



March 16, 2015

**Hand Delivery**

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

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FLORIDA PUBLIC SERVICE  
COMMISSION  
15 MAR 16 PM 2:17  
DIVISION OF  
ACCOUNTING & FINANCE

**Re: Florida Public Utilities Company (Electric and Gas Divisions) – 2015 Forecasted Earnings Surveillance Reports**

Dear Mr. Maurey:

Florida Public Utilities Company ("FPUC") hereby submits, on behalf of its Electric and Natural Gas Divisions, an original and two copies of the Company's 2015 Forecasted Earnings Surveillance Reports ("Reports") required by Rules 25-6.1353 and 25-7.1353, F.A.C.

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:// Bart Fletcher, Public Utility Supervisor

FLORIDA PUBLIC UTILITIES COMPANY  
 NATURAL GAS  
 RATE OF RETURN REPORT SUMMARY  
 For the Proforma 12 Months Ending December 31, 2015

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	\$ 10,534,824	\$ (394,141)	\$ 10,140,683	\$ 1,139,748	\$ 11,280,431
AVERAGE RATE BASE	\$ 166,475,863	\$ 2,158,499	\$ 168,634,362	\$ (27,406,482)	\$ 141,227,880
AVERAGE RATE OF RETURN	6.33%		6.01%		7.99%
<b>II. YEAR-END RATE OF RETURN (JURISDICTIONAL)</b>					
NET OPERATING INCOME	\$ 10,534,824	\$ (304,714)	\$ 10,230,110	\$ 1,139,748	\$ 11,369,858
YEAR-END RATE BASE	\$ 180,200,494	\$ 2,098,124	\$ 182,298,617	\$ (26,482,083)	\$ 155,816,534
YEAR-END RATE OF RETURN	5.85%		5.61%		7.30%
<b>III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)</b>			<b>IV. EARNED RETURN ON EQUITY (FPSC ADJUSTED BASIS)</b>		
LOW	6.32%		A.	INCL ACQUISITION ADJUSTMENT	9.17%
MIDPOINT	6.78%		B.	EXCL ACQUISITION ADJUSTMENT	14.18%
HIGH	7.23%				

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.

Michael Cassel  
 Director - Regulatory Affairs

*Justin D. Young for Michael Cassel* 3/16/2015  
 Signature Date

FLORIDA PUBLIC UTILITIES COMPANY  
 NATURAL GAS  
 AVERAGE RATE OF RETURN  
 For the Proforma 12 Months Ending December 31, 2015  
 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	\$ 240,833,969	\$ (68,330,661)	\$ 172,503,308	\$ -	\$ 2,130	\$ 172,505,438	\$ (6,029,574)	\$ 166,475,863
FPSC ADJUSTMENTS:								
1) ELIMINATIONS TO NON-UTILITY RECEIVABLES	\$ -	\$ -	\$ -			\$ -	\$ 419,879	\$ 419,879
2) ELIMINATE GOODWILL	\$ (2,469,682)	\$ -	\$ (2,469,682)			\$ (2,469,682)		\$ (2,469,682)
	\$ -	\$ -	\$ -			\$ -		\$ -
3) ELIM. NON-UTILITY PLANT	\$ (2,264,636)	\$ 861,869	\$ (1,402,767)			\$ (1,402,767)		\$ (1,402,767)
	\$ -	\$ -	\$ -			\$ -		\$ -
	\$ -	\$ -	\$ -			\$ -	\$ -	\$ -
4) ELIMINATE DEFERRED ENVIRONMENTAL COSTS						\$ -	\$ 5,611,069	\$ 5,611,069
TOTAL FPSC ADJUSTMENTS	\$ (4,734,318)	\$ 861,869	\$ (3,872,449)	\$ -	\$ -	\$ (3,872,449)	\$ 6,030,948	\$ 2,158,499
FPSC ADJUSTED	\$ 236,099,651	\$ (67,468,792)	\$ 168,630,859	\$ -	\$ 2,130	\$ 168,632,989	\$ 1,374	\$ 168,634,362
FLEX RATE REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
ADJUSTED FOR FLEX RATE REVENUES	\$ 236,099,651	\$ (67,468,792)	\$ 168,630,859	\$ -	\$ 2,130	\$ 168,632,989	\$ 1,374	\$ 168,634,362
PROFORMA ADJUSTMENTS								
			\$ -			\$ -		\$ -
			\$ -			\$ -		\$ -
ELIM. ACQUISITION ADJUSTMENT	\$ (33,672,867)	\$ 6,266,385	\$ (27,406,482)			\$ (27,406,482)		\$ (27,406,482)
ELIM. REG ASSET-TRNSCTN & TRNSITN CSTS							\$ -	\$ -
TOTAL PRO FORMA ADJUSTMENTS	\$ (33,672,867)	\$ 6,266,385	\$ (27,406,482)	\$ -	\$ -	\$ (27,406,482)	\$ -	\$ (27,406,482)
PRO FORMA ADJUSTED	\$ 202,426,784	\$ (61,202,408)	\$ 141,224,376	\$ -	\$ 2,130	\$ 141,226,506	\$ 1,374	\$ 141,227,880



