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FERC Form No. 1 ANNUAL REPORT OF MAJOR ELECTRIC UTILITIES, LICENSEES AND OTHERS

This report is mandatory under the Federal Power Act, Sections 3, 4(a) and 309, and 18 CFR 141.1. Failure to report may result in criminal fines, civil penalties and other sanctions as provided by law. The Federal Energy Regulatory Commission does not consider this report to be of a confidential nature.

RECEIVED
FLORIDA PUBLIC SERVICE
COMMISSION
14 JUN 12 AM 10:12
DIVISION OF
ACCOUNTING & FINANCE

| | |
|---|--|
| Exact Legal Name of Respondent (Company) <i>Florida Public Utilities Company</i> | Year of Report Dec. 31, <i>2013</i> |
|---|--|

Independent Auditors' Report

Board of Directors and Stockholder
Chesapeake Utilities Corporation and Florida Public Utilities Electric Division

We have audited the accompanying financial statements of Florida Public Utilities Company – Electric Division, which comprise the balance sheets - regulatory basis as of December 31, 2013 and 2012, and the related statements of income - regulatory basis for each of the two years in the period ended December 31, 2013 and the statements of retained earnings and cash flows - regulatory basis for the year ended December 31, 2013, and the related notes to the financial statements, included on pages 110 through 122 of the accompanying Annual Report of Major Electric Utilities, Licensees and Other, as filed with the Florida Public Service Commission.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Florida Public Service Commission, which is substantially equivalent to the accounting requirements of the Federal Energy Regulatory Commission as set forth in its applicable Uniform System of Accounts and published accounting releases. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and proprietary capital of Florida Public Utilities Company – Electric Division as of December 31, 2013 and 2012, and its income and expenses for the years then ended in accordance with the financial reporting provisions of the Florida Public Service Commission, which are substantially equivalent to the accounting requirements of the Federal Energy Regulatory Commission as set forth in its applicable Uniform System of Accounts and published accounting releases described in Note 1.

Regulatory Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. As described in Note 1 to the financial statements, the financial statements are prepared by Florida Public Utilities Company – Electric Division on the basis of the financial reporting provisions of the Florida Public Service Commission, which are substantially equivalent to the accounting requirements of the Federal Energy Regulatory Commission as set forth in its applicable Uniform System of Accounts and published accounting releases, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Restriction on Use

Our report is intended solely for the information and use of the board of directors and management of Chesapeake Utilities Corporation and Florida Public Utilities Company – Electric Division and for filing with the Florida Public Service Commission and is not intended to be and should not be used by anyone other than these specified parties.

ParenteBeard LLC

Philadelphia, Pennsylvania
June 9, 2014

**FERC FORM NO. 1:
ANNUAL REPORT OF MAJOR ELECTRIC UTILITIES, LICENSEES AND OTHER**

| IDENTIFICATION | | | |
|---|--|-------------------------------------|-----------------------------------|
| 01 Exact Legal Name of Respondent | | 02 Year of Report | |
| FLORIDA PUBLIC UTILITIES COMPANY | | December 31, 2013 | |
| 03 Previous Name and Date of Change (if name changed during year) | | | |
| 04 Address of Principal Office at End of Year (Street, City, State, Zip Code) | | | |
| 1641 Worthington Road, Suite 220, West Palm Beach, FL, 33409 | | | |
| 05 Name of Contact Person | | 06 Title of Contact Person | |
| Cheryl Martin | | Director, Regulatory Affairs | |
| 07 Address of Contact Person (Street, City, State, Zip Code) | | | |
| Same as above | | | |
| 08 Telephone of Contact Person Including Area Code | 09 This Report Is | | 10 Date of Report (Mo, Da, Yr) |
| (561) 838-1725 | (1) <input checked="" type="checkbox"/> An Original | | December 31, 2013 |
| | (2) <input type="checkbox"/> A Resubmission | | |
| ATTESTATION | | | |
| <p>The undersigned officer certifies that he/she has examined the accompanying report; that to the best of his/her knowledge, information, and belief, all statements of fact contained in the accompanying report are true and the accompanying report is a correct statement of the business and affairs of the above named respondent in respect to each and every matter set forth therein during the period from and including January 1 to and including December 31 of the year of the report.</p> | | | |
| 01 Name | | 02 Title | |
| <i>Beth W. Cooper</i> | | | |
| Beth W. Cooper | | Chief Financial Officer | |
| 03 Signature | | 04 Date Signed (Mo, Da, Yr) | |
| <i>Beth W. Cooper</i> | | <i>6/9/2014</i> | |
| <small>Title 18, U.S.C. 1001, makes it a crime for any person knowingly and willingly to make to any Agency or Department of the United States any false, fictitious or fraudulent statements as to any matter within its jurisdiction.</small> | | | |

| | | | |
|---|--|-----------------------------------|-------------------|
| Name of Respondent | This Report is: | Date of Report | Year of Report |
| Florida Public Utilities Company Electric Division | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | (Mo, Da, Yr) December 31, 2013 | December 31, 2013 |

LIST OF SCHEDULES (Electric Utility)

Enter in Column (d) the terms "none," "not applicable," or "NA," as appropriate, where no information or amounts have been reported for

certain pages. Omit pages where the responses are "none," not applicable," or "NA."

| Title of Schedule (A) | Reference Page No. (B) | Date Revised (C) | Remarks (D) |
|---|------------------------------|------------------------|----------------|
| GENERAL CORPORATE INFORMATION AND FINANCIAL STATEMENTS | | | |
| General information..... | 101 | Ed. 12-87 | |
| Control Over Respondent..... | 102 | Ed. 12-87 | None |
| Corporations Controlled by Respondent..... | 103 | Ed. 12-95 | |
| Officers..... | 104 | Ed. 12-87 | |
| Directors..... | 105 | Ed. 12-95 | |
| Security Holders and Voting Powers..... | 106-107 | Ed. 12-87 | pg. 107 - None |
| Important Changes During the Year..... | 108-109 | Ed. 12-90 | |
| Comparative Balance Sheet..... | 110-113 | Rev. 12-94 | |
| Statement of Income for the Year..... | 114-117 | Rev. 12-95 | Pg. 116-None |
| Statement of Retained Earnings for the Year..... | 118-119 | Ed. 12-94 | |
| Statement of Cash Flows..... | 120-121 | Rev. 12-94 | |
| Notes to Financial Statements..... | 122-123 | Ed. 12-88 | Pg. 123-None |
| BALANCE SHEET SUPPORTING SCHEDULES (Assets and Other Debits) | | | |
| Summary of Utility Plant and Accumulated Provisions for Depreciation, Amortization, and Depletion..... | 200-201 | Ed. 12-89 | |
| Nuclear Fuel Materials..... | 202-203 | Ed. 12-89 | None |
| Electric Plant in Service..... | 204-207 | Rev. 12-95 | |
| Electric Plant Leased to Others..... | 213 | Rev. 12-95 | None |
| Electric Plant Held for Future Use..... | 214 | Ed. 12-89 | None |
| Construction Work in Progress-Electric..... | 216 | Ed. 12-87 | |
| Construction Overheads-Electric..... | 217 | Ed. 12-89 | None |
| General Description of Construction Overhead Procedure..... | 218 | Ed. 12-88 | None |
| Accumulated Provision for Depreciation of Electric Utility Plant..... | 219 | Ed. 12-88 | |
| Nonutility Property..... | 221 | Ed. 12-95 | None |
| Investment in Subsidiary Companies..... | 224-225 | Ed. 12-89 | None |
| Materials and Supplies..... | 227 | Ed. 12-89 | |
| Allowances..... | 228-229 | Ed. 12-95 | None |
| Extraordinary Property Losses..... | 230 | Ed. 12-93 | None |
| Unrecovered Plant and Regulatory Study Costs..... | 230 | Ed. 12-93 | None |
| Other Regulatory Assets..... | 232 | New 12-93 | |
| Miscellaneous Deferred Debits..... | 233 | Ed. 12-94 | |
| Accumulated Deferred Income Taxes (Account 190)..... | 234 | Ed. 12-88 | |
| BALANCE SHEET SUPPORTING SCHEDULES (Liabilities and Other credits) | | | |
| Capital Stock..... | 250-251 | Ed. 12-80 | |
| Capital Stock Subscribed, Capital Stock Liability for Conversion, Premium on Capital Stock, and Installments Received on Capital Stock..... | 252 | Rev. 12-95 | None |
| Other Paid-in Capital..... | 253 | Ed. 12-87 | None |
| Discount on Capital Stock..... | 254 | Ed. 12-87 | None |
| Capital Stock Expense..... | 254 | Ed. 12-86 | None |
| Long-Term Debt..... | 256-257 | Ed. 12-91 | |

| | | | |
|---|--|-----------------------------------|-------------------|
| Name of Respondent | This Report is: | Date of Report | Year of Report |
| Florida Public Utilities Company Electric Division | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | (Mo, Da, Yr) December 31, 2013 | December 31, 2013 |

LIST OF SCHEDULES (Electric Utility)(Continued)

Enter in Column (d) the terms "none," "not applicable," or "NA," as appropriate, where no information or amounts have been reported for

certain pages. Omit pages where the responses are "none," not applicable," or "NA."

| Title of Schedule (A) | Reference Page No. (B) | Date Revised (C) | Remarks (D) |
|---|------------------------------|------------------------|----------------|
| BALANCE SHEET SUPPORTING SCHEDULES (Liabilities and Other Credits) (Continued) | | | |
| Reconciliation of Reporting Net Income with Taxable Income for Federal Income Taxes..... | 261 | Ed. 12-88 | |
| Taxes Accrued, Prepaid and Changed During Year..... | 262-263 | Rev. 12-95 | |
| Accumulated Deferred Investment Tax Credits..... | 266-267 | Ed. 12-89 | None |
| Other Deferred Credits..... | 269 | Ed. 12-88 | |
| Accumulated Deferred Income Taxes-Accelerated Amortization Property..... | 272-273 | Ed. 12-94 | None |
| Accumulated Deferred Income Taxes-Other Property..... | 274-275 | Ed. 12-94 | |
| Accumulated Deferred Income Taxes-Other..... | 276-277 | Ed. 12-94 | |
| Other Regulatory Liabilities..... | 278 | Ed. 12-94 | |
| INCOME ACCOUNT SUPPORTING SCHEDULES | | | |
| Electric Operating Revenues..... | 300-301 | Ed. 12-90 | |
| Sales of Electricity by Rate Schedules..... | 304 | Ed. 12-95 | |
| Sales for Resale..... | 310-311 | Ed. 12-88 | None |
| Electric Operation and Maintenance Expenses..... | 320-323 | Ed. 12-95 | |
| Number of Electric Department Employees..... | 323 | Ed. 12-93 | See page 462 |
| Purchase Power..... | 326-327 | Ed. 12-95 | |
| Transmission of Electricity for Others..... | 328-330 | Ed. 12-90 | None |
| Transmission of Electricity by Others..... | 332 | Ed. 12-90 | None |
| Miscellaneous General Expenses-Electric..... | 335 | Ed. 12-94 | |
| Depreciation and Amortization of Electric Plant..... | 336-337 | Ed. 12-95 | |
| Particulars Concerning Certain Income Deduction and Interest Charges Accounts..... | 340 | Ed. 12-87 | See page 463 |
| COMMON SECTION | | | |
| Regulatory Commission Expenses..... | 350-351 | Ed. 12-90 | |
| Research, Development and Demonstration Activities..... | 352-353 | Ed. 12-87 | None |
| Distribution of Salaries and Wages..... | 354-355 | Ed. 12-88 | |
| Common Utility Plant and Expenses..... | 356 | Ed. 12-87 | |
| ELECTRIC PLANT STATISTICAL DATA | | | |
| Electric Energy Account..... | 401 | Rev. 12-90 | |
| Monthly Peaks and Output..... | 401 | Rev. 12-90 | |
| Steam -Electric Generating Plant Statistics (Large Plants)..... | 402-403 | Ed. 12-89 | None |
| Hydroelectric Generating Plant Statistics (Large Plants)..... | 406-407 | Ed. 12-89 | None |
| Pumped Storage Generating Plant Statistics (Large Plants)..... | 408-409 | Ed. 12-88 | None |
| Generating Plant Statistics (Small Plant)..... | 410-411 | Ed. 12-87 | None |

| | | | |
|--|--|--|--|
| Name of Respondent Florida Public Utilities Company Electric Division | This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) December 31, 2013 | Year of Report December 31, 2013 |
|--|--|--|--|

LIST OF SCHEDULES (Electric Utility)(Continued)

Enter in Column (d) the terms "none," "not applicable," or "NA," as appropriate, where no information or amounts have been reported for certain pages. Omit pages where the responses are "none," not applicable," or "NA."

| Title of Schedule (A) | Reference Page No. (B) | Date Revised (C) | Remarks (D) |
|---|-------------------------------------|---|----------------|
| ELECTRIC PLANT STATISTICAL DATA (CONTINUED) | | | |
| Transmission Line Statistics..... | 422-423 | Ed. 12-87 | |
| Transmission Lines Added During Year..... | 424-425 | Ed. 12-86 | None |
| Substations..... | 426-427 | Ed. 12-86 | |
| Electric Distribution Meters and Line Transformers..... | 429 | Ed. 12-88 | None |
| Environmental Protection Facilities..... | 430 | Ed. 12-88 | None |
| Environmental Protection Expenses..... | 431 | Ed. 12-88 | None |
| Footnote Data..... | 450 | Ed. 12-87 | None |
| Affiliated Officers and Directors | 451 | | |
| Business Contracts with Officers, Directors and Affiliates | 452 | | |
| Reconciliation of Gross Operating Revenues | | | |
| Annual Report versus Regulatory Assessment Fee Return | 453 | | |
| Analysis of Diversification Activity | | | |
| Changes in Corporate Structure | 454 | | |
| Analysis of Diversification Activity | | | |
| New or Amended Contracts with Affiliated Companies | 455 | | |
| Analysis of Diversification Activity | | | |
| Individual Affiliated Transactions in Excess of \$500,000 | 456 | | |
| Analysis of Diversification Activity | | | |
| Summary of Affiliated Transfers and Cost Allocations | 457 | | |
| Analysis of Diversification Activity | | | |
| Assets or Rights Purchased from or Sold to Affiliates | 458 | | |
| Analysis of Diversification Activity | | | |
| Employee Transfers | 459 | | |
| Analysis of Diversification Activity | | | |
| Non-Tariffed Services and Products Provided by the Utility | 460 | | |
| Non-Utility Property | 461 | | |
| Number of Electric Department Employees | 462 | | |
| Particulars Concerning Certain Income Deductions and Interest Charges | | | |
| Accounts | 463 | | |
| Stockholders' Reports | Check appropriate box: | | |
| | <input type="checkbox"/> | Four Copies will be submitted. | |
| | <input checked="" type="checkbox"/> | No annual report to stockholders is prepared. | |

| | | |
|---|-------------|---|
| Florida Public Utilities Company Electric Division | An Original | For the Year Ended December 31, 2013 |
| GENERAL INFORMATION | | |
| <p>1. Provide name and title of officer having custody of the general corporate books of account and address of office where the general corporate books are kept, and address of office where any other corporate books of account are kept, if different from that where the general corporate books are kept.</p> | | |
| <p style="margin-left: 40px;"> Beth W. Cooper Chief Financial Officer 909 Silver Lake Boulevard Dover, Delaware 19904 </p> | | |
| <p>2. Provide the name of the State under the laws of which respondent is incorporated, and date of incorporation. If incorporated under a special law, give reference to such law. If not incorporated, state that fact and give the type of organization and the date organized.</p> | | |
| <p style="margin-left: 40px;"> State of Florida March 6, 1924; Reincorporated April 25, 1929 </p> | | |
| <p>3. If at any time during the year the property of respondent was held by a receiver or trustee, give (a) name of receiver or trustee, (b) date such receiver or trustee took possession, (c) the authority by which the receivership or trusteeship was created, and (d) date when possession by receiver or trustee ceased.</p> | | |
| <p style="margin-left: 40px;">N/A</p> | | |
| <p>4. State the classes of utility and other services furnished by respondent during the year in each State in which the respondent operated.</p> | | |
| <p style="margin-left: 40px;"> The Electric Division of Florida Public Utilities Company ("FPU") provides electric distribution service in Florida. FPU also has three natural gas divisions, which provide natural gas distribution services in Florida </p> | | |
| <p>5. Have you engaged as the principal accountant to audit your financial statements an accountant who is not the principal accountant for your previous year's certified financial statements?</p> | | |
| <p>(1) YES</p> <p>(2) <input checked="" type="checkbox"/> NO</p> | | |

CORPORATIONS CONTROLLED BY RESPONDENT

1. Report below the names of all corporations, business trusts, and similar organizations, controlled directly or indirectly by respondent at any time during the year. If control ceased prior to end of year, give particulars (details) in a footnote.
 2. If control was by other means than a direct holding of voting rights, state in a footnote the manner in which control was held, naming any intermediaries involved.
 3. If control was held jointly with one or more other interests, state the fact in a footnote and name the other interests.

DEFINITIONS

1. See the Uniform System of Accounts for a definition of control.
 2. Direct control is that which is exercised without interposition of an intermediary.
 3. Indirect control is that which is exercised by the interposition of an intermediary which exercises direct control.
 4. Joint control is that in which neither interest can effectively control or direct action without the consent of the other, as where the voting control is equally divided between two holders, or each party holds a veto power over the other. Joint control may exist by mutual agreement or understanding between two or more parties who together have control within the meaning of the definition of control in the Uniform System of Accounts, regardless of the relative voting rights of each party.

| Name of Company Controlled (a) | Kind of Business (b) | Percent Voting Stock Owned (c) | Footnote Ref. (d) |
|-----------------------------------|-------------------------|-----------------------------------|----------------------|
| Flo - Gas Corporation | Propane Gas | 100% | |

OFFICERS

1. Report below the name, title and salary for each executive officer whose salary is \$50,000 or more. An "executive officer" of a respondent includes its president, secretary, treasurer, and vice president in charge of a principal business unit, division or function (such as sales, administration or finance), and any other

person who performs similar policymaking functions.
2. If a change was made during the year in the incumbent of any position, show name and total remuneration of the previous incumbent, and date the change in incumbency was made.

| Line No. | Title (a) | Name of Officer (b) | Salary for Year (c) |
|----------|---|-----------------------|---------------------|
| 1 | Director, Chairman & CEO | Michael P. McMasters | \$33,803 |
| 2 | Chief Financial Officer | Beth W. Cooper | \$24,296 |
| 3 | Chief Operating Officer | Stephen C. Thompson | |
| 4 | Chief Strategy Officer | Elaine B. Bittner | \$21,381 |
| 5 | President - FPU | Jeffry M. Householder | \$56,801 |
| 6 | Vice President - FPU | Kevin J. Webber | \$44,511 |
| 7 | Vice President | Matthew M. Kim | \$17,452 |
| 8 | Treasurer | Thomas E. Mahn | \$10,829 |
| 9 | | | |
| 10 | | | |
| 11 | | | |
| 12 | | | |
| 13 | | | |
| 14 | | | |
| 15 | Note - the above list includes the officers of Florida Public Utilities Company as of | | |
| 16 | December 31, 2013. | | |
| 17 | | | |
| 18 | The salary information contains only the portion charged to the Electric Division of Florida Public | | |
| 19 | Utilities Company. | | |
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DIRECTORS

1. Report below the information called for concerning each director of the respondent who held office at any time during the year. Include in column (a) abbreviated titles of the directors who are officers of the respondent.

2. Designate members of the Executive Committee by an asterisk and the Chairman of the Executive Committee by a double asterisk.

| Name (and Title) of Director (a) | Principal Business Address (b) |
|---|---|
| Ralph J. Adkins, Director | 909 Silver Lake Blvd., Dover Delaware 19901 |
| Eugene H. Bayard, Director | 909 Silver Lake Blvd., Dover Delaware 19901 |
| Richard Bernstein, Director | 909 Silver Lake Blvd., Dover Delaware 19901 |
| Thomas J. Bresnan, Director | 909 Silver Lake Blvd., Dover Delaware 19901 |
| Thomas P. Hill, Jr., Director | 909 Silver Lake Blvd., Dover Delaware 19901 |
| Dennis S. Hudson, III, Director | 909 Silver Lake Blvd., Dover Delaware 19901 |
| Paul L. Maddock, Jr., Director | 909 Silver Lake Blvd., Dover Delaware 19901 |
| J. Peter Martin, Director (1) | 909 Silver Lake Blvd., Dover Delaware 19901 |
| Joseph E. Moore, Esq., Director | 909 Silver Lake Blvd., Dover Delaware 19901 |
| Calvert A. Morgan, Jr., Director | 909 Silver Lake Blvd., Dover Delaware 19901 |
| Dianna F. Morgan, Director | 909 Silver Lake Blvd., Dover Delaware 19901 |
| John R. Schimkaitis, Director | 909 Silver Lake Blvd., Dover Delaware 19901 |
| Michael P. McMasters, Chairman | 909 Silver Lake Blvd., Dover Delaware 19901 |
| (1) Effective May 2013 no longer a Director | |

SECURITY HOLDERS AND VOTING POWERS

1. Give the names and addresses of the 10 security holders of the respondents who, at the date of the latest closing of the stock book or compilation of the list of stockholders of the respondent, prior to the end of the year, had the highest voting powers in the respondent, and state the number of votes which each would have had the right to cast on that date if a meeting were in order. If any such holder held in trust, give in a footnote the known particulars of the trust (whether voting trust, etc.) duration of the trust, and principal holders of beneficiary interests in the trust. If the stock book was not closed or a list of stockholders was not compiled within one year prior to the end of the year, or if since the previous compilation of a list of stockholders, some other class of security has become vested with voting rights, then show such 10 security holders as of the close of the year. Arrange the names of the security holders in the order of voting power, commencing with the highest. Show in column (a) the titles of officers and directors included in such list of 10 security holders.

2. If any security other than stock carries voting rights, explain in a supplemental statement of circumstances whereby such security became

vested with voting rights and give others important particulars (details) concerning the voting rights of such security. State whether voting rights are actual or contingent if contingent, describe the contingency.

3. If any class or issue of security has any special privileges in the election of directors, trustees or managers, or in the determination of corporate action by any method, explain briefly in a footnote.

4. Furnish particulars (details) concerning any options, warrants, or rights outstanding at the end of the year for others to purchase securities of the respondent or any securities or other assets owned by the respondent, including prices, expiration dates, and other material information relating to exercise of the options, warrants, or rights. Specify the amount of such securities or assets so entitled to be purchased by any officer, director, associated company, or any of the ten largest security holders.

VOTING SECURITIES

| Name (Title) and Address of Security Holder (a) | Number of votes as of (date): | | | |
|--|-------------------------------|---------------------|------------------------|--------------|
| | Total Votes (b) | Common Stock (c) | Preferred Stock (d) | Other (e) |
| TOTAL votes of all voting securities | | | | |
| TOTAL number of security holders | | | | |
| TOTAL votes of security holders listed below | | | | |
| Effective October 28, 2009 FPU became a wholly-owned subsidiary of Chesapeake Utilities Corporation. | | | | |

IMPORTANT CHANGES DURING THE YEAR

Give particulars (details) concerning the matters indicated below. Make the statements explicit and precise, and number them in accordance with the inquires. Each inquiry should be answered. Enter "none" "not applicable," or "NA" where applicable. If information which answers an inquiry is given elsewhere in the report, make a reference to the schedule in which it appears.

1. Changes in and important information to franchise rights: Describe the actual consideration given therefore and state from whom the franchise rights were acquired. If acquired without the payment of consideration, state that fact.
2. Acquisition of ownership in other companies by reorganization, merger, or consolidation with other companies: Give name of companies involved, particulars concerning the transactions, name of the Commission authorizing the transaction, and reference to Commission authorization.
3. Purchase or sale of an operating unit or system: Give brief description of the property, and of the transactions relating thereto, and reference to Commission authorization, if any was required. Give date journal entries called for by the Uniform System of Accounts were submitted to the Commission.
4. Important leaseholds (other than leaseholds for natural gas lands) that have been acquired or given, assigned or surrendered: Give effective dates, lengths of terms, names of parties, rents, and other conditions. State name of Commission authorizing lease and give reference to such authorization.
5. Important extension or reduction of transmission or distribution system: State territory added or relinquished and date operations began or ceased give reference to Commission authorization, if any was required. State also the approximate number of customers added or lost and approximate annual revenues of each class of service. Each natural gas company must also state major new continuing sources of gas made available to it from purchases,

- development, purchase contract or otherwise, giving location and approximate total gas volumes available, period of contracts, and other parties to any such arrangements etc.
6. Obligations incurred as a result of issuance of securities or assumption of liabilities or guarantees including issuance of short-term debt and commercial paper having a maturity of one year or less. Give reference to FERC or State Commission authorization, as appropriate, and the amount of obligation or guarantee.
 7. Changes in articles of incorporation or amendments to charter: Explain the nature and purpose of such changes or amendments.
 8. State the estimated annual effect and nature of any important wage scale changes during the year.
 9. State briefly the status of any materially important legal proceedings pending at the end of the year, and the results of any such proceedings culminated during the year.
 10. Describe briefly any materially important transactions of the respondent not disclosed elsewhere in this report in which an officer, director, security holder reported on page 106, voting trustee, associated company or known associate of any of these persons was a party or in which any such person had a material interest.
 11. (Reserved)
 12. If the important changes during the year relating to the respondent company appearing in the annual report to stockholders are applicable in every respect and furnish the data required by instruction 1 to 11 above, such notes may be included on this page.

PAGE 108 INTENTIONALLY LEFT BLANK
SEE PAGE 109 FOR REQUIRED INFORMATION

IMPORTANT CHANGES DURING THE YEAR

As a result of the outcome of the referendum noted on line 9 and pursuant to the terms of the settlement agreement, our franchise with the City of Marianna was extended by ten years.

2 None

3 None

4 None

5 None

6 None

7 None

8 None

9 During 2012, FPU was involved in a litigation with the City of Marianna, Florida regarding its Franchise Agreement. The litigation was dismissed with prejudice in February 2013. Subsequently, we entered into a settlement agreement with the City of Marianna, which contemplated, among other items, the City of Marianna proceeding with a referendum on the purchase of our facilities. On April 9, 2013, the referendum took place, and the citizens of the City of Marianna voted, by a wide margin, to reject the purchase of our facilities by the City of Marianna. See Notes to the Financial Statements on Page 122 for Additional Information

10 None

11 None

COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)

| Line No. | Title of Account | Ref. Page No. | Balance at Beginning of Year | Balance at End of Year |
|----------|---|---------------|------------------------------|------------------------|
| 1 | UTILITY PLANT | | | |
| 2 | Utility Plant (101-106, 114) | 200-201 | 95,647,611 | 103,929,176 |
| 3 | Construction Work in Progress (107) | 200-201 | 1,513,444 | 1,952,246 |
| 4 | TOTAL Utility Plant (Enter Total of lines 2 and 3) | | 97,161,055 | 105,881,422 |
| 5 | (Less) Accum. Prov. for Depr. Amort. Depl. (108, 111, 115) | 200-201 | (48,632,798) | (50,780,691) |
| 6 | Net Utility Plant (Enter Total of line 4 less 5) | | 48,528,257 | 55,100,731 |
| 7 | Nuclear Fuel (120.1-102.4, 120.6) | 202-203 | | |
| 8 | (Less) Accum. Prov. for Amort. of Nucl. Fuel Assemblies (120.5) | 202-203 | | |
| 9 | Net Nuclear Fuel (Enter Total of line 7 less 8) | | - | |
| 10 | Net Utility Plant (Enter Total of lines 6 and 9) | | 48,528,257 | 55,100,731 |
| 11 | Utility Plant Adjustments (116) | 122 | | |
| 12 | Gas Stored Underground-Noncurrent (117) | | | |
| 13 | OTHER PROPERTY AND INVESTMENTS | | | |
| 14 | Nonutility Property (121) | 461 | | |
| 15 | (Less) Accum. Prov. for Depr. and Amort. (122) | | | |
| 16 | Investments in Associated Company (123) | 224-225 | | |
| 17 | Investment in Subsidiary Companies (123.1) | 224-225 | | |
| 18 | (For Cost of Account 123.1, See Footnote Page 224, line 42) | | | |
| 19 | Noncurrent Portion of Allowances | 228-229 | | |
| 20 | Other Investments (124-128, 171) | | 89 | 89 |
| 21 | Special Funds | | | |
| 22 | TOTAL Other Property and Investments (Total of lines 14 through 20) | | 89 | 89 |
| 23 | CURRENT AND ACCRUED ASSETS | | | |
| 24 | Cash (131) | | (183,709) | (87,404) |
| 25 | Special Deposits (132-133) | | | |
| 26 | Working Funds (135) | | 8,000 | 8,000 |
| 27 | Temporary Cash Investments (136) | | | |
| 28 | Notes Receivable (141) | | | |
| 29 | Customer Accounts Receivable (142) | | 5,950,963 | 6,091,265 |
| 30 | Other Accounts Receivable (143) | | 847,056 | 149,968 |
| 31 | (Less) Accum. Prov. for Uncollectible Acct.-Credit (144) | | (134,123) | (155,457) |
| 32 | Notes Receivable from Associated Companies (145) | | | |
| 33 | Accounts Receivable from Assoc. Companies (146) | | 53,133,369 | 52,818,373 |
| 34 | Fuel Stock (151) | 227 | | |
| 35 | Fuel Stock Expense Undistributed (152) | 227 | | |
| 36 | Residuals (Elec) and Extracted Products (Gas) (153) | 227 | | |
| 37 | Plant Material and Operating Supplies (154) | 227 | 1,199,184 | 1,345,969 |
| 38 | Merchandise (155) | 227 | | |
| 39 | Other Material and Supplies (156) | 227 | | |
| 40 | Nuclear Materials Held for Sale (157) | 202-203/227 | | |
| 41 | Allowances (158.1 and 158.2) | 228-229 | | |
| 42 | (Less) Noncurrent Portion of Allowances | 228-229 | | |
| 43 | Stores Expenses Undistributed (163) | | | |
| 44 | Gas Stored Underground - Current (164.1) | | | |
| 45 | Liquefied Natural Gas Stored and Held for Processing (164.2-164.3) | | | |
| 46 | Prepayments (165) | | 230,832 | 241,143 |
| 47 | Advances for Gas (166-167) | | | |
| 48 | Interest and Dividends Receivable | | | |
| 49 | Rents Receivable (172) | | | |
| 50 | Accrued Utility Revenues (173) | | 2,477,534 | 2,875,729 |
| 51 | Miscellaneous Current and Accrued Assets (174) | | | |
| 52 | TOTAL Current and Accrued Assets (Enter Total of lines 24 through 51) | | 63,529,106 | 63,287,586 |

| FLORIDA PUBLIC UTILITIES COMPANY | | An Original | | | |
|----------------------------------|---|--|------------------------------|------------------------|--|
| Electric Division | | COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS, cont.) | | | |
| Line No. | Title of Account | Ref. Page No. | Balance at Beginning of Year | Balance at End of Year | |
| 53 | DEFERRED DEBITS | | | | |
| 54 | Unamortized Debt Expense (181) | | | | |
| 55 | Extraordinary Property Losses (182.1) | | | | |
| 56 | Unrecovered Plant and Regulatory Study Costs (182.2) | | | | |
| 57 | Other Regulatory Assets (182.3) | | 7,826,058 | 3,348,622 | |
| 58 | Prelim. Survey and Investigation Charges (Electric) (183) | | | | |
| 59 | Prelim. Survey and Investigation Charges (Gas) (183.1, 183.2) | | | | |
| 60 | Clearing Accounts (184) | | 124 | - | |
| 61 | Temporary Facilities (185) | | 8,958 | 9,694 | |
| 62 | Miscellaneous Deferred Debits (186) | 233 | 124,006 | 86,294 | |
| 63 | Def. Losses from Disposition of Utility Plant. (187) | | | | |
| 64 | Research, Devel. and Demonstration Expend. (188) | 352-353 | | | |
| 65 | Unamortized Loss on Reacquired Debt (189) | | | | |
| 66 | Accumulated Deferred Income Taxes (190) | 234 | 1,145,915 | 1,728,646 | |
| 67 | Unrecovered Purchased Gas Costs (191) | | 585,051 | - | |
| 68 | | | | | |
| 69 | TOTAL Deferred Debits (Enter Total of lines 54 through 67) | | 9,690,112 | 5,173,256 | |
| 70 | TOTAL Assets and other Debits (Enter Total of lines 10, 11, 12, 22, 52, and 68) | | 121,747,564 | 123,561,662 | |

COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)

| Line No. | Title of Account | Ref. Page No. | Balance at Beginning of Year | Balance at End of Year |
|----------|--|---------------|------------------------------|------------------------|
| 1 | PROPRIETARY CAPITAL | | | |
| 2 | Common Stock Issued (201) | 250-251 | | |
| 3 | Preferred Stock Issued (204) | 250-251 | | |
| 4 | Capital Stock Subscribed (202, 205) | | | |
| 5 | Stock Liability for Conversion (203, 206) | | | |
| 6 | Premium on Capital Stock (207) | | | |
| 7 | Other Paid-in Capital (208-211) | 253 | | |
| 8 | Installments Received on Capital Stock (212) | | | |
| 9 | (Less) Discount on Capital Stock (213) | | | |
| 10 | (Less) Capital Stock Expense (214) | | | |
| 11 | Retained Earnings (215, 215.1, 216) | 118-119 | 44,881,776 | 46,102,398 |
| 12 | Unappropriated Undistributed Subsidiary Earnings (216.1) | 118-119 | | |
| 13 | (Less) Reacquired Capital Stock (217) | 250-251 | | |
| 14 | TOTAL Proprietary Capital (Enter Total of lines 2 through 13) | | 44,881,776 | 46,102,398 |
| 15 | LONG-TERM DEBT | | | |
| 16 | Bonds (221) | 256-257 | | |
| 17 | (Less) Reacquired Bonds (222) | 256-257 | | |
| 18 | Advances from Associated Companies (223) | 256-257 | | |
| 19 | Other Long-Term Debt (224) | 256-257 | | |
| 20 | Unamortized Premium on Long-Term Debt (225) | | | |
| 21 | (Less) Unamortized Discount on Long-Term Debt-Dr. (226) | | | |
| 22 | TOTAL Long-Term Debt (Enter Total of lines 16 through 21) | | - | - |
| 23 | OTHER NONCURRENT LIABILITIES | | | |
| 24 | Obligations Under Capital Leases - Noncurrent (227) | | | |
| 25 | Accumulated Provision for Property Insurance (228.1) | | 1,930,090 | 2,056,826 |
| 26 | Accumulated Provision for Injuries and Damages (228.2) | | 109,513 | 34,066 |
| 27 | Accumulated Provision for Pensions and Benefits (228.3) | | 7,075,874 | 3,783,756 |
| 28 | Accumulated Miscellaneous Operating Provisions (228.4) | | | |
| 29 | Accumulated Provision for Rate Refunds (229) | | | |
| 30 | TOTAL Other Noncurrent Liabilities (Enter Total of lines 24 through 29) | | 9,115,477 | 5,874,648 |
| 31 | CURRENT AND ACCRUED LIABILITIES | | | |
| 32 | Notes Payable (231) | | | |
| 33 | Accounts Payable (232) | | 5,901,383 | 6,299,759 |
| 34 | Notes Payable to Associated Companies (233) | | | |
| 35 | Accounts Payable to Associated Companies (234) | | 46,093,504 | 49,563,334 |
| 36 | Customer Deposits (235) | | 3,454,549 | 3,364,426 |
| 37 | Taxes Accrued (236) | 262-263 | (77,953) | (640,296) |
| 38 | Interest Accrued (237) | | 164,657 | 81,864 |
| 39 | Dividends Declared (238) | | | |
| 40 | Long-Term Debt Current(239) | | | |
| 41 | Matured Interest (240) | | | |
| 42 | Tax Collections Payable (241) | | 585,490 | 493,189 |
| 43 | Miscellaneous Current and Accrued Liabilities (242) | | 820,975 | 583,418 |
| 44 | Obligations Under Capital Leases-Current (243) | | | |
| 45 | TOTAL Current and Accrued Liabilities (Enter Total of lines 32 through 44) | | 56,942,605 | 59,745,694 |

| FLORIDA PUBLIC UTILITIES COMPANY | | An Original | | |
|--|---|---------------|------------------------------|------------------------|
| COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS, continued) | | | | |
| Line No. | Title of Account | Ref. Page No. | Balance at Beginning of Year | Balance at End of Year |
| 46 | DEFERRED CREDITS | | | |
| 47 | Customer Advances for Construction (252) | | 152,131 | 137,022 |
| 48 | Accumulated Deferred Investment Tax Credits (255) | 266-267 | 0 | 0 |
| 49 | Deferred Gains from Disposition of Utility Plant (256) | | | |
| 50 | Other Deferred Credits (253) | 269 | | 646,698 |
| 51 | Other Regulatory Liabilities (254) | 278 | 860,674 | 349,710 |
| 52 | Unamortized Gain on Reacquired Debt (257) | 269 | | |
| 53 | Accumulated Deferred Income Taxes (281-283) | 274-277 | 9,794,900 | 10,705,492 |
| 54 | TOTAL Deferred Credits (Enter Total of lines 47 through 53) | | 10,807,705 | 11,838,922 |
| 55 | TOTAL Liabilities and Other Credits (Enter Total of lines 14,22,30 45 and 53) | | 121,747,564 | 123,561,662 |

STATEMENT OF INCOME FOR THE YEAR

1. Report amounts for Accounts 412 and 413, Revenue and Expenses from Utility Plant Leased to Others, in another utility column (i,k,m,o) in a similar manner to a utility department. Spread the amount (s) over lines 02 through 24 as appropriate. Include these amounts in columns (c) and (d) totals.
2. Report amounts in Account 414, Other Utility Operating Income, in the same manner as Accounts 412 and 413 above.
3. Report data for lines 7,9,10 for Natural Gas companies using accounts 404.1, 404.2, 404.3, 407.1 and 407.2.
4. Use page 122-123 for important notes regarding the statement of income or any account thereof.
5. Give concise explanations concerning unsettled rate proceedings where a contingency exists such that refunds of a material amount may need to be made to the utility's customers or which may result in a material refund to the utility with respect to power or gas purchases. State for each year affected the gross revenues or costs to which the contingency relates and the tax effects together with an explanation of the major factors which affect the rights of the utility to retain such revenues or recover amounts paid with respect to power and gas purchases.
6. Give concise explanations concerning significant amounts of any refunds made or received during the year

| Line No. | Account (a) | Ref. Page No. (b) | TOTAL | |
|----------|--|----------------------|---------------------|----------------------|
| | | | Current Year (c) | Previous Year (d) |
| 1 | UTILITY OPERATING INCOME | | | |
| 2 | Operating Revenues (400) | 300-301 | 80,374,491 | 88,058,287 |
| 3 | Operating Expenses | | | |
| 4 | Operation Expenses (401) | | 66,106,242 | 72,594,791 |
| 5 | Maintenance Expenses (402) | | 2,180,925 | 2,553,083 |
| 6 | Depreciation Expense (403) | | 3,344,955 | 3,216,312 |
| 7 | Amort. & Depl. of Utility Plant (404-405) | | - | - |
| 8 | Amort. of Utility Plant Acq. Adj. (406) | | - | - |
| 9 | Amort. of Property Losses, Unrecovered Plant and Regulatory Study Costs (407) | | - | - |
| 10 | Amort. of Conversion Expenses (407) | | - | - |
| 11 | Regulatory Debits (407.3) | | (490,357) | (328,380) |
| 12 | (Less) Regulatory Credits (407.4) | | - | - |
| 13 | Taxes Other Than Income Taxes (408.1) | | 6,446,593 | 6,470,670 |
| 14 | Income Taxes - Federal (409.1) | | 409,058 | (200,715) |
| 15 | - Other (409.1) | | 186,233 | 88,779 |
| 16 | Provision for Deferred Inc. Taxes (410.1) * | | 855,408 | 1,296,435 |
| 17 | (Less) Provision for Deferred Income Taxes-Cr.(411.1) | | (664,728) | (211,035) |
| 18 | Investment Tax Credit Adj. - Net (411.4) | | - | (12,316) |
| 19 | (Less) Gains from Disp. of Utility Plant (411.6) | | - | - |
| 20 | Losses from Disp. of Utility Plant (411.7) | | - | - |
| 21 | (Less) Gains from Disposition of Allowances (411.8) | | - | - |
| 22 | Losses from Disposition of Allowances (411.9) | | - | - |
| 23 | TOTAL Utility Operating Expenses (Total of lines 4-22) | | 78,374,329 | 85,467,624 |
| 24 | Net Utility Operating Income (Total of line 2 less 23) (Carry forward to page 117, line 25) | | 2,000,162 | 2,590,663 |

STATEMENT OF INCOME FOR THE YEAR (Continued)

resulting from settlement of any rate proceeding affecting allocations and apportionments from those used in the pre-revenues received or costs incurred for power or gas preceding year. Also give the approximate dollar effect of such changes, and a summary of the adjustments made to balance sheet, income, and expense accounts.

7. If any notes appearing in the report to stockholders are different from that reported in prior reports, are applicable to this Statement of Income, such notes must be attached at page 122.

8. Enter on page 122 a concise explanation of only those changes in accounting methods made during the year which had an effect on net income, including the basis of

9. Explain in a footnote if the previous year's figures

10. If the columns are insufficient for reporting additional utility departments, supply the appropriate account titles, lines 1 to 19, and report the information in the blank space on page 122 or in a supplemental statement.

| ELECTRIC UTILITY | | GAS UTILITY | | OTHER UTILITY - WATER | | Line No. |
|------------------|-------------------|------------------|-------------------|-----------------------|-------------------|----------|
| Current Year (e) | Previous Year (f) | Current Year (g) | Previous Year (h) | Current Year (i) | Previous Year (j) | |
| | | | | | | 1 |
| 80,374,491 | 88,058,287 | - | - | - | - | 2 |
| | | | | | | 3 |
| 66,106,242 | 72,594,791 | - | - | - | - | 4 |
| 2,180,925 | 2,553,083 | - | - | - | - | 5 |
| 3,344,955 | 3,216,312 | - | - | - | - | 6 |
| - | - | - | - | - | - | 7 |
| - | - | - | - | - | - | 8 |
| - | - | - | - | - | - | 9 |
| - | - | - | - | - | - | 10 |
| (490,357) | (328,380) | - | - | - | - | 11 |
| - | - | - | - | - | - | 12 |
| 6,446,593 | 6,470,670 | - | - | - | - | 13 |
| 409,058 | (200,715) | - | - | - | - | 14 |
| 186,233 | 88,779 | - | - | - | - | 15 |
| 855,408 | 1,296,435 | - | - | - | - | 16 |
| (664,728) | (211,035) | - | - | - | - | 17 |
| - | (12,316) | - | - | - | - | 18 |
| | | | | | | 19 |
| | | | | | | 20 |
| | | | | | | 21 |
| | | | | | | 22 |
| 78,374,329 | 85,467,624 | - | - | - | - | 23 |
| 2,000,162 | 2,590,663 | - | - | - | - | 24 |

STATEMENT OF INCOME FOR THE YEAR (Continued)

| Line No. | Account | Ref. Page No. | TOTAL | |
|----------|--|---------------|--------------|---------------|
| | | | Current Year | Previous Year |
| 25 | Net Utility Operating Income (Carried forward from page 114) | -- | 2,000,162 | 2,590,663 |
| 26 | Other Income and Deductions | | | |
| 27 | Other Income | -- | | |
| 28 | Nonutility Operating Income | -- | | |
| 29 | Revenues From Merchandising, Jobbing and Contract Work (415) | -- | - | - |
| 30 | (Less) Costs and Exp. of Merchandising, Job & Contract Work (416) | -- | - | - |
| 31 | Revenues From Nonutility Operations (417) | -- | - | - |
| 32 | (Less) Expenses of Nonutility Operations (417.1) | -- | - | - |
| 33 | Nonoperating Rental Income (418) | -- | - | - |
| 34 | Equity in Earnings of Subsidiary Companies (418.1) | 119 | - | - |
| 35 | Interest and Dividend Income (419) | -- | - | - |
| 36 | Allowance for Other Funds Used During Construction (419.1) | -- | - | - |
| 37 | Miscellaneous Nonoperating Income (421) | * | - | 1,410 |
| 38 | Gain on Disposition of Property (421.1) | -- | - | - |
| 39 | TOTAL Other Income (Enter Total of lines 29 through 38) | -- | - | 1,410 |
| 40 | Other Income Deductions | -- | | |
| 41 | Loss on Disposition of Property (421.2) | -- | - | - |
| 42 | Miscellaneous Amortization (425) | 340 | - | - |
| 43 | Miscellaneous Income Deductions (426.1-426.5) | 463 | (4,700) | 12,680 |
| 44 | TOTAL Other Income Deductions (Total of lines 41 through 43) | | (4,700) | 12,680 |
| 45 | Taxes Applic. to Other Income and Deductions | -- | | |
| 46 | Taxes Other Than Income Taxes (408.2) | 262-263 | - | - |
| 47 | Income Taxes - Federal (409.2) | 262-263 | 119,176 | 78,038 |
| 48 | Income Taxes - Other (409.2) | 262-263 | 19,818 | 12,977 |
| 49 | Provision for Deferred Income Taxes (410.2) | 234,272-277 | (154,953) | (113,683) |
| 50 | (Less) Provision for Deferred Income Taxes - Cr. (411.2) | 234,272-277 | 17,772 | 9,174 |
| 51 | Investment Tax Credit Adj.- Net (411.5) | -- | | |
| 52 | (Less) Investment Tax Credits (420) | -- | | |
| 53 | TOTAL Taxes on Other Inc. and Ded. (Enter Total of 46 through 52) | -- | 1,813 | (13,494) |
| 54 | Net Other Income and Deductions (Enter Total of lines 39,44,53) | -- | (2,887) | 596 |
| 55 | Interest Charges | | | |
| 56 | Interest on Long-Term Debt (427) | -- | 563,262 | 791,296 |
| 57 | Amortization of Debt Disc. and Expense (428) | -- | 2,671 | 4,319 |
| 58 | Amortization of Loss on Reacquired Debt (428.1) | -- | 39,404 | 34,034 |
| 59 | (Less) Amort. of Premium on Debt - Credit (429) | -- | - | - |
| 60 | (Less) Amortization of Gain on Reacquired Debt - Credit (429.1) | -- | - | - |
| 61 | Interest on Debt to Assoc. Companies (430) | 463 | - | (1,581) |
| 62 | Other Interest Expense (431) | -- | 171,317 | 223,120 |
| 63 | (Less) Allow. for Borrowed Funds Used During Const. - Cr. (432) | -- | | |
| 64 | Net Interest Charges (Total of lines 56 through 63) | -- | 776,654 | 1,051,188 |
| 65 | Income Before Extraordinary Items (Enter Total of lines 25, 54 and 64) | -- | 1,220,621 | 1,540,071 |
| 66 | Extraordinary Items | | | |
| 67 | Extraordinary Income (434) Cum. | -- | | |
| 68 | (Less) Extraordinary Deductions (435) | -- | | |
| 69 | Net Extraordinary Items (Enter Total of line 67 less line 68) | -- | | |
| 70 | Income Taxes - Federal and Other (409.3) | 262-263 | - | - |
| 71 | Extraordinary Items After Taxes (Enter Total of line 69 less line 70) | -- | - | - |
| 72 | Net Income (Enter Total of lines 65 and 71) | | 1,220,621 | 1,540,071 |

STATEMENT OF RETAINED EARNINGS FOR THE YEAR

1. Report all changes in appropriate retained earnings, unappropriated retained earnings, and unappropriated undistributed subsidiary earnings for the year.
2. Each credit and debit during the year should be identified as to the retained earnings account in which recorded (Accounts 433, 436-439 inclusive). Show the contra primary account affected in column (b).
3. State the purpose and amount for each reservation or appropriation of retained earnings.
4. List first Account 439, Adjustments to Retained Earnings, reflecting adjustments to the opening balance of retained earnings. Follow by credit, then debit items, in that order.
5. Show dividends for each class and series of capital stock.
6. Show separately the state and federal income tax effect of items shown in account 439, Adjustments to Retained Earnings.
7. Explain in a footnote the basis for determining the amount reserved or appropriated. If such reservations or appropriation is to be recurrent, state the number and annual amounts to be reserved or appropriated as well as the totals eventually to be accumulated.
8. If any notes appearing in the report to stockholders are applicable to this statement attach them at page 122-123.

| Line No. | Item (a) | Contra Primary Account Affected (b) | Amount (c) |
|----------|--|-------------------------------------|------------|
| | UNAPPROPRIATED RETAINED EARNINGS (Account 216) | | |
| 1 | Balance - Beginning of Year | | 44,881,776 |
| 2 | Changes (Identify by prescribed retained earnings accounts) | | |
| 3 | Adjustments to Retained Earnings (Account 439) | | |
| 4 | Credit: | | - |
| 5 | Credit: | | - |
| 6 | Credit: | | - |
| 7 | Credit: | | - |
| 8 | Credit: | | - |
| 9 | TOTAL Credits to Retained Earnings (Account 439) (Enter Total of lines 4 through 8) | | - |
| 10 | Debit: Chesapeake Utilities Corporations Acquisition of FPU | | - |
| 11 | Debit: | | - |
| 12 | Debit: | | - |
| 13 | Debit: | | - |
| 14 | Debit: | | - |
| 15 | TOTAL Debits to Retained Earnings (Account 439) (Enter Total of lines 10 through 14) | | - |
| 16 | Balance Transferred from Income (Account 433 less Account 418.1) | | 1,220,621 |
| 17 | Appropriations of Retained Earnings (Account 436) | | |
| 18 | | | |
| 19 | | | |
| 20 | | | |
| 21 | TOTAL Appropriations of Retained Earnings (Account 436) | | |
| 22 | (Enter Total of lines 18 through 21) | | - |
| 23 | Dividends Declared - Preferred Stock (Account 437) | | |
| 24 | Preferred | | |
| 25 | | | |
| 26 | | | |
| 27 | | | |
| 28 | TOTAL Dividends Declared - Preferred Stock (Account 437) | | |
| 29 | (Enter Total of lines 24 through 28) | | 0 |
| 30 | Dividends Declared - Common Stock (Account 438) | | |
| 31 | Common - Cash | | |
| 32 | | | |
| 33 | | | |
| 34 | | | |
| 35 | TOTAL Dividends Declared - Common Stock (Account 438) | | |
| 36 | (Enter Total of lines 31 through 35) | | 0 |
| 37 | Transfers from Acct. 216.1, Unappropriated Undistributed Subsidiary Earnings | | - |
| 38 | Balance - End of Year (Enter Total of lines 01, 09, 15, 16, 22, 29, 36 and 37) | | 46,102,397 |

4.5E+07

STATEMENT OF RETAINED EARNINGS FOR THE YEAR (Continued)

| Line No. | Item (a) | Amount (b) |
|----------|---|------------|
| | APPROPRIATED RETAINED EARNINGS (Account 215) | |
| | State balance and purpose of each appropriated retained earnings amount at end of year and give accounting entries for any applications of appropriated retained earnings during the year. | |
| 39 | | |
| 40 | | |
| 41 | | |
| 42 | | |
| 43 | | |
| 44 | | |
| 45 | TOTAL Appropriated Retained Earnings (Account 215) | |
| | APPROPRIATED RETAINED EARNINGS - Amortization , Reserve, Federal | |
| | State below the total amount set aside through appropriations of retained earnings, as of the end of the year, in compliance with the provisions of Federally granted hydroelectric project licenses held by the respondent. If any reductions or changes other than the normal annual credits hereto have been made during the year, explain such items in a footnote. | |
| 46 | TOTAL Appropriated Retained Earnings - Amortization Reserve, Federal (Account 215.1) | |
| 47 | TOTAL Appropriated Retained Earnings (Accounts 215, 215.1) | |
| 48 | TOTAL Retained Earnings (Account 215, 215.1, 216) | 46,102,397 |
| | UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS (Account 216.1) | |
| 49 | Balance - Beginning of Year (Debit or Credit) | - |
| 50 | Equity in Earnings for Year (Credit) (Account 418.1) | - |
| 51 | (Less) Dividends Received (Debit) | - |
| 52 | Other Changes (Explain) Cost of shares issued for employee stock plan | - |
| 53 | Balance - End of year (Total of Lines 49 Thru 52) | - |

CONSOLIDATED STATEMENT OF CASH FLOWS

1. If the notes to the cash flow statement in the respondent's annual stockholders report are applicable to this statement, such notes should be attached to page 122-123. Information about noncash investing and financing activities should be provided on page 122-123. Provide also on page 122-123 a reconciliation between "Cash and Cash Equivalents at end of Year" with related amounts on the balance sheet.

2. Under "Other" specify significant amounts and group others.

3. Operating Activities - Other: include gains and losses pertaining to operating activities only. Gains and losses pertaining to investing and financing activities should be reported in those activities. Show on page 122-123 the amounts of interest paid (net of amounts capitalized) and income taxes paid.

| Line No. | Description (See Instruction No.5 for Explanation of Codes) (a) | Amounts (b) |
|----------|--|------------------------|
| 1 | Operating Activities | In thousands |
| 2 | Net Income - Electric | \$ 1,220,621 |
| 3 | Adjustments to reconcile net income to net operating cash: | |
| 4 | Depreciation and amortization | \$ 2,903,939 |
| 5 | Depreciation and accretion included in other costs | \$ 193,260 |
| 6 | Deferred income taxes, net | \$ 327,861 |
| 7 | Other, net | |
| 8 | Changes in assets and liabilities: | |
| 9 | Accounts receivable and accrued revenue | \$ (550,200) |
| 10 | Propane inventory, storage gas and other inventory | \$ (146,785) |
| 11 | Regulatory assets | \$ 6,439,310 |
| 12 | Prepaid expenses and other current assets | \$ (10,311) |
| 13 | Other deferred charges | \$ 37,100 |
| 14 | Accounts payable and other accrued liabilities | \$ 68,518 |
| 15 | Income taxes receivable | \$ (562,343) |
| 16 | Accrued interest | \$ (82,793) |
| 17 | Customer deposits and refunds | \$ (90,123) |
| 18 | Regulatory liabilities | \$ (20,607) |
| 19 | Other liabilities | \$ (3,255,938) |
| 20 | Net cash provided by operating activities | <u>\$ 6,471,509</u> |
| 21 | | |
| 22 | Investing Activities | |
| 23 | Property, plant and equipment expenditures | \$ (10,160,031) |
| 24 | Net cash used by investing activities | <u>\$ (10,160,031)</u> |
| 25 | | |
| 26 | Financing Activities | |
| 27 | Inter-company receivable (payable) | \$ 3,784,827 |
| 28 | Net cash provided by financing activities | <u>\$ 3,784,827</u> |
| 29 | | |
| 30 | Net Increase (Decrease) in Cash and Cash Equivalents | \$ 96,305 |
| 31 | Cash and Cash Equivalents — Beginning of Period | \$ (183,709) |
| 32 | Cash and Cash Equivalents — End of Period | <u>\$ (87,404)</u> |

CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

4. Investing Activities

5. Codes used:

Include at other (line 31) net cash outflows to acquire other companies. Provide a reconciliation of assets acquired with liabilities assumed on page 122-123.

Do not include on this statement the dollar amount of leases capitalized per USofA General instruction 20; instead provide a reconciliation of the dollar amount of leases capitalized with the plant cost on page 122-123.

- (a) Net proceeds or payments
- (b) Bonds, debentures and other long-term debt.
- (c) Include commercial paper
- (d) Identify separately such items as investments, fixed assets, intangibles, etc.

6. Enter on page 122-123 clarifications and explanations.

| Line No. | Description (See Instruction No.5 for Explanation of Codes) (a) | Amounts (b) |
|----------|--|----------------|
| | | |

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1. Organization and Basis of Presentation

Florida Public Utilities Company ("FPU") is a utility engaged in the natural gas and electric distribution business in Florida. The electric division of FPU ("we," "our" or "us") is engaged in the distribution of electricity. We deliver electricity to approximately 31,000 residential, commercial and industrial customers located in Jackson, Liberty, Calhoun and Nassau counties in Florida. Our rates and services are subject to regulation by the Florida Public Service Commission ("FPSC"). FPU is a wholly-owned subsidiary of Chesapeake Utilities Corporation ("Chesapeake").

Our financial statements are prepared in conformity with the accounting requirements of the FPSC, which are substantially equivalent to the accounting requirements of the Federal Energy Regulatory Commission ("FERC") as set forth in the applicable Uniform System of Accounts and published accounting releases, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America ("US GAAP"). The accounting requirements of the FERC and the FPSC applied by us in these financial statements are consistent with US GAAP, except for:

- lack of reclassification of certain negative balances on the balance sheets;
- the presentation of deferred income tax assets and liabilities separately rather than as a single amount;
- the presentation of cost of removal as a component of accumulated depreciation rather than as a regulatory liability;
- lack of detail property, plant and equipment component costs disclosure;
- lack of detail regulatory assets and liability disclosure;
- the omission of the statement of cash flows for prior year for a comparative presentation;
- the omission of the statement of retained earnings for prior year for a comparative presentation;
- recognition of a regulatory asset based on FPSC's order to defer certain costs without assurance of recovery in future rates; and
- the presentation of pass-through revenue taxes, such as gross receipts taxes, franchise taxes and sales taxes, as revenues and operating expenses rather than on a net basis

We do not have any ownership interests in investments accounted for using the equity method or any variable interests in a variable interest entity. We have assessed and reported on subsequent events through June 9, 2014, the date these financial statements are available to be issued.

2. Summary of Significant Accounting Policies

Use of Estimates

Our financial statements are prepared based on the accounting requirements of the FPSC and the FERC, which require management to make estimates in measuring assets and liabilities and related revenues and expenses. These estimates involve judgments with respect to, among other things, various future economic factors that are difficult to predict and are beyond our control; therefore, actual results could differ from those estimates.

Utility Plant

Utility plant is stated at original cost less accumulated depreciation. Costs include direct labor, materials and third-party construction contractor costs, allowance for funds used during construction ("AFUDC") and certain indirect costs related to equipment and employees engaged in construction. The costs of repairs and minor replacements are charged against income as incurred, and the costs of major renewals and betterments are capitalized. Upon retirement or disposition of utility plant, the gain or loss, net of salvage value, is charged to accumulated depreciation or deferred as a regulatory asset or liability as required by the FPSC.

Customer contributions or advances in aid of construction reduce utility plant unless the amounts are refundable to customers. Contributions or advances may be refundable to customers after a number of years based on the amount of revenues generated from the customers or the duration of the service provided to the customers. Refundable contributions or advances are recorded initially as liabilities. The amounts that are determined to be non-refundable reduce utility plant at the time of such determination. During the years ended December 31, 2013 and 2012, there were \$71,315 and \$416,741, respectively, of non-refunded contributions or advances reducing utility plant.

| | | | |
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AFUDC represents the estimated cost of funds, from both debt and equity sources, used to finance the construction of major projects. AFUDC is capitalized in rate base for rate making purposes when the completed projects are placed in service. We did not capitalize AFUDC on utility plant for the years ended December 31, 2013 and 2012.

Depreciation

We compute depreciation expense by applying composite, annual rates as approved by the FPSC. Depreciation and amortization expenses are provided at an annual rate averaging 3.6 percent and 3.8 percent for 2013 and 2012, respectively.

In accordance with the accounting requirements of the FERC, we include the accretion of the cost of removal for future retirements of utility assets as depreciation expense. For the years ended December 31, 2013 and 2012, \$632,402 and \$601,165 respectively, of such accretion was included in depreciation expense. We also report certain depreciation expenses, mainly related to vehicle, computer software, and hardware, as operations expense rather than depreciation and amortization expense to comply with the requirements of the FERC. For the years ended December 31, 2013 and 2012, \$196,272 and \$282,978, respectively, of such depreciation was reported as operations expense.

Regulated Operations

We account for our operations in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 980, *Regulated Operations*. This Topic includes accounting principles for companies whose rates are determined by independent third-party regulators. When setting rates, regulators often make decisions, the economics of which require companies to defer costs or revenues in different periods than may be appropriate for unregulated enterprises. When this situation occurs, a regulated company defers the associated costs as regulatory assets on the balance sheet and records them as expense on the income statement as it collects revenues. Further, regulators can also impose liabilities upon a regulated company for amounts previously collected from customers, and for recovery of costs that are expected to be incurred in the future as regulatory liabilities. If we were required to terminate the application of these provisions to our regulated operations, all such deferred amounts would be recognized in the income statement at that time, which could have a material impact on our financial position, results of operations and cash flows.

We monitor our regulatory and competitive environment to determine whether the recovery of our regulatory assets continues to be probable. If we were to determine that recovery of these assets is no longer probable, we would write off the assets against earnings. We believe that provisions of ASC Topic 980, *Regulated Operations*, continue to apply to our operations and that the recovery of our regulatory assets is probable.

Operating Revenues

Our operating revenues are based on rates approved by the FPSC. We read meters and bill customers on monthly cycles that do not coincide with the accounting periods used for financial reporting purposes. We accrue unbilled revenues for the charges associated with electricity delivered, but not yet billed, at the end of an accounting period to the extent that they do not coincide.

We have a fuel cost recovery mechanism. This mechanism provides a method of adjusting the billing rates to reflect changes in the cost of purchased fuel. The difference between the current cost of fuel and the cost of fuel recovered in billed rates is deferred and accounted for as either unrecovered purchased fuel costs or amounts payable to customers. Generally, these deferred amounts are recovered or refunded within one year.

Operations and Maintenance Expenses

Operations and maintenance expenses are costs associated with the operation and maintenance of our electric distribution systems. Major cost components include operations and maintenance salaries and benefits, materials and supplies, usage of vehicles, tools and equipment, payments to contractors, utility plant maintenance, customer service, professional fees and other outside services, insurance expense, minor amounts of depreciation, and other administrative expenses.

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Cash and Cash Equivalents

We consider all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Excess cash generated by our receipts may be transferred to and invested in Chesapeake's overnight income-producing accounts. We are allocated the portion of interest income generated from those accounts, which reduced interest expense in the accompanying statements of income.

Accounts Receivable and Accumulated Provision for Uncollectible Accounts

Accounts receivable consist primarily of amounts due for sales of electricity. A provision for uncollectible accounts is recorded based upon our collections experiences and management's assessment of our customers' inability or reluctance to pay. If circumstances change, our estimates of recoverable accounts receivable may also change. Circumstances which could affect such estimates include, but are not limited to, customer credit issues, the level of electricity prices and general economic conditions. Accounts are written off when they are deemed to be uncollectible.

Inventories

We use the average cost method to value, materials and supplies inventory. If market prices drop below cost, inventory balances that are subject to price risk are adjusted to market values.

Pension and Other Postretirement Plans

Pension and other postretirement plan costs and liabilities are determined on an actuarial basis and are affected by numerous assumptions and estimates including the fair value of plan assets, estimates of the expected returns on plan assets, assumed discount rates, the level of contributions made to the plans, and current demographic and actuarial mortality data. Management annually reviews the estimates and assumptions underlying our pension and other postretirement plan costs and liabilities with the assistance of third-party actuarial firms. The assumed discount rates and the expected returns on plan assets are the assumptions that generally have the most significant impact on our pension costs and liabilities. The assumed discount rates, health care cost trend rates and rates of retirement generally have the most significant impact on our postretirement plan costs and liabilities.

Income Taxes and Investment Tax Credit Adjustments

Deferred tax assets and liabilities are recorded for the income tax effect of temporary differences between the financial statement bases and tax bases of assets and liabilities and are measured using the enacted income tax rates in effect in the years in which the differences are expected to reverse. The portions of our deferred tax liabilities, which have not been reflected in current service rates, represent income taxes recoverable through future rates. Deferred tax assets are recorded net of any valuation allowance when it is more likely than not that such tax benefits will be realized. Investment tax credits on utility property have been deferred and are allocated to income ratably over the lives of the subject property.

We account for uncertainty in income taxes in the financial statements only if it is more likely than not that an uncertain tax position is sustainable based on technical merits. Recognizable tax positions are then measured to determine the amount of benefit recognized in the financial statements. We recognize penalties and interest related to unrecognized tax benefits as a component of other income.

Financial Instruments

We have entered into agreements with suppliers to purchase electricity for resale to our customers. Purchases under these contracts either do not meet the definition of derivatives or are considered "normal purchases" and are accounted for on an accrual basis.

Financial assets with carrying values approximating fair value include accounts receivable. Financial liabilities with carrying values approximating fair value include accounts payable and other accrued liabilities.

3. Transactions with affiliates

Financing Arrangements

Our excess cash is transferred to Chesapeake to be invested in overnight income-producing accounts. We utilize Chesapeake's short-term borrowing facility and long-term debt to satisfy our financing needs. For the years ended December 31, 2013 and 2012, Chesapeake allocated to us \$698,389 and \$890,151, respectively, in interest expense,

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which represents a portion of interest from Chesapeake's short-term and long-term debt allocated to us, net of a portion of interest income from the overnight income-producing accounts allocated to us.

Allocated Costs from Affiliates

Chesapeake provides us with administrative and support services. These services include certain managerial, accounting, information technology, payroll, human resources and treasury services. For the years ended December 31, 2013 and 2012, Chesapeake charged us \$2,754,586 and \$2,228,921, respectively, for these services.

