

Writer's E-Mail Address: ljaber@gunster.com

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



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 PUBLIC UTILITIES COMPANY ELECTRIC RATE OF RETURN REPORT SUMMARY September 30, 2014						SCHEDULE 1
I. AVERAGE RATE OF RETURN (JURISDICTIONAL)	(1) ACTUAL PER BOOKS	(2) FPSC ADJUSTMENTS	(3) FPSC ADJUSTED		(4) PRO FORMA ADJUSTMENTS	(5) PRO FO ADJUS
NET OPERATING INCOME	\$ 2,131,734	(\$45,783)	\$2,085,951		\$0	\$3
AVERAGE RATE BASE	\$58,188,272	(\$1,877,030)	\$56,311,243		\$0	\$56
AVERAGE RATE OF RETURN	3,66%		3.70%			
II. YEAR-END RATE OF RETURN (JURISDICTIONAL)						
NET OPERATING INCOME	\$2,131,734	(\$79,868)	\$2,051,866		\$0	\$
YEAR-END RATE BASE	\$62,943,149	(\$3,888,237)	\$59,054,913		\$0	\$5
YEAR-END RATE OF RETURN	3.39%		3.47%			<u> </u>
II. REQUIRED RATES OF RETURN		<u>rv.</u> Finat	NCIAL INTEGRITY INDICATORS			
AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)			TH AFUDC	4.09		
LOW	5.87%			4.09		
MIDPOINT	6.31%		NALLY GENERATED FUNDS	67.01		
HIGH	6.76%	E. LTD TO	E. LTD TO TOTAL INVESTOR FUNDS			
			D TOTAL INVESTOR FUNDS	15.19		
i am aware that Section 837.06, Florida Statu	es, provides:	G. RETUR	RN ON COMMON EQUITY	4.42		
intent to mislead a public ser	false statement in writing with the vant in the performance of his official emeanor of the second degree punishabk 775.083, or s. 775.084.					
Cheryl M. Martin Director- Regulatory Affairs		Cherry M. Ma	rtin per CBY		11/6	19014
		S.E. Internet	. //		Date	-

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FLORIDA PUBLIC UTILITIES COMPANY

ELECTRIC

AVERAGE RATE OF RETURN

For the 12 Months Ending September 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) I.T.C. (NET)	(9) GAIN/LO55 ON DISPOSITION	TO	10) DTAL RATING ENSES	OPE	11) NET RATING COME
PER BOOKS	\$ 81,344,089	\$ 58,169,595	\$ 10,876,805	\$ 2,745,097	\$ 6,52\$,5 47	\$ 895,311				\$ 7	9,212,355	\$	2,131,734
FPSC ADJUSTMENTS: 1) INCOME TAX SYNCH ADJUSTMENT 2) ELIMINATE FUEL REVENUES AND EXPENSES 3) ELIMINATE CONSERVATION 4)NON-UTILITY DEPRECIATION EXPENSE 5)OUT OF PERIOD LITIGATION COSTS 6) ADJUST UNBILLED REVENUE 7)OUT OF PERIOD AMORT COSTS-LITIGATION 8) OUT OF PERIOD AMT. PENSION	\$ (\$7,477,329) \$ (737,109) \$ 171,493	\$ (57,433,034) \$ (736,561)	\$ -	\$ (11,814) \$ 264,354 \$ 159,760	\$ (43,278) \$ 530	\$ (103,420) \$ (392) \$ (416) \$ 4,557 \$ - \$ 66,153 \$ (101,975) \$ (61,627) \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ -				\$ (5 \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	(103,420) 7,476,705) (736,447) (7,257) - 66,153 162,379 98,133 - - - - - - - - - - - - -	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	103,420 (624) (662) 7,257 - 105,340 (162,379) (98,133) - - - - - - - - - - - - - - - - - -
TOTAL FPSC ADJUSTMENTS	\$ (58,042,945)	\$ (58,169,595)	\$ -	\$ 412,300	\$ (42,748)	\$ (197,120)	\$ -	\$ -	\$ -	\$ (5	57,997,162)	\$	(45,783)
FPSC ADJUSTED	\$ 23,301,144	\$	\$ 10,876,805	\$ 3,157,397	\$ 6,482,799	\$ 698,191	\$ -	\$	\$ -	<u>\$</u> 2	21,215,193	\$	2,085,951
PRO FORMA ADJUSTMENTS													
										\$	-	\$	-
TOTAL PRO FORMA ADJUSTMENTS	\$	\$ -	\$ -	\$	\$ -	\$ -	\$ -	\$ -	\$	\$	<u> </u>	\$	
PRO FORMA ADJUSTED	\$23,301,144	\$0	\$10,876,805	\$3,157,397	\$6,482,799	\$698,191	\$0	\$0	\$0	\$2	21,215,193	\$	2,085,951

