

November 7, 2014

**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  
14 NOV -7 PM 4:08  
DIVISION OF  
ACCOUNTING & FINANCE

**Re: Florida Public Utilities Company (Electric and Gas Divisions) 3rd 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 hereby submits the required 3rd Quarter Earnings Surveillance Reports for 2014.

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  
ELECTRIC  
COMPANY  
For the  
Year Ended  
September 30, 2014

FLORIDA PUBLIC UTILITIES COMPANY  
ELECTRIC  
RATE OF RETURN REPORT SUMMARY  
September 30, 2014

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	\$ 2,131,734	(\$45,783)	\$2,085,951	\$0	\$2,085,951
AVERAGE RATE BASE	\$58,188,272	(\$1,877,030)	\$56,311,243	\$0	\$56,311,243
AVERAGE RATE OF RETURN	3.66%		3.70%		3.70%
<b>II. YEAR-END RATE OF RETURN (JURISDICTIONAL)</b>					
NET OPERATING INCOME	\$2,131,734	(\$79,868)	\$2,051,866	\$0	\$2,051,866
YEAR-END RATE BASE	\$62,943,149	(\$3,888,237)	\$59,054,913	\$0	\$59,054,913
YEAR-END RATE OF RETURN	3.39%		3.47%		3.47%

<b>III. REQUIRED RATES OF RETURN</b>		<b>IV. FINANCIAL INTEGRITY INDICATORS</b>	
AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)		A. TIE WITH AFUDC	4.09
LOW	5.87%	B. TIE WITHOUT AFUDC	4.09
MIDPOINT	6.31%	C. AFUDC TO NET INCOME	0.00
HIGH	6.76%	D. INTERNALLY GENERATED FUNDS	67.01
		E. LTD TO TOTAL INVESTOR FUNDS	26.46
		F. STD TO TOTAL INVESTOR FUNDS	15.19
		G. RETURN ON COMMON EQUITY	4.42

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 per CBY*  
Signature

11/6/2014  
Date



FLORIDA PUBLIC UTILITIES COMPANY  
ELECTRIC  
**YEAR END RATE OF RETURN**  
For the 12 Months Ending September 30, 2014  
RATE BASE

SCHEDULE 3  
PAGE 1 OF 2

	(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	\$107,326,394	(\$53,345,591)	\$53,980,803	\$0	\$3,852,312	\$57,833,115	\$5,110,035	\$62,943,149
FPSC ADJUSTMENTS:								
1) EJIM. NON UTILITY PLANT	(\$363,271)	\$155,837	(\$207,434)			(\$207,434)		(\$207,434)
3)			\$0			\$0		\$0
4) OUT OF PERIOD LITIGATION ADJ							(\$1,512)	(\$1,512)
5) ELIMINATION OF UNDER-RECOVERY							(\$2,726,475)	(\$2,726,475)
6) DEFERRED RATE CASE EXPENSE							(\$952,816)	(\$952,816)
TOTAL FPSC ADJUSTMENTS	(\$363,271)	\$155,837	(\$207,434)	\$0	\$0	(\$207,434)	(\$3,680,803)	(\$3,888,237)
FPSC ADJUSTED	\$106,963,123	(\$53,189,754)	\$53,773,369	\$0	\$3,852,312	\$57,625,681	\$1,429,232	\$59,054,913
COMP RATE ADJ REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR COMP RATE ADJ REVENUE	\$106,963,123	(\$53,189,754)	\$53,773,369	\$0	\$3,852,312	\$57,625,681	\$1,429,232	\$59,054,913
PROFORMA ADJUSTMENTS								\$0
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRO FORMA ADJUSTED	\$106,963,123	(\$53,189,754)	\$53,773,369	\$0	\$3,852,312	\$57,625,681	\$1,429,232	\$59,054,913



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	\$26,254,255		\$26,254,255	(\$1,076,344)		\$25,177,911	44.71%	9.25%	4.14%	10.25%	4.58%	11.25%
LONG TERM DEBT - CU	\$10,294,435		\$10,294,435	(422,041)		\$9,872,394	17.53%	5.41%	0.95%	5.41%	0.95%	5.41%	0.95%
SHORT TERM DEBT	\$4,706,621		\$4,706,621	(192,957)		\$4,513,664	8.02%	1.16%	0.09%	1.16%	0.09%	1.16%	0.09%
LONG TERM DEBT - FC	\$1,821,216		\$1,821,216	(74,664)		\$1,746,552	3.10%	12.97%	0.40%	12.97%	0.40%	12.97%	0.40%
SHORT TERM DEBT - REFINANCED LTD	\$2,708,071		\$2,708,071	(\$111,023)		\$2,597,048	4.61%	4.17%	0.19%	4.17%	0.19%	4.17%	0.19%
CUSTOMER DEPOSITS	\$3,361,108		\$3,361,108			\$3,361,108	5.97%	1.69%	0.10%	1.69%	0.10%	1.69%	0.10%
DEFERRED INCOME TAXES	\$9,042,566		\$9,042,566			\$9,042,566	16.06%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$0		\$0			\$0	0.00%	5.58%	0.00%	6.02%	0.00%	6.47%	0.00%
<b>TOTAL AVERAGE</b>	<b>\$58,188,272</b>	<b>\$0</b>	<b>\$58,188,272</b>	<b>(\$1,877,029)</b>	<b>\$0</b>	<b>\$56,311,243</b>	<b>100.00%</b>		<b>5.87%</b>		<b>6.31%</b>		<b>6.76%</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	\$28,295,352		\$28,295,352	(2,160,760)	\$0	\$26,134,592	44.26%	9.25%	4.09%	10.25%	4.54%	11.25%
LONG TERM DEBT - CU	\$14,092,514		\$14,092,514	(1,076,167)		\$13,016,346	22.04%	4.29%	0.95%	4.29%	0.95%	4.29%	0.95%
SHORT TERM DEBT	\$6,741,927		\$6,741,927	(514,844)		\$6,227,083	10.55%	0.85%	0.09%	0.85%	0.09%	0.85%	0.09%
LONG TERM DEBT - FC	\$1,787,036		\$1,787,036	(136,466)		\$1,650,570	2.80%	12.85%	0.36%	12.85%	0.36%	12.85%	0.36%
SHORT TERM DEBT - REFINANCED LTD	\$0		\$0	-		\$0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$3,368,413		\$3,368,413			\$3,368,413	5.70%	1.69%	0.10%	1.69%	0.10%	1.69%	0.10%
DEFERRED INCOME TAXES	\$8,657,908		\$8,657,908			\$8,657,908	14.66%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$0		\$0			\$0	0.00%	5.49%	0.00%	5.94%	0.00%	6.38%	0.00%
<b>TOTAL YEAR-END</b>	<b>\$62,943,149</b>	<b>\$0</b>	<b>\$62,943,149</b>	<b>(\$3,888,237)</b>	<b>\$0</b>	<b>\$59,054,913</b>	<b>100.00%</b>		<b>5.59%</b>		<b>6.04%</b>		<b>6.48%</b>