

August 8, 2014

**HAND DELIVERY**

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

RECEIVED  
FLORIDA PUBLIC SERVICE  
COMMISSION  
14 AUG - 8 PM 12: 54  
DIVISION OF  
ACCOUNTING & FINANCE

**Re: Florida Public Utilities Company (Electric and all Gas Divisions), and Central Florida Gas (Florida Division of Chesapeake Utilities Corporation) 2nd 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 (Electric Division and all Natural Gas Divisions), as well as the Florida Division of Chesapeake Utilities Corporation, hereby submit the required 2nd Quarter Earnings Surveillance Reports for 2014, along with an additional copy of each report.

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  
June 30, 2014

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	\$ 1,904,752	\$85,613	\$1,990,365	\$0	\$1,990,365
AVERAGE RATE BASE	\$56,786,778	(\$802,652)	\$55,984,127	\$0	\$55,984,127
AVERAGE RATE OF RETURN	3.35%		3.56%		3.56%
<b>II. YEAR-END RATE OF RETURN (JURISDICTIONAL)</b>					
NET OPERATING INCOME	\$1,904,752	\$57,836	\$1,962,588	\$0	\$1,962,588
YEAR-END RATE BASE	\$62,092,336	(\$2,697,711)	\$59,394,624	\$0	\$59,394,624
YEAR-END RATE OF RETURN	3.07%		3.30%		3.30%

IV. FINANCIAL INTEGRITY INDICATORS

<b>III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)</b>			
LOW	6.23%	A. TIE WITH AFUDC	3.86
MIDPOINT	6.68%	B. TIE WITHOUT AFUDC	3.86
HIGH	7.13%	C. AFUDC TO NET INCOME	0.00
		D. INTERNALLY GENERATED FUNDS	70.66
		E. LTD TO TOTAL INVESTOR FUNDS	24.50
		F. STD TO TOTAL INVESTOR FUNDS	17.75
		G. RETURN ON COMMON EQUITY	4.07

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

*Cheryl M. Martin per CPM*

Date

8/7/2014

	(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	\$102,306,090	(\$51,262,313)	\$51,043,777	\$0	\$4,078,672	\$55,122,449	\$1,664,330	\$56,786,778
FPSC ADJUSTMENTS:								
			\$0			\$0		\$0
1) ELIM. NON UTILITY PLANT	(\$358,428)	\$146,903	(\$211,525)			(\$211,525)		(\$211,525)
2) CORRECT VEHICLE DEPRECIATION RATE		(\$36,598)	(\$36,598)			(\$36,598)		(\$36,598)
3.) REGULATORY LIAB - PENSION AMORT			\$0				\$45,653	\$45,653
4) REGULATORY ASSET - LITIGATION COSTS			\$0				\$63,605	\$63,605
5) ELIMINATE NET UNDERRECOVERY							(\$454,699)	(\$454,699)
6) DEFERRED RATE CASE EXPENSE							(\$209,088)	(\$209,088)
TOTAL FPSC ADJUSTMENTS	(\$358,428)	\$110,305	(\$248,123)	\$0	\$0	(\$248,123)	(\$554,529)	(\$802,652)
FPSC ADJUSTED	\$101,947,663	(\$51,152,008)	\$50,795,654	\$0	\$4,078,672	\$54,874,326	\$1,109,801	\$55,984,127
FLEX RATE REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR FLEX RATE REVENUES	\$101,947,663	(\$51,152,008)	\$50,795,654	\$0	\$4,078,672	\$54,874,326	\$1,109,801	\$55,984,127
PROFORMA ADJUSTMENTS								
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRO FORMA ADJUSTED	\$101,947,663	(\$51,152,008)	\$50,795,654	\$0	\$4,078,672	\$54,874,326	\$1,109,801	\$55,984,127



FLORIDA PUBLIC UTILITIES COMPANY  
 ELECTRIC  
**YEAR END RATE OF RETURN**  
 June 30, 2014  
 RATE BASE

SCHEDULE 3  
 PAGE 1 OF 2

	(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	\$106,266,583	(\$52,508,654)	\$53,757,929	\$0	\$3,314,504	\$57,072,433	\$5,019,903	\$62,092,336
FPSC ADJUSTMENTS:								
1) ELIM. NON UTILITY PLANT	(\$360,196)	\$152,797	(\$207,399)			(\$207,399)		(\$207,399)
3)			\$0			\$0		\$0
4) OUT OF PERIOD LITIGATION ADJ							\$5,262	\$5,262
5) ELIMINATION OF UNDER-RECOVERY							(\$3,193,273)	(\$3,193,273)
6) DEFERRED RATE CASE EXPENSE							\$697,699	\$697,699
TOTAL FPSC ADJUSTMENTS	(\$360,196)	\$152,797	(\$207,399)	\$0	\$0	(\$207,399)	(\$2,490,312)	(\$2,697,711)
FPSC ADJUSTED	\$105,906,387	(\$52,355,857)	\$53,550,530	\$0	\$3,314,504	\$56,865,033	\$2,529,591	\$59,394,624
COMP RATE ADJ REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR COMP RATE ADJ REVENUE	\$105,906,387	(\$52,355,857)	\$53,550,530	\$0	\$3,314,504	\$56,865,033	\$2,529,591	\$59,394,624
PROFORMA ADJUSTMENTS								\$0
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRO FORMA ADJUSTED	\$105,906,387	(\$52,355,857)	\$53,550,530	\$0	\$3,314,504	\$56,865,033	\$2,529,591	\$59,394,624



