

**12. LONG-TERM DEBT**

Our outstanding long-term debt is shown below:

	<b>As of December 31,</b>	
	<b>2013</b>	<b>2012</b>
<i>(in thousands)</i>		
FPU secured first mortgage bonds:		
9.57% bond, due May 1, 2018	\$ —	\$ 5,444
10.03% bond, due May 1, 2018	—	2,994
9.08% bond, due June 1, 2022	<b>7,967</b>	7,962
Uncollateralized senior notes:		
7.83% note, due January 1, 2015	<b>2,000</b>	4,000
6.64% note, due October 31, 2017	<b>10,909</b>	13,636
5.50% note, due October 12, 2020	<b>14,000</b>	16,000
5.93% note, due October 31, 2023	<b>30,000</b>	30,000
5.68% note, due June 30, 2026	<b>29,000</b>	29,000
6.43% note, due May 2, 2028	<b>7,000</b>	—
3.73% note, due December 16, 2028	<b>20,000</b>	—
Convertible debentures:		
8.25% due March 1, 2014	<b>646</b>	942
Promissory notes	<b>445</b>	125
Capital lease obligation	<b>6,978</b>	—
Total long-term debt	<b>128,945</b>	110,103
Less: current maturities	<b>(11,353)</b>	(8,196)
Total long-term debt, net of current maturities	<b>\$ 117,592</b>	\$ 101,907

Annual maturities and principal repayments of consolidated long-term debt, excluding the capital lease obligation, are as follows: \$10,504 for 2014; \$7,803 for 2015; \$7,798 for 2016; \$10,698 for 2017; \$7,971 for 2018 and \$77,226 thereafter. See Note 14, Lease obligations for future payments related to the capital lease obligation.

**Secured First Mortgage Bonds**

In May 2013, prior to their respective maturities and in conjunction with the issuance of the Senior Notes, which is further described later, we redeemed the 9.57 percent and 10.03 percent series of FPU's first mortgage bonds. The difference between the carrying value of those bonds and the amount paid at redemption of \$93,000 was deferred as a regulatory asset. We are amortizing this difference over the remaining terms of these bonds as an adjustment to interest expense, as allowed by the Florida PSC.

FPU's remaining secured first mortgage bonds are guaranteed by Chesapeake and are secured by a lien covering all of FPU's property. FPU's first mortgage bonds contain a restriction that limits the payment of dividends by FPU. It provides that FPU cannot make dividends or other restricted payments in excess of the sum of \$2.5 million plus FPU's consolidated net income accrued on and after January 1, 1992. As of December 31, 2013, FPU's cumulative net income base was \$95.1 million, offset by restricted payments of \$37.6 million, leaving \$57.5 million of cumulative net income for FPU free of restrictions pursuant to this covenant.

The dividend restrictions by FPU's first mortgage bonds resulted in approximately \$53.3 million of the net assets of our consolidated subsidiaries being restricted at December 31, 2013. This represents approximately 19 percent of our consolidated net assets. Other than the dividend restrictions by FPU's first mortgage bonds, there are no legal, contractual or regulatory restrictions on the net assets of our subsidiaries for the purposes of determining the disclosure of parent-only financial statements.

**Uncollateralized Senior Notes**

In September 2013, we entered into a Note Agreement with the Note Holders. Under the terms of the Note Agreement, we will issue \$70.0 million in aggregate of unsecured Senior Notes to the Note Holders. In December 2013, we issued Series A Notes of unsecured Senior Notes, with an aggregate principal amount of \$20.0 million, at a rate of 3.73 percent. Series B Notes of the unsecured Senior Notes, with an aggregate principal amount of \$50.0 million, will be issued in May 2014, at a rate of 3.88 percent.