

**ANNUAL REPORT OF
NATURAL GAS UTILITIES**

**OFFICIAL COPY
Division of
Economic Regulation
FPSC**

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, 2002

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**

City **West 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, 2002, and the related statements of income—regulatory basis, retained earnings—regulatory basis, and the consolidated statement of cash flows for the year then ended, included on pages 10 through 19s, 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 under 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 the 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 under 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, 2002, and the results of its operations and its cash flows for the year ended December 31, 2002, 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 19, 2003

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, 2002
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)

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, 2002 to December 31, 2002, 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.

Date

Signature

George Bachman

Name

Chief Financial Officer & Treasurer

Title

TABLE OF CONTENTS

Title of Schedule (a)	Page No. (b)	Title of Schedule (a)	Page No. (b)
GENERAL CORPORATE INFORMATION AND FINANCIAL STATEMENTS		INCOME ACCOUNT SUPPORTING SCHEDULES	
General Information	3	Gas Operating Revenues	46-47
Control Over Respondent	4	Residential and Commercial Space Heating Customers	48
Corporations Controlled By Respondent	5	Interruptible, Off Peak, and Firm Sales to Distribution	48
Officers	6	System Industrial Customers	49-51
Directors	7	Gas Operation and Maintenance Expenses	51
Security Holders and Voting Powers	8	Number of Gas Department Employees	52
Important Changes During the Year	9	Gas Purchases	53
Comparative Balance Sheet	10-11	Gas Used in Utility Operations - Credit	54
Statement of Income for the Year	12-14	Other Gas Supply Expenses	54
Statement of Retained Earnings for the Year	15-16	Miscellaneous General Expenses - Gas	55
Statement of Cash Flows	17-18	Depreciation, Depletion, and Amortization of Gas Plant	56
Notes to Financial Statements	19	Particulars Concerning Certain Income Deduction and Interest Charges Accounts	57
		Distribution of Salaries and Wages	58-59
BALANCE SHEET SUPPORTING SCHEDULES		Regulatory Commission Expenses	60
(Assets And Other Debits)		Charges for Outside Prof. and Other Consultative Serices	
Summary of Utility Plant and Accum. Prov. for Depreciation, Amortization, and Depletion	20-21		
Gas Plant in Service	22-23		
Accumulated Depreciation & Amortization	25-26		
Construction Work in Progress - Gas	28		
Construction Overheads - Gas	29		
Construction Overhead Procedure	30		
Accum. Prov. for Depreciation of Gas Utility Plant	31		
Prepayments	32		
Extraordinary Property Losses	32		
Unrecovered Plant and Regulatory Study Costs	32		
Other Regulatory Assets	33		
Miscellaneous Deferred Debits	34		
Accum. Deferred Income Taxes	35		
(Liabilities and Other Credits)			
Capital Stock Subscribed, Capital Stock Liability for Conversion Premium on Capital Stock, and Securities Issued or Assumed and Securities Refunded or Retired During the Year	36		
Long-Term Debt	37		
Unamortized Debt Exp., Premium and Discount on Long-Term Debt	38		
Unamortized Loss and Gain on Reacquired Debt	39		
Reconciliation of Reported Net Income with Taxable Income for Federal Income Taxes	40		
Taxes Accrued, Prepaid and Charged During Year	41		
Accumulated Deferred Investment Tax Credits	42		
Miscellaneous Current and Accrued Liabilities	43		
Other Deferred Credits	43		
Accumulated Deferred Income Taxes	44		
Other Regulatory Liabilities	45		
		REGULATORY ASSESSMENT FEE	
		Reconciliation of Gross Operating Revenues - Annual Report versus Regulatory Assessment Fee Return	61
		DIVERSIFICATION ACTIVITY	
		Corporate Structure	62
		New or Amended Contracts with Affiliated Companies	63
		Individual Affiliated Transactions in Excess of \$25,000	64
		Summary of Affiliated Transfers and Cost Allocations	65
		Assets or Rights Purchased from or Sold to Affiliates	66
		Employee Transfers	67
		AEP Reconciliation	68

December 31, 2002

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	\$198,000
2			
3	Senior Vice President & Chief Operating Officer	Charles L. Stein	\$150,000
4			
5	Vice President & Secretary	Jack R. Brown	\$135,000
6			
7	Chief Financial Officer & Treasurer	George M. Bachman	\$116,000
8			
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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	7	\$ -
R.C. Hitchins	325 South Olive Avenue West Palm Beach, Florida	7	\$ 14,950
P.L. Maddock, Jr	275 S County Road Palm Beach, Florida	7	\$ 15,450
R. E. Schupp*	4400 Congress Avenue West Palm Beach, Florida	6	\$ 14,400
Ellen Terry Benoit	250 El Pueblo Way Palm Beach, Florida	7	\$ 9,950

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 24, 2002
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: **3,881,589**
By Proxy: **3,881,589**

3. Give the date and place of such meeting:

5/13/2003

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

VOTING SECURITIES
Number of votes as of (date): **03/07/03**

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	3,881,589	3,881,589		
5	TOTAL number of security holders	988	988		
6	TOTAL votes of security holders listed below	365,780	365,780		
7	Dino Casali	182,720	182,720		
8	Box 886, Keene, NH 03431-0886				
9					
10	George F. Parris, Jr.	58,293	58,293		
11	P. O. Box 21909, Long Beach, CA 90801				
12					
13	Gordon O. Jerauld Trust	24,885	24,885		
14	700 Ospray Way, North Palm Beach, FL				
15					
16	Walter P. Large	18,685	18,685		
17	11479 Orange Grove Blvd, Royal Palm Beach, FL				
18					
19	Eduardo B. Arcentales Trust	18,496	18,496		
20	209 Avila Rd., West Palm Beach, FL				
21					
22	John T. English	14,933	14,933		
23	15410 Woodmar Ct. Wellington, FL				
24					
25	Francis H. Tweed	14,343	14,343		
26	Morrison, NJ				
30					
31					
32					
33					

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	Ed T. Neun	11,573	11,573		
35	419 US Hway 1 #E107 WPB, FL				
36					
37	Mildred K. Hall	11,162	11,162		
38	12944 SE Papaya St. Hobe Sound, FL				
39					
40	Donald D. Zell, Sr.	10,690	10,690		
41	Jacksonville, 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 of 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 November 2002, the Company acquired Nature Coast Utilities, a propane gas service distribution company, in a cash for stock transaction.
3. On December 3, 2002 the Company entered into an agreement to sell the assets of its water utility system to the City of Fernandina Beach. A tentative closing date of March 27, 2003 is scheduled.
4. NONE
5. NONE
6. NONE
7. NONE
8. NONE
9. NONE
10. NONE
11. NONE
12. NONE