FLORIDA PUBLIC UTILITIES COMPANY  
 NATURAL GAS  
 YEAR END RATE OF RETURN  
 For the Proforma 12 Months Ending December 31, 2015  
 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	\$ 254,441,164	\$ (72,569,023)	\$ 181,872,141	\$ -	\$ 2,130	\$ 181,874,271	\$ (1,673,778)	\$ 180,200,494
FPSC ADJUSTMENTS:								
1) ELIMINATIONS TO NON-UTILITY RECEIVABLES	\$ -	\$ -	\$ -			\$ -	\$ 424,672	\$ 424,672
2) ELIMINATE GOODWILL	\$ (2,469,682)	\$ -	\$ (2,469,682)			\$ (2,469,682)		\$ (2,469,682)
	\$ -	\$ -	\$ -			\$ -		\$ -
3) ELIM. NON-UTILITY PLANT	\$ (2,355,776)	\$ 887,841	\$ (1,467,935)			\$ (1,467,935)		\$ (1,467,935)
	\$ -	\$ -	\$ -			\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -			\$ -	\$ -	\$ -
4) ELIMINATE DEFERRED ENVIRONMENTAL COSTS							\$ 5,611,069	\$ 5,611,069
TOTAL FPSC ADJUSTMENTS	\$ (4,825,458)	\$ 887,841	\$ (3,937,617)	\$ -	\$ -	\$ (3,937,617)	\$ 6,035,741	\$ 2,098,124
FPSC ADJUSTED	\$ 249,615,706	\$ (71,681,182)	\$ 177,934,524	\$ -	\$ 2,130	\$ 177,936,654	\$ 4,361,963	\$ 182,298,617
COMP RATE ADJ REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
ADJUSTED FOR COMP RATE ADJ REVENUE	\$ 249,615,706	\$ (71,681,182)	\$ 177,934,524	\$ -	\$ 2,130	\$ 177,936,654	\$ 4,361,963	\$ 182,298,617
PROFORMA ADJUSTMENTS								
ELIM. ACQUISITION ADJUSTMENT	\$ (33,672,867)	\$ 7,190,784	\$ (26,482,083)			\$ (26,482,083)		\$ (26,482,083)
ELIM. REG ASSET-TRNSCTN & TRNSITN CSTS							\$ -	\$ -
TOTAL PRO FORMA ADJUSTMENTS	\$ (33,672,867)	\$ 7,190,784	\$ (26,482,083)	\$ -	\$ -	\$ (26,482,083)	\$ -	\$ (26,482,083)
PRO FORMA ADJUSTED	\$ 215,942,839	\$ (64,490,398)	\$ 151,452,441	\$ -	\$ 2,130	\$ 151,454,571	\$ 4,361,963	\$ 155,816,534

FLORIDA PUBLIC UTILITIES COMPANY  
 NATURAL GAS  
 YEAR END RATE OF RETURN  
 For the Proforma 12 Months Ending December 31, 2015  
 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	83,360,351	32,943,553	21,188,283	7,335,731	6,603,484	4,754,476				72,825,527	10,534,824
FPSC ADJUSTMENTS:											
1) INCOME TAX SYNC AND INTEREST ADJ.						357,715				357,715	(357,715)
2) ELIMINATE FUEL REVENUES AND EXPENSES	(29,830,530)	(29,676,682)			(149,297)	(1,756)				(29,827,734)	(2,796)
3) ELIMINATE CONSERVATION	(3,266,871)	(3,266,871)			(16,350)	6,307				(3,276,914)	10,043
4)NON-UTILITY DEPRECIATION EXPENSE				(120,640)		46,537				(74,103)	74,103
5) ELIMINATE AEP REVENUES AND EXPENSES	(46,152)			-		(17,803)				(17,803)	(28,349)
TOTAL FPSC ADJUSTMENTS	(33,143,553)	(32,943,553)	-	(120,640)	(165,647)	391,000	-	-	-	(32,838,839)	(304,714)
FPSC ADJUSTED	50,216,798	-	21,188,283	7,215,091	6,437,837	5,145,476	-	-	-	39,986,688	10,230,110
FLEX RATE REVENUES - DEFICIT/(SURPLUS)	-										
ADJUSTED FOR FLEX RATE REVENUES	50,216,798	-	21,188,283	7,215,091	6,437,837	5,145,476	-	-	-	39,986,688	10,230,110
ELIMINATE ACQUISITION AMORTIZATION				(1,789,692)		649,944				(1,139,748)	1,139,748
TOTAL PRO FORMA ADJUSTMENTS	-	-	-	(1,789,692)	-	649,944	-	-	-	(1,139,748)	1,139,748
PRO FORMA ADJUSTED	50,216,798	-	21,188,283	5,425,399	6,437,837	5,795,420	-	-	-	38,846,940	11,369,858

