



April 30, 2010

Mr. John Slemkewicz  
Supervisor Electric & Gas Accounting  
Florida Public Service Commission  
2540 Shumard Blvd.  
Tallahassee, Florida 32399-0950

Dear Mr. Slemkewicz:

Subject: Earnings Surveillance Report

Enclosed is the earnings surveillance report (Schedules 1 through 5) for our Consolidated Electric divisions and Consolidated Gas divisions, for the twelve months ended December 31, 2009.

Per the final order PSC-99-0954-PAA-EI, also enclosed are the schedules for ITC amortization, flow-back of excess deferred income taxes (EDIT), and a summary of the transactions in our storm reserves for both the Marianna and Fernandina Beach electric divisions for 2009.

If you have any questions, or need additional information, please let me know.

Sincerely,

A handwritten signature in black ink that reads "Cheryl M. Martin".

Cheryl M. Martin  
Controller

cdy

Cc: Bachman, George (Sch 1 only)  
Schimkaitis, John (Sch 1 only)  
Office of Public Counsel - Shreve (all)  
Schneidermann, Marc (all Nat gas)  
Stein, Chuck (all)  
Cutshaw, Mark (Electric only)  
Shelly, Buddy (Electric only)  
SJ 45-69 (all)

ECONOMIC REGULATION

10 MAY -3 AM 10:02

FLORIDA PUBLIC SERVICE

**FLORIDA PUBLIC UTILITIES COMPANY  
CONSOLIDATED ELECTRIC DIVISION  
EARNINGS SURVEILLANCE REPORT SUMMARY  
DECEMBER 2009**

SCHEDULE 1

	(1) ACTUAL PER BOOKS	(2) FPSC ADJUSTMENTS	(3) FPSC ADJUSTED	(4) PRO FORMA ADJUSTMENTS	(5) PRO FORMA ADJUSTED
<b>I. AVERAGE RATE OF RETURN (JURISDICTIONAL)</b>					
NET OPERATING INCOME	\$1,341,195 (a)	(43,217) (b)	\$1,297,978	0	\$1,297,978
AVERAGE RATE BASE	\$39,840,563	(46,019)	\$39,794,544	0	\$39,794,544
AVERAGE RATE OF RETURN	3.37%		3.26%		3.26%
<b>II. YEAR END RATE OF RETURN (JURISDICTIONAL)</b>					
NET OPERATING INCOME	\$1,341,195 (a)	(\$43,217) (b)	\$1,297,978	\$0	\$1,297,978
YEAR END RATE BASE	\$41,671,039	(85,050)	\$41,585,989	0	\$41,585,989
YEAR END RATE OF RETURN	3.22%		3.12%		3.12%
(a) INCLUDES AFUDC EARNINGS					
(b) INCLUDES REVERSAL OF AFUDC EARNINGS					

**III. REQUIRED RATES OF RETURN  
AVERAGE CAPITAL STRUCTURE  
(FPSC ADJUSTED BASIS)**

LOW	7.50%
MIDPOINT	7.91%
HIGH	8.32%

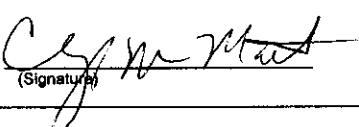
**IV. FINANCIAL INTEGRITY INDICATORS**

A. TIE WITH AFUDC	1.97	(SYSTEM PER BOOKS BASIS)
B. TIE WITHOUT AFUDC	1.97	(SYSTEM PER BOOKS BASIS)
C. AFUDC TO NET INCOME	0.00%	(SYSTEM PER BOOKS BASIS)
D. INTERNALLY GENERATED FUNDS	140.47%	(SYSTEM PER BOOKS BASIS)
E. LTD TO TOTAL INVESTOR FUNDS	44.83%	(FPSC ADJUSTED BASIS)
F. STD TO TOTAL INVESTOR FUNDS	3.07%	(FPSC ADJUSTED BASIS)
G. RETURN ON COMMON EQUITY	-0.42%	(FPSC ADJUSTED BASIS)

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

Whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his official duty shall be guilty of a misdemeanor of the second degree, punishable as provided in s. 775.082, s. 775.083, or s. 775.084.

