



November 7, 2014

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FLORIDA PUBLIC SERVICE  
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DIVISION OF  
ACCOUNTING & FINANCE

**VIA HAND DELIVERY**

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

**Re: Florida Public Utilities Company (Electric and Gas Divisions) 3rd Quarter  
Surveillance Reports**

Dear Mr. Maurey:

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

As always, please don't hesitate to let me know if you have any questions whatsoever.

Sincerely,

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

cc: Bart Fletcher

FLORIDA PUBLIC UTILITIES COMPANY  
 NATURAL GAS  
 RATE OF RETURN REPORT SUMMARY  
 For the 12 Months Ending September 30, 2014

SCHEDULE 1

	(1) ACTUAL PER BOOKS	(2) FPSC ADJUSTMENTS	(3) FPSC ADJUSTED	(4) PRO FORMA ADJUSTMENTS	(5) PRO FORMA ADJUSTED
<b>I. AVERAGE RATE OF RETURN (JURISDICTIONAL)</b>					
NET OPERATING INCOME	\$ 7,861,557	\$ (75,761)	\$ 7,785,796	\$ 1,581,504	\$ 9,367,300
AVERAGE RATE BASE	\$ 136,235,539	\$ 2,103,187	\$ 138,338,725	\$ (29,488,067)	\$ 108,850,658
AVERAGE RATE OF RETURN	5.77%		5.63%		8.61%
<b>II. YEAR-END RATE OF RETURN (JURISDICTIONAL)</b>					
NET OPERATING INCOME	\$ 7,861,557	\$ (138,158)	\$ 7,723,399	\$ 1,581,504	\$ 9,304,903
YEAR-END RATE BASE	\$ 150,225,568	\$ 2,038,564	\$ 152,264,133	\$ (28,635,809)	\$ 123,628,324
YEAR-END RATE OF RETURN	5.23%		5.07%		7.53%
<b>III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)</b>			<b>IV. EARNED RETURN ON EQUITY (FPSC ADJUSTED BASIS)</b>		
LOW	6.44%		A.	INCL ACQUISITION ADJUSTMENT	8.09%
MIDPOINT	6.90%		B.	EXCL ACQUISITION ADJUSTMENT	15.77%
HIGH	7.36%				

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 Cheryl*  
 Signature

11/6/2014  
 Date

FLORIDA PUBLIC UTILITIES COMPANY  
 NATURAL GAS  
 AVERAGE RATE OF RETURN  
 For the 12 Months Ending September 30, 2014  
 RATE BASE

	(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	\$ 194,550,786	\$ (59,865,386)	\$ 134,685,400	\$ -	\$ 9,572,908	\$ 144,258,308	\$ (8,022,769)	\$ 136,235,539
FPSC ADJUSTMENTS:								
1) ELIMINATIONS TO NON-UTILITY RECEIVABLES	\$ -	\$ -	\$ -			\$ -	\$ 345,590	\$ 345,590
2) ELIMINATE GOODWILL	\$ (2,469,682)	\$ -	\$ (2,469,682)			\$ (2,469,682)		\$ (2,469,682)
	\$ -	\$ -	\$ -			\$ -		\$ -
3) ELIM. NON-UTILITY PLANT	\$ (2,232,673)	\$ 848,883	\$ (1,383,790)			\$ (1,383,790)		\$ (1,383,790)
	\$ -	\$ -	\$ -			\$ -		\$ -
	\$ -	\$ -	\$ -			\$ -	\$ -	\$ -
4) ELIMINATE DEFERRED ENVIRONMENTAL COSTS							\$ 5,611,069	\$ 5,611,069
TOTAL FPSC ADJUSTMENTS	\$ (4,702,355)	\$ 848,883	\$ (3,853,472)	\$ -	\$ -	\$ (3,853,472)	\$ 5,956,659	\$ 2,103,187
FPSC ADJUSTED	\$ 189,848,431	\$ (59,016,503)	\$ 130,831,928	\$ -	\$ 9,572,908	\$ 140,404,836	\$ (2,066,110)	\$ 138,338,725
FLEX RATE REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
ADJUSTED FOR FLEX RATE REVENUES	\$ 189,848,431	\$ (59,016,503)	\$ 130,831,928	\$ -	\$ 9,572,908	\$ 140,404,836	\$ (2,066,110)	\$ 138,338,725
PROFORMA ADJUSTMENTS								
			\$ -			\$ -		\$ -
			\$ -			\$ -		\$ -
ELIM. ACQUISITION ADJUSTMENT	\$ (33,185,409)	\$ 4,026,807	\$ (29,158,602)			\$ (29,158,602)		\$ (29,158,602)
ELIM. REG ASSET-TRNSCTN & TRNSITN CSTS							\$ (329,465)	\$ (329,465)
TOTAL PRO FORMA ADJUSTMENTS	\$ (33,185,409)	\$ 4,026,807	\$ (29,158,602)	\$ -	\$ -	\$ (29,158,602)	\$ (329,465)	\$ (29,488,067)
PRO FORMA ADJUSTED	\$ 156,663,022	\$ (54,989,696)	\$ 101,673,326	\$ -	\$ 9,572,908	\$ 111,246,234	\$ (2,395,575)	\$ 108,850,658



