

FLORIDA PUBLIC UTILITIES COMPANY  
ELECTRIC  
RATE OF RETURN REPORT SUMMARY  
March 31, 2012

SCHEDULE 1

	(1) ACTUAL PER BOOKS	(2) FPSC ADJUSTMENTS	(3) FPSC ADJUSTED	(4) PRO FORMA ADJUSTMENTS	(5) PRO FORMA ADJUSTED
<b>I. AVERAGE RATE OF RETURN (JURISDICTIONAL)</b>					
NET OPERATING INCOME	\$ 1,602,190	(\$184,947)	\$1,417,243	\$0	\$1,417,243
AVERAGE RATE BASE	\$36,568,821	\$4,077,722	\$40,646,543	\$0	\$40,646,543
AVERAGE RATE OF RETURN	4.38%		3.49%		3.49%
<b>II. YEAR-END RATE OF RETURN (JURISDICTIONAL)</b>					
NET OPERATING INCOME	\$1,602,190	(\$193,109)	\$1,409,081	\$0	\$1,409,081
YEAR-END RATE BASE	\$39,384,444	\$1,037,275	\$40,421,720	\$0	\$40,421,720
YEAR-END RATE OF RETURN	4.07%		3.49%		3.49%

**IV. FINANCIAL INTEGRITY INDICATORS**

<b>III. REQUIRED RATES OF RETURN</b>		<b>IV. FINANCIAL INTEGRITY INDICATORS</b>	
<b>AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)</b>		A. TIE WITH AFUDC	1.25
LOW	6.62%	B. TIE WITHOUT AFUDC	1.25
MIDPOINT	7.06%	C. AFUDC TO NET INCOME	0.00
HIGH	7.50%	D. INTERNALLY GENERATED FUNDS	93.02
		E. LTD TO TOTAL INVESTOR FUNDS	31.59
		F. STD TO TOTAL INVESTOR FUNDS	6.25
		G. RETURN ON COMMON EQUITY	3.06

I am aware that Section 837.06, Florida Statutes, provides:

Whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his official duty shall be guilty of a misdemeanor of the second degree punishable as provided in s. 775.082, s. 775.083, or s. 775.084.

Cheryl M. Martin  
Director- Regulatory Affairs

*Cheryl M. Martin*  
Signature

6/8/12  
Date

FLORIDA PUBLIC UTILITIES COMPANY  
ELECTRIC  
AVERAGE RATE OF RETURN  
For the 12 Months Ending March 31, 2012  
RATE BASE

SCHEDULE 2  
PAGE 1 OF 2

	(1) PLANT IN SERVICE	(2) ACCUMULATED DEPRECIATION & AMORTIZATION	(3) PLANT IN SERVICE	(4) NET PROPERTY HELD FOR FUTURE USE	(5) CONSTRUCTION WORK IN PROGRESS	(6) NET UTILITY PLANT	(7) WORKING CAPITAL	(8) TOTAL RATE BASE
PER BOOKS	\$88,806,169	(\$45,885,328)	\$42,920,841	\$0	\$435,129	\$43,355,970	(\$6,787,150)	\$38,568,821
FPSC ADJUSTMENTS:								
ELIMINATIONS TO WORKING CAPITAL			\$0			\$0	\$3,796,209	\$3,796,209
ELIM. NON UTILITY PLANT	(\$132,493)	\$76,811	(\$55,682)			(\$55,682)		(\$55,682)
ELIMINATE ACQUISITION ADJUSTMENT	\$337,195	\$0	\$337,195			\$337,195		\$337,195
TOTAL FPSC ADJUSTMENTS	\$204,702	\$76,811	\$281,513	\$0	\$0	\$281,513	\$3,796,209	\$4,077,722
FPSC ADJUSTED	\$89,010,871	(\$45,808,517)	\$43,202,354	\$0	\$435,129	\$43,637,483	(\$2,990,941)	\$40,646,543
FLEX RATE REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR FLEX RATE REVENUES	\$89,010,871	(\$45,808,517)	\$43,202,354	\$0	\$435,129	\$43,637,483	(\$2,990,941)	\$40,646,543
PROFORMA ADJUSTMENTS								
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRO FORMA ADJUSTED	\$89,010,871	(\$45,808,517)	\$43,202,354	\$0	\$435,129	\$43,637,483	(\$2,990,941)	\$40,646,543

FLORIDA PUBLIC UTILITIES COMPANY  
ELECTRIC  
AVERAGE RATE OF RETURN  
For the 12 Months Ending March 31, 2012  
INCOME STATEMENT

