



May 16, 2014

VIA HAND DELIVERY

Mr. Andrew Maurey
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

RECEIVED
FLORIDA PUBLIC SERVICE
COMMISSION
14 MAY 16 AM 11:34
DIVISION OF
ACCOUNTING & FINANCE

Re: Florida Public Utilities Company (Electric and Gas Divisions) 1st 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 1st Quarter Earnings Surveillance Reports for 2014.

Thank you for accepting this filing today, and if you have any questions, please do not hesitate to let me know.

Sincerely,

Beth Keating
Shareholder

cc: Bart Fletcher
WPB_ACTIVE 5920471.1

FLORIDA PUBLIC UTILITIES COMPANY
 NATURAL GAS
 RATE OF RETURN REPORT SUMMARY
 March 31, 2014

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	\$ 7,537,247	(\$223,346)	\$7,313,901	\$1,581,504	\$8,895,405
AVERAGE RATE BASE	\$124,041,841	\$2,124,580	\$126,166,421	(\$30,332,321)	\$95,834,100
AVERAGE RATE OF RETURN	6.08%		5.80%		9.28%
II. YEAR-END RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	\$7,537,247	(\$169,186)	\$7,368,061	\$1,581,504	\$8,949,565
YEAR-END RATE BASE	\$134,918,442	\$2,306,961	\$137,225,404	(\$29,480,063)	\$107,745,341
YEAR-END RATE OF RETURN	5.59%		5.37%		8.31%
III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)			IV. EARNED RETURN ON EQUITY (FPSC ADJUSTED BASIS)		
LOW	6.47%		A.	INCL ACQUISITION ADJUSTMENT	8.41%
MIDPOINT	6.93%		B.	EXCL ACQUISITION ADJUSTMENT	17.02%
HIGH	7.39%				

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 CMy
 Signature

5/13/2014
 Date

FLORIDA PUBLIC UTILITIES COMPANY
 NATURAL GAS
 AVERAGE RATE OF RETURN
 For the 12 Months Ending March 31, 2014
 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	\$182,509,819	(\$57,557,467)	\$124,952,352	\$0	\$7,599,672	\$132,552,024	(\$8,510,183)	\$124,041,841
FPSC ADJUSTMENTS:								
1) ELIMINATIONS TO WORKING CAPITAL	\$0	\$0	\$0			\$0	\$335,337	\$335,337
2) ELIMINATE GOODWILL	(\$2,469,682)	\$0	(\$2,469,682)			(\$2,469,682)		(\$2,469,682)
	\$0	\$0	\$0			\$0		\$0
3) ELIM. NON-UTILITY PLANT	(\$2,168,673)	\$817,285	(\$1,351,388)			(\$1,351,388)		(\$1,351,388)
	\$0	\$0	\$0			\$0		\$0
	\$0	\$0	\$0			\$0	\$0	\$0
4) ELIMINATE DEFERRED ENVIRONMENTAL COSTS							\$5,610,313	\$5,610,313
TOTAL FPSC ADJUSTMENTS	(\$4,638,355)	\$817,285	(\$3,821,070)	\$0	\$0	(\$3,821,070)	\$5,945,650	\$2,124,580
FPSC ADJUSTED	\$177,871,463	(\$56,740,182)	\$121,131,281	\$0	\$7,599,672	\$128,730,954	(\$2,564,533)	\$126,166,421
FLEX RATE REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR FLEX RATE REVENUES	\$177,871,463	(\$56,740,182)	\$121,131,281	\$0	\$7,599,672	\$128,730,954	(\$2,564,533)	\$126,166,421
PROFORMA ADJUSTMENTS								
			\$0			\$0		\$0
			\$0			\$0		\$0
ELIM. ACQUISITION ADJUSTMENT	(\$32,860,437)	\$3,139,965	(\$29,720,472)			(\$29,720,472)		(\$29,720,472)
ELIM. REG ASSET-TRNSCTN & TRNSITN CSTS							(\$611,849)	(\$611,849)
TOTAL PRO FORMA ADJUSTMENTS	(\$32,860,437)	\$3,139,965	(\$29,720,472)	\$0	\$0	(\$29,720,472)	(\$611,849)	(\$30,332,321)
PRO FORMA ADJUSTED	\$145,011,026	(\$53,600,217)	\$91,410,809	\$0	\$7,599,672	\$99,010,482	(\$3,176,382)	\$95,834,100

