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FERC Form No. 1: ANNUAL REPORT OF MAJOR ELECTRIC UTILITIES, LICENSEES AND OTHERS

This report is mandatory under the Federal Power Act, Sections 3, 4(a), 304 and 309, and 18 CFR 141.1. Failure to report may result in criminal fines, civil penalties and other sanctions as provided by law. The Federal Energy Regulatory Commission does not consider this report to be of a confidential nature.

Exact Legal Name of Respondent (Company) Florida Public Utilities Company	Year of Report Dec. 31, <u>2006</u>
---	--



BDO Seidman, LLP
Accountants and Consultants

1601 Forum Place, Suite 904
West Palm Beach, FL 33401
Telephone: (561) 688-1600
Fax: (561) 688-1848

INDEPENDENT AUDITORS' REPORT

Florida Public Utilities Company
West Palm Beach, Florida

We have audited the balance sheet –regulatory basis of Florida Public Utilities Company (the “Company”) as of December 31, 2006, and the related statements of income – regulatory basis, retained earnings – regulatory basis, and the consolidated statement of cash flows for the year then ended, included on pages 110 through 122, excluding additional information on pages 114 f – Northeast Division, 114 m - Northwest Division and 115 –Electric, Gas and Other Utility Divisions, of the accompanying Federal Energy Regulatory Commission Form 1. 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 audit.

We conducted our audit 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 audit provides a reasonable basis for our opinion.

These financial statements were prepared in accordance with the accounting requirements of the Florida Public Service Commission, which are substantially equivalent to the accounting requirements for the Federal Energy Regulatory Commission as set forth in its applicable Uniform System of Accounts and published accounting releases, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (“generally accepted accounting principles”). The principal differences from generally accepted accounting principles include accounting for the Company’s investment in a wholly-owned subsidiary under the equity method rather than consolidating the assets, liabilities, revenues, and expenses of the subsidiary, the inclusion of certain accumulated provisions in other non-current liabilities rather than current liabilities, and the classification of all deferred tax accounts on a gross basis as non-current.

The consolidated statement of cash flows and the accompanying notes to the financial statements are prepared on a consolidated basis as presented with the Company’s consolidated financial statements included in its Annual Report to Shareholders. Such

consolidated statement of cash flows and notes are not comparable in certain respects with the accompanying balance sheets –regulatory basis and income statements – regulatory basis in which an investment in a wholly- owned subsidiary is accounted for under the equity method.

In our opinion, such financial statements present fairly, in all material respects, the assets, liabilities, and proprietary capital of the Company as of December 31, 2006, and the results of its operations and its cash flows for the year ended December 31, 2006, in accordance with the accounting requirements of the Florida Public Service Commission, which are substantially equivalent to the accounting requirements of the Federal Energy Regulatory Commission as set forth in its applicable Uniform System of Accounts and published accounting releases.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The additional information on pages 114f – Northeast Division, 114m –Northwest Division, and 115 –Electric, Gas, and Other Utility Divisions is presented for the purpose of additional analysis and is not a required part of the basic financial statements. This additional information is the responsibility of the Company's management. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the board of directors and management of the Company and for filing with the Florida Public Service Commission and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "BDO Seidman, LLP", is written over the printed name of the firm.

BDO Seidman, LLP
Certified Public Accountants
April 24, 2007

EXECUTIVE SUMMARY

SUPPLEMENT TO ANNUAL REPORT

OF

FLORIDA PUBLIC UTILITIES COMPANY

FOR THE YEAR

2006

Executive Summary

Instructions

Purpose of Executive Summary

The Executive Summary provides the Florida Public Service Commission management with contact persons, positions and telephone numbers a brief narrative of the company profile, corporate records and corporate organization. The Executive Summary is both more readable and shorter than an annual report. It contains non-technical data of general interest and applicability to individuals who are not intimately familiar with the individual utility.

Part I - Telephone Numbers:

The utility's primary telephone number for its main administrative office is to be included in Section A on Page 2. The name, title, and telephone number (other than the universal number: in Section A) for officers of the utility are to be included in Section B. Include the name of the directors, their position title and employer, and telephone number in Section C:

Part II - Company Profile:

The company profile is a brief synopsis, which should be approximately three pages long for a major utility, in narrative format with a few statistics included. The six areas covered are:

- A. Brief Company History - Year and state of the organization, whether as a subsidiary or parent name changes and other pertinent data.
- B. Operating Territory - Provide the area of state or states served, and a few statistics such as the number of cities served, the number of customers or similar available statistics that provide a reader a basic understanding of the scope and nature of the operations of the utility.
- C. Major Goals and Objectives - State the goals and objectives of the utility such as desired return on equity, increased productivity by a specific percentage and other such goals. Specific goals such as "to achieve a rate of return on equity of 14.5% is preferable to general statements of goals such as to achieve a reasonable return on equity."

D. Major Operating Divisions and Functions, - Provide the major operating divisions and activities performed by each. For some companies, the vice presidents or other officers and their respective responsibilities may correspond to major operating divisions. For instance, the Vice president of Finance may constitute a major operating division and accounting, corporate and treasury, and rates and regulatory matters. may be the related functions assigned to, the Vice President

E. Affiliates and Relationships - List all. affiliates and. their relationship to the utility.

F. Current and Projected Growth Patterns - Provide a 'concise estimate of future annual.. , growth for the next two to four years. A short table maybe used to provide this data. For instance, a table for three years showing the KWH sales, revenue, and customers would be sufficient for an electric utility. Major assumptions such as "revenue forecasts based on current rates" may be provided.

Part III – Corporate Records:

The principal location and any important secondary locations of records should be provided in Section A on Page 5. The chart of accounts used, the location of any copies of the corporate records and a description of the types of records maintained at secondary locations should be furnished in Section B. Under Section C, list any outside auditors, regulatory agencies or internal auditors from affiliate^s that audit the books and records

Part IV - Parent/Affiliate Organizational Chart:

Provide an organizational chart showing the relationship of affiliates involved either directly or indirectly in providing utility services including the furnishing of any management services to the utility. All other affiliates, those that are irrelevant to the provision of utility services may be omitted from the organizational chart.

Part V - Liaison Personnel-Directory:

All employees or outside professionals who are in regular recurring contact with the Florida Public Service Commission on behalf of the utility should be listed under Section A on Page 7, together with the title, position, organizational unit, name of immediate supervisor and area (s) of responsibility. Employees who infrequently contact or are contacted by the Florida Public Service commission need not be listed unless contact occurs on important issues. Organizational Charts covering the employees listed as liaison personnel should be included in Section B.

Table of Contents

	Page	
Part I	Telephone Numbers	2
	A. Corporate	
	B. Officers	
	C. Directors	
Part II	Company Profile	3
	A. Brief Company history	
	B. Operating Territory	
	C. Major Goals and Objectives	
	D. Major Operating Divisions and Functions	
	E. Affiliates and Relationships	
	F. Current and Projected Growth Patterns	
Part III	Corporate Records	5
	A. Location	
	B. Description	
	C. List Audit Groups Reviewing Records and Operations	
Part IV	Parent/Affiliate Organizational Charts	6
Part V	Liaison Personnel Directory	7
	A. List	
	B. Organizational Chart	

PART I - TELEPHONE NUMBERS

A. Company's Universal Telephone Number: (561) 832-2461		
B. Direct Telephone Number for Officer (s)		
Officer (s) Name	Title	Telephone Numbers
1. John T. English	President & Chief Executive Officer	(561) 838-1762
2. Charles L. Stein	Senior Vice President	(561) 838-1760
3. George Bachman	Chief Financial Officer & Treasurer	(561) 838-1731
C. Direct Telephone Number for Director (s)		
Officer (s) Name	Title	Telephone Numbers
1. Ellen Terry Benoit	Director	(561) 845-3766
2. John T. English	President & Chief Executive Officer	(561) 838-1762
3. Richard C. Hitchins	Director	(561) 832-8833
4. Paul L. Maddock, Jr	Director	(561) 655-1483
5. Troy Maschmeyer, Jr	Director	(561) 848-9112
6. Dennis Hudson, III	Director	(772) 288-6086

PART II - COMPANY PROFILE

(Provide Brief Narrative)

A. Brief Company History

Florida Public Utilities Company was incorporated March 6, 1924, as the Palm Beach Gas Company, and the name was changed to the present title on October 24, 1927. The company was reincorporated on April 29, 1925.

The purchase of the property of the Gas Service Company of Key West was made on October 5, 1927, and sold on May 10, 1938. On May 1, 1929, the company acquired Pensacola Gas Company, but sold these properties to Gulf Power on May 28, 1934. Southern States Power Company (Marianna and Fernandina, Florida) was purchased July 1, 1935. The acquisitions of Sanford Gas Company and Florida Home Gas Company of DeLand occurred on January 1, 1965, and June 1, 1967, respectively. Water property in Marianna was sold June 1, 1976, to the North Florida Water Company. The acquisition of Z-Gas Company Inc. took place on October 29, 2001. Net assets of Atlantic Utilities were acquired on December 15, 2001. In November 2002, the Company acquired Nature Coast Utilities, a propane gas service distribution company, in a cash for stock transaction

B. Operating Territory

Four areas of Florida are served by Florida Public Utilities Company. The South Florida division serves 39,100 customers within Palm Beach and Broward Counties. The Central Florida division serves 21,300 customers in Seminole, Volusia and Marion Counties. Nature Coast division serves 2,200 customers in Levy County.

The Northwest division, located in the panhandle of Florida, serves 15,300 customers in portions of Jackson, Calhoun, and Liberty Counties. The Northeast division, which serves Amelia Island on the upper east coast of Florida, furnishes electricity and propane services to 15,400 and 1,600 customers, respectively.

C. Major Goals and Objectives

To provide reliable utility service to present and prospective customers in an efficient and courteous manner at the most reasonable cost possible.

To provide our stockholders with a reasonable return on their investments.

To promote conservation of energy (electricity and natural gas) through programs presently in effect, and future programs which may be adopted.

PART II - COMPANY PROFILE (continued)

(Provide Brief Narrative)

D. Major Operating Divisions and Functions

Florida Public Utilities Company operates out of four divisions and is headquartered in West Palm Beach. Natural gas is provided by the West Palm Beach (South Florida) and Central Florida divisions. These two divisions also service customers in offering gas appliance sales and repairs.

Propane gas is provided by the West Palm Beach (South Florida), Central Florida, Fernandina Beach (Northeast Florida), and Nature Coast divisions.

Electricity is supplied by the divisions in Marianna (Northwest Florida) and Fernandina (Northeast Florida). Fernandina Beach is also the sole location providing water service.

E. Affiliates and Relationships

The wholly-owned subsidiary, Flo-Gas Corporation, sells bottled gas in the West Palm Beach, Central Florida and Fernandina Beach areas.

F. Current and Projected Growth Patterns

<u>Operations</u>	<u>Past 3 Years</u>		<u>3 Years Projection</u>
Marianna - Electric	1%	Annually	2 % Annual
Fernandina Beach - Electric	1%	Annually	3 % Annual
Gas Operations	2%	Annually	3 % Annual

PART III - CORPORATE RECORDS

A. Location	
<u>Divisional Offices</u>	<u>Address</u>
West Palm Beach (South Florida)	401 South Dixie Highway, West Palm Beach
Debary (Central Florida)	450 South Highway, Debary
Marianna (Northwest Florida)	2825 Pennsylvania Avenue, Marianna
Fernandina Beach (Northeast Florida)	911 S. 8th Street, Fernandina Beach
Nature Coast	19510 SE Diana Street, Inglis

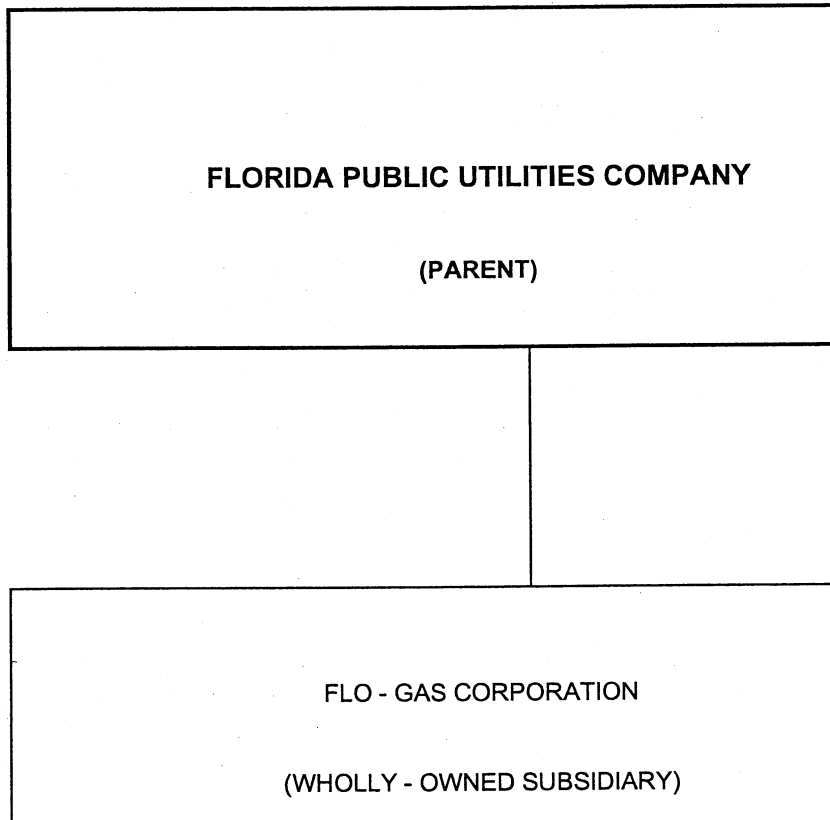
Each divisional office has on file records limited to individual divisional operations. The general office in West Palm Beach contains the general corporate accounting records for Company-wide operations.

C. List Audit Groups Reviewing Records and Operations

BDO Seidman, LLP - Annual and quarterly corporate audits. Review of income tax return.
Florida Public Service Commission - Electric and gas.

PART IV - PARENT / AFFILIATE ORGANIZATION CHART

CURRENT AS OF : December 31, 2006



PART V - LIAISON PERSONNEL DIRECTORY

(4)

A. List

Name of Company (1) (2) Representative	Title or Position	Organizational Unit (3) Title (Dept/Div/Etc.)	Name of Immediate Supervisor	Area (s) Responsible
John T. English	President & Chief Operating Officer	Electric and Gas Operations		Engineering, Rates Rules and Regulations
Charles L. Stein	Senior Vice President	Electric and Gas Operations	J. T. English	Engineering, Rates Rules and Regulations
Mario Lacaci	Director - North West Florida	NW Florida Electric Operations	C. Stein	Conservation, Rates and Engineering
P. Mark Cutshaw	Director - North East Florida	NE Florida Electric Operations	C. Stein	Rates and Engineering
Geoff Hartman	Customer Development Manager	Electric and Gas Operations	M. Seagraves	Conservation
George Bachman	Chief Financial Officer & Treasurer	Electric and Gas Operations	J. T. English	Open Dockets, Accounting, Rules and Regulations
Cheryl Martin	Controller	Electric and Gas Operations	G. M. Bachman	Open Dockets, Accounting, Rules and Regulations
Marc Seagraves	Director of Marketing	Electric and Gas Operations	C. Stein	Conservation & Marketing
Norman Horton, Jr. (850) 222-0720	Attorney	Messer, Caparello, & Self	-	Fuel Adj., PGA, and Conservation, All Divisions

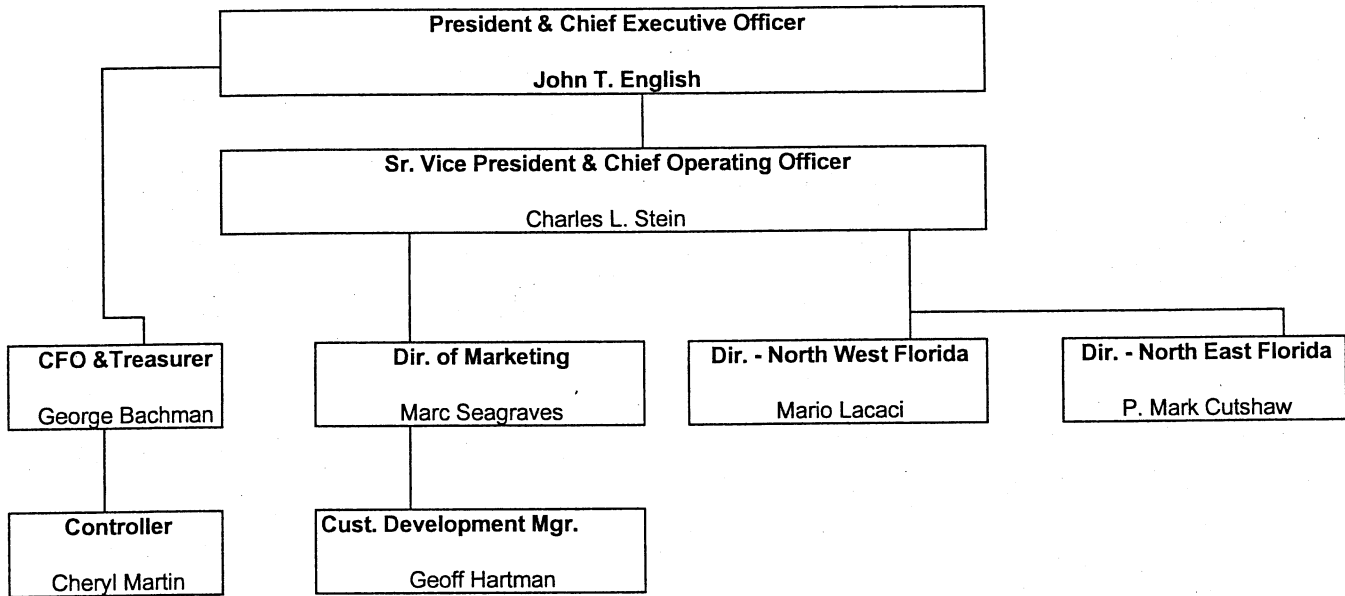
- (1) Also list appropriate legal counsels, and others who may not be on the general payroll.
- (2) Please provide individual telephone numbers if the person cannot be reached through the Company's operator.
- (3) Please provide appropriate organization charts for all persons listed within the Company.
- (4) Defined as personal visits or telephone call as a result of either routine interface, rate cases, or audits.

PART V - LIAISON PERSONNEL

B. Organizational Chart (for reporting chain for all personnel listed on Page 7)

CURRENT AS OF: December 31, 2006

FLORIDA PUBLIC UTILITIES COMPANY



SIGNATURE PAGE

I certify that I am the responsible accounting officer of
Florida Public Utilities Company;

that I have examined the following report; that to the best of my knowledge, information, and belief, all statements of fact contained in the said report are true and the said report is a correct statement of the business and affairs of the above-named respondent in respect to each and every matter set forth therein during the period from January 1, 2006 to December 31, 2006, inclusive.

I also certify that all affiliated transfer prices and affiliated cost allocations were determined consistent with the methods reported to this Commission on the appropriate forms included in this report.

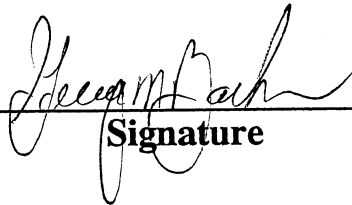
I am aware that Section 837.06, Florida Statutes, provides:

Whoever knowingly makes a false statement in writing

performance of his official duty shall be guilty of a misdemeanor of the second degree, punishable as provided in s. 775.082, s. 775.083, or s. 775.084.

4/30/07

Date



Signature

George Bachman

Name

Chief Financial Officer & Treasurer

Title

**INSTRUCTIONS FOR FILING THE
FERC FORM NO. 1**

GENERAL INFORMATION

I. Purpose

This form is a regulatory support requirement (18 CFR 141.1). It is designed to collect financial and operational information from major electric utilities, Licensees and others subject to the jurisdiction of the Federal Energy Regulatory Commission. This report is also secondarily considered to be a nonconfidential public use form supporting a statistical publication (Financial Statistics of Selected Electric Utilities), published by the Energy Information Administration.

II. Who Must Submit

Each major electric utility, licensee, or other, as classified in the Commission's Uniform System of Accounts Prescribed for Public Utilities and Licensees Subject to the Provisions of The Federal Power Act (18 CFR 101), must submit this form.

Note: Major means having, in each of the three previous calendar years, sales or transmission service that exceeds

one of the following:

- (1) one million megawatt hours of total annual sales,
- (2) 100 megawatt hours of annual sales for resale,
- (3) 500 megawatt hours of annual power exchanges delivered, or
- (4) 500 megawatt hours of annual wheeling for others (deliveries plus Losses).

III. What and Where to Submit

(a) Submit this form electronically through the Form 1 Submission Software and an original and six (6) conformed paper copies, properly filed in and attested, to:

Office of the Secretary
Federal Energy Regulatory Commission
888 First Street, NE.
Room 1A
Washington, DC 20426

Retain one copy of this report for your files.

Include with the original and each conformed paper copy of this form the subscription statement required by 18 C.F.R. 385.2011(c)(5). Paragraph (c)(5) of 18 C.F.R. 385.2011 requires each respondent submitting data electronically to file a subscription stating that the paper copies contain the same information as the electronic filing, that the signer knows the contents of the paper copies and electronic filing, and that the contents as stated in the copies and electronic filing are true to the best knowledge and belief of the signer.

(b) Submit, immediately upon publication, four (4) copies of the Latest annual report to stockholders and any annual financial or statistical report regularly prepared and distributed to bondholders, security analysts, or industry associations. (Do not include monthly and quarterly reports. Indicate by checking the appropriate box on Page 4, List of Schedules, if the reports to stockholders will be submitted or if no annual report to stockholders is prepared.) Mail these reports to:

Chief Accountant
Federal Energy Regulatory Commission
888 First Street, NE.
Washington, DC 20426

(c) For the CPA certification, submit with the original submission, or within 30 days after the filing date for this form, a Letter or report (not applicable to respondents classified as Class C or Class D prior to January 1, 1984):

(i) Attesting to the conformity, in all material aspects, of the below listed (schedules and) pages with the Commission's applicable Uniform Systems of Accounts (including applicable notes relating thereto and the Chief Accountant's published accounting releases), and

(ii) Signed by independent certified public accountants or an independent Licensed public accountant certified or Licensed by a regulatory authority of a State or other political subdivision of the U. S. (See 18 CFR 41.10-41.12 for specific qualifications.)

GENERAL INFORMATION (continued)

III. What and Where to Submit (Continued)

(c) Continued

Schedules	Reference Pages
Comparative Balance Sheet	110-113
Statement of Income	114-117
Statement of Retained Earnings	118-119
Statement of Cash Flows	120-121
Notes to Financial Statements	122-123

When accompanying this form, insert the Letter or report immediately following the cover sheet. When submitting after the filing date for this form, send the letter or report to the office of the Secretary at the address indicated at III (a).

Use the following format for the Letter or report unless unusual circumstances or conditions, explained in the Letter or report, demand that it be varied. Insert parenthetical phrases only when exceptions are reported.

In connection with our regular examination of the financial statements of _____ for the year ended on which we have reported separately under date of _____. We have also reviewed schedules _____ of FERC Form No. 1 for the year filed with the Federal Energy Regulatory Commission, for conformity in all material respects with the requirements of the Federal Energy Regulatory Commission as set forth in its applicable Uniform System of Accounts and published accounting releases. Our review for this purpose included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Based on our review, in our opinion the accompanying schedules identified in the preceding paragraph (except as noted below) conform in all material respects with the accounting requirements of the Federal Energy Regulatory Commission as set forth in its applicable Uniform System of Accounts and published accounting releases.

State in the letter or report, which, if any, of the pages above do not conform to the Commission's requirements. Describe the discrepancies that exist.

(d) Federal, State and Local Governments and other authorized users may obtain additional blank copies to meet their requirements free of charge from:

Public Reference and Files Maintenance Branch
 Federal Energy Regulatory Commission
 888 First Street, NE. Room 2A ES-1
 Washington, DC 20426
 (202) 208-2474

IV. When to Submit

Submit this report form on or before April 30th of the year following the year covered by this report.

V. Where to Send Comments on Public Reporting Burden

The public reporting burden for this collection of information is estimated to average 1,217 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any aspect of this collection of information, including suggestions for reducing this burden, to the Federal Energy Regulatory Commission, 888 First Street N.E., Washington, DC 20426 (Attention: Mr. Michael Miller, CI-1); and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Washington, DC 20503 (Attention: Desk Officer for the Federal Energy Regulatory Commission). No person shall be subject to any penalty if this collection of information does not display a valid control number. (44 U.S.C. 3512(a)).

GENERAL INSTRUCTIONS

- I. Prepare this report in conformity with the Uniform System of Accounts (18 CFR 101) (U.S. of A.). Interpret all accounting words and phrases in accordance with the U. S. of A.
- II. Enter in whole numbers (dollars or MWH) only, except where otherwise noted. (Enter cents for averages and figures per unit where cents are important. The truncating of cents is allowed except on the four basic financial statements where rounding is required.) The amounts shown on all supporting pages must agree with the amounts entered on the statements that they support. When applying thresholds to determine significance for reporting purposes, use for balance sheet accounts the balances at the end of the current reporting year, and use for statement of income accounts the current year's amounts.
- III. Complete each question fully and accurately, even if it has been answered in a previous annual report. Enter the word "None" where it truly and completely states the fact.
- IV. For any page(s) that is not applicable to the respondent, omit the page(s) and enter "NA," "NONE," or "Not Applicable" in column (d) on the List of Schedules, pages 2, 3, and 4.
- V. Enter the month, day, and year for all dates. Use customary abbreviations. The "Date of Report" included in the header of each page is to be completed only for resubmissions (see VII. below). The date of the resubmission must be reported in the header for all form pages, whether or not they are changed from the previous filing.
- VI. Generally, except for certain schedules, all numbers, whether they are expected to be debits or credits, must be reported as positive. Numbers having a sign that is different from the expected sign must be reported by enclosing the numbers in parentheses.
- VII. For any resubmissions, submit the electronic filing using the Form 1 Submission Software and an original and six (6) conformed paper copies of the entire form, as well as the appropriate number of copies of the subscription statement indicated at instruction III (a). Resubmissions must be numbered sequentially on the cover page of the paper copies of the form. In addition, the cover page of each paper copy must indicate that the filing is a resubmission. Send the resubmissions to the address indicated at instruction III (a).
- VIII. Do not make references to reports of previous years or to other reports in lieu of required entries, except as specifically authorized.
- IX. Wherever (schedule) pages refer to figures from a previous year, the figures reported must be based upon those shown by the annual report of the previous year, or an appropriate explanation given as to why the different figures were used.

DEFINITIONS

- I. Commission Authorization (Comm. Auth.) -- The authorization of the Federal Energy Regulatory Commission, or any other Commission. Name the commission whose authorization was obtained and give date of the authorization.
- II. Respondent -- The person, corporation, licensee, agency, authority, or other Legal entity or instrumentality in whose behalf the report is made.

EXCERPTS FROM THE LAW

Federal Power Act, 16 U.S.C. 791a-825r)

"Sec. 3. The words defined in this section shall have the following meanings for purposes of this Act, to wit:
... (3) "Corporation" means any corporation, joint-stock company, partnership, association, business trust, organized group of persons, whether incorporated or not, or a receiver or receivers, trustee or trustees of any of the foregoing. It shall not include 'municipalities, as hereinafter defined;

(4) "Person" means an individual or a corporation;

(5) "Licensee" means any person, State, or municipality licensed under the provisions of section 4 of this Act, and any assignee or successor in interest thereof;

(7) "Municipality" means a city, county, irrigation district, drainage district, or other political subdivision or agency of a State competent under the Laws thereof to carry on the business of developing, transmitting, unitizing, or distributing power;..."

(11) "Project" means a complete unit of improvement or development, consisting of a power house, all water conduits, all dams and appurtenant works and structures (including navigation structures) which are a part of said unit, and all storage, diverting, or forebay reservoirs directly connected therewith, the primary line or lines transmitting power therefrom to the point of junction with the distribution system or with the interconnected primary transmission system, all miscellaneous structures used and useful in connection with said unit or any part thereof, and all water rights, rights-of-way, ditches, dams, reservoirs, lands, or interest in lands the use and occupancy of which are necessary or appropriate in the maintenance and operation of such unit;

"Sec. 4. The Commission is hereby authorized and empowered:

(a) To make investigations and to collect and record data concerning the utilization of the water 'resources of any region to be developed, the water-power industry and its relation to other industries and to interstate or foreign commerce, and concerning the location, capacity, development costs, and relation to markets of power sites; ... to the extent the Commission may deem necessary or useful for the purposes of this Act."

"Sec. 304. (a) Every licensee and every public utility shall file with the Commission such annual and other periodic or special reports as the Commission may by rules and regulations or other prescribe as necessary or appropriate to assist the Commission in the proper administration of this Act. The Commission may prescribe the manner and form in which such reports shall be made, and require from such persons specific answers to all questions upon which the Commission may need information. The Commission may require that such reports shall include, among other things, full information as to assets and liabilities, capitalization, net investment, and reduction thereof, gross receipts, interest due and paid, depreciation, and other reserves, cost of project and other facilities, cost of maintenance and operation of the project and other facilities, cost of renewals and replacement of the project works and other facilities, depreciation, generation, transmission, distribution, delivery, use, and sale of electric energy. The Commission may require any such person to make adequate provision for currently determining such costs and other facts. Such reports shall be made under oath unless the Commission otherwise specifies."

"Sec. 309. The Commission shall have power to perform any and all acts, and to prescribe, issue, make, and rescind such orders, rules and regulations as it may find necessary or appropriate to carry out the provisions of this Act. Among other things, such rules and regulations may define accounting, technical, and trade terms used in this Act; and may prescribe the form or forms of all statements, declarations, applications, and reports to be filed with the Commission, the information which they shall contain, and the time within which they shall be filed..."

General Penalties

"Sec. 315. (a) Any licensee or public utility which willfully fails, within the time prescribed by the Commission, to comply with any order of the Commission, to file any report required under this Act or any rule or regulation of the Commission thereunder, to submit any information or document required by the Commission in the course of an investigation conducted under this Act ... shall forfeit to the United States an amount not exceeding \$1,000 to be fixed by the Commission after notice and opportunity for hearing..."

**FERC FORM NO. 1:
ANNUAL REPORT OF MAJOR ELECTRIC UTILITIES, LICENSEES AND OTHER**

IDENTIFICATION			
01	Exact Legal Name of Respondent		02 Year of Report
	FLORIDA PUBLIC UTILITIES COMPANY		December 31, 2006
03	Previous Name and Date of Change (if name changed during year)		
04	Address of Principal Office at End of Year (Street, City, State, Zip Code)		
	401 South Dixie Highway, West Palm Beach, FL 33401-5807		
05	Name of Contact Person	06	Title of Contact Person
	George Bachman		Chief Financial Officer & Treasurer
07	Address of Contact Person (Street, City, State, Zip Code)		
	Same as above		
08	Telephone of Contact Person, Including Area Code	09	This Report Is
	(561) 838-1731	(1) <input checked="" type="checkbox"/> An Original	10 Date of Report (Mo, Da, Yr) December 31, 2006
		(2) <input type="checkbox"/> A Resubmission	
ATTESTATION			
<p>The undersigned officer certifies that he/she has examined the accompanying report; that to the best of his/her knowledge, information, and belief, all statements of fact contained in the accompanying report are true and the accompanying report is a correct statement of the business and affairs of the above named respondent in respect to each and every matter set forth therein during the period from and including January 1 to and including December 31 of the year of the report.</p>			
01	Name	02	Title
	George Bachman		Chief Financial Officer & Treasurer
03	Signature	04 Date Signed (Mo, Da, Yr)	
Title 18, U.S.C. 1001, makes it a crime for any person knowingly and willingly to make to any Agency or Department of the United States any false, fictitious or fraudulent statements as to any matter within its jurisdiction.			

Name of Respondent Florida Public Utilities Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) December 31, 2006	Year of Report December 31, 2006
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LIST OF SCHEDULES (Electric Utility)

Enter in Column (d) the terms "none," "not applicable," or "NA," as appropriate, where no information or amounts have been reported for

certain pages. Omit pages where the responses are "none," not applicable," or "NA."

Title of Schedule (A)	Reference Page No. (B)	Date Revised (C)	Remarks (D)
GENERAL CORPORATE INFORMATION AND FINANCIAL STATEMENTS			
General Information.....	101	Ed. 12-87	
Control Over Respondent.....	102	Ed. 12-87	None
Corporations Controlled by Respondent.....	103	Ed. 12-95	
Officers.....	104	Ed. 12-87	
Directors.....	105	Ed. 12-95	
Security Holders and Voting Powers.....	106-107	Ed. 12-87	None
Important Changes During the Year.....	108-109	Ed. 12-90	
Comparative Balance Sheet.....	110-113	Rev. 12-94	
Statement of Income for the Year.....	114-117	Rev. 12-95	Pg. 116-None
Statement of Retained Earnings for the Year.....	118-119	Ed. 12-94	
Statement of Cash Flows.....	120-121	Rev. 12-94	
Notes to Financial Statements.....	122-123	Ed. 12-88	Pg. 123-None
BALANCE SHEET SUPPORTING SCHEDULES (Assets and Other Debits)			
Summary of Utility Plant and Accumulated Provisions for Depreciation, Amortization, and Depletion.....			
Nuclear Fuel Materials.....	200-201	Ed. 12-89	
Electric Plant in Service.....	202-203	Ed. 12-89	None
Electric Plant Leased to Others.....	204-207	Rev. 12-95	
Electric Plant Held for Future Use.....	213	Rev. 12-95	None
Construction Work in Progress-Electric.....	214	Ed. 12-89	None
Construction Overheads-Electric.....	216	Ed. 12-87	
General Description of Construction Overhead Procedure.....	217	Ed. 12-89	None
Accumulated Provision for Depreciation of Electric Utility Plant..	218	Ed. 12-88	None
Nonutility Property.....	219	Ed. 12-88	
Investment in Subsidiary Companies.....	221	Ed. 12-95	See page 461
Materials and Supplies.....	224-225	Ed. 12-89	
Allowances.....	227	Ed. 12-89	
Extraordinary Property Losses.....	228-229	Ed. 12-95	None
Unrecovered Plant and Regulatory Study Costs.....	230	Ed. 12-93	None
Other Regulatory Assets.....	230	Ed. 12-93	None
Miscellaneous Deferred Debits.....	232	New 12-93	
Accumulated Deferred Income Taxes (Account 190).....	233	Ed. 12-94	
	234	Ed. 12-88	
BALANCE SHEET SUPPORTING SCHEDULES (Liabilities and Other credits)			
Capital Stock.....	250-251	Ed. 12-90	
Capital Stock Subscribed, Capital Stock Liability for Conversion, Premium on Capital Stock, and Installments Received on Capital Stock.....	252	Rev. 12-95	None
Other Paid-in Capital.....	253	Ed. 12-87	
Discount on Capital Stock.....	254	Ed. 12-87	None
Capital Stock Expense.....	254	Ed. 12-86	None
Long-Term Debt.....	256-257	Ed. 12-91	

Name of Respondent Florida Public Utilities Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) December 31, 2006	Year of Report December 31, 2006
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LIST OF SCHEDULES (Electric Utility)(Continued)

Enter in Column (d) the terms "none," "not applicable," or "NA," as appropriate, where no information or amounts have been reported for

certain pages. Omit pages where the responses are "none," not applicable," or "NA."

Title of Schedule (A)	Reference Page No. (B)	Date Revised (C)	Remarks (D)
BALANCE SHEET SUPPORTING SCHEDULES (Liabilities and Other Credits) (Continued)			
Reconciliation of Reporting Net Income with Taxable Income for Federal Income Taxes.....	261	Ed. 12-88	
Taxes Accrued, Prepaid and Changed During Year.....	262-263	Rev. 12-95	
Accumulated Deferred Investment Tax Credits.....	266-267	Ed. 12-89	
Other Deferred Credits.....	269	Ed. 12-88	
Accumulated Deferred Income Taxes-Accelerated Amortization Property.....	272-273	Ed. 12-94	None
Accumulated Deferred Income Taxes-Other Property.....	274-275	Ed. 12-94	
Accumulated Deferred Income Taxes-Other.....	276-277	Ed. 12-94	
Other Regulatory Liabilities.....	278	Ed. 12-94	
INCOME ACCOUNT SUPPORTING SCHEDULES			
Electric Operating Revenues.....	300-301	Ed. 12-90	
Sales of Electricity by Rate Schedules.....	304	Ed. 12-95	
Sales for Resale.....	310-311	Ed. 12-88	None
Electric Operation and Maintenance Expenses.....	320-323	Ed. 12-95	
Number of Electric Department Employees.....	323	Ed. 12-93	See page 462
Purchase Power.....	326-327	Ed. 12-95	
Transmission of Electricity for Others.....	328-330	Ed. 12-90	None
Transmission of Electricity by Others.....	332	Ed. 12-90	None
Miscellaneous General Expenses-Electric.....	335	Ed. 12-94	
Depreciation and Amortization of Electric Plant.....	336-338	Ed. 12-95	
Particulars Concerning Certain Income Deduction and Interest Charges Accounts.....	340	Ed. 12-87	See page 463
COMMON SECTION			
Regulatory Commission Expenses.....	350-351	Ed. 12-90	
Research, Development and Demonstration Activities.....	352-353	Ed. 12-87	None
Distribution of Salaries and Wages.....	354-355	Ed. 12-88	
Common Utility Plant and Expenses.....	356	Ed. 12-87	
ELECTRIC PLANT STATISTICAL DATA			
Electric Energy Account.....	401	Rev. 12-90	
Monthly Peaks and Output.....	401	Rev. 12-90	
Steam -Electric Generating Plant Statistics (Large Plants).....	402-403	Ed. 12-89	None
Hydroelectric Generating Plant Statistics (Large Plants).....	406-407	Ed. 12-89	None
Pumped Storage Generating Plant Statistics (Large Plants).....	408-409	Ed. 12-88	None
Generating Plant Statistics (Small Plant).....	410-411	Ed. 12-87	None

Name of Respondent Florida Public Utilities Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) December 31, 2006	Year of Report December 31, 2006
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LIST OF SCHEDULES (Electric Utility)(Continued)

Enter in Column (d) the terms "none," "not applicable," or "NA," as appropriate, where no information or amounts have been reported for certain pages. Omit pages where the responses are "none," not applicable," or "NA."

Title of Schedule (A)	Reference Page No. (B)	Date Revised (C)	Remarks (D)
ELECTRIC PLANT STATISTICAL DATA (CONTINUED)			
Transmission Line Statistics.....	422-423	Ed. 12-87	
Transmission Lines Added During Year.....	424-425	Ed. 12-86	None
Substations.....	426-427	Ed. 12-96	
Electric Distribution Meters and Line Transformers.....	429	Ed. 12-88	None
Environmental Protection Facilities.....	430	Ed. 12-88	None
Environmental Protection Expenses.....	431	Ed. 12-88	None
Footnote Data.....	450	Ed. 12-87	None
Marianna Division Section			
Statement of Income for the Year.....	114M		
Electric Plant in Service.....	204M-207M		
Accumulated Provision for Depreciation of Electric Utility Plant..	219M		
Electric Operating Revenues.....	300M-301M		
Electric Operation and Maintenance Expense.....	320M-323M		
Depreciation and Amortization of Electric Plant.....	336M		
Fernandina Beach Division Section			
Statement of Income for the Year.....	114F		
Electric Plant in Service.....	204F-207F		
Accumulated Provision for Depreciation of Electric Utility Plant..	219F		
Electric Operating Revenues.....	300F-301F		
Electric Operation and Maintenance Expense.....	321F-323F		
Depreciation and Amortization of Electric Plant.....	336F		
Marianna Storm Reserve			
Stockholders' Reports	Check appropriate box:		
	<input checked="" type="checkbox"/>	Four Copies will be submitted.	
	<input type="checkbox"/>	No annual report to stockholders is prepared.	

GENERAL INFORMATION

1. Provide name and title of officer having custody of the general corporate books of account and address of office where the general corporate books are kept, and address of office where any other corporate books of account are kept, if different from that where the general corporate books are kept.

Florida Public Utilities Company
401 South Dixie Highway, P.O. Box 3395
West Palm Beach, Florida 33401

2. Provide the name of the State under the laws of which respondent is incorporated, and date of incorporation. If incorporated under a special law, give reference to such law. If not incorporated, state that fact and give the type of organization and the date organized.

State of Florida
March 6, 1924; Reincorporated April 25, 1929

3. If at any time during the year the property of respondent was held by a receiver or trustee, give (a) name of receiver or trustee, (b) date such receiver or trustee took possession, (c) the authority by which the receivership or trusteeship was created, and (d) date when possession by receiver or trustee ceased.

N/A

4. State the classes of utility and other services furnished by respondent during the year in each State in which the respondent operated.

Distribution of electricity and gas in the state of Florida.

5. Have you engaged as the principal accountant to audit your financial statements an accountant who is not the principal accountant for your previous year's certified financial statements?

(1) YES ...Enter the date when such independent accountant was initially engaged: _____

(2) X NO

CORPORATIONS CONTROLLED BY RESPONDENT

1. Report below the names of all corporations, business trusts, and similar organizations, controlled directly or indirectly by respondent at any time during the year. If control ceased prior to end of year, give particulars (details) in a footnote.

2. If control was by other means than a direct holding of voting rights, state in a footnote the manner in which control was held, naming any intermediaries involved.

3. If control was held jointly with one or more other interests, state the fact in a footnote and name the other interests.

DEFINITIONS

- 1. See the Uniform System of Accounts for a definition of control.
- 2. Direct control is that which is exercised without interposition of an intermediary.
- 3. Indirect control is that which is exercised by the interposition of an intermediary which exercises direct control.
- 4. Joint control is that in which neither interest can effectively

control or direct action without the consent of the other, as where the voting control is equally divided between two holders, or each party holds a veto power over the other. Joint control may exist by mutual agreement or understanding between two or more parties who together have control within the meaning of the definition of control in the Uniform System of Accounts regardless of the relative voting rights of each party.

Name of Company Controlled (a)	Kind of Business (b)	Percent Voting Stock Owned (c)	Footnote Ref. (d)
Flo - Gas Corporation	Propane Gas	100%	

OFFICERS

1. Report below the name, title and salary for each executive officer whose salary is \$50,000 or more. An "executive officer" of a respondent includes its president, secretary, treasurer, and vice president in charge of a principal business unit, division or function (such as sales, administration or finance), and any other

person who performs similar policymaking functions.

2. If a change was made during the year in the incumbent of any position, show name and total remuneration of the previous incumbent, and date the change in incumbency was made.

Line No.	Title (a)	Name of Officer (b)	Salary for Year (c)
1	President & Chief Executive Officer	John T. English	\$268,640
2			
3	Senior Vice President & Chief Operating Officer	Charles L. Stein	\$198,560
4			
5	Chief Financial Officer, Treasurer & Secretary	George M. Bachman	\$181,040
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DIRECTORS

1. Report below the information called for concerning each director of the respondent who held office at any time during the year. Include in column (a) abbreviated titles of the directors who are officers of the respondent.

2. Designate members of the Executive Committee by an asterisk and the Chairman of the Executive Committee by a double asterisk.

Name (and Title) of Director (a)	Principal Business Address (b)
J.T. English** Chairman & Chief Executive Officer	401 South Dixie Highway West Palm Beach, Florida
R.C. Hitchins	325 South Olive Avenue West Palm Beach, Florida
P.L. Maddock, Jr	275 S County Road Palm Beach, Florida
D. Hudson (as of 8/05)	PO Box 9012 Stuart, Florida
Ellen Terry Benoit	250 El Pueblo Way Palm Beach, Florida
T. Maschmeyer (as of 6/05)	1142 Watertower Road Lake Park, Florida

IMPORTANT CHANGES DURING THE YEAR

Give particulars (details) concerning the matters indicated below. Make the statements explicit and precise, and number them in accordance with the inquiries. Each inquiry should be answered. Enter "none" "not applicable," or "NA" where applicable. If information which answers an inquiry is given elsewhere in the report, make a reference to the schedule in which it appears.

1. Changes in and important information to franchise rights:

Describe the actual consideration given therefore and state from whom the franchise rights were acquired. If acquired without the payment of consideration, state that fact.

2. Acquisition of ownership in other companies by reorganization, merger, or consolidation with other companies: Give name of companies involved, particulars concerning the transactions, name of the Commission authorizing the transaction, and reference to Commission authorization.

3. Purchase or sale of an operating unit or system: Give brief description of the property, and of the transactions relating thereto, and reference to Commission authorization, if any was required. Give date journal entries called for by the Uniform System of Accounts were submitted to the Commission.

4. Important leaseholds (other than leaseholds for natural gas lands) that have been acquired or given, assigned or surrendered: Give effective dates, lengths of terms, names of parties, rents, and other conditions. State name of Commission authorizing lease and give reference to such authorization.

5. Important extension or reduction of transmission or distribution system: State territory added or relinquished and date operations began or ceased give reference to Commission authorization, if any was required. State also the approximate number of customers added or lost and approximate annual revenues of each class of service. Each natural gas company must also state major new continuing sources of gas made available to it from purchases,

development, purchase contract or otherwise, giving location and approximate total gas volumes available, period of contracts, and other parties to any such arrangements etc.