Advances from Affiliates

As of December 31, 2013 and 2012, we had advances to Chesapeake and its subsidiaries in the amount of \$3,255,038 and \$7,039,865, respectively. These amounts are reflected as accounts receivable from associated companies and accounts payable to associated companies in the accompanying financial statements.

Letter of Credit

As of December 31, 2013, Chesapeake issued a letter of credit for \$1.0 million, which expires on September 12, 2014, related to electric transmission services for our northwest division.

4. Income Taxes

Prior to the merger with Chesapeake, FPU filed a separate federal income tax return. After the merger, we are included in the Chesapeake consolidated federal tax return, along with all of Chesapeake's other subsidiaries. FPU files a separate state income tax return in the state of Florida. Income taxes in the accompanying consolidated statements of income have been allocated to us as if we were a separate taxpayer.

The Internal Revenue Service ("IRS") performed its examination of Chesapeake's consolidated federal income tax return for 2009 and FPU's consolidated federal income tax return for 2008 and the period from January 1, 2009 to October 28, 2009 (the pre-merger period in 2009, during which FPU was required to file a separate federal income tax return). Both of the IRS examinations were completed in 2012 without any material findings.

The components of federal and state income tax expense are:

| | For the Year Ended December 31, | |
|---------------------------------|---------------------------------|-------------------|
| | 2013 | 2012 |
| Current ⁽¹⁾ | \$ 456,297 | \$ (202,951) |
| Deferred | 327,861 | 1,189,909 |
| Investment tax credits, net | - | (12,316) |
| Total Income Tax Expense | \$ 784,158 | \$ 974,642 |

⁽¹⁾ The (\$202,951) for the year ended December 31, 2012, is attributable to a reclass related to federal tax benefit resulting from other subsidiaries' net operating losses for federal income tax purposes.

Deferred tax expense results primarily from the use of accelerated depreciation for tax purposes and deferred fuel costs.

Total income tax expense results primarily from applying the federal income tax statutory rate to book income before tax.

| | For the Year Ended December 31, | |
|--|---------------------------------|-------------------|
| | 2013 | 2012 |
| Federal income tax, 35% in 2013 and 2012 | \$ 701,673 | \$ 880,150 |
| State income tax, net of federal benefit | 71,671 | 89,901 |
| Other | 10,814 | 4,591 |
| Total Income Tax Expense | \$ 784,158 | \$ 974,642 |

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Deferred tax assets and liabilities at December 31, 2013 were \$1,728,646 and \$10,705,492, respectively. Deferred tax assets and liabilities at December 31, 2012 were \$1,145,915 and \$9,794,900, respectively. Deferred tax assets are primarily the result of timing difference associated with the storm reserve. Deferred tax liabilities are primarily the result of depreciation-related timing differences.

5. Customer Concentration

We operate entirely in the electricity distribution business. Our operations include the transportation of electricity in intra-state commerce. We did not have any customer that accounted for more than 10 percent of our revenues for the years ended December 31, 2013 and 2012.

6. Lease Obligations

FPU has entered into operating lease arrangements for office and warehouse space. Rent expense for the years ended December 31, 2013 and 2012 allocated to us by FPU totaled \$105,668 and \$89,539 respectively, with no future minimum payments.

7. Supplemental Cash Flow Disclosures

Cash paid for income taxes for the year ended December 31, 2013 was \$31,916.

8. Employee Benefit Plans

Eligible FPU employees participate in various benefit plans sponsored by FPU. FPU allocates to us a portion of the benefit costs associated with these plans. Our share of the costs is based on a portion of the benefits related to providing services to us. For the years ended December 31, 2013 and 2012, we recorded the benefit costs of \$518,100 and \$547,326, respectively, related to these plans.

FPU continues to sponsor and maintain a separate defined benefit pension plan ("FPU Pension Plan") and a separate unfunded postretirement medical plan ("FPU Medical Plan") for eligible FPU employees after the merger with Chesapeake.

FPU measures the assets and obligations of the defined benefit pension plan and other postretirement benefit plans to determine the plans' funded status as of the end of the year as an asset or a liability on its consolidated balance sheets. A portion of this asset or liability related to us is reflected on our balance sheet. At December 31, 2013 and 2012, \$3,783,756 and \$7,075,874, respectively, of the pension and postretirement benefit liabilities were assigned to us.

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Defined Benefit Pension Plan

The following schedule sets forth the funded status at December 31, 2013 and 2012:

| <i>(in thousands)</i> | <u>At December 31,</u> | |
|--|------------------------|--------------------|
| | 2013 | 2012 |
| Change in benefit obligation: | | |
| Benefit obligation — beginning of year | \$ 64,512 | \$ 57,999 |
| Interest cost | 2,367 | 2,577 |
| Actuarial loss (gain) | (8,007) | 6,915 |
| Benefits paid | (2,996) | (2,979) |
| Benefit obligation — end of year | 55,876 | 64,512 |
| Change in plan assets: | | |
| Fair value of plan assets — beginning of year | 41,954 | 37,836 |
| Actual return on plan assets | 4,747 | 4,526 |
| Employer contributions | 632 | 2,571 |
| Benefits paid | (2,996) | (2,979) |
| Fair value of plan assets — end of year | 44,337 | 41,954 |
| Reconciliation: | | |
| Funded status | (11,539) | (22,558) |
| Accrued pension cost | \$ (11,539) | \$ (22,558) |
| Assumptions: | | |
| Discount rate | 4.75% | 3.75% |
| Expected return on plan assets | 7.00% | 7.00% |

Net periodic pension cost (benefit) for the FPU Pension Plan for 2013 and 2012 includes the components shown below:

| <i>(in thousands)</i> | <u>For the Year Ended December 31,</u> | |
|---|--|---------------|
| | 2013 | 2012 |
| Components of net periodic pension cost: | | |
| Interest cost | \$ 2,367 | \$ 2,577 |
| Expected return on assets | (2,866) | (2,627) |
| Amortization of actuarial loss | 330 | 196 |
| Net periodic pension cost | (169) | 146 |
| Amortization of pre-merger regulatory asset | 761 | 761 |
| Total periodic cost | \$ 592 | \$ 907 |
| Assumptions: | | |
| Discount rate | 3.75% | 4.50% |
| Expected return on plan assets | 7.00% | 7.00% |

Included in the net periodic costs for the FPU Pension Plan is continued amortization of the FPU pension regulatory asset, which represents the portion attributable to FPU's regulated operations of the changes in funded status that occurred but were not recognized as part of net periodic cost prior to the merger with Chesapeake in October 2009. This was previously deferred as a regulatory asset by FPU prior to the merger to be recovered through rates pursuant to an order by the FPSC. The unamortized balance of this regulatory asset was \$4.3 million and \$5.1 million at December 31, 2013 and 2012, respectively.

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The following schedule summarizes the assets of the FPU Pension Plan, by investment type, at December 31, 2013 and 2012:

| Asset Category | At December 31, | |
|-------------------|-----------------|----------------|
| | 2013 | 2012 |
| Equity securities | 55.02% | 52.81% |
| Debt securities | 36.54% | 38.04% |
| Other | 8.44% | 9.15% |
| Total | 100.00% | 100.00% |

The investment policy for the FPU Pension Plan is designed to provide the capital assets necessary to meet the financial obligations of the plans. The investment goals and objectives are to achieve investment returns that, together with contributions, will provide funds adequate to pay promised benefits to present and future beneficiaries of the plans, earn a long-term investment return in excess of the growth of the Plans' retirement liabilities, minimize pension expense and cumulative contributions resulting from liability measurement and asset performance, and maintain a diversified portfolio to reduce the risk of large losses.

The following allocation range of asset classes is intended to produce a rate of return sufficient to meet the plan's goals and objectives:

| Asset Allocation Strategy | | |
|---|-------------------------------|-------------------------------|
| Asset Class | Minimum Allocation Percentage | Maximum Allocation Percentage |
| Domestic Equities (Large Cap, Mid Cap and Small Cap) | 14% | 32% |
| Foreign Equities (Developed and Emerging Markets) | 13% | 25% |
| Fixed Income (Inflation Bond and Taxable Fixed) | 26% | 40% |
| Alternative Strategies (Long/Short Equity and Hedge Fund of Funds) | 6% | 14% |
| Diversifying Assets (High Yield Fixed Income, Commodities, and Real Estate) | 7% | 19% |
| Cash | 0% | 5% |

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Due to periodic contributions and different asset classes producing different returns, the actual asset values may temporarily move outside of the intended ranges. The investments are monitored on a quarterly basis, at a minimum, for asset allocation and performance.

At December 31, 2013, the assets of the FPU Pension Plan were comprised of the following investments:

| Asset Category <i>(in thousands)</i> | Fair Value Measurement Hierarchy | | | Total |
|---|----------------------------------|-----------------|--------------|-----------------|
| | Level 1 | Level 2 | Level 3 | |
| Equity securities | | | | |
| U.S. Large Cap ⁽¹⁾ | \$3,318 | \$3,443 | \$ - | \$6,761 |
| U.S. Mid Cap ⁽¹⁾ | - | 2,849 | - | 2,849 |
| U.S. Small Cap ⁽¹⁾ | - | 1,464 | - | 1,464 |
| International ⁽²⁾ | 8,944 | - | - | 8,944 |
| Alternative Strategies ⁽³⁾ | 4,379 | - | - | 4,379 |
| | <u>16,641</u> | <u>7,756</u> | <u>-</u> | <u>24,397</u> |
| Debt securities | | | | |
| Inflation Protected ⁽⁴⁾ | 2,050 | - | - | 2,050 |
| Fixed income ⁽⁵⁾ | - | 11,953 | - | 11,953 |
| High Yield ⁽⁵⁾ | - | 2,198 | - | 2,198 |
| | <u>2,050</u> | <u>14,151</u> | <u>-</u> | <u>16,201</u> |
| Other | | | | |
| Commodities ⁽⁶⁾ | 1,624 | - | - | 1,624 |
| Real Estate ⁽⁷⁾ | 1,653 | - | - | 1,653 |
| Guaranteed deposit ⁽⁸⁾ | - | - | 462 | 462 |
| | <u>3,277</u> | <u>-</u> | <u>462</u> | <u>3,739</u> |
| Total Pension Plan Assets | \$21,968 | \$21,907 | \$462 | \$44,337 |

⁽¹⁾ Includes funds that invest primarily in United States common stocks.

⁽²⁾ Includes funds that invest primarily in foreign equities and emerging markets equities.

⁽³⁾ Includes funds that actively invest in both equity and debt securities, funds that sell short securities and funds that provide long-term capital appreciation. The funds may invest in debt securities below investment grade.

⁽⁴⁾ Includes funds that invest primarily in inflation-indexed bonds issued by the U.S. government.

⁽⁵⁾ Includes funds that invest in investment grade and fixed income securities.

⁽⁶⁾ Includes funds that invest primarily in commodity-linked derivative instruments and fixed income securities.

⁽⁷⁾ Includes funds that invest primarily in real estate.

⁽⁸⁾ Includes investment in a group annuity product issued by an insurance company.

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At December, 31, 2012, the assets of the FPU Pensions Plan were comprised of the following investments:

| Asset Category (in thousands) | Fair Value Measurement Hierarchy | | | Total |
|---------------------------------------|----------------------------------|-----------------|--------------|-----------------|
| | Level 1 | Level 2 | Level 3 | |
| Equity securities | | | | |
| U.S. Large Cap ⁽¹⁾ | \$2,910 | \$2,866 | \$ - | \$5,776 |
| U.S. Mid Cap ⁽¹⁾ | - | 2,572 | - | 2,572 |
| U.S. Small Cap ⁽¹⁾ | - | 1,268 | - | 1,268 |
| International ⁽²⁾ | 8,405 | - | - | 8,405 |
| Alternative Strategies ⁽³⁾ | 4,136 | - | - | 4,136 |
| | <u>15,451</u> | <u>6,706</u> | <u>-</u> | <u>22,157</u> |
| Debt securities | | | | |
| Inflation Protected ⁽⁴⁾ | 2,084 | - | - | 2,084 |
| Fixed income ⁽⁵⁾ | - | 11,757 | - | 11,757 |
| High Yield ⁽⁵⁾ | - | 2,118 | - | 2,118 |
| | <u>2,084</u> | <u>13,875</u> | <u>-</u> | <u>15,959</u> |
| Other | | | | |
| Commodities ⁽⁶⁾ | 1,596 | - | - | 1,596 |
| Real Estate ⁽⁷⁾ | 1,701 | - | - | 1,701 |
| Guaranteed deposit ⁽⁸⁾ | - | - | 541 | 541 |
| | <u>3,297</u> | <u>-</u> | <u>541</u> | <u>3,838</u> |
| Total Pension Plan Assets | <u>\$20,832</u> | <u>\$20,581</u> | <u>\$541</u> | <u>\$41,954</u> |

⁽¹⁾ Includes funds that invest primarily in United States common stocks.

⁽²⁾ Includes funds that invest primarily in foreign equities and emerging markets equities.

⁽³⁾ Includes funds that actively invest in both equity and debt securities, funds that sell short securities and funds that provide long-term capital appreciation. The funds may invest in debt securities below investment grade.

⁽⁴⁾ Includes funds that invest primarily in inflation-indexed bonds issued by the U.S. government.

⁽⁵⁾ Includes funds that invest in investment grade and fixed income securities.

⁽⁶⁾ Includes funds that invest primarily in commodity-linked derivative instruments and fixed income securities.

⁽⁷⁾ Includes funds that invest primarily in real estate.

⁽⁸⁾ Includes investment in a group annuity product issued by an insurance company.

At December 31, 2013 and 2012, all of the investments classified under Level 1 of the fair value measurement hierarchy were recorded at fair value based on unadjusted quoted prices in active markets for identical investments. The Level 2 investments were recorded at fair value based on net asset value per unit of the investments, which used significant observable inputs although those investments were not traded publicly and did not have quoted market prices in active markets. The Level 3 investments were guaranteed deposit accounts, which were valued based on the liquidation value of those accounts, including the effect of the balance and interest guarantee and liquidation restriction.

The following table sets forth the summary of the changes in the fair value of Level 3 investments for the FPU Pension Plan for the years ended December 31, 2013 and 2012:

| (in thousands) | For the Year Ended December 31, | |
|-----------------------------|---------------------------------|---------------|
| | 2013 | 2012 |
| Balance, beginning of year | \$ 541 | \$ 755 |
| Purchases | 432 | 51 |
| Transfers in | 2,425 | 2,700 |
| Disbursements | (2,988) | (2,978) |
| Investment Income | 52 | 13 |
| Balance, end of year | \$ 462 | \$ 541 |

| | | |
|----------------------------------|-------------|--------------------|
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Other Postretirement Benefits Plan

In March 2011, new plan provisions for the FPU Medical Plan were adopted in a continuing effort to standardize FPU's benefits with those offered by Chesapeake. The new plan provisions, which became effective January 1, 2012, require eligible employees retiring in 2012 through 2014 to pay a portion of the total benefit costs based on the year they retire. Participants retiring in 2015 and after will be required to pay the full benefit costs associated with participation in the FPU Medical Plan. The change in the FPU Medical Plan resulted in a curtailment gain of \$892,000. Since FPU determined that the non-recurring gain resulted from the merger with Chesapeake and the related integration, FPU determined that the appropriate accounting treatment for the portion of the gain allocated to regulated operations prescribed deferral as a regulatory liability and amortization over a future period, as specified by the FPSC. We were allocated \$258,000 of this curtailment gain and included it as a regulatory liability.

The following schedule sets forth the status of the FPU Medical Plan at December 31, 2013 and 2012:

| | At December 31, | |
|--|-------------------|-------------------|
| | 2013 | 2012 |
| <i>(in thousands)</i> | | |
| Change in benefit obligation: | | |
| Benefit obligation — beginning of year | \$ 1,774 | \$ 4,081 |
| Service cost | - | 1 |
| Interest cost | 63 | 79 |
| Plan participants contributions | 104 | 92 |
| Curtailment gain | - | (2,651) |
| Actuarial (gain) loss | (165) | 500 |
| Benefits paid | (257) | (328) |
| Benefit obligation — end of year | 1,519 | 1,774 |
| Change in plan assets: | | |
| Fair value of plan assets — beginning of year | - | - |
| Employer contributions ⁽¹⁾ | 153 | 236 |
| Plan participants contributions | 104 | 92 |
| Benefits paid | (257) | (328) |
| Fair value of plan assets — end of year | - | - |
| Reconciliation: | | |
| Funded status | (1,519) | (1,774) |
| Accrued postretirement cost | \$ (1,519) | \$ (1,774) |
| Assumptions: | | |
| Discount rate | 4.75% | 3.75% |

⁽¹⁾ The FPU Medical Plan did not receive a significant subsidy for the post-merger period.

Net periodic postretirement cost for 2013 and 2012 includes the following components:

| | For the Year Ended December 31, | |
|--|---------------------------------|-----------------|
| | 2013 | 2012 |
| <i>(in thousands)</i> | | |
| Components of net periodic postretirement cost: | | |
| Service cost | \$ - | \$ 1 |
| Interest cost | 63 | 79 |
| Net periodic postretirement cost | \$ 63 | \$ 80 |
| Curtailment gain | - | (892) |
| Amortization of pre-merger regulatory asset | 8 | 8 |
| Total periodic postretirement cost | \$ 71 | \$ (804) |
| Assumptions | | |
| Discount rate | 3.75% | 4.50% |

| | | | |
|----------------------------------|-------------|--|--------------------|
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Similar to the FPU Pension Plan, continued amortization of the FPU postretirement benefit regulatory asset related to the unrecognized cost prior to the merger with Chesapeake was included in the net periodic cost. The unamortized balance of this regulatory asset was \$54,000 and \$62,000 at December 31, 2013 and 2012, respectively.

The following table presents the amounts not yet reflected in net periodic benefit cost and included in FPU's accumulated other comprehensive income/loss or regulatory asset related to the above plans as of December 31, 2013:

| <i>(in thousands)</i> | FPU Pension Plan | FPU Medical Plan | Total |
|---|------------------------|------------------------|---------|
| Net (gain) loss | \$5,298 | (\$142) | \$5,156 |
| Total | \$5,298 | (\$142) | \$5,156 |
| Accumulated other comprehensive loss pre-tax ⁽¹⁾ | \$1,007 | (\$27) | \$980 |
| Post-merger regulatory asset | 4,291 | (115) | 4,176 |
| Subtotal | 5,298 | (142) | 5,156 |
| Pre-merger regulatory asset | 4,348 | 54 | 4,402 |
| Total unrecognized cost | \$9,646 | (\$88) | \$9,558 |

⁽¹⁾The total amount of accumulated other comprehensive loss recorded on FPU's consolidated balance sheet as of December 31, 2013 is net of income tax benefit of \$378,000

The amounts in accumulated other comprehensive income/loss and regulatory asset for FPU's pension and postretirement benefits plans that are expected to be recognized as a component of net benefit cost in 2013 are set forth in the following table:

| <i>(in thousands)</i> | FPU Pension Plan | FPU Medical Plan | Total |
|---|------------------------|------------------------|--------|
| Amortization of pre-merger regulatory asset | \$ 761 | \$ 8 | \$ 769 |

Assumptions

The assumptions used for the discount rate to calculate the benefit obligations of our plans were based on the interest rates of high-quality bonds in 2013, reflecting the expected lives of the plans. In determining the average expected return on plan assets for the FPU Pension Plan, various factors, such as historical long-term return experience, investment policy and current and expected allocation, were considered. Since the FPU Pension Plan is frozen with respect to additional years of service and compensation, the rate of assumed compensation increases is not applicable.

The health care inflation rate for 2013 used to calculate the benefit obligation is 6.5 percent for the FPU Medical Plan. A one-percentage point increase in the health care inflation rate from the assumed rate would increase the accumulated postretirement benefit obligation by approximately \$119,000 as of December 31, 2013, and would increase the aggregate of the service cost and interest cost components of the net periodic postretirement benefit cost for 2013 by approximately \$4,000. A one-percentage point decrease in the health care inflation rate from the assumed rate would decrease the accumulated postretirement benefit obligation by approximately \$106,000 as of December 31, 2013, and would decrease the aggregate of the service cost and interest cost components of the net periodic postretirement benefit cost for 2013 by approximately \$4,000.

| | | | |
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Estimated Future Benefit Payments

In 2014, FPU expects to contribute \$2.4 million and \$245,000 to the FPU Pension Plan and FPU Medical Plan, respectively. The schedule below shows the estimated future benefit payments for each FPU plan previously described:

| <i>(in thousands)</i> | FPU Pension Plan ⁽¹⁾ | FPU Medical Plan ⁽²⁾ |
|-------------------------|---------------------------------------|---------------------------------------|
| 2014 | \$2,814 | \$245 |
| 2015 | \$2,886 | \$223 |
| 2016 | \$2,946 | \$203 |
| 2017 | \$2,988 | \$166 |
| 2018 | \$3,048 | \$133 |
| Years 2019 through 2023 | \$16,362 | \$393 |

⁽¹⁾ The pension plan is funded; therefore, benefit payments are expected to be paid out of the plan assets.

⁽²⁾ Benefit payments are expected to be paid out of our general funds.

Retirement Savings Plan

Effective January 1, 2012, FPU employees are eligible to participate in the Chesapeake Utilities Corporation 401(k) Retirement Savings Plan, which is a plan sponsored by Chesapeake. The benefits offered under the Chesapeake 401(k) Retirement Savings Plan effective January 1, 2012 are similar to the benefits previously offered by the FPU retirement savings plan. FPU offers the Chesapeake 401(k) plan to all eligible employees who have completed three months of service, except for employees represented by a collective bargaining agreement that does not specifically provide for participation in the plan, non-resident aliens with no U.S. source income and individuals classified as consultants, independent contractors or leased employees.

Prior to January 1, 2012, FPU maintained a separate 401(k) retirement savings plan. Effective January 1, 2011, FPU matched 100 percent of eligible non-union participants' pre-tax contributions to the FPU 401(k) plan up to a maximum of six percent of the eligible compensation. Eligible employees who had not opted out of the plan were automatically enrolled at the three-percent deferral rate and the automatic deferral would increase by one percent per year up to a maximum of six percent, unless an employee elected otherwise, with vesting of 100 percent after two years of service. Employees with one year of service were 20 percent vested and became 100 percent vested after two years of service. Participants were eligible for the employer contributions only if they have worked for a minimum number of hours as specified in our plan document during the plan year.

For the years ended December 31, 2013 and 2012, our share of contributions to the Chesapeake 401(k) plan totaled \$179,818 and \$178,442, respectively.

Chesapeake offers a non-qualified supplemental employee retirement savings plan to its executives over a specific income threshold. Certain FPU executives participate in the Chesapeake non-qualified supplemental employee retirement savings plan. Participants receive a cash-only matching contribution percentage equivalent to their 401(k) match level. For the years ended December 31, 2013 and 2012 our share of the amounts matched to FPU's participants in this plan totaled \$2,765 and \$492, respectively.

9. Share-Based Compensation

Effective May 2, 2013, Chesapeake's key employees are awarded share-based awards through the Chesapeake's 2013 Stock and Incentive Compensation Plan ("SICP"). Prior to May 2, 2013, Chesapeake awarded its key employees share-based awards through the Chesapeake Performance Incentive Plan ("Chesapeake PIP"). The Chesapeake Compensation Committee is authorized to grant key employees of Chesapeake and its subsidiaries the right to receive awards of shares of Chesapeake common stock, contingent upon the achievement of established performance goals. These awards are subject to certain post-vesting transfer restrictions.

| | | | |
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In July 2012, Chesapeake replaced a multi-year cash-based incentive award opportunity for one of FPU's officer with an award opportunity of 4,800 shares under the Chesapeake PIP. These shares will vest at the end of the service period ending December 31, 2014 and have terms and market/performance targets similar to other shares granted under the Chesapeake PIP in January 2012. No shares were granted to the FPU officer(s) by Chesapeake during 2013. In 2014, the same officer received an award of 4,428 shares and 3,758 shares under SICP for the three-year service period ending December 31, 2015 and 2016, respectively.

We record these share-based awards as compensation costs over the respective service period for which services are received in exchange for an award of equity or equity-based compensation. The compensation cost is based primarily on the fair value of the shares awarded, using the estimated fair value of each share on the date it was granted and the number of shares to be issued at the end of the service period.

These awards are based on multi-year performance plans, which are earned based upon the successful achievement of long-term goals, growth and financial results, which comprised both market-based and performance-based conditions or targets. The fair value of each share of stock tied to a performance-based condition or target is equal to the market price of Chesapeake common stock on the date of the grant. For the market-based conditions, Chesapeake used the Black-Scholes pricing model to estimate the fair value of each share of market-based award granted.

For the years ended December 31 2013 and 2012 we were allocated \$8,000 and \$17,000, respectively, in total compensation expense related to a FPU officer that participates in Chesapeake's share-based compensation plan.

The weighted average grant-date fair value of the awards granted under the Chesapeake's share-based compensation plan during 2012 was \$39.62. As of December 31, 2013, there were 441,241 shares reserved for issuance under the Chesapeake SICP.

10. Rates and Other Regulatory Activities

Marianna Franchise: On July 7, 2009, the City Commission of Marianna ("Marianna Commission") adopted the Franchise Agreement. The Franchise Agreement required us to develop and implement new time of use ("TOU") and interruptible electric power rates, or other similar rates, mutually agreeable to us and the City of Marianna, effective by February 17, 2011, and available to all customers within our northwest division, which includes the City of Marianna. If the rates were not in effect by February 17, 2011, the City of Marianna had the right to give notice to us of its intent to exercise its option in the Franchise Agreement to purchase our property (consisting of the electric distribution assets) within the City of Marianna. Any such purchase was subject to approval by the Marianna Commission, which needed to approve the presentation of a referendum to voters in the City of Marianna for the approval of the purchase and the operation by the City of Marianna of an electric distribution facility.

We developed TOU and interruptible rates. On December 14, 2010, we filed a petition with the FPSC for authority to implement such proposed TOU and interruptible rates on or before February 17, 2011. On January 26, 2011, we filed a petition with the FPSC for approval of an amendment to the Generation Services Agreement between us and Gulf Power Company ("Gulf Power"). The amendment provides for a reduction in the capacity demand quantity, which generates the savings necessary to support the TOU and interruptible rates approved by the FPSC. The amendment also extended the current agreement by two years, with a new expiration date of December 31, 2019.

On February 11, 2011, the FPSC approved our petition for authority to implement the proposed TOU and interruptible rates, effective as of February 8, 2011. The City of Marianna objected to the proposed rates and filed a petition protesting the entry of the FPSC's order. On June 21, 2011, the FPSC issued an order approving the amendment to our Generation Services Agreement. On July 12, 2011, the City of Marianna filed a protest of this decision and requested a hearing on the amendment. On January 24, 2012, the FPSC dismissed with prejudice the protests by the City of Marianna regarding both the TOU and interruptible rates and the amendment to the Generation Services Agreement.

The City of Marianna filed an appeal with the Florida Supreme Court on March 7, 2012 and with the FPSC on March 19, 2012, seeking an appellate review of both of the decisions by the FPSC with respect to the protests by the City of Marianna.

| | | | |
|----------------------------------|-------------|--|--------------------|
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As more fully disclosed in *Note 11, Other Commitments and Contingencies*, on March 2, 2011, the City of Marianna filed a complaint against us in the Circuit Court of the Fourteenth Judicial Circuit in and for Jackson County, Florida, alleging breaches of the Franchise Agreement by us and seeking a declaratory judgment that the City of Marianna has the right to exercise its option to purchase our property in the City of Marianna in accordance with the terms of the Franchise Agreement. Prior to the scheduled trial date, we reached an agreement in principle with the City of Marianna to resolve this dispute, which resulted in the City of Marianna dismissing its legal action with prejudice on February 11, 2013. Subsequently, we entered into a settlement agreement with the City of Marianna, which contemplated, among other items, the City of Marianna proceeding with a referendum on the purchase of our facilities. On April 9, 2013, the referendum took place, and the citizens of the City of Marianna voted, by a wide margin, to reject the purchase of our facilities by the City of Marianna. As a result of the outcome of the referendum and pursuant to the terms of the settlement agreement, our franchise with the City of Marianna was extended by ten years. Also pursuant to the settlement agreement, the City of Marianna withdrew before the Florida Supreme Court its appeals related to the FPSC's orders regarding the implementation of TOU and interruptible rates and the amendment to the Generation Services Agreement between us and Gulf Power.

We have incurred approximately \$1.9 million of expenses associated with the City of Marianna litigation. In seeking regulatory recovery of these extraordinary expenses, we filed a petition with the FPSC on August 27, 2012, for approval to: (i) defer, as a regulatory asset, the expenses associated with the litigation initiated by the City of Marianna; and (ii) amortize over five years, beginning in January 2013, previously expensed as well as future litigation expenses. Although this petition did not request recovery of these expenses, we sought deferral treatment of the expenses for regulatory purposes, which could allow future recovery of those expenses. On December 3, 2012, the FPSC approved our request. Pursuant to this order, we deferred \$1.4 million of the litigation expense as a regulatory asset at December 31, 2012. Subsequent discussions with the Office of Public Counsel resulted in a settlement agreement on October 11, 2013. Under this settlement agreement, we recovered approximately \$1.8 million of the total expenses associated with the City of Marianna litigation by retaining the \$1.8 million refund received from Gulf Power. This refund represented the higher fuel cost paid by us during the City of Marianna franchise dispute as a result of the delay in implementing the amendment to the Generation Service Agreement. Upon reinstatement of the amendment, Gulf Power refunded this amount to us pursuant to the terms of the amendment. The remaining litigation expenses are being amortized over the five-year period beginning in January 2013, as previously approved by the FPSC. The FPSC approved the settlement agreement on October 24, 2013.

On April 28, 2014, we filed a base rate proceeding with the FPSC. We are seeking interim rate relief of approximately \$2.4 million and final rate relief of approximately \$5.9 million. The interim rate relief requested is based on the historic twelve-month period ended September 30, 2013. We expect the interim rate relief to be determined in the second quarter of 2014. Any increase to our rates as a result of this interim rate relief will be subject to refund based on the outcome of the final rate relief, which we expect to be finalized during the fourth quarter of 2014.

Other Matters: We also had developments in the following regulatory matters:

On July 2, 2013, FPU filed a petition with the FPSC for recognition of a regulatory liability for a one-time curtailment gain associated with a change in the FPU Medical Plan. The change in the FPU Medical Plan was implemented effective January 1, 2012 in an effort to conform the benefits offered to FPU employees to those offered by Chesapeake. The change in the FPU Medical Plan resulted in a total curtailment gain of \$892,000, of which \$722,000 was allocated to regulated operations. Since this gain resulted from the merger integration effort, FPU believes that the treatment most consistent with prior regulatory practice would be to record the gain allocated to its regulated operations as a regulatory liability and amortize that amount over a specified period. This treatment is similar to how merger-related costs and a one-time tax contingency gain were treated. FPU requested approval to record regulatory liabilities of \$722,000 of which \$258,000 and \$464,000 was allocated to us and natural gas operations, respectively. FPU also sought permission to amortize the proposed regulatory liabilities over a 34-month period, beginning January 1, 2012, and ending October 30, 2014. The FPSC approved this petition on October 24, 2013. We recorded \$183,000 of the amortization of this regulatory liability in 2013, including immediate recognition in current period earnings of the amortization related to the period prior to the FPSC's approval, which reduced depreciation and amortization expense.

| | | |
|----------------------------------|-------------|--------------------|
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11. Other Commitments and Contingencies

Litigation

On March 2, 2011, the City of Marianna filed a complaint against us in the Circuit Court of the Fourteenth Judicial Circuit in and for Jackson County, Florida. In the complaint, the City of Marianna alleged three breaches of the Franchise Agreement by us: (i) we failed to develop and implement TOU and interruptible rates that were mutually agreed to by us and the City of Marianna; (ii) mutually agreed upon TOU and interruptible rates were not effective or in effect by February 17, 2011; and (iii) we did not have such rates available to all of our customers located within and without the corporate limits of the City of Marianna. The City of Marianna sought a declaratory judgment allowing it to exercise its option under the Franchise Agreement to purchase our property (consisting of the electric distribution assets) within the City of Marianna. Any such purchase would be subject to approval by the Marianna Commission, which would also need to approve the presentation of a referendum to voters in the City of Marianna related to the purchase and the operation by the City of Marianna of an electric distribution facility. On March 28, 2011, we filed our answer to the declaratory action by the City of Marianna, in which we denied the material allegations by the City of Marianna and asserted several affirmative defenses. On August 3, 2011, the City of Marianna notified us that it was formally exercising its option to purchase our property. On August 31, 2011, we advised the City of Marianna that it had no right to exercise the purchase option under the Franchise Agreement and that we would continue to oppose the effort by the City of Marianna to purchase our property. In December 2011, the City of Marianna filed a motion for summary judgment. On April 3, 2012, the court conducted a hearing on the City of Marianna's motion for summary judgment. The court subsequently denied in part and granted in part the City of Marianna's motion after concluding that issues of fact remained for trial with respect to each of the three alleged breaches of the Franchise Agreement.