**Cheryl M. Martin, Controller**  
(Name & Title)

  
(Signature)

4/30/10  
(Date)

FLORIDA PUBLIC UTILITIES COMPANY  
 CONSOLIDATED ELECTRIC DIVISION  
 AVERAGE RATE OF RETURN  
 RATE BASE  
 DECEMBER 2009

SCHEDULE 2  
 PAGE 1 OF 3

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	PLANT IN SERVICE	ACCUMULATED DEPRECIATION & AMORTIZATION*	NET PLANT IN SERVICE	PROPERTY HELD FOR FUTURE USE	CONSTRUCTION WORK IN PROGRESS	NUCLEAR FUEL (NET)	NET UTILITY PLANT	WORKING CAPITAL	TOTAL RATE BASE
SYSTEM PER BOOKS	\$83,068,663	\$39,758,244	\$43,310,419		\$531,191		\$43,841,610	(\$4,001,047)	\$39,840,563
JURISDICTIONAL PER BOOKS	83,068,663	39,758,244	43,310,419		531,191		43,841,610	(4,001,047)	39,840,563
FPSC ADJUSTMENTS:									
NONUTILITY PLANT	(72,702)	(33,969)	(38,733)		(189)		(38,922)		(38,922)
REGULATORY ASSET-PENSION adj								(7,097)	(7,097)
TOTAL FPSC ADJUSTMENTS	(72,702)	(33,969)	(38,733)		(189)		(38,922)	(7,097)	(46,019)
FPSC ADJUSTED	82,995,961	39,724,275	43,271,686		531,002		43,802,688	(4,008,144)	39,794,544
PRO FORMA REVENUE INCREASE AND ANNUALIZATION ADJUSTMENTS:									
TOTAL PRO FORMA ADJUSTMENTS									
PRO FORMA ADJUSTED	\$82,995,961	\$39,724,275	\$43,271,686		\$531,002		\$43,802,688	(\$4,008,144)	\$39,794,544

\*INCLUDES CUSTOMER ADVANCES FOR CONSTRUCTION



FLORIDA PUBLIC UTILITIES COMPANY  
CONSOLIDATED ELECTRIC DIVISION  
AVERAGE RATE OF RETURN  
SYSTEM ADJUSTMENTS  
DECEMBER 2009

SCHEDULE 2  
PAGE 3 OF 3

RATE BASE ADJUSTMENTS

AMOUNT

(SEE SCHEDULE 2, PAGE 1)

INCOME STATEMENT ADJUSTMENTS

AMOUNT

TAX EFFECT

(SEE SCHEDULE 2, PAGE 2)

FLORIDA PUBLIC UTILITIES COMPANY  
 CONSOLIDATED ELECTRIC DIVISION  
 YEAR END RATE OF RETURN  
 RATE BASE  
 DECEMBER 2009

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	PLANT IN SERVICE	ACCUMULATED DEPRECIATION & AMORTIZATION*	NET PLANT IN SERVICE	PROPERTY HELD FOR FUTURE USE	CONSTRUCTION WORK IN PROGRESS	NUCLEAR FUEL (NET)	NET UTILITY PLANT	WORKING CAPITAL	TOTAL RATE BASE
SYSTEM PER BOOKS	\$83,930,970	\$41,060,322	\$42,870,648		\$913,982		\$43,784,630	(\$2,113,591)	\$41,671,039
JURISDICTIONAL PER BOOKS	83,930,970	41,060,322	42,870,648		913,982		43,784,630	(2,113,591)	41,671,039
FPSC ADJUSTMENTS:									
NONUTILITY PLANT	(72,702)	(33,969)	(38,733)		(189)		(38,922)	(46,128)	(38,922)
REGULATORY ASSET-PENSION adj								(46,128)	(46,128)
TOTAL FPSC ADJUSTMENTS	(72,702)	(33,969)	(38,733)		(189)		(38,922)	(46,128)	(85,050)
FPSC ADJUSTED	83,858,268	41,026,353	42,831,915		913,793		43,745,708	(2,159,719)	41,585,989
PRO FORMA REVENUE INCREASE AND ANNUALIZATION ADJUSTMENTS:									
TOTAL PRO FORMA ADJUSTMENTS									
PRO FORMA ADJUSTED	\$83,858,268	\$41,026,353	\$42,831,915		\$913,793		\$43,745,708	(\$2,159,719)	\$41,585,989

\*INCLUDES CUSTOMER ADVANCES FOR CONSTRUCTION

FLORIDA PUBLIC UTILITIES COMPANY  
CONSOLIDATED ELECTRIC DIVISION  
YEAR END RATE OF RETURN  
INCOME STATEMENT  
DECEMBER 2009