6. Obligations incurred as a result of issuance of securities or assumption of liabilities or guarantees including issuance of short-term debt and commercial paper having a maturity of one year or less.

Give reference to FERC or State Commission authorization, as appropriate, and the amount of obligation or guarantee.

7. Changes in articles of incorporation or amendments to charter: Explain the nature and purpose of such changes or amendments.

8. State the estimated annual effect and nature of any important wage scale changes during the year.

9. State briefly the status of any materially important legal proceedings pending at the end of the year, and the results of any such proceedings culminated during the year.

10. Describe briefly any materially important transactions of the respondent not disclosed elsewhere in this report in which an officer, director, security holder reported on page 106, voting trustee, associated company or known associate of any of these persons was a party or in which any such person had a material interest.

11. (Reserved)

12. If the important changes during the year relating to the respondent company appearing in the annual report to stockholders are applicable in every respect and furnish the data required by instruction 1 to 11 above, such notes may be included on this page.

PAGE 108 INTENTIONALLY LEFT BLANK
SEE PAGE 109 FOR REQUIRED INFORMATION

IMPORTANT CHANGES DURING THE YEAR

- 1 None
- 2 None
- 3 None
- 3 None
- 4 None
- 5 None

COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)				
Line No.	Title of Account	Ref. Page No.	Balance at Beginning of Year	Balance at End of Year
1	UTILITY PLANT			
2	Utility Plant (101-106, 114)	200-201	164,766,497	175,331,789
3	Construction Work in Progress (107)	200-201	4,336,065	1,951,888
4	TOTAL Utility Plant (Enter Total of lines 2 and 3)		169,102,562	177,283,677
5	(Less) Accum. Prov. for Depr. Amort. Depl. (108, 111, 115)	200-201	(53,241,795)	(56,293,436)
6	Net Utility Plant (Enter Total of line 4 less 5)		115,860,767	120,990,241
7	Nuclear Fuel (120.1-102.4, 120.6)	202-203	-	-
8	(Less) Accum. Prov. for Amort. of Nucl. Fuel Assemblies (120.5)	202-203	-	-
9	Net Nuclear Fuel (Enter Total of line 7 less 8)		-	-
10	Net Utility Plant (Enter Total of lines 6 and 9)		115,860,767	120,990,241
11	Utility Plant Adjustments (116)	122		
12	Gas Stored Underground-Noncurrent (117)			
13	OTHER PROPERTY AND INVESTMENTS			
14	Nonutility Property (121)	461	8,436	8,436
15	(Less) Accum. Prov. for Depr. and Amort. (122)		-	-
16	Investments in Associated Company (123)	224-225	-	-
17	Investment in Subsidiary Companies (123.1)	224-225	2,239,013	2,396,527
18	(For Cost of Account 123.1, See Footnote Page 224, line 42)		-	-
19	Noncurrent Portion of Allowances	228-229		
20	Other Investments (124-128, 171)		5,746,180	5,715,293
21	Special Funds		-	-
22	TOTAL Other Property and Investments (Total of lines 14 through 20)		7,993,629	8,120,256
23	CURRENT AND ACCRUED ASSETS			
24	Cash (131)		652,745	46,668
25	Special Deposits (132-133)		3,257,814	3,681,979
26	Working Funds (135)		39,100	33,700
27	Temporary Cash Investments (136)		-	-
28	Notes Receivable (141)		298,411	297,940
29	Customer Accounts Receivable (142)		12,840,862	9,551,539
30	Other Accounts Receivable (143)		236,599	57,005
31	(Less) Accum. Prov. for Uncollectible Acct.-Credit (144)		(216,748)	(364,980)
32	Notes Receivable from Associated Companies (145)		-	-
33	Accounts Receivable from Assoc. Companies (146)		12,872,618	13,452,431
34	Fuel Stock (151)	227	-	-
35	Fuel Stock Expense Undistributed (152)	227	-	-
36	Residuals (Elec) and Extracted Products (Gas) (153)	227	-	-
37	Plant Material and Operating Supplies (154)	227	1,442,448	1,553,219
38	Merchandise (155)	227	421,892	400,795
39	Other Material and Supplies (156)	227	-	-
40	Nuclear Materials Held for Sale (157)	202-203/227	-	-
41	Allowances (158.1 and 158.2)	228-229	-	-
42	(Less) Noncurrent Portion of Allowances	228-229	-	-
43	Stores Expenses Undistributed (163)		-	-
44	Gas Stored Underground - Current (164.1)		-	-
45	Liquefied Natural Gas Stored and Held for Processing (164.2-164.3)		-	-
46	Prepayments (165)		950,750	961,438
47	Advances for Gas (166-167)		-	-
48	Interest and Dividends Receivable		-	-
49	Rents Receivable (172)		-	-
50	Accrued Utility Revenues (173)		1,510,318	1,617,666
51	Miscellaneous Current and Accrued Assets (174)		-	-
52	TOTAL Current and Accrued Assets (Enter Total of lines 24 through 51)		\$34,306,809	\$31,289,400

COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS, cont.)

Line No.	Title of Account	Ref. Page No.	Balance at Beginning of Year	Balance at End of Year
53	DEFERRED DEBITS			
54	Unamortized Debt Expense (181)		\$1,880,040	\$1,797,719
55	Extraordinary Property Losses (182.1)		-	-
56	Unrecovered Plant and Regulatory Study Costs (182.2)		-	-
57	Other Regulatory Assets (182.3)		9,319,979	9,140,945
58	Prelim. Survey and Investigation Charges (Electric) (183)		-	-
59	Prelim. Survey and Investigation Charges (Gas) (183.1, 183.2)		-	-
60	Clearing Accounts (184)		-	-
61	Temporary Facilities (185)		21,285	12,836
62	Miscellaneous Deferred Debits (186)	233	6,548,936	5,947,855
63	Def. Losses from Disposition of Utility Plant. (187)		-	-
64	Research, Devel. and Demonstration Expend. (188)	352-353	-	-
65	Unamortized Loss on Reacquired Debt (189)		227,025	208,741
66	Accumulated Deferred Income Taxes (190)	234	3,877,356	4,161,318
67	Unrecovered Purchased Gas Costs (191)	233	4,527,745	1,707,678
68		0		
69	TOTAL Deferred Debits (Enter Total of lines 54 through 67)		26,402,366	22,977,092
70	TOTAL Assets and other Debits (Enter Total of lines 10, 11, 12, 22, 52, and 68)		184,563,571	183,376,989

COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)

Line No.	Title of Account	Ref. Page No.	Balance at Beginning of Year	Balance at End of Year
1	PROPRIETARY CAPITAL			
2	Common Stock Issued (201)	250-251	\$9,229,514	\$9,250,472
3	Preferred Stock Issued (204)	250-251	600,000	600,000
4	Capital Stock Subscribed (202, 205)		-	-
5	Stock Liability for Conversion (203, 206)		-	-
6	Premium on Capital Stock (207)		5,373,461	5,542,986
7	Other Paid-In Capital (208-211)	253	1,052,761	835,661
8	Installments Received on Capital Stock (212)		-	-
9	(Less) Discount on Capital Stock (213)		-	-
10	(Less) Capital Stock Expense (214)		(428,441)	(428,441)
11	Retained Earnings (215, 215.1, 216)	118-119	31,396,084	32,826,617
12	Unappropriated Undistributed Subsidiary Earnings (216.1)	118-119	2,229,013	2,386,527
13	(Less) Reacquired Capital Stock (217)	250-251	(3,349,120)	(2,841,531)
14	TOTAL Proprietary Capital (Enter Total of lines 2 through 13)		46,103,272	48,172,291
15	LONG-TERM DEBT			
16	Bonds (221)	256-257	52,500,000	52,500,000
17	(Less) Reacquired Bonds (222)	256-257	-	-
18	Advances from Associated Companies (223)	256-257	-	-
19	Other Long-Term Debt (224)	256-257	-	-
20	Unamortized Premium on Long-Term Debt (225)		-	-
21	(Less) Unamortized Discount on Long-Term Debt-Dr. (226)		-	-
22	TOTAL Long-Term Debt (Enter Total of lines 16 through 21)		52,500,000	52,500,000
23	OTHER NONCURRENT LIABILITIES			
24	Obligations Under Capital Leases - Noncurrent (227)		-	-
25	Accumulated Provision for Property Insurance (228.1)		1,536,145	1,636,118
26	Accumulated Provision for Injuries and Damages (228.2)		296,132	181,443
27	Accumulated Provision for Pensions and Benefits (228.3)		2,662,982	4,881,025
28	Accumulated Miscellaneous Operating Provisions (228.4)		-	-
29	Accumulated Provision for Rate Refunds (229)		700,000	721,400
30	TOTAL Other Noncurrent Liabilities (Enter Total of lines 24 through 29)		5,195,259	7,419,986
31	CURRENT AND ACCRUED LIABILITIES			
32	Notes Payable (231)		9,558,000	3,466,000
33	Accounts Payable (232)		13,165,663	10,278,572
34	Notes Payable to Associated Companies (233)		-	-
35	Accounts Payable to Associated Companies (234)		-	-
36	Customer Deposits (235)		7,453,496	8,024,474
37	Taxes Accrued (236)	262-263	586,155	1,962,101
38	Interest Accrued (237)		1,011,667	787,294
39	Dividends Declared (238)		623,174	652,802
40	Matured Long-Term Debt (239)		-	-
41	Matured Interest (240)		-	-
42	Tax Collections Payable (241)		977,939	640,490
43	Miscellaneous Current and Accrued Liabilities (242)		1,200,053	1,340,766
44	Obligations Under Capital Leases-Current (243)		-	-
45	TOTAL Current and Accrued Liabilities (Enter Total of lines 32 through 44)		\$34,576,147	\$27,152,499

COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS, continued)

Line No.	Title of Account	Ref. Page No.	Balance at Beginning of Year	Balance at End of Year
46	DEFERRED CREDITS			
47	Customer Advances for Construction (252)		1,830,828	2,314,703
48	Accumulated Deferred Investment Tax Credits (255)	266-267	410,109	335,146
49	Deferred Gains from Disposition of Utility Plant (256)		0	0
50	Other Deferred Credits (253)	269	15,421,746	18,650,469
51	Other Regulatory Liabilities (254)	278	9,247,234	9,676,176
52	Unamortized Gain on Reacquired Debt (257)	269	0	0
53	Accumulated Deferred Income Taxes (281-283)	272-277	19,278,976	17,155,719
54	TOTAL Deferred Credits (Enter Total of lines 47 through 53)		46,188,893	48,132,213
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72	TOTAL Liabilities and Other Credits (Enter Total of lines 14,22,30 and 53)		\$184,563,571	\$183,376,989

STATEMENT OF INCOME FOR THE YEAR

1. Report amounts for Accounts 412 and 413, Revenue and Expenses from Utility Plant Leased to Others, in another utility column (i,k,m,o) in a similar manner to a utility department. Spread the amount (s) over lines 02 through 24 as appropriate. Include these amounts in columns (c) and (d) totals.

2. Report amounts in Account 414, Other Utility Operating Income, in the same manner as Accounts 412 and 413 above.

3. Report data for lines 7,9,10 for Natural Gas companies using accounts 404.1, 404.2, 404.3, 407.1 and 407.2.

4. Use page 122-123 for important notes regarding the statement of income or any account thereof.

5. Give concise explanations concerning unsettled rate proceedings where a contingency exists such that refunds of a material amount may need to be made to the utility's customers or which may result in a material refund to the utility with respect to power or gas purchases. State for each year affected the gross revenues or costs to which the contingency relates and the tax effects together with an explanation of the major factors which affect the rights of the utility to retain such revenues or recover amounts paid with respect to power and gas purchases.

6. Give concise explanations concerning significant amounts of any refunds made or received during the year

Line No.	Account (a)	Ref. Page No. (b)	TOTAL	
			Current Year ©	Previous Year (d)
1	UTILITY OPERATING INCOME			
2	Operating Revenues (400)	300-301	\$119,666,556	\$116,544,008
3	Operating Expenses			
4	Operation Expenses (401)	320-323	90,661,755	88,583,224
5	Maintenance Expenses (402)	320-323	3,104,317	3,208,695
6	Depreciation Expense (403)	336-337	5,430,705	5,091,584
7	Amort. & Depl. of Utility Plant (404-405)	336-337	1,560,129	1,523,029
8	Amort. of Utility Plant Acq. Adj. (406)	336-337	31,060	31,056
9	Amort. of Property Losses, Unrecovered Plant and Regulatory Study Costs (407)		-	-
10	Amort. of Conversion Expenses (407)		-	-
11	Regulatory Debits (407.3)		-	-
12	(Less) Regulatory Credits (407.4)		-	-
13	Taxes Other Than Income Taxes (408.1)	262-263	9,708,218	8,555,986
14	Income Taxes - Federal (409.1)	262-263	3,543,691	1,918,488
15	- Other (409.1)	262-263	605,527	328,317
16	Provision for Deferred Inc. Taxes (410.1) *	234,272-277	(2,193,047)	(218,458)
17	(Less) Provision for Deferred Income Taxes-Cr.(411.1)	234,272-277	-	-
18	Investment Tax Credit Adj. - Net (411.4)	266	(74,963)	(79,178)
19	(Less) Gains from Disp. of Utility Plant (411.6)		-	-
20	Losses from Disp. of Utility Plant (411.7)		-	-
21	(Less) Gains from Disposition of Allowances (411.8)		-	-
22	Losses from Disposition of Allowances (411.9)		-	-
	TOTAL Utility Operating Expenses (Total of lines 4-22)		112,377,392	108,942,743
24	Net Utility Operating Income (Total of line 2 less 23) (Carry forward to page 117, line 25)		\$7,289,164	\$7,601,265
	* Excludes Common			

STATEMENT OF INCOME FOR THE YEAR (Continued)

resulting from settlement of any rate proceeding affecting revenues received or costs incurred for power or gas purchases, and a summary of the adjustments made to balance sheet, income, and expense accounts.

7. If any notes appearing in the report to stockholders are applicable to this Statement of Income, such notes may be attached at page 122.

8. Enter on page 122 a concise explanation of only those changes in accounting methods made during the year which had an effect on net income, including the basis of

allocations and apportionments from those used in the preceding year. Also give the approximate dollar effect of such changes.

9. Explain in a footnote if the previous year's figures are different from that reported in prior reports.

10. If the columns are insufficient for reporting additional utility departments, supply the appropriate account titles, lines 1 to 19, and report the information in the blank space on page 122 or in a supplemental statement.

ELECTRIC UTILITY		GAS UTILITY		OTHER UTILITY - WATER		Line No.
Current Year (e)	Previous Year (f)	Current Year (g)	Previous Year (h)	Current Year (i)	Previous Year (j)	
						1
\$48,527,217	\$47,449,558	\$71,139,339	\$69,094,450	\$0	\$0	2
						3
36,670,819	35,425,590	53,990,936	53,157,634	0	0	4
2,099,313	2,044,133	1,005,004	1,164,562	-	-	5
2,722,496	2,520,504	2,708,209	2,571,080	-	-	6
-	-	1,560,129	1,523,029	-	-	7
-	-	31,060	31,056	-	-	8
-	-	-	-	-	-	9
-	-	-	-	-	-	10
-	-	-	-	-	-	11
-	-	-	-	-	-	12
3,982,172	3,957,574	5,726,046	4,598,412	-	-	13
660,372	1,511,556	2,883,319	406,932	-	-	14
112,523	258,739	493,004	69,578	-	-	15
(195,789)	(1,068,870)	(1,997,258)	850,412	-	-	16
-	-	-	-	-	-	17
(32,321)	(34,988)	(42,642)	(44,190)	-	-	18
-	-	-	-	-	-	19
-	-	-	-	-	-	20
-	-	-	-	-	-	21
-	-	-	-	-	-	22
46,019,585	44,614,238	66,357,807	64,328,505	0	0	23
\$2,507,632	\$2,835,320	\$4,781,532	\$4,765,945	\$0	\$0	24

FLORIDA PUBLIC UTILITIES COMPANY		An Original	December 31, 2006	
STATEMENT OF INCOME FOR THE YEAR (Continued)				
Line No.	Account	Ref. Page No.	TOTAL	
			Current Year	Previous Year
25	Net Utility Operating Income (Carried forward from page 114)	--	7,289,164	7,601,265
26	Other Income and Deductions			
27	Other Income	--		
28	Nonutility Operating Income	--		
29	Revenues From Merchandising, Jobbing and Contract Work (415)	--	3,794,992	3,857,066
30	(Less) Costs and Exp. of Merchandising, Job & Contract Work (416)	--	(3,553,786)	(3,987,313)
31	Revenues From Nonutility Operations (417)	--	-	-
32	(Less) Expenses of Nonutility Operations (417.1)	--	-	-
33	Nonoperating Rental Income (418)	--	3,269	893
34	Equity in Earnings of Subsidiary Companies (418.1)	119	157,514	397,930
35	Interest and Dividend Income (419)	--	356,962	375,077
36	Allowance for Other Funds Used During Construction (419.1)	--	-	-
37	Miscellaneous Nonoperating Income (421)	*	259,480	190,705
38	Gain on Disposition of Property (421.1)	--	-	-
39	TOTAL Other Income (Enter Total of lines 29 through 38)	--	1,018,431	834,358
40	Other Income Deductions			
41	Loss on Disposition of Property (421.2)	--	-	-
42	Miscellaneous Amortization (425)	340	-	-
43	Miscellaneous Income Deductions (426.1-426.5)	463	33,450	29,358
44	TOTAL Other Income Deductions (Total of lines 41 through 43)	--	33,450	29,358
45	Taxes Applic. to Other Income and Deductions	--		
46	Taxes Other Than Income Taxes (408.2)	262-263	-	-
47	Income Taxes - Federal (409.2)	262-263	171,465	174,244
48	Income Taxes - Other (409.2)	262-263	67,460	30,835
49	Provision for Deferred Income Taxes (410.2)	234,272-277	6,729	(112,296)
50	(Less) Provision for Deferred Income Taxes - Cr. (411.2)	234,272-277	-	-
51	Investment Tax Credit Adj.- Net (411.5)	--	-	-
52	(Less) Investment Tax Credits (420)	--	-	-
53	TOTAL Taxes on Other Inc. and Ded. (Enter Total of lines 46 through 52)	--	245,654	92,783
54	Net Other Income and Deductions (Enter Total of lines 39,44,53)	--	739,327	712,217
55	Interest Charges			
56	Interest on Long-Term Debt (427)	--	3,948,550	3,948,550
57	Amortization of Debt Disc. and Expense (428)	--	100,605	100,605
58	Amortization of Loss on Recquired Debt (428.1)	--	-	-
59	(Less) Amort. of Premium on Debt - Credit (429)	--	-	-
60	(Less) Amortization of Gain on Recquired Debt - Credit (429.1)	--	-	-
61	Interest on Debt to Assoc. Companies (430)	340	(746,565)	(499,439)
62	Other Interest Expense (431)	340	557,120	515,955
63	(Less) Allow. for Borrowed Funds Used During Const. - Cr. (432)	--	-	-
64	Net Interest Charges (Total of lines 56 through 63)	--	3,859,710	4,065,671
65	Income Before Extraordinary Items (Enter Total of lines 25, 54 and 64)	--	4,168,781	4,247,811
66	Extraordinary Items			
67	Extraordinary Income (434) Cum.	--	-	-
68	(Less) Extraordinary Deductions (435)	--	-	-
69	Net Extraordinary Items (Enter Total of line 67 less line 68)	--	-	-
70	Income Taxes - Federal and Other (409.3)	262-263	-	-
71	Extraordinary Items After Taxes (Enter Total of line 69 less line 70)	--	-	-
72	Net Income (Enter Total of lines 65 and 71)		4,168,781	4,247,811
	Earnings Per Share		0.71	0.71

STATEMENT OF RETAINED EARNINGS FOR THE YEAR

1. Report all changes in appropriate retained earnings, unappropriated retained earnings, and unappropriated undistributed subsidiary earnings for the year.
2. Each credit and debit during the year should be identified as to the retained earnings account in which recorded (Accounts 433, 436-439 inclusive). Show the contra primary account affected in column (b).
3. State the purpose and amount for each reservation or appropriation of retained earnings.
4. List first Account 439, Adjustments to Retained Earnings, reflecting adjustments to the opening balance of retained earnings. Follow by credit, then debit items, in that order.
5. Show dividends for each class and series of capital stock.
6. Show separately the state and federal income tax effect of items shown in account 439, Adjustments to Retained Earnings.
7. Explain in a footnote the basis for determining the amount reserved or appropriated. If such reservations or appropriation is to be recurrent, state the number and annual amounts to be reserved or appropriated as well as the totals eventually to be accumulated.
8. If any notes appearing in the report to stockholders are applicable to this statement attach them at page 122-123.

Line No.	Item (a)	Contra Primary Account Affected (b)	Amount ©
UNAPPROPRIATED RETAINED EARNINGS (Account 216)			
1	Balance - Beginning of Year		\$31,396,084
2	Changes (Identify by prescribed retained earnings accounts)		
3	Adjustments to Retained Earnings (Account 439)		
4	Credit:		-
5	Credit:		-
6	Credit:		-
7	Credit:		-
8	Credit:		-
9	TOTAL Credits to Retained Earnings (Account 439) (Enter Total of lines 4 through 8)		-
10	Debit:		-
11	Debit:		-
12	Debit:		-
13	Debit:		-
14	Debit:		-
15	TOTAL Debits to Retained Earnings (Account 439) (Enter Total of lines 10 through 14)		-
16	Balance Transferred from Income (Account 433 less Account 418.1)		4,011,267
17	Appropriations of Retained Earnings (Account 436)		
18			
19			
20			
21	TOTAL Appropriations of Retained Earnings (Account 436)		
22	(Enter Total of lines 18 through 21)		-
23	Dividends Declared - Preferred Stock (Account 437)		
24	Preferred	2380	28,500
25			
26			
27			
28	TOTAL Dividends Declared - Preferred Stock (Account 437)		
29	(Enter Total of lines 24 through 28)		28,500
30	Dividends Declared - Common Stock (Account 438)		
31	Common - Cash	2380	2,552,234
32			
33			
34			
35	TOTAL Dividends Declared - Common Stock (Account 438)		
36	(Enter Total of lines 31 through 35)		2,552,234
37	Transfers from Acct. 216.1, Unappropriated Undistributed Subsidiary Earnings		-
38	Balance - End of Year (Enter Total of lines 01, 09, 15, 16, 22, 29, 36 and 37)		<u>\$32,826,617</u>

STATEMENT OF RETAINED EARNINGS FOR THE YEAR (Continued)

Line No.	Item (a)	Amount (b)
	APPROPRIATED RETAINED EARNINGS (Account 215)	
	State balance and purpose of each appropriated retained earnings amount at end of year and give accounting entries for any applications of appropriated retained earnings during the year.	
39		
40		
41		
42		
43		
44		
45	TOTAL Appropriated Retained Earnings (Account 215)	
	APPROPRIATED RETAINED EARNINGS - Amortization , Reserve, Federal	
	State below the total amount set aside through appropriations of retained earnings, as of the end of the year, in compliance with the provisions of Federally granted hydroelectric project licenses held by the respondent. If any reductions or changes other than the normal annual credits hereto have been made during the year, explain such items in a footnote.	
46	TOTAL Appropriated Retained Earnings - Amortization Reserve, Federal (Account 215.1)	
47	TOTAL Appropriated Retained Earnings (Accounts 215, 215.1)	
48	TOTAL Retained Earnings (Account 215, 215.1, 216)	<u>\$32,826,617</u>
	UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS (Account 216.1)	
49	Balance - Beginning of Year (Debit or Credit)	2,229,013
50	Equity in Earnings for Year (Credit) (Account 418.1)	157,514
51	(Less) Dividends Received (Debit)	0
52	Other Changes (Explain) Cost of shares issued for employee stock plan	
53	Balance - End of year (Total of Lines 49 Thru 52)	<u>2,386,527</u>

CONSOLIDATED STATEMENT OF CASH FLOWS

1. If the notes to the cash flow statement in the respondent's annual stockholders report are applicable to this statement, such notes should be attached to page 122-123. Information about noncash investing and financing activities should be provided on page 122-123. Provide also on page 122-123 a reconciliation between "Cash and Cash Equivalents at end of Year" with related amounts on the balance sheet.

2. Under "Other" specify significant amounts and group others.

3. Operating Activities - Other: include gains and losses pertaining to operating activities only. Gains and losses pertaining to investing and financing activities should be reported in those activities. Show on page 122-123 the amounts of interest paid (net of amounts capitalized) and income taxes paid.

Line No.	Description (See Instruction No.5 for Explanation of Codes) (a)	Amounts (b)
1	Cash Flow from Operating Activities	
2	Net Income	4,168,781
3		
4		
5	Depreciation & Amortization	7,741,517
6	Deferred Income Taxes (Net)	(2,003,076)
7	Bad Debt Expense	623,160
8	Investment Tax Credit	(75,383)
9	Net Other non-cash charges to income	806,415
10	Comp. from issuance of Stock	87,622
11	Interest income for sale of Asset	(251,631)
12	Receivables	3,114,988
13	Unbilled Receivables	(38,845)
14	Inventory	711,202
15	Other	(538,280)
16	Payables and Accrued Expenses	(324,294)
17	Non cash Storm Reserve Transfer	99,973
18	Over/(under) Recovery of Energy Cost	6,499,880
19	Area Expansion Program Deferred Costs	238,037
20	Environmental Liabilities	583,661
21	Storm Reserve Liability	182,288
22	Retirement Plan Liability	(752,266)
23	Deferred Credits	(783,853)
24	Net Cash Provided by (Used in) Operating Activities (Total of lines 2 through 23)	20,089,896
25		
26		
27		
28	Cash Flow from Investing Activities	
29	Construction Expenditure	(13,115,362)
30	Acquisition of Plant Assets	-
31	Customer Advances for Construction	360,691
32	Purchase of Long-Term Investments	(106,329)
33	Payment on Sale of Plant Assets	321,250
34	Issuance of Stock	(14,824)
35	Cash Outflows for Plant (Total of lines 29 through 34)	(12,554,574)
36		
37		
38		
39		
40		
41		
42		

CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

4. Investing Activities

5. Codes used:

Include at other (line 31) net cash outflows to acquire other companies. Provide a reconciliation of assets acquired with liabilities assumed on page 122-123.

Do not include on this statement the dollar amount of leases capitalized per USofA General instruction 20; instead provide a reconciliation of the dollar amount of leases capitalized with the plant cost on page 122-123.

- (a) Net proceeds or payments
- (b) Bonds, debentures and other long-term debt.
- (c) Include commercial paper
- (d) Identify separately such items as investments, fixed assets, intangibles, etc.

6. Enter on page 122-123 clarifications and explanations.

Line No.	Description (See Instruction No.5 for Explanation of Codes) (a)	Amounts (b)
43		
44	Net Cash Provided by (Used in) Investing Activities	(12,554,574)
45		
46		
47	Cash Flows From Financing Activities:	
48		
49	Short Term Borrowing	(6,092,000)
50	Long Term Borrowing	-
51	Dividend Reinvesting Plan	190,483
52	ESSP Activity	(113,855)
53	Compensation Expense from the Issuance of Stock	(87,622)
54	Treasury Stock Purchased	507,590
55	Dividends Paid	(2,551,395)
56	Purchase of Treasury	-
57		
58	Net Cash Provided by (Used in) Financing Activities	(8,146,799)
59		
60		
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62		
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66		
67		
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75		
76	Net Increase (Decrease) in Cash and Cash Equivalents	(611,477)
77	(Total of lines 24, 44, and 58)	
78		
79	Cash and Cash Equivalents at Beginning of Year	695,115
80		
81	Cash and Cash Equivalents at End of Year	83,638

NOTES TO THE FINANCIAL STATEMENTS ON A CONSOLIDATED BASIS

1. Use the space below for important notes regarding the Balance Sheet, Statement of Income for the year, Statement of Retained Earnings for the year, and Statement of Changes in Financial Position, or any account thereof. Classify the notes according to each basic statement, providing a subheading for each statement except where a note is applicable to more than one statement.
2. Furnish particulars (details) as to any significant contingent assets or liabilities existing at end of year, including a brief explanation of any action initiated by the Internal Revenue Service involving possible assessment of additional income taxes of material amount, or of a claim for refund of income taxes of a material amount initiated by the utility. Give also a brief explanation of any dividends in arrears on cumulative preferred stock.
3. For Account 116, Utility Plant Adjustments, explain the origin of such , debits and credits during the year, and plan of disposition contemplated, giving references to Commission orders or other authorizations respecting classification of amounts as plant adjustments and requirements as to disposition thereof.
4. Where Accounts 189, Unamortized Loss on Reacquired Debt, and 257, Unamortized Gain on Reacquired Debt, are not used, give an explanation, providing the rate treatment given these items. See General Instruction 17 of the Uniform System of Accounts.
5. Give a concise explanation of any retained earnings restrictions and state the amount of retained earnings affected by such restrictions.
6. If the notes to financial statements relating to the respondent company appearing in the annual report to the stockholders are applicable and furnish the data required by instructions above and on pages 114-121, such notes may be attached hereto.

SEE ATTACHED 10K SUPPLEMENTS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting and Reporting Policies

A. General

The Company 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 FPSC with respect to its natural gas and electric operations. The suppliers of electric power to the Northwest Florida division and of natural gas to the natural gas divisions are subject to the jurisdiction of the FERC. The Northeast Florida division is supplied most of its electric power by a municipality which is exempt from FERC and FPSC regulation. The Company also distributes propane gas through a non-regulated subsidiary.

B. Basis of Presentation

The consolidated financial statements include the accounts of Florida Public Utilities Company (FPU) and its wholly owned subsidiary, Flo-Gas Corporation. All significant intercompany balances and transactions have been eliminated. The Company's accounting policies and practices conform to accounting principles generally accepted in the United States of America (GAAP) as applied to regulated public utilities and are in accordance with the accounting requirements and rate-making practices of the FPSC and in accordance to the rule requirements of the Securities and Exchange Commission (SEC).

C. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the Company to make certain estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of any contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Some of these estimates include the accruals for pensions, allowances, environmental liabilities, liability reserves, unbilled revenue, regulatory deferred tax liabilities and over-earnings liability. Actual results may differ from these estimates and assumptions.

D. Reclassifications

Certain amounts in the prior years' financial statements have been reclassified to conform to the 2006 presentation.

E. Regulation

The financial statements are prepared in accordance with the provisions of Statement of Financial Accounting Standards (SFAS) No. 71 – "Accounting for the Effects of Certain Types of Regulation". SFAS No. 71 recognizes that accounting for rate-regulated enterprises should reflect the relationship of costs and revenues introduced by rate regulation. A regulated utility may defer recognition of a cost (a regulatory asset) or show recognition of an obligation (a regulatory liability) if it is probable that, through the ratemaking process, there will be a corresponding increase or decrease in revenues. The Company has recognized certain regulatory assets and liabilities in the consolidated balance sheets. The Company believes that the FPSC will continue to allow recovery of such items through rates. As these regulatory assets and liabilities are recovered through rates or paid through a reduction of rates, the assets and liabilities are amortized to revenue and expense. In the event that a portion of the

Company'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.

Summary of Regulatory Assets and Liabilities
(Dollars in thousands)

	<u>2006</u>	<u>2005</u>
Assets		
Deferred development costs (1)	\$ 3,952	\$ 4,190
Unamortized fuel related regulatory costs (6)	48	24
Environmental assets (2)	8,284	8,868
Storm Reserve assets (3)	270	452
Deferred retirement plan costs (5)	587	-
Unamortized Rate Case expense	368	541
Under-recovery of fuel costs	862	3,375
Unamortized piping and conversion costs (1)	1,521	1,587
Unamortized loss on reacquired debt (1)	209	227
Total Regulatory Assets	\$16,101	\$19,264
Liabilities		
Tax liabilities	\$ 876	\$ 991
Cost of removal	8,800	8,256
Storm reserve liabilities	1,636	1,536
Over-recovery of fuel costs	3,656	-
Over-recovery of conservation	355	24
Over-earnings liability (4)	722	700
Total Regulatory Liabilities	\$16,045	\$11,507

- (1) Deferred development costs, unamortized piping and conversion costs, and unamortized loss on reacquired debt are included in deferred charges in the consolidated balance sheets.
- (2) The Company has included the amount due from customers as a regulatory asset for environmental costs. The FPSC authorized recovery of these environmental costs from customers over 20 years.
- (3) The FPSC has authorized the Company to recover storm damages incurred in 2004 in their natural gas operations. Recovery of these costs from customers over 30 months began November 2005.
- (4) The Company originally estimated the 2005 over-earnings for regulated natural gas operations at \$700,000. In 2006 the estimate was reduced to \$650,000. The Company has estimated 2006 over-earnings for regulated natural gas operations of \$72,000. The Company has recorded these liabilities which reduced revenues. The FPSC determines the disposition of over-earnings with alternatives that include refunding to customers, funding storm damage or environmental reserves, or reducing any depreciation reserve deficiency.
- (5) The actuarial valuation of the retirement plan obligations has been completed and the recognition provisions of Statement 158 at December 31, 2006 resulted in a regulatory asset for the portion of the loss of \$587,000 to be recovered in future rate proceedings.
- (6) The Company has deferred certain regulatory fuel related costs and as of January 2006 has been amortizing these over five years according to a FPSC order in the November 2005 fuel hearings.

The base revenue rates for regulated segments are determined by the FPSC and remain constant until a request for an increase is filed and approved by the FPSC or the FPSC orders the Company to reduce their rates. For the Company to recover increased costs from the effects of inflation and construction expenditures for regulated segments, a request for an increase in base revenues would be required. Separate filings would be required for the electric and natural gas segments. The Company is currently seeking rate relief for electric storm preparedness initiatives required in 2007.

F. Derivatives

None of the Company's gas or electric contracts are accounted for using the fair value method of accounting. All material contracts that meet the definition of derivative instruments are considered "normal purchases and sales" under SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities".

G. Revenue Recognition

The Company's revenues consist of base revenues, fuel adjustment charges, conservation charges and the pass-through of certain governmental imposed taxes based on revenues.

The FPSC approves base revenue rates that are intended to permit a specified rate of return on investment and limits the maximum amount of earnings of regulated operations. Fuel adjustment charges, conservation charges and the pass-through of certain governmental imposed taxes based on revenues are approved by the FPSC to allow recovery of fuel, conservation and revenue based taxes from the Company's customers. Any over or under-recovery of these expense items are deferred and subsequently refunded or collected in the following period.

Annually, any earnings in excess of this maximum amount permitted in the base rates are accrued for as an over-earnings liability and revenues are reduced an equivalent amount. The calculations supporting these liabilities are complex and involve a variety of projections and estimates before the ultimate settlement of such obligations. The FPSC determines the disposition of any over-earnings with alternatives that include refunding to customers, funding storm damage or environmental reserves, or reducing any depreciation reserve deficiency.

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 on usage not yet billed for the accounting period. Determination of unbilled revenue relies on the use of estimates, fuel purchases and historical data.

H. Allowance for Doubtful Accounts

The Company records an allowance for doubtful accounts based on historical information and trended current economic conditions. The following is a summary of the activity in Allowance for Doubtful Accounts for the years ending December 31:

Allowance for Doubtful Accounts (Dollars in thousands)				
	Balance at Beginning of Year	Write-offs	Provisions to Bad Debt Expense	Balance at End of Year
2004	\$ 180	320	409	\$ 269

2005	\$ 269	356	359	\$ 272
2006	\$ 272	466	623	\$ 429

I. Utility Plant and Depreciation

Utility plant is stated at original cost. The propane gas utility plant that has been acquired in acquisitions was stated at fair market value when acquired. Additions to utility plant include contracted services, direct labor, transportation and materials for additions. Units of property are removed from utility plant when retired. 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.

Utility Plant (Dollars in thousands)

Plant Classification	Annual Composite Depreciation Rate	2006	2005
Land		\$ 1,130	\$ 1,124
Buildings	2.0% to 4.9%	6,991	6,862
Distribution	2.0% to 8.6%	158,010	147,580
Transmission	2.2% to 3.8%	6,878	6,799
Equipment	2.0% to 20.0%	12,700	11,534
Furniture and Fixtures	4.8% to 20.0%	392	369
Work-in-Progress		2,867	5,010
		<u>\$ 188,968</u>	<u>\$ 179,278</u>

Depreciation for the Company's regulated segments is computed using the composite straight-line method at rates prescribed by the FPSC for financial accounting purposes. Propane gas depreciation is computed using a composite straight-line method at an average rate based on estimated average life of approximately 20-30 years. Such rates are based on estimated service lives of the various classes of property. Depreciation provisions on average depreciable property approximate 3.9% in 2006, 3.9% in 2005 and 3.6% in 2004.

J. Impact of Recent Accounting Standards

Financial Accounting Standard Board Interpretation No. 48

In June 2006, the FASB issued Interpretation No. 48, Accounting for Uncertainty in Income Taxes (FIN 48). The interpretation clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements in accordance with SFAS No. 109, Accounting for Income Taxes. The interpretation prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on de-recognition, measurement, classification, interest and penalties, accounting in interim periods, disclosure and transition. This interpretation is effective for calendar years beginning January 1, 2007.

We have performed an analysis of tax positions taken and expected to be taken on the tax returns and assessed the technical merits of each tax position by relying on legislation, statutes, common legislative intent, regulations, rulings and case law and determined that the Company has no material uncertain tax positions. Additionally, the IRS concluded an audit of the 2002 and 2003 tax years in September of 2005.

In February of 2007, the IRS informed us that it selected our 2003 and 2004 tax years for examination. As our tax positions have remained consistent with those from the previously audited tax years, we are not expecting any material adverse findings as the result of the impending IRS audit.

Based on the aforementioned, we believe that the adoption of FASB Interpretation No. 48 will not have a material impact on our financial condition or results of operations.

Financial Accounting Standard No. 157

In September 2006, the FASB issued Statement No. 157, "Fair Value Measurements". This Statement clarifies fair value as the market value received to sell an asset or paid to transfer a liability, that is, the exit value, and applies to any assets or liabilities that require recurring determination of fair value. The measurement includes any applicable risk factors and does not include any adjustment for volume. This Statement is effective for financial statements issued for fiscal years beginning after November 15, 2007 and interim periods within. The Company expects to adopt SFAS No. 157 effective January 1, 2008. The Company does not believe adoption of this Statement will have a material impact on our financial condition or results of operation.

Financial Accounting Standard No. 158

In September 2006, the FASB issued Statement No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans". Statement 158 requires the Company to show the funded status of its pension and retiree health care plans as a prepaid asset or accrued liability, and to show the net deferred and unrecognized gains and losses related to the retirement plans, net of tax, as part of accumulated other comprehensive income in shareholders' equity. Previously, the net deferred and unrecognized gains and losses were netted in the prepaid asset or accrued liability recorded for the retirement plans. The Company adopted the recognition provisions of Statement 158, as required, at December 31, 2006.

The Company uses December 31 as the measurement date to measure the assets and obligations of its retirement plans. Statement 158 will also require the Company to use December 31 as the measurement date no later than fiscal years ending after December 15, 2008. The Company currently uses this date as the measurement date, and has used it for all periods presented.

The actuarial valuation of the retirement plan obligations has been completed and the recognition provisions of Statement 158 at December 31, 2006 resulted in an additional liability for retirement plans. The tax on the non-regulated portion of this liability has been recorded as a deferred income tax asset. As an offset, the regulatory portion of this liability has been deferred as a regulatory asset-retirement plans to be recovered in future rate proceedings and the remaining expense from recording the liability has been included in other comprehensive income. The fair value of

retirement plan assets and obligations are subject to change based on market fluctuations. The table below summarizes the effects to our financial statements.

FASB 158 Implementation Summary (Dollars in thousands)			
	December 31, 2006		
	Before Application of SFAS 158	Adjustment	After Application of SFAS 158
Assets:			
Other regulatory assets- retirement plans	\$ -	\$587	\$587
Liabilities and Equity:			
Accumulated other comprehensive income/(loss)	-	(103)	(103)
Other accruals and payables	2,034	151	2,185
Long term medical and pension reserve	4,129	602	4,731
Deferred income taxes	16,167	(63)	16,104

Staff Accounting Bulletin No. 108

In September 2006, the SEC issued Staff Accounting Bulletin (SAB) No. 108 "Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements". SAB 108 requires that public companies utilize a "dual-approach" to assessing the quantitative effects of financial misstatements. This dual approach includes an assessment from both an income statement and a balance sheet focus. The guidance in SAB 108 must be applied to annual financial statements for fiscal years ending after November 15, 2006. The Company has adopted SAB No.108 and there has not been any impact on our consolidated financial position or results of operations as the result of this adoption.

2. Goodwill and Intangible Assets

In accordance with SFAS No. 142, "Goodwill and Other Intangible Assets", the Company does not amortize goodwill or intangibles with indefinite lives. The Company periodically tests the applicable reporting segments, natural gas and propane gas, for impairment. In the event a segment becomes impaired, the Company would write down the associated goodwill and intangible assets to fair value. The impairment tests performed in 2005 and 2006 showed no impairment for either reporting segment.

Goodwill associated with the Company's acquisitions is identified as a separate line item on the consolidated balance sheet and consists of \$1.9 million in the propane gas segment and \$500,000 in the natural gas segment.

Intangible assets associated with the Company's acquisitions and software have been identified as a separate line item on the balance sheet. Summaries of those intangible assets at December 31 are as follows:

Intangible Assets			
(Dollars in thousands)			
		<u>2006</u>	<u>2005</u>
Customer distribution rights	(Indefinite life)	\$ 1,900	\$ 1,900
Customer relationships	(Indefinite life)	900	900
Software	(Five to nine year life)	3,122	2,971
Non-compete agreement	(Five year life)	-	35
Accumulated amortization		(1,517)	(1,415)
Total intangible assets, net of amortization		\$4,405	\$ 4,391

The 2006 amortization expense of computer software is approximately \$300,000. The Company expects the amortization expense of computer software to be approximately \$300,000 annually over the next five years, with the current level of software investment. The non-compete agreements expired in 2006.

3. *Over-earnings-Natural Gas*

The FPSC approves rates that are intended to permit a specified rate of return on investment and limits the maximum amount of earnings of regulated operations. The Company has agreed with the FPSC staff to limit the earned return on equity for regulated natural gas and electric operations.

The Company estimated 2005 over-earnings for regulated natural gas operations of \$700,000. The 2005 over-earnings estimate was revised in 2006 to be \$650,000. The Company estimated 2006 over-earnings for regulated natural gas operations of \$72,000. These liabilities have been included in the over-earnings liability on the Company's balance sheet. The calculations supporting these liabilities are complex and involve a variety of projections and estimates before the ultimate settlement of such obligations.

The Company feels the estimates of the 2005 and 2006 over-earnings liabilities are accurate, but the amounts could change upon the FPSC finalization and review of earnings expected in 2007 and 2008. The FPSC determines the disposition of over-earnings with alternatives that include refunding to customers, increasing storm damage or environmental reserves or reducing any depreciation reserve deficiency.

4. *Storm Reserves*

As of December 31, 2006, the electric segment storm reserve was approximately \$1.6 million. Since the last order on the 1999 disposition of electric over-earnings, the FPSC has allowed the Company the flexibility of automatically applying the electric over-earnings to the storm damage reserves each year since 1999 and allowing additional storm damage accruals up to a cap of \$2.9 million. In 2006, 2005 and 2004 there were no electric over-earnings and accordingly no additional over-earnings amounts were added to the storm damage reserves.

In October 2005, the FPSC approved recovery of 2004 natural gas segment storm costs plus interest and revenue taxes over a 30-month period beginning November 2005. The Company deferred storm costs as a regulatory asset due from customers on the balance sheet. As of December 31, 2006, the unrecovered amount of natural gas regulatory asset relating to storm costs was \$270,000.

The Company has requested that the FPSC allow 2005 over-earnings in natural gas to be used to recover the regulatory asset -storm and discontinue this storm surcharge. As part of this same request, the Company has also asked the FPSC to allow any excess over-earnings amount to provide additional funds for the "regulatory liability- storm reserve" for natural gas. We expect the FPSC to rule on this request during 2007.

In 2005, the FPSC approved applying 2002 natural gas over-earnings of \$118,000 to the storm reserve to cover future storm costs.

5. *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.

A. *Income Taxes related to Deferred Gain on Water Sale*

On March 27, 2003, the Company sold substantially all of its assets of the water division to the City of Fernandina Beach. The sale was made pursuant to a "threat of condemnation" during the fourth quarter of 2002. For tax purposes the Company elected to defer the gain on the sale of the assets pursuant to Code Section 1033 of the Internal Revenue Code of 1986 (IRC). Section 1033 allows non-recognition of gain if property is disposed as a result of threat of condemnation and property that is similar or related in service or use is purchased to replace the disposed property. To qualify, the replacement property must be purchased within the replacement period, which begins on the earlier of date of disposition (March 27, 2003) or date of threat of condemnation (December 31, 2002) and ending two years after the close of the year of sale (December 31, 2005). For real property, the replacement period is extended to three years (December 31, 2006).

The Company purchased property that is similar or related in service or use within the replacement periods with the exception of the intangible assets. During the IRS audit in 2005, the IRS disallowed a portion, approximately \$900,000 of the deferral relating to the intangible assets, since replacement was no longer expected.

