00%
TOTAL AVERAGE	\$ 2,514,739	\$ -	\$ 2,514,739	\$ -	\$ (80,401)	\$ 2,434,338	100.00%		5.90%		6.36%		6.82%

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	\$ 1,108,861	\$ -	\$ 1,108,861	\$ -	\$ (61,717)	\$ 1,047,144	44.44%	10.50%	4.67%	11.50%	5.11%	12.50%	5.55%
LONG TERM DEBT	\$ 481,552	\$ -	\$ 481,552	\$ -	\$ (26,802)	\$ 454,750	19.30%	3.57%	0.69%	3.57%	0.69%	3.57%	0.69%
SHORT TERM DEBT	\$ 345,607	\$ -	\$ 345,607	\$ -	\$ (19,236)	\$ 326,371	13.85%	2.17%	0.30%	2.17%	0.30%	2.17%	0.30%
SHORT TERM DEBT REFINANCED LTD	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$ 8,147	\$ -	\$ 8,147	\$ -	\$ -	\$ 8,147	0.35%	2.11%	0.01%	2.11%	0.01%	2.11%	0.01%
DEFERRED INCOME TAXES	\$ 519,935	\$ -	\$ 519,935	\$ -	\$ -	\$ 519,935	22.07%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	5.66%	0.00%	6.10%	0.00%	6.54%	0.00%
TOTAL YEAR-END	\$ 2,464,102	\$ -	\$ 2,464,102	\$ -	\$ (107,755)	\$ 2,356,347	100.00%		5.67%		6.11%		6.55%

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	\$ 1,161,406	\$ -	\$ 1,161,406	\$ -	\$ (288,501)	\$ 872,905	43.48%	10.50%	4.57%	11.50%	5.00%	12.50%	5.44%
LONG TERM DEBT	\$ 409,974	\$ -	\$ 409,974	\$ -	\$ (101,840)	\$ 308,134	15.35%	4.66%	0.71%	4.66%	0.71%	4.66%	0.71%
SHORT TERM DEBT	\$ 470,296	\$ -	\$ 470,296	\$ -	\$ (116,825)	\$ 353,471	17.61%	1.77%	0.31%	1.77%	0.31%	1.77%	0.31%
SHORT TERM DEBT REFINANCED LTD	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$ 8,287	\$ -	\$ 8,287	\$ -	\$ -	\$ 8,287	0.41%	2.08%	0.01%	2.08%	0.01%	2.08%	0.01%
DEFERRED INCOME TAXES	\$ 464,776	\$ -	\$ 464,776	\$ -	\$ -	\$ 464,776	23.15%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	5.59%	0.00%	6.02%	0.00%	6.46%	0.00%
TOTAL AVERAGE	\$ 2,514,739	\$ -	\$ 2,514,739	\$ -	\$ (507,166)	\$ 2,007,573	100.00%		5.60%		6.03%		6.47%

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	\$ 1,108,861	\$ -	\$ 1,108,861	\$ -	\$ (291,910)	\$ 816,951	41.80%	10.50%	4.39%	11.50%	4.81%	12.50%	5.22%
LONG TERM DEBT	\$ 481,552	\$ -	\$ 481,552	\$ -	\$ (126,769)	\$ 354,783	18.15%	3.57%	0.65%	3.57%	0.65%	3.57%	0.65%
SHORT TERM DEBT	\$ 345,607	\$ -	\$ 345,607	\$ -	\$ (90,982)	\$ 254,625	13.03%	2.17%	0.28%	2.17%	0.28%	2.17%	0.28%
SHORT TERM DEBT REFINANCED LTD	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$ 8,147	\$ -	\$ 8,147	\$ -	\$ -	\$ 8,147	0.42%	2.11%	0.01%	2.11%	0.01%	2.11%	0.01%
DEFERRED INCOME TAXES	\$ 519,935	\$ -	\$ 519,935	\$ -	\$ -	\$ 519,935	26.60%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	5.32%	0.00%	5.74%	0.00%	6.15%	0.00%
TOTAL YEAR-END	\$ 2,464,102	\$ -	\$ 2,464,102	\$ -	\$ (509,661)	\$ 1,954,442	100.00%		5.33%		5.75%		6.18%

