

August 8, 2014

HAND DELIVERY

Mr. Andrew Maurey, Director Division of Accounting and Finance Florida Public Service Commission 2540 Shumard Oak Boulevard Tallahassee, FL 32399-0850 FLORIDA PUBLIC SERVICE
COMMISSION

14 AUG -8 PN 12: 54

DIVISION OF

Re: Florida Public Utilities Company (Electric and all Gas Divisions), and Central Florida Gas (Florida Division of Chesapeake Utilities Corporation) 2nd 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 (Electric Division and all Natural Gas Divisions), as well as the Florida Division of Chesapeake Utilities Corporation, hereby submit the required 2nd Quarter Earnings Surveillance Reports for 2014, along with an additional copy of each report.

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

	(1) ACTUAL	(2) FPSC	(3) FPSC	(4) PRO FORMA	(5) PRO FORMA
I. AVERAGE RATE OF RETURN (JURISDICTIONAL)	PER BOOKS	ADJUSTMENTS	ADJUSTED	<u>ADJUSTMENTS</u>	ADJUSTED
NET OPERATING INCOME	\$ 1,904,752	\$85,613	\$1,990,365	\$0	\$1,990,365
AVERAGE RATE BASE	\$56,786,778	(\$802,652)	\$55,984,127	\$o	\$55,984,127
AVERAGE RATE OF RETURN	3.35%		3.56%		3.56%
II. YEAR-END RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	\$1,904,752	\$57,836	\$1,962,588	\$0	\$1,962,588
YEAR-END RATE BASE	\$62,092,336	(\$2,697,711)	\$59,394,624	\$0	\$59,394,624
YEAR-END RATE OF RETURN	3.07%		3.90%		3.30%
		IV CINANCE	AL INTEGRITY INDICATORS		
III. REQUIRED RATES OF RETURN					
AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)		A. TIE WITH	IAFUOC	3.86	
LOW	6.23%	B. TIE WITH	OUT AFUDC	3,86	
MIDPOINT	6,68%	C. AFUDC T	O NET INCOME	0.00	
		D. INTERNA	ALLY GENERATED FUNDS	70.66	
HIGH	7.13%	E. LTD TO T	OTAL INVESTOR FUNDS	24,50	
		F. STD TO T	OTAL INVESTOR FUNDS	17.75	
		G. RETURN	ON COMMON EQUITY	4.07	

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 Cherry M. Martin pr CDU

17/2014 Pate FLORIDA PUBLIC UTILITIES COMPANY ELECTRIC AVERAGE RATE OF RETURN June 30, 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	\$102,306,090	(\$51,262,313)	\$51,043,777	\$0	\$4,078,672	\$55,122,449	\$1,664,330	\$56,786,778
1) ELIM. NON UTILITY PLANT 2) CORRECT VEHICLE DEPRECIATION RATE 3.) REGULATORY LIAB - PENSION AMORT 4) REGULATORY ASSET - LITIGATION COSTS 5) ELIMINATE NET UNDERRECOVERY 6) DEFERRED RATE CASE EXPENSE	(\$358,428)	\$146,903 (\$36,598)	\$0 (\$211,525) (\$36,598) \$0 \$0			\$0 (\$211,525) (\$36,598)	\$45,653 \$63,605 (\$454,699) (\$209,088)	\$0 (\$211,525) (\$36,598) \$45,653 \$63,605 (\$454,699) (\$209,088)
TOTAL FPSC ADJUSTMENTS FPSC ADJUSTED	(\$358,428) \$101,947,663	\$110,305 (\$51,152,008)	(\$248,123) \$50,795,654	\$0	\$4,078,672	(\$248,123) \$54,874,326	(\$554,529) \$1,109,801	(\$802,652) \$55,984,127
FLEX RATE REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR FLEX RATE REVENUES	\$101,947,663	(\$51,152,008)	\$50,795,654	\$0	\$4,078,672	\$54,874,326	\$1,109,801	\$55,984,127
PROFORMA ADJUSTMENTS								
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0_	\$0
PRO FORMA ADJUSTED	\$101,947,663	(\$51,152,008)	\$50,795,654	\$0	\$4,078,672	\$54,874,326	\$1,109,801	\$55,984,127

