December 31, 2012

I. AVERAGE RATE OF RETURN (JURISDICTIONAL)	(1) ACTUAL PER BOOKS	(2) FPSC ADJUSTMENTS	(3) FPSC ADJUSTED	(4) PRO FOR ADJUSTME		(5) PRO FORMA ADJUSTED
NET OPERATING INCOME	\$ 1,715,813	\$856,709	\$2,572,522		\$0	\$2,572,522
AVERAGE RATE BASE	\$43,133,117	\$869,788	\$44,002,905		\$0	\$44,002,905
AVERAGE RATE OF RETURN	3.98%		5,85%			5.85%
II. YEAR-END RATE OF RETURN (JURISDICTIONAL)						
NET OPERATING INCOME	\$1,715,813	\$884,844	\$2,600,657		\$0	\$2,600,657
YEAR-END RATE BASE	\$49,433,434	(\$139,099)	\$49,294,335		\$0	\$49,294,335
YEAR-END RATE OF RETURN	3.47%		5.28%			5.28%
W 2701 UPC 2 1777 25 2777 UV		IV. FINANC	AL INTEGRITY INDICATORS			
III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE		A. TIE WITH	AFUDC	2.04		
(FPSC ADJUSTED BASIS)		B. TIE WITH	OUT AFUDC	2.04		
LOW	6,92%	C. AFUDC T	O NET INCOME	0.00		
MIDPOINT	7.38%	D, INTERNA	ALLY GENERATED FUNDS	69.70		
HIGH	7.84%	E LTD TO T	OTAL INVESTOR FUNDS	30.24		
		F. STD TO T	OTAL INVESTOR FUNDS	B.2 <b>4</b>		
		G, RETURN	ON COMMON EQUITY	7.67		

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 Signature) Marth

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FLORIDA PUBLIC UTILITIES COMPANY ELECTRIC AVERAGE RATE OF RETURN For the 12 Months Ending December 31, 2012 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	\$92,222,541	(\$47,620,475)	\$44,602,066	\$0	\$1,341,256	\$45,943,322	(\$2,810,205)	\$43,133,117
FPSC ADJUSTMENTS:								
ELIMINATIONS TO WORKING CAPITAL ELIM. NON UTILITY PLANT ELIMINATE ACQUISITION ADJUSTMENT	(\$188,298)	\$79,970 \$0	\$0 (\$108,328) \$0			\$0 (\$108,328) \$0	(\$26,817)	(\$26,817) (\$108,328) \$0
REGULATORY ASSET - LITIGATION COSTS		Ų.	<b>40</b>			<b>40</b>	\$1,004,932	\$1,004,932
TOTAL FPSC ADJUSTMENTS	(\$188,298)	\$79,970	(\$108,328)	\$0	\$0	(\$108,328)	\$978,115	\$869,788
FPSC ADJUSTED	\$92,034,243	(\$47,540,505)	\$44,493,739	\$0	\$1,341,256	\$45,834,995	(\$1,832,090)	\$44,002,905
FLEX RATE REVENUES	\$0	\$0	\$0_	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR FLEX RATE REVENUES	\$92,034,243	(\$47,540,505)	\$44,493,739	\$0	\$1,341,256	\$45,834,995	(\$1,832,090)	\$44,002,905
PROFORMA ADJUSTMENTS								
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRO FORMA ADJUSTED	\$92,034,243	(\$47,540,505)	\$44,493,739	\$0	\$1,341,256	\$45,834,995	(\$1,832,090)	\$44,002,905

FLORIDA PUBLIC UTILITIES COMPANY
ELECTRIC
AVERAGE RATE OF RETURN
For the 12 Months Ending December 31, 2012
INCOME STATEMENT