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

RECEIVED
FLORIDA PUBLIC SERVICE
COMMISSION
2017 MAR 31 PM 4: 00
DIVISION OF
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
 INDIANTOWN 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	\$ (50,771)	\$ (24,183)	\$ (74,954)	\$ 30,541	\$ (44,414)
AVERAGE RATE BASE	\$ 2,565,665	\$ (66,916)	\$ 2,498,749	\$ (451,625)	\$ 2,047,124
AVERAGE RATE OF RETURN	-1.98%		-3.00%		-2.17%
II. YEAR-END RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	\$ (50,771)	\$ (25,645)	\$ (76,416)	\$ 30,541	\$ (45,876)
YEAR-END RATE BASE	\$ 2,578,638	\$ (58,614)	\$ 2,520,024	\$ (426,765)	\$ 2,093,259
YEAR-END RATE OF RETURN	-1.97%		-3.03%		-2.19%
III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)					
LOW	6.00%				
MIDPOINT	6.46%				
HIGH	6.92%				
IV. EARNED RETURN ON EQUITY (FPSC ADJUSTED BASIS)					
A.			INCL ACQUISITION ADJUSTMENT		-8.95%
B.			EXCL ACQUISITION ADJUSTMENT		-7.37%

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)
 Signature

3/31/17
 Date

FLORIDA PUBLIC UTILITIES COMPANY
 INDIANTOWN 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	3,353,654	(1,183,791)	2,169,863	-	51,593	2,221,456	344,209	2,965,665
FPSC ADJUSTMENTS								
REMOVE NET UNRECOVERED CONSERVATION			-				(66,916)	(66,916)
TOTAL FPSC ADJUSTMENTS							(66,916)	(66,916)
FPSC ADJUSTED	3,353,654	(1,183,791)	2,169,863	-	51,593	2,221,456	277,293	2,498,749
PROFORMA ADJUSTMENTS								
Remove Acquisition Adjustment	(745,800)	294,175	(451,625)			(451,625)		(451,625)
TOTAL PRO FORMA ADJUSTMENTS	(745,800)	294,175	(451,625)			(451,625)		(451,625)
PRO FORMA ADJUSTED	2,607,854	(889,616)	1,718,238		51,593	1,769,831	277,293	2,047,124

FLORIDA PUBLIC UTILITIES COMPANY
 INDIANTOWN 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	\$ 380,666	\$ 27,543	\$ 309,433	\$ 129,669	\$ 33,937	\$ (89,145)				\$ 411,437	\$ (50,771)
FPSC ADJUSTMENTS:											
1) Interest Synchronization						\$ (468)				\$ (468)	\$ 468
2) Elim. Conservation Rev & Exp	\$ (27,680)	\$ (27,543)			\$ (139)	\$ 1				\$ (27,681)	\$ 1
3) Elimination of Revenue Taxes	\$ (1,803)				\$ (1,803)	\$ -				\$ (1,803)	\$ -
4) Income Tax Effective Rate Adjustment						\$ 24,652				\$ 24,652	\$ (24,652)
5) Remove PGA						\$ -				\$ -	\$ -
TOTAL FPSC ADJUSTMENTS	\$ (29,483)	\$ (27,543)	\$ -	\$ -	\$ (1,942)	\$ 24,185	\$ -	\$ -	\$ -	\$ (5,300)	\$ (24,183)
FPSC ADJUSTED	\$ 331,183	\$ -	\$ 309,433	\$ 129,669	\$ 31,995	\$ (64,960)	\$ -	\$ -	\$ -	\$ 406,137	\$ (74,954)
PROFORMA ADJUSTMENTS											
Remove Acquisition Adjustment Amortization				\$ (49,720)		\$ 19,179				\$ (30,541)	\$ 30,541
TOTAL PRO FORMA ADJUSTMENTS	\$ -	\$ -	\$ -	\$ (49,720)	\$ -	\$ 19,179	\$ -	\$ -	\$ -	\$ (30,541)	\$ 30,541
PRO FORMA ADJUSTED	\$ 331,183	\$ -	\$ 309,433	\$ 79,949	\$ 31,995	\$ (45,781)	\$ -	\$ -	\$ -	\$ 375,597	\$ (44,414)

