

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



# 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) - Second Revised

June 23, 2015

Dear Mr. Maurey:

In accordance with Rules 25-6.1352(3) and 25-7.1352(3), F.A.C., Florida Public Utilities Company (all Divisions) hereby submits the original and four (4) copies of the <u>Second</u> <u>REVISED</u> 4th Quarter Earnings Surveillance Reports for 2014. The reports have been further revised to correctly update the allocation rates applied to the 'Common' Working Capital accounts and to appropriately reflect the allocations to the FPU business units. We apologize for any inconvenience these further revisions may have caused.

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

215 South Monroe Street, Suite 601 Tallahassee, FL 32301-1804 p 850-521-1980 f 850-576-0902 GUNSTER.COM Fort Lauderdale | Jacksonville | Miami | Orlando | Palm Beach | Stuart | Tallahassee | Tampa | The Florida Keys | Vero Beach | West Palm Beach

## FLORIDA PUBLIC UTILITIES COMPANY ELECTRIC RATE OF RETURN REPORT SUMMARY

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December 31, 2014						
I. AVERAGE RATE OF RETURN {/URISDICTIONAL}	(1) ACTUAL PER BOOKS	(2) FPSC ADJUST <b>MENTS</b>	(3) FPSC ADJUSTED		(4) PRO FORMA DJUSTMENTS	(5) PRO FORMA ADJUSTED
NET OPERATING INCOME	\$ 1,402,019	\$115,242	\$1,518,261		\$0	\$1,518,261
AVERAGE RATE BASE	\$59,412,094	(\$2,827,830)	\$56,584,264		\$0	\$56,584,264
AVERAGE RATE OF RETURN	2.35%		2.68%			2.68%
II, YEAR-END RATE OF RETURN (JURISDICTIONAL)						
NET OPERATING INCOME	\$1,402,019	\$84,040	\$1,486,059		\$0	\$1,486,059
YEAR-END RATE BASE	\$68,098,553	(\$5,216,860)	\$62,881,693		\$0	\$62,881,693
YEAR-END RATE OF RETURN	2.06%		2,36%			2.36%
		IV. FINAN	CIAL INTEGRITY INDICATORS			
III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)		A. THE WIT	HAFUDC	2.37		
LOW	5.85%	B. TIE WIT	HOUT AFUDC	2,37		
		C. AFUDC	TO NET INCOME	0.00		
MIDPOINT	6.31%	D. INTERN	IALLY GENERATED FUNDS	111.35		
HIGH	6.76%	ε. ετο το	TOTAL INVESTOR FUNDS	28,22		
		F. STD TO	TOTAL INVESTOR FUNDS	14.91		
		G. RETUR	N ON COMMON EQUITY	2.30		
intent to mislead a public se	a false statement in writing with the ervant in the performance of his official demeanor of the second degree punishable	G. RETURN	NON COMMON EQUITY	2.50	6/12	12015

Mike Cassel per Cby

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FLORIDA PUBLIC UTILITIES COMPANY

#### ELECTRIC

AVERAGE RATE OF RETURN

PRO FORMA ADJUSTED

\$105,903,353

(\$52,354,266)

# For the 12 Months Ending December 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	\$106,267,087	(\$52,507,062)	\$53,760,025	\$0	\$1,722,033	\$55,482,058	\$3,930,035	\$59,412,094
FPSC ADJUSTMENTS:								
1) ELIM. NON UTILITY PLANT 2) REGULATORY LIAB - PENSION AMORT 3) REGULATORY ASSET - LITIGATION COSTS 4) ELIMINATE NET UNDERRECOVERY 5)TREE TRIMMING & UNDERGROUND RESERVE 6)ADJUST TAX STEP UP TO STIPULATION 7) DEFERRED RATE CASE EXPENSE	(\$363,734)	\$152,796	\$0 (\$210,938) \$0 \$0			\$0 (\$210,938) \$0 \$0 \$0 \$0 \$0 \$0 \$0	\$0 (\$0) (\$2,267,037) (\$3,508) (\$31,375) (\$314,972)	\$0 (\$210,938) \$0 (\$0) (\$2,267,037) (\$3,508) (\$314,972)
TOTAL FPSC ADJUSTMENTS	(\$363,734)	\$152,796	(\$210,938)	\$0	\$0	(\$210,938)	(\$2,616,892)	(\$2,827,830)
FPSC ADJUSTED	\$105,903,353	(\$52,354,266)	\$53,549,087	\$0	\$1,722,033	\$55,271,121	\$1,313,143	\$56,584,264
FLEX RATE REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR FLEX RATE REVENUES	\$105,903,353	(\$52,354,266)	\$53,549,087	\$0	\$1,722,033	\$55,271,121	\$1,313,143	\$56,584,264
PROFORMA ADJUSTMENTS								
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

