



September 27, 2010

Mr. Marshall Willis  
Director, Division of Economic Regulation  
Florida Public Service Commission  
2540 Shumard Blvd.  
Tallahassee, Florida 32399-0950

FLORIDA PUBLIC SERVICE  
COMMISSION  
DIVISION OF ECONOMIC REGULATION  
10 SEP 29 PM 1:13

Dear Mr. Willis:

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 June 30, 2010.

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

Sincerely,

Thomas A. Geoffroy  
Vice President

Cc:  
Householder, Jeff (Sch 1 only)  
Office of Public Counsel - Christensen (all)  
Gulf Power Company-Buck, William G. (all Electric only)  
Webber, Kevin (all)  
Kennedy, Barry (all Nat gas)  
Cutshaw, Mark (all Electric only)  
Shelley, Buddy (all Electric only)  
SJ 45-89 (all)

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

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	\$2,174,500 (a)	(\$5,765) (b)	\$2,118,735	(\$6,316)	\$2,062,419
AVERAGE RATE BASE	\$39,859,817	388,527	\$40,248,344	6,053	\$40,254,397
AVERAGE RATE OF RETURN	5.46%		5.26%		5.12%
<b>II. YEAR END RATE OF RETURN (JURISDICTIONAL)</b>					
NET OPERATING INCOME	\$2,174,500 (a)	(\$55,765) (b)	\$2,118,735	(\$56,316)	\$2,062,419
YEAR END RATE BASE	\$38,841,999	469,281	\$39,311,280	73,242	\$39,384,522
YEAR END RATE OF RETURN	5.60%		5.39%		5.24%
(a) INCLUDES AFUDC EARNINGS					
(b) INCLUDES REVERSAL OF AFUDC EARNINGS					

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

LOW	7.86%
MIDPOINT	8.36%
HIGH	8.85%

**IV. FINANCIAL INTEGRITY INDICATORS**

A. TIE WITH AFUDC	3.71	(SYSTEM PER BOOKS BASIS)
B. TIE WITHOUT AFUDC	3.71	(SYSTEM PER BOOKS BASIS)
C. AFUDC TO NET INCOME	0.00%	(SYSTEM PER BOOKS BASIS)
D. INTERNALLY GENERATED FUNDS	314.04%	(SYSTEM PER BOOKS BASIS)
E. LTD TO TOTAL INVESTOR FUNDS	36.35%	(FPSC ADJUSTED BASIS)
F. STD TO TOTAL INVESTOR FUNDS	0.00%	(FPSC ADJUSTED BASIS)
G. RETURN ON COMMON EQUITY	4.77%	(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.

**Thomas A. Geoffroy, Vice-President**  
 (Name & Title)

*Thomas A. Geoffroy*  
 (Signature)

**9-27-10**  
 (Date)

FLORIDA PUBLIC UTILITIES COMPANY  
CONSOLIDATED ELECTRIC DIVISION  
AVERAGE RATE OF RETURN  
RATE BASE  
JUNE 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	\$83,784,625	\$41,135,287	\$42,649,338		\$540,897		\$43,190,235	(\$3,330,418)	\$39,859,817
JURISDICTIONAL PER BOOKS	83,784,625	41,135,287	42,649,338		540,897		43,190,235	(3,330,418)	39,859,817
<u>FPSC ADJUSTMENTS:</u>									
NONUTILITY PLANT	(72,702)	(33,969)	(38,733)		(189)		(38,922)		(38,922)
CHPK ACQUISITION GOOD WILL	427,449		427,449				427,449		427,449
TOTAL FPSC ADJUSTMENTS	354,747	(33,969)	388,716		(189)		388,527		388,527
FPSC ADJUSTED	84,139,372	41,101,318	43,038,054		540,708		43,578,762	(3,330,418)	40,248,344
<u>PRO FORMA REVENUE INCREASE AND ANNUALIZATION ADJUSTMENTS:</u>									
Acquisition Adj.	(427,449)		(427,449)				(427,449)		(427,449)
Transition Costs								433,502	433,502
TOTAL PRO FORMA ADJUSTMENT	(427,449)		(427,449)				(427,449)	433,502	6,053
PRO FORMA ADJUSTED	\$83,711,923	\$41,101,318	\$42,610,605		\$540,708		\$43,151,313	(\$2,896,916)	\$40,254,397

