SCANNED

Florida Public Utilities Company
Minimum Filing Requirements
Before the Florida Public Service Commission
Docket No. 030438-EI
Volume II: Schedules E and F

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FLORIDA PUBLIC UTILITIES COMPANY
ELECTRIC DIVISION

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 030438-EI

MINIMUM FILING REQUIREMENTS
SCHEDULE E – RATE SCHEDULES

AUGUST 2003

FLORIDA PUBLIC UTILITIES COMPANY
DOCKET NO. 030438-EI
MINIMUM REQUIREMENTS INDEX

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FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO . 030438EI

EXPLANATION.

Provide under separate cover at a minimum a cost of service study that allocates production and transmission plant on the average of the twelve monthly coincident peaks and 1/13 weighted average demand (12 CP and 1/13th) method. if a cost study based on a methodology other than the 12 CP and 1/13th was approved in the company's last rate case, provide that cost study as well All studies filed should be at both present and proposed rates. In any cost of service study filed, the average of 12 monthly peaks method should be used for the jurisdictional separation of the production and transmission plant and expenses unless the FERC has approved another method in the utility's latest wholesale rate case The minimum distribution system concept should not be used. The jurisdictional rate base and net operating income in the studies must equal the fully adjusted rate base in Schedule --- and the fully adjusted net operating income in Schedule ---. The cost of service analysis should be done separately for each rate class If it is not possible to separate the costs of the lighting classes, the lighting classes can be combined

Costs and revenues for fuel, energy conservation, oil backout, franchise fees, and other items not recovered through base rates must be excluded from the cost of service study. Costs for service charges should be allocated consistently with the allocation of the collection of the revenues from these charges Any other miscellaneous revenue should be allocated consistently with the allocation of the expense associated with the facilities used or services purchased.

If a historic test year is used, the twelve monthly peaks should be the hour of each month having the highest FIRM load, (i e , exclude the load of non-firm customers in determining the peak hours).

Type of Data Shown:
Projected Test Year 12/31/2004
Projected Prior Year 12/31/2003

Witness Mark Cutshaw

INFORMATION PROVIDED UNDER SEPARATE COVER PAGE 249

Supporting Schedules:

Recap Schedules:

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division

DOCKET NO.: 030438EI

EXPLANATION: Explain the differences between the cost of service study approved in the company's last rate case and that same study filed as part of Schedule E-1 in this rate case (e.g., classification of plant, allocation factor used for certain plant or expenses, etc.)

Type of Data Shown:
Projected Test Year 12/31/2004
Projected Prior Year 12/31/2003

Witness: Mark Cutshaw

The cost of service study prepared for this rate case uses a model based in Microsoft Excel that employs the same allocation methods utilized in the last rate case, with only two exceptions:

1. The cost of service study is performed on consolidated electricity operations for both the Northeast and Northwest operating divisions. This method uses consolidated rate base, income statement, allocation factors and billing determinants.

2. The cost of service study adds the additional rate class GSLD-1, which is comprised of two customers, each with a maximum demand in excess of 5 MW.

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO.: 030438EI

EXPLANATION: For each allocation method used for production and transmission costs, show the revenue, expense, and rate of return data indicated below for each rate schedule for the test year

Type of Data Shown:

Projected Test Year 12/31/2004

Witness: Mark Cutshaw

RATE OF RETURN SUMMARY

Line No.		Total Company	Residential Service	General Service	General -Demand	General Dem. Large	General arge Demand	Total Outdoor Lighting	OL	OL-2	Total Street Lighting	SL-2	SL-3
1	TOTAL OPERATING REVENUES	14,491,924	7,993,527	1,685,419	2,711,108	554,252	675,868	667,349	45,964	621,384	204,402	38,142	166,259
2													
3	OPERATING EXPENSES												
4	OPERATION & MAINTENANCE	7,684,194	4,465,593	915,125	1,157,757	230,628	118,655	572,360	39,358	533,002	224,076	52,535	171,541
5	DEPRECIATION	2,708,403	1,482,785	312,381	493,607	96,671	103,737	145,789	8,085	137,704	73,433	14,324	59,109
6	TAXES OTHER THAN INCOME	3,248,053	1,719,341	357,022	652,451	141,976	213,828	119,513	8,362	111,151	43,922	9,003	34,919
7													
8	TOTAL OPERATING EXPENSES	13,640,650	7,667,719	1,584,528	2,303,815	469,275	436,220	837,662	55,806	781,857	341,431	75,862	265,569
9													
10	OPERATING INCOME	851,274	325,808	100,891	407,294	84,977	239,648	(170,314)	(9,841)	(160,473)	(137,029)	(37,720)	(99,309)
11													
12	TOTAL INCOME TAXES	(237,300)	(106,363)	(20,678)	(57,597)	(17,068)	(33,596)	(1,379)	(181)	(1,198)	(620)	(243)	(377)
13													
14	NET OPERATING INCOME	1,088,574	432,171	121,569	464,890	102,045	273,243	(168,935)	(9,660)	(159,275)	(136,410)	(37,477)	(98,933)
15													
16													
17													
18	ELECTRIC RATE BASE	39,840,870	21,771,166	4,429,321	7,110,802	1,471,272	2,317,048	1,697,009	96,854	1,600,156	1,044,251	200,966	843,285
19													
20													
21	RATE OF RETURN (PERCENT)	2.73%	1.99%	2 74%	6.54%	6.94%	11.79%	-9 95%	-9.97%	-9.95%	-13.06%	-18.65%	-11.73%
22													
23	RATE OF RETURN INDEX (PRESENT RATES)	1.00	0.73	1 00	2.39	2 54	4.32	(3 64)	(3.65)	(3 64)	(4 78)	(6 83)	(4 29)
24													
25	REQUIRED NET OPERATING INCOME	3,585,678	1,959,405	398,639	639,972	132,414	208,534	152,731	8,717	144,014	93,983	18,087	75,896
26	(Equalized Rate of Return)	9.00%	9 00%	9.00%	9 00%	9.00%	9 00%	9 00%	9 00%	9.00%	9 00%	9.00%	9 00%
27													
28	NET OPERATING INCOME EXCESS OR DEFICIENCY	(2,497,104)	(1,527,234)	(277,070)	(175,082)	(30,370)	64,709	(321,666)	(18,377)	(303,289)	(230,392)	(55,564)	(174,829)
29	REVENUE EXPANSION FACTOR = 1 64875												
30	REVENUE EXCESS OR DEFICIENCY	(4,117,121)	(2,518,040)	(456,821)	(288,668)	(50,072)	106,690	(530,349)	(30,299)	(500,050)	(379,861)	(91,611)	(288,250)
31													
32	Required Increase due to Service Charges and Other Revenues	(94,933)	(80,226)	(11,022)	(2,967)	(265)	(427)	(18)	(2)	(15)	(8)	(3)	(5)
33	Required Increase in Base Revenues	(4,022,189)	(2,437,814)	(445,799)	(285,701)	(49,807)	107,116	(530,331)	(30,296)	(500,035)	(379,853)	(91,608)	(288,245)
34													
35	BASE REVENUES	11,361,793	6,211,171	1,341,974	2,135,291	430,949	485,782	579,756	39,633	540,124	176,869	32,560	144,309
36													
37	TOTAL REVENUE % INCREASE IN BASE REVENUES	36 2%	40 5%	34 0%	13 5%	11 6%	-22 0%	91 5%	76 4%	92 6%	214 8%	281 4%	199 7%
38	BASE REVENUE % INCREASE IN BASE REVENUES	35 4%	39 2%	33.2%	13 4%	11 6%	-22 1%	91.5%	76.4%	92 6%	214 8%	281 3%	199.7%
39	REVENUE INCREASE INDEX	1 00	1.11	0.94	0.38	0 33	(0.62)	2.58	2 16	2 62	6.07	7.95	5.64

Schedule E-3b

COST OF SERVICE STUDY - RATES OF RETURN BY RATE SCHEDULE (PROPOSED RATES)

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO.. 030438EI

EXPLANATION. For each allocation method used for production and transmission costs, show the revenue, expense, and rate of return data indicated below for each rate schedule for the test year

Type of Data Shown.

Projected Test Year 12/31/2004

Witness. Mark Cutshaw

RATE OF RETURN SUMMARY

Line No		Total Company	Residential Service	General Service	General -Demand	General Dem. Large	General Large Demand 1	Total Outdoor Lighting	OL	OL-2	Total Street Lighting	SL-2	SL-3
1	TOTAL OPERATING REVENUES	18,609,049	10,876,407	2,211,428	3,059,399	615,422	562,240	983,346	67,567	915,778	300,807	55,891	244,915
2													
3	OPERATING EXPENSES												
4	OPERATION & MAINTENANCE	7,684,194	4,473,274	915,632	1,152,534	229,462	115,017	573,768	39,454	534,314	224,506	52,614	171,892
5	DEPRECIATION	2,708,403	1,482,785	312,381	493,607	96,671	103,737	145,789	8,085	137,704	73,433	14,324	59,109
6	TAXES OTHER THAN INCOME	3,248,053	1,763,916	359,969	622,141	135,210	192,713	127,688	8,921	118,767	46,416	9,462	36,954
7													
8	TOTAL OPERATING EXPENSES	13,640,650	7,719,975	1,587,982	2,268,282	461,343	411,467	847,246	56,461	790,785	344,355	76,400	267,954
9													
10	NET OPERATING INCOME	4,968,398	3,156,432	623,446	791,117	154,079	150,772	136,100	11,107	124,993	(43,548)	(20,509)	(23,039)
11													
12	TOTAL INCOME TAXES	1,382,717	884,443	159,073	55,989	2,635	(75,576)	207,304	11,741	195,564	148,849	35,804	113,045
13													
14	NET INCOME	3,585,681	2,271,989	464,373	735,128	151,444	226,349	(71,204)	(634)	(70,570)	(192,397)	(56,313)	(136,084)
15													
16													
17													
18	ELECTRIC RATE BASE	39,840,870	21,771,848	4,429,366	7,110,338	1,471,169	2,316,725	1,697,134	96,862	1,600,272	1,044,290	200,973	843,316
19													
20													
21	RATE OF RETURN (PERCENT)	9.00%	10.44%	10.48%	10 34%	10 29%	9.77%	-4 20%	-0.65%	-4.41%	-18 42%	-28.02%	-16 14%
22													
23	RATE OF RETURN INDEX	1.00	1.16	1 16	1 15	1.14	1.09	(0 47)	(0.07)	(0.49)	(2 05)	(3.11)	(1.79)
24													

Supporting Schedules

Recap Schedules

Schedule E-5a

COST OF SERVICE STUDY - ALLOCATION OF RATE BASE COMPONENTS TO RATE SCHEDULE

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO · 030438EI

EXPLANATION: For each cost of service study filed, provide the allocation of rate base components as listed below to rate schedules.

Type of Data Shown·

Projected Test Year 12/31/2004

Witness: Mark Cutshaw

Allocation Method: See Cost of Service Study.

Line No		Total Company	Residential Service	General Service	General -Demand	General Dem Large	General Large Demand 1	Total Outdoor Lighting	OL	OL-2	Total Street Lighting	SL-2	SL-3
1	ELECTRIC RATE BASE												
2													
3	TRANSMISSION												
4	DEMAND	4,828,512	1,500,168	294,537	636,502	169,312	2,226,699	893	117	776	402	158	244
5	ENERGY	-	-	-	-	-	-	-	-	-	-	-	-
6													
7	DISTRIBUTION:												
8	PRIMARY - DEMAND	14,567,629	8,242,567	1,748,131	3,497,799	934,884	-	99,514	13,087	86,428	44,734	17,564	27,170
9	SECONDARY - DEMAND	10,471,132	6,450,872	1,236,334	2,404,912	276,996	-	70,380	9,255	61,124	31,638	12,422	19,216
10	SERVICES	4,032,845	3,460,374	472,004	97,935	2,180	353	-	-	-	-	-	-
11	METERS	1,945,711	875,797	508,170	417,870	86,025	57,848	-	-	-	-	-	-
12													
13	TOTAL DISTRIBUTION	31,017,317	19,029,610	3,964,639	6,418,516	1,300,086	58,200	169,894	22,342	147,552	76,372	29,986	46,386
14													
15	CUSTOMER BILLING	1,686,496	1,230,853	167,892	52,253	1,163	31,348	135,906	17,502	118,404	67,082	22,668	44,414
16													
17	CUSTOMER - OTHER	336	288	39	8	0	0	-	-	-	-	-	-
18													
19	REVENUE RELATED	18,744	10,247	2,214	3,523	711	801	956	65	891	292	54	238
20													
21	CUSTOMER DIRECT												
22	OUTDOOR LIGHTING	1,389,359	-	-	-	-	-	1,389,359	56,827	1,332,533	-	-	-
23	STREET LIGHTING	900,105	-	-	-	-	-	-	-	-	900,105	148,101	752,004
24													
25	TOTAL RATE BASE	39,840,870	21,771,166	4,429,321	7,110,802	1,471,272	2,317,048	1,697,009	96,854	1,600,156	1,044,251	200,966	843,285

Supporting Schedules.

Recap Schedules

Schedule E-5b

COST OF SERVICE STUDY - ALLOCATION OF EXPENSE COMPONENTS TO RATE SCHEDULE

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION. For each cost of service study filed, provide the allocation of expense components as listed below to rate schedules.

Type of Data Shown:

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division

Projected Test Year 12/31/2004

DOCKET NO 030438EI

Witness: Mark Cutshaw

Allocation Method: See Cost of Service Study.

Line No.		Total Company	Residential Service	General Service	General -Demand	General Dem Large	General Large Demand 1	Total Outdoor Lighting	OL	OL-2	Total Street Lighting	SL-2	SL-3
1	**TOTAL EXPENSE COMPONENTS**												
2													
3	O&M	7,684,194	4,465,593	915,125	1,157,757	230,628	118,655	572,360	39,358	533,002	224,076	52,535	171,541
4	DEPRECIATION	2,708,403	1,482,785	312,381	493,607	96,671	103,737	145,789	8,085	137,704	73,433	14,324	59,109
5	TAXES OTHER THAN INCOME TAX	3,248,053	1,719,341	357,022	652,451	141,976	213,828	119,513	8,362	111,151	43,922	9,003	34,919
6													
7	**TOTAL EXPENSES**	13,640,650	7,667,719	1,584,528	2,303,815	469,275	436,220	837,662	55,806	781,857	341,431	75,862	265,569
8													
9													
10	**OPERATION AND**												
11	**MAINTENANCE EXPENSE**												
12													
13	TRANSMISSION												
14	DEMAND	117,275	36,436	7,154	15,459	4,112	54,082	22	3	19	10	4	6
15	ENERGY	-	-	-	-	-	-	-	-	-	-	-	-
16													
17	DISTRIBUTION												
18	PRIMARY - DEMAND	2,343,858	1,326,187	281,265	562,778	150,418	-	16,011	2,106	13,906	7,198	2,826	4,372
19	SECONDARY - DEMAND	1,280,351	757,760	160,710	312,613	36,006	-	9,149	1,203	7,946	4,113	1,615	2,498
20	CUSTOMER - RELATED	-	-	-	-	-	-	-	-	-	-	-	-
21	SERVICES	121,738	104,457	14,248	2,956	66	11	-	-	-	-	-	-
22	METERS	685,295	308,463	178,982	147,177	30,299	20,374	-	-	-	-	-	-
23													
24	TOTAL DISTRIBUTION	4,431,242	2,496,868	635,205	1,025,524	216,789	20,385	25,160	3,309	21,851	11,310	4,441	6,869
25													
26	CUSTOMER ACCOUNTS EXPENSE												
27	METER READING EXPENSES	269,295	228,225	31,130	9,689	216	35	-	-	-	-	-	-
28	CUST RECORDS & COLLECTIONS	893,962	652,439	88,994	27,698	617	16,617	72,040	9,277	62,762	35,558	12,016	23,542
29	MISC CUSTOMER ACCOUNTS	94,878	69,245	9,445	2,940	65	1,764	7,646	985	6,661	3,774	1,275	2,499
30	SUPERVISION	116,720	88,125	12,021	3,741	83	1,708	7,393	952	6,441	3,649	1,233	2,416
31													
32	TOTAL CUSTOMER ACCOUNTS	1,374,856	1,038,034	141,591	44,067	981	20,123	87,078	11,214	75,864	42,981	14,524	28,457
33													
34	A&G RELATED TO CUST ACCOUNTS	1,027,209	775,556	105,788	32,924	733	15,035	65,060	8,379	56,681	32,113	10,851	21,261
35	CUSTOMER - OTHER	3,784	3,247	443	92	2	0	-	-	-	-	-	-
36	REVENUE - RELATED	211,189	115,451	24,944	39,690	8,010	9,030	10,776	737	10,040	3,288	605	2,682
37													
38	CUSTOMER DIRECT												
39	OUTDOOR LIGHTING	384,264	-	-	-	-	-	384,264	15,717	368,547	-	-	-
40	STREET LIGHTING	134,375	-	-	-	-	-	-	-	-	134,375	22,110	112,266
	TOTAL O&M EXPENSE	7,684,194	4,465,593	915,125	1,157,757	230,628	118,655	572,360	39,358	533,002	224,076	52,535	171,541

Schedule E-5b

COST OF SERVICE STUDY - ALLOCATION OF EXPENSE COMPONENTS TO RATE SCHEDULE

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO : 030438EI

EXPLANATION: For each cost of service study filed, provide the allocation of expense components as listed below to rate schedules

Type of Data Shown:

Projected Test Year 12/31/2004

Witness: Mark Cutshaw

Allocation Method. See Cost of Service Study.

Line No		Total Company	Residential Service	General Service	General -Demand	General Dem Large	General Large Demand 1	Total Outdoor Lighting	OL	OL-2	Total Street Lighting	SL-2	SL-3
41	**DEPRECIATION EXPENSE**												
42													
43	TRANSMISSION												
44	DEMAND	209,514	65,094	12,780	27,618	7,347	96,619	39	5	34	17	7	11
45	ENERGY	-	-	-	-	-	-	-	-	-	-	-	-
46													
47	DISTRIBUTION:												
48	PRIMARY - DEMAND	925,023	523,391	111,004	222,105	59,364	-	6,319	831	5,488	2,841	1,115	1,725
49	SECONDARY - DEMAND	822,180	486,598	103,200	200,745	23,122	-	5,875	773	5,102	2,641	1,037	1,604
50	CUSTOMER - RELATED	-	-	-	-	-	-	-	-	-	-	-	-
51	SERVICES	275,134	236,078	32,202	6,681	149	24	-	-	-	-	-	-
52	METERS	149,092	67,109	38,939	32,020	6,592	4,433	-	-	-	-	-	-
53													
54	TOTAL DISTRIBUTION	2,171,430	1,313,176	285,345	461,551	89,226	4,457	12,194	1,604	10,590	5,481	2,152	3,329
55													
56	CUSTOMER BILLING	143,205	104,515	14,256	4,437	99	2,662	11,540	1,486	10,054	5,696	1,925	3,771
57													
58	CUSTOMER - OTHER	-	-	-	-	-	-	-	-	-	-	-	-
59													
60	REVENUE RELATED	-	-	-	-	-	-	-	-	-	-	-	-
61													
62	CUSTOMER DIRECT												
63	OUTDOOR LIGHTING	122,017	-	-	-	-	-	122,017	4,991	117,026	-	-	-
64	STREET LIGHTING	62,238	-	-	-	-	-	-	-	-	62,238	10,240	51,997
65													
66	**TOTAL DEPRECIATION EXPENSE**	2,708,403	1,482,785	312,381	493,607	96,671	103,737	145,789	8,085	137,704	73,433	14,324	59,109

Schedule E-5b

COST OF SERVICE STUDY - ALLOCATION OF EXPENSE COMPONENTS TO RATE SCHEDULE

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: For each cost of service study filed, provide the allocation of expense components as listed below to rate schedules.

Type of Data Shown:

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO.: 030438EI

Projected Test Year 12/31/2004

Witness: Mark Cutshaw

Allocation Method. See Cost of Service Study

Line No		Total Company	Residential Service	General Service	General -Demand	General Dem Large	General Large Demand 1	Total Outdoor Lighting	OL	OL-2	Total Street Lighting	SL-2	SL-3
													Page A6
67	**TAXES OTHER THAN INCOME TAX**												
68													
69	TRANSMISSION												
70	DEMAND	52,297	16,248	3,190	6,894	1,834	24,117	10	1	8	4	2	3
71	ENERGY	-	-	-	-	-	-	-	-	-	-	-	-
72													
73	DISTRIBUTION												
74	PRIMARY - DEMAND	226,479	128,145	27,178	54,379	14,534	-	1,547	203	1,344	695	273	422
75	SECONDARY - DEMAND	178,009	105,352	22,344	43,463	5,006	-	1,272	167	1,105	572	224	347
76	CUSTOMER - RELATED	-	-	-	-	-	-	-	-	-	-	-	-
77	SERVICES	55,658	47,758	6,514	1,352	30	5	-	-	-	-	-	-
78	METERS	43,265	19,474	11,300	9,292	1,913	1,286	-	-	-	-	-	-
79													
80	TOTAL DISTRIBUTION	503,410	300,729	67,335	108,485	21,483	1,291	2,819	371	2,448	1,267	498	770
81													
82	CUSTOMER BILLING	76,261	55,657	7,592	2,363	53	1,418	6,145	791	5,354	3,033	1,025	2,008
83													
84	CUSTOMER - OTHER	-	-	-	-	-	-	-	-	-	-	-	-
85													
86	REVENUE RELATED	2,580,273	1,346,707	278,905	534,709	118,606	187,002	87,096	6,240	80,856	27,249	5,444	21,805
87													
88	CUSTOMER DIRECT												
89	OUTDOOR LIGHTING	23,443	-	-	-	-	-	23,443	959	22,485	-	-	-
90	STREET LIGHTING	12,368	-	-	-	-	-	-	-	-	12,368	2,035	10,333
91													
92	**TOTAL TAXES OTHER THAN INCOME**	3,248,053	1,719,341	357,022	652,451	141,976	213,828	119,513	8,362	111,151	43,922	9,003	34,919

Supporting Schedules:

Recap Schedules:

Schedule E-6a

COST OF SERVICE STUDY - FUNCTIONALIZATION AND CLASSIFICATION OF RATE BASE

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO · 030438EI

EXPLANATION: Functionalize and classify test year rate base by primary account (plant balances, accumulated depreciation and CWIP). The account balances in the B Schedules and those used in the cost of service study must be equal.

Type of Data Shown

Projected Test Year 12/31/2004

Witness Mark Cutshaw

Account	Total Company	Transmission Demand	Transmission Energy	Primary Demand	Secondary Demand	Distribution Customer	Services	Meters	Customer Distribution OL	Customer Distribution SL	Customer Billing	Customer Other	Revenue Related
ELECTRIC RATE BASE													
PLANT IN SERVICE	67,408,875	6,809,479	-	23,561,130	20,067,948	-	7,042,853	3,845,936	2,048,328	1,269,090	2,764,112	-	-
LESS.													
ACCUM. PROV. FOR DEPREC.	28,127,307	2,054,084	-	9,418,507	9,273,799	-	3,085,671	1,996,466	711,938	392,600	1,194,242	-	-
CUSTR ADVANCES FOR CONST	621,462	-	-	-	621,462	-	-	-	-	-	-	-	-
PLUS.													
WORKING CAPITAL ALLOWANCE	559,995	10,409	-	208,033	113,639	-	10,805	60,824	34,106	11,927	91,171	336	18,744
CWIP	620,769	62,709	-	216,975	184,806	-	64,858	35,417	18,863	11,687	25,455	-	-
TOTAL RATE BASE	39,840,870	4,828,512	-	14,567,629	10,471,132	-	4,032,845	1,945,711	1,389,359	900,105	1,686,496	336	18,744

• Detailed Functionalization for Plant in Service and Accumulated Provision for Depreciation is provided in the Cost Study Report attached to Schedule E-1.

PLANT IN SERVICE													
TRANSMISSION	6,809,479	6,809,479	-	-	-	-	-	-	-	-	-	-	-
DISTRIBUTION	53,061,645	-	-	21,274,446	18,868,279	-	6,964,065	3,156,451	1,660,972	1,137,432	-	-	-
GENERAL PLANT	2,970,752	-	-	901,220	472,809	-	31,052	271,737	152,664	51,889	1,089,382	-	-
COMMON PLANT	1,721,031	-	-	522,099	273,910	-	17,989	157,424	88,442	30,061	631,106	-	-
TRANSPORTATION EQUIPMENT	2,845,969	-	-	863,365	452,949	-	29,747	260,323	146,251	49,709	1,043,624	-	-
TOTAL PLANT IN SERVICE	67,408,875	6,809,479	-	23,561,130	20,067,948	-	7,042,853	3,845,936	2,048,328	1,269,090	2,764,112	-	-
ACCUMULATED PROVISION FOR DEPRECIATION													
TRANSMISSION	(2,054,084)	(2,054,084)	-	-	-	-	-	-	-	-	-	-	-
DISTRIBUTION	(22,816,518)	-	-	(8,430,540)	(8,755,479)	-	(3,051,631)	(1,698,573)	(544,580)	(335,716)	-	-	-
GENERAL PLANT	(1,300,392)	-	-	(394,492)	(206,963)	-	(13,592)	(118,948)	(66,826)	(22,713)	(476,857)	-	-
COMMON PLANT	(455,192)	-	-	(138,089)	(72,446)	-	(4,758)	(41,637)	(23,392)	(7,951)	(166,920)	-	-
TRANSPORTATION EQUIPMENT	(1,501,122)	-	-	(455,387)	(238,911)	-	(15,690)	(137,309)	(77,141)	(26,219)	(550,465)	-	-
TOTAL ACCUM. PROV. FOR DEPR.	(28,127,307)	(2,054,084)	-	(9,418,507)	(9,273,799)	-	(3,085,671)	(1,996,466)	(711,938)	(392,600)	(1,194,242)	-	-

Supporting Schedules:

Recap Schedules·

Schedule E-6b

COST OF SERVICE STUDY - FUNCTIONALIZATION AND CLASSIFICATION OF EXPENSES

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO.: 030438EI

EXPLANATION: Functionalize and classify test year operating expenses by primary account (depreciation expense, operation and maintenance expense, and any other expense items) The balances in the C Schedules and those used in the cost of service study must be equal.

Type of Data Shown:

Projected Test Year 12/31/2004

Witness Mark Cutshaw

	Account	Total Company	Transmission Demand	Transmission Energy	Primary Demand	Secondary Demand	Distribution Customer	Services	Meters	Customer Distribution OL	Customer Distribution SL	Customer Billing	Customer Other	Revenue Related
1	**EXPENSE ITEMS**													
2														
3	O&M	7,684,194	117,275	-	2,343,858	1,280,351	-	121,738	685,295	384,264	134,375	2,402,064	3,784	211,189
4	DEPRECIATION	2,708,403	209,514	-	925,023	822,180	-	275,134	149,092	122,017	62,238	143,205	-	-
5	TAXES OTHER THAN INCOME	3,248,053	52,297	-	226,479	178,009	-	55,658	43,265	23,443	12,368	76,261	-	2,580,273
6														
7	**TOTAL EXPENSES**	13,640,650	379,086	-	3,495,360	2,280,540	-	452,531	877,652	529,724	208,981	2,621,531	3,784	2,791,462
8														
9														
10														
11														
12	**O&M EXPENSES**													
13														
14	TRANSMISSION - OPERATION	21,749	21,749	-	-	-	-	-	-	-	-	-	-	-
15	DISTRIBUTION - OPERATION	1,172,577	-	-	356,980	187,452	-	46,658	357,584	170,224	53,677	-	-	-
16	TRANSMISSION - MAINTENANCE	50,742	50,742	-	-	-	-	-	-	-	-	-	-	-
17	DISTRIBUTION - MAINTENANCE	1,654,337	-	-	997,176	522,982	-	-	50,723	59,165	24,290	-	-	-
18	TOTAL CUSTOMER ACCOUNTS EXP	1,457,676	-	-	-	-	-	-	-	-	-	1,374,856	-	82,820
19	TOTAL CUST SERV & INFO	-	-	-	-	-	-	-	-	-	-	-	-	-
20	TOTAL CUST SALES EXPENSE	3,784	-	-	-	-	-	-	-	-	-	-	3,784	-
21	ADMINISTRATIVE AND GENERAL - OPERATION	3,271,640	44,784	-	974,021	561,690	-	74,540	272,260	152,218	55,505	1,008,254	-	128,369
22	MAINTENANCE OF GENERAL PLANT	51,689	-	-	15,681	8,227	-	540	4,728	2,656	903	18,955	-	-
23														
24	**TOTAL O&M EXPENSES**	7,684,194	117,275	-	2,343,858	1,280,351	-	121,738	685,295	384,264	134,375	2,402,064	3,784	211,189

Schedule E-6b

COST OF SERVICE STUDY - FUNCTIONALIZATION AND CLASSIFICATION OF EXPENSES

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO.. 030438EI

EXPLANATION: Functionalize and classify test year operating expenses by primary account (depreciation expense, operation and maintenance expense, and any other expense items) The balances in the C Schedules and those used in the cost of service study must be equal.

Type of Data Shown:

Projected Test Year 12/31/2004

Witness Mark Cutshaw

	Account	Total Company	Transmission Demand	Transmission Energy	Primary Demand	Secondary Demand	Distribution Customer	Services	Meters	Customer Distribution OL	Customer Distribution SL	Customer Billing	Customer Other	Revenue Related
25	**DEPRECIATION EXPENSE**													
26														
27	TRANSMISSION	209,514	209,514	-	-	-	-	-	-	-	-	-	-	-
28	DISTRIBUTION	2,108,368	-	-	806,553	760,027	-	271,052	113,371	101,948	55,417	-	-	-
29	GENERAL PLANT	289,879	-	-	87,939	46,136	-	3,030	26,515	14,897	5,063	106,299	-	-
30	COMMON PLANT	100,642	-	-	30,531	16,018	-	1,052	9,206	5,172	1,758	36,906	-	-
31	TRANSPORTATION EQUIPMENT	-	-	-	-	-	-	-	-	-	-	-	-	-
32														
33	**TOTAL DEPRECIATION EXPENSE**	2,708,403	209,514	-	925,023	822,180	-	275,134	149,092	122,017	62,238	143,205	-	-
34														
35														
36														
37														
38	**TAXES OTHER THAN INCOME**													
39														
40	FEDERAL UNEMPLOYMENT	(6,572)	-	-	(1,994)	(1,046)	-	(69)	(601)	(338)	(115)	(2,410)	-	-
41	STATE UNEMPLOYMENT	(4,668)	-	-	(1,416)	(743)	-	(49)	(427)	(240)	(82)	(1,712)	-	-
42	FICA	161,314	-	-	48,937	25,674	-	1,686	14,756	8,290	2,818	59,154	-	-
43	STATE INTANGIBLE	1,354,781	-	-	-	-	-	-	-	-	-	-	-	1,354,781
44	REGULATORY ASSESSMENT FEE	8,180	-	-	-	-	-	-	-	-	-	-	-	8,180
45	REAL AND PERSONAL PROPERTY	524,994	53,034	-	183,499	156,293	-	54,851	29,953	15,953	9,884	21,527	-	-
46	STATE GROSS RECEIPTS	1,217,311	-	-	-	-	-	-	-	-	-	-	-	1,217,311
47	EMERGENCY EXCISE TAX	(8,392)	(848)	-	(2,933)	(2,498)	-	(877)	(479)	(255)	(158)	(344)	-	-
48	OCCUPATIONAL LICENSE	1,104	112	-	386	329	-	115	63	34	21	45	-	-
49														
50	**TOTAL TAXES OTHER THAN INCOME**	3,248,053	52,297	-	226,479	178,009	-	55,658	43,265	23,443	12,368	76,261	-	2,580,273

Supporting Schedules

Recap Schedules

Schedule E-7 | SOURCE AND AMOUNT OF REVENUES - AT PRESENT AND PROPOSED RATES | Page 1 of 1

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY. FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO · 030438EI

EXPLANATION: Provide a schedule by rate class which identifies the source and amount of ALL revenue INCLUDED IN THE COST OF SERVICE STUDY The base rate revenue from retail sales of electricity must equal that shown on MFR Schedule E-17a. The revenue from service charges must equal that shown on MFR Schedule E-17b. The total revenue for the retail system must equal that shown on MFR Schedule ---.

Type of Data Shown:

Projected Test Year 12/31/2004

Witness· Mark Cutshaw

Account Number	Description of Source	Total Company	Residential Service	General Service	General -Demand	General Large Demand	General Large Demand 1	Total Outdoor Lighting	OL	OL-2	Total Street Lighting	SL-2	SL-3
	PRESENT REVENUES												
44**1	BASE REVENUES	11,361,793	6,211,171	1,341,974	2,135,291	430,949	485,782	579,756	39,633	540,124	176,869	32,560	144,309
44**3	GROSS RECEIPTS REVENUES	1,217,311	665,470	143,780	228,777	46,172	52,047	62,116	4,246	57,869	18,950	3,489	15,461
44**4	FRANCHISE FEE REVENUES	1,354,781	676,765	134,159	304,394	72,123	134,605	24,563	1,965	22,597	8,172	1,932	6,240
451, 4511, 4512	SERVICE REVENUES	170,561	146,349	19,962	4,142	92	15	0	0	0	0	0	0
450	RENT	107,897	63,858	13,543	26,344	3,034	0	771	101	670	347	136	210
4566, 4563, 4562, 4561	MISC and UNBILLED	24,478	11,023	2,143	5,965	1,743	3,397	143	19	124	64	25	39
450	OTHER	255,104	218,891	29,857	6,195	138	22	0	0	0	0	0	0
	TOTAL REVENUES AT PRESENT RATES	14,491,924	7,993,527	1,685,419	2,711,108	554,252	675,868	667,349	45,964	621,384	204,402	38,142	166,259
	PROPOSED REVENUES												
44**1	BASE REVENUES	15,383,982	8,969,546	1,854,034	2,510,722	498,575	392,701	887,616	60,678	826,938	270,789	49,850	220,939
44**3	GROSS RECEIPTS REVENUES	1,217,311	709,747	146,707	198,670	39,451	31,074	70,236	4,801	65,434	21,427	3,945	17,483
44**4	FRANCHISE FEE REVENUES	1,354,781	676,765	134,159	304,394	72,123	134,605	24,563	1,965	22,597	8,172	1,932	6,240
451, 4511, 4512	SERVICE REVENUES	262,479	225,220	30,721	6,374	142	23	-	-	-	-	-	-
450	RENT	107,897	63,858	13,543	26,344	3,034	-	771	101	670	347	136	210
4566, 4563, 4562, 4561	MISC and UNBILLED	27,495	12,382	2,407	6,700	1,958	3,815	161	21	139	72	28	44
450	OTHER	255,104	218,891	29,857	6,195	138	22	-	-	-	-	-	-
	TOTAL REVENUES AT PROPOSED RATES	18,609,049	10,876,407	2,211,428	3,059,399	615,422	562,240	983,346	67,567	915,778	300,807	55,891	244,915

Supporting Schedules

Recap Schedules·

Schedule E-8a

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO : 030438EI

COST OF SERVICE STUDY - UNIT COSTS, PRESENT RATES

EXPLANATION: For each cost of service study filed by the company, calculate the unit costs for demand, energy and customer for each rate schedule at present rates, based on the revenue requirements from sales of electricity only. (Other operating revenues must be excluded) The demand unit costs must be separated into production, transmission and distribution. Unit costs under present rates must be calculated at both the system and class rates of return. Unit costs must be provided separately for each existing rate class, except for the lighting classes If the company is proposing to combine two or more classes, it must also provide unit costs for the classes combined. Customer unit costs for the classes must include only customer-related costs excluding costs for fixtures and poles (i.e , exclude cost for fixtures and poles) The lighting facilities must be shown on a separate line. The unit costs must include no fuel, conservation, oil backout or related expenses. Billing units must match Schedules E-19a, E-19b, and E-19c.

Type of Data Shown.

Projected Test Year 12/31/2004

Witness. Mark Cutshaw

Allocation Method

Line No.	Total Company	Residential Service	General Service	General -Demand	General Dem. Large	General Dem large 1	Total Outdoor Lighting	OL	OL-2	Total Street Lighting	SL-2	SL-3
UNIT COSTS AT TARGET RATE OF RETURN	This information is provided in the Unit Cost Section (Present Rates) of the Cost Study Report attached to Schedule E-1											
DEMAND ($/KW/MONTH)												
TRANSMISSION												
DISTRIBUTION - PRIMARY												
DISTRIBUTION - SECONDARY												
TOTAL DEMAND TO PRIMARY												
TOTAL DEMAND TO SECONDARY												
DEMAND ($/KWH)												
TRANSMISSION												
DISTRIBUTION - PRIMARY												
DISTRIBUTION - SECONDARY												
TOTAL DEMAND TO PRIMARY												
TOTAL DEMAND TO SECONDARY												
ENERGY												
TRANSMISSION												
CUSTOMER ($/CUSTOMER/MONTH)												
METERS												
SERVICE DROPS												
CUSTOMER ACCOUNTS												
CUSTOMER SERVICE												
OTHER												
TOTAL CUSTOMER												

Schedule E-8b

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO.: 030438EI

COST OF SERVICE STUDY - UNIT COSTS, PROPOSED RATES

EXPLANATION For each cost of service study filed by the company, calculate the unit costs for demand, energy and customer for each rate schedule at proposed rates, based on the revenue requirements from sales of electricity only (Other operating revenue must be excluded) The demand unit costs must be separated into production, transmission and distribution Calculate the unit cost under proposed rates at the system rate of return. Unit costs must be provided separately for each existing rate class, except for the lighting classes. If the company is proposing to combine two or more classes, it must also provide unit costs fro the classes combined. Customer unit costs for the classes must include only customer-related costs excluding costs for fixtures and poles (i e., exclude cost for fixtures and poles). The lighting facilities must be shown on a separate line The unit costs must include no fuel, conservation, oil backout or related expenses Billing units must match Schedules E-19a, E-19b, and E-19c.

Page 1 of 1

Type of Data Shown

Projected Test Year 12/31/2004

Witness: Mark Cutshaw

Allocation Method

Line No.		Total Company	Residential Service	General Service	General -Demand	General Dem. Large	General Dem large 1	Total Outdoor Lighting	OL	OL-2	Total Street Lighting	SL-2	SL-3
	UNIT COSTS AT TARGET RATE OF RETURN	This information is provided in the Unit Cost Section (Proposed Rates) of the Cost Study Report attached to Schedule E-1											
	DEMAND ($/KW/MONTH)												
	TRANSMISSION												
	DISTRIBUTION - PRIMARY												
	DISTRIBUTION - SECONDARY												
	TOTAL DEMAND TO PRIMARY												
	TOTAL DEMAND TO SECONDARY												
	DEMAND ($/KWH)												
	TRANSMISSION												
	DISTRIBUTION - PRIMARY												
	DISTRIBUTION - SECONDARY												
	TOTAL DEMAND TO PRIMARY												
	TOTAL DEMAND TO SECONDARY												
	ENERGY												
	TRANSMISSION												
	CUSTOMER ($/CUSTOMER/MONTH)												
	METERS												
	SERVICE DROPS												
	CUSTOMER ACCOUNTS												
	CUSTOMER SERVICE												
	OTHER												
	TOTAL CUSTOMER												

Supporting Schedules:

Recap Schedules:

Schedule E-10

DEVELOPMENT OF SERVICE CHARGES

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO.: 030438EI

EXPLANATION: Provide the calculation of the current cost of providing the services listed in Schedule E-16b. At a minimum, this documentation should include an estimate of all labor, transportation, customer accounting and overhead costs incurred in providing the service. Also provide a short narrative on the tasks involved in performing the service.

Type of Data Shown:
Projected Test Year 12/31/2004
Projected Prior Year 12/31/2003

Witness: Mark Cutshaw

Derivation of Hourly Costs

1. Labor Rates

Actual hourly rates as of April 30, 2003 were used as a basis of determining the cost of the required activities. These Rates were adjusted for non-productive time (vacation and sick time) and further adjusted for overhead costs (payroll taxes, pension, workman's comp insurance and employee medical insurance).

2. Category Labor Rates

Administrative Labor

The average hourly wage of the Electric Operations Managers and the Customer Service Managers:

Average Hourly Rate		=	28.79
Non-Productive Time Adjustment	$28.79 X 111.45%	=	32.09
Overhead Cost Adjustment	$32.09 X 121.82%	=	39.09
Total Administrative Hourly Labor Cost			39.09

Clerical Labor

The hourly wage of the staff handling these services:

Average Hourly Rate		=	12.91
Non-Productive Time Adjustment	$12.91 X 111.45%	=	14.39
Overhead Cost Adjustment	$14.39 X 121.82%	=	17.53
Total Clerical Hourly Labor Cost			17.53

Schedule E-10

DEVELOPMENT OF SERVICE CHARGES

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO.: 030438EI

EXPLANATION: Provide the calculation of the current cost of providing the services listed in Schedule E-16b. At a minimum, this documentation should include an estimate of all labor, transportation, customer accounting and overhead costs incurred in providing the service. Also provide a short narrative on the tasks involved in performing the service.

Type of Data Shown:
Projected Test Year 12/31/2004
Projected Prior Year 12/31/2003

Witness: Mark Cutshaw

Service Labor

The average hourly wage for the Service Department Personnel that normally perform the necessary activities in the field:

Average Hourly Rate		=	18.65
Non-Productive Time Adjustment	$18.65 X 111.45%	=	20.79
Overhead Cost Adjustment	$20.79 X 121.82%	=	25.32
Total Service Hourly Labor Cost			25.32

Construction Labor

The average hourly wage of construction personnel involved customer service activities:

Average Hourly Rate		=	21.48
Non-Productive Time Adjustment	$21.48 X 111.45%	=	23.94
Overhead Cost Adjustment	$23.94 X 121.82%	=	29.16
Total Service Hourly Labor Cost			29.16

3. Transportation rate
The actual average hourly transportation rate **for 2003**

Hourly Transportation Rate	=	$7.78

Schedule E-10

DEVELOPMENT OF SERVICE CHARGES

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO.: 030438EI

EXPLANATION: Provide the calculation of the current cost of providing the services listed in Schedule E-16b. At a minimum, this documentation should include an estimate of all labor, transportation, customer accounting and overhead costs incurred in providing the service. Also provide a short narrative on the tasks involved in performing the service.

Type of Data Shown:
Projected Test Year 12/31/2004
Projected Prior Year 12/31/2003

Witness: Mark Cutshaw

Derivation of Costs for Proposed Service Charges

It is proposed to have six (6) different categories of service charges as described below. This will modify two (2) service charges, eliminate one (1) existing service charge and retain four (4) service charges.

The Administrative, Clerical, Service Construction, and Transportation time in hours for each activity was determined by the Director, Northwest Florida

A description of each type of activity along with the derivation of their respective costs of labor and transportation follows:

1) Initial Establishment of Services

At the customer's request, an order is created by the Customer Service Representative to have power connected. Once we receive notification that the customer's premise us ready to have power , the order is routed to service personnel who go to the location and connect the service or change from temporary to permanent and set a meter. The order is returned to the office for input into the computer

	Time	Hourly Cost	Cost
Administrative Labor	0.17 hours @	39.09	6.65
Clerical Labor	0.25 hours @	17.53	4.38
Service Labor	1.00 hours @	25.32	25.32
Transportation	1.00 hours @	7.78	7.78
		Total Cost	44.13

Schedule E-10

DEVELOPMENT OF SERVICE CHARGES

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO.: 030438EI

EXPLANATION: Provide the calculation of the current cost of providing the services listed in Schedule E-16b. At a minimum, this documentation should include an estimate of all labor, transportation, customer accounting and overhead costs incurred in providing the service. Also provide a short narrative on the tasks involved in performing the service.

Type of Data Shown:
Projected Test Year 12/31/2004
Projected Prior Year 12/31/2003

Witness: Mark Cutshaw

2) Re-Establish Service or Make Changes to an Existing Account

At the customer's request, an order is created by the Customer Service Representative to have power turned on. The order is routed to service personnel who go to the location and set or read a meter. The order is returned to the office for input into the computer.

	Time	Hourly Cost	Cost
Administrative Labor	-- hours @	39.09	0
Clerical Labor	0.16 hours @	17.53	2.8
Service Labor	0.50 hours @	25.32	12.66
Transportation	0.50 hours @	7.78	3.89
		Total Cost	19.35

3) Temporary Disconnect Then Reconnect Service

At the customer's request, an order is created by the Customer Service Representative to have power temporally disconnected and then reconnected at customer's request. The order is then routed to service personnel who go to the site and disconnect and then return to the site to reconnect when requested by customer. Order us returned to office for filling.

	Time	Hourly Cost	Cost
Administrative Labor	-- hours @	39.09	0
Clerical Labor	0.05 hours @	17.53	0.88
Service Labor	0.80 hours @	25.32	20.26
Transportation	0.80 hours @	7.78	6.22
		Total Cost	27.36

Schedule E-10

DEVELOPMENT OF SERVICE CHARGES

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO.: 030438EI

EXPLANATION: Provide the calculation of the current cost of providing the services listed in Schedule E-16b. At a minimum, this documentation should include an estimate of all labor, transportation, customer accounting and overhead costs incurred in providing the service. Also provide a short narrative on the tasks involved in performing the service.

Type of Data Shown:
Projected Test Year 12/31/2004
Projected Prior Year 12/31/2003

Witness: Mark Cutshaw

4) a) Reconnect After Disconnect for Violation of Rules Shown in Section - 13 Discontinuance of Service

After the disconnected customer has corrected the rule violation a service order is created to by a Customer Service representative and routed to a service person who goes back to the customer's location and reconnects the service. The order is returned to the office so that a service charge can be put into the computer

	Time	Hourly Cost	Cost
Administrative Labor	0.19 hours @	39.09	7.43
Clerical Labor	0.19 hours @	17.53	3.33
Service Labor	0.80 hours @	25.32	20.26
Transportation	0.80 hours @	7.78	6.22
		Total Cost	37.24

b) After Hours

	Time	Hourly Cost	Cost
Administrative Labor	0.19 hours @	39.09	7.43
Clerical Labor	0.25 hours @	17.53	4.38
Service Labor	0.40 hours @	25.32	10.13
Construction	1.00 hours @	29.16	29.16
Transportation	1.40 hours @	7.78	10.89
		Total Cost	61.99

Schedule E-10

DEVELOPMENT OF SERVICE CHARGES

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO.: 030438EI

EXPLANATION: Provide the calculation of the current cost of providing the services listed in Schedule E-16b. At a minimum, this documentation should include an estimate of all labor, transportation, customer accounting and overhead costs incurred in providing the service. Also provide a short narrative on the tasks involved in performing the service.

Type of Data Shown:
Projected Test Year 12/31/2004
Projected Prior Year 12/31/2003

Witness: Mark Cutshaw

5) Temporary Service

At the customer's request for service, an order is created by the Customer Service Representative to run temporary service. When we receive notification that the customer's premise is ready to have power, the order is routed to service personnel who go to the location and connect the service and set a meter. The order is returned to office for input into the computer. A return field trip is required to remove service and meter.

	Time	Hourly Cost	Cost
Administrative Labor	0.25 hours @	39.09	9.77
Clerical Labor	0.40 hours @	17.53	7.01
Construction	0.75 hours @	29.16	21.87
Transportation	0.75 hours @	7.78	5.84
		Total Cost	44.49

6) Collection Charge

If a customer does not pay their monthly bill by the date due, a collection notice is issued. The notice is routed to service personnel who go to the location in an attempt to collect the amount due. Communication with office personnel is established in order to avoid collection calls if bills have been paid.

	Time	Hourly Cost	Cost
Administrative Labor	-- hours @	39.09	0
Clerical Labor	0.10 hours @	17.53	1.75
Service Labor	0.30 hours @	25.32	7.6
Transportation	0.30 hours @	7.78	2.33
		Total Cost	11.68

Supporting Schedules:

Recap Schedules:

Schedule E-11 | COMPANY-PROPOSED ALLOCATION OF THE RATE INCREASE BY RATE CLASS | Page 1 of 1

FLORIDA PUBLIC SERVICE CO EXPLANATION: Provide a schedule which shows the company proposed increase in revenue by rate schedule and the present and company-proposed class rates of return under the proposed cost of service study Provide justification for every class not left at the system rate of return If the increase from service charges by rate class does not equal that shown on Schedule E-17b or if the increase from sales of electricity does not equal that shown on Schedule E-17a, provide an explanation.

COMPANY. FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO 030438E1

Type of Data Shown:

Projected Test Year 12/31/2004

Witness: Mark Cutshaw

Rate Class	ROR	Index	Present Base Revenues	Fuel Revenues	Increase from Service Charges	Increase from Other Rev	Increase in Base Revenues*	Increase in Total Revenues	Base Revenue % Increase in Rev. W/Fuel	Base Revenue % Increase in Rev. W/O Fuel	Total Revenue % Increase in Rev W/Fuel	Total Revenue % Increase in Rev W/O Fuel	Company Proposed ROR**	Company Proposed Index
Total Company	2 73%	1.00	11,361,793	27,112,504	91,915	3,017	4,022,189	4,117,121	10 5%	35.4%	10.7%	36 2%	9.00%	1.00
Residential Service	1 99%	0.73	6,211,171	13,032,173	78,868	1,359	2,758,374	2,838,601	14 3%	44.4%	14.8%	45 7%	10 44%	1.16
General Service	2.74%	1.00	1,341,974	2,473,537	10,758	264	512,060	523,082	13 4%	38 2%	13 7%	39 0%	10 48%	1 16
General Demand	6 54%	2.39	2,135,291	6,500,756	2,232	735	375,431	378,398	4 3%	17 6%	4 4%	17 7%	10 34%	1 15
General Demand Large	6 94%	2 54	430,949	1,608,553	50	215	67,626	67,890	3 3%	15.7%	3 3%	15 8%	10 29%	1 14
General Large Demand	11 79%	4.32	485,782	3,317,133	8	419	(93,082)	(92,655)	-2 4%	-19 2%	-2 4%	-19 1%	9 77%	1 09
Total Outdoor Lighting	-9.95%	(3 64)	579,756	123,552	-	18	307,859	307,877	43 8%	53 1%	43.8%	53 1%	-4.20%	(0.47)
OL	-9 97%	(3.65)	39,633	16,502	-	2	21,046	21,048	37 5%	53.1%	37.5%	53 1%	-0 65%	(0.07)
OL-2	-9 95%	(3 64)	540,124	107,049	-	15	286,814	286,829	44 3%	53 1%	44 3%	53 1%	-4.41%	(0 49)
Total Street Lighting	-13 06%	(4.78)	176,869	56,801	-	8	93,920	93,928	40 2%	53 1%	40 2%	53 1%	-18.42%	(2 05)
SL-2	-18 65%	(6 83)	32,560	22,491	-	3	17,290	17,293	31 4%	53 1%	31 4%	53.1%	-28 02%	(3 11)
SL-3	-11 73%	(4 29)	144,309	34,310	-	5	76,630	76,635	42.9%	53.1%	42 9%	53 1%	-16 14%	(1.79)

0 53

*Proposed Rates are developed by scaling up all prices by the same percentage, and adjusting to account for the 1 1/2 rule.

**Individual class rates of return do not equal the system rate of return due to adjustments to account for the 1 1/2 rule

Supporting Schedules:

Recap Schedules

Schedule E-12 | COST OF SERVICE - LOAD DATA | Page 1 of 1

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO : 030438EI

EXPLANATION: Provide the load data below by rate schedule Any other load data used to develop demand allocation factors for cost of service studies submitted in this proceeding should also be provided. Average number of customers and annual MWH should be in agreement with the company's forecast in Schedules E-19a and E-19c, respectively.

Type of Data Shown:
Projected Test Year 12/31/2004

Witness: Mark Cutshaw

Line No.	Rate Class	(1) Annual MWH Sales	(2) Annual MWH Unbilled	(3) Annual MWH Total	(4) Output to Line MWH*	(5) Class NCP KW*	(6) CP Winter KW*	(7) CP Summer KW*	(8) Average 12 CP KW*	(9) Average Demand KW*	(10) 12 CP & 1/13 Weighted Average Demand*	(11) Average Number of Customers
	Total Company	767,865	576	768,441	806,038	191,366	NA	NA	139,202	92,013	135,572	34,189
	Residential Service	344,173	258	344,432	362,974	96,271	NA	NA	71,722	41,435	69,392	22,865
	General Service	66,912	50	66,962	70,567	20,418	NA	NA	14,088	8,056	13,624	3,119
	General Service Demand	186,374	140	186,513	196,417	40,853	NA	NA	30,027	22,422	29,442	647
	General Service Demand Large	55,228	41	55,269	57,408	10,919	NA	NA	7,938	6,553	7,832	14
	General Service Demand Large 1	108,710	82	108,792	111,851	21,220	NA	NA	15,427	12,768	15,223	2
	Total Outdoor Lighting	4,462	3	4,466	4,706	1,162	NA	NA	0	537	41	5,049
	OL	587	0	587	619	153	NA	NA	0	71	5	650
	OL-2	3,876	3	3,878	4,087	1,009	NA	NA	0	467	36	4,399
	Total Street Lighting	2,006	2	2,007	2,116	522	NA	NA	0	241	19	2,492
	SL-1	0	-	0	0	0	NA	NA	0	0	0	0
	SL-2	788	1	788	831	205	NA	NA	0	95	7	842
	SL-3	1,218	1	1,219	1,285	317	NA	NA	0	147	11	1,650
	Total Company	767,865	576	768,441	806,038	191,366			139,202	92,013	135,572	34,189

Supporting Schedules:

Recap Schedules:

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY. FLORIDA PUBLIC UTILITIES MARIANNA DIVISION

DOCKET NO.. 930400–EI

EXPLANATION: Derive each allocation factor used in the cost of service study Provide supporting data and any workpapers used in deriving these allocation factors, and a brief narrative description of the development of each allocation factor.

Type of Data Shown:
Projected Test Year Ended 12/31/94
Witness English

Factor 1 MWH at Source MWH sales at source represents the total required generation for each customer class. This factor was derived by starting with MWH sales by class and multiplying by an energy loss multiplier to reflect the load at the next higher voltage level. For example, secondary sales were multiplied by a loss multiplier to restate the load at the primary distribution level, any primary sales for the class are then added to the reflected secondary load and the sum was then multiplied by another loss multiplier to reflect the total load at generation. The loss multipliers used in the cost of service study were 1.025 (2.44% losses) from secondary to primary and 1.029 (2.81% losses) primary to generation.

Total energy losses for 1992 were 4.7 percent. 2.44 percent were estimated to be secondary system losses. The balance of losses were attributed as being incurred in the generation to primary system. The development of this factor is shown on Sheet No. 2 of the Appendix.

Factor 2 MHW Sales MWH sales for each class were forecasted for the test–year by the division manager. Refer to Schedule E–18C, Page 4.

Factor 3 Average 12–Month CP + 1/13th Average kW month This factor was used to allocate Production Demand–Related Costs The factor was derived for each customer class by: (i) weighting the 12–month average coincident peak at generation by 12/13; (ii) weighting the average hourly energy at generation by 1/13; and (iii) summing both weighted components. The development of this factor is set forth on Schedule E–12.

Factor 4 Class Demand at Primary – kW Class demand at primary was developed by the following process:

(1) MWH sales at the meter and the class load factor with respect to the 12–month coincident peak were used to compute the class 12–month average coincident peak The load factor with respect to the 12–month average coincident peak was based on load research data from Gulf Power Company. Refer to Appendix, Sheet Nos. 1 and 3;

(2) The class 12–month average coincident peak at the meter was multiplied by a coincidence factor to derive the 12–month average class demand at the meter. The coincidence factors were based on load research performed by Gulf Power Company. Refer to Appendix Sheet Nos. 1 and 5.

(3) The maximum class demands at the meter level for customers taking service at secondary were reflected to the primary voltage level by applying a loss multiplier and added to the metered class maximum load of customers served at primary Refer to Appendix, Sheet No 6

Factor 5 Class Demand at Secondary – kW Class demands at the secondary level were determined as in steps (1) and (2) as described for allocation factor No 4. Customers taking service at primary voltage were then excluded. Refer to Appendix, Sheet Nos. 5 and 6.

Factor 6 Average Number of Customers This factor was derived from a forecast prepared by the Division Manager, by computing the average of the beginning and end of year number of customers Refer to Schedule E–18a, Page 4

Factor 7 Average Number of Customers Excluding Lighting Same as factor 6, except excludes lighting customers.

Factor 8 Meter Reading – Weighted Customers This factor was developed by multiplying the number of customers in each class by a weighting factor with respect to residential (1.0). The weighting factors used were: Residential 1 0; General Service: 1.0; General Demand: 1.5; General Demand Large: 1.5; and General Demand Large 1: 1.5. The weightings used were based on judgement as to the relative cost of meter reading associated with each class. The product of customers times weighting factor were then summed over all classes. The class responsibility was the class product divided by the sum over all classes.

Supporting Schedules:

Recap Schedules:

Factor 9 Billing – Weighted Customers This factor was developed by multiplying the number of customers in each class by a weighting factor with respect to residential (1.). The weighting factors used were: Residential 1.0· General Service: 1.0; General Demand 1 5; General Demand Large: 1 5; General Demand Large 1: 250.0; OL: 0.5; and SL: 0 5. The weightings used were based on judgement as to the relative cost of billing associated with each class. The product of customers times weighting factors were then summed over all classes. The class responsibility was the class product divided by the sum over all classes.

Factor 10 Services (Class kW Excluding Lighting) Services were allocated to classes based on the class maximum demand at the meter level. Refer to Sheet No 5 of the Appendix.

Factor 11 Meters This factor was developed by multiplying the number of customers in each class by a weighting factor with respect to residential (1 0). The weighting factors used were Residential: 1.00, General Service 4 25; General Demand: 16.86; General Demand Large: 155.90; and General Demand Large 1: 648.37. The weightings used were based on a methodology in which the appropriate type meters were assigned to the residential class, the general service class, and so on until all of the meters were accounted for. An average cost per meter was then obtained for each class. By dividing the average cost for residential, a relative weighting factor was obtained. The product of the number of customers and weighting factor was then summer over all classes The class responsibility was the weighted class amount divided by the sum of the weighted classes amounts for all classes. The methodology is shown on Workpaper #3.

Factor 12 Outdoor Lighting Plant Was based on company records as to the types lighting fixtures associated with rates OL and OL–2. Refer to Workpaper #4

Factor 13 Street Lighting Plant Was based on an analysis of poles, conductor and lighting fixtures associated with the street lighting class. Poles were allocated between the street lighting classes (SL–1, SL–2, and SL–3) based on number of poles billed. Conductors were allocated based on number of customers in each street lighting class. Fixtures were assigned based on the number and type of fixtures in each street lighting class. Refer to Workpaper #5.

Factor 14 Revenues The revenue factor is an internally generated factor. That is, the program references the sales revenues assigned to each class and forms a factor that may be applied to another account or cost of service component.

Factor 15 Customer Accounts Expenses This is an internally generated factor that references the allocation of customer accounts expenses, accounts 901 – 905.

Factor 16 Plant in Service–Allocated This is an internally generated factor that references the allocation of plant in service.

Factor 21 Labor Ratios by Function The labor factor was developed as follows: (1) test–year operating expense labor was assigned to the production, transmission, distribution, customer accounts, customer service and informational, and sales functions; and (2) transmission was zero, distribution was allocated based on distribution O&M expenses, customer accounts was assigned to the Customer Billing function, customer information and sales were assigned to the Customer Other function. The Labor Expenses (Functionalized) schedule of the cost study shows the result of using this procedure The Labor Ratios by Function factor was internally generated based on the functionalized labor cost study schedule.

Factor 22 50% Labor/50% Plant This factor was created by weighting the percent distribution of the labor factor by 50% and the percent distribution of the plant factor by 50%

Factor 23 Services Account (by Function) This factor recognizes that the services account contains services that are directly assignable to the outdoor lighting class and street lighting. This factor, which is internally generated, references the functionalization of the services account (369) and determines the percentage distribution between OL, SL, and the other classes.

Factor 24 Distribution Poles This is an internally generate factor that references the functionalization of poles plant account 364 Refer to Workpaper #1.

Factor 25 Distribution Overhead Conductors This is an internally generated factor that references the functionalization of distribution overhead conductors account 365. Refer to Workpaper #2.

Factor 26 Distribution Overhead Lines This is an internally generated factor that references the functionalization of the poles and overhead conductors account 364 and 365.

Factor 27 Distribution Underground Conductors This is an internally generated factor that references distribution underground conductors account 367. Refer to Workpaper #2.

Factor 28 Total Distribution Plant This is an internally generated factor that references the functionalization of the distribution plant accounts.

Factor 29 Total Electric Plant This is an internally generated factor that references the functionalization of total plant in service

Factor 30 Distribution Operation Supervision & Engineering This is an internally generated factor that references the functionalization of the distribution operation accounts, excluding rents and supervision and engineering.

Faction 31 Distribution Maintenance Supervision & Engineering This is an internally generated factor that references the functionalization of the distribution maintenance accounts, excluding supervision and engineering.

Factor 32 Distribution O&M Expenses This is an internally generated factor that references the functionalization of all of the distribution O&M expense accounts

Factor 33 O&M Expenses Excluding Purchased Power This is an internally generated factor that references the functionalization of all of the O&M expense accounts, excluding purchased power.

Schedule E-14 | DEVELOPMENT OF COINCIDENT AND NONCOINCIDENT DEMANDS FOR COST STUDY | Page 1 of 1

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO : 030438EI

EXPLANATION: Provide a description of how coincident and noncoincident demands for the test year were developed. Include an explanation of how the demands at the meter for each class were developed and how they were expanded from the meter level to generation level. Provide the workpapers for the actual calculations If a methodology other than the application of ratios of class' coincident and noncoincident load to actual MWH sales is used to derive projected demands, please provide justification for the use of that methodology.

Type of Data Shown.

Projected Test Year 12/31/2004

Witness Mark Cutshaw

Coincident demands were developed by rate class for the test year by use of load factor ratios calculated by using Gulf Power Company's load research results from the years 1999, 2001, and 2002-2003 The load factor ratios used are the average of such values by class for the three years.

Noncoincident class maximum demands were developed by application of coincident factor ratios to the class coincident demands Gulf Power Company's load research data was used to calculate the coincidence factors. The coincidence factors used are the three-year average of such values by class

Both coincident and noncoincident demands were derived at the customer meter level and expanded to the supply level by use of estimated loss factors. Schedule E-17 discusses the derivation of the loss factors.

Details of the development of the demand factors are provided in the Cost Study Report attached to Schedule E-1.

Supporting Schedules

Recap Schedules

Schedule E-15 | ADJUSTMENT TO TEST YEAR UNBILLED REVENUE | Page 1 of 1

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO.: 030438EI

EXPLANATION: Provide a schedule showing the calculation of the adjustment by rate class to the test year amount of unbilled revenue for the effect of the proposed rate increase. (The calculation of test year unbilled revenue at present rates is provided in Schedule C-11.)

Type of Data Shown:

Projected Test Year 12/31/20

Witness: Mark Cutshaw

	(1)	(2)	(3)	(4)	(5)	(6)	
	Sales of Electricity (excluding unbilled)			Unbilled Sales			
					Base Revenues(000's)		
Rate Class	Proposed Base Revenue (000's)	kWh	Per Unit $/MWH col(1)/col(2)	kWh	Proposed col(3)*col(4)	Present Revenue	Percent Increase
Total Company	15,383,982	767,865,108	0.0200	576,034	11,541	8,523	35.4%
Residential Service	8,969,546	344,173,333	0.0261	258,191	6,729	4,969	35 4%
General Service	1,854,034	66,912,014	0.0277	50,196	1,391	1,027	35.4%
General Demand	2,510,722	186,373,546	0.0135	139,813	1,883	1,391	35.4%
General Demand Large	498,575	55,227,856	0.0090	41,431	374	276	35.4%
General Large Demand	392,701	108,710,000	0 0036	81,552	295	218	35.4%
Total Outdoor Lighting	887,616	4,462,396	0.1989	3,348	666	492	35.4%
OL	60,678	586,826	0.1034	440	46	34	35.4%
OL-2	826,938	3,875,570	0.2134	2,907	620	458	35.4%
Total Street Lighting	270,789	2,005,964	0.1350	1,505	203	150	35.4%
SL-2	49,850	787,610	0.0633	591	37	28	35.4%
SL-3	220,939	1,218,354	0.1813	914	166	122	35.4%
Total Company		767,865,108					

Note: The Net Unbilled sales are computed in total then spread to rate classes on basis of MWH sales.
The projected unbilled revenues was computed by multiplying the present unbilled revenues by the overall projected increase in total base revenues.

Supporting Schedules:

Recap Schedules:

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO · 030438EI

EXPLANATION Compare jurisdictional revenue excluding service charges by rate schedule under present and proposed rates for the test year. If any customers are to be transferred from one schedule to another, the revenue and billing determinant information shall be shown separately for the transfer group and not be included under either the new or old classification. Provide the calculation of the revenue from fuel, ECCR, oil backout, including the factors used for the test year.

Type of Data Shown

Projected Test Year 12/31/2004

Witness· Mark Cutshaw

			Present Rates				Proposed Rates				Increase Base		Increase Total	
			(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Rate	kWh	Fuel Charge ($/kWh)	Base Revenue	Fuel	Conservation $/kWh	Total Revenues	Base Revenue	Fuel	Conservation $/kWh	Total Revenues	(8) - (1)	(15) / (1)	(14) - (7)	(17) / (7)
Total Company	767,865,108		11,361,793	27,112,504	466,940	38,941,237	15,383,982	27,112,504	466,940	42,963,426	4,022,189	35 4%	4,022,189	10 3%
Residential Service	344,173,333	0.0379	6,211,171	13,032,173	209,292	19,452,636	8,969,546	13,032,173	209,292	22,211,010	2,758,374	44 4%	2,758,374	14.2%
General Service	66,912,014	0.0370	1,341,974	2,473,537	40,689	3,856,200	1,854,034	2,473,537	40,689	4,368,260	512,060	38 2%	512,060	13 3%
General Demand	186,373,546	0.0349	2,135,291	6,500,756	113,334	8,749,381	2,510,722	6,500,756	113,334	9,124,812	375,431	17 6%	375,431	4 3%
General Demand Large	55,227,856	0 0291	430,949	1,608,553	33,584	2,073,086	498,575	1,608,553	33,584	2,140,712	67,626	15 7%	67,626	3.3%
General Large Demand	108,710,000	0 0305	485,782	3,317,133	66,107	3,869,021	392,701	3,317,133	66,107	3,775,940	(93,082)	-19 2%	(93,082)	-2 4%
Total Outdoor Lighting	4,462,396	0 0277	579,756	123,552	2,714	706,022	887,616	123,552	2,714	1,013,881	307,859	53 1%	307,859	43.6%
OL	586,826	0 0277	39,633	16,502	357	56,492	60,678	16,502	357	77,537	21,046	53 1%	21,046	37.3%
OL-2	3,875,570	0 0277	540,124	107,049	2,357	649,530	826,938	107,049	2,357	936,344	286,814	53 1%	286,814	44 2%
Total Street Lighting	2,005,964	0 0283	176,869	56,801	1,220	234,890	270,789	56,801	1,220	328,810	93,920	53 1%	93,920	40.0%
SL-2	787,610	0 0283	32,560	22,491	479	55,530	49,850	22,491	479	72,820	17,290	53 1%	17,290	31.1%
SL-3	1,218,354	0.0283	144,309	34,310	741	179,360	220,939	34,310	741	255,990	76,630	53.1%	76,630	42.7%

Supporting Schedules

Recap Schedules

Schedule E-16b | REVENUES BY RATE SCHEDULE - SERVICE CHARGES (ACCOUNT 451) | Page 1 of 1

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO.: 030438EI

EXPLANATION: Provide a schedule of revenues from all service charges (initial connection, etc.) under present and proposed rates.

Type of Data Shown:

Projected Test Year 12/31/2004

Witness: Mark Cutshaw

Type of Service Charge*	Division	Number of Transactions	Present Charge	Proposed Charge	Revenues at Present Charges	Revenues at Proposed Charges	Increase Dollars	Increase Percent
1	Marianna	279	33.20	44.00	9,263	12,276	3,013	32.53%
1	Fernandina	291	13.00	44.00	3,783	12,804	9,021	238.46%
2	Marianna	2,704	14.50	19.00	39,208	51,376	12,168	31.03%
2	Fernandina	3,151	11.00	19.00	34,661	59,869	25,208	72.73%
3	Marianna	6	26.25	27.00	158	162	5	2.86%
3	Fernandina	4	20.00	27 00	80	108	28	35.00%
4	Marianna	0	16.00	19.00	-	-	-	0.00%
4	Fernandina	0	8.00	19.00	-	-	-	0.00%
5	Marianna	618	38.25	37.00	23,639	22,866	(773)	-3.27%
5	Fernandina	827	15.00	37.00	12,405	30,599	18,194	146.67%
5A	Marianna	52	38.25	60.00	1,989	3,120	1,131	56.86%
5A	Fernandina	125	15.00	60.00	1,875	7,500	5,625	300.00%
6	Marianna	78	30.50	44.00	2,379	3,432	1,053	44.26%
6	Fernandina	60	20.00	44 00	1,200	2,640	1,440	120.00%
7	Marianna	1,445	6.00	11.50	8,670	16,618	7,948	91.67%
7	Fernandina	683	0.00	11.50	-	7,855	7,855	Not Applicable
8	Marianna	541	Per Statute	Per Statute	16,687	16,687	-	0.00%
8	Fernandina	467	Per Statute	Per Statute	14,568	14,568	-	0.00%
TOTAL		11,331			170,564	262,479	91,915	53.89%

*1 Initial Establishment of Service
2 Re-establish Service or Make Changes to Existing Account
3 Temporary Disconnect Then Reconnect Service Due To Customer Request
4 Re-establish Active Service (read meter only) - this charge will be eliminated during this rate proceeding
5 Reconnect After Disconnect for Rule Violation(normal hours)
5A Reconnect After Disconnect for Rule Violation(after hours)
6 Temporary Service - this charge is used in conjunction with the temporary service fee when running a temporary service
7 Collection Charge
8 Returned Check Charge

Supporting Schedules:

Recap Schedules:

Schedule E-16c

BASE REVENUE BY RATE SCHEDULE - CALCULATIONS

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO 030438EI

EXPLANATION By rate schedule, calculate revenues under present and proposed rates for the test year If any customers are to be transferred from one schedule to another, show revenues separately for the transfer group Correction factors are used for historic test years only The total base revenue by class must equal that shown in Schedule E-17a The billing units must equal those shown in Schedules E-19a, E-19b, and E-19c

PROVIDE TOTAL NUMBER OF BILLS, MWH's, AND BILLING KWH FOR EACH RATE SCHEDULE (INCLUDING STANDARD AND TIME OF USE CUSTOMERS) AND TRANSFER GROUP

	Determinants					Present Revenue Calculation								
Type of Charge	Customers	kWh	kW	kVar	CP kW	$/Cust-Mo	$/kWh	$/kW	$/kVar	Purchase Power	Conservation Charge	Production Demand	Base Revenue	Total Revenues
Residential														
Fernandina Beach	12,980	202,706,750	-	-		6 90	0 01202	-	-	0 03745	0 00049		3,510,676	11,201,370
Marianna	9,885	141,466,583	-	-		8 30	0 01213	-	-	0 03846	0 00079		2,700,496	8,253,059
Consolidated	22,865	344,173,333	-	-		7 50	0 01207	-	-	0 03787	0 00061		6,211,171	19,454,429
General Service														
Fernandina Beach	1,398	38,793,275	-	-		9 85	0 01542	-	-	0 03624	0 00049		763,406	2,188,283
Marianna	1,721	28,118,739	-	-		11 50	0 01213	-	-	0 03797	0 00079		578,568	1,668,450
Consolidated	3,119	66,912,014	-	-		10 76	0 01404	-	-	0 03697	0 00062		1,341,974	3,856,733
General Service Demand														
Fernandina Beach	243	95,251,243	260,308	-		37 44	0 00540	1 74384	-	0 03445	0 00049		1,077,265	4,405,343
Marianna	404	91,122,304	323,540	-		43 75	0 00076	2 40000	-	0 03533	0 00079		1,058,027	4,349,364
Consolidated	647	186,373,546	583,848	-		41 38	0 00313	2 10745	-	0 03488	0 00064		2,135,291	8,754,707
General Service Large Demand														
Fernandina Beach	3	18,015,105	37,391	-		37 44	0 00540	1 74384	-	0 02040	0 00049		163,815	540,150
Marianna	11	37,212,751	92,839	-		52 50	-	2 80000	-	0 03335	0 00079		267,134	1,537,577
Consolidated	14	55,227,856	130,229	-		49 36	0 00176	2 49676	-	0 02913	0 00069		430,949	2,077,728
General Service Large Demand 1														
Fernandina Beach	2	108,710,000	419,726	4,350	177,698	467 98	-	1 12315	0 29557	0 02040	0 00049	6 19	485,782	3,856,183
Marianna	-	-	-	-	-	467 98	-	1 12315	0 29557				-	
Consolidated	2	108,710,000	419,726	4,350	177,698	467 98	-	1 12315	0 29557	0 02040	0 00049	6 19	485,782	3,856,183
Total	26,647	761,396,749	1,133,803	4,350	177,698								10,605,167	37,999,780

Supporting Schedules

Recap Schedules

Schedule E-16c

BASE REVENUE BY RATE SCHEDULE - CALCULATIONS

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO.: 030438EI

Type of Data Shown

Projected Test Year 12/31/2004

Witness: Mark Cutshaw

	Determinants					Proposed Revenue Calculation									Percent Increase	
Type of Charge	Customers	kWh	kW	kVar	CP kW	$/Cust-Mo	$/kWh	$/kW	$/kVar	Purchase Power	Conservation Charge	Production Demand	Base Revenue	Total Revenues	Base Revenues	Total Revenues
Residential																
Fernandina Beach	12,980	202,706,750	-	-												
Marianna	9,885	141,466,583	-	-												
Consolidated	22,865	344,173,333	-	-		10 84	0 01742	-	-	0 03787	0 00061	-	8,969,546	22,212,803	44 4%	14 2%
General Service																
Fernandina Beach	1,398	38,793,275	-	-												
Marianna	1,721	28,118,739	-	-												
Consolidated	3,119	66,912,014	-	-		14 87	0 01939	-	-	0 03697	0 00062	-	1,854,034	4,368,793	38 2%	13 3%
General Service Demand																
Fernandina Beach	243	95,251,243	260,308	-												
Marianna	404	91,122,304	323,540	-												
Consolidated	647	186,373,546	583,848	-		48 66	0 00368	2 478	-	0 03488	0 00064	-	2,510,722	9,130,138	17 6%	4 3%
General Service Large Demand																
Fernandina Beach	3	18,015,105	37,391	-												
Marianna	11	37,212,751	92,839	-												
Consolidated	14	55,227,856	130,229	-		57 11	0 00204	2 889	-	0 02913	0 00069	-	498,575	2,145,354	15 7%	3 3%
General Service Large Demand 1																
Fernandina Beach	2	108,710,000	419,726	4,350	177,698											
Marianna	-	-	-	-	-											
Consolidated	2	108,710,000	419,726	4,350	177,698	378 31	-	0 908	0 2389	0 02040	0 00049	6 19	392,701	3,763,101	-19 2%	-2 4%
Total	26,647	761,396,749	1,133,803	4,350	177,698								14,225,577	41,620,189	34 1%	9 5%

Supporting Schedules

Recap Schedules

Schedule E-16d

REVENUE BY RATE SCHEDULE - LIGHTING SCHEDULE CALCULATION

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO 030438EI

EXPLANATION Calculate revenue under present and proposed rates for the test year for each lighting schedule Show revenues from charges for all types of lighting fixtures, poles and conductors Poles should be listed separately from fixtures Show separately revenues from customers who own facilities as well as those who do not Annual KWH's must agree with the data provided in Schedule E-16c

Type of Data Shown

Projected Test Year 12/31/2004

Witness Mark Cutshaw

									Present Rates						Proposed Rates					
Territory	Tariff	Code	FACILITY	Lamp	Lumen	Annual Billing Items	Est Monthly KWh	2004 Annual kWh	Facility Charge	Energy Charge	Maint Charge	Pole Charge	Total Base Charge	Total Base Revenue	Facility Charge	Energy Charge	Maint Charge	Pole Charge	Total Base Charge	Total Base Revenue
Marianna - Northwest Division																				
MAR	OL	A	MV	Cobra Head	7,000	3,145	72	226,440	1 35	1 80	1 19	-	4 34	13,649	1 43	1 94	2 97	-	6 34	19,951
MAR	**OL**	**A/1**	**MV**	**Cobra Head**	**7,000**	**1,205**	**72**	**86,760**	**1 35**	**1 80**	**1 19**	**2 50**	**6 84**	**8,242**	**1 43**	**1 94**	**2 97**	**3 39**	**9 73**	**11,726**
MAR	OL	B	MV	Cobra Head	20,000	54	154	8,316	3 89	3 85	1 21	-	8 95	483	3 91	3 94	3 27	-	11 13	601
MAR	OL	B/1	MV	Cobra Head	20,000	108	154	16,632	3 89	3 85	1 21	2 50	11 45	1,237	3 91	3 94	3 27	3 39	14 51	1,567
				Total Outdoor Lighting - OL		4,512	75	338,148						23,611						33,846
MAR	OL2	F/4	HPS	Acorn	16,000	6	61	371	8 10	1 53	3 37	6 53	19 53	119	13 58	2 31	4 84	11 03	31 76	193
MAR	OL2	E/3	HPS	American Revolution	9,500	119	41	4,859	4 62	1 03	2 07	2 50	10 22	1,211	7 63	1 56	3 02	5 95	18 16	2,152
MAR	OL2	G/3	HPS	American Revolution	16,000	45	61	2,719	4 96	1 53	2 20	3 82	12 51	558	8 30	2 31	3 19	6 43	20 23	902
MAR	OL2	C	HPS	Cobra Head	9,500	17,495	42	734,791	3 98	1 05	1 40	-	6 43	112,493	5 74	1 60	2 50		9 84	172,151
MAR	OL2	C/1	HPS	Cobra Head	9,500	8,038	42	337,596	3 98	1 05	1 40	2 50	8 93	71,761	5 74	1 60	2 50	3 61	13 45	108,084
MAR	OL2	D	HPS	Cobra Head	20,000	1,261	89	112,242	5 48	2 23	1 42	-	9 13	11,514	7 10	3 40	2 88	-	13 38	16,876
MAR	OL2	D/1	HPS	Cobra Head	20,000	1,043	89	92,859	5 48	2 23	1 42	2 50	11 63	12,134	7 10	3 40	2 88	3 54	16 92	17,656
MAR	OL2	Q	HPS	Cobra Head	28,500	480	101	48,495	6 90	2 53	2 50	-	11 93	5,728	10 56	3 87	3 83		18 26	8,770
MAR	OL2	K	HPS	Cobra Head	50,000	774	162	125,373	5 18	4 05	2 31	-	11 54	8,931	7 95	6 20	3 53		17 68	13,680
MAR	OL2		HPS	Cobra Head	50,000	283	162	45,784	5 18	4 05	2 31	6 91	18 45	5,214	7 95	6 20	3 53	10 58	28 26	7,996
MAR	OL2	J	HPS	Flood	28,500	1,552	101	156,739	5 21	2 53	2 30	-	10 04	15,581	8 00	3 87	3 52	-	15 39	23,877
MAR	OL2	J/1	HPS	Flood	28,500	602	101	60,772	5 21	2 53	2 30	2 50	12 54	7,545	8 00	3 87	3 52	3 81	19 19	11,548
MAR	OL2	J/6	HPS	Flood	28,500	127	101	12,789	5 21	2 53	2 30	6 91	18 95	2,148	8 00	3 87	3 52	10 83	26 22	3,320
MAR	OL2	R	HPS	Flood	50,000	29	162	4,759	8 05	4 05	2 84	-	14 94	439	12 32	6 20	4 35		22 87	672
MAR	OL2	V	HPS	Flood	130,000	14	405	5,744	10 08	10 13	3 75	-	23 96	340	15 43	15 51	5 74		36 68	520
MAR	OL2	L	MH	Flood	50,000	2,362	162	382,684	5 35	4 05	2 41	-	11 81	27,898	8 30	6 19	3 66		18 15	42,880
MAR	OL2	L/1	MH	Flood	50,000	1,182	162	191,506	5 35	4 05	2 41	2 50	14 31	16,916	8 30	6 19	3 66	3 76	21 91	25,902
MAR	OL2	L/6	MH	Flood	50,000	283	162	45,784	5 35	4 05	2 41	6 91	18 72	5,291	8 30	6 19	3 66	10 89	29 05	8,209
MAR	OL2	AA	MH	Flood	130,000	1,425	405	577,226	9 40	10 13	3 49	-	23 02	32,809	14 32	15 50	5 32	-	35 14	50,066
MAR	OL2	I/11	MH	Shoebox	28,500	109	101	11,049	10 27	2 53	4 27	7 10	24 17	2,644	16 65	3 84	6 30	10 87	37 66	4,120
MAR	OL2	BB	MH	Vertical Shoebox	130,000	147	405	59,487	13 11	10 13	4 61	-	27 85	4,091	20 07	15 51	7 08	-	42 64	6,263
MAR	OL2	OL24	POLE	Pole - Concrete	$6 53	1						6 53	6 53	7				10 00	10 00	10
MAR	OL2	OL26	POLE	Pole - Concrete	$6 91	388						6 91	6 91	2,681				10 58	10 58	4,104
MAR	OL2	OL21	POLE	Pole - Wood	$2 50	1,211						2 50	2 50	3,028				3 81	3 81	4,613
				Total Outdoor Lighting 2 - OL2		38,973	77	3,013,542						351,077						534,576
MAR	SL2	xA	MV	Cobra Head	7,000	4,355	72	313,560	1 29	0 97	1 24	-	3 47	15,112	1 24	1 30	2 09	-	**4 63**	**20,165**
MAR	SL2	xB	MV	Cobra Head	20,000	48	154	7,392	3 42	2 08	1 27	-	6 77	325	2 08	2 47	2 38	-	6 93	333
				Total Street Lighting 2 - SL2		4,403	73	320,952						15,437						20,497
MAR	SL3	xG/2	HPS	American Revolution	16,000	70	61	4,264	4 98	1 28	2 20	5 74	14 18	991	7 59	1 98	3 37	8 79	21 71	1,517
MAR	SL3	xC	HPS	Cobra Head	9,500	7,045	42	295,899	3 66	0 88	1 50	-	**6 04**	**42,553**	**5 72**	**1 08**	**2 19**	-	**8 99**	**63,345**
MAR	SL3	xC/1	HPS	Cobra Head	9,500	25	42	1,064	3 66	0 88	1 50	2 50	8 54	216	5 72	1 08	2 19	3 03	12 02	304
MAR	SL3	xD	HPS	Cobra Head	22,000	1,632	89	145,239	5 06	1 86	1 54	-	8 46	13,806	8 88	2 12	2 28	-	11 26	18,371
MAR	SL3	xD/1	HPS	Cobra Head	22,000	61	89	5,409	5 06	1 86	1 54	**2 50**	**10 96**	**668**	**8 88**	**2 12**	**2 28**	**3 16**	**14 42**	**876**
MAR	SL3	xH	HPS	Cobra Head	28,500	1,612	101	162,775	4 50	2 12	2 04	-	**8 66**	**13,957**	**6 97**	**3 06**	**3 10**	-	**13 14**	**21,178**
MAR	SL3	xH/1	HPS	Cobra Head	28,500	12	101	1,226	4 50	2 12	2 04	2 50	11 16	138	6 97	3 06	3 10	3 45	16 59	202
MAR	SL3	xI	HPS	Cobra Head	50,000	161	162	26,092	5 18	3 39	2 31	-	10 88	1,752	8 15	4 53	3 48	-	**16 16**	**2,602**
MAR	SL3	xM	HPS	Flood	285,000	27	101	2,762	7 81	2 12	2 77	-	12 70	347	11 96	3 25	4 24	-	**19 44**	**532**
MAR	SL3	xL	HPS	Cobra Head	22,000	6	61	856	5 51	1 18	1 84	-	8 53	89	5 02	1 63	3 86	-	10 52	85
MAR	SL3	xY	MH	Flood	130,000	12	405	4,923	9 40	8 48	3 49	-	21 37	260	14 39	12 98	5 34	-	32 72	398
MAR	SL3	xW	MH	Flood	50,000	266	162	43,159	8 16	3 39	5 98	-	17 51	4,665	**12 49**	**5 19**	**9 12**	-	26 81	7,142
MAR	SL3	SL36	POLE	Pole - Concrete	$6 91	194						6 91	6 91	1,344	-	-	-	10 87	10 87	2,114
MAR	SL3	SL31	POLE	Pole - Wood	$2 50	131						2 50	2 50	327	-	-	-	3 83	3 83	500
MAR	SL3	SL312	POLE	Pole - Wood	$5 01	1	-					5 01	5 01	5	-	-	-	7 67	7 67	8
				Total Street Lighting 3 - SL3		11,258	62	693,470						81,094						119,173
Total Marianna - Northwest Division						59,146	74	4,366,112						471,219					-	706,091

Schedule E-18d

REVENUE BY RATE SCHEDULE - LIGHTING SCHEDULE CALCULATION

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO 030438EI

EXPLANATION Calculate revenue under present and proposed rates for the test year for each lighting schedule Show revenues from charges for all types of lighting fixtures, poles and conductors Poles should be listed separately from fixtures Show separately revenues from customers who own facilities as well as those who do not Annual KWH's must agree with the data provided in Schedule E-19c

Type of Data Shown

Projected Test Year 12/31/2004

Witness Mark Cutshaw

						Present Rates					Proposed Fuel and Conservation Rates are weighted averages of Present Rates						
Territory	Tariff	Code	FACILITY	Lamp	Lumen	Fuel Charge	Conservation Charge	Fuel Revenue	Cons Revenue	Base + Fuel + Cons	Fuel Charge	Conservation Charge	Fuel Revenue	Cons Revenue	Base + Fuel + Cons	Base % Change	Base + Fuel + Cons % Change
Marianna - Northwest Division																	
MAR	OL	A	MV	Cobra Head	7,000	0 02707	0 00079	6,130	179	19,958	0 02769	0 00061	6,269	138	26,358	46 2%	32 1%
MAR	OL	A/1	MV	Cobra Head	7,000	0 02707	0 00079	2,349	69	10,659	0 02769	0 00061	2,402	53	14,181	42 27%	33 0%
MAR	OL	B	MV	Cobra Head	20,000	0 02707	0 00079	225	7	715	0 02769	0 00061	230	5	836	24 31%	16 9%
MAR	OL	B/1	MV	Cobra Head	20,000	0 02707	0 00079	450	13	1,700	0 02769	0 00061	460	10	2,036	26 75%	19 9%
				Total Outdoor Lighting - OL				9,154	267	33,032			9,362	206	43,414	43 34%	31 4%
MAR	OL2	F/4	HPS	Acorn	16,000	0 02707	0 00079	10	0	129	0 02769	0 00061	10	0	204	62 64%	57 8%
MAR	OL2	E/3	HPS	American Revolution	9,500	0 02707	0 00079	132	4	1,347	0 02769	0 00061	135	3	2,289	77 68%	70 0%
MAR	OL2	G/3	HPS	American Revolution	16,000	0 02707	0 00079	74	2	633	0 02769	0 00061	75	2	979	61 70%	54 5%
MAR	OL2	C	HPS	Cobra Head	9,500	0 02707	0 00079	19,891	580	132,964	0 02769	0 00061	20,344	447	192,942	53 03%	45 1%
MAR	OL2	C/1	HPS	Cobra Head	9,500	0 02707	0 00079	9,136	267	81,164	0 02769	0 00061	9,345	205	117,634	50 62%	44 9%
MAR	OL2	D	HPS	Cobra Head	20,000	0 02707	0 00079	3,038	89	14,641	0 02769	0 00061	3,108	68	20,052	46 56%	37 0%
MAR	OL2	D/1	HPS	Cobra Head	20,000	0 02707	0 00079	2,514	73	14,721	0 02769	0 00061	2,571	56	20,283	45 50%	37 8%
MAR	OL2	Q	HPS	Cobra Head	28,500	0 02707	0 00079	1,313	38	7,079	0 02769	0 00061	1,343	29	10,142	53 10%	43 3%
MAR	OL2	K	HPS	Cobra Head	50,000	0 02707	0 00079	3,394	99	12,424	0 02769	0 00061	3,471	76	17,227	53 18%	38 7%
MAR	OL2	K/8	HPS	Cobra Head	50,000	0 02707	0 00079	1,239	36	6,490	0 02769	0 00061	1,268	28	9,281	53 15%	43 0%
MAR	OL2	J	HPS	Flood	28,500	0 02707	0 00079	4,243	124	19,948	0 02769	0 00061	4,340	95	28,312	53 25%	41 9%
MAR	OL2	J/1	HPS	Flood	28,500	0 02707	0 00079	1,645	48	9,238	0 02769	0 00061	1,683	37	13,267	53 04%	43 6%
MAR	OL2	J/6	HPS	Flood	28,500	0 02707	0 00079	348	10	2,503	0 02769	0 00061	354	8	3,682	54 68%	47 1%
MAR	OL2	R	HPS	Flood	50,000	0 02707	0 00079	129	4	571	0 02769	0 00061	132	3	807	53 10%	41 1%
MAR	OL2	V	HPS	Flood	130,000	0 02707	0 00079	155	5	500	0 02769	0 00061	159	3	683	53 10%	36 6%
MAR	OL2	L	MH	Flood	50,000	0 02707	0 00079	10,359	302	38,560	0 02769	0 00061	10,595	233	53,708	53 70%	39 3%
MAR	OL2	L/1	MH	Flood	50,000	0 02707	0 00079	5,184	151	22,252	0 02769	0 00061	5,302	116	31,321	53 12%	40 8%
MAR	OL2	L/6	MH	Flood	50,000	0 02707	0 00079	1,239	36	6,566	0 02769	0 00061	1,268	28	9,505	55 16%	44 7%
MAR	OL2	AA	MH	Flood	130,000	0 02707	0 00079	15,826	456	48,891	0 02769	0 00061	15,982	351	66,421	52 66%	35 9%
MAR	OL2	I/11	MH	Shoebox	28,500	0 02707	0 00079	299	9	2,952	0 02769	0 00061	306	7	4,433	55 82%	50 2%
MAR	OL2	BB	MH	Vertical Shoebox	130,000	0 02707	0 00079	1,610	47	5,748	0 02769	0 00061	1,647	36	7,948	53 10%	38 2%
MAR	OL2	OL24	POLE	Pole - Concrete	$6 53	0 02707	0 00079	-	-	7	0 02769	0 00061	-	-	10	53 10%	53 1%
MAR	OL2	OL26	POLE	Pole - Concrete	$8 91	0 02707	0 00079	-	-	2,681	0 02769	0 00061	-	-	4,104	53 10%	53 1%
MAR	OL2	OL21	POLE	Pole - Wood	$2 50	0 02707	0 00079	-	-	3,026	0 02769	0 00061	-	-	4,613	52 44%	52 4%
				Total Outdoor Lighting 2 - OL2				81,577	2,381	435,034			83,438	1,833	619,844	52 27%	42 5%
MAR	SL2	xA	MV	Cobra Head	7,000	0 02711	0 00079	6,501	248	23,860	0 02832	0 00061	6,679	191	29,234	33 44%	22 5%
MAR	SL2	xB	MV	Cobra Head	20,000	0 02711	0 00079	200	6	531	0 02832	0 00061	209	4	646	2 35%	2 9%
				Total Street Lighting 2 - SL2				6,701	254	24,391			9,068	195	29,780	32 78%	22 1%
MAR	SL3	xG/2	HPS	American Revolution	16,000	0 02711	0 00079	116	3	1,110	0 02832	0 00061	121	3	1,641	53 10%	47 8%
MAR	SL3	xC	HPS	Cobra Head	9,500	0 02711	0 00079	6,022	234	50,609	0 02832	0 00061	6,379	180	71,904	48 86%	41 5%
MAR	SL3	xC/1	HPS	Cobra Head	9,500	0 02711	0 00079	29	1	246	0 02832	0 00061	30	1	335	40 78%	36 3%
MAR	SL3	xD	HPS	Cobra Head	22,000	0 02711	0 00079	3,937	115	17,658	0 02832	0 00061	4,113	88	22,572	33 07%	26 4%
MAR	SL3	xD/1	HPS	Cobra Head	22,000	0 02711	0 00079	147	4	817	0 02832	0 00061	153	3	1,033	31 56%	26 4%
MAR	SL3	xH	HPS	Cobra Head	28,500	0 02711	0 00079	4,413	129	18,498	0 02832	0 00061	4 609	99	25,884	51 72%	39 9%
MAR	SL3	xH/1	HPS	Cobra Head	28,500	0 02711	0 00079	33	1	170	0 02832	0 00061	35	1	237	48 66%	39 6%
MAR	SL3	xI	HPS	Cobra Head	50,000	0 02711	0 00079	707	21	2,480	0 02832	0 00061	739	16	3,357	48 51%	35 4%
MAR	SL3	xM	HPS	Flood	285,000	0 02711	0 00079	75	2	424	0 02832	0 00061	78	2	612	53 10%	44 1%
MAR	SL3	xL	HPS	Cobra Head	22,000	0 02711	0 00079	18	1	87	0 02832	0 00061	19	0	104	23 29%	19 2%
MAR	SL3	xY	MH	Flood	130,000	0 02711	0 00079	133	4	397	0 02832	0 00061	139	3	540	53 10%	36 0%
MAR	SL3	xW	MH	Flood	50,000	0 02711	0 00079	1,170	34	5,869	0 02832	0 00061	1,222	26	8,390	53 10%	43 0%
MAR	SL3	SL36	POLE	Pole - Concrete	$8 91	0 02711	0 00079	-	-	1,344	0 02832	0 00061	-	-	2,114	57 28%	57 3%
MAR	SL3	SL31	POLE	Pole - Wood	$2 50	0 02711	0 00079	-	-	327	0 02832	0 00061	-	-	500	53 10%	53 1%
MAR	SL3	SL312	POLE	Pole - Wood	$5 01	0 02711	0 00079	-	-	5	0 02832	0 00061	-	-	8	53 10%	53 1%
				Total Street Lighting 3 - SL3				18,600	546	100,442			19,836	422	139,231	46 96%	38 6%
Total Marianna - Northwest Division								118,231	3,449	692,900			121,523	2,655	832,269	60 27%	40 37%

Schedule E-18d

REVENUE BY RATE SCHEDULE - LIGHTING SCHEDULE CALCULATION

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO 030438EI

EXPLANATION Calculate revenue under present and proposed rates for the test year for each lighting schedule Show revenues from charges for all types of lighting fixtures, poles and conductors Poles should be listed separately from fixtures Show separately revenues from customers who own facilities as well as those who do not Annual KWH's must agree with the data provided in Schedule E-19c

Type of Data Shown

Projected Test Year 12/31/2004

Witness Mark Cutshaw

										Present Rates						Proposed Rates					
Territory	Tariff	Code	FACILITY	Lamp	Lumen	Annual Billing Items	Est Monthly kWh	2004 Annual kWh	Facility Charge	Energy Charge	Maint Charge	Pole Charge	Total Base Charge	Total Base Revenue	Facility Charge	Energy Charge	Maint Charge	Pole Charge	Total Base Charge	Total Base Revenue
Fernandina Beach - Northeast Division																				
FB	OL	A	MV	Cobra Head	7,000	1,664	72	119,808	0 38	0 53	2 98	-	3 87	6,443	1 43	1 94	2 97	-	6 34	10,556
FB	OL	A/1	MV	Cobra Head	7,000	1,484	72	106,848	0 38	0 53	2 98	1 97	5 84	8,670	1 43	1 94	2 97	3 39	9 73	14,442
FB	OL	B	MV	Cobra Head	20,000	71	154	10,934	1 04	1 13	3 18	-	5 36	381	3 91	3 94	3 27	-	11 13	790
FB	OL	B/1	MV	Cobra Head	20,000	72	154	11,088	1 04	1 13	3 18	1 97	7 33	528	3 91	3 94	3 27	3 39	14 51	1,045
				Total Outdoor Lighting - OL		3,291	76	248,678						18,021						26,832
FB	OL2	F/2	HPS	Acorn	16,000	177	61	10,816	8 88	1 51	3 16	6 34	19 89	3,527	13 58	2 31	4 84	9 71	30 45	5,399
FB	OL2	F/4	HPS	Acorn	16,000	586	61	35,732	8 88	1 51	3 16	7 21	20 76	12,160	13 58	2 31	4 84	11 03	31 76	18,607
FB	OL2	O	HPS	ALN 440	16,000	203	61	12,361	13 20	1 51	4 47	-	19 18	3,887	20 21	2 31	6 85	-	29 37	5,951
FB	OL2	E/3	HPS	American Revolution	9,500	478	41	19,603	5 07	1 01	1 95	4 23	12 27	5,865	7 63	1 56	3 02	5 95	18 15	8,681
FB	OL2	G/2	HPS	American Revolution	16,000	63	61	3,843	5 45	1 51	2 08	6 34	15 38	974	8 30	2 31	3 19	9 71	23 51	1,489
FB	OL2	G/3	HPS	American Revolution	16,000	617	61	37,663	5 45	1 51	2 08	4 23	13 26	8,188	8 30	2 31	3 19	6 43	20 23	12,490
FB	OL2	C	HPS	Cobra Head	9,500	2,545	42	106,875	2 67	1 03	2 71	-	6 41	16,321	5 74	1 60	2 50	-	9 84	25,039
FB	OL2	C/1	HPS	Cobra Head	9,500	2,945	42	123,676	2 67	1 03	2 71	1 97	8 38	24,689	5 74	1 60	2 50	3 61	13 45	39,606
FB	OL2	D	HPS	Cobra Head	20,000	488	89	43,397	2 81	2 20	2 89	-	7 89	3,848	7 10	3 40	2 88	-	13 38	6,525
FB	OL2	D/1	HPS	Cobra Head	20,000	571	89	50,818	2 81	2 20	2 89	1 97	9 86	5,631	7 10	3 40	2 88	3 54	16 92	9,662
FB	OL2	P	HPS	Cobra Head	22,000	34	81	2,738	6 28	2 00	2 29	-	10 56	357	9 61	3 06	3 50	-	16 17	546
FB	OL2	K	HPS	Cobra Head	50,000	20	162	3,249	5 68	3 99	2 17	-	11 84	237	7 95	6 20	3 53	-	17 68	354
FB	OL2	J	HPS	Flood	28,500	13	101	1,279	5 72	2 49	2 16	-	10 37	131	8 00	3 87	3 52	-	15 39	195
FB	OL2	J/1	HPS	Flood	28,500	17	101	1,706	5 72	2 49	2 16	1 97	12 34	208	8 00	3 87	3 52	3 61	19 19	324
FB	OL2	J/6	HPS	Flood	28,500	38	101	3,838	5 72	2 49	2 16	7 63	18 00	684	8 00	3 87	3 52	10 63	28 22	996
FB	OL2	X	MH	ALN 440	16,000	38	71	2,698	13 29	1 75	4 55	-	19 60	745	20 35	2 68	6 97	-	30 00	1,140
FB	OL2	L	MH	Flood	50,000	406	162	65,828	6 87	3 99	2 28	-	12 14	4,932	8 30	6 19	3 66	-	18 15	7,376
FB	OL2	L/1	MH	Flood	50,000	109	162	17,611	5 87	3 99	2 28	1 97	14 11	1,534	8 30	6 19	3 66	3 76	21 91	2,382
FB	OL2	L/6	MH	Flood	50,000	114	162	18,466	5 87	3 99	2 28	7 63	19 76	2,253	8 30	6 19	3 66	10 89	29 05	3,311
FB	OL2	AA	MH	Flood	130,000	51	405	20,518	8 05	9 98	3 07	-	21 10	1,069	14 32	15 50	5 32	-	35 14	1,780
FB	OL2	H/4	MH	Shoebox	16,000	3,619	71	256,955	10 23	1 75	3 68	7 21	22 88	82,793	15 68	2 68	5 64	11 04	35 02	126,758
FB	OL2	I/4	MH	Shoebox	28,500	114	101	11,513	11 28	2 49	4 01	7 21	25 00	2,849	18 65	3 84	6 30	11 04	37 83	4,312
FB	OL2	I/6	MH	Shoebox	28,500	51	101	5,117	11 28	2 49	4 01	7 63	25 41	1,287	18 65	3 84	6 30	11 67	38 47	1,949
FB	OL2	W	MH	SP2 Spectra	9,500	139	41	5,712	11 10	1 01	3 76	-	15 88	2,213	17 00	1 55	5 78	-	24 32	3,388
FB	OL2	OL22	POLE	Pole - Aluminum	$5 74	185	-	-	-	-	-	6 34	6 34	1,045	-	-	-	9 71	9 71	1,599
FB	OL2	OL28	POLE	Pole - Aluminum	$9 61	190	-	-	-	-	-	8 27	8 27	1,570	-	-	-	12 66	12 66	2,404
FB	OL2	OL21	POLE	Pole - Wood	$2 50	25	-	-	-	-	-	1 97	1 97	50	-	-	-	3 61	3 61	97
				Total Outdoor Lighting 2 - OL2		13,815	62	862,028						189,047						292,361
FB	SL2	xA	MV	Cobra Head	7,000	4,930	72	354,960	0 41	0 74	1 48	-	2 63	12,969	1 24	1 30	2 09	-	4 63	22,827
FB	SL2	xB	MV	Cobra Head	20,000	629	154	96,866	1 20	1 58	1 58	-	4 35	2,739	2 08	2 47	2 38	-	6 93	4,358
FB	SL2	xRR	MV	Am Island Plantation	130,000	144	103	14,832	6 94	1 09	1 80	-	9 83	1,416	10 62	1 67	2 76	-	15 05	2,168
				Total Street Lighting 2 - SL2		5,703	82	466,658						17,124						29,353
FB	SL3	xF/3	HPS	Acorn	16,000	11	61	644	8 88	0 70	3 16	4 23	16 97	179	13 59	1 07	4 84	6 47	25 97	274
FB	SL3	xF/4	HPS	Acorn	16,000	232	61	14,164	8 88	0 70	3 16	7 21	19 95	4,632	13 59	1 07	4 84	11 04	30 54	7,092
FB	SL3	xE/3	HPS	American Revolution	9,500	41	41	1,688	5 07	0 47	1 95	4 23	11 72	483	7 77	0 72	2 99	6 47	17 95	739
FB	SL3	xC	HPS	Cobra Head	9,500	4,083	42	171,506	3 83	0 48	1 34	-	5 66	23,093	5 72	1 08	2 19	-	8 99	36,715
FB	SL3	xC/1	HPS	Cobra Head	9,500	1,353	72	97,421	3 83	0 48	1 34	1 97	7 63	10,318	5 72	1 08	2 19	3 03	12 02	16,268
FB	SL3	xD	HPS	Cobra Head	22,000	1,162	89	103,421	4 05	1 01	1 43	-	6 49	7,545	6 88	2 12	2 26	-	11 26	13,082
FB	SL3	xD/1	HPS	Cobra Head	22,000	281	89	24,986	4 05	1 01	1 43	1 97	8 46	2,376	6 88	2 12	2 26	3 18	14 42	4,048
FB	SL3	xD/3	HPS	Cobra Head	22,000	735	89	65,378	4 05	1 01	1 43	4 23	10 72	7,874	6 88	2 12	2 26	6 47	17 73	13,023
FB	SL3	xH	HPS	Cobra Head	28,500	218	101	22,066	4 95	1 16	1 92	-	8 03	1,754	8 97	3 06	3 10	-	13 14	2,871
FB	SL3	xH/1	HPS	Cobra Head	28,500	11	101	1,066	4 95	1 16	1 92	1 97	10 00	106	8 97	3 06	3 10	3 45	16 59	175
FB	SL3	xI	HPS	Cobra Head	50,000	63	162	10,259	5 68	1 87	2 17	-	9 72	618	8 15	4 63	3 48	-	16 16	1,023
FB	SL3	xT	MH	ALN 440	16,000	139	71	9,892	13 20	0 82	4 47	-	18 49	2,576	20 21	1 25	6 85	-	28 31	3,944
FB	SL3	xL	HPS	Cobra Head	22,000	30	81	2,394	2 67	1 03	2 71	-	6 41	190	5 02	1 63	3 86	-	10 52	311
FB	SL3	SL38	POLE	Pole - Aluminum	$9 61	114	-	-	-	-	-	8 27	8 27	942	-	-	-	12 66	12 66	1,443
FB	SL3	SL36	POLE	Pole - Concrete	$8 91	70	-	-	-	-	-	7 63	7 63	531	-	-	-	10 87	10 87	757
				Total Street Lighting 3 - SL3		6,543	61	524,684						63,215						101,765
Total Fernandina Beach - Northeast Division						31,351	67	2,102,248						285,406						450,311

Schedule E-18d

REVENUE BY RATE SCHEDULE - LIGHTING SCHEDULE CALCULATION

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO 030438EI

EXPLANATION Calculate revenue under present and proposed rates for the test year for each lighting schedule Show revenues from charges for all types of lighting fixtures, poles and conductors Poles should be listed separately from fixtures Show separately revenues from customers who own facilities as well as those who do not Annual KWH's must agree with the data provided in Schedule E-19c

Type of Data Shown

Projected Test Year 12/31/2004

Witness Mark Cutshaw

						Present Rates					Proposed Fuel and Conservation Rates are weighted averages of Present Rates						
Territory	Tariff	Code	FACILITY	Lamp	Lumen	Fuel Charge	Conservation Charge	Fuel Revenue	Cons Revenue	Base + Fuel + Cons	Fuel Charge	Conservation Charge	Fuel Revenue	Cons Revenue	Base + Fuel + Cons	Base % Change	Base + Fuel + Cons % Change
Fernandina Beach - Northeast Division																	
FB	OL	A	MV	Cobra Head	7,000	0 02955	0 00049	3,540	59	10,042	0 02769	0 00061	3,317	73	13,946	53 84%	38 9%
FB	OL	A/1	MV	Cobra Head	7,000	0 02955	0 00049	3,157	52	11,880	0 02769	0 00061	2,958	65	17,465	56 57%	47 0%
FB	OL	B	MV	Cobra Head	20,000	0 02955	0 00049	323	5	709	0 02769	0 00061	303	7	1,099	107 58%	55 0%
FB	OL	B/1	MV	Cobra Head	20,000	0 02955	0 00049	328	5	861	0 02769	0 00061	307	7	1,359	97 99%	57 8%
				Total Outdoor Lighting - OL				7,348	122	23,492			6,685	151	33,869	67 48%	44 2%
FB	OL2	F/2	HPS	Acorn	16,000	0 02955	0 00049	320	5	3,852	0 02769	0 00061	299	7	5,705	53 07%	48 1%
FB	OL2	F/4	HPS	Acorn	16,000	0 02955	0 00049	1,058	18	13,233	0 02769	0 00061	989	22	19,618	53 02%	48 2%
FB	OL2	O	HPS	ALN 440	16,000	0 02955	0 00049	365	6	4,258	0 02769	0 00061	342	8	6,301	53 10%	48 0%
FB	OL2	E/3	HPS	American Revolution	9,500	0 02955	0 00049	579	10	6,453	0 02769	0 00061	543	12	9,238	48 03%	43 1%
FB	OL2	G/2	HPS	American Revolution	16,000	0 02955	0 00049	114	2	1,090	0 02769	0 00061	107	2	1,598	52 89%	46 6%
FB	OL2	G/3	HPS	American Revolution	16,000	0 02955	0 00049	1,113	18	9,319	0 02769	0 00061	1,043	23	13,555	52 54%	45 5%
FB	OL2	C	HPS	Cobra Head	9,500	0 02955	0 00049	3,158	52	19,531	0 02769	0 00061	2,959	65	28,064	53 42%	43 7%
FB	OL2	C/1	HPS	Cobra Head	9,500	0 02955	0 00049	3,655	61	28,404	0 02769	0 00061	3,424	75	43,108	60 42%	51 8%
FB	OL2	D	HPS	Cobra Head	20,000	0 02955	0 00049	1,282	21	5,152	0 02769	0 00061	1,202	26	7,753	69 56%	50 5%
FB	OL2	D/1	HPS	Cobra Head	20,000	0 02955	0 00049	1,502	25	7,158	0 02769	0 00061	1,407	31	11,100	71 59%	55 1%
FB	OL2	P	HPS	Cobra Head	22,000	0 02955	0 00049	81	1	439	0 02769	0 00061	76	2	624	53 10%	42 1%
FB	OL2	K	HPS	Cobra Head	50,000	0 02955	0 00049	96	2	335	0 02769	0 00061	90	2	446	49 27%	33 2%
FB	OL2	J	HPS	Flood	28,500	0 02955	0 00049	38	1	170	0 02769	0 00061	35	1	231	48 31%	36 1%
FB	OL2	J/1	HPS	Flood	28,500	0 02955	0 00049	50	1	260	0 02769	0 00061	47	1	372	55 46%	43 4%
FB	OL2	J/6	HPS	Flood	28,500	0 02955	0 00049	113	2	799	0 02769	0 00061	106	2	1,105	45 68%	38 2%
FB	OL2	X	MH	ALN 440	16,000	0 02955	0 00049	80	1	826	0 02769	0 00061	75	2	1,218	53 10%	47 3%
FB	OL2	L	MH	Flood	50,000	0 02955	0 00049	1,945	32	6,910	0 02769	0 00061	1,823	40	9,239	49 55%	33 7%
FB	OL2	L/1	MH	Flood	50,000	0 02955	0 00049	520	9	2,063	0 02769	0 00061	488	11	2,880	55 31%	39 6%
FB	OL2	L/6	MH	Flood	50,000	0 02955	0 00049	546	9	2,808	0 02769	0 00061	511	11	3,833	48 97%	36 5%
FB	OL2	AA	MH	Flood	130,000	0 02955	0 00049	606	10	1,685	0 02769	0 00061	568	12	2,361	66 53%	40 1%
FB	OL2	H/4	MH	Shoebox	16,000	0 02955	0 00049	7,593	126	90,512	0 02769	0 00061	7,114	156	134,028	53 10%	48 1%
FB	OL2	I/4	MH	Shoebox	28,500	0 02955	0 00049	340	6	3,195	0 02769	0 00061	319	7	4,638	51 36%	45 2%
FB	OL2	I/6	MH	Shoebox	28,500	0 02955	0 00049	151	3	1,441	0 02769	0 00061	142	3	2,093	51 39%	45 3%
FB	OL2	W	MH	SP2 Spectra	9,500	0 02955	0 00049	169	3	2,384	0 02769	0 00061	158	3	3,549	53 10%	48 9%
FB	OL2	OL22	POLE	Pole - Aluminum	$5 74	0 02955	0 00049	-	-	1,045	0 02769	0 00061	-	-	1,599	53 10%	53 1%
FB	OL2	OL28	POLE	Pole - Aluminum	$9 61	0 02955	0 00049	-	-	1,570	0 02769	0 00061	-	-	2,404	53 10%	53 1%
FB	OL2	OL21	POLE	Pole - Wood	$2 50	0 02955	0 00049	-	-	50	0 02769	0 00061	-	-	97	93 40%	93 4%
				Total Outdoor Lighting 2 - OL2				25,473	422	214,942			23,867	524	316,762	54 65%	47 4%
FB	SL2	xA	MV	Cobra Head	7,000	0 02955	0 00049	10,489	174	23,632	0 02832	0 00061	10,051	218	33,094	76 02%	40 0%
FB	SL2	xB	MV	Cobra Head	20,000	0 02955	0 00049	2,862	47	5,649	0 02832	0 00061	2,743	59	7,160	59 12%	26 8%
FB	SL2	xRR	MV	Am Island Plantation	130,000	0 02955	0 00049	438	7	1,861	0 02832	0 00061	420	9	2,597	53 10%	39 5%
				Total Street Lighting 2 - SL2				13,790	229	31,142			13,214	284	42,851	71 42%	37 6%
FB	SL3	xF/3	HPS	Acorn	16,000	0 02955	0 00049	19	0	198	0 02832	0 00061	18	0	293	53 10%	47 6%
FB	SL3	xF/4	HPS	Acorn	16,000	0 02955	0 00049	419	7	5,058	0 02832	0 00061	401	9	7,502	53 10%	48 3%
FB	SL3	xE/3	HPS	American Revolution	9,500	0 02955	0 00049	50	1	533	0 02832	0 00061	48	1	788	53 10%	47 7%
FB	SL3	xC	HPS	Cobra Head	9,500	0 02955	0 00049	5,068	84	28,245	0 02832	0 00061	4,856	104	41,676	58 99%	47 6%
FB	SL3	xC/1	HPS	Cobra Head	9,500	0 02955	0 00049	2,879	48	13,245	0 02832	0 00061	2,759	59	19,088	57 66%	44 1%
FB	SL3	xD	HPS	Cobra Head	22,000	0 02955	0 00049	3,058	51	10,651	0 02832	0 00061	2,928	63	16,073	73 39%	50 9%
FB	SL3	xD/1	HPS	Cobra Head	22,000	0 02955	0 00049	738	12	3,127	0 02832	0 00061	708	15	4,771	70 37%	52 6%
FB	SL3	xD/3	HPS	Cobra Head	22,000	0 02955	0 00049	1,932	32	9,838	0 02832	0 00061	1,851	40	14,914	85 39%	51 6%
FB	SL3	xH	HPS	Cobra Head	28,500	0 02955	0 00049	652	11	2,417	0 02832	0 00061	625	13	3,509	63 64%	45 2%
FB	SL3	xH/1	HPS	Cobra Head	28,500	0 02955	0 00049	31	1	138	0 02832	0 00061	30	1	206	65 90%	49 7%
FB	SL3	xI	HPS	Cobra Head	50,000	0 02955	0 00049	303	5	924	0 02832	0 00061	290	6	1,320	66 16%	42 9%
FB	SL3	xT	MH	ALN 440	16,000	0 02955	0 00049	292	5	2,873	0 02832	0 00061	280	6	4,231	53 10%	47 2%
FB	SL3	xL	HPS	Cobra Head	22,000	0 02955	0 00049	71	1	261	0 02832	0 00061	68	1	380	63 97%	45 4%
FB	SL3	SL38	POLE	Pole - Aluminum	$9 61	0 02955	0 00049	-	-	942	0 02832	0 00061	-	-	1,443	53 10%	53 1%
FB	SL3	SL36	POLE	Pole - Concrete	$8 91	0 02955	0 00049	-	-	531	0 02832	0 00061	-	-	757	42 52%	42 5%
				Total Street Lighting 3 - SL3				15,510	257	78,982			14,863	319	116,947	60 98%	48 1%
Total Fernandina Beach - Northeast Division								82,121	1,030	348,557			58,829	1,278	510,418	57 78%	46 4%

Schedule E-16d

REVENUE BY RATE SCHEDULE - LIGHTING SCHEDULE CALCULATION

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO 030438EI

EXPLANATION Calculate revenue under present and proposed rates for the test year for each lighting schedule Show revenues from charges for all types of lighting fixtures, poles and conductors Poles should be listed separately from fixtures Show separately revenues from customers who own facilities as well as those who do not Annual KWH's must agree with the data provided in Schedule E-19c

Type of Data Shown

Projected Test Year 12/31/2004

Witness Mark Cutshaw

										Present Rates						Proposed Rates					
Territory	Tariff	Code	FACILITY	Lamp	Lumen	Annual Billing Items	Est Monthly KWh	2004 Annual KWh	Facility Charge	Energy Charge	Maint Charge	Pole Charge	Total Base Charge	Total Base Revenue	Facility Charge	Energy Charge	Maint Charge	Pole Charge	Total Base Charge	Total Base Revenue
Total Consolidated						90,498	71	6,488,359						756,625						1,158,403
Total Electric Division																				
Total	OL	A	MV	Cobra Head	7,000	4,809	72	346,248						20,092	1 43	1 94	2 97	-	6 34	30,507
Total	OL	A/1	MV	Cobra Head	7,000	2,689	72	193,608						16,912	1 43	1 94	2 97	3 39	9 73	26,168
Total	OL	B	MV	Cobra Head	20,000	125	154	19,250						884	3 91	3 94	3 27	-	11 13	1,391
Total	OL	B/1	MV	Cobra Head	20,000	180	154	27,720						1,764	3 91	3 94	3 27	3 39	14 51	2,612
				Total Outdoor Lighting - OL		7,803	75	586,826						39,633						50,678
Total	OL2	F/2	HPS	Acorn	16,000	177	61	10,816						3,527	13 58	2 31	4 84	9 71	30 45	5,389
Total	OL2	F/4	HPS	Acorn	16,000	592	61	36,103						12,278	13 58	2 31	4 84	11 03	31 76	18,800
Total	OL2	O	HPS	ALN 440	16,000	203	61	12,381						3,887	20 21	2 31	6 85	-	29 37	5,951
Total	OL2	E/3	HPS	American Revolution	9,500	597	41	24,462						7,076	7 6	1 6	3 0	5 9	18 16	10,833
Total	OL2	G/2	HPS	American Revolution	16,000	63	61	3,863						974	8 30	2 31	3 19	9 71	23 51	1,489
Total	OL2	G/3	HPS	American Revolution	16,000	662	61	40,382						8,745	8 30	2 31	3 19	6 43	20 23	13,391
Total	OL2	C	HPS	Cobra Head	9,500	20,040	42	841,667						128,814	5 74	1 60	2 50	-	9 84	197,191
Total	OL2	C/1	HPS	Cobra Head	9,500	10,981	42	461,184						98,449	5 74	1 60	2 50	3 61	13 45	147,690
Total	OL2	D	HPS	Cobra Head	20,000	1,749	89	155,640						15,362	7 10	3 40	2 88	-	13 38	23,401
Total	OL2	D/1	HPS	Cobra Head	20,000	1,614	89	143,677						17,765	7 10	3 40	2 88	3 54	16 92	27,316
Total	OL2	P	HPS	Cobra Head	22,000	34	81	2,738						357	9 61	3 06	3 50	-	16 17	546
Total	OL2	Q	HPS	Cobra Head	28,500	480	101	48,495						5,728	10 56	3 87	3 83	-	18 26	8,770
Total	OL2	K	HPS	Cobra Head	50,000	794	162	128,622						9,168	7 95	6 20	3 53	-	17 68	14,034
Total	OL2	K/6	HPS	Cobra Head	50,000	283	162	45,784						5,214	7 95	6 20	3 53	10 58	28 26	7,998
Total	OL2	R	HPS	Cobra Head	50,000	29	162	4,759						439	12 32	6 20	4 35	-	22 87	672
Total	OL2	J	HPS	Flood	28,500	1,565	101	158,018						15,712	8 00	3 87	3 52	-	15 39	24,072
Total	OL2	J/1	HPS	Flood	28,500	619	101	62,478						7,754	8 00	3 87	3 52	3 81	19 19	11,872
Total	OL2	J/6	HPS	Flood	28,500	165	101	16,626						2,830	8 00	3 87	3 52	10 83	26 22	4,326
Total	OL2	V	HPS	Flood	130,000	14	405	5,744						340	15 43	15 51	5 74	-	36 68	520
Total	OL2	X	MH	ALN 440	16,000	38	71	2,698						745	20 35	2 88	6 97	-	30 00	1,140
Total	OL2	AA	MH	Flood	7,000	1,476	405	597,744						33,878	14 32	15 50	5 32	-	35 14	51,868
Total	OL2	L	MH	Flood	50,000	2,769	162	448,512						32,830	8 30	6 19	3 68	-	18 15	50,258
Total	OL2	L/1	MH	Flood	50,000	1,291	162	209,117						18,450	8 30	6 19	3 68	3 76	21 91	28,284
Total	OL2	L/6	MH	Flood	50,000	397	162	64,250						7,543	8 30	6 19	3 68	10 89	29 05	11,520
Total	OL2	H/4	MH	Shoebox	16,000	3,619	71	256,955						82,793	15 66	2 68	5 64	11 04	35 02	126,758
Total	OL2	I/4	MH	Shoebox	28,500	114	101	11,513						2,849	18 65	3 84	6 30	11 04	37 83	4,312
Total	OL2	I/6	MH	Shoebox	28,500	51	101	5,117						1,287	18 65	3 84	6 30	11 67	38 47	1,949
Total	OL2	I/11	MH	Shoebox	28,500	109	101	11,049						2,644	18 65	3 84	6 30	10 87	37 66	4,120
Total	OL2	W	MH	SP2 Spectra	9,500	139	41	5,712						2,213	17 00	1 55	5 78	-	24 32	3,388
Total	OL2	BB	MH	Vertical Shoebox	20,000	147	405	59,467						4,091	20 07	15 51	7 06	-	42 64	6,263
Total	OL2	OL22	POLE	Pole - Aluminum	$5 74	165	-	-						1,045	-	-	-	9 71	9 71	1,599
Total	OL2	OL28	POLE	Pole - Aluminum	$9 61	190	-	-						1,570	-	-	-	12 66	12 66	2,404
Total	OL2	OL24	POLE	Pole - Concrete	$6 53	1	-	-						7	-	-	-	10 00	10 00	10
Total	OL2	OL26	POLE	Pole - Concrete	$8 91	388	-	-						2,681	-	-	-	10 58	10 58	4,104
Total	OL2	OL21	POLE	Pole - Wood	$2 50	1,236	-	-						3,078	-	-	-	3 81	3 81	4,710
				Total Outdoor Lighting 2 - OL2		52,788	73	3,875,570						540,124						826,936
Total	SL2	xA	MV	Cobra Head	7,000	9,285	72	668,520						28,080	1 24	1 30	2 09	-	4 63	42,991
Total	SL2	xB	MV	Cobra Head	20,000	677	154	104,258						3,064	2 08	2 47	2 38	-	6 93	4,691
Total	SL2	xRR	MV	Am Island Plantation	130,000	144	103	14,832						1,416	10 62	1 87	2 76	-	15 05	2,168
				Total Street Lighting 2 - SL2		10,106	78	787,610						32,560						49,850
Total	SL3	xF/3	HPS	Acorn	16,000	11	61	644						179	13 59	1 07	4 84	6 47	25 97	274
Total	SL3	xF/4	HPS	Acorn	16,000	232	61	14,184						4,632	13 59	1 07	4 84	11 04	30 54	7,092
Total	SL3	xE/3	HPS	American Revolution	9,500	41	41	1,688						483	7 77	0 72	2 99	6 47	17 95	739
Total	SL3	xG/2	HPS	American Revolution	16,000	70	61	4,264						991	7 59	1 96	3 37	8 79	21 71	1,517
Total	SL3	xC	HPS	Cobra Head	9,500	11,129	42	467,405						65,646	5 72	1 08	2 19	-	8 99	100,060
Total	SL3	xC/1	HPS	Cobra Head	9,500	1,378	71	98,485						10,534	5 72	1 08	2 19	3 03	12 02	16,572
Total	SL3	xD	HPS	Cobra Head	22,000	2,794	89	248,660						21,350	8 88	2 12	2 26	-	11 26	31,453
Total	SL3	xD/1	HPS	Cobra Head	22,000	342	89	30,396						3,042	8 88	2 12	2 26	3 16	14 42	4,924
Total	SL3	xD/3	HPS	Cobra Head	22,000	735	89	65,378						7,874	8 88	2 12	2 26	6 47	17 73	13,023
Total	SL3	xH	HPS	Cobra Head	28,500	1,830	101	184,841						15,711	6 97	3 08	3 10	-	13 14	24,046
Total	SL3	xH/1	HPS	Cobra Head	28,500	23	101	2,294						241	6 97	3 08	3 10	3 45	16 59	377
Total	SL3	xI	HPS	Cobra Head	50,000	224	162	36,351						2,368	8 15	4 53	3 48	-	16 16	3,626
Total	SL3	xM	HPS	Flood	28,500	27	101	2,762						347	11 98	3 25	4 24	-	19 44	532
Total	SL3	xT	MH	ALN 440	16,000	139	71	9,892						2,576	20 21	1 25	6 85	-	28 31	3,944
Total	SL3	xL	HPS	Cobra Head	22,000	38	81	3,050						259	5 02	1 63	3 86	-	10 52	396
Total	SL3	xY	MH	Flood	130,000	12	405	4,923						260	14 39	12 98	5 34	-	32 72	398
Total	SL3	xW	MH	Flood	50,000	266	162	43,159						4,665	12 49	5 19	9 12	-	26 81	7,142
Total	SL3	SL38	POLE	Pole - Aluminum	$9 61	114	-	-						942	-	-	-	12 66	12 66	1,443
Total	SL3	SL36	POLE	Pole - Concrete	$8 91	264	-	-						1,875	-	-	-	10 87	10 87	2,871
Total	SL3	SL31	POLE	Pole - Wood	$2 50	131	-	-						327	-	-	-	3 83	3 83	500
Total	SL3	SL312	POLE	Pole - Wood	$5 01	1	-	-						5	-	-	-	7 67	7 67	8
				Total Street Lighting 3 - SL3		19,801	82	1,218,354						144,309						220,938
Total Consolidated						90,498		6,488,359						756,625						1,158,403

Schedule E-16d

REVENUE BY RATE SCHEDULE - LIGHTING SCHEDULE CALCULATION

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO 030438EI

EXPLANATION Calculate revenue under present and proposed rates for the test year for each lighting schedule Show revenues from charges for all types of lighting fixtures, poles and conductors Poles should be listed separately from fixtures Show separately revenues from customers who own facilities as well as those who do not Annual KWH's must agree with the data provided in Schedule E-19c

Type of Data Shown

Projected Test Year 12/31/2004

Witness Mark Culshaw

						Present Rates					Proposed Fuel and Conservation Rates are weighted averages of Present Rates						
Territory	Tariff	Code	FACILITY	Lamp	Lumen	Fuel Charge	Conservation Charge	Fuel Revenue	Cons Revenue	Base + Fuel + Cons	Fuel Charge	Conservation Charge	Fuel Revenue	Cons Revenue	Base + Fuel + Cons	Base % Change	Base + Fuel + Cons % Change
Total Consolidated								180,353	4,479	941,457			180,351	3,933	1,342,687	53 10%	42 6%
Total Electric Division																	
Total	OL	A	MV	Cobra Head	7,000	0 02769	0 00061	9,587	211	29,889	0 02769	0 00061	9,587	211	40,304	51 83%	34 8%
Total	OL	A/1	MV	Cobra Head	7,000	0 02769	0 00061	5,360	118	22,390	0 02769	0 00061	5,360	118	31,646	54 73%	41 3%
Total	OL	B	MV	Cobra Head	20,000	0 02769	0 00061	533	12	1,409	0 02769	0 00061	533	12	1,935	60 99%	37 4%
Total	OL	B/1	MV	Cobra Head	20,000	0 02769	0 00061	767	17	2,549	0 02769	0 00061	767	17	3,397	46 06%	33 3%
				Total Outdoor Lighting - OL				16,247	357	56,237			16,247	357	77,282	53 10%	37 4%
Total	OL2	F/2	HPS	Acorn	16,000	0 02769	0 00061	299	7	3,833	0 02769	0 00061	299	7	5,705	53 07%	48 8%
Total	OL2	F/4	HPS	Acorn	16,000	0 02769	0 00061	1,000	22	13,300	0 02769	0 00061	1,000	22	18,821	53 11%	49 0%
Total	OL2	O	HPS	ALN 440	16,000	0 02769	0 00061	342	8	4,237	0 02769	0 00061	342	8	6,301	53 10%	48 7%
Total	OL2	E/3	HPS	American Revolution	9,500	0 02769	0 00061	677	15	7,768	0 02769	0 00061	677	15	11,525	53 10%	48 4%
Total	OL2	G/2	HPS	American Revolution	16,000	0 02769	0 00061	107	2	1,083	0 02769	0 00061	107	2	1,598	52 89%	47 6%
Total	OL2	G/3	HPS	American Revolution	16,000	0 02769	0 00061	1,118	25	9,888	0 02769	0 00061	1,118	25	14,534	53 12%	47 0%
Total	OL2	C	HPS	Cobra Head	9,500	0 02769	0 00061	23,303	512	152,629	0 02769	0 00061	23,303	512	221,006	53 08%	44 8%
Total	OL2	C/1	HPS	Cobra Head	9,500	0 02769	0 00061	12,789	280	109,499	0 02769	0 00061	12,789	280	160,739	53 13%	46 6%
Total	OL2	D	HPS	Cobra Head	20,000	0 02769	0 00061	4,309	95	19,766	0 02769	0 00061	4,309	95	27,805	52 33%	40 7%
Total	OL2	D/1	HPS	Cobra Head	20,000	0 02769	0 00061	3,978	87	21,831	0 02769	0 00061	3,978	87	31,384	53 77%	43 8%
Total	OL2	P	HPS	Cobra Head	22,000	0 02769	0 00061	76	2	434	0 02769	0 00061	76	2	624	53 10%	43 6%
Total	OL2	Q	HPS	Cobra Head	28,500	0 02769	0 00061	1,343	29	7,100	0 02769	0 00061	1,343	29	10,142	53 10%	42 8%
Total	OL2	K	HPS	Cobra Head	50,000	0 02769	0 00061	3,561	78	12,808	0 02769	0 00061	3,561	78	17,674	53 07%	38 0%
Total	OL2	K/6	HPS	Cobra Head	50,000	0 02769	0 00061	1,268	28	6,510	0 02769	0 00061	1,268	28	9,281	53 15%	42 6%
Total	OL2	R	HPS	Cobra Head	50,000	0 02769	0 00061	132	3	574	0 02769	0 00061	132	3	807	53 10%	40 6%
Total	OL2	J	HPS	Flood	28,500	0 02769	0 00061	4,375	96	20,183	0 02769	0 00061	4,375	96	28 543	53 21%	41 4%
Total	OL2	J/1	HPS	Flood	28,500	0 02769	0 00061	1,730	38	9,522	0 02769	0 00061	1,730	38	13,840	53 11%	43 2%
Total	OL2	J/6	HPS	Flood	28,500	0 02769	0 00061	460	10	3,301	0 02769	0 00061	460	10	4,766	52 60%	45 0%
Total	OL2	V	HPS	Flood	130,000	0 02769	0 00061	159	3	502	0 02769	0 00061	159	3	683	53 10%	35 9%
Total	OL2	X	MH	ALN 440	16,000	0 02769	0 00061	75	2	821	0 02769	0 00061	75	2	1,216	53 10%	48 2%
Total	OL2	AA	MH	Flood	7,000	0 02769	0 00061	16,550	363	50,792	0 02769	0 00061	16,550	363	68,781	53 10%	35 4%
Total	OL2	L	MH	Flood	50,000	0 02769	0 00061	12,418	273	45,521	0 02769	0 00061	12,418	273	62,947	53 08%	38 3%
Total	OL2	L/1	MH	Flood	50,000	0 02769	0 00061	5,790	127	24,367	0 02769	0 00061	5,790	127	34,201	53 30%	40 4%
Total	OL2	L/6	MH	Flood	50,000	0 02769	0 00061	1,779	39	9,361	0 02769	0 00061	1,779	39	13,338	52 72%	42 5%
Total	OL2	H/4	MH	Shoebox	16,000	0 02769	0 00061	7,114	156	90,064	0 02769	0 00061	7,114	156	134,028	53 10%	48 8%
Total	OL2	I/4	MH	Shoebox	28,500	0 02769	0 00061	319	7	3,175	0 02769	0 00061	319	7	4,638	51 36%	46 1%
Total	OL2	I/6	MH	Shoebox	28,500	0 02769	0 00061	142	3	1,432	0 02769	0 00061	142	3	2,093	51 39%	46 2%
Total	OL2	I/11	MH	Shoebox	28,500	0 02769	0 00061	306	7	2,957	0 02769	0 00061	306	7	4,433	55 82%	49 8%
Total	OL2	W	MH	SP2 Spectra	9,500	0 02769	0 00061	158	3	2,374	0 02769	0 00061	158	3	3,549	53 10%	49 5%
Total	OL2	BB	MH	Vertical Shoebox	20,000	0 02769	0 00061	1,847	36	5,774	0 02769	0 00061	1,847	36	7,946	53 10%	37 6%
Total	OL2	OL22	POLE	Pole - Aluminum	$5 74	0 02769	0 00061	-	-	1,045	0 02769	0 00061	-	-	1,599	53 10%	53 1%
Total	OL2	OL28	POLE	Pole - Aluminum	$9 61	0 02769	0 00061	-	-	1,570	0 02769	0 00061	-	-	2,404	53 10%	53 1%
Total	OL2	OL24	POLE	Pole - Concrete	$6 53	0 02769	0 00061	-	-	7	0 02769	0 00061	-	-	10	53 10%	53 1%
Total	OL2	OL26	POLE	Pole - Concrete	$6 91	0 02769	0 00061	-	-	2,681	0 02769	0 00061	-	-	4,104	53 10%	53 1%
Total	OL2	OL21	POLE	Pole - Wood	$2 50	0 02769	0 00061	-	-	3,076	0 02769	0 00061	-	-	4,710	53 10%	53 1%
				Total Outdoor Lighting 2 - OL2				107,303	2,357	649,783			107,303	2,357	936,596	53 10%	44 1%
Total	SL2	xA	MV	Cobra Head	7,000	0 02832	0 00061	18,930	407	47,417	0 02832	0 00061	18,930	407	62,328	53 10%	31 4%
Total	SL2	xB	MV	Cobra Head	20,000	0 02832	0 00061	2,952	63	6,080	0 02832	0 00061	2,952	63	7,707	53 10%	26 8%
Total	SL2	xRR	MV	Am Island Plantation	130,000	0 02832	0 00061	420	9	1,845	0 02832	0 00061	420	9	2,597	53 10%	40 8%
				Total Street Lighting 2 - SL2				22,302	479	55,341			22,302	479	72,631	53 10%	31 2%
Total	SL3	xF/3	HPS	Acorn	16,000	0 02832	0 00061	18	0	198	0 02832	0 00061	18	0	293	53 10%	48 1%
Total	SL3	xF/4	HPS	Acorn	16,000	0 02832	0 00061	401	9	5,042	0 02832	0 00061	401	9	7,502	53 10%	48 8%
Total	SL3	xE/3	HPS	American Revolution	9,500	0 02832	0 00061	48	1	531	0 02832	0 00061	48	1	788	53 10%	48 2%
Total	SL3	xG/2	HPS	American Revolution	16,000	0 02832	0 00061	121	3	1,114	0 02832	0 00061	121	3	1,641	53 10%	47 2%
Total	SL3	xC	HPS	Cobra Head	9,500	0 02832	0 00061	13,235	284	79,165	0 02832	0 00061	13,235	284	113,580	52 42%	43 5%
Total	SL3	xC/1	HPS	Cobra Head	9,500	0 02832	0 00061	2,789	60	13,383	0 02832	0 00061	2,789	60	19,421	57 32%	45 1%
Total	SL3	xD	HPS	Cobra Head	22,000	0 02832	0 00061	7,041	151	26,543	0 02832	0 00061	7,041	151	38,645	47 32%	35 4%
Total	SL3	xD/1	HPS	Cobra Head	22,000	0 02832	0 00061	861	18	3,821	0 02832	0 00061	861	18	5,804	51 87%	48 0%
Total	SL3	xD/3	HPS	Cobra Head	22,000	0 02832	0 00061	1,851	40	9,765	0 02832	0 00061	1,851	40	14,914	65 39%	52 7%
Total	SL3	xH	HPS	Cobra Head	28,500	0 02832	0 00061	5,234	112	21,057	0 02832	0 00061	5,234	112	29,393	53 05%	39 6%
Total	SL3	xH/1	HPS	Cobra Head	28,500	0 02832	0 00061	65	1	308	0 02832	0 00061	65	1	443	56 20%	44 1%
Total	SL3	xI	HPS	Cobra Head	50,000	0 02832	0 00061	1,029	22	3,420	0 02832	0 00061	1,029	22	4,677	53 10%	36 8%
Total	SL3	xM	HPS	Flood	28,500	0 02832	0 00061	78	2	427	0 02832	0 00061	78	2	612	53 10%	43 2%
Total	SL3	xT	MH	ALN 440	16,000	0 02832	0 00061	280	6	2,862	0 02832	0 00061	280	6	4,231	53 10%	47 8%
Total	SL3	xL	HPS	Cobra Head	22,000	0 02832	0 00061	86	2	347	0 02832	0 00061	86	2	484	53 10%	39 6%
Total	SL3	xY	MH	Flood	130,000	0 02832	0 00061	139	3	402	0 02832	0 00061	139	3	540	53 10%	34 3%
Total	SL3	xW	MH	Flood	50,000	0 02832	0 00061	1,222	26	5,913	0 02832	0 00061	1,222	26	8,390	53 10%	41 9%
Total	SL3	SL38	POLE	Pole - Aluminum	$9 61	0 02832	0 00061	-	-	842	0 02832	0 00061	-	-	1,443	53 10%	53 1%
Total	SL3	SL36	POLE	Pole - Concrete	$8 91	0 02832	0 00061	-	-	1,875	0 02832	0 00061	-	-	2,871	53 10%	53 1%
Total	SL3	SL31	POLE	Pole - Wood	$2 50	0 02832	0 00061	-	-	327	0 02832	0 00061	-	-	500	53 10%	53 1%
Total	SL3	SL312	POLE	Pole - Wood	$5 01	0 02832	0 00061	-	-	5	0 02832	0 00061	-	-	8	53 10%	53 1%
				Total Street Lighting 3 - SL3				34,499	741	179,548			34,499	741	256,178	53 10%	42 7%
Total Consolidated								180,351	3,933	940,910			180,351	3,933	1,342,687	53 10%	42 70%

Schedule E-17

PROPOSED TARIFF SHEETS AND SUPPORT FOR CHARGES

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO.: 030438EI

EXPLANATION:

Provide proposed tariff sheets highlighting changes in legislative format from existing tariff provisions. For each charge, reference by footnote unit costs as shown on Schedules E-8b and E-10, if applicable. Indicate whether unit costs are calculated at the class or system rate of return. On separate attachment explain any differences between unit costs and proposed charges. Provide the derivation (calculation and assumptions) of all charges and credits other than those for which unit costs are calculated in these MFR schedules, including those charges and credits the company proposes to continue at the present level. Workpapers for street and outdoor lighting rates, T-O-U rates and standard energy charges shall be furnished under separate cover to staff, Commissioners, Commission Clerk and upon request to other parties to this docket.

