



April 7, 2014

VIA E-MAIL AMAUREY@PSC.STATE.FL.US

Mr. Andrew Maurey, Director
Division of Auditing and Finance
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

**Re: Florida Public Utilities Company (Electric and Gas Divisions), Indiantown and Florida
Division of Chesapeake Utilities Corporation – 4th Quarter Surveillance Reports**

Dear Mr. Maurey:

In accordance with Rules 25-6.1352 (3) and 25-7.1352 (3), F.A.C., Florida Public Utilities Company ("FPUC"), and the Florida Division of Chesapeake Utilities Corporation ("CFG") (jointly herein "Companies") hereby submit the required 4th Quarter Earnings Surveillance Reports for 2013. In addition, Florida Public Utilities has included with this submittal a revised 3rd Quarter Surveillance Report for the Company's Electric Division.

If you have any questions whatsoever, please do not hesitate to let me know.

Sincerely,



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

Cc:// Cheryl Bulecza-Banks, Assistant Director
Bart Fletcher, Public Utility Supervisor

REVISED 4_7_2014

	(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	\$ 2,758,226	(\$606,125)	\$1,952,101	\$0	\$1,952,101
AVERAGE RATE BASE	\$51,172,885	(\$421,553)	\$50,751,282	\$0	\$50,751,282
AVERAGE RATE OF RETURN	5.39%		3.85%		3.85%
II. YEAR-END RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	\$2,758,226	(\$776,892)	\$1,981,334	\$0	\$1,981,334
YEAR-END RATE BASE	\$54,450,788	\$60,540	\$54,511,928	\$0	\$54,511,928
YEAR-END RATE OF RETURN	5.07%		3.63%		3.63%

IV. FINANCIAL INTEGRITY INDICATORS

III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)					
LOW	6.55%				8.03
MIDPOINT	7.01%				8.03
HIGH	7.49%				0.00
					59.75
					24.69
					14.28
					4.30

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

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

Cheryl M. Martin
Director-Regulatory Affairs

Cheryl M. Martin per Cindy
Signature

4/7/2014
Date

AVERAGE RATE OF RETURN
For the 12 Months Ending September 30, 2013
RATE BASE

REVISED 4_7_2014

	(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	\$96,496,911	(\$49,358,084)	\$47,138,827	\$0	\$3,102,154	\$50,240,981	\$831,853	\$51,172,835
FPSC ADJUSTMENTS:								
1) ELIMINATIONS TO WORKING CAPITAL			\$0					\$0
2) ELIM. NON UTILITY PLANT	(\$350,667)	\$127,930	(\$222,737)			(\$222,737)		(\$222,737)
3) CORRECT VEHICLE DEPRECIATION RATE		(\$78,363)	(\$78,363)			(\$78,363)		(\$78,363)
4.) REGULATORY LIAB - PENSION AMORT							\$114,114	\$114,114
5) REGULATORY ASSET - LITIGATION COSTS							\$92,306	\$92,306
6) ELIMINATE NET UNDER-RECOVERIES							(\$227,971)	(\$227,971)
7) ELIMINATE NON-UTILITY RECEIVABLES							\$4,248	\$4,248
8) REGULATORY LIAB - TAX GROSS UP							(\$103,150)	(\$103,150)
TOTAL FPSC ADJUSTMENTS	(\$350,667)	\$49,567	(\$301,100)	\$0	\$0	(\$301,100)	(\$120,453)	(\$421,553)
FPSC ADJUSTED	\$96,146,244	(\$49,308,517)	\$46,837,728	\$0	\$3,102,154	\$49,939,882	\$811,400	\$50,751,282
FLEX RATE REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR FLEX RATE REVENUES	\$96,146,244	(\$49,308,517)	\$46,837,728	\$0	\$3,102,154	\$49,939,882	\$811,400	\$50,751,282
PROFORMA ADJUSTMENTS								
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRO FORMA ADJUSTED	\$96,146,244	(\$49,308,517)	\$46,837,728	\$0	\$3,102,154	\$49,939,882	\$811,400	\$50,751,282