FLORIDA PUBLIC UTILITIES COMPANY ELECTRIC AVERAGE RATE OF RETURN June 30, 2014 INCOME STATEMENT

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9) GAIN/LOSS	(10) TOTAL	(11) NET
	OPERATING	O & M FUEL	0 & M	DEPREC. &	TAXES OTHER	INCOME TAXES	D.I.T.	1.T.C.	ON	OPERATING	OPERATING
	REVENUES	EXPENSE	OTHER	AMORTIZATION	THAN INCOME	CURRENT	(NET)	(NET)	DISPOSITION	EXPENSES	INCOME
PER BOOKS	\$81,439,168	\$ 58,812,261	\$10,596,597	\$2,807,792	\$6,537,288	\$780,478				\$79,534,416	\$1,904,752
FPSC ADJUSTMENTS: 1) INCOME TAX SYNCH ADJUSTMENT 2) ELIMINATE FUEL REVENUES AND EXPENSES 3) ELIMINATE CONSERVATION 4) NON-UTILITY DEPRECIATION EXPENSE 5) CORRECT VEHICLE DEPRECIATION EXPENSE 6) REMOVE OUT OF PERIOD PTO 7) OUT OF PERIOD LITIGATION COSTS 8) ADJUST UNBILLED REVENUE 9) OUT OF PERIOD AMORT COSTS-LITIGATION	\$ (58,011,450) (\$835,194) \$171,493	(\$834,586)	(\$53,520) \$ 139,941 \$0	(\$11,466) \$155,142	(\$43,955) \$601	(\$116,100) \$3,927 (\$466) \$4,423 \$20,645 (\$53,982) \$0 \$66,153 (\$59,846) \$0 \$0 \$0 \$0 \$0 \$0 \$0				(\$116,100) (\$58,017,703) (\$834,451) (\$7,043) (\$32,875) \$85,959 \$0 \$66,153 \$95,296 \$0 \$0 \$0 \$0 \$0	\$116,100 \$6,253 (\$743) \$7,043 \$32,875 (\$85,959) \$0 \$105,340 (\$95,296) \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0
TOTAL FPSC ADJUSTMENTS	(\$58,675,151)	(\$58,812,261)	\$86,421	\$143,675	(\$43,354)	(\$135,245)	\$0	\$0	\$0	(\$58,760,764)	\$85,613
. C. I. C. I Se Passos I Mento	(400,0.0,101)			72.5,575	(+ 15/554)					(+55), 55), 54)	404,023
FPSC ADJUSTED	\$22,764,017	(\$0)	\$10,683,018	\$2,951,467	\$6,493,934	\$645,233	\$0		\$0	\$20,773,652	\$1,990,365
PRO FORMA ADJUSTMENTS											
				\$0		\$0				\$0	\$0
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRO FORMA ADJUSTED	\$22,764,017	(\$0)	\$10,683,018	\$2,951,467	\$6,493,934	\$645,233	\$0	\$0	\$0	\$20,773,652	\$1,990,365

FLORIDA PUBLIC UTILITIES COMPANY ELECTRIC YEAR END RATE OF RETURN June 30, 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	\$106,266,583	(\$52,508,654)	\$53,757,929	\$0	\$3,314,504	\$57,072,433	\$5,019,903	\$62,092,336
FPSC ADJUSTMENTS:								
1) ELIM. NON UTILITY PLANT 3) 4) OUT OF PERIOD LITIGATION ADJ 5) ELIMINATION OF UNDER-RECOVERY 6) DEFERRED RATE CASE EXPENSE	(\$360,196)	\$152,797	(\$207,399) \$0			(\$207,399) \$0	\$5,262 (\$3,193,273) \$697,699	(\$207,399) \$0 \$5,262 (\$3,193,273) \$697,699
TOTAL FPSC ADJUSTMENTS	(\$360,196)	\$152,797	(\$207,399)	\$0	\$0	(\$207,399)	(\$2,490,312)	(\$2,697,711)
FPSC ADJUSTED	\$105,906,387 \$0	(\$52,355,857) \$0	\$53,550,530 \$0	\$0	\$3,314,504 \$0	\$56,865,033 \$0	\$2,529,591 \$0	\$59,394,624 \$0
COMP RATE ADJ REVENUES ADJUSTED FOR COMP RATE ADJ REVENUE	\$105,906,387	(\$52,355,857)	\$53,550,530	\$0	\$3,314,504	\$56,865,033	\$2,529,591	\$59,394,624
PROFORMA ADJUSTMENTS	\$103,300,567	(332,333,637)	\$33,530,530		¥3,517,504	430,003,003	Ariaria	\$0 \$0
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRO FORMA ADJUSTED	\$105,906,387	(\$52,355,857)	\$53,550,530	\$0	\$3,314,504	\$56,865,033	\$2,529,591	\$59,394,624