Prior to the February 2013 trial date, we reached an agreement in principle with the City of Marianna to resolve this dispute, which resulted in the City of Marianna dismissing its legal action with prejudice on February 11, 2013. Subsequently we entered into a settlement agreement with the City of Marianna, which contemplated, among other items, the City of Marianna proceeding with a referendum on the purchase of our facilities within the City of Marianna. On April 9, 2013, the referendum took place, and the citizens of the City of Marianna voted, by a wide margin, to reject the purchase of our facilities by the City of Marianna. As a result of the dismissal with prejudice of the legal action by the City of Marianna and the outcome of the referendum on the purchase of our facilities, we no longer have any contingencies related to claims by the City of Marianna.

We are involved in certain other legal actions and claims arising in the normal course of business. We are also involved in certain legal and administrative proceedings before various governmental agencies concerning rates. In the opinion of management, the ultimate disposition of these proceedings will not have a material effect on our consolidated financial position, results of operations or cash flows.

Electric Supply

We have entered into contractual commitments to purchase electricity from various suppliers. The contracts have various expiration dates. The total purchase obligations for electric supplies are \$14.4 million for 2014, \$30.6 million for 2015-2016, \$29.6 million for 2017-2018 and \$14.0 million thereafter.

In January 25, 2011, we entered into an amendment of the Generation Services Agreement with Gulf Power, which reduces the capacity demand quantity and provides the savings necessary to support the TOU and interruptible rates for the customers in the City of Marianna, both of which were approved by the FPSC. The amendment also extends the current agreement by two years, with a new expiration date of December 31, 2019.

Our electric fuel supply contracts require us to maintain an acceptable standard of creditworthiness based on specific financial ratios. Our agreement with JEA (formerly known as Jacksonville Electric Authority) requires us to comply with the following ratios based on the results of the prior 12 months: (a) total liabilities to tangible net worth less than 3.75 times, and (b) fixed charge coverage ratio greater than 1.5 times. If either ratio is not met by us, we have 30 days to cure the default or provide an irrevocable letter of credit if the default is not cured. Our electric fuel supply agreement with Gulf Power requires us to meet the following ratios based on the average of the prior six quarters: (a) funds from operations interest coverage ratio (minimum of 2 to 1), and (b) total debt to total capital (maximum of .65 to 1). If we fail to meet the requirements, we have to provide the supplier a written explanation of actions taken or proposed to be taken to become compliant. Failure to comply with the ratios specified in the Gulf Power agreement could result in us providing an irrevocable letter of credit. As of December 31, 2013, we were in compliance with all of the requirements of its fuel supply contracts.

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|---|--|-------------|--------------|--------------------|--|
| Electric Division | | | | December 31, 2013 | |
| SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION | | | | | |
| Line No. | Item (a) | Total (b) | Electric (c) | | |
| 1 | UTILITY PLANT | | | | |
| 2 | In Service | | | | |
| 3 | Plant in Service (Classified) | 103,925,485 | | 103,925,485 | |
| 4 | Property Under Capital Leases | - | | - | |
| 5 | Plant Purchased or Sold | - | | - | |
| 6 | Completed Construction not Classified | - | | - | |
| 7 | Experimental Plant Unclassified | - | | - | |
| 8 | TOTAL (Enter Total of lines 3 thru 7) | 103,925,485 | | 103,925,485 | |
| 9 | Leased to Others | - | | - | |
| 10 | Held for Future Use | - | | - | |
| 11 | Construction Work in Progress | 1,952,246 | | 1,952,246 | |
| 12 | Acquisition Adjustment | 3,691 | | 3,691 | |
| 13 | TOTAL Utility Plant (Enter Total of lines 8 thru 12) | 105,881,422 | | 105,881,422 | |
| 14 | Accum. Prov. for Depr., Amort., & Depl. | 50,780,691 | | 50,780,691 | |
| 15 | Net Utility Plant (Enter total of line 13 less 14) | 55,100,731 | | 55,100,731 | |
| 16 | DETAIL OF ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION | | | | |
| 17 | In Service: | | | | |
| 18 | Depreciation | 50,777,000 | | 50,777,000 | |
| 19 | Amort. and Depl. of Producing Nat. Gas Land and Land Rights | - | | - | |
| 20 | Amort. of Underground Storage Land and Land Rights | - | | - | |
| 21 | Amort. of Other Utility Plant | - | | - | |
| 22 | TOTAL in Service (Enter Total of lines 18 thru 21) | 50,777,000 | | 50,777,000 | |
| 23 | Leased to Others | | | | |
| 24 | Depreciation | - | | - | |
| 25 | Amortization and Depletion | - | | - | |
| 26 | TOTAL Leased to Others (Enter Total of lines 24 and 25) | - | | - | |
| 27 | Held for Future Use | | | | |
| 28 | Depreciation | - | | - | |
| 29 | Amortization | - | | - | |
| 30 | TOTAL Held for Future Use (Ent. Tot. of lines 28 and 29) | - | | - | |
| 31 | Abandonment of Leases (Natural Gas) | - | | - | |
| 32 | Amort. of Plant Acquisition Adjustment | 3,691 | | 3,691 | |
| 33 | TOTAL Accumulated Provisions (Should agree with line 14 above)(Enter Total of lines 22, 26, 30, 31, and 32) | 50,780,691 | | 50,780,691 | |

ELECTRIC PLANT IN SERVICE (Accounts 101, 102, 103, 106)

1. Report below the original cost of electric plant in service according to the prescribed accounts.
 2. In addition to Account 101, Electric Plant in Service (Classified) this page and the next include Account 102, Electric Plant Purchased or Sold; Account 103, Experimental Gas Plant Unclassified; and Account 106, Completed Construction Not Classified - Electric
 3. Include in column (c) or (d), as appropriate, corrections of additions and retirements for the current or preceding year.
 4. Enclose in parentheses credit adjustments of plant accounts to indicate the negative effect of such accounts.
 5. Classify Account 106 according to prescribed accounts, on an estimated basis if necessary, and include the entries in column (c). Also to be included in column (c) are entries for reversals of tentative distributions of prior year reported in column (b). Likewise, if the respondent has a significant amount of plant retirements the end of the year, included in column (d) a tentative distribution of such retirements, on an estimated basis, with appropriate contra entry to the account for accumulated depreciation provision. Include also in column (d) reversals of tentative distributions of prior years of unclassified retirements. Attach supplemental statement showing the account distributions of these tentative classifications in columns (c) and (d), including the reversals of the prior years tentative account distributions of these amounts. Careful observance of the above instructions and the texts of accounts 101 and 106 will avoid serious omissions of the reported amount of respondent's plant actually in service at end of year.

| Line No. | Account (a) | Balance at Beginning of Year (b) | Additions (c) |
|----------|---|----------------------------------|---------------|
| 1 | 1. INTANGIBLE PLANT | | |
| 2 | (301) Organization | - | |
| 3 | (302) Franchises and Consents | | |
| 4 | (303) Miscellaneous Intangible Plant | 1,193 | - |
| 5 | TOTAL Intangible Plant (Enter Total of lines 2, 3, and 4) | 1,193 | - |
| 6 | 2. PRODUCTION PLANT | | |
| 7 | A. Steam Production Plant | | |
| 8 | (310) Land and Land Rights | - | |
| 9 | (311) Structures and Improvements | - | |
| 10 | (312) Boiler Plant Equipment | - | |
| 11 | (313) Engines and Engine Driven Generators | - | |
| 12 | (314) Turbogenerator Units | - | |
| 13 | (315) Accessory Electric Equipment | - | |
| 14 | (316) Misc. Power Plant Equipment | - | |
| 15 | TOTAL Steam Production Plant (Enter Total of lines 8 through 14) | - | - |
| 16 | B. Nuclear Production Plant | | |
| 17 | (320) Land and Land Rights | - | |
| 18 | (321) Structures and Improvements | - | |
| 19 | (322) Reactor Plant Equipment | - | |
| 20 | (323) Turbogenerator Units | - | |
| 21 | (324) Accessory Electric Equipment | - | |
| 22 | (325) Misc. Power Plant Equipment | - | |
| 23 | TOTAL Nuclear Production Plant (Enter Total of lines 17 through 22) | - | - |
| 24 | C. Hydraulic Production Plant | | |
| 25 | (330) Land and Land Rights | - | |
| 26 | (331) Structures and Improvements | - | |
| 27 | (332) Reservoirs, Dams, and Waterways | - | |
| 28 | (333) Water Wheels, Turbines, and Generators | - | |
| 29 | (334) Accessory Electric Equipment | - | |
| 30 | (335) Misc. Power Plant Equipment | - | |
| 31 | (336) Roads, Railroads, and Bridges | - | |
| 32 | TOTAL Hydraulic Production Plant (Enter Total of lines 25 through 31) | - | - |
| 33 | D. Other Production Plant | | |
| 34 | (340) Land and Land Rights | - | |
| 35 | (341) Structures and Improvements | - | |
| 36 | (342) Fuel Holders, Products and Accessories | - | |
| 37 | (343) Prime Movers | - | |
| 38 | (344) Generators | - | |
| 39 | (345) Accessory Electric Equipment | - | |

ELECTRIC PLANT IN SERVICE (Accounts 101, 102, 103, and 106) (Continued)

6. Show in column (f) reclassifications or transfers within utility plant accounts. Include also in column (f) the additions or reductions of primary account classifications arising from distribution of amounts initially recorded in Account 102. In showing the clearance of Account 102, include in column (e) the amounts with respect to accumulated provision for depreciation, acquisition adjustments, etc., and show in column (f) only the offset to the debits or credits distributed in column (f) to primary account classifications.

7. For Account 399, state the nature and use of plant included in this account and if substantial in amount submit a supplementary statement

showing subaccount classifications of such plant conforming to the requirements of these pages.

8. For each amount comprising the reported balance and changes in Account 102, state the property purchased or sold, name of vendor or purchaser, and the date of transaction. If proposed journal entries have been filed with the Commission as required by the Uniform System of Accounts, give also date of such filing.

| Retirements (d) | Adjustments (e) | Transfers (f) | Balance at End of Year (g) | | Line No. |
|--------------------|--------------------|------------------|----------------------------------|-------|-------------|
| | | | - | (301) | 1 |
| | | | - | (302) | 2 |
| | | | 1,193 | (303) | 3 |
| | | | 1,193 | | 4 |
| | | | | | 5 |
| | | | | | 6 |
| | | | | | 7 |
| | | | - | (310) | 8 |
| | | | - | (311) | 9 |
| | | | - | (312) | 10 |
| | | | - | (313) | 11 |
| | | | - | (314) | 12 |
| | | | - | (315) | 13 |
| | | | - | (316) | 14 |
| | | | - | | 15 |
| | | | - | (320) | 16 |
| | | | - | (321) | 17 |
| | | | - | (322) | 18 |
| | | | - | (323) | 19 |
| | | | - | (324) | 20 |
| | | | - | (325) | 21 |
| | | | - | | 22 |
| | | | - | | 23 |
| | | | - | (330) | 24 |
| | | | - | (331) | 25 |
| | | | - | (332) | 26 |
| | | | - | (333) | 27 |
| | | | - | (334) | 28 |
| | | | - | (335) | 29 |
| | | | - | (336) | 30 |
| | | | - | | 31 |
| | | | - | | 32 |
| | | | - | (340) | 33 |
| | | | - | (341) | 34 |
| | | | - | (342) | 35 |
| | | | - | (343) | 36 |
| | | | - | (344) | 37 |
| | | | - | (345) | 38 |
| | | | - | | 39 |

ELECTRIC PLANT IN SERVICE (Accounts 101, 102, 103, 106)

| Line No. | Account (a) | Balance at Beginning of Year (b) | Additions (c) |
|----------|---|----------------------------------|---------------|
| 40 | (346) Misc. Power Plant Equipment | - | - |
| 41 | TOTAL Other Production Plant (Enter Total of lines 34 through 40) | - | - |
| 42 | TOTAL Production Plant (Enter Total of lines 15, 23, 32, and 41) | - | - |
| 43 | 3. TRANSMISSION PLANT | | |
| 44 | (350) Land and Land Rights | 41,471 | - |
| 45 | (352) Structures and Improvements | 144,149 | 53,610 |
| 46 | (353) Station Equipment | 3,184,141 | 791,577 |
| 47 | (354) Towers and Fixtures | 224,802 | - |
| 48 | (355) Poles and Fixtures | 2,788,107 | 378,823 |
| 49 | (356) Overhead Conductors and Devices | 2,022,317 | 62,887 |
| 50 | (357) Underground Conduit | - | - |
| 51 | (358) Underground Conductors and Devices | - | - |
| 52 | (359) Roads and Trails | 6,788 | - |
| 53 | TOTAL Transmission Plant (Enter Total of lines 44 through 52) | 8,411,775 | 1,286,897 |
| 54 | 4. DISTRIBUTION PLANT | | |
| 55 | (360) Land and Land Rights | 70,568 | 314,352 |
| 56 | (361) Structures and Improvements | 100,855 | 73,177 |
| 57 | (362) Station Equipment | 7,654,880 | 373,894 |
| 58 | (363) Storage Battery Equipment | - | - |
| 59 | (364) Poles, Towers, and Fixtures | 12,072,646 | 620,769 |
| 60 | (365) Overhead Conductors and Devices | 11,770,914 | 387,863 |
| 61 | (366) Underground Conduit | 4,892,362 | 541,980 |
| 62 | (367) Underground Conductors and Devices | 6,757,175 | 1,140,155 |
| 63 | (368) Line Transformers | 15,745,566 | 564,370 |
| 64 | (369) Services | 9,906,455 | 153,382 |
| 65 | (370) Meters | 3,793,849 | 106,938 |
| 66 | (371) Installations on Customer Premises | 2,859,527 | 123,461 |
| 67 | (372) Leased Property on Customer Premises | - | - |
| 68 | (373) Street Lighting and Signal Systems | 1,399,654 | 32,343 |
| 69 | TOTAL Distribution Plant (Enter Total of lines 55 through 68) | 77,024,451 | 4,432,684 |
| 70 | 5. GENERAL PLANT | | |
| 71 | (389) Land and Land Rights | 825,089 | 77,445 |
| 72 | (390) Structures and Improvements | 1,874,814 | 2,486,119 |
| 73 | (391) Office Furniture and Equipment | 2,336,267 | 304,642 |
| 74 | (392) Transportation Equipment | 3,999,769 | 822,037 |
| 75 | (393) Stores Equipment | 149,712 | - |
| 76 | (394) Tools, Shop and Garage Equipment | 317,762 | 17,942 |
| 77 | (395) Laboratory Equipment | 121,047 | - |
| 78 | (396) Power Operated Equipment | 190,166 | - |
| 79 | (397) Communication Equipment | 330,165 | 78,638 |
| 80 | (398) Miscellaneous Equipment | 45,723 | - |
| 81 | SUBTOTAL (Enter Total of lines 71 through 80) | 10,190,514 | 3,786,823 |
| 82 | (399) Other Tangible Property | 15,993 | - |
| 83 | TOTAL General Plant (Enter Total of lines 81 and 82) | 10,206,507 | 3,786,823 |
| 84 | TOTAL (Accounts 101 and 106) | 95,642,733 | 9,506,404 |
| 85 | (102) Electric Plant Purchased | - | - |
| 86 | (Less) (102) Electric Plant Sold | - | - |
| 87 | (103) Experimental Plant Unclassified | - | - |
| 88 | TOTAL Electric Plant in Service | 95,643,920 | 9,506,404 |

ELECTRIC PLANT IN SERVICE (Accounts 101, 102, 103, and 106) (Continued)

| Retirements (d) | Adjustments (e) | Transfers (f) | Balance at End of Year (g) | | Line No. |
|--------------------|--------------------|------------------|----------------------------------|-------|-------------|
| | | | - | (346) | 40 |
| - | - | - | - | | 41 |
| - | - | - | - | | 42 |
| - | - | - | - | | 43 |
| - | - | - | 41,471 | (350) | 44 |
| - | - | - | 197,759 | (352) | 45 |
| (227,196) | - | - | 3,748,521 | (353) | 46 |
| - | - | - | 224,802 | (354) | 47 |
| - | - | - | 3,166,930 | (355) | 48 |
| (764) | - | - | 2,084,439 | (356) | 49 |
| - | - | - | - | (357) | 50 |
| - | - | - | - | (358) | 51 |
| - | - | - | 6,788 | (359) | 52 |
| (227,960) | - | - | 9,470,710 | | 53 |
| - | - | - | 384,920 | (360) | 54 |
| - | - | - | 174,032 | (361) | 55 |
| (83,826) | - | - | 7,944,948 | (362) | 56 |
| - | - | - | - | (363) | 57 |
| (19,995) | - | - | 12,673,420 | (364) | 58 |
| (24,858) | - | - | 12,133,920 | (365) | 59 |
| (10,622) | (4,960) | (33,155) | 5,385,605 | (366) | 60 |
| (80,884) | (4,870) | (27,975) | 7,783,602 | (367) | 61 |
| (129,380) | (356) | - | 16,180,200 | (368) | 62 |
| (3,582) | - | - | 10,056,254 | (369) | 63 |
| (54,476) | - | - | 3,846,310 | (370) | 64 |
| (26,042) | - | - | 2,956,945 | (371) | 65 |
| - | - | - | - | (372) | 66 |
| (5,178) | - | - | 1,426,818 | (373) | 67 |
| (438,843) | (10,186) | (61,130) | 80,946,974 | | 68 |
| - | - | - | 902,534 | (389) | 69 |
| - | - | - | 4,360,933 | (390) | 70 |
| (130,817) | - | - | 2,510,092 | (391) | 71 |
| (344,770) | - | (9,597) | 4,467,438 | (392) | 72 |
| - | - | - | 149,712 | (393) | 73 |
| - | - | - | 335,704 | (394) | 74 |
| (1,535) | - | - | 119,512 | (395) | 75 |
| - | - | - | 190,166 | (396) | 76 |
| - | - | - | 408,803 | (397) | 77 |
| - | - | - | 45,723 | (398) | 78 |
| (477,122) | - | (9,597) | 13,490,617 | | 79 |
| - | - | - | 15,993 | (399) | 80 |
| (477,122) | - | (9,597) | 13,506,610 | | 81 |
| (1,143,925) | (10,186) | (70,727) | 103,924,294 | | 82 |
| - | - | - | - | (102) | 83 |
| - | - | - | - | (103) | 84 |
| (1,143,925) | (10,186) | (70,727) | 103,925,485 | | 85 |
| | | | | | 86 |
| | | | | | 87 |
| | | | | | 88 |

CONSTRUCTION WORK IN PROGRESS-ELECTRIC (Account 107)

1. Report below descriptions and balances at end of year of projects in process of construction (107).
 2. Show items relating to "research, development, and demonstration" projects last, under a caption Research, Development, and Demonstration (see Account 107 of the Uniform System of Accounts).
 3. Minor projects (5% of the Balance End of the Year for Account 107 or \$100,000, whichever is less) may be grouped

| Line No. | Description of Project | Construction Work in Progress-Electric (Acct. 107) |
|----------|------------------------|--|
| | Software | 1,158,456 |
| 1 | Poles | 269,936 |
| 2 | U/G Line | 127,094 |
| 3 | Station Equipment | 189,909 |
| 4 | Conduit | 2,837 |
| 5 | Payroll | 39,433 |
| 6 | * Other | 164,581 |
| 7 | | |
| 8 | | |
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| 11 | | |
| 12 | | |
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| 21 | | |
| 22 | | |
| 23 | | |
| 24 | | |
| 25 | * Grouped Items | |
| 26 | | |
| 27 | | |
| 28 | TOTAL | 1,952,246 |

ACCUMULATED PROVISION FOR DEPRECIATION OF ELECTRIC UTILITY PLANT (Account 108)

- | | |
|---|---|
| <p>1. Explain in a footnote any important adjustments during year.</p> <p>2. Explain in a footnote any difference between the amount for book cost of plant retired, line 11, column (c), and that reported for electric plant in service, pages 204-207, column (d), excluding retirements of non-depreciable property.</p> <p>3. The provisions of Account 108 in the Uniform System of Accounts require that retirements of depreciable plant be recorded when such plant is removed from service.</p> | <p>If the respondent has a significant amount of plant retired at year end which has not been recorded and/or classified to the various reserve functional classifications, make preliminary closing entries to tentatively functionalize the book cost of the plant retired. In addition, include all costs included in retirement work in progress at year end in the appropriate functional classifications.</p> <p>4. Show separately interest credits under a sinking fund or similar method of depreciation accounting.</p> |
|---|---|

Section A. Balances and Changes During Year

| Line No. | Item (a) | Total (c+d+e) (b) | Electric Plant in Service (c) | Electric Plant Held for Future Use (d) | Electric Plant Leased to Others (e) |
|----------|--|-------------------------|-------------------------------------|--|---|
| | Item | | | | |
| 1. | Balance Beginning of Year | 48,629,107 | 48,629,107 | | |
| 2. | Depreciation Provisions for Year, Charged to | | | | |
| 3. | (403) Depreciation Expense | 3,344,955 | 3,344,955 | | |
| 4. | (413) Exp. of Elec. Plt. Leas. to Others | | | | |
| 5. | Transportation Expenses-Clearing | 196,272 | 196,272 | | |
| 6. | Other Clearing Accounts | 49,341 | 49,341 | | |
| 7. | Other Accounts (Specify): | | | | |
| 8. | Accrued Depreciation on Transfers | - | | | |
| 9. | TOTAL Deprec. Prov. for Year (Enter Total of lines 3 thru 8) | 3,590,568 | 3,590,568 | | |
| 10. | Net Charges for Plant Retired: | | | | |
| 11. | Book Cost of Plant Retired | (1,143,925) | (1,143,925) | | |
| 12. | Cost of Removal | (404,683) | (404,683) | | |
| 13. | Salvage (Credit) | 107,337 | 107,337 | | |
| 14. | TOTAL Net Chrgs. for Plant Ret. (Enter Total of lines 11 thru 13) | (1,441,271) | (1,441,271) | | |
| 15. | Other Debit or Credit Items (Describe)-Transfers | (1,404) | (1,404) | | |
| 16. | Balance End of Year (Enter Total of lines 1, 9, 14, 15, and 16) | 50,777,000 | 50,777,000 | | |

Section B. Balances at End of Year According to Functional Classifications

| | | | | | |
|-----|---|------------|------------|--|---|
| 18. | 0 | - | - | | |
| 19. | Nuclear Production | - | - | | |
| 20. | Hydraulic Production - Conventional | - | - | | |
| 21. | Hydraulic Production - Pumped Storage | - | - | | |
| 22. | Other Production | - | - | | |
| 23. | Transmission | 3,325,282 | 3,325,282 | | |
| 24. | Distribution | 42,454,983 | 42,454,983 | | |
| 25. | General | 4,996,735 | 4,996,735 | | - |
| 26. | TOTAL (Enter Total of lines 18 thru 25) | 50,777,000 | 50,777,000 | | - |

MATERIALS AND SUPPLIES

1. For Account 154, report the amount of plant materials and operating supplies under the primary functional classifications as indicated in column (a); estimates of amounts by function are acceptable. In column (d), designate the department or departments which use the class of material.
2. Give an explanation of important inventory adjustments during year (in a footnote) showing general classes of material and supplies and the various accounts (operating expense, clearing accounts, plant, etc.) Affected - debited or credited. Show separately debits or credits to stores expense-clearing, if applicable.

| Line No. | Account | Balance Beginning of Year | Balance End of Year | Department or Departments Which Use Material |
|----------|---|---------------------------|---------------------|--|
| | (a) | (b) | (c) | (d) |
| 1 | Fuel Stock (Account 151) | | | |
| 2 | Fuel Stock Expenses Undistributed (Account 152) | | | |
| 3 | Residuals and Extracted Products (Account 153) | | | |
| 4 | Plant Materials and Operating Supplies (Account 154) | | | |
| 5 | Assigned to - Construction (Estimated) | 899,388 | 1,009,477 | Operations |
| 6 | Assigned to - Operations and Maintenance | | | |
| 7 | Production Plant (Estimated) | | | |
| 8 | Transmission Plant (Estimated) | | | |
| 9 | Distribution Plant (Estimated) | 299,796 | 336,492 | Operations |
| 10 | Assigned to - Other | | | |
| 11 | TOTAL Account 154 (Enter Total of lines 5 thru 10) | 1,199,184 | 1,345,969 | |
| 12 | Merchandise (Account 155) | - | - | |
| 13 | Other Materials and Supplies (Account 156) | - | - | |
| 14 | Nuclear Materials Held for Sale (Account 157) (Not applicable to Gas Utilities) | | | |
| 15 | Stores Expense Undistributed (Account 163) | | | |
| 16 | | | | |
| 17 | | | | |
| 18 | | | | |
| 19 | | | | |
| 20 | TOTAL Materials and Supplies (per Balance Sheet) | 1,199,184 | 1,345,969 | |

Physical inventories were taken and the appropriate adjustments recorded in the following:

| | Amount | Account Debited | Account Credited |
|---|--------|-----------------|------------------|
| 114 Northwest Electric Division - Materials & Supplies | (63) | 596 | 154 |
| 115 Northeast Electric Materials & Supplies | 12,144 | 596, 107 | 154 |
| 121 South Florida - Materials & Supplies | - | | |
| South Florida Gas Division - Merchandise | - | | |
| 123 Central Florida - Materials & Supplies | - | | |
| Central Florida Gas Division - Merchandise | - | | |
| 993 Central Florida Propane Division - Merchandise | - | | |
| 995 Northeast Florida Propane Division - Materials & Supplies | - | | |
| Northeast Florida Propane Division - Merchandise | - | | |

OTHER REGULATORY ASSETS

1. Reporting below the particulars (details) called for concerning other regulatory assets which are created through the ratemaking actions of regulatory agencies (and not includable in other amounts).

3. Minor items (5% of the Balance at End of Year for Account 182.3 or amounts less than \$50,000, whichever is less) may be grouped by classes.

2. For regulatory assets being amortized, show period of amortization in column (a).

| | Description and Purpose of Other Regulatory Assets (a) | Balance Beginning of Year | Debits (b) | Credits | | Balance End of Year (e) |
|----|--|---------------------------------|---------------|---------------------------|----------------|-------------------------------|
| | | | | Account Charged (c) | Amounts (d) | |
| 1 | | | | | | |
| 2 | Regulatory Asset Retirement Plan | 6,153,121 | | 228,926 | (3,135,592) | 3,017,530 |
| 3 | Regulatory Asset 35% Federal Tax | 248,666 | | | | 248,666 |
| 4 | Regulatory Asset Deferred Litigation | 1,424,271 | 1,263,135 | 923 | (2,604,980) | 82,426 |
| 5 | | | | | | |
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| 39 | | | | | | |
| 40 | | | | | | |
| 41 | TOTAL | \$ 7,826,058 | \$ 1,263,135 | | \$ (5,740,571) | \$ 3,348,622 |

MISCELLANEOUS DEFERRED DEBITS (Account 186)

1. Report below the particulars (details) called for concerning miscellaneous deferred debits.
2. For any deferred debit being amortized, show period of amortization in column (a).

3. Minor items (1% of the Balance at End of Year for Account 186 or amounts less than \$50,000, whichever is less) may be grouped by classes.

| | Description of Miscellaneous Deferred Debit (a) | Balance at Beginning of Year (b) | Debits (c) | Account Charged (d) | Credit Amount (e) | Balance End of Year (f) |
|----|---|----------------------------------|------------|---------------------|-------------------|-------------------------|
| 1 | Unrecovered Conservation | 124,006 | - | 253 | (124,006) | - |
| 2 | Deferred Rate Case | - | 86,294 | 232 | - | 86,294 |
| 3 | | | | | | |
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| 33 | | | | | | |
| 1 | TOTAL | 124,006 | 86,294 | | (124,006) | 86,294 |

ACCUMULATED DEFERRED INCOME TAXES (Account 190)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes.
2. At Other (Specify), include deferrals relating to other income and deductions.
3. If more space is needed, use separate pages as required.
4. In the space provided below, identify by amount and classification, significant items for which deferred taxes are being provided. Indicate insignificant amounts under Other.

| Line No. | Account Subdivisions (a) | Balance at Beginning of Year (b) | Amounts Charged to 410 and 411 (c) | Adjustments (d) | Balance at End of Year (e) |
|----------|---|-------------------------------------|---------------------------------------|--------------------|-------------------------------|
| 1 | Electric | | | | |
| 2 | Customer based intangible asset for tax | 55,276 | 24,017 | - | 79,293 |
| 3 | Bad debt provision | 51,738 | 8,230 | - | 59,968 |
| 4 | Short Term IPP Bonus | - | 73,766 | 39,039 | 112,805 |
| | Pension | - | 90,856 | - | 90,856 |
| | OPRB | - | 207,969 | - | 207,969 |
| 5 | State decoupling asset | 294,369 | 72,682 | - | 367,051 |
| 6 | Storm reserve | 744,532 | 48,889 | - | 793,421 |
| 7 | Conservation Costs | - | 65,118 | (47,835) | 17,283 |
| 8 | | | | | |
| 9 | | | | | |
| 10 | | | | | |
| 11 | | | | | |
| 12 | | | | | |
| 13 | TOTAL Electric (Lines 2 thru 13) | 1,145,915 | 591,527 | (8,796) | 1,728,646 |
| 14 | Gas | | | | |
| 15 | | | | | |
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| 24 | | | | | |
| 25 | | | | | |
| 26 | TOTAL Gas (Lines 15 thru 25) | - | - | - | - |
| 27 | | | | | |
| 28 | Other (Specify) Common | | | | |
| 29 | TOTAL (Account 190)(Lines 12, 23 & 24) | 1,145,915 | 591,527 | (8,796) | 1,728,646 |
| | | | | | |
| | | | | | |

Florida Public Utilities Company
Electric Division

An Original
CAPITAL STOCK (Accounts 201 and 204)

For the Year Ended
December 31, 2013

1. Report below the particulars (details) called for concerning common and preferred stock at end of year, distinguishing separate series of any general class. Show separate totals for common and preferred stock. If information to meet the stock exchange reporting requirement outlined in column (a) is available from the SEC 10-K Report Form fil

ing, a specific reference to report form (i.e. year and company title) may be reported in column (a) provided the fiscal years for both the 10-K report and this report are compatible.
2. Entries in column (b) should represent the no. of shares authorized by the articles of incorp. as amended to end of year.
3. Give particulars (details) concerning shares of any class and

| Line No. | Class and Series of Stock and Name of Stock Exchange (a) | Number of Shares Authorized by Charter (b) | Par or Stated Value Per Share (c) | Call Price at End of Year (d) |
|----------|--|--|-----------------------------------|-------------------------------|
| 1 | | | | |
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| 29 | | | | |

| Florida Public Utilities Company Electric Division | | Original | For the Year Ended December 31, 2013 | |
|---|--|--|---|-----------|
| LONG-TERM DEBT (Accounts 221, 222, 223, and 224) | | | | |
| 1. Report by balance sheet the account particulars (details) concerning long-term debt included in Accounts 221, Bonds, 222, Reacquired Bonds, 223, Advances from Associated companies, and 224, Other Long-Term Debt. | | such certificates were issued. | | |
| 2. In column (a), for new issues, give Commission authorization numbers and dates. | | 6. In column (b) show the principal amount of bonds or other long-term debt originally issued. | | |
| 3. For bonds assumed by the respondent, include in column (a) the name of the issuing company as well as a description of the bonds. | | 7. In column (c) show the expense, premium or discount with respect to the amount of bonds or other long-term debt originally issued. | | |
| 4. For advances from Associated Companies, report separately advances on note and advances on open accounts. Designate demand notes as such. Include in column (a) names of associated companies from which advances were received. | | 8. For column (c) the total expenses should be listed first for each issuance, then the amount of premium (in parentheses) or discount. Indicate the premium or discount with a notation, such as (P) or (D). The expenses, premium or discount should not be netted. | | |
| 5. For receivers' certificates, show in column (a) the named of the court and date of court order under which | | 9. Furnish in a footnote particulars (details) regarding the treatment of unamortized debt expense, premium or discount associated with issues redeemed during the year. Also, give in a footnote the date of the Commission's authorization of treatment other than as specified by the | | |
| Line No. | (a) | Principal Amount of Debt Issued (b) | Total Expense Premium or Discount (c) | |
| 1 | Convertible Debentures - 8.25% | \$ 5,000,000 | \$ | 106,808 |
| 2 | Unamortized Issuance Costs | | \$ | 119,274 |
| 3 | Senior Note 4 - 7.83 % | \$ 20,000,000 | \$ | 114,957 |
| 4 | Senior Note 5 - 6.64% | \$ 30,000,000 | \$ | 141,831 |
| 5 | Senior Note 6 - 5.50% | \$ 20,000,000 | \$ | 79,566 |
| 6 | Senior Note 7 - 5.93% | \$ 30,000,000 | \$ | 39,518 |
| 7 | Senior Note 8 - 5.68% | \$ 29,000,000 | \$ | 34,794 |
| 8 | Senior Note 9- 6.43% | | | |
| 9 | Senior Note 10- 3.73% | | | |
| 10 | Senior Note 11- 3.88% | | | |
| 11 | Promissory Note | \$ 310,000 | \$ | - |
| 12 | Flo- Gas Notes Payable | | | |
| 13 | FPU Bond - 9.57% | \$ 10,000,000 | \$ | 180,273 |
| 14 | FPU Bond - 10.03% | \$ 5,500,000 | \$ | 97,070 |
| 15 | FPU Bond - 9.08% | \$ 8,000,000 | \$ | 122,010 |
| 16 | Less Current Maturities | | | |
| 17 | Unamortized Issuance Costs | | | |
| 18 | | | | |
| 19 | Totals | \$ 157,810,000 | \$ | 1,036,101 |
| 20 | | | | |
| 21 | | | | |
| 22 | Allocation to Florida Public Utilities - Electric Division | \$ 563,262 | \$ | 2,671 |
| 23 | Allocation to Other Jurisdictions | \$ 6,330,523 | \$ | 29,904 |
| 24 | | \$ 6,893,785 | \$ | 32,575 |
| 25 | | | | |
| 26 | | | | |
| 27 | | | | |
| 28 | | | | |
| 29 | Note: Schedule lists total long-term debt for Chesapeake Utilities Corporation. | | | |
| 30 | Line number 22 indicates the amount that is allocated to the Florida Public Utilities - Electric Division. | | | |
| 31 | | | | |
| 32 | | | | |
| 33 | | | | |
| 34 | | | | |
| 35 | | | | |

LONG-TERM DEBT (Accounts 221, 222, 223, and 224) (Continued)

Uniform System of Accounts.