A \$2.9 million estimated tax payment was made in 2003 related to the gain on the sale of the water division. It was subsequently determined that the income tax would be deferred. The Company applied for a refund and received \$3.9 million in July 2004, which included other estimated tax overpayments.

B. Provision for Income Taxes

The provision (benefit) for income taxes consists of the following:

(Dollars in thousands)	Years ended December 31,		
	2006	2005	2004
Current payable			
Federal	\$ 3,652	\$ 2,150	\$ (566)
State	664	370	(96)
Current – net	<u>4,316</u>	<u>2,520</u>	<u>(662)</u>
Deferred			
Federal	(1,723)	(143)	2,003
State	(280)	(9)	358
Deferred – net	<u>(2,003)</u>	<u>(152)</u>	<u>2,361</u>
Investment tax credit	<u>(75)</u>	<u>(81)</u>	<u>(84)</u>
Total income taxes	<u>\$ 2,238</u>	<u>\$ 2,287</u>	<u>\$ 1,615</u>

C. Effective Tax Rate Reconciliation

The difference between the effective income tax rate and the statutory federal income tax rate applied to pretax income is of continuing operations accounted for as follows:

(Dollars in thousands)	Years ended December 31,		
	2006	2005	2004
Federal income tax at statutory rate (34%)	\$ 2,178	\$ 2,222	\$ 1,771
State income tax, net of federal benefit (5.5%)	233	237	189
Investment tax credit	(75)	(81)	(84)
Tax exempt interest	(85)	(71)	(94)
Other	<u>(13)</u>	<u>(20)</u>	<u>(167)</u>

Total provision for income taxes

\$ 2,238 \$ 2,287 \$ 1,615

D. Deferred Income Taxes

Temporary timing differences which produce deferred income taxes in the accompanying consolidated balance sheets are as follows:

(Dollars in thousands)	Years ended December 31,	
	2006	2005
Deferred tax assets:		
Environmental	\$ 2,063	\$ 1,932
Self insurance	774	731
Storm reserve liability	509	408
Vacation pay	357	320
Other deferred credits	15	61
Allowance for uncollectible accounts receivable	162	103
General liability	68	111
Rate refund	271	263
Pension	789	286
Under/over-recovery of conservation costs	134	9
Other	37	37
Total deferred tax assets	<u>5,179</u>	<u>4,261</u>
Deferred tax liabilities:		
Utility plant related	20,274	20,319
Deductible intangibles	696	577
Under-recovery of fuel costs	643	1,704
Rate case expense	138	204
Loss on reacquired debt	79	85
Other	32	6
Total deferred tax liabilities	<u>21,862</u>	<u>22,895</u>
Net deferred income taxes liabilities	<u>\$ 16,683</u>	<u>\$ 18,634</u>

Deferred tax liabilities included in the consolidated balance sheets are as follows:

(Dollars in thousands)	2006	2005
Deferred income tax – current	\$ 579	\$ 1,066
Deferred income tax – long term	<u>16,104</u>	<u>17,568</u>
Net deferred income tax liabilities	<u>\$ 16,683</u>	<u>\$ 18,634</u>

E. IRS Audit

The IRS has informed us that it has selected our 2003 and 2004 tax returns for examination. Management does not expect any material adjustments from the audit but the effects, if any, that result from the final resolution of this IRS audit will be recorded when they become known and estimable. The Company expects the audit will be completed before the end of 2007.

The IRS completed an audit in 2005 of the Company's 2002 and 2003 federal income tax returns. The audit resulted in a current income tax payable amount of \$361,000 due to adjustments to depreciation, reserve accounts and recognition of a portion of the water sale gain that was previously deferred. This amount was partially offset by \$285,000 in deferred tax liabilities previously established.

6. Capitalization

A. Stock Dividend

On July 25, 2005 a three-for-two stock split in the form of a stock dividend was issued to the shareholders of record on July 15, 2005. All common share information has been restated to reflect the stock split for all periods presented.

B. Common Shares Reserved

The Company has 3,833,352 authorized but unissued shares and 160,349 treasury shares as of December 31, 2006. The Company has reserved the following common shares for issuance as of December 31, 2006:

Dividend Reinvestment Plan	54,071
Employee Stock Purchase Plan	52,035
Board Compensation Plan	20,714

C. Preferred Stock

The Company has 6,000 shares of 4 ¾% Series A preferred stock \$100 par value authorized for issuance of which 6,000 were issued and outstanding at December 31, 2006. The preferred stock is included in stockholders' equity on the balance sheet.

The Company also has 5,000, 4 ¾% Series B preferred stock \$100 par value authorized for issuance none of which has been issued.

The Company also has 32,500, \$1.12 Convertible Preference stock, \$20 par value and \$22 redemption price, authorized for issuance none of which has been issued.

D. Dividend Restriction

The Company's Fifteenth Supplemental Indenture of Mortgage and Deed of Trust restricts the amount that is available for cash dividends. At December 31, 2006, approximately \$9 million of retained earnings were free of such restriction and therefore available for the payment of dividends. The line of credit agreement contains covenants that, if violated, could restrict or prevent the payment of dividends. At December 31, 2006 the Company is not in violation of these covenants.

E. Treasury Shares

In prior years, common shares resulting from stock dividends have been allocated to common shares held as treasury shares. Treasury shares are not eligible to receive such allocations. Some of these treasury shares were subsequently reissued, resulting in an overstatement of additional paid-in capital. Accordingly, the Company has restated all periods presented to reflect the correct number of treasury shares and the value of treasury shares and additional paid-in capital at each year-end. As the adjustment is a reallocation of amounts between treasury stock and additional paid-in capital, there is no

effect on net income, earnings per common share or total stockholders' equity in any period presented.

F. Employee Stock Purchase Plan

The Company's Employee Stock Purchase Plan offers common stock at a discount to qualified employees.

G. Dividend Reinvestment Plan

The Company's Dividend Reinvestment Plan is offered to all Company shareholders and allows the shareholder to reinvest dividends received and purchase additional shares without a fee.

7. Long-term Debt

The Company issued its Fourteenth Series of FPU's First Mortgage Bond on September 27, 2001 in the aggregate principal amount of \$15 million as security for the 6.85% Secured Insured Quarterly Notes, due October 1, 2031 (IQ Notes). Interest on the pledged bond accrues at the annual rate of 6.85% payable quarterly in arrears on January 1, April 1, July 1 and October 1 of each year beginning January 1, 2002.

The Company issued \$14 million 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 the remaining \$8 million was drawn from the restricted funds held by the trustee.

In 1992, the Company issued its First Mortgage Bond 9.08% Series in the amount of \$8 million. The thirty-year bond is due in June 2022.

The Company issued two of its Twelfth Series First Mortgage bond series on May 1, 1988; the 9.57% Series due 2018 in the amount of \$10 million and 10.03% Series due 2018 in the amount of \$5.5 million. These two issuances require sinking fund payments of \$909,000 and \$500,000 respectively, beginning in 2008.

Long-term debt on the balance sheet has been reduced for unamortized debt discount. The unamortized debt discount at December 31 included in long-term debt on the balance sheet is \$1.8 million in 2006 and \$1.9 million in 2005.

**Annual Maturities of Long-Term Debt
(Dollars in thousands)**

	Total	2007	2008	2009	2010	2011	Thereafter
Long-term Debt	\$52,500	-	\$1,409	\$1,409	\$1,409	\$1,409	\$ 46,864

8. Notes Payable

In 2004, FPU entered into an amended and restated loan agreement that allows the Company to increase the line of credit upon 30 days notice by the Company to a maximum of \$20 million. In 2006 the agreement was renewed with an expiration date of July 1, 2008. We have not exercised our option to increase the line of credit limit which is currently at \$12 million with an outstanding balance of \$3.5 million and a remaining amount available of \$8.5 million. The Company reserves \$1 million of the line of credit to cover expenses for any major storm repairs

in its Northwest Florida division. An additional \$250,000 of the line of credit is reserved for a 'letter of credit' insuring our propane facilities.

The average interest rates for the line of credit were as follows as of December 31:

Year	Rate
2006	6.2%
2005	5.3%
2004	3.3%

9. 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. The fair value of long-term debt excluding the unamortized debt discount 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. The values at December 31 are shown below.

(Dollars in thousands)	2006		2005	
	Carrying Amounts	Approximate Fair Value	Carrying Amounts	Approximate Fair Value
Long-term debt	\$ 52,500	\$63,000	\$52,500	\$ 63,000

10. 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.

(Dollars in thousands)

Site	Range From	Range To
West Palm Beach	\$ 4,801	\$ 18,027
Sanford	710	710
Pensacola and Other	110	110
Total	\$ 5,621	\$ 18,847

The Company currently has \$13.8 million reserved as an environmental liability. The FPSC approved up to \$14 million for total recovery from insurance and rates based on the original 2005 projections as a basis for rate recovery. The Company has recovered a total of \$5.5 million from insurance and rate recovery, net of costs incurred to date. The remaining balance of \$8.3 million is recorded as a regulatory asset. On October 18, 2004 the FPSC approved recovery of \$9.1 million for environmental liabilities (the remaining amount to be recovered is \$8.3 million and is included on the balance sheet as "Other regulatory assets – environmental"). The amortization of this recovery and reduction to the regulatory asset began on January 1, 2005. The majority of environmental cash expenditures are expected to be incurred before 2010, but may continue for another 10 years.

West Palm Beach Site

The Company is currently evaluating remedial options to respond to environmental impacts to soil and groundwater at and in the immediate vicinity of a parcel of property owned by it in West Palm Beach, Florida upon which the Company previously operated a gasification plant. The Company entered into a Consent Order with the FDEP effective April 8, 1991, that requires the Company 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. The Company completed the delineation of soil and groundwater impacts at the site in October 2006. An engineering consultant was retained to perform a feasibility study to evaluate appropriate remedies for the site. The feasibility study was transmitted to FDEP on November 30, 2006.

The feasibility study evaluated a wide range of remedial alternatives based on criteria provided by applicable laws and regulations. The total costs for the remedies evaluated in the feasibility study ranged from a low of \$2.8 million to a high of \$54.6 million. Based on the likely acceptability of proven remedial technologies described in the feasibility study and implemented at similar sites, consulting/remediation costs to address the impacts now characterized at the West Palm Beach site are projected to range from \$4.6 million to \$17.9 million. This range of costs covers such remedies as in situ solidification for deeper soil impacts, excavation of superficial soil impacts, installation of a barrier wall with a permeable biotreatment zone (PBZ), monitored natural attenuation of dissolved impacts in groundwater (MNA) or some combination of these remedies. The feasibility study proposed a remedy of superficial soil excavation, and installation of a hanging barrier wall with PBZ and MNA, the cost of which is projected to range from \$4.6 million to \$9.9 million.

Prior to FDEP's approval of a final remedy for the site, the Company is unable to determine, to a reasonable degree of certainty, the complete extent or cost of remedial action that may be required. As of December 31, 2006, and subject to the limitations described above, remediation costs (including attorneys' fees and costs) for this site are projected to range from approximately \$4.8 million to \$18 million.

Sanford Site

The Company owns a parcel of property located in Sanford, Florida, upon which a gasification plant was operated prior to its acquisition of the property. Following discovery of soil and groundwater impacts on the property, the Company 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, the Company executed an Administrative Order on Consent (AOC) with the four former owners and operators (collectively, the Group) and the EPA that obligated the Group to implement a Remedial Investigation/Feasibility Study (RI/FS) and to pay EPA's past and future oversight costs. The Group also entered into a Participation Agreement and an Escrow Agreement on or about April 13, 1998 (WFS Participation Agreement). Work under the RI/FS AOC and RI/FS Participation Agreement is now complete and the Company has no further obligations under either document.

In late September 2006, EPA sent a Special Notice Letter to the Company, notifying the Company of EPA's selection of a final remedy for OU1 (soils), OU2 (groundwater), and OU3 (sediments), and giving the Company and the other Group members sixty (60) days within which to submit a "good faith offer" to EPA to provide for implementation of the

selected remedies. The Special Notice Letter included an Amended Record of Decision (ROD) for OU1 (the ROD for OU1 was amended to account for a significant increase in the volume of off-site soil impacts and a change in the selected remedy), the original ROD for OU2, and a ROD for OU3. The total estimated remediation costs for the Sanford Gasification Plant Site are now projected to be \$12.5 million. On November 30, 2006, the Company and the Group submitted to EPA a good faith offer to implement the approved remedies as set forth in the RODs for OU1 through OU3.

In January, the Company along with the other members of the Group signed a Third Participation Agreement, which provides for funding the remediation work specified in the RODs for OU1 through OU3 and supercedes and replaces the Second Participation Agreement. The Company's share of remediation costs under the Third Participation Agreement is set at 5% of a maximum of \$13 million, or \$650,000. At present, it is not anticipated that the total cost of remediation will exceed \$13 million. If it does, the Group members have agreed to negotiate in good faith to allocate the excess costs at such time that it reasonably appears that the total remediation costs will exceed \$13 million. In any such event, the Company does not expect our share of such additional costs to be greater than 5%; and its share of such additional costs may be less than 5%.

The Company's future legal costs and expenses and its share future remediation expenses for this site are currently projected to be approximately \$710,000.

Pensacola Site

The Company is the prior owner/operator of the former Pensacola gasification plant, located in Pensacola, Florida. Following notification on October 5, 1990 that FDEP had determined that the Company was one of several responsible parties for any environmental impacts associated with the former gasification plant site, the Company entered into cost sharing agreements with three other responsible parties providing for the funding of certain contamination assessment activities at the site.

Following field investigations performed on behalf of the responsible parties, on July 16, 1997, FDEP approved a final remedy for the site that provides for annual sampling of selected monitoring wells. Such annual sampling has been undertaken at the site since 1998. The Company's share of these costs is less than \$2,000 annually or a total of \$27,000.

In March 1999, EPA requested site access in order to undertake an Expanded Site Inspection (ESI). The ESI was completed by EPA's contractor in 1999 and an ESI Report was transmitted to the Company in January 2000. 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, EPA indicated preliminarily that it will defer management of the site to FDEP; however, as of December 31, 2006, the Company has not received any written confirmation from EPA or FDEP regarding this matter. Prior to receipt of EPA's written determination regarding site management, the Company 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.

Key West Site

From 1927 to 1938, the Company owned and operated a gasification plant in Key West, Florida. The plant discontinued operations in the late 1940s; the property on which the plant was located is currently used for a propane gas distribution business. In March 1993, a Preliminary Contamination Assessment Report (PCAR) was prepared by a

consultant jointly retained by the Company and the current site owner and was delivered to FDEP. The PCAR reported that very limited soil and groundwater impacts were present at the site. By letter dated December 20, 1993, FDEP notified the Company that the site did not warrant further "CERCLA consideration and a Site Evaluation Accomplished disposition is recommended." FDEP then referred the matter to its Marathon office for consideration of whether additional work would be required by FDEP's district office under Florida law. As of December 31, 2006, the Company has received no further communication from FDEP with respect to the site. At this time, we are unable to determine whether additional fieldwork will be required by FDEP and, if so, the scope or costs of such work. In 1999, the Company received an estimate from its consultant that additional costs to assess and remediate the reported impacts would be approximately \$166,000. Assuming the current owner shared in such costs according to the allocation agreed upon by the parties for the PCAR, the Company's share would be approximately \$83,000.

11. Commitments

A. General

To ensure a reliable supply of electric 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, 2006, 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 \$37.8 million during 2007 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.

B. Operating Leases

The Company's total operating lease obligation is \$352,000. The Company is leasing property from the City of Fernandina Beach in our Northeast division. The Company is in the process of renegotiating the terms of this lease and it may be able to terminate this lease at an earlier date. The Company leases an appliance showroom in the same division for approximately \$35,000 annually. The Company also has other operating lease agreements with various terms and expiration dates. The following table shows the approximate future obligations under noncancelable agreements.

	2007	2008	2009	2010	2011
Operating Lease Obligations	\$161,000	\$116,000	\$47,000	\$38,000	-

12. Employee Benefit Plans

The actuarial valuation of the retirement plan obligations has been completed and the recognition provisions of Statement 158 at December 31, 2006 resulted in an additional liability for retirement plans, pension plan and retirees medical plan. See Footnote 1J, Impact of Recent Accounting Standards, Financial Accounting Standard 158 for a summary of the impact to our financial statements.

A. Pension Plan

The Company sponsors a qualified defined benefit pension plan for non-union employees that were hired before January 1, 2005 and for unionized employees that work under one

of the six Company union contracts and were hired before their respective contract dates in 2005.

The following tables provide a reconciliation of the changes in the plan's benefit obligations and fair value of assets over the 3-year period ending December 31, 2006 and a statement of the funded status as of December 31, of all three years:

Benefit Obligations and Funded Status

	Years Ended December 31,		
	2006	2005	2004
(1) Change in Projected Benefit Obligation			
(a) Projected Benefit Obligation at the Beginning of the Year	\$36,349,925	\$34,926,383	\$31,540,942
(b) Service Cost	1,225,495	1,195,723	1,084,564
(c) Interest Cost	2,160,719	2,000,099	1,940,122
(d) Actuarial (Gain) or Loss	541,865	(842,777)	1,708,132
(e) Benefits Paid	(1,529,258)	(1,514,341)	(1,347,377)
(f) Change in Plan Provisions	-	584,838	-
(g) Curtailment	(97,858)	-	-
(h) Projected Benefit Obligation at the End of the Year	<u>\$38,650,888</u>	<u>\$36,349,925</u>	<u>\$34,926,383</u>
(i) Accumulated Benefit Obligation at the End of the Year	<u>\$33,693,860</u>	<u>\$31,966,513</u>	<u>\$30,518,393</u>
(2) Change in Plan Assets			
(a) Fair Value of Plan Assets at the Beginning of the Year	\$32,936,666	\$32,385,214	\$31,081,063
(b) Actual Return on Plan Assets	3,977,806	2,065,793	2,651,528
(c) Benefits Paid	(1,529,258)	(1,514,341)	(1,347,377)
(d) Employer Contributions	250,000	-	-
(e) Fair Value of Assets at the End of the Year	<u>\$35,635,214</u>	<u>\$32,936,666</u>	<u>\$32,385,214</u>
(3) Funded Status: (2)(e) - (1)(h)	\$(3,015,674)	\$(3,413,259)	\$(2,541,169)
(4) Amounts Recognized in the Statement of Financial Position Before Applying FAS 158			
(a) Prepaid (Accrued) Benefit Cost	<u>\$(2,070,740)</u>	<u>\$(721,333)</u>	<u>\$725,619</u>
(b) Net Asset (liability)	<u>\$(2,070,740)</u>	<u>\$(721,333)</u>	<u>\$725,619</u>
(c) Charge to Accumulated Other Comprehensive Income:	-	-	-
(5) Adjustments Caused by Applying FAS 158			
(a) Increase in Net Asset (Liability): (3) - (4)(b)	\$944,934	N/A	N/A
(b) Increase in Charge to Accumulated Other Comprehensive Income:	207,885	N/A	N/A
(c) Increase in Charge to Regulatory Asset - retirement plans	737,049	N/A	N/A
(d) Subtotal of Adjustments: (a)+(b)+(c)	<u>\$ -</u>	<u>N/A</u>	<u>N/A</u>
(6) Amount Recognized in Statement of Financial Position After applying FAS 158			
(a) Net Asset (Liability): (4)(b) + (5)(a)	\$(3,015,674)	\$(721,333)	\$725,619
(b) Charge to Accumulated Other Comprehensive Income: (4)(c) + (5)(b)	\$207,885	-	-

(c)	Regulatory Asset-Retirement Plans (5) (c)	\$737,049	-	-
(7)	Net Asset (Liability) Recognized in the Statement of Financial Position After applying FAS 158			
(a)	Noncurrent Assets	-	N/A	N/A
(b)	(Current Liabilities)	-	N/A	N/A
(c)	(Noncurrent Liabilities)	\$ (3,015,674)	N/A	N/A
(d)	Total Net Asset (Liability): (a) + (b) + (c)	\$ (3,015,674)	N/A	N/A
(8)	Amount Recognized in Accumulated Other Comprehensive Income And Regulatory Asset -Retirement Plans After applying FAS 158			
(a)	Transition Obligation (Asset)	-	N/A	N/A
(b)	Prior Service Cost (Credit)	\$3,992,489	N/A	N/A
(c)	Net (Gain) or Loss	(3,047,555)	N/A	N/A
(d)	Total	\$944,934	N/A	N/A
(9)	Weighted Average Assumption at End of Year			
(a)	Discount Rate	6.00%	5.90%	5.75%
(b)	Rate of Compensation Increase	3.25%	3.15%	3.00%
(c)	Mortality	GAM 83	GAM 83	GAM 83

The following table provides the components of net periodic benefit cost for the plans for fiscal years 2006, 2005 and 2004:

		Net Periodic Pension Costs		
		Years Ended December 31,		
		2006	2005	2004
(1)	Service Cost	\$1,225,495	\$1,195,723	\$1,084,564
(2)	Interest Cost	2,160,719	2,000,099	1,940,122
(3)	Expected Return on Plan Assets	(2,426,064)	(2,485,985)	(2,591,099)
(4)	Amortization of Transition Obligation/(Asset)	-	-	-
(5)	Amortization of Prior Service Cost	737,115	737,115	698,211
(6)	Amortization of Net (Gain) or Loss	-	-	-
(7)	Total FAS 87 Net Periodic Pension Cost	\$1,697,265	\$1,446,952	\$1,131,798
(8)	FAS 88 Charges / (Credits)			
(a)	Curtailement	(97,858)	-	-
(9)	Total Net Periodic Pension Cost and Comprehensive Income	\$1,599,407	\$1,446,952	\$1,131,798
(10)	Weighted Average Assumptions			
(a)	Discount Rate at Beginning of the Period	5.90%	5.75%	6.25%
(b)	Expected Return on Plan Assets	8.50%	8.50%	8.50%
(c)	Rate of Compensation Increase	3.15%	3.00%	3.50%

		Plan Assets			
		Target Allocation	Percentage of Plan Assets at December 31		
		2007	2006	2005	2004
(1)	Plan Assets				
(a)	Equity Securities	40%-60%	68%	67%	69%
(b)	Debt Securities	25%-40%	30%	32%	30%
(c)	Real Estate	5%-15%	0%	0%	0%

(d)	Other	5%-15%	2%	1%	1%
(e)	Total		100%	100%	100%

Expected Return on Plan Assets

The expected rate of return on plan assets is 8.5%. The Company expects 8.5% to fall within the 40 to 50 percentile range of returns on investment portfolios with asset diversification similar to that of the Pension Plan's target asset allocation.

Investment Policy and Strategy

The Company has established and maintains an investment policy designed to achieve a long-term rate of return, including investment income and appreciation, sufficient to meet the actuarial requirements of the Pension Plan. The Company seeks to accomplish its return objectives by investing in a diversified portfolio of equity, fixed income and cash securities seeking a balance of growth and stability as well as an adequate level of liquidity for pension distributions as they fall due. Plan assets are constrained such that no more than 10% of the portfolio will be invested in any one issue.

Cash Flows

(1)	Expected Contributions for Fiscal Year Ending December 31, 2007	
	(a) Expected Employer Contributions	\$250,000
	(b) Expected Employee Contributions	-
(2)	Estimated Future Benefit Payments Reflecting Expected Future Service for the years ending December 31,	
	(a) 2007	\$1,756,069
	(b) 2008	\$1,839,843
	(c) 2009	\$1,975,656
	(d) 2010	\$2,092,003
	(e) 2011	\$2,182,628
	(f) 2012 – 2016	\$13,040,794
(3)	Amount of Plan Assets Expected to be Returned to the Employer in the Fiscal Year Ending 12/31/07	-

Other Accounting Items

	Years Ended December 31,		
	2006	2005	2004
(1) Market-Related Value of Assets as of the Beginning of fiscal year	\$29,290,131	\$30,016,761	\$31,222,154
(2) Amount of Future Annual Benefits of Plan Participants Covered by Insurance Contracts Issued by the Employer or Related Parties	\$ 0	\$ 0	\$ 0
(3) Alternative Amortization Methods Used to Amortize			
(a) Prior Service Cost	Straight Line	Straight Line	Straight Line
(b) Unrecognized Net (Gain) or Loss	Straight Line	Straight Line	Straight Line
(4) Average Future Service	10.80	10.95	10.95
(5) Employer Commitments to Make Future Plan Amendments (that Serve as the Basis for the Employer's Accounting for the Plan)	None	None	None
(6) Description of Special or Contractual Termination Benefits Recognized During the Period	N/A	N/A	N/A

(7) Cost of Benefits Described in (6)	N/A	N/A	N/A
(8) Explanation of Any Significant Change in Benefit Obligation or Plan Assets not Otherwise Apparent in the Above Disclosures			
(9) Measurement Date Used	N/A December 31, 2006	N/A December 31, 2005	N/A December 31, 2004

B. Medical Plan

The Company sponsors a postretirement medical program. The medical plan is contributory with participants' contributions adjusted annually. The following tables provide required financial disclosures over the three-year period ended December 31, 2006:

Benefit Obligations and Funded Status

	Fiscal Year Ending		
	12/31/2006	12/31/2005	12/31/2004
(1) Change in Accumulated Postretirement Benefit Obligation			
Accumulated Postretirement Benefit Obligation at the			
(a) Beginning of the Year	\$2,343,583	\$1,925,254	\$1,807,999
(b) Service Cost	59,982	100,054	70,300
(c) Interest Cost	105,483	127,312	106,079
(d) Actuarial (Gain) or Loss	(568,755)	282,812	32,646
(e) Benefits Paid	(117,459)	(135,166)	(119,005)
(f) Change in Plan Provisions	-	-	-
(g) Plan Participant's Contributions	42,519	43,317	27,235
(h) Accumulated Postretirement Benefit Obligation at the End of the Year	<u>\$1,865,353</u>	<u>\$2,343,583</u>	<u>\$1,925,254</u>
(2) Change in Plan Assets			
(a) Fair Value of Plan Assets at the Beginning of the Year	\$ -	\$ -	\$ -
(b) Benefits Paid	(117,459)	(135,166)	(119,005)
(c) Employer Contributions	74,940	91,849	91,770
(d) Plan Participant's Contributions	42,519	43,317	27,235
(e) Fair Value of Assets at the End of the Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
(3) Net Amount Recognized			
(a) Funded Status: (2)(e) - (1)(h)	<u>\$(1,865,353)</u>	<u>\$(2,343,583)</u>	<u>\$(1,925,254)</u>
(4) Amounts Recognized in the Statement of Financial Position Before Applying FAS 158			
(a) Prepaid (Accrued) Benefit Cost	(2,057,833)	(1,942,393)	(1,763,980)
(b) (Additional Liability due to an Unfunded ABO)	-	-	-
(c) Intangible Asset	-	-	-
(d) Net Asset (Liability): (a) + (b) + (c)	<u>\$(2,057,833)</u>	<u>\$(1,942,393)</u>	<u>\$(1,763,980)</u>
(e) Charged to Accumulated Other Comprehensive Income:	-	-	-
(5) Adjustments Caused by Applying FAS 158			
(a) Increase in Net Asset (Liability): (3) - (4)(d)	\$192,480	N/A	N/A
(b) Increase in charge to Accumulated Other Comprehensive Income:	(42,346)	N/A	N/A
(c) Increase in charge to Regulatory Asset-retirement plans	(150,134)	N/A	N/A
(d) Subtotal of Adjustments: (a) + (b) + (c)	<u>\$ -</u>	<u>N/A</u>	<u>N/A</u>

Amounts Recognized in the Statement of Financial Position				
(6)	After applying FAS 158			
(a)	Net Asset (Liability): (4)(d) +(5)(a)	(1,865,353)	(1,942,393)	(1,763,980)
	Charge to Accumulated Other Comprehensive Income:			
(b)	(4)(e) + (5)(b)	(42,346)	-	-
(c)	Charge to Regulatory Asset-Retirement Plans (5)(c)	(150,134)	-	-
(7)	Net Asset (Liability) Recognized in the Statement of Financial Position After Applying FAS 158			
(a)	Noncurrent Assets	\$ -	N/A	N/A
(b)	(Current Liabilities)	(150,589)	N/A	N/A
(c)	(Noncurrent Liabilities)	(1,714,764)	N/A	N/A
(d)	Total Net Asset (Liability): (a) + (b) + (c)	\$(1,865,353)	N/A	N/A
Amounts Recognized in Accumulated Other Comprehensive Income and Regulatory Asset After Applying FAS 158				
(8)				
(a)	Transition Obligation (Asset)	\$ -	N/A	N/A
(b)	Prior Service Cost (Credit)	-	N/A	N/A
(c)	Net (Gain) or Loss	(192,480)	N/A	N/A
(d)	Total	\$(192,480)	N/A	N/A
(9)	Weighted Average Assumptions at the End of the Year			
(a)	Discount Rate	6.00%	5.90%	5.75%
(b)	Rate of Compensation Increase	N/A	N/A	N/A
(c)	Mortality	GAM 83	GAM 83	GAM 83
(10)	Assumed Health Care Cost Trend Rates			
(a)	Health Care Cost Trend Rate Assumed for Next Year	11.50%	9.00%	10.00%
(b)	Ultimate Rate	5.00%	5.00%	5.00%
(c)	Year that the Ultimate Rate is Reached	2014	2010	2010

Net Periodic Postretirement Benefit Cost

		Years ended December 31,		
		2006	2005	2004
(1)	Service Cost	\$59,982	\$100,054	\$70,300
(2)	Interest Cost	105,483	127,312	106,079
(3)	Amortization of Transition Obligation/(Asset)	42,896	42,896	42,896
(4)	Amortization of Prior Service Cost	-	-	-
(5)	Amortization of Net (Gain) or Loss	(17,981)	-	(8,666)
(6)	Total Net Periodic Benefit Cost	<u>\$190,380</u>	<u>\$270,262</u>	<u>\$210,609</u>
(7)	Weighted Average Assumptions			
(a)	Discount Rate	5.90%	5.75%	6.25%
(b)	Expected Return on Plan Assets	N/A	N/A	N/A
(c)	Rate of Compensation Increase	N/A	N/A	N/A
(8)	Assumed Health Care Cost Trend Rates			
(a)	Health Care Cost Trend Rate Assumed for Current Year	12.50%	10.00%	12.00%
(b)	Ultimate Rate	5.00%	5.00%	5.00%
(c)	Year that the Ultimate Rate is Reached	2014	2010	2010

Expected Amortizations

		Years ended December 31,		
		2007	2006	2005
(1)	Expected Amortization of Transition Obligation (Asset)	-	N/A	N/A
(2)	Expected Amortization of Prior Service Cost (Credit)	-	N/A	N/A
(3)	Expected Amortization of Net Loss (Gain)	\$(536)	N/A	N/A
(9)	Impact of One-Percentage-Point Change in Assumed Health Care Cost Trend Rates	<u>Increase</u>	<u>Decrease</u>	
(a)	Effect on Service Cost + Interest Cost	\$20,533	\$(17,812)	
(b)	Effect on Postretirement Benefit Obligation	\$203,809	\$(179,005)	

Plan Assets

		Target Allocation	Percentage of Plan Assets at December 31		
		2007	2006	2005	2004
(1)	Plan Assets				
(a)	Equity Securities	N/A	N/A	N/A	N/A
(b)	Debt Securities	N/A	N/A	N/A	N/A
(c)	Real Estate	N/A	N/A	N/A	N/A
(d)	Other	N/A	N/A	N/A	N/A
(e)	Total	N/A	N/A	N/A	N/A

Cash Flows

(1)	Expected Contributions for Fiscal Year Ending 12/31/2007	
(a)	Expected Employer Contributions	\$150,589
(b)	Expected Employee Contributions	\$48,832

(2) Estimated Future Benefit Payments Reflecting Expected Future Service for the Fiscal Year(s) Ending

		Total	Medicare Part-D Reimbursement	Employee	Employer
(a)	12/31/2007	\$199,421	\$0	\$48,832	\$150,589
(b)	12/31/2008	\$143,659	\$8,266	\$36,130	\$99,263
(c)	12/31/2009	\$146,580	\$8,749	\$36,535	\$101,296
(d)	12/31/2010	\$160,560	\$9,504	\$41,759	\$109,297
(e)	12/31/2011	\$199,681	\$10,062	\$51,049	\$138,570
(f)	12/31/2012 – 12/31/2016	\$1,407,957	\$61,062	\$350,375	\$996,520

(3) Amount of Plan Assets Expected to be Returned to the Employer in the Fiscal Year Ending 12/31/07 \$0

Other Accounting Items

	Years Ended December 31,		
	2006	2005	2004
(1) Market-Related Value of Assets	N/A	N/A	N/A
(2) Amount of Future Annual Benefits of Plan Participants Covered by Insurance Contracts Issued by the Employer or Related Parties	-	-	-
(3) Alternative Amortization Methods Used to Amortize			
(a) Prior Service Cost	Straight Line	Straight Line	Straight Line
(b) Unrecognized Net (Gain) or Loss	Straight Line	Straight Line	Straight Line
(4) Average Future Service	11.10	13.35	12.48
(5) Employer Commitments to Make Future Plan Amendments (that Serve as the Basis for the Employer's Accounting for the Plan)	None	None	None
(6) Description of Special or Contractual Termination Benefits Recognized During the Period	N/A	N/A	N/A
(7) Cost of Benefits Described in (6)	N/A	N/A	N/A
(8) Explanation of Any Significant Change in Benefit Obligation or Plan Assets not Otherwise Apparent in the Above Disclosures	N/A	N/A	N/A
(9) Measurement Date Used	December 31, 2006	December 31, 2005	December 31, 2004

Discount Rate Assumption

The discount rate assumption used to determine the postretirement benefit obligations is based on current yield rates in the double A bond market. The current year's discount rate was selected using a method that matches projected payouts from the plan with a zero-coupon double A bond yield curve. This yield curve was constructed from the underlying bond price and yield data collected as of the plan's measurement date and is represented by a series of annualized, individual discount rates with durations ranging from six months to thirty years. Each discount rate in the curve was derived from an equal weighting of the double A or higher bond universe, apportioned into distinct maturity groups. These individual discount rates are then converted into a single equivalent discount rate, which is then used for FAS discount purposes. To assure that the resulting rates can be achieved by a postretirement benefit plan, only bonds that satisfy certain criteria and are expected to remain available through the period of maturity of the plan benefits are used to develop the discount rate. Prior years' discount rate assumptions were set based on investment yields available on double A, long-term corporate bonds.

Actuarial Equivalent

In determining "Actuarial Equivalence," our plan's actuary, Aon Consulting, proprietary prescription drug pricing tool, Aon Rx, was used. This tool allowed us to determine the estimated Per Member Per Month (PMPM) prescription drug cost for both the Company plan and the Medicare plan. The two PMPM's were adjusted for monthly retiree contributions. We assumed that 60% of the monthly combined medical and prescription drug retiree contribution for the Company plan applies towards prescription drugs.

Voluntary Prescription Drug Coverage

Legislation enacted in December 2003 provides for the addition of voluntary prescription drug coverage under Medicare starting in 2006. The legislation also provides for a 28% tax-free subsidy for each qualified covered retiree's drug cost between certain thresholds

if the employer's coverage is at least actuarially equivalent to the standard Medicare drug benefit. Based on the final regulations issued by the Centers for Medicare and Medicaid Services on January 21, 2005, we determined our prescription drug coverage of the Postretirement Medical Benefits plan to be actuarially equivalent to Medicare Part D.

C. Health Plan

In December 2003, the Company became fully insured for its employee and retiree's medical insurance. Net health care benefits paid by the Company for active employees were approximately \$1.7 million in 2006, \$1.6 million in 2005 and \$1.5 million in 2004, excluding administrative and stop-loss insurance.

D. 401K Plan

The Company has discontinued eligibility to the defined benefit pension plan for all new hires, and replaced it with a new 401K match.

For new hires not eligible for the defined benefit pension plan, we established an employer match to the employee's contribution to their 401K plans. It provided for a company match of 50% for each dollar contributed by the employee, up to 6% of their salary, for a Company contribution of up to 3%. Beginning in 2007, for non-union employees the plan was enhanced to provide a company match of 100% for the first 2% of an employee's contribution, and a match of 50% for the next 4% of an employee's contribution, for a total company match of up to 4%. This new enhanced match will be negotiated with our six union contracts during 2007, to be effective on their respective contract date within 2007. The employees are eligible for the company match after six months of continuous service, with vesting of 100% after three years of continuous service. The expenses incurred in 2005 and 2006 relating to the Company's 401K plan are not material.

E. Employee Stock Purchase Plan

The Company offers an employee stock purchase plan to substantially all of its employees. The plan offers a 15% discount on the Company's stock at market price fixed six months prior to the date of purchase. The recorded stock compensation expense relating to the Company's employee stock purchase plan is not material.

13. Segment Information

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.

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 2006, 2005 and 2004 is summarized as follows:

(Dollars in thousands)	<u>2006</u>	<u>2005</u>	<u>2004</u>
Revenues			
Natural gas	\$ 71,139	\$ 69,094	\$ 55,962
Electric	48,527	47,450	42,910
Propane gas	<u>14,727</u>	<u>13,479</u>	<u>11,167</u>

Consolidated	\$ <u>134,393</u>	\$ <u>130,023</u>	\$ <u>110,039</u>
Operating income, excluding income tax			
Natural gas	\$ 6,118	\$ 6,049	\$ 4,978
Electric	3,053	3,502	3,353
Propane gas	<u>1,006</u>	<u>1,086</u>	<u>655</u>
Consolidated	\$ <u>10,177</u>	\$ <u>10,637</u>	\$ <u>8,986</u>
Identifiable assets			
Natural gas	\$ 93,689	\$ 96,106	\$ 87,729
Electric	52,251	51,317	48,687
Propane gas	19,239	19,567	15,731
Common	<u>15,734</u>	<u>15,676</u>	<u>18,356</u>
Consolidated	\$ <u>180,913</u>	\$ <u>182,666</u>	\$ <u>170,503</u>
Depreciation and amortization			
Natural gas	\$ 4,095	\$ 3,928	\$ 2,752
Electric	2,610	2,404	2,323
Propane gas	720	621	560
Common	<u>317</u>	<u>313</u>	<u>265</u>
Consolidated	\$ <u>7,742</u>	\$ <u>7,266</u>	\$ <u>5,900</u>
Construction expenditures			
Natural gas	\$ 7,643	\$ 6,357	\$ 5,314
Electric	3,184	3,775	6,793
Propane gas	1,885	2,133	1,339
Common	<u>404</u>	<u>176</u>	<u>285</u>
Consolidated	\$ <u>13,116</u>	\$ <u>12,441</u>	\$ <u>13,731</u>
Income tax expense			
Natural gas	\$ 1,336	\$ 1,283	\$ 843
Electric	546	666	565
Propane gas	110	245	130
Common	<u>246</u>	<u>93</u>	<u>77</u>
Consolidated	\$ <u>2,238</u>	\$ <u>2,287</u>	\$ <u>1,615</u>

14. Quarterly Financial Data (Unaudited)

The quarterly financial data presented below reflects the influence of 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. Significant increases in the fourth quarter of 2005 expenses relate to the performance of previously delayed expenditures from previous quarters.

(Dollars in thousands, except per share amounts):	First Quarter	Second Quarter	Third Quarter *	Fourth Quarter
2006				
Revenues	\$ 43,348	\$ 29,878	\$ 29,415	\$ 31,752
Gross profit	\$ 14,135	\$ 11,402	\$ 10,867	\$ 12,018
Operating income	\$ 4,528	\$ 2,065	\$ 1,263	\$ 2,321
Earnings before income taxes	\$ 3,507	\$ 1,162	\$ 384	\$ 1,354
Net Income	\$ 2,221	\$ 738	\$ 335	\$ 875
Earnings per common share (basic and diluted):				
Continuing operations	\$ 0.37	\$ 0.12	\$ 0.05	\$ 0.14

2005

Revenues	\$ 35,438	\$ 28,329	\$ 29,190	\$ 37,066
Gross profit	\$ 13,619	\$ 10,963	\$ 10,374	\$ 12,263
Operating income	\$ 4,684	\$ 2,215	\$ 1,578	\$ 2,160
Earnings before income taxes	\$ 3,711	\$ 1,205	\$ 573	\$ 1,046
Net Income	\$ 2,353	\$ 851	\$ 260	\$ 784
Earnings per common share (basic and diluted):				
Continuing operations	\$ 0.40	\$ 0.14	\$ 0.04	\$ 0.13

* The third quarter of 2006 has been restated and revised for pension expense and income tax expense to reflect a correction of the valuation of our pension liability. The pension liability and expense increased by \$225,000 and the deferred tax expense and deferred tax liability decreased by \$85,000 in the third quarter of 2006. The following summary shows the effect on our financial statements.

Summary of Third Quarter 2006 Adjustment

(Dollars in thousands, except per share amounts):	Third Quarter Before		Adjustment	Third Quarter After	
	Revision			Revision	
2006					
Revenues	\$ 29,415	-		\$ 29,415	
Gross profit	\$ 10,867	-		\$ 10,867	
Operating income	\$ 1,488	(225)		\$ 1,263	
Earnings before income taxes	\$ 609	(225)		\$ 384	
Net Income	\$ 475	(140)		\$ 335	
Earnings per common share (basic and diluted):					
Continuing operations	\$ 0.08	(.03)		\$ 0.05	

SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS
FOR DEPRECIATION, AMORTIZATION AND DEPLETION

Line No.	Item (a)	Total (b)	Electric (c)
1	UTILITY PLANT		
2	In Service		
3	Plant in Service (Classified)	172,633,486	72,747,158
4	Property Under Capital Leases	-	-
5	Plant Purchased or Sold	-	-
6	Completed Construction not Classified	-	-
7	Experimental Plant Unclassified	-	-
8	TOTAL (Enter Total of lines 3 thru 7)	172,633,486	72,747,158
9	Leased to Others	878,033	-
10	Held for Future Use	-	-
11	Construction Work in Progress	1,951,888	778,242
12	TOTAL (Enter Total of lines 3 thru 7)	1,820,270	3,691
13	TOTAL Utility Plant (Enter Total of lines 8 thru 12)	177,283,677	73,529,091
14	Accum. Prov. for Depr., Amort., & Depl.	56,293,436	26,899,011
15	Net Utility Plant (Enter total of line 13 less 14)	120,990,241	46,630,080
16	DETAIL OF ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION.		
17	In Service:		
18	Depreciation	55,651,437	26,895,320
19	Amort. and Depl. of Producing Nat. Gas Land and Land Rights	-	-
20	Amort. of Underground Storage Land and Land Rights	-	-
21	Amort. of Other Utility Plant	-	-
22	TOTAL in Service (Enter Total of lines 18 thru 21)	55,651,437	26,895,320
23	Leased to Others		
24	Depreciation	-	-
25	Amortization and Depletion	263,622	-
26	TOTAL Leased to Others (Enter Total of lines 24 and 25)	263,622	-
27	Held for Future Use		
28	Depreciation	-	-
29	Amortization	-	-
30	TOTAL Held for Future Use (Ent. Tot. of lines 28 and 29)	-	-
31	Abandonment of Leases (Natural Gas)	-	-
32	Amort. of Plant Acquisition Adjustment	378,377	3,691
33	TOTAL Accumulated Provisions (Should agree with line 14 above)(Enter Total of lines 22, 26, 30, 31, and 32)	56,293,436	26,899,011

SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS
FOR DEPRECIATION, AMORTIZATION AND DEPLETION (Continued)

Gas (d)	Water (e)	Other (Specify) (f)	Other (Specify) (g)	Common (h)	Line No.
					1
					2
94,683,551	Not Applicable	Not Applicable	Not Applicable	5,202,777	3
-	-			-	4
-	-			-	5
-	-			-	6
-	-			-	7
94,683,551	-	-	-	5,202,777	8
878,033.00	-			-	9
-	-			-	10
954,241	-			219,405	11
1,816,579	-			-	12
98,332,404	-	-	-	5,422,182	13
27,633,780	-			1,760,645	14
70,698,624	-	-	-	3,661,537	15
					16
					17
26,995,472	0			1,760,645	18
					19
					20
					21
26,995,472	0	-	-	1,760,645	22
					23
					24
263,622					25
263,622	-	-	-	-	26
					27
					28
0					29
-	-	-	-	-	30
					31
374,686	-				32
					33
27,633,780	0	-	-	1,760,645	

ELECTRIC PLANT IN SERVICE (Accounts 101, 102, 103, 106)

1. Report below the original cost of electric plant in service according to the prescribed accounts.
 2. In addition to Account 101, Electric Plant in Service (Classified) this page and the next include Account 102, Electric Plant Purchased or Sold; Account 103, Experimental Gas Plant Unclassified; and Account 106, Completed Construction Not Classified - Electric
 3. Include in column (c) or (d), as appropriate, corrections of additions and retirements for the current or preceding year.
 4. Enclose in parentheses credit adjustments of plant accounts to indicate the negative effect of such accounts.
 5. Classify Account 106 according to prescribed accounts, on an estimated basis if necessary, and include the entries in column (c). Also to be included in column (c) are entries for

reversals of tentative distributions of prior year reported in column (b). Likewise, if the respondent has a significant amount of plant retirements the end of the year, included in column (d) a tentative distribution of such retirements, on an estimated basis, with appropriate contra entry to the account for accumulated depreciation provision. Include also in column (d) reversals of tentative distributions of prior years of unclassified retirements. Attach supplemental statement showing the account distributions of these tentative classifications in columns (c) and (d), including the reversals of the prior years tentative account distributions of these amounts. Careful observation of the above instructions and the texts of accounts 101 and 106 will avoid serious omissions of the reported amount of respondent's plant actually in service at end of year.