FLORIDA PUBLIC UTILITIES COMPANY ELECTRIC YEAR END RATE OF RETURN June 30, 2014 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) L.T.C. (NET)	(9) GAIN/LOSS ON DISPOSITION	(10) TOTAL OPERATING EXPENSES	(11) NET OPERATING INCOME
PER BOOKS	\$81,439,168	\$ 58,812,261	\$10,596,597	\$2,807,792	\$6,537,288	\$780,478				\$79,534,416	\$1,904,752
FPSC ADJUSTMENTS: 1) INCOME TAX SYNCH ADJUSTMENT 2) ELIMINATE FUEL REVENUES AND EXPENSES 3) ELIMINATE CONSERVATION 4) NON-UTILITY DEPRECIATION EXPENSE 5) CORRECT VEHICLE DEPRECIATION 6) REMOVE OUT OF PERIOD PTO 7) OUT OF PERIOD LITIGATION COSTS 8) ADJUST UNBILLED REVENUES 9) OUT OF PERIOD AMORT COSTS-LITIGATION	\$ (58,011,450) (5835,194) \$171,493	\$ (57,977,675) (\$834,586)	(\$53,520) \$ 139,941 \$0	(\$11,466) \$155,142	(\$43,955) \$601	(\$88,323) \$3,927 (\$466) \$4,423 \$20,645 (\$53,982) \$0 \$66,153 (\$59,846) \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0				(\$88,323) (\$58,017,703) (\$34,451) (\$7,043) (\$32,875) \$85,959 \$0 \$66,153 \$95,296 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0	\$88,323 \$6,253 (\$743) \$7,043 \$32,875 (\$85,959) \$0 \$105,340 (\$95,296) \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0
TOTAL FPSC ADJUSTMENTS	(\$58,675,151)	(\$58,812,261)	\$86,421	\$143,675	(\$43,354)	(\$107,468)	\$0	\$0	\$0	(\$58,732,987)	\$57,836
FPSC ADJUSTED	\$22,764,017	(\$0)	\$10,683,018	\$2,951,467	\$6,493,934	\$673,010	\$0	\$0	\$0	\$20,801,429	\$1,962,588
PRO FORMA ADJUSTMENTS											
0				-		-					-
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRO FORMA ADJUSTED	\$22,764,017	(\$0)	\$10,683,018	\$2,951,467	\$6,493,934	\$673,010	\$0	\$0	\$0	\$20,801,429	\$1,962,588

