



August 8, 2014

**HAND DELIVERY**

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

RECEIVED  
FLORIDA PUBLIC SERVICE  
COMMISSION  
14 AUG -8 PM 12: 54  
DIVISION OF  
ACCOUNTING & FINANCE

**Re: Florida Public Utilities Company (Electric and all Gas Divisions), and Central Florida Gas (Florida Division of Chesapeake Utilities Corporation) 2nd 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 (Electric Division and all Natural Gas Divisions), as well as the Florida Division of Chesapeake Utilities Corporation, hereby submit the required 2nd Quarter Earnings Surveillance Reports for 2014, along with an additional copy of each report.

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  
 FT. MEADE DIVISION  
 RATE OF RETURN REPORT SUMMARY  
 June 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	\$ (13,331)	\$6,955	(\$6,376)	\$0	(\$6,376)
AVERAGE RATE BASE	\$475,587	(\$14,493)	\$461,094	\$0	\$461,094
AVERAGE RATE OF RETURN	-2.80%		-1.38%		-1.38%
<b>II. YEAR-END RATE OF RETURN (JURISDICTIONAL)</b>					
NET OPERATING INCOME	(\$13,331)	\$8,488	(\$4,843)	\$0	(\$4,843)
YEAR-END RATE BASE	\$895,345	(\$28,734)	\$868,611	\$0	\$868,611
YEAR-END RATE OF RETURN	-1.49%		-0.56%		-0.56%
<b>III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)</b>					
LOW	7.33%				
MIDPOINT	7.89%				
HIGH	8.45%				
<b>IV. EARNED RETURN ON EQUITY (FPSC ADJUSTED BASIS)</b>					
			A. RETURN ON COMMON EQUITY		-5.48%

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 Martin  
 Director, Regulatory Affairs

*Cheryl Martin*  
 Signature

8/7/14  
 Date

FLORIDA PUBLIC UTILITIES COMPANY  
 FT. MEADE DIVISION  
**AVERAGE RATE OF RETURN**  
 For the 12 Months Ending June 30, 2014  
 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
PER BOOKS	\$455,131	(\$8,650)	\$446,481	\$0	\$738	\$447,218	\$28,368	\$475,587
FPSC ADJUSTMENTS:								
REMOVE CONS. & PGA UNDER-RECOVERY			\$0			\$0	\$0	\$0
			\$0			\$0	(\$14,493)	(\$14,493)
			\$0			\$0	\$0	\$0
TOTAL FPSC ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	(\$14,493)	(\$14,493)
FPSC ADJUSTED	\$455,131	(\$8,650)	\$446,481	\$0	\$738	\$447,218	\$13,875	\$461,094
PROFORMA ADJUSTMENTS								
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRO FORMA ADJUSTED	\$455,131	(\$8,650)	\$446,481	\$0	\$738	\$447,218	\$13,875	\$461,094

NOTE A: Average rate base is not representative of a true 13-month average due to the acquisition date.

FLORIDA PUBLIC UTILITIES COMPANY  
 FT. MEADE DIVISION  
**AVERAGE RATE OF RETURN**  
 For the 12 Months Ending June 30, 2014  
 INCOME STATEMENT

SCHEDULE 2  
 PAGE 2 OF 2

	(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	\$262,117	\$ 115,244	\$135,486	\$7,614	\$19,295	(\$2,191)				\$275,448	(\$13,331)
FPSC ADJUSTMENTS:											
1) Interest Synchronization						(\$6,821)				(\$6,821)	\$6,821
2) Elim. Conservation Rev & Exp.	(\$7,518)	(\$7,578)			(\$38)	\$38				(\$7,578)	\$60
3) Elim. PGA Revenues & Expense	(\$108,086)	(\$107,666)			(\$541)	\$47				(\$108,160)	\$74
TOTAL FPSC ADJUSTMENTS	(\$115,604)	(\$115,244)	\$0	\$0	(\$579)	(\$6,736)	\$0	\$0	\$0	(\$122,559)	\$6,955
FPSC ADJUSTED	\$146,513	\$0	\$135,486	\$7,614	\$18,716	(\$8,927)	\$0	\$0	\$0	\$152,889	(\$6,376)
PROFORMA ADJUSTMENTS											
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRO FORMA ADJUSTED	\$146,513	\$0	\$135,486	\$7,614	\$18,716	(\$8,927)	\$0	\$0	\$0	\$152,889	(\$6,376)

FLORIDA PUBLIC UTILITIES COMPANY  
 FT. MEADE DIVISION  
 YEAR END RATE OF RETURN  
 For the 12 Months Ending June 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	\$835,374	(\$13,114)	\$822,260	\$0	\$490	\$822,750	\$72,594	\$895,345
FPSC ADJUSTMENTS:								
REMOVE CONS. & PGA UNDER-RECOVERIES			\$0			\$0	(\$26,734)	\$0
			\$0			\$0		(\$26,734)
TOTAL FPSC ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	(\$26,734)	(\$26,734)
FPSC ADJUSTED	\$835,374	(\$13,114)	\$822,260	\$0	\$490	\$822,750	\$45,860	\$868,611
PROFORMA ADJUSTMENTS								
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRO FORMA ADJUSTED	\$835,374	(\$13,114)	\$822,260	\$0	\$490	\$822,750	\$45,860	\$868,611