December 31, 2002

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	143,015,459	159,583,472
3	Construction Work in Progress (107)	20-21	7,453,148	3,477,432
4	TOTAL Utility Plant (Enter Total of lines 2 and 3)		150,468,607	163,060,904
5	(Less) Accum. Prov. for Depr. Amort. Depl. (108, 111, 115)	20-21	(52,292,262)	(55,978,244)
6	Net Utility Plant (Enter Total of line 4 less 5)		98,176,345	107,082,660
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)	-	0	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)	-	2,140,072	2,494,312
14	Other Investments (124-128, 171)	-	67,246	41,694
15	Special Funds	-		
16	TOTAL Other Property and Investments (Total of lines 10 through 15)		2,217,318	2,546,006
17	CURRENT AND ACCRUED ASSETS			
18	Cash (131)	-	3,185,059	3,186,558
19	Special Deposits (132-134)	-	11,424,632	2,814,812
20	Working Funds (135)	-	13,060	13,500
21	Temporary Cash Investments (136)	-		
22	Notes Receivable (141)	-		
23	Customer Accounts Receivable (142)	-	6,148,501	8,130,224
24	Other Accounts Receivable (143)	-	329,865	270,532
25	(Less) Accum. Prov. for Uncollectible Acct.-Credit (144)	-	(102,861)	(285,672)
26	Notes Receivable from Associated Companies (145)	-		
27	Accounts Receivable from Assoc. Companies (146)	-	6,807,358	8,350,800
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)	-	1,560,160	1,413,399
32	Merchandise (155)	-	713,852	628,254
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	2,757,707	3,135,290
37	Advances for Gas (166-167)	-		
38	Interest and Dividends Receivable	-		
39	Rents Receivable (172)	-		
40	Accrued Utility Revenues (173)	-	1,388,210	1,372,298
41	Miscellaneous Current and Accrued Assets (174)	-		
42	TOTAL Current and Accrued Assets (Enter Total of lines 18 through 41)		34,225,543	29,029,995
43	DEFERRED DEBITS			
44	Unamortized Debt Expense (181)	-	2,175,280	2,132,724
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)	-	0	0
50	Temporary Facilities (185)	-	(1,658)	13,975
51	Miscellaneous Deferred Debits (186)	34	4,381,856	5,537,183
52	Def. Losses from Disposition of Utility Plant. (187)	-		
53	Research, Devel. and Demonstration Expend. (188)	-		
54	Unamortized Loss on Reacquired Debt (189)	-	302,197	281,876
55	Accumulated Deferred Income Taxes (190)	35	2,347,888	3,273,967
56	Unrecovered Purchased Gas Costs (1860.21)	-	849,528	462,827
57	TOTAL Deferred Debits (Enter Total of lines 44 through 56)		10,055,091	11,702,552
58	TOTAL Assets and other Debits (Enter Total of lines 6, 7, 8, 16, 42, 57)		144,674,297	150,361,213

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)	-	\$13,789,404	\$13,974,238
3	Preferred Stock Issued (204)	-	600,000	600,000
4	Other Paid-In Capital (208-211) & Accounts 212, 213, 214	-	968,499	991,030
5	Retained Earnings (215, 215.1, 216)	15-16	17,246,397	18,034,504
6	Unappropriated Undistributed Subsidiary Earnings (216.1)	15-16	2,140,072	2,494,312
7	(Less) Reacquired Capital Stock (217)	-	(4,815,301)	(4,611,507)
8	TOTAL Proprietary Capital (Enter Total of lines 2 through 7)		29,929,071	31,482,577
9	LONG-TERM DEBT			
10	Bonds (221)	37	52,500,000	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)		52,500,000	52,500,000
17	OTHER NONCURRENT LIABILITIES			
18	Obligations Under Capital Leases - Noncurrent (227)	-		
19	Accumulated Provision for Property Insurance (228.1)	-	1,952,677	2,163,367
20	Accumulated Provision for Injuries and Damages (228.2)	-	641,069	599,938
21	Accumulated Provision for Pensions and Benefits (228.3)	-	1,615,483	1,764,250
22	Accumulated Miscellaneous Operating Provisions (228.4)	-		
23	Accumulated Provision for Rate Refunds (229)	-	0	0
24	TOTAL Other Noncurrent Liabilities (Enter Total of lines 18 through 23)		4,209,229	4,527,555
25	CURRENT AND ACCRUED LIABILITIES			
26	Notes Payable (231)	-	20,430,000	19,183,000
27	Accounts Payable (232)	-	5,637,315	7,471,568
28	Notes Payable to Associated Companies (233)	-	0	0
29	Accounts Payable to Associated Companies (234)	-	0	0
30	Customer Deposits (235)	-	3,996,197	5,143,772
31	Taxes Accrued (236)	41	346,818	676,235
32	Interest Accrued (237)	-	873,900	920,177
33	Dividends Declared (238)	-	541,088	560,251
34	Matured Long-Term Debt (239)	-	0	0
35	Matured Interest (240)	-	0	0
36	Tax Collections Payable (241)	-	1,221,698	1,028,997
37	Miscellaneous Current and Accrued Liabilities (242)	43	859,395	1,015,737
38	Obligations Under Capital Leases-Current (243)	-	0	0
39				
40	TOTAL Current and Accrued Liabilities (Enter Total of lines 26 through 39)		\$33,906,411	\$35,999,737
41	DEFERRED CREDITS			
42	Customer Advances for Construction (252)	-	2,010,585	2,687,945
43	Other Deferred Credits (253) & CIAC (271&272)	* 43	11,453,046	12,133,489
44	Other Regulatory Liabilities (254)	45		
45	Accumulated Deferred Investment Tax Credits (255)	42	848,878	743,430
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	9,817,077	10,286,480
49	TOTAL Deferred Credits (Enter Total of lines 42 through 48)		24,129,586	25,851,344
50				
51	TOTAL Liabilities and Other Credits (Enter Total of lines 8, 16, 24,			
52	40 and 49)		\$144,674,297	\$150,361,213

