

**ANNUAL REPORT OF
NATURAL GAS UTILITIES**

OFFICIAL COPY
Division of
Economic Regulation
EPSC

Florida Public Utilities Company

(EXACT NAME OF RESPONDENT)

P.O. Box 3395
West Palm Beach, Florida 33402-3395

(ADDRESS OF RESPONDENT)

TO THE

FLORIDA PUBLIC SERVICE COMMISSION

FOR THE

YEAR ENDED DECEMBER 31, 2001

02 MAY 31 PM 12:38
ECONOMIC REGULATION

RECEIVED
PUBLIC SERVICE

Officer or other person to whom correspondence should be addressed concerning this report:

Name **George M. Bachman**

Title **CFO & Treasurer**

Address **P.O. Box 3395**

CityWest Palm Beach State Florida

Telephone No. **(561) 838-1731**

PSC/AFA-20 (4/96)

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, 2001, and the related statements of income—regulatory basis, retained earnings—regulatory basis and the consolidated statement of cash flows for the year ended December 31, 2001, included on pages 10 through 19k, excluding additional information on page 13 – Electric, Gas and Other Utility Divisions, of the accompanying Annual Report of Natural Gas Utilities to the Florida Public Service Commission. 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 of 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 on 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 consolidated 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 on 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, 2001, and the results of its operations and its cash flows for the year ended December 31, 2001, 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 page 13 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.

Deloitte & Touche LLP

February 25, 2002

**INSTRUCTIONS FOR FILING THE
ANNUAL REPORT OF NATURAL GAS UTILITIES**

GENERAL INSTRUCTIONS

- I. Prepare this report in conformity with the Uniform System of Accounts (18 CFR 201) (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 Mcf) 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 to dollars 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 that is not applicable to the respondent, enter the words "Not Applicable" on the particular page.
- V. Provide a supplemental statement further explaining accounts or pages as necessary. Attach the supplemental statement to the page being supplemented on 8 1/2 by 11 inch paper. Provide the appropriate identification information on the supplemental page, including the title of the page and the page number. Do not change the page numbers.
- VI. Do not make references to reports of previous years or to other reports in lieu of required entries, except as specifically authorized.
- VII. 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 different figures were used.
- VIII. Report all gas volumes on a pressure base of 14.73 psia and a temperature base of 60° F.

DEFINITIONS

- I. Btu per cubic foot —The total heating value expressed in Btu, produced by the combustion, at constant pressure, of the amount of the gas which would occupy a volume of 1 cubic foot at a temperature of 60° F if saturated with water vapor and under a pressure equivalent to that of 30 inches of mercury at 32° F, and under standard gravitational force (980.665 cm per sec. ²) with air of the same temperature and pressure as the gas, when the products of combustion are cooled to the initial temperature of gas and air when the water formed by combustion is condensed to the liquid state. (Sometimes called gross heating value or total heating value.)
- II. Respondent — The person, corporation, licensee, agency, authority, or other legal entity or instrumentality in whose behalf the report is made.

ANNUAL REPORT OF NATURAL GAS UTILITIES

IDENTIFICATION

01 Exact Legal Name of Respondent FLORIDA PUBLIC UTILITIES COMPANY	02 Year of Report December 31, 2001
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 33401-5886	
05 Name of Contact Person George Bachman	06 Title of Contact Person 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 (561) 838-1731	09 Date of Report (Mo, Da, Yr) May 29, 2002

ATTESTATION

I certify that I am the responsible accounting officer of

FLORIDA PUBLIC UTILITIES COMPANY

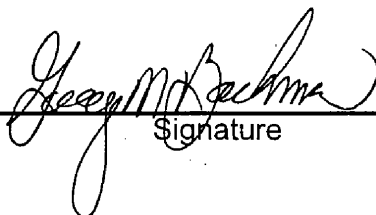
that I have examined the following report; that to the best of my knowledge, information, and belief, all statements of fact contained in the said report are true and the said report is a correct statement of the business and affairs of the above-named respondent in respect to each and every matter set forth therein during the period from January 1, 2001 to December 31, 2001, 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 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 and S. 775.083.

5/30/02
Date


Signature

George Bachman
Name

Chief Financial Officer & Treasurer
Title

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December 31, 2001

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.

George Bachman, Chief Financial Officer & Treasurer
401 South Dixie Highway, P.O. Box 3395
West Palm Beach, Florida 33402-3395

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 type of utility and nonutility services furnished by respondent during the year in each State in which the respondent operated.

Distribution of electricity, gas and water 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.
 4. If the above required information is available from the SEC 10-K Report Form filing, a specific reference to the report form (i.e. year and company title) may be listed in column (a) provided the fiscal years for both the 10-K report and this report are compatible.

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)	
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.

any position, show name and total remuneration of the previous incumbent, and date the change in incumbency was made.

3. Utilities which are required to file the same data with the Securities and Exchange Commission, may substitute a copy of item 4 of Regulation S-K (identified as this page). The substituted page(s) should be the same size as this page.

2. If a change was made during the year in the incumbent of

Line No.	Title (a)	Name of Officer (b)	Salary for Year (c)
1	President & Chief Executive Officer	John T. English	\$180,000
2			
3	Senior Vice President & Chief Operating Officer	Charles L. Stein	\$140,000
4			
5	Vice President & Secretary	Jack R. Brown	\$128,000
6			
7	Chief Financial Officer & Treasurer	George M. Bachman	\$100,000
8			
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December 31, 2001

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)	No. of Directors Meetings During Yr ©	Fees During Year (d)
J.T. English** Chairman & Chief Executive Officer	401 South Dixie Highway West Palm Beach, Florida	4	\$ -
R.C. Hitchins	325 South Olive Avenue West Palm Beach, Florida	4	\$ 16,535
P.L. Maddock, Jr	275 S County Road Palm Beach, Florida	4	\$ 16,035
R. E. Schupp*	4400 Congress Avenue West Palm Beach, Florida	4	\$ 15,535
Ellen Terry Benoit	250 El Pueblo Way Palm Beach, Florida	2	\$ 8,961
D. Downey*	400 Royal Palm Way Palm Beach, Florida	2	\$ 12,035
F. C. Cressman*	7990 West Lake Drive West Palm Beach, Florida	2	\$ 10,935
C. O. Jerauld	700 Osprey Way No. Palm Beach, Florida	4	\$ 13,035
E James Carr, Jr.	255 Holly Forest Court Cashiers, NC	4	\$ 13,535

SECURITY HOLDERS AND VOTING POWERS

1. Give the names and addresses of the 10 security holders of the respondents who, at the date of the latest closing of the stock book or compilation of the list of stockholders of the respondent, prior to the end of the year, had the highest voting powers in the respondent, and state the number of votes which each would have had the right to cast on that date if a meeting were in order. If any such holder held in trust, give in a footnote the known particulars of the trust (whether voting trust, etc.) duration of the trust, and principal holders of beneficiary interests in the trust. If the stock book was not closed or a list of stockholders was not compiled within one year prior to the end of the year, or if since the previous compilation of a list of stockholders, some other class of security has become vested with voting rights, then show such 10 security holders as of the close of the year. Arrange the names of the security holders in the order of voting power, commencing with the highest. Show in column (a) the titles of officers and directors included in such list of 10 security holders.

2. If any security other than stock carries voting rights, explain in a supplemental statement of circumstances whereby such security became vested with voting rights and

give other important particulars (details) concerning the voting rights of such security. State whether voting rights are actual or contingent: if contingent, describe the contingency.

3. If any class or issue of security has any special privileges in the election of directors, trustees or managers, or in the determination of corporate action by any method, explain briefly in a footnote.

4. Furnish particulars (details) concerning any options, warrants, or rights outstanding at the end of the year for others to purchase securities of the respondent or any securities or other assets owned by the respondent, including prices, expiration dates, and other material information relating to exercise of the options, warrants, or rights. Specify the amount of such securities or assets so entitled to be purchased by any officer, director, associated company, or any of the ten largest security holders. This instruction is inapplicable to convertible securities or to any securities substantially all of which are outstanding in the hands of the general public where the options, warrants or rights were issued on a prorata basis.

1. Give date of the latest closing of the stock book prior to the end year, and state the purpose of such closing:

**December 7, 2001
Dividend Record Date**

2. State the total number of votes cast at the latest general meeting prior to the end of year for the election of directors of the respondents and number of such votes cast by proxy.

Total: **2,276,521**
By Proxy: **2,276,521**

3. Give the date and place of such meeting:

4/17/2001

**FPUC Corporate Off
West Palm Beach, FL**

VOTING SECURITIES
Number of votes as of (date): **04/17/01**

Line No.	Name (Title) and Address of Security Holder (a)	Total Votes (b)	Common Stock (c)	Preferred Stock (d)	Other (e)
4	TOTAL votes of all voting securities	2,276,521	2,276,521		
5	TOTAL number of security holders	993	993		
6	TOTAL votes of security holders listed below	2,012,173	2,012,173		
7	*Cede & Company	1,767,108	1,767,108		
8	P. O. Box 20, New York, NY 10274				
9					
10	Dino Casali	103,146	103,146		
11	Box 886, Keene, NH 03431-0886				
12					
13	George F. Parris, Jr.	44,720	44,720		
14	P. O. Box 21909, Long Beach, CA 90801				
15					
16	Franklin C. Cressman	24,437	24,437		
17	7990 W Lake Dr., West Palm Beach, FL				
18					
19	Gordon O. Jerauld Trust	20,164	20,164		
20	700 Ospray Way, North Palm Beach, FL				
21					
22	Eduardo B. Arcentales Trust	13,872	13,872		
23	209 Avila Rd., West Palm Beach, FL				
24					
25	Walter P. Large	12,868	12,868		
26	11479 Orange Grove Blvd, Royal Palm Beach, FL				
30					
31	*Includes 313,554 shares held in trust. Robert L. Terry, a Director of the				
32	Corporation, is co-trustee for trust accounts established under the wills				
33	of his parents and shares voting and dispositive powers for his stock.				

SECURITY HOLDERS AND VOTING POWERS (Continued)

Line No.	Name (Title) and Address of Security Holder (a)	Total Votes (b)	Common Stock (c)	Preferred Stock (d)	Other (e)
34	John T. English	8,806	8,806		
35	15410 Woodmar Ct. Wellington, FL				
36					
37	Ed T. Neun	8,680	8,680		
38	419 US Hway 1 #E107 WPB, FL				
39					
40	Mildred K. Hall	8,372	8,372		
41	12944 SE Papaya St. Hobe Sound, FL				
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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 inquires. 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 8, 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. Estimate increase or decrease in annual revenue due to important rate changes: State effective rate and approximate amount of increase or decrease from each revenue classification. State the number of customers affected.

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 attached to this page.

1. NONE
2. In October 2001, the Company acquired Z-Gas Company, Inc. in a stock for stock transaction accounted for under the purchase method of accounting.
3. In December 2001, the Company acquired certain net assets of Atlantic Utilities in a cash transaction accounted for under the purchase method of accounting.
4. NONE
5. NONE
6. NONE
7. NONE
8. NONE
9. NONE
10. NONE
11. NONE
12. NONE

December 31, 2001

COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Balance at Beginning of Year (c)	Balance at End of Year (d)
1	UTILITY PLANT			
2	Utility Plant (101-106, 114) & 118	20-21	127,867,483	143,015,459
3	Construction Work in Progress (107)	20-21	2,571,821	7,453,148
4	TOTAL Utility Plant (Enter Total of lines 2 and 3)		130,439,304	150,468,607
5	(Less) Accum. Prov. for Depr. Amort. Depl. (108, 111, 115)	20-21	(46,746,257)	(52,292,262)
6	Net Utility Plant (Enter Total of line 4 less 5)		83,693,047	98,176,345
7	Utility Plant Adjustments (116)	19		
8	Gas Stored (117.1, 117.2, 117.3, 117.4)	-		
9	OTHER PROPERTY AND INVESTMENTS			
10	Nonutility Property (121)	-	200	0
11	(Less) Accum. Prov. for Depr. and Amort. (122)	-	0	0
12	Investments in Associated Companies (123)	-	10,000	10,000
13	Investment in Subsidiary Companies (123.1)	-	1,876,082	2,140,072
14	Other Investments (124)	-	15,001	67,246
15	Special Funds (125-128)	-		
16	TOTAL Other Property and Investments (Total of lines 10 through 15)		1,901,283	2,217,318
17	CURRENT AND ACCRUED ASSETS			
18	Cash (131)	-	(2,063,361)	3,185,059
19	Special Deposits (132-134)	-	2,876,359	11,424,632
20	Working Funds (135)	-	12,360	13,060
21	Temporary Cash Investments (136)	-		
22	Notes Receivable (141)	-		
23	Customer Accounts Receivable (142)	-	9,105,219	6,148,501
24	Other Accounts Receivable (143)	-	350,339	329,865
25	(Less) Accum. Prov. for Uncollectible Acct.-Credit (144)	-	(151,736)	(102,861)
26	Notes Receivable from Associated Companies (145)	-		
27	Accounts Receivable from Assoc. Companies (146)	-	1,918,236	6,807,358
28	Fuel Stock (151)	-		
29	Fuel Stock Expense Undistributed (152)	-		
30	Residuals (Elec) and Extracted Products (Gas) (153)	-		
31	Plant Material and Operating Supplies (154)	-	1,492,791	1,560,160
32	Merchandise (155)	-	304,831	713,852
33	Other Material and Supplies (156)	-		
34	Stores Expenses Undistributed (163)	-		
35	Gas Stored Undgrd. & Liq. Nat. Gas Stored (164.1-164.3)	-		
36	Prepayments (165)	32	2,327,778	2,757,707
37	Advances for Gas (166-167)	-		
38	Interest and Dividends Receivable (171)	-		
39	Rents Receivable (172)	-		
40	Accrued Utility Revenues (173)	-	1,336,777	1,388,210
41	Miscellaneous Current and Accrued Assets (174)	-		
42	TOTAL Current and Accrued Assets (Enter Total of lines 18 through 41)		17,509,593	34,225,543
43	DEFERRED DEBITS			
44	Unamortized Debt Expense (181)	-	224,262	2,175,280
45	Extraordinary Property Losses (182.1)	32		
46	Unrecovered Plant and Regulatory Study Costs (182.2)	32		
47	Other Regulatory Assets (182.3)	33		
48	Prelim. Survey and Investigation Charges (Gas) (183.1, 183.2)	-		
49	Clearing Accounts (184)	-	38,331	0
50	Temporary Facilities (185)	-	2,773	(1,658)
51	Miscellaneous Deferred Debits (186)	34	2,699,351	4,381,856
52	Def. Losses from Disposition of Utility Plant. (187)	-		
53	Research, Devel. and Demonstration Expend. (188)	-		
54	Unamortized Loss on Reacquired Debt (189)	-	324,558	302,197
55	Accumulated Deferred Income Taxes (190)	35	2,436,245	2,347,888
56	Unrecovered Purchased Gas Costs (1860.21)	-	2,119,979	849,528
57	TOTAL Deferred Debits (Enter Total of lines 44 through 56)		7,845,499	10,055,091
58	TOTAL Assets and other Debits (Enter Total of lines 6, 7, 8, 16, 42, 57)		110,949,422	144,674,297

COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Balance at Beginning of Year (c)	Balance at End of Year (d)
1	PROPRIETARY CAPITAL			
2	Common Stock (201, 202, 203, 205, 206, 207)	-	\$13,593,655	\$13,789,404
3	Preferred Stock Issued (204)	-	600,000	600,000
4	Other Paid-in Capital (208-211) & Accounts 212, 213, 214	-	904,613	968,499
5	Retained Earnings (215, 215.1, 216)	15-16	16,584,853	17,246,397
6	Unappropriated Undistributed Subsidiary Earnings (216.1)	15-16	1,876,099	2,140,072
7	(Less) Reacquired Capital Stock (217)	-	(5,449,397)	(4,815,301)
8	TOTAL Proprietary Capital (Enter Total of lines 2 through 7)		28,109,823	29,929,071
9	LONG-TERM DEBT			
10	Bonds (221)	37	23,500,000	52,500,000
11	(Less) Reacquired Bonds (222)	37		
12	Advances from Associated Companies (223)	37		
13	Other Long-Term Debt (224)	37		
14	Unamortized Premium on Long-Term Debt (225)	38		
15	(Less) Unamortized Discount on Long-Term Debt-Dr. (226)	38		
16	TOTAL Long-Term Debt (Enter Total of lines 10 through 15)		23,500,000	52,500,000
17	OTHER NONCURRENT LIABILITIES			
18	Obligations Under Capital Leases - Noncurrent (227)	-		
19	Accumulated Provision for Property Insurance (228.1)	-	1,595,212	1,952,677
20	Accumulated Provision for Injuries and Damages (228.2)	-	898,032	641,069
21	Accumulated Provision for Pensions and Benefits (228.3)	-	1,490,560	1,615,483
22	Accumulated Miscellaneous Operating Provisions (228.4)	-		
23	Accumulated Provision for Rate Refunds (229)	-	242,000	0
24	TOTAL Other Noncurrent Liabilities (Enter Total of lines 18 through 23)		4,225,804	4,209,229
25	CURRENT AND ACCRUED LIABILITIES			
26	Notes Payable (231)	-	17,900,000	20,430,000
27	Accounts Payable (232)	-	8,265,762	5,637,315
28	Notes Payable to Associated Companies (233)	-	0	0
29	Accounts Payable to Associated Companies (234)	-	0	0
30	Customer Deposits (235)	-	3,812,746	3,996,197
31	Taxes Accrued (236)	41	(79,409)	346,818
32	Interest Accrued (237)	-	609,379	873,900
33	Dividends Declared (238)	-	516,597	541,088
34	Matured Long-Term Debt (239)	-	0	0
35	Matured Interest (240)	-	0	0
36	Tax Collections Payable (241)	-	975,502	1,221,698
37	Miscellaneous Current and Accrued Liabilities (242)	43	807,520	859,395
38	Obligations Under Capital Leases-Current (243)	-	0	0
39				
40	TOTAL Current and Accrued Liabilities (Enter Total of lines 26 through 39)		\$32,808,097	\$33,906,411
41	DEFERRED CREDITS			
42	Customer Advances for Construction (252)	-	1,964,898	2,010,585
43	Other Deferred Credits (253) & CIAC (271&272)	* 43	9,363,272	11,453,046
44	Other Regulatory Liabilities (254)	45		
45	Accumulated Deferred Investment Tax Credits (255)	42	957,450	848,878
46	Deferred Gains from Disposition of Utility Plant (256)	-		
47	Unamortized Gain on Reacquired Debt (257)	39		
48	Accumulated Deferred Income Taxes (281-283)	44	10,020,078	9,817,077
49	TOTAL Deferred Credits (Enter Total of lines 42 through 48)		22,305,698	24,129,586
50				
51	TOTAL Liabilities and Other Credits (Enter Total of lines 8, 16, 24,			
52	40 and 49)		\$110,949,422	\$144,674,297

STATEMENT OF INCOME

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 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 19 for important notes regarding the statement of income or any account thereof.

5. Give concise explanations on page 19 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 on page 19 concerning significant amounts of any refunds made or received during the year resulting from settlement of any rate proceeding affecting

Line No.	Account (a)	Ref. Page No. (b)	Total Current Year ©	Total Previous Year (d)
1	UTILITY OPERATING INCOME			
2	Operating Revenues (400)	46-47	\$86,697,242	\$81,853,926
3	Operating Expenses			
4	Operation Expenses (401)	49-51	64,890,095	60,283,913
5	Maintenance Expenses (402)	49-51	2,891,972	2,732,984
6	Depreciation Expense (403)	55	4,262,282	4,011,455
7	Amort. & Depl. of Utility Plant (404-405) & 407.5	55	255,458	403,494
8	Amort. of Utility Plant Acq. Adj. (406)		(956)	(956)
9	Amort. of Property Losses, Unrecovered Plant and Regulatory Study Costs (407.1)	-	-	-
10	Amort. of Conversion Expenses (407.2)	-	-	-
11	Regulatory Debits (407.3)	-	-	-
12	(Less) Regulatory Credits (407.4)	-	-	-
13	Taxes Other Than Income Taxes (408.1)	41	7,314,204	6,686,273
14	Income Taxes - Federal (409.1)	41	1,178,675	951,518
15	- Other (409.2)	41	200,669	162,027
16	Provision for Deferred Inc. Taxes (410.1)	35, 44	(106,055)	444,076
17	(Less) Provision for Deferred Income Taxes - Cr. (411.1)	35, 44	-	-
18	Investment Tax Credit Adj. - Net (411.4)	42	(108,572)	(110,759)
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)	-	-	-
23	TOTAL Utility Operating Expenses (Total of lines 4 -22)		80,777,772	75,564,025
24	Net Utility Operating Income (Total of line 2 less 23) (Carry forward to page 14, line 25)		5,919,470	6,289,901
	* Page 41 excludes Franchise Tax of \$2,775,152			

STATEMENT OF INCOME (Continued)

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 19.

8. Enter on page 19 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 2 to 22, and report the information in the blank space on page 19 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)	
\$39,049,631	\$39,304,084	\$44,682,799	\$39,744,795	\$2,964,812	\$2,805,047	1
29,268,777	29,578,232	34,797,504	30,012,011	823,814	693,670	2
1,634,732	1,509,177	837,643	798,902	419,597	424,905	3
2,132,826	2,014,670	1,815,161	1,704,312	314,295	292,473	4
-		255,458	403,494			5
-		(956)	(956)			6
-						7
-						8
-						9
-						10
-						11
-						12
3,120,617	3,185,796	3,683,363	3,038,469	510,224	462,008	13
261,446	442,081	719,634	320,338	197,595	189,099	14
44,335	75,264	122,611	54,409	33,723	32,354	15
149,944	18,556	(253,152)	396,329	(2,847)	29,191	16
-						17
(59,046)	(60,499)	(42,594)	(43,323)	(6,932)	(6,937)	18
						19
						20
						21
						22
36,553,631	36,763,277	41,934,672	36,683,985	2,289,469	2,116,763	23
2,496,000	2,540,807	2,748,127	3,060,810	675,343	688,284	24

FLORIDA PUBLIC UTILITIES COMPANY		An Original	For the Year Ended	
			December 31, 2001	
STATEMENT OF INCOME (Continued)				
Line No.	Account (a)	Ref. Page No. (b)	TOTAL	
			Current Year (c)	Previous Year (d)
25	Net Utility Operating Income (Carried forward from page 12)		\$5,919,470	\$6,289,901
26	Other Income and Deductions			
27	Other Income			
28	Nonutility Operating Income			
29	Revenues From Merchandising, Jobbing and Contract Work (415)	-	2,472,150	1,811,872
	(Less) Costs and Exp. of Merchandising, Job & Contract Work (416)	-	(2,248,067)	(1,758,653)
31	Revenues From Nonutility Operations (417)	-	0	0
32	(Less) Expenses of Nonutility Operations (417.1)	-		
33	Nonoperating Rental Income (418)	-	0	200
34	Equity in Earnings of Subsidiary Companies (418.1)	15-16	263,973	145,822
35	Interest and Dividend Income (419)	-	375,784	350,184
36	Allowance for Other Funds Used During Construction (419.1)	-	33,112	22,343
37	Miscellaneous Nonoperating Income (421)	-	18,069	
38	Gain on Disposition of Property (421.1)	-	15,479	-
39	TOTAL Other Income (Enter Total of lines 29 through 38)		930,500	571,768
40	Other Income Deductions			
41	Loss on Disposition of Property (421.2)	-		
42	Miscellaneous Amortization (425)	56		
43	Miscellaneous Income Deductions (426.1-426.5)	56	24,034	23,300
44	TOTAL Other Income Deductions (Total of lines 41 through 43)		24,034	23,300
45	Taxes Applic. to Other Income and Deductions			
46	Taxes Other Than Income Taxes (408.2)	41		
47	Income Taxes - Federal (409.1)	41	242,577	134,065
48	Income Taxes - Other (409.2)	41	41,522	22,882
49	Provision for Deferred Income Taxes (410.1 & 2)	35, 44	(2,913)	(2,122)
50	(Less) Provision for Deferred Income Taxes - Cr. (411.2)	35, 44		
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 46 through 52)		281,186	154,825
54	Net Other Income and Deductions (Enter Total of lines 39,44,53)		625,280	393,643
55	Interest Charges			
56	Interest on Long-Term Debt (427)	-	2,606,258	2,235,050
57	Amortization of Debt Disc. and Expense (428)	38	65,690	39,189
58	Amortization of Loss on Recquired Debt (428.1)	-		
59	(Less) Amort. of Premium on Debt - Credit (429)	38		
60	(Less) Amortization of Gain on Recquired Debt - Credit (429.1)	-		
61	Interest on Debt to Assoc. Companies (430)	56	(98,713)	(81,838)
62	Other Interest Expense (431)	56	1,024,541	1,217,912
63	(Less) Allow. for Borrowed Funds Used During Const. - Cr. (432)	-	(104,489)	(14,621)
64	Net Interest Charges (Total of lines 56 through 63)		3,493,287	3,395,692
65	Income Before Extraordinary Items (Enter Total of lines 25, 54 and 64)		3,051,463	3,287,852
66	Extraordinary Items			
67	Extraordinary Income (434)	-		
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)	41		
71	Extraordinary Items After Taxes (Enter Total of line 69 less line 70)			
72	Net Income (Enter Total of lines 65 and 71)		\$3,051,463	\$3,287,852
73	Earnings Per Share		1.06	1.16

STATEMENT OF RETAINED EARNINGS

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 19.