Type of Data Shown:

Projected Test Year 12/31/2004

Witness: Mark Cutshaw

Tariffs with Tracked Changes	Page 39
Tariffs, Final Version	Page 133

Supporting Schedules:

Recap Schedules:

Florida Public Utilities Company
F.P.S.C. Electric Tariff ~~Seventh~~ Eighth Revised Sheet No. 11
First Revised Volume No. I Cancels ~~Sixth~~ Seventh Revised Sheet No. 11

RULES AND REGULATIONS (Continued)

3. Election of Rate Schedules (Continued)

rate schedule at all times. Company shall not be held responsible to notify Customers of the most favorable rates schedule and will not refund the difference in charge under different rate schedules to the same class of service.

Upon notification of any material changes in Customer's installation or load conditions, Company will assist in determining if a change in rates is desirable, but unless required by substantial changes in the Customer's installation, not more than (1) such change in rates will be made within any twelve (12) month period.

Company will require a written contract with special guarantee from Applicants whose characteristics of load would require excessive investment in facilities of whose requirements for service are of a special nature.

4. Customer Deposits

A. Deposit Required

Residential
An initial deposit or suitable guarantee to cover the payment of bills may be required of the Applicant or Customer before service will be supplied. Such initial deposit shall not exceed ~~$180~~200.00 ~~in Company's Fernandina Beach Division or $135.00 in Company's Marianna Division,~~ or an amount necessary to cover charges for service for two billing months, whichever is greater.

Non-Residential Service
An initial deposit based on the previous customer's average two month's billings at the same location, or in the case of the establishment of a new account, based on an estimated two month's billing may be required of the Applicant or Customer before service will be supplied.

B. Establishment of Credit

In lieu of cash deposit a customer may:

(1) Furnish a satisfactory guarantor to secure payment of bills for the service requested, such guarantor to be a customer of the Company with a satisfactory payment record. Guarantors providing security for payment of residential customers' bills shall only be liable for bills contracted at the service address contained in the contract of guaranty.

(2) Furnish an irrevocable letter of credit from a bank.

(3) Furnish a surety bond.

Issued by: ~~F. C. Cressman~~John T. English, PresidentEffective: January 1, ~~1991~~2004

Florida Public Utilities Company
F.P.S.C. Electric Tariff ~~Second~~ Third Revised Sheet No. 16
First Revised Volume No. I Cancels ~~First~~ Second Revised Sheet No. 16

RULES AND REGULATIONS (Continued)

8. Metering

Company will provide each Customer with a meter or meters for each applicable rate schedule.

Customer, acting jointly with Company, may install, maintain and operate at his expense such check measuring equipment as desired provided that such equipment shall be so installed as not to interfere with operation of Company's equipment and that no electric energy shall be remetered for resale to another or others.

Before installation and periodically thereafter, each meter shall be tested and adjusted using methods and accuracy limits prescribed or approved by the Florida Public Service Commission. Periodic test and inspection intervals shall not exceed the maximum period allowed by the Florida Public Service Commission.

If on test the meter is found to be in error in excess of prescribed accuracy limits, fast or slow, the amount of refund or charge to the Customer shall be determined by methods prescribed or approved by the Florida Public Service Commission.

In the event of stoppage or failure of any meter to register, customer may be billed for such period on an estimated consumption based upon his use of electric energy in a similar period of like use or on the basis of check meter readings, if available and accurate.

Meters in use shall be tested at the request of Customer and in his presence, if desired, provided only one (1) such test shall be made free of charge within a twelve (12) month period, and provided Customer shall pay the cost of any additional test within this period unless meter is shown to be inaccurate in excess of the tolerances set forth by the Florida Public Service Commission. If the customer requests a test more frequently, the company may require a deposit, not to exceed $30.00, to defray the cost of testing.

9. Billing and Collecting

Each Customer's meter will be read at regular intervals and bills will be rendered on a monthly basis or periodically in accordance with the terms of the applicable rate schedule. Bills will be rendered as soon as practical after determination of their amount and shall be due and payable at the office of Company within twenty (20) days after date of bill. Failure to receive a bill will not entitle Customer to any discount or to the omission of any charge for nonpayment within the time specified.

Issued by: ~~J. K. Roberts~~John T. English, PresidentEffective: ~~November 3, 1970~~January 1, 2004
Issued on: August 20, 1970

RULES AND REGULATIONS (Continued)

(2) all bills for service due Company by reason of fraudulent use or tampering shall be paid, a deposit to guarantee the payment of future bills shall be made, and a reconnection fee shall be paid.

(3) if reconnection is requested on the same premises after discontinuance, a reconnection fee shall be paid.

B. Where service was discontinued with notice,

(1) satisfactory arrangements for payment of all bills for service then due shall be made and a reconnection fee shall be paid.

(2) a satisfactory arrangement for the payment of bills then due under a different name shall be made and a reconnection fee shall be paid.

(3) a satisfactory guarantee of payment for all future bills shall be furnished and a reconnection fee shall be paid.

(4) the violation of these Rules and Regulations shall be corrected and a reconnection fee shall be paid.

The reconnection fee as required under items A and B above shall be as follows:

During Normal Business Hours	$37.00
After Normal Business Hours	$60.00

~~Marianna Division Thirty eight dollars and 25 cents ($38.25)~~
~~Fernandina Beach Division Fifteen Dollars ($15.00)~~

15. Termination of Service

Subject to any existing agreement between Customer and Company, if Customer wishes the electric service to be terminated, he shall give notice at the office of the Company at least three (3) days prior to the time that such termination shall become effective. Customer will be held liable both for any electric energy that may pass through the meter and safe custody of the Company's property until three (3) days after such notice shall have been given, provided that the meter and/or other movable equipment shall not have been removed within that time by the Company.

If Customer wishes Company's property to be removed, he shall give notice at the office of the Company at least ten (10) days prior to the time that such removal must be made.

Florida Public Utilities Company
F.P.S.C. Electric Tariff ~~Seventh~~ Eighth Revised Sheet No. 22
First Revised Volume No. I Cancels ~~Sixth~~ Seventh Revised Sheet No. 22

RULES AND REGULATIONS (Continued)

16. Limitations of Supply

Company reserves the right, subject to regulatory authority having jurisdiction, to limit, restrict or refuse service that will result in additions to its distribution system and/or production capacity and/or alterations in its contractual requirements of supply from non-affiliated companies that may jeopardize service to existing Customers.

17. Temporary Service

The Company upon request will supply temporary service when company's distribution system is nearby the requested location.

When ~~the~~ overhead temporary service is to be later replaced with a permanent service, the Company will install a temporary pole, service drop, meter and other facilities as may be necessary and remove same at the termination of temporary service. To recover the cost of installing and removing such temporary service, an advance of $~~100~~150.00 per service to the applicant will be applied. For underground temporary service using customer provided wire, an advance of $110.00 per service will be required.

When the temporary service will not be replaced by a permanent service or when the location is such that multiple temporary poles and/or extensive facilities are required, the Company will estimate the cost of installing and removing the temporary facilities and the advance charge to the applicant will be that cost estimate.

The rate schedule for temporary service shall be that which is applicable to the class of service for that customer.

18. Fees for Initial Connections

In addition to the deposit or suitable guarantee to cover the payment of bills as required by the Rules and Regulations, each Applicant or Customer shall pay an initial turn-on connection fee ~~as follows:~~of $44.00.

~~Marianna Division: Thirty three Dollars and 20 cents ($33.20)~~
~~Fernandina Beach Division: Thirteen Dollars ($13.00)~~

19. ~~Change of Account Name~~Re-establish or Make Change to Account

There shall be a charge to ~~change the name of~~re-establish or change any account to which service is currently rendered under any of the Company' rate schedules ~~as follows:~~in the amount of $19.00. Should it be necessary, at the customer's request, to disconnect and then reconnect the service to the account, the customer shall pay a temporary disconnect then reconnect fee in the amount of $27.00.

~~Marianna Division: Sixteen Dollars ($16.00)~~
~~Fernandina Beach Division: Eight Dollars ($8.00)~~

Issued by: ~~F. C. Cressman~~John T. English, PresidentEffective: ~~February 17, 1994~~January 1, 2004

RULES AND REGULATIONS (Continued)

22. Service Charges	~~Marianna Division~~		~~Fernandina Beach Division~~
A. Initial establishment of service	~~$33.20~~	$44.00	~~$13.00~~
B. Re-establish ~~meter service to inactive~~or change Account ~~(set) meter~~	~~$14.50~~	$19.00	~~$11.00~~
C. Temporary disconnect then reconnect Service	~~$26.25~~	$27.00	~~$20.00~~
~~D. Re-establish active service (read) Meter only)~~	~~$16.00~~	~~cancelled~~	~~$8.00~~
~~E.~~D. Re-connect service after ~~disconnect For non payment~~being disconnected for rule violation			
Normal business hours		$37.00	
After normal business hours	~~$38.25~~	$60.00	~~$15.00~~
~~F.~~E. Connect and then disconnect temporary Service	~~$30.50~~	$44.00	~~$20.00~~
~~G~~F. Collection Charge	~~$6.00~~	$11.50	

Issued by: ~~F. C. Cressman~~John T. English, President Effective: ~~February 17, 1994~~ January 1, 2004

Florida Public Utilities Company
F.P.S.C. Electric Tariff — Twenty-Second~~First~~ Revised Sheet No. 23
First Revised Volume No. I — Cancels Twenty-First~~Twentieth~~ Revised Sheet No. 23

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Issued by: John T. English~~F. C. Cressman~~, President Effective: January~~April~~ 1, 2004~~1997~~

Florida Public Utilities Company
F.P.S.C. Electric Tariff ~~Twelfth~~Thirteenth Revised Sheet No. 25
First Revised Volume No. I Cancels ~~Eleventh~~Twelfth Revised Sheet No. 25

~~MARIANNA DIVISION~~
RATE SCHEDULE RS
RESIDENTIAL SERVICE

Availability
Available within the territory served by the Company in Jackson, Calhoun and Liberty Counties and on Amelia Island in Nassau County.

Applicability
Applicable for service to a single family dwelling unit occupied by one family or household and for energy used in commonly-owned facilities in condominium and cooperative apartment buildings.

Character of Service
Single-phase service at nominal secondary voltage of 115/230 volts; three-phase service if available.

Limitations of Service
The maximum size of any individual single-phase motor hereunder shall not exceed five (5) horsepower.

The Company shall not be required to construct any additional facilities for the purpose of supplying three-phase service unless the revenue to be derived therefrom shall be sufficient to yield the Company a fair return on the value of such additional facilities.

Monthly Rate
Customer Facilities Charge:
~~$8.30~~10.84 per customer per month

Base Energy Charge:
All KWH ~~1.2130~~1.742¢/KWH

Purchased Power Charges
Purchased power charges are adjusted by the Florida Public Service Commission, normally each year in January. For current purchased power costs included in the tariff, see Sheet No. 41.

Minimum Bill
The minimum monthly bill shall consist of the above Customer Facilities Charge.

Continued on Sheet No. 26

Issued by: ~~F.C. Cressman~~John T. England, President Effective: ~~February 17, 1994~~January 1, 2004

Florida Public Utilities Company
F.P.S.C. Electric Tariff ~~Second~~Third Revised Sheet No. 26
First Revised Volume No. I Cancels ~~First~~Second Revised Sheet No. 26

~~MARIANNA DIVISION~~
RATE SCHEDULE RS
RESIDENTIAL SERVICE

Continued from Sheet No. 25

Purchased Power Costs
See Sheet No. 41

Conservation Costs
See Sheet No. 41

Franchise Fee Adjustment
Customers taking service within franchise areas shall pay a franchise fee adjustment in the form of a percentage to be added to their bills prior to the application of any appropriate taxes. This percentage shall reflect the customer's pro rata share of the amount the Company is required to pay under the franchise agreement with the specific governmental body in which the customer is located.

Average Billing Plan (Optional)
Year-round residential customers with a Company determined satisfactory payment record and a minimum of 12 months billing history at their current residence may, at their option, elect to pay for their residentially metered electric service by a special payment method called the "Average Billing Plan". The Plan will apply only to metered service on this rate. Qualified customers electing the Plan will be enrolled contingent upon receipt and approval by the Company of a written application on the Company's standard form.

Under the Average Billing Plan, the customer will receive a monthly bill which has been determined by the following method: The previous 12 months average KWH is calculated at the currently effective rate. To this amount is applied an adjustment percentage of any deferred balance (debit or credit), which is the cumulative difference between prior actual billings and average billing amounts. The total of the averaged bill, plus the adjustment percentage of the deferred amount, is rounded to the nearest dollar for the current month's average billing amount. Extraneous charges (balances, taxes, deposit interest credit, etc.) are then added to arrive at the current amount due. The adjustment percentage of applied deferred is contingent upon deferred balances according to the following: $0 to $199.99 - 10%; $200 - $299.99 - 20%; $300 or more - 30%.

Issued by: ~~F.C. Cressman~~John T. English, President Effective: ~~February 17, 1994~~January 1, 2004

Florida Public Utilities Company
F.P.S.C. Electric Tariff ~~First~~Second Revised Sheet No. 27
First Revised Volume No. I Cancels ~~Original~~ First Sheet No. 27

~~MARIANNA DIVISION~~
RATE SCHEDULE RS
RESIDENTIAL SERVICE

Continued from Sheet No. 27

The Average Billing Plan will be continuous unless the customer requests termination from the Plan, is disconnected or becomes subject to collection action on this service account, at which time the Plan will be terminated and the customer must settle his account in full. For the customer terminating from the Plan but remaining on an active status, the account will revert to regular billing procedures. Notwithstanding the above, the customer may terminate the Plan at any time. Once a customer's participation in the Plan has terminated the customer may not rejoin the Plan for 12 months.

Terms and Conditions

Service under this rate schedule is subject to the Company's Rules and Regulations applicable to electric service.

Florida Public Utilities Company
F.P.S.C. Electric Tariff ~~EleventhTwelfth~~ Revised Sheet No. 29.1
First Revised Volume No. I Cancels ~~TenthEleventh~~ Revised Sheet No. 29.1

~~MARIANNA DIVISION~~
RATE SCHEDULE OL
OUTDOOR LIGHTING SERVICE
(CLOSED TO NEW INSTALLATIONS)

Availability
Available within the territory served by the Company in Jackson, Calhoun and Liberty Counties and on Amelia Island in Nassau County.

Applicability
Applicable to any customer for non-metered outdoor lighting service.

Character of Service
Lighting service from dusk to dawn.

Limitations of Service
Service is limited to lighting by mercury vapor lamps of 7,000 or 20,000 lumens mount4ed on wood poles.

Monthly Rate
When lighting fixtures are mounted on existing poles and served directly from existing overhead secondary distribution lines:

Lamp Size Lumens	KWH/Mo. Estimate	Facilities Charge	Maintenance Charge	Energy Charge	Total Charge
7,000	72	$1.43	$1.94	$2.97	$6.34~~7,000~~
~~72~~	~~$1.35~~	~~$1.19~~	~~$1.80~~	~~$4.34~~	
20,000	154	$3.91	$3.94	$3.27	$11.13~~20,000~~
~~154~~	~~$3.89~~	~~$1.21~~	~~$3.85~~	~~$8.95~~	

Charges for other Company-owned facilities:
Each wood pole and overhead span of wire installed: $3.39

For concrete or fiberglass poles and/or underground conductors etcetera, the customer shall pay a lump sum amount equal to the estimated differential cost between the special system and the equivalent overhead-wood pole system.

Purchased Power Charges
Purchased power charges are adjusted by the Florida Public Service Commission, normally each ~~six months, April and October~~year in January. ~~As of OctoberAugust 1, 19932003 the amount was 2.898¢/KWH.~~ For current purchased power costs included in the tariff, see Sheet No. 41.

Minimum Bill
The above rates times the number of lamps connected.

Terms of Payment
Bills are rendered net and are due and payable within twenty (20) days from date of bill.

Continued on Sheet No. 29.2

~~MARIANNA DIVISION~~
RATE SCHEDULE OL
OUTDOOR LIGHTING SERVICE

Continued from Sheet No. 29.1

Purchased Power Costs
See Sheet No. 41

Conservation Costs
See Sheet No. 41

Franchise Fee Adjustment
Customers taking service within franchise areas shall pay a franchise fee adjustment in the form of a percentage to be added to their bills prior to the application of any appropriate taxes. This percentage shall reflect the customer's pro rata share of the amount the Company is required to pay under the franchise agreement with the specific governmental body in which the customer is located.

Term of Service
Service under this rate schedule shall be by written contract for a period of two or more years.

Terms and Conditions
1. Service under this rate schedule is subject to the Company's Rules and Regulations applicable to electric service.

2. The charges set forth above cover the initial installation of overhead lines, poles and fixture assembly including bracket, and maintenance including lamp renewals due to burn outs only. Lamp renewals and other necessary service will be performed only during regular daytime working hours as soon as practical after notification of the necessity by the customer.

Florida Public Utilities Company
F.P.S.C. Electric Tariff ~~Fifth~~Sixth Revised Sheet No. 29.3
First Revised Volume No. I Cancels ~~Fourth~~Fifth Revised Sheet No. 29.3

~~MARIANNA DIVISION~~
RATE SCHEDULE OL-2
HIGH PRESSURE SODIUM VAPOR
OUTDOOR LIGHTING SERVICE

Availability
Available within the territory served by the Company in Calhoun, Jackson and Liberty Counties and on Amelia Island in Nassau County.

Applicability
Applicable to any customer for non-metered outdoor lighting service.

Character of Service
Lighting service from dusk to dawn.

Limitations of Service
Company-owned fixtures will be mounted on Company-owned poles of the Company's distribution system. Customer-owned fixtures will be mounted on customer-owned poles, of a standard type and design, permitting service and maintenance at no abnormal cost to the company. ~~Service is limited to lighting by high-pressure sodium vapor lamps mounted on wood poles. Company owned facilities will be installed only on Company owned poles.~~

Monthly Rate
When lighting fixtures are mounted on existing poles and served directly from existing overhead secondary distribution lines:

~~Lamp Size KWH/Mo. Facilities Maintenance Energy Total~~
~~Lumens Watts Estimate Charge Charge Charge Charge~~

Type Facility	Lamp Lumens	Size Watts	KWH/Mo. Estimate	Facilities Charge	Maintenance Charge	Energy Charge	Total Charge
High Pressure Sodium Lights							
Acorn	16,000	150	61	$13.58	$2.31	$4.84	$20.73
ALN 440	16,000	150	61	$20.21	$2.31	$6.85	$29.37
Amer. Rev.	9,500	100	41	$7.63	$1.56	$3.02	$12.21
Amer. Rev.	16,000	150	61	$8.30	$2.31	$3.19	$13.80
Cobra Head	9,500	100	41	$5.74	$1.60	$2.50	$9.84
Cobra Head	22,000	200	81	$9.61	$3.06	$3.50	$16.17
Cobra Head	28,500	250	101	$10.56	$3.87	$3.83	$18.26
Cobra Head	50,000	400	162	$7.95	$6.20	$3.53	$17.68
Flood	28,500	250	101	$8.00	$3.87	$3.52	$15.39
Flood	50,000	400	162	$12.32	$6.20	$4.35	$22.87
Flood	130,000	1,000	405	$15.43	$15.51	$5.74	$36.68
SP2 Spectra	9,500	100	41	$18.59	$6.25	$1.58	$26.43
Metal Halide Lights							
ALN 440	16,000	175	71	$20.35	$2.68	$6.97	$30.00
Flood	50,000	400	162	$8.30	$6.19	$3.66	$18.15
Flood	130,000	1,000	405	$14.32	$15.50	$5.32	$35.14
Shoebox	16,000	175	71	$15.66	$2.68	$5.64	$23.98
Shoebox	28,500	250	101	$16.65	$3.84	$6.30	$26.79
SP2 Spectra	9,500	100	41	$17.00	$1.55	$5.76	$24.32

Issued by: ~~F. C. Cressman~~John T. English, President Effective: ~~February 17, 1994~~January 1, 2004

Florida Public Utilities Company
F.P.S.C. Electric Tariff ~~Fifth~~Sixth Revised Sheet No. 29.3
First Revised Volume No. I Cancels ~~Fourth~~Fifth Revised Sheet No. 29.3

Vert.Shoe	130,000	1,000	405	$20.07	$15.51	$7.06	$42.64

~~9,500 100 42 $3.98 $1.40 $1.05 $6.43~~
~~20,000 200 89 $5.48 $1.42 $2.23 $9.13~~

~~Charges for other Company owned facilities:~~
~~Each wood pole and overhead span of wire installed: $2.50~~

~~For concrete or fiberglass poles and/or underground conductors etcetera, the customer shall pay a lump sum amount equal to the estimated differential cost between the special system and the equivalent overhead wood pole system.~~

~~Purchased Power Charges~~
~~Purchased power charges are adjusted by the Florida Public Service Commission, normally each six months, April and October. As of October~~August 1, 1993~~2003~~, the amount was 2.898¢/KWH. For current purchased power costs included in the tariff, see Sheet No. 41.~~Continued on Sheet No. 29.4

Issued by: ~~F. C. Cressman~~John T. English, President Effective: ~~February 17, 1994~~January 1, 2004

Florida Public Utilities Company
F.P.S.C. Electric Tariff ~~Second~~Third Revised Sheet No. 29.4
First Revised Volume No. I Cancels ~~First~~Second Revised Sheet No. 29.4

~~MARIANNA DIVISION~~
RATE SCHEDULE OL-2
HIGH PRESSURE SODIUM VAPOR
OUTDOOR LIGHTING SERVICE

Continued from Sheet No. 29.3

Charges for other Company-owned facilities:	
1) 30' Wood Pole	$~~2.50~~3.81
2) 40' Wood Pole	$~~5.01~~7.39
3) 18' Fiberglass	$~~3.82~~6.21
4) 13' Decorative Concrete	$~~5.74~~9.71
5) 20' Decorative Concrete	$~~6.53~~10.00
6) 35' Concrete	$~~6.91~~10.58
7) 10' Hapco Deco Base Aluminum	$~~9.61~~12.66

For the poles shown above that are served from an underground system, the Company will provide up to one hundred (100) feet of conductor to service each fixture. The customer will provide and install the necessary conduit system to Company specifications.

Purchased Power Charges
Purchased power charges are adjusted annually by the Florida Public Service Commission. For current purchased power costs included in the tariff, see Sheet No. 41.

Minimum Bill
The above rates times the number of lamps connected.

Terms of Payment
Bills are rendered net and are due and payable within twenty (20) days from date of bill.

Purchased Power Costs
See Sheet No. 41

Conservation Costs
See Sheet No. 41

Franchise Fee Adjustment
Customers taking service within franchise areas shall pay a franchise fee adjustment in the form of a percentage to be added to their bills prior to the application of any appropriate taxes. This percentage shall reflect the customer's pro rata share of the amount the Company is required to pay under the franchise agreement with the specific governmental body in which the customer is located.

Term of Service
Service under this rate schedule shall be by written contract for a period of five or more years.

Terms and Conditions
1. Service under this rate schedule is subject to the Company's Rules and Regulations applicable to electric service.

Florida Public Utilities Company
F.P.S.C. Electric Tariff ~~Second~~Third Revised Sheet No. 29.4
First Revised Volume No. I Cancels ~~First~~Second Revised Sheet No. 29.4

2. The charges set forth above cover the initial installation of overhead lines, poles and fixture assembly including bracket, and maintenance including lamp renewals due to burn outs only.

Issued by: ~~F. C. Cressman~~John T. English, PresidentEffective: ~~February 17, 1994~~January 1, 20

~~MARIANNA DIVISION~~
~~RATE SCHEDULE OL-2~~
~~HIGH PRESSURE SODIUM VAPOR~~
~~OUTDOOR LIGHTING SERVICE~~

~~Availability~~

~~Available within the territory served by the Company in Calhoun, Jackson and Liberty Counties and on Amelia Island in Nassau County.~~

~~Applicability~~

~~Applicable to any customer for non-metered outdoor lighting service.~~

~~Character of Service~~

~~Lighting service from dusk to dawn.~~

~~Limitations of Service~~

~~Company-owned fixtures will be mounted on Company-owned poles of the Company's distribution system. Customer-owned fixtures will be mounted on customer-owned poles, of a standard type and design, permitting service and maintenance at no abnormal cost to the Company.~~

~~Monthly Rate~~

~~When lighting fixtures are mounted on existing poles and served directly from existing overhead secondary distribution lines.~~

~~Type of Facility~~	~~Lamp Size Lumens~~	~~Watts~~	~~KWH/Mo. Estimate~~	~~Facilities Charge~~	~~Maintenance Charge~~	~~Enc~~
~~Am Rev~~	~~9,500~~	~~100~~	~~41~~	~~$4.~~		
~~Acorn~~	~~16,000~~	~~150~~	~~61~~	~~$8.~~		
~~Am Rev~~	~~16,000~~	~~150~~	~~61~~	~~$4.~~		
~~* Not available with Pole 1,5,6~~						
~~MH Shoebox~~	~~16,000~~	~~175~~	~~71~~	~~$9.34~~	~~$3.~~	
~~MH Shoebox~~	~~28,500~~	~~250~~	~~101~~	~~$10.27~~		
~~* Not available with Pole 1,2,3~~						
~~Flood~~	~~28,500~~	~~250~~	~~101~~	~~$5.~~		
~~Cobra~~	~~50,000~~	~~400~~	~~162~~	~~$5.~~		
~~MH Flood~~	~~50,000~~	~~400~~	~~162~~	~~$5.35~~	~~$2.~~	
~~* Not available with Pole 2,3,5~~						

~~Charges for other Company-owned facilities:~~

~~1)~~	~~30' Wood Pole~~
~~2)~~	~~13' Decorative~~
~~3)~~	~~18' Fiberglass~~
~~4)~~	~~20' Decorative~~
~~5)~~	~~20' Square Fibe~~
~~6)~~	~~35' Concrete~~

~~For the poles shown above that are served from an underground system, the Company will provide up to one hundred (100) feet of conductor to service each fixture. The customer will provide and install the necessary conduit system to Company specifications.~~

Florida Public Utilities Company Second Sheet No. 29.5
F.P.S.C. Electric Tariff Cancels Original Sheet No. 29.5
First Revised Volume No. I

~~Continued on Sheet No. 29.6~~

WITHDRAWN JANUARY 1, 2004

Issued by: ~~F. C. Creesman~~John T. English, President Effective: January 1, ~~1996~~2004

Florida Public Utilities Company
F.P.S.C. Electric Tariff
First Revised Volume No. I

Second Sheet No. 29.6
Cancels Original Sheet No. 29.6

~~MARIANNA DIVISION~~
RATE SCHEDULE OL-2
HIGH PRESSURE SODIUM VAPOR
OUTDOOR LIGHTING SERVICE

~~Continued from Sheet No. 29.5~~

~~Purchased Power Charges~~
~~Purchased power charges are adjusted by the Florida Public Service Commission, normally each six months, April and October. As of October August 1, 19932003, the amount was 2.898¢/KWH. For current purchased power costs included in the tariff, see Sheet No. 41.~~

~~Minimum Bill~~
~~The above rates times the number of lamps connected.~~

~~Terms of Payment~~
~~Bills are rendered net and due and payable within twenty (20) days from date of bill.~~

~~Purchased Power Costs~~
~~See Sheet No. 41~~

~~Conservation Costs~~
~~See Sheet No. 41~~

~~Franchise Fee Adjustment~~
~~Customers taking service within franchise areas shall pay a franchise fee adjustment in the form of a percentage to be added to their bills prior to the application of any appropriate taxes. This percentage shall reflect the customer's pro-rata share of the amount the Company is required to pay under the franchise agreement with the specific governmental body in which the customer is located.~~

~~Term of Service~~
~~Service under this rate schedule shall be for a term of five or more years. Accounts with five or more Lights will require a written five year contract.~~

~~Term of Conditions~~
~~1. Service under this rate schedule is subject to the Company's Rules and Regulations applicable to electric service.~~

~~2. The charges set forth above cover the initial installation of overhead lines, poles and fixture assembly including bracket, and maintenance including lamp renewals due to burn outs only.~~

WITHDRAWN JANUARY 1, 2004

Issued by: ~~F. C. Cressman~~John T. English, PresidentEffective: January 1, ~~19962004~~

Florida Public Utilities Company
F.P.S.C. Electric Tariff — ~~First~~Second Revised Sheet No. 29.7
First Revised Volume No. I — Cancels ~~Original~~ First Sheet No. 29.7

~~RATE SCHEDULE OL-2~~
~~HIGH PRESSURE SODIUM/METAL HALIDE~~
~~OUTDOOR LIGHTING SERVICE~~

~~Availability~~
~~Available within the territory served by the Company in Calhoun, Jackson, and Liberty Counties, Florida and on Amelia Island in Nassau County.~~

~~Applicability~~
~~Applicable to any customer for non-metered lighting service.~~

~~Character of Service~~
~~Lighting service from dusk to dawn.~~

~~Limitations of Service~~
~~Company owned fixtures will be mounted on Company owned poles of the Company's distribution system. Customer owned fixtures will be mounted on customer owned poles, of a standard type and design, permitting service and maintenance at no abnormal cost to the Company.~~

~~Monthly Rate~~
~~When lighting fixtures are mounted on existing poles and served directly from existing overhead or underground secondary distribution lines:~~

~~Type of Facility~~	~~Lamp Size Lumens~~	~~Watts~~	~~KWH/Mo. Estimate~~	~~Facilities Charge~~	~~Maintenance Charge~~	~~Total Charge~~
~~HPS Wallmount~~	~~6,300~~	~~70~~	~~28~~	~~$12.04~~	~~$4.06~~	~~$16.10~~
~~HPS SP2 Spectra~~	~~9,500~~	~~100~~	~~41~~	~~$13.02~~	~~$4.35~~	~~$17.37~~
~~HPS ALN 440~~	~~16,000~~	~~150~~	~~61~~	~~$15.51~~	~~$5.17~~	~~$20.68~~
~~HPS Cobrahead~~	~~22,000~~	~~200~~	~~81~~	~~$7.30~~	~~$2.70~~	~~$10.00~~
~~HPS Cobrahead~~	~~28,500~~	~~250~~	~~101~~	~~$6.90~~	~~$2.50~~	~~$9.40~~
~~HPS Flood~~	~~50,000~~	~~400~~	~~162~~	~~$8.05~~	~~$2.84~~	~~$10.89~~
~~HPS Interstate Luminaire~~	~~50,000~~	~~400~~	~~162~~	~~$8.81~~	~~$3.07~~	~~$11.88~~
~~HPS Interstate Luminaire~~	~~130,000~~	~~1,000~~	~~405~~	~~$24.69~~	~~$8.18~~	~~$32.87~~
~~HPS Vertical Shoebox~~	~~130,000~~	~~1,000~~	~~405~~	~~$13.68~~	~~$4.96~~	~~$18.64~~
~~HPS Flood~~	~~130,000~~	~~1,000~~	~~405~~	~~$10.08~~	~~$3.75~~	~~$13.83~~
~~MH SP2 Spectra~~	~~9,500~~	~~100~~	~~41~~	~~$13.02~~	~~$4.45~~	~~$17.47~~
~~MH ALN 440~~	~~16,000~~	~~175~~	~~71~~	~~$15.51~~	~~$5.17~~	~~$20.68~~
~~MH Interstate Luminaire~~	~~50,000~~	~~400~~	~~162~~	~~$8.05~~	~~$2.93~~	~~$10.98~~
~~MH Interstate Luminaire~~	~~130,000~~	~~1,000~~	~~405~~	~~$24.69~~	~~$8.18~~	~~$32.87~~
~~MH Flood~~	~~130,000~~	~~1,000~~	~~405~~	~~$9.40~~	~~$3.49~~	~~$12.89~~
~~MH Vertical Shoebox~~	~~130,000~~	~~1,000~~	~~405~~	~~$13.11~~	~~$4.61~~	~~$17.72~~

~~Continued on Sheet No. 29.8~~

WITHDRAWN JANUARY 1, 2004

Issued by: J~~.~~ohn T. English, President — Effective: ~~April 10, 2000~~January 1, 2004

Florida Public Utilities Company
F.P.S.C. Electric Tariff — ~~First~~ Second Revised Sheet No. 29.8
First Revised Volume No. I — Cancels ~~Original~~ First Sheet No. 29.8

~~MARIANNA DIVISION~~
~~RATE SCHEDULE OL-2~~
~~HIGH PRESSURE SODIUM/METAL HALIDE~~
~~OUTDOOR LIGHTING SERVICE~~

~~Continued from Sheet No. 29.7~~

~~Type of Facility~~	~~Lamp Size Lumens~~	~~Watts~~	~~KWH/Mo. Estimate~~	~~Energy Charge~~
~~HPS Wallmount~~	~~6,300~~	~~70~~	~~28~~	~~$0.70~~
~~HPS SP2 Spectra~~	~~9,500~~	~~100~~	~~41~~	~~$1.03~~
~~HPS ALN 440~~	~~16,000~~	~~150~~	~~61~~	~~$1.53~~
~~HPS Cobrahead~~	~~22,000~~	~~200~~	~~81~~	~~$2.03~~
~~HPS Cobrahead~~	~~28,500~~	~~250~~	~~101~~	~~$2.53~~
~~HPS Flood~~	~~50,000~~	~~400~~	~~162~~	~~$4.05~~
~~HPS Interstate Luminaire~~	~~50,000~~	~~400~~	~~162~~	~~$4.05~~
~~HPS Interstate Luminaire~~	~~130,000~~	~~1,000~~	~~405~~	~~$10.13~~
~~HPS Vertical Shoebox~~	~~130,000~~	~~1,000~~	~~405~~	~~$10.13~~
~~HPS Flood~~	~~130,000~~	~~1,000~~	~~405~~	~~$10.13~~
~~MH SP2 Spectra~~	~~9,500~~	~~100~~	~~41~~	~~$1.03~~
~~MH ALN 440~~	~~16,000~~	~~175~~	~~71~~	~~$1.78~~
~~MH Interstate Luminaire~~	~~50,000~~	~~400~~	~~162~~	~~$4.05~~
~~MH Interstate Luminaire~~	~~130,000~~	~~1,000~~	~~405~~	~~$10.13~~
~~MH Flood~~	~~130,000~~	~~1,000~~	~~405~~	~~$10.13~~
~~MH Vertical Shoebox~~	~~130,000~~	~~1,000~~	~~405~~	~~$10.13~~

~~Charges for other Company-owned facilities.~~

~~Pole 10' Hapco Direct Bury Aluminum~~	~~$ 6.60~~
~~Pole 10' Hapco Deco Base Aluminum~~	~~$ 9.61~~
~~Pole 10' Hapco Deco Base Aluminum~~	~~$10.68~~
~~Pole 30' Hapco Satin Aluminum~~	~~$11.58~~
~~Pole 20' Decorative Concrete Octagonal~~	~~$ 7.10~~
~~Pole 40' Wood~~	~~$ 5.01~~

~~For the poles shown above that are served from an underground system, the Company will provide up to one hundred (100) feet of conductor to service each fixture. The customer will provide and install the necessary conduit system to Company specifications.~~

~~Continued on Sheet No. 29.9~~

WITHDRAWN JANUARY 1, 2004

Issued by: J~~.T.~~ohn English, President — Effective: ~~April 10, 2000~~January 1, 2004

Florida Public Utilities Company
F.P.S.C. Electric Tariff ~~First~~ Second Revised Sheet No. 29.9
First Revised Volume No. I Cancels First Revised Sheet No. 29.9

~~MARIANNA DIVISION~~
~~RATE SCHEDULE OL-2~~
~~HIGH PRESSURE SODIUM/METAL HALIDE~~
~~OUTDOOR LIGHTING SERVICE~~

~~Continued from Sheet No. 29.8~~

~~Purchased Power Charges~~
~~Purchased power charges are adjusted by the Florida Public Service Commission, normally each six months, April and October. As of October August 1, 1993~~2003~~, the amount was 2.898¢/KWH. For current purchased power costs included in the tariff, see Sheet No. 41.~~

~~Minimum Bill~~
~~The above rates times the number of lamps connected.~~

~~Terms of Payment~~
~~Bills are rendered net and due and payable within twenty (20) days from date of bill.~~

~~Purchased Power Costs~~
~~See Sheet No. 41~~

~~Conservation Costs~~
~~See Sheet No. 41~~

~~Franchise Fee Adjustment~~
~~Customers taking service within franchise areas shall pay a franchise fee adjustment in the form of a percentage to be added to their bills prior to the application of any appropriate taxes. This percentage shall reflect the customer's pro rata share of the amount the Company is required to pay under the franchise agreement with the specific governmental body in which the customer is located.~~

~~Term of Service~~
~~Service under this rate schedule shall be for a term of five or more years. Accounts with five or more lights will require a written five-year contract.~~

~~Term of Conditions~~
~~1. Service under this rate schedule is subject to the Company's Rules and Regulations applicable to electric service.~~

~~2. The charges set forth above cover the initial installation of overhead lines, poles and fixture assembly including bracket, and maintenance including lamp renewals due to burn outs only.~~

WITHDRAWN JANUARY 1, 2004

Issued by: ~~J.T.~~John T. English, President Effective: ~~April 10, 2000~~January 1, 2004

Florida Public Utilities Company
F.P.S.C. Electric Tariff ~~Tenth~~Eleventh Revised Sheet No. 30
First Revised Volume No. I Cancels ~~Ninth~~Tenth Revised Sheet No. 30

~~MARIANNA DIVISION~~
RATE SCHEDULE GS
GENERAL SERVICE - NON-DEMAND

Availability
Available within the territory served by the Company in Jackson, Calhoun and Liberty Counties and on Amelia Island in Nassau County.

Applicability
Applicable to commercial and industrial lighting, heating, cooking and small power loads aggregating 25 KW or less. Sports or athletic fields operated by non-profit organizations and having less than 300 KW of connected load will be served under the transitional rate of this rate schedule, unless such organizations, at their options, take service under the GSD rate schedule.

Character of Service
Single or three-phase service at available standard voltage.

Limitations of Service
Service shall be at a single metering point.

Monthly Rate
Customer Facilities Charge:
~~$11.50~~14.87 per customer per month

Base Energy Charge:
All KWH ~~1.2130~~1.939¢/KWH

Transitional Rate for Non-Profit Sports Fields
Monthly Rate
Customer Facilities Charge:
~~$16.00~~22.10 per customer per month

Base Energy Charge: ~~2.8700~~3.965¢/KWH

The rate for Non-Profit Sports Fields is closed to new subscribers.

Purchased Power Charges
Purchased power charges are adjusted by the Florida Public Service Commission, normally each ~~six months, April and October~~year in January. ~~As of October 1, 1993, the amount was 4.612¢/KWH.~~ For current purchased power costs included in the tariff, see Sheet No. 41.

Minimum Bill
The minimum monthly bill shall consist of the above Customer Facilities Charge.

Terms of Payment
Bills are rendered net and are due and payable within twenty (20) days from date of bill.

Continued on Sheet No. 31

Issued by: ~~F. C. Cressman~~John T. English, President Effective: ~~February 17, 1994~~January 1, 20

Florida Public Utilities Company
F.P.S.C. Electric Tariff ~~First~~Second Revised Sheet No. 31
First Revised Volume No. I Cancels ~~Original~~ First Sheet No. 31

~~MARIANNA DIVISION~~

RATE SCHEDULE GS
GENERAL SERVICE - NON-DEMAND

Continued from Sheet No. 30

Purchased Power Costs
See Sheet No. 41

Conservation Costs
See Sheet No. 41

Franchise Fee Adjustment
Customers taking service within franchise areas shall pay a franchise fee adjustment in the form of a percentage to be added to their bills prior to the application of any appropriate taxes. This percentage shall reflect the customer's pro rata share of the amount the Company is required to pay under the franchise agreement with the specific governmental body in which the customer is located.

Terms and Conditions
Service under this rate schedule is subject to the Company's Rules and Regulations applicable to electric service.

Florida Public Utilities Company
F.P.S.C. Electric Tariff ~~EleventhTwelfth~~ Revised Sheet No. 32
First Revised Volume No. I Cancels ~~TenthEleventh~~ Revised Sheet No. 32

~~MARIANNA DIVISION~~
RATE SCHEDULE GSD
GENERAL SERVICE - DEMAND

Availability
Available within the territory served by the Company in Jackson, Calhoun and Liberty Counties and on Amelia Island in Nassau County.

Applicability
Applicable to commercial, industrial and municipal service with a measured demand of 25 KW ~~or more~~but less than 300 KW for three or more months out of the twelve consecutive months ending with the current billing period. Also available, at the option of the customer, to any customer with demands of less than 25 KW who agrees to pay for service under this rate schedule for a minimum initial term of twelve months.

Character of Service
Single or three-phase service at available standard voltage.

Limitations of Service
Service shall be at a single metering point at one voltage.

Monthly Rate
Customer Facilities Charge:
~~$43.75~~48.66 per customer per month

Demand Charge:
Each KW of Billing Demand $ ~~2.40~~2.48/KW

Base Energy Charge
All KWH ~~0.0760~~0.368¢/KWH

Purchased Power Charges
Purchased power charges are adjusted by the Florida Public Service Commission, normally each ~~six months, April and October~~year in January. ~~As of October 1, 1993, the amount was 4.189¢/KWH.~~ For current purchased power costs included in the tariff, see Sheet No. 41.

Minimum Bill
The minimum monthly bill shall consist of the above Customer Facilities Charge plus the Demand Charge for the currently effective billing demand.

Terms of Payment
Bills are rendered net and are due and payable within twenty (20) days from date of bill.

Purchased Power Costs
See Sheet No. 41

Continued on Sheet No. 33

Florida Public Utilities Company
F.P.S.C. Electric Tariff ~~Seventh~~Eighth Revised Sheet No. 33
First Revised Volume No. I Cancels ~~Sixth~~Seventh Revised Sheet No. 33

~~MARIANNA DIVISION~~
RATE SCHEDULE GSD
GENERAL SERVICE - DEMAND

Continued from Sheet No. 32

Conservation Costs
See Sheet No. 41

Franchise Fee Adjustment
Customers taking service within franchise areas shall pay a franchise fee adjustment in the form of a percentage to be added to their bills prior to the application of any appropriate taxes. This percentage shall reflect the customer's pro rata share of the amount the company is required to pay under the franchise agreement with the specific governmental body in which the customer is located.

Billing Demand
The billing demand in any month shall be the greatest of the following:
(a) The highest fifteen-minute average load for the current month, as registered by a demand meter or indicator.

(b) The highest fifteen-minute average load for the current month after adjustment for power factor, in accordance with the Power Factor Clause of this schedule.

(c) For those customers electing to take service under this rate schedule in lieu of the otherwise applicable rate schedule the billing demand shall be as in either (a) or (b) above, but not less than 20 KW.

Terms of Service
Not less than one year.

Power Factor of Clause
The Company reserves the right to measure power factor and if it is less than 85%, adjust the maximum demand for any month by multiplying the measured demand by 85% and dividing by the actual power factor.

Transformer Ownership Discount
If the customer elects to take service at the available primary voltage and furnish and maintain any transformers required, the monthly demand charge will be reduced by seventy-four (74) cents per kilowatt. Such customers will be metered at primary voltage and in recognition of estimated average transformation losses of 1% the KW and KWH measured units shall be multiplied by a factor of 0.99 for billing purposes.

Terms and Conditions
Service under this rate schedule is subject to the Company's Rules and Regulations applicable to electric service.

Florida Public Utilities Company
F.P.S.C. Electric Tariff First Revised Sheet No. 33.1
First Revised Volume No. I Cancels Original Sheet No. 33.1

~~MARIANNA DIVISION~~
RATE SCHEDULE GSLD
GENERAL SERVICE - LARGE DEMAND

Availability
Available within the territory served by the Company in Jackson, Calhoun and Liberty Counties and on Amelia Island in Nassau County.

Applicability
Applicable to commercial, industrial and municipal service with a measured demand of 500 KW ~~or more~~but less than 5000 KW for three or more months out of the twelve consecutive months ending with the current billing period. Also available, at the option of the customer, to any customer with demands of less than 500 KW who agrees to pay for service under this rate schedule for a minimum initial term of twelve months.

Character of Service
Three-phase service at available standard voltage.

Limitations of Service
Service shall be at a single metering point at one voltage.

Monthly Rate
Customer Facilities Charge:
~~$52.50~~57.11 per customer per month

Demand Charge:
Each KW of Billing Demand $ ~~2.80~~2.89/KW

Base Energy Charge
All KWH ~~0.00002040~~0.2040¢/KWH

Purchased Power Charges
Purchased power charges are adjusted by the Florida Public Service Commission, normally each ~~six months, April and October~~year in January. ~~As of October 1, 1993, the amount was 4.189¢/KWH.~~ For current purchased power costs included in the tariff, see Sheet No. 41.

Minimum Bill
The minimum monthly bill shall consist of the above Customer Facilities Charge plus the Demand Charge for the currently effective billing demand.

Terms of Payment
Bills are rendered net and are due and payable within twenty (20) days from date of bill.

Purchased Power Costs
See Sheet No. 41

Continued on Sheet No. 33.2

Florida Public Utilities Company
F.P.S.C. Electric Tariff
First Revised Volume No. I

First Revised Sheet No. 33.2
Cancels Original Sheet No. 33.2

~~MARIANNA DIVISION~~
RATE SCHEDULE GSLD
GENERAL SERVICE - LARGE DEMAND

Continued from Sheet No. 33.1

Conservation Costs
See Sheet No. 41

Franchise Fee Adjustment
Customers taking service within franchise areas shall pay a franchise fee adjustment in the form of a percentage to be added to their bills prior to the application of any appropriate taxes. This percentage shall reflect the customer's pro rata share of the amount the Company is required to pay under the franchise agreement with the specific governmental body in which the customer is located.

Billing Demand
The billing demand in any month shall be the greatest of the following:
(a) The highest fifteen-minute average load for the current month, as registered by a demand meter or indicator.

(b) The highest fifteen-minute average load for the current month after adjustment for power factor, in accordance with the Power Factor Clause of this schedule.

(c) For those customers electing to take service under this rate schedule in lieu of the otherwise applicable rate schedule the billing demand shall be as in either (a) or (b) above, but not less than 400 KW.

Terms of Service
Not less than one year.

Power Factor of Clause
The Company reserves the right to measure power factor and if it is less than 85%, adjust the maximum demand for any month by multiplying the measured demand by 85% and dividing by the actual power factor.

Transformer Ownership Discount
If the customer elects to take service at the available primary voltage and furnish and maintain any transformers required, the monthly demand charge will be reduced by seventy-four (74) cents per kilowatt. Such customers will be metered at primary voltage and in recognition of estimated average transformation losses of 1% the KW and KWH measured units shall be multiplied by a factor of 0.99 for billing purposes.

Terms and Conditions
Service under this rate schedule is subject to the Company's Rules and Regulations applicable to electric service.

Florida Public Utilities Company
F.P.S.C. Electric Tariff ~~Fifth Revised~~Original Sheet No. ~~50~~33.3
First Revised Volume No. I ~~Cancels Fourth Revised Sheet No. 50.3~~

~~FERNANDINA BEACH DIVISION~~
RATE SCHEDULE GSLD 1
GENERAL SERVICE - LARGE DEMAND 1

Availability
Available within the territory served by the Company in Jackson, Calhoun and Liberty Counties and on Amelia Island in Nassau County.

Applicability
Applicable to commercial and industrial services of customers contracting for at least 5,000 kilowatts of electric service.

Character of Service
Three-phase, 60 hertz, electric service delivered and metered at a single point at the available transmission voltage, nominally 69,000 volts or higher.

Monthly Rate

Customer Facilities Charge Per Customer Per Month	~~$475.00~~378.31
Transmission Demand Charge:	~~$1.14~~0.91/KW of NCP Billing Demand
Reactive Demand Charge:	~~$0.3024~~0.24/kVar of Excess Reactive Demand
Production Demand Charge:	Purchased Power Demand Charge See Sheet No. ~~54~~41
Energy Charge:	Purchased Power Energy Charge See Sheet No. ~~54~~41

NOTE: The Production Demand Charge for the GSLD class will recover the Jacksonville Electric Authority Demand Charge to FPUC plus line losses and applicable taxes. This charge is applied to the customer's demand at the time of the system's monthly coincident peak (CP demand).

Purchased Power Energy Charges
Purchased power charges are adjusted by the Florida Public Service Commission, normally each ~~six months, April and October~~year in January. For correct purchased power energy costs included in the tariff, see Sheet No. ~~54~~41.

Minimum Bill
The minimum monthly bill is the sum of the Transmission Demand Charge and the Customer Charge.

Terms of Payment
Bills are rendered net and due and payable within twenty (20) days from date of bill.

Continued on Sheet No. ~~50~~33.4

Issued by: ~~F. C. Cressman~~John T. English, President Effective: ~~November 15, 1989~~January 1, 20

Florida Public Utilities Company
F.P.S.C. Electric Tariff ~~Fourth Revised~~Original Sheet No. ~~50~~33.4
First Revised Volume No. I ~~Cancels Third Revised Sheet No. 50.4~~

~~FERNANDINA BEACH DIVISION~~
RATE SCHEDULE GSLD
GENERAL SERVICE - LARGE DEMAND-1

Continued from Sheet No. ~~50~~33.3

Conservation Costs
See Sheet No. ~~54~~41

Franchise Fee Adjustment
Customers taking service within franchise areas shall pay a franchise fee adjustment in the form of a percentage to be added to their bills prior to the application of any appropriate taxes. This percentage shall reflect the customer's pro rata share of the amount the Company is required to pay under the franchise agreement with the specific governmental body in which the customer is located.

CP Billing Demand
The CP Billing Demand in any month shall be the customer's greatest fifteen-minute average load as registered by FPUC's demand meter.

NCP Billing Demand
The NCP Billing Demand in any month shall be the customer's greatest fifteen-minute average load as registered by FPUC's demand meter, but not less than 5,000 KW.

Excess Reactive Demand
The Excess Reactive Demand in any month shall be any lagging kVar during the period of FPUC's system maximum demand in excess of one-half of the CP Billing Demand in that month.

Term of Service
Contract for service hereunder shall be for a period of not less than one year.

Terms and Conditions
Service under this rate schedule is subject to the Company's Rules and Regulations applicable to electric service.

Florida Public Utilities Company
F.P.S.C. Electric Tariff ~~Fifth~~Sixth Revised Sheet No. 34
First Revised Volume No. I Cancels ~~Fourth~~Fifth Revised Sheet No. 34

~~MARIANNA DIVISION~~
RATE SCHEDULE - SB
STANDBY SERVICE

Availability
Available within the territory served by the Company in Jackson, Calhoun and Liberty Counties and on Amelia Island in Nassau County.

Applicability
Applicable only to customers which are self-generators with capabilities of serving the customer's full electronic power requirements and that require backup and/or maintenance service on a firm basis. This rate schedule is not applicable to self-generating customers for supplemental service.

Character of Service
Single or three-phase service at available standard voltage.

Limitations of Service
Service shall be at a single metering point at one voltage. The contract demand shall not exceed the KW capacity of customer's generator.

Monthly Rate
Customer Facilities Charge:
(a) For those customers who have contracted for standby service capacity of less than 500 KW - the GSD customer facilities charge plus $25.00.
(b) For those customers who have contracted for standby service of 500 KW or greater - the GSLD customer facilities charge plus $25.00.
(c) For these customers who have contracted for standby service of 5000 KW or greater - the GSLD-1 customer facilities charge plus $25.00.

Local Facilities Charge:
(a) For those customers who have contracted for standby service capacity of less than 500 KW - $2.04/KW.
(b) ~~—~~For those customers who have contracted for standby service of 500 ~~—~~KW or greater - $1.81/KW.

Purchased Power Charges
Demand and energy used by the customer in any month shall be charged at the then currently effective rates of the Company's wholesale supplier adjusted for estimated line losses and applicable taxes. Such charges will consist of Coincident Peak (CP) Demand charge and an energy charge. The CP Demand shall be the customer's measured KW coincident in time with that of the Company's maximum monthly demand at the substation serving the system to which the customer is connected. The energy charge shall be applied to the measured KWH during the billing period and shall be based on the actual energy charge (including fuel charges) of the Company's wholesale supplier during the billing period.
The currently effective rates of the Company's wholesale supplier would result in the following demand and energy charges for purchased power after adjustment for estimated line losses and applicable taxes. These are shown for illustrative purposes only. Actual purchased power rates in effect at the time of use shall be used for determining the monthly unit charges.

CP Demand Charge - Each KW of CP Demand	$6.87/KW
Energy Charge - All	2.843¢

Issued by: ~~F. C. Cressman~~John T. English, PresidentEffective: ~~February 17, 1994~~January 1, 20

Florida Public Utilities Company
F.P.S.C. Electric Tariff ~~Second~~Third Revised Sheet No. 35
First Revised Volume No. I Cancels ~~First~~Second Revised Sheet No. 35

~~MARIANNA DIVISION~~
RATE SCHEDULE GSD-SB
GENERAL SERVICE STANDBY

Continued from Sheet No. 34

Minimum Bill

The minimum monthly bill shall consist of the above Customer Charge plus the Local Facilities charge for the currently effective Contract Demand.

Terms of Payment

Bills are rendered net and are due and payable within twenty (20) days from date of bill.

Conservation Costs

See Sheet No. 41

Franchise Fee Adjustment

Customers taking service within franchise areas shall pay a franchise fee adjustment in the form of a percentage to be added to their bills prior to the application of any appropriate taxes. This percentage shall reflect the customer's pro rate share of the amount the Company is required to pay under the franchise agreement with the specific governmental body in which the customer is located.

Contract Demand

The Contract Demand shall be that KW demand as specified in the contract for service with the customer and shall represent the maximum demand that customer requires for backup and maintenance service. The specified Contract Demand shall not exceed the KW capacity of customer's generator. The Contract Demand level may be periodically renegotiated if required, but not more than once a year. In the event that customer's maximum measured 15-minute average load in any month exceeds the specified Contract Demand by an amount greater than five (5) percent, that maximum demand shall be used as the Contract Demand for billing of the Local Facilities Charge in the current month and th succeeding eleven (11) months.

CP Demand

The CP billing demand shall be the greater of the following:

(a) The 15-minute average load for the current month, as measured by a demand meter, at the time of the Company's maximum demand for the current month at the substation serving the system to which the customer is connected.

(b) Seventy-five (75) percent of the maximum CP demand established in the preceding eleven (11) months.

Continued on Sheet No. 35.1

Florida Public Utilities Company
F.P.S.C. Electric Tariff ~~Second~~Third Revised Sheet No. 35.1
First Revised Volume No. I Cancels ~~First~~Second Revised Sheet No. 35.1

~~MARIANNA DIVISION~~
RATE SCHEDULE -SB
STANDBY SERVICE

Continued from Sheet No. 35

Terms of Service

By written contract for an initial period of not less than five (5) years.

Power Factor Clause

The Company reserves the right to take service at the available primary voltage and furnish and maintain any transformers required, the local facilities charge will be reduced by the following amounts:

(a) For those customers who have contracted for standby service capacity of less than 500 KW - the GSD transformer ownership discount divided by the ratio of the 100% ratcheted KW to billing KW.

(b) For those customers who have contracted for standby service capacity of 500 KW or greater - the GSLD transformer ownership discount divided by the ratio of the 100 percent ratcheted KW to billing KW.

Such customers will be metered at primary voltage and in recognition of estimated average transformation losses of 1%, the KW and KWH measured units shall be multiplied by a factor of 0.99 for billing purposes.

Special Metering Requirements

Service under this rate schedule requires the use of time-of-day metering. Customer will be required to pay a one-time Contribution-in-Aid-of-Construction prior to the initiation of service equal to the difference in cost between that of the time-of-day meter and that of the otherwise standard meter. Company will notify customer of the amount of Contribution required prior to the execution of the contract for service. No Contribution will be required in the event customer has previously paid for the cost of time-of-day metering under the Company's cogeneration tariff and that same meter can be utilized without modification for metering under this Standby Service Rate Schedule.

Transfer to Full Requirements Service

In the event of changed circumstances in customer's operations or generating capabilities, customer may, on twelve (12) advance written notice to Company, transfer to the applicable full requirements rate schedule, provided however, that no such transfers shall be accepted as long as continued backup and maintenance service is required. Company may waive the 12-months notice requirement when the Company has in place facilities that will allow serving customer's full requirements.

Terms and Conditions

Service under this rate schedule is subject to the Company's Rules and Regulations applicable to electric service.

RATE SCHEDULE CSL
MERCURY VAPOR CONTRACT
STREET LIGHTING SERVICE
(CLOSED TO NEW INSTALLATIONS)

Availability
Available within the territory served by the Company within the property limits of the Amelia Island Plantation Company.

Applicability
Applicable only for mercury vapor street lighting in private ways and areas of the Amelia Island Plantation Company.

Character of Service
Lighting service from dusk to dawn.

Limitations of Service
Service is limited to lighting by mercury vapor lamps mounted on existing wood poles.

Monthly Rate
For each lamp and pole:

Lamp Size		KWH/Mo.	Facilities	Maintenance	Energy	Total
Lumens	Watts	Estimate	Charge	Charge	Charge	Charge
11,200	250	103	$7.04	$1.83	$1.11	$9.98

Purchased Power Charges
Purchased power charges are adjusted by the Florida Public Service Commission, normally each year in January. For current purchased power costs included in the tariff, see Sheet No. 41.

Minimum Bill
The above rates times the number of lamps connected.

Terms of Payment
Bills are rendered net and are due and payable within twenty (20) days from date of bill.

Purchased Power Costs
See Sheet No. 41

Conservation Costs
See Sheet No. 54

Continued on Sheet No. 37.02

RATE SCHEDULE CSL
MERCURY VAPOR CONTRACT
STREET LIGHTING SERVICE
(CLOSED TO NEW INSTALLATIONS)

Continued from Sheet No. 37.01

Franchise Fee Adjustment

Customers taking service with franchise areas shall pay a franchise fee adjustment in the form of a percentage to be added to their bills prior to the application of any appropriate taxes. This percentage shall reflect the customer's pro rata share of the amount the Company is required to pay under the franchise agreement with the specific governmental body in which the customer is located.

Term of Service

Service under this rate schedule shall be by written contract for a period of one or more years.

Terms and Conditions

1. Service under this rate schedule is subject to the Company's Rules and Regulations applicable to electric service.

2. The charges set forth above cover the initial installation of overhead lines, poles and fixture assembly including bracket, and maintenance including lamp renewals due to burn outs only.

Florida Public Utilities Company
F.P.S.C. Electric Tariff ~~Eleventh~~Twelfth Revised Sheet No. 37.1
First Revised Volume No. I Cancels ~~Tenth~~Eleventh Revised Sheet No. 37.1

~~MARIANNA DIVISION~~
RATE SCHEDULE SL1-2
MERCURY VAPOR STREET LIGHTING SERVICE
(CLOSED TO NEW INSTALLATIONS)

Availability
Available within the territory served by the Company in Calhoun, Jackson and Liberty Counties and on Amelia Island in Nassau County.

Applicability
Applicable to municipal customer for mercury vapor street lighting service.

Character of Service
Lighting service from dusk to dawn.

Limitations of Service
Service is limited to lighting by mercury vapor lamps of 7,000 or 20,000 lumens mounted on wood poles.

Monthly Rate
When lighting fixtures are mounted on existing poles and served directly from existing overhead secondary distribution lines:

Lamp Size Lumens	KWH/Mo. Estimate	Facilities Charge	Maintenance Charge	Energy Charge	Total Charge
7,000	72	$1.24	$1.30	$2.09	$4.63
~~7,000~~	~~72~~	~~$1.26~~	~~$1.24~~	~~$ .97~~	~~$3.47~~
20,000	154	$2.08	$2.47	$2.38	$6.93
~~20,000~~	~~154~~	~~$3.42~~	~~$1.27~~	~~$2.08~~	~~$6.77~~

Charges for other Company-owned facilities:
Each wood pole and overhead span of wire installed: ~~$2.50~~3.83

For concrete or fiberglass poles and/or underground conductors, etcetera, the customer shall pay a lump sum amount equal to the estimated differential cost between the special system and the equivalent overhead-wood pole system.

Purchased Power Charges
Purchased power charges are adjusted by the Florida Public Service Commission, normally each ~~six months, April and October~~year in January. ~~As of October~~August 1, ~~19932003~~, ~~the amount was 2.828¢/KWH.~~ For current purchased power costs included in the tariff, see Sheet No. 41.

Minimum Bill
The above rates times the number of lamps connected.

Terms of Payment
Bills are rendered net and are due and payable within twenty (20) days from date of bill.

Continued on Sheet No. 37.2

Issued by: ~~F. C. Cressman~~John T. English, President Effective: ~~February 17, 1994~~January 1, 20

Florida Public Utilities Company
F.P.S.C. Electric Tariff — ~~Second~~ Third Revised Sheet No. 37.2
First Revised Volume No. I — Cancels ~~First~~ Second Sheet No. 37.2

~~MARIANNA DIVISION~~
RATE SCHEDULE SL1-2
MERCURY VAPOR STREET LIGHTING SERVICE
(CLOSED TO NEW INSTALLATIONS)

Continued from Sheet No. 37.1

Purchased Power Costs
See Sheet No. 41

Conservation Costs
See Sheet No. 41

Franchise Fee Adjustment
Customers taking service within franchise areas shall pay a franchise fee adjustment in the form of a percentage to be added to their bills prior to the application of any appropriate taxes. This percentage shall reflect the customer's pro rata share of the amount the Company is required to pay under the franchise agreement with the specific governmental body in which the customer is located.

Terms of Service
Service under this rate schedule shall be by written contract for a period of two or more years.

Terms and Conditions
1. Service under this rate schedule is subject to the Company's Rules and Regulations applicable to electric service.

2. The charges set forth above cover the initial installation of overhead lines, poles and fixture assembly including bracket, and maintenance including lamp renewals due to burn outs only. However, Company shall not be required to replace existing street lighting fixtures with service under this rate.

~~MARIANNA DIVISION~~
RATE SCHEDULE SL-3
HIGH PRESSURE SODIUM VAPOR
STREET LIGHTING SERVICE

Continued from Sheet No. 37.3

Charges for other Company-owned facilites:

1)	30' Wood Pole	$3.83
2)	40' Wood Pole	$7.67
3)	18' Fiberglass	$6.21
4)	13' Decorative Concrete	$9.32
5)	20' Decorative Concrete	$10.60
6)	35' Concrete	$10.87
7)	10' Hapco Deco Base Aluminum	$12.66

For the poles shown above that are served from an underground system, the Company will provide up to one hundred (100) feet of conductor to service each fixture. The customer will provide and install the necessary conduit system to Company specifications.

Purchased Power Charges

Purchased power charges are adjusted annually by the Florida Public Service Commission. As of January 1, 2004, the amount was 0.02832¢/KWH. For current purchased power costs included in the tariff, see Sheet No. 41.

Minimum Bill

The above rates times the number of lamps connected.

Terms of Payment

Bills are rendered net and are due and payable within twenty (20) days from date of bill.

Purchased Power Costs

See Sheet No. 41

Conservation Costs

See Sheet No. 41

Franchise Fee Adjustment

Customers taking service within franchise areas shall pay a franchise fee adjustment in the form of a percentage to be added to their bills prior to the application of any appropriate taxes. The percentage shall reflect the customer's pro rata share of the amount the Company is required to pay under the franchise agreement with the specific governmental body in which the customer is located.

Term of Service

Service under this rate schedule shall be for a term of five or more years. Written contracts will be required for each municipality.

Terms and Conditions

1. Service under this rate schedule is subject to the Company's Rules and Regulations applicable to electric service.

2. The charges set forth above cover the initial installation of overhead lines, poles and fixture assembly including bracket, and maintenance including lamp renewals due to burn outs only.

RATE SCHEDULE SL-3
HIGH PRESSURE SODIUM VAPOR
STREET LIGHTING SERVICE

Availability
Available within the territory served by the Company in Calhoun, Jackson, Nassau and Liberty Counties, Florida.

Applicability
Applicable for lighting of public ways and areas.

Character of Service
Lighting service from dusk to dawn.

Limitations of Service
Company-owned fixtures will be mounted on Company-owned poles of the Company's distribution system. Customer-owned fixtures will be mounted on customer-owned poles, of a standard type and design, permitting service and maintenance at no abnormal cost to the company.

Monthly Rate
When lighting fixtures are mounted on existing poles and served directly from existing overhead secondary distribution lines:

Type Facility	Lamp Lumens	Size Watts	KWH/Mo. Estimate	Facilities Charge	Maintenance Charge	Energy Charge	Total Charge
High Pressure Sodium Lights							
Cobrahead	9,500	100	41	$5.72	$1.08	$2.19	$8.99
Am. Rev.	9,500	100	41	$7.77	$0.72	$2.99	$11.48
SP2 Spectra	9,500	100	41	$18.59	$6.33	$1.03	$25.95
Am. Rev.	16,000	150	61	$7.59	$1.96	$3.37	$12.92
Acorn	16,000	150	61	$13.59	$1.07	$4.48	$19.50
ALN 440	16,000	150	61	$22.13	$7.43	$1.52	$31.09
Cobrahead	22,000	200	81	$6.88	$2.12	$2.26	$11.26
Cobrahead	28,500	250	101	$6.97	$3.06	$3.10	$13.14
Flood	28,500	250	101	$11.96	$3.25	$4.24	$19.44
Cobrahead	50,000	400	162	$8.15	$4.53	$3.48	$16.16
Flood	50,000	400	162	$11.53	$4.19	$4.05	$19.77
Flood	130,000	1,000	405	$14.41	$5.42	$10.12	$29.95
Metal Halide Lights							
SP2 Spectra	9,500	100	41	$18.59	$6.33	$1.03	$25.95
ALN 440	16,000	175	71	$20.21	$1.25	$6.85	$28.31
Shoebox	16,000	175	71	$15.68	$5.61	$1.78	$23.06
Shoebox	28,500	250	101	$15.71	$5.53	$2.53	$23.77
Flood	50,000	400	162	$12.49	$5.19	$9.12	$26.81
Flood	130,000	1,000	405	$14.39	$12.98	$5.34	$32.72
Vrt.Shbox	130,000	1,000	405	$18.72	$6.65	$10.12	$35.50

Continued on Sheet 37.4

Florida Public Utilities Company
F.P.S.C. Electric Tariff — First Revised Sheet No. 37.5
First Revised Volume No. I — Cancels Original Sheet No. 37.5

~~MARIANNA DIVISION~~
~~RATE SCHEDULE SL-3~~
~~HIGH PRESSURE SODIUM VAPOR~~
~~OUTDOOR LIGHTING SERVICE~~

~~Availability~~
~~Available within the territory served by the Company in Calhoun, Jackson and Liberty Counties, Florida.~~

~~Applicability~~
~~Applicable to Lighting of public ways and areas.~~

~~Character of Service~~
~~Lighting service from dusk to dawn.~~

~~Limitations of Service~~
~~Company owned fixtures will be mounted on Company owned poles of the Company's distribution system. Customer owned fixtures will be mounted on customer owned poles, of a standard type and design, permitting service and maintenance at no abnormal cost to the Company.~~

~~Monthly Rate~~
~~When lighting fixtures are mounted on existing poles and served directly from existing overhead or underground secondary distribution lines:~~

~~Type of Facility~~	~~Lamp Size Lumens~~	~~Watts~~	~~KWH/Mo. Estimate~~	~~Facilities Charge~~	~~Maintenance Charge~~	~~Energy Charge~~	~~Total Charge~~
~~Am Rev~~	~~9,500~~	~~100~~	~~41~~	~~$4.62~~	~~$2.07~~	~~$ .86~~	~~$7.55~~
~~Acorn~~	~~16,000~~	~~150~~	~~61~~	~~$8.10~~	~~$3.37~~	~~$1.28~~	~~$12.75~~
~~Am Rev~~	~~16,000~~	~~150~~	~~61~~	~~$4.96~~	~~$2.20~~	~~$1.28~~	~~$8.44~~
~~* Not available with Pole 1,5,6~~							
~~Cobra~~	~~28,500~~	~~250~~	~~101~~	~~$4.50~~	~~$2.04~~	~~$2.12~~	~~$8.66~~
~~Cobra~~	~~50,000~~	~~400~~	~~162~~	~~$5.18~~	~~$2.31~~	~~$3.39~~	~~$10.88~~
~~* Not available with Pole 2,3,4,5~~							

~~Charges for other Company owned facilities:~~
~~1) 30' Wood Pole $2.50~~
~~2) 13' Decorative Concrete $5.74~~
~~3) 18' Fiberglass $3.82~~
~~4) 20' Decorative Concrete $6.53~~
~~5) 20' Square Fiberglass $5.98~~
~~6) 35' Concrete $6.91~~

~~For the poles shown above that are served from an underground system, the Company will provide up to one hundred (100) feet of conductor to service each fixture. The customer will provide and install the necessary conduit system to Company specifications.~~

~~Continued on Sheet No. 37.6~~

WITHDRAWN JANUARY 1, 2004

Issued by: ~~F. C. Cressman~~John T. English, President — Effective: January 1, ~~1996~~2004

First Revised Sheet No. 37.6
Cancels Original Sheet No. 37.6

~~MARIANNA DIVISION~~
~~RATE SCHEDULE SL-3~~
~~HIGH PRESSURE SODIUM VAPOR~~
~~STREET LIGHTING SERVICE~~

~~Continued from Sheet No. 37.5~~

~~Purchased Power Charges~~
~~Purchased power charges are adjust4ed by the Florida Public Service Commission, normally each six months, April and October. As of October~~ August 1, ~~19932003~~, ~~the amount was 2.898¢/KWH. For current purchased power costs included in the tariff, see Sheet No. 41.~~

~~Minimum Bill~~
~~The above rates times the number of lamps connected.~~

~~Terms of Payment~~
~~Bills are rendered net and due and payable within twenty (20) days from date of bill.~~

~~Purchased Power Costs~~
~~See Sheet No. 41~~

~~Conservation Costs~~
~~See Sheet No. 41~~

~~Franchise Fee Adjustment~~
~~Customers taking service within franchise areas shall pay a franchise fee adjustment in the form of a percentage to be added to their bills prior to the application of any appropriate taxes. This percentage shall reflect the customer's pro rata share of the amount the Company is required to pay under the franchise agreement with the specific governmental body in which the customer is located.~~

~~Term of Service~~
~~Service under this rate schedule shall be for a term of five or more years. Written contracts will be required for each municipality.~~

~~Term of Conditions~~
~~1. Service under this rate schedule is subject to the Company's Rules and Regulations applicable to electric service.~~

~~2. The charges set forth above cover the initial installation of overhead Lines, poles and fixture assembly including bracket, and maintenance including Lamp renewals due to burn outs only.~~

WITHDRAWN JANUARY 1, 2004

Florida Public Utilities Company
F.P.S.C. Electric Tariff
First Revised Volume No. I

First Revised Sheet 37.7
Cancels Original Sheet No. 37.7

~~MARIANNA DIVISION~~
~~RATE SCHEDULE SL-3~~
~~HIGH PRESSURE SODIUM/METAL HALIDE~~
~~STREET LIGHTING SERVICE~~

~~Availability~~
~~Available within the territory served by the Company in Calhoun, Jackson, and Liberty Counties, Florida and on Amelia Island in Nassau County.~~

~~Applicability~~
~~Applicable to lighting of public ways and areas.~~

~~Character of Service~~
~~Lighting service from dusk to dawn.~~

~~Limitations of Service~~
~~Company-owned fixtures will be mounted on Company owned poles of the Company's distribution system. Customer owned fixtures will be mounted on customer owned poles, of a standard type and design, permitting service and maintenance at no abnormal cost to the Company.~~

~~Monthly Rate~~
~~When lighting fixtures are mounted on existing poles and served directly from existing overhead or underground secondary distribution lines:~~

~~Type of Facility~~	~~Lamp Size Lumens~~	~~Watts~~	~~KWH/Mo. Estimate~~	~~Facilities Charge~~	~~Maintenance Charge~~	~~Total Charge~~
~~HPS SP2 Spectra~~	~~9,500~~	~~100~~	~~41~~	~~$13.02~~	~~$4.45~~	~~$17.47~~
~~HPS ALN 440~~	~~16,000~~	~~150~~	~~61~~	~~$15.51~~	~~$5.17~~	~~$20.68~~
~~HPS Cobrahead~~	~~22,000~~	~~200~~	~~81~~	~~$5.51~~	~~$1.84~~	~~$7.35~~
~~HPS Flood~~	~~28,500~~	~~250~~	~~101~~	~~$7.81~~	~~$2.77~~	~~$10.58~~
~~HPS Flood~~	~~50,000~~	~~400~~	~~162~~	~~$8.05~~	~~$2.84~~	~~$10.89~~
~~HPS Interstate Luminaire~~	~~50,000~~	~~400~~	~~162~~	~~$8.98~~	~~$3.22~~	~~$12.20~~
~~HPS Interstate Luminaire~~	~~130,000~~	~~1,000~~	~~405~~	~~$24.69~~	~~$8.18~~	~~$32.87~~
~~HPS Vertical Shoebox~~	~~130,000~~	~~1,000~~	~~405~~	~~$13.68~~	~~$4.96~~	~~$18.64~~
~~HPS Flood~~	~~130,000~~	~~1,000~~	~~405~~	~~$10.08~~	~~$3.75~~	~~$13.83~~
~~MH SP2 Spectra~~	~~9,500~~	~~100~~	~~41~~	~~$13.02~~	~~$4.45~~	~~$17.47~~
~~MH ALN 440~~	~~28,500~~	~~175~~	~~71~~	~~$15.51~~	~~$5.17~~	~~$20.68~~
~~MH Shoebox~~	~~16,000~~	~~175~~	~~71~~	~~$10.97~~	~~$3.89~~	~~$14.86~~
~~MH Shoebox~~	~~16,000~~	~~250~~	~~101~~	~~$10.99~~	~~$3.79~~	~~$14.78~~
~~MH Flood~~	~~50,000~~	~~400~~	~~162~~	~~$8.16~~	~~$2.96~~	~~$11.12~~
~~MH Interstate Luminaire~~	~~50,000~~	~~400~~	~~162~~	~~$8.05~~	~~$2.93~~	~~$10.98~~
~~MH Flood~~	~~130,000~~	~~1,000~~	~~405~~	~~$9.40~~	~~$3.49~~	~~$12.89~~
~~MH Vertical Shoebox~~	~~130,000~~	~~1,000~~	~~405~~	~~$13.11~~	~~$4.61~~	~~$17.72~~

~~Continued on Sheet No. 37.8~~

WITHDRAWN JANUARY 1, 2004

Issued by: ~~J.T.~~John T. English, President Effective: ~~November 16, 1999~~January 1, 2004

Florida Public Utilities Company
F.P.S.C. Electric Tariff
First Revised Volume No. I

First Revised Sheet No. 37.8
Cancels Original Sheet No. 37.8

~~MARIANNA DIVISION~~
~~RATE SCHEDULE GL-3~~
~~HIGH PRESSURE SODIUM/METAL HALIDE~~
~~STREET LIGHTING SERVICE~~

~~Continued from Sheet No. 37.7~~

~~Type of Facility~~	~~Lamp Size Lumens~~	~~Watts~~	~~KWH/Mo. Estimate~~	~~Energy Charge~~
~~HPS SP2 Spectra~~	~~9,500~~	~~100~~	~~41~~	~~$0.86~~
~~HPS ALN 440~~	~~16,000~~	~~150~~	~~61~~	~~$1.28~~
~~HPS Cobrahead~~	~~22,000~~	~~200~~	~~81~~	~~$1.18~~
~~HPS Flood~~	~~28,500~~	~~250~~	~~101~~	~~$2.12~~
~~HPS Flood~~	~~50,000~~	~~400~~	~~162~~	~~$3.39~~
~~HPS Interstate Luminaire~~	~~50,000~~	~~400~~	~~162~~	~~$3.39~~
~~HPS Interstate Luminaire~~	~~130,000~~	~~1,000~~	~~405~~	~~$8.48~~
~~HPS Vertical Shoebox~~	~~130,000~~	~~1,000~~	~~405~~	~~$8.48~~
~~HPS Flood~~	~~130,000~~	~~1,000~~	~~405~~	~~$8.48~~
~~MH SP2 Spectra~~	~~9,500~~	~~100~~	~~41~~	~~$0.86~~
~~MH ALN 440~~	~~28,500~~	~~175~~	~~71~~	~~$1.49~~
~~MH Shoebox~~	~~16,000~~	~~175~~	~~71~~	~~$1.49~~
~~MH Shoebox~~	~~16,000~~	~~250~~	~~101~~	~~$2.12~~
~~MH Flood~~	~~50,000~~	~~400~~	~~162~~	~~$3.39~~
~~MH Interstate Luminaire~~	~~50,000~~	~~400~~	~~162~~	~~$3.39~~
~~MH Flood~~	~~130,000~~	~~1,000~~	~~405~~	~~$8.48~~
~~MH Vertical Shoebox~~	~~130,000~~	~~1,000~~	~~405~~	~~$8.48~~

~~Charges for other Company owned facilities:~~

~~Pole 10' Hapco Direct Bury Aluminum~~	~~$ 6.60~~
~~Pole 10' Hapco Deco Base Aluminum~~	~~$ 9.61~~
~~Pole 10' Hapco Deco Base Aluminum w/ 24" Banner Arm~~	~~$10.68~~
~~Pole 30' Hapco Satin Aluminum~~	~~$11.58~~
~~Pole 40' Wood~~	~~$ 5.01~~

~~For the poles shown above that are served from an underground system, the Company will provide up to one hundred (100) feet of conductor to service each fixture. The customer will provide and install the necessary conduit system to Company specifications.~~

~~Continued on Sheet No. 37.9~~

WITHDRAWN JANUARY 1, 2004

Issued by: John ~~T~~. English, President Effective: ~~November 16, 1999~~January 1, 2004

Florida Public Utilities Company
F.P.S.C. Electric Tariff
First Revised Volume No. I

First Revised Sheet No. 37.9
Cancels Original Sheet No. 37.9

~~MARIANNA DIVISION~~
~~RATE SCHEDULE OL-2~~
~~HIGH PRESSURE SODIUM/METAL HALIDE~~
~~STREET LIGHTING SERVICE~~

~~Continued from Sheet No. 37.8~~

~~Purchased Power Charges~~
~~Purchased power charges are adjusted by the Florida Public Service Commission, normally each six months, April and October. As of October 1, 1993, the amount was 2.898¢/KWH. For current purchased power costs included in the tariff, see Sheet No. 41.~~

~~Minimum Bill~~
~~The above rates times the number of lamps connected.~~

~~Terms of Payment~~
~~Bills are rendered net and due and payable within twenty (20) days from date of bill.~~

~~Purchased Power Costs~~
~~See Sheet No. 41~~

~~Conservation Costs~~
~~See Sheet No. 41~~

~~Franchise Fee Adjustment~~
~~Customers taking service within franchise areas shall pay a franchise fee adjustment in the form of a percentage to be added to their bills prior to the application of any appropriate taxes. This percentage shall reflect the customer's pro rata share of the amount the Company is required to pay under the franchise agreement with the specific governmental body in which the customer is located.~~

~~Term of Service~~
~~Service under this rate schedule shall be for a term of five or more years. Written contracts will be required for each municipality.~~

~~Term of Conditions~~
~~1. Service under this rate schedule is subject to the Company's Rules and Regulations applicable to electric service.~~

~~2. The charges set forth above cover the initial installation of overhead lines, poles and fixture assembly including bracket, and maintenance including lamp renewals due to burn outs only.~~

WITHDRAWN JANUARY 1, 2004

Issued by: J~~.~~ohn T. English, President Effective: ~~November 16, 1999~~January 1, 2004

Florida Public Utilities Company
F.P.S.C. Electric Tariff ~~Forty-Ninth~~Fiftieth Revised Sheet No. 41
First Revised Volume No. I Cancels Forty-~~Eighth~~Ninth Revised Sheet No. 41

RATE ADJUSTMENT RIDER ~~MARIANNA DIVISION~~

Applicability

Electric service under all rate schedules for the ~~the Marianna Division~~Florida Public Utilities Company, which specify that rates are subject to adjustment in accordance with the provisions of the Company's Rate Adjustment Rider.

Total Purchased Power Cost Recovery Clause

The total purchased power cost adjustment shall be applied to each kilowatt hour delivered and shall be computed in accordance with the formula prescribed by the Florida Public Service commission. The total purchased power cost adjustment for the period January 1, 2003 through December 31, 2003 is as follows:

Rate Class	Rate Schedule	Levelized Adjustment
Residential Service	RS	0.03787 ¢/KWH
General Service	GS	0.03697 ¢/KWH
General Service Demand	GSD	0.03488 ¢/KWH
General Service Large Demand	GSLD	0.02913 ¢/KWH
General Service Large Demand 1	GSLD1	0.03051 ¢/KWH *
CP Demand		$6.187 / KW
Outdoor Lighting	OL	0.02769 ¢/KWH
Outdoor Lighting 2	OL2	0.02769 ¢/KWH
Street Lighting 2	SL2	0.02832 ¢/KWH
Street Lighting 3	SL3	0.02832 ¢/KWH

*Estimated for Informational purposes only. Monthly rate will be billed at actual cost.

~~Rate Class~~	~~Rate Schedule~~	~~Levelized Adjustment~~
~~Residential~~	~~RS~~	~~3.846¢/KWH~~
~~General Service~~	~~GS~~	~~3.797¢/KWH~~
~~General Service Demand~~	~~GSD~~	~~3.533¢/KWH~~
~~Outdoor Lighting~~	~~OL, OL 2~~	~~2.707¢/KWH~~
~~Street Lighting~~	~~SL1 2, SL 3~~	~~2.711¢/KWH~~
~~General Service Large Demand~~	~~GSLD~~	~~3.335¢/KWH~~

Energy Conservation Cost Recovery Clause

Each base energy rate per KWH of the above rate schedules for the period January 1, 2003 through December 31, 2003 shall be increased by 0.061~~79~~¢/KWH of sales to recover conservation related expenditures by the Company. This adjustment is determined in accordance with the formula and procedures specified by the Florida Public Service Commission.

Tax Cost Recovery

There will be added to all bills rendered for electric service a proportionate share of all license fees and taxes imposed by any governmental authorities after November 1, 1946, to an extent sufficient to cover excess increased taxes or license fees.

Issued by: J~~.~~ohn T. English, President Effective: January 1, ~~2003~~2004

Florida Public Utilities Company
F.P.S.C. Electric Tariff ~~Ninth~~Tenth Revised Sheet No. 44.1
First Revised Volume No. I Cancels ~~Eighth~~Ninth Revised Sheet No. 44.1

~~FERNANDINA BEACH DIVISION~~
~~RATE SCHEDULE RS~~
~~RESIDENTIAL SERVICE~~

~~Availability~~
~~Available within the territory served by the Company on Amelia Island.~~

~~Applicability~~
~~Applicable for service to a single family dwelling unit occupied by one family or household and for energy used in commonly owned facilities in condominium and cooperative apartment buildings.~~

~~Character of Service~~
~~Single phase service at nominal secondary voltage of 115/230 volts; three-phase service if available.~~

~~Limitations of Service~~
~~The maximum size of any individual single phase motor hereunder shall not exceed five (5) horsepower.~~

~~The Company shall not be required to construct any additional facilities for the purpose of supplying three-phase service unless the revenue to be derived therefrom shall be sufficient to yield the Company a fair return on the value of such additional facilities.~~

~~Monthly Rate~~
~~Customer Facilities Charge:~~
~~$7.00 per customer per month~~

~~Base Energy Charge:~~
~~All KWH 1.220¢/KWH~~

~~Purchased Power Charges~~
~~Purchased power charges are adjusted by the Florida Public Service Commission, normally each six months, April and October. As of October 1, 1993, the amount was 6.331¢/KWH. For current purchased power costs included in the tariff, see Sheet No. 54.~~

~~Minimum Bill~~
~~The minimum monthly bill shall consist of the above Customer Facilities Charge.~~

~~Terms of Payment~~
~~Bills are rendered net and are due and payable within twenty (20) days from date of bill.~~

~~Purchased Power Costs~~
~~See Sheet No. 54~~

~~Conservation Costs~~
~~See Sheet No. 54~~

~~Continued on Sheet No. 44.2~~

WITHDRAWN JANUARY 1, 2004

Issued by: ~~F.C. Cressman~~John T. English, President Effective: ~~November 15, 1989~~January 1, 2004

Florida Public Utilities Company
F.P.S.C. Electric Tariff ~~Second~~Third Revised Sheet No. 44.2
First Revised Volume No. I Cancels ~~First~~Second Revised Sheet No. 44.2

~~FERNANDINA BEACH DIVISION~~
~~RATE SCHEDULE RS~~
~~RESIDENTIAL SERVICE~~

~~Continued from Sheet No. 44.1~~

~~Franchise Fee Adjustment~~
~~Customers taking service within franchise areas shall pay a franchise fee adjustment in the form of a percentage to be added to their bills prior to the application of any appropriate taxes. This percentage shall reflect the customer's pro rata share of the amount the Company is required to pay under the franchise agreement with the specific governmental body in which the customer is located.~~

~~Average Billing Plan (Optional)~~
~~Year-round residential customers with a Company determined satisfactory payment record and a minimum of 12 months billing history at their current residence may, at their option, elect to pay for their residentially metered electric service by a special payment method called the "Average Billing Plan". The Plan will apply only to metered service on this rate. Qualified customers electing the Plan will be enrolled contingent upon receipt and approval by the Company of a written application on the Company's standard form.~~

~~Under the Average Billing Plan, the customer will receive a monthly bill which has been determined by the following method: The previous 12 months average KWH is calculated at the currently effective rate. To this amount is applied an adjustment percentage of any deferred balance (debit or credit), which is the cumulative difference between prior actual billings and average billing amounts. The total of the averaged bill, plus the adjustment percentage of the deferred amount, is rounded to the nearest dollar for the current month's average billing amount. Extraneous charges (balances, taxes, deposit interest credit, etc.) are then added to arrive at the current amount due. The adjustment percentage of applied deferred is contingent upon deferred balances according to the following: $0 to $199.99 10%; $200 $299.99 20%; $300 or more 30%.~~

~~The Average Billing Plan will be continuous unless the customer requests termination from the Plan, is disconnected or becomes subject to collection action on this service account, at which time the Plan will be terminated and the customer must settle his account in full. For the customer terminating from the Plan but remaining on an active status, the account will revert to regular billing procedures. Notwithstanding the above, the customer may terminate the Plan at any time. Once a customer's participation in the Plan has terminated the customer may not rejoin the Plan for 12 months.~~

~~Terms and Conditions~~
~~Service under this rate schedule is subject to the Company's Rules and Regulations applicable to electric service.~~

WITHDRAWN JANUARY 1, 2004

Issued by: ~~F.C. Cressman~~John T. English, President Effective: ~~November 15, 1989~~January 1, 2004

Florida Public Utilities Company
F.P.S.C. Electric Tariff ~~Eighth~~Ninth Revised Sheet No. 45.1
First Revised Volume No. I Cancels ~~Seventh~~Eighth Revised Sheet No. 45.1

~~FERNANDINA BEACH DIVISION~~
~~RATE SCHEDULE OL~~
~~OUTDOOR LIGHTING SERVICE~~
~~(CLOSED TO NEW INSTALLATIONS)~~

~~Availability~~
~~Available within the territory served by the Company on Amelia Island.~~

~~Applicability~~
~~Applicable to any customer for non-metered outdoor lighting service.~~

~~Character of Service~~
~~Lighting service from dusk to dawn.~~

~~Limitations of Service~~
~~Service is limited to lighting by mercury vapor lamps of 7,000 or 20,000 lumens mounted on wood poles.~~

~~Monthly Rate~~
~~When lighting fixtures are mounted on existing poles and served directly from existing overhead secondary distribution lines:~~

~~Lamp Size Lumens~~	~~KWH/Mo. Estimate~~	~~Facilities Charge~~	~~Maintenance Charge~~	~~Energy Charge~~	~~Total Charge~~
~~7,000~~	~~72~~	~~$0.37~~	~~$3.02~~	~~$0.54~~	~~$3.93~~
~~20,000~~	~~154~~	~~$1.06~~	~~$3.23~~	~~$1.15~~	~~$5.44~~

~~Charges for other Company owned facilities:~~
~~Each wood pole and overhead span of wire installed: $2.00~~

~~For concrete or fiberglass poles and/or underground conductors, etcetera, the customer shall pay a lump sum amount equal to the estimated differential cost between the special system and the equivalent overhead wood pole system.~~

~~Purchased Power Charges~~
~~Purchased power charges are adjusted by the Florida Public Service Commission, normally each six months, April and October. As of October 1, 1989, the amount was 6.331¢/KWH. For current purchased power costs included in the tariff, see Sheet No. 54.~~

~~Minimum Bill~~
~~The above rates times the number of lamps connected.~~

~~Terms of Payment~~
~~Bills are rendered net and are due and payable within twenty (20) days from date of bill.~~

~~Purchased Power Costs~~
~~See Sheet No. 54~~

~~Continued on Sheet No. 45.2~~

WITHDRAWN JANUARY 1, 2004

Issued by: ~~F. C. Cressman~~John T. English, President Effective: ~~November 15, 1989~~January

Florida Public Utilities Company
F.P.S.C. Electric Tariff ~~Second~~Third Revised Sheet No. 45.2
First Revised Volume No. I Cancels ~~First~~Second Revised Sheet No. 45.2

~~FERNANDINA BEACH DIVISION~~
~~RATE SCHEDULE OL~~
~~OUTDOOR LIGHTING SERVICE~~

~~Conservation Costs~~
~~See Sheet No. 54~~

~~Franchise Fee Adjustment~~
~~Customers taking service with franchise areas shall pay a franchise fee adjustment in the form of a percentage to be added to their bills prior to the application of any appropriate taxes. This percentage shall reflect the customer's pro-rata share of the amount the Company is required to pay under the franchise agreement with the specific governmental body in which the customer is located.~~

~~Term of Service~~
~~Service under this rate schedule shall be by written contract for a period of two or more years.~~

~~Terms and Conditions~~
~~1. Service under this rate schedule is subject to the Company's Rules and Regulations applicable to electric service.~~

~~2. The charges set forth above cover the initial installation of overhead lines, poles and fixture assembly including bracket, and maintenance including lamp renewals due to burn outs only.~~

WITHDRAWN JANUARY 1, 2004

Issued by: ~~F. C. Cressman~~John T. English, President Effective: ~~November 15, 1989~~January

~~FERNANDINA BEACH DIVISION~~
~~RATE SCHEDULE OL-2~~
~~HIGH PRESSURE SODIUM VAPOR~~
~~OUTDOOR LIGHTING SERVICE~~

~~Continued from Sheet No. 46~~

~~Minimum Bill~~
~~The above rates times the number of lamps connected.~~

~~Terms of Payment~~
~~Bills are rendered net and are due and payable within twenty (20) days from date of bill.~~

~~Purchased Power Costs~~
~~See Sheet No. 54~~

~~Conservation Costs~~
~~See Sheet No. 54~~

~~Franchise Fee Adjustment~~
~~Customers taking service within franchise areas shall pay a franchise fee adjustment in the form of a percentage to be added to their bills prior to the application of any appropriate taxes. The percentage shall reflect the customer's pro rata share of the amount the Company is required to pay under the franchise agreement with the specific governmental body in which the customer is located.~~

~~Term of Service~~
~~Service under this rate schedule shall be by written contract for a period of five or more years.~~

~~Terms and Conditions~~
~~1. Service under this rate schedule is subject to the Company's Rules and Regulations applicable to electric service.~~

~~2. The charges set forth above cover the initial installation of overhead lines, poles and fixture assembly including bracket, and maintenance including lamp renewals due to burn outs only.~~

WITHDRAWN JANUARY 1, 2004

~~FERNANDINA BEACH DIVISION~~
~~RATE SCHEDULE OL-2~~
~~HIGH PRESSURE SODIUM VAPOR~~
~~OUTDOOR LIGHTING SERVICE~~

~~Availability~~
~~Available within the territory served by the Company on Amelia Island, Nassau County, Florida.~~

~~Applicability~~
~~Applicable to any customer for non-metered outdoor Lighting service.~~

~~Character of Service~~
~~Lighting service from dusk to dawn.~~

~~Limitations of Service~~
~~Company owned fixtures will be mounted on Company owned poles of the Company's distribution system. Customer owned fixtures will be mounted on customer owned poles, of a standard type and design, permitting service and maintenance at no abnormal cost to the Company.~~

~~Monthly Rate~~
~~When Lighting fixtures are mounted on existing poles and served directly from existing overhead or underground secondary distribution lines:~~

~~Type of Facility~~	~~Lamp Size Lumens~~	~~Watts~~	~~KWH/Mo. Estimate~~	~~Facilities Charge~~	~~Maintenance Charge~~	~~Energy Charge~~	~~Total Charge~~
~~Am Rev~~	~~9,500~~	~~100~~	~~41~~	~~$5.15~~	~~$1.98~~	~~$1.03~~	~~$8.16~~
~~Acorn~~	~~16,000~~	~~150~~	~~61~~	~~$9.01~~	~~$3.21~~	~~$1.53~~	~~$13.75~~
~~Am Rev~~	~~16,000~~	~~150~~	~~61~~	~~$5.53~~	~~$2.11~~	~~$1.53~~	~~$9.17~~
~~* Not available with Pole 1,5,6~~							
~~MH Shoebox~~	~~16,000~~	~~175~~	~~71~~	~~$10.38~~	~~$3.74~~	~~$1.78~~	~~$15.90~~
~~MH Shoebox~~	~~28,500~~	~~250~~	~~101~~	~~$11.45~~	~~$4.07~~	~~$2.53~~	~~$18.05~~
~~* Not available with Pole 1,2,3~~							
~~Flood~~	~~28,500~~	~~250~~	~~101~~	~~$5.81~~	~~$2.19~~	~~$2.53~~	~~$10.53~~
~~Cobra~~	~~50,000~~	~~400~~	~~162~~	~~$5.77~~	~~$2.20~~	~~$4.05~~	~~$12.02~~
~~MH Flood~~	~~50,000~~	~~400~~	~~162~~	~~$5.96~~	~~$2.31~~	~~$4.05~~	~~$12.32~~
~~* Not available with Pole 2,3,5~~							

~~Charges for other Company owned facilities:~~

~~1) 30' Wood Pole~~	~~$2.00~~
~~2) 13' Decorative Concrete~~	~~$6.44~~
~~3) 18' Fiberglass~~	~~$4.29~~
~~4) 20' Decorative Concrete~~	~~$7.32~~
~~5) 20' Square Fiberglass~~	~~$6.69~~
~~6) 35' Concrete~~	~~$7.74~~

~~For the poles shown above that are served from an underground system, the Company will provide up to one hundred (100) feet of conductor to service each fixture. The customer will provide and install the necessary conduit system to Company specifications.~~

~~Continued on Sheet No. 46.3~~

Florida Public Utilities Company
F.P.S.C. Electric Tariff
First Revised Volume No. I

First Revised Sheet No. 46.2
Cancels Original Sheet No. 46.2

WITHDRAWN JANUARY 1, 2004

Florida Public Utilities Company
F.P.S.C. Electric Tariff — First Revised Sheet No. 46.3
First Revised Volume No. I — Cancels Original Sheet No. 46.3

~~FERNANDINA BEACH DIVISION~~
~~RATE SCHEDULE OL-2~~
~~HIGH PRESSURE SODIUM VAPOR~~
~~OUTDOOR LIGHTING SERVICE~~

~~Continued from Sheet No. 46.2~~

~~Purchased Power Charges~~
~~Purchased power charges are adjusted by the Florida Public Service Commission, normally each six months, April and October. As of October 1, 1989, the amount was 6.331¢/KWH. For current purchased power costs included in the tariff, see Sheet No. 54.~~

~~Minimum Bill~~
~~The above rates times the number of Lamps connected.~~

~~Terms of Payment~~
~~Bills are rendered net and due and payable within twenty (20) days from date of bill.~~

~~Purchased Power Costs~~
~~See Sheet No. 54~~

~~Conservation Costs~~
~~See Sheet No. 54~~

~~Franchise Fee Adjustment~~
~~Customers taking service within franchise areas shall pay a franchise fee adjustment in the form of a percentage to be added to their bills prior to the application of any appropriate taxes. This percentage shall reflect the customer's pro rata share of the amount the Company is required to pay under the franchise agreement with the specific governmental body in which the customer is located.~~

~~Term of Service~~
~~Service under this rate schedule shall be for a term of five or more years. Accounts with five or more Lights will require a written five year contract.~~

~~Term of Conditions~~
~~1. Service under this rate schedule is subject to the Company's Rules and Regulations applicable to electric service.~~

~~2. The charges set forth above cover the initial installation of overhead Lines, poles and fixture assembly including bracket, and maintenance including Lamp renewals due to burn outs only.~~

WITHDRAWN JANUARY 1, 2004

Issued by: ~~F. C. Cressman~~John T. English, President — Effective: January 1, ~~1996~~2004

Florida Public Utilities Company
F.P.S.C. Electric Tariff — First Revised Sheet No. 46.4
First Revised Volume No. I — Cancels Original Sheet No. 46.4

~~FERNANDINA BEACH DIVISION~~
~~RATE SCHEDULE OL-2~~
~~HIGH PRESSURE SODIUM/METAL HALIDE~~
~~OUTDOOR LIGHTING SERVICE~~

~~Availability~~
~~Available within the territory served by the Company on Amelia Island, Nassau County, Florida.~~

~~Applicability~~
~~Applicable to any customer for non-metered lighting service.~~

~~Character of Service~~
~~Lighting service from dusk to dawn.~~

~~Limitations of Service~~
~~Company owned fixtures will be mounted on Company owned poles of the Company's distribution system. Customer owned fixtures will be mounted on customer owned poles, of a standard type and design, permitting service and maintenance at no abnormal cost to the Company.~~

~~Monthly Rate~~
~~When lighting fixtures are mounted on existing poles and served directly from existing overhead or underground secondary distribution lines:~~

~~Type of Facility~~	~~Lamp Size Lumens~~	~~Watts~~	~~KWH/Mo. Estimate~~	~~Facilities Charge~~	~~Maintenance Charge~~	~~Total Charge~~
~~HPS Wallmount~~	~~8,300~~	~~70~~	~~28~~	~~$10.42~~	~~$3.58~~	~~$14.00~~
~~HPS SP2 Spectra~~	~~9,500~~	~~100~~	~~41~~	~~$11.27~~	~~$3.82~~	~~$15.09~~
~~HPS ALN 440~~	~~16,000~~	~~150~~	~~61~~	~~$13.40~~	~~$4.54~~	~~$17.94~~
~~HPS Cobrahead~~	~~22,000~~	~~200~~	~~81~~	~~$6.37~~	~~$2.32~~	~~$8.69~~
~~HPS Cobrahead~~	~~28,500~~	~~250~~	~~101~~	~~$6.03~~	~~$2.24~~	~~$8.27~~
~~HPS Flood~~	~~50,000~~	~~400~~	~~162~~	~~$7.01~~	~~$2.53~~	~~$9.54~~
~~HPS Interstate Luminaire~~	~~50,000~~	~~400~~	~~162~~	~~$7.66~~	~~$2.72~~	~~$10.38~~
~~HPS Interstate Luminaire~~	~~130,000~~	~~1,000~~	~~405~~	~~$21.25~~	~~$7.12~~	~~$28.37~~
~~HPS Vertical Shoebox~~	~~130,000~~	~~1,000~~	~~405~~	~~$11.83~~	~~$4.39~~	~~$16.22~~
~~HPS Flood~~	~~130,000~~	~~1,000~~	~~405~~	~~$8.75~~	~~$3.33~~	~~$12.08~~
~~MH SP2 Spectra~~	~~9,500~~	~~100~~	~~41~~	~~$11.27~~	~~$3.82~~	~~$15.09~~
~~MH ALN 440~~	~~16,000~~	~~175~~	~~71~~	~~$13.49~~	~~$4.62~~	~~$18.11~~
~~MH Interstate Luminaire~~	~~50,000~~	~~400~~	~~162~~	~~$6.86~~	~~$2.55~~	~~$9.41~~
~~MH Interstate Luminaire~~	~~130,000~~	~~1,000~~	~~405~~	~~$21.25~~	~~$7.12~~	~~$28.37~~
~~MH Flood~~	~~130,000~~	~~1,000~~	~~405~~	~~$8.17~~	~~$3.12~~	~~$11.29~~
~~MH Vertical Shoebox~~	~~130,000~~	~~1,000~~	~~405~~	~~$11.35~~	~~$4.08~~	~~$15.43~~

~~Continued on Sheet No. 46.5~~

WITHDRAWN JANUARY 1, 2004

Issued by: J~~.~~ohn T. English, President — Effective: ~~November 16, 1999~~January 1, 2004

Florida Public Utilities Company
F.P.S.C. Electric Tariff — First Revised Sheet No. 46.5
First Revised Volume No. I — Cancels Original Sheet No. 46.5

~~FERNANDINA BEACH DIVISION~~
~~RATE SCHEDULE OL-2~~
~~HIGH PRESSURE SODIUM/METAL HALIDE~~
~~OUTDOOR LIGHTING SERVICE~~

~~Continued from Sheet No. 46.4~~

~~Type of Facility~~	~~Lamp Size Lumens~~	~~Watts~~	~~KWH/Mo. Estimate~~	~~Energy Charge~~
~~HPS Wallmount~~	~~8,300~~	~~70~~	~~28~~	~~$0.70~~
~~HPS SP2 Spectra~~	~~9,500~~	~~100~~	~~41~~	~~$1.03~~
~~HPS ALN 440~~	~~16,000~~	~~150~~	~~61~~	~~$1.53~~
~~HPS Cobrahead~~	~~22,000~~	~~200~~	~~81~~	~~$2.03~~
~~HPS Cobrahead~~	~~28,500~~	~~250~~	~~101~~	~~$2.53~~
~~HPS Flood~~	~~50,000~~	~~400~~	~~162~~	~~$4.05~~
~~HPS Interstate Luminaire~~	~~50,000~~	~~400~~	~~162~~	~~$4.05~~
~~HPS Interstate Luminaire~~	~~130,000~~	~~1,000~~	~~405~~	~~$10.13~~
~~HPS Vertical Shoebox~~	~~130,000~~	~~1,000~~	~~405~~	~~$10.13~~
~~HPS Flood~~	~~130,000~~	~~1,000~~	~~405~~	~~$10.13~~
~~MH SP2 Spectra~~	~~9,500~~	~~100~~	~~41~~	~~$1.03~~
~~MH ALN 440~~	~~16,000~~	~~175~~	~~71~~	~~$1.78~~
~~MH Interstate Luminaire~~	~~50,000~~	~~400~~	~~162~~	~~$4.05~~
~~MH Interstate Luminaire~~	~~130,000~~	~~1,000~~	~~405~~	~~$10.13~~
~~MH Flood~~	~~130,000~~	~~1,000~~	~~405~~	~~$10.13~~
~~MH Vertical Shoebox~~	~~130,000~~	~~1,000~~	~~405~~	~~$10.13~~

~~Charges for other Company-owned facilities:~~

~~Pole 10' Hapco Direct Bury Aluminum~~	~~$ 5.82~~
~~Pole 10' Hapco Deco Base Aluminum~~	~~$ 8.39~~
~~Pole 10' Hapco Deco Base Aluminum 2/24" Banner Arm~~	~~$ 9.31~~
~~Pole 30' Hapco Satin Aluminum~~	~~$10.07~~
~~Pole 20' Decorative Concrete Octagonal~~	~~$ 5.87~~
~~Pole 40' Wood~~	~~$ 4.64~~

~~For the poles shown above that are served from an underground system, the Company will provide up to one hundred (100) feet of conductor to service each fixture. The customer will provide and install the necessary conduit system to Company specifications.~~

~~Continued on Sheet No. 46.6~~

WITHDRAWN JANUARY 1, 2004

Florida Public Utilities Company
F.P.S.C. Electric Tariff ~~EighthNinth~~ Revised Sheet No. 47
First Revised Volume No. I Cancels ~~SeventhEighth~~ Revised Sheet No. 47

~~FERNANDINA BEACH DIVISION~~
~~RATE SCHEDULE GS~~
~~GENERAL SERVICE - NON-DEMAND~~

~~Availability~~
~~Available within the territory served by the Company on Amelia Island, Nassau County, Florida.~~

~~Applicability~~
~~Applicable to commercial and industrial lighting, heating, cooking and small power loads aggregating 25 KW or less.~~

~~Character of Service~~
~~Single or three-phase service at available standard voltage.~~

~~Limitations of Service~~
~~Service shall be at a single metering point.~~

~~Monthly Rate~~
~~Customer Facilities Charge:~~
~~$10.00 per customer per month~~

~~Base Energy Charge:~~
~~All KWH 1.565¢/KWH~~

~~Purchased Power Charges~~
~~Purchased power charges are adjusted by the Florida Public Service Commission, normally each six months, April and October. As of October 1, 1989, the amount was 6.331¢/KWH. For current purchased power costs included in the tariff, see Sheet No. 54.~~

~~Minimum Bill~~
~~The minimum monthly bill shall consist of the above Customer Facilities Charge.~~

~~Terms of Payment~~
~~Bills are rendered net and are due and payable within twenty (20) days from date of bill.~~

~~Purchased Power Costs~~
~~See Sheet No. 54~~

~~Conservation Costs~~
~~See Sheet No. 54~~

~~Franchise Fee Adjustment~~
~~Customers taking service within franchise areas shall pay a franchise fee adjustment in the form of a percentage to be added to their bills prior to the application of any appropriate taxes. This percentage shall reflect the customer's pro rata share of the amount of the Company is required to pay under the franchise agreement with the specific governmental body in which the customer is located.~~

~~Continued on Sheet No. 48~~

WITHDRAWN JANUARY 1, 2004

Issued by: ~~F.C. Cressman~~John T. English, President Effective: ~~November 15, 1989~~January

Florida Public Utilities Company
F.P.S.C. Electric Tariff
First Revised Volume No. I

~~First~~Second Revised Sheet No. 48
Cancels ~~Original~~ First Sheet No. 48

~~FERNANDINA BEACH DIVISION~~
~~RATE SCHEDULE GS~~
~~GENERAL SERVICE - NON DEMAND~~

~~Continues from Sheet No. 47~~

~~Terms and Conditions~~
~~Service under this rate schedule is subject to the Company's Ruled and Regulations applicable to electric service.~~

WITHDRAWN JANUARY 1, 2004

Florida Public Utilities Company
F.P.S.C. Electric Tariff
First Revised Volume No. I

~~Fourth~~Fifth Revised Sheet No. 49
Cancels ~~Third~~Fourth Revised Sheet No. 49

~~WITHDRAWN AUGUST 31, 1975~~

~~(SHEET RESERVED FOR FUTURE USE)~~

WITHDRAWN JANUARY 1, 2004

Issued by: ~~J. K. Roberts~~John T. English, President
Issued on: October 24, 1975

Effective: January 1, 2004
~~Effective: October 24, 1975~~

Florida Public Utilities Company
F.P.S.C. Electric Tariff — ~~Ninth~~ Tenth Revised Sheet No. 50.1
First Revised Volume No. I — Cancels ~~Eighth~~ Ninth Revised Sheet No. 50.1

~~FERNANDINA BEACH DIVISION~~
~~RATE SCHEDULE GSD~~
~~GENERAL SERVICE - DEMAND~~

~~Availability~~
~~Available within the territory served by the Company on Amelia Island, Nassau County, Florida.~~

~~Applicability~~
~~Applicable to commercial, industrial and municipal service with a measured demand of 25 KW or more for three or more months out of the twelve consecutive months ending with the current billing period. Also available, at the option of the customer, to any customer with demands of less than 25 KW who agrees to pay for service under this rate schedule for a minimum initial term of twelve months.~~

~~Character of Service~~
~~Single or three phase service at available standard voltage.~~

~~Limitations of Service~~
~~Service shall be at a single metering point at one voltage.~~

~~Monthly Rate~~
~~Customer Facilities Charge:~~
~~$38.00 per customer per month~~

~~Demand Charge:~~
~~Each KW of Billing Demand $1.77/KW~~

~~Base Energy Charge:~~
~~All KWH 0.5480¢/KW~~

~~Purchased Power Charges~~
~~Purchased power charges are adjusted by the Florida Public Service Commission, normally each six months, April and October. As of October 1, 1989, the amount was 6.331¢/KWH. For current purchased power costs included in the tariff, see Sheet No. 54.~~

~~Minimum Bill~~
~~The minimum monthly bill shall consist of the above Customer Facilities Charge plus the Demand Charge for the currently effective billing demand.~~

~~Terms of Payment~~
~~Bills are rendered net and are due and payable within twenty (20) days from date of bill.~~

~~Continued on Sheet No. 50.2~~

WITHDRAWN JANUARY 1, 2004

Issued by: ~~F.C. Cressman~~John T. English, President — Effective: ~~November 15, 1989~~January

Florida Public Utilities Company
F.P.S.C. Electric Tariff ~~Eighth~~ Ninth Revised Sheet No. 50.2
First Revised Volume No. I Cancels ~~Seventh~~ Eighth Revised Sheet No. 50.2

~~FERNANDINA BEACH DIVISION~~
~~RATE SCHEDULE GSD~~
~~GENERAL SERVICE - DEMAND~~

~~Continued from Sheet No. 50.1~~

~~Purchased Power Charges~~
~~See Sheet No. 54~~

~~Conservation Costs~~
~~See Sheet No. 54~~

~~Franchise Fee Adjustment~~
~~Customers taking service within franchise areas shall pay a franchise fee adjustment in the form of a percentage to be added to their bills prior to the application of any appropriate taxes. This percentage shall reflect the customer's pro rata share of the amount the Company is required to pay under the franchise agreement with the specific governmental body in which the customer is located.~~

~~Billing Demand~~
~~The billing demand in any month shall be the greatest of the following:~~

~~(a) The highest fifteen minute average load for the current month, as registered by a demand meter or indicator.~~

~~(b) The highest fifteen minute average load for the current month after adjustment for power factor, in accordance with the Power Factor Clause of this schedule.~~

~~(c) For those customers electing to take service under this rate schedule in lieu of the otherwise applicable rate schedule the billing demand shall be as in either (a) or (b) above, but not less than 20 KW.~~

~~Term of Service~~
~~Not less than one year.~~

~~Power Factor Clause~~
~~The Company reserves the right to measure power factor and, if it is less than 90%, adjust the maximum demand for any month by multiplying the measured demand by 90% and dividing by the actual power factor.~~

~~Transformer Ownership Discount~~
~~If the customer elects to take service at the available primary voltage and furnish and maintain any transformers required, the monthly demand charge will be reduced by forty four (44) cents per kilowatt. Such customers will be metered at primary voltage and in recognition of estimated average transformation losses of 1%, the KW and KWH measured units shall be multiplied by a factor of 0.99 for billing purposes.~~

~~Terms and Conditions~~
~~Service under this rate schedule is subject to the Company's Rules and Regulations applicable to electric service.~~

WITHDRAWN JANUARY 1, 2004

Issued by: ~~F. C. Cressman~~John T. English, President Effective: ~~November 15, 1989~~January

Florida Public Utilities Company
F.P.S.C. Electric Tariff ~~Fifth~~Sixth Revised Sheet No. 50.3
First Revised Volume No. I Cancels ~~Fourth~~Fifth Revised Sheet No. 50.3

~~FERNANDINA BEACH DIVISION~~
~~RATE SCHEDULE GSLD~~
~~GENERAL SERVICE - LARGE DEMAND~~

~~Availability~~
~~Available within the territory served by the Company on Amelia Island.~~

~~Applicability~~
~~Applicable to commercial and industrial services of customers contracting for at least 5,000 kilowatts of electric service.~~

~~Character of Service~~
~~Three phase, 60 hertz, electric service delivered and metered at a single point at the available transmission voltage, nominally 69,000 volts or higher.~~

~~Monthly Rate~~
~~Customer Facilities Charge Per~~
~~Customer Per Month $475.00~~

~~Transmission Demand~~
~~Charge: $1.14/KW of NCP Billing Demand~~

~~Reactive Demand~~
~~Charge: $0.30/kVar of Excess Reactive Demand~~

~~Production Demand Purchased Power Demand Charge~~
~~Charge: See Sheet No. 54~~

~~Energy Charge: Purchased Power Energy Charge~~
~~See Sheet No. 54~~

~~NOTE: The Production Demand Charge for the GSLD class will recover the Jacksonville Electric Authority Demand Charge to FPUC plus line losses and applicable taxes. This charge is applied to the customer's demand at the time of the system's monthly coincident peak (CP demand).~~

~~Purchased Power Energy Charges~~
~~Purchased power charges are adjusted by the Florida Public Service Commission, normally each six months, April and October. For correct purchased power energy costs included in the tariff, see Sheet No. 54.~~

~~Minimum Bill~~
~~The minimum monthly bill is the sum of the Transmission Demand Charge and the Customer Charge.~~

~~Terms of Payment~~
~~Bills are rendered net and due and payable within twenty (20) days from date of bill.~~

~~Continued on Sheet No. 50.4~~

WITHDRAWN JANUARY 1, 2004

Issued by: ~~F. C. Cressman~~John T. English, PresidentEffective: ~~November 15, 1989~~January

Florida Public Utilities Company
F.P.S.C. Electric Tariff ~~Fourth~~Fifth Revised Sheet No. 50.4
First Revised Volume No. I Cancels ~~Third~~Fourth Revised Sheet No. 50.4

~~FERNANDINA BEACH DIVISION~~
~~RATE SCHEDULE GSLD~~
~~GENERAL SERVICE - LARGE DEMAND~~

~~Continued from Sheet No. 50.3~~

~~Conservation Costs~~
~~See Sheet No. 54~~

~~Franchise Fee Adjustment~~
~~Customers taking service within franchise areas shall pay a franchise fee adjustment in the form of a percentage to be added to their bills prior to the application of any appropriate taxes. This percentage shall reflect the customer's pro rata share of the amount the Company is required to pay under the franchise agreement with the specific governmental body in which the customer is located.~~

~~CP Billing Demand~~
~~The CP Billing Demand in any month shall be the customer's greatest fifteen-minute average load as registered by FPUC's demand meter.~~

~~NCP Billing Demand~~
~~The NCP Billing Demand in any month shall be the customer's greatest fifteen minute average load as registered by FPUC's demand meter, but not less than 5,000 KW.~~

~~Excess Reactive Demand~~
~~The Excess Reactive Demand in any month shall be any lagging kVar during the period of FPUC's system maximum demand in excess of one-half of the CP Billing Demand in that month.~~

~~Term of Service~~
~~Contract for service hereunder shall be for a period of not less than one year.~~

~~Terms and Conditions~~
~~Service under this rate schedule is subject to the Company's Rules and Regulations applicable to electric service.~~

WITHDRAWN JANUARY 1, 2004

Issued by: ~~F. C. Cressman~~John T. English, President Effective: ~~November 15, 1989~~January

Florida Public Utilities Company
F.P.S.C. Electric Tariff — ~~Third~~Fourth Revised Sheet No. 51
First Revised Volume No. I — Cancels ~~Second~~Third Revised Sheet No. 51

~~FERNANDINA BEACH DIVISION~~
~~RATE SCHEDULE GSD-SB~~
~~GENERAL SERVICE - STANDBY~~

~~Availability~~
~~Available within the territory served by the Company on Amelia Island, Nassau County, Florida.~~

~~Applicability~~
~~Applicable only to customers which are self-generators with capabilities of serving the customer's full electric power requirements and that require backup and/or maintenance service on a firm basis. This rate schedule is not applicable to self-generating customers for supplemental service or for service voltage above 12,500 volts.~~

~~Character of Service~~
~~Single or three-phase service at available standard voltage.~~

~~Limitations of Service~~
~~Service shall be at a single metering point at one voltage. The contract demand shall not exceed the KW capacity of customer's generator.~~

~~Monthly Rate~~
~~Customer Facilities Charge:~~
~~$63.00 per customer per month~~

~~Local Facilities Charge:~~
~~Each KW of Contract Demand $1.27/KW~~

~~Purchased Power Charges~~
~~Demand and energy used by the customer in any month shall be charged at the then currently effective rates of the Company's wholesale supplier adjusted for estimated line losses and applicable taxes. Such charges will consist of Coincident Peak (CP) Demand charge and an energy charge. The CP Demand shall be the customer's measured KW coincident in time with that of the company's maximum monthly system demand. The energy charge shall be applied to the measured KWH during the billing period and shall be based on the actual energy charge (including fuel charges) of the Company's wholesale supplier during the billing period.~~

~~The currently effective rates of the Company's wholesale supplier would result in the following demand and energy charges for purchased power after adjustment for estimated line losses and applicable taxes. These are shown for illustrative purposes only. Actual purchased power rates in effect at the time of use shall be used for determining the monthly unit charges.~~

~~CP Demand Charge Each KW of CP Demand $3.88/KW~~

~~Energy Charge All KWH 5.188¢~~

~~Continued on Sheet No. 51.~~

WITHDRAWN JANUARY 1, 2004

Issued by: ~~F.C. Cressman~~John T. English, President — Effective: ~~February 7, 1990~~January 1

Florida Public Utilities Company
F.P.S.C. Electric Tariff — First Revised Sheet No. 51.1
First Revised Volume No. I — Cancels Original Sheet No. 51.1

~~FERNANDINA BEACH DIVISION~~
~~RATE SCHEDULE GSD-SB~~
~~GENERAL SERVICE - STANDBY~~

~~Continued from Sheet No. 51~~

~~Minimum Bill~~
~~The minimum monthly bill shall consist of the above Customer Charge plus the Local Facilities charge for the currently effective Contract Demand.~~

~~Terms of Payment~~
~~Bills are rendered net and are due and payable within twenty (20) days from date of bill.~~

~~Conservation Costs~~
~~See Sheet No. 54~~

~~Franchise Fee Adjustment~~
~~Customers taking service within franchise areas shall pay a franchise fee adjustment in the form of a percentage to be added to their bills prior to the application of any appropriate taxes. This percentage4 shall reflect the customer's pro rata share of the amount the Company is required to pay under the franchise agreement with the specific governmental body in which the customer is located.~~