FLORIDA PUBLIC UTILITIES COMPANY  
 NATURAL GAS  
 CAPITAL STRUCTURE  
 For the Proforma 12 Months Ending December 31, 2015  
 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	\$ 76,815,351		\$ 76,815,351	\$ 2,548,169	\$ (2,469,682)	\$ 76,893,838	45.60%	9.85%	4.49%	10.85%	4.95%	11.85%	5.40%
LONG TERM DEBT - CU	\$ 35,475,827		\$ 35,475,827	\$ 1,176,827		\$ 36,652,654	21.74%	5.30%	1.15%	5.30%	1.15%	5.30%	1.15%
SHORT TERM DEBT	\$ 22,148,815		\$ 22,148,815	\$ 734,735		\$ 22,883,550	13.57%	1.24%	0.17%	1.24%	0.17%	1.24%	0.17%
LONG TERM DEBT - FC	\$ 5,078,000		\$ 5,078,000	\$ 168,451		\$ 5,246,451	3.11%	12.73%	0.40%	12.73%	0.40%	12.73%	0.40%
SHORT TERM DEBT - REFINANCED LTD	\$ -		\$ -	\$ -		\$ -	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$ 7,886,446		\$ 7,886,446			\$ 7,886,446	4.68%	2.27%	0.11%	2.27%	0.11%	2.27%	0.11%
DEFERRED INCOME TAXES	\$ 19,071,425		\$ 19,071,425			\$ 19,071,425	11.31%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$ -		\$ -			\$ -	0.00%	6.21%	0.00%	6.67%	0.00%	7.12%	0.00%
<b>TOTAL AVERAGE</b>	<b>\$ 166,475,863</b>	<b>\$ -</b>	<b>\$ 166,475,863</b>	<b>\$ 4,628,182</b>	<b>\$ (2,469,682)</b>	<b>\$ 168,634,363</b>	<b>100.00%</b>		<b>6.32%</b>		<b>6.78%</b>		<b>7.23%</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	\$ 84,621,288		\$ 84,621,288	\$ 2,514,921	\$ (2,469,682)	\$ 84,666,527	46.44%	9.85%	4.57%	10.85%	5.04%	11.85%	5.50%
LONG TERM DEBT - CU	\$ 39,506,902		\$ 39,506,902	\$ 1,174,135		\$ 40,681,036	22.32%	5.31%	1.18%	5.31%	1.18%	5.31%	1.18%
SHORT TERM DEBT	\$ 24,399,566		\$ 24,399,566	\$ 725,148		\$ 25,124,714	13.78%	1.24%	0.17%	1.24%	0.17%	1.24%	0.17%
LONG TERM DEBT - FC	\$ 5,168,361		\$ 5,168,361	\$ 153,602		\$ 5,321,963	2.92%	12.67%	0.37%	12.67%	0.37%	12.67%	0.37%
SHORT TERM DEBT - REFINANCED LTD	\$ -		\$ -	\$ -		\$ -	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$ 7,912,452		\$ 7,912,452			\$ 7,912,452	4.34%	2.27%	0.10%	2.27%	0.10%	2.27%	0.10%
DEFERRED INCOME TAXES	\$ 18,591,924		\$ 18,591,924			\$ 18,591,924	10.20%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$ -		\$ -			\$ -	0.00%	6.29%	0.00%	6.76%	0.00%	7.22%	0.00%
<b>TOTAL YEAR-END</b>	<b>\$ 180,200,493</b>	<b>\$ -</b>	<b>\$ 180,200,494</b>	<b>\$ 4,567,806</b>	<b>\$ (2,469,682)</b>	<b>\$ 182,298,617</b>	<b>100.00%</b>		<b>6.39%</b>		<b>6.86%</b>		<b>7.32%</b>