\$53,549,087

\$0

\$1,722,033

\$55,271,121

\$1,313,143

\$56,584,264

## FLORIDA PUBLIC UTILITIES COMPANY

AVERAGE RATE OF RETURN

INCOME STATEMENT

For the 12 Months Ending December 31, 2014

ELECTRIC

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	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
									GAIN/LOSS	TOTAL	NET
	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)	ON DISPOSITION	OPERATING EXPENSES	OPERATING INCOME
	REVENUES	EAFENSE	UTHER	AMORTIZATION		CORRENT	(NET)	(NE1)	DISPOSITION	EXPENSES	INCOME
PER BOOKS	\$ 81,011,374	\$ 56,755,033	\$ 12,514,347	\$ 3,300,844	\$ 6,581,477	\$ 457,654				\$ 79,609,355	\$ 1,402,019
FPSC ADJUSTMENTS: 1) INCOME TAX SYNCH ADJUSTMENT						\$ (104,802)				\$ {104,802}	\$ 104,802
2) ELIMINATE FUEL REVENUES AND EXPENSES	\$ (56,151,405)	\$ (\$6,107,610)			\$ (42,502)	\$ (499)				\$ (56,150,610)	
3) ELIMINATE CONSERVATION	\$ (647,914)	\$ (647,423)			\$ 466	\$ (369)				\$ (647,326)	
4)NON-UTILITY DEPRECIATION EXPENSE				\$ (12,043)		\$ 4,646				\$ (7,397)	\$ 7,397
5)TREE TRIMMING & UNDERGROUND ACCRUAL			\$ 30,405			\$ (11,729)				\$ 18,676	\$ (18,676)
6)REMOVE OUT OF PERIOD TAX STEP UP				\$ (39,236)		\$ 15,135				\$ (24,101)	\$ 24,101
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						\$ -				\$-	\$-
TOTAL FPSC ADJUSTMENTS	\$ (56,799,319)	\$ (56,755,033)	\$ 30,405	\$ (51,279)	\$ (42,036)	\$ (97,618)	\$ -	\$ -	\$ -	\$ (56,915,560)	\$ 116,242
FPSC ADJUSTED	\$ 24,212,055	\$ 0	\$ 12,544,752	\$ 3,249,565	\$ 6,539,441	\$ 360,036	\$ -	\$ -	\$ -	\$ 22,693,795	\$ 1,518,261
PRO FORMA ADJUSTMENTS											
										\$-	\$ -
TOTAL PRO FORMA ADJUSTMENTS	\$ -	\$ -	\$	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
PRO FORMA ADJUSTED	\$24,212,055	\$0	\$12,544,752	\$3,249,565	\$6,539,441	\$360,036	\$0	\$0	\$0	\$22,693,795	\$1,518,261