~~Contract Demand~~
~~The Contract Demand shall be that KW demand as specified in the contract for service with the customer and shall represent the maximum demand that customer requires for backup and maintenance service. The specified Contract Demand shall not exceed the KW capacity of customer's generator. The Contract Demand level may be periodically renegotiated if required, but not more than once a year. In the event that customer's maximum measured 15-minute average load in any month exceeds the specified Contract Demand by an amount greater than five (5) percent, that maximum demand shall be used as the Contract Demand for billing of the Local Facilities Charge in the current month and the succeeding eleven (11) months.~~

~~CP Demand~~
~~The CP billing demand shall be 15-minute average load for the current month, as measured by a demand meter, at the time of the Company's maximum system demand for the current month.~~

~~Continued on Sheet No. 51.2~~

WITHDRAWN JANUARY 1, 2004

Issued by: ~~F.C. Cressman~~John T. English, President — Effective: ~~February 7, 1990~~January 1

Florida Public Utilities Company
F.P.S.C. Electric Tariff — First Revised Sheet No. 51.2
First Revised Volume No. I — Cancels Original Sheet No. 51.2

~~FERNANDINA BEACH DIVISION~~
~~RATE SCHEDULE CSD-SB~~
~~GENERAL SERVICE - STANDBY~~

~~Continued from Sheet No. 51.1~~

~~Term of Service~~
~~By written contract for an initial period of not less than five (5) years.~~

~~Power Factor Clause~~
~~The Company reserves the right to measure power factor and, if it is less than 90%, adjust the CP Demand and/or the maximum demand in any month by multiplying the measured demand by 90% and dividing by the actual power factor.~~

~~Transformer Ownership Discount~~
~~If the customer elects to take service at the available primary voltage and furnish and maintain any transformers required, the local facilities charge will be reduced by forty four (44) cents per kilowatt. Such customers will be metered at primary voltage and in recognition of estimated average transformation losses of 1%, the KW and KWH measured units shall be multiplied by a factor of 0.99 for billing purposes.~~

~~Special Metering Requirements~~
~~Service under this rate schedule requires the use of time-of-day metering. Customer will be required to pay a one-time Contribution-in-aid-of-Construction prior to the initiation of service equal to the difference in cost between that of the time-of-day meter and that of the otherwise standard meter. Company will notify customer of the amount of Contribution required prior to the execution of the contract for service. No Contribution will be required in the even customer has previously paid for the cost of time-of-day metering under the Company's cogeneration tariff and that same meter can be utilized without modification for metering under this Standby Service Rate Schedule.~~

~~Transfer to Full Requirements Service~~
~~In the event of changed circumstances in customer's operations or generating capabilities, customer may, on twelve (12) months advance written notice to Company, transfer to the applicable full requirements rate schedule, provided however, that no such transfers shall be accepted as long as continued backup and maintenance service is required. Company may waive the 12 months notice requirement when the Company has in place facilities that will allow serving customer's full requirements.~~

~~Terms and Conditions~~
~~Service under this rate schedule is subject to the Company's Rules and Regulations applicable to electric service.~~

WITHDRAWN JANUARY 1, 2004

Issued by: ~~F.C. Cressman~~John T. English, President — Effective: ~~February 7, 1990~~January 1

Florida Public Utilities Company
F.P.S.C. Electric Tariff ~~SeventhEighth~~ Revised Sheet No. 52
First Revised Volume No. I Cancels ~~SixthSeventh~~ Revised Sheet No. 52

~~FERNANDINA BEACH DIVISION~~
~~RATE SCHEDULE SL-2~~
~~MERCURY VAPOR STREET LIGHTING SERVICE~~
~~(CLOSED TO NEW INSTALLATIONS)~~

~~Availability~~
~~Available within the territory served by the Company in the corporate limits of the City of Fernandina Beach.~~

~~Applicability~~
~~Applicable to the City of Fernandina Beach for service for mercury vapor street lighting. Systems to be owned, operated, and maintained by Company.~~

~~Character of Service~~
~~Lighting service from dusk to dawn.~~

~~Limitations of Service~~
~~Service is limited to lighting by mercury vapor lamps of 7,000 or 20,000 lumens mounted on wood poles.~~

~~Monthly Rate~~
~~When lighting fixtures are mounted on existing poles and served directly from existing overhead secondary distribution lines:~~

~~Lamp Size Lumens~~	~~KWH/Mo. Estimate~~	~~Facilities Charge~~	~~Maintenance Charge~~	~~Energy Charge~~	~~Total Charge~~
~~7,000~~	~~72~~	~~$0.42~~	~~$1.50~~	~~$0.75~~	~~$2.67~~
~~20,000~~	~~154~~	~~$1.22~~	~~$1.60~~	~~$1.60~~	~~$4.42~~

~~Purchased Power Charges~~
~~Purchased power charges are adjusted by the Florida Public Service Commission, normally each six months, April and October. As of October 1, 1989 the amount was 6.331¢/KWH. For current purchased power costs included in the tariff, see Sheet No. 54.~~

~~Minimum Bill~~
~~The above rates times the number of lamps connected.~~

~~Terms of Payment~~
~~Bills are rendered net and are due and payable within twenty (20) days from date of bill.~~

~~Continued on Sheet No. 52.01~~

WITHDRAWN JANUARY 1, 2004

Florida Public Utilities Company
F.P.S.C. Electric Tariff
First Revised Volume No. I

First Revised Sheet No. 52.01
Cancels Original Sheet No. 52.01

~~FERNANDINA BEACH DIVISION~~
~~RATE SCHEDULE SL-2~~
~~MERCURY VAPOR STREET LIGHTING SERVICE~~
~~(CLOSED TO NEW INSTALLATIONS)~~

~~Purchased Power Costs~~
~~See Sheet No. 54~~

~~Conservation Costs~~
~~See Sheet No. 54~~

~~Franchise Fee Adjustment~~
~~Customers taking service within franchise areas shall pay a franchise fee adjustment in the form of a percentage to be added to their bills prior to the application of any appropriate taxes. This percentage shall reflect the customer's pro rata share of the amount the Company is required to pay under the franchise agreement with the specific governmental body in which the customer is located.~~

~~Terms and Conditions~~
~~Service under this rate schedule is subject to the Company's Rules and Regulations applicable to electric service.~~

WITHDRAWN JANUARY 1, 2004

Issued by: ~~F. C. Cressman~~John T. English, President Effective: ~~November 15, 1989~~January

Florida Public Utilities Company
F.P.S.C. Electric Tariff — ~~Third~~Fourth Revised Sheet No. 52.1
First Revised Volume No. I — Cancels ~~Second~~Third Revised Sheet No. 52.1

~~FERNANDINA BEACH DIVISION~~
~~RATE SCHEDULE SL-3~~
~~HIGH PRESSURE SODIUM VAPOR~~
~~STREET LIGHTING SERVICE~~

~~Availability~~
~~Available within the territory served by the Company on Amelia Island, Nassau County, Florida.~~

~~Applicability~~
~~Applicable for lighting of public ways and areas.~~

~~Character of Service~~
~~Lighting service from dusk to dawn.~~

~~Limitations of Service~~
~~Service is limited to lighting by high pressure sodium vapor lamps mounted on wood poles. Company owned facilities will be installed only on Company owned poles. Customer owned facilities will be installed only on customer owned poles.~~

~~Monthly Rate~~
~~When lighting fixtures are mounted on existing poles and served directly from existing overhead secondary distribution lines:~~

~~Lamp Size~~		~~KWH/Mo.~~	~~Facilities~~	~~Maintenance~~	~~Energy~~	~~Total~~
~~Lumens~~	~~Watts~~	~~Estimate~~	~~Charge~~	~~Charge~~	~~Charge~~	~~Charge~~
~~9,500~~	~~100~~	~~42~~	~~$3.89~~	~~$1.36~~	~~$ .49~~	~~$5.74~~
~~22,000~~	~~200~~	~~89~~	~~$4.11~~	~~$1.45~~	~~$1.03~~	~~$6.59~~

~~Charges for other Company owned facilities:~~
~~Each wood pole and overhead span of wire installed: $2.00~~

~~For concrete or fiberglass poles and/or underground conductors etcetera, the customer shall pay a lump sum amount equal to the estimated differential cost between the special system and the equivalent overhead wood pole system.~~

~~Purchased Power Charges~~
~~Purchased power charges are adjusted by the Florida Public Service Commission, normally each six months, April and October. As of October 1, 1989, the amount was 6.331¢/KWH. For current purchased power costs included in the tariff, see Sheet No. 54.~~

~~Continued on Sheet No. 52.2~~

WITHDRAWN JANUARY 1, 2004

Issued by: ~~F. C. Cressman~~John T. English, President — Effective: ~~November 15, 1989~~January

Florida Public Utilities Company
F.P.S.C. Electric Tariff ~~First~~Second Revised Sheet No. 52.3
First Revised Volume No. I Cancels ~~Original~~First Sheet No. 52.3

~~FERNANDINA BEACH DIVISION~~
~~RATE SCHEDULE CSL~~
~~MERCURY VAPOR CONTRACT~~
~~STREET LIGHTING SERVICE~~
~~(CLOSED TO NEW INSTALLATIONS)~~

~~Availability~~
~~Available within the territory served by the Company within the property limits of the Amelia Island Plantation Company.~~

~~Applicability~~
~~Applicable only for mercury vapor street lighting in private ways and areas of the Amelia Island Plantation Company.~~

~~Character of Service~~
~~Lighting service from dusk to dawn.~~

~~Limitations of Service~~
~~Service is limited to lighting by mercury vapor lamps mounted on existing wood poles.~~

~~Monthly Rate~~
~~For each lamp and pole:~~

~~Lamp Size~~ ~~Lumens~~	~~KWH/Mo.~~ ~~Watts~~	~~Facilities~~ ~~Estimate~~	~~Maintenance~~ ~~Charge~~	~~Energy~~ ~~Charge~~	~~Total~~ ~~Charge~~
~~11,200~~	~~250~~	~~103~~	~~$7.04~~	~~$1.83~~	~~$1.11~~	~~$9.98~~

~~Purchased Power Charges~~
~~Purchased power charges are adjusted by the Florida Public Service Commission, normally each six months, April and October. As of October 1, 1989 the amount was 6.331¢/KWH. For current purchased power costs included in the tariff, see Sheet No. 54.~~

~~Minimum Bill~~
~~The above rates times the number of lamps connected.~~

~~Terms of Payment~~
~~Bills are rendered net and are due and payable within twenty (20) days from date of bill.~~

~~Purchased Power Costs~~
~~See Sheet No. 54~~

~~Conservation Costs~~
~~See Sheet No. 54~~

~~Continued on Sheet No. 52.4~~

WITHDRAWN JANUARY 1, 2004

Issued by: ~~F. C. Cressman~~John T. English, President Effective: ~~November 15, 1989~~January

Florida Public Utilities Company
F.P.S.C. Electric Tariff — ~~First~~Second Revised Sheet No. 52.4
First Revised Volume No. I — Cancels ~~Original~~ First Sheet No. 52.4

~~FERNANDINA BEACH DIVISION~~
~~RATE SCHEDULE CSL~~
~~MERCURY VAPOR CONTRACT~~
~~STREET LIGHTING SERVICE~~
~~(CLOSED TO NEW INSTALLATIONS)~~

~~Continued from Sheet No. 52.3~~

~~Franchise Fee Adjustment~~

~~Customers taking service with franchise areas shall pay a franchise fee adjustment in the form of a percentage to be added to their bills prior to the application of any appropriate taxes. This percentage shall reflect the customer's pro rata share of the amount the Company is required to pay under the franchise agreement with the specific governmental body in which the customer is located.~~

~~Term of Service~~

~~Service under this rate schedule shall be by written contract for a period of one or more years.~~

~~Terms and Conditions~~

~~1. Service under this rate schedule is subject to the Company's Rules and Regulations applicable to electric service.~~

~~2. The charges set forth above cover the initial installation of overhead lines, poles and fixture assembly including bracket, and maintenance including lamp renewals due to burn outs only.~~

WITHDRAWN JANUARY 1, 2004

Issued by: ~~F. C. Cressman~~John T. English, President — Effective: ~~November 15, 1989~~January

Florida Public Utilities Company
F.P.S.C. Electric Tariff
First Revised Volume No. I

First Revised Sheet No. 52.5
Cancels Original Sheet No. 52.5

~~FERNANDINA BEACH DIVISION~~
~~RATE SCHEDULE SL-3~~
~~HIGH PRESSURE SODIUM VAPOR~~
~~STREET LIGHTING SERVICE~~

~~Availability~~
~~Available within the territory served by the Company on Amelia Island, Nassau County, Florida.~~

~~Applicability~~
~~Applicable for lighting of public ways and areas.~~

~~Character of Service~~
~~Lighting service from dusk to dawn.~~

~~Limitations of Service~~
~~Company-owned fixtures will be mounted on Company-owned poles of the Company's distribution system. Customer-owned fixtures will be mounted on customer-owned poles, of a standard type and design, permitting service and maintenance at no abnormal cost to the Company.~~

~~Monthly Rate~~
~~When Lighting fixtures are mounted on existing poles and served directly from existing overhead or underground secondary distribution lines:~~

~~Type of Facility~~	~~Lamp Size Lumens~~	~~Watts~~	~~KWH/Mo. Estimate~~	~~Facilities Charge~~	~~Maintenance Charge~~	~~Energy Charge~~	~~Total Charge~~
~~Am Rev~~	~~9,500~~	~~100~~	~~41~~	~~$5.15~~	~~$1.98~~	~~$0.48~~	~~$7.61~~
~~Acorn~~	~~16,000~~	~~150~~	~~61~~	~~$9.01~~	~~$3.21~~	~~$0.71~~	~~$12.93~~
~~Am Rev~~	~~16,000~~	~~150~~	~~61~~	~~$5.53~~	~~$2.10~~	~~$0.71~~	~~$8.34~~
~~* Not available with Pole 1,5,6~~							
~~Cobra~~	~~28,500~~	~~250~~	~~101~~	~~$5.02~~	~~$1.95~~	~~$1.18~~	~~$8.15~~
~~Cobra~~	~~50,000~~	~~400~~	~~162~~	~~$5.77~~	~~$2.20~~	~~$1.90~~	~~$9.87~~
~~* Not available with Pole 2,3,4,5~~							

~~Charges for other Company owned facilities:~~

~~1) 30' Wood Pole~~	~~$2.00~~
~~2) 13' Decorative Concrete~~	~~$6.44~~
~~3) 18' Fiberglass~~	~~$4.29~~
~~4) 20' Decorative Concrete~~	~~$7.32~~
~~5) 20' Square Fiberglass~~	~~$6.69~~
~~6) 35' Concrete~~	~~$7.74~~

~~For the poles shown above that are served from an underground system, the Company will provide up to one hundred (100) feet of conductor to service each fixture. The customer will provide and install the necessary conduit system to Company specifications.~~

~~Continued on Sheet No. 52.6~~

WITHDRAWN JANUARY 1, 2004

Florida Public Utilities Company
F.P.S.C. Electric Tariff — First Revised Sheet No. 52.6
First Revised Volume No. I — Cancels Original Sheet No. 52.6

~~FERNANDINA BEACH DIVISION~~
~~RATE SCHEDULE SL-3~~
~~HIGH PRESSURE SODIUM VAPOR~~
~~STREET LIGHTING SERVICE~~

~~Continued from Sheet No. 52.5~~

~~Purchased Power Charges~~
~~Purchased power charges are adjusted by the Florida Public Service Commission, normally each six months, April and October. As of October 1, 1989, the amount was 6.331¢/KWH. For current purchased power costs included in the tariff, see Sheet No. 54.~~

~~Minimum Bill~~
~~The above rates times the number of Lamps connected.~~

~~Terms of Payment~~
~~Bills are rendered net and due and payable within twenty (20) days from date of bill.~~

~~Purchased Power Costs~~
~~See Sheet No. 54~~

~~Conservation Costs~~
~~See Sheet No. 54~~

~~Franchise Fee Adjustment~~
~~Customers taking service within franchise areas shall pay a franchise fee adjustment in the form of a percentage to be added to their bills prior to the application of any appropriate taxes. This percentage shall reflect the customer's pro rata share of the amount the Company is required to pay under the franchise agreement with the specific governmental body in which the customer is located.~~

~~Term of Service~~
~~Service under this rate schedule shall be for a term of five or more years. Accounts with five or more Lights will require a written five year contract.~~

~~Term of Conditions~~
~~1. Service under this rate schedule is subject to the Company's Rules and Regulations applicable to electric service.~~

~~2. The charges set forth above cover the initial installation of overhead Lines, poles and fixture assembly including bracket, and maintenance including Lamp renewals due to burn outs only.~~

WITHDRAWN JANUARY 1, 2004

Issued by: ~~F. C. Cressman~~John T. English, President — Effective: January 1, ~~1996~~2004

Florida Public Utilities Company
F.P.S.C. Electric Tariff
First Revised Volume No. I

First Revised Sheet No. 52.7
Cancels Original Sheet No. 52.7

~~FERNANDINA BEACH DIVISION~~
~~RATE SCHEDULE SL-3~~
~~HIGH PRESSURE SODIUM/METAL HALIDE~~
~~STREET LIGHTING SERVICE~~

~~Availability~~
~~Available within the territory served by the Company on Amelia Island in Nassau County, Florida.~~

~~Applicability~~
~~Applicable to lighting of public ways and areas.~~

~~Character of Service~~
~~Lighting service from dusk to dawn.~~

~~Limitations of Service~~
~~Company owned fixtures will be mounted on Company owned poles of the Company's distribution system. Customer owned fixtures will be mounted on customer owned poles, of a standard type and design, permitting service and maintenance at no abnormal cost to the Company.~~

~~Monthly Rate~~
~~When lighting fixtures are mounted on existing poles and served directly from existing overhead or underground secondary distribution lines:~~

~~Type of Facility~~	~~Lamp Size Lumens~~	~~Watts~~	~~KWH/Mo. Estimate~~	~~Facilities Charge~~	~~Maintenance Charge~~	~~Total Charge~~
~~HPS SP2 Spectra~~	~~9,500~~	~~100~~	~~41~~	~~$11.27~~	~~$3.82~~	~~$15.09~~
~~HPS ALN 440~~	~~16,000~~	~~150~~	~~61~~	~~$13.40~~	~~$4.54~~	~~$17.94~~
~~HPS Cobrahead~~	~~22,000~~	~~200~~	~~81~~	~~$2.71~~	~~$2.75~~	~~$5.46~~
~~HPS Flood~~	~~28,500~~	~~250~~	~~101~~	~~$6.80~~	~~$2.47~~	~~$9.27~~
~~HPS Flood~~	~~50,000~~	~~400~~	~~162~~	~~$7.01~~	~~$2.63~~	~~$9.64~~
~~HPS Interstate Luminaire~~	~~50,000~~	~~400~~	~~162~~	~~$7.66~~	~~$2.72~~	~~$10.38~~
~~HPS Interstate Luminaire~~	~~130,000~~	~~1,000~~	~~405~~	~~$21.25~~	~~$7.12~~	~~$28.37~~
~~HPS Vertical Shoebox~~	~~130,000~~	~~1,000~~	~~405~~	~~$11.83~~	~~$4.39~~	~~$16.22~~
~~HPS Flood~~	~~130,000~~	~~1,000~~	~~405~~	~~$8.75~~	~~$3.33~~	~~$12.08~~
~~MH SP2 Spectra~~	~~9,500~~	~~100~~	~~41~~	~~$11.27~~	~~$3.82~~	~~$15.09~~
~~MH ALN 440~~	~~16,000~~	~~175~~	~~71~~	~~$13.40~~	~~$4.54~~	~~$17.94~~
~~MH Shoebox~~	~~16,000~~	~~175~~	~~71~~	~~$9.51~~	~~$3.44~~	~~$12.95~~
~~MH Shoebox~~	~~28,500~~	~~250~~	~~101~~	~~$9.53~~	~~$3.45~~	~~$12.98~~
~~MH Flood~~	~~50,000~~	~~400~~	~~162~~	~~$7.10~~	~~$2.73~~	~~$9.83~~
~~MH Interstate Luminaire~~	~~50,000~~	~~400~~	~~162~~	~~$7.01~~	~~$2.71~~	~~$9.72~~
~~MH Flood~~	~~130,000~~	~~1,000~~	~~405~~	~~$8.17~~	~~$3.11~~	~~$11.28~~
~~MH Vertical Shoebox~~	~~130,000~~	~~1,000~~	~~405~~	~~$11.35~~	~~$4.08~~	~~$15.43~~

~~Continued on Sheet No. 52.8~~

WITHDRAWN JANUARY 1, 2004

Issued by: J~~.~~ohn T. English, President Effective: ~~November 16, 1999~~January 1, 2004

Florida Public Utilities Company
F.P.S.C. Electric Tariff
First Revised Volume No. I

First Revised Sheet No. 52.8
Cancels Original Sheet No. 52.8

~~FERNANDINA BEACH DIVISION~~
~~RATE SCHEDULE SL-3~~
~~HIGH PRESSURE SODIUM/METAL HALIDE~~
~~STREET LIGHTING SERVICE~~

~~Continued from Sheet No. 52.7~~

~~Type of Facility~~	~~Lamp Size Lumens~~	~~Watts~~	~~KWH/Mo. Estimate~~	~~Energy Charge~~
~~HPS SP2 Spectra~~	~~9,500~~	~~100~~	~~41~~	~~$0.48~~
~~HPS ALN 440~~	~~16,000~~	~~150~~	~~61~~	~~$0.71~~
~~HPS Cobrahead~~	~~22,000~~	~~200~~	~~81~~	~~$1.05~~
~~HPS Flood~~	~~28,500~~	~~250~~	~~101~~	~~$1.18~~
~~HPS Flood~~	~~50,000~~	~~400~~	~~162~~	~~$1.90~~
~~HPS Interstate Luminaire~~	~~50,000~~	~~400~~	~~162~~	~~$1.90~~
~~HPS Interstate Luminaire~~	~~130,000~~	~~1,000~~	~~405~~	~~$4.74~~
~~HPS Vertical Shoebox~~	~~130,000~~	~~1,000~~	~~405~~	~~$4.74~~
~~HPS Flood~~	~~130,000~~	~~1,000~~	~~405~~	~~$4.74~~
~~MH SP2 Spectra~~	~~9,500~~	~~100~~	~~41~~	~~$0.48~~
~~MH ALN 440~~	~~16,000~~	~~175~~	~~71~~	~~$0.83~~
~~MH Shoebox~~	~~16,000~~	~~175~~	~~71~~	~~$0.83~~
~~MH Shoebox~~	~~28,500~~	~~250~~	~~101~~	~~$1.18~~
~~MH Flood~~	~~50,000~~	~~400~~	~~162~~	~~$1.90~~
~~HPS Interstate Luminaire~~	~~50,000~~	~~400~~	~~162~~	~~$1.90~~
~~MH Flood~~	~~130,000~~	~~1,000~~	~~405~~	~~$4.74~~
~~MH Vertical Shoebox~~	~~130,000~~	~~1,000~~	~~405~~	~~$4.74~~

~~Charges for other Company owned facilities:~~

~~Pole 10' Hapco Direct Bury Aluminum~~	~~$ 5.82~~
~~Pole 10' Hapco Deco Base Aluminum~~	~~$ 8.39~~
~~Pole 10' Hapco Deco Base Aluminum 2/24" Banner Arm~~	~~$ 9.31~~
~~Pole 30' Hapco Satin Aluminum~~	~~$10.07~~
~~Pole 20' Decorative Concrete Octagonal~~	~~$ 5.87~~
~~Pole 40' Wood~~	~~$ 4.64~~

~~For the poles shown above that are served from an underground system, the Company will provide up to one hundred (100) feet of conductor to service each fixture. The customer will provide and install the necessary conduit system to Company specifications.~~

~~Continued on Sheet No. 52.9~~

WITHDRAWN JANUARY 1, 2004

Florida Public Utilities Company
F.P.S.C. Electric Tariff
First Revised Volume No. I

First Revised Sheet No. 52.9
Cancels Original Sheet No. 52.9

~~FERNANDINA BEACH DIVISION~~
~~RATE SCHEDULE SL-3~~
~~HIGH PRESSURE SODIUM/METAL HALIDE~~
~~STREET LIGHTING SERVICE~~

~~Continued from Sheet No. 52.8~~

~~Purchased Power Charges~~
~~Purchased power charges are adjusted by the Florida Public Service Commission, normally each six months, April and October. As of October 1, 1989, the amount was 6.331¢/KWH. For current purchased power costs included in the tariff, see Sheet No. 54.~~

~~Minimum Bill~~
~~The above rates times the number of Lamps connected.~~

~~Terms of Payment~~
~~Bills are rendered net and due and payable within twenty (20) days from date of bill.~~

~~Purchased Power Costs~~
~~See Sheet No. 54~~

~~Conservation Costs~~
~~See Sheet No. 54~~

~~Franchise Fee Adjustment~~
~~Customers taking service within franchise areas shall pay a franchise fee adjustment in the form of a percentage to be added to their bills prior to the application of any appropriate taxes. This percentage shall reflect the customer's pro rata share of the amount the Company is required to pay under the franchise agreement with the specific governmental body in which the customer is located.~~

~~Term of Service~~
~~Service under this rate schedule shall be for a term of five or more years. Accounts with five or more Lights will require a written five year contract.~~

~~Term of Conditions~~
~~1. Service under this rate schedule is subject to the Company's Rules and Regulations applicable to electric service.~~

~~2. The charges set forth above cover the initial installation of overhead Lines, poles and fixture assembly including bracket, and maintenance including Lamp renewals due to burn outs only.~~

WITHDRAWN JANUARY 1, 2004

Issued by: ~~J.~~John T. English, President

~~Effective: November 16, 1999~~January 1, 2004

Florida Public Utilities Company
F.P.S.C. Electric Tariff
First Revised Volume No. I

~~Fifth~~Sixth Revised Sheet No. 53
Cancels ~~Fourth~~Fifth Revised Sheet No. 53

WITHDRAWN ~~NOVEMBER 15, 1989~~JANUARY 1, 2004

Issued by: ~~J.K. Roberts~~ohn T. English, President Effective: ~~November 15, 1989~~January 1

Florida Public Utilities Company
F.P.S.C. Electric Tariff ~~Forty-Ninth~~Fiftieth Revised Sheet No. 54
First Revised Volume No. I Cancels Forty-~~Eighth~~ Ninth Revised Sheet No. 54

~~RATE ADJUSTMENT RIDER -- FERNANDINA BEACH DIVISION~~

~~APPLICABILITY~~

~~Electric service under all rate schedules for the Fernandina Beach Division which specify that rates are subject to adjustment in accordance with the provisions of the Company's Rate Adjustment Rider.~~

~~TOTAL PURCHASED POWER COST RECOVERY CLAUSE~~

~~The total purchased power cost adjustment shall be applied to each kilowatt-hour delivered and shall be computed in accordance with the formula prescribed by the Florida Public Service Commission. The total purchased power cost adjustment for the period January 1, 2003 through December 31, 2003 is as follows:~~

~~Rate Class~~	~~Rate Schedule~~	~~Levelized Adjustment~~
~~Residential~~	~~RS~~	~~3.745 ¢/KWH~~
~~General Service~~	~~GS~~	~~3.624 ¢/KWH~~
~~General Service Demand~~	~~GSD~~	~~3.445 ¢/KWH~~
~~Outdoor Lighting~~	~~OL, OL-2~~	~~2.955 ¢/KWH~~
~~Street Lighting~~	~~SL-2, SL-3, CSL~~	~~2.955 ¢/KWH~~
~~General Service Large Demand~~	~~GSLD~~	~~CP Demand $6.28/KW Energy 2.040¢/KWH*~~

~~*Estimated for informational purposes only. Monthly rate will be billed at actual cost.~~

~~ENERGY CONSERVATION COST RECOVERY CLAUSE~~

~~Each base energy rate per KWH of the above rate schedules for the period January 1, 2003 through December 31, 2003 shall be increased by 0.049¢/KWH of sales to recover conservation related expenditures by the Company. This adjustment is determined in accordance with the formula and procedures specified by the Florida Public Service Commission.~~

~~TAX COST RECOVERY~~

~~There will be added to all bills rendered for electric service a proportionate share of all license fees and taxes imposed by any governmental authorities after January 1, 1945, to an extent sufficient to cover excess increased taxes or license fees.~~

WITHDRAWN JANUARY 1, 2004

Issued by: ~~J. T.~~John T. English, President & C.E.O. Effective: January 1, ~~2003~~2004

Florida Public Utilities Company
F.P.S.C. Electric Tariff
First Revised Volume No. I

~~First Revised Sheet No. 52.4~~
~~Cancels~~ Original Sheet No. 53.4

~~FERNANDINA BEACH DIVISION~~
~~RATE SCHEDULE CSL~~
~~MERCURY VAPOR CONTRACT~~
~~STREET LIGHTING SERVICE~~
~~(CLOSED TO NEW INSTALLATIONS)~~

~~Continued from Sheet No. 52.3~~

~~Franchise Fee Adjustment~~

~~Customers taking service with franchise areas shall pay a franchise fee adjustment in the form of a percentage to be added to their bills prior to the application of any appropriate taxes. This percentage shall reflect the customer's pro rata share of the amount the Company is required to pay under the franchise agreement with the specific governmental body in which the customer is located.~~

~~Term of Service~~

~~Service under this rate schedule shall be by written contract for a period of one or more years.~~

~~Terms and Conditions~~

~~1. Service under this rate schedule is subject to the Company's Rules and Regulations applicable to electric service.~~

~~2. The charges set forth above cover the initial installation of overhead lines, poles and fixture assembly including bracket, and maintenance including lamp renewals due to burn outs only.~~

WITHDRAWN JANUARY 1, 2004

Florida Public Utilities Company
F.P.S.C. Electric Tariff ~~Third~~Fourth Revised Sheet No. 55.1
First Revised Volume No. I Cancels ~~Second~~Third Revised Sheet No. 55.1

~~WITHDRAWN AUGUST 31, 1975~~

~~(SHEET RESERVED FOR FUTURE USE)~~

WITHDRAWN JANUARY 1, 2004

Florida Public Utilities Company
F.P.S.C. Electric Tariff
First Revised Volume No. I

~~Third~~Fourth Revised Sheet No. 55.2
Cancels ~~Second~~Third Revised Sheet No. 55.2

~~WITHDRAWN AUGUST 31, 1975~~

~~(SHEET RESERVED FOR FUTURE USE)~~

WITHDRAWN JANUARY 1, 2004

Issued by: ~~J. K. Roberts~~ohn T. English, President
Issued on: October 24, 1975

Effective: January 1, 2004
~~Effective: October 24, 1975~~

Florida Public Utilities Company
F.P.S.C. Electric Tariff
First Revised Volume No. I

~~First~~ Second Revised Sheet No. 56
Cancels ~~Original~~ First Sheet No. 56

~~(PASTE METER ORDER FORM HERE)~~

~~ELECTRIC METER ORDER FORM~~

WITHDRAWN JANUARY 1, 2004

Issued by: ~~E. J. Patterson~~John T. English, President
Issued on: August 3, 1981 Effective: ~~August 3, 1981~~January 1, 2004

Florida Public Utilities Company
F.P.S.C. Electric Cogeneration Tariff
Original Volume No. I

First Revised Sheet No. 3
Cancels Original Sheet No. 3

TERRITORY SERVED

Two individually operated areas are served with electricity, both of which are located in the northern part of Florida.

The ~~Marianna~~ Northwest Florida Division serves various cities and towns and rural communities in Jackson, Calhoun and Liberty Counties.

The ~~Fernandina~~ Northeast Florida Beach Division serves Amelia Island, located in Nassau County.

Issued by: ~~E. J. Patterson~~John T. English, President
Effective: ~~April 1, 1984~~January 1, 2004

Florida Public Utilities Company
F.P.S.C. Electric Cogeneration Tariff
Original Volume No. I

~~Original~~ First Revised Sheet No. 17
Cancels Original Sheet No. 17

INDEX OF RATE SCHEDULES

ITEM		SHEET NO.
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~~Rate Schedule COG-1~~	~~As-Available Energy~~	~~24-26~~
~~Rate Schedule COG-2~~	~~Firm Energy~~	~~27-29~~

Issued by: John T. English, President Effective: January 1, 2004
~~Issued by: T. J. Patterson, President Effective: April 1, 1984~~

~~MARIANNA DIVISION~~
RATE SCHEDULE COG-1

STANDARD RATE FOR PURCHASE OF AS-AVAILABLE ENERGY FROM
COGENERATION AND SMALL POWER PRODUCTION FACILITIES
(QUALIFYING FACILITIES)

Availability

Available within the territory served by the Company in ~~Jackson, Calhoun, and Liberty Counties.~~the Northwest and Northeast Divisions.

Applicability

To any cogeneration or small power producing "qualifying facility".

Character of Service

Alternating current, 60 cycle, single phase or three phase at the options of the Company, at a specified interconnection point and voltage.

Limitations of Service

The capacity rating of the QF's generator shall not exceed:

1. One-half of the Company's minimum requirements of the interconnected distribution circuit; or
2. The thermal capacity of the connected distribution lines or transformers of the Company.

Monthly Rate

1. Payments to QF's for energy sales to Company

   A. As-Available energy is purchased at a unit cost calculated from avoided fuel costs. Avoided energy costs are the Company's actual fuel cost for energy purchased by the Company from its wholesale supplier for the applicable calendar month.

   B. The actual fuel costs as defined above will be adjusted upward by a fixed percentage factor for avoided line losses (if any). Such factor will be determined by the Company for each QF based upon the locations of the QF on the Company's distribution system and the applicable voltage level.

   C. The current base fuel cost in the energy rate of the Company's wholesale supplier is 2.90 cents per KWH.

   D. Because the Company's avoided energy cost is based on the wholesale supplier's monthly average fuel cost for energy, the price per KWH is uniform without regard to time of day or system peak, and no variations in computing the amount to be paid is made on the basis of metering techniques.

~~MARIANNA DIVISION~~
RATE SCHEDULE COG-1

STANDARD RATE FOR PURCHASE OF AS-AVAILABLE ENERGY FROM COGENERATION AND SMALL POWER PRODUCTION FACILITIES (QUALIFYING FACILITIES)

Continued from Sheet No. 18

2. Charges to Qualifying Facility

A. Customer charge for meter reading, billing and other administrative costs shall be equal to the currently monthly customer facilities charge as set forth in the rate schedule which is applicable to the QF for the purchase of energy from the Company.

B. Interconnection Charge
The QF shall bear the cost required for the interconnecting the QF, including metering. The QF shall have the option of payment in full for interconnection or making equal monthly installment payments with interest over a period not exceeding 36 months toward the full cost of such interconnection. In the event that the QF elects the monthly installment option, the initial contract term of service shall not be less than the total months over which such installment payments are to be made.

Term of Service

Service under this rate schedule shall be by written contract for a period of one or more years, but such contract shall not require such energy to be offered on any basis other than as available.

Special Provisions

1. It shall be the QF's responsibility to inform the Company in writing of any change in the QF's electric generating capacity.
2. Any electric service delivered by the Company to the QF shall be metered separately and billed under the rate schedule applicable to the Company's other customers with similar load characteristics. The terms and conditions of the Company's standard rate schedule applicable to the class of service shall pertain.
3. Service under this rate schedule is subject to the rules and regulations of the Company and the Florida Public Service Commission.

~~MARIANNA DIVISION~~
RATE SCHEDULE COG-1

STANDARD RATE FOR PURCHASE OF AS-AVAILABLE ENERGY FROM COGENERATION AND SMALL POWER PRODUCTION FACILITIES (QUALIFYING FACILITIES)

Continued from Sheet No. 19

Estimated Future Rates

The following are the current estimates of the Company's future average rates for the purchase of as-available energy from QF's. These are based on data of estimated fuel costs of the Company's wholesale supplier and are for informational purposes only.

Year	Estimated Average Rate per KWH
1984	3.58 cents
1985	4.25 cents
1986	4.99 cents
1987	5.59 cents
1988	6.20 cents
1989	5.76 cents
1990	6.25 cents
1991	6.87 cents
1992	7.48 cents
1993	7.44 cents

~~MARIANNA DIVISION~~
RATE SCHEDULE COG-2

STANDARD RATE FOR PURCHASE OF FIRM ENERGY FROM
COGENERATION AND SMALL POWER PRODUCTION FACILITIES
(QUALIFYING FACILITIES)

Purpose

The purpose of this tariff is to promote the generation of firm power by qualifying facilities so that the Company can commit to the reduction by a specified amount of capacity of demand on its wholesale supplier's system thereby freeing an equivalent amount of capacity in the supplier. Through the QF's commitment to the Company and the Company's commitment to its supplier, the QF's generation capacity may be used by the supplier to defer additional generation plant, either in its system or in that of another generating utility in the state.

Availability

Available within the territory served by the Company in Jackson, Calhoun, and Liberty Counties.

Applicability

To any cogeneration or small power producing "qualifying facility" who contract with Company for the sale of firm energy and capacity and who meet the eligibility criteria set out in Rule 25-17.83(3)(a) of the Florida Public Service Commission.

Character of Service

Alternating current, 60 cycle, single phase or three phase at the options of the Company, at a specified interconnection point and voltage.

Limitations of Service

The capacity rating of the QF's generator shall not exceed:

1. One-half of the Company's minimum requirements of the interconnected distribution circuit; or
2. The thermal capacity of the connected distribution lines or transformers of the Company.

Monthly Rate

1. Capacity Payments
   A. Amount
      Payments to QF for capacity to the Company:
      Each KW of Billing Capacity - $6.50
   B. Basis of Payment
      Payments to QF for capacity to the Company are based on the avoided demand (capacity) cost to the Company from its wholesale supplier if and when the QF's capacity does result in a reduction in the applicable month's billing demand.

~~MARIANNA DIVISION~~
RATE SCHEDULE COG-2

STANDARD RATE FOR PURCHASE OF FIRM ENERGY FROM
COGENERATION AND SMALL POWER PRODUCTION FACILITIES
(QUALIFYING FACILITIES)

Continued from Sheet No. 21

Monthly Rate (continued)

C. Determination of Billing Capacity
The Billing Capacity in any month shall be the KW capacity supplied by the QF during that month or a previous month which has actually reduced the Company's KW billing demand for that month. The billing demand referred to herein means that KW which the company is billed each month by its wholesale supplier in accordance with the provisions of the supplier's wholesale tariff. The Company's billing demand from its wholesale supplier in any month is the greater of (1) the maximum measured demand in the month or (2) 75% of the maximum measured demand in the preceding eleven months or (3) 75% of the contract capacity at the delivery point. The KW billing demand at the wholesale supplier's delivery point serving the Company's distribution system to which the QF is interconnected shall be the basis of determining Billing Capacity

D. Measurement
The QF's capacity input shall be measured on a time-differentiated demand meter.

2. Energy Payments
Firm energy is purchased pursuant to the Company's Rate Schedule COG-1 (As-Available Energy).

3. Charges to the QF:

A. Customer charge for meter reading, billing and other administrative costs shall be equal to the currently monthly customer facilities charge as set forth in the rate schedule which is applicable to the QF for the purchase of energy from the Company.

B. Interconnection Charge
The QF shall bear the cost required for interconnecting, including metering. The QF shall have the options of payment in full for interconnection or making 36 equal monthly installment payments with interest toward the full cost of such interconnection.

Term of Service
Contract for service hereunder shall be for an initial period of not less than ten years.

~~MARIANNA DIVISION~~
RATE SCHEDULE COG-2

STANDARD RATE FOR PURCHASE OF FIRM ENERGY FROM
COGENERATION AND SMALL POWER PRODUCTION FACILITIES
(QUALIFYING FACILITIES)

Continued from Sheet No. 22

Special Provisions

1. It shall be the QF's responsibility to inform the Company in writing of any change in the QF's electric generating capacity.
2. The QF shall agree to maintain a seventy percent capacity factor for energy delivered on a 12-month rolling average basis. Failure to do so may disqualify the QF for capacity payments under this rate schedule.
3. Any electric service delivered by the Company to the QF shall be metered separately and billed under the rate schedule applicable to the Company's other customers with similar load characteristics. The terms and conditions of the Company's standard rate schedule applicable to the class of service shall pertain.
4. Service under this rate schedule is subject to the rules and regulations of the Company and the Florida Public Service Commission.

Estimated Future Rates

The following are the currently estimates of the Company's future average rates for the purchase of firm capacity and energy from QF's. These are based on data of estimated capacity and fuel costs of the Company's wholesale supplier and are for informational purposes only.

	Estimate Average Rate	
	Capacity	Energy
Year	$ per KW	cents per KWH
1984	$6.50	3.58 cents
1985	$6.89	4.25 cents
1986	$7.12	4.99 cents
1987	$7.25	5.59 cents
1988	$7.56	6.20 cents
1989	$8.02	5.76 cents
1990	$8.87	6.25 cents
1991	$10.10	6.87 cents
1992	$10.45	7.48 cents
1993	$10.98	7.44 cents

~~FERNANDINA BEACH DIVISION~~
~~RATE SCHEDULE COG-1~~

~~STANDARD RATE FOR PURCHASE OF AS-AVAILABLE ENERGY FROM COGENERATION AND SMALL POWER PRODUCTION FACILITIES (QUALIFYING FACILITIES)~~

~~Availability~~

~~Available within the territory served by the Company in Nassau County.~~

~~Applicability~~

~~To any cogeneration or small power producing "qualifying facility".~~

~~Character of Service~~

~~Alternating current, 60 cycle, single phase or three phase at the options of the Company, at a specified interconnection point and voltage.~~

~~Limitations of Service~~

~~The capacity rating of the QF's generator shall not exceed:~~
~~1.One half of the Company's minimum requirements of the interconnected distribution circuit; or~~
~~2.The thermal capacity of the connected distribution lines or transformers of the Company.~~

~~Monthly Rate~~

~~1.Payments to QF's for energy sales to Company~~
~~A.As Available energy is purchased at a unit cost calculated from avoided fuel costs. Avoided energy costs are the Company's actual fuel cost for energy purchased by the Company from its wholesale supplier for the applicable calendar month.~~
~~B.The actual fuel costs as defined above will be adjusted upward by a fixed percentage factor for avoided line losses (if any). Such factor will be determined by the Company for each QF based upon the locations of the QF on the Company's distribution system and the applicable voltage level.~~
~~C.The current base fuel cost in the energy rate of the Company's wholesale supplier is 3.205 cents per KWH.~~
~~D.Because the Company's avoided energy cost is based on the wholesale supplier's monthly average fuel cost for energy, the price per KWH is uniform without regard to time of day or system peak, and no variations in computing the amount to be paid is made on the basis of metering techniques.~~

WITHDRAWN JANUARY 1, 2004

Florida Public Utilities Company First Revised Sheet No. 25
F.P.S.C. Electric Cogeneration Tariff Replaces Original Sheet No. 25
Original Volume No. I

~~FERNANDINA BEACH DIVISION~~
~~RATE SCHEDULE COG-1~~

~~STANDARD RATE FOR PURCHASE OF AS-AVAILABLE ENERGY FROM COGENERATION AND SMALL POWER PRODUCTION FACILITIES (QUALIFYING FACILITIES)~~

~~Continued from Sheet No. 24~~

~~2. Charges to Qualifying Facility~~

~~A. Customer charge for meter reading, billing and other administrative costs shall be equal to the currently monthly customer facilities charge as set forth in the rate schedule which is applicable to the QF for the purchase of energy from the Company.~~

~~B. Interconnection Charge~~

~~The QF shall bear the cost required for the interconnecting the QF, including metering. The QF shall have the option of payment in full for interconnection or making equal monthly installment payments with interest over a period not exceeding 36 months toward the full cost of such interconnection. In the event that the QF elects the monthly installment option, the initial contract term of service shall not be less than the total months over which such installment payments are to be made.~~

~~Term of Service~~

~~Service under this rate schedule shall be by written contract for a period of one or more years, but such contract shall not require such energy to be offered on any basis other than as available.~~

~~Special Provisions~~

~~1. It shall be the QF's responsibility to inform the Company in writing of any change in the QF's electric generating capacity.~~
~~2. Any electric service delivered by the Company to the QF shall be metered separately and billed under the rate schedule applicable to the Company's other customers with similar load characteristics. The terms and conditions of the Company's standard rate schedule applicable to the class of service shall pertain.~~
~~3. Service under this rate schedule is subject to the rules and regulations of the Company and the Florida Public Service Commission.~~

WITHDRAWN JANUARY 1, 2004

Issued by: ~~E. J. Patterson~~John T. English, President Effective: ~~April 1, 1984~~January 1, 2004

Florida Public Utilities Company First Revised Sheet No. 26
F.P.S.C. Electric Cogeneration Tariff Replaces Original Sheet No. 26
Original Volume No. I

~~FERNANDINA BEACH DIVISION~~
~~RATE SCHEDULE COG-1~~

~~STANDARD RATE FOR PURCHASE OF AS AVAILABLE ENERGY FROM COGENERATION AND SMALL POWER PRODUCTION FACILITIES (QUALIFYING FACILITIES)~~

~~Continued from Sheet No. 25~~

~~Estimated Future Rates~~

~~The following are the current estimates of the Company's future average rates for the purchase of as available energy from QF's. These are based on data of estimated fuel costs of the Company's wholesale supplier and are for informational purposes only.~~

~~Year~~	~~Estimated Average Rate per KWH~~
~~1984~~	~~5.01 cents~~
~~1985~~	~~5.27 cents~~
~~1986~~	~~5.58 cents~~
~~1987~~	~~6.92 cents~~
~~1988~~	~~7.54 cents~~
~~1989~~	~~8.06 cents~~
~~1990~~	~~8.45 cents~~
~~1991~~	~~8.70 cents~~
~~1992~~	~~9.07 cents~~
~~1993~~	~~9.39 cents~~

WITHDRAWN JANUARY 1, 2004

Issued by: ~~E. J. Patterson~~John T. English, President Effective: ~~April 1, 1984~~January 1, 2004

Florida Public Utilities Company First Revised Sheet No. 27
F.P.S.C. Electric Cogeneration Tariff Replaces Original Sheet No. 27
Original Volume No. I

~~FERNANDINA BEACH DIVISION~~
~~RATE SCHEDULE COG-2~~

~~STANDARD RATE FOR PURCHASE OF FIRM ENERGY FROM COGENERATION AND SMALL POWER PRODUCTION FACILITIES (QUALIFYING FACILITIES)~~

~~Purpose~~
~~The purpose of this tariff is to promote the generation of firm power by qualifying facilities so that the Company can commit to the reduction by a specified amount of capacity of demand on its wholesale supplier's system thereby freeing an equivalent amount of capacity in the supplier. Through the QF's commitment to the Company and the Company's commitment to its supplier, the QF's generation capacity may be used by the supplier to defer additional generation plant, either in its system or in that of another generating utility in the state.~~

~~Availability~~
~~Available within the territory served by the Company in Nassau County.~~

~~Applicability~~
~~To any cogeneration or small power producing "qualifying facility" who contract with Company for the sale of firm energy and capacity and who meet the eligibility criteria set out in Rule 25-17.83(3)(a) of the Florida Public Service Commission.~~

~~Character of Service~~
~~Alternating current, 60 cycle, single phase or three phase at the options of the Company, at a specified interconnection point and voltage.~~

~~Limitations of Service~~
~~The capacity rating of the QF's generator shall not exceed:~~
~~1. One half of the Company's minimum requirements of the interconnected distribution circuit, or~~
~~2. The thermal capacity of the connected distribution lines or transformers of the Company.~~

~~Monthly Rate~~
~~1. Capacity Payments~~
~~A. Amount~~
~~Payments to QF for capacity to the Company:~~
~~Each KW of Billing Capacity $3.20~~
~~B. Basis of Payment~~
~~Payments to QF for capacity to the Company are based on the avoided demand (capacity) cost to the Company from its wholesale supplier if and when the QF's capacity does result in a reduction in the applicable month's billing demand.~~

WITHDRAWN JANUARY 1, 2004

Issued by: ~~E. J. Patterson~~John T. English, President Effective: ~~April 1, 1984~~January 1, 2004

Florida Public Utilities Company ~~First~~ Second Revised Sheet No. 28
F.P.S.C. Electric Cogeneration Tariff ~~Cancels~~ Replaces Original Sheet No. 28
Original Volume No. I

~~FERNANDINA BEACH DIVISION~~
~~RATE SCHEDULE COG-2~~

~~STANDARD RATE FOR PURCHASE OF FIRM ENERGY FROM COGENERATION AND SMALL POWER PRODUCTION FACILITIES (QUALIFYING FACILITIES)~~

~~Continued from Sheet No. 27~~

~~Monthly Rate (continued)~~

~~C.Determination of Billing Capacity~~

~~The Billing Capacity in any month shall be the KW capacity supplied by the QF during that month or a previous month which has actually reduced the Company's KW billing demand for that month. The billing demand referred to herein means that KW which the Company is billed each month by its wholesale supplier in accordance with the provisions of the supplier's wholesale tariff. The Company's billing demand from its wholesale supplier in any month is the maximum measured demand in the month. The KW billing demand at the wholesale supplier's delivery point serving the Company's distribution system to which the QF is interconnected shall be the basis of determining Billing Capacity.~~

~~D.Measurement~~

~~The QF's capacity input shall be measured on a time-differentiated demand meter.~~

~~2.Energy Payments~~

~~Firm energy is purchased pursuant to the Company's Rate Schedule COG-1 (As Available Energy).~~

~~3.Charges to the QF:~~

~~A.Customer charge for meter reading, billing and other administrative costs shall be equal to the current monthly customer facilities charge as set forth in the rate schedule which is applicable to the QF for the purchase of energy from the Company.~~

~~B.Interconnection Charge~~

~~The QF shall bear the cost required for interconnecting, including metering. The QF shall have the option of payment in full for interconnection or making 36 equal monthly installment payments with interest toward the full cost of such interconnection.~~

~~Term of Service~~

~~Contract for service hereunder shall be for an initial period of not less than ten years.~~

WITHDRAWN JANUARY 1, 2004

Issued by: ~~E. J. Patterson~~John T. English, President Effective: ~~December 31, 1984~~January 1, 2

Florida Public Utilities Company
F.P.S.C. Electric Cogeneration Tariff
Original Volume No. I

First Revised Sheet No. 29
Replaces Original Sheet No. 29

~~FERNANDINA BEACH DIVISION~~
~~RATE SCHEDULE COG-2~~

~~STANDARD RATE FOR PURCHASE OF FIRM ENERGY FROM COGENERATION AND SMALL POWER PRODUCTION FACILITIES (QUALIFYING FACILITIES)~~

~~Continued from Sheet No. 28~~

~~Special Provisions~~

~~1. It shall be the QF's responsibility to inform the Company in writing of any change in the QF's electric generating capacity.~~

~~2. The QF shall agree to maintain a seventy percent capacity factor for energy delivered on a 12 month rolling average basis. Failure to do so may disqualify the QF for capacity payments under this rate schedule.~~

~~3. Any electric service delivered by the Company to the QF shall be metered separately and billed under the rate schedule applicable to the Company's other customers with similar load characteristics. The terms and conditions of the Company's standard rate schedule applicable to the class of service shall pertain.~~

~~4. Service under this rate schedule is subject to the rules and regulations of the Company and the Florida Public Service Commission.~~

~~Estimated Future Rates~~

~~The following are the currently estimates of the Company's future average rates for the purchase of firm capacity and energy from QF's. These are based on data of estimated capacity and fuel costs of the Company's wholesale supplier and are for informational purposes only.~~

	~~Estimate Average Rate~~	
	~~Capacity~~	~~Energy~~
~~Year~~	~~$ per KW~~	~~cents per KWH~~
~~1984~~	~~$3.20~~	~~5.01 cents~~
~~1985~~	~~$3.20~~	~~5.27 cents~~
~~1986~~	~~$3.34~~	~~5.58 cents~~
~~1987~~	~~$4.01~~	~~6.92 cents~~
~~1988~~	~~$4.88~~	~~7.54 cents~~
~~1989~~	~~$5.70~~	~~8.06 cents~~
~~1990~~	~~$5.87~~	~~8.45 cents~~
~~1991~~	~~$5.84~~	~~8.70 cents~~
~~1992~~	~~$5.86~~	~~9.07 cents~~
~~1993~~	~~$5.90~~	~~9.39 cents~~

WITHDRAWN JANUARY 1, 2004

Issued by: ~~E. J. Patterson~~John T. English, President Effective: ~~April 1, 1984~~January 1, 2004

Schedule E-17

PROPOSED TARIFF SHEETS AND SUPPORT FOR CHARGES

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO.: 030438EI

EXPLANATION: Provide proposed tariff sheets highlighting changes in legislative format from existing tariff provisions. For each charge, reference by footnote unit costs as shown on Schedules E-8b and E-10, if applicable. Indicate whether unit costs are calculated at the class or system rate of return. On separate attachment explain any differences between unit costs and proposed charges. Provide the derivation (calculation and assumptions) of all charges and credits other than those for which unit costs are calculated in these MFR schedules, including those charges and credits the company proposes to continue at the present level. Workpapers for street and outdoor lighting rates, T-O-U rates and standard energy charges shall be furnished under separate cover to staff, Commissioners, Commission Clerk and upon request to other parties to this docket.

Type of Data Shown:

Projected Test Year 12/31/2004

Witness: Mark Cutshaw

Final Version

Supporting Schedules:

Recap Schedules:

RULES AND REGULATIONS (Continued)

3. Election of Rate Schedules (Continued)

rate schedule at all times. Company shall not be held responsible to notify Customers of the most favorable rates schedule and will not refund the difference in charge under different rate schedules to the same class of service.

Upon notification of any material changes in Customer's installation or load conditions, Company will assist in determining if a change in rates is desirable, but unless required by substantial changes in the Customer's installation, not more than (1) such change in rates will be made within any twelve (12) month period.

Company will require a written contract with special guarantee from Applicants whose characteristics of load would require excessive investment in facilities of whose requirements for service are of a special nature.

4. Customer Deposits

A. Deposit Required

Residential
An initial deposit or suitable guarantee to cover the payment of bills may be required of the Applicant or Customer before service will be supplied. Such initial deposit shall not exceed $200.00 or an amount necessary to cover charges for service for two billing months, whichever is greater.

Non-Residential Service
An initial deposit based on the previous customer's average two month's billings at the same location, or in the case of the establishment of a new account, based on an estimated two month's billing may be required of the Applicant or Customer before service will be supplied.

B. Establishment of Credit

In lieu of cash deposit a customer may:

(1) Furnish a satisfactory guarantor to secure payment of bills for the service requested, such guarantor to be a customer of the Company with a satisfactory payment record. Guarantors providing security for payment of residential customers' bills shall only be liable for bills contracted at the service address contained in the contract of guaranty.

(2) Furnish an irrevocable letter of credit from a bank.

(3) Furnish a surety bond.

RULES AND REGULATIONS (Continued)

8. Metering

Company will provide each Customer with a meter or meters for each applicable rate schedule.

Customer, acting jointly with Company, may install, maintain and operate at his expense such check measuring equipment as desired provided that such equipment shall be so installed as not to interfere with operation of Company's equipment and that no electric energy shall be remetered for resale to another or others.

Before installation and periodically thereafter, each meter shall be tested and adjusted using methods and accuracy limits prescribed or approved by the Florida Public Service Commission. Periodic test and inspection intervals shall not exceed the maximum period allowed by the Florida Public Service Commission.

If on test the meter is found to be in error in excess of prescribed accuracy limits, fast or slow, the amount of refund or charge to the Customer shall be determined by methods prescribed or approved by the Florida Public Service Commission.

In the event of stoppage or failure of any meter to register, customer may be billed for such period on an estimated consumption based upon his use of electric energy in a similar period of like use or on the basis of check meter readings, if available and accurate.

Meters in use shall be tested at the request of Customer and in his presence, if desired, provided only one (1) such test shall be made free of charge within a twelve (12) month period, and provided Customer shall pay the cost of any additional test within this period unless meter is shown to be inaccurate in excess of the tolerances set forth by the Florida Public Service Commission. If the customer requests a test more frequently, the company may require a deposit, not to exceed $30.00, to defray the cost of testing.

9. Billing and Collecting

Each Customer's meter will be read at regular intervals and bills will be rendered on a monthly basis or periodically in accordance with the terms of the applicable rate schedule. Bills will be rendered as soon as practical after determination of their amount and shall be due and payable at the office of Company within twenty (20) days after date of bill. Failure to receive a bill will not entitle Customer to any discount or to the omission of any charge for nonpayment within the time specified.

RULES AND REGULATIONS (Continued)

(2) all bills for service due Company by reason of fraudulent use or tampering shall be paid, a deposit to guarantee the payment of future bills shall be made, and a reconnection fee shall be paid.

(3) if reconnection is requested on the same premises after discontinuance, a reconnection fee shall be paid.

B. Where service was discontinued with notice,

(1) satisfactory arrangements for payment of all bills for service then due shall be made and a reconnection fee shall be paid.

(2) a satisfactory arrangement for the payment of bills then due under a different name shall be made and a reconnection fee shall be paid.

(3) a satisfactory guarantee of payment for all future bills shall be furnished and a reconnection fee shall be paid.

(4) the violation of these Rules and Regulations shall be corrected and a reconnection fee shall be paid.

The reconnection fee as required under items A and B above shall be as follows:

During Normal Business Hours	$37.00
After Normal Business Hours	$60.00

15. Termination of Service

Subject to any existing agreement between Customer and Company, if Customer wishes the electric service to be terminated, he shall give notice at the office of the Company at least three (3) days prior to the time that such termination shall become effective. Customer will be held liable both for any electric energy that may pass through the meter and safe custody of the Company's property until three (3) days after such notice shall have been given, provided that the meter and/or other movable equipment shall not have been removed within that time by the Company.

If Customer wishes Company's property to be removed, he shall give notice at the office of the Company at least ten (10) days prior to the time that such removal must be made.

RULES AND REGULATIONS (Continued)

16. Limitations of Supply

Company reserves the right, subject to regulatory authority having jurisdiction, to limit, restrict or refuse service that will result in additions to its distribution system and/or production capacity and/or alterations in its contractual requirements of supply from non-affiliated companies that may jeopardize service to existing Customers.

17. Temporary Service

The Company upon request will supply temporary service when company's distribution system is nearby the requested location.

When overhead temporary service is to be later replaced with a permanent service, the Company will install a temporary pole, service drop, meter and other facilities as may be necessary and remove same at the termination of temporary service. To recover the cost of installing and removing such temporary service, an advance of $150.00 per service to the applicant will be applied. For underground temporary service using customer provided wire, an advance of $110.00 per service will be required.

When the temporary service will not be replaced by a permanent service or when the location is such that multiple temporary poles and/or extensive facilities are required, the Company will estimate the cost of installing and removing the temporary facilities and the advance charge to the applicant will be that cost estimate.

The rate schedule for temporary service shall be that which is applicable to the class of service for that customer.

18. Fees for Initial Connections

In addition to the deposit or suitable guarantee to cover the payment of bills as required by the Rules and Regulations, each Applicant or Customer shall pay an initial turn-on connection fee of $44.00.

19. Re-establish or Make Change to Account

There shall be a charge to re-establish or change any account to which service is currently rendered under any of the Company' rate schedules in the amount of $19.00. Should it be necessary, at the customer's request, to disconnect and then reconnect the service to the account, the customer shall pay a temporary disconnect then reconnect fee in the amount of $27.00.

RULES AND REGULATIONS (Continued)

22. Service Charges

A. Initial establishment of service	$44.00
B. Re-establish or change Account	$19.00
C. Temporary disconnect then reconnect Service	$27.00
D. Re-connect service after being disconnected for rule violation	
Normal business hours	$37.00
After normal business hours	$60.00
E. Connect and then disconnect temporary Service	$44.00
F. Collection Charge	$11.50

INDEX OF RATE SCHEDULES

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RATE SCHEDULE RS
RESIDENTIAL SERVICE

Availability
Available within the territory served by the Company in Jackson, Calhoun and Liberty Counties and on Amelia Island in Nassau County.

Applicability
Applicable for service to a single family dwelling unit occupied by one family or household and for energy used in commonly-owned facilities in condominium and cooperative apartment buildings.

Character of Service
Single-phase service at nominal secondary voltage of 115/230 volts; three-phase service if available.

Limitations of Service
The maximum size of any individual single-phase motor hereunder shall not exceed five (5) horsepower.

The Company shall not be required to construct any additional facilities for the purpose of supplying three-phase service unless the revenue to be derived therefrom shall be sufficient to yield the Company a fair return on the value of such additional facilities.

Monthly Rate
Customer Facilities Charge:
$10.84 per customer per month

Base Energy Charge:
All KWH 1.742¢/KWH

Purchased Power Charges
Purchased power charges are adjusted by the Florida Public Service Commission, normally each year in January. For current purchased power costs included in the tariff, see Sheet No. 41.

Minimum Bill
The minimum monthly bill shall consist of the above Customer Facilities Charge.

Continued on Sheet No. 26

RATE SCHEDULE RS
RESIDENTIAL SERVICE

Continued from Sheet No. 25

Purchased Power Costs
See Sheet No. 41

Conservation Costs
See Sheet No. 41

Franchise Fee Adjustment
Customers taking service within franchise areas shall pay a franchise fee adjustment in the form of a percentage to be added to their bills prior to the application of any appropriate taxes. This percentage shall reflect the customer's pro rata share of the amount the Company is required to pay under the franchise agreement with the specific governmental body in which the customer is located.

Average Billing Plan (Optional)
Year-round residential customers with a Company determined satisfactory payment record and a minimum of 12 months billing history at their current residence may, at their option, elect to pay for their residentially metered electric service by a special payment method called the "Average Billing Plan". The Plan will apply only to metered service on this rate. Qualified customers electing the Plan will be enrolled contingent upon receipt and approval by the Company of a written application on the Company's standard form.

Under the Average Billing Plan, the customer will receive a monthly bill which has been determined by the following method: The previous 12 months average KWH is calculated at the currently effective rate. To this amount is applied an adjustment percentage of any deferred balance (debit or credit), which is the cumulative difference between prior actual billings and average billing amounts. The total of the averaged bill, plus the adjustment percentage of the deferred amount, is rounded to the nearest dollar for the current month's average billing amount. Extraneous charges (balances, taxes, deposit interest credit, etc.) are then added to arrive at the current amount due. The adjustment percentage of applied deferred is contingent upon deferred balances according to the following: $0 to $199.99 - 10%; $200 - $299.99 - 20%; $300 or more - 30%.

RATE SCHEDULE RS
RESIDENTIAL SERVICE

Continued from Sheet No. 27

The Average Billing Plan will be continuous unless the customer requests termination from the Plan, is disconnected or becomes subject to collection action on this service account, at which time the Plan will be terminated and the customer must settle his account in full. For the customer terminating from the Plan but remaining on an active status, the account will revert to regular billing procedures. Notwithstanding the above, the customer may terminate the Plan at any time. Once a customer's participation in the Plan has terminated the customer may not rejoin the Plan for 12 months.

Terms and Conditions

Service under this rate schedule is subject to the Company's Rules and Regulations applicable to electric service.

RATE SCHEDULE OL
OUTDOOR LIGHTING SERVICE
(CLOSED TO NEW INSTALLATIONS)

Availability
Available within the territory served by the Company in Jackson, Calhoun and Liberty Counties and on Amelia Island in Nassau County.

Applicability
Applicable to any customer for non-metered outdoor lighting service.

Character of Service
Lighting service from dusk to dawn.

Limitations of Service
Service is limited to lighting by mercury vapor lamps of 7,000 or 20,000 lumens mount4ed on wood poles.

Monthly Rate
When lighting fixtures are mounted on existing poles and served directly from existing overhead secondary distribution lines:

Lamp Size Lumens	KWH/Mo. Estimate	Facilities Charge	Maintenance Charge	Energy Charge	Total Charge
7,000	72	$1.43	$1.94	$2.97	$6.34
20,000	154	$3.91	$3.94	$3.27	$11.13

Charges for other Company-owned facilities:
Each wood pole and overhead span of wire installed: $3.39

For concrete or fiberglass poles and/or underground conductors etcetera, the customer shall pay a lump sum amount equal to the estimated differential cost between the special system and the equivalent overhead-wood pole system.

Purchased Power Charges
Purchased power charges are adjusted by the Florida Public Service Commission, normally each year in January. For current purchased power costs included in the tariff, see Sheet No. 41.

Minimum Bill
The above rates times the number of lamps connected.

Terms of Payment
Bills are rendered net and are due and payable within twenty (20) days from date of bill.

Continued on Sheet No. 29.2

Florida Public Utilities Company
F.P.S.C. Electric Tariff
First Revised Volume No. I

Third Revised Sheet No. 29.2
Cancels Second Revised Sheet No. 29.2

RATE SCHEDULE OL
OUTDOOR LIGHTING SERVICE

Continued from Sheet No. 29.1

Purchased Power Costs
See Sheet No. 41

Conservation Costs
See Sheet No. 41

Franchise Fee Adjustment
Customers taking service within franchise areas shall pay a franchise fee adjustment in the form of a percentage to be added to their bills prior to the application of any appropriate taxes. This percentage shall reflect the customer's pro rata share of the amount the Company is required to pay under the franchise agreement with the specific governmental body in which the customer is located.

Term of Service
Service under this rate schedule shall be by written contract for a period of two or more years.

Terms and Conditions

1. Service under this rate schedule is subject to the Company's Rules and Regulations applicable to electric service.

2. The charges set forth above cover the initial installation of overhead lines, poles and fixture assembly including bracket, and maintenance including lamp renewals due to burn outs only. Lamp renewals and other necessary service will be performed only during regular daytime working hours as soon as practical after notification of the necessity by the customer.

RATE SCHEDULE OL-2
HIGH PRESSURE SODIUM VAPOR
OUTDOOR LIGHTING SERVICE

Availability

Available within the territory served by the Company in Calhoun, Jackson and Liberty Counties and on Amelia Island in Nassau County.

Applicability

Applicable to any customer for non-metered outdoor lighting service.

Character of Service

Lighting service from dusk to dawn.

Limitations of Service

Company-owned fixtures will be mounted on Company-owned poles of the Company's distribution system. Customer-owned fixtures will be mounted on customer-owned poles, of a standard type and design, permitting service and maintenance at no abnormal cost to the company.

Monthly Rate

When lighting fixtures are mounted on existing poles and served directly from existing overhead secondary distribution lines:

Type Facility	Lamp Lumens	Size Watts	KWH/Mo. Estimate	Facilities Charge	Maintenance Charge	Energy Charge	Total Charge
High Pressure Sodium Lights							
Acorn	16,000	150	61	$13.58	$2.31	$4.84	$20.73
ALN 440	16,000	150	61	$20.21	$2.31	$6.85	$29.37
Amer. Rev.	9,500	100	41	$7.63	$1.56	$3.02	$12.21
Amer. Rev.	16,000	150	61	$8.30	$2.31	$3.19	$13.80
Cobra Head	9,500	100	41	$5.74	$1.60	$2.50	$9.84
Cobra Head	22,000	200	81	$9.61	$3.06	$3.50	$16.17
Cobra Head	28,500	250	101	$10.56	$3.87	$3.83	$18.26
Cobra Head	50,000	400	162	$7.95	$6.20	$3.53	$17.68
Flood	28,500	250	101	$8.00	$3.87	$3.52	$15.39
Flood	50,000	400	162	$12.32	$6.20	$4.35	$22.87
Flood	130,000	1,000	405	$15.43	$15.51	$5.74	$36.68
SP2 Spectra	9,500	100	41	$18.59	$6.25	$1.58	$26.43
Metal Halide Lights							
ALN 440	16,000	175	71	$20.35	$2.68	$6.97	$30.00
Flood	50,000	400	162	$8.30	$6.19	$3.66	$18.15
Flood	130,000	1,000	405	$14.32	$15.50	$5.32	$35.14
Shoebox	16,000	175	71	$15.66	$2.68	$5.64	$23.98
Shoebox	28,500	250	101	$16.65	$3.84	$6.30	$26.79
SP2 Spectra	9,500	100	41	$17.00	$1.55	$5.76	$24.32
Vert.Shoe	130,000	1,000	405	$20.07	$15.51	$7.06	$42.64

Continued on Sheet No. 29.4

RATE SCHEDULE OL-2
HIGH PRESSURE SODIUM VAPOR
OUTDOOR LIGHTING SERVICE

Continued from Sheet No. 29.3

Charges for other Company-owned facilities:

1)	30' Wood Pole	$3.81
2)	40' Wood Pole	$7.39
3)	18' Fiberglass	$6.21
4)	13' Decorative Concrete	$9.71
5)	20' Decorative Concrete	$10.00
6)	35' Concrete	$10.58
7)	10' Hapco Deco Base Aluminum	$12.66

For the poles shown above that are served from an underground system, the Company will provide up to one hundred (100) feet of conductor to service each fixture. The customer will provide and install the necessary conduit system to Company specifications.

Purchased Power Charges

Purchased power charges are adjusted annually by the Florida Public Service Commission. For current purchased power costs included in the tariff, see Sheet No. 41.

Minimum Bill

The above rates times the number of lamps connected.

Terms of Payment

Bills are rendered net and are due and payable within twenty (20) days from date of bill.

Purchased Power Costs

See Sheet No. 41

Conservation Costs

See Sheet No. 41

Franchise Fee Adjustment

Customers taking service within franchise areas shall pay a franchise fee adjustment in the form of a percentage to be added to their bills prior to the application of any appropriate taxes. This percentage shall reflect the customer's pro rata share of the amount the Company is required to pay under the franchise agreement with the specific governmental body in which the customer is located.

Term of Service

Service under this rate schedule shall be by written contract for a period of five or more years.

Terms and Conditions

1. Service under this rate schedule is subject to the Company's Rules and Regulations applicable to electric service.

2. The charges set forth above cover the initial installation of overhead lines, poles and fixture assembly including bracket, and maintenance including lamp renewals due to burn outs only.

WITHDRAWN JANUARY 1, 2004

Florida Public Utilities Company
F.P.S.C. Electric Tariff
First Revised Volume No. I

Second Sheet No. 29.6
Cancels Original Sheet No. 29.6

WITHDRAWN JANUARY 1, 2004

Issued by: John T. English, President

Effective: January 1, 2004

Florida Public Utilities Company
F.P.S.C. Electric Tariff
First Revised Volume No. I

Second Revised Sheet No. 29.7
Cancels First Sheet No. 29.7

WITHDRAWN JANUARY 1, 2004

Florida Public Utilities Company
F.P.S.C. Electric Tariff
First Revised Volume No. I

Second Revised Sheet No. 29.8
Cancels First Sheet No. 29.8

WITHDRAWN JANUARY 1, 2004

Issued by: John English, President

Effective: January 1, 2004

Florida Public Utilities Company
F.P.S.C. Electric Tariff
First Revised Volume No. I

Second Revised Sheet No. 29.9
Cancels First Revised Sheet No. 29.9

WITHDRAWN JANUARY 1, 2004

Issued by: John T. English, President

Effective: January 1, 2004

Florida Public Utilities Company
F.P.S.C. Electric Tariff
First Revised Volume No. I

Eleventh Revised Sheet No. 30
Cancels Tenth Revised Sheet No. 30

RATE SCHEDULE GS
GENERAL SERVICE - NON-DEMAND

Availability
Available within the territory served by the Company in Jackson, Calhoun and Liberty Counties and on Amelia Island in Nassau County.

Applicability
Applicable to commercial and industrial lighting, heating, cooking and small power loads aggregating 25 KW or less. Sports or athletic fields operated by non-profit organizations and having less than 300 KW of connected load will be served under the transitional rate of this rate schedule, unless such organizations, at their options, take service under the GSD rate schedule.

Character of Service
Single or three-phase service at available standard voltage.

Limitations of Service
Service shall be at a single metering point.

Monthly Rate
Customer Facilities Charge:
$14.87 per customer per month

Base Energy Charge:
All KWH 1.939¢/KWH

Transitional Rate for Non-Profit Sports Fields
Monthly Rate
Customer Facilities Charge:
$22.10 per customer per month

Base Energy Charge: 3.965¢/KWH

The rate for Non-Profit Sports Fields is closed to new subscribers.

Purchased Power Charges
Purchased power charges are adjusted by the Florida Public Service Commission, normally each year in January. For current purchased power costs included in the tariff, see Sheet No. 41.

Minimum Bill
The minimum monthly bill shall consist of the above Customer Facilities Charge.

Terms of Payment
Bills are rendered net and are due and payable within twenty (20) days from date of bill.

Continued on Sheet No. 31

RATE SCHEDULE GS
GENERAL SERVICE - NON-DEMAND

Continued from Sheet No. 30

Purchased Power Costs
See Sheet No. 41

Conservation Costs
See Sheet No. 41

Franchise Fee Adjustment
Customers taking service within franchise areas shall pay a franchise fee adjustment in the form of a percentage to be added to their bills prior to the application of any appropriate taxes. This percentage shall reflect the customer's pro rata share of the amount the Company is required to pay under the franchise agreement with the specific governmental body in which the customer is located.

Terms and Conditions
Service under this rate schedule is subject to the Company's Rules and Regulations applicable to electric service.

RATE SCHEDULE GSD
GENERAL SERVICE - DEMAND

Availability
Available within the territory served by the Company in Jackson, Calhoun and Liberty Counties and on Amelia Island in Nassau County.

Applicability
Applicable to commercial, industrial and municipal service with a measured demand of 25 KW but less than 500 KW for three or more months out of the twelve consecutive months ending with the current billing period. Also available, at the option of the customer, to any customer with demands of less than 25 KW who agrees to pay for service under this rate schedule for a minimum initial term of twelve months.

Character of Service
Single or three-phase service at available standard voltage.

Limitations of Service
Service shall be at a single metering point at one voltage.

Monthly Rate
Customer Facilities Charge:
$48.66 per customer per month

Demand Charge:
Each KW of Billing Demand $ 2.48/KW

Base Energy Charge
All KWH 0.368¢/KWH

Purchased Power Charges
Purchased power charges are adjusted by the Florida Public Service Commission, normally each year in January. For current purchased power costs included in the tariff, see Sheet No. 41.

Minimum Bill
The minimum monthly bill shall consist of the above Customer Facilities Charge plus the Demand Charge for the currently effective billing demand.

Terms of Payment
Bills are rendered net and are due and payable within twenty (20) days from date of bill.

Purchased Power Costs
See Sheet No. 41

Continued on Sheet No. 33

RATE SCHEDULE GSD
GENERAL SERVICE - DEMAND

Continued from Sheet No. 32

Conservation Costs
See Sheet No. 41

Franchise Fee Adjustment
Customers taking service within franchise areas shall pay a franchise fee adjustment in the form of a percentage to be added to their bills prior to the application of any appropriate taxes. This percentage shall reflect the customer's pro rata share of the amount the company is required to pay under the franchise agreement with the specific governmental body in which the customer is located.

Billing Demand
The billing demand in any month shall be the greatest of the following:
(a) The highest fifteen-minute average load for the current month, as registered by a demand meter or indicator.

(b) The highest fifteen-minute average load for the current month after adjustment for power factor, in accordance with the Power Factor Clause of this schedule.

(c) For those customers electing to take service under this rate schedule in lieu of the otherwise applicable rate schedule the billing demand shall be as in either (a) or (b) above, but not less than 20 KW.

Terms of Service
Not less than one year.

Power Factor of Clause
The Company reserves the right to measure power factor and if it is less than 85%, adjust the maximum demand for any month by multiplying the measured demand by 85% and dividing by the actual power factor.

Transformer Ownership Discount
If the customer elects to take service at the available primary voltage and furnish and maintain any transformers required, the monthly demand charge will be reduced by seventy-four (74) cents per kilowatt. Such customers will be metered at primary voltage and in recognition of estimated average transformation losses of 1% the KW and KWH measured units shall be multiplied by a factor of 0.99 for billing purposes.

Terms and Conditions
Service under this rate schedule is subject to the Company's Rules and Regulations applicable to electric service.

RATE SCHEDULE GSLD
GENERAL SERVICE - LARGE DEMAND

Availability
Available within the territory served by the Company in Jackson, Calhoun and Liberty Counties and on Amelia Island in Nassau County.

Applicability
Applicable to commercial, industrial and municipal service with a measured demand of 500 KW but less than 5000 KW for three or more months out of the twelve consecutive months ending with the current billing period. Also available, at the option of the customer, to any customer with demands of less than 500 KW who agrees to pay for service under this rate schedule for a minimum initial term of twelve months.

Character of Service
Three-phase service at available standard voltage.

Limitations of Service
Service shall be at a single metering point at one voltage.

Monthly Rate
Customer Facilities Charge:
$57.11 per customer per month

Demand Charge:
Each KW of Billing Demand $ 2.89/KW

Base Energy Charge
All KWH 0.2040¢/KWH

Purchased Power Charges
Purchased power charges are adjusted by the Florida Public Service Commission, normally each year in January. For current purchased power costs included in the tariff, see Sheet No. 41.

Minimum Bill
The minimum monthly bill shall consist of the above Customer Facilities Charge plus the Demand Charge for the currently effective billing demand.

Terms of Payment
Bills are rendered net and are due and payable within twenty (20) days from date of bill.

Purchased Power Costs
See Sheet No. 41

Continued on Sheet No. 33.2

RATE SCHEDULE GSLD
GENERAL SERVICE - LARGE DEMAND

Continued from Sheet No. 33.1

Conservation Costs
See Sheet No. 41

Franchise Fee Adjustment
Customers taking service within franchise areas shall pay a franchise fee adjustment in the form of a percentage to be added to their bills prior to the application of any appropriate taxes. This percentage shall reflect the customer's pro rata share of the amount the Company is required to pay under the franchise agreement with the specific governmental body in which the customer is located.

Billing Demand
The billing demand in any month shall be the greatest of the following:
(a) The highest fifteen-minute average load for the current month, as registered by a demand meter or indicator.

(b) The highest fifteen-minute average load for the current month after adjustment for power factor, in accordance with the Power Factor Clause of this schedule.

(c) For those customers electing to take service under this rate schedule in lieu of the otherwise applicable rate schedule the billing demand shall be as in either (a) or (b) above, but not less than 400 KW.

Terms of Service
Not less than one year.

Power Factor of Clause
The Company reserves the right to measure power factor and if it is less than 85%, adjust the maximum demand for any month by multiplying the measured demand by 85% and dividing by the actual power factor.

Transformer Ownership Discount
If the customer elects to take service at the available primary voltage and furnish and maintain any transformers required, the monthly demand charge will be reduced by seventy-four (74) cents per kilowatt. Such customers will be metered at primary voltage and in recognition of estimated average transformation losses of 1% the KW and KWH measured units shall be multiplied by a factor of 0.99 for billing purposes.

Terms and Conditions
Service under this rate schedule is subject to the Company's Rules and Regulations applicable to electric service.

RATE SCHEDULE GSLD 1
GENERAL SERVICE - LARGE DEMAND 1

Availability
Available within the territory served by the Company in Jackson, Calhoun and Liberty Counties and on Amelia Island in Nassau County.

Applicability
Applicable to commercial and industrial services of customers contracting for at least 5,000 kilowatts of electric service.

Character of Service
Three-phase, 60 hertz, electric service delivered and metered at a single point at the available transmission voltage, nominally 69,000 volts or higher.

Monthly Rate

Customer Facilities Charge Per Customer Per Month	$378.31
Transmission Demand Charge:	$0.91/KW of NCP Billing Demand
Reactive Demand Charge:	$0.24/kVar of Excess Reactive Demand
Production Demand Charge:	Purchased Power Demand Charge See Sheet No. 41
Energy Charge:	Purchased Power Energy Charge See Sheet No. 41

NOTE: The Production Demand Charge for the GSLD class will recover the Jacksonville Electric Authority Demand Charge to FPUC plus line losses and applicable taxes. This charge is applied to the customer's demand at the time of the system's monthly coincident peak (CP demand).

Purchased Power Energy Charges
Purchased power charges are adjusted by the Florida Public Service Commission, normally each year in January. For correct purchased power energy costs included in the tariff, see Sheet No. 41.

Minimum Bill
The minimum monthly bill is the sum of the Transmission Demand Charge and the Customer Charge.

Terms of Payment
Bills are rendered net and due and payable within twenty (20) days from date of bill.

Continued on Sheet No. 33.4

RATE SCHEDULE GSLD
GENERAL SERVICE - LARGE DEMAND-1

Continued from Sheet No. 33.3

Conservation Costs
See Sheet No. 41

Franchise Fee Adjustment
Customers taking service within franchise areas shall pay a franchise fee adjustment in the form of a percentage to be added to their bills prior to the application of any appropriate taxes. This percentage shall reflect the customer's pro rata share of the amount the Company is required to pay under the franchise agreement with the specific governmental body in which the customer is located.

CP Billing Demand
The CP Billing Demand in any month shall be the customer's greatest fifteen-minute average load as registered by FPUC's demand meter.

NCP Billing Demand
The NCP Billing Demand in any month shall be the customer's greatest fifteen-minute average load as registered by FPUC's demand meter, but not less than 5,000 KW.

Excess Reactive Demand
The Excess Reactive Demand in any month shall be any lagging kVar during the period of FPUC's system maximum demand in excess of one-half of the CP Billing Demand in that month.

Term of Service
Contract for service hereunder shall be for a period of not less than one year.

Terms and Conditions
Service under this rate schedule is subject to the Company's Rules and Regulations applicable to electric service.

RATE SCHEDULE - SB
STANDBY SERVICE

Availability

Available within the territory served by the Company in Jackson, Calhoun and Liberty Counties and on Amelia Island in Nassau County.

Applicability

Applicable only to customers which are self-generators with capabilities of serving the customer's full electronic power requirements and that require backup and/or maintenance service on a firm basis. This rate schedule is not applicable to self-generating customers for supplemental service.

Character of Service

Single or three-phase service at available standard voltage.

Limitations of Service

Service shall be at a single metering point at one voltage. The contract demand shall not exceed the KW capacity of customer's generator.

Monthly Rate

Customer Facilities Charge:

(a) For those customers who have contracted for standby service capacity of less than 500 KW - the GSD customer facilities charge plus $25.00.
(b) For those customers who have contracted for standby service of 500 KW or greater - the GSLD customer facilities charge plus $25.00.
(c) For these customers who have contracted for standby service of 5000 KW or greater - the GSLD-1 customer facilities charge plus $25.00.

Local Facilities Charge:

(a) For those customers who have contracted for standby service capacity of less than 500 KW - $2.04/KW.
(b) For those customers who have contracted for standby service of 500 KW or greater - $1.81/KW.

Purchased Power Charges

Demand and energy used by the customer in any month shall be charged at the then currently effective rates of the Company's wholesale supplier adjusted for estimated line losses and applicable taxes. Such charges will consist of Coincident Peak (CP) Demand charge and an energy charge. The CP Demand shall be the customer's measured KW coincident in time with that of the Company's maximum monthly demand at the substation serving the system to which the customer is connected. The energy charge shall be applied to the measured KWH during the billing period and shall be based on the actual energy charge (including fuel charges) of the Company's wholesale supplier during the billing period.

The currently effective rates of the Company's wholesale supplier would result in the following demand and energy charges for purchased power after adjustment for estimated line losses and applicable taxes. These are shown for illustrative purposes only. Actual purchased power rates in effect at the time of use shall be used for determining the monthly unit charges.

CP Demand Charge - Each KW of CP Demand	$6.87/KW
Energy Charge - All	2.843¢

RATE SCHEDULE GSD-SB
GENERAL SERVICE STANDBY

Continued from Sheet No. 34

Minimum Bill

The minimum monthly bill shall consist of the above Customer Charge plus the Local Facilities charge for the currently effective Contract Demand.

Terms of Payment

Bills are rendered net and are due and payable within twenty (20) days from date of bill.

Conservation Costs

See Sheet No. 41

Franchise Fee Adjustment

Customers taking service within franchise areas shall pay a franchise fee adjustment in the form of a percentage to be added to their bills prior to the application of any appropriate taxes. This percentage shall reflect the customer's pro rate share of the amount the Company is required to pay under the franchise agreement with the specific governmental body in which the customer is located.

Contract Demand

The Contract Demand shall be that KW demand as specified in the contract for service with the customer and shall represent the maximum demand that customer requires for backup and maintenance service. The specified Contract Demand shall not exceed the KW capacity of customer's generator. The Contract Demand level may be periodically renegotiated if required, but not more than once a year. In the event that customer's maximum measured 15-minute average load in any month exceeds the specified Contract Demand by an amount greater than five (5) percent, that maximum demand shall be used as the Contract Demand for billing of the Local Facilities Charge in the current month and th succeeding eleven (11) months.

CP Demand

The CP billing demand shall be the greater of the following:

(a) The 15-minute average load for the current month, as measured by a demand meter, at the time of the Company's maximum demand for the current month at the substation serving the system to which the customer is connected.

(b) Seventy-five (75) percent of the maximum CP demand established in the preceding eleven (11) months.

Continued on Sheet No. 35.1

RATE SCHEDULE -SB
STANDBY SERVICE

Continued from Sheet No. 35

Terms of Service

By written contract for an initial period of not less than five (5) years.

Power Factor Clause

The Company reserves the right to take service at the available primary voltage and furnish and maintain any transformers required, the local facilities charge will be reduced by the following amounts:

(a) For those customers who have contracted for standby service capacity of less than 500 KW - the GSD transformer ownership discount divided by the ratio of the 100% ratcheted KW to billing KW.

(b) For those customers who have contracted for standby service capacity of 500 KW or greater - the GSLD transformer ownership discount divided by the ratio of the 100 percent ratcheted KW to billing KW.

Such customers will be metered at primary voltage and in recognition of estimated average transformation losses of 1%, the KW and KWH measured units shall be multiplied by a factor of 0.99 for billing purposes.

Special Metering Requirements

Service under this rate schedule requires the use of time-of-day metering. Customer will be required to pay a one-time Contribution-in-Aid-of-Construction prior to the initiation of service equal to the difference in cost between that of the time-of-day meter and that of the otherwise standard meter. Company will notify customer of the amount of Contribution required prior to the execution of the contract for service. No Contribution will be required in the event customer has previously paid for the cost of time-of-day metering under the Company's cogeneration tariff and that same meter can be utilized without modification for metering under this Standby Service Rate Schedule.

Transfer to Full Requirements Service

In the event of changed circumstances in customer's operations or generating capabilities, customer may, on twelve (12) advance written notice to Company, transfer to the applicable full requirements rate schedule, provided however, that no such transfers shall be accepted as long as continued backup and maintenance service is required. Company may waive the 12-months notice requirement when the Company has in place facilities that will allow serving customer's full requirements.

Terms and Conditions

Service under this rate schedule is subject to the Company's Rules and Regulations applicable to electric service.

RATE SCHEDULE CSL
MERCURY VAPOR CONTRACT
STREET LIGHTING SERVICE
(CLOSED TO NEW INSTALLATIONS)

Availability
Available within the territory served by the Company within the property limits of the Amelia Island Plantation Company.

Applicability
Applicable only for mercury vapor street lighting in private ways and areas of the Amelia Island Plantation Company.

Character of Service
Lighting service from dusk to dawn.

Limitations of Service
Service is limited to lighting by mercury vapor lamps mounted on existing wood poles.

Monthly Rate
For each lamp and pole:

Lamp Size Lumens	Watts	KWH/Mo. Estimate	Facilities Charge	Maintenance Charge	Energy Charge	Total Charge
11,200	250	103	$7.04	$1.83	$1.11	$9.98

Purchased Power Charges
Purchased power charges are adjusted by the Florida Public Service Commission, normally each year in January. For current purchased power costs included in the tariff, see Sheet No. 41.

Minimum Bill
The above rates times the number of lamps connected.

Terms of Payment
Bills are rendered net and are due and payable within twenty (20) days from date of bill.

Purchased Power Costs
See Sheet No. 41

Conservation Costs
See Sheet No. 54

Continued on Sheet No. 37.02

RATE SCHEDULE CSL
MERCURY VAPOR CONTRACT
STREET LIGHTING SERVICE
(CLOSED TO NEW INSTALLATIONS)

Continued from Sheet No. 37.01

Franchise Fee Adjustment

Customers taking service with franchise areas shall pay a franchise fee adjustment in the form of a percentage to be added to their bills prior to the application of any appropriate taxes. This percentage shall reflect the customer's pro rata share of the amount the Company is required to pay under the franchise agreement with the specific governmental body in which the customer is located.

Term of Service

Service under this rate schedule shall be by written contract for a period of one or more years.

Terms and Conditions

1. Service under this rate schedule is subject to the Company's Rules and Regulations applicable to electric service.

2. The charges set forth above cover the initial installation of overhead lines, poles and fixture assembly including bracket, and maintenance including lamp renewals due to burn outs only.

RATE SCHEDULE SL1-2
MERCURY VAPOR STREET LIGHTING SERVICE
(CLOSED TO NEW INSTALLATIONS)

Availability
Available within the territory served by the Company in Calhoun, Jackson and Liberty Counties and on Amelia Island in Nassau County.

Applicability
Applicable to municipal customer for mercury vapor street lighting service.

Character of Service
Lighting service from dusk to dawn.

Limitations of Service
Service is limited to lighting by mercury vapor lamps of 7,000 or 20,000 lumens mounted on wood poles.

Monthly Rate
When lighting fixtures are mounted on existing poles and served directly from existing overhead secondary distribution lines:

Lamp Size Lumens	KWH/Mo. Estimate	Facilities Charge	Maintenance Charge	Energy Charge	Total Charge
7,000	72	$1.24	$1.30	$2.09	$4.63
20,000	154	$2.08	$2.47	$2.38	$6.93

Charges for other Company-owned facilities:
Each wood pole and overhead span of wire installed: $3.83

For concrete or fiberglass poles and/or underground conductors, etcetera, the customer shall pay a lump sum amount equal to the estimated differential cost between the special system and the equivalent overhead-wood pole system.

Purchased Power Charges
Purchased power charges are adjusted by the Florida Public Service Commission, normally each year in January. For current purchased power costs included in the tariff, see Sheet No. 41.

Minimum Bill
The above rates times the number of lamps connected.

Terms of Payment
Bills are rendered net and are due and payable within twenty (20) days from date of bill.

Continued on Sheet No. 37.2

RATE SCHEDULE SL1-2
MERCURY VAPOR STREET LIGHTING SERVICE
(CLOSED TO NEW INSTALLATIONS)

Continued from Sheet No. 37.1

Purchased Power Costs
See Sheet No. 41

Conservation Costs
See Sheet No. 41

Franchise Fee Adjustment
Customers taking service within franchise areas shall pay a franchise fee adjustment in the form of a percentage to be added to their bills prior to the application of any appropriate taxes. This percentage shall reflect the customer's pro rata share of the amount the Company is required to pay under the franchise agreement with the specific governmental body in which the customer is located.

Terms of Service
Service under this rate schedule shall be by written contract for a period of two or more years.

Terms and Conditions
1. Service under this rate schedule is subject to the Company's Rules and Regulations applicable to electric service.

2. The charges set forth above cover the initial installation of overhead lines, poles and fixture assembly including bracket, and maintenance including lamp renewals due to burn outs only. However, Company shall not be required to replace existing street lighting fixtures with service under this rate.

RATE SCHEDULE SL-3
HIGH PRESSURE SODIUM VAPOR
STREET LIGHTING SERVICE

Availability
Available within the territory served by the Company in Calhoun, Jackson, Nassau and Liberty Counties, Florida.

Applicability
Applicable for lighting of public ways and areas.

Character of Service
Lighting service from dusk to dawn.

Limitations of Service
Company-owned fixtures will be mounted on Company-owned poles of the Company's distribution system. Customer-owned fixtures will be mounted on customer-owned poles, of a standard type and design, permitting service and maintenance at no abnormal cost to the company.

Monthly Rate
When lighting fixtures are mounted on existing poles and served directly from existing overhead secondary distribution lines:

Type Facility	Lamp Lumens	Size Watts	KWH/Mo. Estimate	Facilities Charge	Maintenance Charge	Energy Charge	Total Charge
High Pressure Sodium Lights							
Cobrahead	9,500	100	41	$5.72	$1.08	$2.19	$8.99
Am. Rev.	9,500	100	41	$7.77	$0.72	$2.99	$11.48
SP2 Spectra	9,500	100	41	$18.59	$6.33	$1.03	$25.95
Am. Rev.	16,000	150	61	$7.59	$1.96	$3.37	$12.92
Acorn	16,000	150	61	$13.59	$1.07	$4.48	$19.50
ALN 440	16,000	150	61	$22.13	$7.43	$1.52	$31.09
Cobrahead	22,000	200	81	$6.88	$2.12	$2.26	$11.26
Cobrahead	28,500	250	101	$6.97	$3.06	$3.10	$13.14
Flood	28,500	250	101	$11.96	$3.25	$4.24	$19.44
Cobrahead	50,000	400	162	$8.15	$4.53	$3.48	$16.16
Flood	50,000	400	162	$11.53	$4.19	$4.05	$19.77
Flood	130,000	1,000	405	$14.41	$5.42	$10.12	$29.95
Metal Halide Lights							
SP2 Spectra	9,500	100	41	$18.59	$6.33	$1.03	$25.95
ALN 440	16,000	175	71	$20.21	$1.25	$6.85	$28.31
Shoebox	16,000	175	71	$15.68	$5.61	$1.78	$23.06
Shoebox	28,500	250	101	$15.71	$5.53	$2.53	$23.77
Flood	50,000	400	162	$12.49	$5.19	$9.12	$26.81
Flood	130,000	1,000	405	$14.39	$12.98	$5.34	$32.72
Vrt.Shbox	130,000	1,000	405	$18.72	$6.65	$10.12	$35.50

Continued on Sheet 37.4

RATE SCHEDULE SL-3
HIGH PRESSURE SODIUM VAPOR
STREET LIGHTING SERVICE

Continued from Sheet No. 37.3

Charges for other Company-owned facilites:

1)	30' Wood Pole	$3.83
2)	40' Wood Pole	$7.67
3)	18' Fiberglass	$6.21
4)	13' Decorative Concrete	$9.32
5)	20' Decorative Concrete	$10.60
6)	35' Concrete	$10.87
7)	10' Hapco Deco Base Aluminum	$12.66

For the poles shown above that are served from an underground system, the Company will provide up to one hundred (100) feet of conductor to service each fixture. The customer will provide and install the necessary conduit system to Company specifications.

Purchased Power Charges

Purchased power charges are adjusted annually by the Florida Public Service Commission. As of January 1, 2004, the amount was 0.02832¢/KWH. For current purchased power costs included in the tariff, see Sheet No. 41.

Minimum Bill

The above rates times the number of lamps connected.

Terms of Payment

Bills are rendered net and are due and payable within twenty (20) days from date of bill.

Purchased Power Costs

See Sheet No. 41

Conservation Costs

See Sheet No. 41

Franchise Fee Adjustment

Customers taking service within franchise areas shall pay a franchise fee adjustment in the form of a percentage to be added to their bills prior to the application of any appropriate taxes. The percentage shall reflect the customer's pro rata share of the amount the Company is required to pay under the franchise agreement with the specific governmental body in which the customer is located.

Term of Service

Service under this rate schedule shall be for a term of five or more years. Written contracts will be required for each municipality.

Terms and Conditions

1. Service under this rate schedule is subject to the Company's Rules and Regulations applicable to electric service.

2. The charges set forth above cover the initial installation of overhead lines, poles and fixture assembly including bracket, and maintenance including lamp renewals due to burn outs only.

Florida Public Utilities Company
F.P.S.C. Electric Tariff
First Revised Volume No. I

First Revised Sheet No. 37.5
Cancels Original Sheet No. 37.5

WITHDRAWN JANUARY 1, 2004

Issued by: John T. English, President

Effective: January 1, 2004

Florida Public Utilities Company
F.P.S.C. Electric Tariff
First Revised Volume No. I

First Revised Sheet No. 37.6
Cancels Original Sheet No. 37.6

WITHDRAWN JANUARY 1, 2004

Florida Public Utilities Company
F.P.S.C. Electric Tariff
First Revised Volume No. I

First Revised Sheet 37.7
Cancels Original Sheet No. 37.7

WITHDRAWN JANUARY 1, 2004

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First Revised Volume No. I

First Revised Sheet No. 37.8
Cancels Original Sheet No. 37.8

WITHDRAWN JANUARY 1, 2004

Florida Public Utilities Company
F.P.S.C. Electric Tariff
First Revised Volume No. I

First Revised Sheet No. 37.9
Cancels Original Sheet No. 37.9

WITHDRAWN JANUARY 1, 2004

Florida Public Utilities Company
F.P.S.C. Electric Tariff
First Revised Volume No. I

Fiftieth Revised Sheet No. 41
Cancels Forty-Ninth Revised Sheet No. 41

RATE ADJUSTMENT RIDER

Applicability

Electric service under all rate schedules for the Florida Public Utilities Company, which specify that rates are subject to adjustment in accordance with the provisions of the Company's Rate Adjustment Rider.

Total Purchased Power Cost Recovery Clause

The total purchased power cost adjustment shall be applied to each kilowatt hour delivered and shall be computed in accordance with the formula prescribed by the Florida Public Service commission. The total purchased power cost adjustment for the period January 1, 2003 through December 31, 2003 is as follows:

Rate Class	Rate Schedule	Levelized Adjustment
Residential Service	RS	0.03787 ¢/KWH
General Service	GS	0.03697 ¢/KWH
General Service Demand	GSD	0.03488 ¢/KWH
General Service Large Demand	GSLD	0.02913 ¢/KWH
General Service Large Demand 1	GSLD1	0.03051 ¢/KWH *
CP Demand		$6.187 / KW
Outdoor Lighting	OL	0.02769 ¢/KWH
Outdoor Lighting 2	OL2	0.02769 ¢/KWH
Street Lighting 2	SL2	0.02832 ¢/KWH
Street Lighting 3	SL3	0.02832 ¢/KWH

*Estimated for Informational purposes only. Monthly rate will be billed at actual cost.

Energy Conservation Cost Recovery Clause

Each base energy rate per KWH of the above rate schedules for the period January 1, 2003 through December 31, 2003 shall be increased by 0.061¢/KWH of sales to recover conservation related expenditures by the Company. This adjustment is determined in accordance with the formula and procedures specified by the Florida Public Service Commission.

Tax Cost Recovery

There will be added to all bills rendered for electric service a proportionate share of all license fees and taxes imposed by any governmental authorities after November 1, 1946, to an extent sufficient to cover excess increased taxes or license fees.

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F.P.S.C. Electric Tariff
First Revised Volume No. I

Tenth Revised Sheet No. 44.1
Cancels Ninth Revised Sheet No. 44.1

WITHDRAWN JANUARY 1, 2004

Issued by: John T. English, President

Effective: January 1, 2004

Florida Public Utilities Company
F.P.S.C. Electric Tariff
First Revised Volume No. I

Third Revised Sheet No. 44.2
Cancels Second Revised Sheet No. 44.2

WITHDRAWN JANUARY 1, 2004

Florida Public Utilities Company
F.P.S.C. Electric Tariff
First Revised Volume No. I

Ninth Revised Sheet No. 45.1
Cancels Eighth Revised Sheet No. 45.1

WITHDRAWN JANUARY 1, 2004

Florida Public Utilities Company
F.P.S.C. Electric Tariff
First Revised Volume No. I

Third Revised Sheet No. 45.2
Cancels Second Revised Sheet No. 45.2

WITHDRAWN JANUARY 1, 2004

Florida Public Utilities Company
F.P.S.C. Electric Tariff
First Revised Volume No. I

Third Revised Sheet No. 46.1
Cancels Second Revised Sheet No. 46.1

WITHDRAWN JANUARY 1, 2004

Florida Public Utilities Company
F.P.S.C. Electric Tariff
First Revised Volume No. I

First Revised Sheet No. 46.2
Cancels Original Sheet No. 46.2

WITHDRAWN JANUARY 1, 2004

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First Revised Volume No. I

First Revised Sheet No. 46.3
Cancels Original Sheet No. 46.3

WITHDRAWN JANUARY 1, 2004

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First Revised Volume No. I

First Revised Sheet No. 46.4
Cancels Original Sheet No. 46.4

WITHDRAWN JANUARY 1, 2004

Florida Public Utilities Company
F.P.S.C. Electric Tariff
First Revised Volume No. I

First Revised Sheet No. 46.5
Cancels Original Sheet No. 46.5

WITHDRAWN JANUARY 1, 2004

Florida Public Utilities Company
F.P.S.C. Electric Tariff
First Revised Volume No. I

Ninth Revised Sheet No. 47
Cancels Eighth Revised Sheet No. 47

WITHDRAWN JANUARY 1, 2004

Florida Public Utilities Company
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First Revised Volume No. I

Second Revised Sheet No. 48
Cancels First Sheet No. 48

WITHDRAWN JANUARY 1, 2004

Florida Public Utilities Company
F.P.S.C. Electric Tariff
First Revised Volume No. I

Fifth Revised Sheet No. 49
Cancels Fourth Revised Sheet No. 49

WITHDRAWN JANUARY 1, 2004

Issued by: John T. English, President
Issued on: October 24, 1975

Effective: January 1, 2004

Florida Public Utilities Company
F.P.S.C. Electric Tariff
First Revised Volume No. I

Tenth Revised Sheet No. 50.1
Cancels Ninth Revised Sheet No. 50.1

WITHDRAWN JANUARY 1, 2004

Issued by: John T. English, President

Effective: January 1, 2004

Florida Public Utilities Company
F.P.S.C. Electric Tariff
First Revised Volume No. I

Ninth Revised Sheet No. 50.2
Cancels Eighth Revised Sheet No. 50.2

WITHDRAWN JANUARY 1, 2004

Florida Public Utilities Company
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First Revised Volume No. I

Sixth Revised Sheet No. 50.3
Cancels Fifth Revised Sheet No. 50.3

WITHDRAWN JANUARY 1, 2004

Florida Public Utilities Company
F.P.S.C. Electric Tariff
First Revised Volume No. I

Fifth Revised Sheet No. 50.4
Cancels Fourth Revised Sheet No. 50.4

WITHDRAWN JANUARY 1, 2004

Florida Public Utilities Company
F.P.S.C. Electric Tariff
First Revised Volume No. I

Fourth Revised Sheet No. 51
Cancels Third Revised Sheet No. 51

WITHDRAWN JANUARY 1, 2004

Florida Public Utilities Company
F.P.S.C. Electric Tariff
First Revised Volume No. I

First Revised Sheet No. 51.1
Cancels Original Sheet No. 51.1

WITHDRAWN JANUARY 1, 2004

Florida Public Utilities Company
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First Revised Sheet No. 51.2
Cancels Original Sheet No. 51.2

WITHDRAWN JANUARY 1, 2004

Florida Public Utilities Company
F.P.S.C. Electric Tariff
First Revised Volume No. I

Eighth Revised Sheet No. 52
Cancels Seventh Revised Sheet No. 52

WITHDRAWN JANUARY 1, 2004

Issued by: John T. English, President

Effective: January 1, 2004

Florida Public Utilities Company
F.P.S.C. Electric Tariff
First Revised Volume No. I

First Revised Sheet No. 52.01
Cancels Original Sheet No. 52.01

WITHDRAWN JANUARY 1, 2004

Issued by: John T. English, President

Effective: January 1, 2004

Florida Public Utilities Company
F.P.S.C. Electric Tariff
First Revised Volume No. I

Fourth Revised Sheet No. 52.1
Cancels Third Revised Sheet No. 52.1

WITHDRAWN JANUARY 1, 2004

Issued by: John T. English, President

Effective: January 1, 2004

Florida Public Utilities Company
F.P.S.C. Electric Tariff
First Revised Volume No. I

Second Revised Sheet No. 52.3
Cancels First Sheet No. 52.3

WITHDRAWN JANUARY 1, 2004

Florida Public Utilities Company
F.P.S.C. Electric Tariff
First Revised Volume No. I

Second Revised Sheet No. 52.4
Cancels First Sheet No. 52.4

WITHDRAWN JANUARY 1, 2004

Issued by: John T. English, President

Effective: January 1, 2004

WITHDRAWN JANUARY 1, 2004

Florida Public Utilities Company
F.P.S.C. Electric Tariff
First Revised Volume No. I

First Revised Sheet No. 52.6
Cancels Original Sheet No. 52.6

WITHDRAWN JANUARY 1, 2004

Florida Public Utilities Company
F.P.S.C. Electric Tariff
First Revised Volume No. I

First Revised Sheet No. 52.7
Cancels Original Sheet No. 52.7

WITHDRAWN JANUARY 1, 2004

Florida Public Utilities Company
F.P.S.C. Electric Tariff
First Revised Volume No. I

First Revised Sheet No. 52.8
Cancels Original Sheet No. 52.8

WITHDRAWN JANUARY 1, 2004

Florida Public Utilities Company
F.P.S.C. Electric Tariff
First Revised Volume No. I

First Revised Sheet No. 52.9
Cancels Original Sheet No. 52.9

WITHDRAWN JANUARY 1, 2004

Florida Public Utilities Company
F.P.S.C. Electric Tariff
First Revised Volume No. I

Sixth Revised Sheet No. 53
Cancels Fifth Revised Sheet No. 53

WITHDRAWN JANUARY 1, 2004

Florida Public Utilities Company
F.P.S.C. Electric Tariff
First Revised Volume No. I

Original Sheet No. 53.4

WITHDRAWN JANUARY 1, 2004

Issued by: John T. English, President

Effective: January 1, 2004

Florida Public Utilities Company
F.P.S.C. Electric Tariff
First Revised Volume No. I

Fifteenth Revised Sheet No. 54
Cancels Ninth Revised Sheet No. 54

WITHDRAWN JANUARY 1, 2004

Florida Public Utilities Company
F.P.S.C. Electric Tariff
First Revised Volume No. I

Fourth Revised Sheet No. 55.1
Cancels Third Revised Sheet No. 55.1

WITHDRAWN JANUARY 1, 2004

Issued by: John T. English, President
Issued on: October 24, 1975

Effective: January 1, 2004

Florida Public Utilities Company
F.P.S.C. Electric Tariff
First Revised Volume No. I

Fourth Revised Sheet No. 55.2
Cancels Third Revised Sheet No. 55.2

WITHDRAWN JANUARY 1, 2004

Issued by: John T. English, President
Issued on: October 24, 1975

Effective: January 1, 2004

Florida Public Utilities Company
F.P.S.C. Electric Tariff
First Revised Volume No. I

Second Revised Sheet No. 56
Cancels First Sheet No. 56

WITHDRAWN JANUARY 1, 2004

Issued by: John T. English, President
Issued on: August 3, 1981

Effective: January 1, 2004

TERRITORY SERVED

Two individually operated areas are served with electricity, both of which are located in the northern part of Florida.

The Northwest Florida Division serves various cities and towns and rural communities in Jackson, Calhoun and Liberty Counties.

The Northeast Florida Beach Division serves Amelia Island, located in Nassau County.

Florida Public Utilities Company
F.P.S.C. Electric Cogeneration Tariff

Original Volume No. I

First Revised Sheet No. 17
Cancels Original Sheet No. 17

INDEX OF RATE SCHEDULES

ITEM		SHEET NO.
Rate Schedule COG-1	As-Available Energy	18-20
Rate Schedule COG-2	Firm Power	21-23

Issued by: John T. English, President

Effective: January 1, 2004

RATE SCHEDULE COG-1

STANDARD RATE FOR PURCHASE OF AS-AVAILABLE ENERGY FROM COGENERATION AND SMALL POWER PRODUCTION FACILITIES (QUALIFYING FACILITIES)

Availability

Available within the territory served by the Company in the Northwest and Northeast Divisions.

Applicability

To any cogeneration or small power producing "qualifying facility".

Character of Service

Alternating current, 60 cycle, single phase or three phase at the options of the Company, at a specified interconnection point and voltage.

Limitations of Service

The capacity rating of the QF's generator shall not exceed:

1. One-half of the Company's minimum requirements of the interconnected distribution circuit; or
2. The thermal capacity of the connected distribution lines or transformers of the Company.

Monthly Rate

1. Payments to QF's for energy sales to Company

   A. As-Available energy is purchased at a unit cost calculated from avoided fuel costs. Avoided energy costs are the Company's actual fuel cost for energy purchased by the Company from its wholesale supplier for the applicable calendar month.

   B. The actual fuel costs as defined above will be adjusted upward by a fixed percentage factor for avoided line losses (if any). Such factor will be determined by the Company for each QF based upon the locations of the QF on the Company's distribution system and the applicable voltage level.

   C. The current base fuel cost in the energy rate of the Company's wholesale supplier is 2.90 cents per KWH.

   D. Because the Company's avoided energy cost is based on the wholesale supplier's monthly average fuel cost for energy, the price per KWH is uniform without regard to time of day or system peak, and no variations in computing the amount to be paid is made on the basis of metering techniques.

RATE SCHEDULE COG-1

STANDARD RATE FOR PURCHASE OF AS-AVAILABLE ENERGY FROM COGENERATION AND SMALL POWER PRODUCTION FACILITIES (QUALIFYING FACILITIES)

Continued from Sheet No. 18

2. Charges to Qualifying Facility

A. Customer charge for meter reading, billing and other administrative costs shall be equal to the currently monthly customer facilities charge as set forth in the rate schedule which is applicable to the QF for the purchase of energy from the Company.

B. Interconnection Charge
The QF shall bear the cost required for the interconnecting the QF, including metering. The QF shall have the option of payment in full for interconnection or making equal monthly installment payments with interest over a period not exceeding 36 months toward the full cost of such interconnection. In the event that the QF elects the monthly installment option, the initial contract term of service shall not be less than the total months over which such installment payments are to be made.

Term of Service

Service under this rate schedule shall be by written contract for a period of one or more years, but such contract shall not require such energy to be offered on any basis other than as available.

Special Provisions

1. It shall be the QF's responsibility to inform the Company in writing of any change in the QF's electric generating capacity.
2. Any electric service delivered by the Company to the QF shall be metered separately and billed under the rate schedule applicable to the Company's other customers with similar load characteristics. The terms and conditions of the Company's standard rate schedule applicable to the class of service shall pertain.
3. Service under this rate schedule is subject to the rules and regulations of the Company and the Florida Public Service Commission.

RATE SCHEDULE COG-1

STANDARD RATE FOR PURCHASE OF AS-AVAILABLE ENERGY FROM COGENERATION AND SMALL POWER PRODUCTION FACILITIES (QUALIFYING FACILITIES)

Continued from Sheet No. 19

Estimated Future Rates

The following are the current estimates of the Company's future average rates for the purchase of as-available energy from QF's. These are based on data of estimated fuel costs of the Company's wholesale supplier and are for informational purposes only.

Year	Estimated Average Rate per KWH
1984	3.58 cents
1985	4.25 cents
1986	4.99 cents
1987	5.59 cents
1988	6.20 cents
1989	5.76 cents
1990	6.25 cents
1991	6.87 cents
1992	7.48 cents
1993	7.44 cents

RATE SCHEDULE COG-2

STANDARD RATE FOR PURCHASE OF FIRM ENERGY FROM
COGENERATION AND SMALL POWER PRODUCTION FACILITIES
(QUALIFYING FACILITIES)

Purpose

The purpose of this tariff is to promote the generation of firm power by qualifying facilities so that the Company can commit to the reduction by a specified amount of capacity of demand on its wholesale supplier's system thereby freeing an equivalent amount of capacity in the supplier. Through the QF's commitment to the Company and the Company's commitment to its supplier, the QF's generation capacity may be used by the supplier to defer additional generation plant, either in its system or in that of another generating utility in the state.

Availability

Available within the territory served by the Company in Jackson, Calhoun, and Liberty Counties.

Applicability

To any cogeneration or small power producing "qualifying facility" who contract with Company for the sale of firm energy and capacity and who meet the eligibility criteria set out in Rule 25-17.83(3)(a) of the Florida Public Service Commission.

Character of Service

Alternating current, 60 cycle, single phase or three phase at the options of the Company, at a specified interconnection point and voltage.

Limitations of Service

The capacity rating of the QF's generator shall not exceed:

1. One-half of the Company's minimum requirements of the interconnected distribution circuit; or
2. The thermal capacity of the connected distribution lines or transformers of the Company.

Monthly Rate

1. Capacity Payments
   A. Amount
      Payments to QF for capacity to the Company:
      Each KW of Billing Capacity - $6.50
   B. Basis of Payment
      Payments to QF for capacity to the Company are based on the avoided demand (capacity) cost to the Company from its wholesale supplier if and when the QF's capacity does result in a reduction in the applicable month's billing demand.

RATE SCHEDULE COG-2

STANDARD RATE FOR PURCHASE OF FIRM ENERGY FROM COGENERATION AND SMALL POWER PRODUCTION FACILITIES (QUALIFYING FACILITIES)

Continued from Sheet No. 21

Monthly Rate (continued)

C. Determination of Billing Capacity
The Billing Capacity in any month shall be the KW capacity supplied by the QF during that month or a previous month which has actually reduced the Company's KW billing demand for that month. The billing demand referred to herein means that KW which the company is billed each month by its wholesale supplier in accordance with the provisions of the supplier's wholesale tariff. The Company's billing demand from its wholesale supplier in any month is the greater of (1) the maximum measured demand in the month or (2) 75% of the maximum measured demand in the preceding eleven months or (3) 75% of the contract capacity at the delivery point. The KW billing demand at the wholesale supplier's delivery point serving the Company's distribution system to which the QF is interconnected shall be the basis of determining Billing Capacity

D. Measurement
The QF's capacity input shall be measured on a time-differentiated demand meter.

2. Energy Payments
Firm energy is purchased pursuant to the Company's Rate Schedule COG-1 (As-Available Energy).

3. Charges to the QF:

A. Customer charge for meter reading, billing and other administrative costs shall be equal to the currently monthly customer facilities charge as set forth in the rate schedule which is applicable to the QF for the purchase of energy from the Company.

B. Interconnection Charge
The QF shall bear the cost required for interconnecting, including metering. The QF shall have the options of payment in full for interconnection or making 36 equal monthly installment payments with interest toward the full cost of such interconnection.

Term of Service

Contract for service hereunder shall be for an initial period of not less than ten years.

RATE SCHEDULE COG-2

STANDARD RATE FOR PURCHASE OF FIRM ENERGY FROM COGENERATION AND SMALL POWER PRODUCTION FACILITIES (QUALIFYING FACILITIES)

Continued from Sheet No. 22

Special Provisions

1. It shall be the QF's responsibility to inform the Company in writing of any change in the QF's electric generating capacity.
2. The QF shall agree to maintain a seventy percent capacity factor for energy delivered on a 12-month rolling average basis. Failure to do so may disqualify the QF for capacity payments under this rate schedule.
3. Any electric service delivered by the Company to the QF shall be metered separately and billed under the rate schedule applicable to the Company's other customers with similar load characteristics. The terms and conditions of the Company's standard rate schedule applicable to the class of service shall pertain.
4. Service under this rate schedule is subject to the rules and regulations of the Company and the Florida Public Service Commission.

Estimated Future Rates

The following are the currently estimates of the Company's future average rates for the purchase of firm capacity and energy from QF's. These are based on data of estimated capacity and fuel costs of the Company's wholesale supplier and are for informational purposes only.

	Estimate Average Rate	
	Capacity	Energy
Year	$ per KW	cents per KWH
1984	$6.50	3.58 cents
1985	$6.89	4.25 cents
1986	$7.12	4.99 cents
1987	$7.25	5.59 cents
1988	$7.56	6.20 cents
1989	$8.02	5.76 cents
1990	$8.87	6.25 cents
1991	$10.10	6.87 cents
1992	$10.45	7.48 cents
1993	$10.98	7.44 cents

Florida Public Utilities Company
F.P.S.C. Electric Cogeneration Tariff
Original Volume No. I

First Revised Sheet No. 24
Replaces Original Sheet No. 24

WITHDRAWN JANUARY 1, 2004

Issued by: John T. English, President

Effective: January 1, 2004

Florida Public Utilities Company
F.P.S.C. Electric Cogeneration Tariff
Original Volume No. I

First Revised Sheet No. 25
Replaces Original Sheet No. 25

WITHDRAWN JANUARY 1, 2004

Issued by: John T. English, President

Effective: January 1, 2004

WITHDRAWN JANUARY 1, 2004

Florida Public Utilities Company
F.P.S.C. Electric Cogeneration Tariff
Original Volume No. I

First Revised Sheet No. 27
Replaces Original Sheet No. 27

WITHDRAWN JANUARY 1, 2004

Issued by: John T. English, President

Effective: January 1, 2004

Florida Public Utilities Company
F.P.S.C. Electric Cogeneration Tariff
Original Volume No. I

Second Revised Sheet No. 28
Replaces Original Sheet No. 28

WITHDRAWN JANUARY 1, 2004

Issued by: John T. English, President

Effective: January 1, 2004

Florida Public Utilities Company
F.P.S.C. Electric Cogeneration Tariff
Original Volume No. I

First Revised Sheet No. 29
Replaces Original Sheet No. 29

WITHDRAWN JANUARY 1, 2004

Issued by: John T. English, President

Effective: January 1, 2004

Schedule E-17 Supplemental

E-17 Supplemental: Design of Unit Charges for Florida Public Utilities

FLORIDA PUBLIC SERVICE COMMISSION

Type of Data Shown:

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division

Projected Test Year 12/31/2004

DOCKET NO. 030438EI

Witness: Mark Cutshaw

Residential

		Customers	kWh	kW	kVar	
Determinants	Fernandina Beach	12,980	202,706,750	0	0	
	Marianna	9,885	141,466,583	0	0	
		$/Cust-Mo	$/kWh	$/kW	$/kVar	Base Revenue
Current Rates	Fernandina Beach	$6 90	$0 01202	$0 00	$0 00	$3,510,676
	Marianna	$8 30	$0.01213	$0 00	$0.00	$2,700,496
Average Rate		$7.50	$0 01207	$0.00	$0.00	$6,211,171
Unitized Costs		$12.26	$0.02	$0.00	$0 00	$8,729,211
New Rates	Adjusted Average	$10 84	$0.02	$0 00	$0 00	$8,969,546
	Adjusted Unitized	$12.72	$0 02	$0 00	$0 00	$9,052,745

General Service

		Customers	kWh	kW	kVar	
Determinants	Fernandina Beach	1,398	38,793,275	0	0	
	Marianna	1,721	28,118,739	0	0	
		$/Cust-Mo	$/kWh	$/kW	$/kVar	Base Revenue
Current Rates	Fernandina Beach	$9.85	$0 01542	$0.00	$0 00	$763,406
	Marianna	$11.50	$0.01213	$0.00	$0.00	$578,568
Average Rate		$10.76	$0.01404	$0.00	$0 00	$1,341,974
Unitized Costs		$18 21	$0.02	$0 00	$0 00	$1,798,795
New Rates	Adjusted Average	$14 87	$0.02	$0 00	$0 00	$1,854,034
	Adjusted Unitized	$18 89	$0.02	$0 00	$0 00	$1,865,465

General Service Demand

		Customers	kWh	kW	kVar	
Determinants	Fernandina Beach	243	95,251,243	260,308	0	
	Marianna	404	91,122,304	323,540	0	
		$/Cust-Mo	$/kWh	$/kW	$/kVar	Base Revenue
Current Rates	Fernandina Beach	$37.44	$0.00540	$1 74	$0.00	$1,077,265
	Marianna	$43.75	$0.00076	$2.40	$0.00	$1,058,027
Average Rate		$41.38	$0.00313	$2.11	$0 00	$2,135,291
Unitized Costs		$43.63	$0.00	$2.22	$0 00	$2,423,959
New Rates	Adjusted Average	$48.66	$0 00368	$2 48	$0 00	$2,510,722
	Adjusted Unitized	$45.25	$0.00441	$2.30	$0 00	$2,513,799

Schedule E-17 Supplemental

E-17 Supplemental: Design of Unit Charges for Florida Public Utilities

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO · 030438EI

Type of Data Shown.

Projected Test Year 12/31/2004

Witness· Mark Cutshaw

General Service Large Demand

		Customers	kWh	kW	kVar	
Determinants	Fernandina Beach	3	18,015,105	37,391	0	
	Marianna	11	37,212,751	92,839	0	
		$/Cust-Mo	$/kWh	$/kW	$/kVar	Base Revenue
Current Rates	Fernandina Beach	$37 44	$0.00540	$1 74	$0.00	$163,815
	Marianna	$52.50	$0 00000	$2 80	$0.00	$267,134
Average Rate		$49.36	$0 00176	$2.50	$0 00	$430,949
Unitized Costs		$286.15	$0 001633	$2.62	$0 00	$481,021
New Rates	Adjusted Average	$57.11	$0.002038	$2 89	$0.00	$498,575
	Adjusted Unitized	$296 76	$0.00	$2 72	$0 00	$498,849

General Service Large Demand 1

		Customers	kWh	NCP kW	kVar	CP kW	
Determinants	Fernandina Beach	2	108,710,000	419,726	4,350	177,698	
	Marianna	0	0	0	0	0	
		$/Cust-Mo	$/kWh	$/kW	$/kVar		Base Revenue
Current Rates	Fernandina Beach	$467.98	$0.00000	$1 12	$0 30		$485,782
	Marianna	$467.98	$0 00	$1.12	$0 30		$0
Average Rate		$467.98	$0.00000	$1 12	$0 30		$485,782
Unitized Costs		$2,563.07	$0.00	$0.73	$0.00		$379,093
New Rates	Adjusted Average	$378 31	$0.00	$0.91	$0 24		$392,701
	Adjusted Unitized	$2,658.07	$0.00	$0.76	$0 00		$393,143

Note· We are consolidating the rates for our two divisions; therefore we need to create an appropriate starting point for adjusting the rates for each class, taking into account the existing (different) rates for each class in each division. To do this we derived weighted average current rates for each class using the respective billing determinants as the weighting factors, e.g number of customers for the customer charge, kWh for the energy charge, kW for the demand charge We then applied the class-level increase percentage to each of these rate components to determine the rates that will achieve the desired revenue requirement.

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO.: 030438EI

EXPLANATION:

Provide by rate schedule the number of customers and bills by month for the test year. Also provide by rate schedule the (1) bills and customers for the three years prior to the test year, (2) the percentage increase from the prior year to the test year, and (3) the average annual compound growth rate for the three historic years. Footnote and detail migration between the rate classes. Explain any differences between number of customer and number of bills for any rate schedule. The billing determinants for the test year must agree with those shown in Schedule E-17c, E-17d, E-8a, and E-12, where applicable. The average number of customers by rate schedule must also be in agreement with the numbers used in the cost of service study allocator of number of customers (unweighted).

Type of Data Shown:
Historical Prior Year 12/31/2001
Historical Year 12/31/2002
Projected Prior Year 12/31/2003
Witness: Mark Cutshaw

			RS	GS	GSD	GSLD	OL	OL-2	SL1-2	SL-3	TOTAL SYSTEM
2001	Number of Bills		259,829	35,686	7,550	143	7,803	50,958	10,106	18,916	390,991
	Average No. of Bills		21,652	2,974	629	12	650	4,246	842	1,576	32,583
2002	Number of Bills		264,765	36,257	7,523	155	7,803	51,563	10,106	19,208	397,380
	Average No. of Bills		22,064	3,021	627	13	650	4,297	842	1,601	33,115
2003	Number of Bills		269,570	36,841	7,662	160	7,803	52,175	10,106	19,504	403,822
	Average No. of Bills		22,464	3,070	639	13	650	4,348	842	1,625	33,652

Supporting Schedules:

Recap Schedules:

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO.: 030438EI

EXPLANATION: Provide by rate schedule the number of customers and bills by month for the test year. Also provide by rate schedule the (1) bills and customers for the three years prior to the test year, (2) the percentage increase from the prior year to the test year, and (3) the average annual compound growth rate for the three historic years. Footnote and detail migration between the rate classes. Explain any differences between number of customer and number of bills for any rate schedule. The billing determinants for the test year must agree with those shown in Schedule E-17c, E-17d, E-8a, and E-12, where applicable. The average number of customers by rate schedule must also be in agreement with the numbers used in the cost of service study allocator of number of customers (unweighted).

Type of Data Shown:

Projected Test Year 12/31/2004

Witness: Mark Cutshaw

		RS	GS	GSD	GSLD	OL	OL-2	SL1-2	SL-3	TOTAL SYSTEM
2004	NUMBER OF BILLS									
	January	22,696	3,117	639	14	662	4,368	856	1,434	33,786
	February	22,638	3,073	642	13	667	4,346	856	1,737	33,973
	March	22,848	3,099	638	14	662	4,371	856	1,462	33,949
	April	22,814	3,081	646	14	650	4,374	856	1,351	33,786
	May	22,837	3,094	655	16	647	4,395	856	1,462	33,962
	June	22,919	3,088	649	14	647	4,382	856	2,427	34,983
	July	22,949	3,110	656	14	653	4,417	856	1,875	34,530
	August	22,940	3,164	664	15	650	4,414	1,028	1,627	34,501
	September	23,130	3,158	662	14	647	4,421	856	1,627	34,515
	October	22,817	3,147	655	13	647	4,429	856	1,627	34,193
	November	22,864	3,150	648	13	633	4,429	856	1,903	34,496
	December	22,923	3,144	647	13	638	4,442	514	1,269	33,590
	Total No. of Bills	274,374	37,425	7,801	165	7,803	52,788	10,106	19,801	410,263
	Average No. of Bills	22,865	3,119	650	14	650	4,399	842	1,650	34,189
Percent Increase (Decrease) 2002/2001		1.90%	1.60%	-0.36%	8.39%	0.00%	1.19%	0.00%	1.54%	1.63%
Percent Increase (Decrease) 2003/2002		1.81%	1.61%	1.85%	3.17%	0.00%	1.19%	0.00%	1.54%	1.62%
Percent Increase (Decrease) 2004/2003		1.78%	1.59%	1.82%	3.07%	0.00%	1.17%	0.00%	1.52%	1.60%
Average Annual Compound Growth Rate 2003/2001		1.86%	1.61%	0.74%	5.75%	0.00%	1.19%	0.00%	1.54%	1.63%

Supporting Schedules:

Recap Schedules:

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO.: 030438EI

EXPLANATION: Provide by rate schedule the number of customers and bills by month for the test year. Also provide by rate schedule the (1) bills and customers for the three years prior to the test year, (2) the percentage increase from the prior year to the test year, and (3) the average annual compound growth rate for the three historic years. Footnote and detail migration between the rate classes. Explain any differences between number of customer and number of bills for any rate schedule. The billing determinants for the test year must agree with those shown in Schedule E-17c, E-17d, E-8a, and E-12, where applicable. The average number of customers by rate schedule must also be in agreement with the numbers used in the cost of service study allocator of number of customers (unweighted).

Type of Data Shown:

Projected Test Year 12/31/2004

Witness: Mark Cutshaw

UNDER PROPOSED RATES

			RS	GS	Remaining GSD	GSD to GSLD	Remaining GSLD	GSLD to GSLD1	OL	OL-2	SL1-2	SL-3	TOTAL SYSTEM
4	2004	Total No. of Bills	274,374	37,425	7,765	36	137	28	7,803	52,788	10,106	19,801	410,263
6		Average No. of Bills	22,865	3,119	647	3	11	2	650	4,399	842	1,650	34,189

Supporting Schedules:

Recap Schedules:

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO.: 030438EI

EXPLANATION: Provide by rate schedule the billed and measured KW, where applicable, by month for the test year. Also, provide by rate schedule (1) the actual and billed KW for the three years prior to the test year, (2) the percentage increase from the prior year to the test year, and (3) the average annual compound growth rate for the three historical years. Footnote and detail migration between rate classes. Explain any differences between actual and billed demand. The billing determinants for the test year must agree with those shown in Schedules E-17c, E-8a, and E-12, where applicable.

