



January 31, 2011

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

RECEIVED  
DIVISION OF ECONOMIC REGULATION  
FLORIDA PUBLIC SERVICE COMMISSION  
11 FEB 3 11 10:20 AM

Dear Mr. Willis:

Subject: Earnings Surveillance Report

Enclosed is the earnings surveillance report (Schedules 1, 2, & 4) for Florida Public Utilities' Electric utility for the twelve months ended September 30, 2010.

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

Sincerely,

A handwritten signature in black ink that reads "Thomas A. Geoffroy".

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 45-69 (all)

SCHEDULE I

FLORIDA PUBLIC UTILITIES COMPANY  
ELECTRIC  
RATE OF RETURN REPORT SUMMARY  
September 30, 2010

	(1) ACTUAL PEER BOOKS	(2) FFSC ADJUSTMENTS	(3) FFSC ADJUSTED	(4) PRO FORMA ADJUSTMENTS	(5) PRO FORMA ADJUSTED
I. AVERAGE RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	\$ 2,219,523	(\$6,989)	\$2,212,534	\$0	\$2,212,534
AVERAGE RATE BASE	\$42,311,944	(\$205,338)	\$42,106,606	\$0	\$42,106,606
AVERAGE RATE OF RETURN	5.25%		5.25%		5.25%
II. YEAR-END RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	\$2,219,523	(\$19,541)	\$2,199,982	\$0	\$2,199,982
YEAR-END RATE BASE	\$42,465,676	(\$210,041)	\$42,255,635	\$0	\$42,255,635
YEAR-END RATE OF RETURN	5.23%		5.21%		5.21%

IV. FINANCIAL INTEGRITY INDICATORS

III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FFSC ADJUSTED BASIS)					
LOW	7.16%				3.91
MIDPOINT	7.60%				3.91
HIGH	8.04%				0.00
					170.89
					41.58
					0.00
					5.65

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 - Regulatory Affairs & Business Planning

*Thomas A. Geoffroy*  
Signature

1-31-11  
Date

FLORIDA PUBLIC UTILITIES COMPANY  
ELECTRIC  
AVERAGE RATE OF RETURN  
For the 12 Months Ending September 30, 2010  
RATE BASE

	(1) PLANT IN SERVICE	(2) ACCUMULATED DEPRECIATION & AMORTIZATION	(3) PLANT IN SERVICE	(4) NET PROPERTY HELD FOR FUTURE USE	(5) CONSTRUCTION WORK IN PROGRESS	(6) NET UTILITY PLANT	(7) WORKING CAPITAL	(8) TOTAL RATE BASE
PER BOOKS	\$84,732,100	(\$41,838,638)	\$42,893,460	\$0	\$707,889	\$43,601,350	(\$1,289,406)	\$42,311,944
FFSC ADJUSTMENTS:								
ELIMINATIONS TO WORKING CAPITAL EQUIM. NON UTILITY PLANT	(\$185,407)	\$117,694	\$0	\$0	\$0	\$0	(\$137,625)	(\$137,625)
			(\$67,713)	\$0	\$0	(\$67,713)	(\$137,625)	(\$137,625)
TOTAL FFSC ADJUSTMENTS								
	(\$185,407)	\$117,694	(\$67,713)	\$0	\$0	(\$67,713)	(\$137,625)	(\$137,625)
FFSC ADJUSTED	\$84,546,693	(\$41,720,945)	\$42,825,747	\$0	\$707,889	\$43,533,637	(\$1,427,031)	\$42,106,606
FLEX RATE REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR FLEX RATE REVENUES	\$84,546,693	(\$41,720,945)	\$42,825,747	\$0	\$707,889	\$43,533,637	(\$1,427,031)	\$42,106,606
PROFORMA ADJUSTMENTS								
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRO FORMA ADJUSTED	\$84,546,693	(\$41,720,945)	\$42,825,747	\$0	\$707,889	\$43,533,637	(\$1,427,031)	\$42,106,606

FLORIDA PUBLIC UTILITIES COMPANY  
ELECTRIC  
AVERAGE RATE OF RETURN  
For the 12 Months Ending September 30, 2010  
INCOME STATEMENT

