



October 1, 2013

ELECTRONIC MAIL

Mr. Marshall Willis, Director
Division of Accounting and Finance
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Florida Public Utilities Company – Natural Gas Division – Revised June Surveillance Report

Dear Mr. Willis:

Attached, please find the Revised Earnings Surveillance Report (ESR) for Florida Public Utilities Company's Natural Gas Division for the period ended June 30, 2013. This revision was necessitated by an adjusted allocation of expenses between FPUC and its sister company, the Florida Division of Chesapeake Utilities Corporation. The adjustment is reflected at line 6 for Schedule 2, page 2 of 2 and Schedule 3 page 2 of 2.

As always, please do not hesitate to give me a call if you have any questions or concerns whatsoever.

Sincerely,



Beth Keating
Gunster, Yoakley, & Stewart, P.A.
215 S. Monroe St., Suite 601
Tallahassee, FL 32301
(850) 521-1706

SCHEDULE 1

FLORIDA PUBLIC UTILITIES COMPANY
 NATURAL GAS
 RATE OF RETURN REPORT SUMMARY
 June 30, 2013

REVISED - 9/30/2013

	(1) ACTUAL PER BOOKS	(2) FPSC ADJUSTMENTS	(3) FPSC ADJUSTED	(4) PRO FORMA ADJUSTMENTS	(5) PRO FORMA ADJUSTED
I. AVERAGE RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	\$ 7,345,920	\$442,397	\$7,788,317	\$1,713,296	\$9,502,613
AVERAGE RATE BASE	\$114,955,378	\$2,209,704	\$116,565,082	\$31,618,713	\$84,946,369
AVERAGE RATE OF RETURN	6.40%		6.69%		11.19%
II. YEAR-END RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	\$7,345,920	\$496,063	\$7,844,983	\$1,713,296	\$9,558,279
YEAR-END RATE BASE	\$118,959,229	\$2,080,716	\$120,439,945	(\$30,766,454)	\$89,673,491
YEAR-END RATE OF RETURN	6.21%		6.51%		10.66%

III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)	IV. EARNED RETURN ON EQUITY (FPSC ADJUSTED BASIS)
LOW	A. INCL. ACQUISITION ADJUSTMENT 9.03%
MIDPOINT	B. EXCL. ACQUISITION ADJUSTMENT 20.51%
HIGH	

I am aware that Section 837.05, 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.

Cheyli M. Martin
 Director - Regulatory Affairs

Cheyli M. Martin
 Signature
 Date 9/30/13

FLORIDA PUBLIC UTILITIES COMPANY
 NATURAL GAS
 RATE OF RETURN REPORT SUMMARY
 June 30, 2013

SCHEDULE 1

REVISED - 9/30/2013

I. AVERAGE RATE OF RETURN (JURISDICTIONAL)	(1) ACTUAL PER BOOKS	(2) FPSC ADJUSTMENTS	(3) FPSC ADJUSTED	(4) PRO FORMA ADJUSTMENTS	(5) PRO FORMA ADJUSTED
NET OPERATING INCOME	\$ 7,346,920	\$442,397	\$7,789,317	\$1,713,296	\$9,502,613
AVERAGE RATE BASE	\$114,355,378	\$2,209,704	\$116,565,082	(\$31,618,713)	\$84,946,369
AVERAGE RATE OF RETURN	6.42%		6.68%		11.19%

II. YEAR-END RATE OF RETURN (JURISDICTIONAL)	(1) ACTUAL PER BOOKS	(2) FPSC ADJUSTMENTS	(3) FPSC ADJUSTED	(4) PRO FORMA ADJUSTMENTS	(5) PRO FORMA ADJUSTED
NET OPERATING INCOME	\$7,346,920	\$498,063	\$7,844,983	\$1,713,296	\$9,558,279
YEAR-END RATE BASE	\$118,359,229	\$2,080,716	\$120,439,945	(\$50,766,454)	\$69,673,491
YEAR-END RATE OF RETURN	6.21%		6.51%		10.66%

III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FPSC-ADJUSTED BASIS)	A.	B.
LOW	6.87%	9.03%
MIDPOINT	7.35%	20.51%
HIGH	7.83%	

IV. EARNED RETURN ON EQUITY
(FPSC-ADJUSTED BASIS)

A.	INCL ACQUISITION ADJUSTMENT	9.03%
B.	EXCL ACQUISITION ADJUSTMENT	20.51%

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

Signature

Date

REVISED 9/30/2013

FLORIDA PUBLIC UTILITIES COMPANY
NATURAL GAS
AVERAGE RATE OF RETURN
For the 12 Months Ending June 30, 2013
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	\$170,187,640	(\$53,900,347)	\$116,287,293	\$0	\$5,445,331	\$121,732,624	(\$7,377,246)	\$114,355,378
FPSC ADJUSTMENTS:								
1) ELIMINATIONS TO WORKING CAPITAL	\$0	\$0	\$0			\$0	\$339,267	\$339,267
2) ELIMINATE GOODWILL	(\$2,469,682)	\$0	(\$2,469,682)			(\$2,469,682)	\$0	(\$2,469,682)
	\$0	\$0	\$0			\$0	\$0	\$0
3) ELIM. NON-UTILITY PLANT	(\$2,016,651)	\$746,463	(\$1,270,187)			(\$1,270,187)	\$0	(\$1,270,187)
	\$0	\$0	\$0			\$0	\$0	\$0
	\$0	\$0	\$0			\$0	\$0	\$0
4) ELIMINATE DEFERRED ENVIRONMENTAL COSTS		\$746,463	(\$3,739,869)	\$0		(\$3,739,869)	\$5,610,306	\$5,610,306
TOTAL FPSC ADJUSTMENTS	(\$4,486,333)	\$746,463	(\$3,739,869)	\$0	\$0	(\$3,739,869)	\$5,949,573	\$2,209,704
FPSC ADJUSTED	\$165,701,307	(\$53,153,883)	\$112,547,424	\$0	\$5,445,331	\$117,992,755	(\$1,427,673)	\$116,565,082
FLEX RATE REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR FLEX RATE REVENUES	\$165,701,307	(\$53,153,883)	\$112,547,424	\$0	\$5,445,331	\$117,992,755	(\$1,427,673)	\$116,565,082
PROFORMA ADJUSTMENTS								
ELIM. ACQUISITION ADJUSTMENT			\$0			\$0	\$0	\$0
ELIM. REG ASSET-TRANSCN & TRNSITN CSTS	(\$32,372,979)	\$1,789,691	(\$30,583,288)			(\$30,583,288)	\$0	(\$30,583,288)
TOTAL PRO FORMA ADJUSTMENTS	(\$32,372,979)	\$1,789,691	(\$30,583,288)	\$0	\$0	(\$30,583,288)	(\$1,035,425)	(\$31,618,713)
PRO FORMA ADJUSTED	\$133,328,328	(\$51,364,192)	\$81,964,136	\$0	\$5,445,331	\$87,409,467	(\$2,463,098)	\$84,946,369

REVISED 9/30/2013

FLORIDA PUBLIC UTILITIES COMPANY
NATURAL GAS
YEAR END RATE OF RETURN
For the 12 Months Ending June 30, 2013
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	\$175,785,122	(\$56,582,642)	\$119,202,480	\$0	\$7,701,722	\$126,904,202	(\$8,544,973)	\$118,359,229
FPSC ADJUSTMENTS:								
1) ELIMINATIONS TO WORKING CAPITAL	\$0	\$0	\$0	\$0	\$0	\$0	\$291,155	\$291,155
2) ELIMINATE GOODWILL	(\$2,469,682)	\$0	(\$2,469,682)	\$0	\$0	(\$2,469,682)	\$0	(\$2,469,682)
3) ELIM. NON-UTILITY PLANT	(\$2,150,822)	\$800,637	(\$1,349,785)	\$0	\$0	(\$1,349,785)	\$0	(\$1,349,785)
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4) ELIMINATE DEFERRED ENVIRONMENTAL COSTS	(\$4,620,104)	\$800,637	(\$3,819,467)	\$0	\$0	(\$3,819,467)	\$5,609,027	\$5,609,027
TOTAL FPSC ADJUSTMENTS							\$5,900,182	\$2,080,716
FPSC ADJUSTED	\$171,165,019	(\$55,782,005)	\$115,383,014	\$0	\$7,701,722	\$123,084,736	(\$2,644,791)	\$120,439,945
COMP RATE ADJ REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR COMP RATE ADJ REVENUE	\$171,165,019	(\$55,782,005)	\$115,383,014	\$0	\$7,701,722	\$123,084,736	(\$2,644,791)	\$120,439,945
PROFORMA ADJUSTMENTS								
ELIM. ACQUISITION ADJUSTMENT	(\$32,697,951)	\$2,684,538	(\$30,013,413)	\$0	\$0	(\$30,013,413)	\$0	(\$30,013,413)
ELIM. REG ASSET-TRNSCTN & TRNSFTN CSTS								
TOTAL PRO FORMA ADJUSTMENTS	(\$32,697,951)	\$2,684,538	(\$30,013,413)	\$0	\$0	(\$30,013,413)	(\$753,041)	(\$753,041)
PRO FORMA ADJUSTED	\$138,467,068	(\$53,097,467)	\$85,369,601	\$0	\$7,701,722	\$93,071,323	(\$3,397,832)	\$89,673,491

AVERAGE	ADJUSTMENTS			ADJUSTED BOOKS	PRO-RATA	SPECIFIC	BALANCE	RATIO (%)	LOW POINT		MIDPOINT		HIGH POINT	
	PER BOOKS	NON-UTILITY	NON-UTILITY						COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
COMMON EQUITY	\$55,805,267	(\$1,270,187)	\$54,535,080	\$3,609,804	(\$2,469,682)	\$55,674,202	47.76%	9.85%	4.70%	10.85%	5.18%	11.85%	5.66%	
LONG TERM DEBT - CU	\$15,745,828		\$15,745,828	\$1,018,248		\$16,764,076	14.38%	6.06%	0.87%	6.06%	0.87%	6.06%	0.87%	
SHORT TERM DEBT	\$10,895,211		\$10,895,211	\$704,569		\$11,599,780	9.95%	1.29%	0.13%	1.29%	0.13%	1.29%	0.13%	
LONG TERM DEBT - FC	\$9,555,788		\$9,555,788	\$617,952		\$10,173,740	8.73%	11.44%	1.00%	11.44%	1.00%	11.44%	1.00%	
CUSTOMER DEPOSITS	\$7,356,324		\$7,356,324			\$7,356,324	6.31%	2.72%	0.17%	2.72%	0.17%	2.72%	0.17%	
DEFERRED INCOME TAXES	\$14,973,033		\$14,973,033			\$14,973,033	12.85%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
TAX CREDITS - WEIGHTED COST	\$23,926		\$23,926			\$23,926	0.02%	6.70%	0.00%	7.18%	0.00%	7.66%	0.00%	
TOTAL AVERAGE	\$114,955,378	(\$1,270,187)	\$113,685,190	\$5,949,573	(\$2,469,682)	\$116,565,082	100.00%		6.87%		7.35%		7.83%	

YEAR-END	ADJUSTMENTS			ADJUSTED BOOKS	PRO-RATA	SPECIFIC	BALANCE	RATIO (%)	LOW POINT		MIDPOINT		HIGH POINT	
	PER BOOKS	NON-UTILITY	NON-UTILITY						COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
COMMON EQUITY	\$55,102,275	(\$1,349,785)	\$53,752,490	\$3,414,564	(\$2,469,682)	\$54,697,372	45.42%	9.85%	4.47%	10.85%	4.93%	11.85%	5.38%	
LONG TERM DEBT - CU	\$18,997,081		\$18,997,081	\$1,177,206		\$20,174,287	16.75%	5.85%	0.98%	5.85%	0.98%	5.85%	0.98%	
SHORT TERM DEBT	\$16,611,547		\$16,611,547	\$1,029,380		\$17,640,927	14.65%	0.81%	0.12%	0.81%	0.12%	0.81%	0.12%	
LONG TERM DEBT - FC	\$4,502,859		\$4,502,859	\$279,032		\$4,781,891	3.97%	24.05%	0.95%	24.05%	0.95%	24.05%	0.95%	
CUSTOMER DEPOSITS	\$7,383,439		\$7,383,439			\$7,383,439	6.13%	2.71%	0.17%	2.71%	0.17%	2.71%	0.17%	
DEFERRED INCOME TAXES	\$15,745,487		\$15,745,487			\$15,745,487	13.07%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
TAX CREDITS - WEIGHTED COST	\$16,542		\$16,542			\$16,542	0.01%	6.52%	0.00%	6.98%	0.00%	7.43%	0.00%	
TOTAL YEAR-END	\$118,359,229	(\$1,349,785)	\$117,009,444	\$5,900,183	(\$2,469,682)	\$120,439,945	100.00%		6.69%		7.15%		7.60%	