Type of Data Shown:
Historical Prior Year 12/31/2001
Historical Year 12/31/2002
Projected Prior Year 12/31/2003
Witness: Mark Cutshaw

			GSD - Secondary		GSD - Primary		GSD - Total	
			ACTUAL	BILLED	ACTUAL	BILLED	ACTUAL	BILLED
2001	Total kW		576,575	576,575	40,385	40,304	616,960	616,879
2002	Total kW		561,381	561,381	39,321	39,242	600,702	600,623
2003	Total kW		568,647	568,647	39,830	39,750	608,477	608,397

Supporting Schedules:

Recap Schedules:

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO.: 030438EI

EXPLANATION: Provide by rate schedule the billed and measured KW, where applicable, by month for the test year. Also, provide by rate schedule (1) the actual and billed KW for the three years prior to the test year, (2) the percentage increase from the prior year to the test year, and (3) the average annual compound growth rate for the three historical years. Footnote and detail migration between rate classes. Explain any differences between actual and billed demand. The billing determinants for the test year must agree with those shown in Schedules E-17c, E-8a, and E-12, where applicable.

Type of Data Shown:
Historical Prior Year 12/31/2001
Historical Year 12/31/2002
Projected Prior Year 12/31/2003
Witness: Mark Cutshaw

			GSLD - Secondary		GSLD - Primary		GSLD - Transmission		GSLD - Total	
			ACTUAL	BILLED	ACTUAL	BILLED	ACTUAL	BILLED	ACTUAL	BILLED
2001	Total kW		37,317	37,317	52,278	51,755	454,161	454,161	543,755	543,233
2002	Total kW		55,030	55,030	46,836	46,368	385,290	385,290	487,156	486,688
2003	Total kW		46,179	46,179	49,557	49,062	419,726	419,726	515,462	514,967

Supporting Schedules:

Recap Schedules:

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO.: 030438EI

EXPLANATION: Provide by rate schedule the billed and measured KW, where applicable, by month for the test year. Also, provide by rate schedule (1) the actual and billed KW for the three years prior to the test year, (2) the percentage increase from the prior year to the test year, and (3) the average annual compound growth rate for the three historical years. Footnote and detail migration between rate classes. Explain any differences between actual and billed demand. The billing determinants for the test year must agree with those shown in Schedules E-17c, E-8a, and E-12, where applicable.

Type of Data Shown:

Projected Test Year 12/31/2004

Witness: Mark Cutshaw

			GSD - Secondary		GSD - Primary		GSD - Total	
			ACTUAL	BILLED	ACTUAL	BILLED	ACTUAL	BILLED
2004	kW							
	January		49,878	49,878	3,494	3,487	53,372	53,365
	February		47,418	47,418	3,321	3,315	50,739	50,733
	March		47,280	47,280	3,312	3,305	50,592	50,585
	April		45,725	45,725	3,203	3,196	48,927	48,921
	May		48,403	48,403	3,390	3,383	51,793	51,786
	June		48,547	48,547	3,400	3,394	51,947	51,941
	July		48,382	48,382	3,389	3,382	51,771	51,764
	August		49,624	49,624	3,476	3,469	53,099	53,092
	September		50,538	50,538	3,540	3,533	54,078	54,071
	October		49,996	49,996	3,502	3,495	53,498	53,491
	November		47,604	47,604	3,334	3,328	50,939	50,932
	December		47,253	47,253	3,310	3,303	50,562	50,556
	Total kW		580,648	580,648	40,670	40,589	621,318	621,236
Percent Increase/(Decrease) 2002/2001			-2.64%	-2.64%	-2.64%	-2.64%	-2.64%	-2.64%
Percent Increase/(Decrease) 2003/2002			1.29%	1.29%	1.29%	1.29%	1.29%	1.29%
Percent Increase/(Decrease) 2004/2003			2.11%	2.11%	2.11%	2.11%	2.11%	2.11%
Average Annual Compound Growth Rate 2003/2001			-0.69%	-0.69%	-0.69%	-0.69%	-0.69%	-0.69%

Supporting Schedules:

Recap Schedules:

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO.: 030438EI

EXPLANATION: Provide by rate schedule the billed and measured KW, where applicable, by month for the test year. Also, provide by rate schedule (1) the actual and billed KW for the three years prior to the test year, (2) the percentage increase from the prior year to the test year, and (3) the average annual compound growth rate for the three historical years. Footnote and detail migration between rate classes. Explain any differences between actual and billed demand. The billing determinants for the test year must agree with those shown in Schedules E-17c, E-8a, and E-12, where applicable.

Type of Data Shown:

Projected Test Year 12/31/2004

Witness: Mark Cutshaw

			GSLD - Secondary		GSLD - Primary		GSLD - Transmission		GSLD - Total	
			ACTUAL	BILLED	ACTUAL	BILLED	ACTUAL	BILLED	ACTUAL	BILLED
2004	kW									
	January	3,915	3,915	4,393	4,349	37,386	37,386	45,694	45,650
	February	2,918	2,918	3,274	3,241	27,864	27,864	34,056	34,023
	March	3,391	3,391	3,805	3,767	32,383	32,383	39,579	39,541
	April	3,270	3,270	3,670	3,633	31,232	31,232	38,172	38,136
	May	4,087	4,087	4,586	4,541	39,031	39,031	47,704	47,659
	June	3,586	3,586	4,024	3,984	34,245	34,245	41,854	41,814
	July	3,699	3,699	4,151	4,109	35,324	35,324	43,173	43,132
	August	3,707	3,707	4,160	4,118	35,399	35,399	43,265	43,223
	September	4,113	4,113	4,616	4,570	39,282	39,282	48,011	47,965
	October	4,004	4,004	4,493	4,448	38,238	38,238	46,735	46,690
	November	3,845	3,845	4,314	4,271	36,716	36,716	44,875	44,832
	December	3,416	3,416	3,834	3,795	32,626	32,626	39,876	39,838
	Total kW	43,949	43,949	49,320	48,827	419,726	419,726	512,995	512,502
Percent Increase/(Decrease) 2002/2001		47.47%	47.47%	-10.41%	-10.41%	-15.16%	-15.16%	-10.41%	-10.41%
Percent Increase/(Decrease) 2003/2002		-16.08%	-16.08%	5.81%	5.81%	8.94%	8.94%	5.81%	5.81%
Percent Increase/(Decrease) 2004/2003		-4.83%	-4.83%	-0.48%	-0.48%	0.00%	0.00%	-0.48%	-0.48%
Average Annual Compound Growth Rate 2003/2001		11.24%	11.24%	-2.64%	-2.64%	-3.87%	-3.87%	-2.64%	-2.64%

Supporting Schedules:

Recap Schedules:

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO.: 030438EI

EXPLANATION:

Provide by rate schedule the billed and measured KW, where applicable, by month for the test year. Also, provide by rate schedule (1) the actual and billed KW for the three years prior to the test year, (2) the percentage increase from the prior year to the test year, and (3) the average annual compound growth rate for the three historical years. Footnote and detail migration between rate classes. Explain any differences between actual and billed demand. The billing determinants for the test year must agree with those shown in Schedules E-17c, E-8a, and E-12, where applicable.

Type of Data Shown:

Projected Test Year 12/31/2004

Witness: Mark Cutshaw

UNDER PROPOSED RATES

		Remaining GSD - Secondary		GSD to GSLD Secondary		Remaining GSD - Primary		GSD to GSLD Primary	
		ACTUAL	BILLED	ACTUAL	BILLED	ACTUAL	BILLED	ACTUAL	BILLED
2004	TOTAL kW	580,648	580,648	0	0	40,670	40,589	0	0

		Remaining GSLD - Primary		GSLD to GSLD1 - Transmission		Remaining GSLD - Transmission	
		ACTUAL	BILLED	ACTUAL	BILLED	ACTUAL	BILLED
2004	TOTAL kW	49,320	48,827	419,726	419,726	0	0

Supporting Schedules:

Recap Schedules:

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO.: 030438EI

EXPLANATION: Provide by rate schedule the MWH sales by month for the test year. Also, provide by rate schedule the (1) MWH sales for the three years prior to the test year, (2) the percentage increase from the prior year to the test year, and (3) the average annual compound growth rate for the three historic years. Footnote and detail migration between rate classes. The billing determinants for the test year must agree with those shown in Schedules E-17c, E-17d, E-8a, and E-12, where applicable. The MWH sales by rate schedule for the test year must be in agreement with the numbers in the MWH sales allocator in the cost of service study.

Type of Data Shown:
Historical Prior Year 12/31/2001
Historical Year 12/31/2002
Projected Prior Year 12/31/2003
Witness: Mark Cutshaw

			RS	GS	GSD	GSLD	OL	OL-2	SL1-2	SL-3	TOTAL SYSTEM
2001	Total kWh		308,956,923	57,070,089	195,023,626	157,601,580	0	0	0	0	718,652,218
	kWh/Average Customer		14,269	19,191	309,971	13,225,307	0	0	0	0	22,056
2002	Total kWh		331,357,402	63,248,768	197,686,613	145,190,704	586,826	3,791,704	787,610	1,181,905	743,831,532
	kWh/Average Customer		15,018	20,933	315,332	11,240,571	902	882	935	738	22,462
2003	Total kWh		333,773,136	63,787,572	199,953,271	147,669,851	586,826	3,833,637	787,610	1,200,129	751,592,032
	kWh/Average Customer		14,858	20,777	313,156	11,081,535	902	882	935	738	22,334

Supporting Schedules:

Recap Schedules:

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO.: 030438EI

EXPLANATION: Provide by rate schedule the MWH sales by month for the test year. Also, provide by rate schedule the (1) MWH sales for the three years prior to the test year, (2) the percentage increase from the prior year to the test year, and (3) the average annual compound growth rate for the three historic years. Footnote and detail migration between rate classes. The billing determinants for the test year must agree with those shown in Schedules E-17c, E-17d, E-8a, and E-12, where applicable. The MWH sales by rate schedule for the test year must be in agreement with the numbers in the MWH sales allocator in the cost of service study.

Type of Data Shown:

Projected Test Year 12/31/2004

Witness: Mark Cutshaw

			RS	GS	GSD	GSLD	OL	OL-2	SL1-2	SL-3	TOTAL SYSTEM
2004	kWh										
	January		33,907,528	5,306,881	16,595,848	12,028,246	48,902	322,964	65,634	101,529	68,377,532
	February		22,952,623	4,399,840	14,147,844	10,975,263	48,902	322,964	65,634	101,529	53,014,601
	March		25,205,780	4,679,264	14,417,889	11,251,143	48,902	322,964	65,634	101,529	56,093,106
	April		20,781,727	4,455,205	14,687,513	10,648,223	48,902	322,964	65,634	101,529	51,111,698
	May		26,102,629	5,501,719	17,506,511	12,412,401	48,902	322,964	65,634	101,529	62,062,289
	June		30,632,001	6,031,423	18,779,687	11,723,895	48,902	322,964	65,634	101,529	67,706,036
	July		33,959,131	6,370,000	18,463,764	9,935,105	48,902	322,964	65,634	101,529	69,267,030
	August		34,982,329	6,826,354	19,499,134	15,053,840	48,902	322,964	65,634	101,529	76,900,687
	September		35,013,373	6,849,542	20,264,685	12,560,210	48,902	322,964	65,634	101,529	75,226,841
	October		29,621,209	6,348,116	18,431,068	14,696,041	48,902	322,964	65,634	101,529	69,635,463
	November		21,532,421	5,054,176	15,595,175	11,487,537	48,902	322,964	65,634	101,529	54,208,339
	December		29,482,584	5,089,496	15,999,532	13,150,846	48,902	322,964	65,634	101,529	64,261,487
	TOTAL		344,173,333	66,912,014	204,388,651	145,922,751	586,826	3,875,570	787,610	1,218,354	767,865,108
	kWh/Average Customer		15,053	21,455	314,393	10,624,271	902	881	935	738	22,460
Percent Increase (Decrease) 2002/2001			7.25%	10.83%	1.37%	-7.87%					3.50%
Percent Increase (Decrease) 2003/2002			0.73%	0.85%	1.15%	1.71%	0.00%	1.11%	0.00%	1.54%	1.04%
Percent Increase (Decrease) 2004/2003			3.12%	4.90%	2.22%	-1.18%	0.00%	1.09%	0.00%	1.52%	2.17%
Average Annual Compound Growth Rate 2003/2001			3.94%	5.72%	1.26%	-3.20%					2.27%

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO.: 030438EI

EXPLANATION: Provide by rate schedule the MWH sales by month for the test year. Also, provide by rate schedule the (1) MWH sales for the three years prior to the test year, (2) the percentage increase from the prior year to the test year, and (3) the average annual compound growth rate for the three historic years. Footnote and detail migration between rate classes. The billing determinants for the test year must agree with those shown in Schedules E-17c, E-17d, E-8a, and E-12, where applicable. The MWH sales by rate schedule for the test year must be in agreement with the numbers in the MWH sales allocator in the cost of service study.

Type of Data Shown:

Projected Test Year 12/31/2004

Witness: Mark Cutshaw

UNDER PROPOSED RATES

			RS	GS	Remaining GSD	GSD to GSLD	Remaining GSLD	GSLD to GSLD1	OL	OL-2	SL1-2	SL-3	TOTAL kWh
7	2004	Total kWh	344,173,333	66,912,014	186,373,546	18,015,105	37,212,751	108,710,000	586,826	3,875,570	787,610	1,218,354	767,865,108

Supporting Schedules:

Recap Schedules:

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO.: 030438EI

EXPLANATION: Provide by rate schedule the MWH sales by month for the test year. Also, provide by rate schedule the (1) MWH sales for the three years prior to the test year, (2) the percentage increase from the prior year to the test year, and (3) the average annual compound growth rate for the three historic years. Footnote and detail migration between rate classes. The billing determinants for the test year must agree with those shown in Schedules E-17c, E-17d, E-8a, and E-12, where applicable. The MWH sales by rate schedule for the test year must be in agreement with the numbers in the MWH sales allocator in the cost of service study.

Type of Data Shown:

Projected Test Year 12/31/2004

Witness: Mark Cutshaw

UNDER PROPOSED RATES

			RS	GS	Remaining GSD	GSD to GSLD	Remaining GSLD	GSLD to GSLD1	OL	OL-2	SL1-2	SL-3	TOTAL kWh
2004	Total kWh		344,173,333	66,912,014	186,373,546	18,015,105	37,212,751	108,710,000	586,826	3,875,570	787,610	1,218,354	767,865,108

Supporting Schedules:

Recap Schedules:

Schedule E-18d

PROJECTED BILLING DETERMINANTS - DERIVATION

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division

DOCKET NO.: 030438EI

EXPLANATION: Trace how the billing determinants in Schedules E-19a, E-19b, and E-19c were derived from the preliminary forecasts used for test year budget. Provide supporting assumptions and details of forecasting techniques. Reconcile the billing determinants with the forecast by customer class determinants with the forecast by customer class in the Ten-Year-Site Plan.

Type of Data Shown:

Projected Test Year 12/31/2004

Witness: Mark Cutshaw

The forecasting methods used to derive the projected billing determinants are described in Schedule F-9.

Supporting Schedules:

Recap Schedules:

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO.: 030438EI

EXPLANATION: Provide a schedule of the number of customers served at transmission, subtransmission, primary distribution, and secondary distribution voltages by rate schedule for the test year and prior year. (Customers served directly from a company-owned substation must be listed under the voltage level at which they are served.)

Type of Data Shown:

Projected Test Year 12/31/2004

Witness: Mark Cutshaw

Line No.	Rate Schedule	Total Customers	Transmission Voltage Level	Distribution Primary Voltage Level	Distribution Secondary Voltage Level
	2004				
1	RS	22,865	0	0	22,865
2					
3	GS	3,119	0	0	3,119
4					
5	GSD	647	0	9	638
6					
7	GSD to GSLD	3	0	1	2
8					
9	GSLD	11	0	4	7
10					
11	GSLD to GSLD1	2	2	0	0
12					
13	OL	650	0	0	650
14					
15	OL-2	4,399	0	0	4,399
16					
17	SL1-2	842	0	0	842
18					
19	SL3	1,650	0	0	1,650
20					
21					
22	TOTAL	34,189	2	14	34,173

Supporting Schedules:

Recap Schedules:

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO.: 030438EI

EXPLANATION: Provide a schedule of the number of customers served at transmission, subtransmission, primary distribution, and secondary distribution voltages by rate schedule for the test year and prior year. (Customers served directly from a company-owned substation must be listed under the voltage level at which they are served.)

Type of Data Shown:

Historical Year 12/31/2002

Witness: Mark Cutshaw

Line No.	Rate Schedule	Total Customers	Transmission Voltage Level	Distribution Primary Voltage Level	Distribution Secondary Voltage Level
	2002				
1	RS	22,064	0	0	22,064
2					
3	GS	3,021	0	0	3,021
4					
5	GSD	627	0	11	616
6					
7	GSLD	13	2	4	7
8					
9	OL	650	0	0	650
10					
11	OL-2	4,297	0	0	4,297
12					
13	SL1-2	842	0	0	842
14					
15	SL3	1,601	0	0	1,601
16					
17					
18	TOTAL	33,115	2	15	33,098

Supporting Schedules:

Recap Schedules:

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO.: 030438EI

EXPLANATION: For each rate class that is not 100% time metered by time recording meters, provide the estimated historic value and 90% confidence interval by month from the latest load research for (1) contribution to monthly system peaks (coincident), (2) monthly noncoincident peak (class peaks) and (3) monthly customer maximum demand (billing demand for demand classes). For classes, 100% metered with time recording meters provide actual monthly values for the aforementioned demands and identify such as actual values. Also, provide the annual KWH as well as the 12 CP Load Factor, Class NCP Load Factor and the Customer Load Factor for each class.

Type of Data Shown:

Projected Test Year 12/31/2004

Witness: Mark Cutshaw

Rate Schedule	Month and Year	Estimated Coincident Peak	90% Confidence Interval	Estimated Noncoincident Peak	90% Confidence Interval	Estimated Customer Maximum Demand	90% Confidence Interval

Because of the relatively small electric system and non-generating status, the Company has not been required to conduct load research and such data on the Company's system is not available. No monthly analysis of non-coincident or customer maximum demands is available. Billing demands by month for demand rate class during 2002 are shown on schedule E-18b.

Annual Peak:

12 Coincident Peak Average:

90% Confidence Interval:

Sum of individual customer maximum demands:

Annual KWH:

12 CP Load Factor:

Class (NCP) Load Factor:

Customer (Billing or Maximum Demand) Load Factor:

Supporting Schedules:

Recap Schedules:

Schedule E-24 | MONTHLY RESERVE MARGINS AND RELIABILITY INDEXES | Page 1 of 1

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO.: 030438EI

EXPLANATION: Provide a schedule showing (1) the available capacity and firm peak in MW, (2) the reserve margin in MW and in percent, and (3) the cumulative loss of load probability (LOLP) or other reliability index used by the company for each month of the test year.

Type of Data Shown:
Projected Test Year 12/31/2004
Projected Prior Year 12/31/2003

Witness: Mark Cutshaw

Month	Available Capacity MW	Firm Peak MW	Reserve Margin After Maintenance at Monthly Peak Demand MW	Reserve Margin After Maintenance at Monthly Peak Demand Percent	Cumulative Monthly LOLP	Other Reliability Index
January						
February						
March						
April						
May						
June						
July						
August						
September						
October						
November						
December						
Annual						

This schedule is not applicable to a non-generating utility.

Supporting Schedules:

Recap Schedules:

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division

DOCKET NO.: 030438EI

EXPLANATION: Provide monthly peaks for the test year and the five previous years.

Type of Data Shown:

Prior Years 1999 to 2000

Witness: Mark Cutshaw

Line No.	Month	Year	MW Peak	Day of Week	Day of Month	Hour	Actual (A) or Estimated (E)	MW Peak	Day of Week	Day of Month	Hour	Actual (A) or Estimated (E)
1	Marianna							Fernandina Beach				
2												
3	January	1999	65.9	Tuesday	5	7:00 AM	A	82.1	Monday	4	8:00 AM	A
4	Feburary	1999	52.6	Monday	15	7:15 AM	A	78.8	Monday	22	9:15 AM	A
5	March	1999	47.5	Friday	5	6:45 AM	A	74.3	Thursday	25	8:00 PM	A
6	April	1999	47.6	Saturday	24	4:30 PM	A	73.2	Saturday	24	4:45 PM	A
7	May	1999	52.9	Tuesday	25	4:45 PM	A	73.2	Friday	14	5:00 PM	A
8	June	1999	58.4	Friday	4	3:15 PM	A	90.9	Tuesday	15	6:30 PM	A
9	July	1999	65.0	Friday	30	4:00 PM	A	92.0	Wednesday	28	9:00 PM	A
10	August	1999	67.9	Friday	13	2:30 PM	A	96.4	Monday	23	4:45 PM	A
11	September	1999	60.0	Wednesday	8	4:30 PM	A	81.6	Friday	17	3:45 PM	A
12	October	1999	49.9	Tuesday	12	3:00 PM	A	76.6	Tuesday	12	2:15 PM	A
13	November	1999	48.3	Thursday	4	6:45 AM	A	70.1	Sunday	28	10:30 PM	A
14	December	1999	56.3	Thursday	2	6:45 AM	A	77.5	Sunday	26	8:30 AM	A
15												
16	January	2000	63.3	Thursday	27	6:45 AM	A	90.9	Monday	31	7:00 AM	A
17	Feburary	2000	58.1	Thursday	3	7:15 AM	A	77.6	Sunday	6	8:30 AM	A
18	March	2000	44.5	Monday	13	6:45 AM	A	75.8	Wednesday	1	7:00 PM	A
19	April	2000	42.3	Monday	17	2:45 PM	A	66.6	Friday	21	5:30 PM	A
20	May	2000	59.7	Friday	26	3:45 PM	A	87.3	Sunday	28	8:15 PM	A
21	June	2000	63.3	Wednesday	21	4:30 PM	A	89.5	Wednesday	28	4:00 PM	A
22	July	2000	69.7	Thursday	20	4:00 PM	A	95.2	Thursday	6	6:00 PM	A
23	August	2000	68.4	Friday	18	2:30 PM	A	94.7	Friday	11	2:15 PM	A
24	September	2000	61.1	Friday	1	2:15 PM	A	84.2	Friday	15	5:30 PM	A
25	October	2000	55.7	Thursday	5	4:15 PM	A	81.1	Friday	6	4:00 PM	A
26	November	2000	58.0	Saturday	4	6:45 AM	A	78.8	Wednesday	22	7:30 AM	A
27	December	2000	71.2	Wednesday	20	7:15 AM	A	98.4	Wednesday	20	7:30 AM	A
28												
29												
30												

Supporting Schedules:

Recap Schedules:

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO.: 030438EI

EXPLANATION: Provide monthly peaks for the test year and the five previous years.

Type of Data Shown:
Historical Year 2002
Prior Years 1999 to 2000

Witness: Mark Cutshaw

Line No.	Month	Year	MW Peak	Day of Week	Day of Month	Hour	Actual (A) or Estimated (E)	MW Peak	Day of Week	Day of Month	Hour	Actual (A) or Estimated (E)
1	Marianna							Fernandina Beach				
2												
3	January	2001	69.3	Saturday	27	6:45 AM	A	83.8	Thursday	4	7:15 AM	A
4	Feburary	2001	54.8	Tuesday	6	7:15 AM	A	76.5	Wednesday	28	7:30 AM	A
5	March	2001	47.7	Wednesday	7	6:45 AM	A	78.6	Monday	5	7:30 AM	A
6	April	2001	48.1	Friday	13	2:30 PM	A	77.4	Friday	13	5:30 PM	A
7	May	2001	58.6	Thursday	31	4:15 PM	A	76.3	Wednesday	30	5:00 PM	A
8	June	2001	60.2	Wednesday	27	3:45 PM	A	90.4	Friday	15	4:30 PM	A
9	July	2001	66.1	Monday	9	3:45 PM	A	87.1	Tuesday	10	3:30 PM	A
10	August	2001	63.3	Wednesday	15	3:45 PM	A	88.7	Friday	17	4:15 PM	A
11	September	2001	60.3	Monday	10	4:00 PM	A	75.0	Thursday	20	7:00 PM	A
12	October	2001	48.3	Wednesday	24	4:00 PM	A	69.5	Thursday	25	4:45 PM	A
13	November	2001	40.2	Monday	26	1:00 PM	A	66.8	Thursday	29	6:15 PM	A
14	December	2001	62.3	Thursday	27	7:30 AM	A	75.4	Thursday	27	7:30 AM	A
15												
16	January	2002	70.3	Friday	4	7:30 AM	A	83.8	Friday	4	7:15 AM	A
17	Feburary	2002	70.6	Thursday	28	6:45 AM	A	76.5	Thursday	28	7:30 AM	A
18	March	2002	69.4	Tuesday	5	6:30 AM	A	78.5	Tuesday	5	7:30 AM	A
19	April	2002	54.7	Monday	29	3:45 PM	A	58.5	Thursday	25	6:30 PM	A
20	May	2002	59.9	Wednesday	8	4:30 PM	A	70.6	Thursday	2	5:45 PM	A
21	June	2002	66.3	Monday	3	2:15 PM	A	77.4	Monday	3	5:45 PM	A
22	July	2002	70.1	Thursday	18	4:30 PM	A	82.5	Tuesday	16	5:00 PM	A
23	August	2002	65.0	Monday	19	4:15 PM	A	75.7	Tuesday	6	6:15 PM	A
24	September	2002	64.5	Thursday	12	3:45 PM	A	73.2	Tuesday	17	4:15 PM	A
25	October	2002	59.3	Monday	7	4:00 PM	A	69.1	Saturday	12	2:15 PM	A
26	November	2002	52.7	Friday	29	7:15 AM	A	62.1	Tuesday	26	8:00 AM	A
27	December	2002	58.9	Monday	16	7:00 AM	A	69.6	Friday	27	7:30 AM	A
28												
29												
30												

Supporting Schedules:

Recap Schedules:

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO.: 030438EI

EXPLANATION: Provide monthly peaks for the test year and the five previous years.

Type of Data Shown:
Projected Test Year 12/31/2004
Projected Prior Year 12/31/2003

Witness: Mark Cutshaw

Line No.	Month	Year	MW Peak	Day of Week	Day of Month	Hour	Actual (A) or Estimated (E)	MW Peak	Day of Week	Day of Month	Hour	Actual (A) or Estimated (E)
1	Marianna							Fernandina Beach				
2												
3	January	2003	81.3	Friday	24	7:15 AM	A	103.3	Friday	24	7:30 AM	A
4	Feburary	2003	55.3	Tuesday	11	7:15 AM	A	77.4	Tuesday	18	7:00 PM	A
5	March	2003	46.7	Monday	31	6:45 AM	A	64.8	Friday	28	7:30 PM	A
6	April	2003	47.0	Wednesday	30	3:00 PM	A	52.6	Tuesday	1	7:00 AM	A
7	May	2003	58.5	Wednesday	7	3:00 PM	A	68.9	Thursday	8	5:00 PM	A
8	June	2003	62.1	n/a	n/a	n/a	E	72.9	Wednesday	11	4:00 PM	A
9	July	2003	67.7	n/a	n/a	n/a	E	83.0	n/a	n/a	n/a	E
10	August	2003	66.2	n/a	n/a	n/a	E	76.0	n/a	n/a	n/a	E
11	September	2003	61.5	n/a	n/a	n/a	E	78.0	n/a	n/a	n/a	E
12	October	2003	53.3	n/a	n/a	n/a	E	65.0	n/a	n/a	n/a	E
13	November	2003	49.8	n/a	n/a	n/a	E	61.0	n/a	n/a	n/a	E
14	December	2003	62.2	n/a	n/a	n/a	E	69.0	n/a	n/a	n/a	E
15												
16	January	2004	70.0	n/a	n/a	n/a	E	90.0	n/a	n/a	n/a	E
17	Feburary	2004	58.3	n/a	n/a	n/a	E	76.0	n/a	n/a	n/a	E
18	March	2004	51.1	n/a	n/a	n/a	E	75.0	n/a	n/a	n/a	E
19	April	2004	47.9	n/a	n/a	n/a	E	55.0	n/a	n/a	n/a	E
20	May	2004	57.9	n/a	n/a	n/a	E	70.0	n/a	n/a	n/a	E
21	June	2004	62.3	n/a	n/a	n/a	E	75.0	n/a	n/a	n/a	E
22	July	2004	68.0	n/a	n/a	n/a	E	83.0	n/a	n/a	n/a	E
23	August	2004	66.4	n/a	n/a	n/a	E	76.0	n/a	n/a	n/a	E
24	September	2004	61.7	n/a	n/a	n/a	E	75.0	n/a	n/a	n/a	E
25	October	2004	53.5	n/a	n/a	n/a	E	66.0	n/a	n/a	n/a	E
26	November	2004	50.0	n/a	n/a	n/a	E	61.0	n/a	n/a	n/a	E
27	December	2004	62.4	n/a	n/a	n/a	E	69.0	n/a	n/a	n/a	E
28												
29												
30												

Supporting Schedules:

Recap Schedules:

Schedule E-27a

DEMAND AND ENERGY LOSSES

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO.: 030438EI

EXPLANATION: Provide estimates of demand and energy losses for transmission and distribution system components and explain the methodology used in determining losses.

Type of Data Shown:
Projected Test Year 12/31/2004
Projected Prior Year 12/31/2003

Witness: Mark Cutshaw

	Demand Losses by Component			12 Month Average
	Energy Losses	Winter Peak	Summer Peak	
Transmission System				
Generator Step-up Transformer Transmission Line (69KV) Transmission Substations Common Subtransmission Lines (40KV to 69KV) Direct Assigned Subtransmission*	The Company maintains a small amount of transmission plant in the Northeast Division. The losses associated with these facilities is insignificant in comparison to total system losses.			
Distribution System				
Distribution Substation	N/A	N/A	N/A	
Distribution Primary Lines (4KV to 39KV)	2.9	3.6	3.6	
Distribution Primary Services*				
Distribution Line Transformers				
Distribution Secondary Line Distribution Secondary Drops	2.5	3.1	3.1	

Metholdology and Assumption:
For the 2004 test year, overall energy losses were assumed to be the same as those experienced in 2002, 4 74%. Of this, 2.5% were estimated to be from the secondary system. Demand losses are estimated to be 25% greater overall than the energy losses. Secondary demand losses were thus computed to be 3.1% and the balance primary.

*Provide only if over 1% of total line losses

Supporting Schedules:

Recap Schedules:

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO.: 030438EI

EXPLANATION: Show energy losses by rate schedule for the test year and explain the methodology and assumptions used in determining these losses.

Type of Data Shown:

Projected Test Year 12/31/2004

Witness: Mark Cutshaw

Rate Schedule	(1) Energy at Generation	(2) Sales at Meter	(3) Losses and Company Use MWH	(3) Losses and Company Use %	(4) Delivered Efficiency (2) / (1)	(5) Company Use	(6) System Losses
RS	362,974	344,173	18,800	5.2%	0.95	N/A	18,800
GS	70,567	66,912	3,655	5.2%	0.95	N/A	3,655
GSD	196,417	186,374	10,043	5.1%	0.95	N/A	10,043
GSLD	57,408	55,228	2,180	3.8%	0.96	N/A	2,180
GSLD1	111,851	108,710	3,141	2.8%	0.97	N/A	3,141
OL	4,706	4,462	244	5.2%	0.95	N/A	244
SL	2,116	2,006	110	5.2%	0.95	N/A	110
TOTAL	806,038	767,865	38,173	4.7%	0.95	N/A	38,173

Supporting Schedules:

Recap Schedules:

Schedule E-27c | DEMAND LOSSES | Page 1 of 1

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO.: 030438EI

EXPLANATION: Show maximum demand losses by rate schedule for the test year and explain the methodology and assumptions used in determining losses.

Type of Data Shown:

Projected Test Year 12/31/2004

Witness: Mark Cutshaw

Rate Schedule	(1) 12 Month Average Coincident Demand At Generation (KW)	(2) 12 Month Average Coincident Peak At The Meter (KW)	(3) Total Losses MW (l) - (2)	(4) Percent Losses	(5) Company Use	(6) System Losses
RS	71,722	67,161	4,561	6.4%	N/A	4,561
GS	14,088	13,192	896	6.4%	N/A	896
GSD	30,027	28,142	1,885	6.3%	N/A	1,885
GSLD	7,938	7,568	370	4.7%	N/A	370
GSLD1	15,427	14,898	529	3.4%	N/A	529
OL	0	0	0	0 0%	N/A	0
SL	0	0	0	0.0%	N/A	0
TOTAL	139,202	130,962	8,241	5.9%	N/A	8,241

Supporting Schedules:

Recap Schedules:

FLORIDA PUBLIC UTILITIES COMPANY
ELECTRIC DIVISION

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 030438EI

MINIMUM FILING REQUIREMENTS
SECTION E – COST OF SERVICE SCHEDULES

AUGUST 2003

FLORIDA PUBLIC UTILITIES
MINIMUM FILING REQUIREMENTS
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WITNESS: MARK CUTSHAW

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SECTION I

SUMMARY RATES OF RETURN

FLORIDA PUBLIC UTILITIES COMPANY
COST OF SERVICE STUDY
PRO FORMA TEST-YEAR 12/31/2004
PRESENT RATES
ALLOCATION TO CUSTOMER CLASS

Factor No		Total Company	Residential Service	General Service	General -Demand	General Dem Large	General Large Demand 1	OL	OL-2	SL-2	SL-3
	RATE OF RETURN SUMMARY										
	TOTAL OPERATING REVENUES	14,491,924	7,993,527	1,685,419	2,711,108	554,252	675,868	45,964	621,384	38,142	166,259
	OPERATING EXPENSES										
	OPERATION & MAINTENANCE	7,684,194	4,465,593	915,125	1,157,757	230,628	118,655	39,358	533,002	52,535	171,541
	DEPRECIATION	2,708,403	1,482,785	312,381	493,607	96,671	103,737	8,085	137,704	14,324	59,109
	TAXES OTHER THAN INCOME	3,248,053	1,719,341	357,022	652,451	141,976	213,828	8,362	111,151	9,003	34,919
	TOTAL OPERATING EXPENSES	13,640,650	7,667,719	1,584,528	2,303,815	469,275	436,220	55,806	781,857	75,862	265,569
	NET OPERATING INCOME	851,274	325,808	100,891	407,294	84,977	239,648	(9,841)	(160,473)	(37,720)	(99,309)
	TOTAL INCOME TAXES	(237,300)	(106,363)	(20,678)	(57,597)	(17,068)	(33,596)	(181)	(1,198)	(243)	(377)
	NET INCOME	1,088,574	432,171	121,569	464,890	102,045	273,243	(9,660)	(159,275)	(37,477)	(98,933)
	REQUIRED % INCREASE in BASE REVENUES										
	ELECTRIC RATE BASE	39,840,870	21,771,166	4,429,321	7,110,802	1,471,272	2,317,048	96,854	1,600,156	200,966	843,285
	RATE OF RETURN (PERCENT)	2 73%	1.99%	2 74%	6 54%	6 94%	11 79%	-9 97%	-9.95%	-18.65%	-11.73%

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FLORIDA PUBLIC UTILITIES COMPANY
COST OF SERVICE STUDY
PRO FORMA TEST-YEAR 12/31/2004
PROPOSED RATES
ALLOCATION TO CUSTOMER CLASS

Factor No		Total Company	Residential Service	General Service	General -Demand	General Dem Large	General Large Demand 1	OL	OL-2	SL-2	SL-3
	RATE OF RETURN SUMMARY										
	TOTAL OPERATING REVENUES	18,609,049	10,876,407	2,211,428	3,059,399	615,422	562,240	67,567	915,778	55,891	244,915
	OPERATING EXPENSES										
	OPERATION & MAINTENANCE	7,684,194	4,473,274	915,632	1,152,534	229,462	115,017	39,454	534,314	52,614	171,892
	DEPRECIATION	2,708,403	1,482,785	312,381	493,607	96,671	103,737	8,085	137,704	14,324	59,109
	TAXES OTHER THAN INCOME	3,248,053	1,763,916	359,969	622,141	135,210	192,713	8,921	118,767	9,462	36,954
	TOTAL OPERATING EXPENSES	13,640,650	7,719,975	1,587,982	2,268,282	461,343	411,467	56,461	790,785	76,400	267,954
	NET OPERATING INCOME	4,968,398	3,156,432	623,446	791,117	154,079	150,772	11,107	124,993	(20,509)	(23,039)
	TOTAL INCOME TAXES	1,382,717	884,443	159,073	55,989	2,635	(75,576)	11,741	195,564	35,804	113,045
	NET INCOME	3,585,681	2,271,989	464,373	735,128	151,444	226,349	(634)	(70,570)	(56,313)	(136,084)
	REQUIRED % INCREASE in BASE REVENUES										
	ELECTRIC RATE BASE	39,840,870	21,771,848	4,429,366	7,110,338	1,471,169	2,316,725	96,862	1,600,272	200,973	843,316
	RATE OF RETURN (PERCENT)	9 00%	10.44%	10.48%	10.34%	10 29%	9.77%	-0 65%	-4.41%	-28 02%	-16.14%

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SECTION II

COST STUDY RATES

FLORIDA PUBLIC UTILITIES COMPANY
COST OF SERVICE STUDY
PRO FORMA TEST-YEAR 12/31/2004
PRESENT RATES
ALLOCATION TO CUSTOMER CLASS

Factor No.		Total Company	Residential Service	General Service	General -Demand	General Dem. Large	General Large Demand 1	OL	OL-2	SL-2	SL-3
	RATE OF RETURN SUMMARY										
	TOTAL OPERATING REVENUES	14,491,924	7,993,527	1,685,419	2,711,108	554,252	675,868	45,964	621,384	38,142	166,259
	OPERATING EXPENSES										
	OPERATION & MAINTENANCE	7,684,194	4,465,593	915,125	1,157,757	230,628	118,655	39,358	533,002	52,535	171,541
	DEPRECIATION	2,708,403	1,482,785	312,381	493,607	96,671	103,737	8,085	137,704	14,324	59,109
	TAXES OTHER THAN INCOME	3,248,053	1,719,341	357,022	652,451	141,976	213,828	8,362	111,151	9,003	34,919
	TOTAL OPERATING EXPENSES	13,640,650	7,667,719	1,584,528	2,303,815	469,275	436,220	55,806	781,857	75,862	265,569
	NET OPERATING INCOME	851,274	325,808	100,891	407,294	84,977	239,648	(9,841)	(160,473)	(37,720)	(99,309)
	TOTAL INCOME TAXES	(237,300)	(106,363)	(20,678)	(57,597)	(17,068)	(33,596)	(181)	(1,198)	(243)	(377)
	NET INCOME	1,088,574	432,171	121,569	464,890	102,045	273,243	(9,660)	(159,275)	(37,477)	(98,933)
	REQUIRED % INCREASE in BASE REVENUES										
	ELECTRIC RATE BASE	39,840,870	21,771,166	4,429,321	7,110,802	1,471,272	2,317,048	96,854	1,600,156	200,966	843,285
	RATE OF RETURN (PERCENT)	2 73%	1 99%	2 74%	6 54%	6 94%	11 79%	-9.97%	-9.95%	-18 65%	-11.73%

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FLORIDA PUBLIC UTILITIES COMPANY
COST OF SERVICE STUDY
PRO FORMA TEST-YEAR 12/31/2004
PRESENT RATES
ALLOCATION TO CUSTOMER CLASS

Factor No		Total Company	Residential Service	General Service	General -Demand	General Dem Large	General Large Demand 1	OL	OL-2	SL-2	SL-3
	ELECTRIC RATE BASE										
	TRANSMISSION										
3	DEMAND	4,828,512	1,500,168	294,537	636,502	169,312	2,226,699	117	776	158	244
3	ENERGY	0	0	0	0	0	0	0	0	0	0
	Direct Customer	1,897,605	0	0	0	0	1,897,605	0	0	0	0
3	Demand less Direct Customer	2,930,907	1,500,168	294,537	636,502	169,312	329,093	117	776	158	244
	DISTRIBUTION:										
4	PRIMARY - DEMAND	14,567,629	8,242,567	1,748,131	3,497,799	934,884	0	13,087	86,428	17,564	27,170
5	SECONDARY - DEMAND	10,471,132	6,450,872	1,236,334	2,404,912	276,996	0	9,255	61,124	12,422	19,216
7	SERVICES	4,032,845	3,460,374	472,004	97,935	2,180	353	0	0	0	0
11	METERS	1,945,711	875,797	508,170	417,870	86,025	57,848	0	0	0	0
	TOTAL DISTRIBUTION	31,017,317	19,029,610	3,964,639	6,418,516	1,300,086	58,200	22,342	147,552	29,986	46,386
9	CUSTOMER BILLING	1,686,496	1,230,853	167,892	52,253	1,163	31,348	17,502	118,404	22,668	44,414
7	CUSTOMER - OTHER	336	288	39	8	0	0	0	0	0	0
14	REVENUE RELATED	18,744	10,247	2,214	3,523	711	801	65	891	54	238
	CUSTOMER DIRECT										
12	OUTDOOR LIGHTING	1,389,359	0	0	0	0	0	56,827	1,332,533	0	0
13	STREET LIGHTING	900,105	0	0	0	0	0	0	0	148,101	752,004
	TOTAL RATE BASE	39,840,870	21,771,166	4,429,321	7,110,802	1,471,272	2,317,048	96,854	1,600,156	200,966	843,285

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FLORIDA PUBLIC UTILITIES COMPANY
COST OF SERVICE STUDY
PRO FORMA TEST-YEAR 12/31/2004
PRESENT RATES
ALLOCATION TO CUSTOMER CLASS

Factor No		Total Company	Residential Service	General Service	General -Demand	General Dem Large	General Large Demand 1	OL	OL-2	SL-2	SL-3
	ELECTRIC PLANT IN SERVICE										
	TRANSMISSION										
3	DEMAND	6,809,479	2,115,633	415,375	897,636	238,775	3,140,234	166	1,094	222	344
3	ENERGY	0	0	0	0	0	0	0	0	0	0
	DIRECT CUSTOMER	2,676,125					2,676,125				
3	DEMAND LESS DIRECT CUSTOMER	4,133,354	2,115,633	415,375	897,636	238,775	464,108	166	1,094	222	344
	DISTRIBUTION										
4	PRIMARY - DEMAND	23,561,130	13,331,214	2,827,360	5,657,207	1,512,046	0	21,166	139,785	28,408	43,944
5	SECONDARY - DEMAND	20,067,948	11,876,976	2,518,937	4,899,824	564,358	0	18,857	124,536	25,309	39,150
7	CUSTOMER - RELATED	0	0	0	0	0	0	0	0	0	0
7	SERVICES	7,042,853	6,043,105	824,295	171,030	3,807	616	0	0	0	0
11	METERS	3,845,936	1,731,120	1,004,461	825,972	170,040	114,343	0	0	0	0
	TOTAL DISTRIBUTION	54,517,866	32,982,416	7,175,053	11,554,033	2,250,251	114,959	40,023	264,321	53,717	83,094
9	CUSTOMER BILLING	2,764,112	2,017,328	275,169	85,641	1,906	51,378	28,686	194,060	37,152	72,793
7	CUSTOMER - OTHER	0	0	0	0	0	0	0	0	0	0
14	REVENUE RELATED	0	0	0	0	0	0	0	0	0	0
	CUSTOMER DIRECT										
12	OUTDOOR LIGHTING	2,048,328	0	0	0	0	0	83,779	1,964,549	0	0
13	STREET LIGHTING	1,269,090	0	0	0	0	0	0	0	208,813	1,060,278
	TOTAL PLANT IN SERVICE	67,408,875	37,115,377	7,865,596	12,537,310	2,490,932	3,306,570	152,653	2,424,024	299,904	1,216,508

FLORIDA PUBLIC UTILITIES COMPANY
COST OF SERVICE STUDY
PRO FORMA TEST-YEAR 12/31/2004
PRESENT RATES
ALLOCATION TO CUSTOMER CLASS

Factor No.		Total Company	Residential Service	General Service	General -Demand	General Dem Large	General Large Demand 1	OL	OL-2	SL-2	SL-3
	OPERATING REVENUES										
14	TOTAL BASE RATE REVENUES	13,933,885	7,553,406	1,619,913	2,668,462	549,245	672,434	45,844	620,590	37,981	166,010
7	SERVICE REVENUES	170,561	146,349	19,962	4,142	92	15	0	0	0	0
5	RENT	107,897	63,858	13,543	26,344	3,034	0	101	670	136	210
1	UNBILLED	24,478	11,023	2,143	5,965	1,743	3,397	19	124	25	39
7	OTHER	255,104	218,891	29,857	6,195	138	22	0	0	0	0
	ADJUSTED REVENUES	14,491,924	7,993,527	1,685,419	2,711,108	554,252	675,868	45,964	621,384	38,142	166,259

FLORIDA PUBLIC UTILITIES COMPANY
COST OF SERVICE STUDY
PRO FORMA TEST-YEAR 12/31/2004
PRESENT RATES
ALLOCATION TO CUSTOMER CLASS

Factor No		Total Company	Residential Service	General Service	General -Demand	General Dem. Large	General Large Demand 1	OL	OL-2	SL-2	SL-3
	OPERATION AND MAINTENANCE EXPENSE										
	TRANSMISSION										
3	DEMAND	117,275	36,436	7,154	15,459	4,112	54,082	3	19	4	6
3	ENERGY	0	0	0	0	0	0	0	0	0	0
	DIRECT CUSTOMER	46,089					46,089				
3	DEMAND LESS DIRECT CUSTOMER	71,186	36,436	7,154	15,459	4,112	7,993	3	19	4	6
	DISTRIBUTION:										
4	PRIMARY - DEMAND	2,343,858	1,326,187	281,265	562,778	150,418	0	2,106	13,906	2,826	4,372
5	SECONDARY - DEMAND	1,280,351	757,760	160,710	312,613	36,006	0	1,203	7,946	1,615	2,498
7	CUSTOMER - RELATED	0	0	0	0	0	0	0	0	0	0
7	SERVICES	121,738	104,457	14,248	2,956	66	11	0	0	0	0
11	METERS	685,295	308,463	178,982	147,177	30,299	20,374	0	0	0	0
	TOTAL DISTRIBUTION	4,431,242	2,496,868	635,205	1,025,524	216,789	20,385	3,309	21,851	4,441	6,869
	CUSTOMER ACCOUNTS EXPENSE										
8	METER READING EXPENSES	269,295	228,225	31,130	9,689	216	35	0	0	0	0
9	CUST. RECORDS & COLLECTIONS	893,962	652,439	88,994	27,698	617	16,617	9,277	62,762	12,016	23,542
9	MISC CUSTOMER ACCOUNTS	94,878	69,245	9,445	2,940	65	1,764	985	6,661	1,275	2,499
15	SUPERVISION	116,720	88,125	12,021	3,741	83	1,708	952	6,441	1,233	2,416
	TOTAL CUSTOMER ACCOUNTS	1,374,856	1,038,034	141,591	44,067	981	20,123	11,214	75,864	14,524	28,457
15	A&G RELATED TO CUST ACCOUNTS	1,027,209	775,556	105,788	32,924	733	15,035	8,379	56,681	10,851	21,261
7	CUSTOMER - OTHER	3,784	3,247	443	92	2	0	0	0	0	0
14	REVENUE - RELATED	211,189	115,451	24,944	39,690	8,010	9,030	737	10,040	605	2,682
	CUSTOMER DIRECT										
12	OUTDOOR LIGHTING	384,264	0	0	0	0	0	15,717	368,547	0	0
13	STREET LIGHTING	134,375	0	0	0	0	0	0	0	22,110	112,266
	TOTAL O&M EXPENSE	7,684,194	4,465,593	915,125	1,157,757	230,628	118,655	39,358	533,002	52,535	171,541

FLORIDA PUBLIC UTILITIES COMPANY
COST OF SERVICE STUDY
PRO FORMA TEST-YEAR 12/31/2004
PRESENT RATES
ALLOCATION TO CUSTOMER CLASS

Factor No		Total Company	Residential Service	General Service	General -Demand	General Dem Large	General Large Demand 1	OL	OL-2	SL-2	SL-3
	DEPRECIATION EXPENSE										
	TRANSMISSION										
3	DEMAND	209,514	65,094	12,780	27,618	7,347	96,619	5	34	7	11
3	ENERGY	0	0	0	0	0	0	0	0	0	0
	Direct Customer	82,339					82,339				
3	Demand less Direct Customer	127,175	65,094	12,780	27,618	7,347	14,280	5	34	7	11
	DISTRIBUTION:										
4	PRIMARY - DEMAND	925,023	523,391	111,004	222,105	59,364	0	831	5,488	1,115	1,725
5	SECONDARY - DEMAND	822,180	486,598	103,200	200,745	23,122	0	773	5,102	1,037	1,604
7	CUSTOMER - RELATED	0	0	0	0	0	0	0	0	0	0
7	SERVICES	275,134	236,078	32,202	6,681	149	24	0	0	0	0
11	METERS	149,092	67,109	38,939	32,020	6,592	4,433	0	0	0	0
	TOTAL DISTRIBUTION	2,171,430	1,313,176	285,345	461,551	89,226	4,457	1,604	10,590	2,152	3,329
9	CUSTOMER BILLING	143,205	104,515	14,256	4,437	99	2,662	1,486	10,054	1,925	3,771
7	CUSTOMER - OTHER	0	0	0	0	0	0	0	0	0	0
14	REVENUE RELATED	0	0	0	0	0	0	0	0	0	0
	CUSTOMER DIRECT										
12	OUTDOOR LIGHTING	122,017	0	0	0	0	0	4,991	117,026	0	0
13	STREET LIGHTING	62,238	0	0	0	0	0	0	0	10,240	51,997
	TOTAL DEPRECIATION EXPENSE	2,708,403	1,482,785	312,381	493,607	96,671	103,737	8,085	137,704	14,324	59,109

FLORIDA PUBLIC UTILITIES COMPANY
COST OF SERVICE STUDY
PRO FORMA TEST-YEAR 12/31/2004
PRESENT RATES
ALLOCATION TO CUSTOMER CLASS

Factor No		Total Company	Residential Service	General Service	General -Demand	General Dem Large	General Large Demand 1	OL	OL-2	SL-2	SL-3
	TAXES OTHER THAN INCOME TAX										
	TRANSMISSION										
3	DEMAND	52,297	16,248	3,190	6,894	1,834	24,117	1	8	2	3
3	ENERGY	0	0	0	0	0	0	0	0	0	0
	Direct Customer	20,553					20,553				
3	Demand less Direct Customer	31,745	16,248	3,190	6,894	1,834	3,564	1	8	2	3
	DISTRIBUTION										
4	PRIMARY - DEMAND	226,479	128,145	27,178	54,379	14,534	0	203	1,344	273	422
5	SECONDARY - DEMAND	178,009	105,352	22,344	43,463	5,006	0	167	1,105	224	347
7	CUSTOMER - RELATED	0	0	0	0	0	0	0	0	0	0
7	SERVICES	55,658	47,758	6,514	1,352	30	5	0	0	0	0
11	METERS	43,265	19,474	11,300	9,292	1,913	1,286	0	0	0	0
	TOTAL DISTRIBUTION	503,410	300,729	67,335	108,485	21,483	1,291	371	2,448	498	770
9	CUSTOMER BILLING	76,261	55,657	7,592	2,363	53	1,418	791	5,354	1,025	2,008
7	CUSTOMER - OTHER	0	0	0	0	0	0	0	0	0	0
14	REVENUE RELATED	2,580,273	1,346,707	278,905	534,709	118,606	187,002	6,240	80,856	5,444	21,805
	CUSTOMER DIRECT										
12	OUTDOOR LIGHTING	23,443	0	0	0	0	0	959	22,485	0	0
13	STREET LIGHTING	12,368	0	0	0	0	0	0	0	2,035	10,333
	TOTAL TAXES OTHER THAN INCOME	3,248,053	1,719,341	357,022	652,451	141,976	213,828	8,362	111,151	9,003	34,919

FLORIDA PUBLIC UTILITIES COMPANY
COST OF SERVICE STUDY
PRO FORMA TEST-YEAR 12/31/2004
PRESENT RATES
ALLOCATION TO CUSTOMER CLASS

Factor No.		Total Company	Residential Service	General Service	General -Demand	General Dem Large	General Large Demand 1	OL	OL-2	SL-2	SL-3
	INCOME TAX CALCULATION										
2	TOTAL TAXES Allocated by Sales	(237,300)	(106,363)	(20,678)	(57,597)	(17,068)	(33,596)	(181)	(1,198)	(243)	(377)

FLORIDA PUBLIC UTILITIES COMPANY
COST OF SERVICE STUDY
PRO FORMA TEST-YEAR 12/31/2004
PRESENT RATES
ALLOCATION TO CUSTOMER CLASS

Factor No		Total Company	Residential Service	General Service	General -Demand	General Dem. Large	General Large Demand 1	OL	OL-2	SL-2	SL-3
	LABOR RATIOS										
	TRANSMISSION										
3	DEMAND	0	0	0	0	0	0	0	0	0	0
3	ENERGY	0	0	0	0	0	0	0	0	0	0
	Direct Customer	0					0				
3	Demand less Direct Customer	0	0	0	0	0	0	0	0	0	0
	DISTRIBUTION:										
4	PRIMARY - DEMAND	229,322	129,753	27,519	55,062	14,717	0	206	1,361	276	428
5	SECONDARY - DEMAND	120,310	71,204	15,101	29,375	3,383	0	113	747	152	235
7	CUSTOMER - RELATED	0	0	0	0	0	0	0	0	0	0
7	SERVICES	7,901	6,780	925	192	4	1	0	0	0	0
11	METERS	69,145	31,124	18,059	14,850	3,057	2,056	0	0	0	0
	TOTAL DISTRIBUTION	426,678	238,861	61,604	99,479	21,162	2,056	319	2,107	428	662
9	CUSTOMER BILLING	277,201	202,309	27,595	8,589	191	5,152	2,877	19,461	3,726	7,300
7	CUSTOMER - OTHER	0	0	0	0	0	0	0	0	0	0
14	REVENUE RELATED	0	0	0	0	0	0	0	0	0	0
	CUSTOMER DIRECT										
12	OUTDOOR LIGHTING	38,846	0	0	0	0	0	1,589	37,257	0	0
13	STREET LIGHTING	13,203	0	0	0	0	0	0	0	2,172	11,031
	TOTAL LABOR RATIOS	755,929	441,170	89,199	108,067	21,353	7,209	4,785	58,826	6,327	18,993

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FLORIDA PUBLIC [redacted]ES COMPANY
ELECTRICITY COS[redacted]SERVICE STUDY
PRO FORMA TEST-YEAR ENDED 12/31/2004
PRESENT RATES
FUNCTIONALIZATION

Factor No		Total Company	Transmission Demand	Transmission Energy	Primary Demand	Secondary Demand	Distribution Customer	Services	Meters	Customer Distribution OL	Customer Distribution SL	Customer Billing	Customer Other	Revenue Related
	ELECTRIC RATE BASE													
	PLANT IN SERVICE	67,408,875	6,809,479	0	23,561,130	20,067,948	0	7,042,853	3,845,936	2,048,328	1,269,090	2,764,112	0	0
	LESS													
	ACCUM PROV FOR DEPREC.	28,127,307	2,054,084	0	9,418,507	9,273,799	0	3,085,671	1,996,466	711,938	392,600	1,194,242	0	0
	CUSTR ADVANCES FOR CONST	621,462				621,462								
	PLUS													
33	WORKING CAPITAL ALLOWANCE	559,995	10,409	0	208,033	113,639	0	10,805	60,824	34,106	11,927	91,171	336	18,744
29	CWIP	620,769	62,709	0	216,975	184,806	0	64,858	35,417	18,863	11,687	25,455	0	0
	TOTAL RATE BASE	39,840,870	4,828,512	0	14,567,629	10,471,132	0	4,032,845	1,945,711	1,389,359	900,105	1,686,496	336	18,744

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FLORIDA PUBLIC [redacted]ES COMPANY
ELECTRICITY CO[redacted]ERVICE STUDY
PRO FORMA TEST-YEAR ENDED 12/31/2004
PRESENT RATES
FUNCTIONALIZATION

Factor No		Total Company	Transmission Demand	Transmission Energy	Primary Demand	Secondary Demand	Distribution Customer	Services	Meters	Customer Distribution OL	Customer Distribution SL	Customer Billing	Customer Other	Revenue Related
	ELECTRIC PLANT IN SERVICE													
	REQUIRED % INCREASE in BASE REVENUES													
	TRANSMISSION													
	STRUCTURES AND IMPROVEMENTS	26,401	26,401											
	STATION EQUIPMENTS	2,176,237	2,176,237											
	POLES, TOWERS & FIXTURES	2,580,766	2,580,766											
	OH CONDUCTORS & DEVICES	1,945,139	1,945,139											
	ROADS AND TRAILS	6,788	6,788											
	LAND RIGHTS	74,148	74,148											
	TOTAL TRANSMISSION PLANT	6,809,479	6,809,479	0	0	0	0	0	0	0	0	0	0	0
	DISTRIBUTION													
	LAND & LAND RIGHTS	27,260			27,260									
	STRUCTURES & IMPROVEMENTS	96,042			96,042									
	STATION EQUIPMENT	4,308,641			4,308,641									
24	POLES, TOWERS AND FIXTURES	8,163,663	0	0	6,519,883	1,643,780	0	0	0	0	0	0	0	0
25	OH CONDUCTORS & DEVICES	8,865,316	0	0	5,900,193	2,965,123	0	0	0	0	0	0	0	0
27	UNDERGROUND CONDUIT	2,527,351	0	0	1,616,422	910,929	0	0	0	0	0	0	0	0
27	UG CONDUCTORS & DEVICES	4,387,317	0	0	2,806,004	1,581,313	0	0	0	0	0	0	0	0
	LINE TRANSFORMERS	11,767,135				11,767,135								
23	SERVICES	7,095,456	0	0	0	0	0	6,964,065	0	105,113	26,278	0	0	0
	METERS	3,156,451							3,156,451					
	INSTALL ON CUSTS PREMISES	1,555,859								1,555,859				
	STREET LIGHTS & SIGNALS	1,111,154									1,111,154			
	TOTAL DISTRIBUTION	53,061,645	0	0	21,274,446	18,868,279	0	6,964,065	3,156,451	1,660,972	1,137,432	0	0	0
21	GENERAL PLANT	2,970,752	0	0	901,220	472,609	0	31,052	271,737	152,664	51,889	1,089,382	0	0
21	COMMON UTILITY PLANT	1,721,031	0	0	522,099	273,910	0	17,989	157,424	88,442	30,061	631,106	0	0
21	TRANSPORTATION EQUIPMENT	2,845,969	0	0	863,365	452,949	0	29,747	260,323	146,251	49,709	1,043,624	0	0
	TOTAL DISTRIBUTION PLANT	60,599,397	0	0	23,561,130	20,067,948	0	7,042,853	3,845,936	2,048,328	1,269,090	2,764,112	0	0
	TOTAL PLANT IN SERVICE	67,408,875	6,809,479	0	23,561,130	20,067,948	0	7,042,853	3,845,936	2,048,328	1,269,090	2,764,112	0	0

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FLORIDA PUBLIC [redacted]IES COMPANY
ELECTRICITY CO[redacted]ERVICE STUDY
PRO FORMA TEST-Y[redacted]ENDED 12/31/2004
PRESENT RATES
FUNCTIONALIZATION

Factor No		Total Company	Transmission Demand	Transmission Energy	Primary Demand	Secondary Demand	Distribution Customer	Services	Meters	Customer Distribution OL	Customer Distribution SL	Customer Billing	Customer Other	Revenue Related
	ACUMULATED PROVISION FOR DEPRECIATION													
	TRANSMISSION													
	STRUCTURES AND IMPROVEMENTS	(13,223)	(13,223)											
	STATION EQUIPMENTS	(883,513)	(883,513)											
	POLES, TOWERS & FIXTURES	(846,451)	(846,451)											
	OH CONDUCTORS & DEVICES	(277,002)	(277,002)											
	ROADS AND TRAILS	(3,257)	(3,257)											
	LAND RIGHTS	(30,638)	(30,638)											
	TOTAL TRANSMISSION PLANT	(2,054,084)	(2,054,084)	0	0	0	0	0	0	0	0	0	0	0
	DISTRIBUTION													
	LAND & LAND RIGHTS	2,493			2,493									
	STRUCTURES & IMPROVEMENTS	(25,339)			(25,339)									
	STATION EQUIPMENT	(1,481,904)			(1,481,904)									
24	POLES, TOWERS AND FIXTURES	(3,461,841)	0	0	(2,764,788)	(697,053)	0	0	0	0	0	0	0	0
25	OH CONDUCTORS & DEVICES	(4,577,449)	0	0	(3,046,461)	(1,530,989)	0	0	0	0	0	0	0	0
27	UNDERGROUND CONDUIT	(440,255)	0	0	(281,574)	(158,680)	0	0	0	0	0	0	0	0
27	UG CONDUCTORS & DEVICES	(1,302,381)	0	0	(832,966)	(469,415)	0	0	0	0	0	0	0	0
	LINE TRANSFORMERS	(5,899,343)				(5,899,343)								
23	SERVICES	(3,109,206)	0	0	0	0	0	(3,051,631)	0	(46,060)	(11,515)	0	0	0
	METERS	(1,698,573)							(1,698,573)					
	INSTALL ON CUSTS PREMISES	(498,520)								(498,520)				
	STREET LIGHTS & SIGNALS	(324,201)									(324,201)			
	TOTAL DISTRIBUTION PLANT	(22,816,518)	0	0	(8,430,540)	(8,755,479)	0	(3,051,631)	(1,698,573)	(544,580)	(335,716)	0	0	0
21	GENERAL PLANT	(1,300,392)	0	0	(394,492)	(206,963)	0	(13,592)	(118,948)	(66,826)	(22,713)	(476,857)	0	0
21	COMMON UTILTITY PLANT	(455,192)	0	0	(138,089)	(72,446)	0	(4,758)	(41,637)	(23,392)	(7,951)	(166,920)	0	0
21	TRANSPORTATION EQUIPMENT	(1,501,122)	0	0	(455,387)	(238,911)	0	(15,690)	(137,309)	(77,141)	(26,219)	(550,465)	0	0
29	RETIREMENT WORK IN PROGRESS	0	0	0	0	0	0	0	0	0	0	0	0	0
	TOTAL ACCUM PROV FOR DEPREC	(28,127,307)	(2,054,084)	0	(9,418,507)	(9,273,799)	0	(3,085,671)	(1,996,466)	(711,938)	(392,600)	(1,194,242)	0	0

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FLORIDA PUBLIC [redacted]ES COMPANY
ELECTRICITY COS[redacted]ERVICE STUDY
PRO FORMA TEST-YEAR ENDED 12/31/2004
PRESENT RATES
FUNCTIONALIZATION

Factor No		Total Company	Transmission Demand	Transmission Energy	Primary Demand	Secondary Demand	Distribution Customer	Services	Meters	Customer Distribution OL	Customer Distribution SL	Customer Billing	Customer Other	Revenue Related
	OPERATION AND MAINTENANCE EXPENSES													
	TRANSMISSION													
	OPERATION													
	STATION EXPENSES	13,437	13,437											
	MISC TRANSMISSION EX	8,312	8,312											
	TOTAL TRANSMISSION OPERATION	21,749	21,749	0	0	0	0	0	0	0	0	0	0	0
	DISTRIBUTION													
	OPERATION													
30	LOAD DISPATCHING	325	0	0	96	53	0	13	100	48	15	0	0	0
	STATION EXPENSES	40,960			40,960									
26	OVERHEAD LINE EXPENSES	111,110	0	0	80,839	30,271	0	0	0	0	0	0	0	0
27	UNDERGROUND LINE EXPENSES	44,383	0	0	28,386	15,997	0	0	0	0	0	0	0	0
	STREET LTG & SIGNAL SYSTEMS	34,911									34,911			
	METER EXPENSES	255,022							255,022					
	CUSTOMER INSTALL EXPENSES	120,596								120,596				
28	MISC DISTRIBUTION EXPENSES	269,474	0	0	108,042	95,823	0	35,367	16,030	8,435	5,776	0	0	0
	RENTS	16,315			16,315									
30	OPERATION SUPERVISION & ENGR	279,480	0	0	82,342	45,309	0	11,278	86,432	41,145	12,974	0	0	0
	TOTAL DISTRIBUTION OPERATION	1,172,577	0	0	356,980	187,452	0	46,658	357,584	170,224	53,677	0	0	0
	TOTAL OPERATION	1,194,325	21,749	0	356,980	187,452	0	46,658	357,584	170,224	53,677	0	0	0
	MAINTENANCE													
	TRANSMISSION													
	MAINT OF STATION EQU	25,305	25,305											
	MAINT OF OVERHEAD LINES	25,437	25,437											
	TOTAL TRANSMISSION MAINTENANCE	50,742	50,742	0	0	0	0	0	0	0	0	0	0	0
	DISTRIBUTION													
26	MAINT OF OVERHEAD LINES	1,065,345	0	0	775,100	290,245	0	0	0	0	0	0	0	0
27	MAINT OF UNDERGROUND LINES	157,709	0	0	100,866	56,843	0	0	0	0	0	0	0	0
	MAINT OF LINE TRANSFORMERS	112,324				112,324								
	MAINT OF STREET LIGHTING	21,337									21,337			
	MAINT OF METERS	44,558							44,558					
31	MAINT SUPERV & ENGR	97,291	0	0	60,819	31,897	0	0	3,094	0	1,481	0	0	0
31	MAINT OF STATION EQU	86,994	0	0	54,382	28,521	0	0	2,766	0	1,325	0	0	0
	MAINT OF MISC DISTRI	59,165	0	0	0	0	0	0	0	59,165	0	0	0	0
31	MAINT OF STRUCTURES	9,613	0	0	6,009	3,152	0	0	306	0	146	0	0	0
	TOTAL DISTRIBUTION MAINTENANCE	1,654,337	0	0	997,176	522,982	0	0	50,723	59,165	24,290	0	0	0
	TOTAL DISTRIBUTION EXPENSE	2,826,913	0	0	1,354,157	710,434	0	46,658	408,307	229,389	77,967	0	0	0
	TOTAL TRANSMISSION EXPENSE	72,491	72,491	0	0	0	0	0	0	0	0	0	0	0
	CUSTOMER ACCOUNTS													
	SUPERVISION	116,720										116,720		
	METER READING EXPENSES	269,295										269,295		
	CUST RECORDS & COLLECT EXP	893,962										893,962		
	UNCOLLECTIBLE ACCOUNTS	82,820												82,820
	MISC CUSTOMER ACCTS EXPENSE	94,878										94,878		
	TOTAL CUSTOMER ACCOUNTS EXP	1,457,676	0	0	0	0	0	0	0	0	0	1,374,856	0	82,820

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FLORIDA PUBLIC [redacted]ES COMPANY
ELECTRICITY COS[redacted]ERVICE STUDY
PRO FORMA TEST-YEAR ENDED 12/31/2004
PRESENT RATES
FUNCTIONALIZATION

Factor No		Total Company	Transmission Demand	Transmission Energy	Primary Demand	Secondary Demand	Distribution Customer	Services	Meters	Customer Distribution OL	Customer Distribution SL	Customer Billing	Customer Other	Revenue Related
	CUSTOMER SERVICE & INFORMATION													
	UNDERRECOVERY CONSE	0											0	
	CUST ASSISTANCE EXPENSES	0											0	
	INFORM'L & INSTRUCT'L EXPS	0											0	
	MISC CUST SERVICE & INFO EXP	0											0	
	SUPERVISION	0											0	
	TOTAL CUST SERV & INFO	0	0	0	0	0	0	0	0	0	0	0	0	0
	SALES													
	DEMONSTRATING & SELLING EXP	0											0	
	ADVERTISING EXPENSE	3,784											3,784	
	TOTAL CUST SALES EXPENSE	3,784	0	0	0	0	0	0	0	0	0	0	3,784	0
	ADMINISTRATIVE AND GENERAL OPERATION													
21	ADMIN & GENERAL SALARIES	986,039	0	0	299,129	156,933	0	10,307	90,194	50,671	17,223	361,583	0	0
21	OFFICE SUPPLIES & EXPENSES	251,113	0	0	76,179	39,966	0	2,625	22,969	12,904	4,386	92,084	0	0
21	ADMIN EXP TRANSFERRED -CR	0	0	0	0	0	0	0	0	0	0	0	0	0
22	OUTSIDE SERVICES EMPLOYED	153,270	7,741	0	50,034	35,011	0	8,808	11,382	6,267	2,781	31,245	0	0
29	PROPERTY INSURANCE	286,539	28,945	0	100,153	85,304	0	29,937	16,348	8,707	5,395	11,750	0	0
21	INJURIES & DAMAGES	574,698	0	0	174,343	91,466	0	6,007	52,568	29,533	10,038	210,743	0	0
21	PENSIONS	240,205	0	0	72,870	38,230	0	2,511	21,972	12,344	4,196	88,084	0	0
21	EMPLOYEE BENEFITS	491,096	0	0	148,981	78,160	0	5,133	44,921	25,237	8,578	180,086	0	0
	REGULATORY COMMISSION EXP	128,369												128,369
22	MISC GENERAL EXPENSES	155,351	7,847	0	50,714	35,487	0	8,927	11,537	6,352	2,819	31,669	0	0
22	RENTS	4,196	212	0	1,370	959	0	241	312	172	76	855	0	0
21	UNDISTRIBUTED PAYROLL	0	0	0	0	0	0	0	0	0	0	0	0	0
22	INSTITUTIONAL/GOODWI	765	39	0	250	175	0	44	57	31	14	156	0	0
	TOTAL OPERATION	3,271,640	44,784	0	974,021	561,690	0	74,540	272,260	152,218	55,505	1,008,254	0	128,369
	MAINTENANCE													
21	MAINTENANCE OF GENERAL PLANT	51,689	0	0	15,681	8,227	0	540	4,728	2,656	903	18,955	0	0
	TOTAL ADMIN & GENERAL EXP	3,323,330	44,784	0	989,701	569,916	0	75,080	276,988	154,874	56,408	1,027,209	0	128,369
	TOTAL DISTRIBUTION OPERATION & MAINT	7,611,703	44,784	0	2,343,858	1,280,351	0	121,738	685,295	384,264	134,375	1,027,209	3,784	211,189
	TOTAL OPERATION & MAINT	7,684,194	117,275	0	2,343,858	1,280,351	0	121,738	685,295	384,264	134,375	1,027,209	3,784	211,189

FLORIDA PUBLIC [redacted]IES COMPANY
ELECTRICITY CO[redacted]ERVICE STUDY
PRO FORMA TEST-YEAR ENDED 12/31/2004
PRESENT RATES
FUNCTIONALIZATION

Factor No		Total Company	Transmission Demand	Transmission Energy	Primary Demand	Secondary Demand	Distribution Customer	Services	Meters	Customer Distribution OL	Customer Distribution SL	Customer Billing	Customer Other	Revenue Related
	DEPRECIATION EXPENSE													
	TRANSMISSION													
	STRUCTURES AND IMPROVEMENTS	552	552											
	STATION EQUIPMENTS	54,030	54,030											
	POLES, TOWERS & FIXTURES	93,180	93,180											
	OH CONDUCTORS & DEVICES	60,300	60,300											
	ROADS AND TRAILS	264	264											
	LAND RIGHTS	1,188	1,188											
	TOTAL TRANSMISSION PLANT	209,514	209,514											
	DISTRIBUTION PLANT													
28	LAND & LAND RIGHTS	564			564									
	STRUCTURES & IMPROVEMENTS	2,112			2,112									
	STATION EQUIPMENT	144,851			144,851									
24	POLES, TOWERS & FIXTURES	358,407	0	0	286,241	72,166	0	0	0	0	0	0	0	0
25	OH CONDUCTORS & DEVICES	389,642	0	0	259,321	130,321	0	0	0	0	0	0	0	0
27	UNDERGROUND CONDUIT	50,462	0	0	32,274	18,188	0	0	0	0	0	0	0	0
27	UG CONDUCTORS & DEVICES	126,945	0	0	81,190	45,755	0	0	0	0	0	0	0	0
	LINE TRANSFORMERS	493,597				493,597								
23	SERVICES	276,166	0	0	0	0	0	271,052	0	4,091	1,023	0	0	0
	METERS	113,371							113,371					
	INSTALL ON CUSTS PREMISES	97,857								97,857				
	STREET LIGHTS & SIGNALS	54,394									54,394			
	TOTAL DISTRIBUTION PLANT	2,108,368	0	0	806,553	760,027	0	271,052	113,371	101,948	55,417	0	0	0
21	GENERAL	289,879	0	0	87,939	46,136	0	3,030	26,515	14,897	5,063	106,299	0	0
21	COMMAN PLANT	100,642	0	0	30,531	16,018	0	1,052	9,206	5,172	1,758	36,906	0	0
21	TRANSPORTAION EQUIPMENT	0	0	0	0	0	0	0	0	0	0	0	0	0
	TOTAL DEPRECIATION EXPENSE DISTRIBUTI(	2,498,889	0	0	925,023	822,180	0	275,134	149,092	122,017	62,238	143,205	0	0
	TOTAL DEPRECIATION EXPENSE	2,708,403	209,514	0	925,023	822,180	0	275,134	149,092	122,017	62,238	143,205	0	0

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FLORIDA PUBLIC [redacted]TIES COMPANY
ELECTRICITY CO[redacted]ERVICE STUDY
PRO FORMA TEST-Y[redacted]ENDED 12/31/2004
PRESENT RATES
FUNCTIONALIZATION

Factor No		Total Company	Transmission Demand	Transmission Energy	Primary Demand	Secondary Demand	Distribution Customer	Services	Meters	Customer Distribution OL	Customer Distribution SL	Customer Billing	Customer Other	Revenue Related
	TAXES OTHER THAN INCOME													
21	FEDERAL UNEMPLOYMENT	(6,572)	0	0	(1,994)	(1,046)	0	(69)	(601)	(338)	(115)	(2,410)	0	0
21	STATE UNEMPLOYMENT	(4,668)	0	0	(1,416)	(743)	0	(49)	(427)	(240)	(82)	(1,712)	0	0
21	FICA	161,314	0	0	48,937	25,674	0	1,686	14,756	8,290	2,818	59,154	0	0
	STATE INTANGIBLE	1,354,781												1,354,781
	REGULATORY ASSESSMENT FEE	8,180												8,180
29	REAL AND PERSONAL PROPERTY	524,994	53,034	0	183,499	156,293	0	54,851	29,953	15,953	9,884	21,527	0	0
	STATE GROSS RECEIPTS	1,217,311												1,217,311
29	EMERGENCY EXCISE TAX	(8,392)	(848)	0	(2,933)	(2,498)	0	(877)	(479)	(255)	(158)	(344)	0	0
29	OCCUPATIONAL LICENSE	1,104	112	0	386	329	0	115	63	34	21	45	0	0
	TOTAL TAXES OTHER	3,248,053	52,297	0	226,479	178,009	0	55,658	43,265	23,443	12,368	76,261	0	2,580,273

FLORIDA PUBLIC [redacted]IES COMPANY
ELECTRICITY CO[redacted]ERVICE STUDY
PRO FORMA TEST-Y[redacted]ENDED 12/31/2004
PRESENT RATES
FUNCTIONALIZATION

Factor No		Total Company	Transmission Demand	Transmission Energy	Primary Demand	Secondary Demand	Distribution Customer	Services	Meters	Customer Distribution OL	Customer Distribution SL	Customer Billing	Customer Other	Revenue Related
	FUNCTIONALIZATION OF LABOR													
	TRANSMISSION	0		0										
32	DISTRIBUTION	478,728	0	0	229,322	120,310	0	7,901	69,145	38,846	13,203	0	0	0
	CUSTOMER ACCOUNTS	277,201										277,201		
	CUST'R SERV & INFO	0											0	
	SALES	0												
	LABOR EXCL ADMIN & GENERAL	755,929	0	0	229,322	120,310	0	7,901	69,145	38,846	13,203	277,201	0	0

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FLORIDA PUBLIC [redacted]ES COMPANY
ELECTRICITY COS[redacted]ERVICE STUDY
PRO FORMA TEST-Y[redacted]ENDED 12/31/2004
PRESENT RATES
FUNCTIONALIZATION

Factor No		Total Company	Transmission Demand	Transmission Energy	Primary Demand	Secondary Demand	Distribution Customer	Services	Meters	Customer Distribution OL	Customer Distribution SL	Customer Billing	Customer Other	Revenue Related
	FUNCTIONAL ALLOCATION FACTORS													
21	FUNCTIONALIZATION OF LABOR	755,929	0	0	229,322	120,310	0	7,901	69,145	38,846	13,203	277,201	0	0
22	50% PLANT / 50% LABOR	10,000	505	0	3,264	2,284	0	575	743	409	181	2,039	0	0
23	SERVICES	1,620,082	0	0	0	0	0	1,590,082	0	24,000	6,000	0	0	0
24	DISTRIBUTION POLES	7,270,294	0	0	5,806,397	1,463,897	0	0	0	0	0	0	0	0
25	DISTRIBUTION OH CONDUCTORS	8,333,342	0	0	5,546,145	2,787,197	0	0	0	0	0	0	0	0
26	DISTRIBUTION OH LINES	15,603,636	0	0	11,352,542	4,251,094	0	0	0	0	0	0	0	0
27	UG CONDUIT, CONDUCTORS & LINES	5,275,378	0	0	3,373,983	1,901,395	0	0	0	0	0	0	0	0
28	TOTAL DISTRIBUTION PLANT	53,061,645	0	0	21,274,446	18,868,279	0	6,964,065	3,156,451	1,660,972	1,137,432	0	0	0
29	TOTAL PLANT	67,408,875	6,809,479	0	23,561,130	20,067,948	0	7,042,853	3,845,936	2,048,328	1,269,090	2,764,112	0	0
30	DISTR OPERATION S & E	876,456	0	0	258,227	142,091	0	35,367	271,052	129,032	40,688	0	0	0
31	DISTR MAINTENANCE S & E	1,401,273	0	0	875,966	459,412	0	0	44,558	0	21,337	0	0	0
32	DISTRIBUTION O&M EXPENSE	2,826,913	0	0	1,354,157	710,434	0	46,658	408,307	229,389	77,967	0	0	0
33	O&M EXP EXCL FUEL & P PWR	6,309,338	117,275	0	2,343,858	1,280,351	0	121,738	685,295	384,264	134,375	1,027,209	3,784	211,189
21	FUNCTIONALIZATION OF LABOR	100 000%	0 000%	0 000%	30 336%	15 915%	0 000%	1 045%	9 147%	5 139%	1 747%	36 670%	0 000%	0 000%
22	50% PLANT / 50% LABOR	100 000%	5 051%	0 000%	32 644%	22.843%	0 000%	5 747%	7 426%	4 089%	1 815%	20 385%	0 000%	0 000%
23	SERVICES	100 000%	0 000%	0 000%	0 000%	0 000%	0 000%	98 148%	0 000%	1 481%	0 370%	0 000%	0 000%	0 000%
24	DISTRIBUTION POLES	100 000%	0 000%	0 000%	79 865%	20 135%	0 000%	0 000%	0 000%	0 000%	0 000%	0 000%	0 000%	0 000%
25	DISTRIBUTION OH CONDUCTORS	100 000%	0 000%	0 000%	66 554%	33 446%	0 000%	0 000%	0 000%	0 000%	0 000%	0 000%	0 000%	0 000%
26	DISTRIBUTION OH LINES	100 000%	0 000%	0 000%	72 756%	27 244%	0 000%	0 000%	0 000%	0 000%	0 000%	0 000%	0 000%	0 000%
27	UG CONDUIT, CONDUCTORS & LINES	100 000%	0 000%	0 000%	63 957%	36 043%	0 000%	0 000%	0 000%	0 000%	0 000%	0 000%	0 000%	0 000%
28	TOTAL DISTRIBUTION PLANT	100 000%	0 000%	0 000%	40 094%	35 559%	0 000%	13 124%	5 949%	3 130%	2 144%	0 000%	0 000%	0 000%
29	TOTAL PLANT	100 000%	10 102%	0 000%	34 953%	29 770%	0 000%	10 448%	5 705%	3 039%	1 883%	4 101%	0 000%	0 000%
30	DISTR OPERATION S & E	100 000%	0 000%	0.000%	29 463%	16 212%	0 000%	4 035%	30 926%	14 722%	4 642%	0 000%	0 000%	0 000%
31	DISTR MAINTENANCE S & E	100 000%	0 000%	0 000%	62 512%	32 785%	0 000%	0 000%	3 180%	0 000%	1 523%	0 000%	0 000%	0 000%
32	DISTRIBUTION O&M EXPENSE	100 000%	0 000%	0 000%	47 902%	25 131%	0 000%	1 650%	14 444%	8 114%	2 756%	0 000%	0 000%	0 000%
33	O&M EXP EXCL FUEL & P PWR	100 000%	1 859%	0 000%	37 149%	20 293%	0 000%	1 929%	10 862%	6 090%	2 130%	16 281%	0 060%	3 347%

FLORIDA PUBLIC UTILITIES COMPANY
COST OF SERVICE STUDY
PRO FORMA TEST-YEAR 12/31/2004
PROPOSED RATES
ALLOCATION TO CUSTOMER CLASS

Factor No		Total Company	Residential Service	General Service	General -Demand	General Dem Large	General Large Demand 1	OL	OL-2	SL-2	SL-3
	RATE OF RETURN SUMMARY										
	TOTAL OPERATING REVENUES	18,609,049	10,876,407	2,211,428	3,059,399	615,422	562,240	67,567	915,778	55,891	244,915
	OPERATING EXPENSES										
	OPERATION & MAINTENANCE	7,684,194	4,473,274	915,632	1,152,534	229,462	115,017	39,454	534,314	52,614	171,892
	DEPRECIATION	2,708,403	1,482,785	312,381	493,607	96,671	103,737	8,085	137,704	14,324	59,109
	TAXES OTHER THAN INCOME	3,248,053	1,763,916	359,969	622,141	135,210	192,713	8,921	118,767	9,462	36,954
	TOTAL OPERATING EXPENSES	13,640,650	7,719,975	1,587,982	2,268,282	461,343	411,467	56,461	790,785	76,400	267,954
	NET OPERATING INCOME	4,968,398	3,156,432	623,446	791,117	154,079	150,772	11,107	124,993	(20,509)	(23,039)
	TOTAL INCOME TAXES	1,382,717	884,443	159,073	55,989	2,635	(75,576)	11,741	195,564	35,804	113,045
	NET INCOME	3,585,681	2,271,989	464,373	735,128	151,444	226,349	(634)	(70,570)	(56,313)	(136,084)
	REQUIRED % INCREASE in BASE REVENUES										
	ELECTRIC RATE BASE	39,840,870	21,771,848	4,429,366	7,110,338	1,471,169	2,316,725	96,862	1,600,272	200,973	843,316
	RATE OF RETURN (PERCENT)	9 00%	10.44%	10.48%	10 34%	10.29%	9 77%	-0 65%	-4 41%	-28 02%	-16 14%

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FLORIDA PUBLIC UTILITIES COMPANY
COST OF SERVICE STUDY
PRO FORMA TEST-YEAR 12/31/2004
PROPOSED RATES
ALLOCATION TO CUSTOMER CLASS

Factor No.		Total Company	Residential Service	General Service	General -Demand	General Dem Large	General Large Demand 1	OL	OL-2	SL-2	SL-3
	RATE OF RETURN SUMMARY ELECTRIC RATE BASE										
	TRANSMISSION										
3	DEMAND	4,828,512	1,500,168	294,537	636,502	169,312	2,226,699	117	776	158	244
3	ENERGY	0	0	0	0	0	0	0	0	0	0
	Direct Customer	1,897,605	0	0	0	0	1,897,605	0	0	0	0
3	Demand less Direct Customer	2,930,907	1,500,168	294,537	636,502	169,312	329,093	117	776	158	244
	DISTRIBUTION:										
4	PRIMARY - DEMAND	14,567,629	8,242,567	1,748,131	3,497,799	934,884	0	13,087	86,428	17,564	27,170
5	SECONDARY - DEMAND	10,471,132	6,450,872	1,236,334	2,404,912	276,996	0	9,255	61,124	12,422	19,216
7	SERVICES	4,032,845	3,460,374	472,004	97,935	2,180	353	0	0	0	0
11	METERS	1,945,711	875,797	508,170	417,870	86,025	57,848	0	0	0	0
	TOTAL DISTRIBUTION	31,017,317	19,029,610	3,964,639	6,418,516	1,300,086	58,200	22,342	147,552	29,986	46,386
9	CUSTOMER BILLING	1,686,496	1,230,853	167,892	52,253	1,163	31,348	17,502	118,404	22,668	44,414
7	CUSTOMER - OTHER	336	288	39	8	0	0	0	0	0	0
14	REVENUE RELATED	18,744	10,929	2,259	3,059	607	478	74	1,008	61	269
	CUSTOMER DIRECT										
12	OUTDOOR LIGHTING	1,389,359	0	0	0	0	0	56,827	1,332,533	0	0
13	STREET LIGHTING	900,105	0	0	0	0	0	0	0	148,101	752,004
	TOTAL RATE BASE	39,840,870	21,771,848	4,429,366	7,110,338	1,471,169	2,316,725	96,862	1,600,272	200,973	843,316

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FLORIDA PUBLIC UTILITIES COMPANY
COST OF SERVICE STUDY
PRO FORMA TEST-YEAR 12/31/2004
PROPOSED RATES
ALLOCATION TO CUSTOMER CLASS

Factor No.		Total Company	Residential Service	General Service	General -Demand	General Dem. Large	General Large Demand 1	OL	OL-2	SL-2	SL-3
	RATE OF RETURN SUMMARY										
	ELECTRIC PLANT IN SERVICE										
	TRANSMISSION										
3	DEMAND	6,809,479	2,115,633	415,375	897,636	238,775	3,140,234	166	1,094	222	344
3	ENERGY	0	0	0	0	0	0	0	0	0	0
	Direct Customer	2,676,125					2,676,125				
3	Demand less Direct Customer	4,133,354	2,115,633	415,375	897,636	238,775	464,108	166	1,094	222	344
	DISTRIBUTION										
4	PRIMARY - DEMAND	23,561,130	13,331,214	2,827,360	5,657,207	1,512,046	0	21,166	139,785	28,408	43,944
5	SECONDARY - DEMAND	20,067,948	11,876,976	2,518,937	4,899,824	564,358	0	18,857	124,536	25,309	39,150
7	CUSTOMER - RELATED	0	0	0	0	0	0	0	0	0	0
7	SERVICES	7,042,853	6,043,105	824,295	171,030	3,807	616	0	0	0	0
11	METERS	3,845,936	1,731,120	1,004,461	825,972	170,040	114,343	0	0	0	0
	TOTAL DISTRIBUTION	54,517,866	32,982,416	7,175,053	11,554,033	2,250,251	114,959	40,023	264,321	53,717	83,094
9	CUSTOMER BILLING	2,764,112	2,017,328	275,169	85,641	1,906	51,378	28,686	194,060	37,152	72,793
7	CUSTOMER - OTHER	0	0	0	0	0	0	0	0	0	0
14	REVENUE RELATED	0	0	0	0	0	0	0	0	0	0
	CUSTOMER DIRECT										
12	OUTDOOR LIGHTING	2,048,328	0	0	0	0	0	83,779	1,964,549	0	0
13	STREET LIGHTING	1,269,090	0	0	0	0	0	0	0	208,813	1,060,278
	TOTAL PLANT IN SERVICE	67,408,875	37,115,377	7,865,596	12,537,310	2,490,932	3,306,570	152,653	2,424,024	299,904	1,216,508

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FLORIDA PUBLIC UTILITIES COMPANY
COST OF SERVICE STUDY
PRO FORMA TEST-YEAR 12/31/2004
PROPOSED RATES
ALLOCATION TO CUSTOMER CLASS

Factor No.		Total Company	Residential Service	General Service	General -Demand	General Dem Large	General Large Demand 1	OL	OL-2	SL-2	SL-3
	RATE OF RETURN SUMMARY OPERATING REVENUES										
14	TOTAL BASE RATE REVENUES	17,956,074	10,356,057	2,134,900	3,013,786	610,150	558,379	67,445	914,969	55,727	244,661
7	SERVICE REVENUES	262,479	225,220	30,721	6,374	142	23	0	0	0	0
5	RENT	107,897	63,858	13,543	26,344	3,034	0	101	670	136	210
1	UNBILLED	27,495	12,382	2,407	6,700	1,958	3,815	21	139	28	44
7	OTHER	255,104	218,891	29,857	6,195	138	22	0	0	0	0
	ADJUSTED REVENUES	18,609,049	10,876,407	2,211,428	3,059,399	615,422	562,240	67,567	915,778	55,891	244,915

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FLORIDA PUBLIC UTILITIES COMPANY
COST OF SERVICE STUDY
PRO FORMA TEST-YEAR 12/31/2004
PROPOSED RATES
ALLOCATION TO CUSTOMER CLASS

Factor No.		Total Company	Residential Service	General Service	General -Demand	General Dem. Large	General Large Demand 1	OL	OL-2	SL-2	SL-3
	RATE OF RETURN SUMMARY OPERATION AND MAINTENANCE EXPENSE										
	TRANSMISSION										
3	DEMAND	117,275	36,436	7,154	15,459	4,112	54,082	3	19	4	6
3	ENERGY	0	0	0	0	0	0	0	0	0	0
	DIRECT CUSTOMER	46,089					46,089				
3	DEMAND LESS DIRECT CUSTOMER	71,186	36,436	7,154	15,459	4,112	7,993	3	19	4	6
	DISTRIBUTION:										
4	PRIMARY - DEMAND	2,343,858	1,326,187	281,265	562,778	150,418	0	2,106	13,906	2,826	4,372
5	SECONDARY - DEMAND	1,280,351	757,760	160,710	312,613	36,006	0	1,203	7,946	1,615	2,498
7	CUSTOMER - RELATED	0	0	0	0	0	0	0	0	0	0
7	SERVICES	121,738	104,457	14,248	2,956	66	11	0	0	0	0
11	METERS	685,295	308,463	178,982	147,177	30,299	20,374	0	0	0	0
	TOTAL DISTRIBUTION	4,431,242	2,496,868	635,205	1,025,524	216,789	20,385	3,309	21,851	4,441	6,869
	CUSTOMER ACCOUNTS EXPENSE										
8	METER READING EXPENSES	269,295	228,225	31,130	9,689	216	35	0	0	0	0
9	CUST RECORDS & COLLECTIONS	893,962	652,439	88,994	27,698	617	16,617	9,277	62,762	12,016	23,542
9	MISC. CUSTOMER ACCOUNTS	94,878	69,245	9,445	2,940	65	1,764	985	6,661	1,275	2,499
15	SUPERVISION	116,720	88,125	12,021	3,741	83	1,708	952	6,441	1,233	2,416
	TOTAL CUSTOMER ACCOUNTS	1,374,856	1,038,034	141,591	44,067	981	20,123	11,214	75,864	14,524	28,457
15	A&G RELATED TO CUST. ACCOUNTS	1,027,209	775,556	105,788	32,924	733	15,035	8,379	56,681	10,851	21,261
7	CUSTOMER - OTHER	3,784	3,247	443	92	2	0	0	0	0	0
14	REVENUE - RELATED	211,189	123,133	25,452	34,467	6,844	5,391	833	11,352	684	3,033
	CUSTOMER DIRECT										
12	OUTDOOR LIGHTING	384,264	0	0	0	0	0	15,717	368,547	0	0
13	STREET LIGHTING	134,375	0	0	0	0	0	0	0	22,110	112,266
	TOTAL O&M EXPENSE	7,684,194	4,473,274	915,632	1,152,534	229,462	115,017	39,454	534,314	52,614	171,892

FLORIDA PUBLIC UTILITIES COMPANY
COST OF SERVICE STUDY
PRO FORMA TEST-YEAR 12/31/2004
PROPOSED RATES
ALLOCATION TO CUSTOMER CLASS

Factor No.		Total Company	Residential Service	General Service	General -Demand	General Dem. Large	General Large Demand 1	OL	OL-2	SL-2	SL-3
	RATE OF RETURN SUMMARY										
	DEPRECIATION EXPENSE										
	TRANSMISSION										
3	DEMAND	209,514	65,094	12,780	27,618	7,347	96,619	5	34	7	11
3	ENERGY	0	0	0	0	0	0	0	0	0	0
	Direct Customer	82,339					82,339				
3	Demand less Direct Customer	127,175	65,094	12,780	27,618	7,347	14,280	5	34	7	11
	DISTRIBUTION:										
4	PRIMARY - DEMAND	925,023	523,391	111,004	222,105	59,364	0	831	5,488	1,115	1,725
5	SECONDARY - DEMAND	822,180	486,598	103,200	200,745	23,122	0	773	5,102	1,037	1,604
7	CUSTOMER - RELATED	0	0	0	0	0	0	0	0	0	0
7	SERVICES	275,134	236,078	32,202	6,681	149	24	0	0	0	0
11	METERS	149,092	67,109	38,939	32,020	6,592	4,433	0	0	0	0
	TOTAL DISTRIBUTION	2,171,430	1,313,176	285,345	461,551	89,226	4,457	1,604	10,590	2,152	3,329
9	CUSTOMER BILLING	143,205	104,515	14,256	4,437	99	2,662	1,486	10,054	1,925	3,771
7	CUSTOMER - OTHER	0	0	0	0	0	0	0	0	0	0
14	REVENUE RELATED	0	0	0	0	0	0	0	0	0	0
	CUSTOMER DIRECT										
12	OUTDOOR LIGHTING	122,017	0	0	0	0	0	4,991	117,026	0	0
13	STREET LIGHTING	62,238	0	0	0	0	0	0	0	10,240	51,997
	TOTAL DEPRECIATION EXPENSE	2,708,403	1,482,785	312,381	493,607	96,671	103,737	8,085	137,704	14,324	59,109

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FLORIDA PUBLIC UTILITIES COMPANY
COST OF SERVICE STUDY
PRO FORMA TEST-YEAR 12/31/2004
PROPOSED RATES
ALLOCATION TO CUSTOMER CLASS

Factor No		Total Company	Residential Service	General Service	General -Demand	General Dem. Large	General Large Demand 1	OL	OL-2	SL-2	SL-3
	RATE OF RETURN SUMMARY										
	TAXES OTHER THAN INCOME TAX										
	TRANSMISSION										
3	DEMAND	52,297	16,248	3,190	6,894	1,834	24,117	1	8	2	3
3	ENERGY	0	0	0	0	0	0	0	0	0	0
	Direct Customer	20,553					20,553				
3	Demand less Direct Customer	31,745	16,248	3,190	6,894	1,834	3,564	1	8	2	3
	DISTRIBUTION										
4	PRIMARY - DEMAND	226,479	128,145	27,178	54,379	14,534	0	203	1,344	273	422
5	SECONDARY - DEMAND	178,009	105,352	22,344	43,463	5,006	0	167	1,105	224	347
7	CUSTOMER - RELATED	0	0	0	0	0	0	0	0	0	0
7	SERVICES	55,658	47,758	6,514	1,352	30	5	0	0	0	0
11	METERS	43,265	19,474	11,300	9,292	1,913	1,286	0	0	0	0
	TOTAL DISTRIBUTION	503,410	300,729	67,335	108,485	21,483	1,291	371	2,448	498	770
9	CUSTOMER BILLING	76,261	55,657	7,592	2,363	53	1,418	791	5,354	1,025	2,008
7	CUSTOMER - OTHER	0	0	0	0	0	0	0	0	0	0
14	REVENUE RELATED	2,580,273	1,391,281	281,852	504,399	111,840	165,887	6,799	88,471	5,903	23,840
	CUSTOMER DIRECT										
12	OUTDOOR LIGHTING	23,443	0	0	0	0	0	959	22,485	0	0
13	STREET LIGHTING	12,368	0	0	0	0	0	0	0	2,035	10,333
	TOTAL TAXES OTHER THAN INCOME	3,248,053	1,763,916	359,969	622,141	135,210	192,713	8,921	118,767	9,462	36,954

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FLORIDA PUBLIC UTILITIES COMPANY
COST OF SERVICE STUDY
PRO FORMA TEST-YEAR 12/31/2004
PROPOSED RATES
ALLOCATION TO CUSTOMER CLASS

Factor No.		Total Company	Residential Service	General Service	General -Demand	General Dem. Large	General Large Demand 1	OL	OL-2	SL-2	SL-3
	RATE OF RETURN SUMMARY										
	INCOME TAX CALCULATION										
2	TOTAL TAXES Allocated by Sales	1,382,717	884,443	159,073	55,989	2,635	(75,576)	11,741	195,564	35,804	113,045

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FLORIDA PUBLIC UTILITIES COMPANY
COST OF SERVICE STUDY
PRO FORMA TEST-YEAR 12/31/2004
PROPOSED RATES
ALLOCATION TO CUSTOMER CLASS

Factor No		Total Company	Residential Service	General Service	General -Demand	General Dem Large	General Large Demand 1	OL	OL-2	SL-2	SL-3
	RATE OF RETURN SUMMARY LABOR RATIOS										
	TRANSMISSION										
3	DEMAND	0	0	0	0	0	0	0	0	0	0
3	ENERGY	0	0	0	0	0	0	0	0	0	0
	DIRECT CUSTOMER	0					0				
3	DEMAND LESS DIRECT CUSTOMER	0	0	0	0	0	0	0	0	0	0
	DISTRIBUTION:										
4	PRIMARY - DEMAND	229,322	129,753	27,519	55,062	14,717	0	206	1,361	276	428
5	SECONDARY - DEMAND	120,310	71,204	15,101	29,375	3,383	0	113	747	152	235
7	CUSTOMER - RELATED	0	0	0	0	0	0	0	0	0	0
7	SERVICES	7,901	6,780	925	192	4	1	0	0	0	0
11	METERS	69,145	31,124	18,059	14,850	3,057	2,056	0	0	0	0
	TOTAL DISTRIBUTION	426,678	238,861	61,604	99,479	21,162	2,056	319	2,107	428	662
9	CUSTOMER BILLING	277,201	202,309	27,595	8,589	191	5,152	2,877	19,461	3,726	7,300
7	CUSTOMER - OTHER	0	0	0	0	0	0	0	0	0	0
14	REVENUE RELATED	0	0	0	0	0	0	0	0	0	0
	CUSTOMER DIRECT										
12	OUTDOOR LIGHTING	38,846	0	0	0	0	0	1,589	37,257	0	0
13	STREET LIGHTING	13,203	0	0	0	0	0	0	0	2,172	11,031
	TOTAL LABOR RATIOS	755,929	441,170	89,199	108,067	21,353	7,209	4,785	58,826	6,327	18,993

FLORIDA PUBLIC UTILITIES COMPANY
ELECTRICITY COST OF SERVICE STUDY
PRO FORMA TEST-YEAR ENDED 12/31/2004
PROPOSED RATES
FUNCTIONALIZATION

Factor No		Total Company	Transmission Demand	Transmission Energy	Primary Demand	Secondary Demand	Distribution Customer	Services	Meters	Customer Distribution OL	Customer Distribution SL	Customer Billing	Customer Other	Revenue Related
	ELECTRIC RATE BASE													
	PLANT IN SERVICE	67,408,875	6,809,479	0	23,561,130	20,067,948	0	7,042,853	3,845,936	2,048,328	1,269,090	2,764,112	0	0
	LESS													
	ACCUM PROV FOR DEPREC	28,127,307	2,054,084	0	9,418,507	9,273,799	0	3,085,671	1,996,466	711,938	392,600	1,194,242	0	0
	CUSTR ADVANCES FOR CONST	621,462				621,462								
	PLUS													
33	WORKING CAPITAL ALLOWANCE	559,995	10,409	0	208,033	113,639	0	10,805	60,824	34,106	11,927	91,171	336	18,744
29	CWIP	620,769	62,709	0	216,975	184,806	0	64,858	35,417	18,863	11,687	25,455	0	0
	TOTAL RATE BASE	39,840,870	4,828,512	0	14,567,629	10,471,132	0	4,032,845	1,945,711	1,389,359	900,105	1,686,496	336	18,744

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FLORIDA PUBLIC UTILITIES COMPANY
ELECTRICITY COST OF SERVICE STUDY
PRO FORMA TEST-YEAR ENDED 12/31/2004
PROPOSED RATES
FUNCTIONALIZATION

Factor No		Total Company	Transmission Demand	Transmission Energy	Primary Demand	Secondary Demand	Distribution Customer	Services	Meters	Customer Distribution OL	Customer Distribution SL	Customer Billing	Customer Other	Revenue Related
	ELECTRIC PLANT IN SERVICE													
	REQUIRED % INCREASE In BASE REVENUES													
	TRANSMISSION													
	STRUCTURES AND IMPROVEMENTS	26,401	26,401											
	STATION EQUIPMENTS	2,176,237	2,176,237											
	POLES, TOWERS & FIXTURES	2,580,766	2,580,766											
	OH CONDUCTORS & DEVICES	1,945,139	1,945,139											
	ROADS AND TRAILS	6,788	6,788											
	LAND RIGHTS	74,148	74,148											
	TOTAL TRANSMISSION PLANT	6,809,479	6,809,479	0	0	0	0	0	0	0	0	0	0	0
	DISTRIBUTION													
	LAND & LAND RIGHTS	27,260			27,260									
	STRUCTURES & IMPROVEMENTS	96,042			96,042									
	STATION EQUIPMENT	4,308,641			4,308,641									
24	POLES, TOWERS AND FIXTURES	8,163,663	0	0	6,519,883	1,643,780	0	0	0	0	0	0	0	0
25	OH CONDUCTORS & DEVICES	8,865,316	0	0	5,900,193	2,965,123	0	0	0	0	0	0	0	0
27	UNDERGROUND CONDUIT	2,527,351	0	0	1,616,422	910,929	0	0	0	0	0	0	0	0
27	UG CONDUCTORS & DEVICES	4,387,317	0	0	2,806,004	1,581,313	0	0	0	0	0	0	0	0
	LINE TRANSFORMERS	11,767,135				11,767,135								
23	SERVICES	7,095,456	0	0	0	0	0	6,964,065	0	105,113	26,278	0	0	0
	METERS	3,156,451							3,156,451					
	INSTALL ON CUSTS PREMISES	1,555,859								1,555,859				
	STREET LIGHTS & SIGNALS	1,111,154									1,111,154			
	TOTAL DISTRIBUTION	53,061,645	0	0	21,274,446	18,868,279	0	6,964,065	3,156,451	1,660,972	1,137,432	0	0	0
21	GENERAL PLANT	2,970,752	0	0	901,220	472,809	0	31,052	271,737	152,664	51,889	1,089,382	0	0
21	COMMON UTILITY PLANT	1,721,031	0	0	522,099	273,910	0	17,989	157,424	88,442	30,061	631,106	0	0
21	TRANSPORTATION EQUIPMENT	2,845,969	0	0	863,365	452,949	0	29,747	260,323	146,251	49,709	1,043,624	0	0
	TOTAL DISTRIBUTION PLANT	60,599,397	0	0	23,561,130	20,067,948	0	7,042,853	3,845,936	2,048,328	1,269,090	2,764,112	0	0
	TOTAL PLANT IN SERVICE	67,408,875	6,809,479	0	23,561,130	20,067,948	0	7,042,853	3,845,936	2,048,328	1,269,090	2,764,112	0	0

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FLORIDA PUBLIC UTILITIES COMPANY
ELECTRICITY COST OF SERVICE STUDY
PRO FORMA TEST-YEAR ENDED 12/31/2004
PROPOSED RATES
FUNCTIONALIZATION

Factor No		Total Company	Transmission Demand	Transmission Energy	Primary Demand	Secondary Demand	Distribution Customer	Services	Meters	Customer Distribution OL	Customer Distribution SL	Customer Billing	Customer Other	Revenue Related
	ACUMULATED PROVISION FOR DEPRECIATION													
	TRANSMISSION													
	STRUCTURES AND IMPROVEMENTS	(13,223)	(13,223)											
	STATION EQUIPMENTS	(883,513)	(883,513)											
	POLES, TOWERS & FIXTURES	(846,451)	(846,451)											
	OH CONDUCTORS & DEVICES	(277,002)	(277,002)											
	ROADS AND TRAILS	(3,257)	(3,257)											
	LAND RIGHTS	(30,638)	(30,638)											
	TOTAL TRANSMISSION PLANT	(2,054,084)	(2,054,084)	0	0	0	0	0	0	0	0	0	0	0
	DISTRIBUTION													
	LAND & LAND RIGHTS	2,493			2,493									
	STRUCTURES & IMPROVEMENTS	(25,339)			(25,339)									
	STATION EQUIPMENT	(1,481,904)			(1,481,904)									
24	POLES, TOWERS AND FIXTURES	(3,461,841)	0	0	(2,764,788)	(697,053)	0	0	0	0	0	0	0	0
25	OH CONDUCTORS & DEVICES	(4,577,449)	0	0	(3,046,461)	(1,530,989)	0	0	0	0	0	0	0	0
27	UNDERGROUND CONDUIT	(440,255)	0	0	(281,574)	(158,680)	0	0	0	0	0	0	0	0
27	UG CONDUCTORS & DEVICES	(1,302,381)	0	0	(832,966)	(469,415)	0	0	0	0	0	0	0	0
	LINE TRANSFORMERS	(5,899,343)				(5,899,343)								
23	SERVICES	(3,109,206)	0	0	0	0	0	(3,051,631)	0	(46,060)	(11,515)	0	0	0
	METERS	(1,698,573)							(1,698,573)					
	INSTALL ON CUSTS PREMISES	(498,520)								(498,520)				
	STREET LIGHTS & SIGNALS	(324,201)									(324,201)			
	TOTAL DISTRIBUTION PLANT	(22,816,518)	0	0	(8,430,540)	(8,755,479)	0	(3,051,631)	(1,698,573)	(544,580)	(335,716)	0	0	0
21	GENERAL PLANT	(1,300,392)	0	0	(394,492)	(206,963)	0	(13,592)	(118,948)	(66,826)	(22,713)	(476,857)	0	0
21	COMMON UTILTITY PLANT	(455,192)	0	0	(138,089)	(72,446)	0	(4,758)	(41,637)	(23,392)	(7,951)	(166,920)	0	0
21	TRANSPORTATION EQUIPMENT	(1,501,122)	0	0	(455,387)	(238,911)	0	(15,690)	(137,309)	(77,141)	(26,219)	(550,465)	0	0
29	RETIREMENT WORK IN PROGRESS	0	0	0	0	0	0	0	0	0	0	0	0	0
	TOTAL ACCUM PROV FOR DEPREC	(28,127,307)	(2,054,084)	0	(9,418,507)	(9,273,799)	0	(3,085,671)	(1,996,466)	(711,938)	(392,600)	(1,194,242)	0	0

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FLORIDA PUBLIC UTILITIES COMPANY
ELECTRICITY COST OF SERVICE STUDY
PRO FORMA TEST-YEAR ENDED 12/31/2004
PROPOSED RATES
FUNCTIONALIZATION

Factor No		Total Company	Transmission Demand	Transmission Energy	Primary Demand	Secondary Demand	Distribution Customer	Services	Meters	Customer Distribution OL	Customer Distribution SL	Customer Billing	Customer Other	Revenue Related
	OPERATION AND MAINTENANCE EXPENSES													
	TRANSMISSION													
	OPERATION													
	STATION EXPENSES	13,437	13,437											
	MISC TRANSMISSION EX	8,312	8,312											
	TOTAL TRANSMISSION OPERATION	21,749	21,749	0	0	0	0	0	0	0	0	0	0	0
	DISTRIBUTION													
	OPERATION													
30	LOAD DISPATCHING	325	0	0	96	53	0	13	100	48	15	0	0	0
	STATION EXPENSES	40,960			40,960									
26	OVERHEAD LINE EXPENSES	111,110	0	0	80,839	30,271	0	0	0	0	0	0	0	0
27	UNDERGROUND LINE EXPENSES	44,383	0	0	28,386	15,997	0	0	0	0	0	0	0	0
	STREET LTG & SIGNAL SYSTEMS	34,911									34,911			
	METER EXPENSES	255,022							255,022					
	CUSTOMER INSTALL EXPENSES	120,596								120,596				
28	MISC DISTRIBUTION EXPENSES	269,474	0	0	108,042	95,823	0	35,367	16,030	8,435	5,776	0	0	0
	RENTS	16,315			16,315									
30	OPERATION SUPERVISION & ENGR	279,480	0	0	82,342	45,309	0	11,278	86,432	41,145	12,974	0	0	0
	TOTAL DISTRIBUTION OPERATION	1,172,577	0	0	356,980	187,452	0	46,658	357,584	170,224	53,677	0	0	0
	TOTAL OPERATION	1,194,325	21,749	0	356,980	187,452	0	46,658	357,584	170,224	53,677	0	0	0
	MAINTENANCE													
	TRANSMISSION													
	MAINT OF STATION EQU	25,305	25,305											
	MAINT OF OVERHEAD LINES	25,437	25,437											
	TOTAL TRANSMISSION MAINTENANCE	50,742	50,742	0	0	0	0	0	0	0	0	0	0	0
	DISTRIBUTION													
26	MAINT OF OVERHEAD LINES	1,065,345	0	0	775,100	290,245	0	0	0	0	0	0	0	0
27	MAINT OF UNDERGROUND LINES	157,709	0	0	100,866	56,843	0	0	0	0	0	0	0	0
	MAINT OF LINE TRANSFORMERS	112,324				112,324								
	MAINT OF STREET LIGHTING	21,337									21,337			
	MAINT OF METERS	44,558							44,558					
31	MAINT SUPERV & ENGR	97,291	0	0	60,819	31,897	0	0	3,094	0	1,481	0	0	0
31	MAINT OF STATION EQU	86,994	0	0	54,382	28,521	0	0	2,766	0	1,325	0	0	0
	MAINT OF MISC DISTRI	59,165	0	0	0	0	0	0	0	59,165	0	0	0	0
31	MAINT OF STRUCTURES	9,613	0	0	6,009	3,152	0	0	306	0	146	0	0	0
	TOTAL DISTRIBUTION MAINTENANCE	1,654,337	0	0	997,176	522,982	0	0	50,723	59,165	24,290	0	0	0
	TOTAL DISTRIBUTION EXPENSE	2,826,913	0	0	1,354,157	710,434	0	46,658	408,307	229,389	77,967	0	0	0
	TOTAL TRANSMISSION EXPENSE	72,491	72,491	0	0	0	0	0	0	0	0	0	0	0
	CUSTOMER ACCOUNTS													
	SUPERVISION	116,720										116,720		
	METER READING EXPENSES	269,295										269,295		
	CUST RECORDS & COLLECT EXP	893,962										893,962		
	UNCOLLECTIBLE ACCOUNTS	82,820												82,820
	MISC CUSTOMER ACCTS EXPENSE	94,878										94,878		
	TOTAL CUSTOMER ACCOUNTS EXP	1,457,676	0	0	0	0	0	0	0	0	0	1,374,856	0	82,820

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FLORI[illegible]IC UTILITIES COMPANY
ELECTRICITY COST OF SERVICE STUDY
PRO FORMA TEST-YEAR ENDED 12/31/2004
PROPOSED RATES
FUNCTIONALIZATION

Factor No		Total Company	Transmission Demand	Transmission Energy	Primary Demand	Secondary Demand	Distribution Customer	Services	Meters	Customer Distribution OL	Customer Distribution SL	Customer Billing	Customer Other	Revenue Related
	CUSTOMER SERVICE & INFORMATION													
	UNDERRECOVERY, CONSE	0											0	
	CUST ASSISTANCE EXPENSES	0											0	
	INFORM'L & INSTRUCT'L EXPS	0											0	
	MISC CUST SERVICE & INFO EXP	0											0	
	SUPERVISION	0											0	
	TOTAL CUST SERV & INFO	0	0	0	0	0	0	0	0	0	0	0	0	0
	SALES													
	DEMONSTRATING & SELLING EXP	0											0	
	ADVERTISING EXPENSE	3,784											3,784	
	TOTAL CUST SALES EXPENSE	3,784	0	0	0	0	0	0	0	0	0	0	3,784	0
	ADMINISTRATIVE AND GENERAL OPERATION													
21	ADMIN & GENERAL SALARIES	986,039	0	0	299,129	156,933	0	10,307	90,194	50,671	17,223	361,583	0	0
21	OFFICE SUPPLIES & EXPENSES	251,113	0	0	76,179	39,966	0	2,625	22,969	12,904	4,386	92,084	0	0
21	ADMIN EXP TRANSFERRED -CR	0	0	0	0	0	0	0	0	0	0	0	0	0
22	OUTSIDE SERVICES EMPLOYED	153,270	7,741	0	50,034	35,011	0	8,808	11,382	6,267	2,781	31,245	0	0
29	PROPERTY INSURANCE	286,539	28,945	0	100,153	85,304	0	29,937	16,348	8,707	5,395	11,750	0	0
21	INJURIES & DAMAGES	574,698	0	0	174,343	91,466	0	6,007	52,568	29,533	10,038	210,743	0	0
21	PENSIONS	240,205	0	0	72,870	38,230	0	2,511	21,972	12,344	4,196	88,084	0	0
21	EMPLOYEE BENEFITS	491,096	0	0	148,981	78,160	0	5,133	44,921	25,237	8,578	180,086	0	0
	REGULATORY COMMISSION EXP	128,369												128,369
22	MISC GENERAL EXPENSES	155,351	7,847	0	50,714	35,487	0	8,927	11,537	6,352	2,819	31,669	0	0
22	RENTS	4,196	212	0	1,370	959	0	241	312	172	76	855	0	0
21	UNDISTRIBUTED PAYROLL	0	0	0	0	0	0	0	0	0	0	0	0	0
22	INSTITUTIONAL/GOODWI	765	39	0	250	175	0	44	57	31	14	156	0	0
	TOTAL OPERATION	3,271,640	44,784	0	974,021	561,690	0	74,540	272,260	152,218	55,505	1,008,254	0	128,369
	MAINTENANCE													
21	MAINTENANCE OF GENERAL PLANT	51,689	0	0	15,681	8,227	0	540	4,728	2,656	903	18,955	0	0
	TOTAL ADMIN & GENERAL EXP	3,323,330	44,784	0	989,701	569,916	0	75,080	276,988	154,874	56,408	1,027,209	0	128,369
	TOTAL DISTRIBUTION OPERATION & MAINT	7,611,703	44,784	0	2,343,858	1,280,351	0	121,738	685,295	384,264	134,375	1,027,209	3,784	211,189
	TOTAL OPERATION & MAINT	7,684,194	117,275	0	2,343,858	1,280,351	0	121,738	685,295	384,264	134,375	1,027,209	3,784	211,189

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FLORIDA PUBLIC UTILITIES COMPANY
ELECTRICITY COST OF SERVICE STUDY
PRO FORMA TEST-YEAR ENDED 12/31/2004
PROPOSED RATES
FUNCTIONALIZATION

Factor No		Total Company	Transmission Demand	Transmission Energy	Primary Demand	Secondary Demand	Distribution Customer	Services	Meters	Customer Distribution OL	Customer Distribution SL	Customer Billing	Customer Other	Revenue Related
	DEPRECIATION EXPENSE													
	TRANSMISSION													
	STRUCTURES AND IMPROVEMENTS	552	552											
	STATION EQUIPMENTS	54,030	54,030											
	POLES, TOWERS & FIXTURES	93,180	93,180											
	OH CONDUCTORS & DEVICES	60,300	60,300											
	ROADS AND TRAILS	264	264											
	LAND RIGHTS	1,188	1,188											
	TOTAL TRANSMISSION PLANT	209,514	209,514											
	DISTRIBUTION PLANT													
28	LAND & LAND RIGHTS	564			564									
	STRUCTURES & IMPROVEMENTS	2,112			2,112									
	STATION EQUIPMENT	144,851			144,851									
24	POLES, TOWERS & FIXTURES	358,407	0	0	286,241	72,166	0	0	0	0	0	0	0	0
25	OH CONDUCTORS & DEVICES	389,642	0	0	259,321	130,321	0	0	0	0	0	0	0	0
27	UNDERGROUND CONDUIT	50,462	0	0	32,274	18,188	0	0	0	0	0	0	0	0
27	UG CONDUCTORS & DEVICES	126,945	0	0	81,190	45,755	0	0	0	0	0	0	0	0
	LINE TRANSFORMERS	493,597				493,597								
23	SERVICES	276,166	0	0	0	0	0	271,052	0	4,091	1,023	0	0	0
	METERS	113,371							113,371					
	INSTALL ON CUSTS PREMISES	97,857								97,857				
	STREET LIGHTS & SIGNALS	54,394									54,394			
	TOTAL DISTRIBUTION PLANT	2,108,368	0	0	806,553	760,027	0	271,052	113,371	101,948	55,417	0	0	0
21	GENERAL	289,879	0	0	87,939	46,136	0	3,030	26,515	14,897	5,063	106,299	0	0
21	COMMAN PLANT	100,642	0	0	30,531	16,018	0	1,052	9,206	5,172	1,758	36,906	0	0
21	TRANSPORTAION EQUIPMENT	0	0	0	0	0	0	0	0	0	0	0	0	0
	TOTAL DEPRECIATION EXPENSE DISTRIBUTI	2,498,889	0	0	925,023	822,180	0	275,134	149,092	122,017	62,238	143,205	0	0
	TOTAL DEPRECIATION EXPENSE	2,708,403	209,514	0	925,023	822,180	0	275,134	149,092	122,017	62,238	143,205	0	0

FLORIDA PUBLIC UTILITIES COMPANY
ELECTRICITY COST OF SERVICE STUDY
PRO FORMA TEST-YEAR ENDED 12/31/2004
PROPOSED RATES
FUNCTIONALIZATION

Factor No		Total Company	Transmission Demand	Transmission Energy	Primary Demand	Secondary Demand	Distribution Customer	Services	Meters	Customer Distribution OL	Customer Distribution SL	Customer Billing	Customer Other	Revenue Related
	TAXES OTHER THAN INCOME													
21	FEDERAL UNEMPLOYMENT	(6,572)	0	0	(1,994)	(1,046)	0	(69)	(601)	(338)	(115)	(2,410)	0	0
21	STATE UNEMPLOYMENT	(4,668)	0	0	(1,416)	(743)	0	(49)	(427)	(240)	(82)	(1,712)	0	0
21	FICA	161,314	0	0	48,937	25,674	0	1,686	14,756	8,290	2,818	59,154	0	0
	STATE INTANGIBLE	1,354,781												1,354,781
	REGULATORY ASSESSMENT FEE	8,180												8,180
29	REAL AND PERSONAL PROPERTY	524,994	53,034	0	183,499	156,293	0	54,851	29,953	15,953	9,884	21,527	0	0
	STATE GROSS RECEIPTS	1,217,311												1,217,311
29	EMERGENCY EXCISE TAX	(8,392)	(848)	0	(2,933)	(2,498)	0	(877)	(479)	(255)	(158)	(344)	0	0
29	OCCUPATIONAL LICENSE	1,104	112	0	386	329	0	115	63	34	21	45	0	0
	TOTAL TAXES OTHER	3,248,053	52,297	0	226,479	178,009	0	55,658	43,265	23,443	12,368	76,261	0	2,580,273

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FLORIDA PUBLIC UTILITIES COMPANY
ELECTRICITY COST OF SERVICE STUDY
PRO FORMA TEST-YEAR ENDED 12/31/2004
PROPOSED RATES
FUNCTIONALIZATION

Factor No		Total Company	Transmission Demand	Transmission Energy	Primary Demand	Secondary Demand	Distribution Customer	Services	Meters	Customer Distribution OL	Customer Distribution SL	Customer Billing	Customer Other	Revenue Related
	FUNCTIONALIZATION OF LABOR													
	TRANSMISSION	0		0										
32	DISTRIBUTION	478,728	0	0	229,322	120,310	0	7,901	69,145	38,846	13,203	0	0	0
	CUSTOMER ACCOUNTS	277,201										277,201		
	CUST'R SERV & INFO	0											0	
	SALES	0												
	LABOR EXCL ADMIN & GENERAL	755,929	0	0	229,322	120,310	0	7,901	69,145	38,846	13,203	277,201	0	0

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FLORIDA PUBLIC UTILITIES COMPANY
ELECTRICITY COST OF SERVICE STUDY
PRO FORMA TEST-YEAR ENDED 12/31/2004
PROPOSED RATES
FUNCTIONALIZATION

Factor No		Total Company	Transmission Demand	Transmission Energy	Primary Demand	Secondary Demand	Distribution Customer	Services	Meters	Customer Distribution OL	Customer Distribution SL	Customer Billing	Customer Other	Revenue Related
	FUNCTIONAL ALLOCATION FACTORS													
21	FUNCTIONALIZATION OF LABOR	755,929	0	0	229,322	120,310	0	7,901	69,145	38,846	13,203	277,201	0	0
22	50% PLANT / 50% LABOR	10,000	505	0	3,264	2,284	0	575	743	409	181	2,039	0	0
23	SERVICES	1,620,082	0	0	0	0	0	1,590,082	0	24,000	6,000	0	0	0
24	DISTRIBUTION POLES	7,270,294	0	0	5,806,397	1,463,897	0	0	0	0	0	0	0	0
25	DISTRIBUTION OH CONDUCTORS	8,333,342	0	0	5,546,145	2,787,197	0	0	0	0	0	0	0	0
26	DISTRIBUTION OH LINES	15,603,636	0	0	11,352,542	4,251,094	0	0	0	0	0	0	0	0
27	UG CONDUIT, CONDUCTORS & LINES	5,275,378	0	0	3,373,983	1,901,395	0	0	0	0	0	0	0	0
28	TOTAL DISTRIBUTION PLANT	53,061,645	0	0	21,274,446	18,868,279	0	6,964,065	3,156,451	1,660,972	1,137,432	0	0	0
29	TOTAL PLANT	67,408,875	6,809,479	0	23,561,130	20,067,948	0	7,042,853	3,845,936	2,048,328	1,269,090	2,764,112	0	0
30	DISTR OPERATION S & E	876,456	0	0	256,227	142,091	0	35,367	271,052	129,032	40,688	0	0	0
31	DISTR MAINTENANCE S & E	1,401,273	0	0	875,966	459,412	0	0	44,558	0	21,337	0	0	0
32	DISTRIBUTION O&M EXPENSE	2,826,913	0	0	1,354,157	710,434	0	46,658	408,307	229,389	77,967	0	0	0
33	O&M EXP EXCL FUEL & P PWR	6,309,338	117,275	0	2,343,858	1,280,351	0	121,738	685,295	384,264	134,375	1,027,209	3,784	211,189
21	FUNCTIONALIZATION OF LABOR	100 000%	0 000%	0 000%	30 336%	15 915%	0 000%	1 045%	9 147%	5 139%	1 747%	36 670%	0 000%	0 000%
22	50% PLANT / 50% LABOR	100 000%	5 051%	0 000%	32 644%	22 843%	0 000%	5 747%	7 426%	4 089%	1 815%	20 385%	0 000%	0 000%
23	SERVICES	100 000%	0 000%	0 000%	0 000%	0 000%	0 000%	98 148%	0 000%	1 481%	0 370%	0 000%	0 000%	0 000%
24	DISTRIBUTION POLES	100 000%	0 000%	0 000%	79 865%	20 135%	0 000%	0 000%	0 000%	0 000%	0 000%	0 000%	0 000%	0 000%
25	DISTRIBUTION OH CONDUCTORS	100 000%	0 000%	0 000%	66 554%	33 446%	0 000%	0 000%	0 000%	0 000%	0 000%	0 000%	0 000%	0 000%
26	DISTRIBUTION OH LINES	100 000%	0 000%	0 000%	72 756%	27 244%	0 000%	0 000%	0 000%	0 000%	0 000%	0 000%	0 000%	0 000%
27	UG CONDUIT, CONDUCTORS & LINES	100 000%	0 000%	0 000%	63 957%	36 043%	0 000%	0 000%	0 000%	0 000%	0 000%	0 000%	0 000%	0 000%
28	TOTAL DISTRIBUTION PLANT	100 000%	0 000%	0 000%	40 094%	35 559%	0.000%	13 124%	5 949%	3 130%	2 144%	0 000%	0 000%	0 000%
29	TOTAL PLANT	100 000%	10 102%	0 000%	34 953%	29 770%	0 000%	10 448%	5 705%	3 039%	1 883%	4.101%	0 000%	0 000%
30	DISTR OPERATION S & E	100 000%	0 000%	0 000%	29 463%	16 212%	0 000%	4 035%	30 926%	14 722%	4 642%	0 000%	0 000%	0 000%
31	DISTR MAINTENANCE S & E	100 000%	0 000%	0 000%	62 512%	32 785%	0 000%	0 000%	3 180%	0 000%	1 523%	0 000%	0 000%	0 000%
32	DISTRIBUTION O&M EXPENSE	100 000%	0 000%	0 000%	47 902%	25 131%	0 000%	1 650%	14 444%	8 114%	2 758%	0 000%	0 000%	0 000%
33	O&M EXP EXCL FUEL & P PWR	100 000%	1 859%	0 000%	37 149%	20 293%	0 000%	1.929%	10 862%	6 090%	2 130%	16 281%	0 060%	3 347%

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SECTION III

REVENUE REQUIREMENTS AND UNIT COSTS

FLORIDA PUBLIC UTILITIES COMPANY
COST OF SERVICE STUDY
PRO FORMA TEST-YEAR ENDED 12/31/2004
PRESENT RATES
REVENUE REQUIREMENTS

	Total Company	Residential Service	General Service	General -Demand	General Dem Large	General Dem Large 1	OL	OL-2	SL-2	SL-3
REVENUE REQUIREMENT AT TARGET RATE OF RETURN										
RATE BASE	39,840,870	21,771,166	4,429,321	7,110,802	1,471,272	2,317,048	96,854	1,600,156	200,966	843,285
EARNED RETURN	1,088,574	432,171	121,569	464,890	102,045	273,243	(9,660)	(159,275)	(37,477)	(98,933)
EARNED RATE OF RETURN	2.73%	1.99%	2 74%	6 54%	6 94%	11 79%	-9.97%	-9 95%	-18 65%	-11 73%
TARGET RATE OF RETURN	2.73%	2 73%	2 73%	2 73%	2 73%	2.73%	2 73%	2 73%	2 73%	2 73%
TARGET RETURN	1,088,574	594,855	121,023	194,289	40,200	63,309	2,646	43,721	5,491	23,041
REQUIRED INCREASE IN RETURN	0	162,684	(547)	(270,601)	(61,845)	(209,935)	12,306	202,996	42,968	121,974
REQUIRED INCREASE IN REVENUE	-	268,226	(901)	(446,156)	(101,968)	(346,131)	20,290	334,691	70,843	201,106
BASE REVENUES	11,361,793	6,211,171	1,341,974	2,135,291	430,949	485,782	39,633	540,124	32,560	144,309
REQUIRED % INCREASE in BASE REVENUES	0 00%	4 32%	-0 07%	-20 89%	-23 66%	-71 25%	51 19%	61.97%	217 58%	139 36%
INCREASE INDEX	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	-									
INCREMENTAL TAXES AS % OF RETURN										
INCOME	64 8758%									
REVENUE	0 0000%									
ATTENDANT INCR IN TAXES	0	105,543	(355)	(175,555)	(40,123)	(136,197)	7,984	131,695	27,876	79,132
ATTENDANT INCR IN REVENUE TAXES	0	0	0	0	0	0	0	0	0	0
PLUS TEST-YEAR COST OF SERVICE										
OPERATIONS & MAINTENANCE	7,684,194	4,465,593	915,125	1,157,757	230,628	118,655	39,358	533,002	52,535	171,541
DEPRECIATION EXPENSE	2,708,403	1,482,785	312,381	493,607	96,671	103,737	8,085	137,704	14,324	59,109
TAXES OTHER	3,248,053	1,719,341	357,022	652,451	141,976	213,828	8,362	111,151	9,003	34,919
INCOME TAX	(237,300)	(106,363)	(20,678)	(57,597)	(17,068)	(33,596)	(181)	(1,198)	(243)	(377)
OPERATING INCOME	1,088,574	432,171	121,569	464,890	102,045	273,243	(9,660)	(159,275)	(37,477)	(98,933)
TEST-YEAR COST OF SERVICE	14,491,924	8,099,069	1,685,064	2,535,553	514,130	539,671	53,948	753,079	66,018	245,391
REV. REQ AT TARGET RATE OF RETURN	14,491,924	8,261,753	1,684,518	2,264,952	452,284	329,737	66,254	956,075	108,986	367,365
LESS OTHER REVENUES	558,039	440,121	65,506	42,646	5,008	3,434	120	794	161	250
BASE REVENUE REQUIREMENT (includes GR an	13,933,885	7,821,632	1,619,012	2,222,306	447,277	326,303	66,134	955,282	108,824	367,116
TOTAL RETURN & INCOME TAXES	851,274	594,034	99,990	(38,863)	(16,991)	(106,484)	10,449	174,219	33,123	101,796
% OF RATE BASE	2 14%	2 73%	2 26%	-0 55%	-1.15%	-4 60%	10 79%	10 89%	16 48%	12 07%