10. Identify separate undisclosed amounts applicable to issues which were redeemed in prior years.

11. Explain any debits and credits other than amortization debited to Account 428, Amortization of Debt Discount and expense, or credited to Account 429, Amortization of Premium on Debt- Credit.

12. In a supplemental statement, give explanatory particulars (details) for Accounts 223 and 224 of net changes during the year. With respect to long-term advances show for each company: (a) principal advanced during year, (b) interest added to principal amount, and (c) principal repaid during year. Give Commission authorization numbers and dates.

13. If the respondent has pledged any of its long-term debt securities give particulars (details) in a footnote.

including name of pledgee and purpose of the pledge.

14. If the respondent has any long-term debt securities which have been nominally issued and are nominally outstanding at end of year, describe such securities in a footnote.

15. If interest expense was incurred during the year on any obligations retired or acquired before end of year, include such interest expense in column (i). Explain in a footnote any difference between the total of column (i) and the total of Account 427, Interest on Long-Term Debt and Account 430, Interest on Debt to Associated Companies.

16. Give particulars (details) concerning any long-term debt authorized by a regulatory commission but not yet issued.

| Nominal Date of Issue (d) | Date of Maturity (e) | AMORTIZATION PERIOD | | Outstanding (Total amount outstanding without reduction for amounts held by respondent) (h) | Interest for Year Amount (i) | Line No. |
|---------------------------|----------------------|---------------------|-------------|---|------------------------------|----------|
| | | Date From (f) | Date To (g) | | | |
| 2/15/1989 | 3/1/2014 | 2/15/1989 | 3/1/2014 | \$ 646,000 | \$ 66,172 | 1 |
| | | | | \$ - | \$ - | 2 |
| 2/29/2000 | 1/1/2015 | 2/29/2000 | 1/1/2015 | \$ 2,000,000 | \$ 313,200 | 3 |
| 10/31/2002 | 10/31/2017 | 10/31/2002 | 10/31/2017 | \$ 10,909,091 | \$ 875,273 | 4 |
| 10/12/2006 | 10/12/2020 | 10/12/2006 | 10/12/2020 | \$ 14,000,000 | \$ 852,500 | 5 |
| 10/31/2008 | 10/31/2023 | 10/31/2008 | 10/31/2023 | \$ 30,000,000 | \$ 1,779,000 | 6 |
| 6/24/2011 | 6/30/2026 | 6/24/2011 | 6/30/2026 | \$ 29,000,000 | \$ 1,647,200 | 7 |
| | | | | \$ 7,000,000 | \$ 300,067 | 8 |
| | | | | \$ 20,000,000 | \$ 31,083 | 9 |
| | | | | \$ - | \$ - | 10 |
| 2/1/2010 | 3/1/2015 | 2/1/2010 | 3/1/2015 | \$ 65,000 | \$ - | 11 |
| | | | | \$ 380,000 | \$ - | 12 |
| 5/1/1988 | 5/1/2018 | 5/1/1988 | 5/1/2018 | \$ - | \$ 192,142 | 13 |
| 5/1/1988 | 5/1/2018 | 5/1/1988 | 5/1/2018 | \$ - | \$ 110,748 | 14 |
| 6/1/1992 | 6/1/2022 | 6/1/1992 | 6/1/2022 | \$ 8,000,000 | \$ 726,400 | 15 |
| | | | | \$ (10,504,106) | | 16 |
| | | | | | | 17 |
| | | | | | | 18 |
| | | | | \$ 111,495,985 | \$ 6,893,785 | 19 |
| | | | | | | 20 |
| | | | | | | 21 |
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**RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME
FOR FEDERAL INCOME TAXES**

1. Report the reconciliation of reported net income for the year with taxable income used in computing Federal income tax accruals and show computation of such tax accruals. Include in the reconciliation, as far as practicable, the same detail as furnished on Schedule M-1 of the tax return for the year. Submit a reconciliation even though there is no taxable income for the year. Indicate clearly the nature of each reconciling amount.

2. If the utility is a member of a group which files a consolidated Federal tax return, reconcile reported net income with taxable net income as if a separate return were to be filed, indicating, however, intercompany amounts to be eliminated in such a consolidated return. State names of group members, tax assigned to each group member, and basis of allocation, assignment, or sharing of the consolidated tax among the group members.

| Line No. | Particulars (Details) (a) | Amount (b) |
|----------|---|---------------|
| 1 | Net Income for the Year | 1,220,621 |
| 2 | | |
| 3 | Taxable Income Not Reported on Books | |
| 4 | Taxable service contribution | 71,315 |
| 5 | | |
| 9 | Deductions Recorded on Books Not Deducted for Return | |
| 10 | Federal income tax expense | 289,882 |
| 11 | Deferred income tax expense | 327,861 |
| 12 | Meals | 26,261 |
| 13 | Bad debt expense - timing difference | 21,334 |
| 14 | Storm reserve | 126,735 |
| 15 | Customer based intangible asset for tax | 62,261 |
| 16 | Short Term IPP Bonus | 270,477 |
| 17 | Conservation - timing difference | 168,806 |
| 18 | Asset disposal gain/loss | 46,072 |
| 19 | Purchased Gas cost | 585,051 |
| 20 | Pension- timing difference | 235,530 |
| 21 | Post Retirement benefits- timing difference | 539,128 |
| 22 | | |
| 23 | Income Recorded on Books Not Included in Return | |
| 24 | Investment tax credit amortization | - |
| 25 | | |
| 26 | Deductions On Return Not Recorded on Books | |
| 27 | | |
| 28 | Depreciation - timing difference | (2,149,340) |
| 29 | Insurance - timing difference | (8,628) |
| 30 | Cost of removal | (401,693) |
| 31 | Rate case regulatory asset amortization | (86,294) |
| 32 | Amortization of Regulatory Liability | (328,380) |
| 33 | Litigation - timing difference | (82,425) |
| 34 | | |
| 35 | Federal Taxable Net Income | 934,574 |
| 36 | | |
| 37 | Show Computatation of Tax: | |
| 38 | Federal Income Tax @ 35% | 327,101 |
| 39 | Net Operating Loss Adjustment | - |
| 40 | Prior Period Adjustment | (37,219) |
| 41 | | |
| 42 | Federal Income Tax Expense | 289,882 |
| 43 | | |
| 44 | | |
| 45 | | |
| 46 | | |
| 47 | | |
| 48 | | |
| 49 | | |
| 50 | | |
| 51 | | |

TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR

1. Give particulars (details) of the combined prepaid and accrued tax accounts and show the total taxes charged to operations and other accounts during the year. Do not include gasoline and other sales taxes which have been charged. If the actual or estimated amounts of such taxes are known, show the amounts in a footnote and designate whether estimated or actual amounts.
2. Include on this page, taxes paid during the year and charged direct to final accounts, (not charged to prepaid accrued taxes). Enter the amounts in both columns (d) and (e). The balancing of this page is not affected by inclu-

sion of these taxes.
3. Include in column (d) taxes charged during the year, taxes charged to operations and other accounts through (a) accruals credited to taxes accrued, (b) amounts credited to proportions of prepaid taxes chargeable to current year, and (c) taxes paid and charged direct to operations or accounts other than accrued and prepaid tax accounts.
4. List the aggregate of each kind of tax in such manner that the total tax for each State and subdivision can readily be ascertained.
5. If any tax (exclude Federal and State income taxes)

| Line No. | Kind of Tax (See Instruction 5) (a) | BALANCE AT BEGINNING OF YEAR | | | Taxes Paid During Year (e) | Adjustments (f) |
|----------|---|---------------------------------------|--|----------------------------------|-------------------------------|--------------------|
| | | Taxes Accrued (Account 236) (b) | Prepaid Taxes (Include in Account 165) (c) | Taxes Charged During Year (d) | | |
| 1 | Federal Taxes: | | | | | |
| 2 | Income Tax | 67,528 | - | (289,882) | 0 | 695,062 |
| 3 | Total Federal Taxes | 67,528 | - | (289,882) | 0 | 695,062 |
| 4 | | | | | | |
| 5 | State of Florida: | | | | | |
| 6 | Income | 10,425 | - | (166,415) | 0 | 323,578 |
| 7 | Total State of Florida Taxes | 10,425 | - | (166,415) | 0 | 323,578 |
| 8 | | | | | | |
| 9 | | | | | | |
| 10 | Reclassified to Prepaid Taxes | | | | | |
| 11 | Federal Taxes: | | | | | |
| 12 | Income Tax | | | | | |
| 13 | State of Florida: | | | | | |
| 14 | Income | | | | | |
| 15 | | | | | | |
| 16 | | | | | | |
| 17 | | | | | | |
| 18 | TOTAL | 77,953 | - | (456,297) | - | 1,018,640 |

TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR (Continued)

covers more than one year, show the required information separately for each tax year, identifying the year in column (a).

6. Enter all adjustments of the accrued and prepaid tax accounts in column (f) and explain each adjustment in a footnote. Designate debit adjustments by parentheses.

7. Do not include on this page entries with respect to deferred income taxes or taxes collected through payroll footnote. Designate debit adjustments by parentheses. Deductions or otherwise pending transmittal of such taxes to the taxing authority.

8. Report in column (i) through (l) how the taxes were

distributed. Report in column (i) only the amounts charged to Accounts 408.1 and 409.1 pertaining to electric operations. Report in column (l) the amounts charged to Accounts 408.1 and 409.1 pertaining to other utility departments and amounts charged to Accounts 408.2 and 409.2. Also show in column (l) the taxes charged to utility plant or other balance sheet accounts.

9. For any tax apportioned to more than one utility department or account, state in a footnote the basis (necessity) of apportioning such tax.

| BALANCE AT END OF YEAR | | DISTRIBUTION OF TAXES CHARGED | | | | | Line No. |
|---------------------------------|--|-------------------------------------|-----------------------------|---|------------------------|----|----------|
| Taxes Accrued (Account 236) (g) | Prepaid Taxes (Incl. in Account 165) (h) | Electric (Account 408.1, 409.1) (i) | (Account 408.2 & 409.2) (j) | Adjustment to Ret. Earnings (Account 439) (k) | Other Gas & Common (l) | | |
| 472,708 | - | 409,058 | (119,176) | - | - | 1 | |
| 472,708 | - | 409,058 | (119,176) | - | - | 2 | |
| | | | | | | 3 | |
| | | | | | | 4 | |
| 167,588 | - | 186,233 | (19,818) | - | - | 5 | |
| 167,588 | - | 186,233 | (19,818) | - | - | 6 | |
| | | | | | | 7 | |
| | | | | | | 8 | |
| | | | | | | 9 | |
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| | | | | | | 16 | |
| | | | | | | 17 | |
| 640,296 | - | 595,291 | (138,994) | - | - | 18 | |

1. Report below the particulars (details) called for concerning other deferred credits.
2. For any deferred credit being amortized, show the period of amortization.

3. Minor Items (5% of the Balance End of Year for Account 253 or amounts less than \$10,000, whichever is greater) may be grouped by classes.

| Line No. | Description of Other Deferred Credit (a) | Balance at Beginning of Year (b) | DEBITS | | Credits (e) | Balance at End of Year (f) |
|----------|--|----------------------------------|--------------------|------------|-------------|----------------------------|
| | | | Contra Account (c) | Amount (d) | | |
| 1 | Overrecovered Conservation | - | 186 | - | (44,800) | (44,800) |
| 2 | Overrecovered Purchased Fuel Costs | - | 186 | - | (601,899) | (601,899) |
| 3 | | | | | | |
| 4 | | | | | | |
| 5 | | | | | | |
| 6 | | | | | | |
| 7 | | | | | | |
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| 38 | | | | | | |
| 39 | | | | | | |
| 40 | | | | | | |
| 41 | | | | | | |
| 42 | TOTAL | - | - | - | (646,698) | (646,698) |
| 43 | | | | | | |
| 44 | | | | | | |

ACCUMULATED DEFERRED INCOME TAXES-OTHER PROPERTY (Account 282)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes relating to property not subject to accelerated amortization.

| Line No. | Account Subdivisions | CHANGES DURING YEAR | | |
|----------|------------------------------------|------------------------------|---------------------------------|----------------------------------|
| | | Balance at Beginning of Year | Amounts Debited (Account 410.1) | Amounts Credited (Account 411.1) |
| | | (a) | (c) | (d) |
| 1 | Account 282 | | | |
| 2 | Electric | 9,519,516 | 829,108 | (16,302) |
| 3 | Gas | | | |
| 4 | Other - Water | | | |
| 5 | Other - Common | | | |
| 6 | TOTAL (Lines 2 thru 4) | 9,519,516 | 829,108 | (16,302) |
| 7 | Other (Specify) | | | |
| 8 | | | | |
| 9 | | | | |
| 10 | | | | |
| 11 | TOTAL Account 282 (Lines 5 thru 8) | 9,519,516 | 829,108 | (16,302) |
| 12 | | | | |
| 13 | Classification of TOTAL | | | |
| 14 | Federal Income Tax | 8,203,775 | 710,894 | (13,978) |
| 15 | State Income Tax | 1,315,741 | 118,214 | (2,324) |
| 16 | Local Income Tax | | | |
| 17 | Total | 9,519,516 | 829,108 | (16,302) |
| 18 | | | | |
| 19 | | | | |
| 20 | | | | |
| 21 | | | | |
| 22 | | | | |
| 23 | Total | 9,519,516 | 829,108 | (16,302) |
| 24 | | | | |
| 25 | | | | |
| 26 | | | | |
| 27 | | | | |
| 28 | | | | |

ACCUMULATED DEFERRED INCOME TAXES-OTHER PROPERTY (Account 282) (Continued)

- 2. For Other (Specify), include deferrals relating to other income and deductions.
- 3. Use footnotes as required.

| CHANGES DURING YEAR | | ADJUSTMENTS | | | | Balance at End of Year | Line No. |
|---------------------------------------|--|-------------------------|--------------------------|--------------------------|-------------------------|---------------------------|-------------|
| Amounts Debited (Account 410.2) | Amounts Credited (Account 411.2) | Acct. Debited (g) | Credits Amount (h) | Acct. Credited (i) | Debits Amount (j) | | |
| 154,953 | (17,772) | | | | | 10,469,503 | 1 |
| | | | | | | - | 2 |
| | | | | | | - | 3 |
| | | | | | | - | 4 |
| | | | | | | - | 5 |
| 154,953 | (17,772) | | - | | - | 10,469,503 | 6 |
| | | | | | | | 7 |
| | | | | | | | 8 |
| | | | | | | | 9 |
| | | | | | | | 10 |
| 154,953 | (17,772) | | - | | - | 10,469,503 | 11 |
| | | | | | | | 12 |
| 132,860 | (15,238) | | | | | 9,018,313 | 13 |
| 22,093 | (2,534) | | | | | 1,451,190 | 14 |
| | | | | | | | 15 |
| 154,953 | (17,772) | | - | | - | 10,469,503 | 16 |
| | | | | | | | 17 |
| | | | | | | | 18 |
| | | | | | | | 19 |
| | | | | | | | 20 |
| | | | | | | | 21 |
| | | | | | | | 22 |
| 154,953 | (17,772) | | - | - | - | 10,469,503 | 23 |
| | | | | | | | 24 |
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ACCUMULATED DEFERRED INCOME TAXES - OTHER (Account 283)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes relating to amounts recorded in Account 283.
2. For Other (Specify), include deferrals relating to other income and deductions.

| Line No. | Account Subdivisions (a) | Balance at Beginning of Year (b) | CHANGES DURING THE YEAR | |
|----------|---|-------------------------------------|---|--|
| | | | Amounts Debited (Account 410.1) (c) | Amounts Credited (Account 411.1) (d) |
| 1 | Account 283 | | | |
| 2 | Electric | | | |
| 3 | Tax Normalization for Tax Rate Increase | 216,047 | - | - |
| 4 | Insurance | 57,086 | 3,328 | - |
| 5 | Rate Case Costs | - | 33,288 | - |
| 6 | Litigation | - | - | 31,796 |
| 7 | Conservation Cost | 47,835 | - | - |
| 8 | Regulatory Liability | (232,228.00) | - | 126,672 |
| 9 | Purchased Fuel Cost | 225,683.00 | - | (225,683) |
| 10 | Short Term IPP Bonus | (39,039.00) | - | 0 |
| 11 | TOTAL Electric (Total Lines 3-9) | 275,384 | 36,616 | (67,215) |
| 12 | Other - Common | | | |
| 13 | | | | |
| 14 | TOTAL Account 283 (Total lines 11, 12 and 13) | 275,384 | 36,616 | (67,215) |
| 15 | | | | |
| 16 | | | | |
| 17 | Classification of TOTAL | | | |
| 18 | Federal Income Tax | 184,943 | 31,395 | (57,630) |
| 19 | State Income Tax | 90,441 | 5,221 | (9,585) |
| 20 | Local Income Tax | - | - | - |
| 21 | Total | 275,384 | 36,616 | (67,215) |

ACCUMULATED DEFERRED INCOME TAXES-OTHER (Account 283)(Continued)

3. Provide in the space below explanations for pages 276 and 277. Include amounts relating to insignificant items under Other.
4. Use footnotes required.

| Amounts Debited (Account 410.2) (e) | Amounts Credited (Account 411.2) (f) | Acct. Credited (g) | Debits | | Credits | | Balance at End of Year (k) | Line No. |
|---|--|--------------------------|---------------|-------------------------|---------------|---|----------------------------------|-------------|
| | | | Amount (h) | Acct. Debited (i) | Amount (j) | | | |
| - | - | - | - | - | - | - | 216,047 | 1 |
| - | - | - | - | - | - | - | 60,414 | 2 |
| - | - | - | - | - | - | - | 33,288 | 3 |
| - | - | - | - | - | - | - | 31,796 | 4 |
| - | - | - | - | 190 | (47,835) | - | - | 5 |
| - | - | - | - | - | - | - | (105,556) | 6 |
| - | - | - | - | - | - | - | - | 7 |
| - | - | 190 | 39,039 | - | - | - | - | 8 |
| - | - | - | 39,039 | - | (47,835) | - | 235,989 | 9 |
| - | - | - | 39,039 | - | (47,835) | - | 235,989 | 10 |
| - | - | - | 39,039 | - | (47,835) | - | 235,989 | 11 |
| - | - | - | 39,039 | - | (47,835) | - | 235,989 | 12 |
| - | - | - | 33,472 | - | (41,014) | - | 151,166 | 13 |
| - | - | - | 5,567 | - | (6,821) | - | 84,823 | 14 |
| - | - | - | - | - | - | - | - | 15 |
| - | - | - | 39,039 | - | (47,835) | - | 235,989 | 16 |
| - | - | - | 39,039 | - | (47,835) | - | 235,989 | 17 |
| - | - | - | 39,039 | - | (47,835) | - | 235,989 | 18 |
| - | - | - | 39,039 | - | (47,835) | - | 235,989 | 19 |
| - | - | - | 39,039 | - | (47,835) | - | 235,989 | 20 |
| - | - | - | 39,039 | - | (47,835) | - | 235,989 | 21 |

OTHER REGULATORY LIABILITIES (Account 254)

1. Reporting below the particulars (details) called for concerning other regulatory liabilities which are created through the ratemaking actions of regulatory agencies (and not includable in other amounts).

3. Minor items (5% of the Balance at End of Year for Account 254 or amounts less than \$50,000, whichever is less) may be grouped by classes.

2. For regulatory liabilities being amortized, show period of amortization in column (a).

| Line No. | Description and Purpose of Other Regulatory Liabilities (a) | Balance Beginning of Year (b) | DEBITS | | Credits (d) | Balance End of Year (e) |
|----------|---|-------------------------------|----------------------|------------|-------------|-------------------------|
| | | | Account Credited (b) | Amount (c) | | |
| 1 | OPRB Curtail gain true up | (258,659) | 407 | \$182,584 | | (76,075) |
| 2 | Recognition of Regulatory Liability and Associated | (602,015) | 407 | 328,380 | | (273,635) |
| 3 | Amortization PSC-12-0574-PAA-PU | | | | | |
| 4 | | | | | | |
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| 36 | | | | | | |
| 37 | | | | | | |
| 38 | | | | | | |
| 39 | | | | | | |
| 40 | TOTAL | (860,674) | | 510,964 | - | (349,710) |

ELECTRIC OPERATING REVENUES (Account 400)

1. Report below operating revenues for each prescribed account, and manufactured gas revenues in total. counted for each group of meters added. The average number of customers means the average of twelve figures at the close of each month.
2. Report number of customers, columns (f) and (g), on the basis of meters, in addition to the number of flat rate accounts; except that where separate meter readings are added for billing purposes, one customer should be counted for each group of meters added. The average number of customers means the average of twelve figures at the close of each month.
3. If increases or decreases from previous year (columns (c), (e), and (g)), are not derived from previously reported figures, explain any inconsistencies in a footnote.

| OPERATING REVENUES | | | |
|--------------------|--|---------------------|------------------------------|
| Line No. | Title of Account (a) | Amount for Year (b) | Amount for Previous Year (c) |
| 1 | Sales of Electricity | | |
| 2 | (440) Residential Sales | 41,348,852 | 40,813,758 |
| 3 | (442) Commercial and Industrial Sales | | |
| 4 | Small (or Commercial) | 20,197,021 | 20,959,329 |
| 5 | Large (or Industrial) | 20,176,207 | 22,498,048 |
| 6 | (443) Outdoor Lighting | 1,520,998 | 1,518,596 |
| 7 | (444) Public Street and Highway Lighting | 558,164 | 550,090 |
| 8 | (445) Other Sales to Public Authorities | - | - |
| 10 | (448) Interdepartmental Sales | 65,508 | 65,920 |
| 9 | (456.3) Unbilled Revenues | 19,526 | 217,001 |
| 11 | | ----- | ----- |
| 12 | TOTAL Sales to Ultimate Consumers | 83,886,276 | 86,622,743 |
| 13 | (447) Sales for Resale | | |
| 14 | | ----- | ----- |
| 15 | TOTAL Sales of Electricity | 83,886,276 | 86,622,743 |
| 16 | (Less) (449.1) Provision for Rate Refunds | | |
| 17 | | ----- | ----- |
| 18 | TOTAL Revenue Net of Provision for Refunds | 83,886,276 | 86,622,743 |
| 19 | Other Operating Revenues | | |
| 20 | (450) Forfeited Discounts | 371,796 | 433,854 |
| 21 | (451) Miscellaneous Service Revenues | 182,632 | 193,593 |
| 22 | (453) Sales of Water and Water Power | - | - |
| 23 | (454) Rent from Electric Property | 162,307 | 161,307 |
| 24 | (455) Interdepartmental Rents | - | - |
| 25 | (456.2) Other Electric Revenues | 378,669 | (201,465) |
| 26 | (456.1) Overrecoveries Purchase Electric | (4,607,189) | 848,255 |
| 27 | (456.6) Overrecoveries Conservation | | |
| 28 | | | |
| 29 | | ----- | ----- |
| 30 | TOTAL Other Operating Revenues | (3,511,785) | 1,435,545 |
| 31 | | ----- | ----- |
| 32 | TOTAL Electric Operating Revenues | 80,374,491 | 88,058,287 |
| | | ===== | ===== |

ELECTRIC OPERATING REVENUES (Account 400) (Continued)

4. Commercial and Industrial Sales, Account 442, may be classified according to the basis of classification (Small or Commercial, and Large or Industrial) regularly used by the respondent if such basis of classification is not generally greater than 1000 kw of demand. (See Account 442 of the Uniform System of Accounts. Explain basis of classification in a footnote.)

5. See page 108-109, Important Changes During Year, for important new territory added and important rate increases or decreases.

6. For lines 2,4,5, and 6, see page 304 for amounts relating to unbilled revenues by accounts.

7. Include unmetered sales. Provide details of such sales in a footnote.

| MEGAWATT HOURS SOLD | | AVERAGE NUMBER OF CUSTOMERS PER MONTH | | |
|------------------------|------------------------------------|---------------------------------------|------------------------------------|-------------|
| Amount for Year (d) | Amount for Previous Year (e) | Number for Year (f) | Number for Previous Year (g) | Line No. |
| 289,745 | 292,980 | 23,742 | 23,670 | 1 |
| | | | | 2 |
| | | | | 3 |
| 301,628 | 301,887 | 4,370 | 4,349 | 4 |
| 31,120 | 58,640 | 2 | 2 | 5 |
| 5,399 | 5,300 | 2,982 | 2,996 | 6 |
| 2,132 | 2,124 | 41 | 36 | 7 |
| | | | | 8 |
| 653 | 697 | 15 | 13 | 9 |
| | | | | 10 |
| ----- | ----- | ----- | ----- | 11 |
| 630,678 | 661,628 | 31,151 | 31,066 | 12 |
| | | | | 13 |
| ----- | ----- | ----- | ----- | 14 |
| 630,678 | 661,628 | 31,151 | 31,066 | 15 |
| | | | | 16 |
| ----- | ----- | ----- | ----- | 17 |
| 630,678 | 661,628 | 31,151 | 31,066 | 18 |
| ----- | ----- | ----- | ----- | 19 |
| | | | | 20 |
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| | | | | 33 |

1. Report below for each rate schedule in effect during the year the MWh of electricity sold, revenue, average number of customers, average KWh per customer, and average revenue per KWh, excluding data for Sales for Resale which is reported on pages 310-311.

2. Provide a subheading and total for each prescribed operating revenue account in the sequence followed in "Electric Operating Revenues," page 300-301. If the sales under any rate schedule are classified in more than one revenue account, list the rate schedule and sales data under each applicable revenue account subheading.

3. Where the same customers are served under more than one

rate schedule in the same revenues account classification (such as a general residential schedule and an off peak water heating schedule), the entries in column (d) for the special schedule should denote the duplication in number of reported customers.

4. The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the (12 if all billings are made monthly).

5. For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.

6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

| Line No. | Number and Title of Rate Schedule (a) | MWh Sold (b) | Revenue (c) | Average Number of Customers (d) | KWH of Sales per Customer (e) | Revenue (cents) per KWH Sold (f) |
|----------|--|-----------------|----------------|------------------------------------|----------------------------------|-------------------------------------|
| 1 | (440) Residential Sales | 289,745 | \$ 41,348,852 | 23,742 | 12,204 | 14.3 |
| 2 | (442) Commercial and Industrial Sales | | | | | |
| 3 | Small (or Commercial) | 301,628 | \$ 20,197,021 | 4,370 | 69,023 | 6.7 |
| 4 | Large (or Industrial) | 31,120 | \$ 20,176,207 | 2 | 15,560,000 | 64.8 |
| 5 | (443) Outdoor Lighting | 5,399 | \$ 1,520,998 | 2,982 | | 28.2 |
| 6 | (444) Public Street and Highway Lighting | 2,132 | \$ 558,164 | 41 | 52,541 | 26.2 |
| 7 | (445) Other Sales to Public Authorities | 0 | \$ - | 0 | | |
| 8 | (448) Interdepartmental Sales | 653 | \$ 65,508 | 15 | 45,023 | 10.0 |
| 9 | (456) Unbilled Revenues | 0 | \$ 19,526 | 0 | | |
| 10 | | | | | | |
| 11 | | | | | | |
| 12 | | | | | | |
| 13 | | | | | | |
| 14 | | | | | | |
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| 35 | | | | | | |
| 36 | | | | | | |
| 37 | | | | | | |
| 38 | | | | | | |
| 39 | | | | | | |
| 40 | Total Billed | 630,678 | \$ 83,886,276 | 31,151 | 20,200 | 13.3 |
| 41 | | | | | | |
| 42 | Rate Refund | | 0 | | | |
| 43 | TOTAL | 630,678 | 83,886,276 | 31,151 | 20,200 | 13.3 |