AVERAGE	ADJUSTMENTS		ADJUSTED BOOKS	PRO-RATA	SPECIFIC	BALANCE	RATIO (%)	LOW POINT		MIDPOINT		HIGH POINT	
	PER BOOKS	NON-UTILITY						COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
COMMON EQUITY	\$25,756,670	(\$211,525)	\$25,545,145	(\$368,767)	\$45,653	\$25,222,031	45.05%	10.00%	4.51%	11.00%	4.96%	12.00%	5.41%
LONG TERM DEBT - CU	\$8,991,294		\$8,991,294	(128,732)		\$8,862,563	15.83%	5.33%	0.84%	5.33%	0.84%	5.33%	0.84%
SHORT TERM DEBT	\$5,155,955		\$5,155,955	(73,820)		\$5,082,135	9.08%	1.11%	0.10%	1.11%	0.10%	1.11%	0.10%
LONG TERM DEBT - FC	\$1,862,691		\$1,862,691	(26,669)		\$1,836,022	3.28%	14.51%	0.48%	14.51%	0.48%	14.51%	0.48%
SHORT TERM DEBT - REFINANCED LTD	\$2,709,357		\$2,709,357	(\$38,791)		\$2,670,566	4.77%	4.17%	0.20%	4.17%	0.20%	4.17%	0.20%
CUSTOMER DEPOSITS	\$3,369,147		\$3,369,147			\$3,369,147	6.02%	1.68%	0.10%	1.68%	0.10%	1.68%	0.10%
DEFERRED INCOME TAXES	\$8,941,664		\$8,941,664			\$8,941,664	15.97%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$0		\$0			\$0	0.00%	5.93%	0.00%	6.38%	0.00%	6.83%	0.00%
<b>TOTAL AVERAGE</b>	<b>\$56,786,778</b>	<b>(\$211,525)</b>	<b>\$56,575,253</b>	<b>(\$636,779)</b>	<b>\$45,653</b>	<b>\$55,984,127</b>	<b>100.00%</b>		<b>6.23%</b>		<b>6.68%</b>		<b>7.13%</b>

YEAR-END	ADJUSTMENTS		ADJUSTED BOOKS	PRO-RATA	SPECIFIC	BALANCE	RATIO (%)	LOW POINT		MIDPOINT		HIGH POINT	
	PER BOOKS	NON-UTILITY						COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
COMMON EQUITY	\$29,017,305	(\$207,399)	\$28,809,906	(\$1,446,751)	\$0	\$27,363,155	46.07%	10.00%	4.61%	11.00%	5.07%	12.00%	5.53%
LONG TERM DEBT - CU	\$14,429,641		\$14,429,641	(\$719,436)		\$13,710,205	23.08%	3.76%	0.87%	3.76%	0.87%	3.76%	0.87%
SHORT TERM DEBT	\$4,650,394		\$4,650,394	(\$231,860)		\$4,418,534	7.44%	1.32%	0.10%	1.32%	0.10%	1.32%	0.10%
LONG TERM DEBT - FC	\$1,850,554		\$1,850,554	(\$92,265)		\$1,758,289	2.96%	14.38%	0.43%	14.38%	0.43%	14.38%	0.43%
SHORT TERM DEBT - REFINANCED LTD	\$0		\$0	\$0		\$0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$3,360,887		\$3,360,887			\$3,360,887	5.66%	1.69%	0.10%	1.69%	0.10%	1.69%	0.10%
DEFERRED INCOME TAXES	\$8,783,554		\$8,783,554			\$8,783,554	14.79%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$0		\$0			\$0	0.00%	6.01%	0.00%	6.47%	0.00%	6.93%	0.00%
<b>TOTAL YEAR-END</b>	<b>\$62,092,336</b>	<b>(\$207,399)</b>	<b>\$61,884,936</b>	<b>(\$2,490,312)</b>	<b>\$0</b>	<b>\$59,394,624</b>	<b>100.00%</b>		<b>6.11%</b>		<b>6.57%</b>		<b>7.03%</b>