FLORIDA PUBLIC UTILITIES COMPANY  
 NATURAL GAS  
 YEAR END RATE OF RETURN  
 For the 12 Months Ending September 30, 2014  
 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	\$ 210,461,053	\$ (62,636,832)	\$ 147,824,221	\$ -	\$ 9,054,947	\$ 156,879,168	\$ (6,653,600)	\$ 150,225,568
FPSC ADJUSTMENTS:								
1) ELIMINATIONS TO NON-UTILITY RECEIVABLES	\$ -	\$ -	\$ -			\$ -	\$ 212,392	\$ 212,392
2) ELIMINATE GOODWILL	\$ (2,469,682)	\$ -	\$ (2,469,682)			\$ (2,469,682)		\$ (2,469,682)
3) ELIM. NON-UTILITY PLANT	\$ (2,207,652)	\$ 892,437	\$ (1,315,215)			\$ (1,315,215)		\$ (1,315,215)
4) ELIMINATE DEFERRED ENVIRONMENTAL COSTS	\$ -	\$ -	\$ -			\$ -	\$ -	\$ -
TOTAL FPSC ADJUSTMENTS	\$ (4,677,334)	\$ 892,437	\$ (3,784,897)	\$ -	\$ -	\$ (3,784,897)	\$ 5,611,069	\$ 2,038,564
FPSC ADJUSTED	\$ 205,783,718	\$ (61,744,394)	\$ 144,039,324	\$ -	\$ 9,054,947	\$ 153,094,271	\$ (830,139)	\$ 152,264,133
COMP RATE ADJ REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
ADJUSTED FOR COMP RATE ADJ REVENUE	\$ 205,783,718	\$ (61,744,394)	\$ 144,039,324	\$ -	\$ 9,054,947	\$ 153,094,271	\$ (830,139)	\$ 152,264,133
PROFORMA ADJUSTMENTS								
ELIM. ACQUISITION ADJUSTMENT	\$ (33,510,381)	\$ 4,921,653	\$ (28,588,728)			\$ (28,588,728)		\$ (28,588,728)
ELIM. REG ASSET-TRNSCTN & TRNSITN CSTS	\$ (33,510,381)	\$ 4,921,653	\$ (28,588,728)	\$ -	\$ -	\$ (28,588,728)	\$ (47,081)	\$ (47,081)
TOTAL PRO FORMA ADJUSTMENTS	\$ (33,510,381)	\$ 4,921,653	\$ (28,588,728)	\$ -	\$ -	\$ (28,588,728)	\$ (47,081)	\$ (28,635,809)
PRO FORMA ADJUSTED	\$ 172,273,337	\$ (56,822,741)	\$ 115,450,596	\$ -	\$ 9,054,947	\$ 124,505,543	\$ (877,220)	\$ 123,628,324

FLORIDA PUBLIC UTILITIES COMPANY  
 NATURAL GAS  
 YEAR END RATE OF RETURN  
 For the 12 Months Ending September 30, 2014  
 INCOME STATEMENT

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	OPERATING REVENUES	O & M GAS 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	69,928,711	25,860,290	19,372,161	7,060,352	5,835,575	3,938,776				62,067,154	7,861,557
FPSC ADJUSTMENTS:											
1) INCOME TAX SYNC AND INTEREST ADJ.						155,880				155,880	(155,880)
2) ELIMINATE FUEL REVENUES AND EXPENSES	(22,998,136)	(22,878,852)			(119,490)	80				(22,998,263)	127
3) ELIMINATE CONSERVATION	(2,996,414)	(2,981,438)			(14,997)	8				(2,996,427)	13
4)NON-UTILITY DEPRECIATION EXPENSE				(161,428)		62,271				(99,157)	99,157
5) ELIMINATE AEP REVENUES AND EXPENSES	(37,930)			(37,740)		(73)				(37,813)	(117)
6) ELIMINATE OUT OF PERIOD PTO			132,614			(51,156)				81,458	(81,458)
						-				-	-
						-				-	-
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						-				-	-
						-				-	-
TOTAL FPSC ADJUSTMENTS	(26,032,480)	(25,860,290)	132,614	(199,168)	(134,487)	167,009	-	-	-	(25,894,322)	(138,158)
FPSC ADJUSTED	43,896,231	-	19,504,775	6,861,185	5,701,088	4,105,785	-	-	-	36,172,832	7,723,399
FLEX RATE REVENUES - DEFICIT/(SURPLUS)	-										
ADJUSTED FOR FLEX RATE REVENUES	43,896,231	-	19,504,775	6,861,185	5,701,088	4,105,785	-	-	-	36,172,832	7,723,399
ELIMINATE ACQUISITION AMORTIZATION				(1,789,692)		649,944				(1,139,748)	1,139,748
ELIMINATE TRANSACT./TRANSIT. AMORTIZATION				(564,768)		123,012				(441,756)	441,756
						-				-	-
						-				-	-
TOTAL PRO FORMA ADJUSTMENTS	-	-	-	(2,354,460)	-	772,956	-	-	-	(1,581,504)	1,581,504
PRO FORMA ADJUSTED	43,896,231	-	19,504,775	4,506,725	5,701,088	4,878,741	-	-	-	34,591,328	9,304,903