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FLORIDA PUBLIC UTILITIES COMPANY
COST OF SERVICE STUDY
PRO FORMA TEST-YEAR ENDED 12/31/2004
PRESENT RATES
REVENUE REQUIREMENTS

	Total Company	Residential Service	General Service	General -Demand	General Dem Large	General Dem Large 1	OL	OL-2	SL-2	SL-3
OPERATING EXPENSES AT TARGET RATE OF RETURN										
DEMAND										
TRANSMISSION	379,086	117,778	23,124	49,972	13,293	174,818	9	61	12	19
DISTRIBUTION - PRIMARY	3,495,360	1,977,723	419,447	839,263	224,316	0	3,140	20,737	4,214	6,519
DISTRIBUTION - SECONDARY	2,280,540	1,349,710	286,254	556,820	64,134	0	2,143	14,152	2,876	4,449
TOTAL DEMAND	6,154,986	3,445,212	728,825	1,446,055	301,743	174,818	5,292	34,951	7,103	10,987
ENERGY										
TRANSMISSION	0	0	0	0	0	0	0	0	0	0
CUSTOMER										
METERS	877,652	395,046	229,220	188,489	38,803	26,093	0	0	0	0
SERVICE DROPS	452,531	388,293	52,964	10,989	245	40	0	0	0	0
CUSTOMER ACCOUNTS	2,621,531	1,973,763	269,226	83,791	1,865	39,238	21,870	147,953	28,325	55,498
CUSTOMER SERVICE	3,784	3,247	443	92	2	0	0	0	0	0
OTHER	738,705	0	0	0	0	0	21,666	508,058	34,385	174,596
TOTAL CUSTOMER	4,694,203	2,760,349	551,854	283,361	40,916	65,371	43,537	656,011	62,710	230,094
REVENUE RELATED	2,791,462	1,462,158	303,849	574,399	126,616	196,031	6,977	90,895	6,049	24,488
TOTAL	13,640,650	7,667,719	1,584,528	2,303,815	469,275	436,220	55,806	781,857	75,862	265,569

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FLORIDA PUBLIC UTILITIES COMPANY
COST OF SERVICE STUDY
PRO FORMA TEST-YEAR ENDED 12/31/2004
PRESENT RATES
REVENUE REQUIREMENTS

	Total Company	Residential Service	General Service	General -Demand	General Dem Large	General Dem Large 1	OL	OL-2	SL-2	SL-3
RETURN AND INCOME TAXES AT TARGET RATE OF RETURN										
DEMAND										
TRANSMISSION	(60,031)	40,933	6,649	(3,479)	(1,955)	(102,331)	13	84	26	29
DISTRIBUTION - PRIMARY	251,448	224,901	39,463	(19,117)	(10,796)	0	1,412	9,410	2,895	3,280
DISTRIBUTION - SECONDARY	199,602	176,014	27,910	(13,144)	(3,199)	0	998	6,655	2,047	2,320
TOTAL DEMAND	391,019	441,849	74,022	(35,739)	(15,950)	(102,331)	2,423	16,149	4,968	5,629
ENERGY										
TRANSMISSION	0	0	0	0	0	0	0	0	0	0
CUSTOMER										
METERS	29,432	23,896	11,472	(2,284)	(993)	(2,658)	0	0	0	0
SERVICE DROPS	104,496	94,418	10,655	(535)	(25)	(16)	0	0	0	0
CUSTOMER ACCOUNTS	59,512	33,584	3,790	(286)	(13)	(1,441)	1,888	12,891	3,736	5,361
CUSTOMER SERVICE	9	8	1	(0)	(0)	(0)	0	0	0	0
OTHER	266,399	0	0	0	0	0	6,131	145,081	24,410	90,777
TOTAL CUSTOMER	459,848	151,906	25,918	(3,105)	(1,032)	(4,115)	8,019	157,972	28,146	96,139
REVENUE RELATED	407	280	50	(19)	(8)	(37)	7	97	9	29
TOTAL	851,274	594,034	99,990	(38,863)	(16,991)	(106,484)	10,449	174,219	33,123	101,796

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FLORIDA PUBLIC UTILITIES COMPANY
COST OF SERVICE STUDY
PRO FORMA TEST-YEAR ENDED 12/31/2004
PRESENT RATES
REVENUE REQUIREMENTS

	Total Company	Residential Service	General Service	General -Demand	General Dem Large	General Dem Large 1	OL	OL-2	SL-2	SL-3
TOTAL REVENUE REQUIREMENT										
REVENUE RELATED UNDISTRIBUTED										
DEMAND										
TRANSMISSION	319,055	158,711	29,773	46,493	11,337	72,487	22	145	38	49
DISTRIBUTION - PRIMARY	3,746,808	2,202,625	458,910	820,146	213,520	0	4,552	30,147	7,109	9,799
DISTRIBUTION - SECONDARY	2,480,142	1,525,725	314,164	543,677	60,935	0	3,141	20,807	4,924	6,769
TOTAL DEMAND	6,546,005	3,887,060	802,847	1,410,316	285,793	72,487	7,715	51,100	12,071	16,616
ENERGY										
TRANSMISSION	0	0	0	0	0	0	0	0	0	0
CUSTOMER										
METERS	907,084	418,942	240,692	186,205	37,810	23,435	0	0	0	0
SERVICE DROPS	557,027	482,710	63,619	10,454	219	23	0	0	0	0
CUSTOMER ACCOUNTS	2,681,042	2,007,348	273,016	83,506	1,852	37,797	23,758	160,844	32,061	60,859
CUSTOMER SERVICE	3,793	3,255	444	92	2	0	0	0	0	0
OTHER	1,005,104	0	0	0	0	0	27,797	653,139	58,795	265,373
TOTAL CUSTOMER	5,154,050	2,912,256	577,772	280,257	39,883	61,256	51,555	813,983	90,856	326,232
REVENUE RELATED	2,791,869	1,462,437	303,899	574,379	126,608	195,994	6,984	90,992	6,058	24,516
TOTAL	14,491,924	8,261,753	1,684,518	2,264,952	452,284	329,737	66,254	956,075	108,986	367,365

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FLORIDA PUBLIC UTILITIES COMPANY
COST OF SERVICE STUDY
PRO FORMA TEST-YEAR ENDED 12/31/2004
PRESENT RATES
REVENUE REQUIREMENTS

	Total Company	Residential Service	General Service	General -Demand	General Dem. Large	General Dem Large 1	OL	OL-2	SL-2	SL-3
TOTAL REVENUE REQUIREMENT REVENUE RELATED DISTRIBUTED LESS OTHER REVENUES										
DEMAND										
TRANSMISSION	314,015	151,243	28,920	46,454	11,452	75,689	22	147	39	49
DISTRIBUTION - PRIMARY	3,631,991	2,098,988	445,765	819,449	215,687	0	4,602	30,487	7,142	9,872
DISTRIBUTION - SECONDARY	2,399,853	1,453,937	305,165	543,214	61,554	0	3,176	21,042	4,946	6,819
TOTAL DEMAND	6,345,859	3,704,168	779,851	1,409,116	288,693	75,689	7,800	51,675	12,127	16,741
ENERGY										
TRANSMISSION	0	0	0	0	0	0	0	0	0	0
CUSTOMER										
METERS	881,739	399,230	233,798	166,047	38,194	24,470	0	0	0	0
SERVICE DROPS	532,487	459,998	61,797	10,445	222	24	0	0	0	0
CUSTOMER ACCOUNTS	2,583,065	1,912,899	265,186	83,435	1,871	39,467	24,020	162,654	32,210	61,315
CUSTOMER SERVICE	3,627	3,102	431	92	2	0	0	0	0	0
OTHER	1,015,015	0	0	0	0	0	28,103	660,486	59,067	267,359
TOTAL CUSTOMER	5,015,933	2,775,230	561,222	260,018	40,288	63,962	52,123	823,140	91,277	328,674
TOTAL	11,361,793	6,479,398	1,341,073	1,689,135	328,981	139,651	59,923	874,815	103,404	345,414

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FLORIDA PUBLIC UTILITIES COMPANY
COST OF SERVICE STUDY
PRO FORMA TEST-YEAR ENDED 12/31/2004
PRESENT RATES
REVENUE REQUIREMENTS

	Total Company	Residential Service	General Service	General -Demand	General Dem Large	General Dem Large 1	OL	OL-2	SL-2	SL-3
BILLING DETERMINANTS PROPOSED RATES										
DEMAND (ANNUAL KW)										
BILLING DEMANDS FOR TRANSMISSION	1,133,803			583,848	130,229	419,726				
DISTRIBUTION - PRIMARY	714,077			583,848	130,229	0				
DISTRIBUTION - SECONDARY	714,077			583,848	130,229	0				
TOTAL DEMAND TO PRIMARY	714,077			583,848	130,229	0				
TOTAL DEMAND TO SECONDARY	714,077			583,848	130,229	0				
ENERGY (KWH)										
TRANSMISSION ENERGY	767,865,108	344,173,333	66,912,014	186,373,546	55,227,856	108,710,000	586,826	3,875,570	787,610	1,218,354
CUSTOMER ($/CUSTOMER/MONTH)	410,263	274,374	37,425	7,765	173	28	7,803	52,788	10,106	19,801
METERS	410,263	274,374	37,425	7,765	173	28	7,803	52,788	10,106	19,801
SERVICE DROPS	410,263	274,374	37,425	7,765	173	28	7,803	52,788	10,106	19,801
CUSTOMER ACCOUNTS	410,263	274,374	37,425	7,765	173	28	7,803	52,788	10,106	19,801
CUSTOMER SERVICE	410,263	274,374	37,425	7,765	173	28	7,803	52,788	10,106	19,801
OTHER	410,263	274,374	37,425	7,765	173	28	7,803	52,788	10,106	19,801
TOTAL CUSTOMER	410,263	274,374	37,425	7,765	173	28	7,803	52,788	10,106	19,801

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FLORIDA PUBLIC UTILITIES COMPANY
COST OF SERVICE STUDY
PRO FORMA TEST-YEAR ENDED 12/31/2004
PRESENT RATES
REVENUE REQUIREMENTS

	Total Company	Residential Service	General Service	General -Demand	General Dem Large	General Dem Large 1	OL	OL-2	SL-2	SL-3
UNIT COSTS AT TARGET RATE OF RETURN										
DEMAND ($/KW/MONTH)										
TRANSMISSION				0 080	0 088	0 180				
DISTRIBUTION - PRIMARY				1 404	1 656					
DISTRIBUTION - SECONDARY				0 930	0 473					
TOTAL DEMAND TO PRIMARY				$1 483	$1 744	$0 180				
TOTAL DEMAND TO SECONDARY				$2 413	$2 217	$0 180				
DEMAND ($/KWH)										
TRANSMISSION	0 000409	0 000439	0 000432	0 000249	0 000207	0 000696	0 000038	0 000038	0 000049	0 000040
DISTRIBUTION - PRIMARY	0 004730	0 006099	0 006662	0 004397	0 003905	0 000000	0 007842	0 007866	0 009068	0 008103
DISTRIBUTION - SECONDARY	0.003125	0 004224	0 004561	0 002915	0 001115	0.000000	0 005412	0 005429	0.006280	0 005597
TOTAL DEMAND TO PRIMARY	$0 005139	$0 006538	$0 007094	$0 004646	$0 004113	$0 000696	$0.007880	$0 007904	$0 009117	$0 008143
TOTAL DEMAND TO SECONDARY	$0 008264	$0 010763	$0 011655	$0 007561	$0 005227	$0 000696	$0.013292	$0 013334	$0.015397	$0 013740
ENERGY										
TRANSMISSION	$0 000000	$0.000000	$0 000000	$0 000000	$0 000000	$0 000000	$0 000000	$0 000000	$0 000000	$0 000000
CUSTOMER ($/CUSTOMER/MONTH)										
METERS	$2 149	$1 455	$6 247	$23 959	$220 943	$875 451	$0 000	$0 000	$0 000	$0 000
SERVICE DROPS	1 298	1 677	1 651	1 345	1 282	0 873	0 000	0 000	0 000	0 000
CUSTOMER ACCOUNTS	6 296	6 972	7 086	10 745	10 822	1411 981	3 078	3 081	3 187	3 097
CUSTOMER SERVICE	0 009	0 011	0 012	0 012	0 012	0 012	0 000	0 000	0 000	0 000
OTHER	2 474	0 000	0 000	0 000	0 000	0 000	3 602	12 512	5 845	13 502
TOTAL CUSTOMER	$12 23	$10 11	$15 00	$36 06	$233 06	$2,288 32	$6 68	$15 59	$9 03	$16 60

FLORIDA PUBLIC UTILITIES COMPANY
COST OF SERVICE STUDY
PRO FORMA TEST-YEAR ENDED 12/31/2004
PRESENT RATES
REVENUE REQUIREMENTS

	Total Company	Residential Service	General Service	General -Demand	General Dem Large	General Dem Large 1	OL	OL-2	SL-2	SL-3
REVENUE REQUIREMENT AT TARGET RATE OF RETURN										
RATE BASE	39,840,870	21,771,166	4,429,321	7,110,802	1,471,272	2,317,048	96,854	1,600,156	200,966	843,285
EARNED RETURN	1,088,574	432,171	121,569	464,890	102,045	273,243	(9,660)	(159,275)	(37,477)	(98,933)
EARNED RATE OF RETURN	2 73%	1 99%	2 74%	6 54%	6 94%	11 79%	-9 97%	-9 95%	-18 65%	-11 73%
TARGET RATE OF RETURN	2 73%	1 99%	2 74%	6 54%	6 94%	11 79%	-9 97%	-9 95%	-18 65%	-11 73%
TARGET RETURN	1,088,574	432,171	121,569	464,890	102,045	273,243	(9,660)	(159,275)	(37,477)	(98,933)
REQUIRED INCREASE IN RETURN	0	0	0	0	0	0	0	0	0	0
REQUIRED INCREASE IN REVENUE	-	-	-	-	-	-	-	-	-	-
BASE REVENUES	11,361,793	6,211,171	1,341,974	2,135,291	430,949	485,782	39,633	540,124	32,560	144,309
REQUIRED % INCREASE in BASE REVENUES	0 00%	0 00%	0 00%	0 00%	0 00%	0 00%	0 00%	0 00%	0 00%	0 00%
INCREASE INDEX	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	-									
INCREMENTAL TAXES AS % OF RETURN										
INCOME	64 8758%									
REVENUE	0 0000%									
ATTENDANT INCR IN TAXES	0	0	0	0	0	0	0	0	0	0
ATTENDANT INCR IN REVENUE TAXES	0	0	0	0	0	0	0	0	0	0
PLUS TEST-YEAR COST OF SERVICE										
OPERATIONS & MAINTENANCE	7,684,194	4,465,593	915,125	1,157,757	230,628	118,655	39,358	533,002	52,535	171,541
DEPRECIATION EXPENSE	2,708,403	1,482,785	312,381	493,607	96,671	103,737	8,085	137,704	14,324	59,109
TAXES OTHER	3,248,053	1,719,341	357,022	652,451	141,976	213,828	8,362	111,151	9,003	34,919
INCOME TAX	(237,300)	(106,363)	(20,678)	(57,597)	(17,068)	(33,596)	(181)	(1,198)	(243)	(377)
OPERATING INCOME	1,088,574	432,171	121,569	464,890	102,045	273,243	(9,660)	(159,275)	(37,477)	(98,933)
TEST-YEAR COST OF SERVICE	14,491,924	7,993,527	1,685,419	2,711,108	554,252	675,868	45,964	621,384	38,142	166,259
REV REQ AT TARGET RATE OF RETURN	14,491,924	7,993,527	1,685,419	2,711,108	554,252	675,868	45,964	621,384	38,142	166,259
LESS OTHER REVENUES	558,039	440,121	65,506	42,646	5,008	3,434	120	794	161	250
BASE REVENUE REQUIREMENT (includes GR an	13,933,885	7,553,406	1,619,913	2,668,462	549,245	672,434	45,844	620,590	37,981	166,010
TOTAL RETURN & INCOME TAXES	851,274	325,808	100,891	407,294	84,977	239,648	(9,841)	(160,473)	(37,720)	(99,309)
% OF RATE BASE	2 14%	1 50%	2 28%	5 73%	5 78%	10 34%	-10 16%	-10 03%	-18 77%	-11 78%

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FLORIDA PUBLIC UTILITIES COMPANY
COST OF SERVICE STUDY
PRO FORMA TEST-YEAR ENDED 12/31/2004
PRESENT RATES
REVENUE REQUIREMENTS

	Total Company	Residential Service	General Service	General -Demand	General Dem. Large	General Dem Large 1	OL	OL-2	SL-2	SL-3
OPERATING EXPENSES AT TARGET RATE OF RETURN										
DEMAND										
TRANSMISSION	379,086	117,778	23,124	49,972	13,293	174,818	9	61	12	19
DISTRIBUTION - PRIMARY	3,495,360	1,977,723	419,447	839,263	224,316	0	3,140	20,737	4,214	6,519
DISTRIBUTION - SECONDARY	2,280,540	1,349,710	286,254	556,820	64,134	0	2,143	14,152	2,876	4,449
TOTAL DEMAND	6,154,986	3,445,212	728,825	1,446,055	301,743	174,818	5,292	34,951	7,103	10,987
ENERGY										
TRANSMISSION	0	0	0	0	0	0	0	0	0	0
CUSTOMER										
METERS	877,652	395,046	229,220	188,489	38,803	26,093	0	0	0	0
SERVICE DROPS	452,531	388,293	52,964	10,989	245	40	0	0	0	0
CUSTOMER ACCOUNTS	2,621,531	1,973,763	269,226	83,791	1,865	39,238	21,870	147,953	28,325	55,498
CUSTOMER SERVICE	3,784	3,247	443	92	2	0	0	0	0	0
OTHER	738,705	0	0	0	0	0	21,666	508,058	34,385	174,596
TOTAL CUSTOMER	4,694,203	2,760,349	551,854	283,361	40,916	65,371	43,537	656,011	62,710	230,094
REVENUE RELATED	2,791,462	1,462,158	303,849	574,399	126,616	196,031	6,977	90,895	6,049	24,488
TOTAL	13,640,650	7,667,719	1,584,528	2,303,815	469,275	436,220	55,806	781,857	75,862	265,569

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FLORIDA PUBLIC UTILITIES COMPANY
COST OF SERVICE STUDY
PRO FORMA TEST-YEAR ENDED 12/31/2004
PRESENT RATES
REVENUE REQUIREMENTS

	Total Company	Residential Service	General Service	General -Demand	General Dem. Large	General Dem Large 1	OL	OL-2	SL-2	SL-3
RETURN AND INCOME TAXES AT TARGET RATE OF RETURN										
DEMAND										
TRANSMISSION	305,551	22,450	6,709	36,458	9,779	230,303	(12)	(78)	(30)	(29)
DISTRIBUTION - PRIMARY	401,020	123,351	39,819	200,347	53,997	0	(1,330)	(8,667)	(3,297)	(3,200)
DISTRIBUTION - SECONDARY	266,782	96,538	28,161	137,749	15,999	0	(940)	(6,130)	(2,332)	(2,263)
TOTAL DEMAND	973,353	242,339	74,689	374,554	79,775	230,303	(2,282)	(14,875)	(5,658)	(5,491)
ENERGY										
TRANSMISSION	0	0	0	0	0	0	0	0	0	0
CUSTOMER										
METERS	59,568	13,106	11,575	23,935	4,969	5,983	0	0	0	0
SERVICE DROPS	68,308	51,785	10,751	5,610	126	36	0	0	0	0
CUSTOMER ACCOUNTS	5,409	18,420	3,824	2,993	67	3,242	(1,778)	(11,874)	(4,255)	(5,230)
CUSTOMER SERVICE	6	4	1	0	0	0	0	0	0	0
OTHER	(255,765)	0	0	0	0	0	(5,774)	(133,634)	(27,798)	(88,560)
TOTAL CUSTOMER	(122,475)	83,315	26,151	32,538	5,162	9,262	(7,552)	(145,508)	(32,052)	(93,790)
REVENUE RELATED	395	153	50	202	41	83	(7)	(89)	(10)	(28)
TOTAL	851,274	325,808	100,891	407,294	84,977	239,648	(9,841)	(160,473)	(37,720)	(99,309)

FLORIDA PUBLIC UTILITIES COMPANY
COST OF SERVICE STUDY
PRO FORMA TEST-YEAR ENDED 12/31/2004
PRESENT RATES
REVENUE REQUIREMENTS

	Total Company	Residential Service	General Service	General -Demand	General Dem Large	General Dem Large 1	OL	OL-2	SL-2	SL-3
TOTAL REVENUE REQUIREMENT REVENUE RELATED UNDISTRIBUTED										
DEMAND										
TRANSMISSION	684,637	140,228	29,833	86,429	23,072	405,121	(3)	(17)	(17)	(10)
DISTRIBUTION - PRIMARY	3,896,380	2,101,074	459,266	1,039,610	278,313	0	1,810	12,070	918	3,320
DISTRIBUTION - SECONDARY	2,547,322	1,446,248	314,415	694,569	80,133	0	1,202	8,023	545	2,186
TOTAL DEMAND	7,128,339	3,687,551	803,514	1,820,609	381,518	405,121	3,010	20,076	1,445	5,496
ENERGY										
TRANSMISSION	0	0	0	0	0	0	0	0	0	0
CUSTOMER										
METERS	937,220	408,152	240,796	212,424	43,772	32,076	0	0	0	0
SERVICE DROPS	520,839	440,078	63,715	16,599	371	76	0	0	0	0
CUSTOMER ACCOUNTS	2,626,939	1,992,183	273,051	86,784	1,933	42,480	20,092	136,079	24,070	50,267
CUSTOMER SERVICE	3,790	3,252	444	92	2	0	0	0	0	0
OTHER	482,940	0	0	0	0	0	15,892	374,424	6,588	86,036
TOTAL CUSTOMER	4,571,728	2,843,665	578,005	315,899	46,077	74,633	35,984	510,503	30,658	136,304
REVENUE RELATED	2,791,857	1,462,311	303,900	574,600	126,657	196,114	6,970	90,806	6,039	24,460
TOTAL	14,491,924	7,993,527	1,685,419	2,711,108	554,252	675,868	45,964	621,384	38,142	166,259

FLORIDA PUBLIC UTILITIES COMPANY
COST OF SERVICE STUDY
PRO FORMA TEST-YEAR ENDED 12/31/2004
PRESENT RATES
REVENUE REQUIREMENTS

	Total Company	Residential Service	General Service	General -Demand	General Dem Large	General Dem Large 1	OL	OL-2	SL-2	SL-3
TOTAL REVENUE REQUIREMENT REVENUE RELATED DISTRIBUTED LESS OTHER REVENUES										
DEMAND										
TRANSMISSION	682,133	133,357	28,979	86,380	23,253	410,212	(3)	(17)	(17)	(10)
DISTRIBUTION - PRIMARY	3,782,186	1,998,117	446,119	1,039,018	280,496	0	1,840	12,287	931	3,378
DISTRIBUTION - SECONDARY	2,467,896	1,375,379	305,415	694,174	80,761	0	1,222	8,167	552	2,225
TOTAL DEMAND	6,932,215	3,506,852	780,514	1,819,572	384,510	410,212	3,059	20,437	1,466	5,593
ENERGY										
TRANSMISSION	0	0	0	0	0	0	0	0	0	0
CUSTOMER										
METERS	910,952	388,152	233,903	212,303	44,115	32,479	0	0	0	0
SERVICE DROPS	497,444	418,513	61,892	16,589	373	77	0	0	0	0
CUSTOMER ACCOUNTS	2,526,011	1,894,562	265,235	86,735	1,948	43,014	20,421	138,527	24,413	51,157
CUSTOMER SERVICE	3,618	3,092	431	92	2	0	0	0	0	0
OTHER	491,552	0	0	0	0	0	16,153	381,160	6,681	87,558
TOTAL CUSTOMER	4,429,578	2,704,319	561,460	315,719	46,439	75,571	36,573	519,687	31,095	138,715
TOTAL	11,361,793	6,211,171	1,341,974	2,135,291	430,949	485,782	39,633	540,124	32,560	144,309

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FLORIDA PUBLIC UTILITIES COMPANY
COST OF SERVICE STUDY
PRO FORMA TEST-YEAR ENDED 12/31/2004
PRESENT RATES
REVENUE REQUIREMENTS

	Total Company	Residential Service	General Service	General -Demand	General Dem Large	General Dem Large 1	OL	OL-2	SL-2	SL-3
BILLING DETERMINANTS PROPOSED RATES										
DEMAND (ANNUAL KW)										
BILLING DEMANDS FOR TRANSMISSION	1,133,803			583,848	130,229	419,726				
DISTRIBUTION - PRIMARY	714,077			583,848	130,229	0				
DISTRIBUTION - SECONDARY	714,077			583,848	130,229	0				
TOTAL DEMAND TO PRIMARY	714,077			583,848	130,229	0				
TOTAL DEMAND TO SECONDARY	714,077			583,848	130,229	0				
ENERGY (KWH)										
TRANSMISSION ENERGY	767,865,108	344,173,333	66,912,014	186,373,546	55,227,856	108,710,000	586,826	3,875,570	787,610	1,218,354
CUSTOMER ($/CUSTOMER/MONTH)	410,263	274,374	37,425	7,765	173	28	7,803	52,788	10,106	19,801
METERS	410,263	274,374	37,425	7,765	173	28	7,803	52,788	10,106	19,801
SERVICE DROPS	410,263	274,374	37,425	7,765	173	28	7,803	52,788	10,106	19,801
CUSTOMER ACCOUNTS	410,263	274,374	37,425	7,765	173	28	7,803	52,788	10,106	19,801
CUSTOMER SERVICE	410,263	274,374	37,425	7,765	173	28	7,803	52,788	10,106	19,801
OTHER	410,263	274,374	37,425	7,765	173	28	7,803	52,788	10,106	19,801
TOTAL CUSTOMER	410,263	274,374	37,425	7,765	173	28	7,803	52,788	10,106	19,801

FLORIDA PUBLIC UTILITIES COMPANY
COST OF SERVICE STUDY
PRO FORMA TEST-YEAR ENDED 12/31/2004
PRESENT RATES
REVENUE REQUIREMENTS

	Total Company	Residential Service	General Service	General -Demand	General Dem Large	General Dem Large 1	OL	OL-2	SL-2	SL-3
UNIT COSTS AT TARGET RATE OF RETURN										
DEMAND ($/KW/MONTH)										
TRANSMISSION				0 148	0 179	0 977				
DISTRIBUTION - PRIMARY				1 780	2 154					
DISTRIBUTION - SECONDARY				1 189	0 620					
TOTAL DEMAND TO PRIMARY				$1 928	$2 332	$0 977				
TOTAL DEMAND TO SECONDARY				$3 117	$2 953	$0 977				
DEMAND ($/KWH)										
TRANSMISSION	0 000888	0 000387	0 000433	0 000463	0 000421	0 003773	-0 000005	-0 000004	-0 000022	-0 000008
DISTRIBUTION - PRIMARY	0 004926	0 005806	0.006667	0 005575	0 005079	0 000000	0 003135	0 003170	0 001182	0 002773
DISTRIBUTION - SECONDARY	0 003214	0 003996	0 004564	0 003725	0 001462	0 000000	0 002083	0 002107	0 000701	0 001826
TOTAL DEMAND TO PRIMARY	$0.005814	$0 006193	$0 007100	$0 006038	$0 005500	$0 003773	$0 003131	$0 003166	$0 001160	$0 002765
TOTAL DEMAND TO SECONDARY	$0 009028	$0 010189	$0 011665	$0 009763	$0 006962	$0 003773	$0 005213	$0 005273	$0 001861	$0 004591
ENERGY										
TRANSMISSION	$0 000000	$0 000000	$0 000000	$0 000000	$0 000000	$0 000000	$0 000000	$0 000000	$0 000000	$0 000000
CUSTOMER ($/CUSTOMER/MONTH)										
METERS	$2 220	$1 415	$6 250	$27 340	$255 199	$1,161 993	$0 000	$0 000	$0 000	$0 000
SERVICE DROPS	1 213	1 525	1 654	2 136	2 160	2 754	0 000	0 000	0 000	0 000
CUSTOMER ACCOUNTS	6 157	6 905	7 087	11.170	11 267	1538 873	2 617	2 624	2 416	2 584
CUSTOMER SERVICE	0 009	0 011	0 012	0 012	0 012	0 012	0 000	0 000	0 000	0 000
OTHER	1 198	0 000	0 000	0 000	0 000	0 000	2 070	7 221	0 661	4 422
TOTAL CUSTOMER	$10 80	$9 86	$15 00	$40 66	$268 64	$2,703 63	$4 69	$9 84	$3 08	$7 01

FLORIDA PUBLIC UTILITIES COMPANY
COST OF SERVICE STUDY
PRO FORMA TEST-YEAR ENDED 12/31/2004
PROPOSED RATES
REVENUE REQUIREMENTS

	Total Company	Residential Service	General Service	General -Demand	General Dem. Large	General Dem Large 1	OL	OL-2	SL-2	SL-3
REVENUE REQUIREMENT AT TARGET RATE OF RETURN										
RATE BASE	39,840,870	21,771,848	4,429,366	7,110,338	1,471,169	2,316,725	96,862	1,600,272	200,973	843,316
EARNED RETURN	3,585,681	2,271,989	464,373	735,128	151,444	226,349	(634)	(70,570)	(56,313)	(136,084)
EARNED RATE OF RETURN	9.00%	10.44%	10 48%	10 34%	10 29%	9 77%	-0 65%	-4.41%	-28.02%	-16 14%
TARGET RATE OF RETURN	9 00%	9.00%	9 00%	9.00%	9 00%	9 00%	9.00%	9 00%	9 00%	9.00%
TARGET RETURN	3,585,678	1,959,466	398,643	639,930	132,405	208,505	8,718	144,024	18,088	75,898
REQUIRED INCREASE IN RETURN	(3)	(312,523)	(65,730)	(95,197)	(19,039)	(17,843)	9,352	214,595	74,401	211,982
REQUIRED INCREASE IN REVENUE	(5)	(515,274)	(108,373)	(156,958)	(31,391)	(29,419)	15,419	353,815	122,669	349,507
BASE REVENUES	15,383,982	8,969,546	1,854,034	2,510,722	498,575	392,701	60,678	826,938	49,850	220,939
REQUIRED % INCREASE in BASE REVENUES	0.00%	-5.74%	-5.85%	-6 25%	-6.30%	-7.49%	25.41%	42 79%	246.07%	158 19%
INCREASE INDEX	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	(5)									
INCREMENTAL TAXES AS % OF RETURN										
INCOME	64.8758%									
REVENUE	0.0000%									
ATTENDANT INCR IN TAXES	(2)	(202,752)	(42,643)	(61,760)	(12,352)	(11,576)	6,067	139,220	48,268	137,525
ATTENDANT INCR IN REVENUE TAXES	0	0	0	0	0	0	0	0	0	0
PLUS TEST-YEAR COST OF SERVICE										
OPERATIONS & MAINTENANCE	7,684,194	4,473,274	915,632	1,152,534	229,462	115,017	39,454	534,314	52,614	171,892
DEPRECIATION EXPENSE	2,708,403	1,482,785	312,381	493,607	96,671	103,737	8,085	137,704	14,324	59,109
TAXES OTHER	3,248,053	1,763,916	359,969	622,141	135,210	192,713	8,921	118,767	9,462	36,954
INCOME TAX	1,382,717	884,443	159,073	55,989	2,635	(75,576)	11,741	195,564	35,804	113,045
OPERATING INCOME	3,585,681	2,271,989	464,373	735,128	151,444	226,349	(634)	(70,570)	(56,313)	(136,084)
TEST-YEAR COST OF SERVICE	18,609,047	10,673,655	2,168,785	2,997,639	603,070	550,664	73,634	1,054,998	104,159	382,441
REV REQ AT TARGET RATE OF RETURN	18,609,044	10,361,132	2,103,056	2,902,442	584,032	532,821	82,986	1,269,593	178,560	594,423
LESS OTHER REVENUES	652,975	520,350	76,528	45,613	5,272	3,861	122	809	164	254
BASE REVENUE REQUIREMENT (includes GR anc	17,956,069	9,840,783	2,026,527	2,856,828	578,759	528,960	82,863	1,268,784	178,396	594,169
TOTAL RETURN & INCOME TAXES	4,968,394	2,641,158	515,073	634,160	122,688	121,353	26,525	478,808	102,160	326,469
% OF RATE BASE	12.47%	12 13%	11.63%	8 92%	8.34%	5.24%	27 38%	29 92%	50 83%	38 71%

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FLORIDA PUBLIC UTILITIES COMPANY
COST OF SERVICE STUDY
PRO FORMA TEST-YEAR ENDED 12/31/2004
PROPOSED RATES
REVENUE REQUIREMENTS

	Total Company	Residential Service	General Service	General -Demand	General Dem Large	General Dem Large 1	OL	OL-2	SL-2	SL-3
OPERATING EXPENSES AT TARGET RATE OF RETURN										
DEMAND										
TRANSMISSION	379,086	117,778	23,124	49,972	13,293	174,818	9	61	12	19
DISTRIBUTION - PRIMARY	3,495,360	1,977,723	419,447	839,263	224,316	0	3,140	20,737	4,214	6,519
DISTRIBUTION - SECONDARY	2,280,540	1,349,710	286,254	556,820	64,134	0	2,143	14,152	2,876	4,449
TOTAL DEMAND	6,154,986	3,445,212	728,825	1,446,055	301,743	174,818	5,292	34,951	7,103	10,987
ENERGY										
TRANSMISSION	0	0	0	0	0	0	0	0	0	0
CUSTOMER										
METERS	877,652	395,046	229,220	188,489	38,803	26,093	0	0	0	0
SERVICE DROPS	452,531	388,293	52,964	10,989	245	40	0	0	0	0
CUSTOMER ACCOUNTS	2,621,531	1,973,763	269,226	83,791	1,865	39,238	21,870	147,953	28,325	55,498
CUSTOMER SERVICE	3,784	3,247	443	92	2	0	0	0	0	0
OTHER	738,705	0	0	0	0	0	21,666	508,058	34,385	174,596
TOTAL CUSTOMER	4,694,203	2,760,349	551,854	283,361	40,916	65,371	43,537	656,011	62,710	230,094
REVENUE RELATED	2,791,462	1,514,414	307,303	538,866	118,684	171,278	7,632	99,824	6,587	26,873
TOTAL	13,640,650	7,719,975	1,587,982	2,268,282	461,343	411,467	56,461	790,785	76,400	267,954

FLORIDA PUBLIC UTILITIES COMPANY
COST OF SERVICE STUDY
PRO FORMA TEST-YEAR ENDED 12/31/2004
PROPOSED RATES
REVENUE REQUIREMENTS

	Total Company	Residential Service	General Service	General -Demand	General Dem Large	General Dem Large 1	OL	OL-2	SL-2	SL-3
RETURN AND INCOME TAXES AT TARGET RATE OF RETURN										
DEMAND										
TRANSMISSION	404,202	181,986	34,250	56,769	14,120	116,637	32	232	80	94
DISTRIBUTION - PRIMARY	1,642,012	999,911	203,283	311,963	77,965	0	3,584	25,860	8,928	10,518
DISTRIBUTION - SECONDARY	1,198,495	782,560	143,768	214,490	23,100	0	2,535	18,289	6,314	7,439
TOTAL DEMAND	3,244,709	1,964,458	381,302	583,222	115,185	116,637	6,150	44,380	15,323	18,051
ENERGY										
TRANSMISSION	0	0	0	0	0	0	0	0	0	0
CUSTOMER										
METERS	212,810	106,244	59,093	37,269	7,174	3,030	0	0	0	0
SERVICE DROPS	483,603	419,780	54,887	8,735	182	18	0	0	0	0
CUSTOMER ACCOUNTS	244,175	149,316	19,523	4,660	97	1,642	4,793	35,427	11,523	17,194
CUSTOMER SERVICE	40	35	5	1	0	0	0	0	0	0
OTHER	780,664	0	0	0	0	0	15,562	398,699	75,283	291,119
TOTAL CUSTOMER	1,721,291	675,374	133,509	50,665	7,453	4,691	20,355	434,126	86,806	308,313
REVENUE RELATED	2,394	1,326	263	273	51	25	20	301	31	104
TOTAL	4,968,394	2,641,158	515,073	634,160	122,688	121,353	26,525	478,808	102,160	326,469

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FLORIDA PUBLIC UTILITIES COMPANY
COST OF SERVICE STUDY
PRO FORMA TEST-YEAR ENDED 12/31/2004
PROPOSED RATES
REVENUE REQUIREMENTS

	Total Company	Residential Service	General Service	General -Demand	General Dem Large	General Dem Large 1	OL	OL-2	SL-2	SL-3
TOTAL REVENUE REQUIREMENT										
REVENUE RELATED UNDISTRIBUTED										
DEMAND										
TRANSMISSION	783,288	299,765	57,375	106,740	27,412	291,455	41	293	93	114
DISTRIBUTION - PRIMARY	5,137,372	2,977,635	622,730	1,151,226	302,281	0	6,724	46,597	13,143	17,037
DISTRIBUTION - SECONDARY	3,479,035	2,132,270	430,023	771,311	87,234	0	4,677	32,441	9,191	11,888
TOTAL DEMAND	9,399,695	5,409,669	1,110,127	2,029,277	416,928	291,455	11,443	79,331	22,426	29,039
ENERGY										
TRANSMISSION	0	0	0	0	0	0	0	0	0	0
CUSTOMER										
METERS	1,090,462	501,289	268,314	225,758	45,978	29,123	0	0	0	0
SERVICE DROPS	936,133	808,073	107,852	19,724	426	58	0	0	0	0
CUSTOMER ACCOUNTS	2,865,705	2,123,079	288,750	88,452	1,962	40,880	26,663	183,380	39,848	72,691
CUSTOMER SERVICE	3,625	3,282	447	93	2	0	0	0	0	0
OTHER	1,519,369	0	0	0	0	0	37,228	906,757	109,669	465,715
TOTAL CUSTOMER	6,415,494	3,435,724	685,362	334,026	48,368	70,062	63,891	1,090,137	149,516	538,407
REVENUE RELATED	2,793,856	1,515,739	307,566	539,139	118,735	171,303	7,652	100,125	6,618	26,977
TOTAL	18,609,044	10,361,132	2,103,056	2,902,442	584,032	532,821	82,986	1,269,593	178,560	594,423

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FLORIDA PUBLIC UTILITIES COMPANY
COST OF SERVICE STUDY
PRO FORMA TEST-YEAR ENDED 12/31/2004
PROPOSED RATES
REVENUE REQUIREMENTS

	Total Company	Residential Service	General Service	General -Demand	General Dem Large	General Dem Large 1	OL	OL-2	SL-2	SL-3
TOTAL REVENUE REQUIREMENT REVENUE RELATED DISTRIBUTED LESS OTHER REVENUES										
DEMAND										
TRANSMISSION	769,548	286,510	55,782	106,310	27,524	292,878	42	296	93	114
DISTRIBUTION - PRIMARY	4,985,658	2,845,971	605,448	1,146,579	303,508	0	6,792	47,047	13,187	17,127
DISTRIBUTION - SECONDARY	3,370,512	2,037,986	418,089	768,197	87,588	0	4,725	32,754	9,221	11,951
TOTAL DEMAND	9,125,718	5,170,467	1,079,319	2,021,086	418,619	292,878	11,558	80,097	22,501	29,192
ENERGY										
TRANSMISSION	0	0	0	0	0	0	0	0	0	0
CUSTOMER										
METERS	1,059,712	479,124	280,312	224,847	46,164	29,266	0	0	0	0
SERVICE DROPS	897,332	772,342	104,859	19,644	428	58	0	0	0	0
CUSTOMER ACCOUNTS	2,766,222	2,029,202	280,737	88,095	1,970	41,079	26,933	185,149	39,982	73,076
CUSTOMER SERVICE	3,667	3,137	435	92	2	0	0	0	0	0
OTHER	1,531,326	0	0	0	0	0	37,605	915,506	110,037	468,178
TOTAL CUSTOMER	6,258,259	3,283,805	666,343	332,678	48,565	70,404	64,538	1,100,656	150,018	541,254
TOTAL	15,383,977	8,454,271	1,745,662	2,353,764	467,184	363,281	76,097	1,180,752	172,519	570,446

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FLORIDA PUBLIC UTILITIES COMPANY
COST OF SERVICE STUDY
PRO FORMA TEST-YEAR ENDED 12/31/2004
PROPOSED RATES
REVENUE REQUIREMENTS

	Total Company	Residential Service	General Service	General -Demand	General Dem Large	General Dem Large 1	OL	OL-2	SL-2	SL-3
BILLING DETERMINANTS PROPOSED RATES										
DEMAND (ANNUAL KW)										
BILLING DEMANDS FOR TRANSMISSION	1,133,803			583,848	130,229	419,726				
DISTRIBUTION - PRIMARY	714,077			583,848	130,229	0				
DISTRIBUTION - SECONDARY	714,077			583,848	130,229	0				
TOTAL DEMAND TO PRIMARY	714,077			583,848	130,229	0				
TOTAL DEMAND TO SECONDARY	714,077			583,848	130,229	0				
ENERGY (KWH)										
TRANSMISSION ENERGY	767,865,108	344,173,333	66,912,014	186,373,546	55,227,856	108,710,000	586,826	3,875,570	787,610	1,218,354
CUSTOMER ($/CUSTOMER/MONTH)	410,263	274,374	37,425	7,765	173	28	7,803	52,788	10,106	19,801
METERS	410,263	274,374	37,425	7,765	173	28	7,803	52,788	10,106	19,801
SERVICE DROPS	410,263	274,374	37,425	7,765	173	28	7,803	52,788	10,106	19,801
CUSTOMER ACCOUNTS	410,263	274,374	37,425	7,765	173	28	7,803	52,788	10,106	19,801
CUSTOMER SERVICE	410,263	274,374	37,425	7,765	173	28	7,803	52,788	10,106	19,801
OTHER	410,263	274,374	37,425	7,765	173	28	7,803	52,788	10,106	19,801
TOTAL CUSTOMER	410,263	274,374	37,425	7,765	173	28	7,803	52,788	10,106	19,801

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FLORIDA PUBLIC UTILITIES COMPANY
COST OF SERVICE STUDY
PRO FORMA TEST-YEAR ENDED 12/31/2004
PROPOSED RATES
REVENUE REQUIREMENTS

	Total Company	Residential Service	General Service	General -Demand	General Dem. Large	General Dem Large 1	OL	OL-2	SL-2	SL-3
UNIT COSTS AT TARGET RATE OF RETURN										
DEMAND ($/KW/MONTH)										
TRANSMISSION				0.182	0 211	0 698				
DISTRIBUTION - PRIMARY				1.964	2 331					
DISTRIBUTION - SECONDARY				1.316	0 673					
TOTAL DEMAND TO PRIMARY				$2 146	$2 542	$0.698				
TOTAL DEMAND TO SECONDARY				$3.462	$3 214	$0.698				
DEMAND ($/KWH)										
TRANSMISSION	0.001002	0.000832	0 000834	0.000570	0.000498	0 002694	0.000071	0.000076	0 000118	0 000094
DISTRIBUTION - PRIMARY	0.006493	0.008269	0 009048	0.006152	0 005496	0.000000	0 011574	0.012139	0 016743	0 014058
DISTRIBUTION - SECONDARY	0.004389	0.005921	0 006248	0.004122	0 001586	0 000000	0 008051	0.008451	0 011708	0 009809
TOTAL DEMAND TO PRIMARY	$0 007495	$0.009101	$0.009882	$0 006722	$0.005994	$0 002694	$0 011645	$0 012216	$0 016861	$0.014152
TOTAL DEMAND TO SECONDARY	$0 011885	$0 015023	$0 016130	$0 010844	$0 007580	$0 002694	$0 019696	$0 020667	$0 028569	$0 023961
ENERGY										
TRANSMISSION	$0 000000	$0.000000	$0.000000	$0 000000	$0.000000	$0.000000	$0.000000	$0 000000	$0 000000	$0.000000
CUSTOMER ($/CUSTOMER/MONTH)										
METERS	$2.583	$1 746	$7.490	$28.955	$267 051	$1,047 013	$0 000	$0 000	$0 000	$0.000
SERVICE DROPS	2 187	2.815	2 802	2 530	2 477	2 086	0 000	0 000	0 000	0.000
CUSTOMER ACCOUNTS	6.743	7 396	7.501	11.345	11 398	1469.664	3.452	3 507	3.956	3 691
CUSTOMER SERVICE	0.009	0.011	0.012	0.012	0 012	0.012	0 000	0.000	0 000	0 000
OTHER	3.733	0.000	0.000	0.000	0 000	0.000	4 819	17.343	10 888	23 644
TOTAL CUSTOMER	$15 25	$11.97	$17.60	$42.84	$280.94	$2,518.77	$8 27	$20.85	$14.84	$27.33

FLORIDA PUBLIC UTILITIES COMPANY
COST OF SERVICE STUDY
PRO FORMA TEST-YEAR ENDED 12/31/2004
PROPOSED RATES
REVENUE REQUIREMENTS

	Total Company	Residential Service	General Service	General -Demand	General Dem Large	General Dem Large 1	OL	OL-2	SL-2	SL-3
REVENUE REQUIREMENT AT TARGET RATE OF RETURN										
RATE BASE	39,840,870	21,771,848	4,429,366	7,110,338	1,471,169	2,316,725	96,862	1,600,272	200,973	843,316
EARNED RETURN	3,585,681	2,271,989	464,373	735,128	151,444	226,349	(634)	(70,570)	(56,313)	(136,084)
EARNED RATE OF RETURN	9.00%	10 44%	10.48%	10 34%	10 29%	9 77%	-0.65%	-4 41%	-28 02%	-16 14%
TARGET RATE OF RETURN	9.00%	10.44%	10.48%	10 34%	10 29%	9.77%	-0 65%	-4 41%	-28.02%	-16.14%
TARGET RETURN	3,585,681	2,271,989	464,373	735,128	151,444	226,349	(634)	(70,570)	(56,313)	(136,084)
REQUIRED INCREASE IN RETURN	0	0	0	0	0	0	0	0	0	0
REQUIRED INCREASE IN REVENUE	-	-	-	-	-	-	-	-	-	-
BASE REVENUES	15,383,982	8,969,546	1,854,034	2,510,722	498,575	392,701	60,678	826,938	49,850	220,939
REQUIRED % INCREASE in BASE REVENUES	0 00%	0.00%	0.00%	0 00%	0.00%	0 00%	0.00%	0.00%	0.00%	0.00%
INCREASE INDEX	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	-									
INCREMENTAL TAXES AS % OF RETURN										
INCOME	64 8758%									
REVENUE	0.0000%									
ATTENDANT INCR. IN TAXES	0	0	0	0	0	0	0	0	0	0
ATTENDANT INCR. IN REVENUE TAXES	0	0	0	0	0	0	0	0	0	0
PLUS TEST-YEAR COST OF SERVICE										
OPERATIONS & MAINTENANCE	7,684,194	4,473,274	915,632	1,152,534	229,462	115,017	39,454	534,314	52,614	171,892
DEPRECIATION EXPENSE	2,708,403	1,482,785	312,381	493,607	96,671	103,737	8,085	137,704	14,324	59,109
TAXES OTHER	3,248,053	1,763,916	359,969	622,141	135,210	192,713	8,921	118,767	9,462	36,954
INCOME TAX	1,382,717	884,443	159,073	55,989	2,635	(75,576)	11,741	195,564	35,804	113,045
OPERATING INCOME	3,585,681	2,271,989	464,373	735,128	151,444	226,349	(634)	(70,570)	(56,313)	(136,084)
TEST-YEAR COST OF SERVICE	18,609,049	10,876,407	2,211,428	3,059,399	615,422	562,240	67,567	915,778	55,891	244,915
REV REQ AT TARGET RATE OF RETURN	18,609,049	10,876,407	2,211,428	3,059,399	615,422	562,240	67,567	915,778	55,891	244,915
LESS OTHER REVENUES	652,975	520,350	76,528	45,613	5,272	3,861	122	809	164	254
BASE REVENUE REQUIREMENT (includes GR and	17,956,074	10,356,057	2,134,900	3,013,786	610,150	558,379	67,445	914,969	55,727	244,661
TOTAL RETURN & INCOME TAXES	4,968,398	3,156,432	623,446	791,117	154,079	150,772	11,107	124,993	(20,509)	(23,039)
% OF RATE BASE	12 47%	14.50%	14 08%	11 13%	10 47%	6 51%	11.47%	7.81%	-10 20%	-2 73%

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FLORIDA PUBLIC UTILITIES COMPANY
COST OF SERVICE STUDY
PRO FORMA TEST-YEAR ENDED 12/31/2004
PROPOSED RATES
REVENUE REQUIREMENTS

	Total Company	Residential Service	General Service	General -Demand	General Dem Large	General Dem Large 1	OL	OL-2	SL-2	SL-3
OPERATING EXPENSES AT TARGET RATE OF RETURN										
DEMAND										
TRANSMISSION	379,086	117,778	23,124	49,972	13,293	174,818	9	61	12	19
DISTRIBUTION - PRIMARY	3,495,360	1,977,723	419,447	839,263	224,316	0	3,140	20,737	4,214	6,519
DISTRIBUTION - SECONDARY	2,280,540	1,349,710	286,254	556,820	64,134	0	2,143	14,152	2,876	4,449
TOTAL DEMAND	6,154,986	3,445,212	728,825	1,446,055	301,743	174,818	5,292	34,951	7,103	10,987
ENERGY										
TRANSMISSION	0	0	0	0	0	0	0	0	0	0
CUSTOMER										
METERS	877,652	395,046	229,220	188,489	38,803	26,093	0	0	0	0
SERVICE DROPS	452,531	388,293	52,964	10,989	245	40	0	0	0	0
CUSTOMER ACCOUNTS	2,621,531	1,973,763	269,226	83,791	1,865	39,238	21,870	147,953	28,325	55,498
CUSTOMER SERVICE	3,784	3,247	443	92	2	0	0	0	0	0
OTHER	738,705	0	0	0	0	0	21,666	508,058	34,385	174,596
TOTAL CUSTOMER	4,694,203	2,760,349	551,854	283,361	40,916	65,371	43,537	656,011	62,710	230,094
REVENUE RELATED	2,791,462	1,514,414	307,303	538,866	118,684	171,278	7,632	99,824	6,587	26,873
TOTAL	13,640,650	7,719,975	1,587,982	2,268,282	461,343	411,467	56,461	790,785	76,400	267,954

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FLORIDA PUBLIC UTILITIES COMPANY
COST OF SERVICE STUDY
PRO FORMA TEST-YEAR ENDED 12/31/2004
PROPOSED RATES
REVENUE REQUIREMENTS

	Total Company	Residential Service	General Service	General -Demand	General Dem Large	General Dem Large 1	OL	OL-2	SL-2	SL-3
RETURN AND INCOME TAXES AT TARGET RATE OF RETURN										
DEMAND										
TRANSMISSION	492,464	217,491	41,457	70,819	17,732	144,913	13	61	(16)	(7)
DISTRIBUTION - PRIMARY	1,933,847	1,194,988	246,054	389,175	97,913	0	1,501	6,751	(1,792)	(742)
DISTRIBUTION - SECONDARY	1,409,881	935,232	174,018	267,578	29,010	0	1,061	4,774	(1,268)	(525)
TOTAL DEMAND	3,836,192	2,347,712	461,529	727,572	144,656	144,913	2,575	11,586	(3,076)	(1,274)
ENERGY										
TRANSMISSION	0	0	0	0	0	0	0	0	0	0
CUSTOMER										
METERS	257,765	126,971	71,526	46,493	9,010	3,765	0	0	0	0
SERVICE DROPS	579,261	501,677	66,436	10,896	228	23	0	0	0	0
CUSTOMER ACCOUNTS	217,782	178,446	23,631	5,814	122	2,040	2,007	9,248	(2,313)	(1,213)
CUSTOMER SERVICE	48	42	6	1	0	0	0	0	0	0
OTHER	74,939	0	0	0	0	0	6,516	104,081	(15,114)	(20,544)
TOTAL CUSTOMER	1,129,795	807,136	161,599	63,205	9,360	5,828	8,523	113,329	(17,427)	(21,758)
REVENUE RELATED	2,411	1,584	318	340	64	31	8	79	(6)	(7)
TOTAL	4,968,398	3,156,432	623,446	791,117	154,079	150,772	11,107	124,993	(20,509)	(23,039)

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FLORIDA PUBLIC UTILITIES COMPANY
COST OF SERVICE STUDY
PRO FORMA TEST-YEAR ENDED 12/31/2004
PROPOSED RATES
REVENUE REQUIREMENTS

	Total Company	Residential Service	General Service	General -Demand	General Dem. Large	General Dem Large 1	OL	OL-2	SL-2	SL-3
TOTAL REVENUE REQUIREMENT										
REVENUE RELATED UNDISTRIBUTED										
DEMAND										
TRANSMISSION	871,550	335,269	64,581	120,791	31,025	319,731	23	122	(4)	12
DISTRIBUTION - PRIMARY	5,429,207	3,172,712	665,501	1,228,438	322,229	0	4,641	27,488	2,422	5,777
DISTRIBUTION - SECONDARY	3,690,421	2,284,943	460,272	824,398	93,145	0	3,204	18,927	1,608	3,924
TOTAL DEMAND	9,991,178	5,792,923	1,190,354	2,173,627	446,399	319,731	7,867	46,536	4,027	9,714
ENERGY										
TRANSMISSION	0	0	0	0	0	0	0	0	0	0
CUSTOMER										
METERS	1,135,417	522,017	300,747	234,982	47,813	29,858	0	0	0	0
SERVICE DROPS	1,031,791	889,970	119,400	21,886	473	62	0	0	0	0
CUSTOMER ACCOUNTS	2,839,312	2,152,210	292,858	89,605	1,987	41,278	23,877	157,201	26,012	54,284
CUSTOMER SERVICE	3,833	3,289	448	93	2	0	0	0	0	0
OTHER	813,644	0	0	0	0	0	28,182	612,138	19,272	154,052
TOTAL CUSTOMER	5,823,997	3,567,485	713,453	346,566	50,275	71,199	52,060	769,340	45,283	208,336
REVENUE RELATED	2,793,873	1,515,998	307,621	539,206	118,748	171,309	7,640	99,902	6,581	26,866
TOTAL	18,609,049	10,876,407	2,211,428	3,059,399	615,422	562,240	67,567	915,778	55,891	244,915

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FLORIDA PUBLIC UTILITIES COMPANY
COST OF SERVICE STUDY
PRO FORMA TEST-YEAR ENDED 12/31/2004
PROPOSED RATES
REVENUE REQUIREMENTS

	Total Company	Residential Service	General Service	General -Demand	General Dem Large	General Dem Large 1	OL	OL-2	SL-2	SL-3
TOTAL REVENUE REQUIREMENT REVENUE RELATED DISTRIBUTED LESS OTHER REVENUES										
DEMAND										
TRANSMISSION	856,977	321,269	62,893	120,337	31,144	321,179	23	123	(4)	13
DISTRIBUTION - PRIMARY	5,276,476	3,040,228	648,102	1,223,821	323,462	0	4,699	27,861	2,448	5,853
DISTRIBUTION - SECONDARY	3,580,600	2,189,530	448,239	821,300	93,501	0	3,244	19,183	1,626	3,976
TOTAL DEMAND	9,714,052	5,551,028	1,159,234	2,165,458	448,107	321,179	7,966	47,167	4,071	9,842
ENERGY										
TRANSMISSION	0	0	0	0	0	0	0	0	0	0
CUSTOMER										
METERS	1,105,192	500,219	292,884	234,099	47,996	29,993	0	0	0	0
SERVICE DROPS	991,427	852,807	116,278	21,804	475	63	0	0	0	0
CUSTOMER ACCOUNTS	2,745,078	2,062,340	285,201	89,268	1,995	41,465	24,176	159,333	26,297	55,004
CUSTOMER SERVICE	3,683	3,152	437	92	2	0	0	0	0	0
OTHER	824,549	0	0	0	0	0	28,536	620,438	19,483	156,093
TOTAL CUSTOMER	5,669,929	3,418,518	694,801	345,264	50,468	71,521	52,712	779,770	45,780	211,096
TOTAL	15,383,982	8,969,546	1,854,034	2,510,722	498,575	392,701	60,678	826,938	49,850	220,939

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FLORIDA PUBLIC UTILITIES COMPANY
COST OF SERVICE STUDY
PRO FORMA TEST-YEAR ENDED 12/31/2004
PROPOSED RATES
REVENUE REQUIREMENTS

	Total Company	Residential Service	General Service	General -Demand	General Dem Large	General Dem Large 1	OL	OL-2	SL-2	SL-3
BILLING DETERMINANTS PROPOSED RATES										
DEMAND (ANNUAL KW)										
BILLING DEMANDS FOR TRANSMISSION	1,133,803			583,848	130,229	419,726				
DISTRIBUTION - PRIMARY	714,077			583,848	130,229	0				
DISTRIBUTION - SECONDARY	714,077			583,848	130,229	0				
TOTAL DEMAND TO PRIMARY	714,077			583,848	130,229	0				
TOTAL DEMAND TO SECONDARY	714,077			583,848	130,229	0				
ENERGY (KWH)										
TRANSMISSION ENERGY	767,865,108	344,173,333	66,912,014	186,373,546	55,227,856	108,710,000	586,826	3,875,570	787,610	1,218,354
CUSTOMER ($/CUSTOMER/MONTH)	410,263	274,374	37,425	7,765	173	28	7,803	52,788	10,106	19,801
METERS	410,263	274,374	37,425	7,765	173	28	7,803	52,788	10,106	19,801
SERVICE DROPS	410,263	274,374	37,425	7,765	173	28	7,803	52,788	10,106	19,801
CUSTOMER ACCOUNTS	410,263	274,374	37,425	7,765	173	28	7,803	52,788	10,106	19,801
CUSTOMER SERVICE	410,263	274,374	37,425	7,765	173	28	7,803	52,788	10,106	19,801
OTHER	410,263	274,374	37,425	7,765	173	28	7,803	52,788	10,106	19,801
TOTAL CUSTOMER	410,263	274,374	37,425	7,765	173	28	7,803	52,788	10,106	19,801

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FLORIDA PUBLIC UTILITIES COMPANY
COST OF SERVICE STUDY
PRO FORMA TEST-YEAR ENDED 12/31/2004
PROPOSED RATES
REVENUE REQUIREMENTS

	Total Company	Residential Service	General Service	General -Demand	General Dem. Large	General Dem Large 1	OL	OL-2	SL-2	SL-3
UNIT COSTS AT TARGET RATE OF RETURN										
DEMAND ($/KW/MONTH)										
TRANSMISSION				0 206	0 239	0 765				
DISTRIBUTION - PRIMARY				2.096	2.484					
DISTRIBUTION - SECONDARY				1.407	0 718					
TOTAL DEMAND TO PRIMARY				$2.302	$2 723	$0.765				
TOTAL DEMAND TO SECONDARY				$3.709	$3 441	$0.765				
DEMAND ($/KWH)										
TRANSMISSION	0 001116	0.000933	0 000940	0.000646	0.000564	0 002954	0.000039	0.000032	-0.000005	0.000010
DISTRIBUTION - PRIMARY	0 006872	0.008833	0 009686	0 006566	0 005857	0 000000	0 008007	0 007189	0 003109	0 004804
DISTRIBUTION - SECONDARY	0 004663	0.006362	0 006699	0 004407	0.001693	0.000000	0.005529	0.004950	0 002065	0 003264
TOTAL DEMAND TO PRIMARY	$0 007988	$0.009767	$0.010626	$0.007212	$0.006421	$0 002954	$0.008046	$0 007221	$0.003104	$0 004815
TOTAL DEMAND TO SECONDARY	$0.012651	$0.016129	$0 017325	$0 011619	$0 008114	$0 002954	$0 013575	$0 012170	$0 005169	$0.008078
ENERGY										
TRANSMISSION	$0.000000	$0.000000	$0.000000	$0.000000	$0.000000	$0.000000	$0.000000	$0.000000	$0.000000	$0.000000
CUSTOMER ($/CUSTOMER/MONTH)										
METERS	$2 694	$1 823	$7 826	$30 147	$277 648	$1,073 046	$0.000	$0.000	$0 000	$0 000
SERVICE DROPS	2.417	3 108	3.107	2 808	2.747	2 246	0 000	0.000	0 000	0 000
CUSTOMER ACCOUNTS	6.691	7.517	7 621	11.496	11.539	1483.456	3.098	3.018	2.602	2 778
CUSTOMER SERVICE	0 009	0.011	0.012	0 012	0 012	0 012	0.000	0 000	0 000	0 000
OTHER	2.010	0 000	0 000	0 000	0 000	0 000	3 657	11 753	1 928	7.883
TOTAL CUSTOMER	$13 82	$12 46	$18 56	$44.46	$291 95	$2,558.76	$6 76	$14 77	$4.53	$10.66

SECTION IV

WORKPAPERS

Appendix Sheet #1 LOAD RESEARCH DATA Page 1 of 1

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: ELECTRIC DIVISION

DOCKET NO.: 030438EI

EXPLANATION:

Class 12CP load factors - load factors for Gulf Power for the years 1999, 2001, and 2002-2003 were averaged by class.

Coincidence factor (Coincidence of class maximum kW to coincident 12CP) - Coincidence factors for Gulf Power for the years 1999, 2001, and 2002-2003 were averaged by class

Type of Data Shown.
Projected Test Year Ended 12/31/2004
Witness: Mark Cutshaw

Line No.

Class 12CP Load Factors

Class	GULF 1999	GULF 2001	GULF 2002-2003	3-YR AVG
RS	57.9%	59.8%	58.0%	58.5%
GS	58 6%	61.7%	53.4%	57.9%
GSD	77 1%	74.5%	75.2%	75 6%
GSLD	80.6%	82.5%	86.9%	83.3%

Coincidence Factors

Class	GULF 1999	GULF 2001	GULF 2002-2003	3-YR. AVG
RS	74 8%	74.1%	74 7%	74.5%
GS	65.5%	69.7%	71 9%	69 0%
GSD	71.2%	76 2%	73.0%	73 5%
GSLD	73 0%	74 8%	70 5%	72 7%

Supporting Schedules:

Recap Schedules:

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: ELECTRIC DIVISION

DOCKET NO.: 030438EI

Type of Data Shown:
Projected Test Year Ended 12/31/2004
Witness Mark Cutshaw

Rate		MWH Sales	Loss Factor To Primary (1 025)	MWH at Primary	Loss Factor To Supply	MWH at Source
RS		344,173	1.025	352,781	1 029	362,974
GS		66,912	1 025	68,585	1 029	70,567
GSD	-Primary	5,344	1 000	5,344	1 029	5,499
	-Secondary	181,029	1 025	185,557	1 029	190,918
GSLD	-Primary	32,503	1 000	32,503	1 029	33,442
	-Secondary	22,724	1 025	23,293	1 029	23,966
GSLD1	-Transmission	108,710	1 000	108,710	1 029	111,851
	-Primary	0	1 000	0	1 029	0
	-Secondary	0	1 025	0	1 029	0
OL		4,462	1 025	4,574	1.029	4,706
SL		2,006	1 025	2,056	1 029	2,116
TOTAL		767,865		783,404		806,038

Supporting Schedules

Recap Schedules.

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: ELECTRIC DIVISION

DOCKET NO · 030438EI

Type of Data Shown·
Projected Test Year Ended 12/31/2004
Witness· Mark Cutshaw

Rate		MWH Sales	12 CP Load Factor	Estimated 12 CP (Average)
RS		344,173	58 5%	67,161
GS		66,912	57.9%	13,192
GSD	-Primary	5,344	75 6%	807
	-Secondary	181,029	75 6%	27,335
GSLD	-Primary	32,503	83 3%	4,454
	-Secondary	22,724	83 3%	3,114
GSLD1	-Transmission	108,710	83 3%	14,898
	-Primary	0	83 3%	0
	-Secondary	0	83 3%	0
OL		4,462	--	--
SL		2,006	--	--
TOTAL		767,865		130,962

Supporting Schedules·

Recap Schedules

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY. ELECTRIC DIVISION

DOCKET NO . 030438EI

Type of Data Shown
Projected Test Year Ended 12/31/2004
Witness Mark Cutshaw

Rate		Average 12CP at Meters	Loss Factor To Primary 25% x 1.25	12 CP at Primary	Loss Factor Primary to Generation/Source (See Note 1)	12 CP at Source KW
RS		67,161	1 031	69,261	1 036	71,722
GS		13,192	1 031	13,605	1 036	14,088
GSD	-Primary	807	1 000	807	1 036	836
	-Secondary	27,335	1 031	28,190	1 036	29,191
GSLD	-Primary	4,454	1 000	4,454	1 036	4,613
	-Secondary	3,114	1 031	3,212	1 036	3,326
GSLD1	-Transmission	14,898	1 000	14,898	1 036	15,427
	-Primary	0	1 000	0	1 036	0
	-Secondary	0	1 031	0	1 036	0
OL		--	--	--	1 031	--
SL		--	--	--	1 031	--
TOTAL		130,962		134,426		139,202

Supporting Schedules: Recap Schedules

NOTES: 1. Balance required to have overall losses equal 1 25 X 4 74% from CP's at Meters

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY ELECTRIC DIVISION

DOCKET NO . 030438EI

Type of Data Shown:
Projected Test Year Ended 12/31/2004
Witness: Mark Cutshaw

Rate		Average 12CP at Meters	Coincidence Factor	Class Maximum NCP at Meters
RS		67,161	74 5%	90,149
GS		13,192	69 0%	19,119
GSD	-Primary	807	73 5%	1,098
	-Secondary	27,335	73 5%	37,191
GSLD	-Primary	4,454	72 7%	6,127
	-Secondary	3,114	72 7%	4,284
GSLD1	-Transmission	14,898	72 7%	20,492
	-Primary	0	72 7%	0
	-Secondary	0	72 7%	0
OL		--	--	1,088
SL		--	--	489
TOTAL		130,962		180,037

Supporting Schedules.

Recap Schedules:

NOTES: 1. Based on 4,100 hours/use per year

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: ELECTRIC DIVISION

DOCKET NO : 030438EI

Type of Data Shown:
Projected Test Year Ended 12/31/2004
Prior Year Ended 12/31/2004
Witness: Mark Cutshaw

Rate		Maximum NCP at Meters	Loss Factor to Primary	NCP at Primary	Loss Factor to Source	NCP at Supply
RS		90,149	1 031	92,967	1 036	96,271
GS		19,119	1 031	19,717	1 036	20,418
GSD	-Primary	1,098	1 000	1,098	1 036	1,137
	-Secondary	37,191	1 031	38,353	1 036	39,716
GSLD	-Primary	6,127	1 000	6,127	1 036	6,345
	-Secondary	4,284	1 031	4,418	1 036	4,574
GSLD1	-Transmission	20,492	1 000	20,492	1 036	21,220
	-Primary	0	1 000	0	1 036	0
	-Secondary	0	1 031	0	1 036	0
OL		1,088	1 031	1,122	1 031	1,162
SL		489	1 031	505	1 031	522
TOTAL		180,037		184,799		191,366

Supporting Schedules: Recap Schedules

Workpaper #1 - Factor 24
Account 364 - Poles

Description	Total	Primary	Percent	Secondary	Percent	Total Percent
Poles 30' and under	$1,309,357	$26,187	2.0%	$1,283,170	98.0%	100.0%
35' Poles	$1,533,792	$1,380,413	90.0%	$153,379	10.0%	100.0%
40' Poles	$2,734,822	$2,707,474	99.0%	$27,348	1.0%	100.0%
45' Poles and Larger	$1,596,455	$1,596,455	100.0%	$0	0.0%	100.0%
Miscellaneous	$95,868	$95,868	100.0%	$0	0.0%	100.0%
Total	$7,270,294	$5,806,397	79.9%	$1,463,897	20.1%	100.0%

Workpaper #2

Accounts 365 & 367/366 - OH Conductors & UG Conductors, Conduit, Devices

Account 365 - Factor 25

Description	Total	Primary	Percent	Secondary	Percent	Total Percent
Conductors	$6,864,411	$4,118,646	60.0%	$2,745,765	40.0%	100.0%
Switches, Arrestors, Reclosers	$1,365,351	$1,365,351	100.0%	$0	0.0%	100.0%
Miscellaneous	$103,580	$62,148	60.0%	$41,432	40.0%	100.0%
Total	$8,333,342	$5,546,145	66.6%	$2,787,197	33.4%	100.0%

Account 367/366 - Factor 27

Description	Total	Primary	Percent	Secondary	Percent	Total Percent
Conductor	$2,840,749	$1,704,449	60.0%	$1,136,300	40.0%	100.0%
Conduit	$1,612,696	$967,618	60.0%	$645,078	40.0%	100.0%
Subtotal	$4,453,445	$2,672,067	60.0%	$1,781,378	40.0%	100.0%
Manholes, Vaults	$122,974	$122,974	100.0%	$0	0.0%	100.0%
Arrestors, Cutouts, Switches	$398,916	$398,916	100.0%	$0	0.0%	100.0%
Miscellaneous	$300,043	$180,026	60.0%	$120,017	40.0%	100.0%
Total	$5,275,378	$3,373,983	64.0%	$1,901,395	36.0%	100.0%

Workpaper #3 - Factor 11
Account 370 - Meters

	Total Meters	Total Cost	Cost/Meter	Per Unit	2004 Projected Average Number of Customers	2004 Projected Meters
Residential Service	36707	$1,457,539.09	$39.71	1.00	22865	22,865
General Service	4579	$773,437.42	$168.91	4.25	3119	13,267
General Service Demand	774	$518,128.00	$669.42	16.86	647	10,909
General Service Large Demand	15	$92,857.69	$6,190.51	155.90	14	2,246
General Service Large Demand 1	2	$51,489.81	$25,744.90	648.37	2	1,510
Total	42077	$2,893,452.00	$32,813.45	826.38	26647	50797

Workpaper #4 - Factor 12 Account 371 - Customer Lights			
Description	Total	OL-1	OL-2
Overhead Poles	$21,192	$1,015	$20,177
Percentage	100.0%	4.8%	95.2%
OH Conductor	$10,772	$427	$10,345
Percentage	100.0%	4.0%	96.0%
Light Fixtures	$991,776	$39,345	$952,431
Percentage	100.0%	4.0%	96.0%
UG Poles	$197,046	$9,442	$187,604
Percentage	100.0%	4.8%	95.2%
UG Conductors	$43,499	$1,726	$41,773
Percentage	100.0%	4.0%	96.0%
Conduit	$3,797	$151	$3,646
Percentage	100.0%	4.0%	96.0%
Lights Fixtures	$195,446	$7,754	$187,692
Percentage	100.0%	4.0%	96.0%
Total	$1,463,528	$59,860	$1,403,668
Percentage	100.0%	4.1%	95.9%

	Number	Total Cost	Percentage
OL-1 Lights	633	$26,160	2.63%
OL-1 Poles	232	$15,982	1.61%
OL-2 Lights	4,478	$633,253	63.78%
OL-2 Poles	1,969	$317,546	31.98%
Total	7,312	$992,941	100.00%

	Total Cost	OL-1 %	OL-2 %
Total Light Percentage	$659,413	3.97%	96.03%
Total Pole Percentage	$333,528	4.79%	95.21%
Total	$992,941	4.24%	95.76%

Workpaper #5 - Factor 13 Account 373 - Street Lights				
Description	Total	SL-1	SL-2	SL-3
Poles	$25,527	$0	$2,496	$23,031
Percentage	100.0%	0.0%	9.8%	90.2%
Conductors	$52,386	$238	$8,542	$43,606
Percentage	100.0%	0.5%	16.3%	83.2%
Light Fixtures	$488,812	$2,223	$79,707	$406,882
Percentage	100.0%	0.5%	16.3%	83.2%
Miscellaneous Lights	$10,699	$49	$1,745	$8,906
Percentage	100.0%	0.5%	16.3%	83.2%
Transformers	$2,711	$12	$442	$2,257
Percentage	100.0%	0.5%	16.3%	83.2%
Total	$580,135	$2,522	$92,932	$484,681
Percentage	100.0%	0.4%	16.0%	83.5%

	Number	Total Cost	Percentage
SL-1 Lights	12	$1,800	0.40%
SL-1 Poles	0	$0	0.00%
SL-2 Lights	1,723	$64,540	14.34%
SL-2 Poles	77	$5,305	1.18%
SL-3 Lights	2,973	$329,461	73.21%
SL-3 Poles	398	$48,944	10.88%
Total	5,183	$450,050	100.00%

	Total Cost	SL - 1 %	SL-2 %	SL-3 %
Total Light Percentage	$395,801	0.45%	16.31%	83.24%
Total Pole Percentage	$54,249	0.00%	9.78%	90.22%
Total	$450,050	0.40%	15.52%	84.08%

FLORIDA PUBLIC UTILITIES COMPANY
ELECTRIC DIVISION

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 030438-EI

MINIMUM FILING REQUIREMENTS
SCHEDULE F – MISCELLANEOUS SCHEDULES

AUGUST 2003

FLORIDA PUBLIC UTILITIES COMPANY
DOCKET NO. 030438-EI
MINIMUM REQUIREMENTS INDEX

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Schedule F-1

ANNUAL AND QUARTERLY REPORTS TO SHAREHOLDERS

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO.: 030438EI

EXPLANATION: Provide a copy of the most recent Annual Report to Shareholders and all subsequent Quarterly Reports. The company shall file all Quarterly and Annual Reports as they become available during the proceeding.

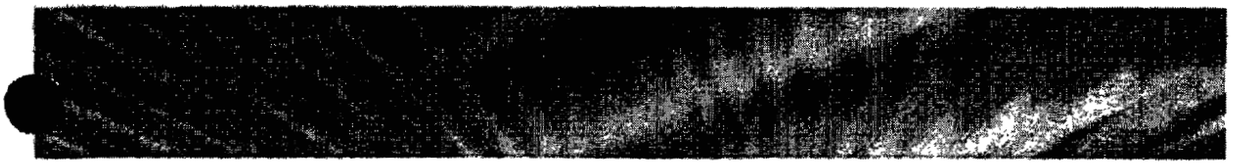
Type of Data Shown:
Historical Year 12/31/2002
Quarter Ended: 3/31/2003

Witness: George Bachman

See attached

Supporting Schedules:

Recap Schedules:



FLORIDA PUBLIC
UTILITIES

Achieving The Vision



Achieving The Vision

Our strategy is to fulfill Florida's energy users' needs for safe, reliable, and competitively priced energy and to provide value added services. Our intent is to make our customers' quality of life demonstrably better.

In the business of providing energy to communities since 1924, Florida Public Utilities distributes natural gas, propane and electric to people in many growing markets throughout Florida.

The Company itself does not generate electricity, or produce natural or propane gas, but rather it purchases energy from primary suppliers, transports this energy through its distribution systems, and resells it to homes and businesses at competitive rates.

Providing clean, reliable, and economical energy to approximately 90,000 households and businesses, FPU currently distributes energy by using more than 1,400 miles of gas lines and more than 1,000 miles of electric lines. The Florida Public Service Commission regulates natural gas and electric rates in Florida. The competitive rates the Company charges for propane are not regulated.

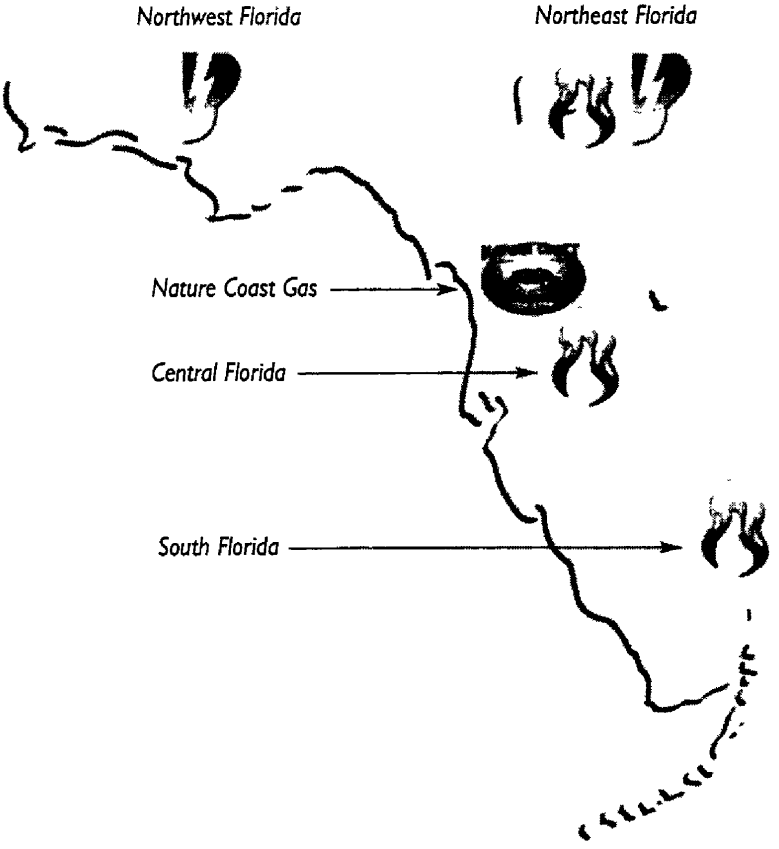
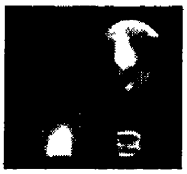


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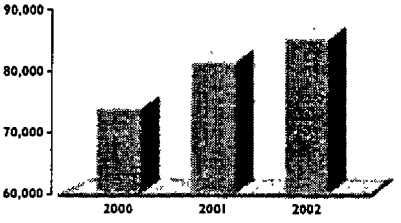


Financial Highlights

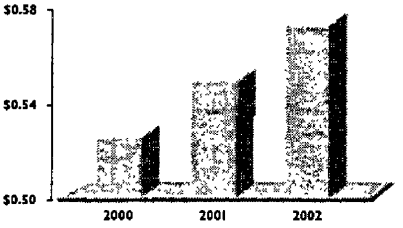
(results from continuing operations)
(dollars in thousands, except per share data)

Years Ended December 31	2002	2001	2000
Operating Results			
Revenues	$ 88,461	$ 89,178	$ 81,954
Gross Profit	$ 34,929	$ 29,940	$ 28,463
Operating Income Excluding Income Tax	$ 7,769	$ 6,619	$ 7,069
Income From Continuing Operations, Excluding Income Taxes	$ 2,761	$ 2,456	$ 2,665
Per Common Share			
Earnings - Continuing Operations	$ 0.70	$ 0.64	$ 0.70
Dividends Declared	$ 0.57	$ 0.55	$ 0.53
Book Value	$ 7.96	$ 7.62	$ 7.30
Customers			
Electric	26,362	25,992	25,517
Natural Gas	46,658	45,442	40,093
Propane Gas	12,740	10,138	7,842
Total	85,760	81,572	73,452
Units Sold			
MWH - Electricity	741,039	728,616	758,738
MDth - Natural Gas	7,169	6,949	7,484
MDth - Propane	466	296	242
Utility Plant			
Utility Additions and Replacements	$ 14,136	$ 13,442	$ 8,443
Utility Plant - Net	$ 97,955	$ 88,088	$ 75,264

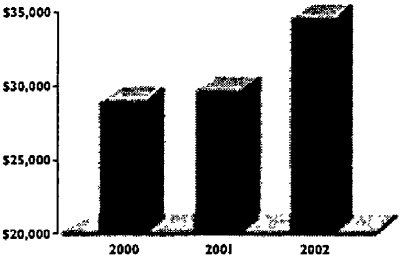
Total Customers



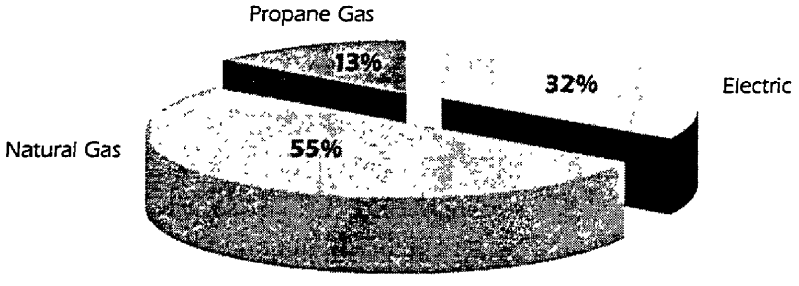
Dividends Declared



Gross Profit



Divisional Contribution to Gross Profit



2002 Letter to our shareholders



I am pleased to report we made significant progress in achieving our goals in 2002, attaining a solid, profitable year in spite of a very demanding business environment Many events occurred outside the Company's control that increased operating expenses The aftermath of the tragic occurrences of September 11, followed by major corporate bankruptcies and financial scandals have resulted in challenging business conditions for every enterprise The bottom line for 2002 was a weakened economy, declining stock market, the Sarbanes-Oxley legislation (a public company accounting and investor protection act) and a hardening insurance market These dynamics affected our Company through decreased energy usage by our customers and caused large increases in insurance premiums, and costs to comply with the provisions of Sarbanes-Oxley legislation.

Our strong financial performance in spite of these challenges can be attributed to a continuing focus on our growth strategy and our efforts to operate more efficiently.

Our income from regulated electric and natural gas operations was at or near the maximum earnings allowed by the Florida Public Service Commission (FPSC) Net income from continuing operations for 2002 was $2,761,000, compared with $2,456,000 for 2001, an increase of 12 4 percent Earnings per share from continuing operations for 2002 increased to $ 70 per share, up from $.64 in the previous year

In June 2002, the Board of Directors declared a 4-for-3 stock split, effective July 1, and increased the quarterly dividend paid on common shares to $.1425 from $ 1388. The annual dividend of $ 57 per share is a 3 6 percent increase, and is within our guideline of maintaining a payout ratio of less than 75 percent We believe that our ability to increase dividends, while maintaining our payout ratio policy, has enhanced the value of your shares

During December 2002, we reached an agreement with the City of Fernandina Beach to sell our water division The current value of the sale is approximately $25,100,000, with $18,950,000 paid in cash at closing and $7,500,000 paid over subsequent periods The selling price is almost three times the rate base, which provides us with the opportunity to sell a business not central to our strategic plans at an attractive price It will also strengthen our balance sheet by providing cash for construction and improve our debt to equity ratio

The sale is expected to close by the end of March 2003 While the short-term effect of the sale of this division will reduce our operating cash flow, the proceeds will provide us with the capital to grow our Company (and replenish the cash flow) in harmony with our core strategic goal of expanding our electric and gas business Pending investment in expansion opportunities, the proceeds will be used to reduce short-term debt

In keeping with our strategic goal of expanding our propane business through acquisitions, on November 1, we acquired Nature Coast Gas, Inc , for approximately $740,000 This propane distribution company located in Inglis, Florida, added approximately 1,200 customers and annual sales of approximately 460,000 gallons Our existing Dunnellon propane operation was combined with the 1,200 customer Nature Coast Gas operation and is operating and marketing as Nature Coast Gas, a division of FPU

I believe that 2003 will provide us with excellent opportunities to expand our propane business further, due to the tenuous business climate facing many small operators. However, while we are prepared and capable of making acquisitions, we will not waver from our disciplined approach in evaluating potential companies. Any acquisition we consider must contribute quickly to earnings and increase shareholder value

Other major accomplishments for 2002 included:

- In April 2002, we moved into our new 15,000 square-foot business office and operations center in DeBary This consolidated our existing Sanford and Deland operations, along with the New Symrna Beach-based South Florida Natural Gas (SFNG) operation we acquired in December 2001.

The combining of these three operations into one central location gives us operating synergies and efficiencies. We also converted SFNG's personal computer billing system to our enterprise customer information system, allowing for improved service to our new customers. Our combined Central Florida division now provides natural and propane gas to approximately 20,000 customers.

- We reorganized our marketing sales team, aligned compensation incentives with our growth strategy, and strengthened our customer growth and retention programs.

- We extended our very successful, "Good Cents" energy conservation program, used in our electric operations, to our natural gas and propane gas operations. We anticipate that the "Good Cents" program will contribute to increased growth in our natural and propane divisions.

- We also updated and enhanced our web site and offered our customers the convenience of electronic funds transfer. We invite you to visit us at www.fpuc.com.

These and other highlights of the past year are discussed in more detail in the following pages.

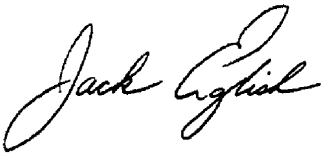
In light of recent financial scandals and accounting irregularities, our management team assures you that we adhere to high ethical standards in our decision-making and will not compromise our integrity. To improve our audit function, we engaged an independent firm to provide internal audit services. During 2002, they completed a risk analysis profile and audited our information technology, customer information and billing systems.

For 2003, we expect higher pension, auditing and insurance expenses. The magnitude of these expenses, together with increases in all costs and expenses since our last rate case proceedings, will most likely require that we petition the FPSC in 2003 and 2004 to increase both our natural gas and electric rates, respectively. Based upon our current plans, we anticipate rate relief in 2004 and 2005.

Another event that will potentially affect earnings in 2003 is the loss of income from a large natural gas customer, Lake Worth Generation, Inc. (LWG). In December 2002, LWG notified FPU of their intention to stop their monthly payments under the Pipeline Agreement. We are currently in negotiations with LWG and other interested parties to attempt to resolve this situation with minimum effect to the Company. At this time we cannot predict the ultimate outcome and therefore the effect on income.

In closing, I am grateful to our well-trained and dedicated employees who have worked diligently to accomplish our goals in 2002 and to our Board of Directors for their guidance and wisdom through this very challenging year.

Thank you for your continued confidence and investment in your Company as we look forward to 2003 and the years ahead.



Sincerely,
Jack English
President and Chief Executive Officer

2002 In Review—The Strategic Drive Continues...

Two years ago, Florida Public Utilities' senior management team engaged in a major strategic planning initiative. We emerged from the effort with a clearly defined, customer-driven strategy to fulfill Florida's energy users' needs for safe, reliable, and competitively priced energy and value-added services. Last year's annual report highlighted the first important milestones that were achieved as we began working toward that vision. This year we can report more important highlights as the work – and the vision – continue.

Customer Service Initiatives

An important element of our strategy is the development of stronger, deeper and more comprehensive customer relationships. More and more, technology plays a role in that effort. For example, as a direct reflection of customer interest, FPU last year introduced electronic funds transfer capabilities. This is a highly popular payment option for many of today's busy families, and a significant number of customers have signed up for this convenient service.

In addition, our customer service and IT teams achieved another important milestone at the end of 2002 as they rolled out the new Florida Public Utilities web site at www.fpuc.com. The new site is interactive, informative and more customer friendly, with special sections offering detailed information on our natural gas, propane and electric services. Web visitors also find valuable energy-saving tips and information on conservation rebates. Another section focuses on the needs of builders and developers, including information on the integration of natural gas infrastructure into communities, outdoor lighting applications, and the features and benefits of the Good Cents home program. We also provide information on FPU's role in supporting economic development in the communities we serve, with links to local and regional economic development offices, and special sections of corporate and investor information.

Soon the new site will accommodate our next major customer service initiative – online account management. Within the next few months customers will be able to view their FPU account and pay their bill with just the click of a mouse, as we continue our efforts to make the customer experience more convenient and efficient.

Natural Gas

Florida Public Utilities' natural gas services continued to experience strong growth in both South and Central Florida during 2002. In addition to expanding our network to neighboring communities, we also increased our penetration in existing service areas. In South Florida, our westward expansion continued, along with growth to the north in Juno Beach, and to the south in Deerfield Beach and Lighthouse Point. A key strategy has been the successful conversion of numerous propane accounts to natural gas. Altogether, we added almost 50 miles of mains and 2,117 additional customers during the year.

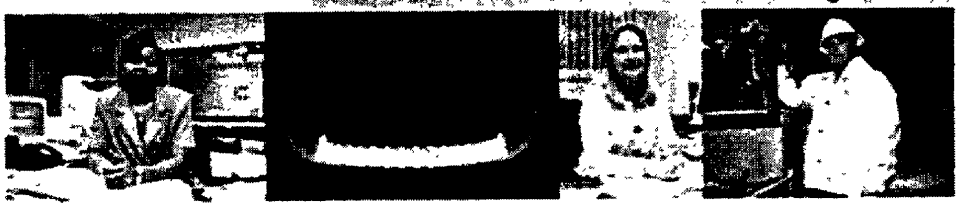
In Central Florida, a highlight of the year was the inauguration of service to the Unicell tissue manufacturing operation in Sanford during the summer. As noted in last year's report, FPU helped attract this major new employer to the community, playing a critical role in meeting Unicell's need for reliable and reasonably priced energy. The new plant is expected to use approximately 1.8 million therms annually, making it the Central Florida region's largest natural gas customer.

Propane Gas

In mid-November, Florida Public Utilities completed an important expansion of its West Central Florida propane service area with the acquisition of Nature Coast Gas, Inc. of Inglis, Florida. In addition to

The Work—And The Vision—Continue...





immediately adding approximately 1,200 new customers, the Nature Coast acquisition was significant for several other reasons

- It provided us with an excellent opportunity to enhance our propane gas service in a fast-growing area of Florida
- It allowed us to integrate our Dunnellon propane service into the Nature Coast operation, enhancing the efficiency and economy of what had been an isolated service area
- It offered us the opportunity to acquire a well-run company that was highly regarded in the area. Nature Coast's former owner and president, Scott A. Morrison, now manages the combined operation
- Finally, this is a new acquisition model for us – a model which can serve as a template for similar opportunities in the future. Its successful achievement will effectively open up many new areas of Florida for our consideration.

Other major propane expansions during 2002 included significant new contracts with Jack's Lake, a 146 single-family home subdivision at Lake Apopka in suburban Orlando, Florida Medical Center in Lauderhill, and the Hunter's Run community in southern Palm Beach County. We also continued expanding our forklift cylinder exchange business in both North and Central Florida, building on the successful foundation established by our Z-Gas acquisition in late 2001.

Electricity

Our Northeast Florida electric operations showed continued growth in 2002. A major achievement was the completion of our new 138 KV transmission line, which runs eight miles from the Jacksonville Electric Authority's Wilson Neck Substation to our step-down switching station. This project, which began in early 2001 and was completed in the summer of 2002, included the use of a helicopter to deliver linemen to remote towers in marshy areas of the Lofton Creek river basin. The upgrade also involved replacing aging wooden structures with more durable concrete construction.

The new transmission line was only one element in an ongoing series of projects designed to ensure continued reliable service to Amelia Island. At the southern end of the island, FPU crews continued the scheduled replacement of aging underground cables, as part of a proactive program to prevent possible problems rather than react to them after they occur.

In the same manner, our Northwest Florida electrical operations continued their scheduled upgrade of distribution lines, especially for those areas where growth is most aggressive. During 2002 an additional 7.5 miles of distribution lines were added within the three counties FPU serves in this area, as we continue to increase capacity while ensuring continued service reliability.

Builder/Developer Relationships

Florida Public Utilities succeeded in adding 66 major new builder/developer customer relationships during 2002. Beyond the numbers, however, these new relationships are significant in that they illustrate our commitment to building deeper, stronger customer relationships by providing solutions to builders' and developers' energy needs. One important factor in this effort has been the Good Cents Builder Program, which offers a variety of benefits to dealers, contractors and builders. Home buyers have come to recognize the Good Cents Certification as their assurance of high-level efficiency, comfort and lower utility expenses. In addition to providing a highly respected third-party endorsement of quality, the program also allows builders to increase their return by offering upgrades such as gas fireplaces, built-in grills, and pool/spa heaters. All divisions are active in the Good Cents program, which also sponsors seminars, conferences and workshops focusing on new building science technology and construction standards. These value-added services further strengthen our builder relationships, and reinforce our role as a provider of energy solutions, rather than just gas or electric services.

Community Activities

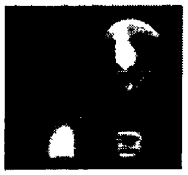
In addition to supporting economic growth, Florida Public Utilities is also committed to supporting programs, organizations and projects that enhance the quality of life in the communities we serve. Among our major community efforts is our joint employee-company support of the United Way. In addition, FPU community-minded employees actively supported other local, regional and national organizations including:

- American Cancer Society
- American Heart Association
- American Red Cross
- GCBA Children's Holiday Breakfast
- Habitat for Humanity
- Jackson Hospital, Marianna, FL
- Liberty County High School
- March of Dimes
- Muscular Dystrophy Association
- Salvation Army
- South Florida Blood Bank
- Susan G. Komen Race for the Cure

Strategic Developments

Florida Public Utilities continued to refine and advance its strategic thinking during 2002. One notable event occurred at the end of the year, as FPU announced an agreement to sell the Company's water assets to the City of Fernandina Beach. The sale, which is scheduled to be consummated in the spring of 2003, is valued at approximately $25.1 million, and represents a significant strategic move by the Company. It will enable us to concentrate on the expansion of our core energy-related business, while also providing additional working capital for other, more strategically aligned acquisitions. At the same time, it offers important benefits for the City – a true "win-win" transaction for all concerned. Meanwhile, recent strategic acquisitions continue to be melded into FPU's operations during 2002. In mid-April the Company consolidated its Central Florida operations into new division offices in DeBary. The new 15,000-square-foot facility will allow greater efficiency and better integration of operations from the Atlantic Utilities acquisition that was completed at the end of 2001. Although the Company has maintained its customer service office in New Smyrna Beach, all departments are now headquartered in a single location rather than scattered among the previous facilities in New Smyrna Beach, Deland and Sanford.

Other assets from the Atlantic Utilities acquisition were also integrated into FPU's operations during the year. Meanwhile, the successful incorporation of Z-Gas operations in Northeast Florida and the Nature Coast acquisition in West Central Florida serve as models for future strategic initiatives. Carefully targeted acquisitions such as these enable us to leverage our expertise as we continue to pursue the strategic vision we have successfully developed in recent years.

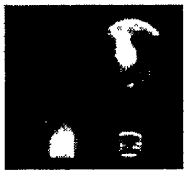


Summary of Natural Gas Data

	2002	2001	2000	1999	1998
Number of customers (at December 31)					
Residential	42,226	41,101	36,217	34,636	33,418
Commercial and industrial	4,141	4,149	3,641	3,558	3,471
Other	39	124	217	212	200
Transportation	252	68	18	17	6
Total natural gas customers	46,658	45,442	40,093	38,423	37,095
Revenues (in thousands)					
Residential	$ 13,857	$ 14,784	$ 12,339	$ 9,990	$ 9,388
Commercial and industrial	19,854	27,596	22,297	17,802	18,354
Other	4,589	888	2,621	1,788	1,653
Transportation	1,840	1,461	1,013	707	339
Total natural gas revenues	$ 40,140	$ 44,729	$ 38,270	$ 30,287	$ 29,734
Purchases (MDth)					
Natural gas	3,991	4,298	4,455	4,356	4,526
Transportation of natural gas	3,069	2,550	2,950	3,010	2,582
Co. use, unaccounted for and unbilled	109	101	79	64	234
Total natural gas purchases	7,169	6,949	7,484	7,430	7,342
Sales (MDth)					
Residential	1,114	1,019	1,019	956	919
Commercial and industrial	2,991	3,144	3,157	3,225	3,519
Other	220	320	482	346	368
Transportation	2,844	2,466	2,826	2,903	2,536
Total natural gas sales	7,169	6,949	7,484	7,430	7,342

Summary of Propane Gas Data

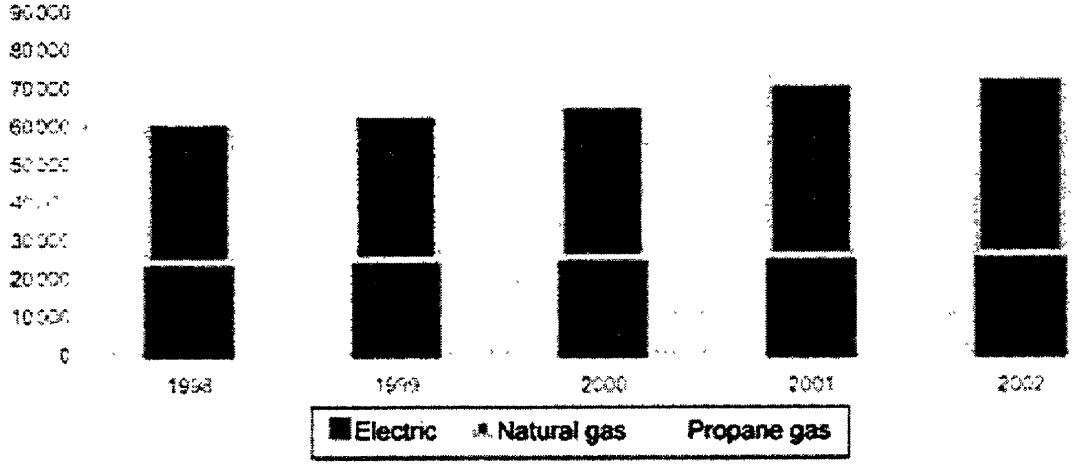
Number of customers (at December 31)					
Residential	11,769	9,412	7,401	7,850	8,422
Commercial and industrial	971	726	441	411	407
Total propane gas customers	12,740	10,138	7,842	8,261	8,829
Revenues (in thousands)					
Residential	$ 4,282	$ 3,607	$ 3,273	$ 2,970	$ 3,127
Commercial and industrial	2,867	1,705	1,061	842	855
Other	242	87	46	54	61
Total propane gas revenues	$ 7,391	$ 5,399	$ 4,380	$ 3,866	$ 4,043
Purchases (MDth)					
Propane gas	479	335	259	266	266
Co. use, unaccounted for and unbilled	(13)	(39)	(17)	(25)	(1)
Total propane gas purchases	466	296	242	241	265
Sales (MDth)					
Residential	196	154	154	160	180
Commercial and industrial	257	141	88	81	85
Other	13	1	-	-	-
Total propane gas sales	466	296	242	241	265

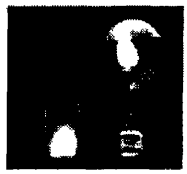


Summary of Electric Data

	2002	2001	2000	1999	1998
Number of customers (at December 31)					
Residential	22,314	22,006	21,582	21,155	20,621
Commercial and industrial	4,025	3,962	3,647	3,449	3,340
Other	23	24	288	286	287
Total electric customers	26,362	25,992	25,517	24,890	24,248
Revenues (in thousands)					
Residential	$ 21,042	$ 18,437	$ 18,240	$ 17,944	$ 18,907
Commercial and industrial	19,915	18,771	19,973	19,627	20,576
Other	(27)	1,842	1,091	(27)	771
Total electric revenues	$ 40,930	$ 39,050	$ 39,304	$ 37,544	$ 40,254
Purchases (MWH)					
Electric	780,586	764,105	795,928	753,944	742,415
Co. use, unaccounted for and unbilled	(39,547)	(35,489)	(37,190)	(34,874)	(34,232)
Total electric purchases	741,039	728,616	758,738	719,070	708,183
Sales (MWH)					
Residential	333,070	310,687	305,401	290,633	294,981
Commercial and industrial	405,857	397,216	429,143	413,094	402,983
Other	2,112	20,713	24,194	15,343	10,219
Total electric sales	741,039	728,616	758,738	719,070	708,183

CUSTOMER GROWTH BY DIVISION





Selected Financial Data

(dollars in thousands, except per share data)

Years Ended December 31,	2002	2001	2000	1999	1998
Revenues from continuing operations	$ 88,461	$ 89,178 (2)	$ 81,954	$ 71,697	$ 74,031
Gross profit from continuing operations	34,929	29,940	28,463	27,048	26,427
Income from continuing operations	$ 2,761 (1)	$ 2,456	$ 2,665	$ 3,043 (1)	$ 2,673
Income from discontinued operations	602	596	623	486	395
Net Income	$ 3,363 (1)	$ 3,052	$ 3,288	$ 3,529 (1)	$ 3,068
Earnings per common share - basic and diluted					
Continuing operations	$ 0.70 (1)	$ 0.64	$ 0.70	$ 0 76 (1)	$ 0.67
Discontinued operations	0.16	0.16	0.17	0 12	0.10
Total	$ 0 86 (1)	$ 0 80	$ 0.87	$ 0.88 (1)	$ 0.77
Dividends declared per common share	$ 0.57	$ 0.55	$ 0.53	$ 0.50	$ 0.47
Total assets	144,823	139,989 (2)	109,046	96,543	92,406
Utility plant - net	97,955	88,088 (2)	75,264	71,170	69,375
Current debt	19,183	20,430	17,900	13,000	8,200
Long-term debt	52,500	52,500	23,500	23,500	23,500
Common shareholders' equity	30,883	29,329	27,510	25,866	27,622

Notes to the Selected Financial Data:

(1) 2002 and 1999 include gains after income taxes from the sale of non-utility real property of $70 and $83, and equal $0.02 and $0.02 per share, respectively.

(2) The acquisitions in late 2001 added approximately $10,700 to Total assets and $3,975 to Utility plant - net. Revenue recorded in the year 2001 from the acquisitions late in the year was approximately $326.

QUARTERLY STOCK PRICES AND DIVIDENDS DECLARED

The Company's common shares are traded on the American Stock Exchange under the symbol FPU.

The quarterly cash dividends declared and the reported price range per share of FPU common stock for the most recent two years were as follows:

	2002			2001		
STOCK PRICES	**Low**	-	**High**	**Low**	-	**High**
Quarter ended						
March 31	$13.01	-	$15.56	$10.54	-	$12.15
June 30	13.67	-	16.05	10.80	-	13.12
September 30	11.80	-	14.55	11.40	-	12.95
December 31	12.10	-	15.30	11.70	-	13.01

DIVIDENDS DECLARED		
Quarter ended		
March 31	$ 0.1388	$ 0.1350
June 30	0.1425	0.1388
September 30	0.1425	0.1388
December 31	0.1425	0.1388

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2002

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 1-1055

Florida Public Utilities Company

(Exact name of registrant as specified in its charter)

Florida	59-0539080
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
401 South Dixie Highway, West Palm Beach, FL	**33401**
(Address of principal executive offices)	(Zip Code)

(561) 832-2461

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, par value $1.50 per share	**American Stock Exchange**

Securities registered pursuant to Section 12 (g) of the Act:

Indicate by check mark [X] whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

Indicate by check [X] if disclosure of delinquent filers pursuant to item 405 of Regulation S-K is not contained herein and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in PART III of this Form 10-K or any amendment to this Form 10-K. [ ]

As of February 12, 2003, the aggregate market value of the Registrant's Common Stock held by non-affiliates

(based upon the closing price of the Common Stock on the American Stock Exchange) was approximately $54,140,194.

(APPLICABLE ONLY TO CORPORATE ISSUERS)

On February 12, 2003, 3,894,978 shares of the Registrant's $1.50 par value common stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of Florida Public Utilities Company's Proxy Statement for the May 13, 2003 Annual Meeting of Shareholders are incorporated by reference in Part III hereof.

PART I

Item 1. Business

General

Florida Public Utilities Company (The Company or FPU) was incorporated on March 6, 1924 and reincorporated on April 29, 1925 under the 1925 Florida Corporation Law, continuing its corporate existence pursuant to such law and its Certificate of Reincorporation, as amended. In 2001 the Company started a proactive process to look for opportunities to purchase small gas companies to assist in its growth. In 2001 two acquisitions added approximately 7,300 customers and in 2002 one acquisition added approximately 1,200 customers. The cost of each of these acquisitions was less than 10% of assets and they provide less than 10% of revenues and operating income excluding income taxes.

Financial Information about Segments

(For additional information see Segment Information in the Notes to Consolidated Financial Statements.)
(dollars in thousands)

	2002	%	2001	%	2000	%
Revenues						
Electric	$ 40,930	47	$ 39,050	44	$ 39,304	48
Natural gas	40,140	45	44,729	50	38,270	47
Propane gas	7,391	8	5,399	6	4,380	5
Consolidated	$ 88,461		$ 89,178		$ 81,954	
Operating income excluding income tax						
Electric	$ 2,980	39	$ 2,893	43	$ 3,016	42
Natural gas	4,291	55	3,295	50	3,789	54
Propane gas	498	6	431	7	264	4
Consolidated	$ 7,769		$ 6,619		$ 7,069	
Identifiable assets						
Electric	$ 39,446	27	$ 37,753	27	$ 36,911	34
Natural gas	57,753	40	52,734	37	42,564	39
Propane gas	10,288	7	10,728	8	5,648	5
Water operations- held for sale	10,096	7	9,579	7	9,038	8
Common	27,240	19	29,195	21	14,885	14
Consolidated	$ 144,823		$ 139,989		$ 109,046	

Description of Business

Florida Public Utilities Company is regulated by the Florida Public Service Commission, except for propane gas service supplied by its wholly owned subsidiary Flo-Gas Corporation, and provides natural and propane gas service, electric service and water service to consumers in Florida. The Company is comprised of the following five divisions and number of customers as of December 31, 2002: (1) South Florida division serves natural gas to 29,697 customers and propane gas to 6,288 customers; (2) Central Florida division serves natural gas to 16,670 customers and propane gas to 3,789 customers; (3) Northwest Florida division provides electricity to 12,335 customers; (4) Northeast Florida division serves electric to 14,020 customers, water to 7,089 customers and propane gas to 1,456 customers; and (5) Nature Coast division which serves propane gas to 1,207 customers.

On December 3, 2002 the Company entered into an agreement to sell the assets of its water utility system to the City of Fernandina Beach. A tentative closing date of March 27, 2003 is scheduled (for additional information see "Discontinued Operations" in the Notes to Consolidated Financial Statements). The sale will provide working capital for future capital expenditures and acquisitions and aligns the Company with its strategic goal of providing for customers' energy needs and expanding core energy related businesses.

The economy of the South Florida division relies somewhat on the migration of seasonal residents and tourists during the winter season; however, small commercial and residential customers, who are not seasonal, provide stability.

Seasonal residents and tourists continue to play a role in the Central Florida division; however the I-4 corridor, particularly in Seminole County's Lake Mary/Heathrow area, is producing a greater amount of large business parks, individual corporate buildings and call centers. Volusia County's economy still seems to be dominated by small and privately owned businesses with the major employers being Florida Power and Florida Power & Light which own and operate three power plants in the area.

The Northwest division growth relies on the economies in Jackson, Calhoun and Liberty Counties. All three are dependent upon a variety of agricultural industries mainly involved with timber, peanuts, cotton and beef production. However, the largest employers within the three counties are the Federal, State and County governments involved in correction and rehabilitation centers. There are also a number of smaller industries.

Northeast Florida's economy is centered around two large paper mills, ITT Rayonier, Inc. and Jefferson Smurfit Corp. The two large paper mills accounted for 8.6% of total 2002 electric division's operating revenues and 4.0% of the Company's total operating revenues. The mills accounted for 4.0% of total 2002 electric division gross profit and 1.3% of the Company's total gross profit. The beach area, Amelia Island, is noted for its fine beaches and resort amenities.

Natural Gas

The Company receives its total supply of natural gas at twelve City Gate Stations connected to Florida Gas Transmission Company's (FGT) pipeline system. FGT is owned by Citrus Corporation, which is jointly owned by Enron Corporation and El Paso Corporation. Due to the joint ownership of FGT, there has been no direct effect on FPU's operations from Enron's bankruptcy. Natural gas is primarily composed of methane, which is a colorless, odorless fuel that burns cleaner than many other traditional fossil fuels. Odorant, which enables one to readily detect a gas leak, is added by the interstate transmission company and FPU. Natural gas is one of the most popular forms of energy today. It is used for heating, cooling, production of electricity and it finds many uses in the industry. Increasingly, natural gas is being used in combination with other fuels to improve their environmental performance and decrease pollution.

The Company has adequate gate stations in each distribution system to assure high levels of continuous service to our customers. The vast majority of the natural gas the Company distributes is purchased in the gulf coast region both on-shore and offshore. The Company has not experienced any supply availability issues or shortage of natural gas in recent history, nor does it expect any shortages in years to come. In

fact the U.S. Department of Energy estimates that there is more than a 60-year supply of natural gas reserves (see web site: http://www.fe.doe.gov/education/index.html).

FGT is the sole natural gas pipeline serving FPU in peninsular Florida and is under the jurisdiction of the Federal Energy Regulatory Commission (FERC). The Company uses FGT solely as a carrier of natural gas. All gas supplies for the Company 's traditional sales markets are independently procured by the Company using gas marketers and producers. The Company's transportation customers are responsible for obtaining their own gas supplies and arranging for pipeline transportation.

The Company has continued to be in full compliance with the Gas Industry Standards Board's (GISB) standards. The GISB was formed to develop a uniform nationwide network of natural gas producers, marketers, gathering systems, pipelines, distribution companies and customers. The GISB's standards place all participants on the same time schedules for procurement, capacity transactions, invoicing, etc. It causes the network to be fully available twenty-four hours per day, 365 days per year.

The Company has gained vast experience directly contracting for gas supplies with marketers and producers while contracting for transportation services from FGT. This experience appropriately postured the Company to be most effective in operating within an unbundled industry environment. All fuel costs and associated savings are passed along to our traditional sales customers. Additionally, the Company has actively reduced demand charges it pays for the pipeline capacity by "subletting" unused capacity, for short terms, to other shippers on FGT's system. The Company continues to be one of Florida's lowest cost suppliers of natural gas.

The Company continued its activity in Off-System Sales since receiving approval for the appropriate tariff from the Florida Public Service Commission (FPSC). Off-System Sales allow the Company to broaden its market to include any customer within the state of Florida who currently uses natural gas. Since inception, Off-System Sales have been transacted between the Company and national marketers, electric generators, other gas distributors and agricultural firms, to name a few. The tariff permits for profit sharing between the Company and its customers.

The Company, through its Purchased Gas Adjustment (PGA) mechanism, collected the cost from its customers in 2002 for any 2001 under collections. The Company's natural gas sales are affected by weather, which results in higher gas sales per day during the winter period as opposed to the summer season. The Company's portfolio of customers is quite diverse with the largest customers using natural gas for the generation of electricity. The Company is not dependent on a single natural gas customer for a large percentage of its total revenue.

The Company provides unbundled gas service to its commercial natural gas customers whereby such customers have the option of purchasing their gas supplies from third parties or directly from FPU. The Company's operating results are not adversely affected whether the customer purchases the gas from the Company or purchases the gas from third parties. This is because actual fuel costs are passed directly to customers and the Company does not profit on fuel sales. The Company officially offered unbundled services to commercial customers on August 1, 2001. The FPSC approved various mechanisms, which will allow the Company to be reimbursed for the incremental cost of providing unbundled services.

Electricity

The Company provides electrical service in the Northwest and Northeast divisions to customers in Jackson, Calhoun, Liberty and Nassau counties in Florida. Wholesale electricity is purchased from two suppliers, Southern Company and Jacksonville Electric Authority. In 1996, long term purchased power contracts were executed with both suppliers that will continue through 2007. Southern Company provides electrical power to the Northwest division and the Jacksonville Electric Authority provides electrical power to the Northeast division. Less than 1% of the Company's power supply is purchased on an as available basis from a self-generating paper mill located in Fernandina Beach. These long-term contracts allow the Company to offer customers the lowest electric rates in the State of Florida.

The Company is not a generating utility, which results in environmental regulations having minimal effect on operations.

Both the Northwest and Northeast divisions are located in northern Florida and experience a variety of weather patterns. Hot summers and cold winters ensure that electrical sales are not extremely seasonal in nature.

The Company has no dependence upon any major customers. No single customer accounts for more that 10% of sales or profit.

The electric utility industry has not been deregulated in the State of Florida. All customers within a given service or franchise area purchase from the single electricity provider in that area.

Propane

Florida Public Utilities purchases its supply of propane gas from several different wholesale companies such as: Dynegy- Gas Liquids Division, Propane Resources, Sea3 of Tampa and Harper Industries. Propane makes its way to Florida via ocean going barge to seaport terminals in Tampa and Ft. Lauderdale, by railcar and through the Dixie Pipeline terminus at Alma, Ga. The propane supply infrastructure is more than adequate to meet the needs of the industry in Florida for the foreseeable future.

Propane is a non-pollutant, therefore not affected by environmental regulations as other petroleum products are. Propane is a hazardous material and as such is subject to strict code enforcement and safety requirements as outlined in the National Fire Protection Association (NFPA) Code 58, Florida Model Building Code, NFPA 54 and various other state and local codes.

The sales volume of propane is affected by the season and the weather. Florida typically has a tourist season that coincides with the winter season; propane sold during that period is affected by tourism and the weather. The propane division's sales volumes and revenues are closely balanced between residential and commercial customers. Some of the strategies the Company is employing to become less weather dependant are concentrating on the burgeoning forklift propane cylinder exchange market and the marketing of appliances that are not used for heating air. Water heaters and forklift cylinder exchange accounts are excellent ways to strive toward becoming less weather reliant. The propane division does not have any one customer that represents more than ten percent of the overall sales volume or revenues.

Competition in the propane business is significant. Propane competes directly with other propane suppliers, natural gas and electric companies. A major consolidation in the propane industry has and will continue to provide Florida Public Utilities with opportunities to expand its market share. FPU competes on the basis of fair priced energy and excellent customer service.

Regulation

The Florida Public Service Commission (FPSC), pursuant to State Statutes, has authority encompassing natural gas, electric, and water rates, conditions of service, the issuance of securities and certain other matters affecting the operations of the Company. The water segment of the business was not subject to FPSC regulation in 2002 until July 29 because the Board of Nassau County had, on September 17, 2001, rescinded the FPSC jurisdiction but returned it to the FPSC on July 29, 2002. The water segment is classified as discontinued operations due to its pending sale (for additional information see "Discontinued Operations" in the Notes to Consolidated Financial Statements).

Franchises

The Company holds franchises in each of the incorporated municipalities where natural gas, electric and water operations take place. These franchises generally have terms from 15 to 30 years and terminate at various dates. We are in negotiations with some of our municipalities in which the Company's franchises have lapsed. We continue to provide services to these municipalities and do not anticipate any interruption in our service.

Employees
On December 31, 2002 the Company had 353 employees, of whom 104 were covered under union contracts with two labor unions, the International Brotherhood of Electrical Workers and the International Chemical Workers Union.

Research Expenditures and Environmental Regulations
Environmental regulations do not have a material impact on the Company. The Company does not engage in research activities.

Competition
Generally, in municipalities and other areas where the Company provides natural gas, electric and water services, no other utility directly renders such service. Propane gas has several propane competitors competing on price and service.

Item 2. Properties

The Company's properties consist primarily of distribution systems and related facilities. At December 31, 2002 the Company owned 22 miles of electric transmission lines and 1,047 miles of electric distribution lines. The gas properties distribute gas through 1,405 miles of gas main. The water property consists of deep wells, pumping equipment, water treatment facilities and a distribution system. The propane gas systems operated by the Company's subsidiary have bulk storage facilities and tank installations on the customers' premises.

Certain properties of the Company and the shares of Flo-Gas Corporation, a wholly-owned subsidiary, are subject to a lien collateralizing the funded indebtedness of the Company under its Mortgage Indenture.

Item 3. Legal Proceedings

Environmental. The Company has several contamination sites involving pending or threatened litigation and is in various stages of assessment investigation; see "Contingencies" in the Notes to Consolidated Financial Statements. The Company believes that all future contamination assessment and remedial costs, legal fees and other related costs will not be in excess of the rate relief granted the Company and insurance settlement proceeds received.

Violet Skipper, PC Buyers, Inc. and Thomas Wade Skipper v. Florida Public Utilities Company, Case No. CL 00-10131-AF, Circuit Court of the Fifteenth Judicial Circuit, Palm Beach County, Florida. On or about October 18, 2000, FPU was sued by the Plaintiffs in this case for damages allegedly arising out of FPU's alleged negligence in failing to properly install and/or maintain electrical power lines, utility poles and related equipment which allegedly caused a fire that spread to and eventually destroyed a warehouse/office facility that was owned by Violet Skipper, that housed the place of business of the corporate plaintiff and that contained property therein owned by all the plaintiffs. The warehouse/office facility was located in Jackson County, Florida. Plaintiffs alleged damages in excess of $1,000,000. FPU has denied the claims in the complaint and is defending it on the theory that the alleged fire started within the warehouse/office facility and not at or in its electrical equipment. FPU has liability insurance that will limit our exposure on this claim to a maximum of $250,000.

This case, though filed originally in Palm Beach County, Florida, was transferred to Jackson County, Florida. Discovery is still in process. No Motions are currently pending. No trial date has been scheduled. At this time we are unable to provide an evaluation of the likelihood of an unfavorable outcome or provide an estimate of the amount or range of potential loss. In the event that the Company does not prevail in this suit, there may be a material adverse effect on the financial statements. However, FPU believes there are meritorious defenses to this pending litigation.

Darrell Glenn v. Florida Public Utilities Company v. Utility Service and Maintenance of Missouri, Inc., Case No. CA 01-07810 AI, Circuit Court of the Fifteenth Judicial Circuit, Palm Beach County, Florida; Case No. 02-37-CA, Division A, Circuit Court for the Fourth Judicial Circuit, Nassau County, Florida. This is an action that was pending in state court in Palm Beach County, Florida until FPU successfully moved to have the case transferred to Nassau County, Florida. Darrell Glenn ("Glenn"), an employee of a painting subcontractor, claimed to have been shocked and injured on May 16, 2001, while painting electrical equipment at FPU's Step down site in Fernandina Beach, Florida. His employer, Utility Service & Maintenance, Inc. ("USM"), was operating under an agreement that required it to supervise its own workers. This matter has been settled by an agreement reached at mediation on January 15, 2003 pursuant to which FPU agreed to pay $300,000 to the plaintiff in return for a release. FPU will recover $50,000 of the settlement through liability insurance.

The Company is also involved with other various claims and litigation incidental to its business. In the opinion of management, none of these incidental claims and litigation will have a material adverse effect on the Company's results of operations or its financial condition.

Item 4. Submission of Matters to a Vote of Security Holders

None.

PART II

Item 5. Market for the Registrant's Common Equity and Related Stockholder Matters

QUARTERLY STOCK PRICES AND DIVIDENDS PAID

The Company's common shares are traded on the American Stock Exchange under the symbol FPU. The quarterly cash dividends declared and the reported price range per share of FPU common stock for the most recent two years were as follows:

	2002		2001	
Quarter ended	Stock Prices Low - High	Dividends Declared	Stock Prices Low - High	Dividends Declared
March 31	$ 13.01 - $ 15.56	$ 0.1388	$ 10.54 - $ 12.15	$ 0.1350
June 30	13.67 - 16.05	0.1425	10.80 - 13.12	0.1388
September 30	11.80 - 14.55	0.1425	11.40 - 12.95	0.1388
December 31	12.10 - 15.30	0.1425	11.70 - 13.01	0.1388

On February 8, 2003, there were approximately 2,736 holders of the Registrant's Common Stock including individual participants in security position listing.

It is the Company's intent to continue to pay quarterly dividends in the foreseeable future. Dividend policy is reviewed on an ongoing basis and is dependent upon the Company's expectation of future earnings, cash flow, financial condition, capital requirements and other factors.

The Company's Fifteenth Supplemental Indenture of Mortgage and Deed of Trust restricts the amount that is available for cash dividends. At December 31, 2002 approximately $4,000,000 of retained earnings were free of such restriction.

Recent Sales of unregistered securities

On November 14, 2001 the Company sold Palm Beach County Florida Industrial Development Revenue

Bonds in the amount of $14,000,000. The aggregate offering price was $14,000,000, with payments relating to $420,000 in underwriting fees and $349,426 for insurance premiums. The bond proceeds were restricted and held in trust until construction expenditures were actually incurred by the Company. (See "Liquidity and Capital Resources" under Item 7 for additional information). The Company issued its First Mortgage Bond, 4.9% Series due 2031 on November 14, 2001 in the aggregate principal amount of $14,000,000 as security for the $14,000,000 Palm Beach Industrial Development Revenue Development Bonds. The pledged bond constitutes the Fifteenth Series of the Company's First Mortgage Bonds.

The exemption from registration is under the authority of Section 382 of the Securities Act of 1933, based on the bond being issued by a state and local government.

Item 6. Selected Financial Data

(dollars in thousands, except per share data)

Years Ended December 31,	2002	2001	2000	1999	1998
Revenues	$ 88,461	$ 89,178(2)	$ 81,954	$ 71,697	$ 74,031
Gross profit	34,929	29,940	28,463	27,048	26,427
Income from continuing operations	2,761(1)	2,456	2,665	3,043(1)	2,673
Income from discontinued operations	602	596	623	486	395
Net income	3,363(1)	3,052	3,288	3,529(1)	3,068
Earnings per common share (basic & diluted):					
Continuing operations	0.70(1)	0.64	0.70	0.76(1)	0.67
Discontinued operations	0.16	0.16	0.17	0.12	0.10
Total	0.86(1)	0.80	0.87	0.88(1)	0.77
Dividends declared per common share	0.57	0.55	0.53	0.50	0.47
Total assets	144,823	139,989(2)	109,046	96,543	92,406
Utility plant – net	97,955	88,088(2)	75,264	71,170	69,375
Current debt	19,183	20,430	17,900	13,000	8,200
Long-term debt	52,500	52,500	23,500	23,500	23,500
Common shareholders' equity	30,883	29,329	27,510	25,866	27,622

Notes to the Selected Financial Data:

(1) 2002 and 1999 include gains after income taxes from the sale of non-utility real property of $70 or $0.02 per share (2002) and $83 or $0.02 per share (1999).

(2) The acquisitions in late 2001 added approximately $10,700 to Total assets and $3,975 to Utility plant – net. Revenue recorded in the 2001 year from the acquisitions was approximately $326.

On December 3, 2002 the Company entered into an agreement to sell the assets of its water utility system to the City of Fernandina Beach. A tentative closing date of March 27, 2003 is scheduled (for additional information see "Discontinu Operations" in the Notes to Consolidated Financial Statements). Revenues, Gross profit and Utility plant-net do not include Discontinued Operations.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

This discussion should be read in conjunction with the Notes to Consolidated Financial Statements contained herein. In the following discussion, all comparisons are with the corresponding items in the prior year.

RESULTS OF OPERATIONS

Overview The Company is organized into three regulated business segments, natural gas, electric and water and one non-regulated business segment, propane gas.

From the Florida Public Service Commission's (FPSC) perspective the Company operates four distinct regulated "entities" consisting of Northwest Florida (Marianna) electric, Northeast Florida (Fernandina Beach) electric, Northeast Florida (Fernandina Beach) water and natural gas. The Company considers the Northwest and Northeast electric divisions to be one electric segment. The Company last received rate increases in the regulated entities as follows: natural gas operations, May 1995; Northwest Florida electric division, February 1994; Northeast Florida electric division, February 1989; and Northeast Florida water in May 2001. In 2002 the water segment of the business was not subject to FPSC until July 29, 2002, because the Board of Nassau County had, on September 17, 2001, rescinded the FPSC jurisdiction but returned jurisdiction to the FPSC on July 29, 2002.

On December 3, 2002 the Company entered into an agreement to sell certain assets comprising its water utility system to the City of Fernandina Beach. Pursuant to the Agreement, the closing of this transaction is required to take place on or before March 31, 2003, and is currently scheduled for March 27, 2003. The City has agreed to pay the Company $18,950,000 in cash at closing, with additional future consideration of $7,500,000, at an anticipated rate of $375,000 per year, commencing on or before February 15, 2004, and a like amount each year thereafter until February 15, 2010, when it is estimated that the Company will receive a final payment from the City in an amount of approximately $5,250,000. The fair value of the consideration is approximately $25,100,000. The assets of the water segment amount to approximately $10,200,000 or less than 10% of the Company's assets including water. For the year ended December 31, 2002, the water segment's operating income before income taxes was approximately 12% of total operating income excluding income taxes. Assuming the sale is consummated, the Company will thereupon file an application with the FPSC for approval of the sale to a governmental authority, which, pursuant to Florida Statutes, must be approved by the Commission as a matter of right. For additional information see "Discontinued Operations" in the Notes to Consolidated Financial Statements.

The Company's strategic initiative is to concentrate on developing deeper relationships with our customers, including builders and developers. We are approaching them as a total energy company, not just a supplier of gas or electricity. Included in the strategy is a plan to increase the rate of future growth by concentrating on increasing customers and territory using improved marketing programs, along with a goal of acquiring small energy related companies, particularly propane companies. During 2001 the Company made two gas acquisitions, totaling less than 10% of assets, which added approximately 7,300 customers. During 2002 the Company made another acquisition, of less than 10% of assets, which added approximately 1,200 customers.

Definitions:

Gross Profit. Gross Profit is defined as gross operating revenues less fuel costs, conservation and unbundling costs, and taxes based on revenues that are passed through to customers and provides a more meaningful basis for evaluating utility operations. Fuel, conservation and unbundling costs along with taxes passed through to customers have no effect on results of operations and fluctuations in such costs distort the relationship of gross operating revenues between periods. Gross profit is the net revenue retained by the Company for operating purposes.

Summary of Gross Profits
(dollars in thousands)

	2002	2001	2000
Electric	$11,279	$10,980	$10,321
Natural gas	19,058	15,854	15,430

Propane gas	4,592	3,106	2,712

Contributing to variations in gross profit are the effects of seasonal weather conditions, the timing of rate increases, acquisitions and the migration of winter residents and tourists to Florida during the winter season.

Operating Expenses. Operating expenses, which include 'Operations' and 'Taxes other than income taxes', exclude fuel costs, conservation and unbundling costs, and taxes based on revenues that are passed through to customers. These operating expenses have no effect on results of operations as they are passed on through revenue and fluctuations in such costs distort the relationship of operating expenses between periods. These costs are grouped on a separate line of the income statement as 'Cost of fuel and taxes based on revenues'.

Discussion of Operating Results:

Water has been excluded from operating results and is classified as discontinued operations. See "Discontinued Operations" in the Notes to Consolidated Financial Statements for additional information.

Gross Profit

Electric Service
Electric service gross profit increased $299,000 in 2002. This was attributed to average customer growth of 2% along with a 5% increase in units sold (excluding General Service Large Demand (GSLD) customers). Higher units sold per customer along with the growth in customers contributed to the 5% increase in sales. The Company reduced gross profit by $30,000 to record potential 2002 over earnings in the Northeast Florida electric division. The 2002 earnings are subject to review by the FPSC, and will not be finalized with respect to over earnings until 2003.

Electric service gross profit increased $659,000 in 2001. Average customers grew by 2% for the year with the consumption per customer remaining relatively flat. The customer growth accounted for approximately $200,000 of the increase, with new late fees that started during the year adding $134,000. A decrease in gross profit of $305,000 for pending refunds to customers for over earnings in 2000 accounted for part of this increase. The Company did not have any over earnings adjustment in 2001.

Natural Gas Service
Natural gas service gross profit increased $3,204,000 or 20% in 2002 primarily due to recent acquisitions and a pipeline project contract with a Lake Worth generation facility that added over $1,100,000 of gross profit (see 'Forward Looking Data' for additional information about the future of the contract). Transportation sales increased $800,000 in 2002, primarily due to a new 'unbundling' program that allows commercial customers to purchase their own natural gas. As a result, transportation customers increased by 184, an increase of over 200%. However, since these were commercial customers transferring to transportation service, these increases were offset by fewer commercial customers and lower sales. Revenue also increased by over $500,000 due to late payment fees and charges for reconnecting services.

Overall average customers increased 12% and units sold increased 3%, both due to the acquisitions and normal growth. The effects of the asset purchase in December 2001 of Atlantic Utilities contributed significantly to the increases in customers and units sold. The increases in units sold from normal growth and acquisitions were offset by decreases in units sold per customer.