	(1) OPERATING REVENUES	(2) O & M FUEL EXPENSE	(3) O & M OTHER	(4) DEPREC. & AMORTIZATION	(5) TAXES OTHER THAN INCOME	(6) INCOME TAXES CURRENT	(7) D.I.T. (NET)	(8) I.T.C. (NET)	(9) GAIN/LOSS ON DISPOSITION	(10) TOTAL OPERATING EXPENSES	(11) NET OPERATING INCOME
PER BOOKS	\$97,906,837	\$ 73,301,583	\$10,433,631	\$3,484,338	\$7,267,149	\$1,200,613				\$95,687,314	\$2,219,523
FPSC ADJUSTMENTS:											
1) INTEREST SYNCHRONIZATION						\$6,300				\$6,300	(\$6,300)
2) ELIMINATE FUEL REVENUES AND EXPENSES	\$ (72,770,597)	\$ (72,713,429)			(\$55,803)	(\$525)				(\$72,769,757)	(6855)
3) ELIMINATE CONSERVATION	(\$588,703)	(\$588,154)		(\$1,210)	\$424	(\$375)				(\$588,106)	(\$597)
4) NON-UTILITY DEPRECIATION EXPENSE						\$467				(\$743)	\$743
						\$0				\$0	\$0
						\$0				\$0	\$0
						\$0				\$0	\$0
						\$0				\$0	\$0
						\$0				\$0	\$0
						\$0				\$0	\$0
						\$0				\$0	\$0
						\$0				\$0	\$0
						\$0				\$0	\$0
						\$0				\$0	\$0
						\$0				\$0	\$0
						\$0				\$0	\$0
						\$0				\$0	\$0
						\$0				\$0	\$0
TOTAL FPSC ADJUSTMENTS	(\$73,359,295)	(\$73,301,583)	\$0	(\$1,210)	(\$55,379)	\$5,867	\$0	\$0	\$0	(\$73,352,306)	(\$6,889)
FPSC ADJUSTED	\$24,547,542	\$0	\$10,433,631	\$3,483,128	\$7,211,770	\$1,206,480	\$0	\$0	\$0	\$22,335,008	\$2,212,634
PRO FORMA ADJUSTMENTS											
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRO FORMA ADJUSTED	\$24,547,542	\$0	\$10,433,631	\$3,483,128	\$7,211,770	\$1,206,480	\$0	\$0	\$0	\$22,335,008	\$2,212,634

FLORIDA PUBLIC UTILITIES COMPANY  
ELECTRIC  
YEAR END RATE OF RETURN  
For the 12 Months Ending September 30, 2010  
RATE BASE

	(1) PLANT IN SERVICE	(2) ACCUMULATED DEPRECIATION & AMORTIZATION	(3) PLANT IN SERVICE	(4) NET PROPERTY HELD FOR FUTURE USE	(5) CONSTRUCTION WORK IN PROGRESS	(6) NET UTILITY PLANT	(7) WORKING CAPITAL	(8) TOTAL RATE BASE
PER BOOKS	\$68,054,083	(\$43,255,023)	\$47,799,069	\$0	\$660,218	\$45,479,287	(\$1,013,811)	\$42,465,676
FFSC ADJUSTMENTS:								
ELIMINATIONS TO WORKING CAPITAL ELEM. NON UTILITY PLANT	(\$186,381)	\$123,799	\$0	(\$62,582)		\$0	(\$147,459)	(\$147,459)
	(\$186,381)	\$123,799	(\$62,582)			(\$62,582)	(\$147,459)	(\$62,582)
TOTAL FFSC ADJUSTMENTS								
	(\$186,381)	\$123,799	(\$62,582)			(\$62,582)	(\$147,459)	(\$62,582)
FFSC ADJUSTED	\$85,867,712	(\$43,131,224)	\$42,736,487	\$0	\$660,218	\$45,416,705	(\$1,161,070)	\$42,255,635
COMP RATE ADI REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR COMP RATE ADI REVENUE	\$85,867,712	(\$43,131,224)	\$42,736,487	\$0	\$660,218	\$45,416,705	(\$1,161,070)	\$42,255,635
PROFORMA ADJUSTMENTS								
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL PROFORMA ADJUSTMENTS								
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PROFORMA ADJUSTED	\$85,867,712	(\$43,131,224)	\$42,736,487	\$0	\$660,218	\$45,416,705	(\$1,161,070)	\$42,255,635

FLORIDA PUBLIC UTILITIES COMPANY  
ELECTRIC  
YEAR END DATE OF RETURN  
For the 12 Months Ending September 30, 2010  
INCOME STATEMENT