Line No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)
1	1. INTANGIBLE PLANT		
2	(301) Organization		
3	(302) Franchises and Consents		
4	(303) Miscellaneous Intangible Plant		
5	TOTAL Intangible Plant (Enter Total of lines 2, 3, and 4)	0	0
6	2. PRODUCTION PLANT		
7	A. Steam Production Plant		
8	(310) Land and Land Rights		
9	(311) Structures and Improvements		
10	(312) Boiler Plant Equipment		
11	(313) Engines and Engine Driven Generators		
12	(314) Turbogenerator Units		
13	(315) Accessory Electric Equipment		
14	(316) Misc. Power Plant Equipment		
15	TOTAL Steam Production Plant (Enter Total of lines 8 through 14)	0	0
16	B. Nuclear Production Plant		
17	(320) Land and Land Rights		
18	(321) Structures and Improvements		
19	(322) Reactor Plant Equipment		
20	(323) Turbogenerator Units		
21	(324) Accessory Electric Equipment		
22	(325) Misc. Power Plant Equipment		
23	TOTAL Nuclear Production Plant (Enter Total of lines 17 through 22)	0	0
24	C. Hydraulic Production Plant		
25	(330) Land and Land Rights		
26	(331) Structures and Improvements		
27	(332) Reservoirs, Dams, and Waterways		
28	(333) Water Wheels, Turbines, and Generators		
29	(334) Accessory Electric Equipment		
30	(335) Misc. Power Plant Equipment		
31	(336) Roads, Railroads, and Bridges		
32	TOTAL Hydraulic Production Plant (Enter Total of lines 25 through 31)	0	0
33	D. Other Production Plant		
34	(340) Land and Land Rights		
35	(341) Structures and Improvements		
36	(342) Fuel Holders, Products and Accessories		
37	(343) Prime Movers		
38	(344) Generators		
39	(345) Accessory Electric Equipment		

ELECTRIC PLANT IN SERVICE (Accounts 101, 102, 103, and 106) (Continued)

6. Show in column (f) reclassifications or transfers within utility plant accounts. Include also in column (f) the additions or reductions of primary account classifications arising from distribution of amounts initially recorded in Account 102. In showing the clearance of Account 102, include in column (e) the amounts with respect to accumulated provision for depreciation, acquisition adjustments, etc., and show in column (f) only the offset to the debits or credits distributed in column (f) to primary account classifications.

7. For Account 399, state the nature and use of plant included in this account and if substantial in amount submit a supplementary statement

showing subaccount classifications of such plant conforming to the requirements of these pages.

8. For each amount comprising the reported balance and changes in Account 102, state the property purchased or sold, name of vendor or purchaser, and the date of transaction. If proposed journal entries have been filed with the Commission as required by the Uniform System of Accounts, give also date of such filing.

Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)		Line No.
			\$0	(301)	1
			0	(302)	2
			0	(303)	3
0	0	0	0		4
			0		5
			0	(310)	6
			0	(311)	7
			0	(312)	8
			0	(313)	9
			0	(314)	10
			0	(315)	11
0	0	0	0	(316)	12
			0		13
			0	(320)	14
			0	(321)	15
			0	(322)	16
			0	(323)	17
			0	(324)	18
0	0	0	0	(325)	19
			0		20
			0	(330)	21
			0	(331)	22
			0	(332)	23
			0	(333)	24
			0	(334)	25
			0	(335)	26
0	0	0	0	(336)	27
			0		28
			0	(340)	29
			0	(341)	30
			0	(342)	31
			0	(343)	32
			0	(344)	33
			0	(345)	34
			0		35
			0		36
			0		37
			0		38
			0		39

ELECTRIC PLANT IN SERVICE (Accounts 101, 102, 103, 106)

Line No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)
40	(346) Misc. Power Plant Equipment		
41	TOTAL Other Production Plant (Enter Total of lines 34 through 40)	0	0
42	TOTAL Production Plant (Enter Total of lines 15, 23, 32, and 41)	0	0
43	3. TRANSMISSION PLANT		
44	(350) Land and Land Rights	74,148	0
45	(352) Structures and Improvements	22,006	0
46	(353) Station Equipment	2,414,632	0
47	(354) Towers and Fixtures	224,665	0
48	(355) Poles and Fixtures	2,334,273	12,582
49	(356) Overhead Conductors and Devices	1,825,626	51,100
50	(357) Underground Conduit	0	0
51	(358) Underground Conductors and Devices	0	0
52	(359) Roads and Trails	6,788	0
53	TOTAL Transmission Plant (Enter Total of lines 44 through 52)	6,902,138	63,682
54	4. DISTRIBUTION PLANT		
55	(360) Land and Land Rights	32,460	5,431
56	(361) Structures and Improvements	96,042	0
57	(362) Station Equipment	5,140,457	669,480
58	(363) Storage Battery Equipment	0	0
59	(364) Poles, Towers, and Fixtures	8,513,073	479,429
60	(365) Overhead Conductors and Devices	9,221,904	439,465
61	(366) Underground Conduit	2,372,922	206,847
62	(367) Underground Conductors and Devices	4,410,932	468,540
63	(368) Line Transformers	12,676,246	427,169
64	(369) Services	7,821,949	395,313
65	(370) Meters	3,282,840	202,560
66	(371) Installations on Customer Premises	1,832,332	286,889
67	(372) Leased Property on Customer Premises	0	0
68	(373) Street Lighting and Signal Systems	1,152,654	68,117
69	TOTAL Distribution Plant (Enter Total of lines 55 through 68)	56,553,811	3,649,240
70	5. GENERAL PLANT		
71	(389) Land and Land Rights	72,462	0
72	(390) Structures and Improvements	1,416,136	25,070
73	(391) Office Furniture and Equipment	554,481	389,502
74	(392) Transportation Equipment	2,627,678	406,284
75	(393) Stores Equipment	107,679	0
76	(394) Tools, Shop and Garage Equipment	133,108	4,897
77	(395) Laboratory Equipment	95,756	0
78	(396) Power Operated Equipment	111,618	0
79	(397) Communication Equipment	155,351	0
80	(398) Miscellaneous Equipment	16,987	3,235
81	SUBTOTAL (Enter Total of lines 71 through 80)	5,291,256	828,988
82	(399) Other Tangible Property	10,000	0
83	TOTAL General Plant (Enter Total of lines 81 and 82)	5,301,256	828,988
84	TOTAL (Accounts 101 and 106)	68,757,205	4,541,910
85	(102) Electric Plant Purchased	0	0
86	(Less) (102) Electric Plant Sold	0	0
87	(103) Experimental Plant Unclassified	0	0
88	TOTAL Electric Plant in Service	68,757,205	4,541,910

ELECTRIC PLANT IN SERVICE (Accounts 101, 102, 103, and 106) (Continued)

Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)		Line No.
			0	(346)	40
0	0	0	0		41
0	0	0	0		42
					43
0	0	0	74,148	(350)	44
0	0	0	22,006	(352)	45
0	0	0	2,414,632	(353)	46
0	0	0	224,665	(354)	47
0	0	0	2,346,855	(355)	48
0	0	15,369	1,892,095	(356)	49
0	0	0	0	(357)	50
0	0	0	0	(358)	51
0	0	0	6,788	(359)	52
0	0	15,369	6,981,189		53
					54
0	0	0	37,891	(360)	55
0	0	0	96,042	(361)	56
0	0	0	5,809,937	(362)	57
0	0	0	0	(363)	58
(44,233)	0	(18,800)	8,929,469	(364)	59
(17,263)	0	0	9,644,106	(365)	60
(4,474)	0	0	2,575,295	(366)	61
(24,009)	0	0	4,855,463	(367)	62
(77,836)	0	0	13,025,579	(368)	63
(8,329)	0	0	8,208,933	(369)	64
(150,813)	0	0	3,334,587	(370)	65
(44,858)	0	3,431	2,077,794	(371)	66
0	0	0	0	(372)	67
(20,542)	0	0	1,200,229	(373)	68
(392,357)	0	(15,369)	59,795,325		69
					70
0	0	0	72,462	(389)	71
0	0	0	1,441,206	(390)	72
(44,286)	0	36,544	936,241	(391)	73
(259,412)	39,487	2,742	2,816,779	(392)	74
0	0	0	107,679	(393)	75
(3,330)	0	3,234	137,909	(394)	76
0	0	0	95,756	(395)	77
0	82,717	0	194,335	(396)	78
(11,320)	0	0	144,031	(397)	79
0	0	(3,234)	16,988	(398)	80
(318,348)	122,204	39,286	5,963,386		81
0	0	0	10,000	(399)	82
(318,348)	122,204	39,286	5,973,386		83
(710,705)	122,204	39,286	72,749,900		84
0	0	0	0	(102)	85
0	0	0	0		86
0	0	0	0	(103)	87
(710,705)	122,204	39,286	72,749,900		88

CONSTRUCTION WORK IN PROGRESS-ELECTRIC (Account 107)

1. Report below descriptions and balances at end of year of projects in process of construction (107).
 2. Show items relating to "research, development, and demonstration" projects last, under a caption Research, Development, and Demonstration (see Account 107 of the Uniform System of Accounts).

3. Minor projects (5% of the Balance End of the Year for Account 107 or \$100,000, whichever is less) may be grouped

Line No.	Description of Project	Construction Work in Progress-Electric (Acct. 107)
1	NORTHWEST DIVISION	
2		
3	Station Equipment	458,090
4	Office Furniture and Equipment	79,218
5	Other	* (1,748)
6		
7		
9		
10		
11		
12		
13		
14		
15	NORTHEAST DIVISION	
16		
17	Station Equipment	20,395
18	Underground Conductors & Devices	219,631
19	Other	* 2,656
20		
21		
22		
23		
24		
34		
35		
36	* Grouped Items	
37		
38		
39	TOTAL	\$778,242

ACCUMULATED PROVISION FOR DEPRECIATION OF ELECTRIC UTILITY PLANT (Account 108)

1. Explain in a footnote any important adjustments during year.
2. Explain in a footnote any difference between the amount for book cost of plant retired, line 11, column (c), and that reported for electric plant in service, pages 204-207, column (d), excluding retirements of non-depreciable property.
3. The provisions of Account 108 in the Uniform System of Accounts require that retirements of depreciable plant be recorded when such plant is removed from service.

If the respondent has a significant amount of plant retired at year end which has not been recorded and/or classified to the various reserve functional classifications, make preliminary closing entries to tentatively functionalize the book cost of the plant retired. In addition, include all costs included in retirement work in progress at year end in the appropriate functional classifications.

4. Show separately interest credits under a sinking fund or similar method of depreciation accounting.

Section A. Balances and Changes During Year

Line No.	Item (a)	Total (c+d+e) (b)	Electric Plant in Service (c)	Electric Plant Held for Future Use (d)	Electric Plant Leased to Others (e)
1.	Item	29,761,892	29,761,892		
2.	Depreciation Provisions for Year, Charged to				
3.	(403) Depreciation Expense	2,610,346	2,610,346		
4.	(413) Exp. of Elec. Plt. Leas. to Others				
5.	Transportation Expenses-Clearing	239,365	239,365		
6.	Other Clearing Accounts				
7.	Other Accounts (Specify):				
8.	Accrued Depreciation on Transfers	0	0		
9.	TOTAL Deprec. Prov. for Year (Enter Total of lines 3 thru 8)	2,849,711	2,849,711		
10.	Net Charges for Plant Retired:				
11.	Book Cost of Plant Retired	(710,705)	(710,705)		
12.	Cost of Removal	(157,171)	(157,171)		
13.	Salvage (Credit)	71,551	71,551		
14.	TOTAL Net Chrgs. for Plant Ret. (Enter Total of lines 11 thru 13)	(796,325)	(796,325)		
15.	Other Debit or Credit Items (Describe)-Rounding				
16.		0	0		
17.	Balance End of Year (Enter Total of lines 1, 9, 14, 15, and 16)	31,815,278	31,815,278		

Section B. Balances at End of Year According to Functional Classifications

18.	Steam Production				
19.	Nuclear Production				
20.	Hydraulic Production - Conventional	0	0		
21.	Hydraulic Production - Pumped Storage		0		
22.	Other Production				
23.	Transmission	2,234,786	2,234,786		
24.	Distribution	26,445,635	26,445,635		
25.	General	3,241,655	3,241,655		
26.	TOTAL (Enter Total of lines 18 thru 25)	31,922,076	31,922,076		

INVESTMENT IN SUBSIDIARY COMPANIES (Account 123.1)

1. Report below investments in Account 123.1, Investments in Subsidiary Companies.
 2. Provide a subheading for each company and list thereunder the information called below. Subtotal by company and give a total in columns (e), (f) (g) and (h).
 (a) Investment in Securities - List and describe each security owned. For bonds give also principal amount, date of issue, maturity and interest rate.
 (b) Investment Advances - Report separately the amounts of loans or investment advances which are subject to repayment, but which are not subject to current settlement. With respect to each advance show whether the advance is a note or open account. List each note giving date of issuance, maturity date, and specifying whether note is a renewal.
 3. Report separately the equity in undistributed subsidiary earnings since acquisition. The total in column (e) should equal the amount entered for Account 418.1

Line No.	Description of Investment (a)	Date Acquired (b)	Date of Maturity (c)	Amount of Investment at Beginning of Year (d)	
1	Flo-Gas Corporation	May 1949			
2	Common Stock			2,239,013	
3	less treasury stock			0	
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
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22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34					
35					
36					
37	TOTAL Cost of Account 123.1: 10,000		TOTAL	2,239,013	

INVESTMENTS IN SUBSIDIARY COMPANIES (Account 123.1) (Continued)

4. For any securities, notes, or accounts that were pledged, designate such securities, notes, or accounts in a footnote, and state the name of pledgee and purpose of the pledge.
 5. If Commission approval was required for any advance made or security acquired, designated such fact in a footnote and give name of Commission, date of authorization, and case or docket number.
 6. Report column (f) interest and dividend revenues from investments, including such revenues from securities disposed of during the year.

7. In column (h) report for each investment disposed of during the year, the gain or loss represented by the difference between the cost of the investment (or the other amount at which carried in the books of account if different from cost) and the selling price thereof, not including interest adjustment includible in column (f).
 8. Report on Line 37, column (a) the total cost of Account 123.1.

Equity in Subsidiary Earnings for Year (e)	Revenues for Year (f)	Amount of Investment at End of Year (g)	Gain or Loss from Investment Disposed of (h)	
157,514 0	0	2,396,527 0		1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36
157,514	0	2,396,527		37

MATERIALS AND SUPPLIES

1. For Account 154, report the amount of plant materials and operating supplies under the primary functional classifications as indicated in column (a); estimates of amounts by function are acceptable. In column (d), designate the department or departments which use the class of material.
 2. Give an explanation of important inventory adjustments during year (in a footnote) showing general classes of material and supplies and the various accounts (operating expense, clearing accounts, plant, etc.) Affected - debited or credited. Show separately debits or credits to stores expense-clearing, if applicable.

Line No.	Account	Balance Beginning of Year	Balance End of Year	Department or Departments Which Use Material
	(a)	(b)	(c)	(d)
1	Fuel Stock (Account 151)			Electric
2	Fuel Stock Expenses Undistributed (Account 152)			
3	Residuals and Extracted Products (Account 153)			
4	Plant Materials and Operating Supplies (Account 154)			
5	Assigned to - Construction (Estimated)	1,081,836	1,164,914	Electric & Gas
6	Assigned to - Operations and Maintenance			
7	Production Plant (Estimated)			
8	Transmission Plant (Estimated)			
9	Distribution Plant (Estimated)	360,612	388,305	Electric & Gas
10	Assigned to - Other			
11	TOTAL Account 154 (Enter Total of lines 5 thru 10)	1,442,448	1,553,219	
12	Merchandise (Account 155)	421,892	400,795	Gas
13	Other Materials and Supplies (Account 156)	0	0	Gas
14	Nuclear Materials Held for Sale (Account 157) (Not applicable to Gas Utilities)			
15	Stores Expense Undistributed (Account 163)			
16				
17				
18				
19				
20	TOTAL Materials and Supplies (per Balance Sheet)	\$1,864,340	\$1,954,014	

Physical Inventories were taken and the appropriate adjustments recorded in the following:

	Amount	Account Debited	Account Credited
Northeast Propane Materials & Supplies	38,600	1630.3	1540.1
Northeast Electric Materials & Supplies	52,952	1540.1	1630.3
South Florida - Materials & Supplies	17,635	1630.3	1540.1
Central Florida - Materials & Supplies	12,748	1630.3	1540.1
Northwest Electric Division - Materials & Supplies	2,263	1630.3	1540.1
South Florida Gas Division - Merchandise	1,691	1630.4	1550.1
Central Florida Gas Division - Merchandise	435	1630.4	1550.1
West Florida Propane Division - Merchandise	1,289	4160.14	1550.14
Northeast Florida Propane Division - Merchandise	11,915	1630.4	1550.1

OTHER REGULATORY ASSETS

1. Reporting below the particulars (details) called for concerning other regulatory assets which are created through the ratemaking actions of regulatory agencies (and not includable in other amounts).

3. Minor items (5% of the Balance at End of Year for Account 182.3 or amounts less than \$50,000, whichever is less) may be grouped by classes.

2. For regulatory assets being amortized, show period of amortization in column (a).

	Description and Purpose of Other Regulatory Assets (a)	Debits (b)	Credits		Balance End of Year (e)
			Account Charged (c)	Amounts (d)	
1					
2	See Page 234				
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
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20					
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22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34					
35					
36					
37					
38					
39					
40					
41	TOTAL				

MISCELLANEOUS DEFERRED DEBITS (Account 186)

1. Report below the particulars (details) called for concerning miscellaneous deferred debits.
 2. For any deferred debit being amortized, show period of amortization in column (a).

3. Minor items (1% of the Balance at End of Year for Account 186 or amounts less than \$50,000, whichever is less) may be grouped by classes.

	Description of Miscellaneous Deferred Debit (a)	Balance at Beginning of Year (b)	Debits		Credit		Balance End of Year (f)
			(c)	Account Charged (d)	Amount (e)		
1	Energy Conservation Program	\$0	\$0			\$0	\$0
2	Undistributed Capital						\$0
3	-Accrued Payroll	\$24,068	\$454,774			(\$478,842)	\$0
4	Amortized Piping Costs	\$1,418,375	\$831,883			(\$874,621)	\$1,375,637
5	Amortized Conversion Cost	\$144,756	\$245,036			(\$244,784)	\$145,008
6	Underrecovery Conservation	\$82,931	\$298,934			(\$381,865)	\$0
7	Underrecovery Natural Gas (AEP)	\$4,190,130	\$368,895			(\$606,932)	\$3,952,093
8		\$0	\$0			\$0	\$0
9	Underrecovery Fuel	\$4,527,745	\$7,749,666			(\$10,569,733)	\$1,707,678
10	Penny Elimination	\$0	\$0			\$0	\$0
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							
21							
22							
23							
24							
25							
26							
27							
28							
29							
30							
31							
32							
33							
34							
35							
36							
37	Misc. Work in Progress	1,756,549					\$843,079
38	Deferred Regulatory Comm. Expenses						
39	(See Pages 350 - 351)	(541,348)	173,386	928		0	(\$367,962)
40							
41	TOTAL	\$11,603,206					\$7,655,533

ACCUMULATED DEFERRED INCOME TAXES (Account 190)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes.
2. At Other (Specify), include deferrals relating to other income and deductions.
3. If more space is needed, use separate pages as required.
4. In the space provided below, identify by amount and classification, significant items for which deferred taxes are being provided. Indicate insignificant amounts under Other.

Line No.	Account Subdivisions (a)	Balance at Beginning of Year (b)	Amounts Debited to 4100 (c)	Adjustments (d)	Balance at End of Year (e)
1	Electric				
2	AMT	-	-	-	-
3	Self Insurance Res. & Audit Fee	285,530	1,757	-	287,287
4	Uncollectible	11,038	15,181	-	26,219
5	Vacation Pay	83,322	5,912	-	89,234
6	Misc. Accrual	-	-	-	-
7	Interest Not Cap. & Amort of Dept.	-	-	-	-
8	Rate Refund	-	-	-	-
9	General liability	50,146	(20,105)	-	30,041
10	Regulatory	-	-	-	-
11	Gain on Hydroplant	-	-	-	-
12	Storm Reserve	567,040	48,632	-	615,672
13	TOTAL Electric (Lines 2 thru 13)	997,076	51,377	0	1,048,453
14	Gas				
15	AMT	-	-	-	-
16	Interest Not Cap. & Amort of Dept.	-	-	-	-
17	Deferred Gain	60,612	(45,314)	-	15,298
18	Regulatory	-	-	-	-
19	Self Insurance Res. & Audit Fee	478,922	45,107	-	524,029
20	Uncollectible	70,523	40,599	-	111,122
21	Vacation Pay	169,849	26,467	-	196,316
22	Environmental	1,931,582	131,409	-	2,062,991
23	Misc. Accrual	-	-	-	-
24	General liability	61,289	(23,055)	-	38,234
25	Storm Reserve	(159,201)	52,585	-	(106,616)
26	Rate Refund	263,438	8,053	-	271,491
27					
28	TOTAL Gas (Lines 15 thru 25)	2,877,014	235,851	-	3,112,865
29					
30	Other (Specify) Common	3,266	(3,266)	-	-
31	TOTAL (Account 190)(Lines 12, 23 & 24)	3,877,356	283,962	-	4,161,318
Classification of Total:					
	Federal Income Tax	3,310,632			3,310,632
	State Income Tax	566,724			566,724

CAPITAL STOCK (Accounts 201 and 204)

1. Report below the particulars (details) called for concerning common and preferred stock at end of year, distinguishing separate series of any general class. Show separate totals for common and preferred stock. If information to meet the stock exchange reporting requirement outlined in column (a) is available from the SEC 10-K Report Form fil

ing, a specific reference to report form (i.e. year and c title) may be reported in column (a) provided the fiscal for both the 10-K report and this report are compatible
 2. Entries in column (b) should represent the no. of st orized by the articles of incorp. as amended to end o
 3. Give particulars (details) concerning shares of any

Line No.	Class and Series of Stock and Name of Stock Exchange (a)	Number of Shares Authorized by Charter (b)	Par or Stated Value Per Share (c)
1	Common Stock Additional Reacquired Stock Held By Flo-Gas Corporation (a wholly owned subsidiary)	6,000,000	\$1.50
	TOTAL Common Stock	6,000,000	\$1.50
2	Preferred Stock	6,000	\$100.00
3			
4			
5			
6			
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8			
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December 31, 2006

Florida Public Utilities Company An Original

December 31, 2006

CAPITAL STOCK (Accounts 201 and 204) (Continued)

Company
 1. Number of shares authorized at the end of year.
 2. Class and

series of stock authorized to be issued by a regulatory commission which have not yet been issued.
 4. The identification of each class of preferred stock should show the dividend rate and whether the dividends are cumulative or noncumulative.
 5. State in a footnote if any capital stock which

has been nominally issued is nominally outstanding at end of year.
 6. Give particulars (details) in column (a) of any nominally issued capital stock, reacquired stock, or stock in sinking and other funds which is pledged, stating name of pledge and purpose of pledge.

Call Price at End of Year (d)	Outstanding Per Balance Sheet		Held by Respondent As Reacquired Stock (Account 217)		In Sinking and Other Funds		Line No.
	Shares (e)	Amount (f)	Shares (g)	Cost (h)	Shares (i)	Amount (j)	
	6,166,648 *	\$9,250,472	160,349	\$2,841,531			1
			0	0			2
	6,166,648	9,250,472	160,349	2,841,531			3
	6,000	\$600,000					4
							5
							6
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* The Common Shares dollar amount includes \$500 in accordance with Florida Statutes

Report below the balance at the end of the year and the information specified below for the respective other paid-in capital accounts. Provide a subheading for each account and show a total for the account, as well as total of all accounts for reconciliation with balance sheet, page 112. Add more columns for any account if deemed necessary. Explain changes made in any account during the year and give the account entries effecting such change.

- (a) Donations Received from Stockholders (Account 208) - State amount and give brief explanation of the origin and purpose of each donation.
- (b) Reduction in Par or Stated Value of Capital Stock (Account 209) - State amount and give brief explanation of the capital changes which gave rise to amounts reported under this caption including identification with the class and series of stock to which related.
- (c) Gain on Resale or Cancellation of Reacquired Capital Stock (Account 210) - Report balance at beginning of year, credits, debits, and balance at end of year with a designation of the nature of each credit and debit identified by the class and series of stock to which related.
- (d) Miscellaneous Paid-In Capital (Account 211) - Classify amounts included in this account according to captions which, together with brief explanations, disclose the general nature of the transactions which gave rise to the reported amounts.

Line No.	Item (a)	Amount (b)
1	ACCOUNT 211:	
2	Miscellaneous Paid in Capital - Beginning Balance	\$1,052,761
3	Gain on Resale of Reacquired Common Stock	<u>(\$113,855)</u>
4	Miscellaneous Paid in Capital - Ending Balance	<u><u>\$938,906</u></u>
5		
6		
7		
8		
9		
10		
11	ACCOUNT 219:	
12		
13	Comprehensive Income - Beginning Balance	
14	Activity	<u>(103,245)</u>
15	Comprehensive Income - Ending Balance	<u><u>(103,245)</u></u>
16		
17		
18		
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21		
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30		
31		<u>-----</u>
32	TOTAL	<u><u>\$835,661</u></u>
33		<u>=====</u>

LONG-TERM DEBT (Accounts 221, 222, 223, and 224)

1. Report by balance sheet the account particulars (details) concerning long-term debt included in Accounts 221, Bonds, 222, Reacquired Bonds, 223, Advances from Associated companies, and 224, Other Long-Term Debt.
2. In column (a), for new issues, give Commission authorization numbers and dates.
3. For bonds assumed by the respondent, include in column (a) the name of the issuing company as well as a description of the bonds.
4. For advances from Associated Companies, report separately advances on note and advances on open accounts. Designate demand notes as such. Include in column (a) names of associated companies from which advances were received.
5. For receivers' certificates, show in column (a) the named of the court and date of court order under which

- such certificates were issued.
6. In column (b) show the principal amount of bonds or other long-term debt originally issued.
7. In column (c) show the expense, premium or discount with respect to the amount of bonds or other long-term debt originally issued.
8. For column (c) the total expenses should be listed first for each issuance, then the amount of premium (in parentheses) or discount. Indicate the premium or discount with a notation, such as (P) or (D). The expenses, premium or discount should not be netted.
9. Furnish in a footnote particulars (details) regarding the treatment of unamortized debt expense, premium or discount associated with issues redeemed during the year. Also, give in a footnote the date of the Commission's authorization of treatment other than as specified by the

Line No.	(a)	Principal Amount of Debt Issued (b)	Total Expense Premium or Discount (c)
1	FIRST MORTGAGE BONDS:		
2			
3			
4	9.57% Series Due 2018	10,000,000	7,211
5	10.03% Series Due 2018	5,500,000	3,883
6	9.08% Series Due 2022	8,000,000	4,067
7	4.90% Series Due 2031	14,000,000	26,871
8	6.85% Series Due 2031	15,000,000	40,289
9			
10			
11			
12			
13			
14			
15	0		
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			
26			
27			
28			
29	TOTAL	52,500,000	82,321

LONG-TERM DEBT (Accounts 221, 222, 223, and 224) (Continued)

Uniform System of Accounts.

- 10. Identify separate undisclosed amounts applicable to issues which were redeemed in prior years.
- 11. Explain any debits and credits other than amortization debited to Account 428, Amortization of Debt Discount and expense, or credited to Account 429, Amortization of Premium on Debt- Credit.
- 12. In a supplemental statement, give explanatory particulars (details) for Accounts 223 and 224 of net changes during the year. With respect to long-term advances show for each company: (a) principal advanced during year, (b) interest added to principal amount, and (c) principal repaid during year. Give Commission authorization numbers and dates.
- 13. If the respondent has pledged any of its long-term debt securities give particulars (details) in a footnote.

- including name of pledgee and purpose of the pledge.
- 14. If the respondent has any long-term debt securities which have been nominally issued and are nominally outstanding at end of year, describe such securities in a footnote.
- 15. If interest expense was incurred during the year on any obligations retired or acquired before end of year, include such interest expense in column (i). Explain in a footnote any difference between the total of column (i) and the total of Account 427, Interest on Long-Term Debt and Account 430, Interest on Debt to Associated Companies.
- 16. Give particulars (details) concerning any long-term debt authorized by a regulatory commission but not yet issued.

Nominal Date of Issue (d)	Date of Maturity (e)	AMORTIZATION PERIOD		Outstanding (Total amount outstanding without reduction for amounts held by respondent) (h)	Interest for Year Amount (i)	Line No.
		Date From (f)	Date To (g)			
						1
						2
						3
5/1/88	5/1/18	5/1/88	5/1/18	10,000,000	957,000	4
5/1/88	5/1/18	5/1/88	5/1/18	5,500,000	551,650	5
6/1/92	6/1/22	6/1/92	6/1/22	8,000,000	726,400	6
11/1/01	11/1/31	11/1/01	11/1/31	14,000,000	686,000	7
10/1/01	10/1/31	10/1/01	10/1/31	15,000,000	1,027,500	8
						9
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						32
				52,500,000	3,948,550	33

RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME
FOR FEDERAL INCOME TAXES

1. Report the reconciliation of reported net income for the year with taxable income used in computing Federal income tax accruals and show computation of such tax accruals. Include in the reconciliation, as far as practicable, the same detail as furnished on Schedule M-1 of the tax return for the year. Submit a reconciliation even though there is no taxable income for the year. Indicate clearly the nature of each reconciling amount.

2. If the utility is a member of a group which files a consolidated Federal tax return, reconcile reported net income with taxable net income as if a separate return were to be filed, indicating, however, intercompany amounts to be eliminated in such a consolidated return. State names of group members, tax assigned to each group member, and basis of allocation, assignment, or sharing of the consolidated tax among the group members.

Line No.	Particulars (Details) (a)	Amount (b)
1	Net Income for the Year (Page 9) *	\$4,011,267
2	Reconciling Items for the Year	
3	Interest on Water Installment Payment	(251,631)
4	Taxable Income Not Reported on Books	
5	Service Contributions	1,185,549
6	Depreciation	1,699,475
7	Penalties	14,296
8	Pension Reserve	1,289,452
9	Self Insurance Reserve	115,440
10	Underrecoveries of Purchased Energy Costs	2,820,067
11	Conservation Program Costs	331,222
12	Outside Audit Fees	9,095
13	Storm Reserve	268,975
14		
15	Deductions Recorded on Books Not Deducted for Return	
16	Meals Expense	15,504
17	ESPP Compensation	51,920
18	Rate Case Expense	173,386
19	Rate Refund Pending	179,500
20	Vacation Pay	77,533
21	Depreciation Study	-
22	Loss on Reacquired Debt	18,284
23	Income Taxes (excluding current state income of \$ 765,500)	1,361,361
24	Refurbish Project	-
25	Bare Steel Replacement Program	566,308
26	Misc. Deferrals	-
27	Uncollectible Reserve	148,232
28	Lobby cost	167
29	Capitalized Interest	261,732
30		
31	Income Recorded on Books Not Included in Return	
32	Environmental Costs	107,137
33	AEP Depreciation	291,945
34	Deferred Gain	120,420
35	Amortization of Intangibles	227,545
36	General Liability	114,689
37	Natural Gas Odorizer	24,020
38		
39	Deductions on Return Not Charged Against Book Income	
40	Ordinary Loss on ACRS Property Retirements	480,000
41	Cost of Removal ADR Property	54,000
42	Electric Consultant Fee	23,910
43		
44		
45	Federal Tax Net Income	12,903,468
46	Show Computation of Tax:	
47		
48	Tax at 34%	4,387,179
49	Rounding	(79)
50	TOTAL Federal Income Tax Payable	4,387,100
51	* Excludes Flo-Gas Net Income of	157,514
52		
53		
54		

TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR

1. Give particulars (details) of the combined prepaid and accrued tax accounts and show the total taxes charged to operations and other accounts during the year. Do not include gasoline and other sales taxes which have been charged. If the actual or estimated amounts of such taxes are known, show the amounts in a footnote and designate whether estimated or actual amounts.

2. Include on this page, taxes paid during the year and charged direct to final accounts, (not charged to prepaid accrued taxes). Enter the amounts in both columns (d) and (e). The balancing of this page is not affected by inclu-

sion of these taxes.

3. Include in column (d) taxes charged during the year, taxes charged to operations and other accounts through (a) accruals credited to taxes accrued, (b) amounts credited to proportions of prepaid taxes chargeable to current year, and (c) taxes paid and charged direct to operations or accounts other than accrued and prepaid tax accounts.

4. List the aggregate of each kind of tax in such manner that the total tax for each State and subdivision can readily be ascertained.

5. If any tax (exclude Federal and State income taxes)

Line No.	Kind of Tax (See Instruction 5) (a)	BALANCE AT BEGINNING OF YEAR		Taxes Charged During Year (d)	Taxes Paid During Year (e)	Adjustments (f)
		Taxes Accrued (Account 236) (b)	Prepaid Taxes (Include in Account 165) (c)			
1	Federal Taxes:					
2	Income Tax	(89,948)		(3,795,754)	2,631,638	
3	Unemployment Tax - Current	(1,032)		(22,898)	23,036	
4	Environmental Tax - Prior	0				
5	Environmental Tax - Current	0				
6	F I C A - Current	0		(1,229,181)	1,229,181	
7	Total Federal Taxes	(90,980)	-	(5,047,833)	3,883,855	
8						
9	State of Florida:					
10	Income	(37,844)		(750,396)	536,809	
11	Emergency Excise Tax - Prior	0				
12	Emergency Excise Tax - Current	0				
13	Gross Receipts - Prior	0				
14	Gross Receipts - Current	(271,723)		(3,232,704)	3,208,567	
15	FPSC Assessment - Prior	0				
16	FPSC Assessment - Current	(183,596)		(404,748)	429,933	
17	Intangible Personal Prop.-Current	0				
18	Unemployment - Prior	0				
19	Unemployment - Current	(2,012)		(36,923)	37,494	
20	Licenses - Current	0				
21	Total State of Florida Taxes	(495,175)	-	(4,424,771)	4,212,803	0
22						
23	Local:					
24	Advalorem - Prior	-		0	0	
25	Advalorem - Current	-		(1,634,032)	1,634,032	
26	Licenses - Current	-		0	0	
27	City Franchise Tax	-		0	0	
28	Total Local Taxes	-	0	(1,634,032)	1,634,032	
29						
30	Reclassified to Prepaid Taxes					
31	Federal Taxes:					
32	Income Tax					
33	State of Florida:					
34	Income					
35						
36						
37						
38	TOTAL	(586,155)	0	(11,106,636)	9,730,690	0

TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR (Continued)

covers more than one year, show the required information separately for each tax year, identifying the year in column (a).

6. Enter all adjustments of the accrued and prepaid tax accounts in column (f) and explain each adjustment in a footnote. Designate debit adjustments by parentheses.

7. Do not include on this page entries with respect to deferred income taxes or taxes collected through payroll footnote. Designate debit adjustments by parentheses. Deductions or otherwise pending transmittal of such taxes to the taxing authority.

8. Report in column (i) through (l) how the taxes were

distributed. Report in column (i) only the amounts charged to Accounts 408.1 and 409.1 pertaining to electric operations. Report in column (l) the amounts charged to Accounts 408.1 and 409.1 pertaining to other utility departments and amounts charged to Accounts 408.2 and 409.2. Also show in column (l) the taxes charged to utility plant or other balance sheet accounts.

9. For any tax apportioned to more than one utility department or account, state in a footnote the basis (necessity) of apportioning such tax.

BALANCE AT END OF YEAR		DISTRIBUTION OF TAXES CHARGED				Line No.
Taxes Accrued (Account 236) (g)	Prepaid Taxes (Incl. in Account 165) (h)	Electric (Account 408.1, 409.1) (i)	Extraordinary Items (Account 409.3) (j)	Adjustment to Ret. Earnings (Account 439) (k)	Other Gas & Common (l)	
						1
(1,254,064)	0	660,372			171,465	2
(894)	0	1,329			0	3
0	0	0			0	4
0	0	0			0	5
0	0	241,761			0	6
(1,254,958)	0	903,462			171,465	7
						8
						9
(251,431)	0	112,523			67,460	10
0	0	0			0	11
0	0	(8,261)			0	12
0	0	0			0	13
(295,860)	0	1,184,787			0	14
0	0	0			0	15
(158,411)	0	34,408			0	16
0	0	0			0	17
0	0	0			0	18
(1,441)	0	1,019			0	19
0	0	0			0	20
(707,143)		1,324,476			67,460	21
						22
						23
0	0	0			0	24
0	0	513,885			0	25
0	0	613			0	26
0	0	2,012,632			0	27
0	0	2,527,130			0	28
						29
						30
						31
						32
						33
						34
						35
						36
						37
(1,962,101)	0	4,755,068			238,925	38

ACCUMULATED DEFERRED INVESTMENT TAX CREDITS (Account 255)

Report below the information applicable to Account 255.
Where appropriate, segregate the balances and transactions
by utility and nonutility operations. Explain

by footnote any correction adjustment to the account
balance shown in column (g). Include in column (i) the
average period over which the tax credits are amortized.

Line No.	Account Subdivisions (a)	Balance at Beginning of Year (b)	Deferred for Year		Allocations to Current Year's Income		Adjustments (g)
			Account No. (c)	Amount (d)	Account No. (e)	Amount (f)	
1	Electric Utility						
2	3%	1,472			411.4	22	0
3	4%	0			411.4	-	0
4	8	34,681				5,022	0
5	10%	120,385			411.4	27,277	0
6	Prior Period Adjustment	745				-	0
7							
8	TOTAL	157,283		0		32,321	0
9	Other List separately						
10	and show 3%, 4%, 7%,						
11	10% and TOTAL						
12							
13	Gas Utility						
14	3%	0			4110.4	0	0
15	4%	477			4110.4	475	0
16	8	28,631			4110.4	3,129	0
17	10%	223,718			4110.4	39,038	0
18	Prior Period Adjustment	0					0
19							
20	TOTAL	252,826		0		42,642	
21							
22							
23							
24							
25							
26							
27							
28							
29	TOTAL	0		0		0	0
30							
31	TOTAL UTILITIES	410,109		0		74,963	0
32							
33							
34							
35							
36							
37							
38							
39							
40							
41							
42							
43							
44							

ACCUMULATED DEFERRED INVESTMENT TAX CREDITS (Account 255) (Continued)

Balance at End Year (h)	Average Period of Allocation to Income (i)	Adjustment Explanation	Line No.
1,450	28 YEARS		1
0	28 YEARS		2
29,659			3
93,108	28 YEARS		4
745			5
			6
			7
124,962			8
			9
			10
			11
			12
0	35 YEARS		13
2	35 YEARS		14
25,502	36 YEARS		15
184,680	35 YEARS		16
0			17
			18
210,184			19
			20
			21
			22
			23
			24
			25
			26
			27
			28
0			29
			30
335,146			31
			32
			33
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1. Report below the particulars (details) called for concerning other deferred credits.
2. For any deferred credit being amortized, show the period of amortization.

3. Minor items (5% of the Balance End of Year for Account 253 or amounts less than \$10,000, whichever is greater) may be grouped by classes.

Line No.	Description of Other Deferred Credit (a)	Balance at Beginning of Year (b)	DEBITS		Credits (e)	Balance at End of Year (f)
			Contra Account (c)	Amount (d)		
1	Over Recovery of Fuel Adjustment-Electric	1,152,894	456.1	1,448,868	1,141,438	845,464
2	(Amortized over succeeding six month		456.11			
3	period)					
4						
5	Over Recovery of Fuel Adjustment-Gas	0	495.1	5,026,191	8,682,212	3,656,021
6	(Amortized over succeeding twelve month		495			
7	period)					
8						
9	Environmental Insurance Proceeds	14,000,745	1860.1	1,065,863	818,124	13,753,006
10						
11	Over Recovery Conservation (Electric)	107,034	456.6	196,798	134,416	44,652
12						
13	Over Recovery Conservation (Gas)	0	495.7	1,227,827	1,538,500	310,673
14						
15	Over Recovery Unbundling (Gas)	(1)	495.8	0	1	0
16						
17	Gain on Sale of Property	0	4030.1	0	0	0
18						
19	Other Deferred Credit - Cashier	0	4030.1	2,020	2,020	0
20	Overage/Shortage					
21						
22	Gain on sale of property (Gas)	161,074		120,421	0	40,653
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41						
42	TOTAL	\$15,421,746		\$9,087,988	\$12,316,711	\$18,650,469
43						
44						

ACCUMULATED DEFERRED INCOME TAXES-OTHER PROPERTY (Account 282)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes relating to property not subject to accelerated amortization.

Line No.	Account Subdivisions	Balance at Beginning of Year	CHANGES DURING YEAR	
			Amounts Debited (Account 410.1)	Amounts Credited (Account 411.1)
	(a)	(b)	(c)	(d)
1	Account 282			
2	Electric	5,689,568	116,969	
3	Gas	9,807,573	314,454	
4	Other - Water			
5	Other - Common	3,112,430	(3,463)	
6	TOTAL (Lines 2 thru 4)	18,609,571	427,960	0
7	Other (Specify)			
8				
9				
10				
11	TOTAL Account 282 (Lines 5 thru 8)	\$18,609,571	\$427,960	\$0
12				
13	Classification of TOTAL			
14	Federal Income Tax	16,002,197	351,960	
15	State Income Tax	2,607,374	76,000	
16	Local Income Tax			
17	Total	18,609,571	427,960	
18				
19	Other Reclassification for SFAS no. 143. COR	8,256,355	-	
20				
21	Total	26,865,926	427,960	-
22				
23				
24				
25				
26				

0

ACCUMULATED DEFERRED INCOME TAXES-OTHER PROPERTY (Account 282) (Continued)

- 2. For Other (Specify), include deferrals relating to other income and deductions.
- 3. Use footnotes as required.

CHANGES DURING YEAR		ADJUSTMENTS				Balance at End of Year	Line No.
Amounts Debited (Account 410.2)	Amounts Credited (Account 411.2)	Acct. Debited (g)	Credits Amount (h)	Acct. Credited (i)	Debits Amount (j)		
(e)	(f)						
		1460.009	(851,256)		0	6,423,855	1
		1460.009	(1,118,762)		0	10,611,881	2
						0	3
		1460.009	0		2,144,400	971,493	4
0	0		(1,970,018)		2,144,400	18,007,229	5
						0	6
						0	7
						0	8
						0	9
\$0	\$0		(\$1,970,018)		\$2,144,400	\$18,007,229	10
			(1,970,018)		2,144,400	15,475,855	11
						2,531,374	12
			(1,970,018)		2,144,400	18,007,229	13
-	-	2820	543,475	-	-	8,799,830	14
-	-		(1,426,543)	-	2,144,400	26,807,059	15

ACCUMULATED DEFERRED INCOME TAXES - OTHER (Account 283)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes relating to amounts recorded in Account 283.
2. For Other (Specify), include deferrals relating to other income and deductions.

Line No.	Account Subdivisions (a)	Balance at Beginning of Year (b)	CHANGES DURING THE YEAR	
			Amounts Debited (Account 410.1) (c)	Amounts Credited (Account 411.1) (d)
1	Account 283			
2	Electric			
3	Underrecoveries	606,537	36,062	
4	Pension Costs	(101,388)	(78,633)	
5	Conservation Costs	(40,277)	32,690	
6	Loss on Reacquired Debt	38,442	(3,881)	
8	Rate Case	103,654	(31,894)	
9	Depreciation Study	0	0	
9	Consulting Fees	0	18,213	
10	Adjustment from 4100.1 to 4090.1	0	0	
11	TOTAL Electric (Total Lines 3-9)	606,968	(27,443)	0
12				
13				
14	Gas			
15	Underrecoveries	1,097,252	(1,097,252)	
16	Pension Costs	(227,789)	(174,278)	
20	Conservation Cost	31,206	(148,112)	
17	Loss on Reacquired Debt	46,987	(2,999)	
18	Deltona Repairs	200	0	
19	Rate Case	100,054	(33,350)	
21	Depreciation Study	0	0	
22	Odorizer	5,406	9,038	
23	AEP	0	0	
24	Unbundled	0	0	
25	Adjustment from 4100.1 to 4090.1	0		
26	TOTAL Gas (Total Lines 15 - 23)	1,053,316	(1,446,953)	0
27				
28	Total Gas and Electric (line 11 and 26)	1,660,284	(1,474,396)	0
29				
30				
31	Other - Common	0	0	0
32				
33	TOTAL Account 283 (Total lines 11, 25 and 31)	\$1,660,284	(\$1,474,396)	\$0
34				
35				
36	Classification of TOTAL			
37	Federal Income Tax	1,417,619	(1,258,899)	
38	State Income Tax	242,665	(215,498)	
39	Local Income Tax	0		

ACCUMULATED DEFERRED INCOME TAXES-OTHER (Account 283)(Continued)

3. Provide in the space below explanations for pages 276 and 277. Include amounts relating to insignificant items under Other.
 4. Use footnotes required.