FLORIDA PUBLIC UTILITIES COMPANY
 INDIANTOWN DIVISION
 YEAR END 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	\$ 3,361,706	\$ (1,258,207)	\$ 2,103,498	\$ -	\$ 1,547	\$ 2,105,045	\$ 473,593	\$ 2,578,638
FPSC ADJUSTMENTS:								
REMOVE NET UNREC. CONSERVATION			\$ -			\$ -	\$ -	\$ -
TOTAL FPSC ADJUSTMENTS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (58,614)	\$ (58,614)
FPSC ADJUSTED	\$ 3,361,706	\$ (1,258,207)	\$ 2,103,498	\$ -	\$ 1,547	\$ 2,105,045	\$ 414,979	\$ 2,520,024
PROFORMA ADJUSTMENTS								
Remove Acquisition Adjustment	\$ (745,800)	\$ 319,035	\$ (426,765)			\$ (426,765)		\$ (426,765)
TOTAL PRO FORMA ADJUSTMENTS	\$ (745,800)	\$ 319,035	\$ (426,765)	\$ -	\$ -	\$ (426,765)	\$ -	\$ (426,765)
PRO FORMA ADJUSTED	\$ 2,615,906	\$ (939,172)	\$ 1,676,733	\$ -	\$ 1,547	\$ 1,678,280	\$ 414,979	\$ 2,093,259

FLORIDA PUBLIC UTILITIES COMPANY
 INDIANTOWN DIVISION
 YEAR END RATE OF RETURN
 For the 12 Months Ending December 31, 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	\$ 360,666	\$ 27,543	\$ 309,433	\$ 129,669	\$ 33,937	\$ (89,145)				\$ 411,437	\$ (50,771)
FPSC ADJUSTMENTS:											
1) Interest Synchronization						\$ 994				\$ 994	\$ (994)
2) Elim. Conservation Rev & Exp.	\$ (27,680)	\$ (27,543)			\$ (139)	\$ 1				\$ (27,681)	\$ 1
3) Elimination of Revenue Taxes	\$ (1,803)				\$ (1,803)	\$ -				\$ (1,803)	\$ -
4) Income Tax Effective Rate Adjustment						\$ 24,652				\$ 24,652	\$ (24,652)
5) Remove PGA						\$ -				\$ -	\$ -
						\$ -				\$ -	\$ -
TOTAL FPSC ADJUSTMENTS	\$ (29,483)	\$ (27,543)	\$ -	\$ -	\$ (1,942)	\$ 25,647	\$ -	\$ -	\$ -	\$ (3,838)	\$ (25,645)
FPSC ADJUSTED	\$ 331,183	\$ -	\$ 309,433	\$ 129,669	\$ 31,995	\$ (63,498)	\$ -	\$ -	\$ -	\$ 407,599	\$ (76,416)
PROFORM ADJUSTMENTS											
Remove Acquisition Adjustment Amortization				\$ (49,720)		\$ 19,179				\$ (30,541)	\$ 30,541
TOTAL PRO FORMA ADJUSTMENTS	\$ -	\$ -	\$ -	\$ (49,720)	\$ -	\$ 19,179	\$ -	\$ -	\$ -	\$ (30,541)	\$ 30,541
PRO FORMA ADJUSTED	\$ 331,183	\$ -	\$ 309,433	\$ 79,949	\$ 31,995	\$ (44,319)	\$ -	\$ -	\$ -	\$ 377,059	\$ (45,876)

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	\$ 1,192,582	\$ -	\$ 1,192,582	\$ -	\$ (37,060)	\$ 1,155,522	46.24%	10.50%	4.86%	11.50%	5.32%	12.50%	5.78%
LONG TERM DEBT	\$ 425,403	\$ -	\$ 425,403	\$ -	\$ (13,220)	\$ 412,183	16.50%	4.93%	0.81%	4.93%	0.81%	4.93%	0.81%
SHORT TERM DEBT	\$ 535,324	\$ -	\$ 535,324	\$ -	\$ (16,636)	\$ 518,688	20.76%	1.52%	0.32%	1.52%	0.32%	1.52%	0.32%
SHORT TERM DEBT REFINANCED LTD	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$ 7,920	\$ -	\$ 7,920	\$ -	\$ -	\$ 7,920	0.32%	2.09%	0.01%	2.09%	0.01%	2.09%	0.01%
DEFERRED INCOME TAXES	\$ 404,436	\$ -	\$ 404,436	\$ -	\$ -	\$ 404,436	16.19%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	5.99%	0.00%	6.45%	0.00%	6.91%	0.00%
TOTAL AVERAGE	\$ 2,565,665	\$ -	\$ 2,565,665	\$ -	\$ (66,916)	\$ 2,498,749	100.00%		6.00%		6.46%		6.92%