FLORIDA PUBLIC UTILITIES COMPANY  
 FT. MEADE DIVISION  
 YEAR END RATE OF RETURN  
 For the 12 Months Ending June 30, 2014  
 INCOME STATEMENT

SCHEDULE 3  
 PAGE 2 OF 2

	(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	\$262,117	\$ 115,244	\$135,486	\$7,614	\$19,295	(\$2,191)				\$275,448	(\$13,331)
FPSC ADJUSTMENTS:											
1) Interest Synchronization						(\$8,354)				(\$8,354)	\$8,354
2) Elim. Conservation Rev & Exp.	(\$7,518)	(\$7,578)			(\$38)	\$38				(\$7,578)	\$60
3) Elim. PGA Revenues & Expense	(\$108,086)	(\$107,666)			(\$541)	\$47				(\$108,160)	\$74
TOTAL FPSC ADJUSTMENTS	(\$115,604)	(\$115,244)	\$0	\$0	(\$579)	(\$8,270)	\$0	\$0	\$0	(\$124,092)	\$8,488
FPSC ADJUSTED	\$146,513	\$0	\$135,486	\$7,614	\$18,716	(\$10,461)	\$0	\$0	\$0	\$151,356	(\$4,843)
PROFORM ADJUSTMENTS	-149977										
TOTAL PRO FORMA ADJUSTMENTS	(\$149,977)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRO FORMA ADJUSTED	(\$3,464)	\$0	\$135,486	\$7,614	\$18,716	(\$10,461)	\$0	\$0	\$0	\$151,356	(\$4,843)

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	\$268,041	\$0	\$268,041	\$0	(\$8,505)	\$259,536	56.29%	10.00%	5.63%	11.00%	6.19%	12.00%
LONG TERM DEBT	\$106,866	\$0	\$106,866	\$0	(\$3,391)	\$103,475	22.44%	5.61%	1.26%	5.61%	1.26%	5.61%	1.26%
SHORT TERM DEBT	\$53,656	\$0	\$53,656	\$0	(\$1,702)	\$51,954	11.27%	1.11%	0.13%	1.11%	0.13%	1.11%	0.13%
SHORT TERM DEBT REFINANCED LTD	\$28,195	\$0	\$28,195	\$0	(\$894)	\$27,301	5.92%	4.17%	0.25%	4.17%	0.25%	4.17%	0.25%
CUSTOMER DEPOSITS	\$19,213	\$0	\$19,213	\$0	\$0	\$19,213	4.17%	1.40%	0.06%	1.40%	0.06%	1.40%	0.06%
DEFERRED INCOME TAXES	(\$385)	\$0	(\$385)	\$0	\$0	(\$385)	-0.08%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$0	\$0	\$0	\$0	\$0	\$0	0.00%	7.27%	0.00%	7.83%	0.00%	8.39%	0.00%
<b>TOTAL AVERAGE</b>	<b>\$475,586</b>	<b>\$0</b>	<b>\$475,586</b>	<b>\$0</b>	<b>(\$14,492)</b>	<b>\$461,094</b>	<b>100.00%</b>		<b>7.33%</b>		<b>7.89%</b>		<b>8.45%</b>

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	\$509,425	\$0	\$509,425	\$0	(\$15,732)	\$493,693	56.84%	10.00%	5.68%	11.00%	6.25%	12.00%
LONG TERM DEBT	\$274,664	\$0	\$274,664	\$0	(\$8,482)	\$266,182	30.64%	3.96%	1.21%	3.96%	1.21%	3.96%	1.21%
SHORT TERM DEBT	\$81,642	\$0	\$81,642	\$0	(\$2,521)	\$79,121	9.11%	1.32%	0.12%	1.32%	0.12%	1.32%	0.12%
SHORT TERM DEBT REFINANCED LTD	\$0	\$0	\$0	\$0	\$0	\$0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$31,614	\$0	\$31,614	\$0	\$0	\$31,614	3.64%	0.85%	0.03%	0.85%	0.03%	0.85%	0.03%
DEFERRED INCOME TAXES	(\$2,000)	\$0	(\$2,000)	\$0	\$0	(\$2,000)	-0.23%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$0	\$0	\$0	\$0	\$0	\$0	0.00%	7.01%	0.00%	7.58%	0.00%	8.15%	0.00%
<b>TOTAL YEAR-END</b>	<b>\$895,345</b>	<b>\$0</b>	<b>\$895,345</b>	<b>\$0</b>	<b>(\$26,735)</b>	<b>\$868,610</b>	<b>100.00%</b>		<b>7.04%</b>		<b>7.61%</b>		<b>8.18%</b>