FLORIDA PUBLIC UTILITIES COMPANY
ELECTRIC
YEAR END RATE OF RETURN
For the 12 Months Ending December 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	\$110,735,554	(\$53,915,303)	\$56,820,252	\$0	\$224,605	\$57,044,857	\$11,053,697	\$68,098,553
FPSC ADJUSTMENTS:								
1) ELIM. NON UTILITY PLANT 2) OUT OF PERIOD LITIGATION ADJ 3) ELIMINATION OF UNDER-RECOVERY 4)TREE TRIMMING & UNDERGROUND RESERVE 5) DEFERRED RATE CASE EXPENSE	(\$364,028)	\$158,878	(\$205,151)			(\$205,151) \$0 \$0 \$0 \$0 \$0	(\$0) (\$4,508,251) (\$30,405) (\$473,054)	(\$205,151) (\$0) (\$4,508,251) (\$30,405) (\$473,054)
TOTAL FPSC ADJUSTMENTS	(\$364,028)	\$158,878	(\$205,151)	\$0	\$0	(\$205,151)	(\$5,011,710)	(\$5,216,860)
FPSC ADJUSTED COMP RATE ADJ REVENUES	\$110,371,526	(\$53,756,425)	\$56,615,101	\$00\$0\$00\$0\$00\$0\$00\$0\$0_0\$00\$00\$00\$0_0	\$224,605	\$56,839,706	\$6,041,987 _	\$62,881,693 \$0
ADJUSTED FOR COMP RATE ADJ REVENUE	\$110,371,526	(\$53,756,425)	\$56,615,101	\$0	\$224,605	\$56,839,706	\$6,041,987	\$62,881,693
PROFORMA ADJUSTMENTS								\$0
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0 \$0
PRO FORMA ADJUSTED	\$110,371,526	(\$53,756,425)	\$56,615,101	\$0	\$224,605	\$56,839,706	\$6,041,987	\$62,881,693

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### FLORIDA PUBLIC UTILITIES COMPANY ELECTRIC

# YEAR END RATE OF RETURN

For the 12 Months Ending December 31, 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. <u>(NET)</u>	(9) GAIN/LOSS ON DISPOSITION	(10) TOTAL OPERATING EXPENSES	(11) NET OPERATING INCOME
PER BOOKS	\$ 81,011,374	\$ 56,755,033	\$ 12,514,347	\$ 3,300,844	\$ 6,581,477	\$ 457,654				\$ 79,609,355	\$ 1,402,019
FPSC ADJUSTMENTS: 1) INCOME TAX SYNCH ADJUSTMENT 2) ELIMINATE FUEL REVENUES AND EXPENSES 3) ELIMINATE CONSERVATION 4)NON-UTILITY DEPRECIATION EXPENSE 5)TREE TRIMMING & UNDERGROUND ACCRUAL 6)REMOVE OUT OF PERIOD TAX STEP UP	\$ (56,151,405) \$ (647,914)	\$ (56,107,610) \$ (647,423)	\$ 30,405	\$ (12,043) \$ (39,236)	\$ (42,502) \$ 466	\$ (72,600) \$ (499) \$ (369) \$ 4,646 \$ (11,729) \$ 15,135 \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ -				\$ (72,600) \$ (56,150,610) \$ (647,326) \$ 18,676 \$ (24,101) \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ -	\$   72,600     \$   (794)     \$   (588)     \$   7,397     \$   (18,676)     \$   24,101     \$   -  \$   -     \$   -     \$   -     \$   -     \$   -     \$   -     \$   -     \$   -     \$   -  >   -   - </td
TOTAL FPSC ADJUSTMENTS	\$ (56,799,319)	\$ (56,755,033)	\$ 30,405	\$ (51,279)	\$ (42,036)	\$ (65,416)	\$	\$ -	<u>\$</u>	\$ (56,883,359)	\$ 84,040
FPSC ADJUSTED	\$ 24,212,055	\$0	\$ 12,544,752	\$ 3,249,565	\$ 6,539,441	\$ 392,238	<u>\$</u> .	<u>\$</u> -	<u>\$</u> -	\$ 22,725,996	\$ 1,486,059
PRO FORMA ADJUSTMENTS											
TOTAL PRO FORMA ADJUSTMENTS	\$	<u>\$</u>	<u>s</u>	\$ -	\$ -	\$ -	\$ -	\$ -	<u>\$</u>	\$ - <u>\$ -</u>	\$ - <u>\$ -</u>
PRO FORMA ADJUSTED	\$24,212,055	\$0	\$12,544,752	\$3,249,565	\$6,539,441	\$392,238	\$0	\$0	\$0	\$22,725,996	\$1,486,059