Amounts Debited (Account 410.2) (e)	Amounts Credited (Account 411.2) (f)	Debits		Credits		Balance at End of Year (k)	Line No.
		Acct. Credited (g)	Amount (h)	Acct. Debited (i)	Amount (j)		
						642,599	1
						(236,125)	2
				1460.009	(56,104)	(16,803)	3
				1460.009	(9,216)	34,561	4
						71,760	5
						0	6
						18,213	7
						0	8
					(65,320)	514,205	9
0	0		0				10
						0	11
					-95531	(497,598)	12
						(116,906)	13
						43,988	14
					-200	0	15
					-1	66,703	16
						0	17
						14,444	18
						0	19
						0	20
					(95,732)	(489,369)	21
0	0		0				22
					(161,052)	24,836	23
0	0		0				24
						0	25
						0	26
						0	27
						0	28
						0	29
						0	30
						0	31
						0	32
						0	33
						0	34
\$0	\$0		\$0		(\$161,052)	\$24,836	35
						0	36
						0	37
					(137,513)	21,207	38
0	0		0		(23,539)	3,628	39
0	0		0			0	40
						0	41

OTHER REGULATORY LIABILITIES (Account 254)

1. Reporting below the particulars (details) called for concerning other regulatory liabilities which are created through the ratemaking actions of regulatory agencies (and not includable in other amounts).
 2. For regulatory liabilities being amortized, show period of amortization in column (a).

3. Minor items (5% of the Balance at End of Year for Account 254 or amounts less than \$50,000, whichever is less) may be grouped by classes.

Line No.	Description and Purpose of Other Regulatory Liabilities (a)	DEBITS		Credits (d)	Balance End of Year (e)
		Account Credited (b)	Amount (c)		
1	See Page 274				
2					
3					
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ELECTRIC OPERATING REVENUES (Account 400)

1. Report below operating revenues for each prescribed account, and manufactured gas revenues in total.
 2. Report number of customers, columns (f) and (g), on the basis of meters, in addition to the number of flat rate accounts; except that where separate meter readings are added for billing purposes, one customer should be

counted for each group of meters added. The average number of customers means the average of twelve figures at the close of each month.
 3. If increases or decreases from previous year (columns (c), (e), and (g)), are not derived from previously reported figures, explain any inconsistencies in a footnote.

OPERATING REVENUES			
Line No.	Title of Account (a)	Amount for Year (b)	Amount for Previous Year (c)
1	Sales of Electricity		
2	(440) Residential Sales	\$22,556,092	\$22,995,513
3	(442) Commercial and Industrial Sales		
4	Small (or Commercial)	4,375,299	4,413,956
5	Large (or Industrial)	19,120,721	18,908,593
6	(443) Outdoor Lighting	1,085,460	1,048,312
7	(444) Public Street and Highway Lighting	286,322	289,146
8	(445) Other Sales to Public Authorities	0	-
10	(448) Interdepartmental Sales	28,625	31,047
9	(456.3) Unbilled Revenues	8,373	(137,903)
11			
12	TOTAL Sales to Ultimate Consumers	47,460,892	47,548,664
13	(447) Sales for Resale		
14			
15	TOTAL Sales of Electricity	47,460,892	47,548,664
16	(Less) (449.1) Provision for Rate Refunds	-	-
17			
18	TOTAL Revenue Net of Provision for Refunds	47,460,892	47,548,664
19	Other Operating Revenues		
20	(450) Forfeited Discounts	354,696	356,713
21	(451) Miscellaneous Service Revenues	219,888	246,143
22	(453) Sales of Water and Water Power	-	-
23	(454) Rent from Electric Property	114,082	116,203
24	(455) Interdepartmental Rents	-	-
25	(456.2) Other Electric Revenues	7,847	8,782
26	(456.1) Overrecoveries Purchase Electric	307,430	(851,787)
27	(456.6) Overrecoveries Conservation	62,382	24,840
28			
29			
30	TOTAL Other Operating Revenues	1,066,325	(99,106)
31			
32	TOTAL Electric Operating Revenues	\$48,527,217	\$47,449,558

ELECTRIC OPERATING REVENUES (Account 400) (Continued)

4. Commercial and Industrial Sales, Account 442, may be classified according to the basis of classification (Small or Commercial, and Large or Industrial) regularly used by the respondent if such basis of classification is not generally greater than 1000 kw of demand. (See Account 442 of the Uniform System of Accounts. Explain basis of classification in a footnote.)

5. See page 108-109, Important Changes During Year, for important new territory added and important rate increases or decreases.

6. For lines 2,4,5, and 6, see page 304 for amounts relating to unbilled revenues by accounts.

7. Include unmetered sales. Provide details of such sales in a footnote.

MEGAWATT HOURS SOLD		AVERAGE NUMBER OF CUSTOMERS PER MONTH		
Amount for Year (d)	Amount for Previous Year (e)	Number for Year (f)	Number for Previous Year (g)	Line No.
349,931	350,659	23,464	23,120	1
59,622	59,983	3,412	3,385	2
431,224	406,194	722	714	3
5,223	5,024			4
1,939	1,976	19	19	5
0	-	0	0	6
779	809	13	12	7
406	(10,292)	0	0	8
849,124	814,353	27,630	27,250	9
849,124	814,353	27,630	27,250	10
849,124	814,353	27,630	27,250	11
				12
				13
				14
				15
				16
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SALES OF ELECTRICITY BY RATE SCHEDULES

1. Report below for each rate schedule in effect during the year the MWh of electricity sold, revenue, average number of customers, average KWh per customer, and average revenue per KWh, excluding data for Sales for Resale which is reported on pages 310-311.
 2. Provide a subheading and total for each prescribed operating revenue account in the sequence followed in "Electric Operating Revenues," page 300-301. If the sales under any rate schedule are classified in more than one revenue account, list the rate schedule and sales data under each applicable revenue account subheading.
 3. Where the same customers are served under more than one

rate schedule in the same revenues account classification (such as a general residential schedule and an off peak water heating schedule), the entries in column (d) for the special schedule should denote the duplication in number of reported customers.
 4. The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the (12 if all billings are made monthly).
 5. For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
 6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate Schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWH of Sales per Customer (e)	Revenue (cents) per KWH Sold (f)
1	*					
2						
3						
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37						
38						
39						
40	Total Billed	848,718,000	47,452,519	27,630	30,717.3	0.056
41	Total Unbilled Rev.	406,000	8,373			
42	Rate Refund		0			
43	TOTAL	849,124,000	47,460,892	27,630	30,732.0	0.056

* Breakdown per each rate is not readily available.

ELECTRIC OPERATION AND MAINTENANCE EXPENSES

Account (a)	Amount for Current Year (b)	Amount for Previous Year ©
1 (1) POWER PRODUCTION EXPENSES		
2 A. Steam Power Generation		
3 Operation		
4 (500) Operation Supervision and Engineering	-	-
5 (501) Fuel	-	-
6 (502) Steam Expenses	-	-
7 (503) Steam from Other Sources	-	-
8 (Less) (504) Steam Transferred-Cr.	-	-
9 (505) Electric Expenses	-	-
10 (506) Miscellaneous Steam Power Expenses	-	-
11 (507) Rents	-	-
12 TOTAL Operation	-	-
13 Maintenance		
14 (510) Maintenance Supervision and Engineering	-	-
15 (511) Maintenance of Structures	-	-
16 (512) Maintenance of Boiler Plant	-	-
17 (513) Maintenance of Electric Plant	-	-
18 (514) Maintenance of Miscellaneous Steam Plant	-	-
19 TOTAL Maintenance	-	-
20 TOTAL Power Production Expenses-Steam Plant	-	-
21 B. Nuclear Power Generation		
22 Operation		
23 (517) Operation Supervision and Engineering	-	-
24 (518) Fuel	-	-
25 (519) Coolants and Water	-	-
26 (520) Steam Expenses	-	-
27 (521) Steam from Other Sources	-	-
28 (Less) (522) Steam Transferred-Cr.	-	-
29 (523) Electric Expenses	-	-
30 (524) Miscellaneous Nuclear Power Expenses	-	-
31 (525) Rents	-	-
32 TOTAL Operation	-	-
33 Maintenance		
34 (528) Maintenance Supervision and Engineering	-	-
35 (529) Maintenance of Structures	-	-
36 (530) Maintenance of Reactor Plant Equipment	-	-
37 (531) Maintenance of Electric Plant	-	-
38 (532) Maintenance of Miscellaneous Nuclear Plant	-	-
39 TOTAL Maintenance	-	-
40 TOTAL Power Production Expenses-Nuclear Power	-	-
41 C. Hydraulic Power Generation		
42 Operation		
43 (535) Operation Supervision and Engineering	-	-
44 (536) Water for Power	-	-
45 (537) Hydraulic Expenses	-	-
46 (538) Electric Expenses	-	-
47 (539) Miscellaneous Hydraulic Power Generation Expenses	-	-
48 (540) Rents	-	-
49 TOTAL Operation	-	-

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

Account	Amount for Current Year	Amount for Previous Year
50 C. Hydraulic Power Generation (Continued)		
51 Maintenance		
52 (541) Maintenance Supervision and Engineering	-	-
53 (542) Maintenance of Structures	-	-
54 (543) Maintenance of Reservoirs, Dams, and Waterways	-	-
55 (544) Maintenance of Electric Plant	-	-
56 (545) Maintenance of Miscellaneous Hydraulic Plant	-	-
57 TOTAL Maintenance	-	-
58 TOTAL Power Production Expenses-Hydraulic Power	-	-
59 D. Other Power Generation		
60 Operation		
61 (546) Operation Supervision and Engineering	-	-
62 (547) Fuel	-	-
63 (548) Generation Expenses	-	-
64 (549) Miscellaneous Other Power Generation Expenses	-	-
65 (550) Rents	-	-
66 TOTAL Operation	-	-
67 Maintenance		
68 (551) Maintenance Supervision and Engineering	-	-
69 (552) Maintenance of Structures	-	-
70 (553) Maintenance of Generating and Electric Plant	-	-
71 (554) Maintenance of Miscellaneous Other Power Generation Plant	-	-
72 TOTAL Maintenance	-	-
73 TOTAL Power Production Expenses-Other Power	-	-
74 E. Other Power Supply Expenses		
75 (555) Purchased Power	30,260,199	29,483,309
76 (556) System Control and Load Dispatching	-	-
77 (557) Other Expenses	346,237	236,816
78 TOTAL Other Power Supply Expenses	30,606,436	29,720,125
79 TOTAL Power Production Expenses	30,606,436	29,720,125
80 2. TRANSMISSION EXPENSES		
81 Operation		
82 (560) Operation Supervision and Engineering	-	-
83 (561) Load Dispatching	-	-
84 (562) Station Expenses	17,124	11,613
85 (563) Overhead Line Expenses	-	-
86 (564) Underground Line Expenses	-	-
87 (565) Transmission of Electricity by Others	112	4,473
88 (566) Miscellaneous Transmission Expenses	-	-
89 (567) Rents	-	-
90 TOTAL Operation	17,236	16,086
91 Maintenance		
92 (568) Maintenance Supervision and Engineering	-	-
93 (569) Maintenance of Structures	-	-
94 (570) Maintenance of Station Equipment	99,061	60,096
95 (571) Maintenance of Overhead Lines	77,953	52,312
96 (572) Maintenance of Underground Lines	-	-
97 (573) Maintenance of Miscellaneous Transmission Plant	446	-
98 TOTAL Maintenance	177,460	112,408
99 TOTAL Transmission Expenses	194,696	128,494
100 3. DISTRIBUTION EXPENSES		
101 Operation		
102 (580) Operation Supervision and Engineering	307,123	333,852
103 (581) Load Dispatching	-	591

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

Account	Amount for Current Year	Amount for Previous Year
104 3. DISTRIBUTION EXPENSES (Continued)		
105 (581) Load Dispatching		
106 (582) Station Expenses	47,082	49,932
107 (583) Overhead Line Expenses	112,800	81,400
108 (584) Underground Line Expenses	29,600	28,340
109 (585) Street Lighting and Signal System Expenses	11,957	13,630
110 (586) Meter Expenses	255,672	250,175
111 (587) Customer Installations Expenses	93,254	86,606
112 (588) Miscellaneous Distribution Expenses	207,664	229,388
113 (589) Rents	1,029	644
114 TOTAL Operation	1,066,181	1,074,558
115 Maintenance		
116 (590) Maintenance Supervision and Engineering	136,319	132,797
117 (591) Maintenance of Structures	10,070	12,939
118 (592) Maintenance of Station Equipment	72,974	170,331
119 (593) Maintenance of Overhead Lines	1,124,891	1,183,612
120 (594) Maintenance of Underground Lines	136,014	133,355
121 (595) Maintenance of Line Transformers	126,038	96,161
122 (596) Maintenance of Street Lighting and Signal Systems	49,101	30,141
123 (597) Maintenance of Meters	35,250	28,323
124 (598) Maintenance of Miscellaneous Distribution Plant	71,496	65,811
125 TOTAL Maintenance	1,762,153	1,853,470
126 TOTAL Distribution Expenses	2,828,334	2,928,028
127 4. CUSTOMER ACCOUNTS EXPENSES		
128 Operation		
129 (901) Supervision	115,063	173,122
130 (902) Meter Reading Expenses	276,881	234,213
131 (903) Customer Records and Collection Expenses	757,696	745,758
132 (904) Uncollectible Accounts	87,415	(7,795)
133 (905) Miscellaneous Customer Accounts Expenses	94,357	80,497
134 TOTAL Customer Accounts Expenses	1,331,412	1,225,795
135 5. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES		
136 Operation		
137 (907) Supervision	73,940	77,377
138 (908) Customer Assistance Expenses	200,297	196,573
139 (909) Informational and Instructional Expenses	159,139	176,738
140 (910) Miscellaneous Customer Service and Informational Expenses	22,785	22,923
141 TOTAL Cust. Service and Informational Expenses	456,161	473,611
142 6. SALES EXPENSES		
143 Operation		
144 (911) Supervision	-	-
145 (912) Demonstrating and Selling Expenses	-	-
146 (913) Advertising Expenses	130,986	21,847
147 (916) Miscellaneous Sales Expenses	13,249	1,998
148 TOTAL Sales Expenses	144,235	23,845
149 7. ADMINISTRATIVE AND GENERAL EXPENSES		
150 Operation		
151 (920) Administrative and General Salaries	960,255	830,977
152 (921) Office Supplies and Expenses	152,190	207,547
153 (Less) (922) Administrative expenses Transferred-Cr.	-	-
154 (923) Outside Services Employed	197,087	151,865
155 (924) Property Insurance	175,044	175,059
156 (925) Injuries and Damages	438,377	426,799
157 (926) Employee Pensions and Benefits	900,806	870,832

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

Account	Amount for Current Year	Amount for Previous Year
157 7. ADMINISTRATIVE AND GENERAL EXPENSES	-	-
158 (927) Franchise Requirements	-	118,835
159 (928) Regulatory Commission Expenses	131,083	-
160 (Less) (929) Duplicate Charges-Cr.	-	-
161 (930.1) General Advertising Expenses	86,008	102,621
162 (930.2) Miscellaneous General Expenses	8,308	7,035
163 (931) Rents	<u>3,049,158</u>	<u>2,891,570</u>
164 TOTAL Operation		
165 Maintenance	<u>159,700</u>	<u>78,255</u>
166 (935) Maintenance of General Plant	<u>3,208,858</u>	<u>2,969,825</u>
167 TOTAL Administrative and General Expenses	<u>38,770,132</u>	<u>37,469,723</u>
168 TOTAL Electric Operation and Maintenance Expenses		

NUMBER OF ELECTRIC DEPARTMENT EMPLOYEES

1. The data on number of employees should be reported for the payroll period ending nearest to October 31, or any payroll period ending 60 days before or after October 31.
2. If the respondent's payroll for the reporting period includes any special construction personnel, include such employees on line 3, and show the number of such special construction employees in a footnote.
3. The number of employees assignable to the electric department from joint functions of combination utilities may be determined by estimate, on the basis of employee equivalents. Show the estimated number of equivalent employees attributed to the electric department from joint functions.

See page 462

1. Report all power purchases made during the year. Also report exchanges of electricity (i.e., transactions involving a balancing of debits and credits for energy, capacity, etc.) and any settlements for imbalanced exchanges.
2. Enter the name of the seller or other party in an exchange transaction in column (a). Do not abbreviate or truncate the name or use acronyms. Explain in a footnote any ownership interest or affiliation the respondent has with the seller.
3. In column (b), enter a Statistical Classification Code based on the original contractual terms and conditions of the services as follows:

RQ-for requirements service. Requirements service is service which the supplier plans to provide on an on-going basis (i.e., the supplier includes projected load for this service in its system resource planning). In addition, the reliability of requirements service must be the same as, or second only to, the supplier's service to its own ultimate consumers.

LF-for long-term service. "Long-term" means five years longer and "firm" means that service cannot be interrupted for economic reasons and is intended to remain reliable even under adverse conditions (e.g., the supplier must attempt to buy emergency energy from third parties to maintain deliveries of LF service). This category should not be used for long-term firm service

which meets the definition of RQ service. For all transactions identified as LF, provide in a footnote the termination date of the contract defined as the earliest date that either buyer or seller can unilaterally get out of the contract.

IF-for intermediate-term firm service. The same as LF service except that "intermediate-term" means longer than one year but less than five years.

SF-for short-term firm service. Use this category for all firm services, where the duration of each period of commitment for service is one year or less.

LU-for long-term service from a designated generating unit. Long-term" means five years or longer. The availability and reliability of service, aside from transmission constraints, must match the availability and reliability of the designated unit.

IU-for intermediate-term service from a designated generating unit. The same as LU service except that "intermediate-term" means longer than one year but less than five years.

EX-For exchanges of electricity. Use this category for transactions involving a balancing of debits and credits for energy, capacity, etc. and any settlements for imbalanced exchanges.

Line No.	Name of Company or Public Authority [Footnote Affiliations] (a)	Statistical Classification (b)	FERC Rate Schedule or Tariff Number (c)	Average Monthly Billing Demand (d)	Actual Demand (MW)	
					Average Monthly NCP Demand (e)	Average Monthly CP Demand (f)
1	Jacksonville Electric Authority	RQ	MS	81.40	NA	NA
2	Jefferson Smurfit Corporation	OS		NA	NA	NA
3	Gulf Power Company	RQ	RE	64.32	NA	NA

OS-for other service. Use this category only for those services which cannot be placed in the above-defined categories, such as all nonfirm service regardless of the length of the contract and service from designated units of less than one year. Describe the nature of the service in a footnote.

AD-for out-of-period adjustment. Use this code for any accounting adjustments or "true-ups" for service provided in prior reporting years. Provide an explanation in a footnote for each adjustment.

4. In column(c), identify the FERC Rate Schedule Number or Tariff, or, for non-FERC jurisdictional sellers, include an appropriate designation for the contract. On separate lines, list all FERC rate schedules, tariffs or contract designations under which service, as identified in column(b), is provided.

5. For requirements RQ purchases and any type of service involving demand charges imposed on a monthly (or longer) basis, enter the monthly average billing demand in column(d), the average monthly non-coincident peak(NCP) demand in column(e), and the average monthly coincident peak(CP) demand in column(f). For all other types of service, enter NA in columns(d),(e) and (f). Monthly NCP demand is the maximum metered hourly (60-minute integration) demand in a month. Monthly CP Demand is the metered demand during the hour (60-minute integration) in which the supplier's system reaches its monthly peak. Demand reported in columns

(e) and (f) must be in megawatts. Footnote any demand not stated on a megawatt basis and explain.

6. Report in column(g) the megawatthours shown on bills rendered to the respondent. Report in columns(h) and (i) the megawatthours of power exchanges received and delivered, used as the basis for settlement. Do not report net exchange.

7. Report demand charges in column(j), energy charges in column(k), and the total of any other types of charges including out-of-period adjustments, in column(l). Explain in a footnote all components of the amount shown in column(l). Report in column(m) the total charge shown on bills received as settlement by the respondent. For power exchanges, report in column(m) the settlement amount for the net receipt of energy. If more energy was delivered than received, enter a negative amount. If the settlement amount(1) includes credits or charges other than incremental generation expenses, or (2) excludes certain credits or charges covered by the agreement, provide an explanatory footnote.

8. The data in columns(g) through (m) must be totalled on the last line of the schedule. The total amount in column(g) must be reported as Purchases on page 401, line 10. The total amount in column(h) must be reported as Exchange Received on page 401, line 12. The total amount in column(i) must be reported as Exchange Delivered on page 401, line 13.

9. Footnote entries as required and provide explanations following all required data.

Megawatthours Purchased (g)	POWER EXCHANGES		COST/SETTLEMENT OF POWER				Line No.
	Megawatthours Received (h)	Megawatthours Delivered (i)	Demand Charges (\$) (j)	Energy Charges (\$) (k)	Other Charges (\$) (l)	Total (j+k+l) or Settlement (\$) (m)	
516,962			5,860,646	847,818	9,235,640	15,944,104	1
3,870				72,369	0	72,369	2
361,910			5,479,771	446,532	8,566,431	14,492,734	3
							4
							5
							6
							7
							8
							9
							10
							11
							12
							13
882,742			11,340,417	1,366,719	17,802,071	30,509,207	14

MISCELLANEOUS GENERAL EXPENSES (Account 930.2) (Electric)

Line No.	Description (a)	Amount (b)
1	Industry Association Dues	\$4,390
2		
3	Nuclear Power Research Expenses	
4		
5	Other Experimental and General Research Expenses	
6		
7	Publishing and Distributing Information and	
8	Reports to Stockholders; Trustee, Registrar, and	
9	Transfer Agent Fees and Expenses, and Other	
10	Expenses of Servicing Outstanding Securities	
11	of the Respondent	11,186
12		
13	Other Expenses (List items of \$5000 or more in	
14	this column showing the (1) purpose, (2) recipient	
15	and (3) amount of such items. Group amounts of	
16	less than \$5,000 by classes if the number of items	
17	so grouped is shown)	
18		
19	Directors Fees and Expenses	16,173
20	Miscellaneous Expenses	5,246
21	Chamber of Commerce	211
22	Stock Insurance	43,807
23	Economic Development Expense	5,000
24		
25		
26		
27		
28		
29		
30		
31		
32		
33		
34		
35		
36		
37		
38		
39		
40		
41		
42		
43		
44		
45		
46		
47	TOTAL	\$86,013

DEPRECIATION AND AMORTIZATION OF ELECTRIC PLANT (Accounts 403, 404, 405)
(Except amortization of acquisition adjustments)

1. Report in Section A for the year the amounts for:
(a) Depreciation Expense (Account 403); (b) Amortization of Limited-Term Electric Plant (Account 404); and (c) Amortization of Other Electric Plant (Account 405).
2. Report in section B the rates used to compute amortization charges for electric plant (Accounts 404 and 405). State the basis used to compute the charges and whether any changes have been made in the basis or rates used from the preceding report year.
3. Report all available information called for in section C every fifth year beginning with report year 1971, reporting annually only changes to columns (c) through (g) from the complete report of the preceding year.
Unless composite depreciation accounting for total depreciable plant is followed, list numerically in column (a) each plant subaccount, account or functional classification, as appropriate, to which a rate is applied. Identify at the bottom of section C the type of plant included in any subaccounts used.
In column (b) report all depreciable plant balances to which rates are applied showing subtotals by functional

classifications and showing a composite total. Indicate at the bottom of section C the manner in which column (b) balances are obtained. If average balances, state the method of averaging used.
For columns (c), (d), and (e) report available information for each plant subaccount, account or functional classification listed in column (a). If plant mortality studies are prepared to assist in estimating average service lives, show in column (f) the type mortality curve selected as most appropriate for the account and in column (g), if available, the weighted average remaining life of surviving plant.
If composite depreciation accounting is used, report available information called for in columns (b) through (g) on this basis.
4. If provisions for depreciation were made during the year in addition to depreciation provided by application of reported rates, state at the bottom of section C the amounts and nature of the provisions and the plant items to which related.

A. Summary of Depreciation and Amortization Charges

Line No.	Functional Classification (a)	Depreciation Expense (Account 403) (b)	Amortization of Limited-Term Electric Plant (Acct. 404) (c)	Amortization of Other Electric Plant (Acct. 405) (d)	Total (e)
1	Intangible Plant	0			
2	Steam Production Plant	0			
3	Nuclear Production Plant	0			0
4	Hydraulic Production Plant-Conventional	0			0
5	Hydraulic Production Plant-Pumped Storage	0			0
6	Other Production Plant	0			0
7	Transmission Plant	210,979			210,979
8	Distribution Plant	2,223,108			2,223,108
9	General Plant	176,259			176,259
10	Common Plant-Electric *	112,150			112,150
11	Adjustment*	0			0
12	TOTAL	\$2,722,496	\$0	\$0	\$2,722,496

B. Basis for Amortization Charges

* Not included on page 219, Line 3.

FLORIDA PUBLIC UTILITIES COMPANY		An Original						
DEPRECIATION AND AMORTIZATION OF ELECTRIC PLANT (Continued)								
C. Factors Used in Estimating Depreciation Charges								
Line No.	Account No. (a)	Depreciable Plant Base (b)	Estimated Avg. Service Life (c)	Net Salvage (Percent) (d)	Applied Depr. Rate(s) (Percent) (e)	Monthly Curve Type (f)	Average Remaining Life (g)	
12		CONSOLIDATED ELECTRIC DIVISION						
13								
14	TRANSMISSION PLANT							
15	350.1	56,519	N/A	0	2.2		21.0	
16	352	26,401	N/A	0	2.0		25.0	
17	353	2,004,229	N/A	10	2.3		24.0	
18	354	244,665	N/A	(20)	2.2		24.0	
19	355	2,349,304	N/A	(30)	3.8		27.0	
20	356	1,945,093	N/A	(20)	3.2		31.0	
21	359	6,788	N/A	0	3.9		13.9	
22	DISTRIBUTION PLANT							
23	360.1	16,188	N/A	0	1.9		40.0	
24	361	96,042	N/A	0	2.2		34.0	
25	362	3,805,275	N/A	(10)	3.0		24.0	
26	364	7,744,022	N/A	(40)	4.2		23.0	
27	365	8,707,520	N/A	(30)	3.8		22.0	
28	366	2,193,163	N/A	0	2.0		41.0	
29	367	3,989,658	N/A	0	2.9		24.0	
30	368	11,614,852	N/A	(20)	4.2		15.8	
31	369	6,958,775	N/A	(30)	3.8		23.0	
32	370	3,074,461	N/A	(10)	3.6		15.4	
33	371	1,575,822	N/A	15	6.1		9.0	
34	373	1,104,292	N/A	(10)	5.6		14.6	
35	GENERAL PLANT							
36	390	1,363,383	N/A	0	2.0		36.0	
37	391.1			7 Years Amortization				
38	391.2			5 Years Amortization				
39	391.3			5 Years Amortization				
40	392.1	96,020	N/A	15	9.2		3.1	
41	392.2	504,786	N/A	10	11.3		3.9	
42	392.3	1,658,320	N/A	10	9.5		3.7	
43	392.4	107,072	N/A	5	4.0		20.0	
44	393.1			7 Years Amortization				
45	393.2			7 Years Amortization				
46	394.1			7 Years Amortization				
47	394.2			7 Years Amortization				
48	395.1			7 Years Amortization				
49	395.2			7 Years Amortization				
50	396	116,642	N/A	5	6.3		4.3	
51	397			5 Years Amortization				
52	398			7 Years Amortization				
53	399			5 Years Amortization				
54								
55								
56								
57								
58								
59								
60								
61								
62								
63								
64								
65								

REGULATORY COMMISSION EXPENSE

1. Report particulars (details) of regulatory commission expenses incurred during the current year (or incurred in previous years, if being amortized) relating to formal cases before a regulatory body, or cases in which such a body was a party

2. Report in columns (b) and (c), only the current year's expenses that are not deferred and the current year's amortization of amounts deferred in previous years.

Line No.	Description (Furnish name of regulatory commission or body, the docket or case number, and a description of the case.) (a)	Assessed by Regulatory Commission (b)	Expenses of Utility (c)	Total Expenses for Current Year (b) + ©	Deferred in Account 186 at Beginning of Year (e)
1	All expenses incurred by the company in its				
2	filings for Rate Relief for electric. Docket				
3	Number 030438-EI		(275,458)	(275,458)	(275,458)
4					
5	All expenses incurred by the company in its				
6	filings for Rate Relief for Gas. Docket				
7	Number 040216-GU		(265,890)	(265,890)	(265,890)
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34					
35					
36					
37					
38					
39					
40					
41	TOTAL		(541,348)	(541,348)	(541,348)

REGULATORY COMMISSION EXPENSES (Continued)

3. Show in column (k) any expenses incurred in prior years or other accounts. which are being amortized. List in column (a) the period of amortization.

4. The totals of columns (f), (g) and (h) expenses incurred during year which were charged currently to income, plant

5. Minor items (less than \$25,000) may be grouped.

EXPENSES INCURRED DURING YEAF		AMORTIZED DURING YEAF			Deferred in	Line No.
CHARGED CURRENTLY TC		Deferred to	Contra	Amount	Account 186	
Department (f)	Account No. (g)	Amount (h)	Account 186 (i)	Account (j)	End of Year (l)	
	Electric-33556	84,756	84,756	928	(190,702)	1
						2
						3
						4
	Gas - 33800	88,630	88,630	928	(177,260)	5
						6
						7
						8
						9
						10
						11
						12
						13
						14
						15
						16
						17
						18
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						28
						29
						30
						31
						32
						33
						34
						35
						36
						37
						39
		173,386	173,386		(367,962)	42
						46

DISTRIBUTION OF SALARIES AND WAGES

Report below the distribution of total salaries and wages for the year. Segregate amounts originally charged to clearing accounts to Utility Departments, Construction, Plant Removals, and Other Accounts, and enter such amounts in the appropriate lines and columns provided. In determining this segregation of salaries and wages originally charged to clearing accounts, a method of approximation giving substantially correct results may be used.

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll Charged for Clearing Accounts (c)	Total (d)
1	Electric			
2	Operation			
3	Production			
4	Transmission	5,895		
5	Distribution	697,743		
6	Customer Accounts	647,819		
7	Customer Service and Informational	194,440		
8	Sales	-		
9	Administrative and General	(162,711)		
10	TOTAL Operation (Enter Total of lines 3 thru 9)	1,383,186		
11	Maintenance			
12	Production	-		
13	Transmission	30,011		
14	Distribution	733,510		
15	Administrative and General	1,260		
16	TOTAL Maintenance (Enter Total of lines 12 thru 15)	764,781		
17	Total Operation and Maintenance			
18	Production (Enter Total of lines 3 and 12)	-		
19	Transmission (Enter Total of lines 4 and 13)	35,906		
20	Distribution (Enter Total of lines 5 and 14)	1,431,253		
21	Customer Accounts (Transcribe from line 6)	647,819		
22	Customer Service and Information (Transcribe from line 7)	194,440		
23	Sales (Transcribe from line 8)	-		
24	Administrative and General (Enter Total of lines 9 and 15)	(161,451)		
25	TOTAL Operation and Maintenance (Total of lines 18 - 24)	2,147,967	687,101	2,835,068
26	Gas			
27	Operation			
28	Production - Manufactured Gas			
29	Production - Natural Gas (Including Expl. and Dev.)			
30	Other Gas Supply	140,570		
31	Storage, LNG Terminaling and Processing			
32	Transmission			
33	Distribution	2,654,122		
34	Customer Accounts	1,142,588		
35	Customer Service and Informational	261,167		
36	Sales	1,056,989		
37	Administrative and General	(394,498)		
38	TOTAL Operation (Enter Total of lines 28 thru 37)	4,860,938		
39	Maintenance			
40	Production - Manufactured Gas			
41	Production - Natural Gas			
42	Other Gas Supply			
43	Storage, LNG Terminaling and Processing			
44	Transmission			
45	Distribution	571,032		
46	Administrative and General	1,967		
47	TOTAL Maintenance (Enter Total of lines 40 thru 46)	572,999		

DISTRIBUTION OF SALARIES AND WAGES

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll Charged for Clearing Accounts (c)	Total (d)
Gas (Continued)				
48	Total Operation and Maintenance			
49	Production - Manufactured Gas (Total of lines 28 and 40)			
50	Production - Natural Gas (Including Expl. and Dev.) (Total of lines 29 and 41)			
51	Other Gas Supply (Enter Total of lines 30 and 42)	140,570		
52	Storage, LNG, Terminating and Processing (Total of lines 31 and 43)			
53	Transmission (Enter Total of lines 32 and 44)			
54	Distribution (Enter Total of lines 33 and 45)	3,225,154		
55	Customer Accounts (Transcribe from line 34)	1,142,588		
56	Customer Service and Informational (From line 35)	261,167		
57	Sales (Transcribe from line 36)	1,056,989		
58	Administrative and General (Total of lines 37 and 46)	(392,531)		
59	TOTAL Operation and Maint. (Total of lines 49 thru 58)	5,433,937	1,246,420	6,680,357
Other Utility Departments				
60	Operation and Maintenance	-	-	-
62	TOTAL All Utility Dept. (Total of lines 25,59, and 61)	7,581,904	1,933,521	9,515,425
Utility Plant				
64	Construction (By Utility Departments)			
65	Electric Plant	943,364		943,364
66	Gas Plant	1,576,026		1,576,026
67	Other - Water & Common	4,178		4,178
68	TOTAL Construction (Enter Total of lines 65 thru 67)	2,523,568	-	2,523,568
69	Plant Removal (By Utility Department)			
70	Electric Plant	105,379		105,379
71	Gas Plant	194,383		194,383
72	Other - Water	-		-
73	TOTAL Plant Removal (Enter Total of lines 70 thru 72)	299,762		299,762
74	Other Accounts (Specify):			
75				
76				
77	Other Accounts Receivable/Employee	165,227		165,227
78	Temporary Facilities	27,586		27,586
79	Stores Expense	489,680		489,680
80	Clearing Accounts	298,653		298,653
81	Miscellaneous Deferred Debits	122,234		122,234
82	Merchandise and Jobbing	928,614	84,063	1,012,677
83	Taxes Other Than Income Taxes-Electric	(115,248)		(115,248)
84	Taxes Other Than Income Taxes-Gas	(338,999)		(338,999)
85				
86	Vacation Pay	(122,414)		(122,414)
87	Non-Operating and Rental Income			
88	Other Accounts Receivable	3,185,140	280,211	3,465,351
89	Environmental Cost			
90	Merchandise plant leased to other - Gas	18,487		18,487
91				
92				
93				
94				
95	TOTAL Other Accounts	4,658,960	364,274	5,023,234
96	TOTAL SALARIES AND WAGES	15,064,194	2,297,795	17,361,989

COMMON UTILITY PLANT AND EXPENSES

1. Describe the property carried in the utility's accounts as common utility plant and show the book cost of such plant at end of year classified by account as provided by Plant Instruction 13, Common Utility Plant, of the Uniform System of Accounts. Also show the allocation of such plant costs to the respective departments using the common utility plant and explain the basis of allocation used, giving the allocation factors.
 2. Furnish the accumulated provisions for depreciation and amortization at end of year, showing the amounts and classifications of such accumulated provisions, and amounts allocated to utility departments using the common utility plant to which such accumulated provisions relate, including explanation of basis of

allocation and factors used.

3. Give for the year the expenses of operation, maintenance rents, depreciation, and amortization for common utility plant classified by accounts as provided by the Uniform System of Accounts. Show the allocation of such expenses to the departments using the common utility plant to which such expenses are related. Explain the basis of allocation used and give the factors of allocation.

4. Give date of approval by the Commission for use of the common utility plant classification and reference to order of the Commission or other authorization.

Account 118: Common Utility Plant

General Office Buildings and Land
 Land & Land Rights
 Structures & Improvements
 Office Furniture & Equipment
 Communications Equipment
 Miscellaneous Taggible

\$343,759
 2,114,102
 2,598,214
 116,956
 29,746

=====

\$5,202,777

=====

Account 119: Accumulated Provision for Depreciation
 of Common Utility Plant

\$1,760,645

=====

SEE ATTACHED SCHEDULES FOR ALLOCATIONS

Note 1: Expenses of Operation and Maintenance are charged to clearing accounts "X" 921 and "X" 932 and to Flo-Gas Corporation (Account 146) on the basis of allocation of Common Utility Plant at 6-30-96 per schedule attached.

**FLORIDA PUBLIC UTILITIES
ALLOCATION OF COMMON UTILITY PLANT
AS OF JUNE 30, 2005**

Description	Amount (1180, 1070)	Common Plant Allocation of Land & Structures & Improvements	Allocation Per Study Sq. Footage	Allocation Per Study %	Common Land & Structures
Land	\$341,926	Common - All Divisions	20,965	73.2%	1,780,630
Structures & Improvements	2,090,629	Local - South FL*	6,007	21.0%	510,837 (A)
		Local - Merchandising	1,648	5.8%	141,088 (B)
Sub-Total	2,432,555	Total	28,620	100.00%	2,432,555
Misc. Intangible Plant	1,833				
Office Furniture & Equipment	27,798				\$2,432,555
Office Machines	149,461				
EDP Equipment	2,674,724				
Transportation Equipment	142,541				
Communication Equipment	112,592				
Misc. Tangible Assets	14,469				
Accrual Capital Items	38,868				
Total Common Plant	\$5,594,841				
Check	5,425,813				
	1010 163,999,159				
	1040 377,109				
	1070 7,975,726				
	Less 3031				
	(2,835,000)				
	169,516,994				
Total Common Land & Structures & Improvements					
6/30/2005 Billed Customers					
31,751		Allocation Per Study %			Common Land & Structures
6,106		83.9%			428,592
		16.1%			82,245
37,857		100.0%			510,837 (A)
<u>Allocation of Local - South FL*</u>					
FPU		Common Plant (1180)			5,594,841
Propane (Non-Regulated)		Less Direct to WPB			651,925 (A+B)
		Remaining Common			4,942,916
		Less EDP to allocated			2,674,724
		Remaining Common Excl. EDP to allocate			2,268,192

Allocation of Utility Plant All Division	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	FPU Allocation %
	Utility Plant (101,106,107)	Acquisition Adjust (114)	Direct Common Loc & Mer	Sub-Total (A+B+C+D)	Note 1 Allocation %	Remaining Common	Common EDP Equip	Adj. Plant (E+G+H)	
Florida Public Utilities									
Northwest Electric	\$29,096,334	\$3,691		\$29,100,025	18%	\$408,274	\$347,715	\$29,856,014	18%
Northwest Electric	39,685,166			39,685,166	23%	521,684	427,956	40,634,806	23%
South FL NG	61,390,285	(29,523)	428,592	61,789,354	36%	816,549	936,153	63,542,056	36%
Central Florida NG*	24,527,718	1,293,299	141,088	25,821,017	15%	340,229	534,945	26,696,191	15%
Merchandising	377,109			518,197	0%	-	53,494	571,691	0%
Propane Operations									
South FL Propane*	7,381,858		82,245	7,464,103	4%	90,728	187,231	7,742,062	4%
Central FL Propane*	2,787,008			2,787,008	2%	45,364	80,242	2,912,614	2%
Northwest Propane*	1,982,585			1,982,585	1%	22,682	53,494	2,058,761	1%
Nature Coast (996)	2,288,931			2,288,931	1%	22,682	53,494	2,365,107	1%
Total	\$169,516,994	\$1,267,467	\$651,925	\$171,436,386	100%	2,268,192	2,674,724	176,379,302	100%

* Excludes acct. 3031 intangible non-competes & Goodwill account 1140.2

Customers Billed 6/30/2005	EDP Equipment		FPU/C	Remaining Common		Total	Total Common Allocation %
	Allocation %	Common EDP	Allocation %	Remaining Common	Direct Common	Total Remaining Common	
12,561	13%	347,715	15%	408,274	-	408,274	14%
14,508	16%	427,956	19%	521,684	-	521,684	17%
31,751	35%	936,153	42%	816,549	428,592	1,245,141	39%
17,731	20%	534,945	24%	340,229	-	340,229	16%
1,872	2%	53,494		0	141,088	141,088	3%
6,106	7%	187,231		90,728	82,245	172,973	6%
2,680	3%	80,242		45,364	-	45,364	2%
1,456	2%	53,494		22,682	-	22,682	1%
1,957	2%	53,494		22,682	-	22,682	1%
Total	100%	2,674,724	100%	2,268,192	651,925	2,920,117	100%

Allocation %	Total M & J		Total M & J		Total M & J
	Common EDP	Remain Comm	Common	Comm Plan	Comm Plan
60.0%	32,096	84,652	116,749		116,749
35.0%	18,723	49,381	68,104		68,104
2.0%	1,070	2,822	3,892		3,892
3.0%	1,605	4,233	5,837		5,837
100.0%	53,494	141,088	194,582		194,582

	Materials & Supplies		Total	Note 2	Note 5
	Adj. Plant	SJ 45-59		Allocation %	Allocation
Florida Public Utilities					
Northwest Electric	29,856,014	266,254	30,122,268	19%	15%
Northeast Electric	40,634,806	480,961	41,115,767	25%	20%
South FL NG	63,542,056	168,845	63,710,901	39%	31%
Central Florida NG*	26,696,191	133,392	26,829,583	17%	14%
Total	160,729,067	1,049,452	161,778,519	100%	80%

	Note 1	Note 3	Note 4
	Allocation %	Allocation 70%	Allocation 20%
Florida Public Utilities			
Northwest Electric	18%	14%	4%
Northeast Electric	23%	16%	5%
South FL NG	36%	25%	7%
Central Florida NG*	15%	11%	3%
Merchandising	0%	0%	0%
Propane Operations			
South FL Propane*	4%	3%	1%
Central FL Propane*	2%	1%	0%
Northeast Propane*	1%	1%	0%
Nature Coast (996)	1%	1%	0%
Total	100%	70%	20%

FLORIDA PUBLIC UTILITIES COMPANY An Original
 ELECTRIC ENERGY ACCOUNT December 31, 2006
 Report below the information called for concerning the disposition of electric energy generated,
 purchased, exchanged, and wheeled during the year.

Line No.	Item (a)	Megawatt Hours (b)	Line No.	Item (a)	Megawatt Hours (b)
1	SOURCES OF ENERGY		21	DISPOSITION OF ENERGY	
2	Generation (Excluding Station Use):		22	Sales to Ultimate Consumers (Including Interdepartmental Sales)	848,718
3	Steam		23	Requirements Sales For Resale (See instruction 4, page 311)	
4	Nuclear		24	Non-Requirements Sales For Resale (See instruction 4, page 311)	
5	Hydro-Conventional		25	Energy Furnished Without Charge	
6	Hydro-Pumped Storage		26	Energy Used by the Company (Electric Department Only, Excluding Station Use)	773
7	Other		27	Total Energy Losses	33,250
8	Less Energy for Pumping		28	TOTAL (Enter Total of Lines 22 Through 27) (MUST EQUAL LINE 20)	882,741
9	Net Generation (Enter Total of lines 3 thru 8)	0			
10	Purchases	882,741			
11	Interchanges:				
12	Received				
13	Delivered				
14	Purchases	0			
15	Transmission for/by Others (Wheeling)				
16	Received (MWh)				
17	Delivered (MWh)				
18	Net Transmission for Other (Lines 16 minus 17)	0			
19	Transmission By Other Losses				
20	TOTAL (Enter Total of lines 9, 10, 14, 18 and 19)	882,741			

MONTHLY PEAKS AND OUTPUT

- If the respondent has two or more power systems which are not physically integrated, furnish the required information for each non-integrated system.
- Report in column (b) the system's energy output for each month such that the total on Line 41 matches the total on Line 20.
- Report in column © a monthly breakdown of the Non-Requirements Sales For Resale reported on Line 24. Include in the monthly amounts any energy and energy losses associated with the sales so that the total on Line 41 exceeds the amount on Line 24 by the amount of losses incurred (or estimated) in making the Non-Requirements Sales for Resale.
- Report in column (d) the system's monthly maximum megawatt load (60-minute integration) associated with the net energy for the system defined as the difference between columns (b) and ©.
- Report in columns (e) and (f) the specified information for each monthly peak load reported in column (d).