ELECTRIC OPERATION AND MAINTENANCE EXPENSES

| Account (a) | Amount for Current Year (b) | Amount for Previous Year (c) |
|--|-----------------------------------|------------------------------------|
| 1 (1) POWER PRODUCTION EXPENSES | | |
| 2 A. Steam Power Generation | | |
| 3 Operation | | |
| 4 (500) Operation Supervision and Engineering | - | - |
| 5 (501) Fuel | - | - |
| 6 (502) Steam Expenses | - | - |
| 7 (503) Steam from Other Sources | - | - |
| 8 (Less) (504) Steam Transferred-Cr. | - | - |
| 9 (505) Electric Expenses | - | - |
| 10 (506) Miscellaneous Steam Power Expenses | - | - |
| 11 (507) Rents | - | - |
| 12 TOTAL Operation | - | - |
| 13 Maintenance | | |
| 14 (510) Maintenance Supervision and Engineering | - | - |
| 15 (511) Maintenance of Structures | - | - |
| 16 (512) Maintenance of Boiler Plant | - | - |
| 17 (513) Maintenance of Electric Plant | - | - |
| 18 (514) Maintenance of Miscellaneous Steam Plant | - | - |
| 19 TOTAL Maintenance | - | - |
| 20 TOTAL Power Production Expenses-Steam Plant | - | - |
| 21 B. Nuclear Power Generation | | |
| 22 Operation | | |
| 23 (517) Operation Supervision and Engineering | - | - |
| 24 (518) Fuel | - | - |
| 25 (519) Coolants and Water | - | - |
| 26 (520) Steam Expenses | - | - |
| 27 (521) Steam from Other Sources | - | - |
| 28 (Less) (522) Steam Transferred-Cr. | - | - |
| 29 (523) Electric Expenses | - | - |
| 30 (524) Miscellaneous Nuclear Power Expenses | - | - |
| 31 (525) Rents | - | - |
| 32 TOTAL Operation | - | - |
| 33 Maintenance | | |
| 34 (528) Maintenance Supervision and Engineering | - | - |
| 35 (529) Maintenance of Structures | - | - |
| 36 (530) Maintenance of Reactor Plant Equipment | - | - |
| 37 (531) Maintenance of Electric Plant | - | - |
| 38 (532) Maintenance of Miscellaneous Nuclear Plant | - | - |
| 39 TOTAL Maintenance | - | - |
| 40 TOTAL Power Production Expenses-Nuclear Power | - | - |
| 41 C. Hydraulic Power Generation | | |
| 42 Operation | | |
| 43 (535) Operation Supervision and Engineering | - | - |
| 44 (536) Water for Power | - | - |
| 45 (537) Hydraulic Expenses | - | - |
| 46 (538) Electric Expenses | - | - |
| 47 (539) Miscellaneous Hydraulic Power Generation Expenses | - | - |
| 48 (540) Rents | - | - |
| 49 TOTAL Operation | - | - |

| FLORIDA PUBLIC UTILITIES COMPANY | | An Original | | For the Year Ended | |
|---|---|--------------|---|--------------------|---|
| Electric Division | | | | December 31, 2013 | |
| ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued) | | | | | |
| Account | | Amount for | | Amount for | |
| | | Current Year | | Previous Year | |
| 50 | C. Hydraulic Power Generation (Continued) | | | | |
| 51 | Maintenance | | | | |
| 52 | (541) Maintenance Supervision and Engineering | - | - | - | - |
| 53 | (542) Maintenance of Structures | - | - | - | - |
| 54 | (543) Maintenance of Reservoirs, Dams, and Waterways | - | - | - | - |
| 55 | (544) Maintenance of Electric Plant | - | - | - | - |
| 56 | (545) Maintenance of Miscellaneous Hydraulic Plant | - | - | - | - |
| 57 | TOTAL Maintenance | - | - | - | - |
| 58 | TOTAL Power Production Expenses-Hydraulic Power | - | - | - | - |
| 59 | D. Other Power Generation | | | | |
| 60 | Operation | | | | |
| 61 | (546) Operation Supervision and Engineering | - | - | - | - |
| 62 | (547) Fuel | - | - | - | - |
| 63 | (548) Generation Expenses | - | - | - | - |
| 64 | (549) Miscellaneous Other Power Generation Expenses | - | - | - | - |
| 65 | (550) Rents | - | - | - | - |
| 66 | TOTAL Operation | - | - | - | - |
| 67 | Maintenance | | | | |
| 68 | (551) Maintenance Supervision and Engineering | - | - | - | - |
| 69 | (552) Maintenance of Structures | - | - | - | - |
| 70 | (553) Maintenance of Generating and Electric Plant | - | - | - | - |
| 71 | (554) Maintenance of Miscellaneous Other Power Generation Plant | - | - | - | - |
| 72 | TOTAL Maintenance | - | - | - | - |
| 73 | TOTAL Power Production Expenses-Other Power | - | - | - | - |
| 74 | E. Other Power Supply Expenses | | | | |
| 75 | (555) Purchased Power | 56,487,547 | | 64,194,296 | |
| 76 | (556) System Control and Load Dispatching | - | | - | |
| 77 | (557) Other Expenses | 519,662 | | 307,737 | |
| 78 | TOTAL Other Power Supply Expenses | 57,007,209 | | 64,502,033 | |
| 79 | TOTAL Power Production Expenses | 57,007,209 | | 64,502,033 | |
| 80 | 2. TRANSMISSION EXPENSES | | | | |
| 81 | Operation | | | | |
| 82 | (560) Operation Supervision and Engineering | - | | 28,360 | |
| 83 | (561) Load Dispatching | - | | - | |
| 84 | (562) Station Expenses | 38,176 | | 58,717 | |
| 85 | (563) Overhead Line Expenses | - | | - | |
| 86 | (564) Underground Line Expenses | - | | - | |
| 87 | (565) Transmission of Electricity by Others | - | | - | |
| 88 | (566) Miscellaneous Transmission Expenses | 750 | | 9,224 | |
| 89 | (567) Rents | - | | - | |
| 90 | TOTAL Operation | 38,926 | | 96,301 | |
| 91 | Maintenance | | | | |
| 92 | (568) Maintenance Supervision and Engineering | - | | - | |
| 93 | (569) Maintenance of Structures | - | | - | |
| 94 | (570) Maintenance of Station Equipment | 15,943 | | 54,126 | |
| 95 | (571) Maintenance of Overhead Lines | 41,272 | | 83,281 | |
| 96 | (572) Maintenance of Underground Lines | - | | - | |
| 97 | (573) Maintenance of Miscellaneous Transmission Plant | - | | - | |
| 98 | TOTAL Maintenance | 57,216 | | 137,407 | |
| 99 | TOTAL Transmission Expenses | 96,142 | | 233,709 | |
| 100 | 3. DISTRIBUTION EXPENSES | | | | |
| 101 | Operation | | | | |
| 102 | (580) Operation Supervision and Engineering | 387,278 | | 135,774 | |
| 103 | (581) Load Dispatching | - | | - | |

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

| Account | Amount for Current Year | Amount for Previous Year |
|---|----------------------------|-----------------------------|
| 104 3. DISTRIBUTION EXPENSES (Continued) | | |
| 105 (581) Load Dispatching | - | - |
| 106 (582) Station Expenses | 33,788 | 69,895 |
| 107 (583) Overhead Line Expenses | 104,847 | 129,390 |
| 108 (584) Underground Line Expenses | 11,495 | 23,223 |
| 109 (585) Street Lighting and Signal System Expenses | 32,678 | 37,437 |
| 110 (586) Meter Expenses | 345,339 | 362,911 |
| 111 (587) Customer Installations Expenses | 86,139 | 84,489 |
| 112 (588) Miscellaneous Distribution Expenses | 240,800 | 260,740 |
| 113 (589) Rents | - | - |
| 114 TOTAL Operation | 1,242,364 | 1,103,858 |
| 115 Maintenance | | |
| 116 (590) Maintenance Supervision and Engineering | 1,641 | 2,469 |
| 117 (591) Maintenance of Structures | 2,871 | 1,458 |
| 118 (592) Maintenance of Station Equipment | 15,049 | 52,281 |
| 119 (593) Maintenance of Overhead Lines | 1,538,250 | 1,547,601 |
| 120 (594) Maintenance of Underground Lines | 138,827 | 264,026 |
| 121 (595) Maintenance of Line Transformers | 91,637 | 134,678 |
| 122 (596) Maintenance of Street Lighting and Signal Systems | 51,141 | 86,865 |
| 123 (597) Maintenance of Meters | 138,962 | 131,467 |
| 124 (598) Maintenance of Miscellaneous Distribution Plant | 66,999 | 125,302 |
| 125 TOTAL Maintenance | 2,045,376 | 2,346,168 |
| 126 TOTAL Distribution Expenses | 3,287,740 | 3,450,026 |
| 127 4. CUSTOMER ACCOUNTS EXPENSES | | |
| 128 Operation | | |
| 129 (901) Supervision | 108,091 | 86,808 |
| 130 (902) Meter Reading Expenses | 260,123 | 229,282 |
| 131 (903) Customer Records and Collection Expenses | 978,804 | 1,065,534 |
| 132 (904) Uncollectible Accounts | 197,465 | 203,263 |
| 133 (905) Miscellaneous Customer Accounts Expenses | - | - |
| 134 TOTAL Customer Accounts Expenses | 1,544,483 | 1,584,888 |
| 135 5. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES | | |
| 136 Operation | | |
| 137 (906) Underrecovery Conservation | 168,806 | 125,761 |
| 138 (907) Supervision | 30,121 | (3,263) |
| 139 (908) Customer Assistance Expenses | 514,174 | 404,999 |
| 140 (909) Informational and Instructional Expenses | 235,334 | 215,286 |
| 141 (910) Miscellaneous Customer Service and Informational Expenses | 27,068 | 20,919 |
| 142 TOTAL Cust. Service and Informational Expenses | 975,503 | 763,702 |
| 143 6. SALES EXPENSES | | |
| 144 Operation | | |
| 145 (911) Supervision | 23,210 | 26,690 |
| 146 (912) Demonstrating and Selling Expenses | 203,952 | 60 |
| 147 (913) Advertising Expenses | 275 | 251,326 |
| 148 (916) Miscellaneous Sales Expenses | - | 425 |
| 149 TOTAL Sales Expenses | 227,437 | 280,501 |
| 150 7. ADMINISTRATIVE AND GENERAL EXPENSES | | |
| 151 Operation | | |
| 152 (920) Administrative and General Salaries | 1,681,139 | 1,543,044 |
| 153 (921) Office Supplies and Expenses | 879,920 | 666,560 |
| 154 (Less) (922) Administrative expenses Transferred-Cr. | - | - |
| 155 (923) Outside Services Employed | 598,639 | 201,547 |
| 156 (924) Property Insurance | 182,533 | 186,650 |
| 157 (925) Injuries and Damages | 385,999 | 336,267 |
| 158 (926) Employee Pensions and Benefits | 1,000,990 | 1,049,737 |

| Account | Amount for Current Year | Amount for Previous Year |
|---|----------------------------|-----------------------------|
| 159 7. ADMINISTRATIVE AND GENERAL EXPENSES | | |
| 160 (927) Franchise Requirements | - | - |
| 161 (928) Regulatory Commission Expenses | - | 57,869 |
| 162 (Less) (929) Duplicate Charges-Cr. | - | - |
| 163 (930.1) General Advertising Expenses | 31,118 | 818 |
| 164 (930.2) Miscellaneous General Expenses | 165,695 | 134,124 |
| 165 (931) Rents | 144,287 | 86,892 |
| 166 TOTAL Operation | 5,070,320 | 4,263,508 |
| 167 Maintenance | | |
| 168 (935) Maintenance of General Plant | 78,333 | 69,508 |
| 169 TOTAL Administrative and General Expenses | 5,148,653 | 4,333,016 |
| 170 TOTAL Electric Operation and Maintenance Expenses | 68,287,167 | 75,147,874 |

NUMBER OF ELECTRIC DEPARTMENT EMPLOYEES

1. The data on number of employees should be reported for the payroll period ending nearest to October 31, or any payroll period ending 60 days before or after October 31.
2. If the respondent's payroll for the reporting period includes any special construction personnel, include such employees on line 3, and show the number of such special construction employees in a footnote.
3. The number of employees assignable to the electric department from joint functions of combination utilities may be determined by estimate, on the basis of employee equivalents. Show the estimated number of equivalent employees attributed to the electric department from joint functions.

See page 462

FLORIDA PUBLIC UTILITIES COMPANY
Electric Division

An Original
PURCHASED POWER (Account 555)
(Including power exchanges)

For the Year Ended
December 31, 2013

1. Report all power purchases made during the year. Also report exchanges of electricity (i.e., transactions involving a balancing of debits and credits for energy, capacity, etc.) and any settlements for imbalanced exchanges.
2. Enter the name of the seller or other party in an exchange transaction in column(a). Do not abbreviate or truncate the name or use acronyms. Explain in a footnote any ownership interest or affiliation the respondent has with the seller.
3. In column(b), enter a Statistical Classification Code based on the original contractual terms and conditions of the services as follows:

which meets the definition of RQ service. For all transactions identified as LF, provide in a footnote the termination date of the contract defined as the earliest date that either buyer or seller can unilaterally get out of the contract.

IF-for intermediate-term firm service. The same as LF service except that "intermediate-term" means longer than one year but less than five years.

SF-for short-term firm service. Use this category for all firm services, where the duration of each period of commitment for service is one year or less.

RQ-for requirements service. Requirements service is service which the supplier plans to provide on an on-going basis (i.e., the supplier includes projected load for this service in its system resource planning). In addition, the reliability of requirements service must be the same as, or second only to, the supplier's service to its own ultimate consumers.

LU-for long-term service from a designated generating unit. Long-term* means five years or longer. The availability and reliability of service, aside from transmission constraints, must match the availability and reliability of the designated unit.

IU-for intermediate-term service from a designated generating unit. The same as LU service except that "intermediate-term" means longer than one year but less than five years.

LF-for long-term service. "Long-term" means five years longer and "firm" means that service cannot be interrupted for economic reasons and is intended to remain reliable even under adverse conditions (e.g., the supplier must attempt to buy emergency energy from third parties to maintain deliveries of LF service). This category should not be used for long-term firm service

EX-For exchanges of electricity. Use this category for transactions involving a balancing of debits and credits for energy, capacity, etc. and any settlements for imbalanced exchanges.

| Line No. | Name of Company or Public Authority [Footnote Affiliations] (a) | Statistical Classification (b) | FERC Rate Schedule or Tariff Number (c) | Average Monthly Billing Demand (d) | Actual Demand (MW) | |
|----------|---|--------------------------------|---|------------------------------------|--------------------------------|-------------------------------|
| | | | | | Average Monthly NCP Demand (e) | Average Monthly CP Demand (f) |
| 1 | Jacksonville Electric Authority | RQ | MS | | NA | NA |
| 2 | Rock-Tenn Company | OS | | | NA | NA |
| 3 | Gulf Power Company | RQ | RE | | NA | NA |
| 4 | Southern Company Services | RQ | | | NA | NA |
| 5 | Rayonier Performance Fibers | OS | | | N/A | N/A |
| | Footnote: Column (I) other Charges | | | | | |
| | Jacksonville Electric Authority | | | | | |
| | Transmission Charge | 1,656,762 | | | | |
| | Special Cost | 522,223 | | | | |
| | Distribution Facility Charge | 476,834 | | | | |
| | | <u>2,655,819</u> | | | | |
| | Southern Company Services | | | | | |
| | Distribution Facility Charge | 497,648 | | | | |
| | Meter reading & Processing Charge | 9,300 | | | | |
| | | <u>506,948</u> | | | | |

OS-for other service. Use this category only for those services which cannot be placed in the above-defined categories, such as all nonfirm service regardless of the length of the contract and service from designated units of less than one year. Describe the nature of the service in a footnote.

AD-for out-of-period adjustment. Use this code for any accounting adjustments or "true-ups" for service provided in prior reporting years. Provide an explanation in a footnote for each adjustment.

4. In column(c), identify the FERC Rate Schedule Number or Tariff, or, for non-FERC jurisdictional sellers, include an appropriate designation for the contract. On separate lines, list all FERC rate schedules, tariffs or contract designations under which service, as identified in column(b), is provided.

5. For requirements RQ purchases and any type of service involving demand charges imposed on a monthly (or longer) basis, enter the monthly average billing demand in column(d), the average monthly non-coincident peak(NCP) demand in column(e), and the average monthly coincident peak(CP) demand in column(f). For all other types of service, enter NA in columns(d),(e) and (f). Monthly NCP demand is the maximum metered hourly (60-minute integration) demand in a month. Monthly CP Demand is the metered demand during the hour (60-minute integration) in which the supplier's system reaches its monthly peak. Demand reported in columns

(e) and (f) must be in megawatts. Footnote any demand not stated on a megawatt basis and explain.

6. Report in column(g) the megawatthours shown on bills rendered to the respondent. Report in columns(h) and (i) the megawatthours of power exchanges received and delivered, used as the basis for settlement. Do not report net exchange.

7. Report demand charges in column(j), energy charges in column(k), and the total of any other types of charges including out-of-period adjustments in column(l). Explain in a footnote all components of the amount shown in column(l). Report in column(m) the total charge shown on bills received as settlement by the respondent. For power exchanges, report in column(m) the settlement amount for the net receipt of energy. If more energy was delivered than received, enter a negative amount. If the settlement amount(1) includes credits or charges other than incremental generation expenses, or (2) excludes certain credits or charges covered by the agreement, provide an explanatory footnote.

8. The data in columns(g) through (m) must be totalled on the last line of the schedule. The total amount in column(g) must be reported as Purchases on page 401, line 10. The total amount in column(h) must be reported as Exchange Received on page 401, line 12. The total amount in column(i) must be reported as Exchange Delivered on page 401, line 13.

9. Footnote entries as required and provide explanations following all required data.

| Megawatthours Purchased (g) | POWER EXCHANGES | | COST/SETTLEMENT OF POWER | | | | Line No. |
|-----------------------------|----------------------------|-----------------------------|------------------------------------|-------------------------------------|------------------------|--------------------------------------|----------|
| | Megawatthours Received (h) | Megawatthours Delivered (i) | (capacity) Demand Charges (\$) (j) | (fuel cost) Energy Charges (\$) (k) | Other Charges (\$) (l) | Total (j+k+l) or Settlement (\$) (m) | |
| 323,107 | | | 9,606,462 | 18,087,732 | 2,655,819 | 30,350,013 | 1 |
| 11,535 | | | - | 510,549 | - | 510,549 | 2 |
| 309,856 | | | 10,571,904 | 15,705,949 | (2,562) | 26,275,291 | 3 |
| NA | | | 1,520,755 | - | 506,948 | 2,027,703 | 4 |
| 18,599 | | | - | 1,275,475 | - | 1,275,475 | 5 |
| | | | | | | | 6 |
| | | | | | | | 7 |
| | | | | | | | 8 |
| | | | | | | | 9 |
| | | | | | | | 10 |
| | | | | | | | 11 |
| | | | | | | | 12 |
| | | | | | | | 13 |
| 663,097 | | | 21,699,121 | 35,579,705 | 3,160,205 | 60,439,031 | 14 |

| Florida Public Utilities Company | | An Original | For the Year Ended | |
|----------------------------------|---|---|--------------------|-------------------|
| Electric Division | | MISCELLANEOUS GENERAL EXPENSES (Account 930.2) (Electric) | | December 31, 2013 |
| Line No. | Description | (a) | | Amount (b) |
| 1 | Industry Association Dues | | | 0 |
| 2 | | | | |
| 3 | Nuclear Power Research Expenses | | | |
| 4 | | | | |
| 5 | Other Experimental and General Research Expenses | | | |
| 6 | | | | |
| 7 | Publishing and Distributing Information and | | | |
| 8 | Reports to Stockholders; Trustee, Registrar, and | | | |
| 9 | Transfer Agent Fees and Expenses, and Other | | | |
| 10 | Expenses of Servicing Outstanding Securities | | | |
| 11 | of the Respondent | | | 161,193 |
| 12 | | | | |
| 13 | Other Expenses (List items of \$5000 or more in | | | |
| 14 | this column showing the (1) purpose, (2) recipient | | | |
| 15 | and (3) amount of such items. Group amounts of | | | |
| 16 | less than \$5,000 by classes if the number of items | | | |
| 17 | so grouped is shown) | | | |
| 18 | | | | |
| 19 | | | | |
| 20 | Miscellaneous Expenses | | N/A | 4,503 |
| 21 | | | | |
| 22 | | | | |
| 23 | | | | |
| 24 | | | | |
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| 45 | | | | |
| 46 | | | | |
| 47 | TOTAL | | | 165,695 |

DEPRECIATION AND AMORTIZATION OF ELECTRIC PLANT (Accounts 403, 404, 405)
(Except amortization of acquisition adjustments)

| | |
|---|--|
| <p>1. Report in Section A for the year the amounts for: (a) Depreciation Expense (Account 403); (b) Amortization of Limited-Term Electric Plant (Account 404); and (c) Amortization of Other Electric Plant (Account 405).</p> <p>2. Report in section B the rates used to compute amortization charges for electric plant (Accounts 404 and 405). State the basis used to compute the charges and whether any changes have been made in the basis or rates used from the preceding report year.</p> <p>3. Report all available information called for in section C every fifth year beginning with report year 1971, reporting annually only changes to columns (c) through (g) from the complete report of the preceding year.</p> <p>Unless composite depreciation accounting for total depreciable plant is followed, list numerically in column (a) each plant subaccount, account or functional classification, as appropriate, to which a rate is applied. Identify at the bottom of section C the type of plant included in any subaccounts used.</p> <p>In column (b) report all depreciable plant balances to which rates are applied showing subtotals by functional</p> | <p>classifications and showing a composite total. Indicate at the bottom of section C the manner in which column (b) balances are obtained. If average balances, state the method of averaging used.</p> <p>For columns (c), (d), and (e) report available information for each plant subaccount, account or functional classification listed in column (a). If plant mortality studies are prepared to assist in estimating average service lives, show in column (f) the type mortality curve selected as most appropriate for the account and in column (g), if available, the weighted average remaining life of surviving plant.</p> <p>If composite depreciation accounting is used, report available information called for in columns (b) through (g) on this basis.</p> <p>4. If provisions for depreciation were made during the year in addition to depreciation provided by application of reported rates, state at the bottom of section C the amounts and nature of the provisions and the plant items to which related.</p> |
|---|--|

A. Summary of Depreciation and Amortization Charges

| Line No. | Functional Classification (a) | Depreciation Expense (Account 403) (b) | Amortization of Limited-Term Electric Plant (Acct. 404) (c) | Amortization of Other Electric Plant (Acct. 405) (d) | Total (e) |
|----------|---|--|--|---|------------------|
| 1 | Intangible Plant | - | | | - |
| 2 | Steam Production Plant | - | | | - |
| 3 | Nuclear Production Plant | - | | | - |
| 4 | Hydraulic Production Plant-Conventional | - | | | - |
| 5 | Hydraulic Production Plant-Pumped Storage | - | | | - |
| 6 | Other Production Plant | - | | | - |
| 7 | Transmission Plant | 234,361 | | | 234,361 |
| 8 | Distribution Plant | 2,961,278 | | | 2,961,278 |
| 9 | General Plant | 149,316 | | | 149,316 |
| 10 | Common Plant-Electric | | | | - |
| 11 | Adjustment | | | | - |
| 12 | TOTAL | 3,344,955 | - | - | 3,344,955 |

B. Basis for Amortization Charges

FLORIDA PUBLIC UTILITIES COMPANY An Original For the Year Ended
 DEPRECIATION AND AMORTIZATION OF ELECTRIC PLANT (Continued) December 31, 2013

C. Factors Used in Estimating Depreciation Charges

| Line No. | Account No. (a) | Depreciable Plant Base (b) | Estimated Avg. Service Life (c) | Net Salvage (Percent) (d) | Applied Depr. Rate(s) (Percent) (e) | Monthly Curve Type (f) | Average Remaining Life (g) |
|----------|--|----------------------------|---------------------------------|---------------------------|-------------------------------------|------------------------|----------------------------|
| 12 | CONSOLIDATED ELECTRIC DIVISION ORDER # PSC-08-0094-PAA-EI | | | | | | |
| 13 | | | | | | | |
| 14 | TRANSMISSION PLANT | | | | | | |
| 15 | 350.1 | 41,471 | N/A | 0 | 1.8 | | 23.0 |
| 16 | 352 | 144,150 | N/A | 0 | 2.0 | | 28.0 |
| 17 | 353 | 3,184,141 | N/A | 10 | 2.5 | | 25.0 |
| 18 | 354 | 224,802 | N/A | (15) | 2.3 | | 16.5 |
| 19 | 355 | 1,600,793 | N/A | (30) | 4.2 | | 21.0 |
| 20 | 355.1 | 1,120,082 | N/A | (30) | 3.3 | | 40.0 |
| 21 | 356 | 2,022,316 | N/A | (10) | 2.8 | | 28.0 |
| 22 | 359 | 6,788 | N/A | 0 | 3.8 | | 10.0 |
| 23 | DISTRIBUTION PLANT | | | | | | |
| 24 | 360.1 | 56,995 | N/A | 0 | 1.8 | | 42.0 |
| 25 | 361 | 100,855 | N/A | 0 | 2.0 | | 35.0 |
| 26 | 362 | 7,654,877 | N/A | (10) | 2.9 | | 31.0 |
| 27 | 364 | 12,072,643 | N/A | (45) | 4.7 | | 21.0 |
| 28 | 365 | 11,770,915 | N/A | (35) | 5.2 | | 15.7 |
| 29 | 366 | 4,892,361 | N/A | 0 | 2.0 | | 41.0 |
| 30 | 367 | 6,757,175 | N/A | 0 | 2.9 | | 24.0 |
| 31 | 368 | 15,745,568 | N/A | (20) | 4.6 | | 13.6 |
| 32 | 369 | 9,906,454 | N/A | (35) | 4.2 | | 21.0 |
| 33 | 370 | 3,793,851 | N/A | (5) | 3.7 | | 14.3 |
| 34 | 371 | 2,859,528 | N/A | 15 | 6.1 | | 8.3 |
| 35 | 373 | 1,399,652 | N/A | (10) | 5.7 | | 9.5 |
| 36 | GENERAL PLANT | | | | | | |
| 37 | 390 | 1,456,807 | N/A | 0 | 2.0 | | 38.0 |
| 38 | 391.1 | | | 7 Years Amortization | | | |
| 39 | 391.2 | | | 5 Years Amortization | | | |
| 40 | 391.3 | | | 5 Years Amortization | | | |
| 41 | 392.1 | 21,030 | N/A | 15 | 12.1 | | 0.9 |
| 42 | 392.2 | 639,926 | N/A | 12 | 4.9 | | 3.1 |
| 43 | 392.3 | 2,527,573 | N/A | 10 | 4.2 | | 7.5 |
| 44 | 392.4 | 111,011 | N/A | 5 | 3.8 | | 17.7 |
| 45 | 393.1 | | | 7 Years Amortization | | | |
| 46 | 393.2 | | | 7 Years Amortization | | | |
| 47 | 394.1 | | | 7 Years Amortization | | | |
| 48 | 394.2 | | | 7 Years Amortization | | | |
| 49 | 395.1 | | | 7 Years Amortization | | | |
| 50 | 395.2 | | | 7 Years Amortization | | | |
| 51 | 396 | 190,165 | N/A | 5 | 4.8 | | 0.6 |
| 52 | 397 | | | 5 Years Amortization | | | |
| 53 | 398 | | | 7 Years Amortization | | | |
| 54 | 399 | | | 5 Years Amortization | | | |
| 55 | | | | | | | |
| 56 | | | | | | | |
| 57 | | | | | | | |
| 58 | | | | | | | |
| 59 | | | | | | | |
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| 63 | | | | | | | |
| 64 | | | | | | | |
| 65 | | | | | | | |
| 66 | | | | | | | |

REGULATORY COMMISSION EXPENSES

1. Report particulars (details) of regulatory commission expenses incurred during the current year (or incurred in previous years, if being amortized) relating to formal cases before a regulatory body, or cases in which such a body was a party.

2. Report in columns (b) and (c), only the current year's expenses that are not deferred and the current year's amortization of amounts deferred in previous years.

| Line No. | Description (Furnish name of regulatory commission or body, the docket or case number, and a description of the case.) (a) | Assessed by Regulatory Commission (b) | Expenses of Utility (c) | Total Expenses for Current Year (b) + (c) | Deferred in Account 186 at Beginning of Year (e) |
|----------|--|--|----------------------------------|--|--|
| 1 | All expenses incurred by the company | | | | |
| 2 | filings for Rate Relief for electric. | | 86,294 | | |
| 3 | | | | | |
| 4 | | | | | |
| 5 | All expenses incurred by the company in its | | | | |
| 6 | Number 070304 - EI | | | | 124,006 |
| 7 | | | | | |
| 8 | | | | | |
| 9 | | | | | |
| 10 | | | | | |
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| 37 | | | | | |
| 38 | | | | | |
| 39 | | | | | |
| 40 | | | | | |
| 41 | TOTAL | | | | 124,006 |

REGULATORY COMMISSION EXPENSES (Continued)

3. Show in column (k) any expenses incurred in prior years or other accounts which are being amortized. List in column (a) the period of amortization.
4. The totals of columns (f), (g) and (h) expenses incurred during year which were charged currently to income, plant
5. Minor items (less than \$25,000) may be grouped.

| EXPENSES INCURRED DURING YEAR | | | AMORTIZED DURING YEAR | | Deferred in | Line No. | |
|-------------------------------|-------------|---------|-----------------------|--------|-------------|-------------|---------|
| CHARGED CURRENTLY TO | | Amount | Deferred to | Contra | Account 186 | | |
| Department | Account No. | | | | | Account 186 | Account |
| (f) | (g) | (h) | (i) | (j) | (k) | (l) | |
| | | | 86,294 | | | \$ 86,294 | 1 |
| | | | | | | | 2 |
| | | | | | | | 3 |
| | | | | | | | 4 |
| | 253 | 124,006 | | | | \$ - | 5 |
| | | | | | | | 6 |
| | | | | | | | 7 |
| | | | | | | | 8 |
| | | | | | | | 9 |
| | | | | | | | 10 |
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| | | | | | | | 37 |
| | | | | | | | 39 |
| | | | | | | | 42 |
| | | | | | | 86,294 | 46 |

DISTRIBUTION OF SALARIES AND WAGES

Report below the distribution of total salaries and wages for the year. Segregate amounts originally charged to clearing accounts to Utility Departments, Construction, Plant Removals, and Other Accounts, and enter such amounts in the appropriate lines and columns provided. In determining this segregation of salaries and wages originally charged to clearing accounts, a method of approximation giving substantially correct results may be used.

| Line No. | Classification (a) | Direct Payroll Distribution (b) | Allocation of Payroll Charged for Clearing Accounts (c) | Total (d) |
|----------|--|---------------------------------------|---|--------------|
| 1 | Electric | | | |
| 2 | Operation | | | |
| 3 | Production | - | | |
| 4 | Transmission | 8,682 | | |
| 5 | Distribution | 887,667 | | |
| 6 | Customer Accounts | 651,502 | | |
| 7 | Customer Service and Informational | - | | |
| 8 | Sales | 17,470 | | |
| 9 | Administrative and General | 835,803 | | |
| 10 | TOTAL Operation (Enter Total of lines 3 thru 9) | 2,401,123 | | |
| 11 | Maintenance | | | |
| 12 | Production | - | | |
| 13 | Transmission | 11,602 | | |
| 14 | Distribution | 791,748 | | |
| 15 | Administrative and General | 1,758 | | |
| 16 | TOTAL Maintenance (Enter Total of lines 12 thru 15) | 805,108 | | |
| 17 | Total Operation and Maintenance | | | |
| 18 | Production (Enter Total of lines 3 and 12) | - | | |
| 19 | Transmission (Enter Total of lines 4 and 13) | 20,284 | | |
| 20 | Distribution (Enter Total of lines 5 and 14) | 1,679,415 | | |
| 21 | Customer Accounts (Transcribe from line 6) | 651,502 | | |
| 22 | Customer Service and Information (Transcribe from line 7) | - | | |
| 23 | Sales (Transcribe from line 8) | 17,470 | | |
| 24 | Administrative and General (Enter Total of lines 9 and 15) | 837,560 | | |
| 25 | TOTAL Operation and Maintenance (Total of lines 18 - 24) | 3,206,231 | 858,694 | 4,064,925 |
| 26 | Gas | | | |
| 27 | Operation | | | |
| 28 | Production - Manufactured Gas | - | | |
| 29 | Production - Natural Gas (Including Expl. and Dev.) | - | | |
| 30 | Other Gas Supply | - | | |
| 31 | Storage, LNG Terminaling and Processing | - | | |
| 32 | Transmission | - | | |
| 33 | Distribution | - | | |
| 34 | Customer Accounts | - | | |
| 35 | Customer Service and Informational | - | | |
| 36 | Sales | - | | |
| 37 | Administrative and General | - | | |
| 38 | TOTAL Operation (Enter Total of lines 28 thru 37) | - | | |
| 39 | Maintenance | | | |
| 40 | Production - Manufactured Gas | - | | |
| 41 | Production - Natural Gas | - | | |
| 42 | Other Gas Supply | - | | |
| 43 | Storage, LNG Terminaling and Processing | - | | |
| 44 | Transmission | - | | |
| 45 | Distribution | - | | |
| 46 | Administrative and General | - | | |
| 47 | TOTAL Maintenance (Enter Total of lines 40 thru 46) | - | | |

DISTRIBUTION OF SALARIES AND WAGES

| Line No. | Classification (a) | Direct Payroll Distribution (b) | Allocation of Payroll Charged for Clearing Accounts (c) | Total (d) |
|----------|--|---------------------------------|---|-----------|
| | Gas (Continued) | | | |
| 48 | Total Operation and Maintenance | | | |
| 49 | Production - Manufactured Gas (Total of lines 28 and 40) | - | | |
| 50 | Production - Natural Gas (Including Expl. and Dev.) (Total of lines 29 and 41) | - | | |
| 51 | Other Gas Supply (Enter Total of lines 30 and 42) | - | | |
| 52 | Storage, LNG, Terminating and Processing (Total of lines 31 and 43) | - | | |
| 53 | Transmission (Enter Total of lines 32 and 44) | - | | |
| 54 | Distribution (Enter Total of lines 33 and 45) | - | | |
| 55 | Customer Accounts (Transcribe from line 34) | - | | |
| 56 | Customer Service and Informational (From line 35) | - | | |
| 57 | Sales (Transcribe from line 36) | - | | |
| 58 | Administrative and General (Total of lines 37 and 46) | - | | |
| 59 | TOTAL Operation and Maint. (Total of lines 49 thru 58) | - | - | - |
| 60 | Other Utility Departments | | | |
| 61 | Operation and Maintenance | 157,851 | - | 157,851 |
| 62 | TOTAL All Utility Dept. (Total of lines 25,59, and 61) | 3,364,082 | 858,694 | 4,222,776 |
| 63 | Utility Plant | | | |
| 64 | Construction (By Utility Departments) | | | |
| 65 | Electric Plant | 1,245,425 | - | 1,245,425 |
| 66 | Gas Plant | - | - | - |
| 67 | Other - Common | - | - | - |
| 68 | TOTAL Construction (Enter Total of lines 65 thru 67) | 1,245,425 | - | 1,245,425 |
| 69 | Plant Removal (By Utility Department) | | | |
| 70 | Electric Plant | - | - | - |
| 71 | Gas Plant | - | - | - |
| 72 | Other - Water | - | - | - |
| 73 | TOTAL Plant Removal (Enter Total of lines 70 thru 72) | - | - | - |
| 74 | Other Accounts (Specify): | | | |
| 75 | | | | |
| 76 | | | | |
| 77 | Other Accounts Receivable/Employee | | | |
| 78 | Temporary Facilities | 61,636 | - | 61,636 |
| 79 | Stores Expense | - | - | - |
| 80 | Clearing Accounts | - | - | - |
| 81 | Miscellaneous Deferred Debits | - | - | - |
| 82 | Merchandise and Jobbing | - | - | - |
| 83 | Taxes Other Than Income Taxes-Electric | - | - | - |
| 84 | Taxes Other Than Income Taxes-Gas | - | - | - |
| 85 | | - | - | - |
| 86 | Vacation Pay | - | - | - |
| 87 | Non-Operating and Rental Income | - | - | - |
| 88 | Other Accounts Receivable | - | - | - |
| 89 | Environmental Cost | 227,330 | - | 227,330 |
| 90 | Merchandise plant leased to other - Gas | - | - | - |
| 91 | Accrued Liability Insurance | - | - | - |
| 92 | | | | |
| 93 | | | | |
| 94 | | | | |
| 95 | TOTAL Other Accounts | 288,966 | - | 288,966 |
| 96 | TOTAL SALARIES AND WAGES | 4,898,473 | 858,694 | 5,757,167 |

COMMON UTILITY PLANT AND EXPENSES

1. Describe the property carried in the utility's accounts as common utility plant and show the book cost of such plant at end of year classified by account as provided by Plant Instruction 13, Common Utility Plant, of the Uniform System of Accounts. Also show the allocation of such plant costs to the respective departments using the common utility plant and explain the basis of allocation used, giving the allocation factors.