Natural gas service gross profit increased $424,000 in 2001 principally due to a 4% increase in average customers, an increase in transportation revenues of $216,000, a $91,000 increase relating to the December 2001 asset purchase of Atlantic Utilities, and new late payment fees. The Company began charging late fees in 2001 adding over $161,000 in additional gross profit. Consumption was down for the year by 3%, excluding transportation and off-system sales, primarily due to weak demand in the last quarter of the year caused by mild weather conditions and decreased tourism.

Propane Gas Service
Propane gas gross profit increased in 2002 by $1,486,000 or 48% primarily due to the recent acquisitions of Atlantic Utilities and Nature Coast. Average customers were up by 36% and units sold increased 57% primarily as a result of the recent acquisitions. Revenues also were up due to colder weather in December.

Propane gas gross profit increased $394,000 in 2001 due to a 4% increase in average customers, a 22% increase in consumption, and the addition of late payment fees. The start up of the Northeast division's (Fernandina Beach) propane operations amounted to $136,000 of the increase, including the effect of acquiring Z-Gas, a propane company, on October 29, 2001. Impacting the increase in 2001 were increased bulk commercial customers in the South Florida division, resulting in a 68% increase in consumption and $131,000 of gross profit. New late fees that began in 2001 amounted to $25,000.

Operating Expenses (excluding income taxes)

Electric Service
Electric operating expenses, excluding income taxes, increased $212,000 in 2002. General and administrative costs increased $393,000, which is discussed below in the administrative section. Maintenance expenses decreased $272,000, primarily due to the prior year having additional expense for substation work, transmission line access work and overhead line balancing.

Electric operating expenses, excluding income taxes, increased $783,000 in 2001. General and administrative costs increased $447,000, which is discussed below in the administrative section. Maintenance expenses increased by $126,000 due to substation maintenance work of $150,000 (including labor) and $55,000 for overhead conductors including overhead line balancing relating to cold weather early in the year in the Northeast division. Lower maintenance expenses in the Northwest division offset these increases. Customer accounts expenses increased over $58,000 due to additional payroll related to the new customer information and billing system and growth, along with an additional $25,000 in bad debts. Additional efforts and procedures are being implemented to reduce future bad debt expense.

Natural Gas Service
Natural gas operating expenses, excluding income taxes, increased $2,207,000 in 2002. General and administrative expenses increased $713,000 and are discussed separately in the administrative expenses section.

Customer administration expenses increased mainly due to higher bad debt expense and payroll. The Company has provided for potential uncollectible amounts due from Lake Worth Generation for November and December 2002 due to the uncertainty in collecting these amounts (see 'Forward Looking Data' for additional information). The Company also increased collection efforts to reduce bad debt expense by focusing on collections and the adequacy of deposits.

Distribution expenses increased primarily due to more line locations and an increase in the cost per location by the contractor.

Other factors are increased depreciation expense of $333,000 and taxes other than income taxes of $151,000, both primarily attributable to the assets acquired in the recent Atlantic Utilities acquisition. The taxes other than income tax increase consisted primarily of payroll taxes associated with the increased payroll expenses and property taxes associated with the property acquired.

Natural gas operating expenses, excluding income taxes, increased $918,000 in 2001. General and administrative expenses increased $284,000 and are discussed separately in the administrative expenses section. Increased distribution expenses of $124,000 resulted from increased payroll and higher costs of performing line locations and supporting growth. Customer accounts expense increased $33,000 due to added payroll and other expenses associated with the new customer information and billing system and

growth, along with an additional $147,000 in bad debts. Additional efforts and procedures are being implemented to reduce future bad debt expense. Sales expenses were up $158,000 due to staffing of marketing positions for expanding marketing efforts. Increased property taxes reflecting increased plant and increased valuations, along with additional payroll taxes associated with increased payroll expense added $175,000 to operating expenses.

Propane Gas Service

Propane gas operating expenses, excluding income taxes, increased $1,410,000 in 2002. Administrative expenses increased $213,000 and are discussed in the administrative expenses section. Payroll for operating and maintenance expenses increased $805,000 and depreciation expense increased $114,000, both primarily attributable to the recent acquisitions of Atlantic Utilities, Z-Gas and Nature Coast.

Propane gas operating expenses, excluding income taxes, increased $226,000 in 2001. Changes to administrative expenses were nominal. The start up of the new Northeast (Fernandina Beach) propane operation added $158,000 of the increased expense. In addition, $23,000 was for increased labor expenses associated with delivery of gas relating to growth, $12,000 was for increased payroll associated with the new billing system and increased bad debts, and $20,000 of the increase related to new marketing efforts to obtain additional customers.

Administrative Expenses

Administrative expenses for 2002 increased $1,319,000. This was primarily due to increased claims for general liability and medical self-insurance resulting in increased expenses of $248,000, and $273,000, respectively. Workers' compensation expense also increased $207,000 as a result of increased payroll and slightly higher rates.

Pension expense increased $83,000 as a primary result of declining economic conditions and the overall decline in the stock market. Insurance premiums also increased $105,000, primarily in the later part of 2002, contributing to the overall administrative expense increase.

Outside services increased as a result of a new internal audit program to help meet the requirements of the Sarbanes Oxley Act. This new program increased expenses for the year by $46,000. Other increases in outside services relating to accounting fees accounted for an additional increase of $39,000. Also, miscellaneous administrative expenses increased by $118,000 as a direct result of expensing costs associated with a previously planned stock issuance, which was not consummated.

Administrative expenses for 2001 increased $731,000. Growth and the cost of a more sophisticated billing system caused most of the increase. Also, payroll expenses increased $195,000 due to replacing two management positions and hiring two safety directors. The safety directors should assist in lowering workers' compensation insurance costs and lost time. Other expenses that increased were medical insurance costs of $56,000, pension cost of $165,000 and employee benefit costs of $46,000.

Interest Charges and Other

Interest Charges
Interest charges consist of interest on bonds, short-term borrowings and customer deposits. Interest on long-term debt in 2002 increased $1,331,000 due to two additional bonds issued in September and November of 2001 totaling $29,000,000. The bonds were primarily used to finance acquisitions, fund a major Lake Worth Generation pipeline project and to reduce our short-term debt. The offsetting decrease to short-term debt interest charges was $502,000.

Interest charges on long-term debt increased $371,000 in 2001 over 2000 due to two additional bond issues totaling $29,000,000. On September 27, 2001 there was a $15,000,000 bond issued and on November 14, 2001 there was a $14,000,000 bond issued. Short-term interest expense decreased $136,000 primarily due to decreased interest rates and fluctuations in the amounts borrowed under the line of credit.

For detailed information relating to interest charges see "Notes Payable" and "Capitalization" in the Notes to Consolidated Financial Statements.

Other
Merchandise and Service revenue and expenses both increased in 2002, primarily due to the gas division's conservation program that offers rebates to customers for gas merchandise purchases. Profitability has decreased due to increased costs of installing piping and servicing of appliances. The South Florida merchandise revenue remained relatively flat due to the effects of road construction outside of the sales facility.

Other income increased $163,000, primarily due to the period of September 2001 to July 2002, in which the City regulated the water segment but no regulatory fee was due.

Gains on the sale of property were $112,000 in 2002. This was the non-regulated portion of the gains on the sale of property in our Central and South Florida divisions (See the Notes to Consolidated Financial Statements "Gains on Sale of Property" for additional information).

There were no material differences in 'Other' in the 2001 year.

Discontinued Operations

Water Service
On December 3, 2002 the Company entered into an agreement to sell certain assets comprising its water utility system to the City of Fernandina Beach and as a result of this action, the operating results of the water division were reclassified to discontinued operations for all reportable periods. Pursuant to the Agreement, the closing of this transaction is required to take place on or before March 31, 2003, and is currently scheduled for March 27, 2003. The City has agreed to pay the Company $18.95 million in cash at closing, with additional future consideration of $7.5 million, at an anticipated rate of $375,000 per year, commencing on or before February 15, 2004, and a like amount each year thereafter until February 15, 2010, when it is estimated that the Company will receive a final payment from the City in an amount of approximately $5.25 million. The fair value of the consideration is approximately $25.1 million. The assets of the water segment amount to approximately $10,200,000 or less than 10% of the Company's assets including water. For the year ended December 31,2002, the water segment's operating income before income taxes was approximately 12% of total operating income excluding income taxes. Assuming the sale is consummated, the Company will thereupon file an application with the FPSC for approval of the sale to a governmental authority, which, pursuant to Florida Statutes, must be approved by the Commission as a matter of right.

Acquisitions

In October 2001, the Company acquired Z-Gas Company, Inc., a propane gas service distribution company, in a stock for stock transaction valued at approximately $600,000. The acquisition added about 1,000 customers to the propane operation in the Northeast Florida division.

In December 2001, the Company acquired certain net assets of Atlantic Utilities, the Florida operation of Southern Union Company in a cash transaction valued at approximately $10,000,000. Atlantic Utilities served about 4,400 natural gas customers in New Smyrna Beach and about 1,900 propane customers in Central and South Florida.

The excess of the consideration paid over the estimated fair value, or the depreciated original cost for regulated entities, of net assets including intangibles acquired in both the Atlantic Utilities and Z-Gas acquisitions was approximately $3,100,000. This was recorded as goodwill and in accordance with Statement of Financial Accounting Standards (SFAS) No. 142, is not being amortized. The natural gas portion of this amount is approximately $1,500,000.

In November 2002, the Company acquired Nature Coast Utilities, a propane gas service distribution company, in a cash for stock transaction valued at approximately $740,000. The acquisition added about 1,200 customers to the Company's new Nature Coast division located in West Central Florida.

The excess of the consideration paid over the fair value of assets acquired and liabilities assumed associated with this acquisition resulted in goodwill of approximately $223,000 and in accordance with SFAS No. 142, it is not being amortized. There are no other intangible assets identified with this acquisition.

For additional information concerning the acquisitions, see "Acquisitions" in Notes to Consolidated Financial Statements.

Goodwill and Intangible Assets

Effective January 1, 2002, the Company adopted SFAS No. 142, "Goodwill and Other Intangible Assets." Under this statement, the amortization of goodwill is no longer permitted and intangible assets with an indefinite life will not be amortized. The standard requires goodwill to be periodically tested for impairment and written down to fair value if considered impaired. The reporting units have been determined to be propane gas and natural gas for the purposes of impairment testing.

Intangible assets associated with the Company's recent acquisitions have been identified and are shown as separate line items on the balance sheet. Amounts as of December 31, 2001 have been reclassified to conform to this presentation. The intangibles subject to amortization over a five-year period are non-compete agreements totaling $35,000. The remaining intangibles identified are customer distribution rights of $1,900,000 and customer relationships of $900,000, both of which have indefinite lives and are not subject to amortization.

All goodwill relates to the recent gas acquisitions and accordingly, there is no amortization of goodwill reported in the accompanying condensed consolidated financial statements. Goodwill is $1,513,000 in the natural gas segment and $1,835,000 in the propane segment. The test for goodwill impairment was performed for the reporting units during the second quarter of 2002, as of January 1, 2002. The test results showed that there was no impairment in either reporting unit.

LIQUIDITY AND CAPITAL RESOURCES

Portions of the Company's business are seasonal throughout the year, and accordingly, short-term debt is used to meet working capital requirements. The Company also borrows under lines of credit to finance portions of its capital expenditures and acquisitions, pending refinancing at a later date through the issuance of equity or long-term debt, depending upon prevailing market conditions.

Capital expenditures for 2003 are budgeted to be $9,300,000 and relate mostly to system expansions and replacements. In 2002, $14,100,000 was spent, which included unusual items such as completing the construction of a generation facility gas line, replacing an electric transformer, and construction of a new office building in Debary for the Central Florida division. In 2001, $13,400,000 of capital expenditures included $3,100,000 to begin construction of a gas line to a generation facility. The remaining net cash used by investing activities in 2001 was due to the purchase of Atlantic Utilities and purchase of the restricted funds from the proceeds of the Palm Beach County bonds issuance (see Bond Related Issues). The Company usually has no material commitments for construction expenditures. The commitment of $5,895,000 for the gas line to the generation facility was funded from the restricted funds investment and completed in 2002.

The Company has a $20,000,000 line of credit with its primary bank, of which $19,183,000 was borrowed at the end of 2002. The line of credit provides for interest at LIBOR plus fifty basis points and expires in April 2003. During 2002 the Company closed a $2,500,000 line of credit that it held with a secondary bank. The Company is in the process of negotiating a new line of credit effective in April 2003. The interest rate and terms will not be as favorable as the current line of credit. The Company reserves $1,000,000 in cash or the line of credit as a contingency for major storm repairs in the Northwest Florida electric division. The interest rates for the line of credit at December 31, 2002, 2001 and 2000 were approximately 1.9%, 2.4% and 7.1% respectively.

Notes payable, long-term debt and preferred stock at December 31, 2002 comprised 70% of total capitalization, with equity of 30%. This leverage, along with covenants of our line of credit, will likely prohibit additional long-term debt from being issued without additional equity financing. An equity offering was in process last fall to meet future cash requirements until an agreement to sell the water segment was signed in December 2002 (for additional information see "Discontinued Operations" in the Notes to Consolidated Financial Statements). The closing for the water asset sale is scheduled for March 27, 2003 with the proceeds planned to pay off the current line of credit. After the sale, the Company expects that internally generated cash, coupled with short-term borrowings, will be sufficient to satisfy its operating, normal capital expenditure and dividend requirements for several years. In the long-term, additional equity financing is probable to pay off notes payable or pay for any major acquisitions.

On July 1, 2002, a four-for-three stock split was issued to the record holders of June 14, 2002. All common share information has been restated to reflect the stock split.

Long-term debt has sinking fund payments that begin in 2008. Lines of credit are generally for three years and are renewed at that time.

Contractual Obligations

Payments due by period (dollars in thousands):

	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Long-Term Debt	$ 52,500	$ -	$ -	$ -	$ 52,500
Operating Lease Obligations	66	20	31	15	-
Gas Purchase Obligations	52,250	12,292	14,258	9,525	16,174
Electric Purchase Obligations	78	78	-	-	-
Other Purchase Obligations	218	214	5	-	-
Total	$105,112	$ 12,604	$ 14,294	$ 9,540	$ 68,674

Off-Balance Sheet Arrangements

The Company does not use off-balance sheet financing, have minority interests in businesses, engage in energy trading activities, nor does it make loans or guarantee loans to executives or directors. All debt of the business is reflected on the balance sheet.

Bond Related Issues

The Company's 1942 Indenture of Mortgage and Deed of Trust, which is a mortgage on all real and personal property, permits the issuance of additional bonds based upon a calculation of unencumbered net real and personal property. At December 31, 2002, such calculation would permit the issuance of approximately $35.43 million of additional bonds.

The Company issued its First Mortgage Bond, 6.85% Series due 2031 on September 27, 2001 in the aggregate principal amount of $15,000,000 as security for the 6.85% Secured Insured Quarterly Notes, due October 1, 2031 (IQ Notes). Interest on the pledged bond accrues at the rate of 6.85% per annum payable quarterly in arrears on January 1, April 1, July 1 and October 1 of each year, payable initially on January 1, 2002. The pledge bond constitutes the Fourteenth Series of the Company's First Mortgage Bonds.

The Company issued $14,000,000 of Palm Beach County municipal bonds (Industrial Development Revenue Bonds) on November 14, 2001 to finance development in the area. The bond proceeds were restricted and held in trust until the Company incurred construction expenditures in the county. Funds were drawn after each month's construction expenditures. On December 31, 2002 the restricted funds were fully utilized for construction financing and no balance remained.
Florida Public Utilities Company (FPU) has current approval from the Florida Public Service Commission to issue and sell and/or exchange any combination of long-term debt, short-term notes and equity securities and/or to assume liabilities or obligations as guarantor, endorser or surety during calendar year 2002 in the amount of $75 million. The Company received this approval on December 21, 2001. On November 25, 2002, the Company received approval to increase this amount to $130 million.

Impact of Recent Accounting Standards

Financial Accounting Standard No. 143
In August 2001, the Financial Accounting Standards Board (FASB) issued SFAS No. 143, "Accounting for Asset Retirement Obligations." The statement requires that the fair value of an asset retirement obligation be recognized in the period in which it is incurred and the associated asset retirement costs be capitalized as part of the carrying amount of the long-lived asset. The asset retirement cost is subsequently allocated to expense using a systematic and rational method over its useful life. SFAS No. 143 is effective for fiscal years beginning after June 15, 2002. Management believes the ultimate effect on the financial statements

will be immaterial and that the impact on the regulated portion of the business, if any, would be an allowable item for recovery in the Company's rates.

The Florida Public Service Commission (FPSC) is currently in the process of developing a rule on this treatment for regulated purposes and is currently proposing that the effects, if any, of the application of SFAS No. 143 shall be revenue neutral in the rate making process. The FPSC is also proposing that all differences between the application of SFAS No. 143 and the method approved for regulated utilities will be recorded as Regulatory Assets or Liabilities. FPSC- Proposed Rule Development, "Accounting for Asset Retirement Obligations Under SFAS No. 143", Rule No. 25-14.014, F.A.C.

The estimated cost of removal expenses for normal retirements related to regulated fixed assets is being reserved under current commission guidelines through the depreciation expense and accumulated reserves. The estimated value of the reserve that has been accumulated for future cost of removal as of December 31, 2002 is approximately $5,800,000 and is included in accumulated depreciation in the accompanying consolidated financial statements. The Company does not believe it owns assets with retirement obligations as defined by SFAS No. 143, but will continue monitoring the handling of utility long-lived assets for interpretations of assets that are considered to have retirement obligations.

Financial Accounting Standard No. 144
In August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." The statement addresses financial accounting and reporting for the impairment or disposal of long-lived assets. The statement supercedes, with exceptions, SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of." SFAS No. 144 is effective for fiscal years beginning after December 15, 2001. Management has evaluated the impact of implementing SFAS No. 144 and has shown the effects on the Company's financial statements with respect to the upcoming sale of its water division, see "Discontinued Operations" section for additional details. Management feels that any future effect would be an allowable item for recovery in the Company's rates for regulated operations and it does not have any material effect on non-regulated operations.

Financial Accounting Standard No. 146
In June 2002, FASB issued SFAS No. 146, "Accounting for Cost Associated with Exit or Disposal Activities." The standard requires companies to recognize costs associated with exit or disposal activities when they are incurred rather than at the date of a commitment to an exit or disposal plan. The Company will apply this guidance prospectively to any exit or disposal activities initiated after December 31, 2002.

Financial Accounting Standards No. 148
In December 2002, the FASB issued SFAS No. 148, "Accounting for Stock Based Compensation-Transition and Disclosure" This statement amends SFAS No. 123, "Accounting for Stock-Based Compensation", to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. Since the Company does not have any stock-based compensation for employees at this time the statement will not presently have any effect on our financial statements.

OTHER

Critical Accounting Policies and Estimates
Rate Regulated Basis of Accounting - The Company prepares its financial statements in accordance with the provisions of SFAS No. 71 – "Accounting for the Effects of Certain Types of Regulation" (SFAS No. 71) and it is our most critical accounting policy. In general, SFAS No. 71 recognizes that accounting for rate-regulated enterprises should reflect the relationship of costs and revenues introduced by rate regulation. As a result, a regulated utility may defer recognition of a cost (a regulatory asset) or recognize an obligation (a regulatory liability) if it is probable that, through the rate making process, there will be a

corresponding increase or decrease in revenues. SFAS No. 71 does not apply to the unregulated propane gas operations.

Use of Estimates - Management is often required to use its judgment and make assumptions in the calculation of estimates that affect the recorded amounts of assets, liabilities, revenues and expenses in the financial statements of Florida Public Utilities Company. Actual results could differ from these estimates.

Revenue Recognition – The Company bills utility customers on a monthly cycle basis; however, the billing cycle periods for most customers do not coincide with the accounting periods used for financial reporting. The Company accrues estimated revenue for gas and electric customers not yet billed during the accounting period. Determination of unbilled revenue relies on the use of estimates, fuel purchases, and historical data.

Effects of Inflation

The Company's tariffs associated with its utility operating divisions provide for fuel clauses through which rates charged to customers are adjusted for changes in the cost of fuel on a reasonably current basis. Increases in other utility costs and expenses not otherwise offset by increases in revenues or reductions in other expenses could have an adverse effect on earnings due to the time lag associated with obtaining regulatory approval to recover such increased costs and expenses, and the uncertainty of whether regulatory commissions will allow full recovery of such increased costs and expenses.

Forward Looking Information

This report contains forward looking information that is intended to qualify for the safe harbor provided by the Private Securities Litigation Reform Act of 1995. Although the Company believes that its expectations are based on reasonable assumptions, actual results could differ materially from those currently anticipated. Factors that could cause actual results to differ from those anticipated include, but are not limited to, the effects of regulatory actions, competition, future economic conditions and weather. In October 2002 the Company lost a large volume interruptible transportation customer in its natural gas segment. This will cause annual gross profit to decrease by approximately $240,000. This will be offset by the addition of a large volume transportation customer that connected in the third quarter of 2002 that should be approaching full capacity during the first quarter of 2003. The estimated annual gross profit from this customer should be approximately $250,000 per year.

The Company reduced 2002 revenue by $30,000 to allow for estimated over earnings in the electric segment. This amount is subject to an FPSC audit, which will determine the actual amount of over earnings, and could result in a further reduction or increase to revenue in 2003 if the actual amount is determined to be different from the estimate. The Company determined that the natural gas segment did not have over earnings and a reduction was not made to revenue. However, an FPSC audit could determine that over earnings does exist and may potentially result in an insignificant reduction to revenue in 2003 related to 2002. The Company is also requesting approval for the goodwill and intangible assets, associated with our recent Atlantic Utilities regulated asset acquisition, to be allowed in rate base, which will reduce any potential natural gas over earnings amount discussed above.

Recent events will have a significant unfavorable impact to earnings in upcoming financial periods. The decline of the stock market has greatly decreased the value of the pension plan assets and will significantly increase pension expense in 2003. Current actuarial estimates show pension expense increasing by approximately $689,000 in 2003 over 2002.

Industry events, the events of September 11, 2001, and the stock market decline, have resulted in greatly increased insurance costs. Effective September 2002, insurance costs, excluding workers' compensation and medical insurance, increased approximately $250,000 annually. Workers' compensation insurance increased about $125,000 per year effective October 1, 2002. Both increases will carry over into 2003. Management also believes that medical costs will increase in 2003 and the Company made revisions to the medical plan to help minimize the effect on operating income.

Accounting, auditing, and tax service expenses could be increasing by an estimated $173,000 annually. This is due to additional work requirements of recent regulations on the external auditors and an expanded internal audit program.

The Company is exploring opportunities to reduce operating expenses to offset some of these unfavorable increases. Also, the Company may seek rate relief for either the natural gas or electric segment in 2003 that will include recovering the additional expenses.

On July 21, 2000, the Company entered into a Gas Transportation Agreement ("GTA") with Lake Worth Generation, LLC ("LWG"), that provided for: (i) the construction of a natural gas pipeline ("LWG Lateral") by the Company to a power generation project being developed by LWG on behalf of the City of Lake Worth, Florida ("LWG Project"); (ii) the Company's agreement to transport natural gas to the LWG Project via the LWG Lateral; and (iii) LWG's commitment to pay certain charges for the gas transportation services provided by the Company over a 30 year period. The charges for gas transportation services were set at an amount that would permit the Company to recover a return of 11.17% on its undepreciated investment in the construction of the LWG Lateral, plus recover its operation and maintenance ("O&M") expenses. LWG's obligation to pay for the gas transportation services was secured by an irrevocable letter of credit ("LC") issued on July 6, 2001, and provided to the Company in the amount of the initial estimated cost of construction of $5,490,449. The GTA required monthly payments by LWG in the amount of $109,423 for the first year of the contract, adjusted annually thereafter to account for depreciation of the LWG Lateral. The GTA also required LWG to increase the amount of the LC to cover the actual cost of construction of the LWG Lateral, plus $37,900. In the fourth quarter of 2002, LWG notified the Company that, due to financial difficulties encountered by LWG and its contractors in connection with the LWG Project, LWG would not be able to increase the LC, as required by the GTA, or make monthly payments prospectively beginning in December for services performed in November 2002. The Company, LWG and the City of Lake Worth subsequently entered into a Forbearance Agreement, dated December 31, 2002, and an Amended Forbearance Agreement, dated February 19, 2003. Pursuant to the terms and conditions of these agreements, the City and the Company are negotiating a new gas transportation agreement to replace the GTA, that would provide for the Company's agreement to provide gas transportation services to the City on the LWG Lateral, subject to payment by the City of transportation charges that would be set initially to permit the Company to recover a return of 8.77% on its undepreciated investment in the construction of the LWG Lateral, plus O&M expenses. The Company's rates would be subject to adjustment in subsequent rate proceedings before the Florida Public Service Commission. In the event that the Company and the City execute a new gas transportation agreement by March 31, 2003, the Company will receive payment for the shortfalls in monthly payments under the GTA through March 31, 2003, plus interest, plus a termination fee of $1.5 million dollars, plus other expenses. In the event that a new gas transportation agreement is not executed by March 31, 2003, the forbearance agreements permit the Company to draw upon the LC and the GTA is deemed terminated. At this time, the Company is unable to predict with any degree of certainty the likelihood that a new gas transportation agreement will be executed by March 31, 2003 and has reserved an amount for the current shortfalls in the monthly payments.

On December 3, 2002 the Company entered into an agreement to sell certain assets comprising its water utility system to the City of Fernandina Beach. Pursuant to the Agreement, the closing of this transaction is required to take place on or before March 31, 2003, and is currently scheduled for March 27, 2003. The City has agreed to pay the Company $18,950,000 in cash at closing, with additional future consideration of $7,500,000, at an anticipated rate of $375,000 per year, commencing on or before February 15, 2004, and a like amount each year thereafter until February 15, 2010, when it is estimated that the Company will receive a final payment from the City in an amount of approximately $5,250,000. The fair value of the consideration is approximately $25,100,000. The assets amount to approximately $10,200,000 or less than 10% of the Company's assets including water. The water segment's operating income before income taxes was approximately 12% of total operating income excluding income taxes before the reclassification to discontinued operations. In the event the sale is consummated, the Company would thereupon file an

application with the FPSC for approval of the sale to a governmental authority, which, pursuant to Florida Statutes, must be approved by the Commission as a matter of right. For additional information see the section titled "Discontinued Operations" in the Notes to Consolidated Financial Statements.

Environmental Matters
The Company has several contamination sites in various stages of assessment investigation; see "Contingencies" in the Notes to Consolidated Financial Statements. The Company believes that all future contamination assessment and remedial costs, legal fees and other related costs will not be in excess of the rate relief granted the Company and insurance settlement proceeds received.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

All financial instruments held by the Company were entered into for purposes other than for trading. The Company has market risk exposure only from the potential loss in fair value resulting from reasonably possible changes in interest rates. The Company has no exposure relating to commodity prices because the Company, under its regulatory jurisdictions, is fully compensated for the actual costs of commodities (primarily natural gas and electricity) used in its operations. Any commodity price increases for propane are passed through monthly to propane customers as the fuel charge portion of their rate. This can be performed due to the competition having similar increases that are customarily passed through to their customers.

None of the Company's gas or electric contracts are accounted for using the fair value method of accounting. While some of the Company's contracts meet the definition of a derivative, the Company has designated these contracts as "normal purchases and sales" under SFAS No. 133, "Accounting for Derivatives".

The Company has no exposure to equity risk, as it does not hold any equity instruments. The Company's exposure to interest rate risk is limited to investments held for environmental costs. These investments are fixed income debt securities whose carrying amounts are not materially different than fair value. Such investments mature from 2003 to 2004 and are expected to be held to maturity. Therefore, the Company does not believe it has material market risk exposure related to these instruments. The indentures governing the Company's two first mortgage bond series outstanding contain "make-whole" provisions, which are pre-payment penalties that charge for lost interest, which render refinancing impracticable. In 2002, a hypothetical 1/2% (50 basis points) decrease in the long-term interest rate on $52,500 million debt would change the fair value from $60,215 million to $63,949 million.

Changes in short-term interest rates could have an effect on income depending on the balance borrowed on the variable rate line of credit. On December 31, 2002 and 2001, the Company had $19,183,000 and $20,430,000 in short-term debt, respectively. A hypothetical 1% increase in interest rates would have resulted in a decrease in annual earnings by $120,000 and $127,000 respectively, based on the year-end borrowings.

Item 8. Financial Statements and Supplementary Data

CONSOLIDATED STATEMENTS OF INCOME

(dollars in thousands, except per share data)

	Years Ended December 31		
	2002	2001	2000
Revenues			
Electric	$ 40,930	$ 39,050	$ 39,304
Natural gas	40,140	44,729	38,270
Propane gas	7,391	5,399	4,380
Total revenues	88,461	89,178	81,954
Cost of fuel and taxes based on revenues	53,532	59,238	53,491
Gross profit	34,929	29,940	28,463
Operating Expenses			
Operations	17,271	13,894	12,445
Maintenance	2,551	2,745	2,588
Depreciation and amortization	5,026	4,525	4,406
Taxes other than income taxes	2,312	2,157	1,955
Total operating expenses	27,160	23,321	21,394
Operating income excluding income taxes	7,769	6,619	7,069
Interest Charges and Other			
Merchandise and service revenue	(3,001)	(2,571)	(1,815)
Merchandise and service expenses	2,778	2,316	1,762
Other income	(590)	(427)	(372)
Other deductions	18	30	23
Gain from sale of non-utility property	(112)	(15)	-
Long-term debt	3,937	2,606	2,235
Short-term borrowings	324	826	962
Customer deposits and other interest	252	159	290
Total interest charges and other	3,606	2,924	3,085
Income from continuing operations excluding income taxes	4,163	3,695	3,984
Income taxes	1,402	1,239	1,319
Income from continuing operations	2,761	2,456	2,665
Discontinued Operations			
Income from discontinued operations-water	908	897	932
Income taxes	306	301	309
Total income from discontinued operations	602	596	623
Net Income	3,363	3,052	3,288
Preferred Stock Dividends	29	29	29
Earnings for Common Stock	$ 3,334	$ 3,023	$ 3,259
Earnings Per Common Share (basic and diluted):			
Continuing Operations	$ 0.70	$ 0.64	$ 0.70
Discontinued Operations	$ 0.16	$ 0.16	$ 0.17
Total	$ 0.86	$ 0.80	$ 0.87
Dividends Declared Per Common Share	$ 0.57	$ 0.55	$ 0.53
Average Shares Outstanding	3,871,019	3,801,740	3,759,347

CONSOLIDATED BALANCE SHEETS

(dollars in thousands)	December 31, 2002	December 31, 2001
ASSETS		
Utility Plant		
Electric	$ 59,937	$ 57,212
Natural gas	76,746	68,528
Propane gas	11,232	8,993
Common	4,992	4,844
Total	152,907	139,577
Less accumulated depreciation	54,952	51,489
Net utility plant	97,955	88,088
Current Assets		
Cash	3,200	3,198
Accounts receivable	9,065	6,930
Allowance for uncollectible accounts	(304)	(128)
Unbilled receivable	1,470	1,379
Inventories (at average or unit cost)	3,108	3,261
Prepayments and deferrals	749	670
Under recovery of conservation and unbundling	36	343
Assets held for sale-water operations	10,178	9,662
Total current assets	27,502	25,315
Other Assets		
Investments held for environmental costs	2,815	3,417
Restricted bond proceeds	-	8,008
Deferred charges	10,375	9,260
Goodwill	3,348	3,066
Intangible assets (net)	2,828	2,835
Total other assets	19,366	26,586
Total	$ 144,823	$ 139,989
CAPITALIZATION AND LIABILITIES		
Capitalization		
Common shareholders' equity	$ 30,883	$ 29,329
Preferred stock	600	600
Long-term debt	52,500	52,500
Total capitalization	83,983	82,429
Current Liabilities		
Notes payable	19,183	20,430
Accounts payable	7,472	5,637
Insurance accrued	2,364	2,257
Interest accrued	926	877
Other accruals and payables	3,723	3,186
Over recovery of fuel costs	1,807	1,800
Customer deposits	5,615	4,446
Liabilities held for sale-water operations	1,272	763
Total current liabilities	42,362	39,396
Other Liabilities		
Deferred income taxes	7,366	7,308
Unamortized investment tax credits	751	861
Environmental liability	5,204	5,237
Regulatory tax liabilities	1,413	1,548
Customer advances for construction	1,581	1,256
Storm damage	2,163	1,954
Total other liabilities	18,478	18,164
Commitments and Contingencies (see Notes)	-	-
Total	$ 144,823	$ 139,989

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CAPITALIZATION

(dollars in thousands)	December 31, 2002	December 31, 2001
Common Shareholders' Equity		
Common stock, $1.50 par value, authorized 6,000,000 shares; issued 4,329,380 shares in 2002; 4,315,967 shares in 2001	$ 6,494	$ 6,474
Paid-in capital	8,472	8,284
Retained earnings	20,529	19,386
Treasury stock - at cost (447,791 shares in 2002, 467,588 shares in 2001)	(4,612)	(4,815)
Total common shareholders' equity	30,883	29,329
Preferred Stock		
4 ¾% Series A, $100 par value, redemption price $106, authorized and outstanding 6,000 shares	600	600
4 ¾% Series B Cumulative Preferred, $100 par value, redemption price $101, authorized 5,000 and none issued	-	-
$1.12 Convertible Preference, $20 par value, redemption price $22, authorized 32,500 and none issued	-	-
Total preferred stock	600	600
Long-Term Debt		
First mortgage bonds series		
9.57 % due 2018	10,000	10,000
10.03 % due 2018	5,500	5,500
9.08 % due 2022	8,000	8,000
4.90 % due 2031	14,000	14,000
6.85 % due 2031	15,000	15,000
Total long-term debt	52,500	52,500
Total Capitalization	$ 83,983	$ 82,429

CONSOLIDATED STATEMENTS OF COMMON SHAREHOLDERS' EQUITY

(dollars in thousands)	Common Stock					Treasury
	Shares Issued	Aggregate Par Value	Paid-in Capital	Retained Earnings	Treasury Shares	Shares Cost
Balances as of December 31, 1999	4,282,935	$ 6,424	$ 7,739	$ 17,204	546,421	$ (5,501)
Net income				3,288		
Dividends				(2,031)		
Stock plans	16,628	25	310		(17,265)	52
Balances as of December 31, 2000	4,299,563	6,449	8,049	18,461	529,156	(5,449)
Net income				3,052		
Dividends				(2,127)		
Stock issuance for acquisition					(42,613)	439
Stock plans	16,404	25	235		(18,955)	195
Balances as of December 31, 2001	4,315,967	6,474	8,284	19,386	467,588	(4,815)
Net income				3,363		
Dividends				(2,220)		
Stock plans	13,413	20	188		(19,797)	203
Balances as of December 31, 2002	4,329,380	$ 6,494	$ 8,472	$ 20,529	447,791	$ (4,612)

CONSOLIDATED STATEMENTS OF CASH FLOWS

(dollars in thousands)

	Years Ended December 31,		
	2002	2001	2000
Cash Flows from Operating Activities			
Net income	$ 3,363	$ 3,052	$ 3,288
Adjustments to reconcile net income to net cash from operating activities			
Income from discontinued operations, net of tax	(602)	(596)	(623)
Depreciation and amortization	5,026	4,525	4,406
Deferred income taxes	(378)	(307)	281
Bad debt expense	400	410	202
Investment tax credits	(103)	(107)	(110)
Other	69	28	(46)
Gain on sale of non-utility property	(112)	-	-
Effects of changes in			
Receivables	(2,326)	2,466	(2,963)
Unbilled receivable	(126)	19	(229)
Inventories and prepayments	25	83	(1,040)
Accounts payable and accruals	3,060	(4,152)	6,550
Over (under) recovery of fuel costs	315	2,358	(2,208)
Area expansion program deferred costs	(978)	(804)	(576)
Environmental liability	(127)	(82)	106
Other	(196)	(219)	(1,016)
Net cash provided by operating activities	7,310	6,674	6,022
Cash Flows from Investing Activities			
Construction expenditures	(14,136)	(13,442)	(8,443)
(Payment) reduction for purchase of Atlantic Utilities Company	74	(9,792)	-
Payment for purchase of Z-Gas Company, net of cash acquired	(3)	(83)	-
Payment for purchase of Nature Coast Company, net of cash acquired	(735)	-	-
Customer advances for construction	333	(45)	(29)
Reduction (Purchase) of restricted long term investments	8,008	(8,008)	-
Deposit held in escrow for dividend payment	541	(541)	-
Purchase of long-term investment	60	-	1
Proceeds from sale of non-utility property	877	-	-
Net cash used by investing activities	(4,981)	(31,911)	(8,471)
Cash Flows from Financing Activities			
Net change in short-term borrowings	(1,247)	2,530	4,900
Long term borrowings – net of costs	(58)	27,022	-
Proceeds from common stock plans	411	390	387
Dividends paid	(2,201)	(2,102)	(1,998)
Net cash provided by (used by) financing activities	(3,095)	27,840	3,289
Net cash provided by discontinued operations	768	529	(939)
Net Increase (Decrease) in Cash	2	3,132	(99)
Cash at Beginning of Year	3,198	66	165
Cash at End of Year	$ 3,200	$ 3,198	$ 66
Supplemental Cash Flow Information			
Cash was paid during the years as follows:			
Interest	$ 4,506	$ 3,379	$ 3,399
Income taxes	1,965	1,396	1,958
Non-cash investing and financing activities			
Purchase of Z-Gas Company through issuance of 42,613 shares of common stock	-	$ 503	-

See Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Summary of Significant Accounting and Reporting Policies

Business and Regulation Florida Public Utilities Company (the Company or FPU) is an operating public utility engaged principally in the purchase, transmission, distribution and sale of electricity and in the purchase, transmission, distribution, sale and transportation of natural gas. The Company is subject to the jurisdiction of the Florida Public Service Commission (FPSC) with respect to its electric, natural gas and water operations. The FPSC stopped regulating the water segment of the Company's business on September 17, 2001 due to a resolution passed by Nassau County but regained regulation in July 2002. The suppliers of electrical power to the Northwest Florida division and of natural gas to the natural gas divisions are subject to the jurisdiction of the Federal Energy Regulatory Commission (FERC). The Northeast Florida division is supplied most of its electrical power by a municipality which is exempt from FERC and FPSC regulation. The Company also distributes propane gas through a non-regulated subsidiary. The Company's accounting policies and practices conform to accounting principles generally accepted in the United States of America as applied to regulated public utilities and are in accordance with the accounting requirements and rate making practices of the FPSC.

The Company prepares its financial statements in accordance with the provisions of SFAS No. 71 – "Accounting for the Effects of Certain Types of Regulation". In general, SFAS No. 71 recognizes that accounting for rate-regulated enterprises should reflect the relationship of costs and revenues introduced by rate regulation. As a result, a regulated utility may defer recognition of a cost (a regulatory asset) or recognize an obligation (a regulatory liability) if it is probable that, through the rate making process, there will be a corresponding increase or decrease in revenues. Accordingly, the Company has recognized certain regulatory assets and regulatory liabilities in the consolidated balance sheets. The Company believes that the FPSC will continue to allow the Company to recover such items through its rates. In the event that a portion of FPU's operations are no longer subject to the provisions of SFAS No. 71, the Company would be required to write off related regulatory assets and liabilities that are not specifically recoverable through regulated rates. In addition, the Company would be required to determine if an impairment related to other assets exists, including plant, and write down the assets, if impaired, to their fair value. A summary of such items is as follows (dollars in thousands):

	2002	2001	
Assets			
Deferred development costs	$3,496	$2,518	
Under recovery of conservation and unbundling	36	343	
Unamortized piping and conversion costs	1,501	1,601	(1)
Unamortized loss on reacquired debt	282	302	
Total Regulatory Assets	$5,315	$4,764	
Liabilities			
Regulatory tax liabilities	$1,413	$1,548	
Environmental liability	5,204	5,237	
Storm damage	2,163	1,954	
Over recovery of fuel costs	1,807	1,800	
Total Regulatory Liabilities	$10,587	$10,539	

Deferred development costs, unamortized piping and conversion costs, and unamortized loss on reacquired debt are included in deferred charges in the consolidated balance sheets.

(1) 2001 has been adjusted to include unamortized piping and conversion costs related to the acquisition of Atlantic Utilities Company.

The Company has agreed with the FPSC staff to limit its earned return on equity for its regulated electric and natural gas operations. The disposition of any excess earnings is left to the discretion of the FPSC, with alternatives including a refund to customers, additional contributions to storm damage reserves, or the reduction of any depreciation reserve deficiency, if any. The excess earnings for 1997, 1998 and 1999 at one of the Company's electric divisions were ordered by the FPSC to be added to that division's storm damage reserve. Since that last order on the 1999 disposition of excess earnings, the FPSC has allowed the Company the automatic flexibility of funding the storm damage reserves each year thereafter through use of the excess earnings and allowing additional storm damage accruals up to a cap in those reserves of $1,500,000 and $1,400,000 in the Fernandina Beach and Marianna electric divisions, respectively. The Company funded its Fernandina Beach electric storm reserve with an additional $237,000 relating to 2000 excess earnings. In 2001, the Company did not have any excess earnings and accordingly has not funded any additional amounts to its storm damage reserves. In 2002, the Company has reserved for $30,000 in its electric segment for possible overearnings, and may also have additional over earnings in its natural gas segment. As of the end of 2002, the Fernandina Beach and Marianna electric storm reserves were at approximately $1,257,000 and $847,000, respectively.

The Company filed the appropriate unbundled tariffs to give its commercial natural gas customers the option of purchasing their gas supplies from third parties. The Company officially offered unbundled services to commercial customers on August 1, 2001. Even though FPU has had the overall lowest gas costs in the Florida market, third party suppliers may be able to offer our customers additional programs, which a regulated gas company cannot offer. Furthermore, by purchasing their gas supplies from third parties, our commercial customers may avoid certain taxes and fees, which FPU is required to collect and impose on the sale of natural gas. The Company's operating results will not be affected as the Company realizes the same gross profit regardless of whether the customer purchases the gas from us or uses our system to transport the gas since it does not profit on the fuel sales. The FPSC approved various mechanisms, which will allow the Company to be reimbursed for the incremental cost of providing unbundled services.

Revenue The Company bills utility customers on a monthly cycle basis; however, the billing cycle periods for most customers do not coincide with the accounting periods used for financial reporting. The Company accrues estimated revenue for gas and electric customers not yet billed during the accounting period. Determination of unbilled revenue relies on the use of estimates, fuel purchases, and historical data.

The rates of the Company include base revenues, fuel adjustment charges and the pass-through of certain governmental imposed taxes based on revenues. The base revenues are determined by the FPSC and remain constant until a request for an increase in such rates is filed and approved by the FPSC. From the FPSC perspective, the Company operates four distinct "entities", i.e., Northwest Florida electric, Northeast Florida electric, Northeast Florida water, and natural gas, consisting of Palm Beach County, and the Sanford and DeLand area in Central Florida. Thus, for the Company to recover through rate relief the effects of inflation and construction expenditures for all such "entities", a request for an increase in base revenues would require the filing of four separate rate cases. The FPSC allows for an annual automatic rate increase for water operations through the use of a price index. Fuel adjustment charges are estimated for customer billing purposes and any under/over-recovery difference between the incurred cost of fuel and estimated amounts billed to customers is deferred for future recovery or refund and either charged or credited to customers. Interest accrues on such under/over-recoveries and is included in the subsequent adjustment.

Consolidation The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Flo-Gas Corporation. All significant intercompany balances and transactions have been eliminated.

Certain reclassifications have been made to the prior years' financial statements and other financial information contained herein to conform to the 2002 presentation.

Utility Plant and Depreciation Utility plant is stated at original cost. Propane utility plant that has been acquired in recent acquisitions is stated at fair market value at the time of each acquisition. The costs of

additions to utility plant include contracted services, direct labor, transportation and materials. The costs of units of property retired are removed from utility plant, and such costs plus removal costs, less salvage, are charged to accumulated depreciation. Maintenance and repairs of property and replacement and renewal of items determined not to be units of property are charged to operating expenses. Substantially all of the utility plant and the shares of Flo-Gas Corporation collateralize the Company's First Mortgage Bonds.

Depreciation is computed using the composite straight-line method at rates prescribed by the FPSC for financial accounting purposes. Propane depreciation is computed using a composite straight-line method at an average rate based on estimate life of approximately 20 years. Such rates are based on estimated service lives of the various classes of property. Depreciation provisions on average depreciable property approximate 3.3% in 2002, 3.4% in 2001 and 3.6% in 2000.

Income Taxes Deferred income taxes are provided on all significant temporary differences between the financial statements and tax basis of assets and liabilities at currently enacted tax rates. Investment tax credits have been deferred and are amortized based upon the average useful life of the related property in accordance with the rate treatment.

Use of Estimates Inherent in the accounting process is the use of estimates when preparing financial statements in accordance with generally accepted accounting principles. Actual results could differ from these estimates. The Company has used estimates in the preparation of its financial statements including the accrual for uninsured liability claims. The Company is self-insured for the first $250,000 of each general and auto liability claim and therefore accrues for estimated losses occurring from both asserted and unasserted claims. The estimate for unasserted claims arising from unreported incidents is based on an analysis of historical claims data and judgment. Management believes that its accrual for potential liability claims is adequate.

Notes Payable The Company has a $20,000,000 line of credit with its primary bank, of which $19,183,000 was borrowed at the end of 2002. The line of credit provides for interest at LIBOR plus fifty basis points and expires in April 2003. During 2002 the Company closed a $2,500,000 line of credit that it held with a secondary bank. The Company is in the process of negotiating a new line of credit effective in April 2003. The interest rate and terms will not be as favorable as the current line of credit. The Company reserves $1,000,000 in cash or the line of credit as a contingency for major storm repairs in the Northwest Florida electric division. The interest rates for the line of credit at December 31, 2002, 2001, and 2000 were approximately 1.9%, 2.4% and 7.1% respectively.

Acquisitions

In October 2001, the Company acquired Z-Gas Company, Inc., a propane gas service distribution company, in a stock for stock transaction valued at approximately $600,000. The transaction involved the issuance of 42,613 shares of the Company's common stock and approximately $20,000 in cash. The acquisition added about 1,000 customers to the propane operation in the Northeast Florida Division.

In December 2001, the Company acquired certain net assets of Atlantic Utilities, the Florida operation of Southern Union Company in a cash transaction valued at approximately $10,000,000. Atlantic Utilities served about 4,400 natural gas customers in New Smyrna Beach and about 1,900 propane customers in central and south Florida.

The excess of the consideration paid over the estimated fair value, or the depreciated original cost for regulated entities, of net assets including intangibles acquired in both the Atlantic Utilities and Z-Gas acquisitions was approximately $3,100,000. This was recorded as goodwill and according to SFAS No. 142 is not being amortized. This amount was subject to reclassifications to intangible assets and immaterial adjustments to the purchase price in 2002. The natural gas portion of this amount is approximately $1,500,000.

Fair Market Value of Assets Acquired and Liabilities Assumed in 2001
(dollars in thousands)

	ATLANTIC	Z-GAS
Utility plant		
Natural gas	$ 4,802	$ -
Propane gas	1,246	333
Accumulated depreciation and amortization	(2,195)	-
Net utility plant	3,853	333
Current Assets		
Cash	-	14
Accounts receivable	99	23
Inventories	212	17
Total current assets	311	54
Goodwill-Natural gas	1,514	-
Goodwill-Propane gas	1,412	199
Intangibles-Natural gas	1,900	-
Intangibles-Propane gas	930	5
Deferred charges	348	-
Total other assets	6,104	204
Current Liabilities		
Interest accrued	(12)	-
Other accruals and payables	(279)	(12)
Customer deposits	(260)	-
Total current liabilities	(551)	(12)
Total acquisition cost	$ 9,717	$ 579

The following unaudited pro forma information combines the consolidated results of operations of Florida Public Utilities Company with those of Z-Gas and Atlantic Utilities as if these acquisitions had occurred at the beginning of 2000. The pro forma results are not necessarily an indication of the results that would have been achieved had the transactions been consummated as of the date indicated, or that may be achieved in the future. The 2001 information includes actual amounts for November and December information for Z-Gas and December 15-31 information for Atlantic Utilities. The income statement for 2002 includes all the effects from these two acquisitions and no pro forma adjustments are necessary.

Pro Forma Results
(dollars in thousands except for per share data)
Years ended December 31,

	2001	2000
Revenues	$ 95,096	$ 86,184
Cost of fuel and taxes based on revenues	62,560	55,356
Gross Profit	32,536	30,828
Operating Income from continuing operations	6,507	6,398
Net Income from continuing operations	3,204	3,070
Earnings for Common Stock from continuing operations	3,175	3,041
Average Shares Outstanding	3,837,251	3,801,960
Earnings per Common Share from continuing operations	$ .82	$ .79

In November 2002, the Company acquired Nature Coast Utilities, a propane gas service distribution company, in a cash for stock transaction valued at approximately $740,000. The acquisition added about 1,200 customers to the Company's new Nature Coast division located in West Central Florida.

The excess of the consideration paid over the fair value of assets acquired and liabilities assumed associated with this acquisition, resulted in goodwill of approximately $223,000 and in accordance with SFAS No. 142, it is not being amortized. There are no other intangible assets identified with this acquisition.

Goodwill and Intangible Assets

Effective January 1, 2002, the Company adopted (SFAS) No. 142, "Goodwill and Other Intangible Assets." Under this statement, the amortization of goodwill is no longer permitted and intangible assets with an indefinite life will not be amortized. The standard requires goodwill to be periodically tested for impairment and written down to fair value if considered impaired. The reporting units have been determined to be propane gas and natural gas for the purposes of impairment testing.

Intangible assets associated with the Company's recent acquisitions have been identified and are shown as separate line items on the balance sheet. Amounts as of December 31, 2001 have been reclassified to conform to this presentation. The intangibles subject to amortization over a five-year period are non-compete agreements totaling $35,000. The remaining intangibles identified are customer distribution rights of $1,900,000 and customer relationships of $900,000, both of which have indefinite lives and are not subject to amortization.

All goodwill relates to the recent gas acquisitions and accordingly, there is no amortization of goodwill reported in the accompanying 2000, 2001, and 2002 consolidated financial statements. Goodwill is $1,513,000 in the natural gas segment and $1,835,000 in the propane segment. The test for goodwill impairment was performed for the reporting units during the second quarter of 2002, as of January 1, 2002. The test results showed that there was no impairment in either reporting unit.

Discontinued Operations

On December 3, 2002 the Company entered into an agreement to sell certain assets comprising its water utility system to the City of Fernandina Beach. Pursuant to the Agreement, the closing of this transaction is required to take place on or before March 31, 2003, and is currently scheduled for March 27, 2003. The City has agreed to pay the Company $18,950,000 in cash at closing, as well as contingent "futures" consideration until February 15, 2010, when it is estimated that the Company will receive a final payment from the City. The fair value of the consideration is approximately $25,100,000. The assets amount to approximately $10,200,000 or less than 10% of the Company's assets including water. The water segment's operating income before income taxes was approximately 12% of total operating income excluding income taxes before the reclassification to discontinued operations. In the event the sale is consummated, the Company would thereupon file an application with the FPSC for approval of the sale to a governmental authority, which, pursuant to Florida Statutes, must be approved by the Commission as a matter of right.

The accompanying consolidated financial statements have been restated for all periods presented for the discontinued operations of the water division. The net income of this water operation is reported as discontinued operations in the Consolidated Statements of Income. The Company has not ceased recording depreciation expense due to the regulatory requirements and will continue to expense depreciation through the anticipated sales date of March 27, 2003. The assets and liabilities of the water division have been included in current assets and current liabilities, as assets and liabilities held for sale until the sale is consummated. Results of discontinued operations for the years ended December 31, were as follows:

Results of Water Operations

(dollars in thousands):	2002	2001	2000
Revenues	$ 3,116	$ 2,965	$ 2,805
Gross profit	$ 2,983	$ 2,836	$ 2,680
Income from discontinued operations before income taxes	$ 908	$ 897	$ 932
Income tax expense	306	301	309
Income from discontinued operations	$ 602	$ 596	$ 623

The major balance sheet classes included in assets and liabilities of discontinued operations in the Consolidated Balance Sheets, as of December 31, are as follows:

Major Balance Sheet Classes - Water Operations

(dollars in thousands):	2002	2001
Assets		
Utility plant, net	$ 9,782	$ 9,241
Current assets	396	421
Total	$ 10,178	$ 9,662
Liabilities		
Current liabilities	$ 15	$ 8
Customer advances for construction	1,257	755
Total	$ 1,272	$ 763

Gain on Sale of Property

The Company sold property held in Delray Beach, in its South Florida division, for a gain of approximately $529,000 in the first quarter of 2002. This property was primarily regulated property and accordingly the majority of the gain was deferred awaiting Florida Public Service Commission (FPSC) approval on the disposition of that gain. The Company has been granted approval by the FPSC to allow amortization of the gain

with an offset to depreciation expense over five years beginning April 2002. The non-regulated portion of the gain has been recognized in the first quarter of 2002 and amounts to $53,000, net of income taxes.

The Company sold property held in DeLand, in its Central Florida division, for a gain of approximately $186,000 during the third quarter of 2002. This property was primarily regulated property and accordingly the majority of the gain was deferred awaiting Florida Public Service Commission (FPSC) approval on the disposition of that gain. The Company has been granted approval by the FPSC to allow amortization of the gain with an offset to depreciation expense over five years beginning August 2002. The non-regulated portion of the gain has been recognized in the third quarter of 2002 and amounts to $17,000, net of income taxes.

The total earnings per share effect of both gains included in the Consolidated Statements of Income for the twelve months ended December 31, 2002 is $0.02. Excluding the property gains in the twelve months ended December 31, 2002 total earnings per share would be $0.84.

Capitalization

Common Stock Split

In July 2002, the Company affected a four-for-three stock split in the form of a stock dividend and, accordingly, transferred from paid-in capital to common stock, an amount equal to the aggregate par value of the additional shares. All per share data included herein have been retroactively restated to reflect the stock split.

Common Shares Reserved

The Company has reserved 104,887 common shares for issuance under the Dividend Reinvestment Plan and 27,724 common shares for issuance under the Employee Stock Purchase Plan.

Dividend Restriction

The Indenture of Mortgage and Deed of Trust and supplements thereto provide for restriction of the payment of cash dividends. At December 31, 2002 approximately $4,000,000 of retained earnings were free of such restriction.

Long-Term Debt

The Company issued its First Mortgage Bond, 6.85% Series due 2031 on September 27, 2001 in the aggregate principal amount of $15,000,000 as security for the 6.85% Secured Insured Quarterly Notes, due October 1, 2031 (IQ Notes). Interest on the pledged bond accrues at the rate of 6.85% per annum payable quarterly in arrears on January 1, April 1, July 1 and October 1 of each year, payable initially on January 1, 2002. The pledge bond constitutes the Fourteenth Series of the Company's First Mortgage Bonds.

Sinking fund payments are scheduled to begin in 2008.

Restricted Bond Proceeds

The Company issued $14,000,000 of Palm Beach County municipal bonds (Industrial Development Revenue Bonds) on November 14, 2001 to finance development in the area. The interest rate on the thirty-year callable bonds is 4.90%. The bond proceeds were restricted and held in trust until construction expenditures were actually incurred by the Company. In 2002 $8,008,000 was drawn from the restricted funds held by the trustee and no restricted funds were remaining at December 31, 2002.

Bond Proceeds

The Company issued its First Mortgage Bond, 6.85% Series due 2031 on September 27, 2001 in the aggregate principal amount of $15,000,000 as security for the 6.85% Secured Insured Quarterly Notes, due October 1, 2031 (IQ Notes). Interest on the pledged bond accrues at the rate of 6.85% per annum payable quarterly in arrears on January 1, April 1, July 1 and October 1 of each year, payable initially on January 1, 2002. The pledged bond constitutes the Fourteenth Series of the Company's First Mortgage Bonds.

Segment Information

The Company is organized into two continuing regulated business segments: natural gas and electric and one non-regulated business segment, propane gas. Water, a regulated segment, has been classified as discontinued operations and has been eliminated from segment information with the exception of Identifiable assets. There are no material inter-segment sales or transfers.

Identifiable assets are those assets used in the Company's operations in each business segment. Common assets are principally cash and overnight investments, deferred tax assets and common plant.

Business segment information for 2002, 2001 and 2000 is summarized as follows:
(dollars in thousands)

	2002	2001	2000
Revenues			
Electric	$ 40,930	$ 39,050	$ 39,304
Natural gas	40,140	44,729	38,270
Propane gas	7,391	5,399	4,380
Consolidated	$ 88,461	$ 89,178	$ 81,954
Operating income from continuing operations excluding income tax			
Electric	$ 2,980	$ 2,893	$ 3,016
Natural gas	4,291	3,295	3,789
Propane gas	498	431	264
Consolidated	$ 7,769	$ 6,619	$ 7,069
Identifiable assets			
Electric	$ 39,446	$ 37,753	$ 36,911
Natural gas	57,753	52,734	42,564
Propane gas	10,288	10,728	5,648
Water operations – held for sale	10,096	9,579	9,038
Common	27,240	29,195	14,885
Consolidated	$ 144,823	$ 139,989	$ 109,046
Depreciation and amortization			
Electric	$ 2,116	$ 2,070	$ 1,969
Natural gas	2,272	1,963	2,027
Propane gas	436	322	284
Common *	202	170	126
Consolidated	$ 5,026	$ 4,525	$ 4,406

* Common has been restated for 2001 and 2000 to exclude depreciation expenses related to water operations.

Construction expenditures			
Electric	$ 3,278	$ 4,418	$ 3,015
Natural gas	9,373	7,508	3,300
Propane gas	1,298	1,147	757
Common	187	369	1,371
Consolidated	$ 14,136	$ 13,442	$ 8,443
Continuing operations income tax expense			
Electric	$ 292	$ 397	$ 475
Natural gas	741	547	728
Propane gas	151	84	26
Common	218	211	90
Consolidated	$ 1,402	$ 1,239	$ 1,319

Income Taxes

The provision (benefit) for income taxes consists of the following (dollars in thousands):

	2002	2001	2000
Current payable			
Federal	$ 1,609	$ 1,413	$ 981
State	274	240	167
	1,883	1,653	1,148
Deferred			
Federal	(338)	(275)	222
State	(40)	(32)	59
	(378)	(307)	281
Investment tax credit	(103)	(107)	(110)
Income taxes – continuing operations	1,402	1,239	1,319
Income taxes – discontinued operations	306	301	309
Total	$ 1,708	$ 1,540	$ 1,628

The difference between the effective income tax rate and the statutory federal income tax rate applied to pretax income is accounted for as follows (dollars in thousands):

	2002	2001	2000
Federal income tax at statutory rate	$ 1,724	$ 1,561	$ 1,671
State income taxes, net of federal benefit	146	139	166
Investment tax credit	(110)	(114)	(117)
Other	(52)	(46)	(92)
Total provision for income taxes	$ 1,708	$ 1,540	$ 1,628

The tax effects of temporary differences producing accumulated deferred income taxes in the accompanying consolidated balance sheets are as follows (dollars in thousands):

	2002	2001	2000
Deferred tax assets:			
Environmental	$ 2,112	$ 2,125	$ 1,997
Self insurance	664	75	107
Other	518	160	339
Total deferred tax assets	3,294	2,360	2,443
Deferred tax liabilities:			
Utility plant related	9,422	8,748	8,654
Under recovery of fuel costs	174	320	798
Pension	804	225	233
Other	260	375	195
Total deferred tax liabilities	10,660	9,668	9,880
Net deferred income taxes	$ 7,366	$ 7,308	$ 7,437

Employee Benefit Plans

Florida Public Utilities Company sponsors a qualified pension plan and postretirement medical and life benefit plans for its employees. The life plan obligations are de-minimis and not reflected in the Company's disclosures. The following tables provide a reconciliation of the changes in the plans' benefit obligations and fair value of assets over the 2-year period ending December 31, 2002, and a statement of the funded status as of December 31 of both years:

	Pension Benefits		Other Benefits	
	2002	2001	2002	2001
Reconciliation of Benefit Obligation				
Prior year obligation at December 31	$ 26,164,049	$ 26,186,445	$ 1,410,368	$ 1,875,972
Service cost	895,888	901,220	59,873	77,425
Interest cost	1,818,276	1,780,967	111,207	103,649
Participant contributions	0	0	20,498	15,625
Plan amendments	0	295,554	0	0
Actuarial (gain) loss	591,406	(1,844,718)	184,631	(590,995)
Acquisitions (divestitures)	0	0	0	0
Benefit payments	(1,186,293)	(1,155,419)	(60,938)	(71,308)
Curtailments	0	0	0	0
Settlements	0	0	0	0
Current year obligation at December 31	$ 28,283,326	$ 26,164,049	$ 1,725,639	$ 1,410,368
Reconciliation of Fair Value of Plan Assets				
Prior year fair value of plan assets at December 31	$ 32,007,418	$ 35,113,920	$ 0	$ 0
Actual return on plan assets	(3,867,807)	(1,951,083)	0	0
Acquisitions (divestitures)	0	0	0	0
Employer contributions	0	0	40,440	55,683
Participant contributions	0	0	20,498	15,625
Benefit payments	(1,186,293)	(1,155,419)	(60,938)	(71,308)
Settlements	0	0	0	0
Current year fair value of plan assets at December 31	$ 26,953,318	$ 32,007,418	$ 0	$ 0
Funded Status				
Funded status at December 31	$ (1,330,008)	$ 5,843,369	$ (1,725,639)	$ (1,410,368)
Unrecognized transition (asset) obligation	0	0	428,950	471,846
Unrecognized prior service cost	6,292,020	7,006,373	0	0
Unrecognized (gain) loss	(2,531,878)	(10,578,578)	(207,989)	(397,442)
Net amount recognized	$ 2,430,134	$ 2,271,164	$ (1,504,678)	$ (1,335,964)

The following table provides the amounts recognized in the statement of financial position as of December 31 of both years:

	Pension Benefits		Other Benefits	
	2002	2001	2002	2001
Prepaid benefit cost	$ 2,430,134	$ 2,271,164	$ 0	$ 0
Accrued benefit liability	0	0	(1,504,678)	(1,335,964)
Intangible asset	0	0	0	0
Accumulated other comprehensive income	0	0	0	0
Net amount recognized	$ 2,430,134	$ 2,271,164	$ (1,504,678)	$ (1,335,964)

The following table provides the components of net periodic benefit cost for the plans for fiscal years 2002, 2001, and 2000:

	Pension Benefits			Other Benefits		
	2002	2001	2000	2002	2001	2000
Service cost	$ 895,888	$ 901,220	$ 971,596	$ 59,873	$ 77,425	$ 87,596
Interest cost	1,818,276	1,780,967	1,694,069	111,207	103,649	118,285
Expected return on plan assets	(2,800,350)	(2,821,040)	(2,785,633)	0	0	0
Amortization of transition (asset) obligation	0	0	(183,269)	42,896	42,896	42,896
Amortization of prior service cost	714,353	722,015	716,418	0	0	0
Amortization of net (gain) loss	(787,137)	(829,342)	(875,582)	(4,822)	(4,778)	1,001
Net periodic benefit cost	$ (158,970)	$ (246,180)	$ (462,401)	$ 209,154	$ 219,192	$ 249,778
Curtailment (gain) loss	0	0	0	0	0	0
Settlement (gain) Loss	0	0	0	0	0	0
Net periodic benefit cost after Curtailments and settlements	$ (158,970)	$ (246,180)	$ (462,401)	$ 209,154	$ 219,192	$ 249,778

The amount included within other comprehensive income arising from a change in the additional minimum pension liability was $0 at December 31, 2002, $0 at December 31, 2001, and $0 at December 31, 2000.

The prior service costs are amortized on a straight-line basis over the average remaining service period of active participants. Gains and losses in excess of 10% of the greater of the benefit obligation and the market-related value of assets are amortized over the average remaining service period of active participants.

The pension plan is noncontributory; the postretirement medical plan is contributory with participants' contributions subject to adjustment annually. The accounting for the health care plan anticipates future cost-sharing changes to the written plan such that retiree contributions will increase over time at the same rate as the total plan cost.

The assumptions used in the measurement of the Company's benefit obligation are shown in the following table:

	Pension Benefits			Other Benefits		
	2002	2001	2000	2002	2001	2000
Weighted-average Assumptions as of December 31						
Discount rate	6.75%	7.25%	7.00%	6.75%	7.25%	7.00%
Expected return on plan assets	8.50%	8.50%	8.50%	N/A	N/A	N/A
Rate of compensation increase	4.00%	4.50%	5.50%	N/A	N/A	N/A

For measurement purposes, the annual rate of increase in the per capita cost of covered health care benefits during 2002 was 6.25%. These rates were assumed to decrease gradually each year to a rate of 4.50% for 2007 and remain at that level thereafter.

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans.

A 1% change in assumed health care cost trend rates would have the following effects:

	1% Increase	1% Decrease
Effect on total of service and interest cost components of net periodic postretirement health care benefit cost	$ 21,753	$ (18,347)
Effect on the health care component of the accumulated postretirement benefit obligation	$ 192,591	$ (164,373)

Health Plan
The Company is principally self-insured for its employee and retiree medical insurance plan. The Company's health care liability under the plan is limited to $125,000 per individual per year, with a maximum annual total liability of $1,505,136.

A reserve for future benefit payments for active employees is maintained at a level sufficient to provide for estimated outstanding claims under the plan net of amounts contributed by employees. Net health care benefits paid by the Company for active employees were approximately $732,000, $629,000 and $509,000 for 2002, 2001 and 2000, respectively.

Employee Stock Purchase Plan
The Company's Employee Stock Purchase Plan offers common stock at a discount to qualified employees. During 2002, 2001 and 2000, 17,589, 15,699 and 14,465 shares, respectively, were issued under the Plan for aggregate consideration of $195,000, $162,000 and $165,000, respectively.

Dividend Reinvestment Plan
During 2002, 2001 and 2000, 13,413, 16,404 and 16,628 shares, respectively, were issued under the Company's Dividend Reinvestment Plan for aggregate consideration of $185,000, $196,000 and $193,000, respectively.

Fair Value of Financial Instruments
The carrying amounts reported in the balance sheet for investments held in escrow for environmental costs, notes payable, taxes accrued and other accrued liabilities approximate fair value. As the older bonds contain 'make whole' provisions it would negate any fluctuation in interest rates. The fair value of long-term debt is estimated by discounting the future cash flows of each issuance at rates currently offered to the Company for similar debt instruments of comparable maturities.

	2002		2001	
	Carrying Amounts	Approximate Fair Value	Carrying Amounts	Approximate Fair Value
Long-term debt	$ 52,500,000	$ 60,215,000	$52,500,000	$ 57,273,000

Contingencies

Environmental
The Company is subject to federal and state legislation with respect to soil, groundwater and employee health and safety matters and to environmental regulations issued by the Florida Department of Environmental Protection (FDEP), the United States Environmental Protection Agency (EPA) and other federal and state agencies. Except as discussed below, the Company does not expect to incur material future expenditures for compliance with existing environmental laws and regulations.

West Palm Beach Site.
FPU is currently conducting a contamination assessment investigation of a parcel of property owned by it in West Palm Beach, Florida upon which FPU previously operated a gasification plant. After a preliminary contamination assessment investigation indicated soil and groundwater impacts, FPU entered into a consent order with the Florida Department of Environmental Protection ("FDEP"). The consent order required FPU to delineate the extent of soil and groundwater impacts associated with the prior operation of the gasification plant and to remediate such soil and groundwater impacts, if necessary. A Supplemental Contamination Assessment Report Addendum ("SCARA") was submitted to FDEP in December 2001 for review and comment. On September 26, 2002, FPU submitted a work plan for additional fieldwork to respond to FDEP's comments to the SCARA. This work will be undertaken in conjunction with additional soil investigation planned for January/February 2003 to assist in the preparation of a feasibility study to evaluate remedial alternatives for the site. The cost to complete the additional fieldwork, including the feasibility study, is approximately $355,000.

Prior to completion of the contamination assessment/feasibility study phases, FPU is unable to determine the complete extent or cost of remedial action, which may be required. A revised preliminary estimate from FPU's environmental consultant projected that remediation costs for this site may reach approximately $4,354,000. A portion of the on-site impacts have been determined to be eligible for reimbursement from a state fund and the FDEP has determined that a portion of the work conducted off-site may be eligible for reimbursement under state law.

Sanford Site.
FPU owns a parcel of property located in Sanford, Florida, upon which a gasification plant was operated prior to FPU's acquisition of the property. Upon the discovery of soil and groundwater impacts on the property, FPU has participated with four former owners and operators of the gasification plant in the funding of numerous investigations of the extent of the impacts and the identification of an appropriate remedy. On or about March 25, 1998, FPU executed an Administrative Order of Consent ("AOC") with the four former owners and operators (collectively, the "Group") and the United States Environmental Protection Agency ("EPA") that obligated the Group to implement a Remedial Investigation/Feasibility Study ("RI/FS") task and to pay EPA's past and future oversight costs for the RI/FS. The Group also entered into a Participation Agreement and an Escrow Agreement on or about April 13, 1998. These agreements governed the manner and means by which all parties were to satisfy their respective obligations under the AOC for the RI/FS task. FPU agreed to pay approximately 13.7% of the cost for the RI/FS. Fieldwork for the RI/FS was initiated in 1998. A final RI report was submitted to EPA in July 1999. The Group also submitted a Baseline Risk Assessment to EPA in January 2000, including an Ecological Risk Assessment ("ERA"). Additional fieldwork will be required to complete the ERA at a total estimated cost of less than $50,000. FPU's share of the additional ERA work is 13.7%.

On July 5, 2000, EPA issued a Record of Decision ("ROD") approving the final remedial action for contaminated soils at the site ("OU1 Remedy"). The initial estimated cost for the OU1 Remedy described in the ROD ranges from $5,593,000 to $5,760,000. On June 12, 2001, EPA issued a ROD approving the final remedial action for contaminated groundwater at the site ("OU2 Remedy"). The present worth cost estimate for the OU2 Remedy is $320,252.

The Group completed negotiations on a remedial design/remedial action ("RD/RA") Consent Decree with EPA to provide for the implementation of the OU1 Remedy and OU2 Remedy. The Group anticipates that the Consent Decree will be signed by EPA and lodged with the United States District Court for public comment in early Spring 2003. After lodging, there is a thirty (30) day minimum public comment period. At the conclusion of the comment period, the Court will enter the Consent Decree, unless there has been opposition filed.

Pursuant to the Consent Decree, pre-remedial design fieldwork was performed to assist in the design of the final remedy for OU1 and OU2. The cost of the additional field and design work was approximately $850,000. Upon EPA's approval of the final design, the Group will be obligated to implement the remedy for OU1 and OU2. Based on fieldwork completed recently, it is now anticipated that the final cost of the remedy for OU1 and OU2 will exceed the $6,000,000 combined estimate provided in the RODs for OU1 and OU2. Pursuant to the terms and conditions of the Second Participation Agreement entered into by members of the Group on August 1, 2000, FPU's share of costs for implementation of the OU1 Remedy and OU2 Remedy, including the pre-remedial design fieldwork, is 10.5%, up to a maximum cost of $6,000,000. FPU will oppose any effort by the Group to increase FPU's share of total remedial costs above 10.5% of the current $6,000,000 cap, since the increased remedial cost is due to the discovery of additional impacted soils on property not owned by FPU. The Consent Decree also obligates the Group to reimburse EPA's past costs of approximately $142,500 and EPA's future oversight costs. FPU's share of EPA's past costs and future oversight costs is 10.5%.

Pensacola Site.
FPU is the prior owner/operator of the former Pensacola gasification plant, located at the intersection of Cervantes Street and the Louisville and Nashville (CSX) Railroad line, Pensacola, Florida. Following notification on October 5, 1990 that FDEP had determined that FPU was one of several responsible parties for any environmental impacts associated with the former gasification plant site, FPU entered into cost sharing agreements with three other responsible parties providing for the funding of certain contamination assessment activities at the site.

A final report describing the results of contamination assessment activities at the site was submitted to FDEP in November 1995. The report concluded that soil or groundwater remediation was not warranted at the site. The report further recommended that existing environmental impacts be monitored through periodic sampling of groundwater at the site. By letter dated July 16, 1997, FDEP approved a groundwater-monitoring plan that provides for annual sampling of selected monitoring wells at the site. To date, FPU's share of these costs has not exceeded $3,000 annually.

In March 1999, the EPA requested site access in order to undertake an Expanded Site Inspection ("ESI"). The ESI was completed by the EPA's contractor in 1999 and an ESI report was transmitted to FPU in January 2000 (the "ESI Report"). The ESI Report recommends additional work at the site. The responsible parties met with FDEP on February 7, 2000 to discuss EPA's plans for the site. In February 2000, the EPA preliminarily indicated that it would defer management of the site to FDEP; however, as of this date, FPU has not received any written confirmation from the EPA or FDEP regarding this matter. Prior to receipt of EPA's written determination regarding site management, FPU is unable to determine whether additional field work or site remediation will be required by EPA, and if so, the scope or costs of such work.

Based on existing information, FPU believes that all future contamination assessment and remedial costs, legal fees and other related costs will not be in excess of the rate relief granted in favor of and insurance settlement proceeds received by FPU.

Insurance Claims and Rate Relief
FPU notified its insurance carriers of environmental impacts detected at the former gasification plant sites discussed above. As a result of negotiations with FPU's major insurance carriers that concluded in 1997, such carriers agreed to pay settlement proceeds totaling approximately $4,300,000 for certain environmental costs. In addition, the Florida Public Service Commission has allowed FPU to recover through rate relief environmental expenses of approximately $2,400,000 over a ten-year period at the rate of approximately $240,000 per year. The Company currently has $5,204,000 reserved, which is net of costs paid to date, for environmental contingencies as of December 31, 2002.

Other

Violet Skipper, PC Buyers, Inc. and Thomas Wade Skipper v. Florida Public Utilities Company, Case No. CL 00-10131-AF, Circuit Court of the Fifteenth Judicial Circuit, Palm Beach County, Florida. On or about October 18, 2000, FPU was sued by the Plaintiffs in this case for damages allegedly arising out of FPU's alleged negligence in failing to properly install and/or maintain electrical power lines, utility poles and related equipment which allegedly caused a fire that spread to and eventually destroyed a warehouse/office facility that was owned by Violet Skipper, that housed the place of business of the corporate plaintiff and that contained property therein owned by all the plaintiffs. The warehouse/office facility was located in Jackson County, Florida. Plaintiffs alleged damages in excess of $1,000,000. FPU has denied the claims in the complaint and is defending same on the theory that the alleged fire started within the warehouse/office facility and not at or in its electrical equipment.

This case, though filed originally in Palm Beach County, Florida, was transferred to Jackson County, Florida. Discovery is still in process. No Motions are currently pending. No trial date has been scheduled. All the principal witnesses have been deposed including the Skippers and Mark Cutshaw of FPU. We anticipate the parties will depose expert witnesses shortly. Plaintiffs have identified Mr. Harold Deese and Mr. Frank Walker of Panama City as their expert witnesses. At this time, we are unable to provide an evaluation of the likelihood of an unfavorable outcome or provide an estimate of the amount or range of potential loss. In the event that the Company does not prevail in this suit, there may be a material adverse effect on the financial statements. However, FPU believes there are meritorious defenses to this pending litigation. FPU has liability insurance that will limit our exposure on this claim to a maximum of $250,000.

Darrell Glenn v. Florida Public Utilities Company v. Utility Service and Maintenance of Missouri, Inc., Case No. CA 01-07810 AI, Circuit Court of the Fifteenth Judicial Circuit, Palm Beach County, Florida; Case No. 02-37-CA, Division A, Circuit Court for the Fourth Judicial Circuit, Nassau County, Florida. This is an action that was pending in state court in Palm Beach County, Florida until FPU successfully moved to have the case transferred to Nassau County, Florida. Darrell Glenn ("Glenn"), an employee of a painting subcontractor, claimed to have been shocked and injured on May 16, 2001, while painting electrical equipment at FPU's Step down site in Fernandina Beach, Florida. His employer, Utility Service & Maintenance, Inc. ("USM"), was operating under an agreement that required it to supervise its own workers. This matter has been settled by an agreement reached at mediation on January 15, 2003 pursuant to which FPU agreed to pay $300,000 to the plaintiff in return for a release. FPU will recover $50,000 of the settlement through liability insurance.

Pipeline Contract On July 21, 2000, the Company entered into a Gas Transportation Agreement ("GTA") with Lake Worth Generation, LLC ("LWG"), that provided for: (i) the construction of a natural gas pipeline ("LWG Lateral") by the Company to a power generation project being developed by LWG on behalf of the City of Lake Worth, Florida ("LWG Project"); (ii) the Company's agreement to transport natural gas to the LWG Project via the LWG Lateral; and (iii) LWG's commitment to pay certain charges for the gas transportation services provided by the Company over a 30 year period. The charges for gas transportation services were set at an amount that would permit the Company to recover a return of 11.17% on its undepreciated investment in the construction of the LWG Lateral, plus recover its operation and maintenance ("O&M") expenses. LWG's obligation to pay for the gas transportation services was secured by an irrevocable letter of credit ("LC") issued on July 6, 2001, and provided to the Company in the amount of the initial estimated cost of construction of $5,490,449. The GTA required monthly payments by LWG in the amount of $109,423 for the first year of the contract, adjusted annually thereafter to account for depreciation of the LWG Lateral. The GTA also required LWG to increase the amount of the LC to cover the actual cost of construction of the LWG Lateral, plus $37,900. In the fourth quarter of 2002, LWG notified the Company that, due to financial difficulties encountered by LWG and its contractors in connection with the LWG Project, LWG would not be able to increase the LC, as required by the GTA, or make monthly payments prospectively beginning in December for services performed in November 2002. The Company, LWG and the City of Lake Worth subsequently entered into a Forbearance Agreement, dated December 31, 2002, and an Amended Forbearance Agreement, dated February 19, 2003. Pursuant to

the terms and conditions of these agreements, the City and the Company are negotiating a new gas transportation agreement to replace the GTA, that would provide for the Company's agreement to provide gas transportation services to the City on the LWG Lateral, subject to payment by the City of transportation charges that would be set initially to permit the Company to recover a return of 8.77% on its undepreciated investment in the construction of the LWG Lateral, plus O&M expenses. The Company's rates would be subject to adjustment in subsequent rate proceedings before the Florida Public Service Commission. In the event that the Company and the City execute a new gas transportation agreement by March 31, 2003, the Company will receive payment for the shortfalls in monthly payments under the GTA through March 31, 2003, plus interest, plus a termination fee of $1.5 million dollars, plus other expenses. In the event that a new gas transportation agreement is not executed by March 31, 2003, the forbearance agreements permit the Company to draw upon the LC and the GTA is deemed terminated. At this time, the Company is unable to predict with any degree of certainty the likelihood that a new gas transportation agreement will be executed by March 31, 2003 and has reserved an uncollectible amount for the current shortfalls in the monthly payments.

Commitments

To ensure a reliable supply of power and natural gas at competitive prices, the Company has entered into long-term purchase and transportation contracts with various suppliers and producers, which expire at various dates through 2015. Purchase prices under these contracts are determined by formulas either based on market prices or at fixed prices. At December 31, 2002, the Company has firm purchase and transportation commitments adequate to supply its expected future sales requirements. The Company is committed to pay demand or similar fixed charges of approximately $12,292,000 during 2003 related to gas purchase agreements. Substantially all costs incurred under the electric and gas purchase agreements are recoverable from customers through fuel adjustment clause mechanisms.

Contractual Obligations

Payments due by period (dollars in thousands):

	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Long-Term Debt	$ 52,500	$ -	$ -	$ -	$ 52,500
Operating Lease Obligations	66	20	31	15	-
Gas Purchase Obligations	52,250	12,292	14,258	9,525	16,174
Electric Purchase Obligations	78	78	-	-	-
Other Purchase Obligations	218	214	5	-	-
Total	$105,112	$ 12,604	$ 14,294	$ 9,540	$ 68,674

Impact of Recent Accounting Standards

Financial Accounting Standard No. 143

In August 2001, the Financial Accounting Standards Board (FASB) issued SFAS No. 143, "Accounting for Asset Retirement Obligations." The statement requires that the fair value of an asset retirement obligation be recognized in the period in which it is incurred and the associated asset retirement costs be capitalized as part of the carrying amount of the long-lived asset. The asset retirement cost is subsequently allocated to expense using a systematic and rational method over its useful life. SFAS No. 143 is effective for fiscal years beginning after June 15, 2002. Management believes the ultimate effect on the financial statements will be immaterial and that the impact on the regulated portion of the business, if any, would be an allowable item for recovery in the Company's rates.

The Florida Public Service Commission (FPSC) is currently in the process of developing a rule on this treatment for regulated purposes and is currently proposing that the effects, if any, of the application of SFAS No. 143 shall be revenue neutral in the rate making process. The FPSC is also proposing that all differences between the

application of SFAS No. 143 and the method approved for regulated utilities will be recorded as Regulatory Assets or Liabilities. FPSC- Proposed Rule Development, "Accounting for Asset Retirement Obligations Under SFAS No. 143", Rule No. 25-14.014, F.A.C.

The estimated cost of removal expenses for normal retirements related to regulated fixed assets is being reserved under current commission guidelines through the depreciation expense and accumulated reserves. The estimated value of the reserve that has been accumulated for future cost of removal as of December 31, 2002 is approximately $5,800,000 and is included in accumulated depreciation in the accompanying consolidated financial statements. The Company does not believe it owns assets with retirement obligations as defined by SFAS No. 143, but will continue monitoring the handling of utility long-lived assets for interpretations of assets that are considered to have retirement obligations.

Financial Accounting Standard No. 144

In August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." The statement addresses financial accounting and reporting for the impairment or disposal of long-lived assets. The statement supercedes, with exceptions, SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of." SFAS No. 144 is effective for fiscal years beginning after December 15, 2001. Management has evaluated the impact of implementing SFAS No. 144 and has shown the effects on the Company's financial statements with respect to the upcoming sale of its water division, see "Discontinued Operations" section for additional details. Management feels that any future effect would be an allowable item for recovery in the Company's rates for regulated operations and it does not have any material effect on non-regulated operations.

Financial Accounting Standard No. 146

In June 2002, FASB issued SFAS No. 146, "Accounting for Cost Associated with Exit or Disposal Activities." The standard requires companies to recognize costs associated with exit or disposal activities when they are incurred rather than at the date of a commitment to an exit or disposal plan. The Company will apply this guidance prospectively to any exit or disposal activities initiated after December 31, 2002.

Financial Accounting Standards No. 148

In December 2002, the FASB issued SFAS No. 148, "Accounting for Stock Based Compensation-Transition and Disclosure" This statement amends SFAS No. 123, "Accounting for Stock-Based Compensation", to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. Since the Company does not have any stock-based compensation for employees at this time the statement will not presently have any effect on our financial statements.

Quarterly Financial Data (Unaudited)

The quarterly financial data presented below reflects the influence of, among other things, seasonal weather conditions, the timing of rate increases and the migration of winter residents and tourists to Central and South Florida during the winter season. The water division has been classified as discontinued operations and is excluded from revenues, gross profit, and operating income excluding income tax. (dollars in thousands, except per share amounts):

	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER
2002				
Revenues	$ 23,717	$ 20,707	$ 20,283	$ 23,754
Gross profit	9,632	8,292	8,110	8,895
Operating income from continuing operations excluding income tax	3,161	1,731	1,316	1,561
Income from continuing operations, net of income taxes	1,466	489	275	531
Income from discontinued operations, net of income taxes	108	205	195	94
Net Income	1,574	694	470	625
Earnings per common share (basic and diluted):				
Continuing operations	0.38	0.12	0.07	0.13
Discontinued operations	0.03	0.05	0.05	0.02
Total	0.41	0.17	0.12	0.15
2001				
Revenues	$ 30,479	$ 21,686	$ 18,616	$ 18,397
Gross profit	8,578	7,084	6,833	7,445
Operating income from continuing operations excluding income tax	2,878	1,292	1,133	1,316
Income from continuing operations, net of income taxes	1,400	317	352	387
Income from discontinued operations, net of income taxes	103	163	186	144
Net Income	1,503	480	538	531
Earnings per common share (basic and diluted):				
Continuing operations	0.37	0.08	0.09	0.10
Discontinued operations	0.03	0.04	0.05	0.04
Total	0.40	0.12	0.14	0.14

INDEPENDENT AUDITORS' REPORT

To the Directors and Shareholders of Florida Public Utilities Company:

We have audited the accompanying consolidated balance sheets and statements of capitalization of Florida Public Utilities Company and its wholly owned subsidiary, Flo-Gas Corporation as of December 31, 2002 and 2001, and the related consolidated statements of income, common shareholders' equity and cash flows for each of the three years in the period ended December 31, 2002. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Florida Public Utilities Company and its wholly owned subsidiary, Flo-Gas Corporation at December 31, 2002 and 2001, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2002 in conformity with accounting principles generally accepted in the United States of America.

DELOITTE & TOUCHE

Certified Public Accountants
West Palm Beach, Florida
February 19, 2003

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

PART III

Item 10. Directors and Executive Officers of the Registrant

Information concerning directors and nominees of the Registrant is included under the caption "Nominees and Continuing Directors" in the Registrant's Proxy Statement for the 2003 Annual Meeting of Shareholders and is incorporated by reference herein.

The following table sets forth certain information about the executive officers of the Registrant as of March 12, 2003.

Name	Age	Position	Date
John T. English	59	Chief Executive Officer	1998 - Present
		President	1997 - Present
		Chief Operating Officer	1997 - 2000
Charles L. Stein	53	Senior Vice President	1997 - Present
		Chief Operating Officer	2001 - Present
Jack R. Brown	68	Corporate Secretary	1988 - Present
		Vice President	2001 - Present
		Treasurer	1988 - 2000
George M. Bachman	43	Chief Financial Officer	
		And Treasurer	2001 - Present
		Controller	1996 - 2000

Mr. English was Senior Vice President from 1993 preceding his appointment as President and Chief Operating Officer.

Mr. Stein was Vice President from 1993 preceding his appointment as Senior Vice President.

There are no family relationships between the executive officers.

All executive officers are elected for a one-year term.

Item 11. Executive Compensation

Information concerning executive compensation is included under the caption "Executive Compensation" in the Registrant's Proxy Statement and is incorporated by reference herein.

Item 12. Security Ownership of Certain Beneficial Owners and Management

Information concerning the security ownership of certain of the Registrant's beneficial owners and management is included under the captions "Security Ownership of Certain Beneficial Owners" and "Nominees and Continuing Directors" in the Registrant's Proxy Statement and is incorporated by reference herein.

Item 13. Certain Relationships and Related Transactions

There were no transactions with management in 2002.

PART IV

Item 14. Controls and Procedures

Disclosure Controls and Procedures

Within the 90 days prior to the filing of this Annual Report, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rules 13a-14(c) and 15d-14(c) under the Securities Exchange Act of 1934). Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective in ensuring that information required to be disclosed in the reports the Company files and submits under the Exchange Act are recorded, processed, summarized and reported as and when required.

Changes in Internal Control

There were no significant changes in the Company's internal controls or in other factors that could significantly affect such internal controls subsequent to the date of the evaluation described in the paragraph above, including any corrective actions with regard to significant deficiencies and material weaknesses.

Item 15. Exhibits, Financial Statement Schedules, and Reports on Form 8-K

(a) 1. Financial Statements

The following consolidated financial statements of Florida Public Utilities Company are included herein and in the Registrant's 2002 Annual Report to Shareholders.

Consolidated Statements of Income
Consolidated Balance Sheets
Consolidated Statements of Capitalization
Consolidated Statements of Common Shareholders' Equity
Consolidated Statements of Cash Flows
Notes to Consolidated Financial Statements
Independent Auditors' Report

2. Financial Statement Schedules

Valuation and Qualifying Accounts

Allowance for Uncollectible Accounts

	Balance at Beginning of Period	Deductions	Charges to Bad Debt Expense	Balance at End of Period
2000	$ 128,000	168,000	202,000	$ 162,000
2001	$ 162,000	444,000	410,000	$ 128,000
2002	$ 128,000	224,000	400,000	$ 304,000

3. Exhibits

See exhibit index

(b) Reports on Form 8-K.

- A form 8-K was filed November 6, 2002 announcing a press release relating to 3rd quarter earnings and the acquisition of Nature Coast Gas, Inc.
- A form 8-K was filed December 4, 2002, announcing a press release concerning an agreement with the City of Fernandina Beach to sell the water assets of the Company to the City.

EXHIBIT INDEX

Regulation S-K Item Number	
3(i)+	Articles of Incorporation (as amended) (Filed as Exhibit 3(i) in June 2002 on Form 10-Q for the quarter ended June 30, 2002, SEC File No. 1-10608)
3(ii)+	By-Laws (as amended) (Filed as Exhibit 3(ii) in June 2002 on Form 10-Q for the quarter ended June 30, 2002, SEC File No. 1-10608)
4(a)**	Indenture of Mortgage and Deed of Trust of the Company dated as of September 1, 1942 (Exhibit 7-A to Registration No. 2-6087 is hereby incorporated by reference).
4(b)#	Fourteenth Supplemental Indenture dated September 1, 2001.
4(c) #	Fifteenth Supplemental Indenture dated November 1, 2001.
10(a) #	Contract for the transportation of natural gas between Florida Public Utilities Company and Lake Worth Generation, LLC dated July 21, 2000.
10(b)*	Second amendment to Second Amended and Restated Credit Agreement between Florida Public Utilities Company and Sun Bank/South Florida, National Association dated April 30, 2000.
10(c)***	Contract for the transportation of natural gas between Florida Public Utilities Company and Florida Gas Transmission Company under Service Agreement for Firm Transportation Service dated June 1, 1992 (Exhibit 10-b to Form S-2 for July 1992, File No. 0-1055, is hereby incorporated by reference).
10(d)***	Contract for the transportation of natural gas between Florida Public Utilities Company and Florida Gas Transmission Company under interruptible Transportation Service Agreement dated February 23, 1990 (Exhibit 10-c to Form S-2, for July 1992, File No. 0-1055, is hereby incorporated by reference).
10(e)***	Contract for the transportation of natural gas between Florida Public Utilities Company and the City of Lake Worth dated March 25, 1992 (Exhibit 10-f to Form S-2 for July 1992, File No. 0-1055, is hereby incorporated by reference).
10(f)*	Contract for the purchase of electric power between Florida Public Utilities Company and Jacksonville Electric Authority dated January 29, 1996.
10(g)*	Contract for the purchase of electric power between Florida Public Utilities Company and Gulf Power Company effective November 21, 1996.
10(h)***	Contract for the purchase of as-available capacity and energy between Florida Public Utilities Company and Container Corporation of America dated September 19, 1985 (Exhibit 10-i to Form S-2 for July 1992, File No. 0-1055, is hereby incorporated by reference).
10(i)***	Contract for the sale of electric service between Florida Public Utilities Company and Container Corporation of America dated August 26, 1982 (Exhibit 10-j to Form S-2 for July 1992, File No. 0-1055, is hereby incorporated by reference).

10(j)***	Contract for the sale of electric service between Florida Public Utilities Company and ITT Rayonier Inc. Dated April 1, 1982 (Exhibit 10-(k) to Form S-2 for July 1992, File No. 0-1055, is hereby incorporated by reference).
10(k)*	Employment agreement between Florida Public Utilities Company and John T. English, effective through May 31, 2003.
10(l)*	Employment agreements between Florida Public Utilities Company and Charles L. Stein, Jack R. Brown and George M. Bachman, effective through May 31, 2003. Essentially identical to the agreement in Item 10(k) above.
10(m)***	Form of Stock Purchase and Sale Agreement between Florida Public Utilities Company and three persons who, upon termination of two trusts, will become the record and beneficial owners of an aggregate of 313,554 common shares of the Registrant (Exhibit 10-p to Form S-2 for July 1992, File No. 0-1055, is hereby incorporated by reference).
10(n)1	Contract for the negotiation of a gas transportation agreement between the Company, Lake Worth Generation LLC and the City of Lake Worth dated December 31, 2002.
10(n)2	Amended contract for the negotiation of a new gas transportation agreement between the Company, Lake Worth Generation LLC and the City of Lake Worth dated February 19, 2003.
10(o)	Contract for the sale of certain assets comprising the Company's water utility business to the City of Fernandina Beach dated December 3, 2002.
21.*	Subsidiary of the registrant
23.	Independent Auditors' Consent
99(1)	Certification of Chief Financial Officer (CFO) regarding truthfulness of SEC filing
99(2)	Certification of Chief Executive Officer (CEO) regarding truthfulness of SEC filing

* Incorporated by reference to corresponding exhibits on the Company's annual report on form 10-K for the year ended December 31, 2000

** Incorporated by reference to Registration No. 2-6087

*** Incorporated by reference to Form S-2 for July 1992, File No. 0-1055

Incorporated by reference to corresponding exhibits on the Company's annual report on form 10-K for the year ended December 31, 2001

\+ Incorporated by reference to corresponding exhibits on the Company's quarterly report on form 10-Q for the quarter ended June 30, 2002

DIRECTORS, EXECUTIVE OFFICERS, CORPORATE DATA

DIRECTORS

Ellen Terry Benoit
Investor
Palm Beach, FL

John T. English*
Florida Public Utilities

R.C. Hitchins
President, CPA Firm
Richard C. Hitchins & Co., P.A.
West Palm Beach, FL

Paul L. Maddock, Jr.
President of Palamad Development Co.
Palm Beach, FL

Rudy E. Schupp*
Investment Banker
West Palm Beach, FL

**Member of Executive Committee*

EXECUTIVE OFFICERS

John T. English
President, and Chief Executive Officer

Charles L. Stein
Senior Vice President and Chief Operating Officer

Jack R. Brown
Vice President and Secretary

George M. Bachman
Chief Financial Officer and Treasurer

CORPORATE DATA

Annual Meeting
Tuesday, May 13, 2003
11:00 A.M. at the Corporate Headquarters,
401 South Dixie Highway, West Palm Beach, FL

World-wide Web Address
www.fpuc.com

Common Stock
The Company's common stock is traded under the symbol FPU on the American Stock Exchange

Independent Public Accountants
Deloitte & Touche LLP
West Palm Beach, FL

Registrar and Transfer Agent
American Stock Transfer & Trust Company
Address Shareholder Inquiries and Certificates for Transfer and Address Changes To:
59 Maiden Lane, Plaza Level, New York, NY 10005

Telephone Numbers:
(800) 937-5449 • (718) 921-8200

Web Address: www.amstock.com

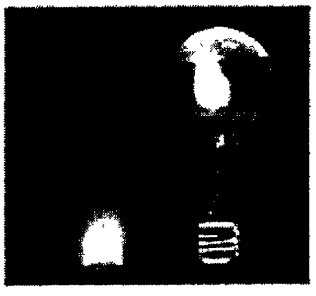
Dividend Reinvestment Plan and Direct Deposit
An automatic dividend reinvestment plan is available to all Florida Public Utilities common stockholders. In addition, optional payments of up to $2,000 quarterly can also be invested.

The direct deposit of quarterly dividend checks is available to all shareholders upon completion of a direct deposit authorization agreement.

Information regarding the dividend reinvestment plan and the direct deposit of dividends can be obtained by contacting the American Stock Transfer & Trust Company or Jack Brown, Vice President and Secretary of Florida Public Utilities at P.O. Box, 3395, West Palm Beach, FL 33402-3395, (561) 838-1729 or jbrown@fpuc.com.

Form 10-K
A copy of the annual report on Form 10-K for the year ended December 31, 2002 as filed with the Securities and Exchange Commission, may be obtained without charge by contacting George Bachman, CFO and Treasurer, Florida Public Utilities, P.O. Box 3395, West Palm Beach, FL 33402-3395 or (561) 838-1731 or gbachman@fpuc.com.

FLORIDA PUBLIC
UTILITIES



Florida Public Utilities
401 South Dixie Highway
West Palm Beach, Florida 33401
561.832.2461
www.fpuc.com

10-Q 1 tenqmar2003.htm FORM 10-Q

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **March 31, 2003**

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 1-1055

Florida Public Utilities Company

(Exact name of registrant as specified in its charter)

Florida	**59-0539080**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
401 South Dixie Highway, West Palm Beach, FL	**33401**
(Address of principal executive offices)	(Zip Code)

(561) 832-2461

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

Indicate by check mark whether the registrant is an accelerated filer (as defined in rule 12b-2 of the Exchange Act).
Yes [ ] No [X]

APPLICABLE ONLY TO CORPORATE ISSUERS:

(Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date)

On May 1, 2003 there were 3,898,160 shares of $1.50 par value common shares outstanding.

INDEX **Florida Public Utilities Company ("FPU" or "Company")**

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PART I Financial Information

Item 1. Financial Statements

FLORIDA PUBLIC UTILITIES COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)
(dollars in thousands, except per share data)

	Three Months Ended March 31,	
	2003	**2002**

Revenues		
Natural gas	$ 18,385	$ 11,707
Electric	9,804	9,782
Propane gas	2,960	2,228
Total revenues	31,149	23,717
Cost of fuel and taxes based on revenues	19,908	14,085
Gross Profit	11,241	9,632
Operating Expenses		
Operations	5,132	4,621
Depreciation and amortization	1,328	1,249
Taxes other than income taxes	646	601
Total operating expenses	7,106	6,471
Operating income before income taxes	4,135	3,161
Interest Charges and Other		
Merchandise and service revenue	(803)	(808)
Merchandise and service expenses	757	686
Gain from sale of property	-	(85)
Other (income) deductions	72	(74)
Interest expense	1,177	1,076
Total interest charges and other	1,203	795
Income from continuing operations before income taxes	2,932	2,366
Income taxes	(1,119)	(900)
Income from continuing operations	1,813	1,466
Discontinued Operations		
Income from discontinued operations – water division	149	146
Income taxes	(16)	(38)
Gain on disposal of water division, net of income taxes of $5,960	9,749	-
Total income from discontinued operations	9,882	108
Net Income	11,695	1,574
Preferred Stock Dividends	7	7
Earnings for Common Stock	$ 11,688	$ 1,567

Earnings Per Common Share (basic and diluted):		
Continuing Operations	$ 0.46	$ 0.38
Discontinued Operations	2.54	0.03
Total	$ 3.00	$ 0.41
Dividends Declared Per Common Share	$ 0.14	$ 0.14
Average Shares Outstanding	3,894,978	3,859,908

The financial statements should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the most recent Form 10-K.

#

FLORIDA PUBLIC UTILITIES COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)
(dollars in thousands)

	March 31, 2003	December 31, 2002
ASSETS		
Utility Plant	$ 153,201	$ 152,907
Less accumulated depreciation	56,287	54,952
Net utility plant	96,914	97,955
Current Assets		
Cash	4,286	3,200
Accounts receivable	13,068	9,065
Allowance for uncollectible accounts	(209)	(304)
Unbilled receivable	1,369	1,470
Inventories (at average or unit cost)	3,216	3,108
Prepayments and deferrals	502	749
Under recovery of conservation and unbundling	-	36
Assets held for sale – water division	-	10,178
Total current assets	22,232	27,502
Other Assets		
Investments held for environmental costs	2,815	2,815
Other regulatory assets - environmental	2,900	-
Other long term investments	5,726	-
Deferred charges	10,204	10,375

Goodwill	3,364	3,348
Intangible assets (net)	2,826	2,828
Total other assets	27,835	19,366
Total	$ 146,981	$ 144,823
CAPITALIZATION AND LIABILITIES		
Capitalization		
Common shareholders' equity	$ 42,182	$ 30,883
Preferred stock	600	600
Long-term debt	52,500	52,500
Total capitalization	95,282	83,983
Current Liabilities		
Notes payable	-	19,183
Accounts payable	8,423	7,472
Insurance accrued	2,268	2,364
Interest accrued	1,440	926
Taxes accrued	8,501	505
Other accruals and payables	4,228	3,218
Over recovery of fuel costs	36	1,807
Over recovery of conservation and unbundling	291	-
Customer deposits	5,689	5,615
Liabilities held for sale – water division	-	1,272
Total current liabilities	30,876	42,362
Other Liabilities		
Deferred income taxes and regulatory tax liability	8,905	8,779
Environmental liabilities and other	11,918	9,699
Total other liabilities	20,823	18,478
Total	$ 146,981	$ 144,823

The financial statements should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the most recent Form 10-K.

FLORIDA PUBLIC UTILITIES COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(dollars in thousands)

	Three Months Ended March 31,	
	2003	2002
Net Cash Flow provided by		
Continuing Operating Activities	$ 1,889	$ 4,257
Net Cash Flow provided by (used in) Discontinued Operations	(98)	114
Cash Flows from Investing Activities		
Construction expenditures	(398)	(4,285)
Reduction of restricted long term investments	-	2,381
Deposit held in escrow for dividend payment	-	541
Proceeds from sale of non-utility property	-	591
Proceeds from sale of discontinued operations	19,242	-
Other	29	(2)
Net cash provided by (used in) investing activities	18,873	(774)
Cash Flows from Financing Activities		
Net change in short-term borrowings	(19,183)	(3,970)
Dividends paid	(560)	(541)
Other	165	114
Net cash used in financing activities	(19,578)	(4,397)
Net Increase (Decrease) in cash	1,086	(800)
Cash at beginning of period	3,200	3,198
Cash at end of period	$ 4,286	$ 2,398

The financial statements should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the most recent Form 10-K.

#

FLORIDA PUBLIC UTILITIES COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2003

1. In the opinion of Management the accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("generally accepted accounting principles") for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. All adjustments, consisting of normal recurring accruals, considered necessary for a fair presentation have been included. Due to the seasonal nature of the Company's business the operating results for the period are not necessarily indicative of the results that may be expected for the full year. For further

information refer to the audited consolidated financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2002.

2. Average shares outstanding and dividends per common share have been restated to reflect the four-for-three stock split declared on June 14, 2002 and distributed on July 1, 2002.

3. Substantially all of the Company's utility plant and the shares of Flo-Gas Corporation collateralize the Company's First Mortgage Bonds. Investments held for environmental costs, accounts receivable, and inventory are collateral for the line of credit.

4. The First Mortgage Bond Indentures provide for restrictions on the payment of cash dividends. At March 31, 2003, under the most restrictive provision, approximately $5,400,000 of retained earnings were unrestricted. The line of credit agreement contains covenants that, if violated, could restrict the issuance of dividends. The Company is not in violation of these covenants; however, if a material violation occurs in the future and is not rectified it could prohibit the issuance of dividends.

5. Summary of Revenues and Operating income before income taxes (dollars in thousands):

	Three Months Ended March 31,	
Revenues	2003	2002
Natural gas	$ 18,385	$ 11,707
Electric	9,804	9,782
Propane gas	2,960	2,228
Total revenues	$ 31,149	$ 23,717
Operating income before income taxes		
Natural gas	$ 2,965	$ 1,983
Electric	724	782
Propane gas	446	396
Total operating income before income taxes	$ 4,135	$ 3,161

6. The amount of intangible amortization relating to propane non-compete rights was $8,915.

7. Financial Accounting Standard No. 143

In August 2001, the Financial Accounting Standard Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 143, "Accounting for Asset Retirement Obligations." The statement requires that the fair value of an asset retirement obligation be recognized at the time those obligations are incurred. Upon initial recognition of a legal liability, costs are capitalized as part of the related long-lived asset and allocated to expense over the useful life of the asset. SFAS No. 143 also requires that components of previously recorded depreciation related to the cost of removal of assets upon retirement, whether legal asset retirement obligations or not, be removed from a company's accumulated depreciation reserve. SFAS No. 143 is effective for fiscal years beginning after June 15, 2002. The Company adopted the provisions of the Statement as of January 1, 2003, as prescribed by the Florida Public Service Commission ("FPSC"). Under FPSC guidelines, the estimated cost of removal expenses for normal retirements related to regulated fixed assets is reserved through the depreciation expense and accumulated reserves. The estimated value of the reserve that has been accumulated for future cost of removal as of March 31, 2003 is approximately $5,900,000 and is included in accumulated depreciation in the accompanying condensed consolidated financial statements. The Company has determined that it does not have any material legal obligations for asset retirements and that the adoption of SFAS No. 143 did not have a material impact on the Company's financial statements. The Company will continue monitoring the handling of utility long-lived assets for interpretations of assets that may be considered to have legal retirement obligations.

8. Mergers and Acquisitions

On November 1, 2002, the Company acquired Nature Coast Utilities, a propane gas service distribution company, for approximately $740,000 in a cash-for-stock transaction. The merger added about 1,200 customers to the propane operation in the Company's new Nature Coast Division located in West Central Florida.

9. Gain on Sale of Property

The Company sold property held in Delray Beach, in its South Florida division, for a gain of approximately $529,000 in the first quarter of 2002. This property was primarily regulated property and accordingly the majority of the gain was deferred awaiting Florida Public Service Commission (FPSC) approval on the disposition of that gain. The Company has been granted approval by the FPSC to allow amortization of the gain with an offset to depreciation expense over five years beginning April 2002. The non-regulated portion of the gain has been recognized in the first quarter of 2002 and amounts to $53,000, net of income taxes.

10. Net proceeds from the March 27, 2003 water asset sale were approximately $19 million and resulted in the payoff of the notes payable balance.

11. Discontinued Operations

On December 3, 2002 the Company entered into an agreement to sell certain assets comprising its water utility system to the City of Fernandina Beach ("City"). The closing of this transaction took place on March 27, 2003. The City paid the Company $19,242,000 in cash at closing, as well as future consideration of approximately $7,400,000 to be received annually (as defined) until February 15, 2010, when the Company will receive the final payment from the City. The Company has recognized and recorded the present value of the future consideration in Other Long Term Investments in the amount of $5,716,000 using a discount rate of 4.34%. The fair value of the consideration is approximately $25,000,000. The gain on the disposal of Discontinued Operations including the income from discontinued operations for the first quarter of 2003 is $15,842,000 or $9,882,000 after income taxes.

The accompanying condensed consolidated financial statements have been restated for all periods presented for the discontinued operations of the water division. The Company did not cease recording depreciation expense due to the regulatory requirements and continued to record depreciation through the sales date of March 27, 2003. The total net plant amounted to approximately $9,728,000 and the net assets, less liabilities, amounted to approximately $8,909,000, at the date of sale. The assets and liabilities of the water division have been included in current assets and current liabilities at December 31, 2002 as assets and liabilities held for sale.

Estimated Annual Future Value of Consideration expected from the City for years following 12/31/03 is as follows (dollars in thousands):

	Estimated Timing of Payments	Present Value of Future Payments
2004	$ 245	$ 235
2005	371	341
2006	375	330
2007	375	316
2008	375	303
2009	375	291
2010	5,250	3,900
Total	$ 7,366	$ 5,716

Results of discontinued operations for the quarters ended March 31, were as follows:

Results of Water Division (dollars in thousands):	2003	2002
Revenues	$ 679	$ 654
Gross profit	$ 651	$ 625
Income from discontinued operations before income taxes	$ 149	$ 146
Income taxes	(16)	(38)
Income from discontinued operations	$ 133	$ 108

The major balance sheet classes included in assets and liabilities of discontinued operations in the Condensed Consolidated Balance Sheets, as of March 31, 2003 and December 31, 2002 are as follows:

Major Balance Sheet Classes - Water Division (dollars in thousands):	March 31, 2003	December 31, 2002
Assets		
Utility plant, net	$ -	$ 9,782
Current assets	-	396
Total	$ -	$ 10,178
Liabilities		
Current liabilities	$ -	$ 15
Customer advances for construction	-	1,257
Total	$ -	$ 1,272

12. Contingencies

Environmental

The Company is subject to federal and state legislation with respect to soil, groundwater and employee health and safety matters and to environmental regulations issued by the Florida Department of Environmental Protection (FDEP), the United States Environmental Protection Agency (EPA) and other federal and state agencies. Except as discussed below, the Company does not expect to incur material future expenditures for compliance with existing environmental laws and regulations.

West Palm Beach Site

FPU is currently conducting a contamination assessment investigation of a parcel of real property in West Palm Beach, Florida upon which FPU previously operated a gasification plant. After a preliminary contamination assessment investigation indicated soil and groundwater impacts, FPU entered into a consent order with the Florida Department of Environmental Protection ("FDEP"), effective April 8, 1991. The consent order required FPU to delineate the extent of soil and groundwater impacts associated with the prior operation of the gasification plant and to remediate such soil and groundwater impacts, if necessary. Numerous reports have been submitted to FDEP, describing the results of soil and groundwater sampling conducted as the site. A Supplemental Contamination Assessment Report Addendum ("SCARA") was submitted to FDEP in December 2001, summarizing the results of past investigations and providing the results of additional fieldwork conducted in 2001, in response to comments received previously from FDEP. On September 26, 2002, FPU submitted a work plan for additional fieldwork to respond to FDEP's comments to the SCARA. This work is now underway. Based on results of the initial field effort in January-April 2003, additional field work will be required to evaluate impacts to a coquina layer underlying the site and to complete the evaluation of off-site soil impacts. It is anticipated that the additional fieldwork will be completed by July 2003. Once this additional work is completed, FPU will then have sufficient data to complete an evaluation of remedial alternatives for the site, which will be incorporated in a feasibility study report for submission to FDEP. Prior to completion of the contamination assessment/feasibility study phases, FPU is unable to determine the complete extent or cost of remedial action, which may be required. Based on findings from the 2003 fieldwork, the Company was recently advised that remediation costs for this site may exceed $6,000,000. A portion of the on-site impacts attributable to past petroleum releases have been determined to be eligible for reimbursement from a state fund, and the FDEP has determined that a portion of the work conducted off-site may be eligible for reimbursement under state law.

Sanford Site.

FPU owns a parcel of property located in Sanford, Florida, upon which a gasification plant was operated prior to FPU's acquisition of the property. Upon the discovery of soil and groundwater impacts on the property, FPU has participated with four former owners and operators of the gasification plant in the funding of numerous investigations of the extent of the impacts and the identification of an appropriate remedy. On or about March 25, 1998, FPU executed an Administrative Order on Consent ("AOC") with the four former owners and operators (collectively, the "Group") and the United States Environmental Protection Agency ("EPA") that obligated the Group to implement a Remedial Investigation/Feasibility Study ("RI/FS") task and to pay EPA's past and future oversight costs for the RI/FS. The Group also entered into a Participation Agreement and an Escrow Agreement on or about April 13, 1998. These agreements governed the manner and means by which all parties were to satisfy their respective obligations

under the AOC for the RI/FS task. FPU agreed to pay approximately 13.7% of the cost for the RI/FS. Fieldwork for the RI/FS was initiated in 1998. A final RI report was submitted to EPA in July 1999. The Group also submitted a Baseline Risk Assessment to EPA in January 2000, including an Ecological Risk Assessment ("ERA"). Additional fieldwork will be required to complete the ERA at a total estimated cost of less than $50,000. FPU's share of the additional ERA work is 13.7%.

On July 5, 2000, EPA issued a Record of Decision ("ROD") approving the final remedial action for contaminated soils at the site ("OU1 Remedy"). The initial estimated cost for the OU1 Remedy described in the ROD ranges from $5,593,000 to $5,760,000. On June 12, 2001, EPA issued a ROD approving the final remedial action for contaminated groundwater at the site ("OU2 Remedy"). The present worth cost estimate for the OU2 Remedy is $320,000.

The Group recently completed negotiations on a remedial design/remedial action ("RD/RA") Consent Decree with EPA to provide for the implementation of the OU1 Remedy and OU2 Remedy. The Group anticipates that the Consent Decree will be signed by EPA and lodged with the United States District Court for public comment in 2003. After lodging, there is a thirty (30) day minimum public comment period. At the conclusion of the comment period, the Court will enter the Consent Decree, unless there has been opposition filed.

Pursuant to the Consent Decree, pre-remedial design fieldwork was performed to assist in the design of the final remedy for OU1 and OU2. The cost of the additional field and design work was approximately $1,100,000. Upon EPA's approval of the final design, the Group will be obligated to implement the remedy for OU1 and OU2. Based on fieldwork completed recently, it is now anticipated that the final cost of the remedy for OU1 and OU2 will significantly exceed the $6,000,000 combined estimate provided in the RODs for OU1 and OU2. Pursuant to the terms and conditions of the Second Participation Agreement entered into by members of the Group on August 1, 2000, FPU's share of costs for implementation of the OU1 Remedy and OU2 Remedy, including the pre-remedial design fieldwork, is 10.5%, up to a maximum cost of $6,000,000. FPU has notified Group members that FPU will oppose any effort by the Group to increase FPU's share of total remedial costs above 10.5% of the current $6,000,000 cap, since the increased remedial cost is due to the discovery of additional impacted soils on property not owned by FPU. The Consent Decree also obligates the Group to reimburse EPA's past costs of approximately $142,500 and EPA's future oversight costs. FPU's share of EPA's past costs and future oversight costs is 10.5%.

Summary
The Company records environmental costs when it is probable it is liable for the costs and it can reasonably estimate the liability. The Company may defer costs as a regulatory asset based on the expectation that it will recover these costs from customers in future rates. Otherwise, the Company expenses the costs. The estimates are based on experience, the assessment of the current situation and the technology currently available for use in the remediation. The Company adjusts the recorded costs as it revises estimates and as remediation proceeds. If the Company is one of several designated responsible parties, it estimates and records only its share of the cost.

On March 31, 2003 the estimated remaining costs for consulting and remediation, legal expenses, and other related expenses for the four sites is approximately $8.1 million. The Company currently has $8.1 million reserved as an environmental liability. The Company received recovery of $5.2 million from rate relief granted and insurance settlement proceeds and deferred $2.9 million as a regulatory asset pending future rate recovery. Based on existing information, management believes that all future contamination assessment and remedial costs, legal fees and other related costs will not be in excess of the rate relief granted by the Florida Public Service Commission ("FPSC") currently or in the future. The Company is petitioning the FPSC to apply any over earnings in the gas division to the environmental reserve.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Quarterly Report on Form 10-Q contains forward-looking statements, which are subject to the inherent uncertainties in predicting future results and conditions. Certain factors could cause actual results to differ materially from those projected in these forward-looking statements.

Financial Condition.
As of March 31, 2003, the Company had a $20 million line of credit ("LOC") available with no outstanding balance (see "Subsequent Events" below for additional information). The LOC had a $16.1 million outstanding balance on March 27, 2003 that was repaid using proceeds from the sale of the water division. The Company received $19.2 million in cash on March 27, along with future consideration valued at $5.7 million, for the water division (for additional information see "Discontinued Operations" in the Notes to Condensed Consolidated Financial Statements). The Company reserves $1 million of the LOC to cover expenses for any major storm repairs in its Northwest Florida division. An additional $250,000 of the LOC is reserved for a 'letter of credit' insuring propane facilities. Notes payable, long-term debt and preferred stock at March 31, 2003 comprise 56% of total capitalization, with equity of 44%. The stronger equity ratio was a result of selling the water assets for a $9.9 million gain net of income taxes.

Net cash flow provided by continuing operating activities decreased from the first quarter of 2002 primarily due to a $3 million increase in accounts receivable that was the result of a March 31, 2003 transportation agreement with the City of Lake Worth. The receivable consisted of a $1.5 early termination fee for a Lake Worth Generation contract and a $1.5 million contribution towards the Lake Worth generation project's construction costs. Net cash flow of $98,000 was used by discontinued operations during the first quarter of 2003 as a result of the legal expenses associated with the sale of the water assets. Construction expenditures decreased $3.9 million in the first quarter of 2003 compared to 2002, primarily due to approximately $2 million of additional construction in 2002 relating to the Lake Worth generation project and a $1.5 million contribution in 2003 from the transportation agreement with the City of Lake Worth.

Overview.
The Company is organized into two regulated business segments, natural gas and electric, and one non-regulated business segment, propane gas. There are no material inter-segment sales or transfers.

Definitions.
Gross Profit. Gross Profit, defined as gross operating revenues less fuel costs, conservation and unbundling costs, and taxes based on revenues that are passed through to customers, provides a meaningful basis for evaluating utility operations. Fuel, conservation, and unbundling costs along with taxes passed through to customers have no effect on results of operations and fluctuations in such costs distort the relationship of gross operating revenues and gross profit (net revenues retained by the Company for operating purposes).

Operating Expenses. Operating expenses exclude fuel costs, conservation and unbundling costs, and taxes based on revenues that are passed through to customers. These operating expenses have no effect on results of operations as they are passed on directly to customers and fluctuations in such costs distort the relationship of operating expenses between periods. These costs are grouped on a separate line of the income statement as "Cost of fuel and taxes based on revenues".

Results of Operations.
In the following discussion, all comparisons are with the corresponding items in the same period in the prior year.

Summary of Gross Profit:

(dollars in thousands)

	Quarter Ended March 31, 2003	2002
Natural gas	$ 6,750	$ 5,534
Electric	2,878	2,724
Propane gas	1,613	1,374
Total Gross Profit	$11,241	$9,632

Contributing to variations in gross profits are the effects of seasonal weather conditions, the timing of rate increases, and the migration of winter residents and tourists to Florida during the winter season. The Company actively pursues opportunities to purchase small gas companies to assist in growth with the goal of acquiring at least one propane company a year.

Three Months Ended March 31, 2003 Compared with Three Months Ended March 31, 2002.

Gross Profit
Natural Gas Service.

Natural gas service gross profit increased $1,216,000 or 22%. The gross profit increased primarily due to additional revenue received in accordance with the terms of a pipeline project contract for the Lake Worth generation facility, which began in February 2002, and the subsequent renegotiation of a contract for that same facility with the City of Lake Worth signed in late March 2003. The agreement provided for an early termination fee of $ 1.5 million. This revenue increase was offset by an adjustment for over earnings that reduced revenues by approximately $700,000. Overall customers increased by 2% due to normal growth. Excluding the transportation customers, units sold were relatively consistent.

Propane Gas Service.
Propane gas gross profit increased $239,000 or 17% primarily due to the late 2002 acquisition of Nature Coast. Customers increased by 12% primarily due to the acquisition, and usage per customer slightly increased.

Electric Service.
Electric service gross profit increased $154,000 or 6%. Customer growth was up 2% due to normal growth, contributing to the increase in units sold of 4%. Usage per customer also increased by 3%.

Operating Expenses
Expenses increased $635,000 or 10%. An increase of $206,000 in maintenance expenses was related to an abandoned construction project for a main insertion failure at Royal Park Bridge in our South Florida natural gas division. Other outside services increased approximately $70,000 primarily due to additional accounting accruals related to Sarbanes-Oxley compliance and internal auditing, as well as additional tax related services. Insurance costs also increased $174,000 relating to additional medical self-insurance reserves as a result of higher medical costs and increased premiums for workmen's compensation and general liability. We also had additional reserve accruals of $60,000 for our general liability reserve. Pension expense increased $196,000 due to a decrease in the pension fund value relating to the general economic decline and the investments held in this fund. Other contributing factors to the increase in operating expenses included higher depreciation expense of $79,000. These increases were slightly offset with a decrease in customer administrative expenses associated with the subsequent collection of an expected bad debt of $172,000 related to the contract with Lake Worth Generation.

Income from Continuing Operations
Income from continuing operations increased $347,000 primarily due to receipt of a $1,500,000 termination fee from a contract, offset by an adjustment for over earnings of approximately $700,000 in our natural gas division and increased operational expenses. The expenses were up primarily due to a $206,000 one-time charge for an abandoned gas construction project, $196,000 for increases in pension costs, and increased insurance expenses. See the "Gross Profit" and "Operating Expenses" discussions above for additional information.

Interest Charges and Other
Merchandise and service profitability has decreased approximately $ 76,000 due to increases in expenses including allocated administrative and general overhead and the relatively flat sales in 2003. Also contributing to the increase in total interest charges and other is the reversal of interest income of approximately $ 170,000 on the environmental fund that we placed into the environmental reserves. This was offset by an approximate decrease of $100,000 in environmental expenses accrued in our environmental reserves (see "Contingency" for additional details on our environmental reserves).

Subsequent Events
In April 2003, the $20 million line of credit expired and was replaced with a $12 million, three-year line of credit. The new line of credit, coupled with internally generated cash, is forecast to be sufficient to satisfy the Company's operating, normal capital expenditure and dividend requirements for several years. In the long-term, additional equity financing is probable to pay off notes payable or pay for any major acquisitions.

The Company is beginning the process to request rate relief from the Florida Public Service Commission for the electric segment. The request will include recovery for recent increases to certain operating expenses, including pension and insurance expenses.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

All financial instruments held by the Company were entered into for purposes other than for trading. The Company has market risk exposure only from the potential loss in fair value resulting from reasonably possible changes in interest rates. The Company has no exposure relating to commodity prices because the Company, under its regulatory jurisdictions, is fully compensated for the actual costs of commodities (primarily natural gas and electricity) used in its operations. Any commodity price increases for propane are passed through monthly to propane customers as the fuel charge portion of their rate. This can be performed due to the competition having similar increases that are customarily passed through to their customers.

None of the Company's gas or electric contracts are accounted for using the fair value method of accounting. While some of the Company's contracts meet the definition of a derivative, the Company has designated these contracts as "normal purchases and sales" under SFAS No. 133, "Accounting for Derivatives".

The Company has no exposure to equity risk, as it does not hold any equity instruments. The Company's exposure to interest rate risk is limited to investments held for environmental costs. These investments are fixed income debt securities whose carrying amounts are not materially different than fair value. Such investments mature from 2003 to 2004 and are expected to be held to maturity. Therefore, the Company does not believe it has material market risk exposure related to these instruments. The indentures governing the Company's two first mortgage bond series outstanding contain "make-whole" provisions, which are pre-payment penalties that charge for lost interest, which render refinancing impracticable.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

Within the 90 days prior to the filing date of this Quarterly Report, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rules 13a-14(c) and 15d-14(c) under the Securities Exchange Act of 1934). Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective in ensuring that information required to be disclosed in the reports the Company files and submits under the Exchange Act are recorded, processed, summarized and reported as and when required.

Changes in Internal Control

There were no significant changes in the Company's internal controls or in other factors that could significantly affect such internal controls subsequent to the date of the evaluation described in the paragraph above, including any corrective actions with regard to significant deficiencies and material weaknesses.

PART II. OTHER INFORMATION

Item 6. Exhibits and reports on Form 8-K

(a) 99(1) Certification of Chief Executive Officer (CEO) regarding truthfulness of SEC filing

99(2) Certification of Chief Financial Officer (CFO) regarding truthfulness of SEC filing

(a) Reports on Form 8-K:

- A form 8-K was filed February 26, 2003 announcing a press release relating to 4th quarter earnings.
- A form 8-K was filed April 4, 2003, announcing a press release that the Company completed the sale of their water assets to the City of Fernandina Beach on March 27, 2003; disclosing a transportation agreement between the Company and the City of Lake Worth; and disclosing a mutual release agreement between the Company, Lake Worth Generation, LLC, the City of Lake Worth, and the AES Corporation.
- A form 8-K was filed April 18, 2003, announcing a change in the Company's certifying accountant.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

FLORIDA PUBLIC UTILITIES COMPANY
(Registrant)

By /s/ George M Bachman
George M Bachman
Chief Financial Officer (Principle Accounting Officer)

AND

By /s/ John T English
John T English
Chief Executive Officer

Certifications pursuant to 18 U.S.C. section 1350, as adopted pursuant to SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002, are attached in exhibits 99(1) and 99(2).

May 13, 2003

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
FLORIDA PUBLIC UTILITIES COMPANY
(Section 302)

I, John T. English, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Florida Public Utilities Company (the "registrant");

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the

circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

    a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiary, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

    b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

    c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

    a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

    b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 13, 2003

By /s/ John T English
John T. English
Chief Executive Officer

CERTIFICATION OF CHIEF FINANCIAL OFFICER
FLORIDA PUBLIC UTILITIES COMPANY
(Section 302)

I, George M. Bachman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Florida Public Utilities Company (the "registrant");

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

    a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiary, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

    b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

    c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

1. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

    a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

    b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

1. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 13, 2003

By /s/ George M Bachman
George M. Bachman
Chief Financial Officer

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Schedule F-3 | SEC REPORTS | Page 1 of 1

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO.: 030438EI

EXPLANATION: Provide a copy of the most recent Form l0-K annual report to the Securities and Exchange Commission and all Form 10-Q quarterly reports filed subsequent to the filing of the latest 10-k.

Type of Data Shown:
Historical Year 12/31/2002
Quarter Ended: 3/31/2003

Witness: George Bachman

See attached

Supporting Schedules:

Recap Schedules:

10-K 1 f10k2002.htm FORM 10-K
3/18/2003

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)

[X] **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2002

OR

[ ] **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number 1-1055

Florida Public Utilities Company

(Exact name of registrant as specified in its charter)

Florida	**59-0539080**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
401 South Dixie Highway, West Palm Beach, FL	**33401**
(Address of principal executive offices)	(Zip Code)

(561) 832-2461

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, par value $1.50 per share	**American Stock Exchange**

Securities registered pursuant to Section 12 (g) of the Act:

Indicate by check mark [X] whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to

such filing requirements for the
past 90 days. Yes [X] No [ ]

Indicate by check [X] if disclosure of delinquent filers pursuant to item 405 of Regulation S-K is not contained herein and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in PART III of this Form 10-K or any amendment to this Form 10-K. [ ]

As of February 12, 2003, the aggregate market value of the Registrant's Common Stock held by non-affiliates (based upon the closing price of the Common Stock on the American Stock Exchange) was approximately $54,140,194.

(APPLICABLE ONLY TO CORPORATE ISSUERS)

On February 12, 2003, 3,894,978 shares of the Registrant's $1.50 par value common stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of Florida Public Utilities Company's Proxy Statement for the May 13, 2003 Annual Meeting of Shareholders are incorporated by reference in Part III hereof.

PART I

Item 1. Business

General

Florida Public Utilities Company (The Company or FPU) was incorporated on March 6, 1924 and reincorporated on April 29, 1925 under the 1925 Florida Corporation Law, continuing its corporate existence pursuant to such law and its Certificate of Reincorporation, as amended. In 2001 the Company started a proactive process to look for opportunities to purchase small gas companies to assist in its growth. In 2001 two acquisitions added approximately 7,300 customers and in 2002 one acquisition added approximately 1,200 customers. The cost of each of these acquisitions was less than 10% of assets and they provide less than 10% of revenues and operating income excluding income taxes.

Financial Information about Segments

(For additional information see Segment Information in the Notes to Consolidated Financial Statements.)
(dollars in thousands)

	2002	%	2001	%	2000	%
Revenues						
Electric	$ 40,930	47	$ 39,050	44	$ 39,304	48
Natural gas	40,140	45	44,729	50	38,270	47
Propane gas	7,391	8	5,399	6	4,380	5
Consolidated	$ 88,461		$ 89,178		$ 81,954	
Operating income excluding income tax						
Electric	$ 2,980	39	$ 2,893	43	$ 3,016	42
Natural gas	4,291	55	3,295	50	3,789	54
Propane gas	498	6	431	7	264	4

Consolidated	$ 7,769		$ 6,619		$ 7,069			
Identifiable assets								
Electric	$ 39,446	27	$ 37,753	27	$ 36,911	34		
Natural gas	57,753	40	52,734	37	42,564	39		
Propane gas	10,288	7	10,728	8	5,648	5		
Water operations-held for sale	10,096	7	9,579	7	9,038	8		
Common	27,240	19	29,195	21	14,885	14		
Consolidated	$ 144,823		$ 139,989		$ 109,046			

Description of Business

Florida Public Utilities Company is regulated by the Florida Public Service Commission, except for propane gas service supplied by its wholly owned subsidiary Flo-Gas Corporation, and provides natural and propane gas service, electric service and water service to consumers in Florida. The Company is comprised of the following five divisions and number of customers as of December 31, 2002: (1) South Florida division serves natural gas to 29,697 customers and propane gas to 6,288 customers; (2) Central Florida division serves natural gas to 16,670 customers and propane gas to 3,789 customers; (3) Northwest Florida division provides electricity to 12,335 customers; (4) Northeast Florida division serves electric to 14,020 customers, water to 7,089 customers and propane gas to 1,456 customers; and (5) Nature Coast division which serves propane gas to 1,207 customers.