Line No.	Month (a)	Total Monthly Energy (b)	Monthly Non-Required Sales for Resale & Associated Losses ©	MONTHLY PEAK		
				Megawatts (d)	Day of Month (e)	Hour (f)
29	January					
30	February					
31	March					
32	April					
33	May					
34	June					
35	July					
36	August					
37	September					
38	October					
39	November					
40	December					
41	TOTAL					

**MONTHLY PEAKS AND OUTPUT
NORTHWEST FLORIDA SYSTEM**

Month (a)	Megawatts (b)	Day of Month (d)	Hour (e)	Type of Reading (f)	Monthly Output (MWh) (g)
January	57.4	19	6:45 a.m.	15 Min. Int.	27,380
February	73.8	14	6:30 a.m.	15 Min. Int.	26,705
March	45.6	27	7:15 a.m.	15 Min. Int.	25,520
April	62.1	20	4:15 p.m.	15 Min. Int.	26,763
May	66.5	24	2:45 p.m.	15 Min. Int.	30,636
June	73.1	21	2:30 p.m.	15 Min. Int.	34,990
July	71.9	19	2:45 p.m.	15 Min. Int.	37,130
August	71.2	3	3:00 p.m.	15 Min. Int.	38,732
September	60.4	1	12:30 p.m.	15 Min. Int.	30,914
October	62.9	2	3:15 p.m.	15 Min. Int.	27,759
November	55.6	20	7:00 a.m.	15 Min. Int.	26,564
December	71.3	8	7:00 a.m.	15 Min. Int.	28,817
TOTAL					361,910 =====

**MONTHLY PEAKS AND OUTPUT
NORTHEAST FLORIDA SYSTEM**

Month (a)	Megawatts (b)	Day of Month (d)	Hour (e)	Type of Reading (f)	Monthly Output (MWh) (g)
January	77.5	19	8:00 a.m.	15 Min. Int.	39,457
February	123.6	14	7:30 a.m.	15 Min. Int.	46,483
March	75.6	27	7:15 a.m.	15 Min. Int.	39,738
April	70.2	17	4:30 p.m.	15 Min. Int.	37,016
May	82.6	27	3:15 p.m.	15 Min. Int.	47,031
June	83.7	29	5:00 p.m.	15 Min. Int.	48,053
July	87.8	28	3:15 p.m.	15 Min. Int.	54,384
August	88.3	4	3:30 p.m.	15 Min. Int.	54,002
September	77.1	3	5:45 p.m.	15 Min. Int.	44,793
October	66.8	2	4:30 p.m.	15 Min. Int.	40,106
November	71.1	21	7:30 a.m.	15 Min. Int.	34,169
December	72.4	8	8:15 a.m.	15 Min. Int.	35,599
TOTAL					520,831 =====

TRANSMISSION LINE STATISTICS

1. Report information concerning transmission lines, cost of lines, and expenses for year. List each transmission line having nominal voltage of 132 kilovolts or greater. Report transmission lines below voltages in group totals only for each voltage.
 2. Transmission lines include all lines covered by the definition of transmission system plant as given in the Uniform System of Accounts. Do not report substation costs and expenses on this page.
 3. Report data by individual lines for all voltages if so required by a State commission.
 4. Exclude from this page any transmission lines for which plant costs are included in Account 121, Nonutility Property.
 5. Indicate whether the type of supporting structure reported in column (e) is: (1) single pole, wood, or steel; (2) H-frame wood, or steel poles; (3) tower; or (4) underground construction.

If a transmission line has more than one type of supporting structure, indicate the mileage of each type of construction by the use of brackets and extra lines. Minor portions of a transmission line of a different type of construction need not be distinguished from the remainder of the line.
 6. Report in columns (f) and (g) the total pole miles of transmission line. Show in column (f) the pole miles of line on structures the cost of which is reported for the line designated; conversely, show in column (g) the pole miles of line on structures the cost of which is reported for another line. Report pole miles of line on leased or partly owned structures in column (g). In a footnote, explain the basis of such occupancy and state whether expenses with respect to such structures are included in the expenses reported for the line designated.

Line No.	DESIGNATION		VOLTAGE		Type of Supporting Structure (e)	LENGTH		Number of Circuits (h)
	From (a)	To (b)	Operating (c)	Designed (d)		On Structures of Line Designated (f)	On Structures of Another Line (g)	
1	Yulee, FL	Block 97	138,000	138,000	Steel Tower	0.55	NONE	2
2		Fernandina			Steel Pole	0.8		
3		Beach, FL			Concrete Pole	7.7		
4								
5	Block 97 Fernandina Beach, FL	Block 83	69,000	69,000	Wood Pole	3.5	NONE	1
6		Fernandina						
7		Beach, FL						
8	Block 97 Fernandina Beach, FL	State Road 105	69,000	69,000	Concrete Pole	1.7	NONE	1
9		and Julia St.			Wood Pole	4.3		
10								
11	Block 83 Fernandina Beach, FL	Container	69,000	69,000	Wood Pole	1.66	NONE	1
12		Corporation						
13		of America						
14	Block 83 Fernandina Beach, FL	ITT Rayonier	69,000	69,000	Wood Pole	0.65	NONE	1
15		Inc.						
16								
17								
18								
19								
20								
21								
22								
23								
24								
25								
26								
27								
28								
29								
30					TOTAL	20.26		

TRANSMISSION LINE STATISTICS (Continued)

7. Do not report the same transmission line structure twice. Report lower voltage lines and higher voltage lines as one line. Designate in a footnote if you do not include lower voltage lines with higher voltage lines. If two or more transmission line structures support lines of the same voltage, report the pole miles of the primary structure in column (f) and pole miles of the other line(s) in column (g).
 8. Designate any transmission line or portion thereof for which the respondent is not the sole owner. If such property is leased from another company, give name of lessor, date and terms of lease, and amount of rent for year. For any transmission line other than a leased line, or portion thereof, for which the respondent is not the sole owner but which the respondent operates or

share in the operation of, furnish a succinct statement explaining the arrangement and giving particulars (details) of such matters as percent ownership by respondent in the line, name of co-owner, basis of sharing expenses of the line, and how the expenses borne by the respondent are accounted for, and accounts affected. Specify whether lessor, co-owner, or other party is an associated company.
 9. Designate any transmission line leased to another company and give name of lessee, date and terms of lease, annual rent for year, and how determined. Specify whether lessee is an associated company.
 10. Base the plant cost figures called for in columns (j) to (l) on the book cost at end of year.

Size of Conductor and Material (i)	Land (j)	COST OF LINE		EXPENSES, EXCEPT DEPRECIATION AND TAXES**				Line no.
		Construction and Other Costs (k)	Total Cost (l)	Operation Expenses (m)	Maintenance Expenses (n)	Rents (o)	Total Expenses (p)	
652 MCM Alum.								1
394.6MCM Alum.	* 25,803	2,494,226	2,520,029					2
								3
								4
								5
4/0 Alum.								6
394.6MCM Alum.		474,069	474,069					7
477 MCM Alum.								8
636 MCM Alum.								9
								10
477MCM Alum.	32,677	786,408	819,085					11
								12
								13
								14
394.6MCM Alum.		90,636	90,636					15
								16
								17
								18
4/0 Alum.								19
								20
								21
								22
*Includes Roads and Trails								23
**Expenses Shown Below Include All Transmission Lines								24
								25
								26
								27
								28
								29
	58,480	3,845,339	3,903,819	15,858	47,202		63,060	30

SUBSTATIONS

1. Report below the information called for concerning substations for the respondent as of the end of the year.
 2. Substations which serve only one industrial or street railway customer should not be listed below.
 3. Substations with capacities for less than 10,000 Kva except those serving customers with energy for resale,

may be grouped according to functional character, but the number of such substations must be shown.
 4. Indicate in column (b) the functional character of each substation, designating whether transmission or distribution and whether attended or unattended. At end of the page, summarize according to function the capacities reported for the individual stations in column (f).

Line No.	Name and Location of Substation (a)	Character of Substation (b)	VOLTAGE (In MVa)		
			Primary (c)	Secondary (d)	Tertiary (e)
1	Fernandina Beach, Fl	Distribution			
2	Jesse L. Terry, Substation	Unattended	69M	12.4M	
3					
4	Amelia Plantation Substation	Distribution	69M	12.4M	
5		Unattended			
6					
7	Rayonier Chip Mill	Distribution	69M	12.4M	
8					
9	Stepdown Substation	Transmission	138M	69M	
10		Distribution	69M	12.4M	
11		Unattended			
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34					
35					
36					

SUBSTATIONS (Continued)

5. Show in columns (i), (j) and (k) special equipment such as rotary converters, rectifiers, condensers, etc. and auxiliary equipment for increasing capacity.

6. Designate substations or major items of equipment leased from others, jointly owned with others, or operated otherwise than by reason of sole ownership by the respondent. For any substation or equipment operated under lease, give name

of lessor, date and period of lease, and annual rent. For any substation or equipment operated other than reason of sole ownership or lease, give name of co-owner or other party, explain basis of sharing expenses or other accounting between the parties, and state amounts and accounts affected in respondent's books of account. Specify in each case whether lessor, co-owner or other party is an associated company.

Capacity of Substation (In Service) (In MVa)	Number of Trans-formers In Service	Number of Spare Trans-formers	CONVERSION APPARATUS AND SPECIAL EQUIPMENT			Line No.
			Type of Equipment	Number of Units	Total Capacity	
			(i)	(j)	(k)	
50	2	0	Fans Added			1
						2
						3
40	1	0	Fans Added			4
						5
						6
8	1	0	Fans Added			7
						8
150	3	0	Fans Added			9
40	2	0	Fans Added			10
						11
						12
						13
						14
						15
						16
						17
						18
						19
						20
						21
						22
						23
						24
						25
						26
						27
						28
						29
						30
						31
						32
						33
						34
						35
						36

FLORIDA PUBLIC SERVICE COMMISSION

DIVERSIFICATION REPORT

PSC/AFA 16 (12/94)

Affiliation of Officers and Directors

Company: Florida Public Utilities Company

For the Year Ended December 31, 2006

For each of the officials named in Part 1 of the Executive Summary, list the principal occupation or business affiliation if other than listed in Part 1 of the Executive Summary and all affiliations or connections with any other business or financial organizations, firms, or partnerships. For purposes of this part, the official will be considered to have an affiliation with any business or financial organization, firm or partnership in which he is an officer, director, trustee, partner, or a person exercising similar functions.

Name	Principal Occupation or Business Affiliation	Affiliation or Connection with any Other Business or Financial Organization Firm or Partnership	
		Affiliatin or Connection	Name and Address
Directors			
Ellen Terry Benoit	Investor Palm Beach, Florida		
John T. English	President Florida Public Utilities Company		
Paul L. Maddock, Jr	President of Palamad Development Co. West Palm Beach, FL	President	McLean-Maddock multi family housing and land development Telluride, CO
Richard C. Hitchins	President of R.C. Hitchins & Co., P.A., a CPA firm, West Palm Beach, FL		
Rudy E. Schupp	Chairman and Chief Executive Officer of Republic Security Bank West Palm Beach, FL	President	Florida Bankers Association PO Box 1117 Tallahassee, FL 32302
Dennis S Hudson, III	Seacoast Banking Corp. of Florida 215 Colorado Ave Stuart, Florida		
Troy W. Maschmeyer, Jr.	Maschmeyer Concrete Company 1142 Watertower Road Lake Park, Florida		
Officers			
Charles L. Stein	Senior Vice President		
John T. English	President & Chief Executive Officer		
George M. Bachman	Treasurer & Chief Financial Officer		

Business Contracts with Officers, Directors, and Affiliates

Company: Florida Public Utilities Company

For the Year Ended December 31, 2006

List all contracts, agreements, or other business arrangements* entered into during the calendar year (other than compensation- related to position with respondent) between the respondent and each officer and director listed in Part 1 of the Executive Summary. In addition, provide the same information with respect to professional services for each firm, partnership, or organization with which the officer or director is affiliated.

Note* Business agreement, for this schedule, shall mean any oral or written business deal which binds the concerned parties for products or services during the reporting year or future years.

Name of Officer or Director	Name and Address of Affiliated Entity	Amount	Identification of Product or Service
<i>NONE</i>			
<p>*Business Agreement, for this schedule, shall mean any oral or written business deal which binds the concerned parties for products or services during the reporting year or future years.</p>			

**Reconciliation of Gross Operating Revenues
Annual Report versus Regulatory Assessment Fee Return**

FLORIDA PUBLIC UTILITIES COMPANY

For the Year Ended December 31, 2006

For the current year, reconcile the gross operating revenues as reported on Page 300 of this report with the gross operating revenues as reported on the utility's regulatory assessment fee return. Explain and justify any differences between the reported gross operating revenues in column (f).

Line No.	(a) Description	(b) Gross Operating Revenues per Page 300	(c) Interstate and Sales for Resale Adjustments	(d) Adjusted Intrastate Gross Operating Revenues	(e) Gross Operating Revenues per RAF Return	(f) Intrastate and Sales for Resale Adjustments	(g) Adjusted Intrastate Gross Operating Revenues	(h) Difference (d) - (g)
1	Total Sales to Ultimate Customers (440-446, 448)	47,460,892		47,460,892	47,452,517		47,452,517	8,375
2	Sales for Resale (447)	-		-	-			-
3	Total Sales of Electricity	47,460,892		47,460,892	47,452,517		47,452,517	8,375
4	Provision for Rate Refunds (449.1)	-		-	-			-
5	Total Net Sales of Electricity	47,460,892		47,460,892	47,452,517		47,452,517	8,375
6	Total Other Operating Revenues (450-456)	1,066,325		1,066,325	1,066,325		1,066,325	-
7	Total Electric Operating Revenues	48,527,217		48,527,217	48,518,842		48,518,842	8,375
8	Other (specify): Deferred fuel revenue				(369,812)		(369,812)	369,812
9								
10	Total Gross Operating Revenues	48,527,217		48,527,217	48,149,030		48,149,030	378,187

Notes:

On page 300, total sales to ultimate customers include unbilled revenues of 8,373
Unbilled revenue is included in total other operating revenues on RAF return. 8,373

Deferred fuel revenue of \$369,812 are reversed to pay RAF only on the actual collected revenue.
(The original payment of the RAF occurred when the actual revenues were collected.)

Analysis of Diversification Activity

Changes in Corporate Structure

Company: Florida Public Utilities Company

For the Year Ended December 31, 2006

Provide any changes in Corporate Structure including partnerships, minority interest, and joint ventures and an updated organizational chart.	
Effective Date (a)	Description of Change (b)
	<p>We have enclosed copies of our updated Organizational Chart for Florida Public Utilities Company</p> <p>Flo-Gas does not have any employees.</p>

CORPORATE STRUCTURE

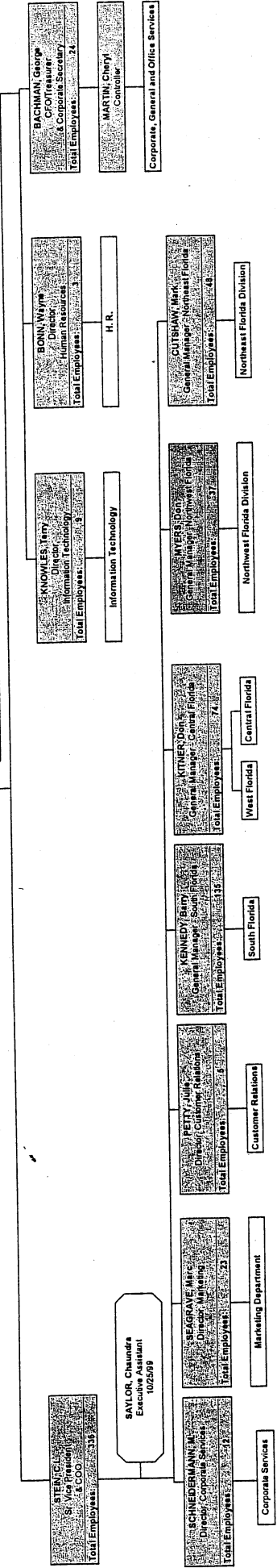


SENIOR MANAGEMENT TEAM

March 7, 2007

English, Jack
President & CEO
Total Employees: 374

ERDEK, Bonnie
Assistant Corporate Secretary/
Executive Assistant
052691



Vacancies	Total	Full-Time	Part-Time
WPB Ops	9	8	1
Marketing	1	1	-
I.T.	-	-	-
Accounting	-	-	-
H.R.	-	-	-
CIS	-	-	-
Central FL	2	2	-
Northwest FL	1	1	-
Northeast FL	7	6	1
Corporate Sys	1	1	-

Positions	Total	Full-Time	Part-Time
WPB Ops	135	133	2
Marketing	23	23	-
I.T.	9	9	-
Accounting	24	23	1
H.R.	3	3	-
CIS	5	5	-
Central FL	74	74	-
Northwest FL	37	37	-
Northeast FL	48	47	1
Corporate Sys	12	10	2
Execs. *	4	4	-

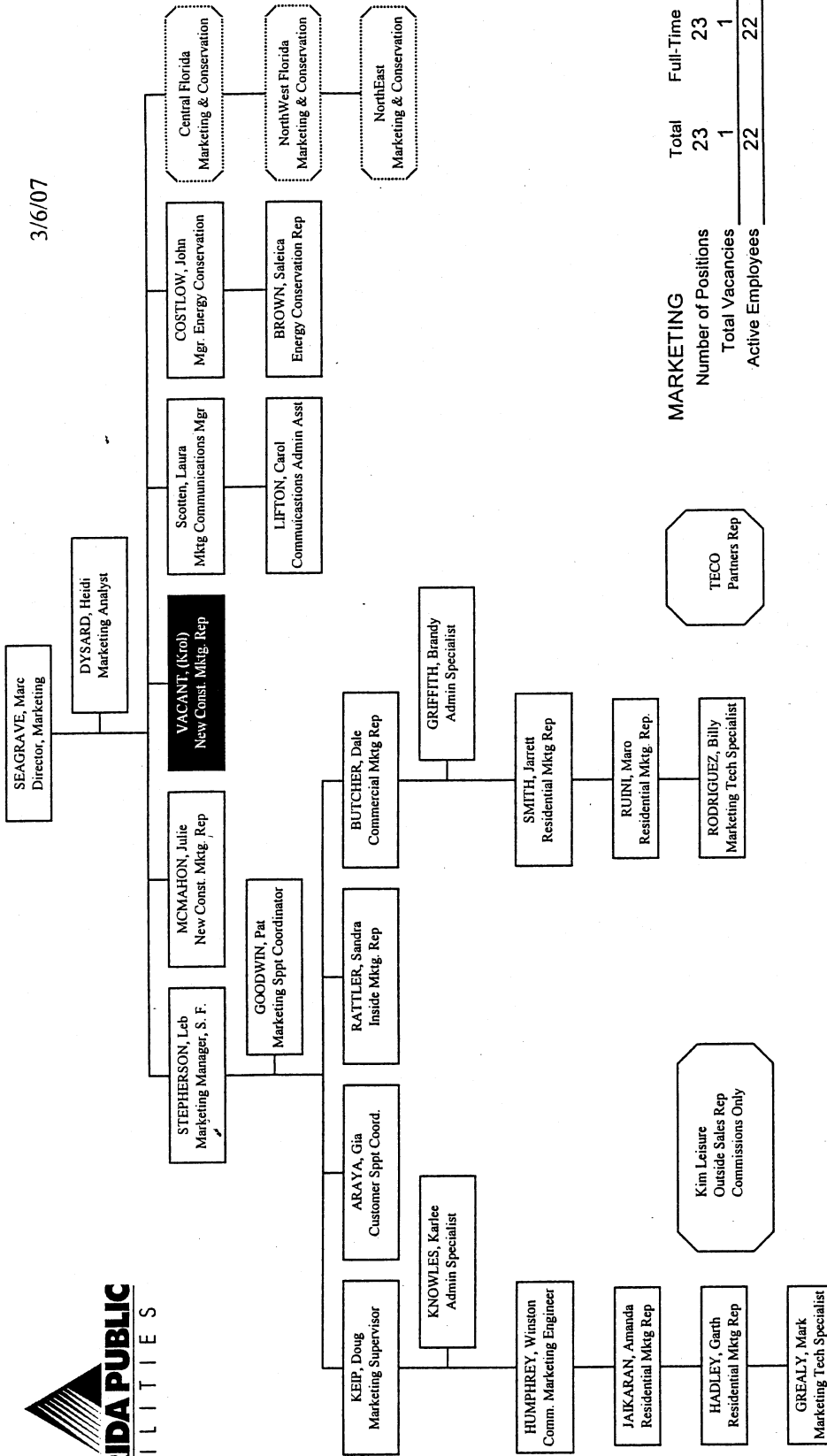
ORGANIZATIONAL CHART TOTAL

	Total	Full-Time	Part-Time
Number of Positions	374	368	6
Total Vacancies	21	19	2
Active Employees	353	349	4

West Florida	4	-	-
Central Florida	74	-	-
South Florida	115	-	-
Northwest Florida Division	37	-	-
Northeast Florida Division	48	-	-
Information Technology	3	-	-
H.R.	3	-	-
Human Resources	3	-	-
Corporate, General and Office Services	24	-	-

MARKETING DEPARTMENT

3/6/07

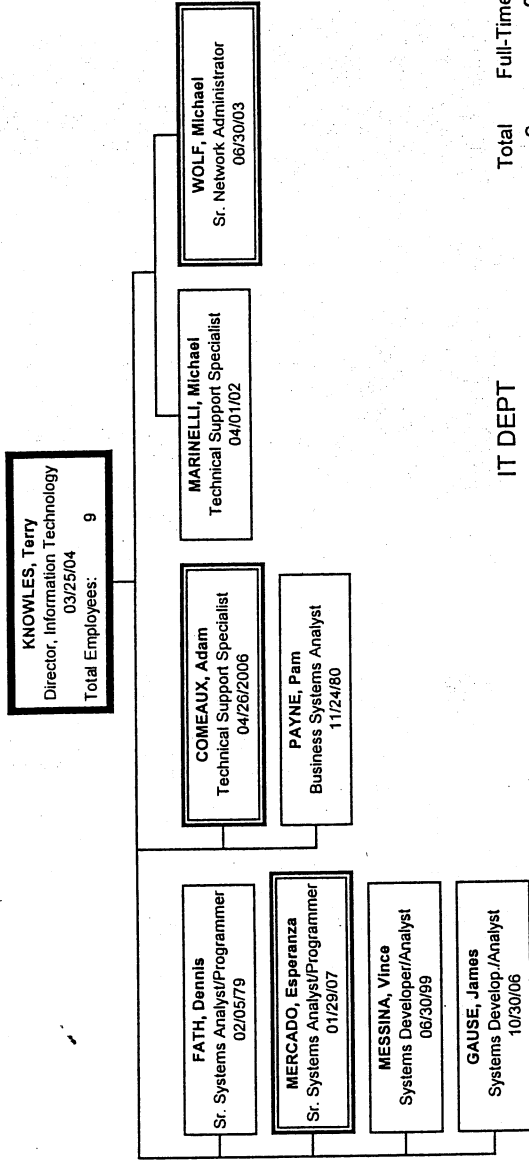


MARKETING

	Total	Full-Time	Part-Time
Number of Positions	23	23	-
Total Vacancies	1	1	-
Active Employees	22	22	-

INFORMATION TECHNOLOGY DEPARTMENT (IT)

03/06/07



IT DEPT

Number of Positions	Total	Full-Time	Part-Time
Total Vacancies	9	9	0
Active Employees	0	0	0
	9	9	0

Additions

2004 Rate Case Addition

Acquisition/Startup Additions

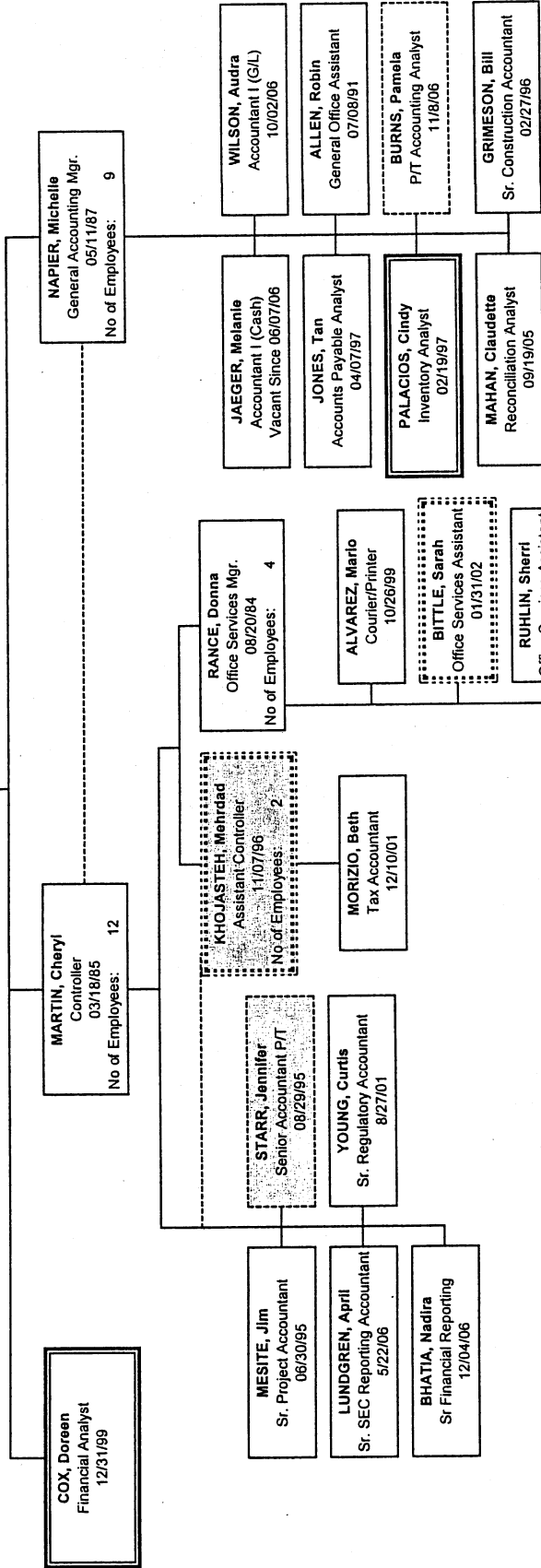
ACCOUNTING DEPARTMENT

03/06/07



BACHMAN, George
Treasurer & CFO
01/28/85
Total Employees: 24

BELLECHASES, Dina
Executive Financial Asst.
08/22/88



P/T EMPLOYEE
2004 Rate Case Addition

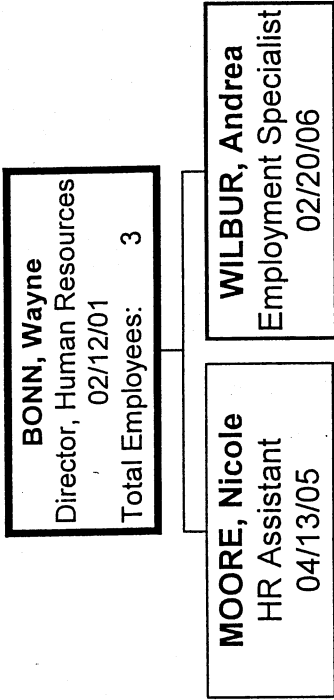
Additions
Acquisition/Startup Additions

ACCOUNTING

Total	24	Full-Time	23	Part-Time	1
Number of Positions	0	Total Vacancies	0	Active Employees	23
					1

HUMAN RESOURCES DEPARTMENT

03/06/07

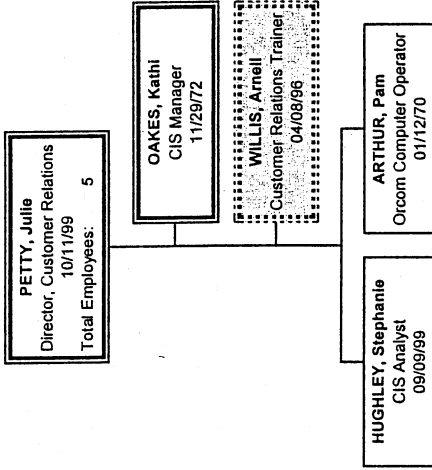


Human Resources	Total	Full-Time	Part-Time
Number of Positions	3	3	-
Total Vacancies	0	-	-
Active Employees	3	3	0

P/T EMPLOYEE
2004 Rate Case Addition

CUSTOMER RELATIONS DEPARTMENT

03/06/07



Additions
 Acquisition/Startup Additions
 2004 Rate Case Addition

Customer Relations	Total	Full-Time	Part-Time
Number of Positions	5	5	0
Total Vacancies	0	0	0
Active Employees	5	5	0

CORPORATE SERVICES

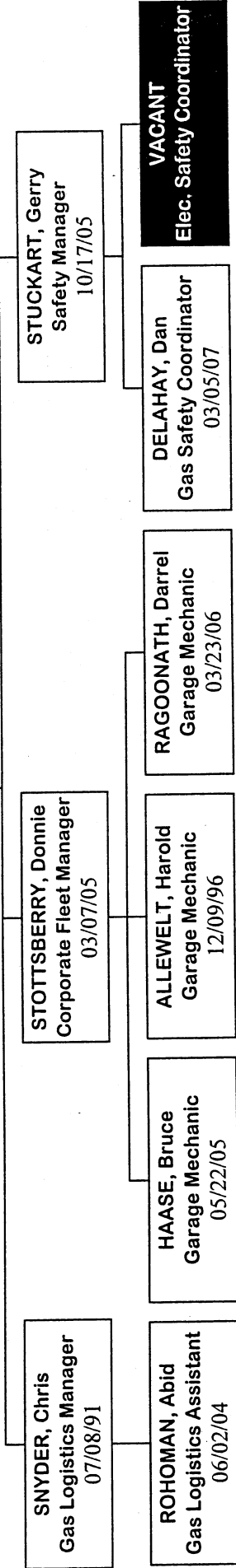
3/6/07



SCHNEIDERMANN, Marc
Director, Corporate Services
02/21/89

GILMORE, Al
Bldg. Maint. PT
04/05/05

PRENTICE, James
Bldg Maint. PT
07/12/06



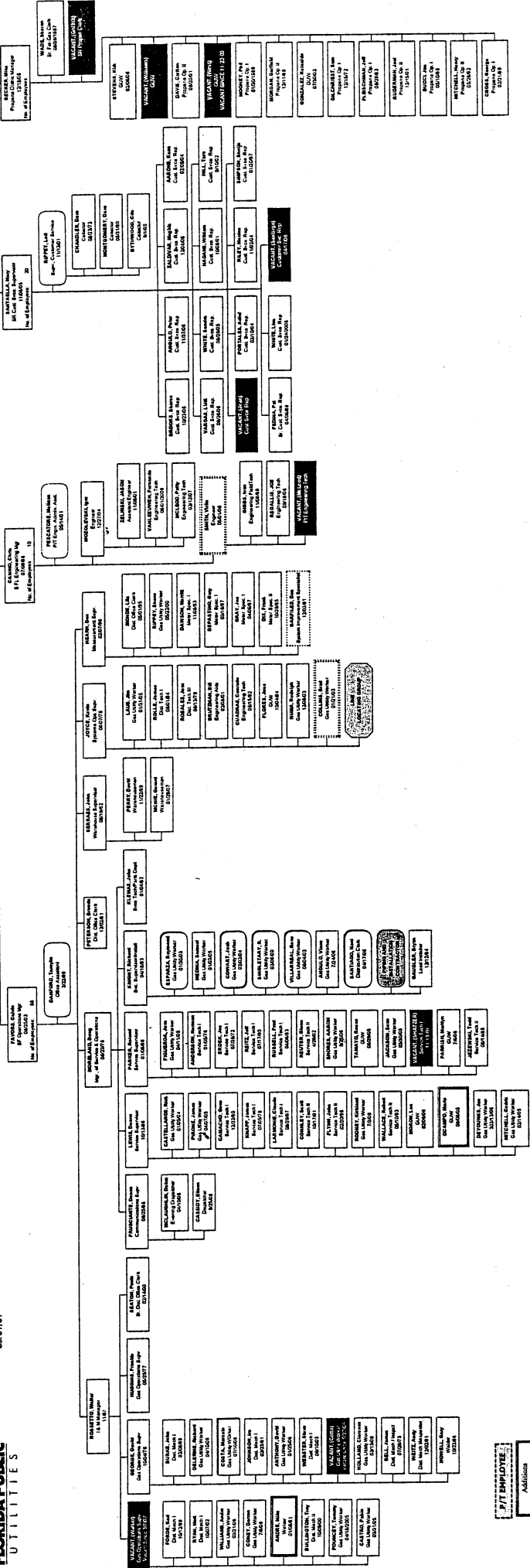
CORPORATE SVS

Total	12	10	2
Number of Positions	1	1	-
Total Vacancies	11	9	2
Active Employees			

03/07/07



ARMED BY ARMY
General Duty, Full Time
Total Employees - 135



S.F. OPERATIONS

Number of Positions	Total	Full-Time	Part-Time
	135	133	2
Total Vacancies	9	8	1
Active Employees	126	125	1

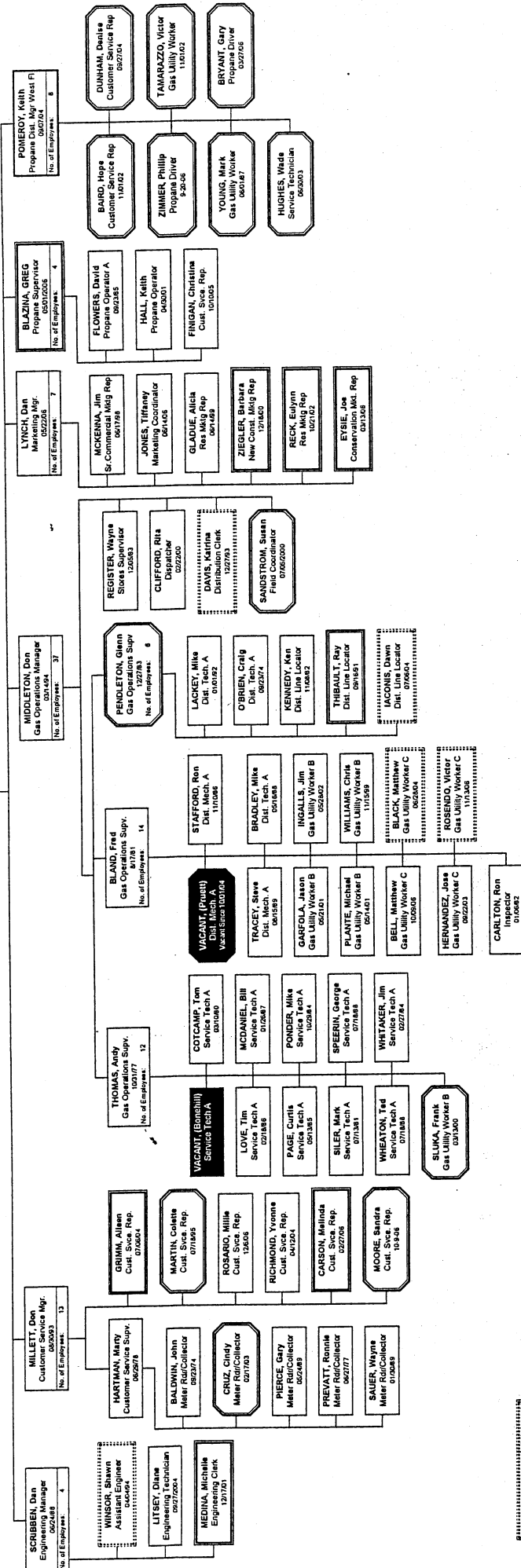
PIPING & INSTALLATION CREWS

PI EMPLOYEE
Acquisition/Startup Addition

CENTRAL FLORIDA DIVISION



March 6, 2007



***Totals include West Florida

CENTRAL FLORIDA		
Number of Positions	Full-Time	Part-Time
74	74	0
Total Vacancies	2	2
Active Employees	72	72

2004 Rate Case Addition

Additions

Acquisition/Startup Additions

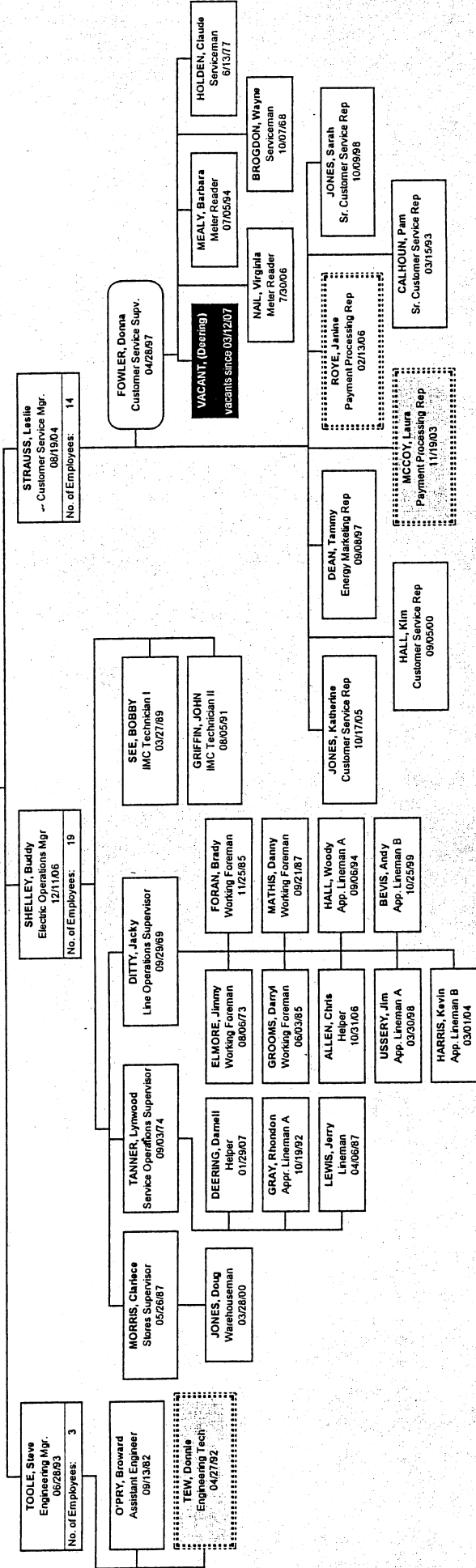
Marketing Conservation Rep added 01/2006

Northwest Florida Division - Organizational Chart

03/06/07



MYERS, Don
General Manager - NWFL
5/22/89
Total Employees: 37



NORTHWEST FLORIDA			
	Total	Full-Time	Part-Time
Number of Positions	37	37	-
Total Vacancies	1	1	-
Active Employees	36	36	-

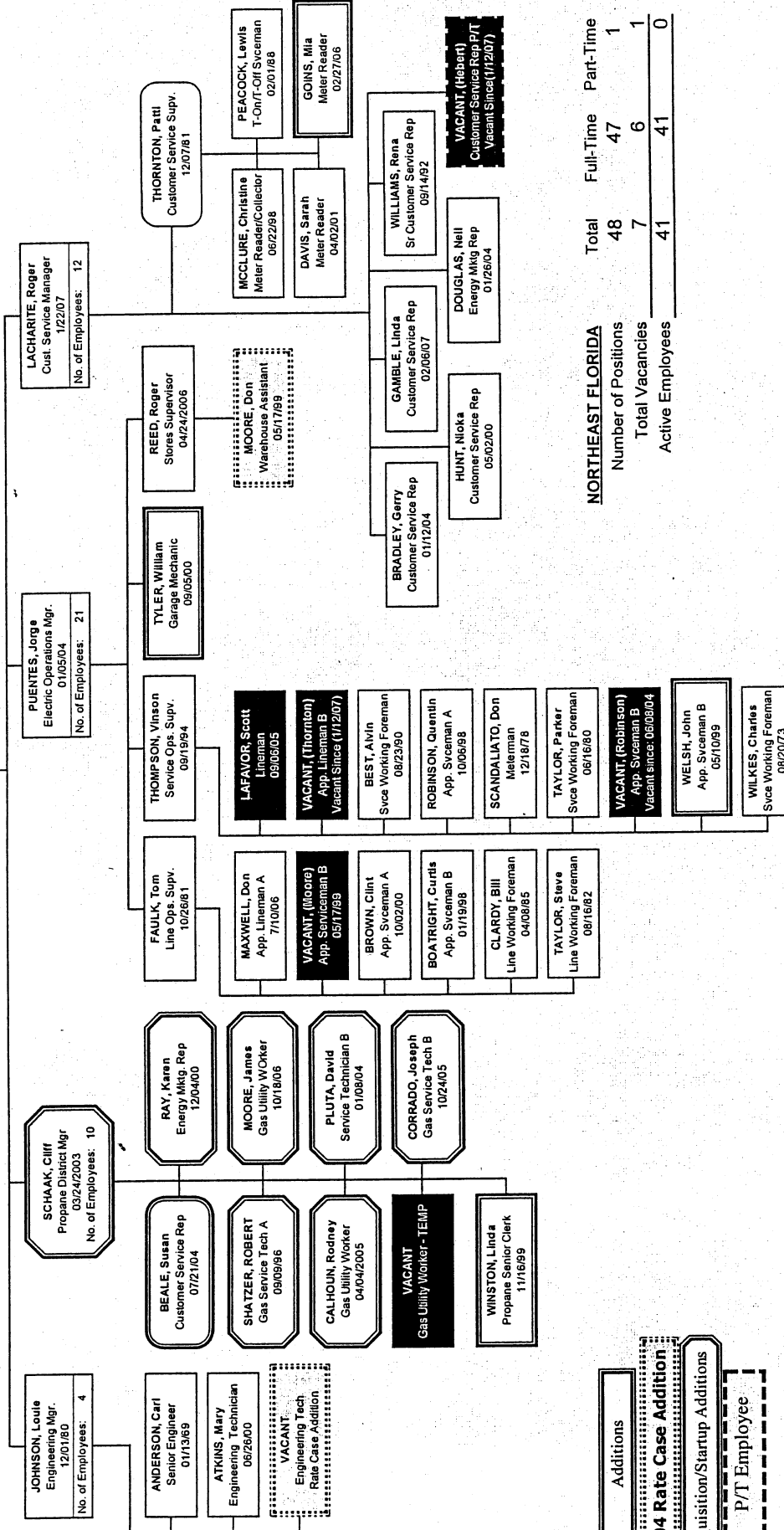
2004 Rate Case Addition
Additions
Acquisition/Startup Additions

NORTHEAST FLORIDA DIVISION - ORGANIZATIONAL CHART

03/06/07



CUTSHAW, Mark
General Manager - NE FL
05/13/1991
Total Employees: 48



NORTHEAST FLORIDA

Number of Positions	Total	Full-Time	Part-Time
Total Vacancies	48	47	1
Active Employees	7	6	1
	41	41	0

Additions
 2004 Rate Case Addition
 Acquisition/Startup Additions
 P/T Employee

Analysis of Diversification Activity
New or Amended Contracts with Affiliated Companies

COMPANY: FLORIDA PUBLIC UTILITIES COMPANY
For the Year Ended December 31, 2006

Provide a synopsis of each new or amended contract, agreement, or arrangement with affiliated companies for the purchase, lease, or sale of land, goods, or services (excluding tariffed items). The synopsis shall include, at a minimum, the terms, price, quantity, amount, and duration of the contracts.

Name of Affiliated Company (a)	Synopsis of Contract (b)
	NONE

(Schedules 2,3 & 4)

ANALYSIS OF DIVERSIFICATION ACTIVITY REPORT

Flo-Gas Corporation is a wholly-owned subsidiary of Florida Public Utilities Company and transactions that exceed \$300 annually are numerous. Therefore, the enclosed summaries of Flo-Gas' Income Statement and Balance Sheet should be sufficient to meet the requirements of the report.

- Items relating specifically to Flo-Gas are charged directly.
- Corporate general expenses relating to both companies are allocated using factors previously reviewed by the Florida Public Service Commission during our last rate proceeding.
- Items that typically create intercompany transactions include payroll, cash Payments and receipts, and propane purchases.
- Flo-Gas does not have employees or cash.

Detailed transactions are available at our corporate office. If you require additional information, please let us know.

NOTE: Flo-Gas' Income Statement and Balance Sheet (Supplement pages 1 through 3).

