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June 18, 2013

HAND DELIVERY

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

RECEIVED
FLORIDA PUBLIC SERVICE
COMMISSION
13 JUN 18 PM 4: 33
DIVISION OF
ACCOUNTING & FINANCE

Re: Florida Public Utilities Company/Electric Division and Natural Gas Division—March 2013
Earnings Surveillance Reports

Dear Mr. Willis:

Enclosed, please find the Earnings Surveillance Report (ESR) for Florida Public Utilities Company's Electric and Natural Gas Divisions the period ended March 31, 2013. One additional hard copy of each report is also included.

As always, please do not hesitate to give me a call if you have any questions or concerns whatsoever.

Sincerely,

Beth Keating
Gunster, Yoakley, & Stewart, P.A.
215 S. Monroe St., Suite 601
Tallahassee, FL 32301
(850) 521-1706

FLORIDA PUBLIC UTILITIES COMPANY
ELECTRIC
RATE OF RETURN REPORT SUMMARY
March 31, 2013

SCHEDULE 1

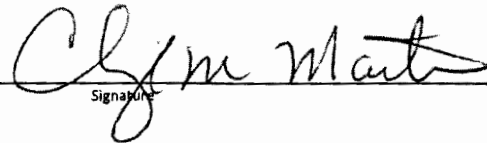
	(1) ACTUAL PER BOOKS	(2) FPSC ADJUSTMENTS	(3) FPSC ADJUSTED	(4) PRO FORMA ADJUSTMENTS	(5) PRO FORMA ADJUSTED
I. AVERAGE RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	\$ 1,798,163	\$520,578	\$2,318,741	\$50,461	\$2,369,202
AVERAGE RATE BASE	\$45,945,307	\$471,615	\$46,416,922	\$0	\$46,416,922
AVERAGE RATE OF RETURN	3.91%		5.00%		5.10%
II. YEAR-END RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	\$1,798,163	\$546,979	\$2,345,142	\$50,461	\$2,395,602
YEAR-END RATE BASE	\$51,246,771	\$665,659	\$51,912,430	\$0	\$51,912,430
YEAR-END RATE OF RETURN	3.51%		4.52%		4.61%

III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)		IV. FINANCIAL INTEGRITY INDICATORS	
LOW	6.90%	A. TIE WITH AFUDC	2.64
MIDPOINT	7.37%	B. TIE WITHOUT AFUDC	2.64
HIGH	7.84%	C. AFUDC TO NET INCOME	0.00
		D. INTERNALLY GENERATED FUNDS	63.53
		E. LTD TO TOTAL INVESTOR FUNDS	29.01
		F. STD TO TOTAL INVESTOR FUNDS	9.39
		G. RETURN ON COMMON EQUITY	5.96

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

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

Cheryl M. Martin
Director- Regulatory Affairs


Signature

6/12/13
Date

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DIVISION OF
ACCOUNTING & FINANCE
13 JUN 18 PM 4: 33

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	PLANT IN SERVICE	ACCUMULATED DEPRECIATION & AMORTIZATION	PLANT IN SERVICE	NET PROPERTY HELD FOR FUTURE USE	CONSTRUCTION WORK IN PROGRESS	NET UTILITY PLANT	WORKING CAPITAL	TOTAL RATE BASE
PER BOOKS	\$93,619,540	(\$48,214,663)	\$45,404,876	\$0	\$1,667,616	\$47,072,492	(\$1,127,186)	\$45,945,307
FPSC ADJUSTMENTS:								
ELIMINATIONS TO WORKING CAPITAL			\$0			\$0	(\$24,479)	(\$24,479)
ELIM. NON UTILITY PLANT	(\$188,505)	\$80,960	(\$107,545)			(\$107,545)		(\$107,545)
ELIMINATE ACQUISITION ADJUSTMENT		\$0	\$0			\$0		\$0
REGULATORY ASSET - LITIGATION COSTS							\$1,229,608	\$1,229,608
ELIMINATE NET UNDER-RECOVERIES							(\$625,969)	(\$625,969)
TOTAL FPSC ADJUSTMENTS	(\$188,505)	\$80,960	(\$107,545)	\$0	\$0	(\$107,545)	\$579,160	\$471,615
FPSC ADJUSTED	\$93,431,035	(\$48,133,703)	\$45,297,331	\$0	\$1,667,616	\$46,964,947	(\$548,026)	\$46,416,922
FLEX RATE REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR FLEX RATE REVENUES	\$93,431,035	(\$48,133,703)	\$45,297,331	\$0	\$1,667,616	\$46,964,947	(\$548,026)	\$46,416,922
PROFORMA ADJUSTMENTS								
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRO FORMA ADJUSTED	\$93,431,035	(\$48,133,703)	\$45,297,331	\$0	\$1,667,616	\$46,964,947	(\$548,026)	\$46,416,922