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	OPERATING REVENUES	O & M FUEL & NET INTERCHANGE	O & M OTHER	DEPRECIATION & AMORTIZATION	TAXES OTHER THAN INCOME	INCOME TAXES CURRENT	DEFERRED INCOME TAXES (NET)	INVESTMENT TAX CREDIT (NET)	GAIN/LOSS ON DISPOSITION	TOTAL OPERATING EXPENSES	NET OPERATING INCOME(B)
SYSTEM PER BOOKS	\$88,275,664	\$64,377,397	\$12,224,698	\$3,428,419	\$6,524,016	(\$1,221,185)	\$1,626,292	(\$25,168)		\$86,934,469	\$1,341,195
JURISDICTIONAL PER BOOKS	88,275,664	64,377,397	12,224,698	3,428,419	6,524,016	(1,221,185)	1,626,292	(25,168)		86,934,469	1,341,195
<u>FPSC ADJUSTMENTS:</u>											
FUEL COST RECOVERIES	(67,623,686)	(70,871,069)			(48,654)	1,271,446				(69,648,277)	2,024,591
FUEL OVER/UNDER RECOVERY	3,198,528	6,493,672				(1,271,102)				5,222,570	(2,024,042)
CONSERVATION RECOVERIES & O/U	(543,472)		(542,871)		(391)	(81)				(543,343)	(129)
INTRST. & INC. TAX SYNCHRONIZATION						45,606				45,606	(45,606)
REMOVAL OF ECONOMIC DEV. EXP				(748)		289				(459)	459
NONUTILITY DEPRECIATION EXPENSE						949				(1,510)	1,510
TOTAL FPSC ADJUSTMENTS	(64,968,630)	(64,377,397)	(543,619)	(2,459)	(49,045)	47,107				(64,925,413)	(43,217)
FPSC ADJUSTED	23,307,034		11,681,079	3,425,960	6,474,971	(1,174,078)	1,626,292	(25,168)		22,009,056	1,297,978
<u>PRO FORMA REVENUE INCREASE AND ANNUALIZATION ADJUSTMENTS:</u>											
TOTAL PRO FORMA ADJUSTMENTS											
PRO FORMA ADJUSTED	\$23,307,034		\$11,681,079	\$3,425,960	\$6,474,971	(\$1,174,078)	\$1,626,292	(\$25,168)		\$22,009,056	\$1,297,978

(a) THE ADDITION OF EARNINGS FROM AFUDC INCREASED THE SYSTEM NOI BY \$0 AND THE JURISDICTIONAL NOI BY \$0.

FLORIDA PUBLIC UTILITIES COMPANY  
CONSOLIDATED ELECTRIC DIVISION  
YEAR END RATE OF RETURN  
SYSTEM ADJUSTMENTS  
DECEMBER 2009

SCHEDULE 3  
PAGE 3 OF 3

RATE BASE ADJUSTMENTS

AMOUNT

(SEE SCHEDULE 3, PAGE 1)

INCOME STATEMENT ADJUSTMENTS

AMOUNT

TAX EFFECT

(SEE SCHEDULE 3, PAGE 2)



FLORIDA PUBLIC UTILITIES COMPANY  
 CONSOLIDATED ELECTRIC DIVISION  
 CAPITAL STRUCTURE  
 FPSC ADJUSTED BASIS  
 DECEMBER 2008

AVERAGE	SYSTEM PER BOOKS	ADJUSTMENT FOR FLO-GAS	RETAIL PER BOOKS	ADJUSTMENTS	ADJUSTED RETAIL	RATIO (%)	LOW POINT COST RATE (%)	WEIGHTED COST (%)	MID POINT COST RATE (%)	WEIGHTED COST (%)	HIGH POINT COST RATE (%)	WEIGHTED COST (%)
				PRORATA	SPECIFIC							
LONG TERM DEBT	\$14,033,931	69,210	\$14,103,141	(53,835)	\$14,049,306	35.30	7.90	2.79	7.90	2.79	7.90	2.79
SHORT TERM DEBT	\$962,650	3,146	965,796	(3,687)	962,109	2.42	0.75	0.02	0.75	0.02	0.75	0.02
PREFERRED STOCK	119,545	3,146	122,691	(468)	122,223	0.31	4.75	0.01	4.75	0.01	4.75	0.01
CUSTOMER DEPOSITS	3,669,630		3,669,630		3,669,630	9.22	6.49	0.60	6.49	0.60	6.49	0.60
COMMON EQUITY	16,343,034	(75,502)	16,267,532	(62,096)	16,205,436	40.72	10.00	4.07	11.00	4.48	12.00	4.89
DEFERRED INCOME TAXES	4,730,068		4,730,068		4,730,068	11.89						
TAX CREDITS-ZERO COST	1,395		1,395		1,395							
TAX CREDITS-WEIGHTED COST	54,377		54,377		54,377	0.14	8.75	0.01	9.27	0.01	9.79	0.01
TOTAL	\$39,914,630		\$39,914,630	(\$120,066)	\$39,794,564	100.00		7.50		7.91		8.32

