



April 7, 2014

VIA E-MAIL AMAUREY@PSC.STATE.FL.US

Mr. Andrew Maurey, Director
Division of Auditing and Finance
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

**Re: Florida Public Utilities Company (Electric and Gas Divisions), Indiantown and Florida
Division of Chesapeake Utilities Corporation – 4th 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 ("FPUC"), and the Florida Division of Chesapeake Utilities Corporation ("CFG") (jointly herein "Companies") hereby submit the required 4th Quarter Earnings Surveillance Reports for 2013. In addition, Florida Public Utilities has included with this submittal a revised 3rd Quarter Surveillance Report for the Company's Electric Division.

If you have any questions whatsoever, please do not hesitate to let me know.

Sincerely,

Beth Keating
Gunster, Yoakley & Stewart, P.A.
215 South Monroe St., Suite 601
Tallahassee, FL 32301
(850) 521-1706

Cc:// Cheryl Bulecza-Banks, Assistant Director
Bart Fletcher, Public Utility Supervisor

SCHEDULE 1

FLORIDA PUBLIC UTILITIES COMPANY
ELECTRIC
RATE OF RETURN REPORT SUMMARY
December 31, 2013

	(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	\$ 2,875,020	(\$193,824)	\$2,681,196	\$0	\$2,681,196
AVERAGE RATE BASE	\$53,157,913	(\$152,726)	\$53,005,186	\$0	\$53,005,186
AVERAGE RATE OF RETURN	5.41%		5.06%		5.06%
II. YEAR-END RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	\$2,875,020	(\$176,609)	\$2,698,411	\$0	\$2,698,411
YEAR-END RATE BASE	\$55,636,073	(\$357,671)	\$55,278,402	\$0	\$55,278,402
YEAR-END RATE OF RETURN	5.17%		4.88%		4.88%

IV. FINANCIAL INTEGRITY INDICATORS

III. REQUIRED RATES OF RETURN					
AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)					
LOW	6.46%				
MIDPOINT	6.92%				
HIGH	7.38%				
A. TIE WITH AFUDC				5.42	
B. TIE WITHOUT AFUDC				5.42	
C. AFUDC TO NET INCOME				0.00	
D. INTERNALLY GENERATED FUNDS				70.99	
E. LTD TO TOTAL INVESTOR FUNDS				24.31	
F. STD TO TOTAL INVESTOR FUNDS				14.21	
G. RETURN ON COMMON EQUITY				7.21	

I am aware that Section 857.06, 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 Cheryl
Signature

4/17/2014
Date

AVERAGE RATE OF RETURN
For the 12 Months Ending December 31, 2013
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
\$104,228,551	(\$50,002,470)	\$54,226,081	\$0	\$3,489,992	\$57,716,073	(\$4,558,160)	\$53,157,913
FFSC ADJUSTMENTS:							
1) ELIMINATIONS TO WORKING CAPITAL		\$0			\$0		\$0
2) ELIM. NON UTILITY PLANT	\$127,930	(\$222,737)			(\$222,737)		(\$222,737)
3) CORRECT VEHICLE DEPRECIATION RATE	(\$18,755)	(\$18,755)			(\$18,755)		(\$18,755)
4.) REGULATORY LIAB - PENSION AMORT		\$0				\$96,558	\$96,558
5) REGULATORY ASSET - LITIGATION COSTS		\$0				\$92,306	\$92,306
7) ELIMINATE NON-UTILITY RECEIVABLES	(\$95,457)	(\$95,457)			(\$95,457)	(\$4,642)	(\$95,457)
8) CORRECT VEHICLE DEPRECIATION	\$13,718	(\$336,949)			(\$336,949)	\$184,222	(\$152,726)
TOTAL FFSC ADJUSTMENTS			\$0	\$0			
FFSC ADJUSTED	(\$49,988,752)	\$53,889,133	\$0	\$3,489,992	\$57,379,124	(\$4,373,938)	\$53,005,186
FLEX RATE REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR FLEX RATE REVENUES	(\$49,988,752)	\$53,889,133	\$0	\$3,489,992	\$57,379,124	(\$4,373,938)	\$53,005,186
PROFORMA ADJUSTMENTS							
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRO FORMA ADJUSTED	(\$49,988,752)	\$53,889,133	\$0	\$3,489,992	\$57,379,124	(\$4,373,938)	\$53,005,186