FLORIDA PUBLIC UTILITIES COMPANY ELECTRIC CAPITAL STRUCTURE June 30, 2014 FPSC ADJUSTED BASIS

							LOW POINT		MIDPOINT		HIGH POINT	
PER BOOKS	ADJUSTMENTS NON-UTILITY	ADJUSTED BOOKS	PRO-RATA	SPECIFIC	BALANCE	RATIO (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
\$25,756,670	(\$211,525)	\$25,545,145	(\$368,767)	\$45,653	\$25,222,031	45.05%	10.00%	4.51%	11.00%	4.96%	12.00%	5.41%
\$8,991,294		\$8,991,294	(128,732)		\$8,862,563	15.83%	5.33%	0.84%	5.33%	0.84%	5.33%	0.84%
\$5,155,955		\$5,155,955	(73,820)		\$5,082,135	9.08%	1.11%	0.10%	1.11%	0.10%	1.11%	0.10%
\$1,862,691		\$1,862,691	(26,669)		\$1,836,022	3.28%	14.51%	0.48%	14.51%	0.48%	14.51%	0.48%
\$2,709,357		\$2,709,357	(\$38,791)		\$2,670,566	4.77%	4.17%	0.20%	4.17%	0.20%	4.17%	0.20%
\$3,369,147		\$3,369,147			\$3,369,147	6.02%	1.68%	0.10%	1.68%	0.10%	1.68%	0.10%
\$8,941,664		\$8,941,664			\$8,941,664	15.97%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
\$0		\$0			\$0	0.00%	5.93%	0.00%	6.38%	0.00%	6.83%	0.00%
												1
\$56,786,778	(\$211,525)	\$56,575,253	(\$636,779)	\$45,653	\$55,984,127	100.00%		6.23%		6.68%		7.13%
	\$25,756,670 \$8,991,294 \$5,155,955 \$1,862,691 \$2,709,357 \$3,369,147 \$8,941,664 \$0	\$25,756,670 (\$211,525) \$8,991,294 \$5,155,955 \$1,862,691 \$2,709,357 \$3,369,147 \$8,941,664 \$0	PER BOOKS NON-UTILITY ADJUSTED BOOKS \$25,756,670 (\$211,525) \$25,545,145 \$8,991,294 \$8,991,294 \$5,155,955 \$5,155,955 \$1,862,691 \$1,862,691 \$2,709,357 \$2,709,357 \$3,369,147 \$3,369,147 \$8,941,664 \$8,941,664 \$0 \$0	PER BOOKS NON-UTILITY ADJUSTED BOOKS PRO-RATA \$25,756,670 (\$211,525) \$25,545,145 (\$368,767) \$8,991,294 \$8,991,294 (128,732) \$5,155,955 \$5,155,955 (73,820) \$1,862,691 \$1,862,691 (26,669) \$2,709,357 \$2,709,357 (\$38,791) \$3,369,147 \$3,369,147 \$8,941,664 \$8,941,664 \$0 \$0	PER BOOKS NON-UTILITY ADJUSTED BOOKS PRO-RATA SPECIFIC \$25,756,670 (\$211,525) \$25,545,145 (\$368,767) \$45,653 \$8,991,294 \$8,991,294 (128,732) \$5,155,955 \$5,155,955 (73,820) \$1,862,691 \$1,862,691 (26,669) \$2,709,357 \$2,709,357 (\$38,791) \$3,369,147 \$3,369,147 \$8,941,664 \$8,941,664 \$0 \$0	PER BOOKS NON-UTILITY ADJUSTED BOOKS PRO-RATA SPECIFIC BALANCE \$25,756,670 (\$211,525) \$25,545,145 (\$368,767) \$45,653 \$25,222,031 \$8,991,294 \$8,991,294 (128,732) \$8,862,563 \$5,155,955 \$5,155,955 (73,820) \$5,082,135 \$1,862,691 \$1,862,691 \$2,6699 \$1,836,022 \$2,709,357 \$2,709,357 \$38,791) \$2,670,566 \$3,369,147 \$3,369,147 \$3,369,147 \$3,369,147 \$8,941,664 \$8,941,664 \$8,941,664 \$0 \$0 \$0	PER BOOKS NON-UTILITY ADJUSTED BOOKS PRO-RATA SPECIFIC BALANCE RATIO (%) \$25,756,670 (\$211,525) \$25,545,145 (\$368,767) \$45,653 \$25,222,031 45.05% \$8,991,294 \$8,991,294 (128,732) \$8,862,563 15.83% \$5,155,955 \$5,155,955 (73,820) \$5,082,135 9.08% \$1,862,691 \$1,862,691 (26,669) \$1,836,022 3.28% \$2,709,357 \$2,709,357 (\$38,791) \$2,670,566 4.77% \$3,369,147 \$3,369,147 \$3,369,147 6.02% \$8,941,664 \$8,941,664 \$8,941,664 15.97% \$0 \$0 0.00%	ADJUSTMENTS ADJUSTED BOOKS PRO-RATA SPECIFIC BALANCE RATIO (%)	ADJUSTMENTS	ADJUSTMENTS	ADJUSTMENTS ADJUSTED BOOKS PRO-RATA SPECIFIC BALANCE (%)	ADJUSTMENTS

								LOW POINT		MIDPOINT		HIG	SH 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 (%)
							1				`′	` ` ` _	
СОММОЙ ЕФИПУ	\$29,017,305	(\$207,399)	\$28,809,906	(\$1,446,751)	\$0	\$27,363,155	46.07%	10.00%	4.61%	11.00%	5.07%	12.00%	5.53%
LONG TERM DEBT - CU	\$14,429,641		\$14,429,641	(\$719,436)		\$13,710,205	23.08%	3.76%	0.87%	3.76%	0.87%	3.76%	0.87%
SHORT TERM DEBT	\$4,650,394		\$4,650,394	(\$231,860)		\$4,418,534	7.44%	1.32%	0.10%	1.32%	0.10%	1.32%	0.10%
LONG TERM DEST - FC	\$1,850,554		\$1,850,554	(\$92,265)		\$1,758,289	2.96%	14.38%	0.43%	14.38%	0.43%	14.38%	0.43%
SHORT TERM DEBT - REFINANCED LTD	\$0		\$0	\$0		\$0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$3,360,887		\$3,360,887			\$3,360,887	5.66%	1.69%	0.10%	1.69%	0.10%	1.69%	0.10%
DEFFERED INCOME TAXES	\$8,783,554		\$8,783,554			\$8,783,554	14.79%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$0		\$0			\$0	0.00%	6.01%	0.00%	6.47%	0.00%	6.93%	0.00%
												_	
TOTAL YEAR-END	\$62,092,336	(\$207,399)	\$61,884,936	(\$2,490,312)	\$0	\$59,394,624	100.00%		6.11%		6.57%		7.03%