YEAR END	SYSTEM PER BOOKS	ADJUSTMENT FOR FLO-GAS	RETAIL PER BOOKS	ADJUSTMENTS	ADJUSTED RETAIL	RATIO (%)	LOW POINT COST RATE (%)	WEIGHTED COST (%)	MID POINT COST RATE (%)	WEIGHTED COST (%)	HIGH POINT COST RATE (%)	WEIGHTED COST (%)
				PRORATA	SPECIFIC							
LONG TERM DEBT	\$11,596,353	39,283	\$11,637,636	(30,235)	\$11,607,401	27.91	7.98	2.23	7.98	2.23	7.98	2.23
SHORT TERM DEBT	2,163,847	6,548	2,170,395	(5,639)	2,164,756	5.21	0.63	0.03	0.63	0.03	0.63	0.03
PREFERRED STOCK							4.75		4.75		4.75	
CUSTOMER DEPOSITS	4,135,589		4,135,589		4,135,589	9.94	6.28	0.62	6.28	0.62	6.28	0.62
COMMON EQUITY	18,973,766	(45,831)	18,927,935	(49,176)	18,878,759	45.40	10.00	4.54	11.00	4.99	12.00	5.45
DEFERRED INCOME TAXES	4,755,827		4,755,827		4,755,827	11.44						
TAX CREDITS-ZERO COST	1,382		1,382		1,382							
TAX CREDITS-WEIGHTED COST	42,275		42,275		42,275	0.10	8.66	0.01	9.24	0.01	9.82	0.01
TOTAL	\$41,671,039		\$41,671,039	(\$65,050)	\$41,585,989	100.00		7.43		7.88		8.34

FLORIDA PUBLIC UTILITIES COMPANY  
CONSOLIDATED ELECTRIC DIVISION  
FINANCIAL INTEGRITY INDICATORS  
DECEMBER 2009

SCHEDULE 5

A. TIMES INTEREST EARNED WITH AFUDC

EARNINGS BEFORE INTEREST	6,519,513
AFUDC - DEBT	0
INCOME TAXES	2,048,923
TOTAL	<u>8,568,436</u>
INTEREST CHARGES (BEFORE DEDUCTING AFUDC-DEBT)	4,339,515
TIE WITH AFUDC	<u>1.97</u>

B. TIMES INTEREST EARNED WITHOUT AFUDC

EARNINGS BEFORE INTEREST	6,519,513
AFUDC - OTHER	0
INCOME TAXES	2,048,923
TOTAL	<u>8,568,436</u>
INTEREST CHARGES (BEFORE DEDUCTING AFUDC-DEBT)	4,339,515
TIE WITHOUT AFUDC	<u>1.97</u>

C. PERCENT AFUDC TO NET INCOME AVAILABLE FOR COMMON STOCKHOLDERS

AFUDC - DEBT	0
X (1 - INCOME TAX RATE)	0.6237
SUBTOTAL	<u>0</u>
AFUDC - OTHER	0
TOTAL	<u>0</u>
NET INCOME AVAILABLE FOR COMMON STOCKHOLDERS	2,159,748
PERCENT AFUDC TO AVAIL. NET INCOME	<u>0.00</u>

D. PERCENT INTERNALLY GENERATED FUNDS

NET INCOME	2,179,998
PREFERRED DIVIDENDS	(20,250)
COMMON DIVIDENDS	(2,190,560)
AFUDC (DEBT & OTHER)	0
DEPRECIATION & AMORTIZATION	8,707,173
DEFERRED INCOME TAXES	2,978,935
INVESTMENT TAX CREDITS	(81,343)
OTHER	561,252
TOTAL	<u>12,155,205</u>
CONSTRUCTION EXPENDITURES (EXCLUDING AFUDC OTHER & DEBT)	8,653,366
PERCENT INTERNALLY GENERATED FUNDS	<u>140.47</u>

E. LONG TERM DEBT AS PERCENT OF TOTAL INVESTOR CAPITAL

F. SHORT TERM DEBT AS PERCENT OF TOTAL INVESTOR CAPITAL

RECONCILED AVERAGE RETAIL AMOUNTS

LONG TERM DEBT	14,049,306
SHORT TERM DEBT	962,109
PREFERRED STOCK	122,223
COMMON EQUITY	16,205,436
TOTAL	<u>31,339,074</u>
% LONG TERM DEBT TO TOTAL	<u>44.83</u>
% SHORT TERM DEBT TO TOTAL	<u>3.07</u>