	(1) OPERATING	(2)	(3) O & M	(4) DEPREC. &	(5) TAXES OTHER	(6)	(7) D.I.T.	(8) I.T.C.	(9) GAIN/LOSS ON	(10) TOTAL OPERATING	(11) NET OPERATING
	REVENUES	EXPENSE	OTHER	AMORTIZATION	THAN INCOME	CURRENT	(NET)	(NET)	DISPOSITION	EXPENSES	INCOME
PER BOOKS	\$88,058,286	\$ 65,266,092	\$11,306,040	\$2,887,932	\$6,470,672	\$411,737				\$86,342,473	\$1,715,813
FPSC ADJUSTMENTS:  1) INCOME TAX SYNCH ADJUSTMENT  2) ELIMINATE FUEL REVENUES AND EXPENSES  3) ELIMINATE CONSERVATION  4)NON-UTILITY DEPRECIATION EXPENSE  5)ELIMINATE LITIGATION COSTS	\$ (64,549,738) (\$764,930)	\$ (64,502,032) (\$764,060)	(\$1,424,272)	(\$1,198)	(\$45,833) \$550	\$16,864 (\$772) (\$548) \$462 \$549,413 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0				\$16,864 (\$64,548,588) (\$736) (\$736) (\$874,859) \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0	(\$16,864) (\$1,150) (\$872) \$736 \$874,859 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0
TOTAL FPSC ADJUSTMENTS	(\$65,314,668)	(\$65,266,092)	(\$1,424,272)	(\$1,198)	(\$45,283)	\$565,468	\$0	\$0	\$0	(\$66,171,377)	\$856,709
FPSC ADJUSTED	\$22,743,618	\$0	\$9,881,768	\$2,886,734	\$6,425,389	\$977,205	\$0	\$0	<u>\$0</u>	\$20,171,096	\$2,572,522
PRO FORMA ADJUSTMENTS											
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRO FORMA ADJUSTED	\$22,743,618	\$0	\$9,881,768	\$2,886,734	\$6,425,389	\$977,205	\$0	\$0	\$0	\$20,171,096	\$2,572,522

FLORIDA PUBLIC UTILITIES COMPANY ELECTRIC YEAR END RATE OF RETURN For the 12 Months Ending December 31, 2012 RATE BASE

	(1) PLANT IN SERVICE	(2) ACCUMULATED DEPRECIATION & AMORTIZATION	(3) PLANT IN SERVICE	(4) NET PROPERTY HELD FOR FUTURE USE	(S) CONSTRUCTION WORK IN PROGRESS	(6) NET UTILITY PLANT	(7) WORKING CAPITAL	TOTAL RATE BASE
PER BOOKS	\$95,853,498	(\$48,788,995)	\$47,064,503	\$0_	\$1,460,726	\$48,525,229	\$908,206	\$49,433,434
FPSC ADJUSTMENTS:								
ELIMINATIONS TO WORKING CAPITAL ELIM. NON UTILITY PLANT ELIMINATE ACQUISITION ADJUSTMENT REGULATORY ASSET - LITIGATION COSTS	(\$196,225)	\$82,316 \$0	\$0 (\$113, <del>909</del> ) \$0			\$0 (\$113,909) \$0	(\$740,405) \$1,424,272	(\$740,405) (\$113,909) \$0 \$1,424,272
ELIMINATE NET UNDER-RECOVERIES							(\$709,057)	(\$709,057)
TOTAL FPSC ADJUSTMENTS	(\$196,225)	\$82,316	(\$113,909)	\$0	\$0	(\$113,909)	(\$25,190)	(\$139,099)
FPSC ADJUSTED	\$95,657,273	(\$48,706,679)	\$46,950,594	\$0	\$1,460,726	\$48,411,320	\$883,015	\$49,294,335
COMP RATE ADJ REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR COMP RATE ADJ REVENUE	\$95,657,273	(\$48,706,679)	\$46,950,594	\$0	\$1,460,726	\$48,411,320	\$883,015	\$49,294,335
PROFORMA ADJUSTMENTS								\$0
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0_	\$0	\$0	\$0	\$0	\$0	\$0 \$0
PRO FORMA ADJUSTED	\$95,657,273	(\$48,706,679)	\$46,950,594	\$0	\$1,460,726	\$48,411,320	\$883,015	\$49,294,335

FLORIDA PUBLIC UTILITIES COMPANY
ELECTRIC
YEAR END RATE OF RETURN
For the 12 Months Ending December 31, 2012
INCOME STATEMENT

	(1) OPERATING REVENUES	(2) O & M FUEL EXPENSE	(3) O & M OTHER	(4) DEPREC. & AMORTIZATION	(5) TAXES OTHER THAN INCOME	(6) INCOME TAXES CURRENT	(7) D.I.T. (NET)	(8) I.T.C. (NET)	(9) GAIN/LOSS ON DISPOSITION	(10) TOTAL OPERATING EXPENSES	(11) NET OPERATING INCOME
PER BOOKS	\$88,058,286	\$ 65,266,092	\$11,306,040	\$2,887,932	\$6,470,672	\$411,737				\$86,342,473	\$1,715,813
FPSC ADJUSTMENTS:  1) INCOME TAX SYNCH ADJUSTMENT  2) ELIMINATE FUEL REVENUES AND EXPENSES  3) ELIMINATE CONSERVATION  4) NON-UTILITY DEPRECIATION EXPENSE  5) ELIMINATE LITIGATION COSTS	\$ (64,549,738) (\$764,930)	\$ (64,502,032) (\$764,060)		(\$1,198)	(\$45,833) \$550	(\$11,272) (\$722) (\$548) \$462 \$549,413 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0				(\$11,272) (\$64,548,588) (\$736) (\$874,859) \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0	\$11,272 (\$1,150) (\$872) \$736 \$874,859 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0
TOTAL FPSC ADJUSTMENTS	(\$65,314,668)	(\$65,266,092)	(\$1,424,272)	(\$1,198)	(\$45,283)	\$537,333	\$0	\$0	\$0	(\$66,199,512)	\$884,844
FPSC ADJUSTED	\$22,743,618	\$0	\$9,881,768	\$2,886,734	\$6,425,389	\$949,070	\$0	\$0	\$0	\$20,142,961	\$2,600,657
PRO FORMA ADJUSTMENTS											
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRO FORMA ADJUSTED	\$22,743,618	\$0	\$9,881,768	\$2,886,734	\$6,425,389	\$949,070	\$0	\$0	\$0	\$20,142,961	\$2,600,657