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	\$84,185,422	\$86,697,242
3	Operating Expenses			
4	Operation Expenses (401)	49-51	61,341,749	64,890,095
5	Maintenance Expenses (402)	49-51	2,473,804	2,891,972
6	Depreciation Expense (403)	55	4,599,211	4,262,282
7	Amort. & Depl. of Utility Plant (404-405) & 407.5	55	366,225	255,458
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	7,226,029	7,314,204
14	Income Taxes - Federal (409.1)	41	1,510,907	1,178,675
15	- Other (409.2)	41	257,390	200,669
16	Provision for Deferred Inc. Taxes (410.1)	35, 44	(449,081)	(106,055)
17	(Less) Provision for Deferred Income Taxes - Cr.(411.1)	35, 44	-	-
18	Investment Tax Credit Adj. - Net (411.4)	42	(105,448)	(108,572)
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)		77,219,830	80,777,772
24	Net Utility Operating Income (Total of line 2 less 23) (Carry forward to page 14, line 25)		6,965,592	5,919,470
	* Page 41 excludes Franchise Tax of \$2,688,769			

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)	
\$40,929,682	\$39,049,631	\$40,139,641	\$44,682,799	\$3,116,099	\$2,964,812	1
31,110,224	29,268,777	29,262,014	34,797,504	969,511	823,814	2
1,363,154	1,634,732	797,255	837,643	313,395	419,597	3
2,187,520	2,132,826	2,037,146	1,815,161	374,545	314,295	4
-		366,225	255,458			5
-		(956)	(956)			6
-						7
-						8
-						9
-						10
-						11
-						12
3,288,947	3,120,617	3,386,993	3,683,363	550,089	510,224	13
567,731	261,446	684,491	719,634	258,685	197,595	14
96,657	44,335	116,607	122,611	44,126	33,723	15
(315,568)	149,944	(17,995)	(253,152)	(115,518)	(2,847)	16
-						17
(56,525)	(59,046)	(42,010)	(42,594)	(6,913)	(6,932)	18
						19
						20
						21
						22
38,242,140	36,553,631	36,589,770	41,934,672	2,387,920	2,289,469	23
2,687,542	2,496,000	3,549,871	2,748,127	728,179	675,343	24

December 31, 2002

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)		\$6,965,592	\$5,919,470
26	Other Income and Deductions			
27	Other Income			
28	Nonutility Operating Income			
29	Revenues From Merchandising, Jobbing and Contract Work (415)	-	2,703,225	2,472,150
	(Less) Costs and Exp. of Merchandising, Job & Contract Work (416)	-	(2,537,302)	(2,248,067)
31	Revenues From Nonutility Operations (417)	-	0	0
32	(Less) Expenses of Nonutility Operations (417.1)	-		
33	Nonoperating Rental Income (418)	-	800	0
34	Equity in Earnings of Subsidiary Companies (418.1)	15-16	354,240	263,973
35	Interest and Dividend Income (419)	-	455,781	375,784
36	Allowance for Other Funds Used During Construction (419.1)	-	3,758	33,112
37	Miscellaneous Nonoperating Income (421)	-	129,013	18,069
38	Gain on Disposition of Property (421.1)	-	-	15,479
39	TOTAL Other Income (Enter Total of lines 29 through 38)		1,109,515	930,500
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	16,946	24,034
44	TOTAL Other Income Deductions (Total of lines 41 through 43)		16,946	24,034
45	Taxes Applic. to Other Income and Deductions			
46	Taxes Other Than Income Taxes (408.2)	41		
47	Income Taxes - Federal (409.1)	41	292,517	242,577
48	Income Taxes - Other (409.2)	41	50,051	41,522
49	Provision for Deferred Income Taxes (410.1 & 2)	35, 44	0	(2,913)
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)		342,568	281,186
54	Net Other Income and Deductions (Enter Total of lines 39,44,53)		750,001	625,280
55	Interest Charges			
56	Interest on Long-Term Debt (427)	-	3,937,289	2,606,258
57	Amortization of Debt Disc. and Expense (428)	38	139,336	65,690
58	Amortization of Loss on Reacquired Debt (428.1)	-		
59	(Less) Amort. of Premium on Debt - Credit (429)	38		
60	(Less) Amortization of Gain on Reacquired Debt - Credit (429.1)	-		
61	Interest on Debt to Assoc. Companies (430)	56	(156,402)	(98,713)
62	Other Interest Expense (431)	56	612,618	1,024,541
63	(Less) Allow. for Borrowed Funds Used During Const. - Cr. (432)	-	(180,181)	(104,489)
64	Net Interest Charges (Total of lines 56 through 63)		4,352,660	3,493,287
65	Income Before Extraordinary Items (Enter Total of lines 25, 54 and 64)		3,362,933	3,051,463
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)		\$3,362,933	\$3,051,463
73	Earnings Per Share		0.86	0.80

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		\$17,246,397
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)		3,008,693
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	2,192,086
32			
33			
34			
35	TOTAL Dividends Declared - Common Stock (Account 438)		
36	(Enter Total of lines 31 through 34)		2,192,086
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)		\$18,034,504

December 31, 2002

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)	3,362,933
3	Less Net Income from Disc. Operation	(602,178)
4	Non-Cash Charges (Credits) to Income:	
5	Depreciation and Depletion	4,661,053
6	Amortization of (Specify)	365,269
7	Amortization of Gain on Sale of Non-Utility Property	93,286
8	Gain on Sale of Non-Utility Property	(112,462)
9	Deferred Income Taxes (Net)	(378,299)
10	Bad Debt Expense	400,181
11	Investment Tax Credit Adjustments (Net)	(102,854)
12	Net (Increase) Decreases in Receivables	(2,452,590)
13	Net (Increase) Decreases in Unbilled Receivables	-
14	Net (Increase) Decreases in Inventory	24,567
15	Net (Increase) Decreases in Allowances Inventory	-
16	Net (Decrease) Increase in Payables and Accrued Expenses	2,849,808
17	Net (Increase) Decreases in Other Regulatory Assets	-
18	Net (Decrease) Increase in Other Regulatory Liabilities	-
19	(Less) Allowance for Other Funds Used During Construction	(183,939)
20	(Less) Undistributed Earnings from Subsidiary Companies	-
21	Other: Storm Damage Reserve	210,690
22	Other Depreciation and Amortization	159,870
23	Over/(Under) Recovery of Energy Costs	314,827
24	Area Expansion Program deferred costs	(978,140)
25	Environmental Liability	(33,317)
26	Miscellaneous Deferred Credits	(93,574)
27	Other Assets	(194,729)
28	Net Cash Provided by (Used in) Operating Activities (Total of lines 2 through 22)	7,310,402
29		
30		
31	Cash Flows from Investment Activities:	
32	Construction and Acquisition of Plant(including land):	
33	Gross Additions to Utility Plant	(14,136,238)
34	Purchase of Atlantic Assets	74,371
35	Purchase of Z Gas Assets	(2,540)
36	Purchase of Nature Coast Assets	(735,358)
37	Miscellaneous Construction	-
38	Gross Additions to Nonutility Plant	-
39	(Less) Allowance for Other Funds Used During Construction	-
40	Other: Customer Advances for Construction	332,153
41	Other: Purchase of Long-Term Investments	8,068,731
42	Other: Deposit Held in Escrow for Dividend Payment	541,088
43	Other: Miscellaneous Deferred Credits	876,889
44	Cash Outflows for Plant (Total of lines 28 through 35)	(4,980,904)
45		
46	Acquisition of Other Noncurrent Assets (d)	-
47	Proceeds from Disposal of Noncurrent Assets (d)	-
48	Investment in and Advances to Assoc. and Subsidiary Companies	-
49	Contributions and Advances from Assoc. and Subsidiary Companies	-
50	Disposition of Investments in (and Advances to)	
51	Associated and Subsidiary Companies	-
52	Purchases of Investment Securities (a)	-

CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

4. Investing Activities
 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.

5. Codes used:
 (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	Net (Increase) Decrease in Receivables	-
53	Net (Increase) Decrease in Inventory	-
54	Net (Increase) Decrease in	-
55	Allowances Held for Speculation	-
56	Net Increase (Decrease) in Payables and Accrued Expenses	-
57	Other:	-
58		
59	Net Cash Provided by (Used in) Investing Activities	
60	(Total of lines 35 through 55)	(4,980,904)
61		
62	Cash Flows From Financing Activities:	
63	Proceeds from Issuance of:	
64	Long-Term Debt (b)	(57,959)
65	Preferred Stock	-
66	Common Stock	-
67	Other:	-
68		-
69	Net Increase in Short-term Debt (c)	49,807,983
70	Other:	
71		
72		
73	Cash provided by Outside Sources (Total of lines 61 through 69)	49,750,024
74		
75	Payments of Retirement of:	
76	Long-Term Debt (b)	-
77	Preferred Stock	-
78	Common Stock	411,159
79	Other:	-
80		
81	Net Decrease in Short-Term Debt (c)	(51,054,983)
82		
83	Dividends on Preferred Stock	-
84	Dividends on Common Stock	(2,201,421)
85	Net Cash Provided by (Used in) Financing Activities	
86	(Total of lines 70 through 81)	(3,095,221)
87		
88	Net Cash Provided by Discontinued Operations	767,762
89		
90	Net Increase (Decrease) in Cash and Cash Equivalents	
91	(Total of lines 21, 57, and 83)	2,039
92		
93	Cash and Cash Equivalents at Beginning of Year	3,198,119
94		
95	Cash and Cash Equivalents at End of Year	3,200,158

December 31, 2002

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 10K SUPPLEMENTS.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Summary of Significant Accounting and Reporting Policies

Business and Regulation Florida Public Utilities Company (the Company or FPU) 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 but regained regulation in July 2002. 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 accounting principles generally accepted in the United States of America 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 SFAS No. 71 – "Accounting for the Effects of Certain Types of Regulation". In general, SFAS No. 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 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. In the event that a portion of FPU's operations are no longer subject to the provisions of SFAS No. 71, the Company would be required to write off related regulatory assets and liabilities that are not specifically recoverable through regulated rates. In addition, the Company would be required to determine if an impairment related to other assets exists, including plant, and write down the assets, if impaired, to their fair value. A summary of such items is as follows (dollars in thousands):

	<u>2002</u>	<u>2001</u>
Assets		
Deferred development costs	\$3,496	\$2,518
Under recovery of conservation and unbundling	36	343
Unamortized piping and conversion costs	1,501	1,601 ⁽¹⁾
Unamortized loss on reacquired debt	<u>282</u>	<u>302</u>
Total Regulatory Assets	<u>\$5,315</u>	<u>\$4,764</u>
Liabilities		
Regulatory tax liabilities	\$1,413	\$1,548
Environmental liability	5,204	5,237
Storm damage	2,163	1,954
Over recovery of fuel costs	<u>1,807</u>	<u>1,800</u>
Total Regulatory Liabilities	<u>\$10,587</u>	<u>\$10,539</u>

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

⁽¹⁾ 2001 has been adjusted to include unamortized piping and conversion costs related to the acquisition of Atlantic Utilities Company.

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, if any. 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 in those reserves of \$1,500,000 and \$1,400,000 in the Fernandina Beach and Marianna electric divisions, respectively. The Company funded its Fernandina Beach electric storm reserve with an additional \$237,000 relating to 2000 excess earnings. In 2001, the Company did not have any excess earnings and accordingly has not funded any additional amounts to its storm damage reserves. In 2002, the Company has reserved for \$30,000 in its electric segment for possible overearnings, and may also have additional over earnings in its natural gas segment. As of the end of 2002, the Fernandina Beach and Marianna electric storm reserves were at approximately \$1,257,000 and \$847,000, respectively.

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 and impose 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 since it does not profit on the fuel sales. The FPSC approved various mechanisms, which will allow the Company to be reimbursed for the incremental cost of providing unbundled services.

Revenue The Company bills utility customers on a monthly cycle basis; however, the billing cycle periods for most customers do not coincide with the accounting periods used for financial reporting. The Company accrues estimated revenue for gas and electric customers not yet billed during the accounting period. Determination of unbilled revenue relies on the use of estimates, fuel purchases, and historical data.

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 perspective, the Company operates four distinct "entities", i.e., Northwest Florida electric, Northeast Florida electric, Northeast Florida water, and natural gas, consisting of Palm Beach County, and the Sanford and DeLand area in Central Florida. 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 FPSC allows for an annual automatic rate increase for water operations through the use of a price index. 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 to the 2002 presentation.

Utility Plant and Depreciation Utility plant is stated at original cost. Propane utility plant that has been acquired in recent acquisitions is stated at fair market value at the time of each acquisition. 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. Propane depreciation is computed using a composite straight-line method at an average rate based on estimate life of approximately 20 years. Such rates are based on estimated service lives of the various classes of property. Depreciation provisions on average depreciable property approximate 3.3% in 2002, 3.4% in 2001 and 3.6% in 2000.

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 generally accepted accounting principles. 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 the first \$250,000 of each general and auto liability claim 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. 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 \$19,183,000 was borrowed at the end of 2002. The line of credit provides for interest at LIBOR plus fifty basis points and expires in April 2003. During 2002 the Company closed a \$2,500,000 line of credit that it held with a secondary bank. The Company is in the process of negotiating a new line of credit effective in April 2003. The interest rate and terms will not be as favorable as the current line of credit. The Company reserves \$1,000,000 in cash or the line of credit as a contingency for major storm repairs in the Northwest Florida electric division. The interest rates for the line of credit at December 31, 2002, 2001, and 2000 were approximately 1.9%, 2.4% and 7.1% respectively.