	(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	\$106,805,993	(\$50,784,076)	\$56,021,917	\$0	\$2,008,036	\$58,029,953	(\$2,393,880)	\$55,636,073
FPSC ADJUSTMENTS:								
1) ELIMINATIONS TO WORKING CAPITAL			\$0			\$0	(\$6,196)	(\$6,196)
2) ELIM. NON UTILITY PLANT	(\$350,667)	\$131,136 (\$131,945)	(\$219,531) (\$131,945)			(\$219,531) (\$131,945)		(\$219,531) (\$131,945)
3) CORRECT VEHICLE DEPRECIATION								\$0 \$0
TOTAL FPSC ADJUSTMENTS	(\$350,667)	(\$809)	(\$351,476)	\$0	\$0	(\$351,476)	(\$6,196)	(\$357,671)
FPSC ADJUSTED	\$106,455,327	(\$50,784,885)	\$55,670,441	\$0	\$2,008,036	\$57,678,477	(\$2,400,075)	\$55,278,402
COMP RATE ADJ REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR COMP RATE ADJ REVENUE	\$106,455,327	(\$50,784,885)	\$55,670,441	\$0	\$2,008,036	\$57,678,477	(\$2,400,075)	\$55,278,402
PROFORMA ADJUSTMENTS								
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRO FORMA ADJUSTED	\$106,455,327	(\$50,784,885)	\$55,670,441	\$0	\$2,008,036	\$57,678,477	(\$2,400,075)	\$55,278,402

FLORIDA PUBLIC UTILITIES COMPANY
ELECTRIC

YEAR END RATE OF RETURN
For the 12 Months Ending December 31, 2013
INCOME STATEMENT

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	OPERATING REVENUES	O & M FUEL 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	\$80,374,492	\$ 57,982,732	\$8,852,311	\$2,882,471	\$6,446,574	\$1,335,384				\$77,499,472	\$2,875,020
1) INCOME TAX SYNCH ADJUSTMENT						(\$80,120)				(\$80,120)	\$80,120
2) ELIMINATE FUEL REVENUES AND EXPENSES	\$ (57,052,094)	\$ (57,007,208)			(\$44,896)	\$4				(\$57,052,101)	\$6
3) ELIMINATE CONSERVATION	\$ (597,625)	\$ (597,524)			\$702	(\$551)				(\$975,373)	(\$878)
4) NON-UTILITY DEPRECIATION EXPENSE				(\$8,256)		\$3,185				(\$5,071)	\$5,071
5) CORRECT VEHICLE DEPRECIATION			\$47,325			(\$18,256)				\$29,069	(\$29,069)
6) REMOVE OUT OF PERIOD PTO			389,729			(\$150,338)				\$239,391	(\$239,391)
7) RECLASS TRANSFORMER TO CAPITAL			\$52,761			(\$20,353)				\$32,408	(\$32,408)
8) OUT OF PERIOD LITIGATION COSTS			\$59,354			(\$22,886)				\$36,458	(\$36,458)
9) ADJUST UNBILLED REVENUES	\$124,377					\$47,978				\$47,978	\$76,399
						\$0				\$0	\$0
						\$0				\$0	\$0
						\$0				\$0	\$0
						\$0				\$0	\$0
						\$0				\$0	\$0
						\$0				\$0	\$0
						\$0				\$0	\$0
						\$0				\$0	\$0
						\$0				\$0	\$0
TOTAL FPSC ADJUSTMENTS	(\$57,903,968)	(\$57,982,732)	\$549,169	(\$8,256)	(\$44,194)	(\$241,246)	\$0	\$0	\$0	(\$57,727,359)	(\$176,609)
FPSC ADJUSTED	\$22,470,524	(\$0)	\$9,401,480	\$2,874,215	\$6,402,380	\$1,094,038	\$0	\$0	\$0	\$19,772,113	\$2,698,411
PRO FORMA ADJUSTMENTS											
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRO FORMA ADJUSTED	\$22,470,524	(\$0)	\$9,401,480	\$2,874,215	\$6,402,380	\$1,094,038	\$0	\$0	\$0	\$19,772,113	\$2,698,411

