



December 17, 2012

Mr. John Slemkewicz
Supervisor Electric & Gas Accounting
Florida Public Service Commission
2540 Shumard Blvd.
Tallahassee, Florida 32399-0950


Dear Mr. Slemkewicz:

Subject: Earnings Surveillance Report

Enclosed is the earnings surveillance report (Schedules 1 through 4) for Florida Public Utilities' Consolidated Electric divisions and Consolidated Gas divisions, for the twelve months ended September 30, 2012.

If you have any questions, or need additional information, please let me know.

Sincerely,


Curtis D. Young
Senior Regulatory Analyst

Cc:
Martin, Cheryl (all)
Gunster, Yoakley & Stewart PA-Keating, Beth (all)
Gulf Power Company-Buck, William G. (all Electric only)
Cutshaw, Mark (all Electric only)
Shelley, Buddy (all Electric only)
SJ 45-69 (all)

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FLORIDA PUBLIC SERVICE
COMMISSION
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DIVISION OF
ACCOUNTING & FINANCE



	(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	\$ 1,482,128	\$264,687	\$1,746,815	\$0	\$1,746,815
AVERAGE RATE BASE	\$40,665,117	\$759,585	\$41,424,702	\$0	\$41,424,702
AVERAGE RATE OF RETURN	3.64%		4.22%		4.22%
II. YEAR-END RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	\$1,482,128	\$315,330	\$1,797,458	\$0	\$1,797,458
YEAR-END RATE BASE	\$46,992,618	\$713,595	\$47,706,213	\$0	\$47,706,213
YEAR-END RATE OF RETURN	3.15%		3.77%		3.77%

III. REQUIRED RATES OF RETURN	
AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)	
LOW	6.62%
MIDPOINT	7.07%
HIGH	7.53%

IV. FINANCIAL INTEGRITY INDICATORS	
A. TIE WITH AFUDC	0.94
B. TIE WITHOUT AFUDC	0.94
C. AFUDC TO NET INCOME	0.00
D. INTERNALLY GENERATED FUNDS	84.55
E. LTD TO TOTAL INVESTOR FUNDS	31.36
F. STD TO TOTAL INVESTOR FUNDS	6.65
G. RETURN ON COMMON EQUITY	4.69

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

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

Cheryl M. Martin
 Director-Regulatory Affairs

Cheryl M. Martin
 Signature

12/12/12
 Date

FLORIDA PUBLIC UTILITIES COMPANY
ELECTRIC
AVERAGE RATE OF RETURN
For the 12 Months Ending September 30, 2012
RATE BASE

SCHEDULE 2
PAGE 1 OF 2

	(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	\$90,850,025	(\$47,064,072)	\$43,785,953	\$0	\$1,003,936	\$44,789,889	(\$4,124,772)	\$40,665,117
FPSC ADJUSTMENTS:								
ELIMINATIONS TO WORKING CAPITAL			\$0			\$0	(\$40,334)	(\$40,334)
ELIM. NON UTILITY PLANT	(\$170,321)	\$78,975	(\$91,346)			(\$91,346)		(\$91,346)
ELIMINATE ACQUISITION ADJUSTMENT	\$112,398	\$0	\$112,398			\$112,398		\$112,398
REGULATORY ASSET - LITIGATION COSTS							\$778,867	\$778,867
TOTAL FPSC ADJUSTMENTS	(\$57,923)	\$78,975	\$21,052	\$0	\$0	\$21,052	\$738,533	\$759,585
FPSC ADJUSTED	\$90,792,102	(\$46,985,097)	\$43,807,004	\$0	\$1,003,936	\$44,810,940	(\$3,386,239)	\$41,424,702
FLEX RATE REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR FLEX RATE REVENUES	\$90,792,102	(\$46,985,097)	\$43,807,004	\$0	\$1,003,936	\$44,810,940	(\$3,386,239)	\$41,424,702
PROFORMA ADJUSTMENTS								\$0
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRO FORMA ADJUSTED	\$90,792,102	(\$46,985,097)	\$43,807,004	\$0	\$1,003,936	\$44,810,940	(\$3,386,239)	\$41,424,702