REVISED 4_7_2014

	(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	\$81,907,939	\$ 59,211,246	\$8,983,597	\$3,039,739	\$6,500,112	\$1,415,019				\$79,149,713	\$2,758,226
FPSC ADJUSTMENTS:											
1) INCOME TAX SYNCH ADJUSTMENT						(\$160,764)				(\$160,764)	\$160,764
2) ELIMINATE FUEL REVENUES AND EXPENSES	\$ (58,334,936)	\$ (58,288,122)			(\$44,824)	(\$768)				(\$58,333,713)	(\$1,223)
3) ELIMINATE CONSERVATION	(\$923,906)	(\$923,124)			(\$665)	(\$46)				(\$923,895)	(\$71)
4) NON-UTILITY DEPRECIATION EXPENSE				(\$14,101)		\$5,439				(\$8,661)	\$8,661
5) Eliminate Out of Period Pension			\$115,359			(\$44,500)				\$70,859	(\$70,859)
6) ELIMINATE LITIGATION COSTS			1,319,358	(\$264,994)		(\$406,721)				\$647,643	(\$647,643)
7) ADJUST UNBILLED REVENUE	(\$122,438)	\$				(\$47,230)				(\$47,230)	(\$75,208)
8) TRANSFER TRANSFORMER TO RATE BASE			(\$46,610)			\$17,980				(\$28,630)	\$28,630
9) ELIMINATE PRIOR PERIOD AMORT. REG. LIAB.				\$246,285		(\$95,004)				\$151,281	(\$151,281)
10) ELIMINATE PTO CHANGE ADJUSTMENT			\$141,687			(\$54,656)				\$87,031	(\$87,031)
11) OPFB AMORTIZATION NOT RECORDED				(\$91,291)		\$35,216				(\$56,075)	\$56,075
12) CORRECT TRANSPORTATION DEPR.				\$41,739		(\$16,101)				\$25,638	(\$25,638)
13) CORRECT FPSC ASSESSMENT					\$2,120	(\$818)				\$1,302	(\$1,302)
14) ELIMINATE FRANCHISE AND GROSS REC.	(\$5,508,768)				(\$5,508,768)	\$0				(\$5,508,768)	\$0
						\$0				\$0	\$0
						\$0				\$0	\$0
						\$0				\$0	\$0
						\$0				\$0	\$0
TOTAL FPSC ADJUSTMENTS	(\$64,890,048)	(\$59,211,246)	\$1,529,794	(\$82,362)	(\$5,552,136)	(\$767,973)				(\$64,083,923)	(\$806,125)
FPSC ADJUSTED	\$17,017,891	\$0	\$10,513,391	\$2,957,377	\$947,976	\$647,046				\$15,065,790	\$1,952,101
PRO FORMA ADJUSTMENTS											
ELIMINATE AMORT EXP - LITIGATION COSTS						\$0				\$0	\$0
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0				\$0	\$0
PRO FORMA ADJUSTED	\$17,017,891	\$0	\$10,513,391	\$2,957,377	\$947,976	\$647,046				\$15,065,790	\$1,952,101

REVISED 4_7_2014

FLORIDA PUBLIC UTILITIES COMPANY
ELECTRIC
YEAR END RATE OF RETURN
For the 12 Months Ending September 30, 2013
RATE BASE

