



May 14, 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 March 31, 2010.

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

Cc:
Bachman, George (Sch 1 only)
Schimkaitis, John (Sch 1 only)
Geoffroy, Tom (all)
Office of Public Counsel - Christensen (all)
Gulf Power Company-Buck, William G. (all Electric only)
Stein, Chuck (all)
Schneidermann, Marc (all Nat gas)
Cutshaw, Mark (all Electric only)
Shelley, Buddy (all Electric only)
SJ 45-69 (all)

OFFICE OF
ECONOMIC REGULATION

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FLORIDA PUBLIC SERVICE
COMMISSION

**FLORIDA PUBLIC UTILITIES COMPANY
CONSOLIDATED ELECTRIC DIVISION
EARNINGS SURVEILLANCE REPORT SUMMARY
MARCH 2010**

SCHEDULE 1

	(1) <u>ACTUAL</u> <u>PER BOOKS</u>	(2) <u>FPSC</u> <u>ADJUSTMENTS</u>	(3) <u>FPSC</u> <u>ADJUSTED</u>	(4) <u>PRO FORMA</u> <u>ADJUSTMENTS</u>	(5) <u>PRO FORMA</u> <u>ADJUSTED</u>
I. AVERAGE RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	\$2,143,384 (a)	(\$2,828) (b)	\$2,100,556	(41,823)	\$2,058,733
AVERAGE RATE BASE	\$40,240,284	(38,922)	\$40,201,362	70,674	\$40,272,036
AVERAGE RATE OF RETURN	5.33%		5.23%		5.11%
II. YEAR END RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	\$2,143,384 (a)	(\$2,828) (b)	\$2,100,556	(\$41,823)	\$2,058,733
YEAR END RATE BASE	\$39,929,704	(38,922)	\$39,890,782	128,600	\$40,019,382
YEAR END RATE OF RETURN	5.37%		5.27%		5.14%
	(a) INCLUDES AFUDC EARNINGS				
	(b) INCLUDES REVERSAL OF AFUDC EARNINGS				

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

LOW	7.98%
MIDPOINT	8.47%
HIGH	8.96%

IV. FINANCIAL INTEGRITY INDICATORS

A. TIE WITH AFUDC	3.29	(SYSTEM PER BOOKS BASIS)
B. TIE WITHOUT AFUDC	3.29	(SYSTEM PER BOOKS BASIS)
C. AFUDC TO NET INCOME	0.00%	(SYSTEM PER BOOKS BASIS)
D. INTERNALLY GENERATED FUNDS	186.71%	(SYSTEM PER BOOKS BASIS)
E. LTD TO TOTAL INVESTOR FUNDS	36.76%	(FPSC ADJUSTED BASIS)
F. STD TO TOTAL INVESTOR FUNDS	0.90%	(FPSC ADJUSTED BASIS)
G. RETURN ON COMMON EQUITY	4.35%	(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)

(Date)

FLORIDA PUBLIC UTILITIES COMPANY
CONSOLIDATED ELECTRIC DIVISION
AVERAGE RATE OF RETURN
RATE BASE
MARCH 2010

	(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	\$83,671,957	\$40,434,519	\$43,237,438		\$487,700		\$43,725,138	(\$3,484,854)	\$40,240,284
JURISDICTIONAL PER BOOKS	83,671,957	40,434,519	43,237,438		487,700		43,725,138	(3,484,854)	40,240,284
FPSC ADJUSTMENTS:									
NONUTILITY PLANT	(72,702)	(33,969)	(38,733)		(189)		(38,922)		(38,922)
TOTAL FPSC ADJUSTMENTS	(72,702)	(33,969)	(38,733)		(189)		(38,922)		(38,922)
FPSC ADJUSTED	83,599,255	40,400,550	43,198,705		487,511		43,686,216	(3,484,854)	40,201,362
PRO FORMA REVENUE INCREASE AND ANNUALIZATION ADJUSTMENTS:									
Acquisition Adj. and Transition Costs	70,674		70,674				70,674		70,674
TOTAL PRO FORMA ADJUSTMENT	70,674		70,674				70,674		70,674
PRO FORMA ADJUSTED	\$83,669,929	\$40,400,550	\$43,269,379		\$487,511		\$43,756,890	(\$3,484,854)	\$40,272,036

*INCLUDES CUSTOMER ADVANCES FOR CONSTRUCTION

FLORIDA PUBLIC UTILITIES COMPANY
CONSOLIDATED ELECTRIC DIVISION
AVERAGE RATE OF RETURN
SYSTEM ADJUSTMENTS
MARCH 2010

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
MARCH 2010

	(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	\$85,084,291	\$41,824,004	\$43,260,287		\$119,366		\$43,379,653	(\$3,449,949)	\$39,929,704
JURISDICTIONAL PER BOOKS	85,084,291	41,824,004	43,260,287		119,366		43,379,653	(3,449,949)	39,929,704
<u>FPSC ADJUSTMENTS:</u>									
NONUTILITY PLANT	(72,702)	(33,969)	(38,733)		(189)		(38,922)		(38,922)
TOTAL FPSC ADJUSTMENTS	(72,702)	(33,969)	(38,733)		(189)		(38,922)		(38,922)
FPSC ADJUSTED	85,011,589	41,790,035	43,221,554		119,177		43,340,731	(3,449,949)	39,890,782
PRO FORMA REVENUE INCREASE AND ANNUALIZATION ADJUSTMENTS: Acquisition Adjustment and Transition Costs	128,600		128,600				128,600		128,600
TOTAL PRO FORMA ADJUSTMENTS	128,600		128,600				128,600		128,600
PRO FORMA ADJUSTED	\$85,140,189	\$41,790,035	\$43,350,154		\$119,177		\$43,469,331	(\$3,449,949)	\$40,019,382