Line No.	Item (a)	Primary Account Affected (b)	Amount (c)
	UNAPPROPRIATED RETAINED EARNINGS (Account 216)		
1	Balance - Beginning of Year		\$16,584,853
2	Changes (Identify by prescribed retained earnings accounts)		
3	Adjustments to Retained Earnings (Account 439):		
4	Credit: DIVIDENDS FROM SUBSIDIARY		0
5	Credit:		
6	Credit:		
7	Credit:		
8	Credit:		
9	TOTAL Credits to Retained Earnings (Account 439) (Enter Total of lines 4 through 8)		0
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)		2,787,490
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 20)		
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 27)		28,500
30	Dividends Declared - Common Stock (Account 438)		
31	Common - Cash	2380	2,097,446
32			
33			
34			
35	TOTAL Dividends Declared - Common Stock (Account 438)		
36	(Enter Total of lines 31 through 34)		2,097,446
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)		\$17,246,397

FLORIDA PUBLIC UTILITIES COMPANY		An Original	For the Year Ended
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STATEMENT OF RETAINED EARNINGS (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 (Account 215.1)		
	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)(Enter Total of lines 45 & 46)		
48	TOTAL Retained Earnings (Account 215, 215.1, 216)(Enter Total of lines 38 and 47)	\$17,246,397	
	UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS (Account 216.1)		
49	Balance - Beginning of Year (Debit or Credit)	1,876,099	
50	Equity in Earnings for Year (Credit) (Account 418.1)	263,973	
51	(Less) Dividends (Debit)		
52	Other Changes (Explain)		
53	Balance - End of year	2,140,072	

December 31, 2001

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 19. Information about noncash investing and financing activities should be provided on page 19. Provide also on page 19 a reconciliation between "Cash and Cash Equivalents at end of Year" with related amount 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 19 the amounts of interest paid (net of amounts capitalized) and income taxes paid.

Line No.	(a)	Amounts (b)
1	Net Cash Flow From Operating Activities:	
2	Net Income (Line 72(c) on page 14)	3,051,466
3	Non-Cash Charges (Credits) to Income:	
4	Depreciation and Depletion	4,584,857
5	Amortization of (Specify)	254,502
6	Gain on Sale of Non-Utility Property	
7	Deferred Income Taxes (Net)	(230,739)
8	Bad Debt Expense	417,641
9	Investment Tax Credit Adjustments (Net)	(113,983)
10	Net (Increase) Decreases in Receivables	2,441,554
11	Net (Increase) Decreases in Unbilled Receivables	19,315
12	Net (Increase) Decreases in Inventory	75,605
13	Net (Increase) Decreases in Allowances Inventory	-
14	Net (Decrease) Increase in Payables and Accrued Expenses	(4,500,582)
15	Net (Increase) Decreases in Other Regulatory Assets	-
16	Net (Decrease) Increase in Other Regulatory Liabilities	-
17	(Less) Allowance for Other Funds Used During Construction	(137,601)
18	(Less) Undistributed Earnings from Subsidiary Companies	-
19	Other: Storm Damage Reserve	357,465
20	Other Depreciation and Amortization	166,704
21	Over/(Under) Recovery of Energy Costs	2,357,808
22	Area Expansion Program deferred costs	(804,373)
23	Environmental Liability	(82,457)
24	Other Assets	(218,616)
25	Net Cash Provided by (Used in) Operating Activities (Total of lines 2 through 22)	7,638,566
26		
27		
28	Cash Flows from Investment Activities:	
29	Construction and Acquisition of Plant(including land):	
30	Gross Additions to Utility Plant	(13,962,829)
31	Purchase of Atlantic Assets	(9,792,287)
32	Purchase of Z Gas Assets	(82,984)
33	Gross Additions to Common Utility Plant	-
34	Gross Additions to Nonutility Plant	-
35	(Less) Allowance for Other Funds Used During Construction	-
36	Other: Customer Advances for Construction	38,989
37	Other: Purchase of Long-Term Investments	(8,007,185)
38	Other: Deposit Held in Escrow for Dividend Payment	(541,088)
39	Other: Miscellaneous Deferred Credits	
40	Cash Outflows for Plant (Total of lines 28 through 35)	(32,347,384)
41		
42	Acquisition of Other Noncurrent Assets (d)	-
43	Proceeds from Disposal of Noncurrent Assets (d)	-
44	Investment in and Advances to Assoc. and Subsidiary Companies	-
45	Contributions and Advances from Assoc. and Subsidiary Companies	-
46	Disposition of Investments in (and Advances to)	
47	Associated and Subsidiary Companies	-
48	Purchases of Investment Securities (a)	-

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 19.
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 19.

- (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 19 clarifications and explanations.

Line No.	(a)	Amounts (b)
49	Proceeds from Sales of Investment Securities (a)	
50	Loans Made or Purchased	-
51	Collections on Loans	-
52		
53	Net (Increase) Decrease in Receivables	-
54	Net (Increase) Decrease in Inventory	-
55	Net (Increase) Decrease in Allowances Held for Speculation	-
56		
57	Net Increase (Decrease) in Payables and Accrued Expenses	-
58	Other:	-
59		
60	Net Cash Provided by (Used in) Investing Activities	
61	(Total of lines 35 through 55)	(32,347,384)
62		
63	Cash Flows From Financing Activities:	
64	Proceeds from Issuance of:	
65	Long-Term Debt (b)	27,021,904
66	Preferred Stock	-
67	Common Stock	390,361
68	Other:	-
69		
70	Net Increase in Short-term Debt (c)	59,992,000
71	Other:	
72		
73		
74	Cash provided by Outside Sources (Total of lines 61 through 69)	87,404,265
75		
76	Payments of Retirement of:	
77	Long-Term Debt (b)	-
78	Preferred Stock	-
79	Common Stock	-
80	Other:	-
81		
82	Net Decrease in Short-Term Debt (c)	(57,462,000)
83		
84	Dividends on Preferred Stock	-
85	Dividends on Common Stock	(2,101,458)
86	Net Cash Provided by (Used in) Financing Activities	
87	(Total of lines 70 through 81)	27,840,807
88		
89	Net Increase (Decrease) in Cash and Cash Equivalents	
90	(Total of lines 21, 57, and 83)	3,131,989
91		
92	Cash and Cash Equivalents at Beginning of Year	66,492
93		
94	Cash and Cash Equivalents at End of Year	3,198,481

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 amount, 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 12-18, such notes may be attached hereto.

SEE ATTACHED ANNUAL REPORT SUPPLEMENTS.

Notes To Consolidated Financial Statements
 Summary of Significant Accounting and Reporting Policies

Business and Regulation Florida Public Utilities Company (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 Florida Public Service Commission (FPSC) with respect to its electric, natural gas and water operations. The FPSC stopped regulating the water segment of the Company's business on September 17, 2001 due to a resolution passed by Nassau County (see additional discussion below). The suppliers of electrical power to the Northwest Florida division and of natural gas to the natural gas divisions are subject to the jurisdiction of the Federal Energy Regulatory Commission (FERC). The Northeast Florida division is supplied most of its electrical power by a municipality which is exempt from FERC and FPSC regulation. The Company also distributes propane gas through a non-regulated subsidiary. The Company's accounting policies and practices conform to generally accepted accounting principles as applied to regulated public utilities and are in accordance with the accounting requirements and rate making practices of the FPSC.

The Company prepares its financial statements in accordance with the provisions of Statement of Financial Accounting Standards No. 71 - "Accounting for the Effects of Certain Types of Regulation" (SFAS 71). In general, SFAS 71 recognizes that accounting for rate regulated enterprises should reflect the relationship of costs and revenues introduced by rate regulation. As a result, a regulated utility may defer recognition of a cost (a regulatory asset) or recognize an obligation (a regulatory liability) if it is probable that, through the rate making process, there will be a corresponding increase or decrease in future revenues. Accordingly, the Company has recognized certain regulatory assets and regulatory liabilities in the consolidated balance sheets. The Company believes that the FPSC will continue to allow the Company to recover such items through its rates. A

summary of such items is as follows
 (in thousands):

	2001	2000
Assets		
Deferred development costs	\$ 2,518	\$ 1,714
Under recovery of fuel costs, conservation & unbundling	343	903
Unamortized piping & conversion costs	1,227	1,336
Unamortized loss on reacquired debt	302	325
Total Regulatory Assets	\$ 4,390	\$ 4,278
Liabilities		
Regulatory tax liabilities	\$ 1,548	\$ 1,653
Environmental liability	5,237	5,306
Storm damage	1,954	1,595
Over recovery of fuel costs	1,800	—
Total Regulatory Liabilities	\$10,539	\$ 8,554

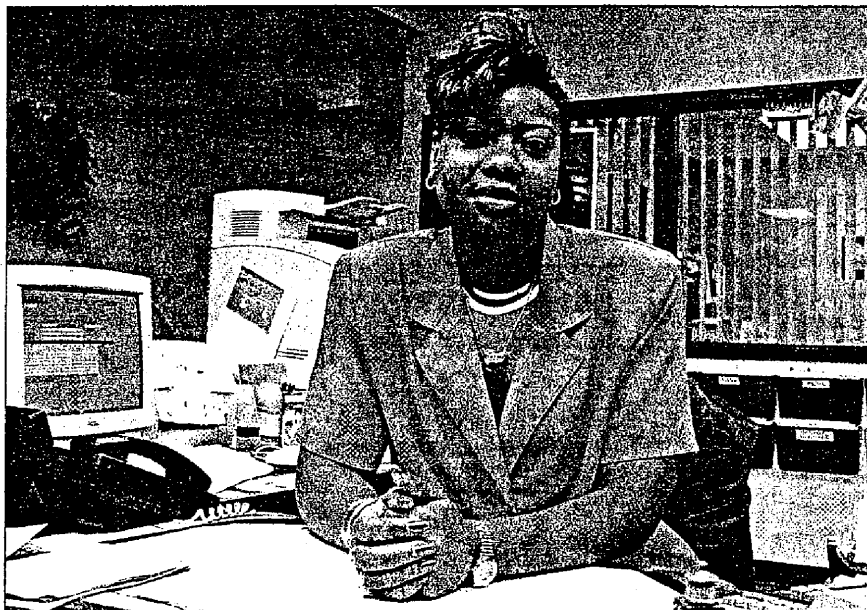
Deferred development costs and unamortized loss on reacquired debt are included in deferred charges in the consolidated balance sheets.

The Company has agreed with the FPSC staff to limit its earned return on equity for its regulated electric and natural gas operations. The disposition of any excess earnings is left to the discretion of the FPSC, with alternatives including a refund to customers, additional contributions to storm damage reserves, or the reduction of any depreciation reserve deficiency. The excess earnings for 1997, 1998 and 1999 at one of the Company's electric divisions were ordered by the FPSC to be added to that division's storm damage reserve. Since that last order on the 1999 disposition of excess earnings, the FPSC has allowed the company the automatic flexibility of funding the storm damage reserves each year thereafter through use of the excess earnings and allowing additional storm damage accruals up to a cap



South Florida Division, L to R, Richard Schwartz, District Manager; Mike Nardi, Measurement Supervisor; Marc Schneidermann, Director, South Florida; Frank Studenski, Engineer Technician; Chris Snyder, Gas Supply Manager; Fred Bland, Service Supervisor

Notes To Consolidated Financial Statements continued
Summary of Significant Accounting and Reporting Policies



Northwest Division, Pam Calhoun, Customer Service Representative

in those reserves of \$1,500,000 and \$1,400,000 in the Northeast and Northwest electric divisions, respectively. In 2001, the Company funded its Northeast division electric storm reserve with an additional \$237,000 relating to 2000 excess earnings. In 2001, the Company did not expect any excess earnings and accordingly has not funded any additional amounts to its storm damage reserves. As of the end of 2001, the Northeast and Northwest electric storm reserves were at approximately \$1,200,000 and \$750,000, respectively.

In 1999, the Company filed for a water rate increase with the FPSC and had a rate increase effective April 2000, with an expected increase in annual revenues of \$381,000. The company filed for a limited proceeding rate increase in its water rates with the FPSC in 2000. The rates became effective May 2001 and they are expected to increase annual revenues by \$236,000 or an overall 8.86% increase to rates.

The FPSC stopped regulating the water segment of the Company's business on September 17, 2001 due to Nassau County adopting resolution No. 2001-128 that rescinded the jurisdiction of the FPSC over investor owned water and wastewater utilities in the County. Under Florida law there is a "grandfather" application process under which a utility, subject to such a jurisdictional change, is entitled to receive a certificate of authorization from the County for the same service as certified by the Commission. In such process, the utility is also entitled to have "grandfathered" all rates and charges, regulations and procedures, and rate base until thereafter lawfully changed. The Company is in process of working with the County board on a regulatory agreement. It is unknown what effect, if any, the change or regulatory body will have on the water operations or what additional action the Company will take in this regard.

The Company filed the appropriate unbundled tariffs to give its commercial natural gas customers the option of purchasing their gas supplies from third parties. The Company officially offered unbundled services to commercial customers on August 1, 2001. Even though FPU has

had the overall lowest gas costs in the Florida market, third party suppliers may be able to offer our customers additional programs which a regulated gas company cannot offer. Furthermore, by purchasing their gas supplies from third parties, our commercial customers may avoid certain taxes and fees which FPU is required to collect on the sale of natural gas. The Company's operating results will not be affected as the Company realizes the same gross profit regardless of whether the customer purchases the gas from us or uses our system to transport the gas. The FPSC approved various mechanisms, which will allow the Company to be reimbursed for the incremental cost of providing unbundled services.

Revenues The Company records utility revenues as service is provided and bills its customers monthly on a cycle billing basis. Accordingly, at the end of each month, the Company accrues for estimated unbilled

revenues.

The rates of the Company include base revenues, fuel adjustment charges and the pass-through of certain governmental imposed taxes based on revenues. The base revenues are determined by the FPSC and remain constant until a request for an increase in such rates is filed and approved by the FPSC. From the FPSC's perspective, the Company operates four distinct entities (Northwest Florida electric, Northeast Florida electric, Northeast Florida water, and natural gas). Thus, for the Company to recover through rate relief the effects of inflation and construction expenditures for all such entities, a request for an increase in base revenues would require the filing of four separate rate cases. The water segment of the business was subject to FPSC regulation until September 17, 2001, when the Board of Nassau County rescinded the FPSC jurisdiction. Fuel adjustment charges are estimated for customer billing purposes and any under/over-recovery difference between the incurred cost of fuel and estimated amounts billed to customers is deferred for future recovery or refund and either charged or credited to customers. Interest accrues on such under/over-recoveries and is included in the subsequent adjustment.

Consolidation The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Flo-Gas Corporation. All significant intercompany balances and transactions have been eliminated.

Certain reclassifications have been made to the prior years' financial statements and other financial information contained herein to conform with the 2001 presentation.

Utility Plant and Depreciation Utility plant is stated at original cost. The costs of additions to utility plant include contracted services, direct labor, transportation, and materials. The costs of units of property retired are removed from utility plant, and such costs plus removal costs, less salvage, are charged to accumulated depreciation. 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.

Depreciation is computed using the composite straight-line method at rates prescribed by the FPSC for financial accounting purposes. Such rates are based on estimated service lives of the various classes of property. Depreciation provisions on average depreciable property approximate 3.4% in 2001, 3.6% in 2000 and 3.7% in 1999.

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.

Use of Estimates Inherent in the accounting process is the use of estimates when preparing financial statements in accordance with accounting principals generally accepted in the United States of America. Actual results could differ from these estimates. The Company has used estimates in the preparation of its financial statements including the accrual for uninsured liability claims. The Company is self-insured for certain liability claims and therefore accrues for estimated losses occurring from both asserted and unasserted claims. The estimate for unasserted claims arising from unreported incidents is based on an analysis of historical claims data and judgment. The accrual for such claims was approximately \$600,000 at December 31, 2001. Management believes that its accrual for potential liability claims is adequate.

Notes Payable The Company has a \$20,000,000 line of credit with its primary bank of which at December 31, 2001, \$2,070,000 is available and a \$2,500,000 line of credit with a secondary bank which is all fully borrowed. The primary line and note provide for interest at LIBOR plus fifty basis

points and the line of credit at the second bank is at LIBOR plus thirty basis points. The Company has reserved \$1,000,000 as a contingency for major storm repairs in the Northwest Florida electric division. The weighted average interest rates at December 31, 2001, 2000, and 1999 were approximately 2.4%, 7.1%, and 6.3% respectively.

Mergers and Acquisitions In October 2001, the Company acquired Z-Gas Company, Inc., a propane gas service distribution company in a stock for stock transaction valued at approximately \$600,000. The transaction involved the issuance of 31,960 shares of the Company's stock and approximately \$20,000 cash. The acquisition was accounted for under the purchase method of accounting. The purchase added about 1,000 customers to the propane operation in the Northeast Florida Division.

In December 2001, the Company acquired certain net assets of Atlantic Utilities, the Florida operation of Southern Union Company in a cash transaction valued at approximately \$10,000,000. Approximately \$250,000 of the purchase price was withheld pending title clearance for real property in Lauderdale. The acquisition was accounted for under the purchase method of accounting. Atlantic Utilities served about 4,400 natural gas customers in New Smyrna Beach and about 1,900 propane customers in central and south Florida.

Based on preliminary estimates, the excess of the consideration paid over the estimated fair value, or the depreciated original cost for regulated entities, of net assets acquired of approximately \$5,900,000 was recorded as goodwill and according to Financial Accounting Standards (FAS) Nos. 141 and 142 is not being amortized. There could be amortization if intangibles other than goodwill are identified. FPU is in the process of obtaining additional supporting documentation from the seller of Atlantic Utilities to refine the purchase price. For additional information concerning the acquisitions, see "Mergers and Acquisitions" in Notes to Consolidated Financial Information.



Northwest Florida Division; Don Myers, Electric Operations Manager

The estimated fair market values of assets acquired and liabilities assumed are summarized in the following table:

Fair Market Value of Assets Acquired and Liabilities Assumed (in thousands)		
	Atlantic Utilities	Z-Gas
<i>Assets</i>		
<i>Utility Plant</i>		
Natural Gas	\$ 4,830	\$ -
Propane Gas	1,006	333
Accumulated Depreciation and Amortization	(2,195)	-
Net Utility Plant	<u>3,641</u>	<u>333</u>
<i>Current Assets</i>		
Cash	0	14
Accounts Receivable	150	40
Allowance for Uncollectable Accounts	(15)	(17)
Inventories	278	17
Total Current Assets	<u>413</u>	<u>54</u>
Goodwill	5,685	216
Deferred Charges	342	-
Total Other Assets	<u>6,027</u>	<u>216</u>
<i>Liabilities</i>		
<i>Current Liabilities</i>		
Interest Accrued	(12)	-
Other Accruals and Payables	(10)	(3)
Customer Deposits	(260)	-
Current Liabilities	<u>(282)</u>	<u>(3)</u>
<i>Other Liabilities</i>		
Customer Advances for Construction	(7)	-
Total Other Liabilities	<u>(7)</u>	<u>0</u>
Acquisition Cost	<u>\$ 9,792</u>	<u>\$ 600</u>

The net utility plant for the natural gas business represents the depreciated original cost according to the regulatory guidelines.

For Atlantic Utilities, approximately \$3,127 of the goodwill relates to natural gas regulated operations and \$2,558 relates to propane operations. All of the Z-Gas goodwill relates to propane operations.

The following unaudited pro forma information combines the consolidated results of operations of Florida Public Utilities Company with those of Z-Gas and Atlantic Utilities as if these acquisitions had occurred at the beginning of 2000.

The pro forma results are not necessarily an indication of the results that would have been achieved had the transactions been consummated as of the date indicated, or that may be achieved in the future.

Pro Forma Results
(in thousands except for per-share amounts)
Year Ended December 31,

	2001	2000
Revenues	\$ 98,061	\$ 88,989
Cost of Fuel and Taxes Based on Revenues	62,689	55,481
Gross Profit	\$ 35,372	\$ 33,508
Operating Income	\$ 7,103	\$ 7,021
Net Income	\$ 3,800	\$ 3,693
Earnings for Common Shares	\$ 3,771	\$ 3,664
Average Shares Outstanding	2,877,938	2,851,470
Earnings per Common Share	\$ 1.31	\$ 1.28

2001 amounts include actual November and December for Z-Gas and December 15-31, 2001 for Atlantic Utilities.

CAPITALIZATION

Common Shares Reserved The Company has reserved 88,725 common shares for issuance under the Dividend Reinvestment Plan and 33,984 common shares for issuance under the Employee Stock Purchase Plan.

Dividend Restriction The Indenture of Mortgage and Deed of Trust and supplements thereto provide for restriction of the payment of cash dividends. At December 31, 2001 approximately \$2,900,000 of retained earnings were free of such restriction.

Maturities of Long-Term Debt Sinking fund payments are scheduled to begin in 2008.

Bond Proceeds The Company issued First Mortgage Bond, 6.85% Series due 2031 on September 27, 2001 in the aggregate principal amount of \$15,000,000 as security for the 6.85% Secured Insured Quarterly Notes, due October 1, 2031 (IQ NotesSM). Interest on the pledged bond accrues at the rate of 6.85% per annum payable quarterly in arrears on January 1, April 1, July 1 and October 1 of each year, payable initially on January 1, 2002. The pledge

bond constitutes the Fourteenth Series of the Company's First Mortgage Bonds.

Restricted Bond Proceeds The Company issued \$14,000,000 of Palm Beach County tax free municipal bonds (Industrial Development Revenue Bonds) on November 1, 2001 to finance development in the area. The interest rate on the thirty-year callable bonds is 4.90%. The bond proceeds are restricted and held in trust until construction expenditures are actually incurred by the Company and will be available from the trustee as construction is performed in the County during 2001, 2002, and 2003. In 2001 \$5,362,000 was drawn from the restricted funds held by the trustee, leaving \$8,008,000 available after closing costs.

SEGMENT INFORMATION

The company is organized into three regulated business segments: natural gas, electric and water 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 2001, 2000 and 1999 is summarized as follows (in thousands):

	2001	2000	1999
<i>Revenues</i>			
Electric	\$ 39,050	\$ 39,304	\$ 37,544
Natural Gas	44,729	38,270	30,287
Propane Gas	5,399	4,380	3,866
Water	2,965	2,805	2,401
Consolidated	<u>\$ 92,143</u>	<u>\$ 84,759</u>	<u>\$ 74,098</u>
<i>Operating income excluding income tax</i>			
Electric	\$ 2,893	\$ 3,016	\$ 3,173
Natural Gas	3,295	3,789	3,493
Propane Gas	431	264	393
Water	897	932	739
Consolidated	<u>\$ 7,516</u>	<u>\$ 8,001</u>	<u>\$ 7,798</u>
<i>Identifiable assets</i>			
Electric	\$ 37,753	\$ 36,911	\$ 35,384
Natural Gas	52,734	42,564	38,355
Propane Gas	10,728	5,648	4,999
Water	9,579	9,038	7,199
Common	29,195	14,885	10,606
Consolidated	<u>\$ 139,989</u>	<u>\$ 109,046</u>	<u>\$ 96,543</u>
<i>Depreciation and amortization</i>			
Electric	\$ 2,070	\$ 1,969	\$ 1,863
Natural Gas	1,963	2,027	1,998
Propane Gas	322	284	303
Water	300	282	260
Common	184	136	133
Consolidated	<u>\$ 4,839</u>	<u>\$ 4,698</u>	<u>\$ 4,557</u>
<i>Construction expenditures</i>			
Electric	\$ 4,418	\$ 3,015	\$ 2,774
Natural Gas	7,508	3,300	3,337
Propane Gas	1,147	757	384
Water	520	2,100	1,462
Common	369	1,371	220
Consolidated	<u>\$ 13,962</u>	<u>\$ 10,543</u>	<u>\$ 8,177</u>
<i>Income tax expense</i>			
Electric	\$ 397	\$ 475	\$ 621
Natural Gas	547	728	729
Propane Gas	84	26	87
Water	222	244	191
Common	290	155	209
Consolidated	<u>\$ 1,540</u>	<u>\$ 1,628</u>	<u>\$ 1,837</u>

Income Tax

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

	<u>2001</u>	<u>2000</u>	<u>1999</u>
Current payable			
Federal	\$1,362	\$1,039	\$ 954
State	232	177	163
	<u>1,594</u>	<u>1,216</u>	<u>1,117</u>
Deferred			
Federal	(210)	299	526
State	(21)	75	115
	<u>(231)</u>	<u>374</u>	<u>641</u>
Investment tax credit	(114)	(117)	(130)
Total - operating	<u>1,249</u>	<u>1,473</u>	<u>1,628</u>
Included in interest charges and other	<u>291</u>	<u>155</u>	<u>209*</u>
Total	<u>\$1,540</u>	<u>\$1,628</u>	<u>\$1,837</u>

*Includes income tax of \$51 on gain from the sale of non-utility property.