FLORIDA PUBLIC UTILITIES COMPANY
 NATURAL GAS
 YEAR END RATE OF RETURN
 For the 12 Months Ending March 31, 2014
 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	\$194,692,605	(\$59,759,146)	\$134,933,460	\$0	\$9,300,491	\$144,233,951	(\$9,315,508)	\$134,918,442
FPSC ADJUSTMENTS:								
1) ELIMINATIONS TO WORKING CAPITAL	\$0	\$0	\$0			\$0	\$506,926	\$506,926
2) ELIMINATE GOODWILL	(\$2,469,682)	\$0	(\$2,469,682)			(\$2,469,682)		(\$2,469,682)
	\$0	\$0	\$0			\$0		\$0
3) ELIM. NON-UTILITY PLANT	(\$2,161,265)	\$819,914	(\$1,341,351)			(\$1,341,351)		(\$1,341,351)
	\$0	\$0	\$0			\$0		\$0
	\$0	\$0	\$0			\$0		\$0
4) ELIMINATE DEFERRED ENVIRONMENTAL COSTS							\$5,611,069	\$5,611,069
TOTAL FPSC ADJUSTMENTS	(\$4,630,947)	\$819,914	(\$3,811,033)	\$0	\$0	(\$3,811,033)	\$6,117,995	\$2,306,961
FPSC ADJUSTED	\$190,061,658	(\$58,939,232)	\$131,122,426	\$0	\$9,300,491	\$140,422,917	(\$3,197,514)	\$137,225,404
COMP RATE ADJ REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR COMP RATE ADJ REVENUE PROFORMA ADJUSTMENTS	\$190,061,658	(\$58,939,232)	\$131,122,426	\$0	\$9,300,491	\$140,422,917	(\$3,197,514)	\$137,225,404
ELIM. ACQUISITION ADJUSTMENT	(\$33,185,409)	\$4,034,811	(\$29,150,598)			(\$29,150,598)		(\$29,150,598)
ELIM. REG ASSET-TRNSCTN & TRNSITN CSTS							(\$329,465)	(\$329,465)
TOTAL PRO FORMA ADJUSTMENTS	(\$33,185,409)	\$4,034,811	(\$29,150,598)	\$0	\$0	(\$29,150,598)	(\$329,465)	(\$29,480,063)
PRO FORMA ADJUSTED	\$156,876,249	(\$54,904,421)	\$101,971,828	\$0	\$9,300,491	\$111,272,319	(\$3,526,979)	\$107,745,341

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	\$58,940,111	(\$1,351,388)	\$57,588,723	\$3,491,555	(\$2,469,682)	\$58,610,596	46.46%	9.85%	4.58%	10.85%	5.04%	11.85%	5.50%
LONG TERM DEBT - CU	\$17,775,128		\$17,775,128	\$1,052,981		\$18,828,110	14.92%	5.92%	0.88%	5.92%	0.88%	5.92%	0.88%
SHORT TERM DEBT	\$12,705,724		\$12,705,724	\$752,675		\$13,458,399	10.67%	1.16%	0.12%	1.16%	0.12%	1.16%	0.12%
LONG TERM DEBT - FC	\$5,429,690		\$5,429,690	\$321,650		\$5,751,340	4.56%	12.28%	0.56%	12.28%	0.56%	12.28%	0.56%
SHORT TERM DEBT - REFINANCED LTD	\$5,516,454		\$5,516,454	\$326,789		\$5,843,243	4.63%	4.18%	0.19%	4.18%	0.19%	4.18%	0.19%
CUSTOMER DEPOSITS	\$7,326,769		\$7,326,769			\$7,326,769	5.81%	2.41%	0.14%	2.41%	0.14%	2.41%	0.14%
DEFERRED INCOME TAXES	\$16,334,487		\$16,334,487			\$16,334,487	12.95%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$13,477		\$13,477			\$13,477	0.01%	6.14%	0.00%	6.60%	0.00%	7.06%	0.00%
TOTAL AVERAGE	\$124,041,841	(\$1,351,388)	\$122,690,453	\$5,945,650	(\$2,469,682)	\$126,166,421	100.00%		6.47%		6.93%		7.39%

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	\$64,876,817	(\$1,341,351)	\$63,535,466	\$3,631,231	(\$2,469,682)	\$64,697,014	47.15%	9.85%	4.64%	10.85%	5.12%	11.85%	5.59%
LONG TERM DEBT - CU	\$21,362,896		\$21,362,896	\$1,195,706		\$22,558,602	16.44%	5.38%	0.88%	5.38%	0.88%	5.38%	0.88%
SHORT TERM DEBT	\$7,341,915		\$7,341,915	\$410,935		\$7,752,850	5.65%	2.09%	0.12%	2.09%	0.12%	2.09%	0.12%
LONG TERM DEBT - FC	\$4,756,521		\$4,756,521	\$266,228		\$5,022,749	3.66%	14.44%	0.53%	14.44%	0.53%	14.44%	0.53%
SHORT TERM DEBT - REFINANCED LTD	\$10,968,051		\$10,968,051	\$613,895		\$11,581,946	8.44%	2.18%	0.18%	2.18%	0.18%	2.18%	0.18%
CUSTOMER DEPOSITS	\$7,368,021		\$7,368,021			\$7,368,021	5.37%	2.40%	0.13%	2.40%	0.13%	2.40%	0.13%
DEFERRED INCOME TAXES	\$18,236,097		\$18,236,097			\$18,236,097	13.29%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$8,125		\$8,125			\$8,125	0.01%	6.17%	0.00%	6.65%	0.00%	7.12%	0.00%
TOTAL YEAR-END	\$134,918,442	(\$1,341,351)	\$133,577,091	\$6,117,995	(\$2,469,682)	\$137,225,404	100.00%		6.48%		6.96%		7.43%