2. Furnish the accumulated provisions for depreciation and amortization at end of year, showing the amounts and classifications of such accumulated provisions, and amounts allocated to utility departments using the common utility plant to which such accumulated provisions relate, including explanation of basis of

allocation and factors used.

3. Give for the year the expenses of operation, maintenance rents, depreciation, and amortization for common utility plant classified by accounts as provided by the Uniform System of Accounts. Show the allocation of such expenses to the departments using the common utilityplant to which such expenses are related. Explain the basis of allocation used and give the factors of allocation.

4. Give date of approval by the Commission for use of the common utility plant classification and reference to order of the Commission or other authorization.

Account 118: Common Utility Plant
General Office Buildings and Land
Land & Land Rights
Structures & Improvements
Office Furniture & Equipment
Communications Equipment
Miscellaneous

Account 119: Accumulated Provision for Depreciation
of Common Utility Plant

FLORIDA PUBLIC UTILITIES COMPANY An Original For the Year Ended
 ELECTRIC ENERGY ACCOUNT December 31, 2013
 Report below the information called for concerning the disposition of electric energy generated,
 purchased, exchanged, and wheeled during the year.

| Line No. | Item (a) | Megawatt Hours (b) | Line No. | Item (a) | Megawatt Hours (b) |
|----------|---|--------------------|----------|--|--------------------|
| 1 | SOURCES OF ENERGY | | 21 | DISPOSITION OF ENERGY | |
| 2 | Generation (Excluding Station Use): | | 22 | Sales to Ultimate Consumers (Including Interdepartmental Sales) | 630,678 |
| 3 | Steam | | 23 | Requirements Sales For Resale (See instruction 4, page 311) | |
| 4 | Nuclear | | 24 | Non-Requirements Sales For Resale (See instruction 4, page 311) | |
| 5 | Hydro-Conventional | | 25 | Energy Furnished Without Charge | |
| 6 | Hydro-Pumped Storage | | 26 | Energy Used by the Company (Electric Department Only, Excluding Station Use) | 653 |
| 7 | Other | | 27 | Total Energy Losses | 31,767 |
| 8 | Less Energy for Pumping | | 28 | TOTAL (Enter Total of Lines 22 Through 27) (MUST EQUAL LINE 20) | 663,098 |
| 9 | Net Generation (Enter Total of lines 3 thru 8) | 0 | | | |
| 10 | Purchases | 663,098 | | | |
| 11 | Interchanges: | | | | |
| 12 | Received | | | | |
| 13 | Delivered | | | | |
| 14 | Purchases | 0 | | | |
| 15 | Transmission for/by Others (Wheeling) | | | | |
| 16 | Received (MWh) | | | | |
| 17 | Delivered (MWh) | | | | |
| 18 | Net Transmission for Other (Lines 16 minus 17) | 0 | | | |
| 19 | Transmission By Other Losses | | | | |
| 20 | TOTAL (Enter Total of lines 9, 10, 14, 18 and 19) | 663,098 | | | |

MONTHLY PEAKS AND OUTPUT

1. If the respondent has two or more power systems which are not physically integrated, furnish the required information for each non-integrated system.
2. Report in column (b) the system's energy output for each month such that the total on Line 41 matches the total on Line 20.
3. Report in column (c) a monthly breakdown of the Non-Requirements Sales For Resale reported on Line 24. Include in the monthly amounts any energy and energy losses associated with the sales so that the total on Line 41 exceeds the amount on Line 24 by the amount of losses incurred (or estimated) in making the Non-Requirements Sales for Resale.
4. Report in column (d) the system's monthly maximum megawatt load (60-minute integration) associated with the net energy for the system defined as the difference between columns (b) and (c).
5. Report in columns (e) and (f) the specified information for each monthly peak load reported in column (d).

| Line No. | Month (a) | Total Monthly Energy (b) | Monthly Non-Required Sales for Resale & Associated Losses (c) | MONTHLY PEAK | | |
|----------|-----------|--------------------------|---|---------------|------------------|----------|
| | | | | Megawatts (d) | Day of Month (e) | Hour (f) |
| 29 | January | | | | | |
| 30 | February | | | | | |
| 31 | March | | | | | |
| 32 | April | | | | | |
| 33 | May | | | | | |
| 34 | June | | SEE ATTACHED SCHEDULES | | | |
| 35 | July | | | | | |
| 36 | August | | | | | |
| 37 | September | | | | | |
| 38 | October | | | | | |
| 39 | November | | | | | |
| 40 | December | | | | | |
| 41 | TOTAL | | | | | |

FLORIDA PUBLIC UTILITIES COMPANY

For the Year Ended
December 31, 2013

MONTHLY PEAKS AND OUTPUT
NORTHWEST FLORIDA SYSTEM

| Month (a) | Megawatts (b) | Day of Month (d) | Hour (e) | Type of Reading (f) | Monthly Output (MWh) (g) |
|--------------|------------------|------------------------|-------------|---------------------------|--------------------------------|
| January | 58.6 | 22 | 13:32 | 15 Min. Int. | 24,917 |
| February | 57.1 | 26 | 7:46 | 15 Min. Int. | 22,515 |
| March | 55.6 | 20 | 9:02 | 15 Min. Int. | 24,361 |
| April | 55.1 | 23 | 13:28 | 15 Min. Int. | 21,951 |
| May | 56.6 | 21 | 12:55 | 15 Min. Int. | 25,381 |
| June | 55.5 | 26 | 9:35 | 15 Min. Int. | 29,536 |
| July | 55.2 | 18 | 7:45 | 15 Min. Int. | 29,551 |
| August | 55.3 | 3 | 9:56 | 15 Min. Int. | 30,742 |
| September | 55.1 | 19 | 14:00 | 15 Min. Int. | 28,268 |
| October | 54.7 | 22 | 8:27 | 15 Min. Int. | 23,926 |
| November | 54.6 | 21 | 10:04 AM | 15 Min. Int. | 23,091 |
| December | 55.5 | 17 | 9:54 | 15 Min. Int. | 25,616 |
| TOTAL | | | | | 309,856 |

MONTHLY PEAKS AND OUTPUT
NORTHEAST FLORIDA SYSTEM

| Month (a) | Megawatts (b) | Day of Month (d) | Hour (e) | Type of Reading (f) | Monthly Output (MWh) (g) |
|--------------|------------------|------------------------|-------------|---------------------------|--------------------------------|
| January | 85.0 | 4 | 7:45 a.m. | 15 Min. Int. | 25,857 |
| February | 87.2 | 13 | 8:15 a.m. | 15 Min. Int. | 24,367 |
| March | 53.6 | 5 | 7:30 a.m. | 15 Min. Int. | 32,061 |
| April | 80.9 | 26 | 4:30 p.m. | 15 Min. Int. | 23,261 |
| May | 97.2 | 5 | 5:45 p.m. | 15 Min. Int. | 28,110 |
| June | 92.9 | 18 | 4:30 p.m. | 15 Min. Int. | 33,460 |
| July | 82.4 | 30 | 5:45 p.m. | 15 Min. Int. | 37,404 |
| August | 75.8 | 3 | 4:30 p.m. | 15 Min. Int. | 38,289 |
| September | 73.7 | 7 | 3:30 p.m. | 15 Min. Int. | 32,151 |
| October | 64.3 | 28 | 3:45 p.m. | 15 Min. Int. | 27,704 |
| November | 54.8 | 9 | 8:00 p.m. | 15 Min. Int. | 24,588 |
| December | 61.8 | 27 | 8:45 a.m. | 15 Min. Int. | 25,989 |
| TOTAL | | | | | 353,242 |

TRANSMISSION LINE STATISTICS

1. Report information concerning transmission lines, cost of lines, and expenses for year. List each transmission line having nominal voltage of 132 kilovolts or greater. Report transmission lines below voltages in group totals only for each voltage.
 2. Transmission lines include all lines covered by the definition of transmission system plant as given in the Uniform System of Accounts. Do not report substation costs and expenses on this page.
 3. Report data by individual lines for all voltages if so required by a State commission.
 4. Exclude from this page any transmission lines for which plant costs are included in Account 121, Nonutility Property.
 5. Indicate whether the type of supporting structure reported in column (e) is: (1) single pole, wood, or steel; (2) H-frame wood, or steel poles; (3) tower; or (4) underground construction.

If a transmission line has more than one type of supporting structure, indicate the mileage of each type of construction by the use of brackets and extra lines. Minor portions of a transmission line of a different type of construction need not be distinguished from the remainder of the line.
 6. Report in columns (f) and (g) the total pole miles of transmission line. Show in column (f) the pole miles of line on structures the cost of which is reported for the line designated; conversely, show in column (g) the pole miles of line on structures the cost of which is reported for another line. Report pole miles of line on leased or partly owned structures in column (g). In a footnote, explain the basis of such occupancy and state whether expenses with respect to such structures are included in the expenses reported for the line designated.

| Line No. | DESIGNATION | | VOLTAGE | | Type of Supporting Structure (e) | LENGTH | | Number of Circuits (h) |
|----------|-------------|----------------|---------------|--------------|----------------------------------|--------------------------------------|-----------------------------------|------------------------|
| | From (a) | To (b) | Operating (c) | Designed (d) | | On Structures of Line Designated (f) | On Structures of Another Line (g) | |
| 1 | Yulee, FL | Block 97 | | | Steel Tower | 0.55 | | |
| 2 | | Fernandina | | | Steel Pole | 0.8 | | |
| 3 | | Beach, FL | 138,000 | 138,000 | Concrete Pole | 7.7 | NONE | 2 |
| 4 | | | | | | | | |
| 5 | Block 97 | Block 83 | | | | | | |
| 6 | Fernandina | Fernandina | | | | | | |
| 7 | Beach, FL | Beach, FL | 69,000 | 69,000 | Wood Pole | 3.5 | NONE | 1 |
| 8 | | | | | | | | |
| 9 | Block 97 | | | | | | | |
| 10 | Fernandina | State Road 105 | | | Concrete Pole | 1.7 | | |
| 11 | Beach, FL | and Julia St. | 69,000 | 69,000 | Wood Pole | 4.3 | NONE | 1 |
| 12 | | | | | | | | |
| 13 | Block 83 | Container | | | | | | |
| 14 | Fernandina | Corporation | | | | | | |
| 15 | Beach, FL | of America | 69,000 | 69,000 | Wood Pole | 1.66 | NONE | 1 |
| 16 | | | | | | | | |
| 17 | Block 83 | | | | | | | |
| 18 | Fernandina | ITT Rayonier | | | | | | |
| 19 | Beach, FL | Inc. | 69,000 | 69,000 | Wood Pole | 0.65 | NONE | 1 |
| 20 | | | | | | | | |
| 21 | | | | | | | | |
| 22 | | | | | | | | |
| 23 | | | | | | | | |
| 24 | | | | | | | | |
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| 26 | | | | | | | | |
| 27 | | | | | | | | |
| 28 | | | | | | | | |
| 29 | | | | | | | | |
| 30 | | | | | TOTAL | 20.26 | | |

TRANSMISSION LINE STATISTICS (Continued)

7. Do not report the same transmission line structure twice. Report lower voltage lines and higher voltage lines as one line. Designate in a footnote if you do not include lower voltage lines with higher voltage lines. If two or more transmission line structures support lines of the same voltage, report the pole miles of the primary structure in column (f) and pole miles of the other line(s) in column (g).

8. Designate any transmission line or portion thereof for which the respondent is not the sole owner. If such property is leased from another company, give name of lessor, date and terms of lease, and amount of rent for year. For any transmission line other than a leased line, or portion thereof, for which the respondent is not the sole owner but which the respondent operates or

share in the operation of, furnish a succinct statement explaining the arrangement and giving particulars (details) of such matters as percent ownership by respondent in the line, name of co-owner, basis of sharing expenses of the line, and how the expenses borne by the respondent are accounted for, and accounts affected. Specify whether lessor, co-owner, or other party is an associated company.

9. Designate any transmission line leased to another company and give name of lessee, date and terms of lease, annual rent for year, and how determined. Specify whether lessee is an associated company.

10. Base the plant cost figures called for in columns (j) to (l) on the book cost at end of year.

| Size of Conductor and Material (i) | COST OF LINE | | | EXPENSES, EXCEPT DEPRECIATION AND TAXES** | | | | Line no. |
|--|--------------|----------------------------------|----------------|---|--------------------------|-----------|--------------------|----------|
| | Land (j) | Construction and Other Costs (k) | Total Cost (l) | Operation Expenses (m) | Maintenance Expenses (n) | Rents (o) | Total Expenses (p) | |
| 652 MCM Alum. | | | | | | | | 1 |
| 394.6MCM Alum. | * 25,803 | 2,494,226 | 2,520,029 | | | | | 2 |
| | | | | | | | | 3 |
| | | | | | | | | 4 |
| | | | | | | | | 5 |
| 4/0 Alum. | | | | | | | | 6 |
| 394.6MCM Alum. | | 474,069 | 474,069 | | | | | 7 |
| 477 MCM Alum. | | | | | | | | 8 |
| 636 MCM Alum. | | | | | | | | 9 |
| | | | | | | | | 10 |
| 477MCM Alum. | 32,677 | 786,408 | 819,085 | | | | | 11 |
| | | | | | | | | 12 |
| | | | | | | | | 13 |
| | | | | | | | | 14 |
| 394.6MCM Alum. | | 90,636 | 90,636 | | | | | 15 |
| | | | | | | | | 16 |
| | | | | | | | | 17 |
| 4/0 Alum. | | | | | | | | 18 |
| | | | | | | | | 19 |
| | | | | | | | | 20 |
| | | | | | | | | 21 |
| | | | | | | | | 22 |
| *Includes Roads and Trails | | | | | | | | 23 |
| **Expenses Show Below Include All Transmission Lines | | | | | | | | 24 |
| | | | | | | | | 25 |
| | | | | | | | | 26 |
| | | | | | | | | 27 |
| | | | | | | | | 28 |
| | | | | | | | | 29 |
| | 58,480 | 3,845,339 | 3,903,819 | 15,858 | 47,202 | | 63,060 | 30 |

SUBSTATIONS

1. Report below the information called for concerning substations for the respondent as of the end of the year.
2. Substations which serve only one industrial or street railway customer should not be listed below.
3. Substations with capacities for less than 10,000 Kva except those serving customers with energy for resale,

- may be grouped according to functional character, but the number of such substations must be shown.
4. Indicate in column (b) the functional character of each substation, designating whether transmission or distribution and whether attended or unattended. At end of the page, summarize according to function the capacities reported for the individual stations in column (f).

| Line No. | Name and Location of Substation (a) | Character of Substation (b) | VOLTAGE (In MVa) | | |
|----------|--|--------------------------------|------------------|------------------|-----------------|
| | | | Primary (c) | Secondary (d) | Tertiary (e) |
| 1 | Femandina Beach, Fl | Distribution | | | |
| 2 | Jesse L. Terry, Substation | Unattended | 69M | 12.4M | |
| 3 | | | | | |
| 4 | Amelia Plantation Substation | Distribution | 69M | 12.4M | |
| 5 | | Unattended | | | |
| 6 | | | | | |
| 7 | Rayonier Chip Mill | Distribution | 69M | 12.4M | |
| 8 | | | | | |
| 9 | Stepdown Substation | Transmission | 138M | 69M | |
| 10 | | Distribution | 69M | 12.4M | |
| 11 | | Unattended | | | |
| 12 | | | | | |
| 13 | | | | | |
| 14 | | | | | |
| 15 | | | | | |
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| 36 | | | | | |

SUBSTATIONS (Continued)

5. Show in columns (i), (j) and (k) special equipment such as rotary converters, rectifiers, condensers, etc. and auxiliary equipment for increasing capacity. of lessor, date and period of lease, and annual rent. For any substation or equipment operated other than reason of sole ownership or lease, give name of co-owner or other party, explain basis of sharing expenses or other accounting between

6. Designate substations or major items of equipment leased from others, jointly owned with others, or operated other than by reason of sole ownership by the respondent. For the respondent's books of account. Specify in each case whether lessor, any substation or equipment operated under lease, give name of co-owner or other party is an associated company.

| Capacity of Substation (In Service) (In MVA) | Number of Trans-formers In Service | Number of Spare Trans-formers | CONVERSION APPARATUS AND SPECIAL EQUIPMENT | | | Line No. |
|--|------------------------------------|-------------------------------|--|-----------------|----------------|----------|
| | | | Type of Equipment | Number of Units | Total Capacity | |
| | | | (i) | (j) | (k) | |
| 50 | 2 | 0 | Fans Added | | | 1 |
| | | | | | | 2 |
| | | | | | | 3 |
| 80 | 2 | 0 | Fans Added | | | 4 |
| | | | | | | 5 |
| | | | | | | 6 |
| 8 | 1 | 0 | Fans Added | | | 7 |
| | | | | | | 8 |
| 150 | 3 | 0 | Fans Added | | | 9 |
| 40 | 2 | 0 | Fans Added | | | 10 |
| | | | | | | 11 |
| | | | | | | 12 |
| | | | | | | 13 |
| | | | | | | 14 |
| | | | | | | 15 |
| | | | | | | 16 |
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| | | | | | | 32 |
| | | | | | | 33 |
| | | | | | | 34 |
| | | | | | | 35 |
| | | | | | | 36 |

Affiliation of Officers and Directors

Company: Florida Public Utilities Company- Electric Division

For the Year Ended December 31, 2013

For each of the officials named in Part 1 of the Executive Summary, list the principal occupation or business affiliation if other than listed in Part 1 of the Executive Summary and all affiliations or connections with any other business or financial organizations, firms, or partnerships. For purposes of this part, the official will be considered to have an affiliation with any business or financial organization, firm or partnership in which he is an officer, director, trustee, partner, or a person exercising similar functions.

| Name | Principal Occupation or Bus Affiliation | Affiliation or Connection with any Other Business or Financial Organization Firm or Partnership | |
|---|---|---|--|
| | | Affiliation or Connection | Name and Address |
| Directors | | | |
| Ralph J. Adkins | | | |
| John R. Schimkaitis | | | |
| Michael P. McMasters | | | |
| Eugene H. Bayard | | | Wilson, Halbrook & Bayard, Georgetown, Delaware |
| Richard Bernstein | | | LWRC International, LLC Cambridge, Maryland |
| Thomas J. Bresnan | | | Accounting & Business School of the Rockies, Greenwood, Colorado |
| Thomas P. Hill, Jr. | | | |
| Dennis S. Hudson, III | | | Seacoast National Bank, Stuart, Florida |
| Paul L. Maddock, Jr. | | | The Maddock Companies, Palm Beach, Florida |
| J. Peter Martin (1) | | | |
| Joseph E. Moore, Esq. | | | Williams, Moore, Shockley & Harrison, LLP, Ocean City, Maryland |
| Calvert A. Morgan | | | WSFS Financial Corp., Wilmington Delaware |
| Dianna F. Morgan | | | |
| (1) Effective May 2013 no longer a Director | | | |
| Officers | | | |
| Michael P. McMasters | Chairman & Chief Executive Officer | | |
| Stephen C. Thompson | Chief Operating Officer | | |
| Beth Cooper | Chief Financial Officer | | |
| Elaine Bittner | Chief Strategy Officer | | |
| Jeffrey Householder | President | | |
| Kevin J. Webber | Vice President | | |
| Matthew M. Kim | Vice President | | |
| Thomas E. Mahn | Treasurer | | |

Business Contracts with Officers, Directors, and Affiliates

Company: Florida Public Utilities Company - Electric Division

For the Year Ended December 31, 2013

List all contracts, agreements, or other business arrangements* entered into during the calendar year (other than compensation- related to position with respondent) between the respondent and each officer and director listed in Part 1 of the Executive Summary. In addition, provide the same information with respect to professional services for each firm, partnership, or organization with which the officer or director is affiliated.

Note* Business agreement, for this schedule, shall mean any oral or written business deal which binds the concerned parties for products or services during the reporting year or future years.

| Name of Officer or Director | Name and Address of Affiliated Entity | Amount | Identification of Product or Service |
|---|---------------------------------------|--------|--------------------------------------|
| None | | | |
| | | | |
| <p>*Business Agreement, for this schedule, shall mean any oral or written business deal which binds the concerned parties for products or services during the reporting year or future years.</p> | | | |
| | | | |

**Reconciliation of Gross Operating Revenues
Annual Report versus Regulatory Assessment Fee Return**

Florida Public Utilities Company - Electric Division

For the Year Ended December 31, 2013

For the current year, reconcile the gross operating revenues as reported on Page 300 of this report with the gross operating revenues as reported on the utility's regulatory assessment fee return. Explain and justify any differences between the reported gross operating revenues in column (f).

| | (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) |
|----------|--|---------------------------------------|---|--|---|---|--|----------------------|
| Line No. | Description | Gross Operating Revenues per Page 300 | Interstate and Sales for Resale Adjustments | Adjusted Intrastate Gross Operating Revenues | Gross Operating Revenues per RAF Return | Intrastate and Sales for Resale Adjustments | Adjusted Intrastate Gross Operating Revenues | Difference (d) - (g) |
| 1 | Total Sales to Ultimate Customers (440-446, 447) | 83,866,750 | | 83,866,750 | 83,866,749 | | 83,866,749 | 1 |
| 2 | Sales for Resale (447) | - | | - | - | | - | - |
| 3 | Total Sales of Electricity | 83,866,750 | | 83,866,750 | 83,866,749 | | 83,866,749 | 1 |
| 4 | Provision for Rate Refunds (449.1) | - | | - | - | | - | - |
| 5 | Total Net Sales of Electricity | 83,866,750 | | 83,866,750 | 83,866,749 | | 83,866,749 | 1 |
| 6 | Total Other Operating Revenues (450-456) | (3,492,259) | | (3,492,259) | (3,492,258) | | (3,492,258) | (1) |
| 7 | Total Electric Operating Revenues | 80,374,491 | | 80,374,491 | 80,374,492 | | 80,374,492 | (1) |
| 8 | Other (specify): Deferred fuel revenue | | | - | 5,348,849 | | 5,348,849 | (5,348,849) |
| 9 | | | | - | | | - | - |
| 10 | Total Gross Operating Revenues | 80,374,491 | | 80,374,491 | 85,723,341 | | 85,723,341 | (5,348,850) |

Notes:

- 1 Rounding (1)
- 8 Deferred fuel revenue of (848,255) are reversed to pay RAF only on the actual collected revenue. (5,348,849)
(The original payment of the RAF occurred when the actual revenues were collected.) (5,348,850)

Analysis of Diversification Activity

Changes in Corporate Structure

Company: Florida Public Utilities Company- Electric Division

For the Year Ended December 31, 2013

Provide any changes in Corporate Structure including partnerships, minority interest, and joint ventures and an updated organizational chart.

| Effective Date (a) | Description of Change (b) | |
|--|---|--|
| <p>Regulated Energy</p> <div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;"> <p>Natural Gas Distribution</p> <p>Delaware</p> <p>Chesapeake - Delaware Division</p> <p>Maryland</p> <p>Chesapeake - Maryland Division</p> <p>Sandpaper</p> <p>Florida</p> <p>Chesapeake - Florida Division</p> <p>FFU</p> <p>FFU - Indianstone Division</p> <p>FFU - Fort Meade Division</p> </div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;"> <p>Natural Gas Transmission</p> <p>Eastern Shore - Interstate Pipeline</p> <p>Peninsula Pipeline - Florida Intrastate Pipeline</p> </div> <div style="border: 1px solid black; padding: 5px;"> <p>Electric Distribution</p> <p>FFU</p> </div> | <p>Unregulated Energy</p> <div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;"> <p>Propane Distribution</p> <p>Delmarva Peninsula and Pennsylvania</p> <p>- Sharp Sharpgas</p> <p>Florida - FFU Flo-gas</p> </div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;"> <p>Propane Wholesale Marketing</p> <p>Xeron</p> </div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;"> <p>Natural Gas Marketing</p> <p>FESCO</p> </div> <div style="border: 1px solid black; padding: 5px;"> <p>Other</p> <p>Austin Cox</p> <p>FFU Unregulated Energy Services</p> </div> | <p>Other</p> <div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;"> <p>Advanced Information Services</p> <p>BravePoint</p> </div> <div style="border: 1px solid black; padding: 5px;"> <p>Intercompany Real Estate and Other</p> <p>Skipjack</p> <p>ESRE</p> <p>CIC</p> </div> |
| <p>Regulated Energy</p> <p>Natural Gas Distribution:</p> <p>Chesapeake Utilities</p> <p>Central Florida Gas</p> <p>Florida Public Utilities Company</p> <p>Natural Gas Transmission:</p> <p>Eastern Shore Natural Gas Company</p> <p>Peninsula Pipeline Company</p> <p>Electric Distribution:</p> <p>Florida Public Utilities Company</p> | <p>Unregulated Energy</p> <p>Natural Gas Marketing:</p> <p>Peninsula Energy Services Company, Inc</p> <p>Propane Distribution:</p> <p>Sharp Energy, Inc</p> <p>Flo-Gas Company</p> <p>Wholesale Propane Marketing:</p> <p>Xeron, Inc</p> <p>Other</p> <p>Austin Cox</p> <p>FFU Unregulated Energy Services</p> | <p>Other</p> <p>Advanced Information Services:</p> <p>BravePoint, Inc.</p> <p>Intercompany Real Estate:</p> <p>Eastern Shore Real Estate, Inc.</p> <p>Skipjack, Inc.</p> <p>Chesapeake Investment Company</p> |

FLORIDA PUBLIC SERVICE COMMISSION

DIVERSIFICATION REPORT

PSC/AFA 16 (12/94)

Analysis of Diversification Activity
New or Amended Contracts with Affiliated Companies

COMPANY: Florida Public Utilities Company - Electric Division
For the Year Ended 12/31/13

Provide a synopsis of each new or amended contract, agreement, or arrangement with affiliated companies for the purchase, lease, or sale of land, goods, or services (excluding tariffed items). The synopsis shall include, at a minimum, the terms, price, quantity, amount, and duration of the contracts.

| Name of Affiliated Company (a) | Synopsis of Contract (b) |
|-----------------------------------|-----------------------------|
| None | |

**Analysis of Diversification Activity
Individual Affiliated Transactions in Excess of \$500,000**

**COMPANY: Florida Public Utilities Company - Electric Division
For the Year Ended 12/31/13**

Provide information regarding individual affiliated transactions in excess of \$500,000. Recurring monthly affiliated transactions which exceed \$500,000 per month should be reported annually in the aggregate. However, each land or property sales transaction even though similar sales recur, should be reported as a "non-recurring" item for the period in which it occurs.

| Name of Affiliate (a) | Description of Transaction (b) | Dollar Amount (c) |
|--------------------------|-----------------------------------|----------------------|
| None | | |

Analysis of Diversification Activity

Summary of Affiliated Transfers and Cost Allocations

Company: Florida Public Utilities Company - Electric Division

For the Year Ended December 31, 2013

Grouped by affiliate, list each contract, agreement, or other business transaction exceeding a cumulative amount of \$300 in any one year, entered into between the Respondent and an affiliated business or financial organization, firm, or partnership identifying parties, amounts, dates, and product, asset, or service involved.

- (a) Enter name of affiliate.
- (b) Give description of type of service, or name the product involved.
- (c) Enter contract or agreement effective dates.
- (d) Enter the letter "p" if the service or product is purchased by the Respondent; "s" if the service or product is sold by the Respondent.
- (e) Enter utility account number in which charges are recorded.
- (f) Enter total amount paid, received, or accrued during the year for each type of service or product listed in column (c). Do not net amounts when services are both received and provided.

| Name of Affiliate (a) | Type of Service and/or Name of Product (b) | Relevant Contract or Agreement and Effective Date (c) | "p" or "s" (d) | Total Charge for Year | |
|----------------------------------|---|--|-------------------|-----------------------|----------------------|
| | | | | Account Number (e) | Dollar Amount (f) |
| Chesapeake Utilities Corporation | Parent Company: | | | | |
| | Corporate Services | | s | | \$ 1,333,486 |
| | Corporate Overheads | | s | | \$ 1,421,100 |

Analysis of Diversification Activity
ASSETS OR RIGHTS PURCHASED FROM OR SOLD TO AFFILIATES

FLORIDA PUBLIC UTILITIES COMPANY - Electric Division

For the Year Ended For the Year Ended

Provide a summary of affiliated transactions involving asset transfers or the right to use assets.

| Name of Affiliate | Description of Asset or Right | Cost/Orig. Cost | Accumulated Depreciation | Net Book Value | Fair Market Value | Purchase Price | Title Passed Yes/No |
|-------------------|-------------------------------|-----------------|--------------------------|----------------|-------------------|----------------|---------------------|
| None | | | | | | | |

Analysis of Diversification Activity

Employee Transfers

Company: Florida Public Utilities Company - Electric Division

For the Year Ended December 31, 2013

List employees earning more than \$30,000 annually transferred to/from the utility to/from an affiliate company.

| Company Transferred From | Company Transferred To | Old Job Assignment | New Job Assignment | Transfer Permanent or Temporary and Duration |
|--------------------------|------------------------|--------------------|--------------------|--|
| None | | | | |

Analysis of Diversification Activity
Non-Tariffed Services and Products Provided by the Utility
Company: Florida Public Utilities Company - Electric Division
For the Year Ended December 31, 2013

Provide the following information regarding all non-tariffed services and products provided by the utility.

| Description of Product or Service (a) | Account No. (b) | Regulated or Non-regulated (c) |
|--|--------------------|-----------------------------------|
| None | | |

NONUTILITY PROPERTY (Account 121)

1. Give a brief description and state the location of nonutility property included in Account 121.
2. Designate with an asterisk any property which is leased to another company. State name of lessee and whether lessee is an associated company.
3. Furnish particulars (details) concerning sales, purchases, or transfers of Nonutility Property during the year.
4. List separately all property previously devoted to public service and give date of transfer to Account 121, Nonutility Property.
5. Minor items (5% of the Balance at the End of the Year for Account 121 or \$100,000, whichever is less) may be grouped by (1) previously devoted to public service (line 39), or (2) other nonutility property (line 40).

| Line No. | Description and Location (a) | Balance at Beginning of Year (b) | Purchases, Sales, Transfers, etc. (c) | Balance at End of Year (d) |
|----------|---------------------------------|-------------------------------------|--|-------------------------------|
| 1 | None | | | |
| 2 | | | | |
| 3 | | | | |
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| 36 | | | | |
| 37 | | | | |
| 38 | | | | |
| 39 | | | | |
| 40 | | | | |
| 41 | | | | |

Number of Electric Department Employees

Company: Florida Public Utilities Company - Electric Division

For the Year Ended December 31, 2013

NUMBER OF ELECTRIC DEPARTMENT EMPLOYEES

1. The data on number of employees should be reported for the payroll period ending nearest to October 31, or any payroll period ending 60 days before or after October 31.
2. If the respondent's payroll for the reporting period includes any special construction personnel, include such employees on line 3, and show the number of such special construction employees in a footnote.
3. The number of employees assignable to the electric department from joint functions of combination utilities may be determined by estimate, on the basis of employee equivalents. Show the estimated number of equivalent employees attributed to the electric department from joint functions.

| | | |
|---|--|----------|
| 1 | Payroll Period Ended (Date) | 12/31/13 |
| 2 | Total Regular Full-Time Employees (Equivalent Employees from joint functions -6) | 49 |
| 3 | Total Part-Time and Temporary Employees | |
| 4 | Total Employees | 49 |

PARTICULARS CONCERNING CERTAIN INCOME DEDUCTIONS AND
INTEREST CHARGES ACCOUNTS

Report the information specified below, in the order given for the respective income deduction and interest charges accounts. Provide a subheading for each account and total for the account. Additional columns may be added if deemed appropriate with respect to any account.