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 42,613 shares of the Company's common stock and approximately \$20,000 in cash. The acquisition 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. Atlantic Utilities served about 4,400 natural gas customers in New Smyrna Beach and about 1,900 propane customers in central and south Florida.

The excess of the consideration paid over the estimated fair value, or the depreciated original cost for regulated entities, of net assets including intangibles acquired in both the Atlantic Utilities and Z-Gas acquisitions was approximately \$3,100,000. This was recorded as goodwill and according to SFAS No. 142 is not being amortized. This amount was subject to reclassifications to intangible assets and immaterial

adjustments to the purchase price in 2002. The natural gas portion of this amount is approximately \$1,500,000.

Fair Market Value of Assets Acquired and Liabilities Assumed in 2001
(dollars in thousands)

	ATLANTIC	Z-GAS
Utility plant		
Natural gas	\$ 4,802	\$ -
Propane gas	1,246	333
Accumulated depreciation and amortization	(2,195)	-
Net utility plant	3,853	333
Current Assets		
Cash	-	14
Accounts receivable	99	23
Inventories	212	17
Total current assets	311	54
Goodwill-Natural gas	1,514	-
Goodwill-Propane gas	1,412	199
Intangibles-Natural gas	1,900	-
Intangibles-Propane gas	930	5
Deferred charges	348	-
Total other assets	6,104	204
Current Liabilities		
Interest accrued	(12)	-
Other accruals and payables	(279)	(12)
Customer deposits	(260)	-
Total current liabilities	(551)	(12)
Total acquisition cost	\$ 9,717	\$ 579

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. The 2001 information includes actual amounts for November and December information for Z-Gas and December 15-31 information for Atlantic Utilities. The income statement for 2002 includes all the effects from these two acquisitions and no pro forma adjustments are necessary.

Pro Forma Results
(dollars in thousands except for per share data)
Years ended December 31,

	2001	2000
Revenues	\$ 95,096	\$ 86,184
Cost of fuel and taxes based on revenues	62,560	55,356
Gross Profit	32,536	30,828
Operating Income from continuing operations	6,507	6,398
Net Income from continuing operations	3,204	3,070
Earnings for Common Stock from continuing operations	3,175	3,041
Average Shares Outstanding	3,837,251	3,801,960
Earnings per Common Share from continuing operations	\$.82	\$.79

In November 2002, the Company acquired Nature Coast Utilities, a propane gas service distribution company, in a cash for stock transaction valued at approximately \$740,000. The acquisition added about 1,200 customers to the Company's new Nature Coast division located in West Central Florida.

The excess of the consideration paid over the fair value of assets acquired and liabilities assumed associated with this acquisition, resulted in goodwill of approximately \$223,000 and in accordance with SFAS No. 142, it is not being amortized. There are no other intangible assets identified with this acquisition.

Goodwill and Intangible Assets

Effective January 1, 2002, the Company adopted (SFAS) No. 142, "Goodwill and Other Intangible Assets." Under this statement, the amortization of goodwill is no longer permitted and intangible assets with an indefinite life will not be amortized. The standard requires goodwill to be periodically tested for impairment and written down to fair value if considered impaired. The reporting units have been determined to be propane gas and natural gas for the purposes of impairment testing.

Intangible assets associated with the Company's recent acquisitions have been identified and are shown as separate line items on the balance sheet. Amounts as of December 31, 2001 have been reclassified to conform to this presentation. The intangibles subject to amortization over a five-year period are non-compete agreements totaling \$35,000. The remaining intangibles identified are customer distribution rights of \$1,900,000 and customer relationships of \$900,000, both of which have indefinite lives and are not subject to amortization.

All goodwill relates to the recent gas acquisitions and accordingly, there is no amortization of goodwill reported in the accompanying 2000, 2001, and 2002 consolidated financial statements. Goodwill is \$1,513,000 in the natural gas segment and \$1,835,000 in the propane segment. The test for goodwill impairment was performed for the reporting units during the second quarter of 2002, as of January 1, 2002. The test results showed that there was no impairment in either reporting unit.

Discontinued Operations

On December 3, 2002 the Company entered into an agreement to sell certain assets comprising its water utility system to the City of Fernandina Beach. Pursuant to the Agreement, the closing of this transaction is required to take place on or before March 31, 2003, and is currently scheduled for March 27, 2003. The City has agreed to pay the Company \$18,950,000 in cash at closing, as well as contingent "futures" consideration until February 15, 2010, when it is estimated that the Company will receive a final payment from the City. The fair value of the consideration is approximately \$25,100,000. The assets amount to approximately \$10,200,000 or less than 10% of the Company's assets including water. The water segment's operating income before income taxes was approximately 12% of total operating income excluding income taxes before the reclassification to discontinued operations. In the event the sale is consummated, the Company would thereupon file an application with the FPSC for approval of the sale to a governmental authority, which, pursuant to Florida Statutes, must be approved by the Commission as a matter of right.

The accompanying consolidated financial statements have been restated for all periods presented for the discontinued operations of the water division. The net income of this water operation is reported as discontinued operations in the Consolidated Statements of Income. The Company has not ceased recording depreciation expense due to the regulatory requirements and will continue to expense depreciation through the anticipated sales date of March 27, 2003. The assets and liabilities of the water division have been included in current assets and current liabilities, as assets and liabilities held for sale until the sale is consummated. Results of discontinued operations for the years ended December 31, were as follows:

Results of Water Operations

(dollars in thousands):

	2002	2001	2000
Revenues	\$ 3,116	\$ 2,965	\$ 2,805
Gross profit	\$ 2,983	\$ 2,836	\$ 2,680
Income from discontinued operations before income taxes	\$ 908	\$ 897	\$ 932
Income tax expense	306	301	309
Income from discontinued operations	<u>\$ 602</u>	<u>\$ 596</u>	<u>\$ 623</u>

The major balance sheet classes included in assets and liabilities of discontinued operations in the Consolidated Balance Sheets, as of December 31, are as follows:

Major Balance Sheet Classes - Water Operations

(dollars in thousands):

	2002	2001
Assets		
Utility plant, net	\$ 9,782	\$ 9,241
Current assets	396	421
Total	<u>\$ 10,178</u>	<u>\$ 9,662</u>
Liabilities		
Current liabilities	\$ 15	\$ 8
Customer advances for construction	1,257	755
Total	<u>\$ 1,272</u>	<u>\$ 763</u>

Gain on Sale of Property

The Company sold property held in Delray Beach, in its South Florida division, for a gain of approximately \$529,000 in the first quarter of 2002. This property was primarily regulated property and accordingly the majority of the gain was deferred awaiting Florida Public Service Commission (FPSC) approval on the disposition of that gain. The Company has been granted approval by the FPSC to allow amortization of the

gain with an offset to depreciation expense over five years beginning April 2002. The non-regulated portion of the gain has been recognized in the first quarter of 2002 and amounts to \$53,000, net of income taxes.