\*INCLUDES CUSTOMER ADVANCES FOR CONSTRUCTION

FLORIDA PUBLIC UTILITIES COMPANY  
CONSOLIDATED ELECTRIC DIVISION  
AVERAGE RATE OF RETURN  
INCOME STATEMENT  
JUNE 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 DISPOSALS	TOTAL OPERATING EXPENSES	NET OPERATING INCOME(a)
SYSTEM PER BOOKS	95,982,536	71,183,839	11,197,769	3,482,322	7,047,889	(582,359)	1,499,814	(21,238)		93,808,036	2,174,500
JURISDICTIONAL PER BOOKS	95,982,536	71,183,839	11,197,769	3,482,322	7,047,889	(582,359)	1,499,814	(21,238)		93,808,036	2,174,500
FPSC ADJUSTMENTS:											
FUEL COST RECOVERIES	(74,325,060)	(74,100,320)			(53,475)	(66,065)				(74,219,860)	(105,200)
FUEL OVER/UNDER RECOVERY	3,085,340	2,916,481				65,137				2,981,618	103,722
CONSERVATION RECOVERIES & O/U	(570,244)		(569,717)		(410)	(45)				(570,172)	(72)
INTRST. & INC. TAX SYNCHRONIZATION						56,184				56,184	(56,184)
REMOVAL OF ECONOMIC DEV. EXP. <sup>514,206</sup>			(748)	(2,459)		289				(459)	459
NONUTILITY DEPRECIATION EXPENSE						949				(1,510)	1,510
TOTAL FPSC ADJUSTMENTS	(71,809,964)	(71,183,839)	(570,465)	(2,459)	(53,885)	56,449				(71,754,199)	(55,765)
FPSC ADJUSTED	24,172,572		10,627,304	3,479,863	6,994,004	(525,910)	1,499,814	(21,238)		22,053,837	2,118,735
PRO FORMA REVENUE INCREASE AND ANNUALIZATION ADJUSTMENTS:											
Acquisition Adj. - Amort. Exp. (non-deductible)				(17,272)						(17,272)	17,272
Transition Costs - Amort. Exp. (deductible)				40,976		(15,806)				25,170	(25,170)
Transition Costs - Amort. Exp. (non-deductible)				48,480						48,480	(48,480)
Cost of Capital from Pro Forma Rate Base Adj.						(62)				(62)	62
TOTAL PRO FORMA ADJUSTMENTS				72,184		(15,868)				56,316	(56,316)
PRO FORMA ADJUSTED	24,172,572		10,827,304	3,552,047	6,994,004	(541,778)	1,499,814	(21,238)		22,110,153	2,062,419

FLORIDA PUBLIC UTILITIES COMPANY  
CONSOLIDATED ELECTRIC DIVISION  
AVERAGE RATE OF RETURN  
SYSTEM ADJUSTMENTS  
JUNE 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  
JUNE 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	\$84,785,766	\$42,571,020	\$42,214,748		\$702,143		\$42,916,889	(\$4,074,890)	\$38,841,999
JURISDICTIONAL PER BOOKS	84,785,766	42,571,020	42,214,746		702,143		42,916,889	(4,074,890)	38,841,999
<u>FPSC ADJUSTMENTS:</u>									
NONUTILITY PLANT CHPK ACQUISITION GOOD WILL	(72,702) 508,203	(33,969)	(38,733) 508,203		(189)		(38,922) 508,203		(38,922) 508,203
TOTAL FPSC ADJUSTMENTS	435,501	(33,969)	469,470		(189)		469,281		469,281
FPSC ADJUSTED	85,221,267	42,537,051	42,684,216		701,954		43,386,170	(4,074,890)	39,311,280
PRO FORMA REVENUE INCREASE AND ANNUALIZATION ADJUSTMENTS: Acquisition Adj. Transition Costs	(508,203)		(508,203)				(508,203)	581,445	(508,203) 581,445
TOTAL PRO FORMA ADJUSTMENT	(508,203)		(508,203)				(508,203)	581,445	73,242
PRO FORMA ADJUSTED	\$84,713,064	\$42,537,051	\$42,176,013		\$701,954		\$42,877,967	(\$3,493,445)	\$39,384,522