The difference between the effective income tax rate and the statutory federal income tax rate applied to pretax income is accounted for as follows (in thousands):

	<u>2001</u>	<u>2000</u>	<u>1999</u>
Federal income tax at statutory rate	\$ 1,561	\$ 1,671	\$ 1,824
State income taxes, net of federal benefit	139	166	183
Investment tax credit	(114)	(117)	(130)
Other	(46)	(92)	(40)
Total provision for income taxes	<u>\$ 1,540</u>	<u>\$ 1,628</u>	<u>\$ 1,837</u>

The tax effects of temporary differences producing accumulated deferred income taxes in the accompanying consolidated balance sheets are as follows (in thousands):

	<u>2001</u>	<u>2000</u>
Deferred tax assets		
Environmental	\$ 2,125	\$ 1,997
Other	235	446
Total deferred tax assets	<u>2,360</u>	<u>2,443</u>
Deferred tax liabilities		
Utility plant related	8,748	8,654
Under recovery of fuel costs	320	798
Other	600	428
Total deferred tax liabilities	<u>9,668</u>	<u>9,880</u>
Net deferred income taxes	<u>\$ 7,308</u>	<u>\$ 7,437</u>



Northwest Florida Division;
Doug Jones, Warehouseman



Employee Benefit Plans

Florida Public Utilities Company sponsors a qualified pension plan and postretirement medical and life benefit plans for its employees. The life plan obligations are de minimis and not reflected in the Company's disclosures. The following tables provide a reconciliation of the changes in the plans' benefit obligations and fair value of assets over the 2-year period ending December 31, 2001, and a statement of the funded status as of December 31 of both years:

	Pension Benefits		Other Benefits	
	2001	2000	2001	2000
<i>Reconciliation of Benefit Obligation</i>				
Prior year obligation at December 31	\$26,186,445	\$21,126,637	\$1,875,972	\$1,707,660
Service cost	901,220	971,596	77,425	87,596
Interest cost	1,780,967	1,694,069	103,649	118,285
Participant contributions	0	0	15,625	12,144
Plan amendments	295,554	3,911,439	0	0
Actuarial (gain) loss	(1,844,718)	(454,127)	(590,995)	19,331
Acquisitions (divestitures)	0	0	0	0
Benefit payments	(1,155,419)	(1,063,169)	(71,308)	(69,044)
Curtailements	0	0	0	0
Settlements	0	0	0	0
Current year obligation at December 31	<u>\$26,164,049</u>	<u>\$26,186,445</u>	<u>\$1,410,368</u>	<u>\$1,875,972</u>
<i>Reconciliation of Fair Value of Plan Assets</i>				
Prior year fair value of plan assets at December 31	\$35,113,920	\$36,385,130	\$ 0	\$ 0
Actual return on plan assets	(1,951,083)	(208,041)	0	0
Acquisitions (divestitures)	0	0	0	0
Employer contributions	0	0	55,683	56,900
Participant contributions	0	0	15,625	12,144
Benefit payments	(1,155,419)	(1,063,169)	(71,308)	(69,044)
Settlements	0	0	0	0
Current year fair value of plan assets at December 31	<u>\$32,007,418</u>	<u>\$35,113,920</u>	<u>\$ 0</u>	<u>\$ 0</u>
<i>Funded Status</i>				
Funded status at December 31	\$5,843,369	\$8,927,475	\$(1,410,368)	\$(1,875,972)
Unrecognized transition (asset) obligation	0	0	471,846	514,742
Unrecognized prior service cost	7,006,373	7,432,834	0	0
Unrecognized (gain) loss	(10,578,578)	(14,335,325)	(397,442)	188,775
Net amount recognized-prepaid/(liability)	<u>\$2,271,164</u>	<u>\$2,024,984</u>	<u>\$(1,335,964)</u>	<u>\$(1,172,455)</u>

The following table provides the components of net periodic benefit cost for the plans for fiscal years 2001, 2000 and 1999:

	Pension Benefits			Other Benefits		
	2001	2000	1999	2001	2000	1999
Service cost	\$ 901,220	\$ 971,596	\$ 770,799	\$ 77,425	\$ 87,596	\$ 71,840
Interest cost	1,780,967	1,694,069	1,368,995	103,649	118,285	108,789
Expected return on plan assets	(2,821,040)	(2,785,633)	(2,170,746)	0	0	0
Amortization of transition (asset) obligation	0	(183,269)	(183,276)	42,896	42,896	42,896
Amortization of prior service cost	722,015	716,418	422,358	0	0	0
Amortization of net (gain) loss	(829,342)	(875,582)	(474,402)	(4,778)	1,001	262
Net periodic benefit cost	<u>\$ (246,180)</u>	<u>\$ (462,401)</u>	<u>\$ (266,272)</u>	<u>\$ 219,192</u>	<u>\$ 249,778</u>	<u>\$ 223,787</u>
Curtailement (gain) loss	0	0	0	0	0	0
Settlement (gain) Loss	0	0	0	0	0	0
Net periodic benefit cost after curtailements and settlements	<u>\$ (246,180)</u>	<u>\$ (462,401)</u>	<u>\$ (266,272)</u>	<u>\$ 219,192</u>	<u>\$ 249,778</u>	<u>\$ 223,787</u>

The prior service costs are amortized on a straight-line basis over the average remaining service period of active participants. Gains and losses in excess of 10% of the greater of the benefit obligation and the market-related value of assets are amortized over the average remaining service period of active participants.

The pension plan is noncontributory; the postretirement medical plan is contributory with participants' contributions subject to adjustment annually. The accounting for the health care plan anticipates future cost-sharing changes to the written plan such that retiree contributions will increase over time at the same rate as the total plan cost.

The assumptions used in the measurement of the Company's benefit obligation are shown in the following table:

	Pension Benefits			Other Benefits		
	2001	2000	1999	2001	2000	1999
<i>Weighted-average Assumptions as of December 31</i>						
Discount rate	7.25%	7.00%	7.00%	7.25%	7.00%	7.00%
Expected return on plan assets	8.50%	8.50%	8.50%	N/A	N/A	N/A
Rate of compensation increase	4.50%	5.50%	5.50%	N/A	N/A	N/A

For measurement purposes, the annual rate of increase in the per capita cost of covered health care benefits during 2001 was 6.50%. These rates were assumed to decrease gradually each year to a rate of 5.00% for 2007 and remain at that level thereafter.

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A 1% change in assumed health care cost trend rates would have the following effects:

	1% Increase	1% Decrease
Effect on total of service and interest cost components of net periodic postretirement health care benefit cost	\$ 22,876	\$ (19,248)
Effect on the health care component of the accumulated postretirement benefit obligation	\$ 163,306	\$ (139,472)

Health Plan

The Company is principally self-insured for its employee and retiree medical insurance plan. The Company's health care liability under the plan is limited to \$100,000 per individual per year, with a maximum total liability of \$1,184,275.

A reserve for future benefit payments for active employees is maintained at a level sufficient to provide for estimated outstanding claims under the plan net of amounts contributed by employees. Net health care benefits paid by the Company for active employees were approximately \$629,000, \$509,000, and \$516,000 for 2001, 2000 and 1999, respectively.

Employee Stock Purchase Plan

The Company's Employee Stock Purchase Plan offers common stock at a discount to qualified employees. During 2001, 2000 and 1999, 11,774, 10,849, and 8,193 shares, respectively, were issued under the Plan for aggregate consideration of \$162,000, \$165,000, and \$116,000, respectively.

Dividend Reinvestment Plan

During 2001, 2000 and 1999, 12,303, 12,471, and 11,341 shares, respectively, were issued under the Company's Dividend Reinvestment Plan for aggregate consideration of \$196,000, \$193,000, and \$193,000, respectively.

Financial Instruments

The carrying amounts reported in the balance sheet for restricted bond proceeds, notes payable, taxes accrued and other accrued liabilities approximate fair value. The Company's investments held in escrow for environmental costs have gained in market value by \$49,000 as of December 31, 2001. The Company's debt is not rated by an agency. The older bonds contain "make whole" provisions that would negate any value fluctuations in interest rates. Additionally, the cost of long-term debt is included as a recovered cost in revenue for the regulated operations and as such the Company is reimbursed for interest costs. Therefore, disclosure of the change in fair value due to reasonably possible near term changes in interest rates is not meaningful. However, the current bonds outstanding were

issued in 1988, 1992, and 2001 and since that time interest rates have declined, and thus it is reasonable to assume that the fair value of existing first mortgage bonds would be more than their carrying value.

Contingencies

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.

Insurance Claims and Rate Relief

The Company notified its insurance carriers of environmental impacts detected at the former gasification plant sites discussed above. As a result of negotiations with the Company's major insurance carriers that concluded in 1997, such carriers agreed to pay settlement proceeds totaling approximately \$4,300,000 for certain environmental costs. Most recently, in September 1999, certain British based insurers agreed to settle claims in the approximate total amount of \$7,630. Since 1991, the FPSC has also allowed the Company to recover through rate relief environmental expenses of \$2,356,000 at the rate of approximately \$240,000 per year as an addition to the insurance reserve; the increases to the reserve ended in February 2001.

West Palm Beach Site

The Company is currently conducting a contamination assessment investigation of a parcel of property owned by it in West Palm Beach, Florida, upon which the Company previously operated a gasification plant. After a preliminary contamination assessment investigation indicated soil and groundwater impacts, the Company entered into a consent order with the FDEP. The consent order requires the Company to delineate the extent of



soil and groundwater impacts associated with the prior operation of the gasification plant and requires the Company to remediate such soil and groundwater impacts, if necessary. In June 1992, the Company commenced a contamination assessment investigation. A Contamination Assessment Report ("CAR") was submitted to FDEP in December 1995, and a CAR Addendum was submitted to FDEP in April 2000. Additional field investigations were performed in 2001 in response to FDEP comments to the CAR Addendum. On December 28, 2001, the Company submitted a Supplemental CAR Addendum ("SCARA") to FDEP for review and comment. The Company is awaiting comments from FDEP regarding the SCARA. Prior to the review and approval of the SCARA by FDEP, it is not possible to determine the complete extent or cost of remedial action, if any, which may be required. However, a revised preliminary estimate from the Company's environmental consultant projected that total contamination assessment and remediation costs for this site may reach approximately \$4,354,000. A portion of the on-site impacts have been determined to be eligible for reimbursement from a state fund and the FDEP has determined that a portion of the work conducted off-site may be eligible for reimbursement under state law.

Sanford Site

The Company owns a parcel of property located in Sanford, Florida, upon which a gasification plant was operated prior to the Company's acquisition of the property. FDEP required the Company to conduct a contamination assessment of the property to determine whether contamination was present as a result of the operation of the gasification plant. A preliminary investigation revealed soil impacts on the property. Thereafter, in cooperation with four former owners and operators of the gasification plant, the Company participated in the funding of an initial contamination assessment investigation, the results of which are set forth in a Contamination Assessment Report delivered to FDEP on February 4, 1994. On July 11, 1997, EPA notified the Company of its potential liability under applicable federal laws for further assessment and remediation of the site. Similar notices were sent by EPA to four former owners and operators of the site. On or about March 25, 1998, the Company and the four former owners and operators (collectively, the "Group") and the EPA executed an Administrative Order on Consent ("AOC") that obligated the Group to implement a Remedial Investigation/ Feasibility Study ("RI/FS") task and to pay EPA's past and future oversight costs for the RI/FS. The Group also entered into a Participation Agreement and an Escrow Agreement on or about April 13, 1998. These agreements govern the manner and means by which all parties will satisfy their respective obligations under the AOC for the RI/FS task. The Company agreed to pay approximately 13.7% of the cost for the RI/FS. Fieldwork for the RI/FS was initiated in 1998. A final RI report was submitted to EPA in July 1999. The Group also submitted a Baseline Risk Assessment to EPA in January 2000, including an Ecological Risk Assessment ("ERA"). Additional fieldwork will be required to complete the ERA at a total estimated cost of less than \$50,000. The Company's share of the additional ERA work is 13.7%.

On July 5, 2000, EPA issued a Record of Decision ("ROD") approving the final remedial action for contaminated soils at the site ("OU1 Remedy"). The total estimated cost for the OU1 Remedy ranges from \$5,593,000 to \$5,760,000. On June 12, 2001, EPA issued a ROD approving the final remedial action for contaminated groundwater at the site ("OU2 Remedy"). The present worth cost estimate for the OU2 Remedy is \$320,252. The Group is currently negotiating a remedial design/ remedial action ("RD/RA") Consent Decree with EPA to provide for the implementation of the OU1 Remedy and OU2 Remedy. It is reasonable to anticipate at this time that the Decree will not be effective until July or August 2002. Pursuant to the Consent Decree, pre-

remedial design fieldwork will be performed to assist in the design of the final remedy for OU1 and OU2. The cost of the additional field and design work is approximately \$375,000. Upon EPA's approval of the final design, the Group will be obligated to implement the remedy for OU1 and OU2 at an estimated combined cost, as noted above, of approximately \$6,000,000. The Consent Decree also obligates the Group to reimburse EPA's past costs of approximately \$215,000 and EPA's future oversight costs. Pursuant to the terms and conditions of the Second Participation Agreement entered into by the Company and other members of the Group on August 1, 2000, the Company's share of costs for the additional field and design work, implementation of the OU1 Remedy and OU2 Remedy, and payment of EPA's past and future oversight costs for the RD/RA tasks is 10.5%.

The Company believes that all future contamination assessment and remedial costs, legal fees and other related costs will not be in excess of the rate relief granted the Company and insurance settlement proceeds received.

On or about October 18, 2000, Violet Skipper, PC Buyers, Inc. and Thomas Wade Skipper filed suit against FPU in the Circuit Court for Palm Beach County, Florida. The case was later transferred to Jackson County, Florida. The lawsuit alleged that FPU failed to properly install and/or maintain electrical power lines, utility poles and related equipment which allegedly caused a fire that spread to and eventually destroyed a warehouse/office facility that was owned by Violet Skipper, that housed the place of business of the corporate plaintiff and that contained property therein owned by all the plaintiffs. The warehouse/office facility was located in Jackson County, Florida. Plaintiffs alleged damages in excess of \$1,000,000. FPU has denied the claims in the complaint and is vigorously defending the claims on the theory that the alleged fire started within the warehouse/office facility and not at or in FPU's electrical equipment.

On or about August 13, 2001, Darrell Glenn filed suit against FPU in the Circuit Court for Palm Beach County, Florida. The case was later moved to Nassau County, Florida where it is pending. The lawsuit alleged that the employee of a painting subcontractor was shocked and injured on May 16, 2001 while painting electrical equipment at FPU's step-down site in Fernandina Beach, Florida. His employer was operating under an agreement that required it to supervise its own workers. The plaintiff claims FPU was negligent and that its negligence caused his injuries to his torso which experienced some degree of burn. The plaintiff has not specified an amount of claim but FPU intends to bring the subcontractor into this action as a third-party defendant and seek indemnification and contribution from the subcontractor. FPU intends to vigorously defend this claim and to pursue the third-party claim against the subcontractor.

In the event that the Company does not prevail in these suits, there may be a material adverse effect on the financial statements. However, FPU believes there are meritorious defenses to the pending litigation discussed above but is unable to provide an evaluation of the likelihood of an unfavorable outcome or provide an estimate of the amount or range of potential loss.

The company is also involved with other various claims and litigation incidental to its business. In the opinion of management, none of these incidental claims and litigation will have a material adverse effect on the Company's results of operations or its financial condition.

Commitments

To ensure a reliable supply of power 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.



Northwest Florida Division; Tammy Dean, Energy Conservation Specialist

Northwest Florida Division; L to R, Jacky Ditty, Line Supervisor; Brady Foran, Working Foreman; John Griffin, Apprentice Lineman A; Steve Toole, Engineering Manager; Mark Cutshaw, Director, Northwest Florida; Broward O'Pry, Engineering Aide Technician



At December 31, 2001, 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 \$4,805,000 annually through 2010 related to these agreements. Substantially all costs incurred under these agreements are recoverable from customers through fuel adjustment clause mechanisms.

Financial Accounting Standard No. 133 and 138

Effective January 1, 2001, the Company adopted Statement of Financial Accounting Standards ("SFAS") No. 133 "Accounting for Derivative Instruments and Hedging Activities" as amended by SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities." The Statement establishes accounting and reporting standards requiring that every derivative instrument (including certain derivative instruments embedded in other contracts) be recorded in the balance sheet as either an asset or liability measured at its fair value. The statement requires that changes in the derivatives' fair value be recognized currently in earnings unless specific hedge accounting criteria are met. The effects of applying SFAS Nos. 133 and 138 through December 31, 2001 were not material to the Company's financial statements and are not expected to effect future operations as the Company does not expect to enter into significant derivative instruments.

Financial Accounting Standard No. 141 and 142

In July 2001, the FASB issued SFAS No. 141, "Business Combinations," and SFAS No. 142, "Goodwill and Other Intangible Assets." SFAS No. 141 requires that the purchase method of accounting be used for all business combinations initiated after June 30, 2001 and eliminates the pooling-of-interests method of accounting. SFAS No. 142 specifies that, among other things, intangible assets with an indefinite useful life and goodwill will no longer be amortized. The standard requires goodwill to be periodically tested for impairment and written down to fair value if considered impaired. The provisions of SFAS No. 142 are effective for fiscal years beginning after December 15, 2001, and are effective for interim periods in the initial year of adoption. The effects of adopting SFAS Nos.

141 and 142 on the recent acquisitions required use of the purchase method and resulted in goodwill that will have to be tested for impairment beginning in 2002.

Financial Accounting Standard No. 143

In August 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations." The statement requires that the fair value of an asset retirement obligation be recognized in the period in which it is incurred and the associated asset retirement costs capitalized as part of the carrying amount of the long-lived asset. The asset retirement cost is subsequently allocated to expense using a systematic and rational method over its useful life. SFAS No. 143 is effective for fiscal years beginning after June 15, 2002. Management is in the process of evaluating the impact of implementing SFAS 143 and feels that other than changing the methodology of depreciation and increasing administrative efforts, the effect on operating results will be immaterial and feels the impact on the regulated portion of the business, if any, would be an allowable item for recovery in the Company's rates.

Financial Accounting Standard No. 144

In October 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." The statement addresses financial accounting and reporting for the impairment or disposal of long-lived assets. The statement supercedes, with exceptions, SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of." SFAS No. 144 is effective for fiscal years beginning after December 15, 2001. Management is in the process of evaluating the impact of implementing SFAS 144 and is unable to estimate the effect, if any, on the Company's financial statements but feels the regulated portion of an impact, if any, would be an allowable item for recovery in the Company's rates.



Northwest Florida Division,
L to R, Woody Hall, Apprentice Lineman A;
Frank Chatwood, Working Foreman



Northeast Florida Division; L to R, Donnie Nabors, Apprentice Lineman; Billy Clardy, Serviceman; Parker Taylor, Service Working Foreman; Mac McClelland, Store Keeper; Curtis Boatright, Apprentice Serviceman B; Billy Griffin, Service Working Foreman; Danny Barrows, Line Working Foreman

Quarterly Financial Data (Unaudited)

The quarterly financial data presented below reflects the influence of, among other things, seasonal weather conditions, the timing of rate increases and the migration of winter residents and tourists to central and southern Florida during the winter season (in thousands, except per share amounts):

	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER
<u>2001</u>				
Revenues	\$31,100	\$22,497	\$19,421	\$19,125
Gross Profit	9,171	7,863	7,602	8,140
Operating income exc. income tax	3,023	1,544	1,428	1,521
Net income	1,503	480	538	531
Earnings per share	0.53	0.17	0.19	0.18
<u>2000</u>				
Revenues	\$21,468	\$19,539	\$20,182	\$23,570
Gross Profit	8,621	7,301	7,223	7,998
Operating income exc. income tax	2,928	1,590	1,485	1,998
Net income	1,413	539	480	856
Earnings per share	0.50	0.19	0.17	0.30



South Florida Division, L to R, Marc Schneidermann, Director, South Florida; Gary Blanco, Commercial Marketing Manager; Doug Moreland, Manager, Service and Operations Training; Winston Humphrey, Marketing Applications Engineer

December 31, 2001

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	101 Plant in Service (Classified)	139,615,573	54,854,501
4	101.1 Property Under Capital Leases	-	-
5	102 Plant Purchased or Sold	-	-
6	106 Completed Construction not Classified	-	-
7	103 Experimental Plant Unclassified	-	-
8	104 Leased to Others	-	-
9	105 Held for Future Use	-	-
10	114 Acquisition Adjustments	3,399,886	3,691
11	TOTAL Utility Plant (Enter Total of lines 3 through 10)	143,015,459	54,858,192
12	107 Construction Work in Progress	7,453,148	2,354,489
13	Accum. Prov. for Depr., Amort., & Depl.	52,292,262	23,268,564
14	Net Utility Plant (Enter total of lines 11 plus 12 less line 13)	98,176,345	33,944,117
15	DETAIL OF ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION		
16	In Service:		
17	108 Depreciation	51,976,957	23,264,873
18	111 Amort. and Depl. of Producing Nat. Gas Land & Land Rights	-	-
19	111 Amort. of Underground Storage Land and Land Rights	-	-
20	119 Amort. of Other Utility Plant	-	-
21	TOTAL in Service (Enter Total of lines 17 through 20)	51,976,957	23,264,873
22	Leased to Others		
23	108 Depreciation	-	-
24	111 Amortization and Depletion	-	-
25	TOTAL Leased to Others (Enter Total of lines 23 and 24)	-	-
26	Held for Future Use		
27	108 Depreciation	-	-
28	111 Amortization	-	-
29	TOTAL Held for Future Use (Enter Tot. of lines 27 and 28)	-	-
30	111 Abandonment of Leases (Natural Gas)	-	-
31	115 Amort. of Plant Acquisition Adjustment	315,305	3,691
32	TOTAL Acc. Provisions (Should agree with line 13 above) (Enter Total of lines 21, 25, 29, 30, and 31)	52,292,262	23,268,564

December 31, 2001

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
63,272,105	16,645,144	Not Applicable	Not Applicable	4,843,823	3
-	-			-	4
-	-			-	5
-	-			-	6
-	-			-	7
-	-			-	8
-	-			-	9
3,396,195	-			-	10
66,668,300	16,645,144			4,843,823	11
4,986,368	112,291			-	12
24,481,008	3,667,000			875,690	13
47,173,660	13,090,435			3,968,133	14
					15
24,169,394	3,667,000			875,690	16
-					17
-					18
-	-			-	19
24,169,394	3,667,000			875,690	20
					21
					22
					23
-	-			-	24
-	-			-	25
					26
					27
-	-			-	28
-	-			-	29
-					30
311,614	-			-	31
24,481,008	3,667,000			875,690	32

Annual Status Report Analysis of Plant in Service Accounts

Company: FLORIDA PUBLIC UTILITIES COMPANY
For the Year Ended December 31, 2001

Page 1 of 2

Acct. No.	Account Description	Depr. Rate	Beginning Balance*	Additions	Retirements	Reclass	Adjustments	Transfers	Ending Balance*
301	Organization		-	34,112	-	-	-	-	34,112
303	Miscellaneous Intangible Plant		213,641	-	-	-	-	-	213,641
374	Land - Distribution		101,107	-	-	-	-	-	101,107
389	Land - General		53,013	-	-	-	-	-	53,013
	Land - Other - Common		341,926	-	-	-	-	-	341,926
Amortizable General Plant Assets:									
This schedule should identify each account/subaccount for which a separate depreciation rate has been approved by the FPSC.									
DISTRIBUTION PLANT									
3741	Land Rights	3.20%	12,910	14	-	-	-	-	12,924
375	Structures and Improvements	2.70%	508,086	4,838	-	-	-	(2,048)	510,876
3761	Mains - Plastic	3.00%	10,359,666	1,777,133	(4,518)	-	-	-	12,132,281
3762	Mains - Other	3.20%	19,481,841	1,958,299	(24,749)	-	-	-	21,415,391
378	Meas. and Reg. Sta. Equipment - General	3.70%	190,203	40,629	-	-	-	-	230,832
379	Meas. and Reg. Sta. Equipment - City Gate	3.40%	712,895	15,192	-	-	-	-	728,087
3801	Services - Plastic	3.20%	11,714,717	1,521,890	(32,478)	-	-	-	13,204,129
3802	Services - Other	6.70%	1,941,695	405,116	(25,355)	-	-	-	2,321,456
380299	Accum. Depreciation - Service - Contra accts.	0.00%	-	-	-	-	-	-	-
381	Meters	3.60%	3,736,935	412,372	(80,513)	-	-	(12,202)	4,056,591
382	Meter Installations	3.30%	1,319,920	318,203	(5,273)	-	-	-	1,632,850
383	House Regulators	3.40%	1,085,195	130,315	-	-	-	(852)	1,214,658
384	House Reg. Installations	3.00%	522,558	47,831	(2,245)	-	-	-	568,144
385	Industrial Meas. and Reg. Sta. Equipment	4.10%	90,675	10,336	-	-	-	-	101,011
387	Other Equipment	3.60%	261,854	122,162	-	-	-	-	384,016
	TOTAL DISTRIBUTION PLANT		52,040,258	6,764,329	(175,131)	-	-	(15,103)	58,614,353
GENERAL PLANT									
390	Structures and Improvements	2.60%	404,910	41,198	-	-	-	2,048	448,156
3911	Office Furniture	6.40%	34,307	23,590	-	-	-	-	57,897
3912	Office Equipment	12.60%	40,739	32,187	-	-	-	-	72,926
3913	EDP Equipment	11.70%	443,737	351,898	(16,503)	-	-	3,733	782,865
3921	Accum. Dep. - Transportation - Cars	27.50%	249,030	-	-	-	-	23,551	272,581
3922	Accum. Dep. - Transportation - Light Trucks, vans	13.30%	1,549,321	269,032	(8,464)	-	-	86,099	1,895,989
3923	Accum. Dep. - Transportation - Heavy Trucks	13.30%	0	71,884	-	-	-	-	71,884
3924	Accum. Dep. - Transportation - Trailers	18.20%	24,759	4,097	-	-	-	-	28,856
393	Stores Equipment	7.30%	12,998	-	-	-	-	-	12,998

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**Annual Status Report
Analysis of Plant in Service Accounts**

Company: FLORIDA PUBLIC UTILITIES COMPANY
For the Year Ended December 31, 2001

Acct. No.	Account Description	Depr. Rate	Beginning Balance*	Additions	Retirements	Reclass.	Adjustments	Transfers	Ending Balance*
394	Tools, Shop, and Garage Equipment	5.00%	207,938	38,368	-	-	-	-	246,306
395	Laboratory Equipment	0.00%	0	823	-	-	-	-	823
396	Power Operated Equipment	6.70%	210,953	79,611	(12,896)	-	-	-	277,668
397	Communication Equipment	5.90%	145,650	13,590	(1,273)	-	-	-	157,967
398	Miscellaneous Equipment	10.40%	20,999	9,073	-	-	-	-	30,072
	SUBTOTAL		3,398,354	935,350	(39,136)	-	-	115,432	4,410,000
399	Other Tangible Property								
	TOTAL General Plant		3,398,354	935,350	(39,136)	-	-	115,432	4,410,000
	TOTAL (Accounts 101 and 106)		55,652,254	7,699,678	(214,267)	0	0	100,329	63,272,105
	TOTAL GAS PLANT IN SERVICE		55,652,254	7,699,678	(214,267)	-	-	100,329	63,272,105
Capital Recovery Schedules:									
	NONE								
	Total Account 101*		55,652,254	7,699,678	(214,267)	-	-	100,329	63,272,105
Amortizable Assets:									
114	Acquisition Adjustment		3,396,195	-	-	-	-	-	3,396,195
118	Other Utility Plant		4,643,774	390,176	(162,843)	-	-	(27,284)	4,843,823
	Other - Common								
	Total Utility Plant		63,692,222	8,089,854	(377,110)	-	-	73,045	71,512,123

Note: * The total beginning and ending balances must agree to acct. 101, Plant in Service, Line 12, Page 21.