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FLORIDA PUBLIC UTILITIES COMPANY ELECTRIC

YEAR END RATE OF RETURN For the 12 Months Ending September 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	\$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) ELIM. NON UTILITY PLANT 3) 4) OUT OF PERIOD LITIGATION ADJ 5) ELIMINATION OF UNDER-RECOVERY 6) DEFERRED RATE CASE EXPENSE	(\$363,271)	\$155,837	(\$207,434) \$0			(\$207,434) \$0	(\$1,512) (\$2,726,475) (\$952,816)	(\$207,434) \$0 (\$1,512) (\$2,726,475) (\$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	(\$\$3,189,754)	\$53,773,369	<u>\$0</u>	\$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	(\$\$3,189,754)	\$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 \$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

SCHEDULE 3 PAGE 1 OF 2

FLORIDA PUBLIC UTILITIES COMPANY

ELECTRIC

YEAR END RATE OF RETURN

For the 12 Months Ending September 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) I.T.C. (NET)	(9) GAIN/LOSS ON DISPOSITION	(10) TOTAL OPERATING EXPENSES	(11) NET OPERATING INCOME
PER BOOKS	\$ 81,344,089	\$ 58,169,595	\$ 10,876,805	\$ 2,745,097	\$ 6,525,547	\$ 895,311	(NET)	(NET)	DISPOSITION	\$ 79,212,355	\$ 2,131,734
FPSC ADJUSTMENT5: 1) INCOME TAX SYNCH ADJUSTMENT 2) ELIMINATE FUEL REVENUES AND EXPENSES 3) ELIMINATE CONSERVATION 4) NON-UTILITY DEPRECIATION EXPENSE 5) OUT OF PERIOD LITIGATION COSTS 6) ADJUST UNBILLED REVENUE 9) OUT OF PERIOD AMORT COSTS-LITIGATION 10) OUT OF PERIOD AMORT. PENSION	\$ (57,477,329) \$ (737,109) \$ 171,493	\$ (57,433,034) \$ (736,561}	\$ -	\$ (11,814) \$ 264,354 \$ 159,760	\$ (43,278) \$ 530	\$ (69,335) \$ (392) \$ (416) \$ 4,557 \$ - \$ 66,153 \$ (101,975) \$ (61,627) \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ -				\$ (69,335) \$ (57,476,705) \$ (736,447) \$ (7,257) \$ - \$ 66,153 \$ 162,379 \$ 98,133 \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ -	\$ 69,335 \$ (624) \$ (662) \$ 7,257 \$ - \$ 105,340 \$ (162,379) \$ (98,133) \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ -
TOTAL FPSC ADJUSTMENTS	\$ (58,042,945)	\$ (58,169,595)	\$-	\$ 412,300	\$ (42,748)	\$ (163,035)	\$ -	\$-	\$ -	\$ (57,963,077)	\$ (79,868)
FPSC ADJUSTED	\$ 23,301,144	\$	\$ 10,876,805	\$ 3,157,397	\$ 6,482,799	\$ 732,276	<u>\$ -</u>	\$ -	\$ -	\$ 21,249,278	\$ 2,051,866
PRO FORMA ADJUSTMENTS											
TOTAL PRO FORMA ADJUSTMENTS	\$	\$ -	\$	<u> </u>	ş	\$ -	<u>\$</u> -	ş .	\$ -	\$ -	\$ - <u>\$</u> -
PRO FORMA ADJUSTED	\$23,301,144	\$0	\$10,876,805	\$3,157,397	\$6,482,799	\$732,276	\$0	\$0	\$0	\$21,249,278	\$2,051,866

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

								LO	LOW POINT		MIDPOINT		
AVERAGE			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%	5.03%
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%	12.9 7%	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%
DEFFERED 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%
TOTAL AVERAGE	\$58,188,272	\$0	\$58,188,272	(\$1,877,029)	\$0	\$56,311,243	100.00%		5.87%		6.31%		6.76%

r								LOW POINT MI		MIDPOINT		HIGH POINT	
YEAR-END	PER BOOKS		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%	4.98%
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%
DEFFERED 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%
TOTAL YEAR-END	\$62,943,149	\$0	\$62,943,149	(\$3,888,237)	\$0	\$59,054,913	100.00%		5.59%		6.04%		6.48%