

May 13, 2015

TUDINDA PUBLIC SERVICE 15 MAY 13 PM 4: 34 DIVISION DE ACCOUNTING & FINANCE

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) 1st 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 (Gas and Electric Divisions) hereby submit the original and four (4) copies of the required 1st Quarter Earnings Surveillance Reports for 2015.

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 March 31, 2015

I. AVERAGE RATE OF RETURN (JL RISDICTIONAL)	(1) ACTUAL PER BOOKS	(2) FPSC ADJUSTMENTS	(3) FPSC ADJUSTED	(4) PRO FORMA ADJUSTMENTS	(5) PRO FORMA ADJUSTED
NET CPERATING INCOME	\$ 1,576,048	\$70,314	\$1,646,362	<u> </u>	\$1,646,362
AVERAGE RATE BASE	\$62,515,108	(\$4,023,878)	\$\$8,491,230	<u> </u>	\$58,491,230
AVERAGE RATE OF RETURN	2.52%		2.81%		2.81%
II. YEAR-END RATE OF RETURN (JURISDICTIONAL)					
NET CPERATING INCOME	\$1,576,048	\$60,404	\$1,636,452	<u> </u>	\$1,636,452
YEAR-END RATE BASE	\$68,158,007	(\$5,474,581)	\$62,683,425	\$0	\$62,683,425
YEAR-END RATE OF RETURN	2.31%		2.61%		2.61%
		IV. FINANC	CIAL INTEGRITY INDICATORS		
III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)		A. TIE WIT	H AFUDC	2.73	
	2 - 22	B. TIE WIT	HOUT AFUDC	2.73	
LO:N	5.66%	C. AFUDC	TO NET INCOME	0.00	
MIDPOINT	5.09%	D. INTERN	ALLY GENERATED FUNDS	155.34	
нієн	6.53%	E. LTD TO	TOTAL INVESTOR FUNDS	29.40	
		F, STD TO	TOTAL INVESTOR FUNDS	13.46	
		G. RETUR	ON COMMON EQUITY	2.72	

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.

Michael Cassel
Director- Regulatory Affairs

(A) Cat

Date

FLORIDA PUBLIC UTILITIES COMPANY ELECTRIC AVERAGE RATE OF RETURN For the 12 Months Ending March 31, 2015 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	\$107,870,586	(\$53,284,598)	\$54,585,988	\$0	\$1,565,574	\$56,151,562	\$6,363,546	\$62,515,108
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	(\$343,987)	\$144,397	\$0 (\$199,590) \$0 \$0			\$0 (\$199,590) \$0 \$0 \$0 \$0 \$0	\$1 \$0 (\$3,382,683) (\$17,541) (\$23,560) (\$400,504)	\$0 (\$199,590) \$1 \$0 (\$3,382,683) (\$17,541) (\$23,560) (\$400,504)
TOTAL FPSC ADJUSTMENTS	(\$343,987)	\$144,397	(\$199,590)	\$0	\$0	(\$199,590)	(\$3,824,288)	(\$4,023,878)
FPSC ADJUSTED	\$107,526,599	(\$53,140,201)	\$54,386,398	\$0	\$1,565,574	\$55,951,973	\$2,539,258	\$58,491,230
FLEX RATE REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR FLEX RATE REVENUES	\$107,526,599	(\$53,140,201)	\$54,386,398	\$0	\$1,565,574	\$55,951,973	\$2,539,258	\$58,491,230
PROFORMA ADJUSTMENTS								
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRO FORMA ADJUSTED	\$107,526,599	(\$53,140,201)	\$\$4,386,398	\$0	\$1,565,574	\$55,951,973	\$2,539,258	\$58,491,230

FLORIDA PUBLIC UTILITIES COMPANY
ELECTRIC

AVERAGE RATE OF RETURN
For the 12 Months Ending March 31, 2015
INCOME STATEMENT

	(1)		(2)		(3)		(4)		(5)		(6)		(7)		(8)		(9) N/LOSS		(10) TOTAL		(11) NET
	OPERATI		& M FUEL		0 & M		DEPREC. &		KES OTHER		OME TAXES		.I.T.		T.C.		ON		OPERATING		OPERATING
	REVENU	ES	 EXPENSE	_	OTHER	AM	ORTIZATION	THA	N INCOME		URRENT	()	NET)	(NET)	DISP	OSITION		EXPENSES		INCOME
PER BOOKS	\$ 83,1	95,348	\$ 58,057,631	\$	12,866,973	\$	3,477,317	\$	6,679,683	\$	537,696							\$	81,619,300	\$	1,576,048
FPSC ADJUSTMENTS: 1) INCOME TAX SYNCH ADJUSTMENT										\$	(90,096)							\$	(90,096)	\$	90,096
2) ELIMINATE FUEL REVENUES AND EXPENSES	\$ (57,4	52,254)	\$ (57,406,148)					\$	(43,921)	\$	(843)							\$	(57,450,912)	\$	(1,342)
3) ELIMINATE CONSERVATION	\$ (6	51,868)	\$ (651,483)					\$	469	\$	(329)							\$	(651,343)	\$	(525)
4)NON-UTILITY DEPRECIATION EXPENSE						\$	(12,161)			\$	4,691							\$	(7,470)	\$	7,470
5)TREE TRIMMING & UNDERGROUND ACCRUAL				\$	76,013					\$	(29,322)							\$	46,691	\$	(46,691)
6)REMOVE OUT OF PERIOD TAX STEP UP						\$	(34,685)			\$	13,380							\$	(21,305)	\$	21,305
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										\$	-							\$	-	\$	
TOTAL FPSC ADJUSTMENTS	\$ (58,1	04,122)	\$ (58,057,631)	\$	76,013	\$	(46,846)	\$	(43,452)	\$	(102,519)	\$	<u>.</u>	\$	=	\$		\$	(58,174,436)	\$	70,314
FPSC ADJUSTED	\$ 25,0	91,226	\$	\$	12,942,985	\$	3,430,471	.\$	6,636,231	\$	435,177	\$	<u>.</u>	\$		\$	-	\$	23,444,864	\$	1,646,362
PRO FORMA ADJUSTMENTS																					
																		\$		\$	-
TOTAL PRO FORMA ADJUSTMENTS	\$	-	\$ -	\$	-	\$	-	\$		\$		\$		\$		\$		\$		\$	-
PRO FORMA ADJUSTED	\$25,0	91,226	 \$0	_	\$12,942,985	_	\$3,430,471	_	\$6,636,231		\$435,177		\$0		\$0		\$0		\$23,444,864	_	\$1,646,362

FLORIDA PUBLIC UTILITIES COMPANY ELECTRIC YEAR END RATE OF RETURN For the 12 Months Ending March 31, 2015 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 FPSC ADJUSTMENTS:	\$110,714,740	(\$54,513,536)	\$56,201,204	\$0	\$262,753	\$56,463,957	\$11,694,050	\$68,158,007
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	(\$149,477)	\$13,205	(\$136,272)			(\$136,272) \$0 \$0 \$0 \$0	\$0 (\$4,813,712) (\$76,013) (\$448,585)	(\$136,272) \$0 (\$4,813,712) (\$76,013) (\$448,585)
TOTAL FPSC ADJUSTMENTS	(\$149,477)	\$13,205	(\$136,272)	\$0	\$0	(\$136,272)	(\$5,338,310)	(\$5,474,581)
FPSC ADJUSTED COMP RATE ADJ REVENUES	\$110,565,263	(\$54,500,331) \$0	\$56,064,932 \$0	\$0 \$0	\$262,753 \$0	\$56,327,685 \$0	\$6,355,740 \$0	\$62,683,425 \$0
ADJUSTED FOR COMP RATE ADJ REVENUE	\$110,565,263	(\$54,500,331)	\$56,064,932	\$0	\$262,753	\$56,327,685	\$6,355,740	\$62,683,425
PROFORMA ADJUSTMENTS		•						\$0
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0 \$0
PRO FORMA ADJUSTED	\$110,565,263	(\$54,500,331)	\$56,064,932	\$0	\$262,753	\$56,327,685	\$6,355,740	\$62,683,425

FLORIDA PUBLIC UTILITIES COMPANY
ELECTRIC
YEAR END RATE OF RETURN
For the 12 Months Ending March 31, 2015
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	\$ 83,195,348	\$ 58,057,631	\$ 12,866,973	\$ 3,477,317	\$ 6,679,683	\$ 537,696				\$ 81,619,300	\$ 1,576,048
FPSC ADJUSTMENTS: 1) INCOME TAX SYNCH ADJUSTMENT 2) ELIMINATE FUEL REVENUES AND EXPENSES 3) ELIMINATE CONSERVATION 4)NON-UTILITY DEPRECIATION EXPENSE S)TREE TRIMMING & UNDERGROUND ACCRUAL 6)REMOVE OUT OF PERIOD TAX STEP UP	\$ (57,452,254) \$ (651,868)	\$ (57,406,148) \$ (651,483)		\$ (12,161) \$ (34,685)	\$ (43,921) \$ 469	\$ (80,185) \$ (843) \$ (329) \$ 4,691 \$ (29,322) \$ 13,380 \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ -				\$ (80,185) \$ (57,450,912) \$ (651,343) \$ (7,470) \$ 46,691 \$ (21,305) \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ -	\$ 80,185 \$ (1,342) \$ (525) \$ 7,470 \$ (46,691) \$ 21,305 \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ -
TOTAL FPSC ADJUSTMENTS	\$ (58,104,122)	\$ (58,057,631)	\$ 76,013	\$ (46,846)	\$ (43,452)	\$ (92,608)	\$ -	\$ -	\$ -	\$ (58,164,526)	\$ 60,404
FPSC ADJUSTED	\$ 25,091,226	\$ -	\$ 12,942,985	\$ 3,430,471	\$ 6,636,231	\$ 445,088	\$ -	\$ -	\$ -	\$ 23,454,774	\$ 1,636,452
PRO FORMA ADJUSTMENTS											
TOTAL PRO FORMA ADJUSTMENTS	\$ -	\$ -	\$.	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
PRO FORMA ADJUSTED	\$25,091,226	\$0	\$12,942,985	\$3,430,471	\$6,636,231	\$445,088	\$0	\$0	\$0	\$23,454,774	\$1,636,452

FLORIDA PUBLIC UTILITIES COMPANY ELECTRIC CAPITAL STRUCTURE March 31, 2015 FPSC ADJUSTED BASIS

_								10	W POINT	MI	DPOINT	HIG	H POINT
AVERAGE	PER BOOKS	ADJUSTMENTS NON-UTILITY	ADJUSTED BOOKS	PRO-RATA	SPECIFIC	BALANCE	RATIO (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
AVERAGE	FERBOOKS	NON-CHOTT	BOOKS	THOTOTAL	37 2011 10	D'ID III CE	(,,,	(74)		(1-7)	,,,,,		- (/-/
COMMON EQUITY	\$27,758,121		\$27,758,121	(\$2,298,978)		\$25,459,143	43.53%	9.25%	4.03%	10.25%	4.46%	11.25%	4.90%
LONG TERM DEBT - CU	\$12,561,379		\$12,561,379	(1,040,356)		\$11,521,023	19.70%	5.15%	1.01%	5.15%	1.01%	5.15%	1.01%
SHORT TERM DEBT	\$5,840,695		\$5,840,695	(483,737)		\$5,356,958	9.16%	1.27%	0.12%	1.27%	0.12%	1.27%	0.12%
LONG TERM DEBT - FC	\$1,723,880		\$1,723,880	(142,775)		\$1,581,105	2.70%	12.85%	0.35%	12.85%	0.35%	12.85%	0.35%
SHORT TERM DEBT - REFINANCEO LTD	\$700,667		\$700,667	(\$58,031)		\$642,636	1.10%	2.07%	0.02%	2.07%	0.02%	2.07%	0.02%
CUSTOMER DEPOSITS	\$3,351,442		\$3,351,442			\$3,351,442	5.73%	2.30%	0.13%	2.30%	0.13%	2.30%	0.13%
DEFFERED INCOME TAXES	\$10,578,922		\$10,578,922			\$10,578,922	18.09%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$0		\$0			\$0	0.00%	5.51%	0.00%	5.94%	0.00%	6.38%	0.00%
			, , , , , , , , , , , , , , , , , , , ,										
TOTAL AVERAGE	\$62,515,107	\$0	\$62,515,107	(\$4,023,877)	\$0	\$58,491,230	100.00%		5.66%		6.09%		6.53%

_								LO	W POINT	MI	DPOINT		SH POINT
	-	ADJUSTMENTS	ADJUSTED				RATIO	COST RATE	WEIGHTED COST	COST	WEIGHTED	COST RATE	WEIGHTED COST
YEAR-END	PER BOOKS	NON-UTILITY	BOOKS	PRO-RATA	SPECIFIC	BALANCE	(%)	(%)	(%)	(%)	(%)	(%)	(%)
										-		·	
COMMON EQUITY	\$29,994,670		\$29,994,670	(3,220,766)	\$0	\$26,773,904	42.71%	9.25%	3.95%	10.25%	4.38%	11.25%	4.81%
LONG TERM DEBT - CU	\$13,159,579		\$13,159,579	(1,413,049)		\$11,746,531	18.74%	5.06%	0.95%	5.06%	0.95%	5.06%	0.95%
SHORT TERM DEBT	\$6,194,571		\$6,194,571	(665,161)		\$5,529,410	8.82%	1.22%	0.11%	1.22%	0.11%	1.22%	0.11%
LONG TERM DEBT - FC	\$1,635,406		\$1,635,406	(175,607)		\$1,459,7 99	2.33%	12.74%	0.30%	12.74%	0.30%	12.74%	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	\$3,332,501		\$3,332,501			\$3,332,501	5.32%	2.31%	0.12%	2.31%	0.12%	2.31%	0.12%
DEFFERED INCOME TAXES	\$13,841,280		\$13,841,280			\$13,841,280	22.08%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$0		\$0			\$0	0.00%	5.31%	0.00%	5.74%	0.00%	6.17%	0.00%
TOTAL YEAR-END	\$68,158,007	\$0	\$68,158,007	(\$5,474,582)	\$0	\$62,683,425	100.00%		5.43%		5.86%		6.29%