Annual Status Report

Analysis of Entries in Accumulated Depreciation & Amortization

Company: FLORIDA PUBLIC UTILITIES COMPANY
For the Year Ended December 31, 2001

Acct. No.	Account Description	Beginning Balance*	Accruals	Reclass.	Retirements	Gross Salvage	Cost of Removal	Adjustments	Transfers	Ending Balance*
Amortizable General Plant Assets:										
301	Organization Intangible Plant	-	-	-	-	-	-	-	-	-
303	Misc. Intangible Plant	-	-	-	-	-	-	-	-	-
311	Liquefied Petroleum Gas Equipment	47,773	2,784	-	-	-	-	-	-	50,557
This schedule should identify each account/subaccount for which a separate depreciation rate has been approved by the FPSC.										
DISTRIBUTION PLANT										
374	Land - Distribution	(10,510)	408	-	-	-	-	-	-	(10,102)
3741	Land Rights	262,695	14,741	-	-	-	-	-	-	280,233
375	Structures and Improvements	2,285,595	268,201	-	(4,518)	-	(448)	2,797	-	3,567,806
3761	Mains - Plastic	10,559,860	511,995	-	(24,749)	-	(27,229)	1,018,976	-	11,019,877
3762	Mains - Other	35,083	7,044	-	-	-	-	12,211	-	54,338
378	Meas. and Reg. Sta. Equipment - General	188,619	25,672	-	-	-	-	10,471	-	224,762
379	Meas. and Reg. Sta. Equipment - City Gate	2,260,371	425,786	-	(32,478)	-	(40,818)	453,233	-	3,066,094
3801	Services - Plastic	543,823	115,914	-	(25,355)	-	(107,722)	-	-	526,660
3802	Services - Other	-	-	-	-	-	-	-	-	-
380299	Accum. Dep. - Service - Contra accts.	-	-	-	-	-	-	-	-	-
381	Meters	1,324,118	129,312	-	(80,513)	-	-	162,551	(3,767)	1,531,701
382	Meter Installations	360,658	44,357	-	(5,273)	-	(634)	56,123	-	455,231
383	House Regulators	395,180	40,259	-	-	-	-	34,047	(297)	469,189
384	House Reg. Installations	143,300	16,673	-	(2,245)	-	-	-	-	157,728
385	Industrial Meas. and Reg. Sta. Equipment	32,977	3,540	-	-	-	-	10,361	-	46,878
387	Other Equipment	44,491	11,517	-	-	-	-	4,978	-	60,986
389	Land - General	-	-	-	-	-	-	-	-	-
	TOTAL DISTRIBUTION PLANT	18,426,262	1,615,419	-	(175,131)	-	(176,851)	1,765,748	(4,064)	21,451,381
GENERAL PLANT										
390	Structures and Improvements	190,118	10,393	-	-	-	-	9,023	-	209,534
3911	Office Furniture	(5,591)	1,788	-	-	-	-	105,100	-	101,297
3912	Office Equipment	16,183	3,440	-	-	-	-	-	-	19,623
3913	EDP Equipment	255,555	37,910	-	(16,503)	-	-	234,376	718	512,056
3921	Accum. Dep. - Transportation - Cars	211,426	12,291	-	-	8,286	-	-	13,468	245,471
3922	Accum. Dep. - Trans. - Light Trucks, vans	1,156,532	68,983	-	(8,464)	6,195	-	-	23,158	1,246,404
3923	Accum. Dep. - Trans. - Heavy Trucks	-	-	-	-	-	-	-	-	-
3924	Accum. Dep. - Transportation - Trailers	20,780	639	-	-	-	-	48,650	-	48,650
393	Stores Equipment	8,361	756	-	-	-	-	-	-	21,419
										9,117

Annual Status Report
Analysis of Entries in Accumulated Depreciation & Amortization

Company: FLORIDA PUBLIC UTILITIES COMPANY
 For the Year Ended December 31, 2001

Acc. No.	Account Description	Beginning Balance*	Accruals	Reclass.	Retirements	Gross Salvage	Cost of Removal	Adjustmts	Transfers	Ending Balance*
394	Tools, Shop, and Garage Equipment	32,321	14,684	-	-	-	-	9,013	-	56,018
395	Laboratory Equipment	(2,692)	-	-	-	-	-	798	-	(1,894)
396	Power Operated Equipment	109,522	14,072	-	(12,896)	1,000	-	17,187	-	128,885
397	Communication Equipment	48,820	10,542	-	(1,273)	-	-	2,279	-	60,368
398	Miscellaneous Equipment	6,716	1,197	-	-	-	-	2,595	-	10,508
	SUBTOTAL	2,048,050	176,695	-	(39,136)	15,481	-	429,021	37,344	2,667,456
399	Other Tangible Property	-	-	-	-	-	-	-	-	-
	TOTAL General Plant	2,048,050	176,695	-	(39,136)	15,481	-	429,021	37,344	2,667,456
	Subtotal	20,522,085	1,794,898	-	(214,267)	15,481	(176,851)	2,194,769	33,280	24,169,394
COMMON PLANT										
389	Land - General	343,827	48,037	-	(43,353)	-	-	-	-	348,511
390	Structures and Improvements	(14,402)	652	-	-	-	-	-	-	(13,750)
3911	Office Furniture	39,135	1,766	-	(14,840)	2,500	-	-	-	28,561
3912	Office Equipment	352,343	139,004	-	(72,048)	7,000	-	-	(718)	425,581
3913	EDP Equipment	107,681	10,215	-	(32,602)	-	-	-	(13,469)	71,825
3921	Accum. Dep. - Transportation - Cars	5,710	9,252	-	-	-	-	-	-	14,962
397	Communication Equipment	-	-	-	-	-	-	-	-	-
	Subtotal	834,295	208,926	-	(162,843)	9,500	-	-	(14,187)	875,690
	Grand Total	21,356,380	2,003,824	-	(377,110)	24,981	(176,851)	2,194,769	19,093	25,045,084

Note: * The grand total of beginning and ending balances must agree to Line 17, Page 21.

2001
FLORIDA PUBLIC UTILITIES COMPANY
WEST PALM BEACH - GAS DIVISION
REPORT OF DEPRECIATION DATA UNDER RULE 25-6.0436(8)

PLANT IN SERVICE (\$)										RESERVE (\$)				(CREDIT BALANCES)		
Plant Acct.	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
301	-	-	-	-	-	-	301	-	-	-	-	-	-	-	-	-
304	-	-	-	-	-	-	304	-	-	-	-	-	-	-	-	-
305	-	-	-	-	-	-	305	-	-	-	-	-	-	-	-	-
311	-	-	-	-	-	-	311	-	-	-	-	-	-	-	-	-
320	-	-	-	-	-	-	320	-	-	-	-	-	-	-	-	-
360	-	-	-	-	-	-	360	-	-	-	-	-	-	-	-	-
361	-	-	-	-	-	-	361	-	-	-	-	-	-	-	-	-
362	-	-	-	-	-	-	362	-	-	-	-	-	-	-	-	-
374	56,686	-	-	-	-	56,686	374	-	-	-	-	-	-	-	-	-
3741	12,910	-	-	-	-	12,910	3741	2,074	-	408	-	-	-	-	-	2,482
375	492,011	2,048	-	(2,048)	-	492,011	375	255,612	-	14,273	-	-	-	-	-	269,884
3761	7,590,706	418,619	-	-	(1,542)	8,008,783	3761	1,714,651	(1,542)	194,959	(324)	-	-	-	-	1,907,745
3762	45,057,534	348,443	-	-	(21,436)	45,384,541	3762	8,583,370	(21,436)	395,389	(23,890)	-	-	-	-	8,933,433
378	177,649	-	-	-	-	177,649	378	37,886	-	6,576	-	-	-	-	-	44,462
379	446,570	841	-	-	-	447,411	379	115,022	-	16,084	-	-	-	-	-	131,106
3801	9,298,365	688,356	-	-	(18,163)	9,968,558	3801	1,731,109	(18,163)	337,326	(33,440)	-	-	-	-	2,016,832
3802	1,212,629	934	-	-	(10,113)	1,203,450	3802	184,924	(10,113)	72,516	(91,324)	-	-	-	-	156,003
380299	-	-	-	-	-	-	380299	-	-	-	-	-	-	-	-	-
381	2,743,188	185,278	-	(87,585)	-	2,773,524	381	865,856	(87,357)	94,502	(26,839)	-	-	-	-	866,163
382	821,063	84,219	-	(2,595)	-	902,687	382	258,208	(2,595)	32,142	(385)	-	-	-	-	282,745
383	871,974	41,480	-	(18,603)	-	894,851	383	301,950	-	10,425	(6,358)	-	-	-	-	327,734
384	326,181	23,903	-	(815)	-	349,269	384	92,110	(815)	2,940	-	-	-	-	-	101,720
385	75,323	86,673	-	-	-	162,000	385	31,460	-	9,226	-	-	-	-	-	34,400
387	212,387	-	-	-	-	212,387	387	29,944	-	-	-	-	-	-	-	39,170
389	40,806	-	-	-	-	40,806	389	-	-	-	-	-	-	-	-	-
390	125,499	21,631	-	2,048	-	149,178	390	64,864	-	3,409	-	-	-	-	-	68,272
3911	20,747	4,640	-	-	-	25,387	3911	1,140	-	1,140	-	-	-	-	-	(11,063)
3912	19,086	6,770	-	-	-	25,856	3912	8,740	-	1,772	-	-	-	-	-	10,512
3913	305,656	25,007	-	3,733	(10,318)	324,078	3913	164,396	(10,318)	25,575	718	-	-	-	-	180,371
3921	169,754	-	-	23,551	-	193,305	3921	141,203	-	11,166	8,286	-	-	-	-	174,123
3922	1,163,963	187,117	-	62,717	-	1,413,796	3922	846,529	-	51,693	14,335	-	-	-	-	918,752
3924	16,772	4,087	-	-	-	20,869	3924	16,771	-	423	-	-	-	-	-	17,193
393	12,998	-	-	-	-	12,998	393	6,361	-	756	-	-	-	-	-	9,117
394	144,912	25,553	-	-	-	170,465	394	(969)	-	10,436	-	-	-	-	-	9,468
395	138,813	37,214	-	-	(12,896)	163,131	395	(2,682)	-	9,740	1,000	-	-	-	-	(2,682)
396	97,221	6,365	-	-	-	103,586	396	84,011	(12,896)	7,020	-	-	-	-	-	81,855
397	13,730	3,917	-	-	-	17,647	397	35,103	-	837	-	-	-	-	-	42,123
398	41,665,131	2,204,102	-	(16,187)	(145,235)	43,707,811	398	15,561,017	(145,235)	1,338,250	15,481	(149,363)	-	(4,676)	-	3,567
COMMON PLANT																
389	341,926	-	-	-	-	341,926	389	-	-	-	-	-	-	-	-	-
3891	-	-	-	-	-	-	3891	-	-	-	-	-	-	-	-	-
390	2,013,497	104,815	-	(43,353)	-	2,074,959	390	343,827	(43,353)	48,037	-	-	-	-	-	348,511
3911	15,809	6,452	-	-	-	22,261	3911	(14,402)	-	652	-	-	-	-	-	(13,750)
3912	62,855	19,493	-	(3,733)	(14,840)	67,508	3912	39,135	(14,840)	1,766	2,500	-	-	-	-	28,561
3913	1,978,950	165,927	-	(23,551)	(72,048)	2,069,927	3913	352,343	(72,048)	139,004	7,000	-	-	(718)	-	425,581
3921	119,646	69,720	-	-	(32,602)	156,764	3921	107,681	(32,602)	10,215	(13,468)	-	-	-	-	71,825
397	111,091	23,770	-	-	-	134,861	397	5,710	-	9,252	-	-	-	-	-	14,962
3971	4,543,774	390,176	0	(27,284)	(162,843)	4,843,823	3971	834,294	(162,843)	208,926	9,500	-	-	(14,187)	-	875,690
TOTAL	46,308,905	2,594,278	0	(43,471)	(308,078)	48,551,834	TOTAL	16,395,311	(308,078)	1,547,176	24,981	(149,363)	-	(18,863)	-	17,491,164

FLORIDA PUBLIC UTILITIES COMPANY
 MID-FLORIDA - GAS DIVISION
 REPORT OF DEPRECIATION DATA UNDER RULE 25-6.0436(8)
 2001

		PLANT IN SERVICE (\$)								RESERVE (\$)						(CREDIT BALANCES)		
Plant Acct.	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		
301		34,112.00				34,112		303										
303	213,642					213,642		304			2,784					50,557		
305								305										
311								311										
320								320										
360								360										
361								361										
362								362										
374	44,421					44,421		374										
3741		14				14		3741	(12,584)									
375	16,076	2,790				18,866		375	7,082	468			2,797			(12,584)		
3761	2,768,960	1,857,515			(2,976)	4,123,499		3761	570,945	73,242		(124)	1,018,976			10,347		
3762	4,424,307	1,609,856			(3,313)	6,030,850		3762	1,976,491	116,606		(3,339)				1,660,063		
378	12,554	40,629				53,183		378	(2,803)	468						2,086,445		
379	286,326	14,351				280,677		379	73,597	9,588			12,211			9,876		
3801	2,416,353	833,534			(14,315)	3,235,572		3801	529,263	88,460		(7,378)	10,471			93,656		
3802	729,065	404,163			(15,242)	1,118,006		3802	358,899	43,398		(16,398)	453,233			1,049,263		
381	993,747	227,094		75,982	(13,156)	1,283,067		381	459,263	34,810		0	162,551	23,072		370,657		
382	498,857	233,983			(2,678)	730,162		382	102,451	16,840		(249)	56,123	0		665,540		
383	213,221	88,835		17,751	(1,430)	319,807		383	93,229	8,117			34,047	0		172,487		
384	196,378	23,928				218,876		384	51,191	600			10,361	0		141,454		
385	15,352	10,336				25,688		385	1,517	600						56,009		
387	49,467	35,489				84,956		387	14,548	2,291			4,978			12,478		
389	12,207					12,207		389								21,817		
390	279,411	19,567				296,978		390	125,253	6,984			9,023			141,280		
3911	13,560	18,950				32,510		3911	6,612	648			105,100			112,360		
3912	21,653	25,417				47,070		3912	7,443	1,668						9,111		
3913	138,061	326,891			(6,185)	458,787		3913	91,159	12,335			234,376			331,685		
3921	79,276					79,276		3921	70,223	1,125						71,348		
3922	385,358	81,915		23,383	(8,464)	482,192		3922	310,003	17,290				8,823		327,652		
3923		71,884				71,884		3923					48,651			48,651		
3924	7,987					7,987		3924	4,008	216						4,224		
393								393										
394	63,026	12,815				75,841		394	33,291	4,248			9,013			46,552		
395		823				823		395					798			798		
396	72,141	42,397				114,538		396	25,511	4,332			17,187			47,030		
397	46,429	7,224			(1,273)	54,380		397	13,717	3,522			2,279			18,245		
398	7,269	5,156				12,425		398	3,986	360			2,595			6,941		
	13,987,124	5,529,888			(69,032)	19,564,286			4,961,068	456,648		(27,488)	2,194,770	37,956	0	7,553,922		
				116,516														

Beginning Balance - Sanford & Deland consolidated

FLORIDA PUBLIC UTILITIES COMPANY
CONSOLIDATED GAS DIVISIONS
REPORT OF DEPRECIATION DATA UNDER RULE 25-6.0436(8)
2001

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
301	213,641	34,112	-	-	-	34,112	301	47,773	-	-	-	-	-	-	-	50,557
303	-	-	-	-	-	213,641	303	-	2,784	-	-	-	-	-	-	-
304	-	-	-	-	-	213,641	304	-	-	-	-	-	-	-	-	-
305	-	-	-	-	-	213,641	305	-	-	-	-	-	-	-	-	-
311	-	-	-	-	-	213,641	311	-	-	-	-	-	-	-	-	-
320	-	-	-	-	-	213,641	320	-	-	-	-	-	-	-	-	-
360	-	-	-	-	-	213,641	360	-	-	-	-	-	-	-	-	-
361	-	-	-	-	-	213,641	361	-	-	-	-	-	-	-	-	-
362	-	-	-	-	-	213,641	362	-	-	-	-	-	-	-	-	-
374	101,107	-	-	-	-	101,107	374	-	-	-	-	-	-	-	-	-
374	12,910	14	-	-	-	12,924	374	(10,510)	408	-	-	-	-	-	-	-
375	508,086	4,838	-	(2,048)	-	510,876	375	262,695	14,741	-	-	-	2,797	-	-	(10,102)
376	10,359,666	1,777,133	-	-	(4,516)	12,132,281	376	2,285,595	(4,518)	-	(448)	-	56,123	-	-	280,233
376	19,481,841	1,958,299	-	(24,749)	-	21,415,391	376	10,559,860	(24,749)	-	(27,229)	-	1,018,376	-	-	3,567,806
378	190,203	40,629	-	-	-	230,832	378	35,083	7,044	-	-	-	12,211	-	-	11,019,877
379	712,895	15,192	-	-	-	728,087	379	186,619	-	-	-	-	10,471	-	-	54,338
380	11,714,717	1,521,890	-	(32,478)	-	13,204,129	380	2,260,371	(32,478)	-	(40,818)	-	453,233	-	-	224,762
380	1,941,695	405,116	-	(26,355)	-	2,321,456	380	543,823	(26,355)	-	(107,722)	-	-	-	-	3,066,094
380	3,736,935	412,372	-	(12,202)	-	4,056,591	380	1,324,118	(80,513)	-	-	-	162,551	-	(3,767)	1,531,701
382	1,319,920	348,203	-	(5,273)	-	1,632,850	382	360,658	(5,273)	-	(634)	-	56,123	-	-	455,231
383	1,085,195	130,315	-	(852)	-	1,214,658	383	395,180	(2,245)	-	-	-	34,047	-	(297)	469,189
384	522,558	47,831	-	-	(2,245)	568,144	384	143,300	-	-	-	-	10,361	-	-	157,728
385	90,675	10,336	-	-	-	101,011	385	32,977	-	-	-	-	4,978	-	-	46,878
387	261,854	122,162	-	-	-	384,016	387	44,491	11,517	-	-	-	-	-	-	60,986
389	394,939	-	-	-	-	394,939	389	-	-	-	-	-	-	-	-	-
390	2,418,407	146,013	-	(43,353)	-	2,523,115	390	533,945	(43,353)	-	-	-	9,023	-	-	558,045
391	50,116	30,042	-	2,048	-	80,158	391	(19,992)	58,430	-	-	-	105,100	-	-	87,548
391	103,594	51,680	-	(14,840)	-	140,434	391	55,319	2,440	-	-	-	-	-	-	48,185
391	2,422,667	517,825	-	(88,551)	-	2,851,961	391	607,898	(14,840)	-	-	-	2,500	-	-	937,637
392	368,676	69,720	-	(32,602)	-	405,794	392	319,107	(88,551)	-	-	-	234,376	-	(1)	317,296
392	1,549,321	269,032	-	86,099	-	1,895,389	392	1,156,532	(32,602)	-	-	-	-	-	-	1,246,404
392	71,884	-	-	(8,464)	-	71,884	392	-	(8,464)	-	-	-	-	-	23,158	48,651
392	24,759	4,037	-	-	-	28,856	392	20,780	639	-	-	-	-	-	-	21,419
393	12,998	-	-	-	-	12,998	393	8,361	756	-	-	-	-	-	-	9,117
394	207,938	38,368	-	-	-	246,306	394	32,321	14,664	-	-	-	-	-	-	56,018
395	-	823	-	-	-	823	395	(2,692)	0	-	-	-	9,013	-	-	(1,894)
396	210,953	79,611	-	(12,896)	-	277,668	396	109,522	(12,896)	-	-	-	798	-	-	128,885
397	256,741	37,359	-	(1,273)	-	292,827	397	54,530	(1,273)	-	-	-	17,187	-	-	75,330
398	20,999	-	-	-	-	30,073	398	6,716	1,197	-	-	-	2,595	-	-	10,508
	60,295,026	8,089,854	-	73,045	(377,110)	68,081,818		21,356,380	2,003,824	24,981	(176,851)	-	2,194,770	19,093	-	25,045,087

CONSTRUCTION WORK IN PROGRESS-GAS (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 (less than \$500,000) may be grouped.

Line No.	Description of Project (a)	Construction Work in Progress-Gas (Account 107) (b)	Estimated Additional Cost of Project (c)
1			
2	WPB		
3			
4	Main Extensions	* 3,792,179	3,675,889
5	Other	* 49,506	36,059
6			
7			
9			
10			
11	MID-FLORIDA		
12			
13	Main Extensions	55,611	118,776
14	Land and Structures for new Co. office in Deltona	581,156	34,035
15	Other	* 507,916	12,076
16			
17			
18			
19			
20			
21			
24			
34			
35			
36			
37	* Grouped Items		
38			
39			
40	TOTAL	\$4,986,368	\$3,876,835

CONSTRUCTION OVERHEADS-GAS

1. List in column (a) the kinds of overheads according to the titles used by the respondent. Charges for outside professional services for engineering fees and management or supervision fees capitalized should be shown as separate items.
 2. On page 30 furnish information concerning construction overheads.
 3. A respondent should not report "none" to this page if no overhead apportionments are made, but rather should explain on page 30 the accounting procedures employed and the amounts of engineering, supervision, and administrative costs, etc. which are directly charged to construction.
 4. Enter on this page engineering, supervision, administrative, and allowance for funds used during construction, etc. which are first assigned to a blanket work order and then prorated to construction jobs.

Line No.	Description of Overhead (a)	Total Amount Charged for the Year (b)	Total Cost of Construction to Which Overheads Were Charged (Exclusive of Overhead Charges) (c)
1	Administrative and General Overheads	-	
2	Payroll Taxes, Pensions, Group and Worker's		
3	Compensation Insurance	\$125,650	
4	Allowance for funds used during construction	-	
5			
6			
7			
8			
9			
10			
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35			
36			
37			
38	TOTAL	\$125,650	\$2,816,236

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GENERAL DESCRIPTION OF CONSTRUCTION OVERHEAD PROCEDURE

1. For each construction overhead explain: (a) the nature and extent of work, etc., the overhead charges are intended to cover, (b) the general procedure for determining the amount capitalized, (c) the method of distribution to construction jobs, (d) whether different rates are applied to different types of construction, (e) basis of differentiation in rates for different types of construction, and (f) whether the overhead is directly or indirectly assigned.

Administrative and general overheads are intended to cover that portion of administrative and general expenses determined as applicable to construction. Overheads are distributed to construction jobs on the basis of direct labor costs incurred. Engineering and superintendents treated as overheads include only such portion as are not directly chargeable to specific construction jobs. All supervision costs which are directly applicable are charged to construction.

Payroll taxes, pensions, group insurance and workmen's compensation insurance are all directly applied to all company labor charged to construction. The rates are revised monthly, based upon cost. Only the workmen's compensation insurance rate varies with the type of construction - - electric, gas or water - - with the basis being the cost of insurance as determined by utility experience rates.

PREPAYMENTS (Account 165)

1. Report below the particulars (details) on each prepayment.

Line No.	Nature of Prepayment (a)	Balance at End of Year (In Dollars) (b)
1	Prepaid Insurance (100.1650.2)	297,090
2	Prepaid Rents	
3	Prepaid Taxes (page 41)	0
4	Prepaid Interest	
5	Gas Prepayments	
6	Miscellaneous Prepayments: Pensions & Software Maintenance (1650.3 & .4 & .5)	2,460,617
7	TOTAL 1650.*	2,757,707

EXTRAORDINARY PROPERTY LOSSES (Account 182.1)

Line No.	Description of Extraordinary Loss [Include in the description the date of loss, the date of Commission authorization to use Account 182.1 and period of amortization (mo, yr, to mo, yr).] (a)	Total Amount of Loss (b)	Losses Recognized During Year (c)	WRITTEN OFF DURING YEAR		Balance at End of Year (f)
				Account Charged (d)	Amount (e)	
1	NONE					
2						
3						
4						
5						
6						
7						
8						
9	TOTAL					

UNRECOVERED PLANT AND REGULATORY STUDY COSTS (182.2)

Line No.	Description of Unrecovered Plant and Regulatory Study Costs [Include in the description of costs, the date of Commission authorization to use Account 182.2 and period of amortization (mo, yr, to mo, yr).] (a)	Total Amount of Charges (b)	Costs Recognized During Year (c)	WRITTEN OFF DURING YEAR		Balance at End of Year (f)
				Account Charged (d)	Amount (e)	
10	NONE					
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21	TOTAL					

OTHER REGULATORY ASSETS (Account 182.3)

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

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

3. Minor items (amounts less than \$25,000) may be grouped by classes.

Line No.	Description and Purpose of Other Regulatory Assets (a)	Balance Beginning of Year (b)	Debits ©	Credits		Balance End of Year (f)
				Account Charged (d)	Amounts (e)	
1	See page 35					
2						
3						
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40	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 (amounts less than \$25,000) may be grouped by classes.