*INCLUDES CUSTOMER ADVANCES FOR CONSTRUCTION

FLORIDA PUBLIC UTILITIES COMPANY
CONSOLIDATED ELECTRIC DIVISION
YEAR END RATE OF RETURN
INCOME STATEMENT
MARCH 2010

	(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(a)
SYSTEM PER BOOKS	\$92,175,294	\$67,602,203	\$11,284,803	\$3,452,421	\$6,880,228	(\$1,279,935)	\$2,114,841	(\$22,651)		\$90,031,910	\$2,143,384
JURISDICTIONAL PER BOOKS	92,175,294	67,602,203	11,284,803	3,452,421	6,880,228	(1,279,935)	2,114,841	(22,651)		90,031,910	2,143,384
<u>FPSC ADJUSTMENTS:</u>											
FUEL COST RECOVERIES	(71,979,545)	(73,505,324)			(51,788)	608,546				(72,948,566)	969,021
FUEL OVER/UNDER RECOVERY	4,346,524	5,903,121				(600,457)				5,302,564	(956,140)
CONSERVATION RECOVERIES & OIU	(561,856)		(561,291)		(404)	(62)				(961,757)	(99)
INTRST. & INC. TAX SYNCHRONIZATION						57,579				57,579	(57,579)
REMOVAL OF ECONOMIC DEV. EXP			(748)	(2,459)			289			(459)	459
NONUTILITY DEPRECIATION EXPENSE							949			(1,510)	1,510
TOTAL FPSC ADJUSTMENTS	(68,184,877)	(67,602,203)	(562,039)	(2,459)	(52,192)	66,844				(68,152,049)	(42,828)
FPSC ADJUSTED	23,990,417		10,722,764	3,449,962	6,828,036	(1,213,091)	2,114,841	(22,651)		21,879,861	2,100,556
PRO FORMA REVENUE INCREASE AND ANNUALIZATION ADJUSTMENTS:				49,060		(7,237)				41,823	(41,823)
Acquisition Adj. & Transition Costs - Amort. Exp											
TOTAL PRO FORMA ADJUSTMENTS											
PRO FORMA ADJUSTED	\$23,990,417		\$10,722,764	\$3,449,962	\$6,828,036	(\$1,213,091)	\$2,114,841	(\$22,651)		\$21,879,861	\$2,100,556

(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
MARCH 2010

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
 MARCH 2010

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	\$11,540,566	69,484	\$11,610,050	(14,308)		\$11,595,742	28.84	8.45	2.44	8.45	2.44	8.45	2.44
SHORT TERM DEBT	\$281,092	3,158	284,250	(350)		283,900	0.71	2.36	0.02	2.36	0.02	2.36	0.02
PREFERRED STOCK	78,958		78,958	(97)		78,861	0.20	4.75	0.01	4.75	0.01	4.75	0.01
CUSTOMER DEPOSITS	3,909,304		3,909,304			3,909,304	9.72	6.49	0.63	6.49	0.63	6.49	0.63
COMMON EQUITY	19,682,762	(72,542)	19,610,120	(24,167)		19,585,953	48.72	10.00	4.87	11.00	5.36	12.00	5.85
DEFERRED INCOME TAXES	4,697,714		4,697,714			4,697,714	11.69						
TAX CREDITS-ZERO COST	1,389		1,389			1,389							
TAX CREDITS-WEIGHTED COST	48,499		48,499			48,499	0.12	9.35	0.01	9.87	0.01	10.59	0.01
TOTAL	\$40,240,284		\$40,240,284	(\$38,922)		\$40,201,362	100.00		7.98		8.47		8.96

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	\$4,741,623	52,106	\$4,793,729	(6,087)		\$4,787,642	12.00	11.61	1.39	11.61	1.39	11.61	1.39
SHORT TERM DEBT	5,143,144	58,236	5,201,380	(6,605)		5,194,775	13.02	0.93	0.12	0.93	0.12	0.93	0.12
PREFERRED STOCK								4.75		4.75		4.75	
CUSTOMER DEPOSITS	4,265,502		4,265,502			4,265,502	10.69	6.28	0.67	6.28	0.67	6.28	0.67
COMMON EQUITY	20,765,674	(110,342)	20,655,332	(26,230)		20,629,102	51.71	10.00	5.17	11.00	5.69	12.00	6.21
DEFERRED INCOME TAXES	4,974,709		4,974,709			4,974,709	12.47						
TAX CREDITS-ZERO COST	1,376		1,376			1,376							
TAX CREDITS-WEIGHTED COST	37,676		37,676			37,676	0.11	8.72	0.01	9.39	0.01	10.07	0.01
TOTAL	\$39,929,704		\$39,929,704	(\$38,922)		\$39,890,782	100.00		7.96		7.88		8.40