On December 3, 2002 the Company entered into an agreement to sell the assets of its water utility system to the City of Fernandina Beach. A tentative closing date of March 27, 2003 is scheduled (for additional information see "Discontinued Operations" in the Notes to Consolidated Financial Statements). The sale will provide working capital for future capital expenditures and acquisitions and aligns the Company with its strategic goal of providing for customers' energy needs and expanding core energy related businesses.

The economy of the South Florida division relies somewhat on the migration of seasonal residents and tourists during the winter season; however, small commercial and residential customers, who are not seasonal, provide stability.

Seasonal residents and tourists continue to play a role in the Central Florida division; however the I-4 corridor, particularly in Seminole County's Lake Mary/Heathrow area, is producing a greater amount of large business parks, individual corporate buildings and call centers. Volusia County's economy still seems to be dominated by small and privately owned businesses with the major employers being Florida Power and Florida Power & Light which own and operate three power plants in the area.

The Northwest division growth relies on the economies in Jackson, Calhoun and Liberty Counties. All three are dependent upon a variety of agricultural industries mainly involved with timber, peanuts, cotton and beef production. However, the largest employers within the three counties are the Federal, State and County governments involved in correction and rehabilitation centers. There are also a number of smaller industries.

Northeast Florida's economy is centered around two large paper mills, ITT Rayonier, Inc. and Jefferson Smurfit Corp. The two large paper mills accounted for 8.6% of total 2002 electric division's operating revenues and 4.0% of the Company's total operating revenues. The mills accounted for 4.0% of total 2002 electric division gross profit and 1.3% of the Company's total gross profit. The beach area, Amelia Island, is noted for its fine beaches and resort amenities.

Natural Gas

The Company receives its total supply of natural gas at twelve City Gate Stations connected to Florida Gas Transmission Company's (FGT) pipeline system. FGT is owned by Citrus Corporation, which is jointly owned by Enron Corporation and El Paso Corporation. Due to the joint ownership of FGT, there has been no direct effect on FPU's operations from Enron's bankruptcy. Natural gas is primarily composed of methane, which is a colorless, odorless fuel that burns cleaner than many other traditional fossil fuels. Odorant, which enables one to readily detect a gas leak, is added by the interstate transmission company and FPU. Natural gas is one of the most popular forms of energy today. It is used for heating, cooling, production of electricity and it finds many uses in the industry. Increasingly, natural gas is being used in combination with other fuels to improve their environmental performance and decrease pollution.

The Company has adequate gate stations in each distribution system to assure high levels of continuous service to our customers. The vast majority of the natural gas the Company distributes is purchased in the gulf coast region both on-shore and offshore. The Company has not experienced any supply availability issues or shortage of natural gas in recent history, nor does it expect any shortages in years to come. In fact the U.S. Department of Energy estimates that there is more than a 60-year supply of natural gas reserves (see web site: http://www.fe.doe.gov/education/index.html).

FGT is the sole natural gas pipeline serving FPU in peninsular Florida and is under the jurisdiction of the Federal Energy Regulatory Commission (FERC). The Company uses FGT solely as a carrier of natural gas. All gas supplies for the Company 's traditional sales markets are independently procured by the Company using gas marketers and producers. The Company's transportation customers are responsible for obtaining their own gas supplies and arranging for pipeline transportation.

The Company has continued to be in full compliance with the Gas Industry Standards Board's (GISB) standards. The GISB was formed to develop a uniform nationwide network of natural gas producers, marketers, gathering systems, pipelines, distribution companies and customers. The GISB's standards place all participants on the same time schedules for procurement, capacity transactions, invoicing, etc. It causes the network to be fully available twenty-four hours per day, 365 days per year.

The Company has gained vast experience directly contracting for gas supplies with marketers and producers while contracting for transportation services from FGT. This experience appropriately postured the Company to be most effective in operating within an unbundled industry environment. All fuel costs and associated savings are passed along to our traditional sales customers. Additionally, the Company has actively reduced demand charges it pays for the pipeline capacity by "subletting" unused capacity, for short terms, to other shippers on FGT's system. The Company continues to be one of Florida's lowest cost suppliers of natural gas.

The Company continued its activity in Off-System Sales since receiving approval for the appropriate tariff from the Florida Public Service Commission (FPSC). Off-System Sales allow the Company to broaden its market to include any customer within the state of Florida who currently uses natural gas. Since inception, Off-System Sales have been transacted between the Company and national marketers, electric generators, other gas distributors and agricultural firms, to name a few. The tariff permits for profit sharing between the Company and its customers.

The Company, through its Purchased Gas Adjustment (PGA) mechanism, collected the cost from its customers in 2002 for any 2001 under collections. The Company's natural gas sales are affected by weather, which results in higher gas sales per day during the winter period as opposed to the summer season. The Company's portfolio of customers is quite diverse with the largest customers using natural gas for the generation of electricity. The Company is not dependent on a single natural gas customer for a large percentage of its total revenue.

The Company provides unbundled gas service to its commercial natural gas customers whereby such customers have the option of purchasing their gas supplies from third parties or directly from FPU. The Company's operating results are not adversely affected whether the customer purchases the gas from the Company or purchases the gas from third parties. This is because actual fuel costs are passed directly to customers and the Company does not profit on fuel sales. The Company

officially offered unbundled services to commercial customers on August 1, 2001. The FPSC approved various mechanisms, which will allow the Company to be reimbursed for the incremental cost of providing unbundled services.

Electricity

The Company provides electrical service in the Northwest and Northeast divisions to customers in Jackson, Calhoun, Liberty and Nassau counties in Florida. Wholesale electricity is purchased from two suppliers, Southern Company and Jacksonville Electric Authority. In 1996, long term purchased power contracts were executed with both suppliers that will continue through 2007. Southern Company provides electrical power to the Northwest division and the Jacksonville Electric Authority provides electrical power to the Northeast division. Less than 1% of the Company's power supply is purchased on an as available basis from a self-generating paper mill located in Fernandina Beach. These long-term contracts allow the Company to offer customers the lowest electric rates in the State of Florida.

The Company is not a generating utility, which results in environmental regulations having minimal effect on operations.

Both the Northwest and Northeast divisions are located in northern Florida and experience a variety of weather patterns. Hot summers and cold winters ensure that electrical sales are not extremely seasonal in nature.

The Company has no dependence upon any major customers. No single customer accounts for more that 10% of sales or profit.

The electric utility industry has not been deregulated in the State of Florida. All customers within a given service or franchise area purchase from the single electricity provider in that area.

Propane

Florida Public Utilities purchases its supply of propane gas from several different wholesale companies such as: Dynegy- Gas Liquids Division, Propane Resources, Sea3 of Tampa and Harper Industries. Propane makes its way to Florida via ocean going barge to seaport terminals in Tampa and Ft. Lauderdale, by railcar and through the Dixie Pipeline terminus at Alma, Ga. The propane supply infrastructure is more than adequate to meet the needs of the industry in Florida for the foreseeable future.

Propane is a non-pollutant, therefore not affected by environmental regulations as other petroleum products are. Propane is a hazardous material and as such is subject to strict code enforcement and safety requirements as outlined in the National Fire Protection Association (NFPA) Code 58, Florida Model Building Code, NFPA 54 and various other state and local codes.

The sales volume of propane is affected by the season and the weather. Florida typically has a tourist season that coincides with the winter season; propane sold during that period is affected by tourism and the weather. The propane division's sales volumes and revenues are closely balanced between residential and commercial customers. Some of the strategies the Company is employing to become less weather dependant are concentrating on the burgeoning forklift propane cylinder exchange market and the marketing of appliances that are not used for heating air. Water heaters and forklift cylinder exchange accounts are excellent ways to strive toward becoming less weather reliant. The propane division does not have any one customer that represents more than ten percent of the overall sales volume or revenues.

Competition in the propane business is significant. Propane competes directly with other propane suppliers, natural gas and electric companies. A major consolidation in the propane industry has and will continue to provide Florida Public Utilities with opportunities to expand its market share. FPU competes on the basis of fair priced energy and excellent customer service.

Regulation

The Florida Public Service Commission (FPSC), pursuant to State Statutes, has authority encompassing natural gas, electric, and water rates, conditions of service, the issuance of securities and certain other matters affecting the operations of the Company. The water segment of the business was not subject to FPSC regulation in 2002 until July 29 because the Board of Nassau

County had, on September 17, 2001, rescinded the FPSC jurisdiction but returned it to the FPSC on July 29, 2002. The water segment is classified as discontinued operations due to its pending sale (for additional information see "Discontinued Operations" in the Notes to Consolidated Financial Statements).

Franchises
The Company holds franchises in each of the incorporated municipalities where natural gas, electric and water operations take place. These franchises generally have terms from 15 to 30 years and terminate at various dates. We are in negotiations with some of our municipalities in which the Company's franchises have lapsed. We continue to provide services to these municipalities and do not anticipate any interruption in our service.

Employees
On December 31, 2002 the Company had 353 employees, of whom 104 were covered under union contracts with two labor unions, the International Brotherhood of Electrical Workers and the International Chemical Workers Union.

Research Expenditures and Environmental Regulations
Environmental regulations do not have a material impact on the Company. The Company does not engage in research activities.

Competition
Generally, in municipalities and other areas where the Company provides natural gas, electric and water services, no other utility directly renders such service. Propane gas has several propane competitors competing on price and service.

Item 2. Properties

The Company's properties consist primarily of distribution systems and related facilities. At December 31, 2002 the Company owned 22 miles of electric transmission lines and 1,047 miles of electric distribution lines. The gas properties distribute gas through 1,405 miles of gas main. The water property consists of deep wells, pumping equipment, water treatment facilities and a distribution system. The propane gas systems operated by the Company's subsidiary have bulk storage facilities and tank installations on the customers' premises.

Certain properties of the Company and the shares of Flo-Gas Corporation, a wholly-owned subsidiary, are subject to a lien collateralizing the funded indebtedness of the Company under its Mortgage Indenture.

Item 3. Legal Proceedings

Environmental. The Company has several contamination sites involving pending or threatened litigation and is in various stages of assessment investigation; see "Contingencies" in the Notes to Consolidated Financial Statements. The Company believes that all future contamination assessment and remedial costs, legal fees and other related costs will not be in excess of the rate relief granted the Company and insurance settlement proceeds received.

Violet Skipper, PC Buyers, Inc. and Thomas Wade Skipper v. Florida Public Utilities Company, Case No. CL 00-10131-AF, Circuit Court of the Fifteenth Judicial Circuit, Palm Beach County, Florida. On or about October 18, 2000, FPU was sued by the Plaintiffs in this case for damages allegedly arising out of FPU's alleged negligence in failing to properly install and/or maintain electrical power lines, utility poles and related equipment which allegedly caused a fire that spread to and eventually destroyed a warehouse/office facility that was owned by Violet Skipper, that housed the place of business of the corporate plaintiff and that contained property therein owned by all the plaintiffs. The warehouse/office facility was located in Jackson County, Florida. Plaintiffs alleged damages in excess of $1,000,000. FPU has denied the claims in the

complaint and is defending it on the theory that the alleged fire started within the warehouse/office facility and not at or in its electrical equipment. FPU has liability insurance that will limit our exposure on this claim to a maximum of $250,000.

This case, though filed originally in Palm Beach County, Florida, was transferred to Jackson County, Florida. Discovery is still in process. No Motions are currently pending. No trial date has been scheduled. At this time we are unable to provide an evaluation of the likelihood of an unfavorable outcome or provide an estimate of the amount or range of potential loss. In the event that the Company does not prevail in this suit, there may be a material adverse effect on the financial statements. However, FPU believes there are meritorious defenses to this pending litigation.

Darrell Glenn v. Florida Public Utilities Company v. Utility Service and Maintenance of Missouri, Inc., Case No. CA 01-07810 AI, Circuit Court of the Fifteenth Judicial Circuit, Palm Beach County, Florida; Case No. 02-37-CA, Division A, Circuit Court for the Fourth Judicial Circuit, Nassau County, Florida. This is an action that was pending in state court in Palm Beach County, Florida until FPU successfully moved to have the case transferred to Nassau County, Florida. Darrell Glenn ("Glenn"), an employee of a painting subcontractor, claimed to have been shocked and injured on May 16, 2001, while painting electrical equipment at FPU's Step down site in Fernandina Beach, Florida. His employer, Utility Service & Maintenance, Inc. ("USM"), was operating under an agreement that required it to supervise its own workers. This matter has been settled by an agreement reached at mediation on January 15, 2003 pursuant to which FPU agreed to pay $300,000 to the plaintiff in return for a release. FPU will recover $50,000 of the settlement through liability insurance.

The Company is also involved with other various claims and litigation incidental to its business. In the opinion of management, none of these incidental claims and litigation will have a material adverse effect on the Company's results of operations or its financial condition.

Item 4. Submission of Matters to a Vote of Security Holders

None.

PART II

Item 5. Market for the Registrant's Common Equity and Related Stockholder Matters

QUARTERLY STOCK PRICES AND DIVIDENDS PAID

The Company's common shares are traded on the American Stock Exchange under the symbol FPU. The quarterly cash dividends declared and the reported price range per share of FPU common stock for the most recent two years were as follows:

	2002			2001		
	Stock Prices		Dividends	Stock Prices		Dividends
Quarter ended	Low - High		Declared	Low - High		Declared
March 31	$ 13.01	- $ 15.56	$ 0.1388	$ 10.54	- $ 12.15	$ 0.1350
June 30	13.67	- 16.05	0.1425	10.80	- 13.12	0.1388
September 30	11.80	- 14.55	0.1425	11.40	- 12.95	0.1388
December 31	12.10	- 15.30	0.1425	11.70	- 13.01	0.1388

On February 8, 2003, there were approximately 2,736 holders of the Registrant's Common Stock including individual participants in security position listing.

It is the Company's intent to continue to pay quarterly dividends in the foreseeable future. Dividend policy is reviewed on an ongoing basis and is dependent upon the Company's expectation of future earnings, cash flow, financial condition, capital requirements and other factors.

The Company's Fifteenth Supplemental Indenture of Mortgage and Deed of Trust restricts the amount that is available for cash dividends. At December 31, 2002 approximately $4,000,000 of retained earnings were free of such restriction.

Recent Sales of unregistered securities

On November 14, 2001 the Company sold Palm Beach County Florida Industrial Development Revenue Bonds in the amount of $14,000,000. The aggregate offering price was $14,000,000, with payments relating to $420,000 in underwriting fees and $349,426 for insurance premiums. The bond proceeds were restricted and held in trust until construction expenditures were actually incurred by the Company. (See "Liquidity and Capital Resources" under Item 7 for additional information). The Company issued its First Mortgage Bond, 4.9% Series due 2031 on November 14, 2001 in the aggregate principal amount of $14,000,000 as security for the $14,000,000 Palm Beach Industrial Development Revenue Development Bonds. The pledged bond constitutes the Fifteenth Series of the Company's First Mortgage Bonds.

The exemption from registration is under the authority of Section 382 of the Securities Act of 1933, based on the bond being issued by a state and local government.

Item 6. Selected Financial Data
(dollars in thousands, except per share data)

Years Ended December 31,	2002		2001		2000	1999		199
Revenues	$ 88,461	$	89,178	(2)	$ 81,954	$ 71,697	$	74,03
Gross profit	34,929		29,940		28,463	27,048		26,42
Income from continuing operations	2,761	(1)	2,456		2,665	3,043	(1)	2,67
Income from discontinued operations	602		596		623	486		39
Net income	3,363	(1)	3,052		3,288	3,529	(1)	3,06
Earnings per common share (basic & diluted):	0.70	(1)	0.64		0.70	0.76	(1)	0.6
Continuing operations								
Discontinued operations	0.16		0.16		0.17	0.12		0.1
Total	0.86	(1)	0.80		0.87	0.88	(1)	0.7
Dividends declared per common share	0.57		0.55		0.53	0.50		0.4
Total assets	144,823		139,989	(2)	109,046	96,543		92,40
Utility plant – net	97,955		88,088	(2)	75,264	71,170		69,37

Current debt	19,183	20,430	17,900	13,000	8,20(
Long-term debt	52,500	52,500	23,500	23,500	23,50(
Common shareholders' equity	30,883	29,329	27,510	25,866	27,62:

Notes to the Selected Financial Data:

(1) 2002 and 1999 include gains after income taxes from the sale of non-utility real property of $70 or $0.02 per share (2002) and $83 or $0.02 per share (1999).

(2) The acquisitions in late 2001 added approximately $10,700 to Total assets and $3,975 to Utility plant – net. Revenue recorded in the 2001 year from the acquisitions was approximately $326.

On December 3, 2002 the Company entered into an agreement to sell the assets of its water utility system to the City of Fernandina Beach. A tentative closing date of March 27, 2003 is scheduled (for additional information see "Discontinued Operations" in the Notes to Consolidated Financial Statements). Revenues, Gross profit and Utility plant-net do not include Discontinued Operations.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

This discussion should be read in conjunction with the Notes to Consolidated Financial Statements contained herein. In the following discussion, all comparisons are with the corresponding items in the prior year.

RESULTS OF OPERATIONS

Overview The Company is organized into three regulated business segments, natural gas, electric and water and one non-regulated business segment, propane gas.

From the Florida Public Service Commission's (FPSC) perspective the Company operates four distinct regulated "entities" consisting of Northwest Florida (Marianna) electric, Northeast Florida (Fernandina Beach) electric, Northeast Florida (Fernandina Beach) water and natural gas. The Company considers the Northwest and Northeast electric divisions to be one electric segment. The Company last received rate increases in the regulated entities as follows: natural gas operations, May 1995; Northwest Florida electric division, February 1994; Northeast Florida electric division, February 1989; and Northeast Florida water in May 2001. In 2002 the water segment of the business was not subject to FPSC until July 29, 2002, because the Board of Nassau County had, on September 17, 2001, rescinded the FPSC jurisdiction but returned jurisdiction to the FPSC on July 29, 2002.

On December 3, 2002 the Company entered into an agreement to sell certain assets comprising its water utility system to the City of Fernandina Beach. Pursuant to the Agreement, the closing of this transaction is required to take place on or before March 31, 2003, and is currently scheduled for March 27, 2003. The City has agreed to pay the Company $18,950,000 in cash at closing, with additional future consideration of $7,500,000, at an anticipated rate of $375,000 per year, commencing on or before February 15, 2004, and a like amount each year thereafter until February 15, 2010, when it is estimated that the Company will receive a final payment from the City in an amount of approximately $5,250,000. The fair value of the consideration is approximately $25,100,000. The assets of the water segment amount to approximately $10,200,000 or less than 10% of the Company's assets including water. For the year ended December 31, 2002, the water segment's operating income before income taxes was approximately 12% of total operating income excluding income taxes. Assuming the sale is consummated, the Company will thereupon file an

application with the FPSC for approval of the sale to a governmental authority, which, pursuant to Florida Statutes, must be approved by the Commission as a matter of right. For additional information see "Discontinued Operations" in the Notes to Consolidated Financial Statements.

The Company's strategic initiative is to concentrate on developing deeper relationships with our customers, including builders and developers. We are approaching them as a total energy company, not just a supplier of gas or electricity. Included in the strategy is a plan to increase the rate of future growth by concentrating on increasing customers and territory using improved marketing programs, along with a goal of acquiring small energy related companies, particularly propane companies. During 2001 the Company made two gas acquisitions, totaling less than 10% of assets, which added approximately 7,300 customers. During 2002 the Company made another acquisition, of less than 10% of assets, which added approximately 1,200 customers.

Definitions:

Gross Profit. Gross Profit is defined as gross operating revenues less fuel costs, conservation and unbundling costs, and taxes based on revenues that are passed through to customers and provides a more meaningful basis for evaluating utility operations. Fuel, conservation and unbundling costs along with taxes passed through to customers have no effect on results of operations and fluctuations in such costs distort the relationship of gross operating revenues between periods. Gross profit is the net revenue retained by the Company for operating purposes.

Summary of Gross Profits
(dollars in thousands)

	2002	2001	2000
Electric	$11,279	$10,980	$10,321
Natural gas	19,058	15,854	15,430
Propane gas	4,592	3,106	2,712

Contributing to variations in gross profit are the effects of seasonal weather conditions, the timing of rate increases, acquisitions and the migration of winter residents and tourists to Florida during the winter season.

Operating Expenses. Operating expenses, which include 'Operations' and 'Taxes other than income taxes', exclude fuel costs, conservation and unbundling costs, and taxes based on revenues that are passed through to customers. These operating expenses have no effect on results of operations as they are passed on through revenue and fluctuations in such costs distort the relationship of operating expenses between periods. These costs are grouped on a separate line of the income statement as 'Cost of fuel and taxes based on revenues'.

Discussion of Operating Results:

Water has been excluded from operating results and is classified as discontinued operations. See "Discontinued Operations" in the Notes to Consolidated Financial Statements for additional information.

Gross Profit

Electric Service
Electric service gross profit increased $299,000 in 2002. This was attributed to average customer growth of 2% along with a 5% increase in units sold (excluding General Service Large Demand (GSLD) customers). Higher units sold per customer along with the growth in customers contributed to the 5% increase in sales. The Company reduced gross profit by $30,000 to record potential 2002 over earnings in the Northeast Florida electric division. The 2002 earnings are subject to review by

the FPSC, and will not be finalized with respect to over earnings until 2003.

Electric service gross profit increased $659,000 in 2001. Average customers grew by 2% for the year with the consumption per customer remaining relatively flat. The customer growth accounted for approximately $200,000 of the increase, with new late fees that started during the year adding $134,000. A decrease in gross profit of $305,000 for pending refunds to customers for over earnings in 2000 accounted for part of this increase. The Company did not have any over earnings adjustment in 2001.

Natural Gas Service
Natural gas service gross profit increased $3,204,000 or 20% in 2002 primarily due to recent acquisitions and a pipeline project contract with a Lake Worth generation facility that added over $1,100,000 of gross profit (see 'Forward Looking Data' for additional information about the future of the contract). Transportation sales increased $800,000 in 2002, primarily due to a new 'unbundling' program that allows commercial customers to purchase their own natural gas. As a result, transportation customers increased by 184, an increase of over 200%. However, since these were commercial customers transferring to transportation service, these increases were offset by fewer commercial customers and lower sales. Revenue also increased by over $500,000 due to late payment fees and charges for reconnecting services.

Overall average customers increased 12% and units sold increased 3%, both due to the acquisitions and normal growth. The effects of the asset purchase in December 2001 of Atlantic Utilities contributed significantly to the increases in customers and units sold. The increases in units sold from normal growth and acquisitions were offset by decreases in units sold per customer.

Natural gas service gross profit increased $424,000 in 2001 principally due to a 4% increase in average customers, an increase in transportation revenues of $216,000, a $91,000 increase relating to the December 2001 asset purchase of Atlantic Utilities, and new late payment fees. The Company began charging late fees in 2001 adding over $161,000 in additional gross profit. Consumption was down for the year by 3%, excluding transportation and off-system sales, primarily due to weak demand in the last quarter of the year caused by mild weather conditions and decreased tourism.

Propane Gas Service
Propane gas gross profit increased in 2002 by $1,486,000 or 48% primarily due to the recent acquisitions of Atlantic Utilities and Nature Coast. Average customers were up by 36% and units sold increased 57% primarily as a result of the recent acquisitions. Revenues also were up due to colder weather in December.

Propane gas gross profit increased $394,000 in 2001 due to a 4% increase in average customers, a 22% increase in consumption, and the addition of late payment fees. The start up of the Northeast division's (Fernandina Beach) propane operations amounted to $136,000 of the increase, including the effect of acquiring Z-Gas, a propane company, on October 29, 2001. Impacting the increase in 2001 were increased bulk commercial customers in the South Florida division, resulting in a 68% increase in consumption and $131,000 of gross profit. New late fees that began in 2001 amounted to $25,000.

Operating Expenses (excluding income taxes)

Electric Service
Electric operating expenses, excluding income taxes, increased $212,000 in 2002. General and administrative costs increased $393,000, which is discussed below in the administrative section. Maintenance expenses decreased $272,000, primarily due to the prior year having additional expense for substation work, transmission line access work and overhead line balancing.

Electric operating expenses, excluding income taxes, increased $783,000 in 2001. General and administrative costs increased $447,000, which is discussed below in the administrative section.

Maintenance expenses increased by $126,000 due to substation maintenance work of $150,000 (including labor) and $55,000 for overhead conductors including overhead line balancing relating to cold weather early in the year in the Northeast division. Lower maintenance expenses in the Northwest division offset these increases. Customer accounts expenses increased over $58,000 due to additional payroll related to the new customer information and billing system and growth, along with an additional $25,000 in bad debts. Additional efforts and procedures are being implemented to reduce future bad debt expense.

Natural Gas Service

Natural gas operating expenses, excluding income taxes, increased $2,207,000 in 2002. General and administrative expenses increased $713,000 and are discussed separately in the administrative expenses section.

Customer administration expenses increased mainly due to higher bad debt expense and payroll. The Company has provided for potential uncollectible amounts due from Lake Worth Generation for November and December 2002 due to the uncertainty in collecting these amounts (see 'Forward Looking Data' for additional information). The Company also increased collection efforts to reduce bad debt expense by focusing on collections and the adequacy of deposits.

Distribution expenses increased primarily due to more line locations and an increase in the cost per location by the contractor.

Other factors are increased depreciation expense of $333,000 and taxes other than income taxes of $151,000, both primarily attributable to the assets acquired in the recent Atlantic Utilities acquisition. The taxes other than income tax increase consisted primarily of payroll taxes associated with the increased payroll expenses and property taxes associated with the property acquired.

Natural gas operating expenses, excluding income taxes, increased $918,000 in 2001. General and administrative expenses increased $284,000 and are discussed separately in the administrative expenses section. Increased distribution expenses of $124,000 resulted from increased payroll and higher costs of performing line locations and supporting growth. Customer accounts expense increased $33,000 due to added payroll and other expenses associated with the new customer information and billing system and growth, along with an additional $147,000 in bad debts. Additional efforts and procedures are being implemented to reduce future bad debt expense. Sales expenses were up $158,000 due to staffing of marketing positions for expanding marketing efforts. Increased property taxes reflecting increased plant and increased valuations, along with additional payroll taxes associated with increased payroll expense added $175,000 to operating expenses.

Propane Gas Service

Propane gas operating expenses, excluding income taxes, increased $1,410,000 in 2002. Administrative expenses increased $213,000 and are discussed in the administrative expenses section. Payroll for operating and maintenance expenses increased $805,000 and depreciation expense increased $114,000, both primarily attributable to the recent acquisitions of Atlantic Utilities, Z-Gas and Nature Coast.

Propane gas operating expenses, excluding income taxes, increased $226,000 in 2001. Changes to administrative expenses were nominal. The start up of the new Northeast (Fernandina Beach) propane operation added $158,000 of the increased expense. In addition, $23,000 was for increased labor expenses associated with delivery of gas relating to growth, $12,000 was for increased payroll associated with the new billing system and increased bad debts, and $20,000 of the increase related to new marketing efforts to obtain additional customers.

Administrative Expenses

Administrative expenses for 2002 increased $1,319,000. This was primarily due to increased claims for general liability and medical self-insurance resulting in increased expenses of $248,000, and

$273,000, respectively. Workers' compensation expense also increased $207,000 as a result of increased payroll and slightly higher rates.

Pension expense increased $83,000 as a primary result of declining economic conditions and the overall decline in the stock market. Insurance premiums also increased $105,000, primarily in the later part of 2002, contributing to the overall administrative expense increase.

Outside services increased as a result of a new internal audit program to help meet the requirements of the Sarbanes Oxley Act. This new program increased expenses for the year by $46,000. Other increases in outside services relating to accounting fees accounted for an additional increase of $39,000. Also, miscellaneous administrative expenses increased by $118,000 as a direct result of expensing costs associated with a previously planned stock issuance, which was not consummated.

Administrative expenses for 2001 increased $731,000. Growth and the cost of a more sophisticated billing system caused most of the increase. Also, payroll expenses increased $195,000 due to replacing two management positions and hiring two safety directors. The safety directors should assist in lowering workers' compensation insurance costs and lost time. Other expenses that increased were medical insurance costs of $56,000, pension cost of $165,000 and employee benefit costs of $46,000.

Interest Charges and Other

Interest Charges
Interest charges consist of interest on bonds, short-term borrowings and customer deposits. Interest on long-term debt in 2002 increased $1,331,000 due to two additional bonds issued in September and November of 2001 totaling $29,000,000. The bonds were primarily used to finance acquisitions, fund a major Lake Worth Generation pipeline project and to reduce our short-term debt. The offsetting decrease to short-term debt interest charges was $502,000.

Interest charges on long-term debt increased $371,000 in 2001 over 2000 due to two additional bond issues totaling $29,000,000. On September 27, 2001 there was a $15,000,000 bond issued and on November 14, 2001 there was a $14,000,000 bond issued. Short-term interest expense decreased $136,000 primarily due to decreased interest rates and fluctuations in the amounts borrowed under the line of credit.

For detailed information relating to interest charges see "Notes Payable" and "Capitalization" in the Notes to Consolidated Financial Statements.

Other
Merchandise and Service revenue and expenses both increased in 2002, primarily due to the gas division's conservation program that offers rebates to customers for gas merchandise purchases. Profitability has decreased due to increased costs of installing piping and servicing of appliances. The South Florida merchandise revenue remained relatively flat due to the effects of road construction outside of the sales facility.

Other income increased $163,000, primarily due to the period of September 2001 to July 2002, in which the City regulated the water segment but no regulatory fee was due.

Gains on the sale of property were $112,000 in 2002. This was the non-regulated portion of the gains on the sale of property in our Central and South Florida divisions (See the Notes to Consolidated Financial Statements "Gains on Sale of Property" for additional information).

There were no material differences in 'Other' in the 2001 year.

Discontinued Operations

Water Service
On December 3, 2002 the Company entered into an agreement to sell certain assets comprising its water utility system to the City of Fernandina Beach and as a result of this action, the operating results of the water division were reclassified to discontinued operations for all reportable periods. Pursuant to the Agreement, the closing of this transaction is required to take place on or before March 31, 2003, and is currently scheduled for March 27, 2003. The City has agreed to pay the Company $18.95 million in cash at closing, with additional future consideration of $7.5 million, at an anticipated rate of $375,000 per year, commencing on or before February 15, 2004, and a like amount each year thereafter until February 15, 2010, when it is estimated that the Company will receive a final payment from the City in an amount of approximately $5.25 million. The fair value of the consideration is approximately $25.1 million. The assets of the water segment amount to approximately $10,200,000 or less than 10% of the Company's assets including water. For the year ended December 31,2002, the water segment's operating income before income taxes was approximately 12% of total operating income excluding income taxes. Assuming the sale is consummated, the Company will thereupon file an application with the FPSC for approval of the sale to a governmental authority, which, pursuant to Florida Statutes, must be approved by the Commission as a matter of right.

Acquisitions

In October 2001, the Company acquired Z-Gas Company, Inc., a propane gas service distribution company, in a stock for stock transaction valued at approximately $600,000. The acquisition added about 1,000 customers to the propane operation in the Northeast Florida division.

In December 2001, the Company acquired certain net assets of Atlantic Utilities, the Florida operation of Southern Union Company in a cash transaction valued at approximately $10,000,000. Atlantic Utilities served about 4,400 natural gas customers in New Smyrna Beach and about 1,900 propane customers in Central and South Florida.

The excess of the consideration paid over the estimated fair value, or the depreciated original cost for regulated entities, of net assets including intangibles acquired in both the Atlantic Utilities and Z-Gas acquisitions was approximately $3,100,000. This was recorded as goodwill and in accordance with Statement of Financial Accounting Standards (SFAS) No. 142, is not being amortized. The natural gas portion of this amount is approximately $1,500,000.

In November 2002, the Company acquired Nature Coast Utilities, a propane gas service distribution company, in a cash for stock transaction valued at approximately $740,000. The acquisition added about 1,200 customers to the Company's new Nature Coast division located in West Central Florida.

The excess of the consideration paid over the fair value of assets acquired and liabilities assumed associated with this acquisition resulted in goodwill of approximately $223,000 and in accordance with SFAS No. 142, it is not being amortized. There are no other intangible assets identified with this acquisition.

For additional information concerning the acquisitions, see "Acquisitions" in Notes to Consolidated Financial Statements.

Goodwill and Intangible Assets

Effective January 1, 2002, the Company adopted SFAS No. 142, "Goodwill and Other Intangible Assets." Under this statement, the amortization of goodwill is no longer permitted and intangible assets with an indefinite life will not be amortized. The standard requires goodwill to be periodically tested for impairment and written down to fair value if considered impaired. The reporting units have been determined to be propane gas and natural gas for the purposes of impairment testing.

Intangible assets associated with the Company's recent acquisitions have been identified and are shown as separate line items on the balance sheet. Amounts as of December 31, 2001 have been

reclassified to conform to this presentation. The intangibles subject to amortization over a five-year period are non-compete agreements totaling $35,000. The remaining intangibles identified are customer distribution rights of $1,900,000 and customer relationships of $900,000, both of which have indefinite lives and are not subject to amortization.

All goodwill relates to the recent gas acquisitions and accordingly, there is no amortization of goodwill reported in the accompanying condensed consolidated financial statements. Goodwill is $1,513,000 in the natural gas segment and $1,835,000 in the propane segment. The test for goodwill impairment was performed for the reporting units during the second quarter of 2002, as of January 1, 2002. The test results showed that there was no impairment in either reporting unit.

LIQUIDITY AND CAPITAL RESOURCES

Portions of the Company's business are seasonal throughout the year, and accordingly, short-term debt is used to meet working capital requirements. The Company also borrows under lines of credit to finance portions of its capital expenditures and acquisitions, pending refinancing at a later date through the issuance of equity or long-term debt, depending upon prevailing market conditions.

Capital expenditures for 2003 are budgeted to be $9,300,000 and relate mostly to system expansions and replacements. In 2002, $14,100,000 was spent, which included unusual items such as completing the construction of a generation facility gas line, replacing an electric transformer, and construction of a new office building in Debary for the Central Florida division. In 2001, $13,400,000 of capital expenditures included $3,100,000 to begin construction of a gas line to a generation facility. The remaining net cash used by investing activities in 2001 was due to the purchase of Atlantic Utilities and purchase of the restricted funds from the proceeds of the Palm Beach County bonds issuance (see Bond Related Issues). The Company usually has no material commitments for construction expenditures. The commitment of $5,895,000 for the gas line to the generation facility was funded from the restricted funds investment and completed in 2002.

The Company has a $20,000,000 line of credit with its primary bank, of which $19,183,000 was borrowed at the end of 2002. The line of credit provides for interest at LIBOR plus fifty basis points and expires in April 2003. During 2002 the Company closed a $2,500,000 line of credit that it held with a secondary bank. The Company is in the process of negotiating a new line of credit effective in April 2003. The interest rate and terms will not be as favorable as the current line of credit. The Company reserves $1,000,000 in cash or the line of credit as a contingency for major storm repairs in the Northwest Florida electric division. The interest rates for the line of credit at December 31, 2002, 2001 and 2000 were approximately 1.9%, 2.4% and 7.1% respectively.

Notes payable, long-term debt and preferred stock at December 31, 2002 comprised 70% of total capitalization, with equity of 30%. This leverage, along with covenants of our line of credit, will likely prohibit additional long-term debt from being issued without additional equity financing. An equity offering was in process last fall to meet future cash requirements until an agreement to sell the water segment was signed in December 2002 (for additional information see "Discontinued Operations" in the Notes to Consolidated Financial Statements). The closing for the water asset sale is scheduled for March 27, 2003 with the proceeds planned to pay off the current line of credit. After the sale, the Company expects that internally generated cash, coupled with short-term borrowings, will be sufficient to satisfy its operating, normal capital expenditure and dividend requirements for several years. In the long-term, additional equity financing is probable to pay off notes payable or pay for any major acquisitions.

On July 1, 2002, a four-for-three stock split was issued to the record holders of June 14, 2002. All common share information has been restated to reflect the stock split.

Long-term debt has sinking fund payments that begin in 2008. Lines of credit are generally for three years and are renewed at that time.

Contractual Obligations	Payments due by period (dollars in thousands):				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Long-Term Debt	$ 52,500	$ -	$ -	$ -	$ 52,500
Operating Lease Obligations	66	20	31	15	-
Gas Purchase Obligations	52,250	12,292	14,258	9,525	16,174
Electric Purchase Obligations	78	78	-	-	-
Other Purchase Obligations	218	214	5	-	-
Total	$105,112	$ 12,604	$ 14,294	$ 9,540	$ 68,674

Off-Balance Sheet Arrangements

The Company does not use off-balance sheet financing, have minority interests in businesses, engage in energy trading activities, nor does it make loans or guarantee loans to executives or directors. All debt of the business is reflected on the balance sheet.

Bond Related Issues

The Company's 1942 Indenture of Mortgage and Deed of Trust, which is a mortgage on all real and personal property, permits the issuance of additional bonds based upon a calculation of unencumbered net real and personal property. At December 31, 2002, such calculation would permit the issuance of approximately $35.43 million of additional bonds.

The Company issued its First Mortgage Bond, 6.85% Series due 2031 on September 27, 2001 in the aggregate principal amount of $15,000,000 as security for the 6.85% Secured Insured Quarterly Notes, due October 1, 2031 (IQ Notes). Interest on the pledged bond accrues at the rate of 6.85% per annum payable quarterly in arrears on January 1, April 1, July 1 and October 1 of each year, payable initially on January 1, 2002. The pledge bond constitutes the Fourteenth Series of the Company's First Mortgage Bonds.

The Company issued $14,000,000 of Palm Beach County municipal bonds (Industrial Development Revenue Bonds) on November 14, 2001 to finance development in the area. The bond proceeds were restricted and held in trust until the Company incurred construction expenditures in the county. Funds were drawn after each month's construction expenditures. On December 31, 2002 the restricted funds were fully utilized for construction financing and no balance remained.

Florida Public Utilities Company (FPU) has current approval from the Florida Public Service Commission to issue and sell and/or exchange any combination of long-term debt, short-term notes and equity securities and/or to assume liabilities or obligations as guarantor, endorser or surety during calendar year 2002 in the amount of $75 million. The Company received this approval on December 21, 2001. On November 25, 2002, the Company received approval to increase this amount to $130 million.

Impact of Recent Accounting Standards

Financial Accounting Standard No. 143
In August 2001, the Financial Accounting Standards Board (FASB) issued SFAS No. 143, "Accounting for Asset Retirement Obligations." The statement requires that the fair value of an asset retirement obligation be recognized in the period in which it is incurred and the associated asset retirement costs be capitalized as part of the carrying amount of the long-lived asset. The asset retirement cost is subsequently allocated to expense using a systematic and rational method over its useful life. SFAS No. 143 is effective for fiscal years beginning after June 15, 2002. Management

believes the ultimate effect on the financial statements will be immaterial and that the impact on the regulated portion of the business, if any, would be an allowable item for recovery in the Company's rates.

The Florida Public Service Commission (FPSC) is currently in the process of developing a rule on this treatment for regulated purposes and is currently proposing that the effects, if any, of the application of SFAS No. 143 shall be revenue neutral in the rate making process. The FPSC is also proposing that all differences between the application of SFAS No. 143 and the method approved for regulated utilities will be recorded as Regulatory Assets or Liabilities. FPSC- Proposed Rule Development, "Accounting for Asset Retirement Obligations Under SFAS No. 143", Rule No. 25-14.014, F.A.C.

The estimated cost of removal expenses for normal retirements related to regulated fixed assets is being reserved under current commission guidelines through the depreciation expense and accumulated reserves. The estimated value of the reserve that has been accumulated for future cost of removal as of December 31, 2002 is approximately $5,800,000 and is included in accumulated depreciation in the accompanying consolidated financial statements. The Company does not believe it owns assets with retirement obligations as defined by SFAS No. 143, but will continue monitoring the handling of utility long-lived assets for interpretations of assets that are considered to have retirement obligations.

Financial Accounting Standard No. 144
In August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." The statement addresses financial accounting and reporting for the impairment or disposal of long-lived assets. The statement supercedes, with exceptions, SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of." SFAS No. 144 is effective for fiscal years beginning after December 15, 2001. Management has evaluated the impact of implementing SFAS No. 144 and has shown the effects on the Company's financial statements with respect to the upcoming sale of its water division, see "Discontinued Operations" section for additional details. Management feels that any future effect would be an allowable item for recovery in the Company's rates for regulated operations and it does not have any material effect on non-regulated operations.

Financial Accounting Standard No. 146
In June 2002, FASB issued SFAS No. 146, "Accounting for Cost Associated with Exit or Disposal Activities." The standard requires companies to recognize costs associated with exit or disposal activities when they are incurred rather than at the date of a commitment to an exit or disposal plan. The Company will apply this guidance prospectively to any exit or disposal activities initiated after December 31, 2002.

Financial Accounting Standards No. 148
In December 2002, the FASB issued SFAS No. 148, "Accounting for Stock Based Compensation-Transition and Disclosure" This statement amends SFAS No. 123, "Accounting for Stock-Based Compensation", to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. Since the Company does not have any stock-based compensation for employees at this time the statement will not presently have any effect on our financial statements.

OTHER

Critical Accounting Policies and Estimates
Rate Regulated Basis of Accounting - The Company prepares its financial statements in accordance with the provisions of SFAS No. 71 – "Accounting for the Effects of Certain Types of Regulation" (SFAS No. 71) and it is our most critical accounting policy. In general, SFAS No. 71 recognizes that accounting for rate-regulated enterprises should reflect the relationship of costs and revenues introduced by rate regulation. As a result, a regulated utility may defer recognition of a cost (a regulatory asset) or recognize an obligation (a regulatory liability) if it is probable that,

through the rate making process, there will be a corresponding increase or decrease in revenues. SFAS No. 71 does not apply to the unregulated propane gas operations.

Use of Estimates - Management is often required to use its judgment and make assumptions in the calculation of estimates that affect the recorded amounts of assets, liabilities, revenues and expenses in the financial statements of Florida Public Utilities Company. Actual results could differ from these estimates.

Revenue Recognition – The Company bills utility customers on a monthly cycle basis; however, the billing cycle periods for most customers do not coincide with the accounting periods used for financial reporting. The Company accrues estimated revenue for gas and electric customers not yet billed during the accounting period. Determination of unbilled revenue relies on the use of estimates, fuel purchases, and historical data.

Effects of Inflation
The Company's tariffs associated with its utility operating divisions provide for fuel clauses through which rates charged to customers are adjusted for changes in the cost of fuel on a reasonably current basis. Increases in other utility costs and expenses not otherwise offset by increases in revenues or reductions in other expenses could have an adverse effect on earnings due to the time lag associated with obtaining regulatory approval to recover such increased costs and expenses, and the uncertainty of whether regulatory commissions will allow full recovery of such increased costs and expenses.

Forward Looking Information
This report contains forward looking information that is intended to qualify for the safe harbor provided by the Private Securities Litigation Reform Act of 1995. Although the Company believes that its expectations are based on reasonable assumptions, actual results could differ materially from those currently anticipated. Factors that could cause actual results to differ from those anticipated include, but are not limited to, the effects of regulatory actions, competition, future economic conditions and weather. In October 2002 the Company lost a large volume interruptible transportation customer in its natural gas segment. This will cause annual gross profit to decrease by approximately $240,000. This will be offset by the addition of a large volume transportation customer that connected in the third quarter of 2002 that should be approaching full capacity during the first quarter of 2003. The estimated annual gross profit from this customer should be approximately $250,000 per year.

The Company reduced 2002 revenue by $30,000 to allow for estimated over earnings in the electric segment. This amount is subject to an FPSC audit, which will determine the actual amount of over earnings, and could result in a further reduction or increase to revenue in 2003 if the actual amount is determined to be different from the estimate. The Company determined that the natural gas segment did not have over earnings and a reduction was not made to revenue. However, an FPSC audit could determine that over earnings does exist and may potentially result in an insignificant reduction to revenue in 2003 related to 2002. The Company is also requesting approval for the goodwill and intangible assets, associated with our recent Atlantic Utilities regulated asset acquisition, to be allowed in rate base, which will reduce any potential natural gas over earnings amount discussed above.

Recent events will have a significant unfavorable impact to earnings in upcoming financial periods. The decline of the stock market has greatly decreased the value of the pension plan assets and will significantly increase pension expense in 2003. Current actuarial estimates show pension expense increasing by approximately $689,000 in 2003 over 2002.

Industry events, the events of September 11, 2001, and the stock market decline, have resulted in greatly increased insurance costs. Effective September 2002, insurance costs, excluding workers' compensation and medical insurance, increased approximately $250,000 annually. Workers' compensation insurance increased about $125,000 per year effective October 1, 2002. Both increases will carry over into 2003. Management also believes that medical costs will increase in 2003 and the Company made revisions to the medical plan to help minimize the effect on operating

income.

Accounting, auditing, and tax service expenses could be increasing by an estimated $173,000 annually. This is due to additional work requirements of recent regulations on the external auditors and an expanded internal audit program.

The Company is exploring opportunities to reduce operating expenses to offset some of these unfavorable increases. Also, the Company may seek rate relief for either the natural gas or electric segment in 2003 that will include recovering the additional expenses.

On July 21, 2000, the Company entered into a Gas Transportation Agreement ("GTA") with Lake Worth Generation, LLC ("LWG"), that provided for: (i) the construction of a natural gas pipeline ("LWG Lateral") by the Company to a power generation project being developed by LWG on behalf of the City of Lake Worth, Florida ("LWG Project"); (ii) the Company's agreement to transport natural gas to the LWG Project via the LWG Lateral; and (iii) LWG's commitment to pay certain charges for the gas transportation services provided by the Company over a 30 year period. The charges for gas transportation services were set at an amount that would permit the Company to recover a return of 11.17% on its undepreciated investment in the construction of the LWG Lateral, plus recover its operation and maintenance ("O&M") expenses. LWG's obligation to pay for the gas transportation services was secured by an irrevocable letter of credit ("LC") issued on July 6, 2001, and provided to the Company in the amount of the initial estimated cost of construction of $5,490,449. The GTA required monthly payments by LWG in the amount of $109,423 for the first year of the contract, adjusted annually thereafter to account for depreciation of the LWG Lateral. The GTA also required LWG to increase the amount of the LC to cover the actual cost of construction of the LWG Lateral, plus $37,900. In the fourth quarter of 2002, LWG notified the Company that, due to financial difficulties encountered by LWG and its contractors in connection with the LWG Project, LWG would not be able to increase the LC, as required by the GTA, or make monthly payments prospectively beginning in December for services performed in November 2002. The Company, LWG and the City of Lake Worth subsequently entered into a Forbearance Agreement, dated December 31, 2002, and an Amended Forbearance Agreement, dated February 19, 2003. Pursuant to the terms and conditions of these agreements, the City and the Company are negotiating a new gas transportation agreement to replace the GTA, that would provide for the Company's agreement to provide gas transportation services to the City on the LWG Lateral, subject to payment by the City of transportation charges that would be set initially to permit the Company to recover a return of 8.77% on its undepreciated investment in the construction of the LWG Lateral, plus O&M expenses. The Company's rates would be subject to adjustment in subsequent rate proceedings before the Florida Public Service Commission. In the event that the Company and the City execute a new gas transportation agreement by March 31, 2003, the Company will receive payment for the shortfalls in monthly payments under the GTA through March 31, 2003, plus interest, plus a termination fee of $1.5 million dollars, plus other expenses. In the event that a new gas transportation agreement is not executed by March 31, 2003, the forbearance agreements permit the Company to draw upon the LC and the GTA is deemed terminated. At this time, the Company is unable to predict with any degree of certainty the likelihood that a new gas transportation agreement will be executed by March 31, 2003 and has reserved an amount for the current shortfalls in the monthly payments.

On December 3, 2002 the Company entered into an agreement to sell certain assets comprising its water utility system to the City of Fernandina Beach. Pursuant to the Agreement, the closing of this transaction is required to take place on or before March 31, 2003, and is currently scheduled for March 27, 2003. The City has agreed to pay the Company $18,950,000 in cash at closing, with additional future consideration of $7,500,000, at an anticipated rate of $375,000 per year, commencing on or before February 15, 2004, and a like amount each year thereafter until February 15, 2010, when it is estimated that the Company will receive a final payment from the City in an amount of approximately $5,250,000. The fair value of the consideration is approximately $25,100,000. The assets amount to approximately $10,200,000 or less than 10% of the Company's assets including water. The water segment's operating income before income taxes was approximately 12% of total operating income excluding income taxes before the reclassification to

discontinued operations. In the event the sale is consummated, the Company would thereupon file an application with the FPSC for approval of the sale to a governmental authority, which, pursuant to Florida Statutes, must be approved by the Commission as a matter of right. For additional information see the section titled "Discontinued Operations" in the Notes to Consolidated Financial Statements.

Environmental Matters
The Company has several contamination sites in various stages of assessment investigation; see "Contingencies" in the Notes to Consolidated Financial Statements. The Company believes that all future contamination assessment and remedial costs, legal fees and other related costs will not be in excess of the rate relief granted the Company and insurance settlement proceeds received.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

All financial instruments held by the Company were entered into for purposes other than for trading. The Company has market risk exposure only from the potential loss in fair value resulting from reasonably possible changes in interest rates. The Company has no exposure relating to commodity prices because the Company, under its regulatory jurisdictions, is fully compensated for the actual costs of commodities (primarily natural gas and electricity) used in its operations. Any commodity price increases for propane are passed through monthly to propane customers as the fuel charge portion of their rate. This can be performed due to the competition having similar increases that are customarily passed through to their customers.

None of the Company's gas or electric contracts are accounted for using the fair value method of accounting. While some of the Company's contracts meet the definition of a derivative, the Company has designated these contracts as "normal purchases and sales" under SFAS No. 133, "Accounting for Derivatives".

The Company has no exposure to equity risk, as it does not hold any equity instruments. The Company's exposure to interest rate risk is limited to investments held for environmental costs. These investments are fixed income debt securities whose carrying amounts are not materially different than fair value. Such investments mature from 2003 to 2004 and are expected to be held to maturity. Therefore, the Company does not believe it has material market risk exposure related to these instruments. The indentures governing the Company's two first mortgage bond series outstanding contain "make-whole" provisions, which are pre-payment penalties that charge for lost interest, which render refinancing impracticable. In 2002, a hypothetical 1/2% (50 basis points) decrease in the long-term interest rate on $52,500 million debt would change the fair value from $60,215 million to $63,949 million.

Changes in short-term interest rates could have an effect on income depending on the balance borrowed on the variable rate line of credit. On December 31, 2002 and 2001, the Company had $19,183,000 and $20,430,000 in short-term debt, respectively. A hypothetical 1% increase in interest rates would have resulted in a decrease in annual earnings by $120,000 and $127,000 respectively, based on the year-end borrowings.

Item 8. Financial Statements and Supplementary Data

CONSOLIDATED STATEMENTS OF INCOME

(dollars in thousands, except per share data)

	Years Ended December 31		
Revenues	2002	2001	2000
Electric	$ 40,930	$ 39,050	$ 39,304
Natural gas	40,140	44,729	38,270
Propane gas	7,391	5,399	4,380
Total revenues	88,461	89,178	81,954

Cost of fuel and taxes based on revenues	53,532	59,238	53,491
Gross profit	34,929	29,940	28,463
Operating Expenses			
Operations	17,271	13,894	12,445
Maintenance	2,551	2,745	2,588
Depreciation and amortization	5,026	4,525	4,406
Taxes other than income taxes	2,312	2,157	1,955
Total operating expenses	27,160	23,321	21,394
Operating income excluding income taxes	7,769	6,619	7,069
Interest Charges and Other			
Merchandise and service revenue	(3,001)	(2,571)	(1,815)
Merchandise and service expenses	2,778	2,316	1,762
Other income	(590)	(427)	(372)
Other deductions	18	30	23
Gain from sale of non-utility property	(112)	(15)	-
Long-term debt	3,937	2,606	2,235
Short-term borrowings	324	826	962
Customer deposits and other interest	252	159	290
Total interest charges and other	3,606	2,924	3,085
Income from continuing operations excluding income taxes	4,163	3,695	3,984
Income taxes	1,402	1,239	1,319
Income from continuing operations	2,761	2,456	2,665
Discontinued Operations			
Income from discontinued operations-water	908	897	932
Income taxes	306	301	309
Total income from discontinued operations	602	596	623
Net Income	3,363	3,052	3,288
Preferred Stock Dividends	29	29	29
Earnings for Common Stock	$ 3,334	$ 3,023	$ 3,259
Earnings Per Common Share (basic and diluted):	$ 0.70	$ 0.64	$ 0.70
Continuing Operations			
Discontinued Operations	$ 0.16	$ 0.16	$ 0.17
Total	$ 0.86	$ 0.80	$ 0.87
Dividends Declared Per Common Share	$ 0.57	$ 0.55	$ 0.53
Average Shares Outstanding	3,871,019	3,801,740	3,759,347

CONSOLIDATED BALANCE SHEETS

(dollars in thousands)

	December 31,	
ASSETS	2002	2001

Utility Plant		
Electric	$ 59,937	$ 57,212
Natural gas	76,746	68,528
Propane gas	11,232	8,993
Common	4,992	4,844
Total	152,907	139,577
Less accumulated depreciation	54,952	51,489
Net utility plant	97,955	88,088
Current Assets		
Cash	3,200	3,198
Accounts receivable	9,065	6,930
Allowance for uncollectible accounts	(304)	(128)
Unbilled receivable	1,470	1,379
Inventories (at average or unit cost)	3,108	3,261
Prepayments and deferrals	749	670
Under recovery of conservation and unbundling	36	343
Assets held for sale-water operations	10,178	9,662
Total current assets	27,502	25,315
Other Assets		
Investments held for environmental costs	2,815	3,417
Restricted bond proceeds	-	8,008
Deferred charges	10,375	9,260
Goodwill	3,348	3,066
Intangible assets (net)	2,828	2,835
Total other assets	19,366	26,586
Total	$ 144,823	$ 139,989
CAPITALIZATION AND LIABILITIES		
Capitalization		
Common shareholders' equity	$ 30,883	$ 29,329
Preferred stock	600	600
Long-term debt	52,500	52,500
Total capitalization	83,983	82,429
Current Liabilities		
Notes payable	19,183	20,430
Accounts payable	7,472	5,637
Insurance accrued	2,364	2,257
Interest accrued	926	877
Other accruals and payables	3,723	3,186
Over recovery of fuel costs	1,807	1,800
Customer deposits	5,615	4,446
Liabilities held for sale-water operations	1,272	763
Total current liabilities	42,362	39,396

Other Liabilities		
Deferred income taxes	7,366	7,308
Unamortized investment tax credits	751	861
Environmental liability	5,204	5,237
Regulatory tax liabilities	1,413	1,548
Customer advances for construction	1,581	1,256
Storm damage	2,163	1,954
Total other liabilities	18,478	18,164
Commitments and Contingencies (see Notes)	-	-
Total	$ 144,823	$ 139,989

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CAPITALIZATION

(dollars in thousands)

	December 31, 2002	December 31, 2001
Common Shareholders' Equity		
Common stock, $1.50 par value, authorized 6,000,000 shares; issued 4,329,380 shares in 2002; 4,315,967 shares in 2001	$ 6,494	$ 6,474
Paid-in capital	8,472	8,284
Retained earnings	20,529	19,386
Treasury stock - at cost (447,791 shares in 2002, 467,588 shares in 2001)	(4,612)	(4,815)
Total common shareholders' equity	30,883	29,329
Preferred Stock		
4 ¾% Series A, $100 par value, redemption price $106, authorized and outstanding 6,000 shares	600	600
4 ¾% Series B Cumulative Preferred, $100 par value, redemption price $101, authorized 5,000 and none issued	-	-
$1.12 Convertible Preference, $20 par value, redemption price $22, authorized 32,500 and none issued	-	-
Total preferred stock	600	600
Long-Term Debt		
First mortgage bonds series		
9.57 % due 2018	10,000	10,000
10.03 % due 2018	5,500	5,500
9.08 % due 2022	8,000	8,000
4.90 % due 2031	14,000	14,000
6.85 % due 2031	15,000	15,000
Total long-term debt	$ 52,500	52,500
Total Capitalization	83,983	$ 82,429

CONSOLIDATED STATEMENTS OF COMMON SHAREHOLDERS' EQUITY
(dollars in thousands)

	Common Stock					
	Shares Issued	Aggregate Par Value	Paid-in Capital	Retained Earnings	Treasury Shares	Treasury Shares Cost
Balances as of December 31, 1999	4,282,935	$ 6,424	$ 7,739	$ 17,204	546,421	$ (5,501)
Net income				3,288		
Dividends				(2,031)		
Stock plans	16,628	25	310		(17,265)	52
Balances as of December 31, 2000	4,299,563	6,449	8,049	18,461	529,156	(5,449)
Net income				3,052		
Dividends				(2,127)		
Stock issuance for acquisition					(42,613)	439
Stock plans	16,404	25	235		(18,955)	195
Balances as of December 31, 2001	4,315,967	6,474	8,284	19,386	467,588	(4,815)
Net income				3,363		
Dividends				(2,220)		
Stock plans	13,413	20	188		(19,797)	203
Balances as of December 31, 2002	4,329,380	$ 6,494	$ 8,472	$ 20,529	447,791	$ (4,612)

CONSOLIDATED STATEMENTS OF CASH FLOWS

(dollars in thousands) Years Ended December 31,

	2002	2001	2000
Cash Flows from Operating Activities			
Net income	$ 3,363	$ 3,052	$ 3,288

Adjustments to reconcile net income to net cash from operating activities			
Income from discontinued operations, net of tax	(602)	(596)	(623)
Depreciation and amortization	5,026	4,525	4,406
Deferred income taxes	(378)	(307)	281
Bad debt expense	400	410	202
Investment tax credits	(103)	(107)	(110)
Other	69	28	(46)
Gain on sale of non-utility property	(112)	-	-
Effects of changes in			
Receivables	(2,326)	2,466	(2,963)
Unbilled receivable	(126)	19	(229)
Inventories and prepayments	25	83	(1,040)
Accounts payable and accruals	3,060	(4,152)	6,550
Over (under) recovery of fuel costs	315	2,358	(2,208)
Area expansion program deferred costs	(978)	(804)	(576)
Environmental liability	(127)	(82)	106
Other	(196)	(219)	(1,016)
Net cash provided by operating activities	7,310	6,674	6,022
Cash Flows from Investing Activities			
Construction expenditures	(14,136)	(13,442)	(8,443)
(Payment) reduction for purchase of Atlantic Utilities Company	74	(9,792)	-
Payment for purchase of Z-Gas Company, net of cash acquired	(3)	(83)	-
Payment for purchase of Nature Coast Company, net of cash acquired	(735)	-	-
Customer advances for construction	333	(45)	(29)
Reduction (Purchase) of restricted long term investments	8,008	(8,008)	-
Deposit held in escrow for dividend payment	541	(541)	-
Purchase of long-term investment	60	-	1
Proceeds from sale of non-utility property	877	-	-
Net cash used by investing activities	(4,981)	(31,911)	(8,471)
Cash Flows from Financing Activities			
Net change in short-term borrowings	(1,247)	2,530	4,900
Long term borrowings – net of costs	(58)	27,022	-
Proceeds from common stock plans	411	390	387
Dividends paid	(2,201)	(2,102)	(1,998)
Net cash provided by (used by) financing activities	(3,095)	27,840	3,289
Net cash provided by discontinued operations	768	529	(939)
Net Increase (Decrease) in Cash	2	3,132	(99)
Cash at Beginning of Year	3,198	66	165

Cash at End of Year	$ 3,200	$ 3,198	$ 66
Supplemental Cash Flow Information			
Cash was paid during the years as follows:			
Interest	$ 4,506	$ 3,379	$ 3,399
Income taxes	1,965	1,396	1,958
Non-cash investing and financing activities			
Purchase of Z-Gas Company through issuance of			
42,613 shares of common stock	-	$ 503	-

See Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Summary of Significant Accounting and Reporting Policies

Business and Regulation Florida Public Utilities Company (the Company or FPU) is an operating public utility engaged principally in the purchase, transmission, distribution and sale of electricity and in the purchase, transmission, distribution, sale and transportation of natural gas. The Company is subject to the jurisdiction of the Florida Public Service Commission (FPSC) with respect to its electric, natural gas and water operations. The FPSC stopped regulating the water segment of the Company's business on September 17, 2001 due to a resolution passed by Nassau County but regained regulation in July 2002. The suppliers of electrical power to the Northwest Florida division and of natural gas to the natural gas divisions are subject to the jurisdiction of the Federal Energy Regulatory Commission (FERC). The Northeast Florida division is supplied most of its electrical power by a municipality which is exempt from FERC and FPSC regulation. The Company also distributes propane gas through a non-regulated subsidiary. The Company's accounting policies and practices conform to accounting principles generally accepted in the United States of America as applied to regulated public utilities and are in accordance with the accounting requirements and rate making practices of the FPSC.

The Company prepares its financial statements in accordance with the provisions of SFAS No. 71 – "Accounting for the Effects of Certain Types of Regulation". In general, SFAS No. 71 recognizes that accounting for rate-regulated enterprises should reflect the relationship of costs and revenues introduced by rate regulation. As a result, a regulated utility may defer recognition of a cost (a regulatory asset) or recognize an obligation (a regulatory liability) if it is probable that, through the rate making process, there will be a corresponding increase or decrease in revenues. Accordingly, the Company has recognized certain regulatory assets and regulatory liabilities in the consolidated balance sheets. The Company believes that the FPSC will continue to allow the Company to recover such items through its rates. In the event that a portion of FPU's operations are no longer subject to the provisions of SFAS No. 71, the Company would be required to write off related regulatory assets and liabilities that are not specifically recoverable through regulated rates. In addition, the Company would be required to determine if an impairment related to other assets exists, including plant, and write down the assets, if impaired, to their fair value. A summary of such items is as follows (dollars in thousands):

	2002	2001	
Assets			
Deferred development costs	$3,496	$2,518	
Under recovery of conservation and unbundling	36	343	
Unamortized piping and conversion costs	1,501	1,601	(1)

Unamortized loss on reacquired debt	282	302
Total Regulatory Assets	$5,315	$4,764
Liabilities		
Regulatory tax liabilities	$1,413	$1,548
Environmental liability	5,204	5,237
Storm damage	2,163	1,954
Over recovery of fuel costs	1,807	1,800
Total Regulatory Liabilities	$10,587	$10,539

Deferred development costs, unamortized piping and conversion costs, and unamortized loss on reacquired debt are included in deferred charges in the consolidated balance sheets.

(1) 2001 has been adjusted to include unamortized piping and conversion costs related to the acquisition of Atlantic Utilities Company.

The Company has agreed with the FPSC staff to limit its earned return on equity for its regulated electric and natural gas operations. The disposition of any excess earnings is left to the discretion of the FPSC, with alternatives including a refund to customers, additional contributions to storm damage reserves, or the reduction of any depreciation reserve deficiency, if any. The excess earnings for 1997, 1998 and 1999 at one of the Company's electric divisions were ordered by the FPSC to be added to that division's storm damage reserve. Since that last order on the 1999 disposition of excess earnings, the FPSC has allowed the Company the automatic flexibility of funding the storm damage reserves each year thereafter through use of the excess earnings and allowing additional storm damage accruals up to a cap in those reserves of $1,500,000 and $1,400,000 in the Fernandina Beach and Marianna electric divisions, respectively. The Company funded its Fernandina Beach electric storm reserve with an additional $237,000 relating to 2000 excess earnings. In 2001, the Company did not have any excess earnings and accordingly has not funded any additional amounts to its storm damage reserves. In 2002, the Company has reserved for $30,000 in its electric segment for possible overearnings, and may also have additional over earnings in its natural gas segment. As of the end of 2002, the Fernandina Beach and Marianna electric storm reserves were at approximately $1,257,000 and $847,000, respectively.

The Company filed the appropriate unbundled tariffs to give its commercial natural gas customers the option of purchasing their gas supplies from third parties. The Company officially offered unbundled services to commercial customers on August 1, 2001. Even though FPU has had the overall lowest gas costs in the Florida market, third party suppliers may be able to offer our customers additional programs, which a regulated gas company cannot offer. Furthermore, by purchasing their gas supplies from third parties, our commercial customers may avoid certain taxes and fees, which FPU is required to collect and impose on the sale of natural gas. The Company's operating results will not be affected as the Company realizes the same gross profit regardless of whether the customer purchases the gas from us or uses our system to transport the gas since it does not profit on the fuel sales. The FPSC approved various mechanisms, which will allow the Company to be reimbursed for the incremental cost of providing unbundled services.

Revenue The Company bills utility customers on a monthly cycle basis; however, the billing cycle periods for most customers do not coincide with the accounting periods used for financial reporting. The Company accrues estimated revenue for gas and electric customers not yet billed during the accounting period. Determination of unbilled revenue relies on the use of estimates, fuel purchases, and historical data.

The rates of the Company include base revenues, fuel adjustment charges and the pass-through of certain governmental imposed taxes based on revenues. The base revenues are determined by the FPSC and remain constant until a request for an increase in such rates is filed and approved by the

FPSC. From the FPSC perspective, the Company operates four distinct "entities", i.e., Northwest Florida electric, Northeast Florida electric, Northeast Florida water, and natural gas, consisting of Palm Beach County, and the Sanford and DeLand area in Central Florida. Thus, for the Company to recover through rate relief the effects of inflation and construction expenditures for all such "entities", a request for an increase in base revenues would require the filing of four separate rate cases. The FPSC allows for an annual automatic rate increase for water operations through the use of a price index. Fuel adjustment charges are estimated for customer billing purposes and any under/over-recovery difference between the incurred cost of fuel and estimated amounts billed to customers is deferred for future recovery or refund and either charged or credited to customers. Interest accrues on such under/over-recoveries and is included in the subsequent adjustment.

Consolidation The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Flo-Gas Corporation. All significant intercompany balances and transactions have been eliminated.

Certain reclassifications have been made to the prior years' financial statements and other financial information contained herein to conform to the 2002 presentation.

Utility Plant and Depreciation Utility plant is stated at original cost. Propane utility plant that has been acquired in recent acquisitions is stated at fair market value at the time of each acquisition. The costs of additions to utility plant include contracted services, direct labor, transportation and materials. The costs of units of property retired are removed from utility plant, and such costs plus removal costs, less salvage, are charged to accumulated depreciation. Maintenance and repairs of property and replacement and renewal of items determined not to be units of property are charged to operating expenses. Substantially all of the utility plant and the shares of Flo-Gas Corporation collateralize the Company's First Mortgage Bonds.

Depreciation is computed using the composite straight-line method at rates prescribed by the FPSC for financial accounting purposes. Propane depreciation is computed using a composite straight-line method at an average rate based on estimate life of approximately 20 years. Such rates are based on estimated service lives of the various classes of property. Depreciation provisions on average depreciable property approximate 3.3% in 2002, 3.4% in 2001 and 3.6% in 2000.

Income Taxes Deferred income taxes are provided on all significant temporary differences between the financial statements and tax basis of assets and liabilities at currently enacted tax rates. Investment tax credits have been deferred and are amortized based upon the average useful life of the related property in accordance with the rate treatment.

Use of Estimates Inherent in the accounting process is the use of estimates when preparing financial statements in accordance with generally accepted accounting principles. Actual results could differ from these estimates. The Company has used estimates in the preparation of its financial statements including the accrual for uninsured liability claims. The Company is self-insured for the first $250,000 of each general and auto liability claim and therefore accrues for estimated losses occurring from both asserted and unasserted claims. The estimate for unasserted claims arising from unreported incidents is based on an analysis of historical claims data and judgment. Management believes that its accrual for potential liability claims is adequate.

Notes Payable The Company has a $20,000,000 line of credit with its primary bank, of which $19,183,000 was borrowed at the end of 2002. The line of credit provides for interest at LIBOR plus fifty basis points and expires in April 2003. During 2002 the Company closed a $2,500,000 line of credit that it held with a secondary bank. The Company is in the process of negotiating a new line of credit effective in April 2003. The interest rate and terms will not be as favorable as the current line of credit. The Company reserves $1,000,000 in cash or the line of credit as a contingency for major storm repairs in the Northwest Florida electric division. The interest rates for the line of credit at December 31, 2002, 2001, and 2000 were approximately 1.9%, 2.4% and 7.1% respectively.

Acquisitions

In October 2001, the Company acquired Z-Gas Company, Inc., a propane gas service distribution company, in a stock for stock transaction valued at approximately $600,000. The transaction involved the issuance of 42,613 shares of the Company's common stock and approximately $20,000 in cash. The acquisition added about 1,000 customers to the propane operation in the Northeast Florida Division.

In December 2001, the Company acquired certain net assets of Atlantic Utilities, the Florida operation of Southern Union Company in a cash transaction valued at approximately $10,000,000. Atlantic Utilities served about 4,400 natural gas customers in New Smyrna Beach and about 1,900 propane customers in central and south Florida.

The excess of the consideration paid over the estimated fair value, or the depreciated original cost for regulated entities, of net assets including intangibles acquired in both the Atlantic Utilities and Z-Gas acquisitions was approximately $3,100,000. This was recorded as goodwill and according to SFAS No. 142 is not being amortized. This amount was subject to reclassifications to intangible assets and immaterial adjustments to the purchase price in 2002. The natural gas portion of this amount is approximately $1,500,000.

Fair Market Value of Assets Acquired and Liabilities Assumed in 2001
(dollars in thousands)

	ATLANTIC	Z-GAS
Utility plant		
Natural gas	$ 4,802	$ -
Propane gas	1,246	333
Accumulated depreciation and amortization	(2,195)	-
Net utility plant	3,853	333
Current Assets		
Cash	-	14
Accounts receivable	99	23
Inventories	212	17
Total current assets	311	54
Goodwill-Natural gas	1,514	-
Goodwill-Propane gas	1,412	199
Intangibles-Natural gas	1,900	-
Intangibles-Propane gas	930	5
Deferred charges	348	-
Total other assets	6,104	204
Current Liabilities		
Interest accrued	(12)	-
Other accruals and payables	(279)	(12)
Customer deposits	(260)	-
Total current liabilities	(551)	(12)

Total acquisition cost	$ 9,717	$ 579

The following unaudited pro forma information combines the consolidated results of operations of Florida Public Utilities Company with those of Z-Gas and Atlantic Utilities as if these acquisitions had occurred at the beginning of 2000. The pro forma results are not necessarily an indication of the results that would have been achieved had the transactions been consummated as of the date indicated, or that may be achieved in the future. The 2001 information includes actual amounts for November and December information for Z-Gas and December 15-31 information for Atlantic Utilities. The income statement for 2002 includes all the effects from these two acquisitions and no pro forma adjustments are necessary.

Pro Forma Results
(dollars in thousands except for per share data)
Years ended December 31,

	2001	2000
Revenues	$ 95,096	$ 86,184
Cost of fuel and taxes based on revenues	62,560	55,356
Gross Profit	32,536	30,828
Operating Income from continuing operations	6,507	6,398
Net Income from continuing operations	3,204	3,070
Earnings for Common Stock from continuing operations	3,175	3,041
Average Shares Outstanding	3,837,251	3,801,960
Earnings per Common Share from continuing operations	$ .82	$ .79

In November 2002, the Company acquired Nature Coast Utilities, a propane gas service distribution company, in a cash for stock transaction valued at approximately $740,000. The acquisition added about 1,200 customers to the Company's new Nature Coast division located in West Central Florida.

The excess of the consideration paid over the fair value of assets acquired and liabilities assumed associated with this acquisition, resulted in goodwill of approximately $223,000 and in accordance with SFAS No. 142, it is not being amortized. There are no other intangible assets identified with this acquisition.

Goodwill and Intangible Assets

Effective January 1, 2002, the Company adopted (SFAS) No. 142, "Goodwill and Other Intangible Assets." Under this statement, the amortization of goodwill is no longer permitted and intangible assets with an indefinite life will not be amortized. The standard requires goodwill to be periodically tested for impairment and written down to fair value if considered impaired. The reporting units have been determined to be propane gas and natural gas for the purposes of impairment testing.

Intangible assets associated with the Company's recent acquisitions have been identified and are shown as separate

line items on the balance sheet. Amounts as of December 31, 2001 have been reclassified to conform to this presentation. The intangibles subject to amortization over a five-year period are non-compete agreements totaling $35,000. The remaining intangibles identified are customer distribution rights of $1,900,000 and customer relationships of $900,000, both of which have indefinite lives and are not subject to amortization.

All goodwill relates to the recent gas acquisitions and accordingly, there is no amortization of goodwill reported in the accompanying 2000, 2001, and 2002 consolidated financial statements. Goodwill is $1,513,000 in the natural gas segment and $1,835,000 in the propane segment. The test for goodwill impairment was performed for the reporting units during the second quarter of 2002, as of January 1, 2002. The test results showed that there was no impairment in either reporting unit.

Discontinued Operations

On December 3, 2002 the Company entered into an agreement to sell certain assets comprising its water utility system to the City of Fernandina Beach. Pursuant to the Agreement, the closing of this transaction is required to take place on or before March 31, 2003, and is currently scheduled for March 27, 2003. The City has agreed to pay the Company $18,950,000 in cash at closing, as well as contingent "futures" consideration until February 15, 2010, when it is estimated that the Company will receive a final payment from the City. The fair value of the consideration is approximately $25,100,000. The assets amount to approximately $10,200,000 or less than 10% of the Company's assets including water. The water segment's operating income before income taxes was approximately 12% of total operating income excluding income taxes before the reclassification to discontinued operations. In the event the sale is consummated, the Company would thereupon file an application with the FPSC for approval of the sale to a governmental authority, which, pursuant to Florida Statutes, must be approved by the Commission as a matter of right.

The accompanying consolidated financial statements have been restated for all periods presented for the discontinued operations of the water division. The net income of this water operation is reported as discontinued operations in the Consolidated Statements of Income. The Company has not ceased recording depreciation expense due to the regulatory requirements and will continue to expense depreciation through the anticipated sales date of March 27, 2003. The assets and liabilities of the water division have been included in current assets and current liabilities, as assets and liabilities held for sale until the sale is consummated. Results of discontinued operations for the years ended December 31, were as follows:

Results of Water Operations (dollars in thousands):	2002	2001	2000
Revenues	$ 3,116	$ 2,965	$ 2,805
Gross profit	$ 2,983	$ 2,836	$ 2,680
Income from discontinued operations before income taxes	$ 908	$ 897	$ 932
Income tax expense	306	301	309
Income from discontinued operations	$ 602	$ 596	$ 623

The major balance sheet classes included in assets and liabilities of discontinued operations in the Consolidated Balance Sheets, as of December 31, are as follows:

Major Balance Sheet Classes - Water Operations (dollars in thousands):	2002	2001
Assets		
Utility plant, net	$ 9,782	$ 9,241
Current assets	396	421

Total	$ 10,178	$ 9,662
Liabilities		
Current liabilities	$ 15	$ 8
Customer advances for construction	1,257	755
Total	$ 1,272	$ 763

Gain on Sale of Property

The Company sold property held in Delray Beach, in its South Florida division, for a gain of approximately $529,000 in the first quarter of 2002. This property was primarily regulated property and accordingly the majority of the gain was deferred awaiting Florida Public Service Commission (FPSC) approval on the disposition of that gain. The Company has been granted approval by the FPSC to allow amortization of the gain with an offset to depreciation expense over five years beginning April 2002. The non-regulated portion of the gain has been recognized in the first quarter of 2002 and amounts to $53,000, net of income taxes.

The Company sold property held in DeLand, in its Central Florida division, for a gain of approximately $186,000 during the third quarter of 2002. This property was primarily regulated property and accordingly the majority of the gain was deferred awaiting Florida Public Service Commission (FPSC) approval on the disposition of that gain. The Company has been granted approval by the FPSC to allow amortization of the gain with an offset to depreciation expense over five years beginning August 2002. The non-regulated portion of the gain has been recognized in the third quarter of 2002 and amounts to $17,000, net of income taxes.

The total earnings per share effect of both gains included in the Consolidated Statements of Income for the twelve months ended December 31, 2002 is $0.02. Excluding the property gains in the twelve months ended December 31, 2002 total earnings per share would be $0.84.

Capitalization

Common Stock Split

In July 2002, the Company affected a four-for-three stock split in the form of a stock dividend and, accordingly, transferred from paid-in capital to common stock, an amount equal to the aggregate par value of the additional shares. All per share data included herein have been retroactively restated to reflect the stock split.

Common Shares Reserved

The Company has reserved 104,887 common shares for issuance under the Dividend Reinvestment Plan and 27,724 common shares for issuance under the Employee Stock Purchase Plan.

Dividend Restriction

The Indenture of Mortgage and Deed of Trust and supplements thereto provide for restriction of the payment of cash dividends. At December 31, 2002 approximately $4,000,000 of retained earnings were free of such restriction.

Long-Term Debt

The Company issued its First Mortgage Bond, 6.85% Series due 2031 on September 27, 2001 in the aggregate principal amount of $15,000,000 as security for the 6.85% Secured Insured Quarterly Notes, due October 1, 2031 (IQ Notes). Interest on the pledged bond accrues at the rate of 6.85% per annum

payable quarterly in arrears on January 1, April 1, July 1 and October 1 of each year, payable initially on January 1, 2002. The pledge bond constitutes the Fourteenth Series of the Company's First Mortgage Bonds.

Sinking fund payments are scheduled to begin in 2008.

Restricted Bond Proceeds

The Company issued $14,000,000 of Palm Beach County municipal bonds (Industrial Development Revenue Bonds) on November 14, 2001 to finance development in the area. The interest rate on the thirty-year callable bonds is 4.90%. The bond proceeds were restricted and held in trust until construction expenditures were actually incurred by the Company. In 2002 $8,008,000 was drawn from the restricted funds held by the trustee and no restricted funds were remaining at December 31, 2002.

Bond Proceeds

The Company issued its First Mortgage Bond, 6.85% Series due 2031 on September 27, 2001 in the aggregate principal amount of $15,000,000 as security for the 6.85% Secured Insured Quarterly Notes, due October 1, 2031 (IQ Notes). Interest on the pledged bond accrues at the rate of 6.85% per annum payable quarterly in arrears on January 1, April 1, July 1 and October 1 of each year, payable initially on January 1, 2002. The pledged bond constitutes the Fourteenth Series of the Company's First Mortgage Bonds.

Segment Information

The Company is organized into two continuing regulated business segments: natural gas and electric and one non-regulated business segment, propane gas. Water, a regulated segment, has been classified as discontinued operations and has been eliminated from segment information with the exception of Identifiable assets. There are no material inter-segment sales or transfers.

Identifiable assets are those assets used in the Company's operations in each business segment. Common assets are principally cash and overnight investments, deferred tax assets and common plant.

Business segment information for 2002, 2001 and 2000 is summarized as follows:
(dollars in thousands)

	2002	2001	2000
Revenues			
Electric	$ 40,930	$ 39,050	$ 39,304
Natural gas	40,140	44,729	38,270
Propane gas	7,391	5,399	4,380
Consolidated	$ 88,461	$ 89,178	$ 81,954
Operating income from continuing operations excluding income tax			
Electric	$ 2,980	$ 2,893	$ 3,016
Natural gas	4,291	3,295	3,789
Propane gas	498	431	264
Consolidated	$ 7,769	$ 6,619	$ 7,069

Identifiable assets

Electric	$ 39,446	$ 37,753	$ 36,911
Natural gas	57,753	52,734	42,564
Propane gas	10,288	10,728	5,648
Water operations – held for sale	10,096	9,579	9,038
Common	27,240	29,195	14,885
Consolidated	$ 144,823	$ 139,989	$ 109,046
Depreciation and amortization			
Electric	$ 2,116	$ 2,070	$ 1,969
Natural gas	2,272	1,963	2,027
Propane gas	436	322	284
Common *	202	170	126
Consolidated	$ 5,026	$ 4,525	$ 4,406

* Common has been restated for 2001 and 2000 to exclude depreciation expenses related to water operations.

Construction expenditures			
Electric	$ 3,278	$ 4,418	$ 3,015
Natural gas	9,373	7,508	3,300
Propane gas	1,298	1,147	757
Common	187	369	1,371
Consolidated	$ 14,136	$ 13,442	$ 8,443
Continuing operations income tax expense			
Electric	$ 292	$ 397	$ 475
Natural gas	741	547	728
Propane gas	151	84	26
Common	218	211	90
Consolidated	$ 1,402	$ 1,239	$ 1,319

Income Taxes

The provision (benefit) for income taxes consists of the following (dollars in thousands):

	2002	2001	2000
Current payable			
Federal	$ 1,609	$ 1,413	$ 981
State	274	240	167
	1,883	1,653	1,148
Deferred			
Federal	(338)	(275)	222
State	(40)	(32)	59
	(378)	(307)	281

Investment tax credit	(103)	(107)	(110)
Income taxes – continuing operations	1,402	1,239	1,319
Income taxes – discontinued operations	306	301	309
Total	$ 1,708	$ 1,540	$ 1,628

The difference between the effective income tax rate and the statutory federal income tax rate applied to pretax income is accounted for as follows (dollars in thousands):

	2002	2001	2000
Federal income tax at statutory rate	$ 1,724	$ 1,561	$ 1,671
State income taxes, net of federal benefit	146	139	166
Investment tax credit	(110)	(114)	(117)
Other	(52)	(46)	(92)
Total provision for income taxes	$ 1,708	$ 1,540	$ 1,628

The tax effects of temporary differences producing accumulated deferred income taxes in the accompanying consolidated balance sheets are as follows (dollars in thousands):

	2002	2001	2000
Deferred tax assets:			
Environmental	$ 2,112	$ 2,125	$ 1,997
Self insurance	664	75	107
Other	518	160	339
Total deferred tax assets	3,294	2,360	2,443
Deferred tax liabilities:			
Utility plant related	9,422	8,748	8,654
Under recovery of fuel costs	174	320	798
Pension	804	225	233
Other	260	375	195
Total deferred tax liabilities	10,660	9,668	9,880
Net deferred income taxes	$ 7,366	$ 7,308	$ 7,437

Employee Benefit Plans

Florida Public Utilities Company sponsors a qualified pension plan and postretirement medical and life benefit plans for its employees. The life plan obligations are de-minimis and not reflected in the Company's disclosures. The following tables provide a reconciliation of the changes in the plans' benefit obligations and fair value of assets over the 2-year period ending December 31, 2002, and a statement of the funded status as of December 31 of both years:

	Pension Benefits		Other Benefits	
	2002	2001	2002	2001
Reconciliation of Benefit Obligation				
Prior year obligation at December 31	$ 26,164,049	$ 26,186,445	$ 1,410,368	$ 1,875,972
Service cost	895,888	901,220	59,873	77,425
Interest cost	1,818,276	1,780,967	111,207	103,649
Participant contributions	0	0	20,498	15,625
Plan amendments	0	295,554	0	0
Actuarial (gain) loss	591,406	(1,844,718)	184,631	(590,995)
Acquisitions (divestitures)	0	0	0	0
Benefit payments	(1,186,293)	(1,155,419)	(60,938)	(71,308)
Curtailments	0	0	0	0
Settlements	0	0	0	0
Current year obligation at December 31	$ 28,283,326	$ 26,164,049	$ 1,725,639	$ 1,410,368
Reconciliation of Fair Value of Plan Assets				
Prior year fair value of plan assets at December 31	$ 32,007,418	$ 35,113,920	$ 0	$ 0
Actual return on plan assets	(3,867,807)	(1,951,083)	0	0
Acquisitions (divestitures)	0	0	0	0
Employer contributions	0	0	40,440	55,683
Participant contributions	0	0	20,498	15,625
Benefit payments	(1,186,293)	(1,155,419)	(60,938)	(71,308)
Settlements	0	0	0	0
Current year fair value of plan assets at December 31	$ 26,953,318	$ 32,007,418	$ 0	$ 0
Funded Status				
Funded status at December 31	$ (1,330,008)	$ 5,843,369	$ (1,725,639)	$ (1,410,368)
Unrecognized transition (asset) obligation	0	0	428,950	471,846
Unrecognized prior service cost	6,292,020	7,006,373	0	0
Unrecognized (gain) loss	(2,531,878)	(10,578,578)	(207,989)	(397,442)
Net amount recognized	$ 2,430,134	$ 2,271,164	$ (1,504,678)	$ (1,335,964)

The following table provides the amounts recognized in the statement of financial position as of December 31 of
both years:

	Pension Benefits		Other Benefits	
	2002	2001	2002	2001
Prepaid benefit cost	$ 2,430,134	$ 2,271,164	$ 0	$ 0
Accrued benefit liability	0	0	(1,504,678)	(1,335,964)

Intangible asset	0	0	0	0
Accumulated other comprehensive income	0	0	0	0
Net amount recognized	$ 2,430,134	$ 2,271,164	$ (1,504,678)	$ (1,335,964)

The following table provides the components of net periodic benefit cost for the plans for fiscal years 2002, 2001, and 2000:

	Pension Benefits			Other Benefits		
	2002	2001	2000	2002	2001	2000
Service cost	$ 895,888	$ 901,220	$ 971,596	$ 59,873	$ 77,425	$ 87,:
Interest cost	1,818,276	1,780,967	1,694,069	111,207	103,649	118,:
Expected return on plan assets	(2,800,350)	(2,821,040)	(2,785,633)	0	0	
Amortization of transition (asset) obligation	0	0	(183,269)	42,896	42,896	42,8
Amortization of prior service cost	714,353	722,015	716,418	0	0	
Amortization of net (gain) loss	(787,137)	(829,342)	(875,582)	(4,822)	(4,778)	1,(
Net periodic benefit cost	$ (158,970)	$ (246,180)	$ (462,401)	$ 209,154	$ 219,192	$ 249,:
Curtailment (gain) loss	0	0	0	0	0	
Settlement (gain) Loss	0	0	0	0	0	
Net periodic benefit cost after Curtailments and settlements	$ (158,970)	$ (246,180)	$ (462,401)	$ 209,154	$ 219,192	$ 249,:

The amount included within other comprehensive income arising from a change in the additional minimum pension liability was $0 at December 31, 2002, $0 at December 31, 2001, and $0 at December 31, 2000.

The prior service costs are amortized on a straight-line basis over the average remaining service period of active participants. Gains and losses in excess of 10% of the greater of the benefit obligation and the market-related value of assets are amortized over the average remaining service period of active participants.

The pension plan is noncontributory; the postretirement medical plan is contributory with participants' contributions subject to adjustment annually. The accounting for the health care plan anticipates future cost-sharing changes to the written plan such that retiree contributions will increase over time at the same rate as the total plan cost.

The assumptions used in the measurement of the Company's benefit obligation are shown in the following table:

	Pension Benefits			Other Benefits		
	2002	2001	2000	2002	2001	2000
Weighted-average						

Assumptions as of December 31						
Discount rate	6.75%	7.25%	7.00%	6.75%	7.25%	7.00%
Expected return on plan assets	8.50%	8.50%	8.50%	N/A	N/A	N/A
Rate of compensation increase	4.00%	4.50%	5.50%	N/A	N/A	N/A

For measurement purposes, the annual rate of increase in the per capita cost of covered health care benefits during 2002 was 6.25%. These rates were assumed to decrease gradually each year to a rate of 4.50% for 2007 and remain at that level thereafter.

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans.
A 1% change in assumed health care cost trend rates would have the following effects:

	1% Increase	1% Decrease
Effect on total of service and interest cost components of net periodic postretirement health care benefit cost	$ 21,753	$ (18,347)
Effect on the health care component of the accumulated postretirement benefit obligation	$ 192,591	$(164,373)

Health Plan
The Company is principally self-insured for its employee and retiree medical insurance plan. The Company's health care liability under the plan is limited to $125,000 per individual per year, with a maximum annual total liability of $1,505,136.

A reserve for future benefit payments for active employees is maintained at a level sufficient to provide for estimated outstanding claims under the plan net of amounts contributed by employees. Net health care benefits paid by the Company for active employees were approximately $732,000, $629,000 and $509,000 for 2002, 2001 and 2000, respectively.

Employee Stock Purchase Plan
The Company's Employee Stock Purchase Plan offers common stock at a discount to qualified employees. During 2002, 2001 and 2000, 17,589, 15,699 and 14,465 shares, respectively, were issued under the Plan for aggregate consideration of $195,000, $162,000 and $165,000, respectively.

Dividend Reinvestment Plan
During 2002, 2001 and 2000, 13,413, 16,404 and 16,628 shares, respectively, were issued under the Company's Dividend Reinvestment Plan for aggregate consideration of $185,000, $196,000 and $193,000, respectively.

Fair Value of Financial Instruments
The carrying amounts reported in the balance sheet for investments held in escrow for environmental costs, notes payable, taxes accrued and other accrued liabilities approximate fair value. As the older bonds contain 'make whole' provisions it would negate any fluctuation in interest rates. The fair value of long-term debt is estimated by discounting the future cash flows of each issuance at rates currently offered to the Company for similar debt instruments of comparable maturities.

	2002		2001	
	Carrying Amounts	Approximate Fair Value	Carrying Amounts	Approximate Fair Value
Long-term debt	$ 52,500,000	$ 60,215,000	$52,500,000	$ 57,273,000

3/18/2003

Contingencies

Environmental
The Company is subject to federal and state legislation with respect to soil, groundwater and employee health and safety matters and to environmental regulations issued by the Florida Department of Environmental Protection (FDEP), the United States Environmental Protection Agency (EPA) and other federal and state agencies. Except as discussed below, the Company does not expect to incur material future expenditures for compliance with existing environmental laws and regulations.

West Palm Beach Site.
FPU is currently conducting a contamination assessment investigation of a parcel of property owned by it in West Palm Beach, Florida upon which FPU previously operated a gasification plant. After a preliminary contamination assessment investigation indicated soil and groundwater impacts, FPU entered into a consent order with the Florida Department of Environmental Protection ("FDEP"). The consent order required FPU to delineate the extent of soil and groundwater impacts associated with the prior operation of the gasification plant and to remediate such soil and groundwater impacts, if necessary. A Supplemental Contamination Assessment Report Addendum ("SCARA") was submitted to FDEP in December 2001 for review and comment. On September 26, 2002, FPU submitted a work plan for additional fieldwork to respond to FDEP's comments to the SCARA. This work will be undertaken in conjunction with additional soil investigation planned for January/February 2003 to assist in the preparation of a feasibility study to evaluate remedial alternatives for the site. The cost to complete the additional fieldwork, including the feasibility study, is approximately $355,000.

Prior to completion of the contamination assessment/feasibility study phases, FPU is unable to determine the complete extent or cost of remedial action, which may be required. A revised preliminary estimate from FPU's environmental consultant projected that remediation costs for this site may reach approximately $4,354,000. A portion of the on-site impacts have been determined to be eligible for reimbursement from a state fund and the FDEP has determined that a portion of the work conducted off-site may be eligible for reimbursement under state law.

Sanford Site.
FPU owns a parcel of property located in Sanford, Florida, upon which a gasification plant was operated prior to FPU's acquisition of the property. Upon the discovery of soil and groundwater impacts on the property, FPU has participated with four former owners and operators of the gasification plant in the funding of numerous investigations of the extent of the impacts and the identification of an appropriate remedy. On or about March 25, 1998, FPU executed an Administrative Order of Consent ("AOC") with the four former owners and operators (collectively, the "Group") and the United States Environmental Protection Agency ("EPA") that obligated the Group to implement a Remedial Investigation/Feasibility Study ("RI/FS") task and to pay EPA's past and future oversight costs for the RI/FS. The Group also entered into a Participation Agreement and an Escrow Agreement on or about April 13, 1998. These agreements governed the manner and means by which all parties were to satisfy their respective obligations under the AOC for the RI/FS task. FPU agreed to pay approximately 13.7% of the cost for the RI/FS. Fieldwork for the RI/FS was initiated in 1998. A final RI report was submitted to EPA in July 1999. The Group also submitted a Baseline Risk Assessment to EPA in January 2000, including an Ecological Risk Assessment ("ERA"). Additional fieldwork will be required to

complete the ERA at a total estimated cost of less than $50,000. FPU's share of the additional ERA work is 13.7%.

On July 5, 2000, EPA issued a Record of Decision ("ROD") approving the final remedial action for contaminated soils at the site ("OU1 Remedy"). The initial estimated cost for the OU1 Remedy described in the ROD ranges from $5,593,000 to $5,760,000. On June 12, 2001, EPA issued a ROD approving the final remedial action for contaminated groundwater at the site ("OU2 Remedy"). The present worth cost estimate for the OU2 Remedy is $320,252.

The Group completed negotiations on a remedial design/remedial action ("RD/RA") Consent Decree with EPA to provide for the implementation of the OU1 Remedy and OU2 Remedy. The Group anticipates that the Consent Decree will be signed by EPA and lodged with the United States District Court for public comment in early Spring 2003. After lodging, there is a thirty (30) day minimum public comment period. At the conclusion of the comment period, the Court will enter the Consent Decree, unless there has been opposition filed.

Pursuant to the Consent Decree, pre-remedial design fieldwork was performed to assist in the design of the final remedy for OU1 and OU2. The cost of the additional field and design work was approximately $850,000. Upon EPA's approval of the final design, the Group will be obligated to implement the remedy for OU1 and OU2. Based on fieldwork completed recently, it is now anticipated that the final cost of the remedy for OU1 and OU2 will exceed the $6,000,000 combined estimate provided in the RODs for OU1 and OU2. Pursuant to the terms and conditions of the Second Participation Agreement entered into by members of the Group on August 1, 2000, FPU's share of costs for implementation of the OU1 Remedy and OU2 Remedy, including the pre-remedial design fieldwork, is 10.5%, up to a maximum cost of $6,000,000. FPU will oppose any effort by the Group to increase FPU's share of total remedial costs above 10.5% of the current $6,000,000 cap, since the increased remedial cost is due to the discovery of additional impacted soils on property not owned by FPU. The Consent Decree also obligates the Group to reimburse EPA's past costs of approximately $142,500 and EPA's future oversight costs. FPU's share of EPA's past costs and future oversight costs is 10.5%.

Pensacola Site.
FPU is the prior owner/operator of the former Pensacola gasification plant, located at the intersection of Cervantes Street and the Louisville and Nashville (CSX) Railroad line, Pensacola, Florida. Following notification on October 5, 1990 that FDEP had determined that FPU was one of several responsible parties for any environmental impacts associated with the former gasification plant site, FPU entered into cost sharing agreements with three other responsible parties providing for the funding of certain contamination assessment activities at the site.

A final report describing the results of contamination assessment activities at the site was submitted to FDEP in November 1995. The report concluded that soil or groundwater remediation was not warranted at the site. The report further recommended that existing environmental impacts be monitored through periodic sampling of groundwater at the site. By letter dated July 16, 1997, FDEP approved a groundwater-monitoring plan that provides for annual sampling of selected monitoring wells at the site. To date, FPU's share of these costs has not exceeded $3,000 annually.

In March 1999, the EPA requested site access in order to undertake an Expanded Site Inspection ("ESI"). The ESI was completed by the EPA's contractor in 1999 and an ESI report was transmitted to FPU in January 2000 (the "ESI Report"). The ESI Report recommends additional work at the site. The responsible parties met with FDEP on February 7, 2000 to discuss EPA's plans for the site. In February 2000, the EPA preliminarily indicated that it would defer management of the site to FDEP; however, as of this date, FPU has not received any written confirmation from the EPA or FDEP regarding this matter. Prior to receipt of EPA's written determination regarding site management, FPU is unable to determine whether additional field work or site remediation will be required by EPA, and if so, the scope or costs of such work.

Based on existing information, FPU believes that all future contamination assessment and remedial costs, legal fees and other related costs will not be in excess of the rate relief granted in favor of and insurance settlement proceeds received by FPU.

Insurance Claims and Rate Relief
FPU notified its insurance carriers of environmental impacts detected at the former gasification plant sites discussed above. As a result of negotiations with FPU's major insurance carriers that concluded in 1997, such carriers agreed to pay settlement proceeds totaling approximately $4,300,000 for certain environmental costs. In addition, the Florida Public Service Commission has allowed FPU to recover through rate relief environmental expenses of approximately $2,400,000 over a ten-year period at the rate of approximately $240,000 per year. The Company currently has $5,204,000 reserved, which is net of costs paid to date, for environmental contingencies as of December 31, 2002.

Other

Violet Skipper, PC Buyers, Inc. and Thomas Wade Skipper v. Florida Public Utilities Company, Case No. CL 00-10131-AF, Circuit Court of the Fifteenth Judicial Circuit, Palm Beach County, Florida. On or about October 18, 2000, FPU was sued by the Plaintiffs in this case for damages allegedly arising out of FPU's alleged negligence in failing to properly install and/or maintain electrical power lines, utility poles and related equipment which allegedly caused a fire that spread to and eventually destroyed a warehouse/office facility that was owned by Violet Skipper, that housed the place of business of the corporate plaintiff and that contained property therein owned by all the plaintiffs. The warehouse/office facility was located in Jackson County, Florida. Plaintiffs alleged damages in excess of $1,000,000. FPU has denied the claims in the complaint and is defending same on the theory that the alleged fire started within the warehouse/office facility and not at or in its electrical equipment.

This case, though filed originally in Palm Beach County, Florida, was transferred to Jackson County, Florida. Discovery is still in process. No Motions are currently pending. No trial date has been scheduled. All the principal witnesses have been deposed including the Skippers and Mark Cutshaw of FPU. We anticipate the parties will depose expert witnesses shortly. Plaintiffs have identified Mr. Harold Deese and Mr. Frank Walker of Panama City as their expert witnesses. At this time, we are unable to provide an evaluation of the likelihood of an unfavorable outcome or provide an estimate of the amount or range of potential loss. In the event that the Company does not prevail in this suit, there may be a material adverse effect on the financial statements. However, FPU believes there are meritorious defenses to this pending litigation. FPU has liability insurance that will limit our exposure on this claim to a maximum of $250,000.

Darrell Glenn v. Florida Public Utilities Company v. Utility Service and Maintenance of Missouri, Inc., Case No. CA 01-07810 AI, Circuit Court of the Fifteenth Judicial Circuit, Palm Beach County, Florida; Case No. 02-37-CA, Division A, Circuit Court for the Fourth Judicial Circuit, Nassau County, Florida. This is an action that was pending in state court in Palm Beach County, Florida until FPU successfully moved to have the case transferred to Nassau County, Florida. Darrell Glenn ("Glenn"), an employee of a painting subcontractor, claimed to have been shocked and injured on May 16, 2001, while painting electrical equipment at FPU's Step down site in Fernandina Beach, Florida. His employer, Utility Service & Maintenance, Inc. ("USM"), was operating under an agreement that required it to supervise its own workers. This matter has been settled by an agreement reached at mediation on January 15, 2003 pursuant to which FPU agreed to pay $300,000 to the plaintiff in return for a release. FPU will recover $50,000 of the settlement through liability insurance.

Pipeline Contract On July 21, 2000, the Company entered into a Gas Transportation Agreement ("GTA") with Lake Worth Generation, LLC ("LWG"), that provided for: (i) the construction of a natural gas pipeline ("LWG Lateral") by the Company to a power generation project being developed by LWG on behalf of the City of Lake Worth, Florida ("LWG Project"); (ii) the Company's agreement to transport natural gas to the LWG Project via the LWG Lateral; and (iii) LWG's

commitment to pay certain charges for the gas transportation services provided by the Company over a 30 year period. The charges for gas transportation services were set at an amount that would permit the Company to recover a return of 11.17% on its undepreciated investment in the construction of the LWG Lateral, plus recover its operation and maintenance ("O&M") expenses. LWG's obligation to pay for the gas transportation services was secured by an irrevocable letter of credit ("LC") issued on July 6, 2001, and provided to the Company in the amount of the initial estimated cost of construction of $5,490,449. The GTA required monthly payments by LWG in the amount of $109,423 for the first year of the contract, adjusted annually thereafter to account for depreciation of the LWG Lateral. The GTA also required LWG to increase the amount of the LC to cover the actual cost of construction of the LWG Lateral, plus $37,900. In the fourth quarter of 2002, LWG notified the Company that, due to financial difficulties encountered by LWG and its contractors in connection with the LWG Project, LWG would not be able to increase the LC, as required by the GTA, or make monthly payments prospectively beginning in December for services performed in November 2002. The Company, LWG and the City of Lake Worth subsequently entered into a Forbearance Agreement, dated December 31, 2002, and an Amended Forbearance Agreement, dated February 19, 2003. Pursuant to the terms and conditions of these agreements, the City and the Company are negotiating a new gas transportation agreement to replace the GTA, that would provide for the Company's agreement to provide gas transportation services to the City on the LWG Lateral, subject to payment by the City of transportation charges that would be set initially to permit the Company to recover a return of 8.77% on its undepreciated investment in the construction of the LWG Lateral, plus O&M expenses. The Company's rates would be subject to adjustment in subsequent rate proceedings before the Florida Public Service Commission. In the event that the Company and the City execute a new gas transportation agreement by March 31, 2003, the Company will receive payment for the shortfalls in monthly payments under the GTA through March 31, 2003, plus interest, plus a termination fee of $1.5 million dollars, plus other expenses. In the event that a new gas transportation agreement is not executed by March 31, 2003, the forbearance agreements permit the Company to draw upon the LC and the GTA is deemed terminated. At this time, the Company is unable to predict with any degree of certainty the likelihood that a new gas transportation agreement will be executed by March 31, 2003 and has reserved an uncollectible amount for the current shortfalls in the monthly payments.

Commitments

To ensure a reliable supply of power and natural gas at competitive prices, the Company has entered into long-term purchase and transportation contracts with various suppliers and producers, which expire at various dates through 2015. Purchase prices under these contracts are determined by formulas either based on market prices or at fixed prices. At December 31, 2002, the Company has firm purchase and transportation commitments adequate to supply its expected future sales requirements. The Company is committed to pay demand or similar fixed charges of approximately $12,292,000 during 2003 related to gas purchase agreements. Substantially all costs incurred under the electric and gas purchase agreements are recoverable from customers through fuel adjustment clause mechanisms.

Contractual Obligations

Payments due by period (dollars in thousands):

	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Long-Term Debt	$ 52,500	$ -	$ -	$ -	$ 52,500
Operating Lease Obligations	66	20	31	15	-
Gas Purchase Obligations	52,250	12,292	14,258	9,525	16,174
Electric Purchase Obligations	78	78	-	-	-
Other Purchase Obligations	218	214	5	-	-
Total	$105,112	$ 12,604	$ 14,294	$ 9,540	$ 68,674

Impact of Recent Accounting Standards

Financial Accounting Standard No. 143
In August 2001, the Financial Accounting Standards Board (FASB) issued SFAS No. 143, "Accounting for Asset Retirement Obligations." The statement requires that the fair value of an asset retirement obligation be recognized in the period in which it is incurred and the associated asset retirement costs be capitalized as part of the carrying amount of the long-lived asset. The asset retirement cost is subsequently allocated to expense using a systematic and rational method over its useful life. SFAS No. 143 is effective for fiscal years beginning after June 15, 2002. Management believes the ultimate effect on the financial statements will be immaterial and that the impact on the regulated portion of the business, if any, would be an allowable item for recovery in the Company's rates.

The Florida Public Service Commission (FPSC) is currently in the process of developing a rule on this treatment for regulated purposes and is currently proposing that the effects, if any, of the application of SFAS No. 143 shall be revenue neutral in the rate making process. The FPSC is also proposing that all differences between the application of SFAS No. 143 and the method approved for regulated utilities will be recorded as Regulatory Assets or Liabilities. FPSC- Proposed Rule Development, "Accounting for Asset Retirement Obligations Under SFAS No. 143", Rule No. 25-14.014, F.A.C.

The estimated cost of removal expenses for normal retirements related to regulated fixed assets is being reserved under current commission guidelines through the depreciation expense and accumulated reserves. The estimated value of the reserve that has been accumulated for future cost of removal as of December 31, 2002 is approximately $5,800,000 and is included in accumulated depreciation in the accompanying consolidated financial statements. The Company does not believe it owns assets with retirement obligations as defined by SFAS No. 143, but will continue monitoring the handling of utility long-lived assets for interpretations of assets that are considered to have retirement obligations.

Financial Accounting Standard No. 144
In August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." The statement addresses financial accounting and reporting for the impairment or disposal of long-lived assets. The statement supercedes, with exceptions, SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of." SFAS No. 144 is effective for fiscal years beginning after December 15, 2001. Management has evaluated the impact of implementing SFAS No. 144 and has shown the effects on the Company's financial statements with respect to the upcoming sale of its water division, see "Discontinued Operations" section for additional details. Management feels that any future effect would be an allowable item for recovery in the Company's rates for regulated operations and it does not have any material effect on non-regulated operations.

Financial Accounting Standard No. 146
In June 2002, FASB issued SFAS No. 146, "Accounting for Cost Associated with Exit or Disposal Activities." The standard requires companies to recognize costs associated with exit or disposal activities when they are incurred rather than at the date of a commitment to an exit or disposal plan. The Company will apply this guidance prospectively to any exit or disposal activities initiated after December 31, 2002.

Financial Accounting Standards No. 148
In December 2002, the FASB issued SFAS No. 148, "Accounting for Stock Based Compensation-Transition and Disclosure" This statement amends SFAS No. 123, "Accounting for Stock-Based

Compensation", to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. Since the Company does not have any stock-based compensation for employees at this time the statement will not presently have any effect on our financial statements.

Quarterly Financial Data (Unaudited)

The quarterly financial data presented below reflects the influence of, among other things, seasonal weather conditions, the timing of rate increases and the migration of winter residents and tourists to Central and South Florida during the winter season. The water division has been classified as discontinued operations and is excluded from revenues, gross profit, and operating income excluding income tax. (dollars in thousands, except per share amounts):

	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER
2002				
Revenues	$ 23,717	$ 20,707	$ 20,283	$ 23,754
Gross profit	9,632	8,292	8,110	8,895
Operating income from continuing operations excluding income tax	3,161	1,731	1,316	1,561
Income from continuing operations, net of income taxes	1,466	489	275	531
Income from discontinued operations, net of income taxes	108	205	195	94
Net Income	1,574	694	470	625
Earnings per common share (basic and diluted):				
Continuing operations	0.38	0.12	0.07	0.13
Discontinued operations	0.03	0.05	0.05	0.02
Total	0.41	0.17	0.12	0.15
2001				
Revenues	$ 30,479	$ 21,686	$ 18,616	$ 18,397
Gross profit	8,578	7,084	6,833	7,445
Operating income from continuing operations excluding income tax	2,878	1,292	1,133	1,316
Income from continuing operations, net of income taxes	1,400	317	352	387
Income from discontinued operations, net of income taxes	103	163	186	144
Net Income	1,503	480	538	531
Earnings per common share (basic and diluted):				
Continuing operations	0.37	0.08	0.09	0.10
Discontinued operations	0.03	0.04	0.05	0.04
Total	0.40	0.12	0.14	0.14

INDEPENDENT AUDITORS' REPORT

To the Directors and Shareholders of Florida Public Utilities Company:

We have audited the accompanying consolidated balance sheets and statements of capitalization of Florida Public Utilities Company and its wholly owned subsidiary, Flo-Gas Corporation as of December 31, 2002 and 2001, and the related consolidated statements of income, common shareholders' equity and cash flows for each of the three years in the period ended December 31, 2002. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Florida Public Utilities Company and its wholly owned subsidiary, Flo-Gas Corporation at December 31, 2002 and 2001, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2002 in conformity with accounting principles generally accepted in the United States of America.

DELOITTE & TOUCHE

Certified Public Accountants
West Palm Beach, Florida
February 19, 2003

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

3/18/2003

PART III

Item 10. Directors and Executive Officers of the Registrant

Information concerning directors and nominees of the Registrant is included under the caption "Nominees and Continuing Directors" in the Registrant's Proxy Statement for the 2003 Annual Meeting of Shareholders and is incorporated by reference herein.

The following table sets forth certain information about the executive officers of the Registrant as of March 12, 2003.

Name	Age	Position	Date
John T. English	59	Chief Executive Officer	1998 - Present
		President	1997 - Present
		Chief Operating Officer	1997 - 2000
Charles L. Stein	53	Senior Vice President	1997 - Present
		Chief Operating Officer	2001 - Present
Jack R. Brown	68	Corporate Secretary	1988 - Present
		Vice President	2001 - Present
		Treasurer	1988 - 2000
George M. Bachman	43	Chief Financial Officer And Treasurer	2001 - Present
		Controller	1996- 2000

Mr. English was Senior Vice President from 1993 preceding his appointment as President and Chief Operating Officer.

Mr. Stein was Vice President from 1993 preceding his appointment as Senior Vice President.

There are no family relationships between the executive officers.

All executive officers are elected for a one-year term.

Item 11. Executive Compensation

Information concerning executive compensation is included under the caption "Executive Compensation" in the Registrant's Proxy Statement and is incorporated by reference herein.

Item 12. Security Ownership of Certain Beneficial Owners and Management

Information concerning the security ownership of certain of the Registrant's beneficial owners and management is included under the captions "Security Ownership of Certain Beneficial Owners" and "Nominees and Continuing Directors" in the Registrant's Proxy Statement and is incorporated by reference herein.

Item 13. Certain Relationships and Related Transactions

There were no transactions with management in 2002.

PART IV

Item 14. Controls and Procedures

Disclosure Controls and Procedures

Within the 90 days prior to the filing of this Annual Report, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, of the

effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rules 13a-14(c) and 15d-14(c) under the Securities Exchange Act of 1934). Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective in ensuring that information required to be disclosed in the reports the Company files and submits under the Exchange Act are recorded, processed, summarized and reported as and when required.

Changes in Internal Control

There were no significant changes in the Company's internal controls or in other factors that could significantly affect such internal controls subsequent to the date of the evaluation described in the paragraph above, including any corrective actions with regard to significant deficiencies and material weaknesses.

3/18/2003

Item 15. Exhibits, Financial Statement Schedules, and Reports on Form 8-K

(a) 1. Financial Statements

The following consolidated financial statements of Florida Public Utilities Company are included herein and in the Registrant's 2002 Annual Report to Shareholders.

Consolidated Statements of Income
Consolidated Balance Sheets
Consolidated Statements of Capitalization
Consolidated Statements of Common Shareholders' Equity
Consolidated Statements of Cash Flows
Notes to Consolidated Financial Statements
Independent Auditors' Report

2. Financial Statement Schedules

Valuation and Qualifying Accounts

Allowance for Uncollectible Accounts

	Balance at Beginning of Period	Deductions	Charges to Bad Debt Expense	Balance at End of Period
2000	$ 128,000	168,000	202,000	$ 162,000
2001	$ 162,000	444,000	410,000	$ 128,000
2002	$ 128,000	224,000	400,000	$ 304,000

3. Exhibits

See exhibit index following signatures.

(b) Reports on Form 8-K.

- A form 8-K was filed November 6, 2002 announcing a press release relating to

- 3rd quarter earnings and the acquisition of Nature Coast Gas, Inc.
- A form 8-K was filed December 4, 2002, announcing a press release concerning an agreement with the City of Fernandina Beach to sell the water assets of the Company to the City.

3/18/2003

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

FLORIDA PUBLIC UTILITIES COMPANY

By /s/ George M Bachman Date: March 18, 2003
George M Bachman, Chief Financial Officer
(Duly Authorized Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

/s/ John T. English Date: March 18, 2003
John T. English
President, Chief Executive Officer, and
Director

Certifications pursuant to 18 U.S.C. section 1350, as adopted pursuant to SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002, are attached in exhibits 99(1) and 99(2).

/s/ Ellen Terry Benoit Date: March 18, 2003
Ellen Terry Benoit
Director

/s/ Richard C. Hitchins Date: March 18, 2003
Richard C. Hitchins
Director

/s/ Paul L. Maddock, Jr. Date: March 18, 2003
Paul L. Maddock, Jr.
Director

/s/ Rudy E. Schupp Date: March 18, 2003
Rudy E. Schupp
Director

3/18/2003

FLORIDA PUBLIC UTILITIES COMPANY
EXHIBIT INDEX

Regulation S-K Item Number	
3(i)+	Articles of Incorporation (as amended) (Filed as Exhibit 3(i) in June 2002 on Form 10-Q for the quarter ended June 30, 2002, SEC File No. 1-10608)
3(ii)+	By-Laws (as amended) (Filed as Exhibit 3(ii) in June 2002 on Form 10-Q for the quarter ended June 30, 2002, SEC File No. 1-10608)
4(a)**	Indenture of Mortgage and Deed of Trust of the Company dated as of September 1, 1942 (Exhibit 7-A to Registration No. 2-6087 is hereby incorporated by reference).
4(b)#	Fourteenth Supplemental Indenture dated September 1, 2001.
4(c) #	Fifteenth Supplemental Indenture dated November 1, 2001.
10(a) #	Contract for the transportation of natural gas between Florida Public Utilities Company and Lake Worth Generation, LLC dated July 21, 2000.
10(b)*	Second amendment to Second Amended and Restated Credit Agreement between Florida Public Utilities Company and Sun Bank/South Florida, National Association dated April 30, 2000.
10(c)***	Contract for the transportation of natural gas between Florida Public Utilities Company and Florida Gas Transmission Company under Service Agreement for Firm Transportation Service dated June 1, 1992 (Exhibit 10-b to Form S-2 for July 1992, File No. 0-1055, is hereby incorporated by reference).
10(d)***	Contract for the transportation of natural gas between Florida Public Utilities Company and Florida Gas Transmission Company under interruptible Transportation Service Agreement dated February 23, 1990 (Exhibit 10-c to Form S-2, for July 1992, File No. 0-1055, is hereby incorporated by reference).
10(e)***	Contract for the transportation of natural gas between Florida Public Utilities Company and the City of Lake Worth dated March 25, 1992 (Exhibit 10-f to Form S-2 for July 1992, File No. 0-1055, is hereby incorporated by reference).
10(f)*	Contract for the purchase of electric power between Florida Public

Utilities Company and Jacksonville Electric Authority dated January 29, 1996.

10(g)*	Contract for the purchase of electric power between Florida Public Utilities Company and Gulf Power Company effective November 21, 1996.
10(h)***	Contract for the purchase of as-available capacity and energy between Florida Public Utilities Company and Container Corporation of America dated September 19, 1985 (Exhibit 10-i to Form S-2 for July 1992, File No. 0-1055, is hereby incorporated by reference).
10(i)***	Contract for the sale of electric service between Florida Public Utilities Company and Container Corporation of America dated August 26, 1982 (Exhibit 10-j to Form S-2 for July 1992, File No. 0-1055, is hereby incorporated by reference).
10(j)***	Contract for the sale of electric service between Florida Public Utilities Company and ITT Rayonier Inc. Dated April 1, 1982 (Exhibit 10-(k) to Form S-2 for July 1992, File No. 0-1055, is hereby incorporated by reference).
10(k)*	Employment agreement between Florida Public Utilities Company and John T. English, effective through May 31, 2003.
10(l)*	Employment agreements between Florida Public Utilities Company and Charles L. Stein, Jack R. Brown and George M. Bachman, effective through May 31, 2003. Essentially identical to the agreement in Item 10(k) above.

S-2 for July 1992, File No. 0-1055, is hereby incorporated by reference).

10(n)1	Contract for the negotiation of a gas transportation agreement between the Company, Lake Worth Generation LLC and the City of Lake Worth dated December 31, 2002.
10(n)2	Amended contract for the negotiation of a new gas transportation agreement between the Company, Lake Worth Generation LLC and the City of Lake Worth dated February 19, 2003.
10(o)	Contract for the sale of certain assets comprising the Company's water utility business to the City of Fernandina Beach dated December 3, 2002.
21.*	Subsidiary of the registrant
23.	Independent Auditors' Consent
99(1)	Certification of Chief Financial Officer (CFO) regarding truthfulness of SEC filing
99(2)	Certification of Chief Executive Officer (CEO) regarding truthfulness of SEC filing

* Incorporated by reference to corresponding exhibits on the Company's annual report on form 10-K for the year ended December 31, 2000

** Incorporated by reference to Registration No. 2-6087

*** Incorporated by reference to Form S-2 for July 1992, File No. 0-1055

Incorporated by reference to corresponding exhibits on the Company's annual report on form 10-K for the year ended December 31, 2001

+ Incorporated by reference to corresponding exhibits on the Company's quarterly report on form 10-Q for the quarter ended June 30, 2002

3/18/2003

Exhibit 10(n) 1

FORBEARANCE AGREEMENT

THIS FORBEARANCE AGREEMENT (the "Agreement") is dated as of the 31st day of December, 2002 (the "Effective Date") by and among FLORIDA PUBLIC UTILITIES COMPANY, a Florida corporation ("FPUC"), LAKE WORTH GENERATION LLC, a limited liability company organized under the laws of the State of Delaware ("LWG") and the CITY OF LAKE WORTH, FLORIDA, a municipality (the "CITY"). FPUC, LWG and the CITY may be referred to individually as a "Party" and collectively as the "Parties" in this Agreement.

RECITALS

WHEREAS, FPUC and LWG entered into that certain Gas Transportation Agreement dated as of July 21, 2000 (the "Transportation Agreement") and capitalized terms not otherwise defined in this Agreement shall be defined as set forth in the Transportation Agreement;

WHEREAS, FPUC now has completed the construction of certain pipeline facilities defined as the "LWG Lateral" in the Transportation Agreement and LWG has caused to be issued to FPUC an irrevocable Letter of Credit (the "LC") in the initial principal amount of Five Million Four Hundred Ninety Thousand Four Hundred forty-Nine Dollars ($5,490,449.00) as provided for in Section 4.8 of the Transportation Agreement with an expiration date now amended to December 31, 2003;

WHEREAS, upon demand by FPUC, LWG has failed to: (a) cause the LC to be amended to increase the principal amount by Four Hundred Forty Three Thousand Forty Five and 23/100 Dollars ($443,045.23) consisting of the Final Adjusted Construction Cost plus $37,900 as provided for in Section 4.8 of the Transportation Agreement (such total amount being the "Construction Adjustment Amount"), and (b) pay the monthly payment due to FPUC under Section 7.6 of the Transportation Agreement of One Hundred Nine Thousand Four Hundred Twenty Three and 48/100 Dollars ($109,423.48) due December 26, 2002 (collectively, the "Monthly Payments");

WHEREAS, LWG has advised FPUC that LWG is unable to continue the development of the Project, and that LWG is negotiating with the CITY and other third parties to arrange for the continuation of the Project, including the assignment of the Transportation Agreement;

WHEREAS, the CITY is a Project Party and requires continuation of the Project for the benefit of the residents of the CITY who will receive electrical service from the Project upon completion; and

WHEREAS, FPUC has agreed to forbear from terminating the Transportation Agreement and seeking a draw on the LC and from pursuing its claims against LWG for the balance owed to FPUC pursuant to the Transportation Agreement for the period of time set forth in this Agreement, subject to the

terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of these premises and the mutual covenants and agreements set forth herein, the Parties agree as follows:

1. Recitals. The "Recitals" set forth hereinabove are incorporated herein by this reference.

2. Forbearance by FPUC. FPUC agrees not to make a draw on the LC or terminate the Transportation Agreement until 1:00 p.m., February 21, 2003 (the "Forbearance Date"). It is the intent of the Parties that, during the period from the Effective Date to the Forbearance Date, they shall negotiate in good faith in order to establish the terms and conditions for the assignment of the Transportation Agreement to the CITY. In the event that agreement for the assignment of the Transportation Agreement to the CITY is not executed by the Parties by the Forbearance Date, then FPUC may terminate the Transportation Agreement and thereupon draw upon the LC, subject to the provisions of paragraph 4 below.

3. Additional Consideration for Forbearance by FPUC. CITY agrees to consider: (a) execution of a new franchise agreement with FPUC substantially on the terms and conditions as are set forth in Exhibit "A" attached hereto; and (b) renewal of FPUC's lease of its gate station on property owned by the CITY on Davis Road for a period of 30 years at a rate of $1000.00 per year. In the event CITY fails to execute the new franchise agreement and the lease renewal on such terms and conditions by February 18, 2003, FPUC may terminate this Agreement and, notwithstanding any provisions herein to the contrary, FPUC shall be entitled to draw upon the LC on February 19, 2003, subject to the provisions of paragraph 4 below.

4. Letter of Credit. LWG and FPUC agree that, during the term hereof, the amount of the LC shall not be reduced and shall remain at the current principal amount, that no recalculation adjustment to the LC on the next anniversary of the Commencement Date set forth in Section 4.8 of the Transportation Agreement shall be made. LWG and FPUC reserve their respective rights under the Transportation Agreement and their respective rights to assert claims or defenses in any subsequent action that may be pursued by either party as provided in the Transportation Agreement.

5. Agreement by CITY. In consideration of FPUC's consent to forbearance as set forth in this Agreement, by no later than January 10, 2003, the CITY agrees to pay FPUC the sum of thirty thousand dollars ($30,000.00), representing a partial payment of the Monthly Payment due December 26, 2002. In addition, by no later than January 27, 2003, the CITY agrees to pay FPUC the sum of thirty thousand dollars ($30,000.00), representing a partial payment of the Monthly Payment due January 27, 2003. Further, in the event the CITY agrees in writing to an assignment of LWG's rights and obligations under the Transportation Agreement prior to the Forbearance Date, CITY shall pay to FPUC, by no later than February 25, 2003, the balance due on the Monthly Payments for December 2002, plus interest at 6.3%, annually, calculated from December 26, 2002 to the date of payment, and January 2003, plus interest at 6.3%, annually, calculated from January 27, 2003 to the date of payment; and FPUC's attorneys' fees and costs incurred in connection with the negotiation and implementation of this Agreement, up to a maximum of $20,000 ("Transactional Costs"). In the event that agreement for the assignment of the Transportation Agreement to the CITY is not executed by the Parties by the Forbearance Date, or the earlier termination of this Agreement as provided in paragraph 3 above, CITY shall have no further obligations under this Agreement. FPUC shall provide the CITY with notice of its Transactional Costs, with time and expenses itemized, by no later than February 24, 2003. The partial payment by the CITY of the December 2002 and January 2003 Monthly Payments is not dependent upon the existence of any relationship between FPUC and the CITY other than FPUC's agreement to provide for the transportation of natural gas on the LWG Lateral, and is

not subject to any claim or offset of any kind by the CITY. The CITY hereby represents and warrants that this Agreement (a) has been duly authorized and is valid and enforceable against and is binding upon the CITY and (b) does not conflict with its organizational documents or any law binding upon the CITY and agrees to promptly deliver to FPUC an opinion of counsel confirming (a) and (b). ANYTHING IN THIS AGREEMENT TO THE CONTRARY NOTWITHSTANDING, THE OBLIGATION OF THE CITY TO PAY ANY AMOUNTS REQUIRED PURSUANT TO THIS PARAGRAPH 5 OR OTHERWISE UNDER THE AGREEMENT SHALL CONSTITUTE A REVENUE OBLIGATION OF THE CITY PAYABLE SOLELY FROM REVENUES OF THE CITY'S WATER AND ELECTRIC UTILITY SYSTEM AND SHALL NOT IN ANY WAY BE CONSTRUED TO BE A DEBT OF THE CITY IN CONTRAVENTION OF APPLICABLE CONSTITUTIONAL, STATUTORY OR CHARTER LIMITATIONS OR REQUIREMENTS CONCERNING THE CREATION OF INDEBTEDNESS OF THE CITY.

6. LWG's Representations and Warranties. LWG represents and warrants that: (a) any collateral pledged by LWG to secure the LC was pledged more than ninety (90) days from the date of this Agreement, (b) if LWG files a petition for relief under any of the provisions of the United States Bankruptcy Code, LWG will not assert in any such proceeding that the LC, including any proceeds paid to FPUC by the issuing bank as a result of FPUC's draw upon the LC as otherwise provided herein, is property of the bankruptcy estate of LWG, (c) this Agreement has been duly authorized and is valid and enforceable against and is binding upon LWG and does not conflict with its organizational documents or any law binding upon LWG and LWG agrees to promptly deliver to FPUC an opinion of counsel confirming same.

7. Tolling. All applicable limitations periods, including state and federal statutes of limitation and other time-related defenses (including, but not limited to, waiver, laches or estoppel) with respect to any claims the Parties may have against each other (collectively, the "Claims") are tolled from the Effective Date until the Forbearance Date, or the earlier termination of this Agreement as provided in Paragraph 3 above ("Tolling Period"). All statute of limitations or other time-related defenses available to the Parties as of the date of this Agreement shall remain available to them upon the termination of the Tolling Period.

8. No Action. None of the Parties (nor any of their respective representatives or agents), shall commence, or cause to be commenced, either directly or indirectly, any legal action or proceeding whatsoever, against each other, or against any of their respective representatives, agents, officers, directors or employees, based upon the Claims until the Forbearance Date or the earlier termination of this Agreement as provided in Paragraph 3 above.

9. Non-Admission of Liability. Except as set forth in this Agreement, this Agreement does not and shall not constitute an admission or implication that any of the Claims are valid, or that any conduct of any of the Parties was wrongful, unlawful, negligent or violative of any federal or state statute or regulation, or of any contract, agreement or common law. By entering into this Agreement, none of the Parties shall be deemed to have: (a) made any admissions against his or its respective interest; (b) admitted any alleged liability, wrongdoing or violation of any rule, regulation, agreement or statute; or (c) waived any claims or defenses, however denominated (other than the claims and defenses waived by this Agreement), and all such claims and defenses are expressly reserved.

10. Miscellaneous.

    a. *Headings*. The headings in this Agreement are for convenience of reference only and shall not control or affect the meaning or construction of any

provisions hereof.

b. *Entire Agreement.* This Agreement constitutes the entire agreement and understanding of the parties hereto in respect of the subject matter contained herein, and there are no restrictions, promises, representations, warranties, covenants, or undertakings with respect to the subject matter hereof, other than those expressly set forth or referred to herein. This Agreement supersedes all prior agreements and understandings between the parties hereto with respect to the subject matter hereof. In the event of any conflict between the provisions of this Agreement and the Transportation Agreement, the terms of this Agreement shall prevail as between the parties hereto.

c. *Notices.* All notices, requests, demands and other communications required or permitted to be given hereunder shall be in writing (including facsimile transmission) and shall be sent by facsimile, overnight courier or hand delivery as follows:

if to FPUC, to the address and facsimile numbers set forth in Section 13.1 of the Agreement;

with a copy to:

William L. Pence, Esquire
Akerman Senterfitt
255 South Orange Avenue
Post Office Box 231
Orlando, Florida 32802-0231
Telecopier: (407) 843-6610

if to LWG, to:

Brian Chatlosh
AES Coral Corporation
70 Walnut Street
Wellesley Hills, MA 02481
Telecopier: (781) 239-8223

with a copy to:

Joseph A. McGlothlin, Esquire
McWhirter, Reeves, McGlothlin, Davidson,
Decker, Kaufman & Arnold P.A.
117 South Gadsden Street
Tallahassee, FL 32301
Telecopier: 850-222-5606

if to the CITY, to:

Mr. Patrick Miller
Asst City Mgr/Utilities Dir.
City of Lake Worth
1900 Second Avenue North
Lake Worth, FL 33461
Telecopier: 561-586-1702

with a copy to:

Richard Miller, Esquire

Edwards & Angell, LLP
One N. Clematis St, Suite 400
West Palm Beach, FL 33401
Telecopier: 888-325-9184

or such other address or facsimile number as such party may hereinafter specify for such purpose to the party giving such notice.

d. *Notices.* All such notices, requests and other communications shall be deemed received on the date of receipt by the recipient thereof if received prior to 5 p.m. in the place of receipt and such day is a business day in the place of receipt. Otherwise, any such notice, request or communication shall be deemed not to have been received until the next succeeding business day in the place of receipt.

e. *Governing Law/Attorneys' Fees.* This Agreement shall be construed in accordance with and governed by the laws of the State of Florida, without regard to the conflicts of law rules of such state. In the event any litigation arises with respect to this Agreement or any matters covered by this Agreement, the prevailing party shall be entitled to its attorneys' fees and any costs and expenses associated with such litigation.

f. *Venue and Jurisdiction.* Any suit, action or proceeding arising out of, or with respect to, this Agreement may only be brought in any Florida state or federal court sitting in Palm Beach County, Florida. The parties hereto hereby accept the exclusive jurisdiction of such courts for the purpose of any such suit, action or proceeding.

g. *Inadmissibility.* This Agreement shall be admissible in any proceeding involving the Parties hereto only to prove the terms hereof, and shall be inadmissible for any other purpose.

h. *Authority of Persons Signing.* Each person signing this Agreement represents and warrants that he or she is authorized to bind to this Agreement the Party or Parties for whom he or she has signed.

i. *Amendments; Waivers.*

(a) No failure or delay on the part of any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof except as explicitly provided herein, nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

(b) Any provision of this Agreement may be amended or waived if, but only if, such amendment or waiver is in writing and is signed, in the case of an amendment, by each party to this Agreement, or in the case of a waiver, by the party or permitted transferee against whom the waiver is to be effective.

a. *Counterparts; Facsimile Signatures.* This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which together shall be one and the same instrument. This Agreement may be delivered by facsimile and signatures on any facsimile of this Agreement shall be valid and binding as an original signature. Each party agrees that if its signature is delivered by facsimile, an original signature page of such party shall subsequently be delivered to the Company and the other parties hereto.

b. *Remedies*. The parties hereto acknowledge and agree that in the event of any breach of this Agreement, the parties would be irreparably harmed and could not be made whole by monetary damages. Each party hereto accordingly agrees (i) not to assert by way of defense or otherwise that a remedy at law would be adequate, and (ii) that the parties agree, in addition to any other remedy to which they may be entitled, that the remedy of specific performance of this Agreement is appropriate in any action in court.

c. *Successors and Assigns*. This Agreement shall be binding upon and inure to the benefit of FPUC, LWG and the CITY and their respective successors, assigns and permitted transferees. The rights of a party under this Agreement may not be assigned or otherwise conveyed by any party except as provided in this Agreement.

d. *Benefits Only to Parties*. Nothing expressed by or mentioned in this Agreement is intended or shall be construed to give any Person, other than the parties hereto any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision herein contained.

e. *Publicity*. Except as otherwise required by law, none of the parties hereto shall issue or cause to be issued any press release or make or cause to be made any other public statement in each case relating to or connected with or arising out of this Agreement or the matters contained herein, without obtaining the prior written consent of the other parties to the contents and the manner of presentation and publication thereof.