ANALYSIS OF DIVERSIFICATION ACTIVITY SUPPLEMENT
FLO-GAS
INCOME STATEMENT
12 MONTHS ENDING 12/31/06

	Year-to-Date Actual	Last Year-to-Date Actual
	<u> </u>	<u> </u>
Operating Revenue	14,726,330	13,478,914
Operation Expenses	12,472,621	11,280,579
Maintenance Expenses	379,960	357,270
Depreciation Expense	719,625	620,866
Amortization of Utility Plant- Acquisition Adjustment	-	-
Tax Other Than Income Tax-Utility Operation Expense	148,386	134,322
Income Tax - Federal - Utility Operating Income	(66,249)	44,272
Income Tax - State - Utility Operating Income	(11,457)	7,608
Deferred Income Tax - Utility Operating Income	183,242	178,039
Investment Tax Credit - Utility Operating Income	(418)	(1,482)
Operating Income	<u>900,620</u>	<u>857,440</u>
<u>Other Income and Deductions</u>		
Interest and Dividend Income	-	-
Misc. Non-Operating Income	528,259	735,637
Other Income Deductions	(517,139)	(676,410)
Taxes Other Than Income - Other	-	-
Income Taxes-Federal-Other Income	(5,391)	(16,472)
Income Taxes-State-Other Income	-	-
Other (Income) and Deductions	<u>5,729</u>	<u>42,755</u>
<u>Interest Charges</u>		
Interest on Debt to Associated Companies	746,565	499,439
Other Interest Expense	2,270	2,826
Interest Charges	<u>748,835</u>	<u>502,265</u>
<u>Extraordinary Items</u>		
Cumulative Effect - Change in Accounting Principles - Net	-	-
 Net Income	 <u>157,514</u>	 <u>397,930</u>

ANALYSIS OF DIVERSIFICATION ACTIVITY SUPPLEMENT
FLO-GAS
BALANCE SHEET - 09
December 31, 2006

Assets and Other Debits	<u>Current</u>	<u>Last Year End</u>
Utility Plant		
Utility Plant in Service	17,093,284	15,224,487
Utility Plant Purchased/Sold	-	-
Completed Construction Not Classified		
Construction Work in Progress	1,047,029	1,282,328
Utility Plant	<u>18,140,313</u>	<u>16,506,815</u>
Accumulated Depreciation		
Accumulated Dep. - Utility Plant in Service	(4,246,234)	(3,732,602)
Accumulated Dep. - Transportation Equip.	(714,612)	(629,950)
Retirement Work in Progress		
Accumulated Dep. - Rental Equipment	-	-
Accumulated Depreciation	<u>(4,960,846)</u>	<u>(4,362,552)</u>
Other Utility Plant		
Utility Plant Acquisition Adj.	-	-
Accum. Amort. - Utility Acq. Adj.	-	-
Other Utility Plant	<u>-</u>	<u>-</u>
Other Property and Investments		
Investment in Assoc. Companies - Common Stock	-	-
Other Property and Investments	<u>-</u>	<u>-</u>
Current and Accrued Assets		
Customer Accounts Receivable	1,729,152	1,922,959
Allowance for Uncollectible Accounts	(64,399)	(55,250)
Accounts Rec. from Associated Companies		
Operating Supplies - Propane	2,166,364	1,916,798
Prepayments - Taxes	692	-
Interest and Dividends Receivable	24,208	47,650
Merchandise-Applian.& Supplies		
Accrued Utility Revenues	339,173	407,676
Current and Accrued Assets	<u>4,195,190</u>	<u>4,239,833</u>
Deferred Debits		
Goodwill	1,852,435	1,852,435
Misc. Deferred Debits - Other W.I.P.		
Misc. Deferred Debits - Miscellaneous	-	28,466
Accum. Deferred Income Taxes	183,576	88,090
Deferred Debits	<u>2,036,011</u>	<u>1,968,991</u>
ASSETS AND OTHER DEBITS	<u>19,410,668</u>	<u>18,353,087</u>

ANALYSIS OF DIVERSIFICATION ACTIVITY SUPPLEMENT
FLO-GAS
BALANCE SHEET - 09
December 31, 2006

	<u>Current</u>	<u>Last Year End</u>
Liabilities and Other Credits		
Proprietary Capital		
Common Stock Issued	10,000	10,000
Appropriated Retained Earnings	-	-
Unappropriated Retained Earnings	<u>2,229,012</u>	<u>1,831,083</u>
Proprietary Capital	<u><u>2,239,012</u></u>	<u><u>1,841,083</u></u>
Current and Accrued Liabilities		
Accounts Payable to Assoc. Companies	13,452,431	12,872,618
Customer Deposits	718,150	614,064
Taxes Accrued	(1,483,455)	(1,287,074)
Interest Accrued	1,769	2,264
Dividends Declared	-	-
Tax Collections Payable	60,547	75,765
Misc. Current and Accrued Liabilities	-	-
Customer Advances for Construction	392,376	515,562
Other Deferred Income Taxes - Other	-	-
Accumulated Deferred I.T.C.	-	418
Current and Accrued Liabilities	<u><u>13,141,818</u></u>	<u><u>12,793,617</u></u>
Operating Reserves		
Misc. Operating Reserves	-	-
Accum. Deferred Income Tax - Liberalized Depreciation	3,872,324	3,320,457
Accum. Deferred Income Taxes - Other	-	-
Operating Reserves	<u><u>3,872,324</u></u>	<u><u>3,320,457</u></u>
Year-to-Date Income/Loss	<u><u>157,514</u></u>	<u><u>397,930</u></u>
LIABILITIES AND OTHER CREDITS	<u><u>19,410,668</u></u>	<u><u>18,353,087</u></u>

**Analysis of Diversification Activity
Individual Affiliated Transactions in Excess of \$500,000**

COMPANY: FLORIDA PUBLIC UTILITIES COMPANY

For the Year Ended December 31, 2006

Provide information regarding individual affiliated transactions in excess of \$500,000. Recurring monthly affiliated transactions which exceed \$500,000 per month should be reported annually in the aggregate. However, each land or property sales transaction even though similar sales recur, should be reported as a "non-recurring" item for the period in which it occurs.

Name of Affiliate (a)	Description of Transaction (b)	Dollar Amount (c)
None		

Analysis of Diversification Activity

Summary of Affiliated Transfers and Cost Allocations

Company: Florida Public Utilities Company

For the Year Ended December 31, 2006

Grouped by affiliate, list each contract, agreement, or other business transaction exceeding a cumulative amount of \$300 in any one year, entered into between the Respondent and an affiliated business or financial organization, firm, or partnership identifying parties, amounts, dates, and product, asset, or service involved.

- (a) Enter name of affiliate.
- (b) Give description of type of service, or name the product involved.
- (C) Enter contract or agreement effective dates.
- (d) Enter the letter "p" if the service or product is a purchased by the Respondent: "s" if the service or product is sold by the Respondent.
- (e) Enter utility account number in which charges are recorded.
- (f) Enter total amount paid, received, or accrued during the year for each type of service or product listed in column (C). Do not net amounts when services are both received and provided.

Name of Affiliate (a)	Type of Service and/or Name of Product (b)	Relevant Contract or Agreement and Effective Date (C)	"p" or "s" (d)	Total Charge for Year	
				Account Number (e)	Dollar Amount (f)
SEE ATTACHED SCHEDULES					

Analysis of Diversification Activity
ASSETS OR RIGHTS PURCHASED FROM OR SOLD TO AFFILIATES

FLORIDA PUBLIC UTILITIES COMPANY
For the Year Ended December 31, 2006

Provide a summary of affiliated transactions involving asset transfers or the right to use assets.

Name of Affiliate	Description of Asset or Right	Cost/Orig. Cost	Accumulated Depreciation	Net Book Value	Fair Market Value	Purchase Price	Title Passed Yes/No
Purchases from Affiliates:		166,647	72,435	94,212	\$ N/A	\$ N/A	N/A
Flo-Gas Corporation	Meters	20,447	7,321	13,126	N/A	Transfer	N/A
	Transp Equipment	26,100	8,094	18,006	N/A	Transfer	N/A
	Regulators	242	122	120	N/A	Transfer	N/A
	Misc. Equipment	55,797	24,141	31,656	N/A	Transfer	N/A
	Computer Equipment	16,075	5,758	10,317	N/A	Transfer	N/A
	Lantana Yard	47,986	26,999	20,987	N/A	Transfer	N/A
Sales to Affiliates:		39,301	16,762	22,539	\$ N/A	Sales Price	N/A
	Transp Equipment	39,301	16,762	22,539	N/A	Transfer	N/A
		0	0	-	N/A	Transfer	N/A

Analysis of Diversification Activity

Employee Transfers

Company: Florida Public Utilities Company

For the Year Ended December 31, 2006

List employees earning more than \$30,000 annually transferred to/from the utility to/from an affiliate company.

Company Transferred From	Company Transferred To	Old Job Assignment	New Job Assignment	Transfer Permanent or Temporary and Duration
Flo-Gas Does Not Have Any Transfers				

Analysis of Diversification Activity
Non-Tariffed Services and Products Provided by the Utility

Company: Florida Public Utilities Company

For the Year Ended December 31, 2006

Provide the following information regarding all non-tariffed services and products provided by the utility.

Description of Product or Service (a)	Account No. (b)	Regulated or Non-regulated (c)
<i>None</i>		

NONUTILITY PROPERTY (Account 121)

1. Give a brief description and state the location of nonutility property included in Account 121.
2. Designate with an asterisk any property which is leased to another company. State name of lessee and whether lessee is an associated company.
3. Furnish particulars (details) concerning sales, purchases, or transfers of Nonutility Property during the year.
4. List separately all property previously devoted to public service and give date of transfer to Account 121, Nonutility Property.
5. Minor items (5% of the Balance at the End of the Year for Account 121 or \$100,000, whichever is less) may be grouped by (1) previously devoted to public service (line 39), or (2) other nonutility property (line 40).

Line No.	Description and Location (a)	Balance at Beginning of Year (b)	Purchases, Sales, Transfers, etc. (c)	Balance at End of Year (d)
1	123.1210.1 Non-Utility Property - Land - Central Florida	\$8,436		8,436
2				
3				
4				
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7				
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35				
36				
37				
38				
39	Minor Items Previously Donated to Public Service			
40	Minor Items - Other Nonutility Property			
41	TOTAL	\$8,436	\$0	\$8,436

Number of Electric Department Employees

Company: *Florida Public Utilities Company*

For the Year Ended December 31, 2006

NUMBER OF ELECTRIC DEPARTMENT EMPLOYEES

1. The data on number of employees should be reported for the payroll period ending nearest to October 31, or any payroll period ending 60 days before or after October 31.
2. If the respondent's payroll for the reporting period includes any special construction personnel, include such employees on line 3, and show the number of such special construction employees in a footnote.
3. The number of employees assignable to the electric department from joint functions of combination utilities may be determined by estimate, on the basis of employee equivalents. Show the estimated number of equivalent employees attributed to the electric department from joint functions.

1	Payroll Period Ended (Date)	11/05/06
2	Total Regular Full-Time Employees (Equivalent Employees from joint functions -6)	79
3	Total Part-Time and Temporary Employees	1
4	Total Employees	80

2006

2005

2004

Customers		
Current Year	Prior Year	Two Years Prior

Current Year increase
 Prior year increase
 Average Increase

Operations

Marianna - Electric
 Fernandina Beach - Electric
 Gas Operations

15,265
 15,372
 51,207

15,147
 15,099
 50,241

14,938
 14,953
 48,702

1%
 2%
 2%

1%
 1%
 3%

1%
 1%
 2%

PARTICULARS CONCERNING CERTAIN INCOME DEDUCTIONS AND INTEREST CHARGES ACCOUNTS

Report the information specified below, in the order given for the respective income deduction and interest charges accounts. Provide a subheading for each account and total for the account. Additional columns may be added if deemed appropriate with respect to any account.

(a) Miscellaneous Amortization (Account 425) - Describe the nature of items included in this account, the contra account charged, the total of amortization charged for the year, and the period of amortization.

(b) Miscellaneous Income Deductions - Report the nature, payee, and amount of other income deductions for the year as required by Accounts 426.1, Donations; 426.2 Life Insurance; 426.3 Penalties; 426.4, Expenditures for Certain Civic, Political and Related Activities; and 426.5, Other Deductions, of the Uniform System of Accounts. Amounts of less than \$25,000 may be grouped by classes within the above accounts.

(c) Interest on Debt to Associated Companies (Account 430) - For each associated company to which interest on debt was incurred during the year, indicate the amount and interest rate respectively for (a) advances on notes, (b) advances on open account, (c) notes payable, (d) accounts payable, and (e) other debt, and total interest. Explain the nature of other debt on which interest was incurred during the year.

(d) Other Interest Expense (Account 431) - Report particulars (Details) including the amount and interest rate for each other interest charges incurred during the year.

Line No.	Item (a)	Amount (b)
1	Account 425: Miscellaneous Amortization	None
2		
3	Account 426: Miscellaneous Income Deductions	
4	426.11 Charitable Contributions: Inside Service Area	11,117
5	426.12 Charitable Contributions: Outside Service Area	0
6	426.13 Civic and Social Club Dues	2,548
7	426.2 Life Insurance	0
8	426.3 Penalties	14,296
9	426.4 Expenditures for Lobbying and Other Politically Related Activities	167
10	426.5 Other	5,322
11		
12		
13	TOTAL MISCELLANEOUS INCOME DEDUCTIONS	33,450
14		
15	Account 430: Interest on Debt to Associated Company	
16	Accounts Payable at 4.844% (12 mo. avg. of the interest rates applied)	(746,565)
17		
18		
19	Account 431: Other Interest Expense	
20	431.1 Interest on Customer Deposits	452,737
21	431.2 Interest on Notes Payable	108,590
22	431.3 Interest on Miscellaneous	(4,207)
23	TOTAL OTHER INTEREST EXPENSE	557,120
24		
25		
26		
27		
28		

INDEX

<u>Schedule</u>	<u>Page No.</u>
Accrued and prepaid taxes	262-263
Accumulated Deferred Income Taxes	234
	272-277
Accumulated provisions for depreciation of	
common utility plant	356
utility plant	219
utility plant (summary)	200-201
Advances	
from associated companies	256-257
Allowances	228-229
Amortization	
miscellaneous	340
of nuclear fuel	202-203
Appropriations of Retained Earnings	118-119
Associated Companies	
advances from	256-257
corporations controlled by respondent	103
control over respondent	102
interest on debt to	256-257
Attestation	i
Balance sheet	
comparative	110-113
notes to	122-123
Bonds	256-257
Capital Stock	251
expense	254
premiums	252
reacquired	251
subscribed	252
Cash flows, statement of	120-121
Changes	
important during year	108-109
Construction	
work in progress - common utility plant	356
work in progress - electric	216
work in progress - other utility departments	200-201
Control	
corporations controlled by respondent	103
over respondent	102
Corporation	
controlled by	103
incorporated	101
CPA, background information on	101
CPA Certification, this report form	i-ii

INDEX (continued)

<u>Schedule</u>	<u>Page No.</u>
<u>Deferred</u>	
credits, other	269
debits, miscellaneous	233
income taxes accumulated - accelerated amortization property	272-273
income taxes accumulated - other property	274-275
income taxes accumulated - other	276-277
income taxes accumulated - pollution control facilities	234
Definitions, this report form	iii
<u>Depreciation and amortization</u>	
of common utility plant	356
of electric plant	219
	336-337
Directors	105
Discount - premium on long-term debt	256-257
Distribution of salaries and wages	354-355
Dividend appropriations	118-119
Earnings, Retained	118-119
Electric energy account	401
<u>Expenses</u>	
electric operation and maintenance	320-323
electric operation and maintenance, summary	323
unamortized debt	256
Extraordinary property losses	230
<u>Filing requirements, this report form</u>	
General information	101
Instructions for filing the FERC Form 1	i-iv
<u>Generating plant statistics</u>	
hydroelectric (large)	406-407
pumped storage (large)	408-409
small plants	410-411
steam-electric (large)	402-403
Hydro-electric generating plant statistics	406-407
Identification	101
Important changes during year	108-109
<u>Income</u>	
statement of, by departments	114-117
statement of, for the year (see also revenues)	114-117
deductions, miscellaneous amortization	340
deductions, other income deduction	340
deductions, other interest charges	340
Incorporation information	101

INDEX (continued)

<u>Schedule</u>	<u>Page No.</u>
Interest	
charges, paid on long-term debt, advances, etc	256-257
Investments	
nonutility property	221
subsidiary companies	224-225
Investment tax credits, accumulated deferred	266-267
Law, excerpts applicable to this report form	iv
List of schedules, this report form	2-4
Long-term debt	256-257
Losses-Extraordinary property	230
Materials and supplies	227
Miscellaneous general expenses	335
Notes	
to balance sheet	122-123
to statement of changes in financial position	122-123
to statement of income	122-123
to statement of retained earnings	122-123
Nonutility property	221
Nuclear fuel materials	202-203
Nuclear generating plant, statistics	402-403
Officers and officers' salaries	104
Operating	
expenses-electric	320-323
expenses-electric (summary)	323
Other	
paid-in capital	253
donations received from stockholders	253
gains on resale or cancellation of reacquired capital stock	253
miscellaneous paid-in capital	253
reduction in par or stated value of capital stock	253
regulatory assets	232
regulatory liabilities	278
Peaks, monthly, and output	401
Plant, Common utility	
accumulated provision for depreciation	356
acquisition adjustments	356
allocated to utility departments	356
completed construction not classified	356
construction work in progress	356
expenses	356
held for future use	356
in service	356
leased to others	356
Plant data	336-337
	401-429

INDEX (continued)

<u>Schedule</u>	<u>Page No.</u>
Plant - electric	
accumulated provision for depreciation	219
construction work in progress	216
held for future use	214
in service	204-207
leased to others	213
Plant - utility and accumulated provisions for depreciation	
amortization and depletion (summary)	201
Pollution control facilities, accumulated deferred	
income taxes	234
Power Exchanges	326-327
Premium and discount on long-term debt	256
Premium on capital stock	251
Prepaid taxes	262-263
Property - losses, extraordinary	230
Pumped storage generating plant statistics	408-409
Purchased power (including power exchanges)	326-327
Reacquired capital stock	250
Reacquired long-term debt	256-257
Receivers' certificates	256-257
Reconciliation of reported net income with taxable income	
from Federal income taxes	261
Regulatory commission expenses deferred	233
Regulatory commission expenses for year	350-351
Research, development and demonstration activities	352-353
Retained Earnings	
amortization reserve Federal	119
appropriated	118-119
statement of, for the year	118-119
unappropriated	118-119
Revenues - electric operating	300-301
Salaries and wages	
directors fees	105
distribution of	354-355
officers'	104
Sales of electricity by rate schedules	304
Sales - for resale	310-311
Salvage - nuclear fuel	202-203
Schedules, this report form	2-4
Securities	
exchange registration	250-251
Statement of Cash Flows	120-121
Statement of income for the year	114-117
Statement of retained earnings for the year	118-119
Steam-electric generating plant statistics	402-403
Substations	426
Supplies - materials and	227

INDEX (continued)

<u>Schedule</u>	<u>Page No.</u>
<u>Taxes</u>	
accrued and prepaid	262-263
charged during year	262-263
on income, deferred and accumulated	234
reconciliation of net income with taxable income for	272-277
Transformers, line - electric	261
Transmission	429
lines added during year	424-425
lines statistics	422-423
of electricity for others	328-330
of electricity by others	332
Unamortized	
debt discount	256-257
debt expense	256-257
premium on debt	256-257
Unrecovered Plant and Regulatory Study Costs	230

STATEMENT OF INCOME FOR THE YEAR

1. Report amounts for Accounts 412 and 413, Revenue and Expenses from Utility Plant Leased to Others, in another utility column (i,k,m,o) in a similar manner to a utility department. Spread the amount (s) over lines 01 through 20 as appropriate. Include these amounts in columns (c) and (d) totals.

2. Report amounts in Account 414, Other Utility Operating Income, in the same manner as Accounts 412 and 413 above.

3. Report data for lines 7,9,10 for Natural Gas companies using accounts 404.1, 404.2, 404.3, 407.1 and 407.2.

4. Use page 122 for important notes regarding the statement of income or any account thereof.

5. Give concise explanations concerning unsettled rate

proceedings where a contingency exists such that refunds of a material amount may need to be made to the utility's customers or which may result in a material refund to the utility with respect to power or gas purchases. State for each year affected the gross revenues or costs to which the contingency relates and the tax effects together with an explanation of the major factors which affect the rights of the utility to retain such revenues or recover amounts paid with respect to power and gas purchases.

6. Give concise explanations concerning significant amounts of any refunds made or received during the year

Line No.	Account	Ref. Page No.	Total Current Year	Total Previous Year
1	UTILITY OPERATING INCOME			
2	Operating Revenues (400)	300-301	\$23,512,258	\$22,603,920
3	Operating Expenses			
4	Operation Expenses (401)	320-323	17,712,150	16,800,745
5	Maintenance Expenses (402)	320-323	943,733	1,029,490
6	Depreciation Expense (403,405)	336-337	1,223,729	1,138,554
7	Amort. & Depl. of Utility Plant (404-405)	336-337	-	-
8	Amort. of Utility Plant Acq. Adj. (406)	336-337	-	-
9	Amort. of Property Losses, Unrecovered Plant and Regulatory Study Costs (407)		-	-
10	Amort. of Conversion Expenses (407)		-	-
11	Regulatory Debits (407.3)		-	-
12	(Less) Regulatory Credits (407.4)		-	-
13	Taxes Other Than Income Taxes (408.1)		2,109,110	2,033,764
14	Income Taxes - Federal (409.1)		523,743	602,209
15	- Other (409.1)		89,418	103,095
16	Provision for Deferred Inc. Taxes (410.1)	234,272-277	(265,634)	(366,670)
17	(Less) Provision for Deferred Income Taxes-Cr.(411.1)	234,272-277		
18	Investment Tax Credit Adj. - Net (411.4)	266	(11,338)	(12,703)
19	(Less) Gains from Disp. of Utility Plant (411.6)		-	-
20	Losses from Disp. of Utility Plant (411.7)		-	-
21	(Less) Gains from Disposition of Allowances (411.8)		-	-
22	Losses from Disposition of Allowances (411.9)		-	-
	TOTAL Utility Operating Expenses (Total of lines 4-18)		22,324,911	21,328,484
24	Net Utility Operating Income (Total of line 2 less 19) (Carry forward to page 117, line 25)		\$1,187,347	\$1,275,436

ELECTRIC PLANT IN SERVICE (Accounts 101, 102, 103, 106)

1. Report below the original cost of electric plant in service according to the prescribed accounts.
 2. In addition to Account 101, Electric Plant in Service (Classified) this page and the next include Account 102, Electric Plant Purchased or Sold; Account 103, Experimental Gas Plant Unclassified; and Account 106, Completed Construction Not Classified - Electric
 3. Include in column (c) or (d), as appropriate, corrections of additions and retirements for the current or preceding year.
 4. Enclose in parentheses credit adjustments of plant accounts to indicate the negative effect of such accounts.
 5. Classify Account 106 according to prescribed accounts, on an estimated basis if necessary, and include the entries in column (c). Also to be included in column (c) are entries for

reversals of tentative distributions of prior year reported in column (b). Likewise, if the respondent has a significant amount of plant retirements the end of the year, included in column (d) a tentative distribution of such retirements, on an estimated basis, with appropriate contra entry to the account for accumulated depreciation provision. Include also in column (d) reversals of tentative distributions of prior years of unclassified retirements. Attach supplemental statement showing the account distributions of these tentative classifications in columns (c) and (d), including the reversals of the prior years tentative account distributions of these amounts. Careful observance of the above instructions and the texts of accounts 101 and 106 will avoid serious omissions of the reported amount of respondent's plant actually in service at end of year.

Line No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)
1	1. INTANGIBLE PLANT		
2	(301) Organization		
3	(302) Franchises and Consents		
4	(303) Miscellaneous Intangible Plant		
5	TOTAL Intangible Plant (Enter Total of lines 2, 3, and 4)	0	0
6	2. PRODUCTION PLANT		
7	A. Steam Production Plant		
8	(310) Land and Land Rights		
9	(311) Structures and Improvements		
10	(312) Boiler Plant Equipment		
11	(313) Engines and Engine Driven Generators		
12	(314) Turbogenerator Units		
13	(315) Accessory Electric Equipment		
14	(316) Misc. Power Plant Equipment		
15	TOTAL Steam Production Plant (Enter Total of lines 8 through 14)	0	0
16	B. Nuclear Production Plant		
17	(320) Land and Land Rights		
18	(321) Structures and Improvements		
19	(322) Reactor Plant Equipment		
20	(323) Turbogenerator Units		
21	(324) Accessory Electric Equipment		
22	(325) Misc. Power Plant Equipment		
23	TOTAL Nuclear Production Plant (Enter Total of lines 17 through 22)	0	0
24	C. Hydraulic Production Plant		
25	(330) Land and Land Rights	0	
26	(331) Structures and Improvements		
27	(332) Reservoirs, Dams, and Waterways		
28	(333) Water Wheels, Turbines, and Generators		
29	(334) Accessory Electric Equipment		
30	(335) Misc. Power Plant Equipment		
31	(336) Roads, Railroads, and Bridges		
32	TOTAL Hydraulic Production Plant (Enter Total of lines 25 through 31)	0	0
33	D. Other Production Plant		
34	(340) Land and Land Rights		
35	(341) Structures and Improvements		
36	(342) Fuel Holders, Products and Accessories		
37	(343) Prime Movers		
38	(344) Generators		
39	(345) Accessory Electric Equipment		

ELECTRIC PLANT IN SERVICE (Accounts 101, 102, 103, and 106) (Continued)

6. Show in column (f) reclassifications or transfers within utility plant accounts. Include also in column (f) the additions or reductions of primary account classifications arising from distribution of amounts initially recorded in Account 102. In showing the clearance of Account 102, include in column (e) the amounts with respect to accumulated provision for depreciation, acquisition adjustments, etc., and show in column (f) only the offset to the debits or credits distributed in column (f) to primary account classifications.

7. For Account 399, state the nature and use of plant included in this account and if substantial in amount submit a supplementary statement

showing subaccount classifications of such plant conforming to the requirements of these pages.

8. For each amount comprising the reported balance and changes in Account 102, state the property purchased or sold, name of vendor or purchaser, and the date of transaction. If proposed journal entries have been filed with the Commission as required by the Uniform System of Accounts, give also date of such filing.

Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)		Line No.
			\$0	(301)	1
			0	(302)	2
			0	(303)	3
0	0	0	0		4
			0		5
			0	(310)	6
			0	(311)	7
			0	(312)	8
			0	(313)	9
			0	(314)	10
			0	(315)	11
			0	(316)	12
0	0	0	0		13
			0	(320)	14
			0	(321)	15
			0	(322)	16
			0	(323)	17
			0	(324)	18
			0	(325)	19
0	0	0	0		20
			0	(330)	21
			0	(331)	22
			0	(332)	23
			0	(333)	24
			0	(334)	25
			0	(335)	26
			0	(336)	27
0	0	0	0		28
			0	(340)	29
			0	(341)	30
			0	(342)	31
			0	(343)	32
			0	(344)	33
			0	(345)	34
			0		35
			0		36
			0		37
			0		38
			0		39

ELECTRIC PLANT IN SERVICE (Accounts 101, 102, 103, 106)

Line No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)
40	(346) Misc. Power Plant Equipment		
41	TOTAL Other Production Plant (Enter Total of lines 34 through 40)	-	-
42	TOTAL Production Plant (Enter Total of lines 15, 23, 32, and 41)	-	-
43	3. TRANSMISSION PLANT		
44	(350) Land and Land Rights	-	-
45	(352) Structures and Improvements	-	-
46	(353) Station Equipment	-	-
47	(354) Towers and Fixtures	-	-
48	(355) Poles and Fixtures	-	-
49	(356) Overhead Conductors and Devices	-	-
50	(357) Underground Conduit	-	-
51	(358) Underground Conductors and Devices	-	-
52	(359) Roads and Trails	-	-
53	TOTAL Transmission Plant (Enter Total of lines 44 through 52)	-	-
54	4. DISTRIBUTION PLANT		
55	(360) Land and Land Rights	22,300	-
56	(361) Structures and Improvements	-	-
57	(362) Station Equipment	913,984	-
58	(363) Storage Battery Equipment	-	-
59	(364) Poles, Towers, and Fixtures	6,301,788	330,335
60	(365) Overhead Conductors and Devices	5,995,509	248,043
61	(366) Underground Conduit	132,900	5,739
62	(367) Underground Conductors and Devices	727,009	77,005
63	(368) Line Transformers	5,798,018	258,745
64	(369) Services	3,232,682	202,318
65	(370) Meters	1,255,171	83,791
66	(371) Installations on Customer Premises	1,073,037	107,942
67	(372) Leased Property on Customer Premises	-	-
68	(373) Street Lighting and Signal Systems	359,259	20,630
69	TOTAL Distribution Plant (Enter Total of lines 55 through 68)	25,811,657	1,334,548
70	5. GENERAL PLANT		
71	(389) Land and Land Rights	3,766	-
72	(390) Structures and Improvements	923,172	2,400
73	(391) Office Furniture and Equipment	102,648	380,302
74	(392) Transportation Equipment	1,396,937	184,276
75	(393) Stores Equipment	87,191	-
76	(394) Tools, Shop and Garage Equipment	22,310	-
77	(395) Laboratory Equipment	53,708	-
78	(396) Power Operated Equipment	3,931	-
79	(397) Communication Equipment	58,881	-
80	(398) Miscellaneous Equipment	9,512	-
81	SUBTOTAL (Enter Total of lines 71 through 80)	2,662,056	566,978
82	(399) Other Tangible Property	5,000	-
83	TOTAL General Plant (Enter Total of lines 81 and 82)	2,667,056	566,978
84	TOTAL (Accounts 101 and 106)	28,478,713	1,901,526
85	(102) Electric Plant Purchased	-	-
86	(Less) (102) Electric Plant Sold	-	-
87	(103) Experimental Plant Unclassified	-	-
88	TOTAL Electric Plant in Service	28,478,713	1,901,526

ELECTRIC PLANT IN SERVICE (Accounts 101, 102, 103, and 106) (Continued)

Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)		Line No.
			0	(346)	40
-	-	-	-		41
-	-	-	-		42
-	-	-	-	(350)	43
-	-	-	-	(352)	44
-	-	-	-	(353)	45
-	-	-	-	(354)	46
-	-	-	-	(355)	47
-	-	-	-	(356)	48
-	-	-	-	(357)	49
-	-	-	-	(358)	50
-	-	-	-	(359)	51
-	-	-	-		52
-	-	-	-		53
-	-	-	22,300	(360)	54
-	-	-	-	(361)	55
-	-	-	913,984	(362)	56
-	-	-	-	(363)	57
(29,661)	-	-	6,602,462	(364)	58
(12,897)	-	-	6,230,655	(365)	59
-	-	-	138,639	(366)	60
(2,067)	-	-	801,947	(367)	61
(13,349)	-	-	6,043,414	(368)	62
(7,527)	-	-	3,427,473	(369)	63
(79,924)	-	-	1,259,038	(370)	64
(40,315)	-	-	1,140,664	(371)	65
-	-	-	-	(372)	66
(8,084)	-	-	371,805	(373)	67
(193,824)	-	-	26,952,381		68
-	-	-	-		69
-	-	-	3,766	(389)	70
-	-	-	925,572	(390)	71
(24,283)	-	20,019	478,686	(391)	72
(130,763)	-	-	1,450,450	(392)	73
-	-	-	87,191	(393)	74
-	-	-	22,310	(394)	75
-	-	-	53,708	(395)	76
-	-	-	3,931	(396)	77
(6,926)	-	-	51,955	(397)	78
-	-	-	9,512	(398)	79
(161,972)	-	20,019	3,087,081		80
-	-	-	6,170,396	(399)	81
(161,972)	-	20,019	3,092,081		82
(355,796)	-	20,019	30,044,462		83
-	-	-	-	(102)	84
-	-	-	-	(103)	85
(355,796)	-	20,019	30,044,462		86
					87
					88

ACCUMULATED PROVISION FOR DEPRECIATION OF ELECTRIC UTILITY PLANT (Account 108)

1. Explain in a footnote any important adjustments during year.
2. Explain in a footnote any difference between the amount for book cost of plant retired, line 11, column (c), and that reported for electric plant in service, pages 204-207, column (d), excluding retirements of non-depreciable property.
3. The provisions of Account 108 in the Uniform System of Accounts require that retirements of depreciable plant be recorded when such plant is removed from service. If

the respondent has a significant amount of plant retired at year end which has not been recorded and/or classified to the various reserve functional classifications, make preliminary closing entries to tentatively functionalize the book cost of the plant retired. In addition, include all costs included in retirement work in progress at year end in the appropriate functional classifications.

4. Show separately interest credits under a sinking fund or similar method of depreciation accounting.

Section A. Balances and Changes During Year

Line No.	Item (a)	Total (c+d+e) (b)	Electric Plant in Service (c)	Electric Plant Held for Future Use (d)	Electric Plant Leased to Others (e)
1.	Balance Beginning of Year	14,003,164	14,003,164		
2.	Depreciation Provisions for Year, Charged to				
3.	(403) Depreciation Expense	1,173,816	1,173,816		
4.	(413) Exp. of Elec. Plt. Leas. to Others				
5.	Transportation Expenses-Clearing	126,322	126,322		
6.	Other Clearing Accounts				
7.	Other Accounts (Specify):				
8.	Accrued Depreciation on Transfers	(6,753)	(6,753)		
9.	TOTAL Deprec. Prov. for Year (Enter Total of lines 3 thru 8)	1,293,385	1,293,385		
10.	Net Charges for Plant Retired:				
11.	Book Cost of Plant Retired	(355,796)	(355,796)		
12.	Cost of Removal	(79,426)	(79,426)		
13.	Salvage (Credit)	32,846	32,846		
14.	TOTAL Net Chrgs. for Plant Ret. (Enter Total of lines 11 thru 13)	(402,376)	(402,376)		
15.	Other Debit or Credit Items (Describe)				
16.		0	0		
17.	Balance End of Year (Enter Total of lines 1, 9, 14, 15, and 16)	14,894,173	14,894,173		

Section B. Balances at End of Year According to Functional Classifications

18	Steam Production				
19	Nuclear Production				
20	Hydraulic Production - Conventional				
21	Hydraulic Production - Pumped Storage				
22	Other Production				
23	Transmission				
24	Distribution	13,659,788	13,659,788		
25	General	1,231,385	1,231,385		
26	Adjustment	0	0		
27	TOTAL (Enter Total of lines 18 thru 25)	14,891,173	14,891,173		

ELECTRIC OPERATING REVENUES (Account 400)

1. Report below operating revenues for each prescribed account, and manufactured gas revenues in total.
 2. Report number of customers, columns (f) and (g), on the basis of meters, in addition to the number of flat rate accounts; except that where separate meter readings are added for billing purposes, one customer

counted for each group of meters added. The average number of customers means the average of twelve figures at the close of each month.
 3. If increases or decreases from previous year (columns (c), (e), and (g)), are not derived from previously reported figures, explain any inconsistencies in a footnote.

OPERATING REVENUES			
Line No.	Title of Account (a)	Amount for Year (b)	Amount for Previous Year (c)
1	Sales of Electricity		
2	(440) Residential Sales	\$11,040,906	\$10,612,621
3	(442) Commercial and Industrial Sales		
4	Small (or Commercial)	2,577,858	2,484,011
5	Large (or Industrial)	8,851,659	8,494,308
6	(443) Outdoor Lighting	702,115	684,680
7	(444) Public Street and Highway Lighting	170,450	174,369
8	(445) Other Sales to Public Authorities	0	0
9	(448) Interdepartmental Sales	10,942	10,649
10	(456.3) Unbilled Revenues	(35,620)	(51,468)
11			
12	TOTAL Sales to Ultimate Consumers	23,318,310	22,409,170
13	(447) Sales for Resale	0	0
14			
15	TOTAL Sales of Electricity	23,318,310	22,409,170
16	(Less) (449.1) Provision for Rate Refunds	0	0
17			
18	TOTAL Revenue Net of Provision for Refunds	23,318,310	22,409,170
19	Other Operating Revenues		
20	(450) Forfeited Discounts	191,090	187,936
21	(451) Miscellaneous Service Revenues	124,028	124,131
22	(453) Sales of Water and Water Power	0	0
23	(454) Rent from Electric Property	76,106	76,106
24	(455) Interdepartmental Rents	0	0
25	(456.2) Other Electric Revenues	6,517	5,610
26	(456.1) Overrecoveries Purchase Electric	(289,971)	(266,046)
27	(456.6) Conservation Overrecoveries	86,178	67,013
28			
29			
30	TOTAL Other Operating Revenues	193,948	194,750
31			
32	TOTAL Electric Operating Revenues	\$23,512,258	\$22,603,920

ELECTRIC OPERATING REVENUES (Account 400) (Continued)

4. Commercial and Industrial Sales, Account 442, may be classified according to the basis of classification (Small or Commercial, and Large or Industrial) regularly used by the respondent if such basis of classification is not generally greater than 1000 kw of demand. (See Account 442 of the Uniform System of Accounts. Explain basis of classification in a footnote.)

5. See page 108, Important Changes During Year, for important new territory added and important rate increases or decreases.

6. For lines 2,4,5, and 6, see page 304 for amounts relating to unbilled revenues by accounts.

7. Include unmetered sales. Provide details of such sales in a footnote.

MEGAWATT HOURS SOLD		AVERAGE NUMBER OF CUSTOMERS PER MONTH		
Amount for Year (d)	Amount for Previous Year (e)	Number for Year (f)	Number for Previous Year (g)	Line No.
151,089	149,016	10,314	10,209	1
29,905	29,608	2,003	2,000	2
158,290	156,591	422	416	3
3,985	3,844	2,510	2,505	4
1,141	1,200	13	14	5
0	0	0	0	6
234	238	3	3	7
(2,639)	(3,411)	0	0	8
342,005	337,086	15,265	15,147	9
342,005	337,086	15,265	15,147	10
342,005	337,086	15,265	15,147	11
				12
				13
				14
				15
				16
				17
				18
				19
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				32

ELECTRIC OPERATION AND MAINTENANCE EXPENSES

Account	Amount for Current Year	Amount for Previous Year
1 (1) POWER PRODUCTION EXPENSES		
2 A. Steam Power Generation		
3 Operation		
4 (500) Operation Supervision and Engineering		
5 (501) Fuel		
6 (502) Steam Expenses		
7 (503) Steam from Other Sources		
8 (Less) (504) Steam Transferred-Cr.		
9 (505) Electric Expenses		
10 (506) Miscellaneous Steam Power Expenses		
11 (507) Rents		
12 TOTAL Operation	-	-
13 Maintenance		
14 (510) Maintenance Supervision and Engineering		
15 (511) Maintenance of Structures		
16 (512) Maintenance of Boiler Plant		
17 (513) Maintenance of Electric Plant		
18 (514) Maintenance of Miscellaneous Steam Plant		
19 TOTAL Maintenance	-	-
20 TOTAL Power Production Expenses-Steam Plant	-	-
21 B. Nuclear Power Generation		
22 Operation		
23 (517) Operation Supervision and Engineering		
24 (518) Fuel		
25 (519) Coolants and Water		
26 (520) Steam Expenses		
27 (521) Steam from Other Sources		
28 (Less) (522) Steam Transferred-Cr.		
29 (523) Electric Expenses		
30 (524) Miscellaneous Nuclear Power Expenses		
31 (525) Rents		
32 TOTAL Operation	-	-
33 Maintenance		
34 (528) Maintenance Supervision and Engineering		
35 (529) Maintenance of Structures		
36 (530) Maintenance of Reactor Plant Equipment		
37 (531) Maintenance of Electric Plant		
38 (532) Maintenance of Miscellaneous Nuclear Plant		
39 TOTAL Maintenance	-	-
40 TOTAL Power Production Expenses-Nuclear Power	-	-
41 C. Hydraulic Power Generation		
42 Operation		
43 (535) Operation Supervision and Engineering	-	-
44 (536) Water for Power		
45 (537) Hydraulic Expenses	-	-
46 (538) Electric Expenses	-	-
47 (539) Miscellaneous Hydraulic Power Generation Expenses	-	-
48 (540) Rents		
49 TOTAL Operation	-	-

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

Account	Amount for Current Year	Amount for Previous Year
50 C. Hydraulic Power Generation (Continued)		
51 Maintenance		
52 (541) Maintenance Supervision and Engineering		
53 (542) Maintenance of Structures	-	-
54 (543) Maintenance of Reservoirs, Dams, and Waterways	-	-
55 (544) Maintenance of Electric Plant	-	-
56 (545) Maintenance of Miscellaneous Hydraulic Plant		
57 TOTAL Maintenance	-	-
58 TOTAL Power Production Expenses-Hydraulic Power	-	-
59 D. Other Power Generation		
60 Operation		
61 (546) Operation Supervision and Engineering		
62 (547) Fuel		
63 (548) Generation Expenses		
64 (549) Miscellaneous Other Power Generation Expenses		
65 (550) Rents		
66 TOTAL Operation	-	-
67 Maintenance		
68 (551) Maintenance Supervision and Engineering		
69 (552) Maintenance of Structures		
70 (553) Maintenance of Generating and Electric Plant		
71 (554) Maintenance of Miscellaneous Other Power Generation Plant	-	-
72 TOTAL Maintenance	-	-
73 TOTAL Power Production Expenses-Other Power	-	-
74 E. Other Power Supply Expenses		
75 (555) Purchased Power	14,549,298	13,835,299
76 (556) System Control and Load Dispatching		
77 (557) Other Expenses	153,177	113,618
78 TOTAL Other Power Supply Expenses	14,702,475	13,948,917
79 TOTAL Power Production Expenses	14,702,475	13,948,917
80 2. TRANSMISSION EXPENSES		
81 Operation		
82 (560) Operation Supervision and Engineering		
83 (561) Load Dispatching		
84 (562) Station Expenses		
85 (563) Overhead Line Expenses		
86 (564) Underground Line Expenses		
87 (565) Transmission of Electricity by Others		
88 (566) Miscellaneous Transmission Expenses		
89 (567) Rents		
90 TOTAL Operation	-	-
91 Maintenance		
92 (568) Maintenance Supervision and Engineering		
93 (569) Maintenance of Structures		
94 (570) Maintenance of Station Equipment		
95 (571) Maintenance of Overhead Lines		
96 (572) Maintenance of Underground Lines		
97 (573) Maintenance of Miscellaneous Transmission Plant	-	-
98 TOTAL Maintenance	-	-
99 TOTAL Transmission Expenses	-	-
100 3. DISTRIBUTION EXPENSES		
101 Operation		
102 (580) Operation Supervision and Engineering	130,160	170,904
103 (581) Load Dispatching		

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

Account	Amount for Current Year	Amount for Previous Year
104 3. DISTRIBUTION EXPENSES (Continued)		
105		
106 (582) Station Expenses	4,038	8,942
107 (583) Overhead Line Expenses	87,415	74,991
108 (584) Underground Line Expenses	0	668
109 (585) Street Lighting and Signal System Expenses	10,237	9,752
110 (586) Meter Expenses	156,265	155,673
111 (587) Customer Installations Expenses	62,812	51,282
112 (588) Miscellaneous Distribution Expenses	101,028	120,605
113 (589) Rents	825	644
114 TOTAL Operation	552,780	593,461
115 Maintenance		
116 (590) Maintenance Supervision and Engineering	34,624	27,973
117 (591) Maintenance of Structures	0	0
118 (592) Maintenance of Station Equipment	2,766	5,906
119 (593) Maintenance of Overhead Lines	695,350	847,113
120 (594) Maintenance of Underground Lines	9,950	8,848
121 (595) Maintenance of Line Transformers	58,630	54,257
122 (596) Maintenance of Street Lighting and Signal Systems	10,865	8,097
123 (597) Maintenance of Meters	22,853	16,565
124 (598) Maintenance of Miscellaneous Distribution Plant	29,951	28,875
125 TOTAL Maintenance	864,989	997,634
126 TOTAL Distribution Expenses	1,417,769	1,591,095
127 4. CUSTOMER ACCOUNTS EXPENSES		
128 Operation		
129 (901) Supervision	30,055	58,838
130 (902) Meter Reading Expenses	158,184	139,470
131 (903) Customer Records and Collection Expenses	366,861	351,846
132 (904) Uncollectible Accounts	69,916	1,182
133 (905) Miscellaneous Customer Accounts Expenses	49,969	45,873
134 TOTAL Customer Accounts Expenses	674,985	597,209
135 5. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES		
136 Operation		
137 (907) Supervision	37,815	39,698
138 (908) Customer Assistance Expenses	104,373	108,620
139 (909) Informational and Instructional Expenses	86,284	88,593
140 (910) Misc. Cust. Service & Informational -Includes underrecovery (906)	13,226	14,351
141 TOTAL Cust. Service and Informational Expenses	241,698	251,262
142 6. SALES EXPENSES		
143 Operation		
144 (911) Supervision	-	-
145 (912) Demonstrating and Selling Expenses	-	-
146 (913) Advertising Expenses	66,408	9,964
147 (916) Miscellaneous Sales Expenses	6,166	-
148 TOTAL Sales Expenses	72,574	9,964
149 7. ADMINISTRATIVE AND GENERAL EXPENSES		
150 Operation		
151 (920) Administrative and General Salaries	408,469	353,165
152 (921) Office Supplies and Expenses	72,424	101,273
153 (Less) (922) Administrative expenses Transferred-Cr.	-	-
154 (923) Outside Services Employed	94,653	73,310
155 (924) Property Insurance	124,207	132,242
156 (925) Injuries and Damages	219,049	208,197
157 (926) Employee Pensions and Benefits	437,031	418,845

NORTHWEST DIVISION

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

Account	Amount for Current Year	Amount for Previous Year
157 7. ADMINISTRATIVE AND GENERAL EXPENSES		
158 (927) Franchise Requirements		
159 (928) Regulatory Commission Expenses	61,708	56,463
160 (Less) (929) Duplicate Charges-Cr.	0	
161 (930.1) General Advertising Expenses	0	0
162 (930.2) Miscellaneous General Expenses	46,109	52,931
163 (931) Rents	3,988	3,506
164 TOTAL Operation	1,467,638	1,399,932
165 Maintenance		
166 (935) Maintenance of General Plant	78,744	31,856
167 TOTAL Administrative and General Expenses	1,546,382	1,431,788
168 TOTAL Electric Operation and Maintenance Expenses	18,655,883	17,830,235

NUMBER OF ELECTRIC DEPARTMENT EMPLOYEES

1. The data on number of employees should be reported for the payroll period ending nearest to October 31, or any payroll period ending 60 days before or after October 31.
2. If the respondent's payroll for the reporting period includes any special construction personnel, include such employees on line 3, and show the number of such special construction employees in a footnote.
3. The number of employees assignable to the electric department from joint functions of combination utilities may be determined by estimate, on the basis of employee equivalents. Show the estimated number of equivalent employees attributed to the electric department from joint functions.