G. FPSC ADJUSTED AVERAGE JURISDICTIONAL RETURN ON COMMON EQUITY

FPSC ADJUSTED AVG. EARNED RATE OF RETURN	<u>3.26</u>
LESS: RECONCILED AVERAGE RETAIL WEIGHTED COST RATES FOR:	
LONG TERM DEBT	(2.79)
SHORT TERM DEBT	(0.02)
PREFERRED STOCK	(0.01)
CUSTOMER DEPOSITS	(0.60)
TAX CREDITS - WEIGHTED COST (MIDPOINT)	(0.01)
SUBTOTAL	<u>(3.43)</u>
TOTAL	<u>(0.17)</u>
DIVIDED BY COMMON EQUITY RATIO	<u>0.4072</u>
JURISDICTIONAL RETURN ON COMMON EQUITY	<u>(0.42)</u>

FLORIDA PUBLIC UTILITIES COMPANY  
CONSOLIDATED ELECTRIC DIVISION  
FINANCIAL INTEGRITY INDICATORS  
MARCH 2010

SCHEDULE 5

A. TIMES INTEREST EARNED WITH AFUDC

EARNINGS BEFORE INTEREST	9,409,748
AFUDC - DEBT	0
INCOME TAXES	4,036,649
TOTAL	<u>13,446,397</u>
INTEREST CHARGES (BEFORE DEDUCTING AFUDC-DEBT)	4,091,288
TIE WITH AFUDC	<u>3.29</u>

B. TIMES INTEREST EARNED WITHOUT AFUDC

EARNINGS BEFORE INTEREST	9,409,748
AFUDC - OTHER	0
INCOME TAXES	4,036,649
TOTAL	<u>13,446,397</u>
INTEREST CHARGES (BEFORE DEDUCTING AFUDC-DEBT)	4,091,288
TIE WITHOUT AFUDC	<u>3.29</u>

C. PERCENT AFUDC TO NET INCOME AVAILABLE FOR COMMON STOCKHOLDERS

AFUDC - DEBT	0
X (1 - INCOME TAX RATE)	0.6237
SUBTOTAL	<u>0</u>
AFUDC - OTHER	0
TOTAL	<u>0</u>
NET INCOME AVAILABLE FOR COMMON STOCKHOLDERS	5,305,335
PERCENT AFUDC TO AVAIL. NET INCOME	<u>0.00</u>

D. PERCENT INTERNALLY GENERATED FUNDS

NET INCOME	5,318,460
PREFERRED DIVIDENDS	(13,125)
COMMON DIVIDENDS	(1,471,870)
AFUDC (DEBT & OTHER)	0
DEPRECIATION & AMORTIZATION	9,132,500
DEFERRED INCOME TAXES	5,087,300
INVESTMENT TAX CREDITS	(57,788)
OTHER	555,697
TOTAL	<u>18,551,174</u>
CONSTRUCTION EXPENDITURES (EXCLUDING AFUDC OTHER & DEBT)	9,935,687
PERCENT INTERNALLY GENERATED FUNDS	<u>186.71</u>

E. LONG TERM DEBT AS PERCENT OF TOTAL INVESTOR CAPITAL

F. SHORT TERM DEBT AS PERCENT OF TOTAL INVESTOR CAPITAL

RECONCILED AVERAGE RETAIL AMOUNTS

LONG TERM DEBT	11,595,742
SHORT TERM DEBT	283,900
PREFERRED STOCK	78,861
COMMON EQUITY	19,585,953
TOTAL	<u>31,544,456</u>
% LONG TERM DEBT TO TOTAL	<u>36.76</u>
% SHORT TERM DEBT TO TOTAL	<u>0.90</u>

G. FPSC ADJUSTED AVERAGE JURISDICTIONAL RETURN ON COMMON EQUITY.

FPSC ADJUSTED AVG. EARNED RATE OF RETURN	<u>5.23</u>
LESS: RECONCILED AVERAGE RETAIL WEIGHTED COST RATES FOR:	
LONG TERM DEBT	(2.44)
SHORT TERM DEBT	(0.02)
PREFERRED STOCK	(0.01)
CUSTOMER DEPOSITS	(0.63)
TAX CREDITS - WEIGHTED COST (MIDPOINT)	(0.01)
SUBTOTAL	<u>(3.11)</u>
TOTAL	2.12
DIVIDED BY COMMON EQUITY RATIO	<u>0.4872</u>
JURISDICTIONAL RETURN ON COMMON EQUITY	<u>4.35</u>

5/14/2010