The Company sold property held in DeLand, in its Central Florida division, for a gain of approximately \$186,000 during the third quarter of 2002. This property was primarily regulated property and accordingly the majority of the gain was deferred awaiting Florida Public Service Commission (FPSC) approval on the disposition of that gain. The Company has been granted approval by the FPSC to allow amortization of the gain with an offset to depreciation expense over five years beginning August 2002. The non-regulated portion of the gain has been recognized in the third quarter of 2002 and amounts to \$17,000, net of income taxes.

The total earnings per share effect of both gains included in the Consolidated Statements of Income for the twelve months ended December 31, 2002 is \$0.02. Excluding the property gains in the twelve months ended December 31, 2002 total earnings per share would be \$0.84.

Capitalization

Common Stock Split

In July 2002, the Company affected a four-for-three stock split in the form of a stock dividend and, accordingly, transferred from paid-in capital to common stock, an amount equal to the aggregate par value of the additional shares. All per share data included herein have been retroactively restated to reflect the stock split.

Common Shares Reserved

The Company has reserved 104,887 common shares for issuance under the Dividend Reinvestment Plan and 27,724 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, 2002 approximately \$4,000,000 of retained earnings were free of such restriction.

Long-Term Debt

The Company issued its 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 Notes). 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.

Sinking fund payments are scheduled to begin in 2008.

Restricted Bond Proceeds

The Company issued \$14,000,000 of Palm Beach County municipal bonds (Industrial Development Revenue Bonds) on November 14, 2001 to finance development in the area. The interest rate on the thirty-year callable bonds is 4.90%. The bond proceeds were restricted and held in trust until construction expenditures were actually incurred by the Company. In 2002 \$8,008,000 was drawn from the restricted funds held by the trustee and no restricted funds were remaining at December 31, 2002.

Bond Proceeds

The Company issued its 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 Notes). 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 pledged bond constitutes the Fourteenth Series of the Company's First Mortgage Bonds.

Segment Information

The Company is organized into two continuing regulated business segments: natural gas and electric and one non-regulated business segment, propane gas. Water, a regulated segment, has been classified as discontinued operations and has been eliminated from segment information with the exception of Identifiable assets. 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 2002, 2001 and 2000 is summarized as follows:
(dollars in thousands)

	2002	2001	2000
Revenues			
Electric	\$ 40,930	\$ 39,050	\$ 39,304
Natural gas	40,140	44,729	38,270
Propane gas	7,391	5,399	4,380
Consolidated	\$ 88,461	\$ 89,178	\$ 81,954

Operating income from continuing operations excluding income tax			
Electric	\$ 2,980	\$ 2,893	\$ 3,016
Natural gas	4,291	3,295	3,789
Propane gas	498	431	264
Consolidated	\$ 7,769	\$ 6,619	\$ 7,069

Identifiable assets			
Electric	\$ 39,446	\$ 37,753	\$ 36,911
Natural gas	57,753	52,734	42,564
Propane gas	10,288	10,728	5,648
Water operations – held for sale	10,096	9,579	9,038
Common	27,240	29,195	14,885
Consolidated	\$ 144,823	\$ 139,989	\$ 109,046

Depreciation and amortization			
Electric	\$ 2,116	\$ 2,070	\$ 1,969
Natural gas	2,272	1,963	2,027
Propane gas	436	322	284
Common *	202	170	126
Consolidated	\$ 5,026	\$ 4,525	\$ 4,406

* Common has been restated for 2001 and 2000 to exclude depreciation expenses related to water operations.

Construction expenditures			
Electric	\$ 3,278	\$ 4,418	\$ 3,015
Natural gas	9,373	7,508	3,300
Propane gas	1,298	1,147	757
Common	187	369	1,371
Consolidated	\$ 14,136	\$ 13,442	\$ 8,443

Continuing operations income tax expense			
Electric	\$ 292	\$ 397	\$ 475
Natural gas	741	547	728
Propane gas	151	84	26
Common	218	211	90
Consolidated	\$ 1,402	\$ 1,239	\$ 1,319

Income Taxes

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

	2002	2001	2000
Current payable			
Federal	\$ 1,609	\$ 1,413	\$ 981
State	274	240	167
	<u>1,883</u>	<u>1,653</u>	<u>1,148</u>
Deferred			
Federal	(338)	(275)	222
State	(40)	(32)	59
	<u>(378)</u>	<u>(307)</u>	<u>281</u>
Investment tax credit	(103)	(107)	(110)
Income taxes – continuing operations	1,402	1,239	1,319
Income taxes – discontinued operations	306	301	309
Total	<u>\$ 1,708</u>	<u>\$ 1,540</u>	<u>\$ 1,628</u>

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

	2002	2001	2000
Federal income tax at statutory rate	\$ 1,724	\$ 1,561	\$ 1,671
State income taxes, net of federal benefit	146	139	166
Investment tax credit	(110)	(114)	(117)
Other	(52)	(46)	(92)
Total provision for income taxes	<u>\$ 1,708</u>	<u>\$ 1,540</u>	<u>\$ 1,628</u>

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

	2002	2001	2000
Deferred tax assets:			
Environmental	\$ 2,112	\$ 2,125	\$ 1,997
Self insurance	664	75	107
Other	518	160	339
Total deferred tax assets	<u>3,294</u>	<u>2,360</u>	<u>2,443</u>
Deferred tax liabilities:			
Utility plant related	9,422	8,748	8,654
Under recovery of fuel costs	174	320	798
Pension	804	225	233
Other	260	375	195
Total deferred tax liabilities	<u>10,660</u>	<u>9,668</u>	<u>9,880</u>
Net deferred income taxes	<u>\$ 7,366</u>	<u>\$ 7,308</u>	<u>\$ 7,437</u>

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, 2002, and a statement of the funded status as of December 31 of both years:

	Pension Benefits		Other Benefits	
	2002	2001	2002	2001
Reconciliation of Benefit Obligation				
Prior year obligation at December 31	\$ 26,164,049	\$ 26,186,445	\$ 1,410,368	\$ 1,875,972
Service cost	895,888	901,220	59,873	77,425
Interest cost	1,818,276	1,780,967	111,207	103,649
Participant contributions	0	0	20,498	15,625
Plan amendments	0	295,554	0	0
Actuarial (gain) loss	591,406	(1,844,718)	184,631	(590,995)
Acquisitions (divestitures)	0	0	0	0
Benefit payments	(1,186,293)	(1,155,419)	(60,938)	(71,308)
Curtailments	0	0	0	0
Settlements	0	0	0	0
Current year obligation at December 31	\$ 28,283,326	\$ 26,164,049	\$ 1,725,639	\$ 1,410,368
Reconciliation of Fair Value of Plan Assets				
Prior year fair value of plan assets at December 31	\$ 32,007,418	\$ 35,113,920	\$ 0	\$ 0
Actual return on plan assets	(3,867,807)	(1,951,083)	0	0
Acquisitions (divestitures)	0	0	0	0
Employer contributions	0	0	40,440	55,683
Participant contributions	0	0	20,498	15,625
Benefit payments	(1,186,293)	(1,155,419)	(60,938)	(71,308)
Settlements	0	0	0	0
Current year fair value of plan assets at December 31	\$ 26,953,318	\$ 32,007,418	\$ 0	\$ 0
Funded Status				
Funded status at December 31	\$ (1,330,008)	\$ 5,843,369	\$ (1,725,639)	\$ (1,410,368)
Unrecognized transition (asset) obligation	0	0	428,950	471,846
Unrecognized prior service cost	6,292,020	7,006,373	0	0
Unrecognized (gain) loss	(2,531,878)	(10,578,578)	(207,989)	(397,442)
Net amount recognized	\$ 2,430,134	\$ 2,271,164	\$ (1,504,678)	\$ (1,335,964)

The following table provides the amounts recognized in the statement of financial position as of December 31 of both years:

	Pension Benefits		Other Benefits	
	2002	2001	2002	2001
Prepaid benefit cost	\$ 2,430,134	\$ 2,271,164	\$ 0	\$ 0
Accrued benefit liability	0	0	(1,504,678)	(1,335,964)
Intangible asset	0	0	0	0
Accumulated other comprehensive income	0	0	0	0
Net amount recognized	\$ 2,430,134	\$ 2,271,164	\$ (1,504,678)	\$ (1,335,964)

The following table provides the components of net periodic benefit cost for the plans for fiscal years 2002, 2001, and 2000:

	Pension Benefits			Other Benefits		
	2002	2001	2000	2002	2001	2000
Service cost	\$ 895,888	\$ 901,220	\$ 971,596	\$ 59,873	\$ 77,425	\$ 87,596
Interest cost	1,818,276	1,780,967	1,694,069	111,207	103,649	118,285
Expected return on plan assets	(2,800,350)	(2,821,040)	(2,785,633)	0	0	0
Amortization of transition (asset) obligation	0	0	(183,269)	42,896	42,896	42,896
Amortization of prior service cost	714,353	722,015	716,418	0	0	0
Amortization of net (gain) loss	(787,137)	(829,342)	(875,582)	(4,822)	(4,778)	1,001
Net periodic benefit cost	\$ (158,970)	\$ (246,180)	\$ (462,401)	\$ 209,154	\$ 219,192	\$ 249,778
Curtailment (gain) loss	0	0	0	0	0	0
Settlement (gain) Loss	0	0	0	0	0	0
Net periodic benefit cost after curtailments and settlements	\$ (158,970)	\$ (246,180)	\$ (462,401)	\$ 209,154	\$ 219,192	\$ 249,778

The amount included within other comprehensive income arising from a change in the additional minimum pension liability was \$0 at December 31, 2002, \$0 at December 31, 2001, and \$0 at December 31, 2000.

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:

Weighted-average Assumptions as of December 31	Pension Benefits			Other Benefits		
	2002	2001	2000	2002	2001	2000
Discount rate	6.75%	7.25%	7.00%	6.75%	7.25%	7.00%
Expected return on plan assets	8.50%	8.50%	8.50%	N/A	N/A	N/A
Rate of compensation increase	4.00%	4.50%	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 2002 was 6.25%. These rates were assumed to decrease gradually each year to a rate of 4.50% 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	\$ 21,753	\$ (18,347)
Effect on the health care component of the accumulated postretirement benefit obligation	\$ 192,591	\$ (164,373)

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 \$125,000 per individual per year, with a maximum annual total liability of \$1,505,136.

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 \$732,000, \$629,000 and \$509,000 for 2002, 2001 and 2000, respectively.

Employee Stock Purchase Plan

The Company's Employee Stock Purchase Plan offers common stock at a discount to qualified employees. During 2002, 2001 and 2000, 17,589, 15,699 and 14,465 shares, respectively, were issued under the Plan for aggregate consideration of \$195,000, \$162,000 and \$165,000, respectively.

Dividend Reinvestment Plan

During 2002, 2001 and 2000, 13,413, 16,404 and 16,628 shares, respectively, were issued under the Company's Dividend Reinvestment Plan for aggregate consideration of \$185,000, \$196,000 and \$193,000, respectively.

Fair Value of Financial Instruments

The carrying amounts reported in the balance sheet for investments held in escrow for environmental costs, notes payable, taxes accrued and other accrued liabilities approximate fair value. As the older bonds contain 'make whole' provisions it would negate any fluctuation in interest rates. The fair value of long-term debt is estimated by discounting the future cash flows of each issuance at rates currently offered to the Company for similar debt instruments of comparable maturities.

	2002		2001	
	Carrying Amounts	Approximate Fair Value	Carrying Amounts	Approximate Fair Value
Long-term debt	\$ 52,500,000	\$ 60,215,000	\$52,500,000	\$ 57,273,000

Contingencies

Environmental

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.

West Palm Beach Site.

FPU is currently conducting a contamination assessment investigation of a parcel of property owned by it in West Palm Beach, Florida upon which FPU previously operated a gasification plant. After a preliminary contamination assessment investigation indicated soil and groundwater impacts, FPU entered into a consent order with the Florida Department of Environmental Protection ("FDEP"). The consent order required FPU to delineate the extent of soil and groundwater impacts associated with the prior operation of the gasification plant and to remediate such soil and groundwater impacts, if necessary. A Supplemental Contamination Assessment Report Addendum ("SCARA") was submitted to FDEP in December 2001 for review and comment. On September 26, 2002, FPU submitted a work plan for additional fieldwork to respond to FDEP's comments to the SCARA. This work will be undertaken in conjunction with additional soil investigation planned for January/February 2003 to assist in the preparation of a feasibility study to evaluate remedial alternatives for the site. The cost to complete the additional fieldwork, including the feasibility study, is approximately \$355,000.