FLORIDA PUBLIC UTILITIES COMPANY  
 NATURAL GAS  
 CAPITAL STRUCTURE  
 For the 12 Months Ending September 30, 2014  
 FPSC ADJUSTED BASIS

SCHEDULE 4

AVERAGE	ADJUSTMENTS						RATIO (%)	LOW POINT		MIDPOINT		HIGH POINT	
	PER BOOKS	NON-UTILITY	ADJUSTED BOOKS	PRO-RATA	SPECIFIC	BALANCE		COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
	COMMON EQUITY	\$ 63,580,558		\$ 63,580,558	\$ 2,622,220	\$ (2,469,682)		\$ 63,733,096	46.07%	9.85%	4.54%	10.85%	5.00%
LONG TERM DEBT - CU	\$ 24,654,495		\$ 24,654,495	\$ 1,016,812		\$ 25,671,307	18.56%	5.41%	1.00%	5.41%	1.00%	5.41%	1.00%
SHORT TERM DEBT	\$ 11,398,135		\$ 11,398,135	\$ 470,087		\$ 11,868,222	8.58%	1.16%	0.10%	1.16%	0.10%	1.16%	0.10%
LONG TERM DEBT - FC	\$ 4,686,266		\$ 4,686,266	\$ 193,272		\$ 4,879,539	3.53%	12.97%	0.46%	12.97%	0.46%	12.97%	0.46%
SHORT TERM DEBT - REFINANCED LTD	\$ 6,558,200		\$ 6,558,200	\$ 270,476		\$ 6,828,676	4.94%	4.17%	0.21%	4.17%	0.21%	4.17%	0.21%
CUSTOMER DEPOSITS	\$ 7,337,992		\$ 7,337,992			\$ 7,337,992	5.30%	2.41%	0.13%	2.41%	0.13%	2.41%	0.13%
DEFERRED INCOME TAXES	\$ 18,011,547		\$ 18,011,547			\$ 18,011,547	13.02%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$ 8,347		\$ 8,347			\$ 8,347	0.01%	6.10%	0.00%	6.56%	0.00%	7.02%	0.00%
<b>TOTAL AVERAGE</b>	<b>\$ 136,235,539</b>	<b>\$ -</b>	<b>\$ 136,235,539</b>	<b>\$ 4,572,867</b>	<b>\$ (2,469,682)</b>	<b>\$ 138,338,725</b>	<b>100.00%</b>		<b>6.44%</b>		<b>6.90%</b>		<b>7.36%</b>

YEAR-END	ADJUSTMENTS						RATIO (%)	LOW POINT		MIDPOINT		HIGH POINT	
	PER BOOKS	NON-UTILITY	ADJUSTED BOOKS	PRO-RATA	SPECIFIC	BALANCE		COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
	COMMON EQUITY	\$ 68,787,877		\$ 68,787,877	\$ 2,505,309	\$ (2,469,682)		\$ 68,823,504	45.20%	9.85%	4.45%	10.85%	4.90%
LONG TERM DEBT - CU	\$ 33,823,185		\$ 33,823,185	\$ 1,231,868		\$ 35,055,053	23.02%	4.29%	0.99%	4.29%	0.99%	4.29%	0.99%
SHORT TERM DEBT	\$ 16,390,071		\$ 16,390,071	\$ 596,939		\$ 16,987,010	11.16%	0.85%	0.09%	0.85%	0.09%	0.85%	0.09%
LONG TERM DEBT - FC	\$ 4,781,053		\$ 4,781,053	\$ 174,130		\$ 4,955,183	3.25%	12.85%	0.42%	12.85%	0.42%	12.85%	0.42%
SHORT TERM DEBT - REFINANCED LTD	\$ -		\$ -	\$ -		\$ -	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$ 7,458,225		\$ 7,458,225			\$ 7,458,225	4.90%	2.37%	0.12%	2.37%	0.12%	2.37%	0.12%
DEFERRED INCOME TAXES	\$ 18,980,716		\$ 18,980,716			\$ 18,980,716	12.47%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$ 4,441		\$ 4,441			\$ 4,441	0.00%	5.95%	0.00%	6.40%	0.00%	6.86%	0.00%
<b>TOTAL YEAR-END</b>	<b>\$ 150,225,568</b>	<b>\$ -</b>	<b>\$ 150,225,568</b>	<b>\$ 4,508,246</b>	<b>\$ (2,469,682)</b>	<b>\$ 152,264,132</b>	<b>100.00%</b>		<b>6.07%</b>		<b>6.52%</b>		<b>6.98%</b>