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	\$ 1,165,775	\$ -	\$ 1,165,775	\$ -	\$ (33,112)	\$ 1,132,663	44.95%	10.50%	4.72%	11.50%	5.17%	12.50%	5.62%
LONG TERM DEBT	\$ 355,284	\$ -	\$ 355,284	\$ -	\$ (10,091)	\$ 345,193	13.70%	5.12%	0.70%	5.12%	0.70%	5.12%	0.70%
SHORT TERM DEBT	\$ 542,533	\$ -	\$ 542,533	\$ -	\$ (15,411)	\$ 527,123	20.92%	1.30%	0.27%	1.30%	0.27%	1.30%	0.27%
SHORT TERM DEBT REFINANCED LTD	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$ 8,194	\$ -	\$ 8,194	\$ -	\$ -	\$ 8,194	0.33%	2.02%	0.01%	2.02%	0.01%	2.02%	0.01%
DEFERRED INCOME TAXES	\$ 506,852	\$ -	\$ 506,852	\$ -	\$ -	\$ 506,852	20.11%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	5.69%	0.00%	6.14%	0.00%	6.59%	0.00%
TOTAL YEAR-END	\$ 2,578,638	\$ -	\$ 2,578,638	\$ -	\$ (58,614)	\$ 2,520,024	100.00%		5.70%		6.15%		6.60%



RECEIVED
FLORIDA PUBLIC SERVICE
COMMISSION
2018 APR -3 PM 3:27
DIVISION OF
ACCOUNTING & FINANCE

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

**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
 INDIANTOWN 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	\$ (80,590)	\$ 15,749	\$ (64,841)	\$ 30,541	\$ (34,301)
AVERAGE RATE BASE	\$ 2,506,252	\$ -	\$ 2,506,252	\$ (401,805)	\$ 2,104,347
AVERAGE RATE OF RETURN	<u>-3.22%</u>		<u>-2.59%</u>		<u>-1.63%</u>
II. YEAR-END RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	\$ (80,590)	\$ 15,081	\$ (65,509)	\$ 30,541	\$ (34,968)
YEAR-END RATE BASE	\$ 2,508,501	\$ -	\$ 2,508,501	\$ (377,045)	\$ 2,131,456
YEAR-END RATE OF RETURN	<u>-3.21%</u>		<u>-2.61%</u>		<u>-1.64%</u>

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

LOW	5.77%
MIDPOINT	6.21%
HIGH	6.65%

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

A.	INCL ACQUISITION ADJUSTMENT	-8.49%
B.	EXCL ACQUISITION ADJUSTMENT	-6.51%

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

4/2/18
 Date

FLORIDA PUBLIC UTILITIES COMPANY
 INDIANTOWN 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	3,373,459	(1,320,964)	2,052,475	-	34,443	2,086,918	419,334	2,506,252
FPSC ADJUSTMENTS: REMOVE NET UNRECOVERED CONSERVATION								
TOTAL FPSC ADJUSTMENTS	-	-	-	-	-	-	-	-
FPSC ADJUSTED	3,373,459	(1,320,964)	2,052,475	-	34,443	2,086,918	419,334	2,506,252
PROFORMA ADJUSTMENTS Remove Acquisition Adjustment	(745,800)	343,895	(401,905)			(401,905)		(401,905)
TOTAL PRO FORMA ADJUSTMENTS	(745,800)	343,895	(401,905)	-	-	(401,905)	-	(401,905)
PRO FORMA ADJUSTED	2,627,659	(977,069)	1,650,570	-	34,443	1,685,013	419,334	2,104,347