SCHEDULE 2  
PAGE 2 OF 2

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	OPERATING REVENUES	O & M FUEL EXPENSE	O & M OTHER	DEPREC. & AMORTIZATION	TAXES OTHER THAN INCOME	INCOME TAXES CURRENT	D.I.T. (NET)	I.T.C. (NET)	GAIN/LOSS ON DISPOSITION	TOTAL OPERATING EXPENSES	NET OPERATING INCOME
PER BOOKS	\$91,368,227	\$ 68,391,411	\$11,360,681	\$3,374,176	\$6,538,126	\$101,643				\$89,766,037	\$1,602,190
FPSC ADJUSTMENTS:											
1) INCOME TAX SYNCH ADJUSTMENT						\$207,528				\$207,528	(\$207,528)
2) ELIMINATE FUEL REVENUES AND EXPENSES	\$ (67,646,753)	\$ (67,600,197)			(\$49,250)	\$1,039				(\$67,648,408)	\$1,655
3) ELIMINATE CONSERVATION	(\$757,671)	(\$791,214)			\$545	\$12,729				(\$777,940)	\$20,269
4)NON-UTILITY DEPRECIATION EXPENSE				(\$1,070)		\$413				(\$657)	\$657
						\$0				\$0	\$0
						\$0				\$0	\$0
						\$0				\$0	\$0
						\$0				\$0	\$0
						\$0				\$0	\$0
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						\$0				\$0	\$0
						\$0				\$0	\$0
						\$0				\$0	\$0
						\$0				\$0	\$0
						\$0				\$0	\$0
TOTAL FPSC ADJUSTMENTS	(\$68,404,424)	(\$68,391,411)	\$0	(\$1,070)	(\$48,705)	\$221,709	\$0	\$0	\$0	(\$68,219,477)	(\$184,947)
FPSC ADJUSTED	\$22,963,803	\$0	\$11,360,681	\$3,373,106	\$6,489,421	\$323,352	\$0	\$0	\$0	\$21,546,560	\$1,417,243
PRO FORMA ADJUSTMENTS											
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRO FORMA ADJUSTED	\$22,963,803	\$0	\$11,360,681	\$3,373,106	\$6,489,421	\$323,352	\$0	\$0	\$0	\$21,546,560	\$1,417,243

	(1) PLANT IN SERVICE	(2) ACCUMULATED DEPRECIATION & AMORTIZATION	(3) PLANT IN SERVICE	(4) NET PROPERTY HELD FOR FUTURE USE	(5) CONSTRUCTION WORK IN PROGRESS	(6) NET UTILITY PLANT	(7) WORKING CAPITAL	(8) TOTAL RATE BASE
PER BOOKS	\$91,064,752	(\$46,944,962)	\$44,119,790	\$0	\$624,457	\$44,744,247	(\$5,359,802)	\$39,384,444
FPSC ADJUSTMENTS:								
ELIMINATIONS TO WORKING CAPITAL ELIM. IN COM UTILITY PLANT	(\$194,293)	\$78,523	\$0	\$0	\$0	\$0	\$1,153,045	\$1,153,045
ELIMINATE ACQUISITION ADJUSTMENT	\$0	\$0	(\$115,770)	\$0	\$0	(\$115,770)	\$0	(\$115,770)
TOTAL FPSC ADJUSTMENTS	(\$194,293)	\$78,523	\$0	\$0	\$0	(\$115,770)	\$1,153,045	\$1,037,275
FPSC ADJUSTED	\$90,870,459	(\$46,866,439)	\$44,004,020	\$0	\$624,457	\$44,628,477	(\$4,206,757)	\$40,421,720
COMP RATE ADJ REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR COMP RATE ADJ REVENUE	\$90,870,459	(\$46,866,439)	\$44,004,020	\$0	\$624,457	\$44,628,477	(\$4,206,757)	\$40,421,720
PROFORMA ADJUSTMENTS								
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRO FORMA ADJUSTED	\$90,870,459	(\$46,866,439)	\$44,004,020	\$0	\$624,457	\$44,628,477	(\$4,206,757)	\$40,421,720

FLORIDA PUBLIC UTILITIES COMPANY  
ELECTRIC  
YEAR END RATE OF RETURN  
For the 12 Months Ending March 31, 2012  
INCOME STATEMENT