1 Payroll Period Ended (Date)	11/5/2006
2 Total Regular Full-Time Employees	37
3 Total Part-Time and Temporary Employees	-
4 Total Employees	37

DEPRECIATION AND AMORTIZATION OF ELECTRIC PLANT (Accounts 403, 404, 405)
(Except amortization of acquisition adjustments)

1. Report in Section A for the year the amounts for:
(a) Depreciation Expense (Account 403); (b) Amortization of Limited-Term Electric Plant (Account 404); and (c) Amortization of Other Electric Plant (Account 405).
2. Report in section B the rates used to compute amortization charges for electric plant (Accounts 404 and 405). State the basis used to compute the charges and whether any changes have been made in the basis or rates used from the preceding report year.
3. Report all available information called for in section C every fifth year beginning with report year 1971, reporting annually only changes to columns (c) through (g) from the complete report of the preceding year.
Unless composite depreciation accounting for total depreciable plant is followed, list numerically in column (a) each plant subaccount, account or functional classification, as appropriate, to which a rate is applied. Identify at the bottom of section C the type of plant included in any subaccounts used.
In column (b) report all depreciable plant balances to which rates are applied showing subtotals by functional

classifications and showing a composite total. Indicate at the bottom of section C the manner in which column (b) balances are obtained. If average balances, state the method of averaging used.
For columns (c), (d), and (e) report available information for each plant subaccount, account or functional classification listed in column (a). If plant mortality studies are prepared to assist in estimating average service lives, show in column (f) the type mortality curve selected as most appropriate for the account and in column (g), if available, the weighted average remaining life of surviving plant.
If composite depreciation accounting is used, report available information called for in columns (b) through (g) on this basis.

4. If provisions for depreciation were made during the year in addition to depreciation provided by application of reported rates, state at the bottom of section C the amounts and nature of the provisions and the plant items to which related.

A. Summary of Depreciation and Amortization Charges

Line No.	Functional Classification (a)	Depreciation Expense (Account 403) (b)	Amortization of Limited-Term Electric Plant (Acct. 404) (c)	Amortization of Other Electric Plant (Acct. 405) (d)	Total (e)
1	Intangible Plant				
2	Steam Production Plant				
3	Nuclear Production Plant				
4	Hydraulic Production Plant-Conventional	0			0
5	Hydraulic Production Plant-Pumped Storage	0			0
6	Other Production Plant	0			0
7	Transmission Plant	0			0
8	Distribution Plant	1,062,079			1,062,079
9	General Plant	111,737			111,737
10	Common Plant-Electric	49,913			49,913
11	Adjustment*				0
12	TOTAL	\$1,223,729	\$0	\$0	\$1,223,729

B. Basis for Amortization Charges

*payroll entry booked in 7/05 in error

FLORIDA PUBLIC UTILITIES COMPANY
NORTHWEST ELECTRIC DIVISION
REPORT OF DEPRECIATION DATA UNDER RULE 25-6.0435(8)
2006

PLANT IN SERVICE (\$)										RESERVE (\$)					(CREDIT BALANCES)		
Plant	Beginning Balance	Additions	Purchases & Adjustments	Transfers	Retirements	Ending Balance	Plant Acct.	Beginning Balance	Retirements	Accruals	Salvage	Cost of Removal	Purchases & Adjustments	Transfers	Reclassifications	Ending Balance	
350	-	-	-	-	-	-	350	-	-	-	-	-	-	-	-	-	
3501	-	-	-	-	-	-	3501	-	-	-	-	-	-	-	-	-	
352	-	-	-	-	-	-	352	-	-	-	-	-	-	-	-	-	
353	-	-	-	-	-	-	353	-	-	-	-	-	-	-	-	-	
354	-	-	-	-	-	-	354	-	-	-	-	-	-	-	-	-	
355	-	-	-	-	-	-	355	-	-	-	-	-	-	-	-	-	
356	-	-	-	-	-	-	356	-	-	-	-	-	-	-	-	-	
359	-	-	-	-	-	-	359	-	-	-	-	-	-	-	-	-	
360	1,100	-	-	-	-	1,100	360	-	-	-	-	-	-	-	-	-	
3601	21,200	-	-	-	-	21,200	3601	4,407	-	408	-	-	-	-	-	4,815	
361	-	-	-	-	-	-	361	-	-	-	-	-	-	-	-	-	
362	913,984	-	-	-	-	913,984	362	462,168	-	27,420	-	-	-	-	-	489,588	
364	6,301,788	330,335	-	-	(29,661)	6,602,462	364	2,782,313	(29,661)	269,918	3,982	(27,018)	-	-	-	2,999,534	
365	5,995,509	248,043	-	-	(12,897)	6,230,655	365	3,109,685	(12,897)	231,292	10,978	(30,267)	-	-	-	3,308,791	
366	132,900	5,739	-	-	-	138,639	366	36,409	-	2,716	142	-	-	-	-	39,267	
367	727,009	77,005	-	-	(2,067)	801,947	367	189,411	(2,067)	22,249	348	(602)	-	-	-	209,339	
368	5,798,018	258,745	-	-	(13,348)	6,043,414	368	3,542,811	(13,348)	248,147	1,944	(3,919)	-	-	-	3,775,634	
369	3,232,682	202,318	-	-	(7,527)	3,427,473	369	1,541,021	(7,527)	126,077	4,156	(7,735)	-	-	-	1,655,992	
370	1,255,171	83,791	-	-	(79,924)	1,259,038	370	719,302	(79,924)	46,435	1,050	(3,964)	-	-	-	682,899	
371	1,073,037	107,942	-	-	(40,315)	1,140,664	371	344,533	(40,315)	66,949	9,219	(4,255)	-	-	-	376,131	
373	359,259	20,630	-	-	(8,084)	371,805	373	107,080	(8,084)	20,468	-	(1,866)	-	-	-	117,798	
389	3,766	-	-	-	-	3,766	389	-	-	-	-	-	-	-	-	-	
390	923,172	2,400	-	-	-	925,572	390	214,595	-	18,504	-	-	-	-	-	233,099	
3911	2,656	-	-	-	-	2,656	3911	2,656	-	-	-	-	-	-	-	2,656	
3912	11,670	-	-	-	(844)	10,726	3912	8,424	(944)	1,149	-	-	-	-	-	8,629	
3913	88,322	19,558	-	20,019	(23,339)	104,560	3913	67,531	(23,339)	7,900	-	-	(1,917)	-	-	50,175	
391305	-	360,744	-	-	-	360,744	391305	-	-	57,680	-	-	-	-	-	57,680	
3921	41,517	-	-	(2,742)	-	38,775	3921	33,803	-	3,627	-	-	-	-	-	32,594	
3922	236,810	21,020	-	-	(17,454)	240,376	3922	111,552	(17,454)	26,138	877	-	-	-	-	121,113	
3923	1,050,234	155,148	-	-	(113,309)	1,092,073	3923	544,538	(113,309)	93,821	-	-	-	-	-	525,050	
3924	66,376	8,108	-	-	-	74,484	3924	15,495	-	2,736	-	-	-	-	-	18,231	
3931	86,430	-	-	-	-	86,430	3931	73,658	-	9,342	-	-	-	-	-	83,000	
3932	761	-	-	-	-	761	3932	762	-	(1)	-	-	-	-	-	761	
3941	4,364	-	-	-	-	4,364	3941	3,770	-	593	-	-	-	-	-	4,363	
3942	17,946	-	-	-	-	17,946	3942	14,767	-	648	-	-	-	-	-	15,415	
3951	32,991	-	-	-	-	32,991	3951	18,122	-	4,574	-	-	-	-	-	22,696	
3952	20,717	-	-	-	-	20,717	3952	15,767	-	252	-	-	-	-	-	17,487	
396	58,881	-	-	-	(6,926)	51,955	396	1,276	-	7,104	150	-	-	-	-	1,528	
397	9,512	-	-	-	-	9,512	397	29,606	-	1,272	-	-	-	-	-	29,934	
398	5,000	-	-	-	-	5,000	398	5,702	-	1,000	-	-	-	-	-	6,974	
399	-	-	-	-	-	-	399	2,000	-	-	-	-	-	-	-	3,000	
28,478,713	1,901,526	-	-	17,277	(355,796)	30,041,720		14,003,164	(355,796)	1,300,138	32,846	(79,426)	-	(6,753)	-	14,894,173	

STATEMENT OF INCOME FOR THE YEAR

1. Report amounts for Accounts 412 and 413, Revenue and Expenses from Utility Plant Leased to Others, in another utility column (i,k,m,o) in a similar manner to a utility department. Spread the amount (s) over lines 01 through 20 as appropriate. Include these amounts in columns (c) and (d) totals.
 2. Report amounts in Account 414, Other Utility Operating Income, in the same manner as Accounts 412 and 413 above.
 3. Report data for lines 7,9,10 for Natural Gas companies using accounts 404.1, 404.2, 404.3, 407.1 and 407.2.
 4. Use page 122 for important notes regarding the statement of income or any account thereof.
 5. Give concise explanations concerning unsettled rate

proceedings where a contingency exists such that refunds of a material amount may need to be made to the utility's customers or which may result in a material refund to the utility with respect to power or gas purchases. State for each year affected the gross revenues or costs to which the contingency relates and the tax effects together with an explanation of the major factors which affect the rights of the utility to retain such revenues or recover amounts paid with respect to power and gas purchases.
 6. Give concise explanations concerning significant amounts of any refunds made or received during the year

Line No.	Account	Ref. Page No.	Total Current Year	Total Previous Year
1	UTILITY OPERATING INCOME			
2	Operating Revenues (400)	300-301	\$25,014,959	\$24,845,638
3	Operating Expenses			
4	Operation Expenses (401)	320-323	18,958,669	18,624,845
5	Maintenance Expenses (402)	320-323	1,155,580	1,014,643
6	Depreciation Expense (403,405)	336-337	1,498,767	1,381,950
7	Amort. & Depl. of Utility Plant (404-405)	336-337	-	-
8	Amort. of Utility Plant Acq. Adj. (406)	336-337	-	-
9	Amort. of Property Losses, Unrecovered Plant and Regulatory Study Costs (407)		-	-
10	Amort. of Conversion Expenses (407)		-	-
11	Regulatory Debits (407.3)		-	-
12	(Less) Regulatory Credits (407.4)		-	-
13	Taxes Other Than Income Taxes (408.1)		1,873,062	1,923,810
14	Income Taxes - Federal (409.1)		136,629	909,347
15	- Other (409.1)		23,105	155,644
16	Provision for Deferred Inc. Taxes (410.1)	234,272-277	69,845	(702,200)
17	(Less) Provision for Deferred Income Taxes-Cr.(411.1)	234,272-277		
18	Investment Tax Credit Adj. - Net (411.4)	266	(20,983)	(22,285)
19	(Less) Gains from Disp. of Utility Plant (411.6)		-	-
20	Losses from Disp. of Utility Plant (411.7)		-	-
21	(Less) Gains from Disposition of Allowances (411.8)		-	-
22	Losses from Disposition of Allowances (411.9)		-	-
	TOTAL Utility Operating Expenses (Total of lines 4-18)		23,694,674	23,285,754
24	Net Utility Operating Income (Total of line 2 less 19) (Carry forward to page 117, line 25)		\$1,320,285	\$1,559,884

ELECTRIC PLANT IN SERVICE (Accounts 101, 102, 103, 106)

1. Report below the original cost of electric plant in service according to the prescribed accounts.
 2. In addition to Account 101, Electric Plant in Service (Classified) this page and the next include Account 102, Electric Plant Purchased or Sold; Account 103, Experimental Gas Plant Unclassified; and Account 106, Completed Construction Not Classified - Electric
 3. Include in column (c) or (d), as appropriate, corrections of additions and retirements for the current or preceding year.
 4. Enclose in parentheses credit adjustments of plant accounts to indicate the negative effect of such accounts.
 5. Classify Account 106 according to prescribed accounts, on an estimated basis if necessary, and include the entries in column (c). Also to be included in column (c) are entries for

reversals of tentative distributions of prior year reported in column (b). Likewise, if the respondent has a significant amount of plant retirements the end of the year, included in column (d) a tentative distribution of such retirements, on an estimated basis, with appropriate contra entry to the account for accumulated depreciation provision. Include also in column (d) reversals of tentative distributions of prior years of unclassified retirements. Attach supplemental statement showing the account distributions of these tentative classifications in columns (c) and (d), including the reversals of the prior years tentative account distributions of these amounts. Careful observance of the above instructions and the texts of accounts 101 and 106 will avoid serious omissions of the reported amount of respondent's plant actually in service at end of year.

Line No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)
1	1. INTANGIBLE PLANT		
2	(301) Organization		
3	(302) Franchises and Consents		
4	(303) Miscellaneous Intangible Plant		
5	TOTAL Intangible Plant (Enter Total of lines 2, 3, and 4)	0	0
6	2. PRODUCTION PLANT		
7	A. Steam Production Plant		
8	(310) Land and Land Rights		
9	(311) Structures and Improvements		
10	(312) Boiler Plant Equipment		
11	(313) Engines and Engine Driven Generators		
12	(314) Turbogenerator Units		
13	(315) Accessory Electric Equipment		
14	(316) Misc. Power Plant Equipment		
15	TOTAL Steam Production Plant (Enter Total of lines 8 through 14)	0	0
16	B. Nuclear Production Plant		
17	(320) Land and Land Rights		
18	(321) Structures and Improvements		
19	(322) Reactor Plant Equipment		
20	(323) Turbogenerator Units		
21	(324) Accessory Electric Equipment		
22	(325) Misc. Power Plant Equipment		
23	TOTAL Nuclear Production Plant (Enter Total of lines 17 through 22)	0	0
24	C. Hydraulic Production Plant		
25	(330) Land and Land Rights	0	
26	(331) Structures and Improvements		
27	(332) Reservoirs, Dams, and Waterways		
28	(333) Water Wheels, Turbines, and Generators		
29	(334) Accessory Electric Equipment		
30	(335) Misc. Power Plant Equipment		
31	(336) Roads, Railroads, and Bridges		
32	TOTAL Hydraulic Production Plant (Enter Total of lines 25 through 31)	0	0
33	D. Other Production Plant		
34	(340) Land and Land Rights		
35	(341) Structures and Improvements		
36	(342) Fuel Holders, Products and Accessories		
37	(343) Prime Movers		
38	(344) Generators		
39	(345) Accessory Electric Equipment		

ELECTRIC PLANT IN SERVICE (Accounts 101, 102, 103, and 106) (Continued)

6. Show in column (f) reclassifications or transfers within utility plant accounts. Include also in column (f) the additions or reductions of primary account classifications arising from distribution of amounts initially recorded in Account 102. In showing the clearance of Account 102, include in column (e) the amounts with respect to accumulated provision for depreciation, acquisition adjustments, etc., and show in column (f) only the offset to the debits or credits distributed in column (f) to primary account classifications.

7. For Account 399, state the nature and use of plant included in this account and if substantial in amount submit a supplementary statement

showing subaccount classifications of such plant conforming to the requirements of these pages.

8. For each amount comprising the reported balance and changes in Account 102, state the property purchased or sold, name of vendor or purchaser, and the date of transaction. If proposed journal entries have been filed with the Commission as required by the Uniform System of Accounts, give also date of such filing.

Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)		Line No.
			\$0	(301)	1
			0	(302)	2
			0	(303)	3
0	0	0	0		4
					5
					6
			0	(310)	7
			0	(311)	8
			0	(312)	9
			0	(313)	10
			0	(314)	11
			0	(315)	12
			0	(316)	13
0	0	0	0		14
					15
			0	(320)	16
			0	(321)	17
			0	(322)	18
			0	(323)	19
			0	(324)	20
			0	(325)	21
0	0	0	0		22
					23
			0	(330)	24
			0	(331)	25
			0	(332)	26
			0	(333)	27
			0	(334)	28
			0	(335)	29
			0	(336)	30
0	0	0	0		31
					32
			0	(340)	33
			0	(341)	34
			0	(342)	35
			0	(343)	36
			0	(344)	37
			0	(345)	38
					39

ELECTRIC PLANT IN SERVICE (Accounts 101, 102, 103, 106)

Line No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)
40	(346) Misc. Power Plant Equipment		
41	TOTAL Other Production Plant (Enter Total of lines 34 through 40)	0	0
42	TOTAL Production Plant (Enter Total of lines 15, 23, 32, and 41)	0	0
43	3. TRANSMISSION PLANT		
44	(350) Land and Land Rights	74,148	0
45	(352) Structures and Improvements	22,006	0
46	(353) Station Equipment	2,414,632	0
47	(354) Towers and Fixtures	224,665	0
48	(355) Poles and Fixtures	2,334,273	12,582
49	(356) Overhead Conductors and Devices	1,825,626	51,100
50	(357) Underground Conduit	0	0
51	(358) Underground Conductors and Devices	0	0
52	(359) Roads and Trails	6,788	0
53	TOTAL Transmission Plant (Enter Total of lines 44 through 52)	6,902,138	63,682
54	4. DISTRIBUTION PLANT		
55	(360) Land and Land Rights	10,160	5,431
56	(361) Structures and Improvements	96,042	0
57	(362) Station Equipment	4,226,473	669,480
58	(363) Storage Battery Equipment	0	0
59	(364) Poles, Towers, and Fixtures	2,211,285	149,094
60	(365) Overhead Conductors and Devices	3,226,395	191,422
61	(366) Underground Conduit	2,240,022	201,108
62	(367) Underground Conductors and Devices	3,683,923	391,535
63	(368) Line Transformers	6,878,228	168,424
64	(369) Services	4,589,267	192,995
65	(370) Meters	2,027,669	118,769
66	(371) Installations on Customer Premises	759,295	178,947
67	(372) Leased Property on Customer Premises	0	0
68	(373) Street Lighting and Signal Systems	793,395	47,487
69	TOTAL Distribution Plant (Enter Total of lines 55 through 68)	30,742,154	2,314,692
70	5. GENERAL PLANT		
71	(389) Land and Land Rights	68,696	0
72	(390) Structures and Improvements	492,964	22,670
73	(391) Office Furniture and Equipment	451,833	9,200
74	(392) Transportation Equipment	1,230,741	222,008
75	(393) Stores Equipment	20,488	0
76	(394) Tools, Shop and Garage Equipment	110,798	4,897
77	(395) Laboratory Equipment	42,048	0
78	(396) Power Operated Equipment	107,687	0
79	(397) Communication Equipment	96,470	0
80	(398) Miscellaneous Equipment	7,475	3,235
81	SUBTOTAL (Enter Total of lines 71 through 80)	2,629,200	262,010
82	(399) Other Tangible Property	5,000	0
83	TOTAL General Plant (Enter Total of lines 81 and 82)	2,634,200	262,010
84	TOTAL (Accounts 101 and 106)	40,278,492	2,640,384
85	(102) Electric Plant Purchased	0	0
86	(Less) (102) Electric Plant Sold		
87	(103) Experimental Plant Unclassified	0	0
88	TOTAL Electric Plant in Service	\$40,278,492	\$2,640,384

Northeast Division	An Original				December 31, 2006
ELECTRIC PLANT IN SERVICE (Accounts 101, 102, 103, and 106) (Continued)					
Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)		Line No.
			0	(346)	40
0	0	0	0		41
0	0	0	0		42
					43
0	0	0	74,148	(350)	44
0	0	0	22,006	(352)	45
0	0	0	2,414,632	(353)	46
0	0	0	224,665	(354)	47
0	0	0	2,346,855	(355)	48
0	0	15,369	1,892,095	(356)	49
0	0	0	0	(357)	50
0	0	0	0	(358)	51
0	0	0	6,788	(359)	52
0	0	15,369	6,981,189		53
					54
0	0	0	15,591	(360)	55
0	0	0	96,042	(361)	56
0	0	0	4,895,953	(362)	57
0	0	0	0	(363)	58
(14,572)	0	(18,800)	2,327,007	(364)	59
(4,366)	0	0	3,413,451	(365)	60
(4,474)	0	0	2,436,656	(366)	61
(21,942)	0	0	4,053,516	(367)	62
(64,487)	0	0	6,982,165	(368)	63
(802)	0	0	4,781,460	(369)	64
(70,889)	0	0	2,075,549	(370)	65
(4,543)	0	3,431	937,130	(371)	66
0	0	0	0	(372)	67
(12,458)	0	0	828,424	(373)	68
(198,533)	0	(15,369)	32,842,944		69
					70
0	0	0	68,696	(389)	71
0	0	0	515,634	(390)	72
(20,003)	0	16,525	457,555	(391)	73
(128,649)	39,487	2,742	1,366,329	(392)	74
0	0	0	20,488	(393)	75
(3,330)	0	3,234	115,599	(394)	76
0	0	0	42,048	(395)	77
0	82,717	0	190,404	(396)	78
(4,394)	0	0	92,076	(397)	79
0	0	(3,234)	7,476	(398)	80
(156,376)	122,204	19,267	2,876,305		81
0	0	0	5,000	(399)	82
(156,376)	122,204	19,267	2,881,305		83
(354,909)	122,204	19,267	42,705,438		84
0			0	(102)	85
					86
0			0	(103)	87
(\$354,909)	\$122,204	\$19,267	42,705,438		88

ACCUMULATED PROVISION FOR DEPRECIATION OF ELECTRIC UTILITY PLANT (Account 108)

1. Explain in a footnote any important adjustments during year.
 2. Explain in a footnote any difference between the amount for book cost of plant retired, line 11, column (c), and that reported for electric plant in service, pages 204-207, column (d), excluding retirements of non-depreciable property.
 3. The provisions of Account 108 in the Uniform System of Accounts require that retirements of depreciable plant be recorded when such plant is removed from service. If

the respondent has a significant amount of plant retired at year end which has not been recorded and/or classified to the various reserve functional classifications, make preliminary closing entries to tentatively functionalize the book cost of the plant retired. In addition, include all costs included in retirement work in progress at year end in the appropriate functional classifications.
 4. Show separately interest credits under a sinking fund or similar method of depreciation accounting.

Section A. Balances and Changes During Year

Line No.	Item (a)	Total (c+d+e) (b)	Electric Plant in Service (c)	Electric Plant Held for Future Use (d)	Electric Plant Leased to Others (e)
1.	Balance Beginning of Year	15,758,728	15,758,728		
2.	Depreciation Provisions for Year, Charged to				
3.	(403) Depreciation Expense	1,436,530	1,436,530		
4.	(413) Exp. of Elec. Plt. Leas. to Others				
5.	Transportation Expenses-Clearing	113,043	113,043		
6.	Other Clearing Accounts				
7.	Other Accounts (Specify):				
8.	Accrued Depreciation on Transfers	6,753	6,753		
9.	TOTAL Deprec. Prov. for Year (Enter Total of lines 3 thru 8)	1,556,326	1,556,326		
10.	Net Charges for Plant Retired:				
11.	Book Cost of Plant Retired	(354,909)	(354,909)		
12.	Cost of Removal	(77,745)	(77,745)		
13.	Salvage (Credit)	38,705	38,705		
14.	TOTAL Net Chrgs. for Plant Ret. (Enter Total of lines 11 thru 13)	(393,949)	(393,949)		
15.	Other Debit or Credit Items (Describe)				
16.		0	0		
17.	Balance End of Year (Enter Total of lines 1, 9, 14, 15, and 16)	16,921,105	16,921,105		

Section B. Balances at End of Year According to Functional Classifications

18	Steam Production				
19	Nuclear Production				
20	Hydraulic Production - Conventional	0	0		
21	Hydraulic Production - Pumped Storage				
22	Other Production	0	0		
23	Transmission	2,234,786	2,234,786		
24	Distribution	12,785,847	12,785,847		
25	General	2,010,269	2,010,269		
26	Adjustments	0	0		
27	TOTAL (Enter Total of lines 18 thru 25)	17,030,902	17,030,902		

ELECTRIC OPERATING REVENUES (Account 400)

1. Report below operating revenues for each prescribed account, and manufactured gas revenues in total.
 2. Report number of customers, columns (f) and (g), on the basis of meters, in addition to the number of flat rate accounts; except that where separate meter readings are added for billing purposes, one customer

counted for each group of meters added. The average number of customers means the average of twelve figures at the close of each month.
 3. If increases or decreases from previous year (columns (c), (e), and (g)), are not derived from previously reported figures, explain any inconsistencies in a footnote.

OPERATING REVENUES			
Line No.	Title of Account (a)	Amount for Year (b)	Amount for Previous Year (c)
1	Sales of Electricity		
2	(440) Residential Sales	\$11,515,186	\$12,382,892
3	(442) Commercial and Industrial Sales		
4	Small (or Commercial)	1,797,441	1,929,945
5	Large (or Industrial)	10,269,062	10,414,285
6	(443) Outdoor Lighting	383,345	363,632
7	(444) Public Street and Highway Lighting	115,872	114,777
8	(445) Other Sales to Public Authorities	0	0
9	(448) Interdepartmental Sales	17,683	20,398
10	(456.3) Unbilled Revenues	43,993	(86,435)
11			
12	TOTAL Sales to Ultimate Consumers	24,142,582	25,139,494
13	(447) Sales for Resale		
14			
15	TOTAL Sales of Electricity	24,142,582	25,139,494
16	(Less) (449.1) Provision for Rate Refunds	0	0
17			
18	TOTAL Revenue Net of Provision for Refunds	24,142,582	25,139,494
19	Other Operating Revenues		
20	(450) Forfeited Discounts	163,606	168,777
21	(451) Miscellaneous Service Revenues	95,860	122,012
22	(453) Sales of Water and Water Power	0	0
23	(454) Rent from Electric Property	37,976	40,097
24	(455) Interdepartmental Rents	0	0
25	(456.2) Other Electric Revenues	1,330	3,172
26	(456.1) Overrecoveries Purchase Electric	597,401	(585,741)
27	(456.6) Overrecoveries Conservation	(23,796)	(42,173)
28			
29			
30	TOTAL Other Operating Revenues	872,377	(293,856)
31			
32	TOTAL Electric Operating Revenues	\$25,014,959	\$24,845,638

ELECTRIC OPERATING REVENUES (Account 400) (Continued)

4. Commercial and Industrial Sales, Account 442, may be classified according to the basis of classification (Small or Commercial, and Large or Industrial) regularly used by the respondent if such basis of classification is not generally greater than 1000 kw of demand. (See Account 442 of the Uniform System of Accounts. Explain basis of classification in a footnote.)

5. See page 108, Important Changes During Year, for important new territory added and important rate increases or decreases.

6. For lines 2,4,5, and 6, see page 304 for amounts relating to unbilled revenues by accounts.

7. Include unmetered sales. Provide details of such sales in a footnote.

MEGAWATT HOURS SOLD		AVERAGE NUMBER OF CUSTOMERS PER MONTH		
Amount for Year (d)	Amount for Previous Year (e)	Number for Year (f)	Number for Previous Year (g)	Line No.
198,842	201,643	13,150	12,911	1
29,717	30,375	1,409	1,385	2
272,934	249,603	300	298	3
1,238	1,180	497	491	4
798	776	6	5	5
0	0	0	0	6
545	571	10	9	7
3,045	(6,881)	0	0	8
507,119	477,267	15,372	15,099	9
507,119	477,267	15,372	15,099	10
507,119	477,267	15,372	15,099	11
				12
				13
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ELECTRIC OPERATION AND MAINTENANCE EXPENSES

Account	Amount for Current Year	Amount for Previous Year
1 (1) POWER PRODUCTION EXPENSES		
2 A. Steam Power Generation		
3 Operation		
4 (500) Operation Supervision and Engineering		
5 (501) Fuel		
6 (502) Steam Expenses		
7 (503) Steam from Other Sources		
8 (Less) (504) Steam Transferred-Cr.		
9 (505) Electric Expenses		
10 (506) Miscellaneous Steam Power Expenses		
11 (507) Rents		
12 TOTAL Operation	-	-
13 Maintenance		
14 (510) Maintenance Supervision and Engineering		
15 (511) Maintenance of Structures		
16 (512) Maintenance of Boiler Plant		
17 (513) Maintenance of Electric Plant		
18 (514) Maintenance of Miscellaneous Steam Plant		
19 TOTAL Maintenance	-	-
20 TOTAL Power Production Expenses-Steam Plant	-	-
21 B. Nuclear Power Generation		
22 Operation		
23 (517) Operation Supervision and Engineering		
24 (518) Fuel		
25 (519) Coolants and Water		
26 (520) Steam Expenses		
27 (521) Steam from Other Sources		
28 (Less) (522) Steam Transferred-Cr.		
29 (523) Electric Expenses		
30 (524) Miscellaneous Nuclear Power Expenses		
31 (525) Rents		
32 TOTAL Operation	-	-
33 Maintenance		
34 (528) Maintenance Supervision and Engineering		
35 (529) Maintenance of Structures		
36 (530) Maintenance of Reactor Plant Equipment		
37 (531) Maintenance of Electric Plant		
38 (532) Maintenance of Miscellaneous Nuclear Plant		
39 TOTAL Maintenance	-	-
40 TOTAL Power Production Expenses-Nuclear Power	-	-
41 C. Hydraulic Power Generation		
42 Operation		
43 (535) Operation Supervision and Engineering	-	-
44 (536) Water for Power		
45 (537) Hydraulic Expenses	-	-
46 (538) Electric Expenses	-	-
47 (539) Miscellaneous Hydraulic Power Generation Expenses	-	-
48 (540) Rents		
49 TOTAL Operation	-	-

NORTHEAST DIVISION

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

Account	Amount for Current Year	Amount for Previous Year
50 C. Hydraulic Power Generation (Continued)		
51 Maintenance		
52 (541) Maintenance Supervision and Engineering		
53 (542) Maintenance of Structures	-	-
54 (543) Maintenance of Reservoirs, Dams, and Waterways	-	-
55 (544) Maintenance of Electric Plant	-	-
56 (545) Maintenance of Miscellaneous Hydraulic Plant		
57 TOTAL Maintenance	-	-
58 TOTAL Power Production Expenses-Hydraulic Power	-	-
59 D. Other Power Generation		
60 Operation		
61 (546) Operation Supervision and Engineering		
62 (547) Fuel		
63 (548) Generation Expenses		
64 (549) Miscellaneous Other Power Generation Expenses		
65 (550) Rents		
66 TOTAL Operation	-	-
67 Maintenance		
68 (551) Maintenance Supervision and Engineering		
69 (552) Maintenance of Structures		
70 (553) Maintenance of Generating and Electric Plant		
71 (554) Maintenance of Miscellaneous Other Power Generation Plant	-	-
72 TOTAL Maintenance	-	-
73 TOTAL Power Production Expenses-Other Power	-	-
74 E. Other Power Supply Expenses		
75 (555) Purchased Power	15,710,901	15,648,010
76 (556) System Control and Load Dispatching		
77 (557) Other Expenses	193,060	123,198
78 TOTAL Other Power Supply Expenses	15,903,961	15,771,208
79 TOTAL Power Production Expenses	15,903,961	15,771,208
80 2. TRANSMISSION EXPENSES		
81 Operation		
82 (560) Operation Supervision and Engineering		
83 (561) Load Dispatching		
84 (562) Station Expenses	17,124	11,613
85 (563) Overhead Line Expenses		
86 (564) Underground Line Expenses		
87 (565) Transmission of Electricity by Others		
88 (566) Miscellaneous Transmission Expenses	112	4,473
89 (567) Rents		
90 TOTAL Operation	17,236	16,086
91 Maintenance		
92 (568) Maintenance Supervision and Engineering		
93 (569) Maintenance of Structures		
94 (570) Maintenance of Station Equipment	99,061	60,096
95 (571) Maintenance of Overhead Lines	77,953	52,312
96 (572) Maintenance of Underground Lines		
97 (573) Maintenance of Miscellaneous Transmission Plant	446	-
98 TOTAL Maintenance	177,460	112,408
99 TOTAL Transmission Expenses	194,696	128,494
100 3. DISTRIBUTION EXPENSES		
101 Operation		
102 (580) Operation Supervision and Engineering	176,963	162,948
103 (581) Load Dispatching	-	591

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

Account	Amount for Current Year	Amount for Previous Year
104 3. DISTRIBUTION EXPENSES (Continued)		
105		
106 (582) Station Expenses	43,044	40,990
107 (583) Overhead Line Expenses	25,385	6,409
108 (584) Underground Line Expenses	29,600	27,672
109 (585) Street Lighting and Signal System Expenses	1,720	3,878
110 (586) Meter Expenses	99,407	94,502
111 (587) Customer Installations Expenses	30,442	35,324
112 (588) Miscellaneous Distribution Expenses	106,636	108,783
113 (589) Rents	204	-
114 TOTAL Operation	513,401	481,097
115 Maintenance		
116 (590) Maintenance Supervision and Engineering	101,695	104,824
117 (591) Maintenance of Structures	10,070	12,939
118 (592) Maintenance of Station Equipment	70,208	164,425
119 (593) Maintenance of Overhead Lines	429,541	336,499
120 (594) Maintenance of Underground Lines	126,064	124,507
121 (595) Maintenance of Line Transformers	67,408	41,904
122 (596) Maintenance of Street Lighting and Signal Systems	38,236	22,044
123 (597) Maintenance of Meters	12,397	11,758
124 (598) Maintenance of Miscellaneous Distribution Plant	41,545	36,936
125 TOTAL Maintenance	897,164	855,836
126 TOTAL Distribution Expenses	1,410,565	1,336,933
127 4. CUSTOMER ACCOUNTS EXPENSES		
128 Operation		
129 (901) Supervision	85,008	114,284
130 (902) Meter Reading Expenses	118,697	94,743
131 (903) Customer Records and Collection Expenses	390,835	393,912
132 (904) Uncollectible Accounts	17,499	(8,977)
133 (905) Miscellaneous Customer Accounts Expenses	44,388	34,624
134 TOTAL Customer Accounts Expenses	656,427	628,586
135 5. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES		
136 Operation		
137 (907) Supervision	36,125	37,679
138 (908) Customer Assistance Expenses	95,924	87,953
139 (909) Informational and Instructional Expenses	72,855	88,145
140 (910) Misc. Cust. Service and Informational -Includes underrecovery	9,559	8,572
141 TOTAL Cust. Service and Informational Expenses	214,463	222,349
142 6. SALES EXPENSES		
143 Operation		
144 (911) Supervision		
145 (912) Demonstrating and Selling Expenses	-	-
146 (913) Advertising Expenses	64,578	11,883
147 (916) Miscellaneous Sales Expenses	7,083	1,998
148 TOTAL Sales Expenses	71,661	13,881
149 7. ADMINISTRATIVE AND GENERAL EXPENSES		
150 Operation		
151 (920) Administrative and General Salaries	551,785	477,812
152 (921) Office Supplies and Expenses	79,765	106,274
153 (Less) (922) Administrative expenses Transferred-Cr.	-	-
154 (923) Outside Services Employed	102,434	78,555
155 (924) Property Insurance	50,836	42,817
156 (925) Injuries and Damages	219,327	218,602
157 (926) Employee Pensions and Benefits	463,774	451,987

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

Account	Amount for Current Year	Amount for Previous Year
157 7. ADMINISTRATIVE AND GENERAL EXPENSES		
158 (927) Franchise Requirements		
159 (928) Regulatory Commission Expenses	69,375	62,372
160 (Less) (929) Duplicate Charges-Cr.	0	-
161 (930.1) General Advertising Expenses	0	-
162 (930.2) Miscellaneous General Expenses	39,904	49,690
163 (931) Rents	4,320	3,529
164 TOTAL Operation	1,581,520	1,491,638
165 Maintenance		
166 (935) Maintenance of General Plant	80,956	46,399
167 TOTAL Administrative and General Expenses	1,662,476	1,538,037
168 TOTAL Electric Operation and Maintenance Expenses	20,114,249	19,639,488

NUMBER OF ELECTRIC DEPARTMENT EMPLOYEES

1. The data on number of employees should be reported for the payroll period ending nearest to October 31, or any payroll period ending 60 days before or after October 31.
2. If the respondent's payroll for the reporting period includes any special construction personnel, include such employees on line 3, and show the number of such special construction employees in a footnote.
3. The number of employees assignable to the electric department from joint functions of combination utilities may be determined by estimate, on the basis of employee equivalents. Show the estimated number of equivalent employees attributed to the electric department from joint functions.

1 Payroll Period Ended (Date)	11/5/2006
2 Total Regular Full-Time Employees (Equivalent Employees from joint functions -6)	42
3 Total Part-Time and Temporary Employees	1
4 Total Employees	43

DEPRECIATION AND AMORTIZATION OF ELECTRIC PLANT (Accounts 403, 404, 405)
 (Except amortization of acquisition adjustments)

1. Report in Section A for the year the amounts for:
 (a) Depreciation Expense (Account 403); (b) Amortization of Limited-Term Electric Plant (Account 404); and (c) Amortization of Other Electric Plant (Account 405).
 2. Report in section B the rates used to compute amortization charges for electric plant (Accounts 404 and 405). State the basis used to compute the charges and whether any changes have been made in the basis or rates used from the preceding report year.
 3. Report all available information called for in section C every fifth year beginning with report year 1971, reporting annually only changes to columns (c) through (g) from the complete report of the preceding year.
 Unless composite depreciation accounting for total depreciable plant is followed, list numerically in column (a) each plant subaccount, account or functional classification, as appropriate, to which a rate is applied. Identify at the bottom of section C the type of plant included in any subaccounts used.
 In column (b) report all depreciable plant balances to which rates are applied showing subtotals by functional

classifications and showing a composite total. Indicate at the bottom of section C the manner in which column (b) balances are obtained. If average balances, state the method of averaging used.
 For columns (c), (d), and (e) report available information for each plant subaccount, account or functional classification listed in column (a). If plant mortality studies are prepared to assist in estimating average service lives, show in column (f) the type mortality curve selected as most appropriate for the account and in column (g), if available, the weighted average remaining life of surviving plant.
 If composite depreciation accounting is used, report available information called for in columns (b) through (g) on this basis.

4. If provisions for depreciation were made during the year in addition to depreciation provided by application of reported rates, state at the bottom of section C the amounts and nature of the provisions and the plant items to which related.

A. Summary of Depreciation and Amortization Charges

Line No.	Functional Classification (a)	Depreciation Expense (Account 403) (b)	Amortization of Limited-Term Electric Plant (Acct. 404) (c)	Amortization of Other Electric Plant (Acct. 405) (d)	Total (e)
1	Intangible Plant				
2	Steam Production Plant				
3	Nuclear Production Plant				
4	Hydraulic Production Plant-Conventional	0			0
5	Hydraulic Production Plant-Pumped Storage	0			0
6	Other Production Plant	0			0
7	Transmission Plant	210,979			210,979
8	Distribution Plant	1,161,029			1,161,029
9	General Plant	64,522			64,522
10	Common Plant-Electric *	62,237			62,237
11	TOTAL	\$1,498,767	\$0	\$0	\$1,498,767

B. Basis for Amortization Charges

* Not included on page 219, Line 3.

FLORIDA PUBLIC UTILITIES COMPANY
 NORTHEAST FLORIDA ELECTRIC DIVISION
 REPORT OF DEPRECIATION DATA UNDER RULE 25-6.0436(8)
 2006

Plant	PLANT IN SERVICE (\$)					RESERVE (\$)					(CREDIT BALANCES)					
	Beginning Balance	Additions	Purchases & Adjustments	Transfers	Retirements	Ending Balance	Plant Acct.	Beginning Balance	Retirements	Accruals	Salvage	Cost of Removal	Purchases & Adjustments	Transfers	Reclassifications	Ending Balance
350	17,629	-	-	-	-	17,629	350	-	-	-	-	-	-	-	-	33,788
3501	56,519	-	-	-	-	56,519	3501	32,540	1,248	-	-	-	-	-	-	10,258
352	22,006	-	-	-	-	22,006	352	9,814	444	-	-	-	-	-	-	609,363
353	2,414,632	-	-	-	-	2,414,632	353	553,827	55,536	-	-	-	-	-	-	167,445
354	224,665	-	-	-	-	224,665	354	162,501	4,944	-	-	-	-	-	-	835,078
355	2,334,273	12,582	-	15,369	-	2,362,224	355	739,611	89,115	-	-	(470)	-	6,822	-	574,937
356	1,825,626	51,100	-	-	-	1,876,726	356	515,509	59,428	-	-	-	-	-	-	3,917
359	6,788	-	-	-	-	6,788	359	3,653	264	-	-	-	-	-	-	133
360	9,972	5,431	-	-	-	15,403	360	-	-	-	-	-	-	-	-	30,619
3601	188	-	-	-	-	188	3601	133	-	-	-	-	-	-	-	773,755
361	96,042	-	-	-	-	96,042	361	28,507	2,112	-	-	-	-	-	-	1,030,283
362	4,226,473	669,480	-	-	-	4,895,953	362	641,560	142,442	1,888	(12,145)	-	-	-	-	1,672,064
364	2,211,285	149,084	-	(18,800)	-	2,327,007	364	983,223	95,492	22,569	(25,515)	(8,345)	-	-	-	505,690
365	3,226,395	191,422	-	-	-	3,413,451	365	1,539,425	(4,366)	-	-	-	-	-	-	1,355,522
366	2,240,022	201,108	-	-	-	2,436,656	366	464,722	(4,474)	-	-	(572)	-	-	-	3,615,200
367	3,683,923	391,535	-	-	-	4,053,516	367	1,266,684	(21,942)	367	(11,760)	-	-	-	-	2,108,836
368	6,878,228	168,424	-	-	-	6,982,165	368	3,394,322	(64,487)	5,404	(10,074)	-	-	-	-	1,062,390
369	4,589,267	192,995	-	-	-	4,781,460	369	1,940,666	(802)	214	(8,730)	-	-	-	-	293,895
370	2,027,669	118,769	-	-	-	2,075,549	370	1,063,995	(70,889)	868	(5,284)	-	-	1,523	-	337,500
371	759,295	178,947	-	3,431	-	937,130	371	247,151	(4,543)	-	-	-	-	-	-	6,704
373	793,395	47,487	-	-	-	828,424	373	306,107	(12,458)	-	-	-	-	-	-	230,785
389	68,696	-	-	-	-	68,696	389	6,704	-	-	-	-	-	-	-	4,381
390	492,964	22,670	-	-	-	515,634	390	220,613	-	-	-	-	-	-	-	15,107
3911	4,713	-	-	-	-	4,713	3911	4,052	329	-	-	-	-	-	-	96,184
3912	16,382	-	-	-	-	16,382	3912	16,420	(39)	-	-	-	-	-	-	292,547
3913	109,068	9,200	-	16,525	-	116,064	3913	91,737	(18,729)	21,259	-	-	-	1,917	-	47,779
391305	321,670	-	-	-	-	321,670	391305	285,267	-	7,280	-	-	-	-	-	244,746
3921	54,503	-	-	2,742	-	57,245	3921	37,738	-	5,205	-	-	-	4,836	-	641,167
3922	279,159	22,731	39,487	-	-	319,489	3922	202,524	(21,888)	31,278	2,752	-	-	-	-	7,267
3923	862,552	199,277	-	-	-	955,068	3923	667,748	(106,761)	75,180	5,000	-	-	-	-	20,489
3924	34,527	-	-	-	-	34,527	3924	5,887	-	-	-	-	-	-	-	31,428
3931	20,488	-	-	-	-	20,488	3931	19,526	-	963	-	-	-	-	-	55,860
3932	-	-	-	-	-	-	3932	-	-	-	-	-	-	-	-	32,780
3941	31,564	-	-	-	-	31,564	3941	26,853	-	4,575	-	-	-	-	-	10,293
3942	79,234	4,897	-	3,234	-	84,035	3942	52,333	(3,330)	6,857	-	-	-	2,105	-	175,709
3951	30,675	-	-	-	-	30,675	3951	26,980	-	3,695	-	-	-	-	-	92,078
3952	11,373	-	-	-	-	11,373	3952	9,684	-	609	-	-	-	-	-	4,965
396	107,687	-	82,717	-	-	190,404	396	85,777	-	7,215	-	-	-	-	-	3,000
397	96,470	-	-	-	-	92,076	397	96,471	(4,394)	1	-	-	-	-	-	1,000
398	7,475	3,235	-	(3,234)	-	7,476	398	6,464	-	606	-	-	-	-	-	1,549,573
399	5,000	-	-	-	-	5,000	399	2,000	-	1,000	-	-	-	-	-	112,797
40,278,492	2,640,384	122,204	19,267	(354,909)	42,705,438	15,756,728	38,705	(77,745)	6,753	17,033,902						

**FLORIDA PUBLIC UTILITIES COMPANY
ANNUAL STATUS REPORT FOR
STORM DAMAGE RESERVE CONSOLIDATED ELECTRIC**

Status of Reserve

Beginning Balance 01/01/2006		1,506,883
Accruals under Docket #93-0400 EI (001/06 - 12/06)	121,620	
Total Accruals During 2006		121,620
Additional Accrual from Overrecovery		0
Total Charges During 2006		7,615
Ending Balance, 12/31/06		\$1,636,118

Reasonableness of Reserve

Distribution Plant - Book Cost

Storm Damage Reserve Balance @ 12/31/2006		\$1,636,118
Total Distribution Plant (per books) @ 12/31/2006		\$66,776,514
Ratio of Reserve to Distribution Plant		2.45%

Distribution Plant - Replacement Cost

Storm Damage Reserve Balance @ 12/31/2006		\$1,636,118
Estimated Replacement Cost of Distribution Plant (Distribution Plant @ 12/31/06 times 2)		\$133,553,028
Ratio of Reserve to Replacement Distribution Plant		1.23%

Availability of Distribution Systems Insurance

Insurance for the Distribution Systems is now available but the costs would be significant.