

May 16, 2014

**VIA HAND DELIVERY**

Mr. Andrew Maurey  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

RECEIVED  
FLORIDA PUBLIC SERVICE  
COMMISSION  
14 MAY 16 AM 11:34  
DIVISION OF  
ACCOUNTING & FINANCE

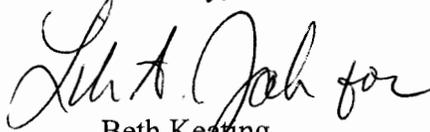
**Re: Florida Public Utilities Company (Electric and Gas Divisions) 1<sup>st</sup> Quarter Surveillance Reports**

Dear Mr. Maurey:

In accordance with Rules 25-6.1352(3) and 25-7.1352(3), F.A.C., Florida Public Utilities Company hereby submits the required 1<sup>st</sup> Quarter Earnings Surveillance Reports for 2014.

Thank you for accepting this filing today, and if you have any questions, please do not hesitate to let me know.

Sincerely,



Beth Keating  
Shareholder

cc: Bart Fletcher  
WPB\_ACTIVE 5920471.1

FLORIDA PUBLIC UTILITIES COMPANY  
ELECTRIC  
RATE OF RETURN REPORT SUMMARY  
March 31, 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	\$ 1,988,824	(\$152,705)	\$1,836,119	\$0	\$1,836,119
AVERAGE RATE BASE	\$54,048,135	(\$14,923)	\$54,033,211	\$0	\$54,033,211
AVERAGE RATE OF RETURN	3.68%		3.40%		3.40%
<b>II. YEAR-END RATE OF RETURN (JURISDICTIONAL)</b>					
NET OPERATING INCOME	\$1,988,824	(\$167,985)	\$1,820,839	\$0	\$1,820,839
YEAR-END RATE BASE	\$55,572,920	(\$1,962,670)	\$53,610,250	\$0	\$53,610,250
YEAR-END RATE OF RETURN	3.58%		3.40%		3.40%

<b>III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)</b>		<b>IV. FINANCIAL INTEGRITY INDICATORS</b>	
LOW	6.33%	A. TIE WITH AFUDC	4.02
MIDPOINT	6.78%	B. TIE WITHOUT AFUDC	4.02
HIGH	7.24%	C. AFUDC TO NET INCOME	0.00
		D. INTERNALLY GENERATED FUNDS	60.33
		E. LTD TO TOTAL INVESTOR FUNDS	24.46
		F. STD TO TOTAL INVESTOR FUNDS	13.39
		G. RETURN ON COMMON EQUITY	3.98

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 per CM*  
Signature

5/13/2014  
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	\$100,435,058	(\$50,606,674)	\$49,828,384	\$0	\$3,617,580	\$53,445,964	\$602,171	\$54,048,135
FPSC ADJUSTMENTS:								
1) ELIMINATIONS TO WORKING CAPITAL			\$0			\$0		\$0
2) ELIM. NON UTILITY PLANT	(\$350,667)	\$127,930	(\$222,737)			(\$222,737)		(\$222,737)
3) CORRECT VEHICLE DEPRECIATION RATE		(\$113,274)	(\$113,274)			(\$113,274)		(\$113,274)
4.) REGULATORY LIAB - PENSION AMORT			\$0				\$239,279	\$239,279
5) REGULATORY ASSET - LITIGATION COSTS			\$0				\$86,466	\$86,466
7) ELIMINATE NON-UTILITY RECEIVABLES			\$0				(\$4,658)	(\$4,658)
8) CORRECT VEHICLE DEPRECIATION		\$0	\$0			\$0		\$0
TOTAL FPSC ADJUSTMENTS	(\$350,667)	\$14,656	(\$336,011)	\$0	\$0	(\$336,011)	\$321,087	(\$14,923)
FPSC ADJUSTED	\$100,084,392	(\$50,592,018)	\$49,492,374	\$0	\$3,617,580	\$53,109,953	\$923,258	\$54,033,211
FLEX RATE REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR FLEX RATE REVENUES	\$100,084,392	(\$50,592,018)	\$49,492,374	\$0	\$3,617,580	\$53,109,953	\$923,258	\$54,033,211
PROFORMA ADJUSTMENTS								
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRO FORMA ADJUSTED	\$100,084,392	(\$50,592,018)	\$49,492,374	\$0	\$3,617,580	\$53,109,953	\$923,258	\$54,033,211