FLORIDA PUBLIC UTILITIES COMPANY
 INDIANTOWN 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	\$ 332,944	\$ 66,180	\$ 225,525	\$ 129,536	\$ 35,366	\$ (43,073)				\$ 413,534	\$ (80,560)
FPSC ADJUSTMENTS:											
1) Interest Synchronization						\$ (279)				\$ (279)	\$ 279
2) Elim. Conservation Rev & Exp.	\$ (52,403)	\$ (52,142)			\$ (262)	\$ 0				\$ (52,404)	\$ 1
3) Elimination of Revenue Taxes	\$ (1,853)				\$ (1,853)	\$ -				\$ (1,853)	\$ -
4) Income Tax Effective Rate Adjustment						\$ (15,469)				\$ (15,469)	\$ 15,469
5) Remove Swing Service	\$ (14,109)	\$ (14,038)			\$ (71)	\$ (0)				\$ (14,109)	\$ (0)
TOTAL FPSC ADJUSTMENTS	\$ (68,165)	\$ (66,180)	\$ -	\$ -	\$ (1,966)	\$ (15,747)	\$ -	\$ -	\$ -	\$ (83,914)	\$ 15,749
FPSC ADJUSTED	\$ 264,779	\$ -	\$ 225,525	\$ 129,536	\$ 33,380	\$ (58,820)	\$ -	\$ -	\$ -	\$ 329,620	\$ (64,811)
PROFORMA ADJUSTMENTS											
Remove Acquisition Adjustment Amortization				\$ (49,720)		\$ 19,179				\$ (30,541)	\$ 30,541
TOTAL PRO FORMA ADJUSTMENTS	\$ -	\$ -	\$ -	\$ (49,720)	\$ -	\$ 19,179	\$ -	\$ -	\$ -	\$ (30,541)	\$ 30,541
PRO FORMA ADJUSTED	\$ 264,779	\$ -	\$ 225,525	\$ 79,816	\$ 33,380	\$ (39,641)	\$ -	\$ -	\$ -	\$ 299,080	\$ (34,301)

FLORIDA PUBLIC UTILITIES COMPANY
 INDIANTOWN 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	\$ 3,565,985	\$ (1,384,875)	\$ 2,181,110	\$ -	\$ 8,671	\$ 2,189,781	\$ 318,719	\$ 2,508,501
FPSC ADJUSTMENTS:								
REMOVE NET UNREC. CONSERVATION			\$ -			\$ -		\$ -
TOTAL FPSC ADJUSTMENTS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FPSC ADJUSTED	\$ 3,565,985	\$ (1,384,875)	\$ 2,181,110	\$ -	\$ 8,671	\$ 2,189,781	\$ 318,719	\$ 2,508,501
PROFORMA ADJUSTMENTS								
Remove Acquisition Adjustment	\$ (745,800)	\$ 368,755	\$ (377,045)			\$ (377,045)		\$ (377,045)
TOTAL PRO FORMA ADJUSTMENTS	\$ (745,800)	\$ 368,755	\$ (377,045)	\$ -	\$ -	\$ (377,045)	\$ -	\$ (377,045)
PRO FORMA ADJUSTED	\$ 2,820,185	\$ (1,016,120)	\$ 1,804,065	\$ -	\$ 8,671	\$ 1,812,736	\$ 318,719	\$ 2,131,456

