

May 13, 2015

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FLORIDA PUBLIC SERVICE  
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DIVISION OF  
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

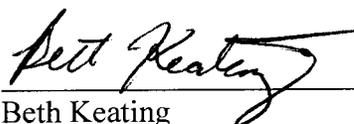
**Re: Florida Public Utilities Company (Electric and Gas Divisions) 1st Quarter Surveillance Reports**

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

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	\$ 1,576,048	\$70,314	\$1,646,362	\$0	\$1,646,362
AVERAGE RATE BASE	\$62,515,108	(\$4,023,878)	\$58,491,230	\$0	\$58,491,230
AVERAGE RATE OF RETURN	2.52%		2.81%		2.81%
<b>II. YEAR-END RATE OF RETURN (JURISDICTIONAL)</b>					
NET OPERATING INCOME	\$1,576,048	\$60,404	\$1,636,452	\$0	\$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%

<b>III. REQUIRED RATES OF RETURN</b>		<b>IV. FINANCIAL INTEGRITY INDICATORS</b>	
AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)		A. TIE WITH AFUDC	2.73
LO-V	5.66%	B. TIE WITHOUT AFUDC	2.73
MIDPOINT	6.09%	C. AFUDC TO NET INCOME	0.00
HIGH	6.53%	D. INTERNALLY GENERATED FUNDS	155.34
		E. LTD TO TOTAL INVESTOR FUNDS	29.40
		F. STD TO TOTAL INVESTOR FUNDS	13.46
		G. RETURN 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

  
Signature

5/11/15  
Date

	(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	\$107,870,586	(\$53,284,598)	\$54,585,988	\$0	\$1,565,574	\$56,151,562	\$6,363,546	\$62,515,108
FPSC ADJUSTMENTS:								
			\$0			\$0		\$0
1) ELIM. NON UTILITY PLANT	(\$343,987)	\$144,397	(\$199,590)			(\$199,590)		(\$199,590)
2) REGULATORY LIAB - PENSION AMORT			\$0			\$0	\$1	\$1
3) REGULATORY ASSET - LITIGATION COSTS			\$0			\$0	\$0	\$0
4) ELIMINATE NET UNDERRECOVERY						\$0	(\$3,382,683)	(\$3,382,683)
5) TREE TRIMMING & UNDERGROUND RESERVE						\$0	(\$17,541)	(\$17,541)
6) ADJUST TAX STEP UP TO STIPULATION						\$0	(\$23,560)	(\$23,560)
7) DEFERRED RATE CASE EXPENSE						\$0	(\$400,504)	(\$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)	\$54,386,398	\$0	\$1,565,574	\$55,951,973	\$2,539,258	\$58,491,230



FLORIDA PUBLIC UTILITIES COMPANY  
ELECTRIC  
**YEAR END RATE OF RETURN**  
For the 12 Months Ending March 31, 2015  
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	\$110,714,740	(\$54,513,536)	\$56,201,204	\$0	\$262,753	\$56,463,957	\$11,694,050	\$68,158,007
FPSC ADJUSTMENTS:								
1) ELIM. NON UTILITY PLANT	(\$149,477)	\$13,205	(\$136,272)			(\$136,272)		(\$136,272)
2) OUT OF PERIOD LITIGATION ADJ						\$0	\$0	\$0
3) ELIMINATION OF UNDER-RECOVERY						\$0	(\$4,813,712)	(\$4,813,712)
4) TREE TRIMMING & UNDERGROUND RESERVE						\$0	(\$76,013)	(\$76,013)
5) DEFERRED RATE CASE EXPENSE						\$0	(\$448,585)	(\$448,585)
TOTAL FPSC ADJUSTMENTS	(\$149,477)	\$13,205	(\$136,272)	\$0	\$0	(\$136,272)	(\$5,338,310)	(\$5,474,581)
FPSC ADJUSTED	\$110,565,263	(\$54,500,331)	\$56,064,932	\$0	\$262,753	\$56,327,685	\$6,355,740	\$62,683,425
COMP RATE ADJ REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$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								
TOTAL PRO FORMA ADJUSTMENTS	\$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



AVERAGE	ADJUSTMENTS						LOW POINT		MIDPOINT		HIGH POINT		
	PER BOOKS	NON-UTILITY	ADJUSTED BOOKS	PRO-RATA	SPECIFIC	BALANCE	RATIO (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
	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%
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 - REFINANCED 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%
DEFERRED 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%
<b>TOTAL AVERAGE</b>	<b>\$62,515,107</b>	<b>\$0</b>	<b>\$62,515,107</b>	<b>(\$4,023,877)</b>	<b>\$0</b>	<b>\$58,491,230</b>	<b>100.00%</b>		<b>5.66%</b>		<b>6.09%</b>		<b>6.53%</b>

YEAR-END	ADJUSTMENTS						LOW POINT		MIDPOINT		HIGH POINT		
	PER BOOKS	NON-UTILITY	ADJUSTED BOOKS	PRO-RATA	SPECIFIC	BALANCE	RATIO (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
	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%
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)		\$1,459,799	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%
DEFERRED 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%
<b>TOTAL YEAR-END</b>	<b>\$68,158,007</b>	<b>\$0</b>	<b>\$68,158,007</b>	<b>(\$5,474,582)</b>	<b>\$0</b>	<b>\$62,683,425</b>	<b>100.00%</b>		<b>5.43%</b>		<b>5.86%</b>		<b>6.29%</b>