FLORIDA PUBLIC UTILITIES COMPANY
 ELECTRIC
AVERAGE RATE OF RETURN
 For the 12 Months Ending March 31, 2013
 INCOME STATEMENT

	(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	\$87,971,874	\$ 64,990,295	\$11,200,561	\$2,833,088	\$6,586,362	\$563,405				\$86,173,711	\$1,798,163
FPSC ADJUSTMENTS:											
1) INCOME TAX SYNCH ADJUSTMENT						(\$44,556)				(\$44,556)	\$44,556
2) ELIMINATE FUEL REVENUES AND EXPENSES	\$ (64,253,539)	\$ (64,204,202)			(\$46,781)	(\$986)				(\$64,251,969)	(\$1,570)
3) ELIMINATE CONSERVATION	(\$824,426)	(\$786,093)			\$593	(\$15,016)				(\$800,516)	(\$23,910)
4) NON-UTILITY DEPRECIATION EXPENSE				(\$2,736)		\$1,056				(\$1,681)	\$1,681
5) AMORT EXP - LITIGATION COSTS				\$82,150		(\$31,689)				\$50,461	(\$50,461)
6) ELIMINATE LITIGATION COSTS			\$ (895,861)			\$345,578				(\$550,283)	\$550,283
						\$0				\$0	\$0
						\$0				\$0	\$0
						\$0				\$0	\$0
						\$0				\$0	\$0
						\$0				\$0	\$0
						\$0				\$0	\$0
						\$0				\$0	\$0
						\$0				\$0	\$0
						\$0				\$0	\$0
						\$0				\$0	\$0
						\$0				\$0	\$0
						\$0				\$0	\$0
						\$0				\$0	\$0
TOTAL FPSC ADJUSTMENTS	(\$65,077,965)	(\$64,990,295)	(\$895,861)	\$79,414	(\$46,187)	\$254,386	\$0	\$0	\$0	(\$65,598,543)	\$520,578
FPSC ADJUSTED	\$22,893,909	\$0	\$10,304,700	\$2,912,502	\$6,540,175	\$817,791	\$0	\$0	\$0	\$20,575,168	\$2,318,741
PRO FORMA ADJUSTMENTS											
ELIMINATE AMORT EXP - LITIGATION COSTS				(\$82,150)		\$31,689				(\$50,461)	\$50,461
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	(\$82,150)	\$0	\$31,689	\$0	\$0	\$0	(\$50,461)	\$50,461
PRO FORMA ADJUSTED	\$22,893,909	\$0	\$10,304,700	\$2,830,352	\$6,540,175	\$849,481	\$0	\$0	\$0	\$20,524,707	\$2,369,202

FLORIDA PUBLIC UTILITIES COMPANY
ELECTRIC
YEAR END RATE OF RETURN
For the 12 Months Ending March 31, 2013
RATE BASE