	(1) OPERATING REVENUES	(2) O & M GAS EXPENSE	(3) O & M OTHER	(4) DEPRECIATION & AMORTIZATION	(5) TAXES OTHER THAN INCOME	(6) INCOME TAXES CURRENT	(7) D.I.T. (NET)	(8) I.T.C. (NET)	(9) GAIN/LOSS ON DISPOSITION	(10) TOTAL OPERATING EXPENSES	(11) NET OPERATING INCOME
PER BOOKS	\$97,906,837	\$ 73,901,583	\$10,433,633	\$3,484,338	\$7,267,149	\$1,200,613				\$85,687,314	\$12,219,523
FFSC ADJUSTMENTS:											
1) INTEREST SYNCHRONIZATION						\$19,372				\$19,372	(\$19,372)
2) ELIMINATE FUEL REVENUES AND EXPENSES	\$ (77,710,292)	(77,713,429)			(\$55,803)	(\$525)				(\$73,266,757)	(\$635)
3) ELIMINATE CONSERVATION	(\$588,709)	(\$588,154)			(\$424)	\$467				(\$588,626)	(\$77)
ANON-UTILITY DEPRECIATION EXPENSE				(\$1,210)						\$0	\$743
										\$0	\$0
										\$0	\$0
										\$0	\$0
										\$0	\$0
										\$0	\$0
										\$0	\$0
										\$0	\$0
										\$0	\$0
										\$0	\$0
										\$0	\$0
										\$0	\$0
										\$0	\$0
										\$0	\$0
										\$0	\$0
										\$0	\$0
TOTAL FFSC ADJUSTMENTS	(\$73,899,292)	(\$73,901,583)		(\$1,210)	(\$56,227)	\$19,268	\$0	\$0	\$0	(\$73,897,750)	(\$19,541)
FFSC ADJUSTED	\$24,547,542	\$0	\$10,433,633	\$2,273,128	\$7,210,922	\$1,219,879	\$0	\$0	\$0	\$22,847,560	\$2,199,982
PRO FORMA ADJUSTMENTS											
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRO FORMA ADJUSTED	\$24,547,542	\$0	\$10,433,633	\$2,273,128	\$7,210,922	\$1,219,879	\$0	\$0	\$0	\$22,847,560	\$2,199,982

FLORIDA PUBLIC UTILITIES COMPANY  
 ELECTRIC  
 CAPITAL STRUCTURE  
 September 30, 2010  
 FPSC ADJUSTED BASIS

PER BOOKS	ADJUSTMENTS		ADJUSTED BOOKS	PRO-RATA	SPECIFIC	BALANCE	RATIO (%)	LOW POINT		MIDPOINT		HIGH POINT	
	NON-UTILITY	UTILITY						COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
\$18,448,011		\$18,448,011			\$0	\$18,448,011	43.81%	10.00%	4.82%	11.00%	4.82%	12.00%	5.26%
\$10,023,979		\$10,023,979			\$3,105,794	\$13,129,773	31.18%	6.95%	2.17%	6.95%	2.17%	6.95%	2.17%
\$3,105,794		\$3,105,794			(\$3,105,794)	\$0	0.00%	1.70%	0.00%	1.70%	0.00%	1.70%	0.00%
\$4,019,370		\$4,019,370			\$4,019,370	\$4,019,370	9.55%	6.34%	0.60%	6.34%	0.60%	6.34%	0.60%
\$6,470,184		\$6,470,184			\$6,470,184	\$6,470,184	15.37%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
\$39,268		\$39,268			\$39,268	\$39,268	0.09%	8.42%	0.01%	9.01%	0.01%	9.55%	0.01%
\$42,106,606	\$0	\$42,106,606	\$0	\$0	\$42,106,606	\$42,106,606	100.00%		7.16%		7.66%		8.04%

AVERAGE

COMMON EQUITY  
 LONG TERM DEBT  
 SHORT TERM DEBT  
 CUSTOMER DEPOSITS  
 DEFERRED INCOME TAXES  
 TAX CREDITS - WEIGHTED COST

TOTAL AVERAGE

PER BOOKS	ADJUSTMENTS		ADJUSTED BOOKS	PRO-RATA	SPECIFIC	BALANCE	RATIO (%)	LOW POINT		MIDPOINT		HIGH POINT	
	NON-UTILITY	UTILITY						COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
\$18,287,176		\$18,287,176			\$0	\$18,287,176	43.28%	10.00%	4.33%	11.00%	4.76%	12.00%	5.19%
\$9,936,588		\$9,936,588			\$3,078,717	\$13,015,305	30.80%	6.96%	2.14%	6.96%	2.14%	6.96%	2.14%
\$3,078,717		\$3,078,717			(\$3,078,717)	\$0	0.00%	1.88%	0.00%	1.88%	0.00%	1.88%	0.00%
\$3,614,453		\$3,614,453			\$3,614,453	\$3,614,453	8.55%	6.34%	0.54%	6.34%	0.54%	6.34%	0.54%
\$7,308,859		\$7,308,859			\$7,308,859	\$7,308,859	17.30%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
\$29,842		\$29,842			\$29,842	\$29,842	0.07%	8.15%	0.01%	8.73%	0.01%	9.32%	0.01%
\$42,255,835	\$0	\$42,255,835	\$0	\$0	\$42,255,835	\$42,255,835	100.00%		7.07%		7.45%		7.88%

YEAR-END

COMMON EQUITY  
 LONG TERM DEBT  
 SHORT TERM DEBT  
 CUSTOMER DEPOSITS  
 DEFERRED INCOME TAXES  
 TAX CREDITS - WEIGHTED COST

TOTAL YEAR-END