	(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	\$92,766,963	(\$48,328,204)	\$44,438,759	\$0	\$2,510,998	\$46,949,757	\$42,861	\$46,992,618
FPSC ADJUSTMENTS:								
ELIMINATIONS TO WORKING CAPITAL			\$0			\$0	(\$412,134)	(\$412,134)
ELIM. NON UTILITY PLANT	(\$193,814)	\$81,277	(\$112,537)			(\$112,537)		(\$112,537)
ELIMINATE ACQUISITION ADJUSTMENT	\$0	\$0	\$0			\$0		\$0
REGULATORY ASSET - LITIGATION COSTS							\$1,238,266	\$1,238,266
TOTAL FPSC ADJUSTMENTS	(\$193,814)	\$81,277	(\$112,537)	\$0	\$0	(\$112,537)	\$826,132	\$713,595
FPSC ADJUSTED	\$92,573,150	(\$48,246,927)	\$44,326,223	\$0	\$2,510,998	\$46,837,221	\$868,993	\$47,706,213
COMP RATE ADJ REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR COMP RATE ADJ REVENUE	\$92,573,150	(\$48,246,927)	\$44,326,223	\$0	\$2,510,998	\$46,837,221	\$868,993	\$47,706,213
PROFORMA ADJUSTMENTS	0							\$0
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRO FORMA ADJUSTED	\$92,573,150	(\$48,246,927)	\$44,326,223	\$0	\$2,510,998	\$46,837,221	\$868,993	\$47,706,213

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	\$18,297,922	(\$91,346)	\$18,206,576	\$449,812	\$112,398	\$18,768,786	45.31%	10.00%	4.53%	11.00%	4.98%	12.00%	5.44%
LONG TERM DEBT	\$9,256,176		\$9,256,176	238,191		\$9,494,367	22.92%	6.75%	1.55%	6.75%	1.55%	6.75%	1.55%
SHORT TERM DEBT	\$1,963,580		\$1,963,580	50,529		\$2,014,109	4.86%	1.32%	0.06%	1.32%	0.06%	1.32%	0.06%
STD REFINANCED LTD	\$0		\$0	-		\$0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$3,623,178		\$3,623,178			\$3,623,178	8.75%	5.53%	0.48%	5.53%	0.48%	5.53%	0.48%
DEFERRED INCOME TAXES	\$7,515,176		\$7,515,176			\$7,515,176	18.14%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$9,085		\$9,085			\$9,085	0.02%	6.14%	0.00%	6.59%	0.00%	7.05%	0.00%
TOTAL AVERAGE	\$40,665,117	(\$91,346)	\$40,573,771	\$738,533	\$112,398	\$41,424,702	100.00%		6.62%		7.07%		7.53%

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	\$21,900,037	(\$112,537)	\$21,787,500	\$549,799	\$0	\$22,337,299	46.82%	10.00%	4.68%	11.00%	5.15%	12.00%	5.62%
LONG TERM DEBT	\$10,922,099		\$10,922,099	\$218,073		\$11,140,172	23.35%	6.86%	1.60%	6.86%	1.60%	6.86%	1.60%
SHORT TERM DEBT	\$2,917,919		\$2,917,919	\$58,260		\$2,976,179	6.24%	1.06%	0.07%	1.06%	0.07%	1.06%	0.07%
STD REFINANCED LTD	\$0		\$0	\$0		\$0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$3,449,350		\$3,449,350			\$3,449,350	7.23%	5.77%	0.42%	5.77%	0.42%	5.77%	0.42%
DEFERRED INCOME TAXES	\$7,800,591		\$7,800,591			\$7,800,591	16.35%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$2,622		\$2,622			\$2,622	0.01%	6.35%	0.00%	6.82%	0.00%	7.29%	0.00%
TOTAL YEAR-END	\$46,992,618	(\$112,537)	\$46,880,081	\$826,132	\$0	\$47,706,213	100.00%		6.77%		7.24%		7.71%