Line No.	Description of Miscellaneous Deferred Debit (a)	Balance at Beginning of Year (b)	Debits (c)	Account Charged (d)	Amount (e)	Balance End of Year (f)
1	Energy Conservation Program	\$0	\$0		\$0	\$0
2	Undistributed Capital					
3	-Accrued Payroll	21,422			10,482	\$31,904
4	Amortized Piping Costs	1,180,990			241,096	\$1,422,086
5	Amortized Conversion Cost	155,064			(8,046)	\$147,018
6	Underrecovery Conservation	115,411			534,677	\$650,088
7	Underrecovery Natural Gas (AEP)	1,713,961			804,373	\$2,518,334
8	Underrecovery Unbundling	0			38,964	\$38,964
9	Penny Elimination	0			(2)	(2)
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44						
45						
46						
47	Misc. Work in Progress	(522,912)				(\$467,998)
48	Deferred Regulatory Comm. Expenses					
49	(See Pages 58 - 59)	35,415	15,850	928	9,803	\$41,462
50	TOTAL	\$2,699,351				\$4,381,856

FLORIDA PUBLIC UTILITIES COMPANY

An Original

For the Year Ended
December 31, 2001

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 listed under Other.

Line No.	Account Subdivisions (a)	Balance at Beginning of Year (b)	CHANGES DURING YEAR			ADJUSTMENTS			Balance at End of Year (k)
			Amounts Debited to Acct. 410.1 (c)	Amounts Credited to Acct. 411.1 (d)	Amounts Debited to Acct. 410.2 (e)	Amounts Credited to Acct. 411.2 (f)	DEBITS	CREDITS	
					Acct. No. (g)	Amount (h)	Acct. No. (i)	Amount (j)	
1	ELECTRIC								
2	AMT								
3	Conservation Prog. & Pensions								
4	Int. Not Cap. & Amort. of Depl.								
5	Regulatory								
6	Self Ins Res. & Audit Fee	51,121	(11,109)						40,012
7	Uncollectible	44,392	(20,901)						23,491
8	Vacation Pay	60,299	2,949						63,248
9	Misc. Accrual		(6,996)						(6,996)
10	Gain on Hydroplant								
11	General liability	(16,244)	(29,327)						(45,571)
12	Rate Refund	91,065	(91,065)						
13	TOTAL Electric (Lines 2 - 12)	230,633	(156,449)						74,184
14	GAS								
15	AMT								
16	Interest Not Cap. & Amort of Depl.								
17	Regulatory								
18	Self Insurance Res. & Audit Fee	83,183	(19,875)						63,308
19	Uncollectible	12,706	(385)						12,321
20	Vacation Pay	113,898	10,340						124,238
21	Environmental	1,996,618	127,997						2,124,615
22	Misc. Accrual		(13,557)						(13,557)
23	General liability	(17,338)	(30,260)						(47,598)
24	TOTAL Gas (Lines 15 - 23)	2,189,067	74,260						2,263,327
25	Other (Specify) Water Division	16,545	(6,168)						10,377
26	TOTAL (Account 190)								
27	(Enter Total of lines 13, 24 & 25)	2,436,245	(88,357)						2,347,888
28	WATER DIVISION								
29	AMT								
30	Conservation Prog. & Pensions								
31	Interest Not Cap. & Amort of Depl.								
32	Regulatory								
33	Self Insurance Res. & Audit Fee	8,787	(1,439)						7,348
34	Uncollectible		1,149						1,149
35	Vacation Pay	10,678	616						11,294
36	Misc. Accrual		(1,312)						(1,312)
37	General liability	(2,920)	(5,182)						(8,102)
38	TOTAL WATER (Line 25 above)	16,545	(6,168)						10,377

NOTES

SECURITIES ISSUED OR ASSUMED AND
SECURITIES REFUNDED OR RETIRED DURING THE YEAR

1. Furnish a supplemental statement giving a brief description of security financing and refinancing transactions during the year and the accounting for the securities, discounts, premiums, expenses, and related gains or losses. Identify as to Commission authorization numbers and dates.

2. Furnish particulars (details) showing fully the accounting for the total principal amount, par value, or stated value of each class and series of security issued, assumed, retired, or refunded and the accounting for premiums, discounts, expenses, and gains or losses relating to the securities. Set forth the facts of the accounting clearly with regard to redemption premiums, unamortized discounts, expenses, and gains or losses relating to securities retired or refunded, including the accounting for such amounts carried in the respondent's accounts at the date of the refunding or refinancing transactions with respect to securities previously refunded or retired.

3. Included in the identification of each class and series of security, as appropriate, the interest or dividend rate,

nominal date of issuance, maturity date, aggregate principal amount, par value or stated value, and number of shares. Give also the issuance of redemption price and name of the principal underwriting firm through which the security transactions were consummated.

4. Where the accounting for amounts relating to securities refunded or retired is other than that specified in General Instruction 17 of the Uniform System of Accounts, give references to the Commission authorization for the different accounting and state the accounting method.

5. For securities assumed, give the name of the company for which the liability on the securities was assumed as well as particulars (details) of the transactions whereby the respondent undertook to pay obligations of another company. If any unamortized discount, premiums, expenses, and gains or losses were taken over onto the respondent's books, furnish details of these amounts with amounts relating to refunded securities clearly earmarked.

None

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

1. Report by balance sheet Account the 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. If information to meet the stock exchange reporting requirement outlined in column (a) is available from the SEC 10-K Report Form Filing, a specific reference to the report form (i.e. year and company title) may be reported in column (a) provided the fiscal years for both the 10-K report and this report are compatible.

2. For bonds assumed by the respondent, include in column (a) the name of the issuing company as well as a description of the bonds.

3. For advances from Associated Companies, report separately advances on notes and advances on open accounts. Designate demand notes as such. Include in column (a) names of associated companies from which advances were received.

4. For receiver's certificates, show in column (a) the name of the court and date of court order under which such certificates were issued.

5. 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.

6. If the respondent has pledged any of its long-term debt securities, give particulars (details) in a footnote, including name of the pledgee and purpose of the pledge.

7. If the respondent has any long-term securities which have been nominally issued and are nominally outstanding at end of year, describe such securities in a footnote.

8. If interest expense was incurred during the year on any obligations retired or reacquired before end of year, include such interest in column (f). Explain in a footnote any difference between the total of column (f) and the total of Account 427, Interest on Long-Term Debt and Account 430, Interest on Debt to Associated Companies.

9. Give particulars (details) concerning any long-term debt authorized by a regulatory Commission but not yet issued.

Line No.	Class and Series of Obligation and Name of Stock Exchange (a)	Nominal Date of Issue (b)	Date of Maturity (c)	Original Amount Issued (d)	INTEREST FOR YEAR		Total Amount Outstanding (g)
					Rate (in %) (e)	Amount (f)	
1	FIRST MORTGAGE BONDS:						
2							
3							
4	9.57% Series Due 2018	5/1/88	5/1/18	10,000,000	9.57%	957,000	10,000,000
5	10.03% Series Due 2018	5/1/88	5/1/18	5,500,000	10.03%	551,650	5,500,000
6	9.08% Series Due 2022	6/1/92	6/1/22	8,000,000	9.08%	726,400	8,000,000
7	4.90% Series Due 2031	11/1/01	11/1/31	14,000,000	4.90%	114,333	14,000,000
8	6.85% Series Due 2031	9/27/01	10/1/31	15,000,000	6.85%	256,875	15,000,000
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23							
24							
25	TOTAL			52,500,000		2,606,258	52,500,000

December 31, 2001

UNAMORTIZED DEBT EXPENSE, PREMIUM AND DISCOUNT ON LONG-TERM DEBT (Accounts 181, 225, 226)

1. Report under separate subheadings for Unamortized Debt Expense, Unamortized Premium on Long-Term Debt and Unamortized Discount on Long-Term Debt, particulars (details) of expense, premium or discount applicable to each class and series of long-term debt.
 2. Show premium amounts by enclosing the figures in parentheses.
 3. In column (b) show the principal amount of bonds or other long-term debt originally issued.
 4. In column (c) show the expense, premium or discount with respect to the amount of bonds or other long-term debt originally issued.

5. 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 Uniform System of Accounts.
 6. Identify separately indisposed amounts applicable to issues which were redeemed in prior years.
 7. 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.

Line No.	Designation of Long-Term Debt (a)	Principal Amount of Debt Issued (b)	Total Expense Premium or Discount (c)	Amortization Period		Balance at Beginning of Year (f)	Debits (Credits) During Year (g)	Balance at End of Year (h)
				Date From (d)	Date To (e)			
1	FIRST MORTGAGE BONDS:							
2								
3	9.57% Series Due 2018	10,000,000	180,273	5/1/88	5/1/18	88,937	(7,211)	81,726
4	10.03% Series Due 2018	5,500,000	97,070	5/1/88	5/1/18	47,887	(3,883)	44,004
5	9.08% Series Due 2022	8,000,000	121,967	6/1/92	6/1/22	87,438	(4,067)	83,371
6	4.90% Series Due 2031	14,000,000	825,028	11/1/01	11/1/31	0	820,753	820,753
7	6.85% Series Due 2031	15,000,000	1,153,193	10/1/01	10/1/31	0	1,145,426	1,145,426
8								
9								
10								
11								
12								
13								
14								
15								
16	NOTE: Account 189 - \$5,000,000 Reacquired Bond originally due in 1998 has reacquired debt loss and is amortized in Account 4280.1. The associated amount for 2001 was \$18,284.00. \$2,000,000 Reacquired Bond originally due in 2002 has reacquired debt loss and is amortized in Account 428. The associated amount for 2001 is \$4,078.							
17								
18								
19								
20	Expenses incurred to obtain a \$5,000,000 line of credit is amortized in Account 4280.3 by the amount of \$12,500 for 2001.							
21								
22	The amortization of debt discount occurs in Account 4280.2. The associated amount for 2001 was \$30,828							
23								
24	Total Account 4280 = \$ 65,690							
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44								
45								
46		52,565,690	2,377,531			224,262	1,951,018	2,175,280

December 31, 2001

UNAMORTIZED LOSS AND GAIN ON REACQUIRED DEBT (Accounts 189, 257)

1. Report under separate subheadings for Unamortized Loss and Unamortized Gain on Reacquired Debt, particulars (details) of gain and loss, including maturity date, on reacquisition applicable to each class and series of long-term debt. If gain or loss resulted from a refunding transaction, include also the maturity date of the new issue.
 2. In column (c) show the principal amount of bonds or other long-term debt reacquired.
 3. In column (d) show the net gain or net loss realized on each debt reacquisition as computed in accordance with

General Instruction 17 of the Uniform Systems of Accounts.

4. Show loss amounts by enclosing the figures in parentheses.

5. Explain in a footnote any debits and credits other than amortization debited to Account 428.1, Amortization of Loss on Reacquired Debt, or credited to Account 429.1, Amortization of Gain on Reacquired Debit-Credit.

Line No.	Designation of Long-Term Debt (a)	Date Reacquired (b)	Principal of Debt Reacquired (c)	Net Gain or Net Loss (d)	Balance at Beginning of Year (e)	Balance at End of Year (f)
1	Unamortized Loss on Reacquired Debt 12.5% Due 1988 Maturity date of new issue - 5/1/18	5/1/88	5,000,000	548,516	318,443	300,159
2						
3						
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6						
7	Unamortized Loss on Reacquired Debt 8% Due 2002	7/1/93	2,000,000	36,699	6,115	2,037
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						302,196

**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 14) *	\$2,787,490
2	Reconciling Items for the Year	
3		
4	Taxable Income Not Reported on Books	
5	Service Contributions	672,000
6	Depreciation	250,568
7	Penalties	8,072
8		
9	Deductions Recorded on Books Not Deducted for Return	
10	Meals Expense	22,027
11	Vacation Pay	38,621
12	Depreciation Study	539
13	Natural Gas Odorizer	1,211
14	Loss on Reacquired Debt	22,360
15	Income Taxes (excluding current state income of \$ 274,200)	1,171,704
16	Rate Case Expense	2,115
17	Refurbish Project	3,070
18		
19	Income Recorded on Books Not Included in Return	
20	Environmental Costs	108,523
21	General Liability	172,120
22	Gas Unbundling	45,115
23	Misc. Deferrals	58,113
24	Rate Refund Pending	242,000
25	Uncollectible Reserve	53,514
26		
27	Deductions on Return Not Charged Against Book Income	
28	Ordinary Loss on ACRS Property Retirements	180,000
29	Conservation Program Costs	244,545
30	Cost of Removal ADR Property	75,000
31	Pension Reserve	38,593
32	Underrecoveries of Purchased Energy Costs	(1,270,451)
33	Self - Insurance Reserve	82,665
34	Outside Audit Fees	3,500
35		
36		
37		
38	Federal Tax Net Income	4,946,540
39	Show Computation of Tax:	
40		
41	Tax at 34%	1,681,824
42	Rounding	
43	TOTAL Federal Income Tax Payable	1,681,824
44	* Excludes Flo-Gas Net Income of	\$263,973

FLORIDA PUBLIC UTILITIES

For the Year Ended
December 31, 2001

TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR

	Name of Taxing Authority	Federal Income	State Income	Real Property	Tangible Personal Property	In tangible Personal Property	FICA, SUTA, FUTA	Gross Receipts	Regulatory Assessment Fees	Environ-mental, Exclse	Other	Total
1	TAXES (ACCRUED)/PREPAID BEG. OF YEAR	460,965	76,221	-	-	-	(16,702)	(199,375)	(241,699)	-	-	79,410
2	Taxes Charged During Year											
3												
4	Federal Taxes	1,429,324					1,020,511					2,449,835
5												
6	State of Florida Taxes		242,191				12,094	2,086,668	391,308	(16,075)		2,696,186
7												
8	Local Taxes			1,428,786							6,371	1,435,157
9												
10												
11												
12	TOTAL TAXES CHARGED DURING YEAR (Lines 3-11)	1,429,324	242,191	1,428,786	-	-	1,032,605	2,066,668	391,308	(16,075)	6,371	6,581,178
13	Taxes Paid During Year											
14												
15	Federal Taxes	1,485,408					1,036,179					2,521,587
16												
17	State of Florida Taxes		198,620				11,486	2,122,845	405,184	(16,075)		2,722,060
18												
19	Local Taxes			1,296,861							6,371	1,303,232
20												
21												
22												
23	TOTAL TAXES PAID DURING YEAR (Lines 14-22)	1,485,408	198,620	1,296,861	-	-	1,047,665	2,122,845	405,184	(16,075)	6,371	6,546,879
24	Adjustments (list): Account adjustment											
25	Refund	(391,929)										(391,929)
26												
27	TOTAL ADJUSTMENTS (Lines 24-26)	(391,929)										(391,929)
28	TAXES (ACCRUED)/PREPAID END OF YEAR (Lines 1+12-23+/-27)	125,120	32,650	(131,925)	-	-	(1,642)	(143,198)	(227,823)	-	-	(346,816)

DISTRIBUTION OF TAXES CHARGED

	Federal Income	State Income	Real Property	Tangible Personal Property	In tangible Personal Property	FICA, SUTA, FUTA	Gross Receipts	Regulatory Assessment Fees	Environ-mental, Exclse	Other	Total
29											
30	Electric (Account 408.1, 409.1)	261,446	44,335	462,039	-	-	945,292	27,716	(7,154)	513	1,890,285
31	Gas (Account 408.1, 409.1)	719,634	122,611	751,131	-	-	1,121,376	231,213	(7,635)	5,858	3,413,800
32	Other Utility Departments (408.1, 409.1)	197,555	33,723	215,616	-	-	-	132,379	(1,286)	-	612,508
33	Other Income and Deductions (408.2, 409.2)	242,577	41,522	-	-	-	-	-	-	-	284,099
34	Extraordinary Items (Account 409.3)										
35	Other Utility Operating Income (408.1, 409.1)										
36	Adjust. to Retained Earnings (Account 439)										
37	CWIP (Account 207)										
38	Other Balance Sheet Accounts & Merch. & Jobbing										
39	lit Penalty	8,072									8,072
40											
41											
42	TOTAL (Should equal Lines 12+/-Line 27, if applicable)	1,429,324	242,191	1,428,786	-	-	2,066,668	391,308	(16,075)	6,371	6,581,178

FLORIDA PUBLIC UTILITIES

For the Year Ended

December 31, 2001

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)	Balance at End of Year (h)	Average Period of Allocation to Income (i)
			Acct. No. (c)	Amount (d)	Acct. No. (e)	Amount (f)			
1	Gas Utility								
2		2,670			4110.4	1,512		1,158	35 Years
3	3%	13,047			4110.4	2,655		10,392	35 Years
4	4%	0				0		0	
5	7%	448,275			4110.4	38,427		409,848	35 Years
6	10%	(49)						(49)	
7	Prior Period Adjustment								
8	TOTAL	463,943				42,594		421,349	
9	Electric Utility								
10		(493)				64		(557)	28 Years
11	3%	9,135			4110.4	5,511		3,624	28 Years
12	4%	0			4110.4	53,472		345,349	28 Years
13	7%	398,821						(7,769)	
14	10%	(7,769)							
15	Prior Period Adjustment								
16	TOTAL	399,694				59,047		340,647	
17	Water Utility								
18		325			4110.4	112		213	34 Years
19	3%	1,524			4110.4	217		1,307	34 Years
20	4%	0				0		0	
21	7%	91,941			4110.4	6,602		85,339	34 Years
22	10%	23						23	
23	Prior Period Adjustment								
24	TOTAL	93,813				6,931		86,882	
25	Total Utility	957,450				108,572		848,878	

Notes

1. Use this space to explain any adjustments made in this period.
2. Use this space to list by year generated and by amount any ITCs that have not been utilized and have not expired by the end of the period.

MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES (Account 242)

1. Describe and report the amount of other current and accrued liabilities at the end of year. 2. Minor items (less than \$50,000) may be grouped under appropriate title.

Line No.	Item (a)	Balance at End of Year (b)
1	Vacation Pay	758,254
2		
3		
4	Outside Audit Fees	94,000
5		
6	Commission Funds	5,699
7		
8	Sun Trust Analysis	0
9		
10	Employee Fund	1,442
11		
12		
13		
14		
15		
16		
17		
18	TOTAL	859,395

OTHER DEFERRED CREDITS (Account 253)

1. Report below the particulars (details) called for concerning other deferred credits. amortization.
3. Minor Items (less than \$25,000) may be grouped by classes.
2. For any deferred credit being amortized, show the period of

Line No.	Description of Other Deferred Credit (a)	Balance 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 (Amortized over succeeding six month period)	1,287,651	456.1	1,287,660	815,151	815,142
2			456.11			
3						
4						
5	Over Recovery of Fuel Adjustment - Gas (Amortized over succeeding twelve month period)	0	495.1	934,522	2,768,489	1,833,967
6			495			
7						
8						
9	Environmental Insurance Proceeds	4,595,291	1860.1	-	-	4,595,291
10						
11	Over Recovery - Conservation (Electric)	0	456.6	-	24,378	24,378
12						
13	Over Recovery - Conservation (Gas)	0	495.7	-	265,754	265,754
14						
15	Over Recovery - Unbundling (Gas)	0	495.8	-	55,407	55,407
16						
17	Gain on sale of property	27,922	4030.1	14,400	-	13,522
18						
19	Other Deferred Credit - Cashier Overage/Shortage	(572)	-	6,938	7,510	0
20						
	TOTAL	\$5,910,292	-	\$2,243,520	\$3,936,689	\$7,603,461

ACCUMULATED DEFERRED INCOME TAXES (Accounts 281, 282, 283)

Line No.	Description	Balance at Beginning of Year	Changes During Year			Adjustments			Balance at End of Year
			Amounts Debited to Account 410.1	Amounts Credited to Account 411.1	Amounts Debited to Account 410.2	Amounts Credited to Account 411.2	Credits Account No.	Debits Account No.	
1	ACCOUNT 281 - ACCELERATED AMORTIZATION PROPERTY								
3	Electric								
4	Gas								
5	Other								
6									
7	TOTAL ACCOUNT 281 (Lines 3 thru 6)	0	0	0	0	0	0	0	0
8									
9	ACCOUNT 282 - OTHER PROPERTY								
10	Electric	3,699,180	(77,532)						3,637,864
11	Gas	5,144,631	203,720						5,318,596
12	Other	(32,314)	(10,170)						(38,554)
13									
14	TOTAL ACCOUNT 282 (Lines 10 thru 13)	8,810,497	116,018	0	0	0	0	21,166	8,917,926
15									
16	ACCOUNT 283 - OTHER								
17	Electric	368,387	71,027						469,414
18	Gas	774,497	(382,613)						391,884
19	Other - Water	36,697	1,156						37,853
20									
21	TOTAL ACCOUNT 283 - OTHER (Lines 17 thru 20)	1,209,581	(310,430)	0	0	0	0	0	899,151
22									
23	ELECTRIC								
24	Federal Income Tax	3,585,527	(13,106)						3,587,476
25	Slate Income Tax	511,040	6,601						519,822
26									
27	TOTAL ELECTRIC (Lines 24 thru 26)	4,096,567	(6,505)	0	0	0	0	17,236	4,107,298
28									
29	GAS								
30	Federal Income Tax	5,144,201	(153,696)						4,964,636
31	Slate Income Tax	774,927	(25,197)						745,844
32									
33	TOTAL GAS (Lines 30 thru 32)	5,919,128	(178,893)	0	0	0	0	29,755	5,710,480
34									
35	OTHER - WATER								
36	Federal Income Tax	13,432	(6,750)						8,570
37	Slate Income Tax	(9,049)	(2,264)						(9,271)
38									
39	TOTAL OTHER (Lines 36 thru 38)	4,383	(9,014)	0	0	0	0	3,930	(701)
40									
41	TOTAL (Total of lines 7, 14, 21, and Lines 27, 33, 39)	10,020,078	(194,412)	0	0	0	0	21,166	9,817,077
42									

NOTES
 * Common depreciation transfer between FPUC and Flo-Gas Corp

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)	Balance Beginning of Year (b)	Debits		Credits (d)	Balance End of Year (e)
			Contra Account (b)	Amount (c)		
1						
2	See Page 44					
3						
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36						
37						
38						
39						
40						
41	TOTAL					

GAS OPERATING REVENUES (Account 400)

1. Report below natural gas operating revenues for each prescribed account in total.
2. Natural gas means either natural gas unmixed or any mixture of natural and manufactured gas.
3. Report number of customers, columns (f) and (g), on the basis of meters, 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.
4. Report quantities of natural gas sold in therms (14.73 psia at 60 F).
5. Report gas service revenues and therms sold by rate schedule.

Line No.	Title of Account (a)	OPERATING REVENUES	
		Amount for Year (b)	Amount for Previous Year (c)
1	GAS SERVICE REVENUES		
2	FIRM SALES SERVICE		
3	480 Residential Sales		
4	481 Commercial & Industrial Sales - Small	14,783,656	12,339,011
5	481 Commercial & Industrial Sales - Large	10,559,233	8,439,417
6	481	16,062,572	13,081,342
7	481		
8	481		
9	INTERRUPTIBLE SALES SERVICE		
10	481 Commercial & Industrial Sales - Interruptible	973,926	777,259
11	481		
12	FIRM TRANSPORTATION SERVICE		
13	489	1,183,895	735,793
14	489		
15	489		
16	INTERRUPTIBLE TRANSPORTATION SERVICE		
17	489	277,138	277,477
18	482 Other Sales to Public Authorities	1,113,357	918,568
19	484 Flex Rate - Refund		
20	TOTAL Sales to Ultimate Consumers	44,953,777	36,568,867
21	483 Sales for Resale		
22	Off-System Sales 4000.4954*	1,222,918	1,299,683
23	TOTAL Nat. Gas Service Revenues	46,176,695	37,868,550
24	TOTAL Gas Service Revenues	46,176,695	37,868,550
25	OTHER OPERATING REVENUES		
26	485 Intracompany Transfers		
27	487 Forfeited Discounts	159,539	(1,215)
28	488 Misc. Service Revenues	523,866	424,845
29	489 Rev. from Trans. of Gas of Others (not included		
30	in above rate schedules)	0	0
31	493 Rent from Gas Property		
32	494 Interdepartmental Rents		
33	495 Other Gas Revenues		
34	Initial Connection		
35	Overrecoveries Conservation 495.7	(320,080)	(85,798)
36	Collection in lieu of disconnect		
37	Returned Check		
38	Unbilled Revenue 495.3	(68,994)	93,345
39	Other 495.2	35,406	16,460
40	495.1 Overrecoveries Purchased Gas	(1,823,631)	1,428,608
41	TOTAL Other Operating Revenues	(1,493,894)	1,876,245
42	TOTAL Gas Operating Revenues	44,682,801	39,744,795
43	(Less) 496 Provision for Rate Refunds		
44	TOTAL Gas Operating Revenues Net of		
45	Provision for Refunds	44,682,801	39,744,795
46	Sales for Resale		
47	Other Sales to Public Authority		
48	Interdepartmental Sales		
49	TOTAL	44,682,799	39,744,795

December 31, 2001

GAS OPERATING REVENUES (ACCOUNT 400) (Continued)

6. 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.