SCHEDULE 9  
PAGE 2 OF 2

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	OPERATING REVENUES	O & M FUEL EXPENSE	O & M OTHER	DEPRIC. & AMORTIZATION	TAXES OTHER THAN INCOME	INCOME TAXES CURRENT	D.J.T. (NET)	I.T.C. (NET)	GAIN/LOSS ON DISPOSITION	TOTAL OPERATING EXPENSES	NET OPERATING INCOME
PER BOOKS	\$91,368,727	\$ 68,391,411	\$11,360,681	\$3,374,176	\$6,538,126	\$101,643				\$89,766,037	\$1,602,190
FPSC ADJUSTMENTS:											
1) INCOME TAX SYNCH ADJUSTMENT						\$215,690				\$215,690	(\$215,690)
2) ELIMINATE FUEL REVENUES AND EXPENSES	\$ (67,646,753)	\$ (67,600,197)			(\$49,250)	\$1,039				(\$67,648,408)	\$1,655
3) ELIMINATE CONSERVATION	(\$157,671)	(\$701,214)			\$545	\$12,729				(\$777,940)	\$20,269
4) NON-UTILITY DEPRECIATION EXPENSE				(\$1,070)		\$413				(\$657)	\$657
						\$0				\$0	\$0
						\$0				\$0	\$0
						\$0				\$0	\$0
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						\$0				\$0	\$0
						\$0				\$0	\$0
						\$0				\$0	\$0
						\$0				\$0	\$0
TOTAL FPSC ADJUSTMENTS	(\$68,404,424)	(\$68,391,411)	\$0	(\$1,070)	(\$48,705)	\$229,871	\$0	\$0	\$0	(\$68,211,315)	(\$198,109)
FPSC ADJUSTED	\$22,963,803	\$0	\$11,360,681	\$3,373,106	\$6,489,421	\$331,514	\$0	\$0	\$0	\$21,554,722	\$1,409,081
PRO FORMA ADJUSTMENTS											
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRO FORMA ADJUSTED	\$22,963,803	\$0	\$11,360,681	\$3,373,106	\$6,489,421	\$331,514	\$0	\$0	\$0	\$21,554,722	\$1,409,081

AVERAGE	ADJUSTMENTS						LOW POINT		MIDPOINT		HIGH POINT		
	PER BOOKS	NON-UTILITY	ADJUSTED BOOKS	PRO-RATA	SPECIFIC	BALANCE	RATIO (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
COMMON EQUITY	\$15,403,063	(\$55,682)	\$15,347,381	\$2,207,384	\$337,195	\$17,891,960	44.02%	10.00%	4.40%	11.00%	4.84%	12.00%	5.28%
LONG TERM DEBT	\$7,826,508		\$7,826,508	1,264,642		\$9,091,150	22.37%	6.84%	1.53%	6.84%	1.53%	6.84%	1.53%
SHORT TERM DEBT	\$1,549,228		\$1,549,228	250,331		\$1,799,559	4.43%	1.23%	0.05%	1.23%	0.05%	1.23%	0.05%
STD REFINANCED LTD	\$457,052		\$457,052	73,852		\$530,904	1.31%	6.33%	0.08%	6.33%	0.08%	6.33%	0.08%
CUSTOMER DEPOSITS	\$3,785,344		\$3,785,344			\$3,785,344	9.31%	6.00%	0.56%	6.00%	0.56%	6.00%	0.56%
DEFERRED INCOME TAXES	\$7,532,079		\$7,532,079			\$7,532,079	18.53%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$15,547		\$15,547			\$15,547	0.04%	6.06%	0.00%	6.50%	0.00%	6.94%	0.00%
<b>TOTAL AVERAGE</b>	<b>\$36,568,821</b>	<b>(\$55,682)</b>	<b>\$36,513,139</b>	<b>\$3,786,209</b>	<b>\$337,195</b>	<b>\$40,646,543</b>	<b>100.00%</b>		<b>6.62%</b>		<b>7.06%</b>		<b>7.50%</b>

61.04%

YEAR-END	ADJUSTMENTS						LOW POINT		MIDPOINT		HIGH POINT		
	PER BOOKS	NON-UTILITY	ADJUSTED BOOKS	PRO-RATA	SPECIFIC	BALANCE	RATIO (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
COMMON EQUITY	\$18,208,945	(\$115,770)	\$18,093,175	\$781,348	\$0	\$18,874,523	45.69%	10.00%	4.67%	11.00%	5.14%	12.00%	5.60%
LONG TERM DEBT	\$8,964,538		\$8,964,538	\$37,673		\$9,292,211	22.99%	6.73%	1.55%	6.73%	1.55%	6.73%	1.55%
SHORT TERM DEBT	\$1,204,421		\$1,204,421	\$44,024		\$1,248,445	3.09%	2.31%	0.07%	2.31%	0.07%	2.31%	0.07%
STD REFINANCED LTD	\$0		\$0	\$0		\$0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$3,602,609		\$3,602,609			\$3,602,609	8.91%	6.27%	0.56%	6.27%	0.56%	6.27%	0.56%
DEFERRED INCOME TAXES	\$7,394,846		\$7,394,846			\$7,394,846	18.29%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$9,085		\$9,085			\$9,085	0.02%	6.29%	0.00%	6.75%	0.00%	7.22%	0.00%
<b>TOTAL YEAR-END</b>	<b>\$39,384,444</b>	<b>(\$115,770)</b>	<b>\$39,268,674</b>	<b>\$1,159,046</b>	<b>\$0</b>	<b>\$40,421,720</b>	<b>100.00%</b>		<b>6.85%</b>		<b>7.32%</b>		<b>7.78%</b>

64.17%