\*INCLUDES CUSTOMER ADVANCES FOR CONSTRUCTION

FLORIDA PUBLIC UTILITIES COMPANY  
CONSOLIDATED ELECTRIC DIVISION  
YEAR END RATE OF RETURN  
INCOME STATEMENT  
JUNE 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	\$95,982,536	\$71,183,839	\$11,197,769	\$3,482,322	\$7,047,889	(\$582,359)	\$1,499,814	(\$21,238)		\$93,808,036	\$2,174,500
JURISDICTIONAL PER BOOKS	95,982,536	71,183,839	11,197,769	3,482,322	7,047,889	(582,359)	1,499,814	(21,238)		93,808,036	2,174,500
<b>FPSC ADJUSTMENTS:</b>											
FUEL COST RECOVERIES	(74,325,060)	(74,100,320)		(53,475)		(66,065)				(74,219,860)	(105,200)
FUEL OVER/UNDER RECOVERY	3,085,340	2,916,481				65,137				2,981,618	103,722
CONSERVATION RECOVERIES & O/U	(570,244)		(569,717)	(410)		(45)				(570,172)	(72)
INTRST. & INC. TAX SYNCHRONIZATION						21,190				21,190	(21,190)
REMOVAL OF ECONOMIC DEV. EXP - 14,206			(748)	(2,459)		289				(459)	459
NONUTILITY DEPRECIATION EXPENSE						948				(1,510)	1,510
TOTAL FPSC ADJUSTMENTS	(71,809,964)	(71,183,839)	(570,465)	(2,459)	(53,865)	21,455				(71,789,193)	(20,771)
FPSC ADJUSTED	24,172,572		10,627,304	3,479,863	6,994,004	(560,904)	1,499,814	(21,238)		22,018,843	2,153,729
PRO FORMA REVENUE INCREASE AND ANNUALIZATION ADJUSTMENTS:											
Acquisition Adj. - Amort. Exp. (non-deductible)				(17,272)		(15,806)				(17,272)	17,272
Transition/Transition Costs - Amort. Exp. (deductible)				48,480						25,170	(25,170)
Transition Costs - Amort. Exp. (non-deductible)				48,480		(744)				48,480	(48,480)
Cost of Capital from Pro Forma Rate Base Adj.										(744)	744
TOTAL PRO FORMA ADJUSTMENTS				89,456		(16,550)				72,906	(72,906)
PRO FORMA ADJUSTED	\$24,172,572		\$10,627,304	\$3,569,319	\$6,994,004	(\$577,454)	\$1,499,814	(\$21,238)		\$22,091,749	\$2,080,823

(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  
JUNE 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  
FINANCIAL INTEGRITY INDICATORS  
JUNE 2010

SCHEDULE 5

A. TIMES INTEREST EARNED WITH AFUDC

EARNINGS BEFORE INTEREST	9,751,468
AFUDC - DEBT	0
INCOME TAXES	4,449,494
TOTAL	<u>14,200,962</u>
INTEREST CHARGES (BEFORE DEDUCTING AFUDC-DEBT)	3,832,423
TIE WITH AFUDC	<u><u>3.71</u></u>

B. TIMES INTEREST EARNED WITHOUT AFUDC

EARNINGS BEFORE INTEREST	9,751,468
AFUDC - OTHER	0
INCOME TAXES	4,449,494
TOTAL	<u>14,200,962</u>
INTEREST CHARGES (BEFORE DEDUCTING AFUDC-DEBT)	3,832,423
TIE WITHOUT AFUDC	<u><u>3.71</u></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	5,913,045
PERCENT AFUDC TO AVAIL. NET INCOME	<u><u>0.00</u></u>

D. PERCENT INTERNALLY GENERATED FUNDS

NET INCOME	5,919,045
PREFERRED DIVIDENDS	(6,000)
COMMON DIVIDENDS	(736,871)
AFUDC (DEBT & OTHER)	0
DEPRECIATION & AMORTIZATION	9,367,974
DEFERRED INCOME TAXES	5,033,766
INVESTMENT TAX CREDITS	(55,337)
OTHER	575,426
TOTAL	<u>20,098,003</u>
CONSTRUCTION EXPENDITURES (EXCLUDING AFUDC OTHER & DEBT)	6,399,781
PERCENT INTERNALLY GENERATED FUNDS	<u><u>314.04</u></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	11,458,270
SHORT TERM DEBT	0
PREFERRED STOCK	31,137
COMMON EQUITY	20,035,722
TOTAL	<u>31,525,129</u>
% LONG TERM DEBT TO TOTAL	<u>36.35</u>
% SHORT TERM DEBT TO TOTAL	<u>0.00</u>

G. FPSC ADJUSTED AVERAGE JURISDICTIONAL RETURN ON COMMON EQUITY

FPSC ADJUSTED AVG. EARNED RATE OF RETURN	<u>5.26</u>
LESS: RECONCILED AVERAGE RETAIL WEIGHTED COST RATES FOR:	
LONG TERM DEBT	(2.22)
SHORT TERM DEBT	0.00
PREFERRED STOCK	(0.00)
CUSTOMER DEPOSITS	(0.65)
TAX CREDITS - WEIGHTED COST (MIDPOINT)	(0.01)
SUBTOTAL	<u>(2.88)</u>
TOTAL	2.38
DIVIDED BY COMMON EQUITY RATIO	<u>0.4978</u>
JURISDICTIONAL RETURN ON COMMON EQUITY	<u><u>4.77</u></u>

9/24/2010