[Signatures on Next Page]

IN WITNESS WHEREOF, the Parties hereto have executed, or caused this Agreement to be duly executed by their respective authorized officers or representative officials, as of the day and year first above written.

Signed, sealed and delivered
in our presence:

LAKE WORTH GENERATION, LLC

Name:

By:

Title:

Name:

FLORIDA PUBLIC UTILITIES COMPANY

Name:

By: /s/ Chuck Stein

Title: Chuck Stein, Sr. Vice President

Name:

CITY OF LAKE WORTH

Name:

By: /s/ Rodney G. Romano
Rodney G. Romano, Mayor

Name:

Attest:

/s/ Pamela Lopez
Pamela Lopez, City Clerk

Exhibit 10(n) 2

AMENDMENT DATED AS OF FEBRUARY 19, 2003
TO FORBEARANCE AGREEMENT DATED DECEMBER 31, 2002

THIS AMENDMENT TO FORBEARANCE AGREEMENT ("Amendment") is dated as of the 19th of February, 2003 by and among Florida Public Utilities Company, a Florida corporation ("FPUC"), Lake Worth Generation LLC, a limited liability company organized under the laws of the State of Delaware ("LWG"), and the City of Lake Worth, Florida, a municipality ("CITY"). FPUC, LWG, and CITY may be referred to individually as a "Party" and collectively as the "Parties" in this Amendment.

RECITALS

WHEREAS, the LWG, FPUC and CITY entered into a Forbearance Agreement dated as of the 31st of December, 2002 (the "Original Forbearance Agreement"), with respect to the Transportation Agreement and pursuant thereto, have progressed toward the negotiation of a new Transportation Agreement to be entered into by FPUC and CITY, as hereinafter provided; and

WHEREAS, the Parties have determined that it will take more time to consummate a modified Transportation Agreement on the terms outlined herein;

WHEREAS, FPUC has agreed to forbear from terminating the Transportation Agreement and seeking a draw on the LC and from pursuing its claims against LWG for the balance owed to FPUC pursuant to the Transportation Agreement for the extended period of time as set forth in this Amendment, subject to the terms and conditions set forth in this Amendment.

NOW, THEREFORE, in consideration of these premises and mutual covenants and agreements set forth herein, the Parties agree as follows:

1. Recitals. The Recitals set forth hereinabove are incorporated herein by this reference.

2. Definitions. Except as otherwise set forth herein, all terms shall have the meaning set forth in the Original Forbearance Agreement.

3. Amendment to Paragraph 2 of the Original Forbearance Agreement. Paragraph 2 of the Original Forbearance Agreement is amended in its entirety to read as follows:

    2. Forbearance by FPUC. FPUC agrees not to make a draw on the LC or terminate the Transportation Agreement until 1:00 p.m., March 31, 2003 (the

"Forbearance Date"). It is the intent of the Parties that, at some time during the period from February 18, 2003, to the Forbearance Date, CITY and FPUC shall enter into a new Transportation Agreement, between FPUC and CITY, that will include the following material revisions to the provisions of the Transportation Agreement:

a. "Cost of Service", as defined in the Transportation Agreement will be amended in its entirety to read as follows: "'Cost of Service' shall mean the derivation of revenues, to be paid by CITY to FPUC through the transportation charges delineated herein, that will recover FPUC's costs of construction, operation and maintenance of the LWG lateral and provide FPUC with the agreed upon return of the greater of the maximum overall weighted average cost of capital approved by the FPSC in the most recent FPUC natural gas rate proceeding, currently 8.77% based in part on a 12.40% return on common equity, or FPUC's maximum overall weighted average cost of capital as reported to the FPSC in FPUC's most recent year end Consolidated Gas Division Earnings Surveillance Report Summary ("Surveillance Report"), on its undepreciated investment in the construction of the LWG lateral, which was reduced $1.5 million pursuant to the Amended Forbearance Agreement. The rate will be changed to coincide with the effective date of implementation of new rates established in any new FPUC natural gas rate proceeding or annually on the anniversary of the effective date of this Agreement if the reported maximum overall weighted average cost of capital shown on the most recent year end Surveillance Report exceeds the current maximum overall weighted average cost of capital approved in FPUC's most recent natural gas rate proceeding. A portion of the overall weighted average cost of capital includes a cost rate for a return on common equity. This return on common equity is equal to the midpoint set by the FPSC plus 100 basis points. If the FPSC changes their methodology of setting the allowable return on the common equity portion from plus or minus 100 basis points, then the common equity portion of the return that will be used regarding the terms of this Agreement will be limited to plus 100 basis points from the common equity rate at the midpoint set by the FPSC in FPUC's most recent natural gas rate proceeding. The transportation charges that will recover the Cost of Service are identified in Section _ of this Agreement. The Cost of Service is based upon the cost to construct the LWG lateral, which was reduced $1.5 million pursuant to the Amended Forbearance Agreement, and the rate of return, expenses and annual adjustment factors agreed to by the parties. It is developed, quantified and shown on Exhibit A to this Agreement."

b. The definition of "Project Party" or "Project Parties" shall be amended to mean CITY, the Florida Municipal Power Agency, and/or any entity that both supplies gas to and purchases electrical energy from the Project or that sells electrical energy from the Project site. CITY shall be obligated to notify FPUC in writing of any entity proposed by CITY to be a Project Party before said entity shall be deemed a Project Party under this Agreement.

c. The base term shall be a period of thirty (30) Annual Periods from the effective date of the new Transportation Agreement.

d. The early termination provisions of Section 2.3 of the Transportation Agreement will be amended to provide for early termination by CITY only in the event that CITY permanently discontinues the development and/or operation of the Project in its sole discretion or FPUC experiences an event of force majeure that continues for a period of six months or more. CITY shall be obligated to give FPUC one (1) year's notice prior to exercising its

right to terminate based on CITY's decision to permanently discontinue the development and/or operation of the Project. Upon such termination, CITY shall pay to FPUC its remaining undepreciated investment in the construction of the LWG lateral, plus FPUC's actual cost for abandonment of the LWG lateral if FPUC decides to abandon the LWG lateral following CITY's termination.

e. General provisions of the Transportation Agreement relating to FPUC's obligation to construct the LWG lateral will be deleted, as they are no longer relevant since the LWG lateral has been constructed.

f. The obligation to provide a letter of credit as security set forth in Section 4.8 of the Transportation Agreement will be deleted and CITY will not be obligated to provide such security providing CITY's credit rating remains equal to or greater than a Standard & Poors' rating of BBB+.

g. The only condition precedent to the new Transportation Agreement shall be the approval of the new Transportation Agreement by the FPSC. CITY agrees to join and support FPUC's petition seeking approval by the FPSC of the new Transportation Agreement and, in that proceeding, shall not assert any objection to the Cost of Service as defined above. FPUC and CITY agree to be bound by any modification to the Cost of Service that is imposed by FPSC in its final order, including any appeal therefrom, as a condition to its approval of the new Transportation Agreement.

h. Applicable changes to the notice and service provisions of Section 13.1 of the Transportation Agreement will be made.

i. The assignment provisions of Section 13.3 of the Transportation Agreement will be amended to provide that FPUC reserves the right to require appropriate security from CITY's assignee, in the event CITY seeks FPUC's approval of an assignment of the new Transportation Agreement.

j. The new Transportation Agreement will acknowledge that the gas transported through the LWG lateral will be used solely at CITY's power and water utility complex located on College Street in Lake Worth, Florida, as shown on Exhibit B3 to the Transportation Agreement, and that the gas will be used by the Project Parties and will not be offered for resale to any third party.

k. Section 7.6 and Exhibit A to the Transportation Agreement will be modified to reflect that the annual adjustment to the O&M charge shall be based on the ratio of the published annual CPI-All Urban Consumers (Series ID CUUR0000SA0) for the year immediately prior to such adjustment compared to the CPI-All Urban Consumers (Series ID CUUR0000SA0) published for the year immediately preceding the year prior to the year the annual adjustment to the O&M charge is made. This ratio shall be multiplied by the O&M charge developed and used for the year immediately preceding the year in which the annual adjustment is made.

l. The components of the O&M charge are to be mutually agreed upon by CITY and FPUC.

m. The new Transportation Agreement shall provide that CITY shall be liable for any additional cost incurred by FPUC resulting from any modification in the operating characteristics of the Project.

In all other respects, the material provisions of the Transportation Agreement will not be changed in any material respect.

In the event that a new Transportation Agreement is not executed and delivered by the Forbearance Date, the Transportation Agreement shall be deemed terminated as of the Forbearance Date without any further notice required from FPUC to any Party and FPUC may thereupon draw upon the LC, subject to the provisions of Paragraph 4 of this Agreement. In such event, FPUC agrees to negotiate in good faith with CITY regarding providing transportation services for delivery of natural gas to CITY's power and utility complex located on College Street in Lake Worth, Florida, subject to terms and conditions approved by the FPSC.

4. Amendment to Paragraph 3 of the Original Forbearance Agreement. The second sentence of Paragraph 3 of the Original Forbearance Agreement is hereby amended to read in its entirety as follows:

> In the event that the franchise agreement and the lease renewal on such terms and conditions do not become effective on or before the Forbearance Date, the Transportation Agreement shall be deemed terminated as of the Forbearance Date without further notice required from FPUC to any Party and FPUC may thereupon draw upon the LC, subject to the provisions of Paragraph 4 of this Agreement.

5. Amendment to Paragraph 5 of the Original Forbearance Agreement. Paragraph 5 of the Original Forbearance Agreement shall be amended in its entirety to read as follows:

> 5. Agreement by CITY. In consideration of FPUC's consent to forbearance as set forth in this Agreement, CITY agrees to the following:
>
> a. By no later than January 15, 2003, CITY shall pay FPUC the sum of thirty thousand dollars ($30,000.00), representing a partial payment of the total monthly payment of one hundred nine thousand four hundred twenty three and 48/100 dollars ($109,423.48) that was due from LWG on December 26, 2002;
>
> b. By no later than February 12, 2003, CITY shall pay FPUC the sum of thirty thousand dollars ($30,000.00), representing a partial payment of the total monthly payment of one hundred nine thousand four hundred twenty three and 48/100 dollars ($109,423.48) that was due from LWG on January 27, 2003;
>
> c. By no later than February 25, 2003, CITY shall pay FPUC the sum of Thirty Thousand Dollars ($30,000.00), representing a partial payment of the total monthly payment of one hundred nine thousand four hundred twenty three and 48/100 dollars ($109,423.48) due from LWG on February 25, 2003;
>
> d. By no later than March 25, 2003, CITY shall pay to FPUC the sum of Thirty Thousand Dollars ($30,000.00), representing a partial payment of the total monthly payment of one hundred six thousand three hundred forty-one and 75/100 dollars ($106,341.75) due from LWG on March 25, 2003;
>
> e. By no later than April 25, 2003, CITY shall pay to FPUC the sum of Thirty Thousand Dollars ($30,000.00), representing a partial payment of the total monthly payment of one hundred six thousand three hundred forty-one and 75/100 dollars ($106,341.75) for transportation services due from LWG for the month of March 2003;

f. In the event CITY agrees in writing to a new Transportation Agreement on the terms and conditions provided in this Agreement, FPUC shall be paid, by no later than March 31, 2003, the balance due on the monthly payments due in: (1) December 2002, plus interest at 6.3%, annually, calculated from December 26, 2002 to the date of payment; (2) January 2003, plus interest at 6.3%, annually, calculated from January 27, 2003 to the date of payment; (3) February 2003, plus interest at 6.3% annually, calculated from February 25, 2003; and (4) March 2003, plus interest at 6.3%, annually, calculated from March 25, 2003, as provided in Paragraph 11 of this Agreement;

g. By no later than March 31, 2003, FPUC shall be paid the sum of seventy-six thousand three hundred forty-one and 75/100 ($76,341.75), representing the balance due on the monthly payment for transportation services for the month of March 2003, as provided in Paragraph 11 of this Agreement;

h. In the event CITY and FPUC execute a new Transportation Agreement, CITY shall be obligated to pay the monthly payments otherwise due under the Transportation Agreement following the Forbearance Date and up to the date that the FPSC approves the new Transportation Agreement in a final order ("Consummating Order") entered by the FPSC; providing, however, that prior to the FPSC's approval of the new Transportation Agreement, CITY shall make payments under the new Transportation Agreement in accordance with the Cost of Service provisions of the new Transportation Agreement. If the FPSC does not approve the rates specified in the Cost of Service provisions of the new Transportation Agreement retroactively to the Forbearance Date, within twenty (20) days from the date of the Consummating Order, CITY shall pay to FPUC the difference between the monthly payments required in the Transportation Agreement and the monthly payments made under the new Transportation Agreement for that time period;

i. By no later than March 31, 2003, CITY shall reimburse FPUC for FPUC's attorneys' fees and costs incurred through December 31, 2002, in connection with the negotiation and execution of the Original Forbearance Agreement, up to a maximum of $20,000, which shall not be contingent upon execution of a new Transportation Agreement, plus such additional attorneys' fees and charges incurred by FPUC from January 1, 2003 to entry of the FPSC Consummating Order, in connection with the negotiation and implementation of the Amendment and approval by the FPSC of the new Transportation Agreement, up to a maximum of $30,000 ("Transactional Costs");

j. In the event that the new Transportation Agreement is not executed and delivered by the Parties by the Forbearance Date, CITY shall have no further obligations under this Agreement other than the partial payments due pursuant to Paragraphs 5 (c)-(e) above and payment of the non-contingent Transactional Costs referenced in Paragraph 5(i) above. FPUC shall provide CITY with notice of its Transactional Costs, with time and expenses itemized, by no later than April 4, 2003;

k. The partial payments by CITY for the service months of November 2002, December 2002, January 2003, February 2003, and March 2003 are not dependent upon the existence of any relationship between FPUC and CITY other than FPUC's agreement to provide for the transportation of natural gas on the LWG Lateral, and is not subject to any claim or offset of

any kind by CITY; and

l. CITY hereby represents and warrants that this Agreement (a) has been duly authorized and is valid and enforceable against and is binding upon CITY and (b) does not conflict with its organizational documents or any law binding upon the CITY and agrees to promptly deliver to FPUC an opinion of counsel confirming (a) and (b). ANYTHING IN THIS AGREEMENT TO THE CONTRARY NOTWITHSTANDING, THE OBLIGATION OF THE CITY TO PAY ANY AMOUNTS REQUIRED PURSUANT TO THIS PARAGRAPH 5 OR OTHERWISE UNDER THE AGREEMENT SHALL CONSTITUTE A REVENUE OBLIGATION OF CITY PAYABLE SOLELY FROM REVENUES OF CITY'S WATER AND ELECTRIC UTILITY SYSTEM AND SHALL NOT IN ANY WAY BE CONSTRUED TO BE A DEBT OF CITY IN CONTRAVENTION OF APPLICABLE CONSTITUTIONAL, STATUTORY OR CHARTER LIMITATIONS OR REQUIREMENTS CONCERNING THE CREATION OF INDEBTEDNESS OF CITY.

6. Amendment to Paragraph 6 of the Original Forbearance Agreement. The following two sentences are added at the end of Paragraph 6:

In the event a petition for relief under the Bankruptcy Code is filed by or against LWG prior to the Forbearance Date, the Parties agree that FPUC may draw upon the LC, subject to the provisions of Paragraph 4 of this Agreement. LWG further represents and warrants that there is no Lender, other than The AES Corporation, and, therefore, no other consent or notice under Section 13.4 of the Transportation Agreement is required to be given to any other Lender.

7. The following paragraph is hereby added as a new Paragraph 11:

11. Termination of Transportation Agreement and Release of LC. In the event CITY and FPUC have executed the new Transportation Agreement by March 31, 2003:

a. The LC will be drawn in the amount of three million three hundred ninety-three thousand eight hundred thirteen and 71/100 dollars ($3,393,813.71), to be applied as follows:

(i) $1,500,000.00 to reduce the Final Adjusted Construction Cost of the LWG lateral for the purpose of calculating the new Cost of Service in the new Transportation Agreement.

(ii) $393,813.71, to be applied to the deficiency of monthly payments under the Transportation Agreement, including interest, and for payment of the balance due on the monthly payment for services for March 2003, to satisfy unpaid obligations under Paragraphs 5(f) and (g) above.

(iii) $1,500,000.00 as a termination fee.

b. The balance of the LC will be released and Transportation Agreement will be deemed terminated, and neither CITY, FPUC, nor LWG shall have any further obligations thereunder.

8. The following paragraph is added as a new paragraph 12:

12. CITY's Representation. CITY represents that it will take no action prior to the Forbearance Date that will cause LWG to seek the protection under any Chapter of the United States Bankruptcy Code nor will it join in any efforts by unsecured creditors of LWG to file an involuntary bankruptcy petition against LWG.

9. Remaining Terms/Provisions. All of the remaining terms and provisions of the Original

Forbearance Agreement not amended hereby are confirmed.

(Remainder of Page Intentionally Left Blank)

IN WITNESS WHEREOF, the Parties hereto have executed, or caused this Amendment to be duly executed by their respective authorized officers or representative officials, as of the day and year first above written.

Signed, sealed and delivered
in our presence:

Name:

Name:

Name:

Name:

Name:

Name:

LAKE WORTH GENERATING, LLC

By:

Title:

FLORIDA PUBLIC UTILITIES COMPANY

By: /s/ Chuck Stein

Title:Chuck Stein, Sr. Vice President

CITY OF LAKE WORTH

By:/s/ Rodney G. Romano
Rodney G. Romano, Mayor

Attest:

/s/ Pamela Lopez
Pamela Lopez, City Clerk

Exhibit 10(o)

AGREEMENT FOR PURCHASE AND SALE OF WATER ASSETS

By and Between

FLORIDA PUBLIC UTILITIES COMPANY

Seller

and

CITY OF FERNANDINA BEACH

Purchaser

December 3, 2002

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ATTACHMENTS

Schedule "A" (Real Property)

Schedule "B" (Easements, licenses, etc.)

Schedule "C" (Treatment plants, etc.)

Schedule "D" (Certificates, permits, etc.)

Schedule "E" (Developer Agreements Assumed By Purchaser)

Schedule "F" (Contracts and Leases Assumed by Purchaser)

Schedule "G" (Futures Calculations)

Schedule "H" (Permitted Encumbrances)

Schedule "I" (Closing Documents and Responsible Party)

AGREEMENT FOR PURCHASE AND SALE OF WATER ASSETS

THIS AGREEMENT FOR PURCHASE AND SALE OF WATER ASSETS ("Agreement") is made as this 3rd day of December 2002, by and between Florida Public Utilities Company ("FPUC"), a Florida corporation (hereafter "Seller"), whose address is 401 South Dixie Highway, West Palm Beach, Florida 33401, and the City of Fernandina Beach, Florida, a municipal corporation of the State of Florida, (hereinafter "Purchaser" or "City") whose address is 204 Ash Street, Fernandina Beach, Florida 32034.

WHEREAS, Seller owns and operates a potable water treatment and distribution system ("Water System") located in Nassau County, Florida, and commonly known as Florida Public Utilities Company, Fernandina Beach Water Division;

WHEREAS, the Seller operates under Certificate of Public Necessity and Convenience No. 1-W (the "Certificate") issued by the Florida Public Service Commission ("Commission" or "PSC"), which authorizes Seller to provide water service in Nassau County, Florida; and

WHEREAS, all of the water assets referenced above are collectively known herein as the "Utility System" of the Seller; and

WHEREAS, the acquisition of the Utility System by Purchaser has been determined by Purchaser to serve a public purpose and be in the best interest of the City. Seller is willing to sell the Utility System to Purchaser without the necessity of Purchaser instituting an eminent domain proceeding; and Purchaser has agreed to purchase the Utility System from Seller in lieu of eminent domain proceedings and in settlement of this matter upon the terms and conditions as set forth in this Agreement;

NOW, THEREFORE, in consideration of the foregoing recitals and benefits to be derived from the mutual covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, Seller and Purchaser hereby agree to sell and purchase the Utility System in lieu of condemnation, upon the following terms and conditions:

1. RECITALS. The foregoing recitals are true and correct and are incorporated herein.

2. COVENANT TO PURCHASE AND SELL; DESCRIPTION OF PURCHASED ASSETS.

a. Purchaser shall buy from Seller, and Seller shall sell to Purchaser, the Purchased Assets (as defined below) upon the terms, and subject to the conditions precedent set forth in this Agreement.

b. "Purchased Assets" shall include all assets, business properties, and rights, both tangible and intangible, of the Utility System that Seller owns, or in which it has an interest, excluding any such assets, business properties and rights jointly used in the Seller's electric or propane divisions (unless specifically itemized in the attached schedules), including, but not limited to:

i. The real property and interests in real property owned and held by Seller, and all buildings and improvements located thereon, as identified in **Schedule "A"** to this Agreement ("Real Property").

ii. All easements, licenses, prescriptive rights, rights-of-way and rights to use public and private roads, highways, streets and other areas owned or used by Seller for

the construction, operation and maintenance of the Utility System, as identified in **Schedule "B"** to this Agreement.

iii. All water treatment plants, water supply and distribution facilities, of every kind and description whatsoever, including but not limited to pumps, plants, tanks, transmission mains, distribution mains, supply pipes, irrigation quality water facilities, valves, meters, meter boxes, service connections and all other physical facilities, equipment and property installations owned by Seller and used primarily in connection with the Utility System, together with all additions or replacements thereto, as identified in **Schedule "C"** to this Agreement.

iv. All authorizations, immunities, privileges, permits, license rights, consents, grants, ordinances, leaseholds, and all rights to construct, maintain and operate the Utility System and its plants and systems for the procuring, treatment, storage and distribution of potable water and every right of every character whatever in connection therewith, and the obligations thereof; all agencies for the supply of water to the Utility System or others; all water rights, flowage rights and riparian rights and all renewals, extensions, additions or modifications of any of the foregoing; together with all rights granted to Seller under the Certificate, as identified in **Schedule "D"** to this Agreement; to the extent that Seller's rights to the foregoing are transferable.

v. All items of inventory owned by Seller on the Closing Date. In this regard, Seller shall provide one-month's materials, supplies, and consumables to be transferred to the Purchaser at Closing. Seller shall provide a listing of such materials, supplies and consumables, and amounts of each fifteen (15) days prior to Closing, and the amounts thereof shall be field verified by the Purchaser at Closing. The parties hereto acknowledge that Seller will have at Closing a substantial stock of materials and supplies over and above that required in order to provide one-month's supply thereof to Purchaser at Closing. Prior to the Due Diligence Expiration Date, Purchaser shall advise Seller as to whether it wishes to also acquire, at Closing, the inventory of the Seller over and above one-month's post-closing supplies. If so, Purchaser and Seller shall agree as to the extent thereof, and the price to be paid, as an adjustment to the Closing Statement.

vi. All supplier lists, customer records, prints, plans, engineering reports, surveys, specifications, shop drawings, equipment manuals, and other information reasonably required by Purchaser to operate the Utility System in Seller's possession. Such information shall be provided by Seller to Purchaser in such format as Purchaser and Seller shall agree.

vii. All sets of record drawings, including as-built drawings, showing all facilities of the Utility System, including all original tracings, sepias or other reproducible materials in Seller's possession.

viii. All rights of Seller under any Developer Agreements assumed by Purchaser, as identified in **Schedule "E"** to this Agreement.

ix. All rights of Seller under the Contracts and Leases assumed by Purchaser, as identified in **Schedule "F"** to this Agreement. This information shall be provided to Purchaser at least sixty days prior to Closing.

x. All accounts receivable and customer deposits, subject to the conditions of Article 10(b)(viii) and 10(b)(xiii) hereof.

c. The following assets are excluded from the Purchased Assets:

i. Cash, bank accounts, equity and debt securities of any nature, deposits maintained by Seller with

any governmental authority, any non-refundable deposits and any prepaid expenses of Seller, which are Seller's sole property as of the Closing Date. Seller shall provide to the Purchaser, at Closing, a listing of the non-refundable deposits and prepaid expenses referenced herein.

ii. Escrow and other Seller provisions for payment of federal and state income taxes, and which shall be the Seller's responsibility through the Closing Date. Seller shall indemnify and hold harmless Purchaser from obligations of the Seller to its employees that have accrued prior to Closing with respect to unpaid compensation, income tax, FICA, Medicare withholding, union dues, health insurance payments, and the like.

iii. All assets, business properties, and rights, both tangible and intangible, owned and used by the Seller in common with Seller's electric or propane divisions, unless specifically itemized in the attached Schedules. In this regard, the parties hereto acknowledge that there may be items of property, which will be delineated prior to Closing, which will be utilized after Closing by both Seller and Purchaser. To the extent of any such items, they will be specifically delineated on the schedule to be created between the parties hereto prior to Closing, and approved at Closing.

iv. The name and Florida corporation known as Florida Public Utilities Company.

3. PURCHASE PRICE FOR CLEAR TITLE.

Purchaser shall pay to Seller, subject to the adjustments and prorations referenced herein, a total cash purchase price in the amount of $18,950,000, as well as a contingent "futures" consideration as referenced in paragraph "c" below("Futures" or "Futures payments"). At Closing, Purchaser shall pay Seller $18,950,000 in immediately available federal funds, by wire-to-wire transfer to an account designated by the Seller therefor.

b. If either Purchaser or Seller elects to terminate this Agreement, in any manner which is not provided for in this Agreement, said party shall deliver within five (5) days of the Due Diligence Expiration Date a $100,000 non-refundable payment to the other party (the "Penalty") which said party may retain, as well as pursue any other remedies contained herein, or otherwise allowed by law.

c. Purchaser shall also pay to the Seller, no later than each February 15th from the year 2004 to the year 2010 (the "Futures Period"), the amount of $1,500 for each new Equivalent Meter Connection ("EMC") added to the Utility System in the previous calendar year. For purposes of this paragraph, Purchaser and Seller agree to the following equivalent meter calculations, as promulgated by the American Waterworks Association and adopted by the Florida Public Service Commission pursuant to Rule 25-30.055, Florida Administrative Code.

Meter Size	Meter Type	EMCs
5/8 "	Displacement	1.0
3/4"	Displacement	1.5
1"	Displacement	2.5
1½"		Displacem or Turbine
2"	Displacement, Compound or Turbine	8.0
3"	Displacement	15.0
3"	Compound	16.0

3"	Turbine	17.5
4"	Displacement or Compound	25.0
4"	Turbine	30.0
6"	Displacement or Compound	50.0
6"	Turbine	62.5
8"	Compound	80.0
8"	Turbine	90.0
10"	Compound	115.0
10"	Turbine	145.0
12"	Turbine	215.0

All Futures calculations shall be in accord with Schedule "G" hereto. The Purchaser's obligation to pay futures, however, shall cease at such time as $7,500,000 in futures payments have been made to the Seller hereunder. If, at the conclusion of the year 2009, Seller shall have received from Purchaser less than the said amount of $7,500,000, Purchaser shall, no later than February 15, 2010, pay to the Seller the difference between the total amount of futures paid to the Seller during the futures period hereof, and $7,500,000. Failure of Seller to pay that amount, on or before February 15, 2010, shall entitle Seller to interest at the highest rate allowed by law until so paid, plus recovery of all related legal, accounting and other fees incurred in recovering such amount.

In addition to any other remedies afforded to Seller herein, Seller shall have the right to send in its own auditors to examine the books and records of the Purchaser and to perform any reasonable accounting functions required by Seller, in Seller's sole discretion and expense, in order to satisfy itself that it is receiving proper futures consideration as contemplated hereby. Purchaser shall cooperate in every reasonable way with Seller in this regard. The Purchaser agrees that its books and records pertaining to the operation of the Utility System shall be open and available during regular business hours to Seller's representatives for purposes of inspection in order to verify the matters contained herein.

Seller shall have the right to convey, sell, transfer or assign its rights in and to the Futures Payments. Upon doing so, Seller shall provide written notice thereof to Purchaser, which thereafter, shall deliver Futures Payments as directed by the entity or persons acquiring the right to such Futures Payments.

d. In the event Purchaser sells the Purchased Assets to a third party during the Futures Period referenced herein, Purchaser shall promptly notify Seller and the then unpaid balance of the total futures payments due from Purchaser to Seller shall accelerate and be due and payable upon the closing thereof.

e. Title to the Purchased Assets shall be delivered by the Seller to the Purchaser at closing, free and clear of all liens, encumbrances, debts, liabilities, or third party claims whatsoever, other than Permitted Encumbrances.

4. REPRESENTATIONS AND WARRANTIES OF SELLER. As a material inducement to Purchaser to execute this Agreement and perform its obligations hereunder, Seller represents and warrants to Purchaser as follows:

Seller is a duly organized, validly existing corporation, and its status is active under the laws of the State of Florida. Seller has all requisite corporate power and authority to (i) enter into this Agreement, and (ii) perform all of the terms and conditions of this Agreement.

b. The Board of Directors of Seller has approved Seller entering into this Agreement.

c. This Agreement constitutes, and all other agreements to be executed by Seller with respect to this Agreement, will constitute when executed and delivered, valid and binding obligations of Seller, enforceable in accordance with their terms.

d. The execution, delivery and performance of this Agreement will not violate any provision of law, order of any court or agency of government applicable to Seller, the Articles of Incorporation or By-Laws of Seller, nor any indenture, agreement, or other instrument to which Seller is a party, or by which it is bound, except for the requirement of obtaining consents from third parties to the assignment of Contracts and Leases identified in **Schedule "F,"** to the extent necessary.

e. Seller has exclusive possession, control, and, to its actual knowledge, ownership and good and marketable title to all Real Property, including without limitation, those used or located on property controlled by Seller in its business on the date of this Agreement. To Seller's knowledge, the Real Property is subject to no mortgage, pledge, lien, charge, security interest, encumbrance, or restriction except Permitted Encumbrances. At Closing, Seller shall deliver title to such Real Property free and clear of all debts, liens, pledges, charges or encumbrances, whatsoever, other than Permitted Encumbrances. Seller makes no representation as to the condition of the Real Property, and Purchaser acknowledges that it is accepting the Real Property in an "as is" condition, with no warranty of merchantability or fitness for a particular purpose or use, except for (i) the representations set forth in this paragraph, and (ii) the Environmental Law Compliance representations set forth in subsection g. below.

f. Seller has exclusive ownership, possession, control, and good and marketable title to all Purchased Assets other than the Real Property, including without limitation, those reflected in the Audited Financial Statements (except as may have been sold, or otherwise disposed of, by Seller in the ordinary course of business), and those used or located on property controlled by Seller in its business on the date of this Agreement. The Purchased Assets other than the Real Property are subject to no mortgage, pledge, lien, charge, security interest, encumbrance, or restriction except Permitted Encumbrances. At Closing, Seller shall deliver title to the Purchased Assets other than the Real Property free and clear of all debts, liens, pledges, charges or encumbrances, whatsoever. Seller makes no representation as to the condition of the Purchased Assets other than the Real Property, and Purchaser acknowledges that it is accepting the Purchased Assets other than the Real Property in an "as is" condition, with no warranty of merchantability or fitness for a particular purpose or use, except the Purchased Assets other than the Real Property, at Closing, shall be free and clear of all debts, liens, pledges, charges or encumbrances, whatsoever, other than Permitted Encumbrances.

g. Environmental Law Compliance.

i. Definitions.

1. "Environmental Law" means any federal, state, or local statute, order, regulation, or ordinance, or common law or equitable doctrine relating to the protection of human health or the environment in effect as of the Closing Date and includes, but is not limited to, The Florida Air and Water Pollution Control Act (Chapter 403, Florida Statutes), the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA") (42 U.S.C. § 9601 et seq.), the Resource Conservation and Recovery Act (42 U.S.C. § 6901 et seq.), the Clean Water Act (33 U.S.C. § 1251 et seq.), the Toxic Substances Control Act (15 U.S.C. § 2601 et seq.), and the Safe Drinking Water Act, (42 U.S.C. § 300f et seq.), as such have been amended or supplemented as of the Closing Date, and the regulations promulgated pursuant thereto, and in effect as of the Closing Date.

2. "Hazardous Material" means petroleum or any substance, material, or

waste which is regulated under any Environmental Law in the jurisdictions in which Seller conducts its Utility System business including, without limitation, any material or substance that is defined as or considered to be a "hazardous waste," "hazardous material," "hazardous substance," "extremely hazardous waste," "restricted hazardous waste," "pollutant," "toxic waste," or "toxic substance" under any provision of Environmental Law.

3. "Release" means any release, spill, emission, leaking, pumping, injection, deposit, disposal, discharge, or dispersal into the environment, at or from any property owned or operated by Seller or related to Hazardous Materials generated by Seller in its Utility System.

4. "Remedial Action" means all actions required to (i) clean up, remove, or treat any Hazardous Material; (ii) prevent the Release or threat of Release, or minimize the further Release of any Hazardous Material so it does not endanger or threaten to endanger public health or welfare or the environment; or (iii) perform pre-remedial studies and investigations or post-remedial monitoring and care directly related to or in connection with any such remedial action.

ii. Representations. To the actual knowledge of the Seller, which shall be defined as the actual knowledge of the officers of the Seller:

1. The Utility System is in material compliance with all applicable Environmental Laws and has no material liability thereunder, and there is no reasonable basis for any such liability.

2. The Utility System has obtained all permits required, or has submitted applications for such permits in a timely manner, under applicable Environmental Laws necessary for the operation of its business as presently conducted as of the date of this Agreement.

3. The Utility System has not received within the last three years and is not aware of any pending communication from any governmental authority or other party with respect to (i) the actual or alleged violation of any Environmental Laws; (ii) any actual or proposed Remedial Action; or (iii) any Release or threatened Release of a Hazardous Material.

4. No polychlorinated biphenyl or asbestos-containing materials, in material violation of Environmental Law are, or have been, present at any property when owned, operated, or leased by Seller as part of the Utility System, nor are there any underground storage tanks, active or abandoned, at any property owned, operated, or leased by Seller as part of the Utility System. Purchaser specifically acknowledges that the Utility System does contain a given quantity of concrete asbestos water piping. The existence of such concrete asbestos pipe shall not be considered, by the parties hereto, a material violation of the Environmental Law or a hindrance to the quality or use of the Utility System being acquired by the Purchaser hereunder.

5. There is no Hazardous Material in material violation of Environmental Law located at any site that is owned, leased, operated, or managed by Seller as part of the Utility System other than chemicals used for treatment (such as chlorine); no site that is owned, leased, operated, or managed by Seller as part of the Utility System is listed or formally proposed for listing under CERCLA, the Comprehensive Environmental Response, Compensation Liability Information System ("CERCLIS") or on any similar state list that is the subject of federal, state, or local enforcement actions or other investigations that may lead to claims against Seller for clean-up costs, remedial work, damages to natural resources, or for personal injury claims, including, but not limited to, claims under CERCLA; and there is no reasonable basis for Seller to be named

in such claims or for any similar action to be brought against Seller in connection with any such site.

6. No written notification of a Release of a Hazardous Material has been filed by or on behalf of Seller as part of the Utility System or with respect to any property when owned, operated, or leased by Seller in connection with the Utility System. No such property is listed or proposed for listing on the National Priority List promulgated pursuant to CERCLA, or CERCLIS, or any similar state list of sites requiring investigation or clean up.

7. No Hazardous Material has been released in material violation of Environmental Law at, on, or under any property now owned, operated, or leased by Seller, as part of the Utility System.

iii. All representations and warranties of the Seller shall expire as of and be merged into the Closing, except as to paragraphs 4.a., b., and c. hereof.

5. REPRESENTATIONS AND WARRANTIES OF PURCHASER. As a material inducement to Seller to execute this Agreement and to perform its obligations thereunder, Purchaser represents and warrants to Seller as follows:

a. Purchaser has been duly organized, and is a validly existing municipal corporation under the laws of the State of Florida. Purchaser has all requisite power and authority to (i) enter into this Agreement, and (ii) carry out and perform the terms and conditions of this Agreement.

b. The City Commission of Purchaser has approved Purchaser entering into this Agreement.

c. This Agreement constitutes, and all other agreements to be executed by Purchaser with respect to this Agreement, will constitute, when executed and delivered, valid and binding obligations of Purchaser, enforceable in accordance with their terms.

d. The execution, delivery and performance of this Agreement will not violate any provision of law, order of any court or agency of government applicable to Purchaser, the Charter of Purchaser, nor any indenture, agreement, or other instrument to which Purchaser is a party, or by which it is bound.

e. Purchaser will authorize the issuance of the indebtedness to be issued by Purchaser necessary to ensure Purchaser's performance hereunder, subject to the conditions precedent for Closing and as set out herein.

f. All necessary public hearings required to authorize Purchaser's purchase of the Utility System and Purchaser entering into this Agreement will have been duly held prior to Closing and all appropriate governmental actions required to be taken by Purchaser will have been duly taken prior to the Closing Date.

g. Purchaser shall, subsequent to Closing, and consistent with prudent business practices, industry standards applicable thereto, and the requirements of the appropriate governmental agencies having jurisdiction over the assets and businesses of the Utility System, provide water services to all properties, improvements thereon and the occupants thereof, located within the Seller's service area after connection has been made, in a uniform and nondiscriminatory manner with other property and property owners served by Purchaser. This representation and warranty shall survive Closing hereof, for the duration of the limitations period at Florida Law for Contracts.

h. Purchaser has the lawful power to acquire the Utility System through condemnation and it

has advised Seller that it would take those steps necessary to condemn the Utility System if a voluntary sale did not otherwise take place.

6. TITLE INSURANCE AND PERMITTED ENCUMBRANCES.

Prior to the Due Diligence Expiration Date Seller shall cause to be issued and delivered a current title insurance commitment issued by a title company licensed to do business in the State of Florida, covering the Real Property (but not the easements), which shall be in an amount equal to $5,000,000. The cost of the title insurance commitment and title insurance shall be borne by Seller. The title insurance commitment shall commit the insurer to issue owner's title insurance policies to Purchaser covering the Real Property (substantially in accordance with the ALTA Standard Owner's Form B), with Florida modifications, reflecting title to the Real Property to be marketable or insurable, except for the Permitted Encumbrances (as defined in Section 6.d. below), the standard printed exceptions usually contained in an owner's title insurance policy, and the standard exclusions from coverage; provided, however, that the title insurance company shall delete the standard exceptions customarily deleted for such items as materialman's liens, survey, and mechanic's liens. Seller shall execute at, or prior to, Closing, in favor of the title insurance company, the appropriate mechanic's lien affidavit and "Gap" affidavit sufficient to allow the title insurance company to delete all standard exceptions addressed by such affidavits.

b. Purchaser shall notify Seller in writing no less than ten (10) days after receipt of the title insurance commitment of any alleged material defect in Seller's title to the Real Property, other than those accepted herein and the Permitted Encumbrances (such written notice to include all exceptions, encumbrances, liens, easements, covenants, restrictions or other defects in Seller's title to the Real Property (other than the Permitted Encumbrances), which render or may render Seller's title to the Real Property unmarketable in accordance with standards adopted by The Florida Bar or uninsurable. Any objections to title to the extent not shown on the notice furnished by Purchaser in accordance with the provisions of this paragraph shall be deemed to have been waived by Purchaser and Purchaser shall not be entitled to any damages or other remedies. Seller shall have thirty (30) days after receipt of Purchaser's notice, to eliminate all of the material objections to title set forth in Purchaser's notice. However, in no event shall Seller be required to bring suit or expend any sum in excess of $100,000 in the aggregate to cure title defects, exclusive of mortgages against the Real Property, which are in a liquidated amount or Seller has an obligation to discharge on or before Closing pursuant to the terms of this Agreement. If Seller fails to deliver title as herein provided, then Purchaser may:

i. Accept whatever title Seller is able to convey with no abatement of the Purchase Price; or

ii. Reject title and terminate this Agreement with no further liability to either Purchaser or Seller.

c. Purchaser may not object to title by reason of the existence of any mortgage, lien, encumbrance, covenant, restriction or other matter that (i) may be satisfied with a payment of money and Seller elects to do so by paying same at or prior to the Closing Date; (ii) any mechanic's lien or other encumbrance that can be released of record, bonded or transferred of record to substitute security so as to relieve the Real Property from the burden thereof and Seller elects to do so at or prior to Closing; or (iii) the title insurance company issuing the title insurance commitments affirmatively insures-over.

d. Any survey performed shall be updated as necessary in order to eliminate survey exceptions from the title insurance policy.

e. Seller shall deliver, promptly after Closing, the title insurance policy issued on the binder.

f. As used above, "Permitted Encumbrances" include the following:

i. All present and future building restrictions, zoning regulations, laws, ordinances, resolutions, regulations and orders of any governmental authority having jurisdiction over the Real Property and the use thereof.

ii. Easements, restrictions, reservations, rights-of-way, conditions and limitations of record, if any, which are not coupled with any reverter or forfeiture provisions, including (without limitation) any drainage, canal, mineral, road, or other reservations of record in favor of the State of Florida or any of its agencies or governmental or quasi-governmental entities, or as may be set forth in any "Murphy Deeds," none of which, however, shall impair or restrict the use of the Real Property or the operation of the Utility Systems.

iii. The matters listed in Schedule "H," (the "Permitted Encumbrances"), including the exceptions appearing in the title report.

iv. Such other matters as are permitted under the terms of this Agreement, including but not limited to the Developer Agreements.

7. CONDITIONS PRECEDENT TO CLOSING. The obligations of each party to close the transaction contemplated by this Agreement are subject to the conditions that, at or before the Closing Date:

Neither Party shall be prohibited by decree or law from consummating the transaction.

b. There shall not be pending on the Closing Date any legal action or proceeding that prohibits the acquisition or sale of the Purchased Assets or prohibits Purchaser or Seller from closing the transaction or Purchaser from paying the Purchase Price, or that inhibits or restricts in any material manner Purchaser's use, title, or enjoyment of the Purchased Assets.

c. Seller shall have delivered copies of the resolutions evidencing its ratification and approval of this Agreement and the sale of the Purchased Assets.

d. Seller shall have received a release of lien as to those assets comprising the Utility System from the existing first mortgage bonds.

e. Purchaser shall have obtained and approved a plan of finance from the Purchaser's independent financial advisor.

f. Purchaser shall have received from engineering and financial consultants reports demonstrating the feasibility of the acquisition contemplated herein, the condition of the Purchased Assets, and if appropriate, a comparison of the rates of the Seller to those of the Purchaser. It shall be the sole discretion of the Purchaser to determine if the acquisition is feasible.

g. Purchaser shall have held a public hearing as required pursuant to Section 180.301 Florida Statutes, and shall have ratified and approved the execution of this Agreement and authorized the acquisition of the Purchased Assets and copies of the Resolutions evidencing such ratification and approval have been delivered to Seller.

Purchaser shall have authorized the indebtedness to be issued by Purchaser with respect to this transaction and copies of the Resolutions evidencing such ratification and approval have been delivered to Seller.

Purchaser shall have obtained the consent of the City Commission to all aspects of the transaction. Seller acknowledges and agrees that all Resolutions and approvals required herein are within the authority of the City Commission, and are subject to its sole judgment and discretion as to the feasibility and advisability of proceeding with the transaction.

h. Each of the other parties hereto shall have performed all of the undertakings required to be performed by them under the terms of this Agreement prior to or at Closing.

i. All warranties and representations of the other party shall be true in all material respects as of the Closing Date, except to the extent they specifically refer to another date.

j. Purchaser's receipt of a satisfactory commitment for bond insurance.

k. Purchaser shall have executed a Bond Purchase Agreement with Purchaser's underwriters for Purchaser's bonds.

l. The prevailing rate for 30 year, tax-exempt and insured governmentally-issued water utility revenue bonds shall not be greater than six percent (6%) as of the Closing Date.

The above conditions precedent to Closing, with the exceptions of paragraphs 7a., b., c., i., j., k., and l., shall expire on the Due Diligence Expiration Date at the end of the due diligence period referenced in Article 9(b)(ii).

8. PRE-CLOSING CONDUCT; COVENANTS. Prior to the Closing Date, the parties covenant to each other, and shall conduct themselves, as follows:

a. Within five (5) days after the execution of this Agreement, Seller shall either furnish to Purchaser, or provide Purchaser with ready access to the following, to the extent they are in the possession of Seller, its employees, representatives, or agents:

i. Copies of all plans and specifications showing the Utility System as now constructed (as-built), including any under construction, together with a detailed engineering map showing the water treatment plants, water supply and distribution facilities, and appurtenances as now constructed, and all other facilities constituting the Utility System.

ii. Copies of the Certificate of Public Necessity and Convenience issued by the Florida Public Service Commission with respect to the Utility System, and any correspondence within the last two years between Seller and the Commission with respect thereto.

iii. Copies of the developer agreements identified in **Schedule "E."**

iv. Copies of the contracts and leases identified in **Schedule "F."**

v. Depreciation and amortization schedules identifying substantially all equipment, computers, software, vehicles, tools, parts, laboratory equipment, office equipment, and all other personal property owned or used by Seller in connection with the operation of the Utility System.

vi. A schedule and copies of documents reflecting the rates, fees, charges and tariffs of Seller.

vii. Copies of permits, applications, or other documents, together with effective dates and expiration dates (if any), demonstrating approval of the facilities of the Utility System by all applicable governmental authorities, including, but not limited to: (a) the Florida Department of Environmental Protection, (b) the United States Environmental Protection Agency, (c) the PSC, and (d) the St. John's River Water Management District.

viii. A list of customer deposits or advance facility charges and accounts receivable by name and account number, setting forth the amount of each individual deposit or

receivable and their aggregate totals. The list referenced in this subparagraph shall be updated as of the date of Closing, and all customer deposits held by Seller shall be paid over to Purchaser as an adjustment on the Closing statement, so that Purchaser may consummate customer deposit refunds pursuant to its internal policies and procedures. Further, Seller shall provide to Purchaser a listing of all non-refundable and pre-paid items, together with any indication as to whether Seller intends that those items will not be transferred to Purchaser at Closing, in accordance with Article 2 hereof.

ix. A map on which there is outlined the present and anticipated Service Area of Seller.

x. A copy of the annual reports filed by Seller with the PSC for the calendar years 1999 and 2000.

xi. A copy of all warranties held by Seller with respect to completed, or in progress, construction work with respect to the Utility System, in addition to, a copy of all warranties relating to the Purchased Assets.

xii. Audited Balance Sheets and Income Statements of Seller as of December 31, 2001.

xiii. Copies of any and all effective insurance policies with respect to the Purchased Assets and Utility System.

xiv. If not set forth in **Schedule "A,"** a legal description of the Real Property owned by Seller in connection with its operation or use of the Utility System.

xv. A survey of the Real Property, as prepared by a Florida licensed surveyor, and certified to Purchaser and Seller, in accordance with the minimum technical standards adopted by the Florida Society of Professional Land Surveyors in accordance with § 472.027, Florida Statutes. The survey(s) shall set forth the area contained in each parcel of property, together with all existing easements, alleys, streets and roads thereon; show any encroachments upon or protrusions from the property; show all existing improvements constructed thereon and distances to boundary lines; specify thereon all dedicated public streets providing access to the property; and stating whether the property is within any area determined by the Department of Housing and Urban Development to be flood prone under the Federal Flood Protection Act, as amended, except, however, if the title insurer will accept an existing survey plus a "gap" or "bring down" affidavit in lieu of a new survey.

xvi. Copies of the easements, licenses, prescriptive rights and rights-of-way owned and used by Seller for the construction, operation and maintenance of the Utility System, as identified in **Schedule "B."**

xvii. A list of Seller's 2002 capital expenditures up through and including January 31, 2003.

xviii. A copy of all environmental permits and applications related thereto for Seller's facilities.

xix. Copies of all data relating to the employees of the Utility System, including, but not limited to salary, payroll records, pay schedules, benefits and entitlements, length of service, union affiliation, union dues and union contracts, pensions, insurance (including Worker's Comp. and Worker's Comp. history) personnel manuals and/or policy and procedure manuals.

b. During the period between the date of this Agreement and the Closing Date, Seller

shall:

i. Operate and maintain the Utility System and Purchased Assets in a normal and usual manner, or in accordance with Seller's business plan, to ensure that the condition of the Utility System and the Purchased Assets shall not be materially diminished or depleted, normal wear and tear excepted;

ii. Promptly notify Purchaser of any notification received by Seller from any person, business, or agency of any existing, or potential, Environmental Law violation;

iii. Make no unbudgeted capital expenditures in excess of $100,000 without the prior written consent of Purchaser;

iv. Provide Purchaser, or its designated agent(s), with uninhibited access to the business premises of the Utility System, Purchased Assets, Seller's books and records related to the Utility System, employees, agents, or representatives, on reasonable advance notice and during business hours. For its part, Purchaser agrees that its activities in this regard shall not unreasonably interfere with Seller's business operations.

v. Promptly notify Purchaser of any event, activity or occurrence that has, or may have, a material adverse effect on Seller or this transaction.

c. During the period of time between the date of this Agreement and the Closing Date, Seller shall maintain its existing levels of insurance on the Purchased Assets and Utility System.

d. From the date of execution of this Agreement until Closing, Seller shall not, without the prior written consent of Purchaser, enter into any new developer agreements other than in the ordinary course of business or modify any existing developer agreements other than in the ordinary course of business. Copies of any such developer agreements shall be promptly delivered to Purchaser.

e. Seller shall not accept payment for Connection Charges at a rate lower than the applicable tariffs require in order to receive early payment of those Connection Charges. If Seller violates this covenant, the Purchase Price shall be reduced accordingly by the amount of any such Connection Charges that are paid in advance as the result of offering a discount. Furthermore, Seller shall not enter into any new developer agreements from the date of this Agreement through Closing, except in the ordinary course of business.

f. Purchaser shall cause to be performed, at its sole expense, a Phase I Environmental Survey (and a subsequent Phase II, if necessary) of each parcel of real property owned by Seller. The Phase I Environmental Survey shall be completed by Purchaser prior to the Due Diligence Expiration Date as referenced herein. If a Phase II Environmental Survey is deemed necessary as a result of the Phase I Survey, the Phase II Survey shall be completed and the Environmental Report prepared therefrom shall be delivered to Seller no later than fifteen days after the Due Diligence Expiration Date. If such Phase I or Phase II Survey discloses the presence of any Hazardous Material, Seller shall have the right to perform such clean-up and remediation as is necessary thereunder. Upon Seller's failure to perform such clean-up and remediation, prior to the Closing Date, Purchaser may elect to either (i) terminate this Agreement, in which event neither party shall have any liability to the other; or (ii) proceed to Closing without abatement of the Purchase Price. To the extent allowed by law, purchaser agrees to indemnify, save harmless and defend Seller, its officers, directors, shareholders, partners, employees, agents and assigns from and against any and all liabilities, claims, penalties, forfeitures, suits, and the costs and expenses incident thereto (including costs of defense, settlement and reasonable attorneys' fees), which Seller, or its officers, directors, shareholders, partners, employees, agents and assigns may hereinafter incur, become responsible for or pay out as a result of the death or bodily injuries to any person, destruction or damage to any property, contamination of or adverse

effects on the environment, or any violation of governmental laws, regulations or orders, caused by any negligent or willful act or omission of the Purchaser, or of any consultant, subcontractor, employee or agent of Purchaser in the performance of the Phase I and Phase II Environmental Surveys. The terms and provisions of this indemnification paragraph shall survive the termination of this Agreement or the closing of the transaction contemplated herein.

g. Neither Purchaser nor Seller shall transfer or assign this Agreement or the duties or obligations created herein, without the prior written consent of the other.

h. Purchaser and Seller acknowledge that Seller's Water Plant No. 3 (a/k/a No. 3 Waterworks) is located upon property owned by the Purchaser and leased by the Seller. Seller also utilizes a portion of that property for utility endeavors unrelated to the Utility System being acquired by the Purchaser hereunder. Prior to the Due Diligence Expiration date, Purchaser and Seller shall agree upon an appropriate division of the subject property, such that Seller may continue its propane operations on an adequate portion of such property, and a new lease agreement will be prepared, and which will be executed by the parties hereto at Closing in this regard, under terms and conditions favorable to the Seller for the Seller's continued operation of its propane division, provided, however, that the lease terms shall be substantially identical to the terms in the existing lease, dated February 1, 2000 (City Ordinance 99-51), for such property and at the same, or a substantially similar, pro-rata rate per square foot as Seller is now paying to Purchaser as consideration for such lease, provided further, however that said new lease shall be for a thirty year term, to run concurrently with the franchise agreement referenced in Article 10.b.xvii hereof.

i. At Seller's Water Plant No. 3, which will be acquired by the Purchaser hereunder, there is an existing storeroom and meeting room which Purchaser acknowledges that Seller may continue to utilize, at no additional consideration, for a period of two years from and after the date of Closing hereon. If Seller completes construction of its new office building prior to the expiration of the subject two-year period, Seller will abandon its right to utilize the existing storeroom and meeting room referenced herein. If such construction is not completed within the subject two-year period, Purchaser will grant to Seller an additional six month extension of the usage rights referenced herein.

j. As to Seller's Water Treatment Plant No. 3, because of the division of the site between waterworks purposes, to be acquired by the Purchaser hereunder, and the continued operation of the propane facilities of the Seller, City will, at its expense, construct a fence on the Seller's side of the water catchment area in order to clearly delineate the Seller's propane operations from the Purchaser's waterworks operations.

k. Prior to the Due Diligence Expiration Date, the parties will agree upon the terms of a lease for land upon which the City will make available to Seller a new location upon which Seller may construct an office building to replace the office facility being transferred from Seller to Purchaser hereunder. Seller will, at Closing, execute a thirty year lease with Purchaser for such office building site, upon mutually acceptable favorable terms and conditions, substantially identical to those contained in the existing leasehold agreement between the parties, dated February 1, 2000 (City Ordinance No. 99-51) and at substantially the same rate per square foot as Seller is now paying Purchaser for the lease of similar property.

9. TERMINATION OF AGREEMENT.

b. This Agreement may be terminated (i) by mutual written consent of the parties, (ii) by either party if the transactions contemplated hereby have not closed by April 1, 2003, or (iii) as provided in paragraphs b. and c. below.

b. Purchaser may terminate this Agreement, in its sole discretion, upon the occurrence of any of the following:

i. The failure to satisfy, in any material respect, prior to Closing of any of the condition(s) precedent to Closing remaining in effect set forth in Section 7.

ii. Commencing as of the date of this Agreement and continuing for a 45 day period (the last day of which being January 23, 2003) which shall herein be defined as the "Due Diligence Expiration Date"), Purchaser shall conduct such due diligence of the Purchased Assets and Utility System, as, in its sole discretion, it deems appropriate including, but not limited to, upon reasonable notice to Seller, entering upon the property of Seller to inspect the Purchased Assets and Utility System, to familiarize itself with day-to-day operations, and to review the practices of Seller, and to determine Seller's compliance with any and all federal, state, and local regulatory requirements. Purchaser may also review any and all records of Seller as it deems appropriate. Seller shall cooperate with Purchaser in all respects as to Purchaser's exercise of due diligence. After conducting its due diligence, Purchaser shall have the right to terminate this Agreement, in its sole discretion, upon delivery of written notice to that effect to Seller within 5 days of the expiration of the 45 day inspection period. In the alternative, if Purchaser fails to provide such termination notice, Purchaser shall be deemed to have accepted the Purchased Assets as is.

iii. Except as modified herein, any material breach of this Agreement by Seller, including, but not limited to, a material breach of any representation or warranty, if Seller has not cured such breach within 30 days after notice from Purchaser; provided, however, such breach must in any event be cured prior to the Closing Date unless the date for cure has been extended by Purchaser.

iv. Any other basis for termination on behalf of Purchaser otherwise set forth in this Agreement.

c. Seller may terminate this Agreement, in its sole discretion, upon the occurrence of any of the following:

i. The failure to satisfy, in any material respect, prior to Closing any of the conditions precedent to closing remaining in effect set forth in Section 7.

ii. Any material breach of this Agreement by Purchaser, including, but not limited to, a material breach of any representation or warranty, if Purchaser has not cured such breach within 30 days after notice from Seller, provided, however, such breach must in any event be cured prior to the Closing Date unless the date for cure has been extended by Seller.

iii. The failure of the Purchaser to secure a commitment for bond insurance on or before Closing or completion of marketing and sale of the subject bonds on or before Closing or failure to close this transaction, through the fault of the Purchaser, on or before Closing.

iv. Any other basis for termination on behalf of Seller otherwise set forth in this Agreement.

d. Upon the occurrence of any of the bases for termination of this Agreement, the party seeking to terminate this Agreement shall provide written notice of its termination of this Agreement to the other by delivering the same as provided in Section 14.b.

e. Upon the termination of this Agreement, the following shall occur:

i. Each party shall return all documents, including copies, in its possession, or in the possession of its agents and consultants to the other, as the case may be. Each

party, its agents and consultants, shall treat any information previously received as confidential, and shall not disclose or use such information, unless required by law.

ii. Except as otherwise set forth in this Agreement, each party shall be responsible for payment of its own attorney and other professional fees and other costs of any nature whatsoever incurred prior to the termination of this Agreement.

iii. This Agreement shall forthwith become void and (except for the willful breach of this Agreement by any party hereto) there shall be no liability on the part of Purchaser or Seller, or their respective officers or directors, other than as provided for herein.

10. CLOSING DATE AND CLOSING.

c. This transaction shall be closed on or before March 31, 2003 ("Closing Date"), unless advanced or extended by mutual agreement of the parties, at a location mutually acceptable to both parties.

b. At Closing:

i. Purchaser shall pay the Purchase Price, subject to any adjustment as provided for herein.

ii. Title to the Real Property shall be conveyed to the Purchaser by special warranty deed free of all claims, liens, or encumbrances, whatsoever, other than Permitted Encumbrances. Title to the remaining Purchased Assets shall be conveyed to Purchaser by Bill of Sale free of all claims, liens, or encumbrances, whatsoever, other than Permitted Encumbrances.

iii. Seller shall assign its right, title and interest in those easements, licenses, etc. identified in **Schedule "B."**

iv. Seller and Purchaser shall enter into separate Assignment and Assumption Agreements with respect to the (i) developer agreements identified in **Schedule "E"**, and (ii) contracts and leases identified in **Schedule "F."**

v. Pursuant to the decision of the Supreme Court of Florida in the matter of Florida Department of Revenue v. Orange County, 620 So.2d 991 (Fla. 1993), the parties hereto are of the opinion and belief that this transaction is immune from the requirement of payment of documentary stamp taxes upon the recordation of any deeds pursuant hereto. The parties hereto will jointly challenge any attempted imposition of documentary stamp payments. All documentary stamps, if required, however, on the deeds of conveyance of the Real Property included in the Purchased Assets shall be paid by the Purchaser.

vi. Real property and personal property taxes on the Purchased Assets and Utility System, and any other applicable taxes, shall be prorated as of the Closing Date and Seller shall be required to pay its pro rata share at Closing. All other taxes and assessments accrued or owed by Seller as of the date of Closing with respect to the Purchased Assets shall remain the obligation of Seller. All other taxes and assessments imposed or attempted to be imposed from and after the date of Closing with respect to the Purchased Assets shall be the obligation of Purchaser.

vii. Current employees of Seller engaged in the operation of the Utility System shall be offered employment by Purchaser at the same rate of pay and with approximately the same benefits as each employee was receiving from Seller as of January 1, 2003, or, if Purchaser contemplates entering into a long-term Operating Agreement for the Purchased Assets, Purchaser shall require its Contract Operator to offer such

employment to the current employees of the Seller for a term of at least one (1) year with approximately the same benefits as provided by Seller.

viii. Monies due to Seller for service rendered and billed prior to the Closing Date shall remain the property and entitlement of the Seller. Gross revenues from water services rendered, but not yet billed ("unbilled revenue") as of the Closing Date, shall be calculated by the parties at Closing, and 92% thereof shall be paid by the Purchaser to the Seller at Closing. Purchaser shall then be entitled to bill and collect for such revenues as its own. Purchaser shall be entitled to all Utility System revenues earned from the Closing Date forward.

ix. Connection Charges (defined as connection, plant capacity, main extension, capital or other charges paid for the availability of utility services) received by Seller prior to the date of execution of this Agreement, shall be retained by Seller. Connection charges received by the Seller after the date hereof, but prior to the Closing Date, shall also be retained by the Seller. Connection Charges paid after the Closing Date shall be the property of Purchaser.

x. All transfers required or necessary to carry out the intent and purpose of this Agreement shall take place, unless waived or extended by mutual consent.

xi. Each of the parties shall pay the fees of its own attorneys, bankers, engineers, accountants, and other professional advisers or consultants in connection with the negotiation, preparation and execution of this Agreement, and any documents associated with the Closing.

xii. All bills for services, materials and supplies rendered in connection with the operation of the Utility System prior to Closing, including but not limited to electricity for a period up to and including the Closing Date, shall be paid by Seller. Any bills received by City for services, materials and supplies rendered in connection with the operation of the Utility System prior to Closing shall be promptly forwarded by Purchaser to Seller, and Seller shall then promptly pay for same.

xiii. Seller shall transfer and Purchaser shall assume the liability for customer deposits, and credit shall be given to the Purchaser therefor.

xiv. Each party shall deliver to the other party a certificate stating that:

1. The party is not prohibited by decree or law from consummating the transaction contemplated hereby.

2. There is not pending on the Closing Date any legal action or proceeding that hinders the ability of either party to close the transaction.

3. All warranties and representations of such party contained in this Agreement are true and correct as of the Closing Date, except that representations regarding financial statements are as of the date of the financial statement.

xv. Seller shall deliver to Purchaser, in a form reasonably acceptable to Purchaser, an opinion of Seller's counsel substantially to the effect that:

1. Seller is validly organized, existing and its status is active under the laws of the State of Florida.

2. This Agreement has been duly and validly executed and approved by Seller

and is a valid and binding agreement upon Seller.

3. To Seller's counsel's actual knowledge, the execution, delivery and performance of this Agreement will not violate any agreement of or binding on, or any law applicable to, Seller.

xvi. Purchaser shall deliver to Seller in a form acceptable to Seller, an opinion of Purchaser's counsel substantially to the effect that:

1. Purchaser is validly organized and existing as a municipal corporation under the laws of the State of Florida.

2. This Agreement has been duly and validly executed and approved by Purchaser and is a valid and binding agreement upon Purchaser.

3. To Purchaser's counsel's knowledge, the execution, delivery and performance of this Agreement will not violate any agreement to which Purchaser is a party (or which is binding upon Purchaser), or any law applicable to Purchaser.

xvii Purchaser acknowledges that it has, within the last six years, entered into a renewed thirty-year franchise with Seller relative to its Electric Utility Division (the "Franchise"). As additional consideration to the Seller hereunder, Purchaser shall, at Closing, reissue the subject Franchise, under the same terms and conditions as currently exist, for a new total franchise term of thirty years. This provision shall not be construed, however, so as to prohibit Purchaser from increasing the public utility tax authorized by Section 166.231, Florida Statutes, up to the statutory limit or from increasing the franchise fee referenced in the Franchise to match the amount imposed by any other governmental entity wherein Seller, in its electric utility operations, provides electric service in connection with a franchise issued by such other governmental entity. This "most favored nation" provision shall be limited to Seller's electric utility operations, wherever situated, regardless of the actions of unrelated municipalities and electric utilities. If, for any reason, Seller is prohibited from passing through any such increases directly to its customers, Seller may oppose such increases.

xviii. The parties will execute and deliver the leases referenced in Article 8 hereof.

11. INDEMNIFICATION.

a. Seller shall save and hold Purchaser and its elected and appointed officials, directors, officers, employees, and agents (hereafter "Purchaser Indemnified Parties"), harmless from, and indemnify the Purchaser Indemnified Parties against, any and all losses or damages, claims, demands, deficiencies, liabilities, obligations, costs and/or expenses (including, but not limited to reasonable administrative, trial, and appellate attorney fees and costs incurred in connection with investigating, preparing to defend, or defending any action, suit or proceeding commenced, or threatened, or any claim whatsoever) suffered by any of the Purchaser Indemnified Parties, whether accrued, absolute, contingent or otherwise, and which result from:

i. Any material misrepresentation by Seller of a material fact contained in this Agreement, or a material breach of a representation or warranty, with respect to which Purchaser notifies Seller in writing within the applicable survival period as set forth in paragraph e. below, specifying the breach in detail; or

ii. Any material breach by Seller of its covenants or obligations;

iii. Any and all material claims by developers actually known to Seller that are not disclosed to Purchaser, for acts or promises other than as set out in the developer agreements;

iv. Any material promise made by Seller that was not disclosed by Seller and that Seller or Purchaser is forced, by action of law or otherwise, to honor; or

v. The operation or activities of Seller with respect to the Purchased Assets or Utility System prior to the Closing Date.

b. Notwithstanding the foregoing, and subject to (i) the Environmental Law Compliance representations in Section 4.g. and (ii) Seller's liability that may otherwise be imposed by law, Seller shall have no liability to Purchaser for (a) title to, and encumbrances upon, the Real Property; provided, however, that title to the Real Property is insured by a title company licensed to issue title commitments in the State of Florida, subject only to the Permitted Encumbrances; and (b) violation of Environmental Law, the presence of Hazardous Substances, and the existence of Releases.

c. Seller shall indemnify Purchaser and hold it harmless against any claim, cost, expense, liability or loss (including reasonable trial and appellate attorneys fees and costs) incurred or suffered as a result of any broker's or salesman's commission or finders fee alleged to be payable because of any statements, act or omissions of the indemnifying party. Similarly, to the extent provided for by Florida law, Purchaser shall indemnify Seller and hold it harmless against any claim, cost, expense, liability or loss (including reasonable trial and appellate attorneys fees and costs) incurred or suffered as a result of any broker's or salesman's commission or finders fee alleged to be payable because of any statements, act or omissions of the indemnifying party.

d. Purchaser shall save and hold Seller, and its directors, officers, employees and agents (hereinafter "Seller Indemnified Parties") harmless from and indemnify the Seller against any and all losses or damages, claims, demands, deficiencies, liabilities, obligations, costs and/or expenses (including, but not limited to reasonable administrative, trial and appellate attorney fees and costs) incurred in connection with investigating, preparing to defend or defending any action, suit or proceeding commenced, or threatened, or any claim whatsoever suffered by any of the Seller Indemnified Parties, subject to the limitations as set forth in Section 768.28, Florida Statutes, as may be revised or amended from time to time, and which result from:

i. Any material misrepresentation by Purchaser of a material fact contained in this Agreement, or a material breach of a representation or warranty, with respect to which Seller notifies Purchaser in writing within the applicable survival period as set forth in paragraph e. below, specifying the breach in detail;

ii. Any material breach by Purchaser of its covenants or obligations herein; or

iii. The operation or activities of Purchaser on or after the Closing Date.

e. The respective representations and warranties of the parties contained in this Agreement shall survive the consummation of the transactions contemplated hereby and continue for a period of one year from the Closing Date, and thereupon shall terminate.

f. The amount for which an indemnified party shall receive indemnification hereunder shall be reduced by any insurance proceeds or other payments received by the indemnified party in respect of the indemnified matter.

g. Each party hereto shall give the indemnifying party prompt written notice of any claim, assertion, event or proceeding by or in respect of a third party of which it has knowledge concerning any liability or damage as to which it may request indemnification hereunder. The party providing indemnification shall have the right at all times to control the defense or settlement of any such claim or proceeding through counsel of its own choosing, and to settle any and all such claims made.

h. Any party claiming indemnification hereunder with respect to the falsity of any representations or warranties herein must give notice to the other party of its claim for indemnification within the time period herein for the survival of the applicable representation or warranty.

i. Seller shall not have any obligation to make indemnification payments hereunder unless and until its total indemnification obligations hereunder exceed $100,000, whereupon Seller shall make payments with respect to its indemnification obligations in excess of $100,000 up to the limits specified in the following sentence. The obligation of Seller to make an indemnification payment shall be limited to paying not more than a total of $500,000. Similarly, Purchaser shall not have any obligation to make indemnification payments hereunder unless and until its total indemnification obligations hereunder exceed $100,000, whereupon Purchaser shall make payments with respect to its indemnification obligation in excess of $100,000 up to the limit specified in the following sentence. The obligation of purchaser to make indemnification payments shall be limited to paying not more than a total of $500,000, excluding payment of the purchase price consideration as referenced in Article 3 hereof.

12. POST CLOSING COOPERATION.

a. Seller and Purchaser shall, after the Closing Date, upon reasonable request of the other party, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, all such further documents, acts, deeds, assignments, transfers, powers of attorney and assurances as may be required in order to implement and perform any of the obligations, covenants and agreements of the parties.

b. Each of the parties hereto shall provide the other with such assistance as reasonably may be requested in connection with the preparation of any tax return, audit or other examination by any taxing authority or any judicial or administrative proceedings relating to liability for taxes relating to the transactions contemplated by this Agreement. Subject to the provisions of paragraph e. below, each party shall retain and provide the other with any records or information that may be relevant to such return, audit or examination, proceedings or determination. Such assistance shall include making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder and shall include providing copies of any relevant tax returns and supporting work schedules. The party requesting assistance hereunder shall reimburse the other for reasonable out-of-pocket expenses incurred in providing such assistance.

c. If, after the Closing Date, any of the parties hereto shall require the participation of the other or of officers and employees employed by the other to aid in the defense or prosecution of litigation or claims, and so long as there exists no conflict of interest between the parties, each party shall use its best efforts to be available or to make such officers and employees reasonably available to participate in such defense or prosecution, provided that the party requiring the participation of such officers or employees shall pay all reasonable out-of-pocket costs, charges and expenses arising from such participation.

d. Where there is a legitimate purpose not injurious to the other party and not related to prospective competition by such party with another party hereto, or if there is an audit by the IRS, other governmental inquiry, or litigation or prospective litigation to which Purchaser or Seller is or may become a party, making necessary any access to the records

of or relating to Seller with respect to the Utility System held by Purchaser or making necessary Purchaser's access to records of or relating to the operations of Seller with respect to the Utility System held by any entity other than Seller, each of them shall allow representatives of the other party access to such records during regular business hours at such party's place of business for the sole purpose of obtaining information for use as aforesaid.

e. Any party at any time, upon not less than 90 days' prior written notice to the other party hereto, may dispose of the records in its possession relating to the Purchased Assets and the business related thereto, in accordance with its respective record retention policies and subject to applicable law; provided, however, that a party may, at its own cost and expense, retain, or make arrangements for the retention of, records in the possession of another party to which it would have a right of access under paragraph d, if it notifies, in writing, such party that it desires to retain such records.

f. Purchaser acknowledges and agrees that it will, in the future, cooperate and assist the Seller, as may be reasonably required, in Seller's activities relative to delivery of propane and electric utility services within and about the Purchaser's territorial area.

13. FLORIDA PUBLIC SERVICE COMMISSION MATTERS.

Immediately after the Closing Date, the Seller shall petition the Florida Public Service Commission, for cancellation of the Certificate previously issued to Seller. Seller shall file any reports, if required, and satisfy its outstanding Florida gross receipts tax obligations through the Closing Date. All costs and expenses relative to terminating the relationship of the Utility System with the Florida Public Service Commission shall be borne by Seller.

14. MISCELLANEOUS PROVISIONS.

a. This Agreement, the Schedules hereto, and the documents referred to herein, collectively embody the entire agreement and understandings between the parties and there are no other agreements or understandings, oral or written, with reference to this Agreement that are not merged into and superseded by this Agreement. This Agreement may be executed in one or more counterparts, each of which shall be considered an original.

b. In addition to any other remedy available to the parties hereto, the parties stipulate and agree that the remedy of specific performance shall be available to enforce the obligations of each party set forth in this Agreement.

c. Any notice or other document required or allowed to be given pursuant to this Agreement by either party to the other shall be in writing and shall be delivered personally, or by recognized overnight courier or sent by certified mail, postage prepaid, return receipt requested, or by facsimile transmission with written confirmation.

If to Seller such Notice shall be addressed to Seller at:

Florida Public Utilities Company
c/o John T. English, President
401 South Dixie Highway
West Palm Beach, Florida 33401
email: jenglish@fpuc.com

with a copy to

Rose, Sundstrom & Bentley, LLP
c/o William E. Sundstrom, P.A.

2548 Blairstone Pines Drive
Tallahassee, Florida 32301
email: wes@rsbattorneys.com

If to Purchaser, such notice shall be addressed to Purchaser at:

City of Fernandina Beach
c/o Robert T. Mearns, City Manager
204 Ash Street
Fernandina Beach, Florida 32034
email: rmearns@FBFL.org

with a copy to:

Office of the City Attorney
Debra Braga, Esquire
204 Ash Street
Fernandina Beach, Florida 32034
email: dbraga@FBFL.org

d. The headings used are for convenience only, and they shall be disregarded in the construction of this Agreement.

e. The drafting of this Agreement constitutes a joint effort of the parties, and in the interpretation hereof it shall be assumed that no party had any more input or influence than any other. All words, terms, and conditions herein contained are to be read in concert, each with the other, and a provision contained under one heading may be considered to be equally applicable under another heading in the interpretation of this Agreement.

f. This Agreement is solely for the benefit of the parties hereto and no other causes of action shall accrue upon or by reason hereof to or for the benefit of any third party, who or which is not a formal party hereto.

g. In the event any term or provision of this Agreement is determined by appropriate judicial authority to be illegal or otherwise invalid, such provision shall be given its nearest legal meaning or be construed as deleted, as such authority determines, and the remainder of this Agreement shall be construed to be in full force and effect.

h. In the event of any litigation that arises between the parties with respect to this Agreement, the prevailing party shall be entitled to reasonable attorney fees at all trial and appellate levels.

i. This Agreement may be amended or modified only if executed in writing and with the same formality as the original.

j. This Agreement shall be governed by, and construed and interpreted in accordance with, the laws of the State of Florida.

k. If properly assigned, this Agreement shall be binding upon and inure to the benefit of the parties' successors and assigns.

l. Seller maintains a communications antenna on the main elevated water storage tank being conveyed from Seller to Purchaser hereunder, as well as a repeater and related communications equipment on the ground in the vicinity of said water storage tank. Purchaser acknowledges and agrees that Seller is not hereby conveying said antenna and related equipment to the Purchaser, and that Seller may continue to utilize the water storage

tank as a site for such communication antenna and related equipment at no cost in the future. At Closing, Purchaser will execute a thirty year lease agreement to Seller in this regard, to run concurrently with the Franchise Agreement referenced in Article 10.b.xvii. hereof. If Seller is receiving payments from any other party for utilization of the main elevated water storage tank for communication antenna purposes, Seller shall assign the right to such payments from such third party to Purchaser at Closing.

m. Upon Closing of this Agreement, the existing Water Franchise and any amendments thereto by and between the parties hereto shall be extinguished and of no further force and effect.

[SIGNATURES ON NEXT PAGE]

IN WITNESS WHEREOF, the parties have hereunto caused this Agreement to be executed the day and year aforesaid in counterparts, each counterpart to be considered an original.

ATTEST:

/s/ Jack Brown
By: Jack Brown
Secretary
and Chief Executive Officer
(SEAL)

FLORIDA PUBLIC UTILITIES COMPANY

/s/ John T. English
By: John T. English

CITY OF FERNANDINA BEACH

/s/ Cassandra Mitchell
Cassandra Mitchell
Clerk

(SEAL)

/s/Joe Gerrity
By: Joe Gerrity
Mayor

APPROVED AS TO FORM AND LEGAL SUFFICIENCY

Debra Braga
Office of the City Attorney

STATE OF FLORIDA
COUNTY OF PALM BEACH

The foregoing instrument was acknowledged before me this ___ day of November 2002 by John T. English, as President and Chief Executive Officer of Florida Public Utilities Company, a Florida corporation, on behalf of the corporation. He is personally known to me.

Notary Public
My Commission Expires:

STATE OF FLORIDA
COUNTY OF NASSAU

The foregoing instrument was acknowledged before me this ____ day of December, 2002, by Joe Gerrity as Mayor of the City of Fernandina Beach, Florida, a political subdivision of the State of Florida, on behalf of the City. He is personally known to me.

Notary Public
My Commission Expires:

Florida Public Utilities\purchase and sale agreement -FINAL

EXHIBIT 23

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Registration Statement No. 333-63532 on Form S-3 and Registration Statement No. 333-63942 on Form S-8 of Florida Public Utilities Company, of our report dated February 19, 2003, appearing in this Annual Report on Form 10-K of Florida Public Utilities Company for the year ended December 31, 2002.

DELOITTE & TOUCHE LLP
West Palm Beach, Florida
March 14, 2003

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
FLORIDA PUBLIC UTILITIES COMPANY
(Section 302)

I, John T. English, certify that:

1. I have reviewed this annual report on Form 10-K of Florida Public Utilities Company (the "registrant");

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and

cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

   a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiary, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

   c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

   a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 14, 2003

By /s/ John T English
John T. English
Chief Executive Officer

CERTIFICATION OF CHIEF FINANCIAL OFFICER
FLORIDA PUBLIC UTILITIES COMPANY
(Section 302)

I, George M. Bachman, certify that:

1. I have reviewed this annual report on Form 10-K of Florida Public Utilities Company (the "registrant");

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

   a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiary, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

   c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

1. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

2. The registrant's other certifying officers and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 14, 2003

By /s/ George M Bachman
George M. Bachman
Chief Financial Officer

Exhibit 99(1)

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K of Florida Public Utilities Company (the "Company") for the period ended December 31, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "Form 10-K"), I, George Bachman, Chief Financial Officer of the Company, certify, to the best of my knowledge, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Form 10-K fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ George Bachman
George Bachman
Chief Financial Officer

March 14, 2003

Exhibit 99(2)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report on Form 10-K of Florida Public Utilities Company (the "Company") for the period ended December 31, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "Form 10-K"), I, John English, Chief Executive Officer of the Company, certify, to the best of my knowledge, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Form 10-K fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ John English
John English
Chief Executive Officer
March 14, 2003

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **March 31, 2003**

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 1-1055

Florida Public Utilities Company

(Exact name of registrant as specified in its charter)

Florida	**59-0539080**
(State or other jurisdiction of incorporation or organization)	(I.R.S Employer Identification Number)
401 South Dixie Highway, West Palm Beach, FL	**33401**
(Address of principal executive offices)	(Zip Code)

(561) 832-2461

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

Indicate by check mark whether the registrant is an accelerated filer (as defined in rule 12b-2 of the Exchange Act).
Yes [ ] No [X]

APPLICABLE ONLY TO CORPORATE ISSUERS:

(Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date)

On May 1, 2003 there were 3,898,160 shares of $1.50 par value common shares outstanding.

INDEX **Florida Public Utilities Company ("FPU" or "Company")**

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PART I Financial Information

Item 1. Financial Statements

FLORIDA PUBLIC UTILITIES COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)
(dollars in thousands, except per share data)

	Three Months Ended March 31,	
	2003	2002

Revenues		
Natural gas	$ 18,385	$ 11,707
Electric	9,804	9,782
Propane gas	2,960	2,228
Total revenues	31,149	23,717
Cost of fuel and taxes based on revenues	19,908	14,085
Gross Profit	11,241	9,632
Operating Expenses		
Operations	5,132	4,621
Depreciation and amortization	1,328	1,249
Taxes other than income taxes	646	601
Total operating expenses	7,106	6,471
Operating income before income taxes	4,135	3,161
Interest Charges and Other		
Merchandise and service revenue	(803)	(808)
Merchandise and service expenses	757	686
Gain from sale of property	-	(85)
Other (income) deductions	72	(74)
Interest expense	1,177	1,076
Total interest charges and other	1,203	795
Income from continuing operations before income taxes	2,932	2,366
Income taxes	(1,119)	(900)
Income from continuing operations	1,813	1,466
Discontinued Operations		
Income from discontinued operations – water division	149	146
Income taxes	(16)	(38)
Gain on disposal of water division, net of income taxes of $5,960	9,749	-
Total income from discontinued operations	9,882	108
Net Income	11,695	1,574
Preferred Stock Dividends	7	7
Earnings for Common Stock	$ 11,688	$ 1,567

Earnings Per Common Share (basic and diluted):		
Continuing Operations	$ 0.46	$ 0.38
Discontinued Operations	2.54	0.03
Total	$ 3.00	$ 0.41
Dividends Declared Per Common Share	$ 0.14	$ 0.14
Average Shares Outstanding	3,894,978	3,859,908

The financial statements should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the most recent Form 10-K.

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FLORIDA PUBLIC UTILITIES COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)
(dollars in thousands)

	March 31, 2003	December 31, 2002
ASSETS		
Utility Plant	$ 153,201	$ 152,907
Less accumulated depreciation	56,287	54,952
Net utility plant	96,914	97,955
Current Assets		
Cash	4,286	3,200
Accounts receivable	13,068	9,065
Allowance for uncollectible accounts	(209)	(304)
Unbilled receivable	1,369	1,470
Inventories (at average or unit cost)	3,216	3,108
Prepayments and deferrals	502	749
Under recovery of conservation and unbundling	-	36
Assets held for sale – water division	-	10,178
Total current assets	22,232	27,502
Other Assets		
Investments held for environmental costs	2,815	2,815
Other regulatory assets - environmental	2,900	-
Other long term investments	5,726	-
Deferred charges	10,204	10,375

Goodwill	3,364	3,348
Intangible assets (net)	2,826	2,828
Total other assets	27,835	19,366
Total	$ 146,981	$ 144,823
CAPITALIZATION AND LIABILITIES		
Capitalization		
Common shareholders' equity	$ 42,182	$ 30,883
Preferred stock	600	600
Long-term debt	52,500	52,500
Total capitalization	95,282	83,983
Current Liabilities		
Notes payable	-	19,183
Accounts payable	8,423	7,472
Insurance accrued	2,268	2,364
Interest accrued	1,440	926
Taxes accrued	8,501	505
Other accruals and payables	4,228	3,218
Over recovery of fuel costs	36	1,807
Over recovery of conservation and unbundling	291	-
Customer deposits	5,689	5,615
Liabilities held for sale – water division	-	1,272
Total current liabilities	30,876	42,362
Other Liabilities		
Deferred income taxes and regulatory tax liability	8,905	8,779
Environmental liabilities and other	11,918	9,699
Total other liabilities	20,823	18,478
Total	$ 146,981	$ 144,823

The financial statements should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the most recent Form 10-K.

FLORIDA PUBLIC UTILITIES COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(dollars in thousands)

	Three Months Ended March 31,	
	2003	2002
Net Cash Flow provided by		
Continuing Operating Activities	S 1,889	S 4,257
Net Cash Flow provided by (used in) Discontinued Operations	(98)	114
Cash Flows from Investing Activities		
Construction expenditures	(398)	(4,285)
Reduction of restricted long term investments	-	2,381
Deposit held in escrow for dividend payment	-	541
Proceeds from sale of non-utility property	-	591
Proceeds from sale of discontinued operations	19,242	-
Other	29	(2)
Net cash provided by (used in) investing activities	18,873	(774)
Cash Flows from Financing Activities		
Net change in short-term borrowings	(19,183)	(3,970)
Dividends paid	(560)	(541)
Other	165	114
Net cash used in financing activities	(19,578)	(4,397)
Net Increase (Decrease) in cash	1,086	(800)
Cash at beginning of period	3,200	3,198
Cash at end of period	S 4,286	S 2,398

The financial statements should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the most recent Form 10-K.

#

FLORIDA PUBLIC UTILITIES COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2003

1. In the opinion of Management the accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("generally accepted accounting principles") for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. All adjustments, consisting of normal recurring accruals, considered necessary for a fair presentation have been included. Due to the seasonal nature of the Company's business the operating results for the period are not necessarily indicative of the results that may be expected for the full year. For further

information refer to the audited consolidated financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2002.

2. Average shares outstanding and dividends per common share have been restated to reflect the four-for-three stock split declared on June 14, 2002 and distributed on July 1, 2002.

3. Substantially all of the Company's utility plant and the shares of Flo-Gas Corporation collateralize the Company's First Mortgage Bonds. Investments held for environmental costs, accounts receivable, and inventory are collateral for the line of credit.

4. The First Mortgage Bond Indentures provide for restrictions on the payment of cash dividends. At March 31, 2003, under the most restrictive provision, approximately $5,400,000 of retained earnings were unrestricted. The line of credit agreement contains covenants that, if violated, could restrict the issuance of dividends. The Company is not in violation of these covenants; however, if a material violation occurs in the future and is not rectified it could prohibit the issuance of dividends.

5. Summary of Revenues and Operating income before income taxes (dollars in thousands):

	Three Months Ended March 31,	
Revenues	2003	2002
Natural gas	$ 18,385	$ 11,707
Electric	9,804	9,782
Propane gas	2,960	2,228
Total revenues	$ 31,149	$ 23,717
Operating income before income taxes		
Natural gas	$ 2,965	$ 1,983
Electric	724	782
Propane gas	446	396
Total operating income before income taxes	$ 4,135	$ 3,161

6. The amount of intangible amortization relating to propane non-compete rights was $8,915.

7. Financial Accounting Standard No. 143

In August 2001, the Financial Accounting Standard Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 143, "Accounting for Asset Retirement Obligations." The statement requires that the fair value of an asset retirement obligation be recognized at the time those obligations are incurred. Upon initial recognition of a legal liability, costs are capitalized as part of the related long-lived asset and allocated to expense over the useful life of the asset. SFAS No. 143 also requires that components of previously recorded depreciation related to the cost of removal of assets upon retirement, whether legal asset retirement obligations or not, be removed from a company's accumulated depreciation reserve. SFAS No. 143 is effective for fiscal years beginning after June 15, 2002. The Company adopted the provisions of the Statement as of January 1, 2003, as prescribed by the Florida Public Service Commission ("FPSC"). Under FPSC guidelines, the estimated cost of removal expenses for normal retirements related to regulated fixed assets is reserved through the depreciation expense and accumulated reserves. The estimated value of the reserve that has been accumulated for future cost of removal as of March 31, 2003 is approximately $5,900,000 and is included in accumulated depreciation in the accompanying condensed consolidated financial statements. The Company has determined that it does not have any material legal obligations for asset retirements and that the adoption of SFAS No. 143 did not have a material impact on the Company's financial statements. The Company will continue monitoring the handling of utility long-lived assets for interpretations of assets that may be considered to have legal retirement obligations.

8. Mergers and Acquisitions

On November 1, 2002, the Company acquired Nature Coast Utilities, a propane gas service distribution company, for approximately $740,000 in a cash-for-stock transaction. The merger added about 1,200 customers to the propane operation in the Company's new Nature Coast Division located in West Central Florida.

9. Gain on Sale of Property

The Company sold property held in Delray Beach, in its South Florida division, for a gain of approximately $529,000 in the first quarter of 2002. This property was primarily regulated property and accordingly the majority of the gain was deferred awaiting Florida Public Service Commission (FPSC) approval on the disposition of that gain. The Company has been granted approval by the FPSC to allow amortization of the gain with an offset to depreciation expense over five years beginning April 2002. The non-regulated portion of the gain has been recognized in the first quarter of 2002 and amounts to $53,000, net of income taxes.

10. Net proceeds from the March 27, 2003 water asset sale were approximately $19 million and resulted in the payoff of the notes payable balance.

11. Discontinued Operations

On December 3, 2002 the Company entered into an agreement to sell certain assets comprising its water utility system to the City of Fernandina Beach ("City"). The closing of this transaction took place on March 27, 2003. The City paid the Company $19,242,000 in cash at closing, as well as future consideration of approximately $7,400,000 to be received annually (as defined) until February 15, 2010, when the Company will receive the final payment from the City. The Company has recognized and recorded the present value of the future consideration in Other Long Term Investments in the amount of $5,716,000 using a discount rate of 4.34%. The fair value of the consideration is approximately $25,000,000. The gain on the disposal of Discontinued Operations including the income from discontinued operations for the first quarter of 2003 is $15,842,000 or $9,882,000 after income taxes.

The accompanying condensed consolidated financial statements have been restated for all periods presented for the discontinued operations of the water division. The Company did not cease recording depreciation expense due to the regulatory requirements and continued to record depreciation through the sales date of March 27, 2003. The total net plant amounted to approximately $9,728,000 and the net assets, less liabilities, amounted to approximately $8,909,000, at the date of sale. The assets and liabilities of the water division have been included in current assets and current liabilities at December 31, 2002 as assets and liabilities held for sale.

Estimated Annual Future Value of Consideration expected from the City for years following 12/31/03 is as follows (dollars in thousands):

	Estimated Timing of Payments	Present Value of Future Payments
2004	$ 245	$ 235
2005	371	341
2006	375	330
2007	375	316
2008	375	303
2009	375	291
2010	5,250	3,900
Total	$ 7,366	$ 5,716

Results of discontinued operations for the quarters ended March 31, were as follows:

Results of Water Division (dollars in thousands):	2003	2002
Revenues	$ 679	$ 654
Gross profit	$ 651	$ 625
Income from discontinued operations before income taxes	$ 149	$ 146
Income taxes	(16)	(38)
Income from discontinued operations	$ 133	$ 108

The major balance sheet classes included in assets and liabilities of discontinued operations in the Condensed Consolidated Balance Sheets, as of March 31, 2003 and December 31, 2002 are as follows:

Major Balance Sheet Classes - Water Division (dollars in thousands):	March 31, 2003	December 31, 2002
Assets		
Utility plant, net	$ -	$ 9,782
Current assets	-	396
Total	$ -	$ 10,178
Liabilities		
Current liabilities	$ -	$ 15
Customer advances for construction	-	1,257
Total	$ -	$ 1,272

12. Contingencies

Environmental

The Company is subject to federal and state legislation with respect to soil, groundwater and employee health and safety matters and to environmental regulations issued by the Florida Department of Environmental Protection (FDEP), the United States Environmental Protection Agency (EPA) and other federal and state agencies. Except as discussed below, the Company does not expect to incur material future expenditures for compliance with existing environmental laws and regulations.

West Palm Beach Site

FPU is currently conducting a contamination assessment investigation of a parcel of real property in West Palm Beach, Florida upon which FPU previously operated a gasification plant. After a preliminary contamination assessment investigation indicated soil and groundwater impacts, FPU entered into a consent order with the Florida Department of Environmental Protection ("FDEP"), effective April 8, 1991. The consent order required FPU to delineate the extent of soil and groundwater impacts associated with the prior operation of the gasification plant and to remediate such soil and groundwater impacts, if necessary. Numerous reports have been submitted to FDEP, describing the results of soil and groundwater sampling conducted as the site. A Supplemental Contamination Assessment Report Addendum ("SCARA") was submitted to FDEP in December 2001, summarizing the results of past investigations and providing the results of additional fieldwork conducted in 2001, in response to comments received previously from FDEP. On September 26, 2002, FPU submitted a work plan for additional fieldwork to respond to FDEP's comments to the SCARA. This work is now underway. Based on results of the initial field effort in January-April 2003, additional field work will be required to evaluate impacts to a coquina layer underlying the site and to complete the evaluation of off-site soil impacts. It is anticipated that the additional fieldwork will be completed by July 2003. Once this additional work is completed, FPU will then have sufficient data to complete an evaluation of remedial alternatives for the site, which will be incorporated in a feasibility study report for submission to FDEP. Prior to completion of the contamination assessment/feasibility study phases, FPU is unable to determine the complete extent or cost of remedial action, which may be required. Based on findings from the 2003 fieldwork, the Company was recently advised that remediation costs for this site may exceed $6,000,000. A portion of the on-site impacts attributable to past petroleum releases have been determined to be eligible for reimbursement from a state fund, and the FDEP has determined that a portion of the work conducted off-site may be eligible for reimbursement under state law.

Sanford Site.

FPU owns a parcel of property located in Sanford, Florida, upon which a gasification plant was operated prior to FPU's acquisition of the property. Upon the discovery of soil and groundwater impacts on the property, FPU has participated with four former owners and operators of the gasification plant in the funding of numerous investigations of the extent of the impacts and the identification of an appropriate remedy. On or about March 25, 1998, FPU executed an Administrative Order on Consent ("AOC") with the four former owners and operators (collectively, the "Group") and the United States Environmental Protection Agency ("EPA") that obligated the Group to implement a Remedial Investigation/Feasibility Study ("RI/FS") task and to pay EPA's past and future oversight costs for the RI/FS. The Group also entered into a Participation Agreement and an Escrow Agreement on or about April 13, 1998. These agreements governed the manner and means by which all parties were to satisfy their respective obligations

under the AOC for the RI/FS task. FPU agreed to pay approximately 13.7% of the cost for the RI/FS. Fieldwork for the RI/FS was initiated in 1998. A final RI report was submitted to EPA in July 1999. The Group also submitted a Baseline Risk Assessment to EPA in January 2000, including an Ecological Risk Assessment ("ERA"). Additional fieldwork will be required to complete the ERA at a total estimated cost of less than $50,000. FPU's share of the additional ERA work is 13.7%.

On July 5, 2000, EPA issued a Record of Decision ("ROD") approving the final remedial action for contaminated soils at the site ("OU1 Remedy"). The initial estimated cost for the OU1 Remedy described in the ROD ranges from $5,593,000 to $5,760,000. On June 12, 2001, EPA issued a ROD approving the final remedial action for contaminated groundwater at the site ("OU2 Remedy"). The present worth cost estimate for the OU2 Remedy is $320,000.

The Group recently completed negotiations on a remedial design/remedial action ("RD/RA") Consent Decree with EPA to provide for the implementation of the OU1 Remedy and OU2 Remedy. The Group anticipates that the Consent Decree will be signed by EPA and lodged with the United States District Court for public comment in 2003. After lodging, there is a thirty (30) day minimum public comment period. At the conclusion of the comment period, the Court will enter the Consent Decree, unless there has been opposition filed.

Pursuant to the Consent Decree, pre-remedial design fieldwork was performed to assist in the design of the final remedy for OU1 and OU2. The cost of the additional field and design work was approximately $1,100,000. Upon EPA's approval of the final design, the Group will be obligated to implement the remedy for OU1 and OU2. Based on fieldwork completed recently, it is now anticipated that the final cost of the remedy for OU1 and OU2 will significantly exceed the $6,000,000 combined estimate provided in the RODs for OU1 and OU2. Pursuant to the terms and conditions of the Second Participation Agreement entered into by members of the Group on August 1, 2000, FPU's share of costs for implementation of the OU1 Remedy and OU2 Remedy, including the pre-remedial design fieldwork, is 10.5%, up to a maximum cost of $6,000,000. FPU has notified Group members that FPU will oppose any effort by the Group to increase FPU's share of total remedial costs above 10.5% of the current $6,000,000 cap, since the increased remedial cost is due to the discovery of additional impacted soils on property not owned by FPU. The Consent Decree also obligates the Group to reimburse EPA's past costs of approximately $142,500 and EPA's future oversight costs. FPU's share of EPA's past costs and future oversight costs is 10.5%.

Summary
The Company records environmental costs when it is probable it is liable for the costs and it can reasonably estimate the liability. The Company may defer costs as a regulatory asset based on the expectation that it will recover these costs from customers in future rates. Otherwise, the Company expenses the costs. The estimates are based on experience, the assessment of the current situation and the technology currently available for use in the remediation. The Company adjusts the recorded costs as it revises estimates and as remediation proceeds. If the Company is one of several designated responsible parties, it estimates and records only its share of the cost.

On March 31, 2003 the estimated remaining costs for consulting and remediation, legal expenses, and other related expenses for the four sites is approximately $8.1 million. The Company currently has $8.1 million reserved as an environmental liability. The Company received recovery of $5.2 million from rate relief granted and insurance settlement proceeds and deferred $2.9 million as a regulatory asset pending future rate recovery. Based on existing information, management believes that all future contamination assessment and remedial costs, legal fees and other related costs will not be in excess of the rate relief granted by the Florida Public Service Commission ("FPSC") currently or in the future. The Company is petitioning the FPSC to apply any over earnings in the gas division to the environmental reserve.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Quarterly Report on Form 10-Q contains forward-looking statements, which are subject to the inherent uncertainties in predicting future results and conditions. Certain factors could cause actual results to differ materially from those projected in these forward-looking statements.

Financial Condition.
As of March 31, 2003, the Company had a $20 million line of credit ("LOC") available with no outstanding balance (see "Subsequent Events" below for additional information). The LOC had a $16.1 million outstanding balance on March 27, 2003 that was repaid using proceeds from the sale of the water division. The Company received $19.2 million in cash on March 27, along with future consideration valued at $5.7 million, for the water division (for additional information see "Discontinued Operations" in the Notes to Condensed Consolidated Financial Statements). The Company reserves $1 million of the LOC to cover expenses for any major storm repairs in its Northwest Florida division. An additional $250,000 of the LOC is reserved for a 'letter of credit' insuring propane facilities. Notes payable, long-term debt and preferred stock at March 31, 2003 comprise 56% of total capitalization, with equity of 44%. The stronger equity ratio was a result of selling the water assets for a $9.9 million gain net of income taxes.

Net cash flow provided by continuing operating activities decreased from the first quarter of 2002 primarily due to a $3 million increase in accounts receivable that was the result of a March 31, 2003 transportation agreement with the City of Lake Worth. The receivable consisted of a $1.5 early termination fee for a Lake Worth Generation contract and a $1.5 million contribution towards the Lake Worth generation project's construction costs. Net cash flow of $98,000 was used by discontinued operations during the first quarter of 2003 as a result of the legal expenses associated with the sale of the water assets. Construction expenditures decreased $3.9 million in the first quarter of 2003 compared to 2002, primarily due to approximately $2 million of additional construction in 2002 relating to the Lake Worth generation project and a $1.5 million contribution in 2003 from the transportation agreement with the City of Lake Worth.

Overview.
The Company is organized into two regulated business segments, natural gas and electric, and one non-regulated business segment, propane gas. There are no material inter-segment sales or transfers.

Definitions.
Gross Profit. Gross Profit, defined as gross operating revenues less fuel costs, conservation and unbundling costs, and taxes based on revenues that are passed through to customers, provides a meaningful basis for evaluating utility operations. Fuel, conservation, and unbundling costs along with taxes passed through to customers have no effect on results of operations and fluctuations in such costs distort the relationship of gross operating revenues and gross profit (net revenues retained by the Company for operating purposes).

Operating Expenses. Operating expenses exclude fuel costs, conservation and unbundling costs, and taxes based on revenues that are passed through to customers. These operating expenses have no effect on results of operations as they are passed on directly to customers and fluctuations in such costs distort the relationship of operating expenses between periods. These costs are grouped on a separate line of the income statement as "Cost of fuel and taxes based on revenues".

Results of Operations.
In the following discussion, all comparisons are with the corresponding items in the same period in the prior year.

Summary of Gross Profit:

(dollars in thousands)	Quarter Ended March 31, 2003	2002
Natural gas	$ 6,750	$ 5,534
Electric	2,878	2,724
Propane gas	1,613	1,374
Total Gross Profit	$11,241	$9,632

Contributing to variations in gross profits are the effects of seasonal weather conditions, the timing of rate increases, and the migration of winter residents and tourists to Florida during the winter season. The Company actively pursues opportunities to purchase small gas companies to assist in growth with the goal of acquiring at least one propane company a year.

Three Months Ended March 31, 2003 Compared with Three Months Ended March 31, 2002.

Gross Profit
Natural Gas Service.

Natural gas service gross profit increased $1,216,000 or 22%. The gross profit increased primarily due to additional revenue received in accordance with the terms of a pipeline project contract for the Lake Worth generation facility, which began in February 2002, and the subsequent renegotiation of a contract for that same facility with the City of Lake Worth signed in late March 2003. The agreement provided for an early termination fee of $ 1.5 million. This revenue increase was offset by an adjustment for over earnings that reduced revenues by approximately $700,000. Overall customers increased by 2% due to normal growth. Excluding the transportation customers, units sold were relatively consistent.

Propane Gas Service.
Propane gas gross profit increased $239,000 or 17% primarily due to the late 2002 acquisition of Nature Coast. Customers increased by 12% primarily due to the acquisition, and usage per customer slightly increased.

Electric Service.
Electric service gross profit increased $154,000 or 6%. Customer growth was up 2% due to normal growth, contributing to the increase in units sold of 4%. Usage per customer also increased by 3%.

Operating Expenses
Expenses increased $635,000 or 10%. An increase of $206,000 in maintenance expenses was related to an abandoned construction project for a main insertion failure at Royal Park Bridge in our South Florida natural gas division. Other outside services increased approximately $70,000 primarily due to additional accounting accruals related to Sarbanes-Oxley compliance and internal auditing, as well as additional tax related services. Insurance costs also increased $174,000 relating to additional medical self-insurance reserves as a result of higher medical costs and increased premiums for workmen's compensation and general liability. We also had additional reserve accruals of $60,000 for our general liability reserve. Pension expense increased $196,000 due to a decrease in the pension fund value relating to the general economic decline and the investments held in this fund. Other contributing factors to the increase in operating expenses included higher depreciation expense of $79,000. These increases were slightly offset with a decrease in customer administrative expenses associated with the subsequent collection of an expected bad debt of $172,000 related to the contract with Lake Worth Generation.

Income from Continuing Operations
Income from continuing operations increased $347,000 primarily due to receipt of a $1,500,000 termination fee from a contract, offset by an adjustment for over earnings of approximately $700,000 in our natural gas division and increased operational expenses. The expenses were up primarily due to a $206,000 one-time charge for an abandoned gas construction project, $196,000 for increases in pension costs, and increased insurance expenses. See the "Gross Profit" and "Operating Expenses" discussions above for additional information.

Interest Charges and Other
Merchandise and service profitability has decreased approximately $ 76,000 due to increases in expenses including allocated administrative and general overhead and the relatively flat sales in 2003. Also contributing to the increase in total interest charges and other is the reversal of interest income of approximately $ 170,000 on the environmental fund that we placed into the environmental reserves. This was offset by an approximate decrease of $100,000 in environmental expenses accrued in our environmental reserves (see "Contingency" for additional details on our environmental reserves).

Subsequent Events
In April 2003, the $20 million line of credit expired and was replaced with a $12 million, three-year line of credit. The new line of credit, coupled with internally generated cash, is forecast to be sufficient to satisfy the Company's operating, normal capital expenditure and dividend requirements for several years. In the long-term, additional equity financing is probable to pay off notes payable or pay for any major acquisitions.

The Company is beginning the process to request rate relief from the Florida Public Service Commission for the electric segment. The request will include recovery for recent increases to certain operating expenses, including pension and insurance expenses.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

All financial instruments held by the Company were entered into for purposes other than for trading. The Company has market risk exposure only from the potential loss in fair value resulting from reasonably possible changes in interest rates. The Company has no exposure relating to commodity prices because the Company, under its regulatory jurisdictions, is fully compensated for the actual costs of commodities (primarily natural gas and electricity) used in its operations. Any commodity price increases for propane are passed through monthly to propane customers as the fuel charge portion of their rate. This can be performed due to the competition having similar increases that are customarily passed through to their customers.

None of the Company's gas or electric contracts are accounted for using the fair value method of accounting. While some of the Company's contracts meet the definition of a derivative, the Company has designated these contracts as "normal purchases and sales" under SFAS No. 133, "Accounting for Derivatives".

The Company has no exposure to equity risk, as it does not hold any equity instruments. The Company's exposure to interest rate risk is limited to investments held for environmental costs. These investments are fixed income debt securities whose carrying amounts are not materially different than fair value. Such investments mature from 2003 to 2004 and are expected to be held to maturity. Therefore, the Company does not believe it has material market risk exposure related to these instruments. The indentures governing the Company's two first mortgage bond series outstanding contain "make-whole" provisions, which are pre-payment penalties that charge for lost interest, which render refinancing impracticable.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

Within the 90 days prior to the filing date of this Quarterly Report, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rules 13a-14(c) and 15d-14(c) under the Securities Exchange Act of 1934). Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective in ensuring that information required to be disclosed in the reports the Company files and submits under the Exchange Act are recorded, processed, summarized and reported as and when required.

Changes in Internal Control

There were no significant changes in the Company's internal controls or in other factors that could significantly affect such internal controls subsequent to the date of the evaluation described in the paragraph above, including any corrective actions with regard to significant deficiencies and material weaknesses.

PART II. OTHER INFORMATION

Item 6. Exhibits and reports on Form 8-K

(a) 99(1) Certification of Chief Executive Officer (CEO) regarding truthfulness of SEC filing

99(2) Certification of Chief Financial Officer (CFO) regarding truthfulness of SEC filing

(a) Reports on Form 8-K:

- A form 8-K was filed February 26, 2003 announcing a press release relating to 4th quarter earnings.
- A form 8-K was filed April 4, 2003, announcing a press release that the Company completed the sale of their water assets to the City of Fernandina Beach on March 27, 2003; disclosing a transportation agreement between the Company and the City of Lake Worth; and disclosing a mutual release agreement between the Company, Lake Worth Generation, LLC, the City of Lake Worth, and the AES Corporation.
- A form 8-K was filed April 18, 2003, announcing a change in the Company's certifying accountant.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

FLORIDA PUBLIC UTILITIES COMPANY
(Registrant)

By /s/ George M Bachman
George M Bachman
Chief Financial Officer (Principle Accounting Officer)

AND

By /s/ John T English
John T English
Chief Executive Officer

Certifications pursuant to 18 U.S.C. section 1350, as adopted pursuant to SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002, are attached in exhibits 99(1) and 99(2).

May 13, 2003

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
FLORIDA PUBLIC UTILITIES COMPANY
(Section 302)

I, John T. English, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Florida Public Utilities Company (the "registrant");

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the

circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

   a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiary, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

   c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

   a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 13, 2003

By /s/ John T English
John T. English
Chief Executive Officer

CERTIFICATION OF CHIEF FINANCIAL OFFICER
FLORIDA PUBLIC UTILITIES COMPANY
(Section 302)

I, George M. Bachman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Florida Public Utilities Company (the "registrant");

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

    a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiary, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

    b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

    c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

1. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

    a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

    b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

1. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 13, 2003

By /s/ George M Bachman
George M. Bachman
Chief Financial Officer

#

Schedule F-4 | FERC AUDIT | Page 1 of 1

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO.: 030438EI

EXPLANATION: Supply the results of the most recent FERC audit finding and compliance steps undertaken.

Type of Data Shown:
Historical Year 12/31/2002
Projected Test Year 12/31/2004
Projected Prior Year 12/31/2003
Witness: Cheryl Martin

FPUC is not under the jurisdiction of the Federal Energy Regulatory Commission.
The last audit was performed June 25, 1984 for the period of January 1, 1980 - December 31, 1983
The information is available at the corporate office.

Supporting Schedules:

Recap Schedules:

Schedule F-7 | BUSINESS CONTRACTS WITH OFFICERS OR DIRECTORS | Page 1 of 1

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO.: 030438EI

EXPLANATION: Provide a schedule of business contracts entered into by the applicant with its officers, directors, or firms, partnerships and organizations with which officers or directors are affiliated. Provide the requested information for the test year. If the test year is projected, use the prior year.

Type of Data Shown:
Historical Year 12/31/2002
Projected Test Year 12/31/2004
Projected Prior Year 12/31/2003
Witness: George Bachman

Line No.	Name of Officer or Director	Name and Address of Affiliated Entity	Relationship With Affiliated Entity	Amount of Contract or Transaction	Description of Product or Service

None

Supporting Schedules:

Recap Schedules:

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO.: 030438EI

EXPLANATION: Supply a copy of all NRC safety citations issued against the company within the last two years, a listing of corrective actions and a listing of any outstanding deficiencies. For each citation provide the dollar amount of any fines or penalties assessed against the company and account(s) each are recorded.

Type of Data Shown:
Historical Year 12/31/2002
Projected Test Year 12/31/2004
Projected Prior Year 12/31/2003
Witness: N/A

Not-Applicable

Supporting Schedules:

Recap Schedules:

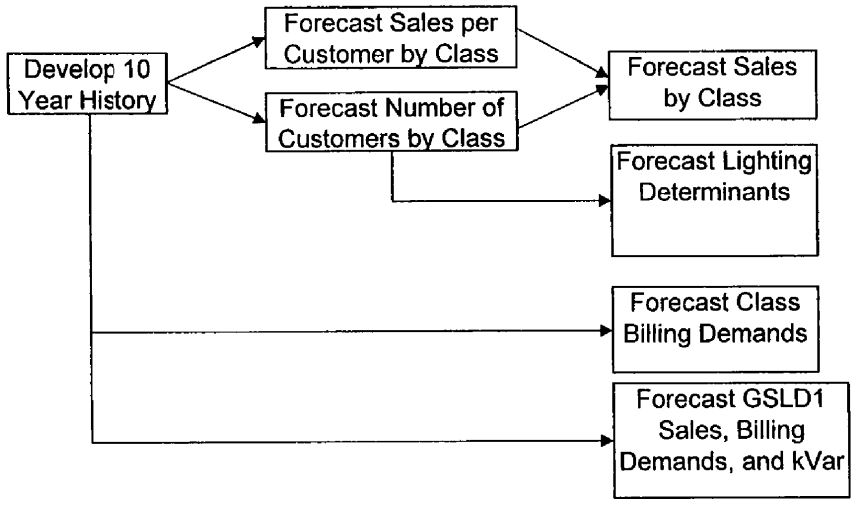
FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO.: 030438EI

EXPLANATION: If a projected test year is used, provide a brief description of each method or model used in the forecasting process. Provide a flow chart which shows the position of each model in the forecasting process.

Type of Data Shown:
Projected Test Year 12/31/2004
Projected Prior Year 12/31/2003
Witness: Mark Cutshaw

FLORIDA PUBLIC UTILITIES FORECAST PROCESS



Supporting Schedules:

Recap Schedules:

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO.: 030438EI

EXPLANATION: If a projected test year is used, provide a brief description of each method or model used in the forecasting process. Provide a flow chart which shows the position of each model in the forecasting process.

Type of Data Shown:
Projected Test Year 12/31/2004
Projected Prior Year 12/31/2003
Witness: Mark Cutshaw

FORECASTING METHODOLOGY - CUSTOMERS, ENERGY USAGE, PEAK DEMAND

In preparing the forecast for the 2004 test year, we first developed ten years of historical data (1993 to 2002). The data included the number of customers, sales, and billed peak demands for each rate classification and service territory. The rate classifications are Residential (RS), General Service (GS), General Service Demand (GSD), General Services Large Demand (GSLD).

Forecasts of sales by service classification were developed by building up from separate forecasts for sales per customer and number of customers. We first examined the historical relationship between sales per customer and cooling degree days (CDD), heating degree days (HDD), and a time trend. Sales per customer for 2003 and 2004 were forecast using 10-year average CDD and HDD, and the time trend. Forecasts of the number of customers in each service classification were developed using a time trend based on 1993 to 2002 data. Sales by service classification were forecast as the product of the sales per customer forecast and the number of customer forecast for each service classification.

Forecasts of billing demands by service classification were based on the historical relationship with CDD, HDD, and a time trend. This method was only used for the GSD class, and the Marianna GSLD class.

Because the class contains only two customers, the Fernandina Beach GSLD class was forecast using the average of 2001 and 2002 sales, billed demand, and kVar. Changes in the operations of these customers made data prior to 2001 inappropriate for use in forecasting future billing determinants.

Determinants for outdoor lighting and street lighting classes were forecast using the customer growth from their respective service territories. Recent growth in lighting revenues is not expected to be matched in the future, so the growth rate of the number of customers was used as a proxy for the expected growth of lighting determinants. The determinants for CSL, OL, SL1, and SL2 were frozen at 2002 levels because the rates are closed to new enrollment.

Supporting Schedules:

Recap Schedules:

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO.: 030438EI

EXPLANATION: If a projected test year is used, provide a brief description of each method or model used in the forecasting process. Provide a flow chart which shows the position of each model in the forecasting process.

Type of Data Shown:
Projected Test Year 12/31/2004
Projected Prior Year 12/31/2003
Witness: Mark Cutshaw, Jim Mesite

CONSTRUCTION BUDGET

Florida Public Utilites' construction budget is based on several different variables, each of which is driven by customer growth and usage. The main goal of the Construction Budget is to ensure prompt service to all new customers while ensuring that the integrity and reliability of the entire distribution system is maintained. Several different factors influencing the Construction Budget are as follows:

1. Customer Growth and Usage

The addition of new customers requires construction based on the customer and the type of usage required. Due to the growth, much of the construction budget is a result of serving the needs of new customers.

2. Five Year Distribution Plan

This plan is updated on a yearly basis in order to ensure that the long range integrity and reliability of the system is maintained. Total substation and feeder loads are analyzed to determine the best way to serve current and future loads. This analysis also takes into consideration voltage levels, power factors, and construction standards.

3. Depreciation

The depreciation, deterioration, and replacement of plant is also considered in determining the total construction budget. This is used to allow replacement of facilities while not adversely affecting total plant.

4. Energy Supply

Work with Gulf Power and JEA is essential. Communication concerning future load additions and reliability is ongoing. This allows both parties to look into the future and make appropriate plans.

Each of these factors is considered when developing the yearly construction budgets. Reviews at the Divisional and Corporate levels also provide adequate oversight into the expenditures in this budget.

Supporting Schedules:

Recap Schedules:

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO.: 030438EI

EXPLANATION: If a projected test year is used, provide a brief description of each method or model used in the forecasting process. Provide a flow chart which shows the position of each model in the forecasting process.

Type of Data Shown:
Projected Test Year 12/31/2004
Projected Prior Year 12/31/2003
Witness: Mehrdad Khojasteh

OPERATION AND MAINTENANCE EXPENSES WITHOUT PURCHASED POWER

FPU's Operation and Maintenance expenses are calculated using projections based on customer growth (see page 2 for details on forecasting this) and special project costs. This provides adequate controls in order for the total O & M Budget amounts to be monitored.

Prior to preparing the O & M Budget, all O & M related special projects are identified. These may include special maintenance projects, small equipment purchases, training, donations, etc. After these projects are identfied and the associated costs are determined, they are compiled with historical values for each account. This combination is then forecast into the test year using projection factors based on customer and payroll growth, and expected inflation.

After preparation, the O & M Budget along with all indentified special and new projects is submitted for Divisional and Corporate approval.

Supporting Schedules:

Recap Schedules:

Schedule F-10 | FORECASTING MODELS - SENSITIVITY OF OUTPUT TO CHANGES IN INPUT DATA | Page 1 of 1

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO.: 030438EI

EXPLANATION: If a projected test year is used, for each sales forecasting model, give a quantified explanation of the impact of changes in the inputs to changes in outputs.

Type of Data Shown:
Projected Test Year 12/31/2004

Witness: Mark Cutshaw

Model_____

Line No.	Input Variable	Percent Change (Input)	Output Variable Affected	Percent Change (Output)

The variables contained in the forecasting models consist of weather variables and a time trend. Specifically, cooling degree days (CDD) and heating degree days (HDD) are included. We illustrate the effect of a change in the weather-normalized CDD and HDD below. Row 1 of the table below shows the forcast sales for FPU at expected CDD and HDD, based on 10-year averages. The values in rows 2 through 5 show the forecast sales if the CDD and HDD deviate from the expected value by +/- 10%.

Scenario	Forecast Sales*	% D from Base
Base	761,396,749	--
+10% CDD	773,730,136	1.6%
-10% CDD	749,063,361	-1.6%
+10% HDD	765,252,318	0.5%
-10% HDD	757,541,179	-0.5%

* Forecast sales excludes lighting, which is not temperature sensitive.

Supporting Schedules:

Recap Schedules:

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO.: 030438EI

EXPLANATION

For each forecasting model used to estimate test year projections for customers, demand, and energy, provide the historical and projected values for the input variables and the output variables used in estimating and/or validating the model. Also, provide a description of each variable, specifying the unit of measurement and the time span or cross sectional range of the data

Type of Data Shown.
Historical Year 12/31/2002
Prior Year Ended 1993-2001

Witness: Mark Cutshaw

Fernandina Beach. Residential

Year	MWh	Customers	CDD	HDD
1993	126,993	9,390	1,522	1,411
1994	127,154	9,663	1,470	1,079
1995	141,307	9,886	1,788	1,460
1996	147,588	10,189	1,444	1,551
1997	145,055	10,600	1,393	1,120
1998	162,643	10,967	1,880	1,022
1999	161,758	11,314	1,587	1,133
2000	170,510	11,702	1,528	1,426
2001	177,414	12,008	1,514	1,082
2002	187,599	12,307	1,514	1,342

Marianna: Residential

Year	MWh	Customers	CDD	HDD
1993	110,645	9,080	1,194	2,251
1994	109,735	9,251	929	1,936
1995	119,094	9,404	1,244	2,217
1996	124,726	9,533	1,067	2,397
1997	120,296	9,619	1,015	2,065
1998	130,755	9,589	1,476	1,818
1999	127,222	9,635	1,145	1,986
2000	133,192	9,695	1,290	2,187
2001	131,543	9,644	1,309	1,962
2002	143,758	9,756	1,688	2,095

HDD is calculated as MAX[65 - (max T + min T)/2, 0], summed over all days of the year.
CDD is calculated as MAX[(max T + min T)/2 - 70, 0], summed over all days of the year.

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO.: 030438EI

EXPLANATION: For each forecasting model used to estimate test year projections for customers, demand, and energy, provide the historical and projected values for the input variables and the output variables used in estimating and/or validating the model Also, provide a description of each variable, specifying the unit of measurement and the time span or cross sectional range of the data

Type of Data Shown.
Historical Year 12/31/2002
Prior Year Ended 1993-2001

Witness: Mark Cutshaw

Fernandina Beach, General Service

Year	MWh	Customers	CDD	HDD
1993	16,796	968	3,207	280
1994	16,833	967	3,374	235
1995	19,345	1,012	3,515	388
1996	20,665	1,039	3,134	430
1997	21,698	1,073	3,195	241
1998	25,486	1,139	3,830	194
1999	25,842	1,222	3,336	226
2000	28,165	1,264	3,276	402
2001	31,313	1,286	3,428	247
2002	34,074	1,311	3,338	324

Marianna: General Service

Year	MWh	Customers	CDD	HDD
1993	19,842	1,691	2,584	691
1994	19,991	1,699	2,515	659
1995	21,393	1,689	2,779	844
1996	22,838	1,736	2,543	938
1997	22,663	1,763	2,512	704
1998	25,149	1,769	3,066	572
1999	25,121	1,816	2,688	599
2000	26,170	1,789	2,831	847
2001	25,757	1,688	2,845	677
2002	29,175	1,711	3,391	773

HDD is calculatec as MAX[54 - (max T + min T)/2, 0], summed over all days of the year
CDD is calculatec as MAX[(max T + min T)/2 - 62, 0], summed over all days of the year

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO 030438EI

EXPLANATION: For each forecasting model used to estimate test year projections for customers, demand, and energy, provide the historical and projected values for the input variables and the output variables used in estimating and/or validating the model. Also, provide a description of each variable, specifying the unit of measurement and the time span or cross sectional range of the data.

Type of Data Shown.
Historical Year 12/31/2002
Prior Year Ended 1993-2001

Witness: Mark Cutshaw

Fernandina Beach: General Service Demand

Year	MWh	Customers	CDD	HDD
1993	76,423	191	3,207	280
1994	77,866	208	3,374	235
1995	82,192	218	3,515	388
1996	83,248	218	3,134	430
1997	85,041	215	3,195	241
1998	97,779	224	3,830	194
1999	97,495	227	3,336	226
2000	98,500	230	3,276	402
2001	104,620	234	3,428	247
2002	105,011	237	3,338	324

Marianna: General Service Demand

Year	MWh	Customers	CDD	HDD
1993				
1994	82,783	333	2,515	659
1995	82,763	344	2,779	844
1996	84,225	349	2,543	938
1997	84,863	351	2,512	704
1998	91,263	366	3,066	572
1999	85,408	359	2,688	599
2000	88,105	376	2,831	847
2001	90,403	395	2,845	677
2002	92,676	390	3,391	773

HDD is calculated as MAX[54 - (max T + min T)/2, 0], summed over all days of the year
CDD is calculated as MAX[(max T + min T)/2 - 62, 0], summed over all days of the year
Marianna GSLD was created from GSD in 1994, so 1993 is excluded from the historical analysis

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY. FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO.: 030438EI

EXPLANATION

For each forecasting model used to estimate test year projections for customers, demand, and energy, provide the historical and projected values for the input variables and the output variables used in estimating and/or validating the model Also, provide a description of each variable, specifying the unit of measurement and the time span or cross sectional range of the data

Type of Data Shown·
Historical Year 12/31/2002
Prior Year Ended 1993-2001

Witness. Mark Cutshaw

Fernandina Beach General Service Large Demand

Year	MWh	Customers	CDD	HDD
1993	94,864	2	3,207	280
1994	66,996	2	3,374	235
1995	81,342	2	3,515	388
1996	93,784	2	3,134	430
1997	108,646	2	3,195	241
1998	134,382	2	3,830	194
1999	151,120	2	3,336	226
2000	156,210	1	3,276	402
2001	117,670	2	3,428	247
2002	99,750	2	3,338	324

Marianna. General Service Large Demand

Year	MWh	Customers	CDD	HDD
1993				
1994	39,368	7	2,515	659
1995	45,112	8	2,779	844
1996	45,116	8	2,543	938
1997	42,896	8	2,512	704
1998	38,731	8	3,066	572
1999	37,204	9	2,688	599
2000	40,213	10	2,831	847
2001	39,932	10	2,845	677
2002	45,441	11	3,391	773

HDD is calculated as MAX[54 - (max T + min T)/2, 0], summed over all days of the year.
CDD is calculated as MAX[(max T + min T)/2 - 62, 0], summed over all days of the year.
Marianna GSLD was created from GSD in 1994, so 1993 is excluded from the historical analysis
Because of customer operations changes in 2000 in Fernandina GSLD, only 2001 and 2002 data are used in the analysis.

Supporting Schedules.

Recap Schedules:

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO.: 030438EI

EXPLANATION: For a projected test year, provide a schedule of assumptions used in developing projected or estimated data. As a minimum, state assumptions used for balance sheet, income statement and sales forecast.

Type of Data Shown:
Historical Year 12/31/2002
Projected Test Year 12/31/2004
Projected Prior Year 12/31/2003
Witness: Panel

I. BALANCE SHEET (13-Month Average)

The Consolidated Electric Operations is an operating division of Florida Public Utilities Company (FPU) and as such does not have a complete balance sheet of its own. Many of the balance sheet items are commonly shared with all divisions of FPU including the wholly-owned subsidiary, Flo-Gas Corporation (Flo-Gas). It is therefore, necessary to allocate these amounts based on various allocation bases.

Schedule B-2ab reflects the 13 month average consolidated balance sheet with separate columns indicating 13-month averages for consolidated amounts, the allocated amount, and the basis and percentage for the allocation. Detail of working capital components, including adjustments and eliminations is contained on Schedule B-15. Utility Plant in Service, the associated Reserve, and Construction Work-In-Process are directly charged to the Consolidated Electric Division except for common plant. Common plant, reserve, and CWIP are allocated to the Consolidated Electric Division based upon percentages calculated in our allocation study. The detail of plant data is contained on the various B-8, B-9, and B-13 Schedules. Common Equity, Preferred Equity, Long-Term Debt, and Notes Payable were allocated to the Consolidated Electric Division as a pro-rata share of total FPU capitalization as compared to total Electric Division rate base.

II. INCOME STATEMENT

OPERATING REVENUES

Operating revenues are directly charged to the the Consolidated Electric Division. Revenues are calculated by multiplying the KWH sales by the rates approved by the Florida Public Service Commission for base rates, fuel, and conservation.
See Schedule C-10.

OPERATION AND MAINTENANCE EXPENSES

Most of these expenses are directly charged to the Consolidated Electric Division except for Corporate clearing and administrative and general accounts. These accounts were allocated to the Consolidated Electric Division based upon various percentages. These percentages are based on historic payroll, revenues, customers, sales, etc.
See Schedule C-19 for historic year's Operation and Maintenance expenses.

DEPRECIATION EXPENSES

Depreciation was calculated by using the existing Florida Public Service Commission approved depreciation rates
See Schedule C-34.

TAXES

Income taxes, current and deferred, were computed using an effective tax rate of 37.63% See Schedules C-39 - C-42 for details.

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO.: 030438EI

Provide data as specified regarding the decommissioning of nuclear plants.

Type of Data Shown:
Historical Year 12/31/2002

Witness: N/A

Not-Applicable

Describe the company's current plans for decommissioning its nuclear units.

Document the extent to which the company has set aside funds for decommissioning its nuclear units.

Document the extent to which decommissioning funds are used for purposes other than decommissioning.

Explain any assurances that sufficient funds for decommissioning will be available when needed.

Document the amount of decommissioning funds expensed to date for depreciation and decommissioning of nuclear units, fund balances and fund earnings by unit by year since inception. Each fund should be segregated by qualified and non-qualified funds, total company and jurisdictional amounts.

Describe plans for future expenditure of decommissioning funds.

Does the company maintain internal or external funded reserves or both?

For external funded reserves who is the trustee, what services are provided, and what are the costs of each for the test year?
If a projected test year is used, provide this information for the most recent calendar year and projected year.

Supporting Schedules:

Recap Schedules:

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO.: 030438EI

EXPLANATION: Provide data as specified regarding spent nuclear fuel and radioactive waste storage.

Type of Data Shown:
Historical Year 12/31/2002

Witness: N/A

Not-Applicable

Summarize the company's current strategy for future disposal of radioactive waste.

State whether the company has plans for building new spent fuel or radioactive waste storage facilities or for expanding existing facilities.
If so, describe these plans

Document any expenses incurred as a result of an inability to dispose of spent fuel.

Supporting Schedules:

Recap Schedules:

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO : 030438EI

EXPLANATION: Provide data as specified for each plant site or facility at which spent fuel or radioactive waste is stored.

Type of Data Shown:
Historical Year 12/31/2002

Witness: N/A

Line No.	Facility Name	Spent Fuel or Waste?	Volume of Fuel or Waste Stored	Annual Volume of Spent Fuel or Waste Generated	Remaining Capacity	Number of Fuel Assemblies	Facility Annual Operating Cost	Facility Capital Cost	Description of Facility

Not-Applicable

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO.: 030438EI

EXPLANATION: Supply a proposed public notice of the company's request for a rate increase suitable for publication.

Type of Data Shown:

Projected Test Year 12/31/2004

Witness: Mark Cutshaw

On August 15, 2003 Florida Public Utilities Company filed a request with the Florida Public Service Commission in its Docket No. 030438EI for an increase in the Consolidated Electric Division of $4,117,121 in annual electric revenues to become effective April, 2004.

Supporting Schedules:

Recap Schedules: