

FLORIDA PUBLIC UTILITIES COMPANY  
 NATURAL GAS  
 RATE OF RETURN REPORT SUMMARY  
 March 31, 2012

SCHEDULE 1

	(1) ACTUAL PER BOOKS	(2) FPSC ADJUSTMENTS	(3) FPSC ADJUSTED	(4) PRO FORMA ADJUSTMENTS	(5) PRO FORMA ADJUSTED
<b>I. AVERAGE RATE OF RETURN (JURISDICTIONAL)</b>					
NET OPERATING INCOME	\$ 6,965,273	(\$1,091,404)	\$5,873,869	\$1,465,439	\$7,339,308
AVERAGE RATE BASE	\$105,859,945	\$3,106,307	\$108,966,251	(\$39,369,054)	\$75,597,198
AVERAGE RATE OF RETURN	6.58%		5.39%		9.71%
<b>II. YEAR-END RATE OF RETURN (JURISDICTIONAL)</b>					
NET OPERATING INCOME	\$6,965,273	(\$1,131,773)	\$5,833,500	\$1,465,439	\$7,298,939
YEAR-END RATE BASE	\$106,172,004	\$2,010,431	\$108,182,435	(\$32,578,469)	\$75,603,972
YEAR-END RATE OF RETURN	6.56%		5.39%		9.65%
<b>III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)</b>			<b>IV. EARNED RETURN ON EQUITY (FPSC ADJUSTED BASIS)</b>		
LOW	7.13%		A.	INCL COMP RATE ADJ REVENUES	6.48%
MIDPOINT	7.62%		B.	EXCL COMP RATE ADJ REVENUES	6.48%
HIGH	8.11%				

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

*Cheryl M. Martin*  
 Signature

6/8/12  
 Date

FLORIDA PUBLIC UTILITIES COMPANY  
 NATURAL GAS  
 AVERAGE RATE OF RETURN  
 For the 12 Months Ending March 31, 2012  
 RATE BASE

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	PLANT IN SERVICE	ACCUMULATED DEPRECIATION & AMORTIZATION	PLANT IN SERVICE	NET PROPERTY HELD FOR FUTURE USE	CONSTRUCTION WORK IN PROGRESS	NET UTILITY PLANT	WORKING CAPITAL	TOTAL RATE BASE
PER BOOKS	\$160,548,242	(\$47,859,978)	\$112,688,263	\$0	\$1,302,479	\$113,990,742	(\$8,130,798)	\$105,859,945
FPSC ADJUSTMENTS:								
EUMINATIONS TO WORKING CAPITAL	\$0	\$0	\$0			\$0	\$340,931	\$340,931
EUMINATE ACQUISITION ADJ.	(\$34,486,085)	\$0	(\$34,486,085)			(\$34,486,085)		(\$34,486,085)
EUMINATE REG ASSET	\$0	\$0	\$0			\$0	(\$470,645)	(\$470,645)
EUM. NON-UTILITY PLANT	(\$1,960,364)	\$702,347	(\$1,258,017)			(\$1,258,017)		(\$1,258,017)
ACQUISITION ADJUSTMENT	\$34,192,493	(\$2,184,520)	\$32,007,973			\$32,007,973		\$32,007,973
REG ASSET-TRNSCTN & TRNSITN CSTS	\$0	\$0	\$0			\$0	\$1,361,080	\$1,361,080
EUMINATE DEFERRED ENVIRONMENTAL COSTS							\$5,611,069	\$5,611,069
TOTAL FPSC ADJUSTMENTS	(\$2,253,956)	(\$1,482,173)	(\$3,736,129)	\$0	\$0	(\$3,736,129)	\$6,842,435	\$3,106,307
FPSC ADJUSTED	\$158,294,286	(\$49,342,151)	\$108,952,135	\$0	\$1,302,479	\$110,254,614	(\$1,288,362)	\$108,966,251
FLEX RATE REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR FLEX RATE REVENUES	\$158,294,286	(\$49,342,151)	\$108,952,135	\$0	\$1,302,479	\$110,254,614	(\$1,288,362)	\$108,966,251
PROFORMA ADJUSTMENTS								
			\$0			\$0		\$0
			\$0			\$0		\$0
EUM. ACQUISITION ADJUSTMENT	(\$34,192,493)	\$2,184,520	(\$32,007,973)			(\$32,007,973)		(\$32,007,973)
EUM. REG ASSET-TRNSCTN & TRNSITN CSTS							(\$1,361,080)	(\$1,361,080)
TOTAL PRO FORMA ADJUSTMENTS	(\$34,192,493)	\$2,184,520	(\$32,007,973)	\$0	\$0	(\$32,007,973)	(\$1,361,080)	(\$33,369,054)
PRO FORMA ADJUSTED	\$124,101,793	(\$47,157,632)	\$76,944,161	\$0	\$1,302,479	\$78,246,640	(\$2,649,442)	\$75,597,198



FLORIDA PUBLIC UTILITIES COMPANY  
 NATURAL GAS  
 YEAR END RATE OF RETURN  
 For the 12 Months Ending March 31, 2012  
 RATE BASE

SCHEDULE 3  
 PAGE 1 OF 2

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	PLANT IN SERVICE	ACCUMULATED DEPRECIATION & AMORTIZATION	PLANT IN SERVICE	NET PROPERTY HELD FOR FUTURE USE	CONSTRUCTION WORK IN PROGRESS	NET UTILITY PLANT	WORKING CAPITAL	TOTAL RATE BASE
PER BOOKS	\$162,978,321	(\$48,933,925)	\$114,044,386	\$0	\$1,139,307	\$115,183,693	(\$9,011,688)	\$106,172,004
FPSC ADJUSTMENTS:								
ELIMINATIONS TO WORKING CAPITAL	\$0	\$0	\$0			\$0	\$706,738	\$706,738
ELIMINATE ACQUISITION ADJ.	(\$34,192,717)	\$0	(\$34,192,717)			(\$34,192,717)		(\$34,192,717)
ELIMINATE REG ASSET			\$0			\$0	(\$1,459,001)	(\$1,459,001)
ELIM. NON-UTILITY PLANT	(\$1,903,177)	\$669,057	(\$1,234,120)			(\$1,234,120)		(\$1,234,120)
ACQUISITION ADJUSTMENT	\$34,192,493	(\$2,754,394)	\$31,438,099			\$31,438,099		\$31,438,099
REG ASSET-TRANSCTN & TRNSITN CSTS	\$0	\$0	\$0			\$0	\$1,140,364	\$1,140,364
ELIMINATE DEFERRED ENVIRONMENTAL COSTS							\$5,611,069	\$5,611,069
TOTAL FPSC ADJUSTMENTS	(\$1,903,401)	(\$2,085,337)	(\$3,988,738)	\$0	\$0	(\$3,988,738)	\$5,999,170	\$2,010,431
FPSC ADJUSTED	\$161,074,909	(\$51,019,262)	\$110,055,648	\$0	\$1,139,307	\$111,194,955	(\$3,012,519)	\$108,182,435
COMP RATE ADJ REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR COMP RATE ADJ REVENUE	\$161,074,909	(\$51,019,262)	\$110,055,648	\$0	\$1,139,307	\$111,194,955	(\$3,012,519)	\$108,182,435
PROFORMA ADJUSTMENTS			\$0			\$0		\$0
ELIM. ACQUISITION ADJUSTMENT	(\$34,192,493)	\$2,754,394	(\$31,438,099)			(\$31,438,099)		(\$31,438,099)
ELIM. REG ASSET-TRANSCTN & TRNSITN CSTS			\$0			\$0	(\$1,140,364)	(\$1,140,364)
TOTAL PRO FORMA ADJUSTMENTS	(\$34,192,493)	\$2,754,394	(\$31,438,099)	\$0	\$0	(\$31,438,099)	(\$1,140,364)	(\$32,578,463)
PROFORMA ADJUSTED	\$126,882,416	(\$48,264,867)	\$78,617,549	\$0	\$1,139,307	\$79,756,856	(\$4,152,884)	\$75,603,972

FLORIDA PUBLIC UTILITIES COMPANY  
 NATURAL GAS  
 YEAR END RATE OF RETURN  
 For the 12 Months Ending March 31, 2012  
 INCOME STATEMENT

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	OPERATING REVENUES	O & M GAS EXPENSE	O & M OTHER	DEPREC. & AMORTIZATION	TAXES OTHER THAN INCOME	INCOME TAXES CURRENT	D.L.T. (NET)	I.T.C. (NET)	GAIN/LOSS ON DISPOSITION	TOTAL OPERATING EXPENSES	NET OPERATING INCOME
PER BOOKS	\$59,304,651	\$ 21,747,958	\$16,389,689	\$6,225,475	\$5,121,577	\$2,854,679				\$52,389,378	\$6,965,273
FPSC ADJUSTMENTS:											
1) INCOME TAX SYNCH SYNCHRONIZATION						\$2,758				\$2,758	(\$2,758)
2) ELIMINATE FUEL REVENUES AND EXPENSES	\$ (18,881,404)	\$ (18,783,470)			(\$99,328)	\$538				(\$18,882,260)	\$856
3) ELIMINATE CONSERVATION	(\$2,982,165)	\$ (2,964,488)			(\$13,526)	(\$1,601)				(\$2,979,615)	(\$2,550)
4)NON UTILITY DEPRECIATION EXPENSE				(\$129,227)		\$49,899				(\$79,377)	\$79,377
5) ELIMINATE AEP REVENUES AND EXPENSES	(\$406,090)			(\$403,915)		(\$829)				(\$404,754)	(\$1,335)
ACQUISITION ADJ. - AMORT EXP (DEDUCTIBLE)				\$0		\$0				\$0	\$0
ACQUISITION ADJ. - AMORT EXP (NON-DEDUCTIBLE)				\$62,500		(\$24,109)				\$38,391	(\$38,391)
ACQUISITION ADJ. - AMORT EXP (NON-DEDUCTIBLE)				\$1,077,249		\$0				\$1,077,249	(\$1,077,249)
TRANSACTION/TRANSITION COSTS - AMORT EXP (DEDUCTIBLE)				\$237,544		(\$91,633)				\$145,911	(\$145,911)
TRANSACTION COSTS - AMORT EXP (NON-DEDUCTIBLE)				\$203,888		\$0				\$203,888	(\$203,888)
NATURAL GAS ALLOCATION ADJUSTMENT			(\$28,027)			\$10,811				(\$17,216)	\$17,216
ELIMINATE ACQUISITION AMORTIZATION				(\$284,937)		\$109,914				(\$175,023)	\$175,023
ELIMINATE TRANSACT./TRANSIT. AMORTIZATION				(\$110,439)		\$42,602				(\$67,837)	\$67,837
						\$0				\$0	\$0
						\$0				\$0	\$0
						\$0				\$0	\$0
						\$0				\$0	\$0
						\$0				\$0	\$0
						\$0				\$0	\$0
						\$0				\$0	\$0
TOTAL FPSC ADJUSTMENTS	(\$22,269,059)	(\$21,747,958)	(\$28,027)	\$652,663	(\$112,854)	\$98,291	\$0	\$0	\$0	(\$21,137,886)	(\$1,131,773)
FPSC ADJUSTED	\$37,034,992	\$0	\$16,361,662	\$6,878,138	\$5,008,723	\$2,952,970	\$0	\$0	\$0	\$31,201,492	\$5,833,500
COMP RATE ADJ REVENUES - DEFICIT/(SURPLUS)						\$0				\$0	\$0
ADJUSTED FOR COMP RATE ADJ REVENUES	\$37,034,992	\$0	\$16,361,662	\$6,878,138	\$5,008,723	\$2,952,970	\$0	\$0	\$0	\$31,201,492	\$5,833,500
ACQUISITION ADJ. - AMORT EXP (DEDUCTIBLE)				(\$62,500)		\$24,109				(\$38,391)	\$38,391
ACQUISITION ADJ. - AMORT EXP (NON-DEDUCTIBLE)				(\$1,077,249)		\$0				(\$1,077,249)	\$1,077,249
TRANSACTION/TRANSITION COSTS - AMORT EXP (DEDUCTIBLE)				(\$237,544)		\$91,633				(\$145,911)	\$145,911
TRANSACTION COSTS - AMORT EXP (NON-DEDUCTIBLE)				(\$203,888)		\$0				(\$203,888)	\$203,888
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	(\$1,581,181)	\$0	\$115,742	\$0	\$0	\$0	(\$1,465,439)	\$1,465,439
PRO FORMA ADJUSTED	\$37,034,992	\$0	\$16,361,662	\$5,296,957	\$5,008,723	\$3,068,712	\$0	\$0	\$0	\$29,736,053	\$7,298,939

AVERAGE	ADJUSTMENTS						RATIO (%)	LOW POINT		MIDPOINT		HIGH POINT	
	PER BOOKS	NON-UTILITY	ADJUSTED BOOKS	PRO-RATA	SPECIFIC	BALANCE		COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
COMMON EQUITY	\$51,447,280	(\$1,258,017)	\$50,189,263	\$5,692,107	(\$2,478,112)	\$53,343,258	48.95%	9.85%	4.82%	10.85%	5.31%	11.85%	5.80%
LONG TERM DEBT	\$26,141,067		\$26,141,067	\$963,373		\$27,104,440	24.87%	6.84%	1.70%	6.84%	1.70%	6.84%	1.70%
SHORT TERM DEBT	\$5,174,526		\$5,174,526	\$190,696		\$5,365,222	4.92%	1.23%	0.06%	1.23%	0.06%	1.23%	0.06%
STD REFINANCED LTD	\$1,526,584		\$1,526,584	\$56,259		\$1,582,843	1.45%	6.33%	0.09%	6.33%	0.09%	6.33%	0.09%
CUSTOMER DEPOSITS	\$8,265,273		\$8,265,273			\$8,265,273	7.59%	6.00%	0.46%	6.00%	0.46%	6.00%	0.46%
DEFERRED INCOME TAXES	\$13,256,458		\$13,256,458			\$13,256,458	12.17%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$48,757		\$48,757			\$48,757	0.05%	6.67%	0.00%	7.16%	0.00%	7.65%	0.00%
<b>TOTAL AVERAGE</b>	<b>\$105,859,945</b>	<b>(\$1,258,017)</b>	<b>\$104,601,928</b>	<b>\$6,842,436</b>	<b>(\$2,478,112)</b>	<b>\$108,966,251</b>	<b>100.00%</b>		<b>7.13%</b>		<b>7.62%</b>		<b>8.11%</b>

61.04%

YEAR-END	ADJUSTMENTS						RATIO (%)	LOW POINT		MIDPOINT		HIGH POINT	
	PER BOOKS	NON-UTILITY	ADJUSTED BOOKS	PRO-RATA	SPECIFIC	BALANCE		COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
COMMON EQUITY	\$54,065,618	(\$1,234,120)	\$52,831,498	\$5,278,750	(\$2,754,618)	\$55,355,629	51.17%	9.85%	5.04%	10.85%	5.55%	11.85%	6.06%
LONG TERM DEBT	\$26,617,316		\$26,617,316	\$695,092		\$27,252,408	25.19%	6.73%	1.70%	6.73%	1.70%	6.73%	1.70%
SHORT TERM DEBT	\$3,576,141		\$3,576,141	\$85,327		\$3,661,468	3.39%	2.31%	0.08%	2.31%	0.08%	2.31%	0.08%
STD REFINANCED LTD	\$0		\$0	\$0		\$0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$7,465,516		\$7,465,516			\$7,465,516	6.90%	6.46%	0.45%	6.46%	0.45%	6.46%	0.45%
DEFERRED INCOME TAXES	\$14,409,927		\$14,409,927			\$14,409,927	13.32%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$37,486		\$37,486			\$37,486	0.04%	6.82%	0.00%	7.33%	0.00%	7.84%	0.00%
<b>TOTAL YEAR-END</b>	<b>\$106,172,004</b>	<b>(\$1,234,120)</b>	<b>\$104,937,884</b>	<b>\$5,999,169</b>	<b>(\$2,754,618)</b>	<b>\$108,182,435</b>	<b>100.00%</b>		<b>7.27%</b>		<b>7.78%</b>		<b>8.29%</b>