FLORIDA PUBLIC UTILITIES COMPANY
 INDIANTOWN DIVISION
 YEAR END RATE OF RETURN
 For the 12 Months Ending December 31, 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	\$ 332,944	\$ 66,180	\$ 225,525	\$ 129,536	\$ 35,366	\$ (43,073)				\$ 413,534	\$ (80,590)
FPSC ADJUSTMENTS:											
1) Interest Synchronization						\$ 389				\$ 389	\$ (389)
2) Elim. Conservation Rev & Exp.	\$ (52,403)	\$ (52,142)			\$ (262)	\$ 0				\$ (52,404)	\$ 1
3) Elimination of Revenue Taxes	\$ (1,653)				\$ (1,653)	\$ -				\$ (1,653)	\$ -
4) Income Tax Effective Rate Adjustment	\$ (14,109)	\$ (14,038)			\$ (71)	\$ (15,469)				\$ (15,469)	\$ 15,469
5) Remove Swing Service						\$ (0)				\$ (14,109)	\$ (0)
TOTAL FPSC ADJUSTMENTS	\$ (68,165)	\$ (66,180)	\$ -	\$ -	\$ (1,966)	\$ (15,080)	\$ -	\$ -	\$ -	\$ (63,246)	\$ 15,081
FPSC ADJUSTED	\$ 264,779	\$ -	\$ 225,525	\$ 129,536	\$ 33,380	\$ (58,153)	\$ -	\$ -	\$ -	\$ 330,288	\$ (65,509)
PROFORM ADJUSTMENTS											
Remove Acquisition Adjustment Amortization				\$ (49,720)		\$ 19,179				\$ (30,541)	\$ 30,541
TOTAL PRO FORMA ADJUSTMENTS	\$ -	\$ -	\$ -	\$ (49,720)	\$ -	\$ 19,179	\$ -	\$ -	\$ -	\$ (30,541)	\$ 30,541
PRO FORMA ADJUSTED	\$ 264,779	\$ -	\$ 225,525	\$ 79,816	\$ 33,380	\$ (38,974)	\$ -	\$ -	\$ -	\$ 299,747	\$ (34,968)

AVERAGE	ADJUSTMENTS					BALANCE	RATIO (%)	LOW POINT		MIDPOINT		HIGH POINT	
	PER BOOKS	NON-UTILITY	ADJUSTED BOOKS	PRO-RATA	SPECIFIC			COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
COMMON EQUITY	\$1,102,702	\$ -	\$ 1,102,702	\$ -	\$ -	\$ 1,102,702	44.00%	10.50%	4.62%	11.50%	5.06%	12.50%	5.50%
LONG TERM DEBT	\$ 428,669	\$ -	\$ 428,669	\$ -	\$ -	\$ 428,669	17.10%	4.44%	0.76%	4.44%	0.76%	4.44%	0.76%
SHORT TERM DEBT	\$ 453,470	\$ -	\$ 453,470	\$ -	\$ -	\$ 453,470	18.09%	2.09%	0.38%	2.09%	0.38%	2.09%	0.38%
SHORT TERM DEBT REFINANCED LTD	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$ 8,389	\$ -	\$ 8,389	\$ -	\$ -	\$ 8,389	0.33%	2.04%	0.01%	2.04%	0.01%	2.04%	0.01%
DEFERRED INCOME TAXES	\$ 513,022	\$ -	\$ 513,022	\$ -	\$ -	\$ 513,022	20.47%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	5.78%	0.00%	6.20%	0.00%	6.64%	0.00%
TOTAL AVERAGE	\$ 2,506,252	\$ -	\$ 2,506,252	\$ -	\$ -	\$ 2,506,252	100.00%		5.77%		6.21%		6.65%

YEAR-END	ADJUSTMENTS					BALANCE	RATIO (%)	LOW POINT		MIDPOINT		HIGH POINT	
	PER BOOKS	NON-UTILITY	ADJUSTED BOOKS	PRO-RATA	SPECIFIC			COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
COMMON EQUITY	\$ 1,089,120	\$ -	\$ 1,089,120	\$ -	\$ -	\$ 1,089,120	43.42%	10.50%	4.56%	11.50%	4.99%	12.50%	5.43%
LONG TERM DEBT	\$ 436,629	\$ -	\$ 436,629	\$ -	\$ -	\$ 436,629	17.41%	4.10%	0.71%	4.10%	0.71%	4.10%	0.71%
SHORT TERM DEBT	\$ 557,185	\$ -	\$ 557,185	\$ -	\$ -	\$ 557,185	22.21%	1.60%	0.36%	1.60%	0.36%	1.60%	0.36%
SHORT TERM DEBT REFINANCED LTD	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$ 8,467	\$ -	\$ 8,467	\$ -	\$ -	\$ 8,467	0.34%	2.02%	0.01%	2.02%	0.01%	2.02%	0.01%
DEFERRED INCOME TAXES	\$ 417,100	\$ -	\$ 417,100	\$ -	\$ -	\$ 417,100	16.63%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	5.63%	0.00%	6.06%	0.00%	6.50%	0.00%
TOTAL YEAR-END	\$ 2,508,501	\$ -	\$ 2,508,501	\$ -	\$ -	\$ 2,508,501	100.00%		5.64%		6.07%		6.51%