7. See page 9, Important Changes During Year, for important new territory added and important rate increases or decreases.

THERMS OF NATURAL GAS SOLD		AVG. NO. OF NAT. GAS CUSTOMERS PER MO.		Line No.
Quantity for Year (d)	Quantity for Previous Year (e)	Number for Year	Number for Previous Year (g)	
				1
				2
10,190,210	10,193,410	36,929	35,451	3
11,034,510	11,048,830	2,753	2,679	4
18,996,750	19,150,390	954	915	5
				6
				7
				8
				9
1,407,940	1,373,950	6	7	10
				11
24,654,860	28,262,090	68	18	12
				13
				14
				15
				16
				17
1,204,080	1,318,400	201	215	18
				19
67,488,350	71,347,070	40,911	39,285	20
				21
2,409,440	2,815,610	1	1	22
69,897,790	74,162,680	40,912	39,286	23
				24
				25
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69,897,790	74,162,680			49

NOTES

RESIDENTIAL AND COMMERCIAL SPACE HEATING CUSTOMERS

A residential space heating customer is a customer whose major fuel for heating is gas.

Line No.	Item (a)	Residential (b)	Commercial (c)
1	Average Number of Space Heating Customers for the Year (Estimate if not known. Designate with an asterisk if estimated.)	* 8,449	* 816
2	For Space Heating Only, Estimated Average Therms (14.73 psia at 60 degrees F) Per Customer for the Year	180	400
3	Number of Space Heating Customers Added During the Year	(10,986)	(1,104)
4	Number of Unfilled Application for Space Heating at End of Year	NONE	NONE

INTERRUPTIBLE, OFF PEAK, AND FIRM SALES TO DISTRIBUTION SYSTEM INDUSTRIAL CUSTOMERS

1. Report below the average number of interruptible, off peak, and firm industrial customers on local distribution systems of the respondent, and the Therms of gas sales to these customers for the year.

2. Interruptible customers are those to whom service may be interrupted under terms of the customer's gas contract, or to whom service is required to be interrupted, regardless of the contractual arrangements in emergency periods,

by law, ordinance, directive, or other requirement of government authority. State in a footnote the basis on which interruptible customers are reported.

3. Off peak sales are seasonal and other sales which do not occur during wintertime demands.

4. Report pressure base of gas volumes at 14.73 psia at 60 degrees F.

Line No.	Item (a)	Number/Amount (b)
1	Interruptible Customers	
2	Average Number of Customers for the Year	6
3	Therms of Gas Sales for the Year	1,407,940
4	Off Peak Customers	
5	Average Number of Customers for the Year	
6	Therms of Gas Sales for the Year	
7	Firm Customers	
8	Average Number of Customers for the Year	
9	Therms of Gas Sales for the Year	
10	TOTAL Industrial Customers	
11	Average Number of Customers for the Year	6
12	Therms of Gas Sales for the Year	1,407,940

GAS OPERATION AND MAINTENANCE EXPENSES

If the amount for previous year is not derived from previously reported figures, explain in footnotes.

Line No.	Account	Amount for Current Year	Amount for Previous Year
1	1. PRODUCTION EXPENSES		
2	A. Manufactured Gas Production		
3	B. TOTAL Natural Gas Prod. and Gathering (Enter Total of Accts. 750 - 769)		
4	C. TOTAL Products Extraction (Enter Total of Accounts 770 through 791)		
5	D. TOTAL Exploration and Development (Enter Total of Accts. 795 through 798)		
6	E. Other Gas Supply Expenses		
7	Operation		
8	800 Natural Gas Well Head Purchases		
9	800.1 Natural Gas Well Head Purchases, Intracompany Transfers		
10	801 Natural Gas Field Line Purchases	19,290,786	17,168,855
11	802 Natural Gas Gasoline Plant Outlet Purchases		
12	803 Natural Gas Transmission Line Purchases		
13	804 Natural Gas City Gate Purchases	5,039,370	5,123,667
14	804.1 Liquefied Natural Gas Purchases		
15	805 Other Gas Purchases	1,428,307	0
16	(Less) 805.1 Purchased Gas Cost Adjustments		
17	TOTAL Purchased Gas (Enter Total of Lines 8 to 16)	25,758,463	22,292,522
18	806 Exchange Gas		
19	Purchased Gas Expenses		
20	807.1 Well Expenses--Purchased Gas		
21	807.2 Operation of Purchased Gas Measuring Stations		
22	807.3 Maintenance of Purchased Gas Measuring Stations		
23	807.4 Purchased Gas Calculations Expenses	4,355	0
24	807.5 Other Purchased Gas Expenses		
25	TOTAL Purchased Gas Expenses (Enter Total of lines 20 through 24)	4,355	0
26	808.1 Gas Withdrawn from Storage--Debit		
27	(Less) 808.2 Gas Delivered to Storage--Credit		
28	809.1 Withdrawals of Liquefied Natural Gas for Processing--Debit		
29	(Less) 809.2 Deliveries of Natural Gas for Processing--Credit		
30	Gas Used in Utility Operations--Credit		
31	810 Gas Used for Compressor Station Fuel--Credit	180	27
32	811 Gas Used for Products Extraction--Credit		
33	812 Gas Used for Other Utility Operations--Credit		
34	TOTAL Gas Used in Utility Operations--Credit (Lines 31 through 33)	180	27
35	813 Other Gas Supply Expenses	93,031	97,223
36	TOTAL Other Gas Supp. Exp. (Total of Lines 17,18,25,26 through 29,34,35)	25,856,029	22,389,772
37	TOTAL Production Expenses (Enter Total of Lines 2,3,4,5 and 36)		
38	2. NATURAL GAS STORAGE, TERMINALING AND PROCESSING EXPENSES		
39	A. TOTAL Underground Storage Expenses (Total of Accounts 814 through 837)	26,992	
40	B. TOTAL Other Storage Expenses (Enter Total of Accounts 840 through 843.9)		
41	C. TOTAL Liquefied Nat Gas Terminaling & Processing Expenses (Enter Total of Accounts 844.1 through 847.8)		
42	TOTAL Natural Gas Storage (Enter Total of lines 39, 40, and 41)		
43	3. TRANSMISSION EXPENSES		
44	TOTAL Transmission Expenses (Enter Total of Accounts 850 through 867)		
45			
46			

December 31, 2001

GAS OPERATION AND MAINTENANCE EXPENSES (Continued)

Line No.	Account	Amount for Current Year	Amount for Previous Year
47	4. DISTRIBUTION EXPENSES		
48	Operation		
49	870 Operation Supervision and Engineering	170,658	162,714
50	871 Distribution Load Dispatching	9,782	12,840
51	872 Compressor Station Labor and Expenses	0	102
52	873 Compressor Station Fuel and Power	0	135
53	874 Mains and Services Expenses	860,855	756,950
54	875 Measuring and Regulating Station Expenses--General	955	733
55	876 Measuring and Regulating Station Expenses--Industrial	5,182	9,207
56	877 Measuring and Regulating Station Expenses--City Gate Check Sta.	8,872	11,583
57	878 Meter and House Regulator Expenses	1,038,908	1,087,980
58	879 Customer Installations Expenses	162,735	148,369
59	880 Other Expenses	539,208	479,220
60	881 Rents	10,741	13,737
61	TOTAL Operation (Enter Total of lines 49 through 60)	2,807,896	2,683,570
62	Maintenance		
63	885 Maintenance Supervision and Engineering	59,396	54,763
64	886 Maintenance of Structures and Improvements	62,802	95,280
65	887 Maintenance of Mains	290,870	267,135
66	888 Maintenance of Compressor Station Equipment	0	0
67	889 Maintenance of Meas. and Reg. Sta. Equip.--General	5,637	1,789
68	890 Maintenance of Meas. and Reg. Sta. Equip.--Industrial	1,264	82
69	891 Maintenance of Meas. and Reg. Sta. Equip.--City Gate Check Sta.	21,999	13,587
70	892 Maintenance of Services	152,404	109,915
71	893 Maintenance of Meters and House Regulators	147,835	158,119
72	894 Maintenance of Other Equipment	12,076	12,344
73	TOTAL Maintenance (Enter Total of Lines 63 through 72)	754,283	713,014
74	TOTAL Distribution Expenses (Enter Total of Lines 61 and 73)	3,562,179	3,396,584
75	5. CUSTOMER ACCOUNTS EXPENSES		
76	Operation		
77	901 Supervision	92,312	62,167
78	902 Meter Reading Expenses	331,488	302,442
79	903 Customer Records and Collection Expenses	930,870	942,808
80	904 Uncollectible Accounts	241,176	94,759
81	905 Miscellaneous Customer Accounts Expenses	69,562	83,644
82	TOTAL Customer Accounts Expenses (Enter Total of Lines 77 through 81)	1,665,408	1,485,820
83	6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES		
84	Operation		
85	906.1 Under-recoveries Conservation	(474,903)	(192,856)
86	907 Supervision	28,984	3,454
87	908 Customer Assistance Expenses	1,154,441	327,749
88	909 Informational and Instructional Expenses	64,421	88,820
89	910 Miscellaneous Customer Service and Informational Expenses	88,609	34,430
90	TOTAL Customer Service and Informational Expenses (Enter Total of Lines 85 through 88)	861,552	261,597
91	7. SALES EXPENSES		
92	Operation		
93	911 Supervision	93,229	90,000
94	912 Demonstrating and Selling Expenses	927,447	781,469
95	913 Advertising Expenses	58,914	81,760
96	916 Miscellaneous Sales Expenses	358,047	326,287
97	TOTAL Sales Expenses (Enter Total of lines 92 through 95)	1,437,637	1,279,516
98			

GAS OPERATION AND MAINTENANCE EXPENSES (Continued)

Line No.	Account	Amount for Current Year	Amount for Previous Year
99	8. ADMINISTRATIVE AND GENERAL EXPENSES		
100	Operation		
101	920 Administrative and General Salaries	887,714	749,439
102	921 Office Supplies and Expenses	352,362	255,090
103	(Less) (922) Administrative Expenses Transferred--Cr.	0	0
104	923 Outside Services Employed	90,579	86,530
105	924 Property Insurance	29,998	19,045
106	925 Injuries and Damages	261,285	378,415
107	926 Employee Pensions and Benefits	437,908	289,994
108	927 Franchise Requirements	0	0
109	928 Regulatory Commission Expenses	21,890	11,627
110	(Less) (929) Duplicate Charges--Cr.	0	0
111	930.1 General Advertising Expenses	0	0
112	930.2 Miscellaneous General Expenses	107,915	117,561
113	931 Rents	6,323	4,035
114	TOTAL Operation (Enter Total of lines 100 through 112)	2,195,974	1,911,736
115	Maintenance		
116	935 Maintenance of General Plant	83,360	85,888
117	TOTAL Administrative and General Exp. (Total of lines 113 and 115)	2,279,334	1,997,624
118	TOTAL Gas O. and M. Exp. (Lines 37, 42, 44, 74, 82, 89, 96, and 116)	35,689,131	30,810,913
119			
120			
121			
122			
123			
124			
125			
126			
127			
128			
129			
130			
131	NUMBER OF GAS DEPARTMENT EMPLOYEES		
132			
133	1. The data on number of employees should be reported for payroll period ending nearest to October 31,		
134	or any payroll period ending 60 days before or after October 31.		
135	2. If the respondent's payroll for the reporting period includes any special construction personnel,		
136	include such employees on line 3, and show the number of such special construction employees in a footnote.		
137	3. The number of employees assignable to the gas department from joint functions of combination utilities		
138	may be determined by estimate, on the basis of employee equivalents. Show the estimated number of		
139	equivalent employees attributed to the gas department from joint functions.		
140			
141	1. Payroll Period Ended (Date)		11/6/2001
142	2. Total Regular Full-Time Employees		241
143	3. Total Part-Time and Temporary Employees		3
144	4. Total Employees		244
145			
146			
147			
148			

GAS PURCHASES (Accounts 800, 800.1, 801, 802, 803, 804, 804.1, 805, 805.1)

1. Provide totals for the following accounts:
 800 Natural Gas Well Head Purchases
 800.1 Natural Gas Well Head Purchases,
 Intracompany Transfers
 801 Natural Gas Field Line Purchases
 802 Natural Gas Gasoline Plant Outlet Purchases
 803 Natural Gas Transmission Line Purchases
 804 Natural Gas City Gate Purchases
 804.1 Liquefied Natural Gas Purchases
 805 Other Gas Purchases
 805.1 Purchase Gas Cost Adjustments

The totals shown in columns (b) and (c) should agree with the books of account. Reconcile any differences in a footnote.
 2. State in column (b) the volume of purchased gas as finally measured for the purpose of determining the amount payable for the gas. Include current year receipts of makeup gas that was paid for in prior years.
 3. State in column (c) the dollar amount (omit cents) paid and previously paid for the volumes of gas shown in column (b).
 4. State in column (d) the average cost per Therm to the nearest hundredth of a cent. (Average means column (c) divided by column (b) multiplied by 100.)

Line No.	Account Title (a)	Gas Purchased-Therms (14.73 psia 60 F) (b)	Cost of Gas (In dollars) (c)	Average Cost Per Therm (To nearest .01 of a cent) (d)
1	800 - Natural Gas Well Head Purchases			
2	800.1 - Natural Gas Well Head Purchases, Intracompany Transfers			
3	801 - Natural Gas Field Line Purchases	27,910,820	19,290,786	69.116
4	802 - Natural Gas Gasoline Plant Outlet Purchases			
5	803 - Natural Gas Transmission Line Purchases			
6	804 - Natural Gas City Gate Purchases	40,571,420	5,039,370	12.421
7	804.1 - Liquefied Natural Gas Purchases			
8	805 - Other Gas Purchases		1,428,307	
9	805.1 - Purchased Gas Cost Adjustments			
10	TOTAL (Enter Total of lines 1 through 9)	68,482,240	25,758,463	37.613

NOTES TO GAS PURCHASES

GAS USED IN UTILITY OPERATIONS - CREDIT (Accounts 810, 811, 812)

1. Report below particulars (details) of credits during the year to Accounts 810, 811 and 812 which offset charges to operating expenses or other accounts for the cost of gas from the respondent's own supply.
 2. Natural gas means either natural gas unmixed, or any mixture of natural and manufactured gas.
 3. If the reported Therms for any use is an estimated quantity, state such fact in a footnote.

4. If any natural gas was used by the respondent for which a change was not made to the appropriate operating expense or other account, list separately in column (c) the Therms of gas used, omitting entries in columns (d) and (e).
 5. Report pressure base of measurement of gas volumes at 14.73 psia at 60 degrees F.

Line No.	Purpose for Which Gas Was Used (a)	Account Charged (b)	Therms of Gas Used (c)	Natural Gas		Manufactured Gas	
				Amount of Credit (d)	Amount per Therm (In cents) (e)	Therms of Gas Used (f)	Amount of Credit (g)
1	810 Gas used for Compressor Station Fuel -- Cr.						
2	811 Gas used for Products Extraction -- Cr.						
3	Gas Shrinkage and Other Usage in Respondent's Own Proc.						
4	Gas Shrinkage, Etc. for Respondent's Gas Processed by Others						
5	812 Gas used for Other Util. Oprs-- Cr. (Report separately for each principal uses. Group minor uses)						
6							
7	Heat, Hot Water, A/C	812	307,720				
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20	TOTAL		307,720				

OTHER GAS SUPPLY EXPENSES (Account 813)

Report other gas supply expenses by descriptive titles which clearly indicate the nature of such expenses. Show maintenance expenses separately. Indicate the functional classification and purpose of property to which any expenses relate.

Line No.	Description (a)	Amount (in dollars) (b)
1	Natural Gas Procurement	93,031
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14	TOTAL	

MISCELLANEOUS GENERAL EXPENSES (Account 930.2) (Gas)

Line No.	Description (a)	Amount (b)
1	Industry Association Dues	\$21,262
2	Experimental and General Research Expenses: (a) Gas Research Institute (GRI) (b) Other	0 0
3	Publishing and distributing information and reports to stockholders; trustee, registrar, and transfer agent fees and expenses, and other expenses of servicing outstanding securities of the Respondent	56,816
4	Other expenses (items of \$5,000 or more must be listed separately in this column showing the (1) purpose, (2) recipient and (3) amount of such items. Amounts of less than \$5,000 may be grouped by classes if the number of items so grouped is shown)	
5	Directors Fees and Expenses (40 items) Miscellaneous Expenses (92 items) Chamber of Commerce (3 items)	16,467 12,354 956
6		
7		
8		
9		
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17		
18		
19	TOTAL	107,855

DEPRECIATION, DEPLETION, AND AMORTIZATION OF GAS PLANT (Accounts 403,404.1,404.2,404.3,405)
(Except Amortization of Acquisition Adjustments)

1. Report in Section A the amounts of depreciation expense, depletion and amortization for the accounts indicated and classified according to the plant functional groups shown.

A. Summary of Depreciation, Depletion, and Amortization Charges

Line No.	Functional Classification (a)	Depreciation Expense (Account 403) (b)	Amortization & Depletion of Prod. Nat. Gas Land & Land Rights (Account 404.1) (c)	Amortization of Under-ground Storage Land & Land Rights (Account (404.2) (d)	Amortization of Other Limited-term Gas Plant (Account 404.3) (e)	Amortization of Other Gas Plant (Account 405) (f)	Total (b to f) (g)
1	Intangible Plant	-	-	-	-	-	-
2	Production plant, manufactured gas	-	-	-	-	-	-
3	Production and gathering plant, nat. gas	-	-	-	-	-	-
4	Products extraction plant	-	-	-	-	-	-
5	Underground gas storage plant	-	-	-	-	-	-
6	Other storage plant	-	-	-	-	-	-
7	Base load LNG term. & proces. plant	-	-	-	-	-	-
8	Transmission Plant	-	-	-	-	-	-
9	Distribution Plant	1,615,419	-	-	-	-	1,615,419
10	General Plant	93,242	-	-	-	-	93,242
11	Common Plant-Gas						106,500
12	Environmental Clean Up	-	-	-	-	39,894	39,894
13	AEP	-	-	-	-	215,564	215,564
14							
15							
16							
17							
18							
19							
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24							
25							
26							
27							
28							
29							
30							
31							
32							
33							
34							
35							
36							
37	TOTAL	1,708,661				255,458	2,070,619

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	7,651
5		426.12 Charitable Contributions: Outside Service Area	1,153
6		426.13 Civic and Social Club Dues	3,337
7		426.3 Penalties	8,072
8		426.4 Expenditures for Lobbying and Other Politically Related Activities	106
9		426.5 Other	
10		Chamber of Commerce	3,716
11		TOTAL MISCELLANEOUS INCOME DEDUCTIONS	24,034
12			
13			
14		Account 430: Interest on Debt to Associated Company	
15		Accounts Payable at 4.844% (12 mo. avg. of the interest rates applied)	(98,713)
16			
17			
18		Account 431: Other Interest Expense	
19		431.1 Interest on Customer Deposits	198,047
20		431.2 Interest on Notes Payable	826,494
21		431.3 Interest on Miscellaneous	0
22		TOTAL OTHER INTEREST EXPENSE	1,024,541
23			
24			
25			
26			
27			

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	TOTAL Operation and Maintenance - Electric	2,057,555	535,065	2,592,620
3	Gas			
4	Operation			
5	Production - Manufactured Gas & Nat.Gas (inc. Expl. and Dev.); Other Gas Supply; Storage, LNG, Termn. & Proces.	79,883		
6	Transmission	-		
7	Distribution	1,881,221		
8	Customer Accounts	829,263		
9	Customer Service and Informational	82,264		
10	Sales	879,411		
11	Administrative and General	57,714		
12	TOTAL Operation (Enter Total of lines 5 through 11)	3,809,756		
13	Maintenance			
14	Production - Manufactured Gas & Nat.Gas (inc. Expl. and Dev.); Other Gas Supply; Storage, LNG, Termn. & Proces.	-		
15	Transmission	-		
16	Distribution	463,976		
17	Administrative and General	10,114		
18	TOTAL Maintenance (Enter Total of lines 14 through 17)	474,090		
19	Total Operation and Maintenance			
20	Production - Manufactured Gas & Nat.Gas (inc. Expl. and Dev.); Other Gas Supply; Storage, LNG, Termn. & Proces.	79,883		
21	Transmission (Enter Total of lines 6 and 15)	-		
22	Distribution (Enter Total of lines 7 and 16)	2,345,197		
23	Customer Accounts (Transcribe from line 8)	829,263		
24	Customer Service and Informational (Transcribe from line 9)	82,264		
25	Sales (Transcribe from line 10)	879,411		
26	Administrative and General (Enter Total of lines 11 and 17)	67,828		
27	TOTAL Operation and Maint. (Total of lines 20 through 26)	4,283,846	1,051,020	5,334,866
28	Other Utility Departments			
29	Operation and Maintenance - Water	434,596	95,547	530,143
30	TOTAL All Utility Dept. (Total of lines 2, 27, and 29)	6,775,997	1,681,632	8,457,629
31	Utility Plant			
32	Construction (By Utility Departments)			
33	Electric Plant	769,403	-	769,403
34	Gas Plant	934,362	-	934,362
35	Other	152,648	-	152,648
36	TOTAL Construction (Enter Total of lines 33 through 35)	1,856,413	-	1,856,413
37	Plant Removal (By Utility Department)			
38	Electric Plant	87,498	-	87,498
39	Gas Plant	132,458	-	132,458
40	Other	2,823	-	2,823
41	TOTAL Plant Removal (Enter Total of lines 38 through 40)	222,779	-	222,779
42				
43	Other Accounts (Specify):			
44	Other Accounts Receivable/Employee	246,703	-	246,703
45	Temporary Facilities	19,105	-	19,105
46	Stores Expense	346,653	-	346,653
47	Clearing Accounts	202,939	-	202,939
48	Miscellaneous Deferred Debits	153,778	-	153,778
49	Merchandise and Jobbing	793,990	-	793,990
50	Taxes other Than Income Taxes-Electric/Gas/Water	(372,414)	-	(372,414)
51	Vacation Pay	(55,438)	-	(55,438)
52	Other Accounts Receivable	1,876,884	229,314	2,106,197
53	TOTAL Other Accounts	3,212,199	229,314	3,441,512
54	TOTAL SALARIES AND WAGES	12,067,388	1,910,946	13,978,334

December 31, 2001

REGULATORY COMMISSION EXPENSES (Account 928)

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. In columns (b) and (c), indicate whether the expenses were assessed by a regulatory body or were otherwise incurred by the utility.

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 to Date (d)	Deferred in Account 186 at Beginning of Year (e)
1					
2	All expenses incurred by the company in its				
3	filings for Marianna. Docket Number				
4	970537-EI		2,156	2,156	539
5					
6	All expenses incurred by the company in its				
7	filings for Rate Relief for water. Docket				
8	Number 990535-WU		40,096	40,096	32,578
9					
10	All expenses incurred by the company in its				
11	Limited proceedings for the water division.				
12	Docket Number 001806-WU		11,954	11,954	2,298
13					
14					
15					
16					
17					
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36					
37					
38					
39					
40	TOTAL		54,206	54,206	35,415

REGULATORY COMMISSION EXPENSES (Account 928) (Continued)

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

for Account 186.

5. List in column (f), (g) and (h) expenses incurred during year which were charged currently to income, plant, or other accounts.

4. The totals of columns (e), (i), (k), and (l) must agree with the totals shown at the bottom of page 34

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

EXPENSES INCURRED DURING YEAR			AMORTIZED DURING YEAR		Deferred in Account 186 End of Year (l)	Line No.	
CHARGED CURRENTLY TO			Contra Account (j)	Amount (k)			
Department (f)	Account No. (g)	Amount (h)			Deferred to Account 186 (i)	Amount (k)	Deferred in Account 186 End of Year (l)
						1	
						2	
						3	
Electric - 3900		0	0	928	539	0	4
							5
							6
							7
Water - 15261		6,194	6,194	928	7,518	31,254	8
							9
							10
							11
Water - 3370		9,656	9,656	928 & 6668	1,746	10,208	12
							13
							14
							15
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							39
		15,850	15,850		9,803	41,462	40

CHARGES FOR OUTSIDE PROFESSIONAL AND OTHER CONSULTATIVE SERVICES

1. Report the information specified below for all charges made during the year included in any account (including plant accounts) for outside consultative and other professional services. (These services include rate, management, construction, engineering, research, financial, valuation, legal, accounting, purchasing, advertising, labor relations, and public relations, rendered the respondent under written or oral arrangement, for which aggregate payments were made during the year to any corporation, partnership, organization of any kind, or individual [other than for services as an employee or for payments made for medical and related services] amounting to more than \$25,000, including payments for legislative services, except those which should be reported in Account 426.4 Expenditures for Certain

Civic, Political and Related Activities.

(a) Name and address of person or organization rendering services,

(b) description of services received during year and project or case to which services relate,

(c) basis of charges,

(d) total charges for the year, detailing utility department and account charged.

2. For any services which are of a continuing nature, give the date and term of contract and date of Commission authorization, if contract received Commission approval.