(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
\$100,218,322	(\$50,725,637)	\$49,492,686	\$0	\$4,831,631	\$54,324,317	\$126,471	\$54,450,788
(\$350,667)	\$131,136 \$0	\$0 (\$219,531)	\$0		(\$219,531)	(\$31,364)	(\$31,364)
	(\$113,312)	(\$113,312)				\$264,996 \$159,751	\$264,996 \$159,751
					(\$113,312)		(\$113,312)
TOTAL FPSC ADJUSTMENTS	(\$350,667)	(\$332,843)	\$0	\$0	(\$332,843)	\$393,383	\$60,540
FPSC ADJUSTED	\$99,867,656	\$49,159,843	\$0	\$4,831,631	\$53,991,475	\$519,854	\$54,511,328
COMP RATE ADJ REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR COMP RATE ADJ REVENUE	\$99,867,656	\$49,159,843	\$0	\$4,831,631	\$53,991,475	\$519,854	\$54,511,328
PROFORMA ADJUSTMENTS							
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRO FORMA ADJUSTED	\$99,867,656	\$49,159,843	\$0	\$4,831,631	\$53,991,475	\$519,854	\$54,511,328

FPSC ADJUSTMENTS:

- ELIMINATIONS TO WORKING CAPITAL
- ELIM. NON UTILITY PLANT
- REGULATORY LIAB - PENSION AMORT
- REGULATORY ASSET - LITIGATION COSTS
- ELIMINATE NET UNDER-RECOVERIES
- CORRECT VEHICLE DEPRECIATION RATE

FLORIDA PUBLIC UTILITIES COMPANY
ELECTRIC
YEAR END RATE OF RETURN
For the 12 Months Ending September 30, 2013
INCOME STATEMENT

REVISED 4_7_2014

	(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.L.T. (NET)	I.T.C. (NET)	GAIN/LOSS ON DISPOSITION	TOTAL OPERATING EXPENSES	NET OPERATING INCOME
PER BOOKS	\$83,907,939	\$ 59,211,246	\$8,983,397	\$3,039,739	\$6,500,112	\$1,415,019				\$79,149,713	\$2,758,226
FPSC ADJUSTMENTS:											
1) INCOME TAX SYNCH ADJUSTMENT						(\$189,997)				(\$189,997)	\$189,997
2) ELIMINATE FUEL REVENUES AND EXPENSES	\$ (58,334,936)	\$ (58,288,122)			(\$44,824)	(\$768)				(\$58,333,713)	(\$1,223)
3) ELIMINATE CONSERVATION	(\$923,906)	(\$923,124)			(\$665)	(\$46)				(\$923,835)	(\$71)
4) NON-UTILITY DEPRECIATION EXPENSE				(\$14,101)		\$5,439				(\$8,661)	\$8,661
5) Eliminate Out of Period Pension		\$	\$115,359			(\$44,500)				\$70,859	(\$70,859)
6) ELIMINATE LITIGATION COSTS			1,319,358	(\$264,954)		(\$406,721)				\$647,643	(\$647,643)
7) ADJUST UNBILLED REVENUE	(\$122,438)					(\$47,230)				(\$47,230)	(\$75,208)
8) TRANSFER TRANSFORMER TO RATE BASE			(\$46,610)	\$246,285		\$17,980				(\$28,630)	\$28,630
9) ELIMINATE PRIOR PERIOD AMORT REG. LIAB.						(\$95,004)				\$151,281	(\$151,281)
10) ELIMINATE PTO CHANGE ADJUSTMENT			\$141,687	(\$81,291)		(\$54,656)				\$87,031	(\$87,031)
11) OPB AMORTIZATION NOT RECORDED				\$41,739		\$35,216				(\$56,075)	\$56,075
12) CORRECT TRANSPORTATION DEPR.						(\$16,101)				\$25,638	(\$25,638)
13) CORRECT FPSC ASSESSMENT					\$2,120	(\$818)				\$1,302	(\$1,302)
14) ELIMINATE FRANCHISE AND GROSS REC.	(\$5,508,768)				(\$5,508,768)	\$0				(\$5,508,768)	\$0
						\$0				\$0	\$0
						\$0				\$0	\$0
						\$0				\$0	\$0
						\$0				\$0	\$0
						\$0				\$0	\$0
TOTAL FPSC ADJUSTMENTS	(\$64,890,048)	(\$59,211,246)	\$115,299,794	(\$82,362)	(\$5,552,136)	(\$797,206)				(\$64,113,156)	(\$776,892)
FPSC ADJUSTED	\$17,017,891	\$0	\$10,513,391	\$2,957,377	\$947,976	\$617,813				\$15,036,557	\$1,981,334
PRO FORMA ADJUSTMENTS											
ELIMINATE AMORT EXP - LITIGATION COSTS											
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0				\$0	\$0
PRO FORMA ADJUSTED	\$17,017,891	\$0	\$10,513,391	\$2,957,377	\$947,976	\$617,813				\$15,036,557	\$1,981,334