(a) Miscellaneous Amortization (Account 425) - Describe the nature of items included in this account, the contra account charged, the total of amortization charged for the year, and the period of amortization.

(b) Miscellaneous Income Deductions - Report the nature, payee, and amount of other income deductions for the year as required by Accounts 426.1, Donations; 426.2 Life Insurance; 426.3 Penalties; 426.4, Expenditures for Certain Civic, Political and Related Activities; and 426.5, Other Deductions, of the Uniform System of Accounts. Amounts of less than \$25,000 may be grouped by classes within the above accounts.

(c) Interest on Debt to Associated Companies (Account 430) - For each associated company to which interest on debt was incurred during the year, indicate the amount and interest rate respectively for (a) advances on notes, (b) advances on open account, (c) notes payable, (d) accounts payable, and (e) other debt, and total interest.

Explain the nature of other debt on which interest was incurred during the year.

(d) Other Interest Expense (Account 431) - Report particulars (Details) including the amount and interest rate for each other interest charges incurred during the year.

| Line No. | Item (a) | Amount (b) |
|----------|---|------------|
| 1 | Account 425: Miscellaneous Amortization | - |
| 2 | | |
| 3 | Account 426: Miscellaneous Income Deductions | |
| 4 | Charitable Contributions | (4,700) |
| 5 | Expenditures for certain civic politic | - |
| 6 | Other | - |
| 7 | | |
| 8 | TOTAL MISCELLANEOUS INCOME DEDUCTIONS | (4,700) |
| 9 | | |
| 10 | Account 430: Interest on Debt to Associated Company | - |
| 11 | | |
| 12 | | |
| 13 | Account 431: Other Interest Expense | |
| 14 | Customer Deposit | 78,264 |
| 15 | Short-term Borrowings - allocated from the parent | 93,053 |
| 16 | Note Payable - allocated from the parent | - |
| 17 | Other | - |
| 18 | TOTAL OTHER INTEREST EXPENSE | 171,317 |
| 19 | | |
| 20 | | |
| 21 | | |
| 22 | | |
| 23 | | |

**FLORIDA PUBLIC UTILITIES COMPANY
ANNUAL STATUS REPORT FOR
STORM DAMAGE RESERVE CONSOLIDATED ELECTRIC**

Status of Reserve

| | | |
|---|----------------|---------------------------|
| Beginning Balance 01/01/2013 | | 1,930,090 |
| Accruals under Docket #93-0400 EI (01/13 - 12/13) | <u>121,620</u> | |
| Total Accruals During 2013 | | 121,620 |
| Additional Accrual from prior year | | |
| Total Charges During 2013 | | <u>5,116</u> |
| Ending Balance, 12/31/12 | | <u><u>\$2,056,826</u></u> |

Reasonableness of Reserve

Distribution Plant - Book Cost

| | | |
|---|--|---------------------|
| Storm Damage Reserve Balance @ 12/31/2013 | | \$2,056,826 |
| Total Distribution Plant (per books) @ 12/31/2013 | | <u>\$80,946,973</u> |
| Ratio of Reserve to Distribution Plant | | <u><u>2.54%</u></u> |

Distribution Plant - Replacement Cost

| | | |
|---|--|----------------------|
| Storm Damage Reserve Balance @ 12/31/2013 | | \$2,056,826 |
| Estimated Replacement Cost of Distribution Plant (Distribution Plant @ 12/31/13 times 2) | | <u>\$161,893,946</u> |
| Ratio of Reserve to Replacement Distribution Plant | | <u><u>1.27%</u></u> |

Availability of Distribution Systems Insurance

Insurance for the Distribution Systems is now available but the costs would be significant.

CUSTOMER GROWTH

| | 2013 | 2012 | 2011 | Current Year increase | Prior year Increase | Average Increase |
|---|--------------|------------|-----------------|--------------------------|------------------------|---------------------|
| | Customers | | | | | |
| | Current Year | Prior Year | Two Years Prior | | | |
| <u>Operations</u> | | | | | | |
| Marianna - Electric | 12,602 | 12,580 | 12,663 | 0% | -1% | 0% |
| Fernandina Beach - Electric Gas Operations | 15,526 | 15,468 | 15,330 | 0% | 1% | 1% |

FLORIDA PUBLIC UTILITIES COMPANY
NORTHWEST ELECTRIC DIVISION
REPORT OF DEPRECIATION DATA UNDER RULE 25-8.0435(8)
2013

REPT

| PLANT IN SERVICE (\$) | | | | | | | RESERVE (\$) | | | | | (CREDIT BALANCES) | | | | |
|-----------------------|-------------------|-----------|-------------------------|------------------|-------------------|-------------------|------------------|-------------------|---------------|------------------|----------|-------------------|-----------|-------------------------|-------------------|-------------------|
| Plant | Beginning Balance | Additions | Purchases & Adjustments | Transfers | Retirements | Ending Balance | Plant Acct. | Beginning Balance | Retirements | Accruals | Salvage | Cost of Removal | Transfers | Common Plant Allocation | Reclassifications | Ending Balance |
| 350 | - | - | - | - | - | - | 350 | - | - | - | - | - | - | - | - | - |
| 352 | - | - | - | - | - | - | 352 | (500) | - | - | - | - | - | - | - | (500) |
| 353 | - | - | - | - | - | - | 353 | 60,744 | - | - | - | - | - | - | - | 60,744 |
| 354 | - | - | - | - | - | - | 354 | (8,505) | - | - | - | - | - | - | - | (8,505) |
| 355 | - | - | - | - | - | - | 355 | (22,448) | - | - | - | - | - | - | - | (22,448) |
| 356 | 168 | - | - | - | - | 168 | 356 | (29,320) | - | 3 | - | - | - | - | - | (29,316) |
| 359 | - | - | - | - | - | - | 359 | - | - | - | - | - | - | - | - | - |
| 360 | 1,100 | - | - | - | - | 1,100 | 360 | - | - | - | - | - | - | - | - | - |
| 3601 | 21,200 | - | - | - | - | 21,200 | 3601 | 6,859 | - | 382 | - | - | - | - | - | 7,241 |
| 361 | - | 32,349 | - | - | - | 32,349 | 361 | (1,507) | - | 133 | - | - | - | - | - | (1,374) |
| 362 | 1,586,763 | 251 | - | - | - | 1,587,014 | 362 | 733,030 | - | 44,429 | - | - | - | - | - | 777,459 |
| 364 | 8,804,491 | 346,022 | - | - | (14,122) | 9,136,391 | 364 | 4,566,995 | (14,122) | 367,201 | - | (50,034) | - | - | - | 4,870,040 |
| 365 | 7,513,975 | 149,904 | - | - | (9,392) | 7,654,487 | 365 | 5,149,236 | (9,392) | 310,629 | 1,977 | (20,502) | - | - | - | 5,431,947 |
| 366 | 245,084 | 12,388 | - | (33,155) | - | 224,316 | 366 | 29,328 | - | 3,908 | - | (1,780) | - | - | - | 31,456 |
| 367 | 957,870 | 139,730 | - | (27,975) | (14,638) | 1,054,988 | 367 | 344,107 | (14,638) | 26,024 | - | (21,951) | - | - | - | 335,542 |
| 368 | 7,345,238 | 161,811 | - | - | (26,453) | 7,480,594 | 368 | 5,413,116 | (26,453) | 316,965 | 200 | (23,190) | - | - | - | 5,680,639 |
| 369 | 4,384,225 | 76,602 | - | - | (3,569) | 4,457,259 | 369 | 2,605,380 | (3,569) | 188,885 | 492 | (9,215) | - | - | - | 2,779,973 |
| 370 | 1,513,536 | 65,981 | - | - | (23,375) | 1,556,142 | 370 | 775,104 | (23,375) | 56,353 | - | (2,885) | - | - | - | 805,196 |
| 371 | 1,539,379 | 72,829 | - | - | (25,393) | 1,586,815 | 371 | 633,508 | (25,393) | 88,987 | - | (4,854) | - | - | - | 692,248 |
| 373 | 454,434 | 11,501 | - | - | (5,094) | 460,841 | 373 | 231,092 | (5,094) | 22,858 | - | (2,230) | - | - | - | 246,626 |
| 389 | 3,766 | - | - | - | - | 3,766 | 389 | - | - | - | - | - | - | - | - | - |
| 390 | 1,115,210 | - | - | - | - | 1,115,210 | 390 | 340,172 | - | 22,304 | - | - | - | - | - | 362,476 |
| 3910 | 10,293 | 27,066 | - | - | - | 37,359 | 3910 | 4,241 | - | 1,223 | - | - | - | - | - | 5,465 |
| 3911 | - | - | - | - | - | - | 3911 | - | - | - | - | - | - | - | - | - |
| 3912 | 159,608 | - | - | - | - | 159,608 | 3912 | 120,263 | - | 12,665 | - | - | - | - | - | 132,928 |
| 3913 | 3,459 | - | - | - | - | 3,459 | 3913 | 2,885 | - | 115 | - | - | - | - | - | 3,000 |
| 3914/3915 | 459,250 | - | - | - | - | 459,250 | 3914 | 449,745 | - | 3,611 | - | - | - | - | - | 453,356 |
| 3921 | 35,285 | - | - | - | - | 35,285 | 3921 | 7,677 | - | 4,269 | - | - | - | - | - | 11,946 |
| 3922 | 356,025 | - | - | - | (17,487) | 338,536 | 3922 | 163,131 | (17,487) | 20,606 | 1,500 | - | - | - | - | 187,749 |
| 3923 | 1,438,348 | 211,304 | - | - | (128,325) | 1,521,327 | 3923 | 549,263 | (128,325) | 60,410 | 10,500 | - | - | - | - | 491,868 |
| 3924 | 78,484 | - | - | - | - | 76,484 | 3924 | 36,229 | - | 2,906 | - | - | - | - | - | 39,135 |
| 3930/3931 | 70,667 | - | - | - | - | 70,667 | 3930 | 70,667 | - | - | - | - | - | - | - | 70,667 |
| 3932 | - | - | - | - | - | - | 3932 | - | - | - | - | - | - | - | - | - |
| 3940/3941 | 92,026 | 6,218 | - | - | - | 98,244 | 3940/41 | 26,180 | - | 9,959 | - | - | - | - | - | 36,139 |
| 3942 | - | - | - | - | - | - | 3942 | - | - | - | - | - | - | - | - | - |
| 3950/3951 | 54,998 | - | - | - | - | 54,998 | 3950/51 | 54,445 | - | 184 | - | - | - | - | - | 54,629 |
| 3952 | - | - | - | - | - | - | 3952 | - | - | - | - | - | - | - | - | - |
| 396 | 3,931 | - | - | - | - | 3,931 | 396 | 2,560 | - | 110 | - | - | - | - | - | 2,670 |
| 397 | 109,173 | - | - | - | - | 109,173 | 397 | 56,082 | - | 7,374 | - | - | - | - | - | 63,456 |
| 398 | 11,107 | - | - | - | - | 11,107 | 398 | 8,758 | - | 228 | - | - | - | - | - | 8,986 |
| 399 | 5,000 | - | - | - | - | 5,000 | 399 | 5,000 | - | - | - | - | - | - | - | 5,000 |
| 38,372,091 | 1,313,957 | - | (61,130) | (267,849) | 39,357,068 | 22,383,537 | (267,849) | 1,572,721 | 14,669 | (136,641) | - | - | - | - | - | 23,566,438 |

FLORIDA PUBLIC UTILITIES COMPANY
NORTHEAST FLORIDA ELECTRIC DIVISION
REPORT OF DEPRECIATION DATA UNDER RULE 25-6.0438(8)
2013

REPE

| Plant | PLANT IN SERVICE (\$) | | | | | | Plant Acct. | RESERVE (\$) | | | | | (CREDIT BALANCES) | | Ending Balance |
|-----------|-----------------------|-----------|-------------------------|-----------|-------------|----------------|-------------|-------------------|-------------|-----------|---------|-----------------|-------------------|-------------------------|----------------|
| | Beginning Balance | Additions | Purchases & Adjustments | Transfers | Retirements | Ending Balance | | Beginning Balance | Retirements | Accruals | Salvage | Cost of Removal | Transfers | Common Plant Allocation | |
| 350 | 41,471 | - | - | - | - | 41,471 | 350 | 17,865 | - | 548 | - | - | - | - | 18,413 |
| 352 | 144,149 | 53,810 | - | - | - | 197,959 | 352 | 11,300 | - | 3,156 | - | - | - | - | 14,456 |
| 353 | 3,184,141 | 791,577 | - | - | (227,196) | 3,748,521 | 353 | 991,213 | (227,196) | 81,766 | - | (48,835) | - | - | 798,948 |
| 354 | 224,802 | - | - | - | - | 224,802 | 354 | 189,363 | - | 4,721 | - | - | - | - | 194,084 |
| 355 | 2,788,107 | 378,823 | - | - | - | 3,166,930 | 355 | 1,375,583 | - | 95,555 | - | - | - | - | 1,471,138 |
| 356 | 2,022,149 | 62,887 | - | - | (764) | 2,084,271 | 356 | 775,126 | (784) | 48,510 | - | - | - | - | 822,871 |
| 359 | 6,788 | - | - | - | - | 6,788 | 359 | 5,297 | - | 102 | - | - | - | - | 5,398 |
| 360 | 12,472 | 314,352 | - | - | - | 326,824 | 360 | - | - | - | - | - | - | - | - |
| 3601 | 35,796 | - | - | - | - | 35,796 | 3601 | 20,629 | - | 644 | - | - | - | - | 21,274 |
| 361 | 100,855 | 40,828 | - | - | - | 141,683 | 361 | 37,002 | - | 2,223 | - | - | - | - | 39,225 |
| 362 | 6,068,117 | 373,643 | - | - | (83,826) | 6,357,934 | 362 | 1,590,498 | (83,826) | 178,089 | 1,317 | (17,500) | - | - | 1,668,578 |
| 364 | 3,268,154 | 274,748 | - | - | (5,873) | 3,537,029 | 364 | 1,534,765 | (5,873) | 139,361 | - | (67,218) | - | - | 1,601,037 |
| 365 | 4,256,940 | 237,959 | - | - | (15,466) | 4,479,434 | 365 | 2,419,395 | (15,466) | 179,292 | 8,122 | (48,206) | - | - | 2,543,137 |
| 366 | 4,647,277 | 529,592 | (4,960) | - | (10,622) | 5,161,288 | 366 | 789,112 | (10,622) | 79,606 | - | (1,818) | - | - | 836,277 |
| 367 | 5,799,304 | 1,000,425 | (4,870) | - | (66,246) | 6,728,614 | 367 | 1,941,375 | (66,246) | 178,672 | 51,041 | (17,918) | - | - | 2,084,924 |
| 368 | 8,400,330 | 402,558 | (356) | - | (102,927) | 8,699,606 | 368 | 5,382,518 | (102,927) | 365,538 | 14,859 | (48,204) | - | - | 5,593,784 |
| 369 | 5,522,229 | 76,780 | - | - | (13) | 5,598,996 | 369 | 3,262,028 | (13) | 205,023 | - | (8,084) | - | - | 3,460,954 |
| 370 | 2,280,313 | 40,956 | - | - | (31,101) | 2,290,188 | 370 | 1,415,340 | (31,101) | 83,948 | - | (751) | - | - | 1,467,435 |
| 371 | 1,320,148 | 50,631 | - | - | (649) | 1,370,130 | 371 | 863,030 | (649) | 76,243 | - | (5,436) | - | - | 733,188 |
| 373 | 945,220 | 20,842 | - | - | (83) | 965,978 | 373 | 700,754 | (83) | 47,885 | - | (7,082) | - | - | 741,474 |
| 389 | 821,323 | 77,445 | - | - | - | 898,768 | 389 | 6,704 | - | - | - | - | - | - | 6,704 |
| 390 | 730,629 | 2,461,681 | - | - | - | 3,192,310 | 390 | 282,884 | - | 14,613 | - | - | - | - | 297,496 |
| 3910 | 71,207 | 249,668 | - | - | - | 320,875 | 3910 | - | - | - | - | - | - | - | - |
| 3911 | - | - | - | - | - | - | 3911 | 26,648 | - | 9,911 | - | - | - | - | 36,557 |
| 3912 | 99,508 | 8,700 | - | - | - | 108,208 | 3912 | 93,561 | - | 2,444 | - | - | - | - | 96,005 |
| 3913 | 1,938 | 1,600 | - | - | - | 3,538 | 3913 | 1,939 | - | - | - | - | - | - | 1,939 |
| 3914/3915 | 552,270 | 4,797 | - | - | - | 557,067 | 3914 | 547,531 | - | 1,801 | - | - | - | - | 549,333 |
| 3921 | (1) | 37,498 | - | - | - | 37,497 | 3921 | (5,933) | - | 1,931 | - | - | - | - | (4,002) |
| 3922 | 561,952 | 105,913 | - | - | (47,921) | 619,944 | 3922 | 223,864 | (47,921) | 30,291 | 5,150 | - | 8,193 | - | 219,577 |
| 3923 | 1,436,849 | 430,635 | - | - | (132,509) | 1,734,974 | 3923 | 887,345 | (132,509) | 67,900 | 4,500 | - | - | - | 827,238 |
| 3924 | 34,527 | 17,262 | - | - | - | 51,789 | 3924 | 15,389 | - | 1,323 | - | - | - | - | 16,692 |
| 3931 | 79,045 | - | - | - | - | 79,045 | 3931 | 32,798 | - | 12,541 | - | - | - | - | 45,339 |
| 3932 | - | - | - | - | - | - | 3932 | - | - | - | - | - | - | - | - |
| 3941 | 225,736 | 11,724 | - | - | - | 237,460 | 3940 | 123,371 | - | 17,122 | - | - | - | - | 140,493 |
| 3942 | - | - | - | - | - | - | 3942 | - | - | - | - | - | - | - | - |
| 3951 | 94,445 | - | - | - | (1,535) | 92,910 | 3951 | 24,106 | (1,535) | 7,053 | - | - | - | - | 29,824 |
| 3952 | (28,396) | - | - | - | - | (28,396) | 3952 | - | - | - | - | - | - | - | - |
| 396 | 186,235 | - | - | - | - | 186,235 | 396 | 190,926 | - | 5,215 | - | - | - | - | 196,141 |
| 397 | 177,788 | 78,638 | - | - | - | 256,425 | 397 | 119,096 | - | 17,499 | - | - | - | - | 136,595 |
| 398 | 26,952 | - | - | - | - | 26,952 | 398 | 5,437 | - | 3,343 | - | - | - | - | 8,780 |
| 399 | 5,000 | - | - | - | - | 5,000 | 399 | 5,000 | - | - | - | - | - | - | 5,000 |
| | 56,145,769 | 8,135,771 | (10,185) | 0 | (726,733) | 63,544,621 | | 25,662,834 | (726,733) | 1,961,871 | 84,968 | (265,052) | 8,193 | - | 26,726,101 |

FLORIDA PUBLIC UTILITIES COMPANY
FC Allocation ELECTRIC DIVISION
REPORT OF DEPRECIATION DATA UNDER RULE 25-6.0438(8)
2013

REP

| PLANT IN SERVICE (\$) | | | | | | | RESERVE (\$) | | | | | (CREDIT BALANCES) | | | | |
|-----------------------|-------------------|-----------|-------------------------|------------------|------------------|----------------|----------------|-------------------|---------------|--------------|----------|-------------------|-----------|-------------------------|-------------------|----------------|
| Plant | Beginning Balance | Additions | Purchases & Adjustments | Transfers | Retirements | Ending Balance | Plant Acct. | Beginning Balance | Retirements | Accruals | Salvage | Cost of Removal | Transfers | Common Plant Allocation | Reclassifications | Ending Balance |
| 350 | - | - | - | - | - | - | 350 | - | - | - | - | - | - | - | - | - |
| 352 | - | - | - | - | - | - | 352 | - | - | - | - | - | - | - | - | - |
| 353 | - | - | - | - | - | - | 353 | - | - | - | - | - | - | - | - | - |
| 354 | - | - | - | - | - | - | 354 | - | - | - | - | - | - | - | - | - |
| 355 | - | - | - | - | - | - | 355 | - | - | - | - | - | - | - | - | - |
| 356 | - | - | - | - | - | - | 356 | - | - | - | - | - | - | - | - | - |
| 359 | - | - | - | - | - | - | 359 | - | - | - | - | - | - | - | - | - |
| 360 | - | - | - | - | - | - | 360 | - | - | - | - | - | - | - | - | - |
| 3601 | - | - | - | - | - | - | 3601 | - | - | - | - | - | - | - | - | - |
| 361 | - | - | - | - | - | - | 361 | - | - | - | - | - | - | - | - | - |
| 362 | - | - | - | - | - | - | 362 | - | - | - | - | - | - | - | - | - |
| 364 | - | - | - | - | - | - | 364 | - | - | - | - | - | - | - | - | - |
| 365 | - | - | - | - | - | - | 365 | - | - | - | - | - | - | - | - | - |
| 366 | - | - | - | - | - | - | 366 | - | - | - | - | - | - | - | - | - |
| 367 | - | - | - | - | - | - | 367 | - | - | - | - | - | - | - | - | - |
| 368 | - | - | - | - | - | - | 368 | - | - | - | - | - | - | - | - | - |
| 369 | - | - | - | - | - | - | 369 | - | - | - | - | - | - | - | - | - |
| 370 | - | - | - | - | - | - | 370 | - | - | - | - | - | - | - | - | - |
| 371 | - | - | - | - | - | - | 371 | - | - | - | - | - | - | - | - | - |
| 373 | - | - | - | - | - | - | 373 | - | - | - | - | - | - | - | - | - |
| 388 | - | - | - | - | - | - | 388 | - | - | - | - | - | - | - | - | - |
| 390 | 28,975 | 24,438 | - | - | - | 53,414 | 390 | 671 | - | 1,230 | - | - | - | - | - | 1,901 |
| 3910 | 62,187 | 12,647 | - | - | (21,748) | 53,087 | 3910 | 22,291 | (21,748) | 3,460 | - | - | - | - | - | 4,003 |
| 3911 | - | - | - | - | - | - | 3911 | - | - | - | - | - | - | - | - | - |
| 3912 | 283,594 | - | - | - | (3,616) | 279,978 | 3912 | 86,940 | (3,616) | 31,478 | - | - | - | - | - | 114,803 |
| 3913 | 164,576 | 164 | - | - | - | 164,741 | 3913 | 5,802 | - | 7,902 | - | - | - | - | - | 13,704 |
| 3914/391305 | 468,375 | - | - | - | (105,453) | 362,923 | 3914 | 468,375 | (105,453) | - | - | - | - | - | - | 362,923 |
| 3921 | 45,658 | - | - | - | (18,528) | 27,130 | 3921 | 9,292 | (18,528) | 5,076 | 7,680 | - | - | - | - | 3,520 |
| 3922 | 14,642 | 19,425 | - | (9,597) | - | 24,470 | 3922 | (1,057) | - | 1,555 | - | - | (9,597) | - | - | (9,099) |
| 3923 | - | - | - | - | - | - | 3923 | - | - | - | - | - | - | - | - | - |
| 3924 | - | - | - | - | - | - | 3924 | - | - | - | - | - | - | - | - | - |
| 3930/3931 | - | - | - | - | - | - | 3930 | - | - | - | - | - | - | - | - | - |
| 3932 | - | - | - | - | - | - | 3932 | - | - | - | - | - | - | - | - | - |
| 3940/3941 | - | - | - | - | - | - | 3941 | - | - | - | - | - | - | - | - | - |
| 3942 | - | - | - | - | - | - | 3942 | - | - | - | - | - | - | - | - | - |
| 3950/3951 | - | - | - | - | - | - | 3951 | - | - | - | - | - | - | - | - | - |
| 3952 | - | - | - | - | - | - | 3952 | - | - | - | - | - | - | - | - | - |
| 396 | - | - | - | - | - | - | 396 | - | - | - | - | - | - | - | - | - |
| 397 | 43,204 | - | - | - | - | 43,204 | 397 | (14,414) | - | 3,974 | - | - | - | - | - | (10,439) |
| 398 | 7,664 | - | - | - | - | 7,664 | 398 | 2,489 | - | 461 | - | - | - | - | - | 2,950 |
| 399 | 5,993 | - | - | - | - | 5,993 | 399 | 6,411 | - | 863 | - | - | - | - | - | 7,274 |
| 303 | 1,193 | - | - | - | - | 1,193 | 303 | - | - | - | - | - | - | - | - | - |
| 1,126,063 | 56,675 | - | (9,597) | (149,344) | 1,023,797 | | 586,800 | (149,344) | 55,999 | 7,680 | - | (9,597) | - | - | - | 491,538 |

**FLORIDA PUBLIC UTILITIES COMPANY
CONSOLIDATED ELECTRIC DIVISION
REPORT OF DEPRECIATION DATA UNDER RULE 25-6.0438(8)
2013**

REP

| PLANT IN SERVICE (\$) | | | | | | | RESERVE (\$) | | | | | (CREDIT BALANCES) | | | | |
|-----------------------|-------------------|-----------|-------------------------|-----------|-------------|----------------|--------------|-------------------|-------------|-----------|---------|-------------------|-----------|-------------------------|-------------------|----------------|
| Plant | Beginning Balance | Additions | Purchases & Adjustments | Transfers | Retirements | Ending Balance | Plant Acct. | Beginning Balance | Retirements | Accruals | Salvage | Cost of Removal | Transfers | Common Plant Allocation | Reclassifications | Ending Balance |
| 350 | 41,471 | - | - | - | - | 41,471 | 350 | 17,865 | - | 548 | - | - | - | - | - | 18,413 |
| 352 | 144,149 | 53,610 | - | - | - | 197,759 | 352 | 10,800 | - | 3,156 | - | - | - | - | - | 13,956 |
| 353 | 3,184,141 | 791,577 | - | - | (227,196) | 3,748,521 | 353 | 1,051,957 | (227,196) | 81,766 | - | (46,835) | - | - | - | 859,691 |
| 354 | 224,802 | - | - | - | - | 224,802 | 354 | 180,859 | - | 4,721 | - | - | - | - | - | 165,580 |
| 355 | 2,788,107 | 378,823 | - | - | - | 3,166,930 | 355 | 1,353,135 | - | 95,555 | - | - | - | - | - | 1,448,690 |
| 356 | 2,022,317 | 82,887 | - | - | (764) | 2,084,439 | 356 | 745,805 | (764) | 48,513 | - | - | - | - | - | 793,553 |
| 359 | 6,788 | - | - | - | - | 6,788 | 359 | 5,297 | - | 102 | - | - | - | - | - | 5,398 |
| 360 | 13,572 | 314,352 | - | - | - | 327,924 | 360 | - | - | - | - | - | - | - | - | - |
| 3601 | 56,996 | - | - | - | - | 56,996 | 3601 | 27,489 | - | 1,026 | - | - | - | - | - | 28,514 |
| 361 | 100,855 | 73,177 | - | - | - | 174,032 | 361 | 35,495 | - | 2,356 | - | - | - | - | - | 37,851 |
| 362 | 7,654,880 | 373,894 | - | - | (83,828) | 7,944,948 | 362 | 2,323,527 | (83,826) | 222,519 | 1,317 | (17,500) | - | - | - | 2,448,037 |
| 364 | 12,072,645 | 620,769 | - | - | (19,995) | 12,673,419 | 364 | 6,101,760 | (19,995) | 506,562 | - | (117,250) | - | - | - | 6,471,078 |
| 365 | 11,770,915 | 387,863 | - | - | (24,858) | 12,133,921 | 365 | 7,568,632 | (24,858) | 489,921 | 10,099 | (68,709) | - | - | - | 7,975,085 |
| 366 | 4,892,361 | 541,980 | (4,960) | (33,155) | (10,622) | 5,385,604 | 366 | 798,439 | (10,622) | 83,514 | - | (3,598) | - | - | - | 867,732 |
| 367 | 6,757,174 | 1,140,155 | (4,870) | (27,975) | (80,884) | 7,783,601 | 367 | 2,285,482 | (80,884) | 204,696 | 51,041 | (39,869) | - | - | - | 2,420,466 |
| 368 | 15,745,566 | 564,370 | (356) | - | (129,380) | 16,180,200 | 368 | 10,775,634 | (129,380) | 682,503 | 15,059 | (69,394) | - | - | - | 11,274,423 |
| 369 | 9,906,455 | 153,382 | - | - | (3,582) | 10,056,254 | 369 | 5,867,408 | (3,582) | 391,908 | 492 | (15,299) | - | - | - | 6,240,927 |
| 370 | 3,793,849 | 106,938 | - | - | (54,476) | 3,846,310 | 370 | 2,190,443 | (54,476) | 140,301 | - | (3,637) | - | - | - | 2,272,631 |
| 371 | 2,859,527 | 123,461 | - | - | (26,042) | 2,956,945 | 371 | 1,296,538 | (26,042) | 185,230 | - | (10,290) | - | - | - | 1,425,435 |
| 373 | 1,399,654 | 32,343 | - | - | (5,178) | 1,426,819 | 373 | 931,845 | (5,178) | 70,743 | - | (9,312) | - | - | - | 988,098 |
| 389 | 825,089 | 77,445 | - | - | - | 902,534 | 389 | 6,704 | - | - | - | - | - | - | - | 6,704 |
| 390 | 1,874,814 | 2,488,119 | - | - | - | 4,360,933 | 390 | 623,727 | - | 38,146 | - | - | - | - | - | 661,873 |
| 3910 | 143,687 | 289,381 | - | - | (21,748) | 411,320 | 3910 | 53,179 | (21,748) | 4,683 | - | - | - | - | - | 36,114 |
| 3911 | - | - | - | - | - | - | 3911 | - | - | 9,911 | - | - | - | - | - | 9,911 |
| 3912 | 542,710 | 8,700 | - | - | (3,816) | 547,794 | 3912 | 300,763 | (3,816) | 46,588 | - | - | - | - | - | 343,735 |
| 3913 | 169,975 | 1,764 | - | - | - | 171,739 | 3913 | 10,826 | - | 8,017 | - | - | - | - | - | 18,842 |
| 3914 | 1,479,895 | 4,797 | - | - | (105,453) | 1,379,239 | 3914 | 1,465,652 | (105,453) | 5,412 | - | - | - | - | - | 1,365,612 |
| 3921 | 80,942 | 37,498 | - | - | (18,528) | 99,912 | 3921 | 11,036 | (18,528) | 11,278 | 7,660 | - | - | - | - | 11,464 |
| 3922 | 932,619 | 125,338 | - | (9,597) | (65,408) | 982,952 | 3922 | 385,940 | (65,409) | 52,452 | 6,850 | - | (1,404) | - | - | 378,229 |
| 3923 | 2,675,197 | 641,939 | - | - | (260,834) | 3,256,302 | 3923 | 1,436,628 | (260,834) | 128,310 | 15,000 | - | - | - | - | 1,319,104 |
| 3924 | 111,011 | 17,262 | - | - | - | 128,272 | 3924 | 51,597 | - | 4,229 | - | - | - | - | - | 55,827 |
| 3931 | 149,712 | - | - | - | - | 149,712 | 3931 | 103,465 | - | 12,541 | - | - | - | - | - | 116,006 |
| 3932 | - | - | - | - | - | - | 3932 | - | - | - | - | - | - | - | - | - |
| 3941 | 317,762 | 17,942 | - | - | - | 335,704 | 3941 | 149,552 | - | 27,081 | - | - | - | - | - | 176,633 |
| 3942 | - | - | - | - | - | - | 3942 | - | - | - | - | - | - | - | - | - |
| 3951 | 149,443 | - | - | - | (1,535) | 147,908 | 3951 | 78,552 | (1,535) | 7,238 | - | - | - | - | - | 84,254 |
| 3952 | (28,396) | - | - | - | - | (28,396) | 3952 | - | - | - | - | - | - | - | - | - |
| 396 | 190,166 | - | - | - | - | 190,166 | 396 | 193,487 | - | 5,325 | - | - | - | - | - | 198,812 |
| 397 | 330,165 | 78,638 | - | - | - | 408,802 | 397 | 180,765 | - | 28,847 | - | - | - | - | - | 188,612 |
| 398 | 45,723 | - | - | - | - | 45,723 | 398 | 16,684 | - | 4,032 | - | - | - | - | - | 20,716 |
| 399 | 15,993 | - | - | - | - | 15,993 | 399 | 16,410 | - | 863 | - | - | - | - | - | 17,273 |
| 303 | 1,193 | - | - | - | - | 1,193 | | | | | | | | | | - |
| | | | | | | | RWIP | | | | | | | | | (7,077) |
| | | | | | | | A/D for Acq | | | | | | | | | 3,691 |
| | 95,643,920 | 9,506,404 | (10,186) | (70,727) | (1,143,925) | 103,925,485 | | 48,633,172 | (1,143,925) | 3,590,591 | 107,337 | (401,693) | (1,404) | - | - | 50,780,691 |