AVERAGE	ADJUSTMENTS			ADJUSTED BOOKS	PRO-RATA	SPECIFIC	BALANCE	RATIO (%)	LOW POINT		MIDPOINT		HIGH POINT	
	PER BOOKS	NON-UTILITY	UTILITY						COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
COMMON EQUITY	\$24,664,109	(\$227,379)		\$24,436,730	\$43,869	\$96,558	\$24,577,157	46.28%	10.00%	4.63%	11.00%	5.09%	12.00%	5.55%
LONG TERM DEBT - CU	\$6,883,729			\$6,883,729	12,244		\$6,895,973	12.99%	6.02%	0.78%	6.02%	0.78%	6.02%	0.78%
SHORT TERM DEBT	\$5,669,284			\$5,669,284	10,084		\$5,679,368	10.70%	1.51%	0.16%	1.51%	0.16%	1.51%	0.16%
LONG TERM DEBT - FC	\$2,816,268			\$2,816,268	5,009		\$2,821,277	5.31%	11.89%	0.63%	11.89%	0.63%	11.89%	0.63%
SHORT TERM DEBT - REFINANCED LTD	\$1,318,901			\$1,318,901	\$2,346		\$1,321,247	2.49%	4.59%	0.11%	4.59%	0.11%	4.59%	0.11%
CUSTOMER DEPOSITS	\$3,401,873			\$3,401,873			\$3,401,873	6.41%	2.30%	0.15%	2.30%	0.15%	2.30%	0.15%
DEFERRED INCOME TAXES	\$8,403,749			\$8,403,749			\$8,403,749	15.83%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$0			\$0			\$0	0.00%	6.20%	0.00%	6.66%	0.00%	7.12%	0.00%
TOTAL AVERAGE	\$53,157,913	(\$227,379)		\$52,930,534	\$73,551	\$96,558	\$53,100,643	100.00%	6.45%		6.92%		7.38%	

YEAR-END	ADJUSTMENTS			ADJUSTED BOOKS	PRO-RATA	SPECIFIC	BALANCE	RATIO (%)	LOW POINT		MIDPOINT		HIGH POINT	
	PER BOOKS	NON-UTILITY	UTILITY						COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
COMMON EQUITY	\$23,942,416	(\$219,531)		\$23,722,885	(\$3,440)	(\$131,945)	\$23,587,500	42.67%	10.00%	4.27%	11.00%	4.69%	12.00%	5.12%
LONG TERM DEBT - CU	\$8,374,679			\$8,374,679	(\$1,203)		\$8,373,476	15.15%	5.20%	0.79%	5.20%	0.79%	5.20%	0.79%
SHORT TERM DEBT	\$4,737,806			\$4,737,806	(\$681)		\$4,737,125	8.57%	2.60%	0.22%	2.60%	0.22%	2.60%	0.22%
LONG TERM DEBT - FC	\$1,811,301			\$1,811,301	(\$280)		\$1,811,041	3.28%	17.62%	0.58%	17.62%	0.58%	17.62%	0.58%
SHORT TERM DEBT - REFINANCED LTD	\$4,255,588			\$4,255,588	(\$611)		\$4,254,977	7.70%	1.34%	0.10%	1.34%	0.10%	1.34%	0.10%
CUSTOMER DEPOSITS	\$3,364,426			\$3,364,426			\$3,364,426	6.09%	2.33%	0.14%	2.33%	0.14%	2.33%	0.14%
DEFERRED INCOME TAXES	\$9,149,857			\$9,149,857			\$9,149,857	16.55%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$0			\$0			\$0	0.00%	5.86%	0.00%	6.28%	0.00%	6.71%	0.00%
TOTAL YEAR-END	\$55,656,073	(\$219,531)		\$55,436,542	(\$6,196)	(\$131,945)	\$55,278,401	100.00%	6.10%		6.52%		6.95%	