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AVERAGE	LOW POINT				MIDPOINT				HIGH POINT				
	PER BOOKS	ADJUSTMENTS	ADJUSTED BOOKS	PRO-RATA	SPECIFIC	BALANCE	RATIO (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
COMMON EQUITY	\$24,216,137		\$24,216,137	(\$257,274)		\$23,958,863	47.21%	10.00%	4.72%	11.00%	5.19%	12.00%	5.66%
LONG TERM DEBT	\$6,434,477		\$6,434,477	(92,994)		\$6,341,483	12.50%	6.05%	0.76%	6.05%	0.76%	6.05%	0.76%
SHORT TERM DEBT	\$5,665,859		\$5,665,859	(60,198)		\$5,605,661	11.05%	1.23%	0.14%	1.23%	0.14%	1.23%	0.14%
LONG TERM DEBT - FC	\$3,860,617		\$3,860,617	(11,087)		\$3,849,530	6.60%	11.64%	0.77%	11.64%	0.77%	11.64%	0.77%
CUSTOMER DEPOSITS	\$3,420,956		\$3,420,956			\$3,420,956	6.74%	2.32%	0.16%	2.32%	0.16%	2.32%	0.16%
DEFERRED INCOME TAXES	\$8,074,436		\$8,074,436			\$8,074,436	15.91%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$356		\$356			\$356	0.00%	6.39%	0.00%	6.85%	0.00%	7.33%	0.00%
TOTAL AVERAGE	\$51,172,855	\$0	\$51,172,858	(\$421,553)	\$0	\$50,751,285	100.00%	6.55%		7.01%		7.49%	

YEAR-END	LOW POINT				MIDPOINT				HIGH POINT				
	PER BOOKS	ADJUSTMENTS	ADJUSTED BOOKS	PRO-RATA	SPECIFIC	BALANCE	RATIO (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
COMMON EQUITY	\$24,712,010		\$24,712,010	\$35,179	\$0	\$24,747,188	45.40%	10.00%	4.54%	11.00%	4.95%	12.00%	5.45%
LONG TERM DEBT	\$7,684,486		\$7,684,486	\$10,939		\$7,695,425	14.12%	5.85%	0.83%	5.85%	0.83%	5.85%	0.83%
SHORT TERM DEBT	\$8,213,367		\$8,213,367	\$11,692		\$8,225,059	15.09%	0.84%	0.13%	0.84%	0.13%	0.84%	0.13%
LONG TERM DEBT - FC	\$1,917,785		\$1,917,785	\$2,730		\$1,920,515	3.52%	20.83%	0.73%	20.83%	0.73%	20.83%	0.73%
CUSTOMER DEPOSITS	\$3,375,525		\$3,375,525			\$3,375,525	6.19%	2.33%	0.14%	2.33%	0.14%	2.33%	0.14%
DEFERRED INCOME TAXES	\$8,547,616		\$8,547,616			\$8,547,616	15.68%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$0		\$0			\$0	0.00%	0.00%	0.00%	6.68%	0.00%	7.14%	0.00%
TOTAL YEAR-END	\$54,450,788	\$0	\$54,450,788	\$60,540	\$0	\$54,511,328	100.00%	6.37%		6.82%		7.28%	