FLORIDA PUBLIC UTILITIES COMPANY  
ELECTRIC  
**YEAR END RATE OF RETURN**  
For the 12 Months Ending March 31, 2014  
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	\$104,431,111	(\$51,811,022)	\$52,620,089	\$0	\$2,965,841	\$55,585,930	(\$13,010)	\$55,572,920
FPSC ADJUSTMENTS:								
1) ELIMINATIONS TO WORKING CAPITAL			\$0			\$0	(\$6,196)	(\$6,196)
2) ELIM. NON UTILITY PLANT	(\$350,667)	\$131,136	(\$219,531)			(\$219,531)		(\$219,531)
3) CORRECT VEHICLE DEPRECIATION		(\$131,945)	(\$131,945)			(\$131,945)		(\$131,945)
4) OUT OF PERIOD LITIGATION ADJ							\$47,012	\$47,012
5) ELIMINATION OF UNDER-RECOVERY							(\$1,652,011)	(\$1,652,011)
TOTAL FPSC ADJUSTMENTS	(\$350,667)	(\$809)	(\$351,476)	\$0	\$0	(\$351,476)	(\$1,611,195)	(\$1,962,670)
FPSC ADJUSTED	\$104,080,445	(\$51,811,831)	\$52,268,613	\$0	\$2,965,841	\$55,234,454	(\$1,624,205)	\$53,610,250
COMP RATE ADJ REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR COMP RATE ADJ REVENUE	\$104,080,445	(\$51,811,831)	\$52,268,613	\$0	\$2,965,841	\$55,234,454	(\$1,624,205)	\$53,610,250
PROFORMA ADJUSTMENTS								\$0
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRO FORMA ADJUSTED	\$104,080,445	(\$51,811,831)	\$52,268,613	\$0	\$2,965,841	\$55,234,454	(\$1,624,205)	\$53,610,250



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	\$24,676,793	(\$227,395)	\$24,449,398	(\$15,743)	\$239,279	\$24,672,935	45.66%	10.00%	4.57%	11.00%	5.02%	12.00%	5.48%
LONG TERM DEBT - CU	\$7,489,929		\$7,489,929	(4,778)		\$7,485,150	13.85%	5.92%	0.82%	5.92%	0.82%	5.92%	0.82%
SHORT TERM DEBT	\$5,319,578		\$5,319,578	(3,394)		\$5,316,184	9.84%	1.16%	0.11%	1.16%	0.11%	1.16%	0.11%
LONG TERM DEBT - FC	\$2,225,365		\$2,225,365	(1,420)		\$2,223,946	4.12%	12.28%	0.51%	12.28%	0.51%	12.28%	0.51%
SHORT TERM DEBT - REFINANCED LTD	\$2,309,605		\$2,309,605	(\$1,473)		\$2,308,132	4.27%	4.18%	0.18%	4.18%	0.18%	4.18%	0.18%
CUSTOMER DEPOSITS	\$3,387,247		\$3,387,247			\$3,387,247	6.27%	2.27%	0.14%	2.27%	0.14%	2.27%	0.14%
DEFERRED INCOME TAXES	\$8,639,618		\$8,639,618			\$8,639,618	15.99%	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%	6.46%	0.00%	6.92%	0.00%
<b>TOTAL AVERAGE</b>	<b>\$54,048,135</b>	<b>(\$227,395)</b>	<b>\$53,820,740</b>	<b>(\$26,808)</b>	<b>\$239,279</b>	<b>\$54,033,211</b>	<b>100.00%</b>		<b>6.33%</b>		<b>6.78%</b>		<b>7.24%</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	\$25,574,910	(\$219,531)	\$25,355,379	(\$956,297)	(\$131,945)	\$24,267,137	45.27%	10.00%	4.53%	11.00%	4.98%	12.00%	5.43%
LONG TERM DEBT - CU	\$8,543,805		\$8,543,805	(\$319,470)		\$8,224,335	15.34%	5.38%	0.83%	5.38%	0.83%	5.38%	0.83%
SHORT TERM DEBT	\$2,894,236		\$2,894,236	(\$108,221)		\$2,786,015	5.20%	2.09%	0.11%	2.09%	0.11%	2.09%	0.11%
LONG TERM DEBT - FC	\$1,752,657		\$1,752,657	(\$65,535)		\$1,687,122	3.15%	14.44%	0.45%	14.44%	0.45%	14.44%	0.45%
SHORT TERM DEBT - REFINANCED LTD	\$4,323,685		\$4,323,685	(\$161,671)		\$4,162,014	7.76%	2.18%	0.17%	2.18%	0.17%	2.18%	0.17%
CUSTOMER DEPOSITS	\$3,362,935		\$3,362,935			\$3,362,935	6.27%	2.29%	0.14%	2.29%	0.14%	2.29%	0.14%
DEFERRED INCOME TAXES	\$9,120,692		\$9,120,692			\$9,120,692	17.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$0		\$0			\$0	0.00%	5.92%	0.00%	6.37%	0.00%	6.82%	0.00%
<b>TOTAL YEAR-END</b>	<b>\$55,572,920</b>	<b>(\$219,531)</b>	<b>\$55,353,390</b>	<b>(\$1,611,195)</b>	<b>(\$131,945)</b>	<b>\$53,610,250</b>	<b>100.00%</b>		<b>6.23%</b>		<b>6.68%</b>		<b>7.13%</b>