FLORIDA PUBLIC UTILITIES COMPANY ELECTRIC CAPITAL STRUCTURE December 31, 2012 FPSC ADJUSTED BASIS

,		<del></del>						LO	W POINT	М	DPOINT	HIC	SH POINT
	_	ADJUSTMENTS	ADJUSTED				RATIO	COST RATE	WEIGHTED COST	COST RATE	WEIGHTED COST	COST RATE	WEIGHTED COST
AVERAGE	PER BOOKS	NON-UTILITY	BOOKS	PRO-RATA	SPECIFIC	BALANCE	(%)	(%)	(%)	(%)	(%)	(%)	(%)
COMMON EQUITY	\$19,786,615	(\$108,328)	\$19,678,287	\$603,013	\$0	\$20,281,300	46.09%	10.00%	4.61%	11.00%	5.07%	12.00%	5.53%
LONG TERM DEBT	\$5,573,699		\$5,573,699	169,863		\$5,743,562	13.05%	6.09%	0.79%	6.09%	0.79%	6.09%	0.79%
SHORT TERM DEBT	\$2,634,729		\$2,634,729	80,295		\$2,715,024	6.17%	1.37%	0.08%	1.37%	0.08%	1.37%	0.08%
LONG TERM DEBT - FC	\$4,099,798		\$4,099,798	124,945		\$4,224,743	9.60%	11.10%	1.07%	11.10%	1.07%	11.10%	1.07%
CUSTOMER DEPOSITS	\$3,528,972	,	\$3,528,972			\$3,528,972	8.02%	4.59%	0.37%	4.59%	0.37%	4.59%	0.37%
DEFFERED INCOME TAXES	\$7,503,404		\$7,503,404			\$7,503,404	17.05%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$5,900		\$5,900			\$5,900	0.01%	6.55%	0.00%	7.01%	0.00%	7.47%	0.00%
													ļ
TOTAL AVERAGE	\$43,133,117	(\$108,328)	\$43,024,789	\$978,115	\$0	\$44,002,905	100.00%		6.92%		7.38%		7.84%

,								LOW POINT		M	DPOINT	HIGH POINT	
YEAR-END	PER BOOKS	ADJUSTMENTS NON-UTILITY	ADJUSTED BOOKS	PRO-RATA	SPECIFIC	BALANCE	RATIO (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
COMMON EQUITY	\$21,901,262	(\$113,909)	\$21,787,352	(\$14,427)	\$0	\$21,772,925	44.17%	10.00%	4.42%	11.00%	4.86%	12.00%	5.30%
LONG TERM DEBT	\$6,113,649		\$6,113,649	(\$4,027)		\$6,109,622	12.39%	6.45%	0.80%	6.45%	0.80%	6.45%	0.80%
SHORT TERM DEBT	\$5,897,574		\$5,897,574	(\$3,885)		\$5,893,689	11.96%	0.69%	0.08%	0.69%	0.08%	0.69%	0.08%
LONG TERM DEBT - FC	\$4,328,087		\$4,328,087	(\$2,851)		\$4,325,236	8.77%	11.38%	1.00%	11.38%	1.00%	11.38%	1.00%
CUSTOMER DEPOSITS	\$3,454,549		\$3,454,549			\$3,454,549	7.01%	4.66%	0.33%	4.66%	0.33%	4.66%	0.33%
DEFFERED INCOME TAXES	\$7,738,314		\$7,738,314			\$7,738,314	15.70%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$0		\$0			\$0	0.00%	6.30%	0.00%	6.74%	0.00%	7.18%	0.00%
													1
TOTAL YEAR-END	\$49,433,434	(\$113,909)	\$49,319,525	(\$25,190)	\$0	\$49,294,335	100.00%		6.63%		7.07%		7.51%