3. Designate with an asterisk associated companies.

1	Description (a)	Amount (b)															
2	1. (a) Deloitte & Touche, 1645 Palm Beach Lakes Blvd., West Palm Beach, FL 33401	60,118															
3	(b) Professional Accounting Services.																
4	(c) Based on services rendered.																
5	(d) Total charges for services, utility departments and accounts charged:																
6																	
7	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left; border-bottom: 1px solid black;">Account</th> <th style="text-align: left; border-bottom: 1px solid black;">Utility</th> <th style="text-align: left; border-bottom: 1px solid black;">Allocation %</th> </tr> </thead> <tbody> <tr> <td>923</td> <td>GAS</td> <td>49.0%</td> </tr> <tr> <td>923</td> <td>ELECTRIC</td> <td>34.0%</td> </tr> <tr> <td>923</td> <td>WATER</td> <td>7.0%</td> </tr> <tr> <td>923</td> <td>FLO-GAS</td> <td>10.0%</td> </tr> </tbody> </table>	Account	Utility	Allocation %	923	GAS	49.0%	923	ELECTRIC	34.0%	923	WATER	7.0%	923	FLO-GAS	10.0%	
Account	Utility	Allocation %															
923	GAS	49.0%															
923	ELECTRIC	34.0%															
923	WATER	7.0%															
923	FLO-GAS	10.0%															
8																	
9																	
10																	
11																	
12																	
13	2. (a) Akerman, Senterfitt & Eidson, P.O. Box 231 Orlando, FL 32802	256,811															
14	(b) Professional Legal Services for Environmental Issues.																
15	(c) Based on services rendered.																
16	(d) Total charges for services, utility department and account charged:																
17																	
18	923 GAS 4,119																
19	923 ELECTRIC 31,561																
20	186 FPU 221,131																
21																	
22																	
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**Reconciliation of Gross Operating Revenues
Annual Report versus Regulatory Assessment Fee Return**

FLORIDA PUBLIC UTILITIES COMPANY

For the Year Ended December 31, 2001

For the current year, reconcile the gross operating revenues as reported on Page 46 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 46	(c) Interstate and Sales for Resale Adjustments	(d) Adjusted Intrastate Gross Operating Revenues	(e) Intrastate Gross Operating Revenues per RAF Return	(f) Difference (d) - (e)
1	Total Sales to Ultimate Customers (480-482, 484)	44,953,777		44,953,777	43,492,743	1,461,034
2	Sales for Resale (483)	1,222,918		1,222,918	-	1,222,918
3	Total Natural Gas Service Revenues	46,176,695	-	46,176,695	43,492,743	2,683,952
4	Total Other Operating Revenues (485-495)	(1,493,894)		(1,493,894)	1,190,057	(2,683,951)
5	Total Gas Operating Revenues	44,682,801	-	44,682,801	44,682,800	1
6	Provision for Rate Refunds (496)					
7	Other (Specify) Deferred Conservation Cost Recovery				320,080	(320,080)
8	PGA Over/Under Recoveries				1,823,631	(1,823,631)
9	Sales for Electric Generation				(281,853)	281,853
10	Total Gross Operating Revenues	44,682,801	-	44,682,801	46,544,658	(1,861,857)

Notes:

Transportation Revenues of \$1,461,033 are included in Total Sale to Ultimate Customers on page 46 and Off System Sales of \$1,222,918. make up Sales for Resale on page 46. These items are reported as other operating revenue on the Regulatory Assessment Fee Return.

Deferred Conservation Cost Recovery of \$320,080 and PGA Over/Under Recoveries of \$1,823,631 are reversed to pay RAF on the actual collected revenue. Sales for Electric Generation of \$281,853 are revenues that are not subject to the Regulatory Assessment Fee.

CORPORATE STRUCTURE

Company: FLORIDA PUBLIC UTILITIES COMPANY
For the Year Ended December 31, 2001

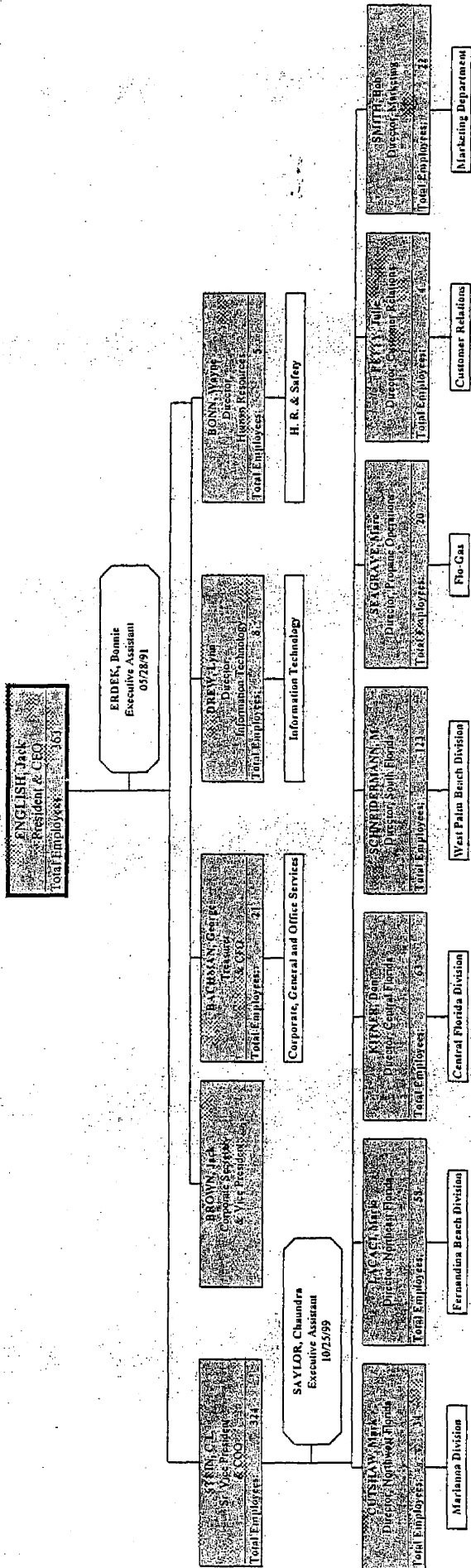
Provide an updated organizational chart showing all affiliated companies, partnerships, etc.

Effective Date	January-01
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We have enclosed copies of our updated Organizational Charts for Florida Public Utilities Company.

Flo-Gas Corporation does not have any employees.

CORPORATE STRUCTURE



ORGANIZATIONAL CHART TOTAL

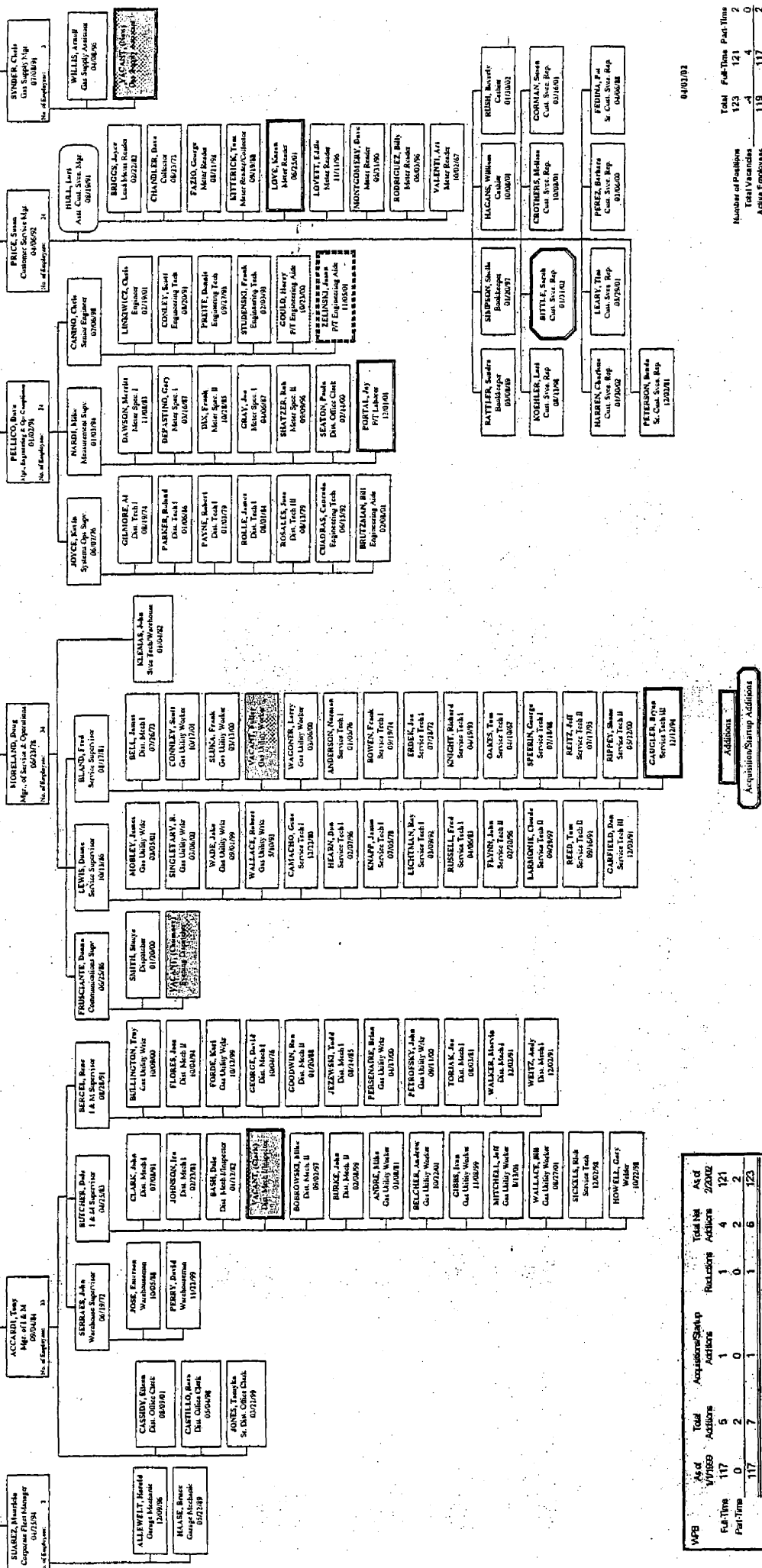
Total Full-Time	363	8
Total Part-Time	16	1
Total Vacancies	16	1
Active Employees	347	7

As of 1/1/1999	Total Additions	Acquisitions/Startups	Reductions	Total Net Additions	As of 2/20/02
Full-Time	302	25	5	53	365
Part-Time	2	1	0	6	8
	304	26	5	59	363

April 2, 2002



SCHNEIDERMANN, Marc
 Dir., Gas Operations
 02/11/89
 133
 No. of Employees



VPB	As of	Total	Acquire/Setup	Total No	As of
	11/7/89	Actions	Actions	2/2/90	Actions
Full-Time	117	5	1	4	121
Part-Time	0	2	0	2	2
	117	7	1	6	123

Revised: Daily Customer Service Mgr

Number of Positions	Total Vacancies	Active Employees
123	4	119

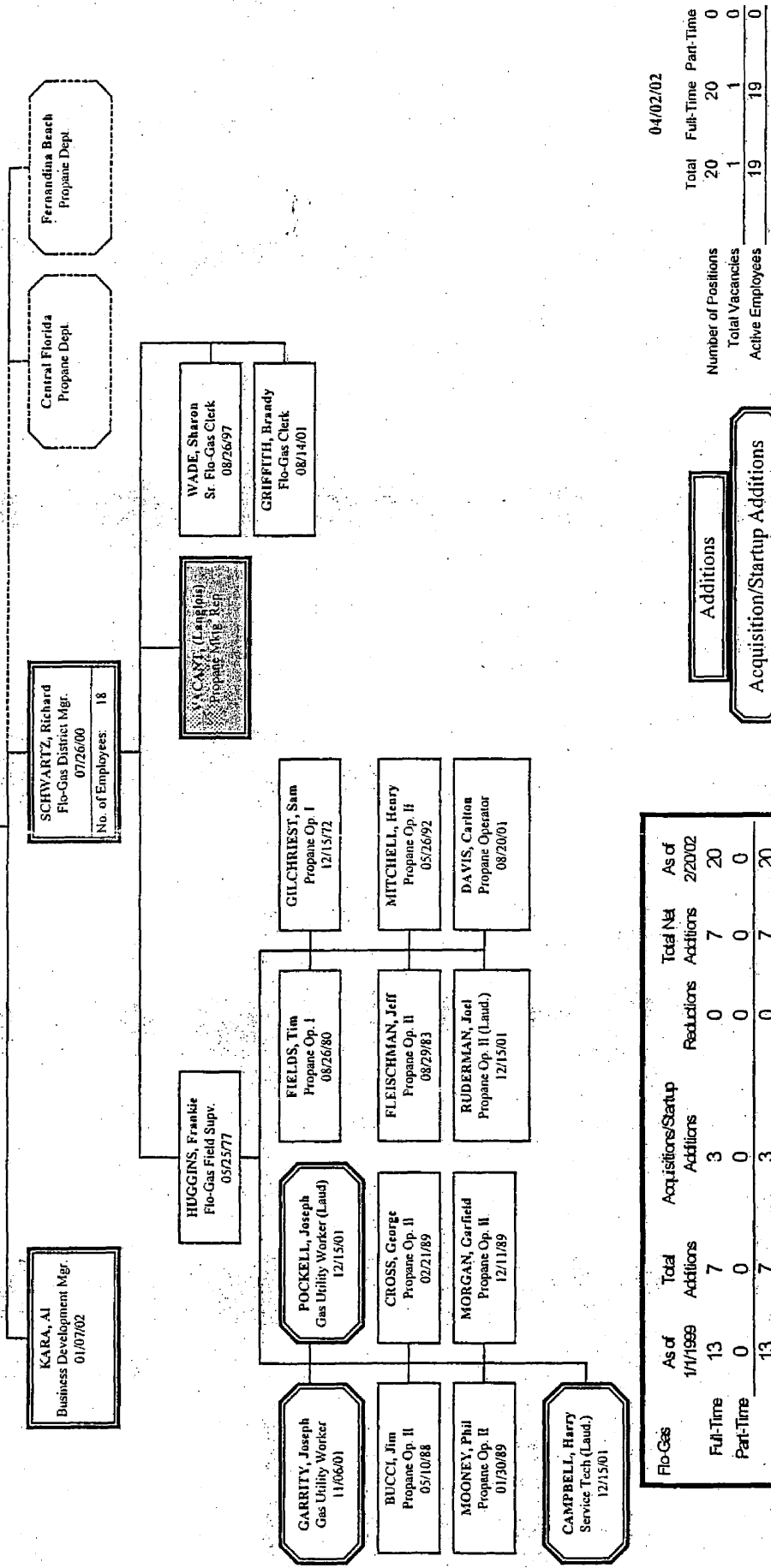
04/03/93

Total	Full-Time	Part-Time
123	121	2

Acquisition/Startup Additions

Additional	Acquisition/Startup Additions
4	117

Flo-Gas Corporation - Organizational Chart



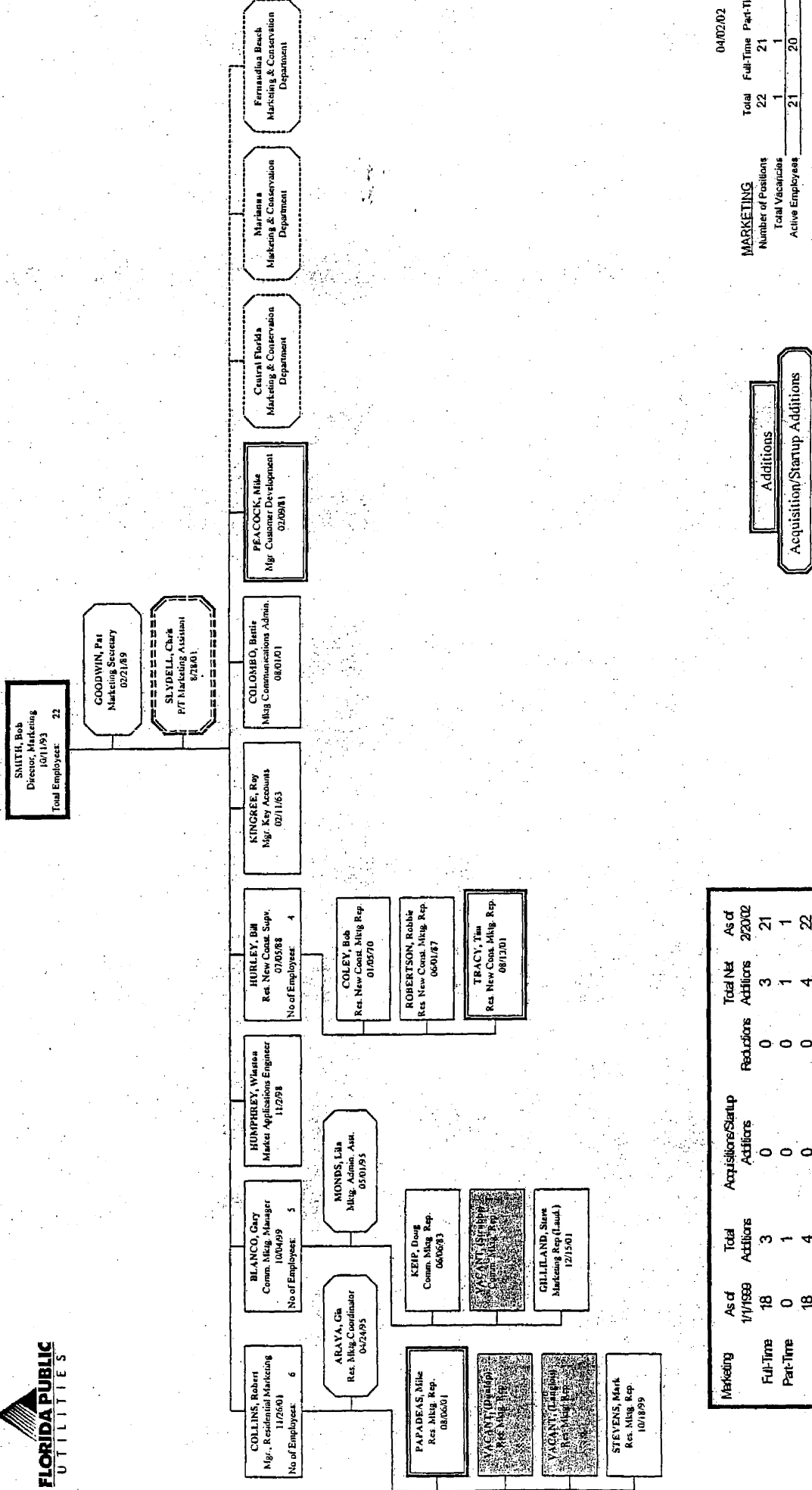
Flo-Gas	As of 1/1/1999	Total Additions	Acquisitions/Startup Additions	Reductions	Total Net Additions	As of 2/20/02
Full-Time	13	7	3	0	7	20
Part-Time	0	0	0	0	0	0
	13	7	3	0	7	20

Number of Positions: 20
 Total Vacancies: 1
 Active Employees: 19

04/02/02

Acquisition/Startup Additions

MARKETING DEPARTMENT



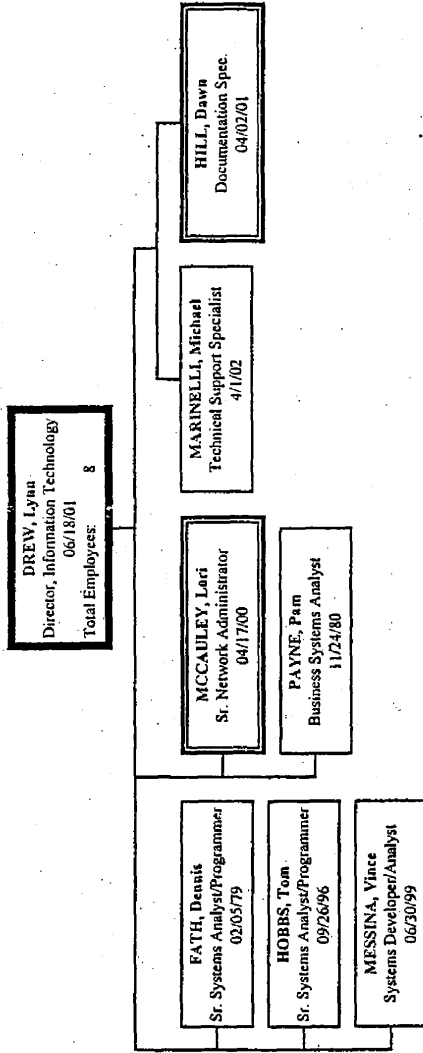
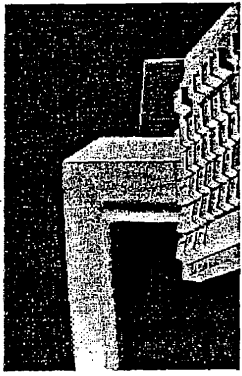
Marketing	As of 1/1/99	Total Additions	Acquisitions/Startup Additions	Reductions	Total Net Additions	As of 2/20/02
Full-Time	18	3	0	0	3	21
Part-Time	0	1	0	0	1	1
	18	4	0	0	4	22

Marketing
 Additions
 Acquisition/Startup Additions

04/02/02

MARKETING	Total	Full-Time	Part-Time
Number of Positions	22	21	1
Total Vacancies	1	1	0
Active Employees	21	20	1

INFORMATION TECHNOLOGY DEPARTMENT (IT)



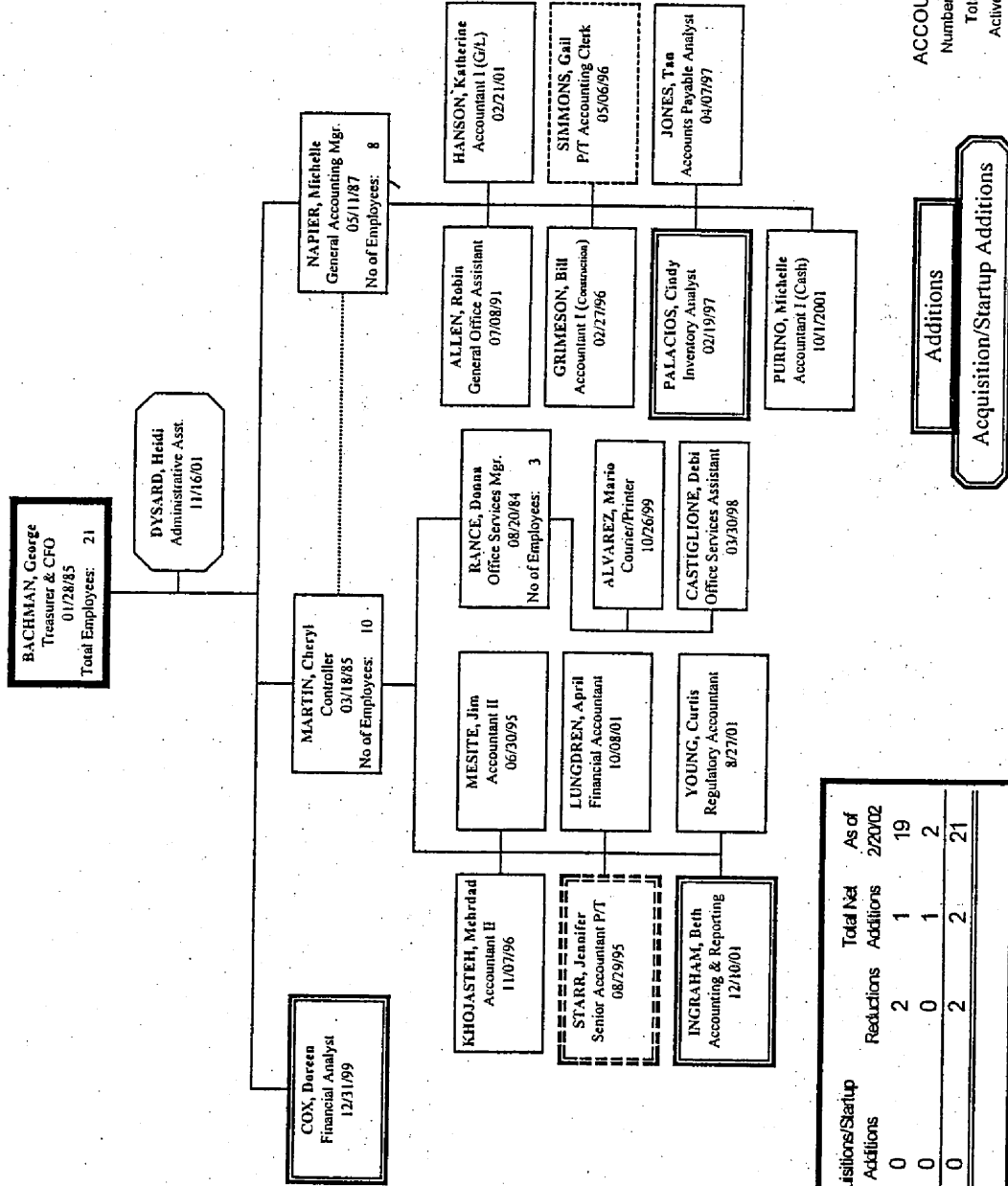
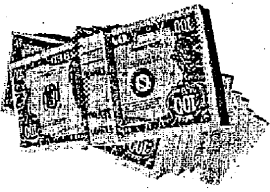
IT DEPT	As of 1/1/1999	Total Additions	Acquisitions/Startup Additions	Reductions	Total Net Additions	As of 2/20/02
Full-Time	7	2	0	1	1	8
Part-Time	0	0	0	0	0	0
	7	2	0	1	1	8