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FLORIDA PUBLIC UTILITIES COMPANY ELECTRIC CAPITAL STRUCTURE December 31, 2014 FPSC ADJUSTED BASIS

								LO	W POINT	м	DPOINT	ню	SH POINT
		ADJUSTMENTS	ADJUSTED				RATIO	COST RATE	WEIGHTED COST	COST	WEIGHTED COST	COST RATE	WEIGHTED COST
AVERAGE	PER BOOKS	NON-UTILITY	BOOKS	PRO-RATA	SPECIFIC	BALANCE	(%)	(%)	(%)	(%)	(%)	(%)	(%)
AVENGE	, chooda				5120,110		,	(	()				
COMMON EQUITY	\$26,514,027		\$26,514,027	\$457,654		\$26,971,681	45.45%	9.25%	4.20%	10.25%	4.66%	11.25%	5.11%
LONG TERM DEBT - CU	\$11,385,130		\$11,385,130			\$11,385,130	19.19%	S.25%	1.01%	5.25%	1.01%	5.25%	1.01%
SHORT TERM DEBT	\$5,235,039		\$5,235,039	(\$72,600) (317,574}		\$4,917,465	8.29%	1.21%	0.10%	1.21%	0.10%	1.21%	0.10%
LONG TERM DEBT - FC	\$1,767,521		\$1,767,521	(107,223)		\$1,660,298	2.80%	12.91%	0.36%	12.91%	0.36%	12.91%	0.36%
SHORT TERM DEBT - REFINANCED LTD	\$1,713,557		\$1,713,557	(\$103 <i>,</i> 950)		\$1,609,607	2.71%	3.32%	0.09%	3.32%	0.09%	3.32%	0.09%
CUSTOMER DEPOSITS	\$3,358,991		\$3,358,991			\$3,358,991	5.66%	1.62%	0.09%	1.62%	0.09%	1.62%	0.09%
DEFFERED INCOME TAXES	\$9,437,828		\$9,437,828			\$9,437,828	15.90%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$0		\$0			\$0	0.00%	5.67%	0.00%	6.13%	0.00%	6.58%	0.00%
TOTAL AVERAGE	\$59,412,093	\$0	\$59,412,093	(\$143,693)	\$0	\$59,341,000	100.00%		5.85%		6.31%		6.76%

_								LO	N POINT	М	DPOINT	ніс	H POINT
YEAR-END	PER BOOKS	ADJUSTMENTS	ADJUSTED BOOKS	PRO-RATA	SPECIFIC	BALANCE	RATIO (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
COMMON EQUITY	\$27,910,068		\$27,910,068	(2,872,870)	\$0	\$25,037,198	39.82%	9.25%	3.68%	10.25%	4.08%	11.25%	4.48%
LONG TERM DEBT - CU	\$13,056,889		\$13,0\$6,889	(1,343,986)		\$11,712,903	18.63%	4.78%	0.89%	4.78%	0.89%	4.78%	0.89%
SHORT TERM DEBT	\$8,047,544		\$8,047,544	(828,35 <del>9</del> )		\$7,219,185	11.48%	0.81%	0.09%	0.81%	0.09%	0.81%	0.09%
LONG TERM DEBT - FC	\$1,667,547		\$1,667,547	(171,646)		\$1,495,902	2.38%	12.80%	0.30%	12,80%	0.30%	12.80%	0.30%
SHORT TERM DEBT - REFINANCED LTD	\$0		\$0	-		\$0	0.00%	0,00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$3,350,049		\$3,350,049			\$3,350,049	5.33%	1.63%	0.09%	1.63%	0.09%	1.63%	0.09%
DEFFERED INCOME TAXES	\$14,066,455		\$14,066,455			\$14,066,455	22.37%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$D		\$0			\$0	0.00%	4.96%	0.00%	5.36%	0.00%	5.76%	0.00%
TOTAL YEAR-END	\$68,098,553	\$0	\$68,098,553	(\$5,216,860)	\$0	\$62,881,692	100.00%		5.05%		5.45%		5.85%

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