SCHEDULE 3
PAGE 1 OF 2

	(1) PLANT IN SERVICE	(2) ACCUMULATED DEPRECIATION & AMORTIZATION	(3) PLANT IN SERVICE	(4) NET PROPERTY HELD FOR FUTURE USE	(5) CONSTRUCTION WORK IN PROGRESS	(6) NET UTILITY PLANT	(7) WORKING CAPITAL	(8) TOTAL RATE BASE
PER BOOKS	\$97,426,180	(\$49,470,490)	\$47,955,689	\$0	\$1,502,608	\$49,458,297	\$1,788,474	\$51,246,771
FPSC ADJUSTMENTS:								
ELIMINATIONS TO WORKING CAPITAL ELIM. NON UTILITY PLANT	(\$196,665)	\$82,681	(\$113,983)			(\$113,983)	(\$31,245)	(\$31,245)
ELIMINATE ACQUISITION ADJUSTMENT		\$0	\$0			\$0		\$0
REGULATORY ASSET - LITIGATION COSTS							\$1,579,610	\$1,579,610
ELIMINATE NET UNDER-RECOVERIES							(\$768,723)	(\$768,723)
TOTAL FPSC ADJUSTMENTS	(\$196,665)	\$82,681	(\$113,983)	\$0	\$0	(\$113,983)	\$779,642	\$665,659
FPSC ADJUSTED	\$97,229,515	(\$49,387,809)	\$47,841,706	\$0	\$1,502,608	\$49,344,314	\$2,568,116	\$51,912,430
COMP RATE ADJ REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR COMP RATE ADJ REVENUE	\$97,229,515	(\$49,387,809)	\$47,841,706	\$0	\$1,502,608	\$49,344,314	\$2,568,116	\$51,912,430
PROFORMA ADJUSTMENTS								
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRO FORMA ADJUSTED	\$97,229,515	(\$49,387,809)	\$47,841,706	\$0	\$1,502,608	\$49,344,314	\$2,568,116	\$51,912,430

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	\$21,509,144	(\$107,545)	\$21,401,599	\$743,770	\$0	\$22,145,368	47.08%	10.00%	4.71%	11.00%	5.18%	12.00%
LONG TERM DEBT	\$5,794,092		\$5,794,092	200,355		\$5,994,447	12.74%	6.07%	0.77%	6.07%	0.77%	6.07%	0.77%
SHORT TERM DEBT	\$3,263,607		\$3,263,607	112,853		\$3,376,460	7.18%	1.41%	0.10%	1.41%	0.10%	1.41%	0.10%
LONG TERM DEBT - FC	\$4,284,402		\$4,284,402	148,151		\$4,432,553	9.42%	11.09%	1.04%	11.09%	1.04%	11.09%	1.04%
CUSTOMER DEPOSITS	\$3,483,317		\$3,483,317			\$3,483,317	7.41%	3.72%	0.28%	3.72%	0.28%	3.72%	0.28%
DEFERRED INCOME TAXES	\$7,607,438		\$7,607,438			\$7,607,438	16.17%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$3,306		\$3,306			\$3,306	0.01%	6.62%	0.00%	7.09%	0.00%	7.56%	0.00%
TOTAL AVERAGE	\$45,945,307	(\$107,545)	\$45,837,762	\$1,205,129	\$0	\$47,042,891	100.00%		6.90%		7.37%		7.84%

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	\$24,727,219	(\$113,983)	\$24,613,235	\$482,395	\$0	\$25,095,630	48.34%	10.00%	4.83%	11.00%	5.32%	12.00%
LONG TERM DEBT	\$6,078,003		\$6,078,003	\$118,574		\$6,196,576	11.94%	6.33%	0.76%	6.33%	0.76%	6.33%	0.76%
SHORT TERM DEBT	\$4,653,257		\$4,653,257	\$90,779		\$4,744,036	9.14%	1.08%	0.10%	1.08%	0.10%	1.08%	0.10%
LONG TERM DEBT - FC	\$4,505,420		\$4,505,420	\$87,895		\$4,593,315	8.85%	11.13%	0.98%	11.13%	0.98%	11.13%	0.98%
CUSTOMER DEPOSITS	\$3,428,230		\$3,428,230			\$3,428,230	6.60%	3.75%	0.25%	3.75%	0.25%	3.75%	0.25%
DEFERRED INCOME TAXES	\$7,854,643		\$7,854,643			\$7,854,643	15.13%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$0		\$0			\$0	0.00%	6.67%	0.00%	7.16%	0.00%	7.64%	0.00%
TOTAL YEAR-END	\$51,246,771	(\$113,983)	\$51,132,787	\$779,642	\$0	\$51,912,430	100.00%		6.92%		7.41%		7.89%