Additions
 Acquisition/Startup Additions

IT DEPT				04/09/02			
	Number of Positions	Total	Full-Time	Part-Time		Full-Time	Part-Time
Total Vacancies	0	0	0	0		0	0
Active Employees	8	8	8	0		8	0

Int'l Systems

ACCOUNTING DEPARTMENT



04/02/02

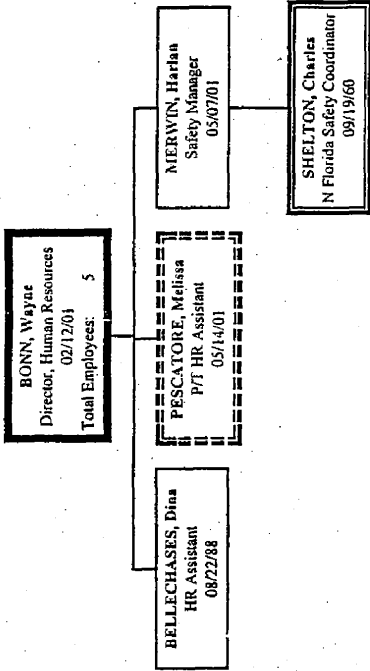
ACCOUNTING			
Total	21	19	2
Number of Positions	0	0	0
Total Vacancies	21	19	2
Active Employees	21	19	2

Additions
Acquisition/Startup Additions

Accounting	As of 1/1/1998	Total Additions	Acquisitions/Startup Additions	Reductions	Total Net Additions	As of 2/20/02
Full-Time	18	3	0	2	1	19
Part-Time	1	1	0	0	1	2
	19	4	0	2	2	21

Reduction: Vice President, Printer

HUMAN RESOURCES DEPARTMENT



HR	As of 1/1/99	Total Additions	Acquisitions/Startup Additions	Reductions	Total Net Additions	As of 2/2002
Full-Time	3	1	0	0	1	4
Part-Time	0	1	0	0	1	1
	3	2	0	0	2	5

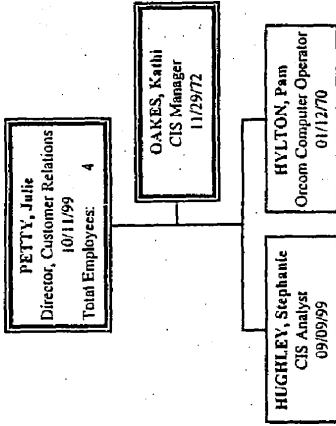
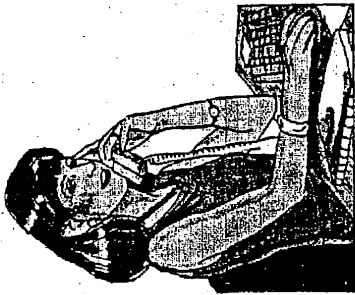
HumanResources.opx

Additions
Acquisition/Startup Additions

04/02/02

Human Resources	Total	Full-Time	Part-Time
Number of Positions	5	4	1
Total Vacancies	0	0	0
Active Employees	5	4	1

CUSTOMER RELATIONS DEPARTMENT



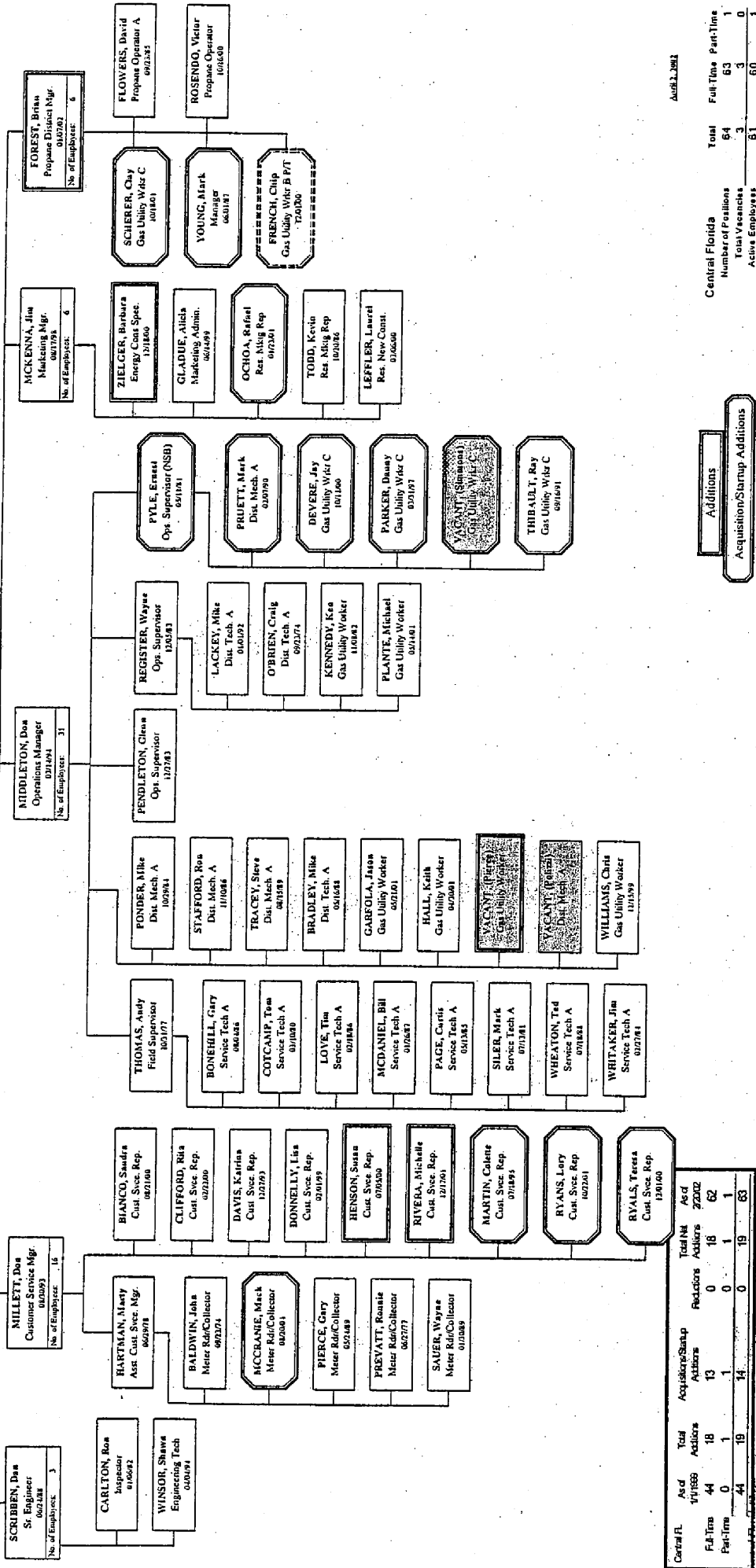
C.T.S.	As of 1/1/1999	Total Additions	Acquisitions/Startup Additions	Reductions	Total Net Additions	As of 2/20/02
Full-Time	2	2	0	0	2	4
Part-Time	0	0	0	0	0	0
	2	2	0	0	2	4

Customer Relations
Number of Positions
Total Vacancies
Active Employees

04/02/02

Customer Relations	Total	Full-Time	Part-Time
Number of Positions	4	4	0
Total Vacancies	0	0	0
Active Employees	4	4	0

Additions
Acquisition/Startup Additions



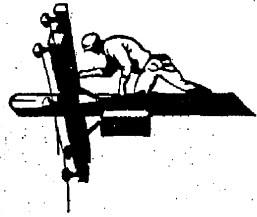
Central FL	As of 1/1/89	Total As of 1/1/89	Acquisitions	Startups	As of 2/20/92
Full-Time	44	18	13	0	62
Part-Time	0	1	1	0	1
	44	19	14	0	63

Additional
Acquisition/Startup Additions

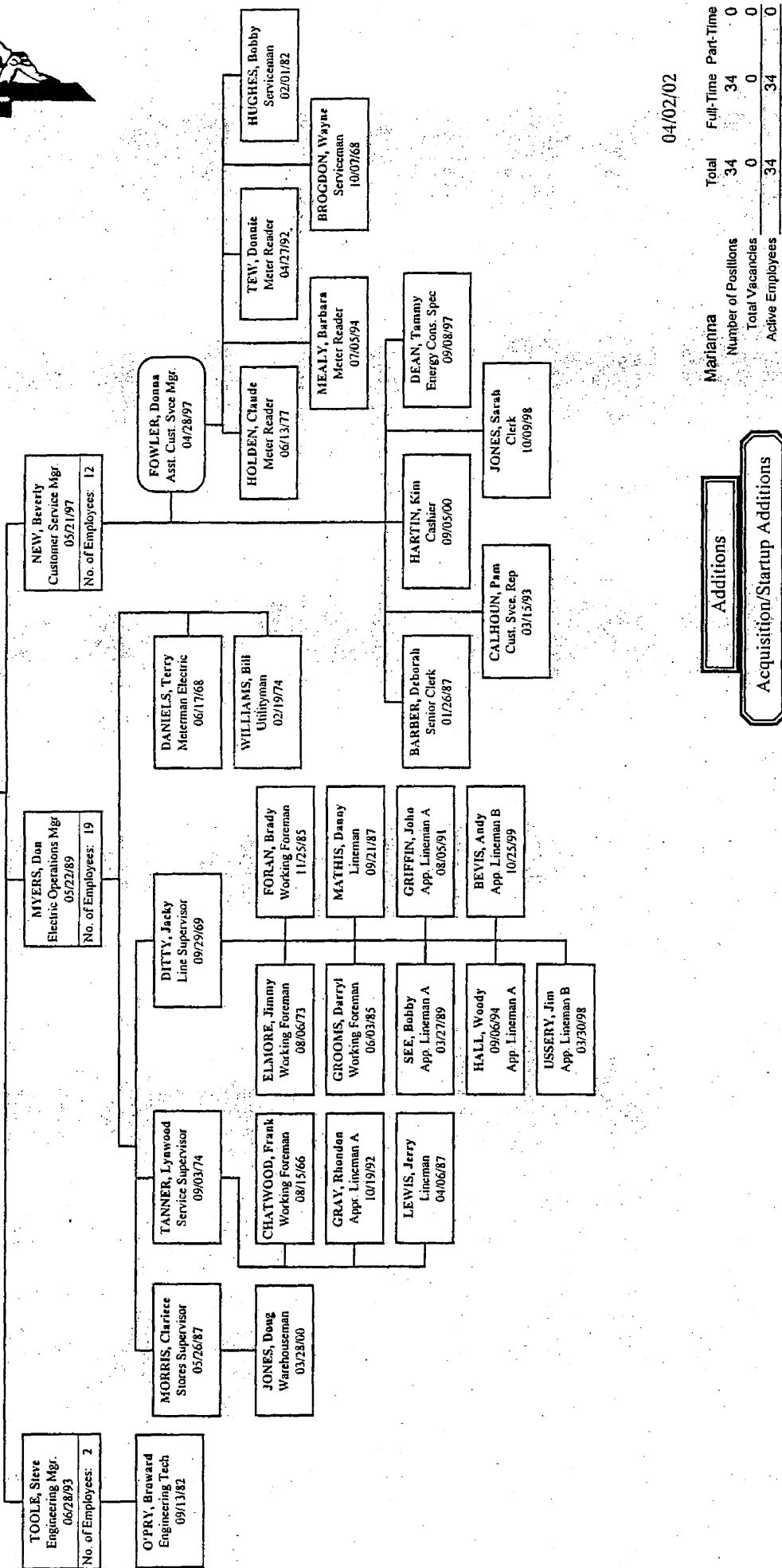
Central Florida	Total	Full-Time	Part-Time
Number of Positions	64	63	1
Total Vacancies	3	3	0
Active Employees	61	60	1

As of 2/20/92

Marianna Division - Organizational Chart



CUTSHAW, Mark
Director, Northwest Florida
05/13/91
Total Employees: 34



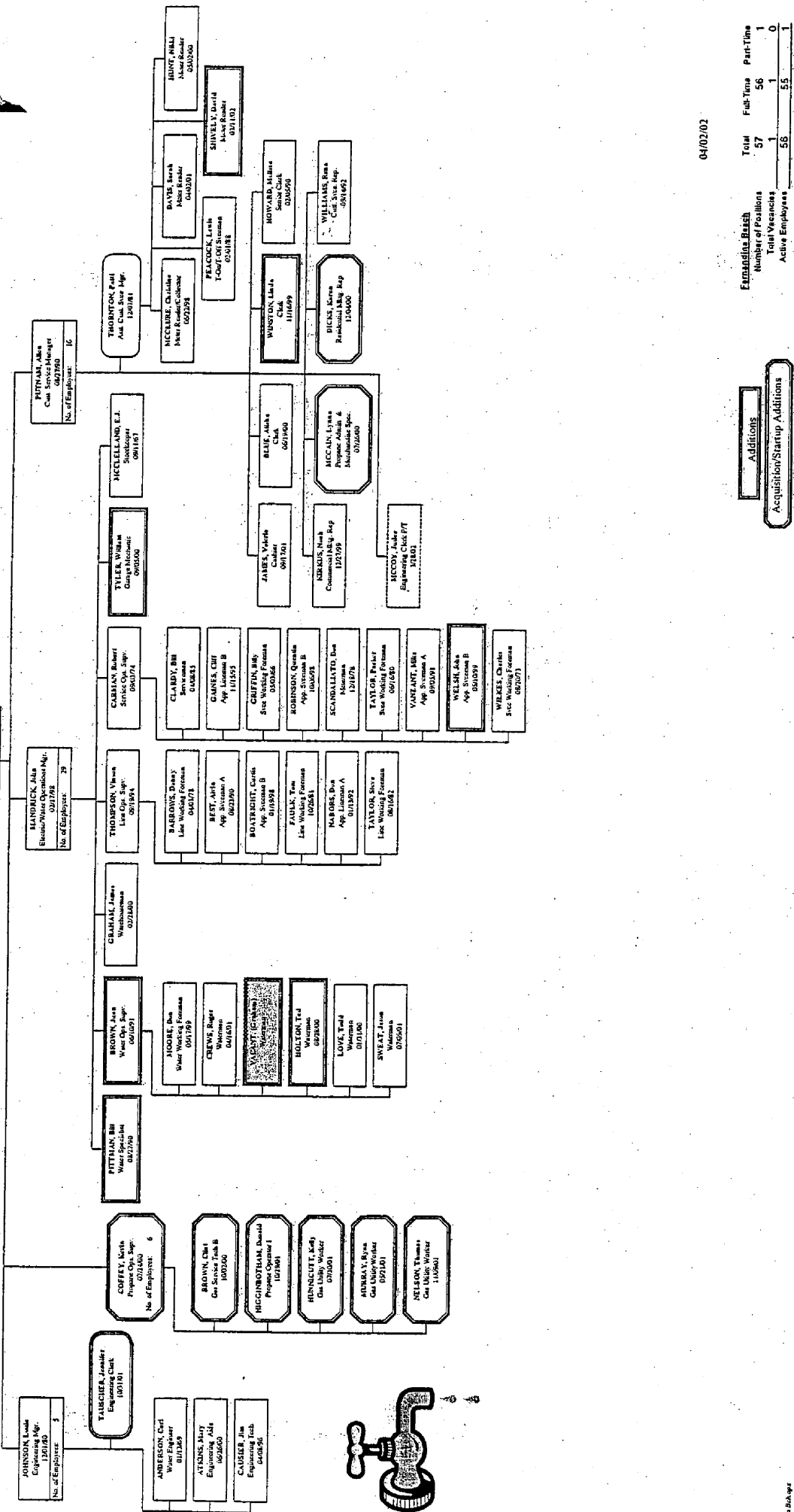
04/02/02

Marianna
Number of Positions: 34
Total Vacancies: 0
Active Employees: 34

Additions
Acquisition/Startup Additions

Total	Full-Time	Part-Time
34	34	0
0	0	0
34	34	0

Fernandina Beach - Organizational Chart



NEW OR AMENDED CONTRACTS WITH AFFILIATED COMPANIES

COMPANY: FLORIDA PUBLIC UTILITIES COMPANY
For the Year Ended December 31, 2001

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

INDIVIDUAL AFFILIATED TRANSACTIONS IN EXCESS OF \$25,000

Company: FLORIDA PUBLIC UTILITIES COMPANY
For the Year Ended December 31, 2001

Provide information regarding individual affiliated transactions in excess of \$25,000. Recurring monthly affiliated transactions which exceed \$25,000 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)
<i>Flo-Gas Corporation</i>	<i>Accounts Payable general expenses. Can not readily determine if it is recurring or non-recurring</i>	3,841,991
<i>Flo-Gas Corporation</i>	<i>Payroll Payment by Florida Public Utilities Company for Flo-Gas Corporation. Recurring.</i>	1,869,739
<i>Flo-Gas Corporation</i>	<i>Cash Receipts - Recurring.</i>	(5,747,756)

SUMMARY OF AFFILIATED TRANSFERS AND COST ALLOCATIONS

Company: FLORIDA PUBLIC UTILITIES COMPANY
For the Year Ended December 31, 2001

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 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)	Total Charge for Year		
			"p" or "s" (d)	Account Number (e)	Dollar Amount (f)
<i>SEE ATTACHED SCHEDULES</i>					

(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 12/31/01**

	Year-to-Date Actual	Last Year-to-Date Actual
	<u>Actual</u>	<u>Actual</u>
Operating Revenue	5,398,762	4,380,110
Operation Expenses	4,306,042	3,487,038
Maintenance Expenses	273,279	280,156
Depreciation Expense	322,575	284,096
Amortization of Utility Plant- Acquisition Adjustment	-	-
Tax Other Than Income Tax-Utility Operation Expense	65,846	64,837
Income Tax - Federal - Utility Operating Income	183,449	86,739
Income Tax - State - Utility Operating Income	31,107	14,851
Deferred Income Tax - Utility Operating Income	(124,685)	(69,409)
Investment Tax Credit - Utility Operating Income	(5,411)	(6,332)
Operating Income	<u>346,560</u>	<u>238,134</u>
 <u>Other Income and Deductions</u>		
Interest and Dividend Income	-	-
Misc. Non-Operating Income	99,521	2,725
Other Income Deductions	(68,112)	(3,384)
Taxes Other Than Income - Other	(6,000)	-
Income Taxes-Federal-Other Income	(9,552)	200
Income Taxes-State-Other Income	-	-
Other (Income) and Deductions	<u>15,857</u>	<u>(459)</u>
 <u>Interest Charges</u>		
Interest on Debt to Associated Companies	98,713	81,838
Other Interest Expense	(269)	10,015
Interest Charges	<u>98,444</u>	<u>91,853</u>
 <u>Extraordinary Items</u>		
Cumulative Effect - Change in Accounting Principles - Net	-	-
Net Income	<u>263,973</u>	<u>145,822</u>

ANALYSIS OF DIVERSIFICATION ACTIVITY SUPPLEMENT
FLO-GAS
BALANCE SHEET - 09
December 31, 2001

Assets and Other Debits	<u>Current</u>	<u>Last Year End</u>
Utility Plant		
Utility Plant in Service	8,825,976	6,466,702
Utility Plant Purchased/Sold	-	-
Completed Construction Not Classified		
Construction Work in Progress	403,491	161,576
Utility Plant	<u>9,229,467</u>	<u>6,628,278</u>
Accumulated Depreciation		
Accumulated Dep. - Utility Plant in Service	(2,413,594)	(2,171,022)
Accumulated Dep. - Transportation Equip.	(450,109)	(497,322)
Retirement Work in Progress		
Accumulated Dep. - Rental Equipment	-	-
Accumulated Depreciation	<u>(2,863,703)</u>	<u>(2,668,344)</u>
Other Utility Plant		
Utility Plant Acquisition Adj.	2,538,061	-
Accum. Amort. - Utility Acq. Adj.	-	-
Other Utility Plant	<u>2,538,061</u>	<u>-</u>
Other Property and Investments		
Investment in Assoc. Companies - Common Stock	-	17
Other Property and Investments	<u>-</u>	<u>17</u>
Current and Accrued Assets		
Customer Accounts Receivable	690,127	515,098
Allowance for Uncollectible Accounts	(28,627)	(10,515)
Accounts Rec. from Associated Companies		
Operating Supplies - Propane	1,068,648	1,086,280
Prepayments - Taxes	-	(93)
Interest and Dividends Receivable		
Merchandise-Applian.& Supplies		
Accrued Utility Revenues	93,797	93,797
Current and Accrued Assets	<u>1,823,945</u>	<u>1,684,567</u>
Deferred Debits		
Misc. Deferred Debits - Other W.I.P.		
Misc. Deferred Debits - Miscellaneous	177,383	59,269
Accum. Deferred Income Taxes	12,202	6,539
Deferred Debits	<u>189,585</u>	<u>65,808</u>
ASSETS AND OTHER DEBITS	<u>10,917,355</u>	<u>5,710,326</u>

ANALYSIS OF DIVERSIFICATION ACTIVITY SUPPLEMENT
FLO-GAS
BALANCE SHEET - 09
December 31, 2001

	<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>1,876,099</u>	<u>1,730,278</u>
Proprietary Capital	<u><u>1,886,099</u></u>	<u><u>1,740,278</u></u>
Current and Accrued Liabilities		
Accounts Payable to Assoc. Companies	6,807,358	1,918,236
Customer Deposits	457,900	379,608
Taxes Accrued	40,728	(55,316)
Interest Accrued	2,818	15,663
Dividends Declared	-	-
Tax Collections Payable	46,270	35,634
Misc. Current and Accrued Liabilities	-	-
Customer Advances for Construction	565	-
Other Deferred Income Taxes - Other	-	-
Accumulated Deferred I.T.C.	<u>12,022</u>	<u>17,434</u>
Current and Accrued Liabilities	<u><u>7,367,661</u></u>	<u><u>2,311,259</u></u>
Operating Reserves		
Misc. Operating Reserves	-	-
Accum. Deferred Income Tax - Liberalized Depreciation	<u>1,399,622</u>	<u>1,512,967</u>
Accum. Deferred Income Taxes - Other	-	-
Operating Reserves	<u><u>1,399,622</u></u>	<u><u>1,512,967</u></u>
Year-to-Date Income/Loss	<u>263,973</u>	<u>145,822</u>
LIABILITIES AND OTHER CREDITS	<u><u>10,917,355</u></u>	<u><u>5,710,326</u></u>

ASSETS OR RIGHTS PURCHASED FROM OR SOLD TO AFFILIATES

FLORIDA PUBLIC UTILITIES COMPANY
For the Year Ended December 31, 2001

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:		1,841	308	1,533	\$ N/A	\$ N/A	N/A
Flo-Gas Corporation	Meters	723	297	426	N/A	Transfer	N/A
	Computer Equipment	1,118	11	1,107	N/A	Transfer	N/A
Sales to Affiliates:		14,896	4,452	10,444	\$ N/A	Sales Price	N/A
	Computer Equipment	1,118	91	1,027	N/A	Transfer	N/A
	Meters	12,925	4,064	8,861	N/A	Transfer	N/A
	Regulators	852	297	555	N/A	Transfer	N/A
Total						\$	

EMPLOYEE TRANSFERS

FLORIDA PUBLIC UTILITIES COMPANY

For the Year Ended December 31, 2001

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
NONE				

Florida Public Utilities Company
AEP Reconciliation
 As Of December 31, 2001

Beginning Date of Surcharge Revenues	AEP Facilities Area	Balance at Beginning of year		12 Months Ended December 01		Charges to Date	
		Surcharge Revenues	Facilities Cost	Surcharge Revenues	Facilities Cost	Surcharge Revenues	Facilities Cost
Sep-98	AEP #20000 Alaqua Lakes	34,886.08	18,820.81	63,052.71	247,240.79	97,938.79	266,061.60
Sep-98	AEP # 20001 Deltana HP #1	78,851.03	42,252.36	149,695.69	585,493.63	228,546.72	627,745.99
Feb-99	AEP # 20092 Stone Gable	4,427.10	1,574.14	3,826.02	21,568.15	8,253.12	23,142.29
May-99	AEP # 20093 Deltana HP #2	24,962.55	33,623.36	43,459.22	425,028.43	68,421.77	458,651.79
Apr-99	AEP # 20098 DeBary Golf & CC	6,763.03	4,118.47	7,959.50	48,291.14	14,722.53	52,409.61
Jun-00	AEP # 20193 Spring Valley Unit 5	182.59	7,258.32	963.93	6,677.20	1,146.52	13,935.52
May-00	AEP # 20289 Convert Deltana Ph III	11,067.60	450,314.04	36,266.16	40,123.56	47,333.76	490,437.60
Feb-01	AEP # 20345 Crystal Cove		22,319.65	66.62	2,112.28	66.62	24,431.93
Sep-00	AEP # 20347 Westward Expansion	2,750.22	159,474.70	9,188.51	53,164.02	11,938.73	212,638.72
Jun-01	AEP # 20498 La Chalet			2,081.53	43,693.40	2,081.53	43,693.40
Oct-01	AEP # 20561 Victoria Pk. Ph. I			670.91	466,440.45	670.91	466,440.45
May-01	AEP # 20591 Fawn Ridge Sub.				1,360.82		1,360.82
-	AEP # 20660 Thor./Versailles				318,497.93		318,497.93
-	AEP # 20695 Mizner Falls Subdiv.				7.10		7.10
	Total	163,890.20	739,755.85	317,230.80	2,259,698.90	481,121.00	2,999,454.75

Note:

* Collections posted to 1860.4
 ** Includes interest

Balance in 1860.4
 at 12/31/2001 2,518,333.75

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