Prior to completion of the contamination assessment/feasibility study phases, FPU is unable to determine the complete extent or cost of remedial action, which may be required. A revised preliminary estimate from FPU's environmental consultant projected that 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.

FPU owns a parcel of property located in Sanford, Florida, upon which a gasification plant was operated prior to FPU's acquisition of the property. Upon the discovery of soil and groundwater impacts on the property, FPU has participated with four former owners and operators of the gasification plant in the funding of numerous investigations of the extent of the impacts and the identification of an appropriate remedy. On or about March 25, 1998, FPU executed an Administrative Order of Consent ("AOC") with the four former owners and operators (collectively, the "Group") and the United States Environmental Protection Agency ("EPA") 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 governed the manner and means by which all parties were to satisfy their respective obligations under the AOC for the RI/FS task. FPU 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. FPU'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 initial estimated cost for the OU1 Remedy described in the ROD 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 completed negotiations on a remedial design/remedial action ("RD/RA") Consent Decree with EPA to provide for the implementation of the OU1 Remedy and OU2 Remedy. The Group anticipates that the Consent Decree will be signed by EPA and lodged with the United States District Court for public comment in early Spring 2003. After lodging, there is a thirty (30) day minimum public comment period. At the conclusion of the comment period, the Court will enter the Consent Decree, unless there has been opposition filed.

Pursuant to the Consent Decree, pre-remedial design fieldwork was performed to assist in the design of the final remedy for OU1 and OU2. The cost of the additional field and design work was approximately \$850,000. Upon EPA's approval of the final design, the Group will be obligated to implement the remedy for OU1 and OU2. Based on fieldwork completed recently, it is now anticipated that the final cost of the remedy for OU1 and OU2 will exceed the \$6,000,000 combined estimate provided in the RODs for OU1 and OU2. Pursuant to the terms and conditions of the Second Participation Agreement entered into by members of the Group on August 1, 2000, FPU's share of costs for implementation of the OU1 Remedy and OU2 Remedy, including the pre-remedial design fieldwork, is 10.5%, up to a maximum cost of \$6,000,000. FPU will oppose any effort by the Group to increase FPU's share of total remedial costs above 10.5% of the current \$6,000,000 cap, since the increased remedial cost is due to the discovery of additional impacted soils on property not owned by FPU. The Consent Decree also obligates the Group to reimburse EPA's past costs of approximately \$142,500 and EPA's future oversight costs. FPU's share of EPA's past costs and future oversight costs is 10.5%.

Pensacola Site.

FPU is the prior owner/operator of the former Pensacola gasification plant, located at the intersection of Cervantes Street and the Louisville and Nashville (CSX) Railroad line, Pensacola, Florida. Following notification on October 5, 1990 that FDEP had determined that FPU was one of several responsible parties for any environmental impacts associated with the former gasification plant site, FPU entered into cost sharing agreements with three other responsible parties providing for the funding of certain contamination assessment activities at the site.

A final report describing the results of contamination assessment activities at the site was submitted to FDEP in November 1995. The report concluded that soil or groundwater remediation was not warranted at the site. The report further recommended that existing environmental impacts be monitored through periodic sampling of groundwater at the site. By letter dated July 16, 1997, FDEP approved a groundwater-monitoring plan that provides for annual sampling of selected monitoring wells at the site. To date, FPU's share of these costs has not exceeded \$3,000 annually.

In March 1999, the EPA requested site access in order to undertake an Expanded Site Inspection ("ESI"). The ESI was completed by the EPA's contractor in 1999 and an ESI report was transmitted to FPU in January 2000 (the "ESI Report"). The ESI Report recommends additional work at the site. The responsible parties met with FDEP on February 7, 2000 to discuss EPA's plans for the site. In February 2000, the EPA preliminarily indicated that it would defer management of the site to FDEP; however, as of this date, FPU has not received any written confirmation from the EPA or FDEP regarding this matter. Prior to receipt of EPA's written determination regarding site management, FPU is unable to determine whether additional field work or site remediation will be required by EPA, and if so, the scope or costs of such work.

Based on existing information, FPU 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 in favor of and insurance settlement proceeds received by FPU.

Insurance Claims and Rate Relief

FPU notified its insurance carriers of environmental impacts detected at the former gasification plant sites discussed above. As a result of negotiations with FPU's major insurance carriers that concluded in 1997, such carriers agreed to pay settlement proceeds totaling approximately \$4,300,000 for certain environmental costs. In addition, the Florida Public Service Commission has allowed FPU to recover through rate relief environmental expenses of approximately \$2,400,000 over a ten-year period at the rate of approximately \$240,000 per year. The Company currently has \$5,204,000 reserved, which is net of costs paid to date, for environmental contingencies as of December 31, 2002.

Other

Violet Skipper, PC Buyers, Inc. and Thomas Wade Skipper v. Florida Public Utilities Company, Case No. CL 00-10131-AF, Circuit Court of the Fifteenth Judicial Circuit, Palm Beach County, Florida. On or about October 18, 2000, FPU was sued by the Plaintiffs in this case for damages allegedly arising out of FPU's alleged negligence in failing 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 defending same on the theory that the alleged fire started within the warehouse/office facility and not at or in its electrical equipment.

This case, though filed originally in Palm Beach County, Florida, was transferred to Jackson County, Florida. Discovery is still in process. No Motions are currently pending. No trial date has been scheduled. All the principal witnesses have been deposed including the Skippers and Mark Cutshaw of FPU. We anticipate the parties will depose expert witnesses shortly. Plaintiffs have identified Mr. Harold Deese and Mr. Frank Walker of Panama City as their expert witnesses. At this time, we are unable to provide an evaluation of the likelihood of an unfavorable outcome or provide an estimate of the amount or range of potential loss. In the event that the Company does not prevail in this suit, there may be a material adverse effect on the financial statements. However, FPU believes there are meritorious defenses to this pending litigation. FPU has liability insurance that will limit our exposure on this claim to a maximum of \$250,000.

Darrell Glenn v. Florida Public Utilities Company v. Utility Service and Maintenance of Missouri, Inc., Case No. CA 01-07810 AI, Circuit Court of the Fifteenth Judicial Circuit, Palm Beach County, Florida; Case No. 02-37-CA, Division A, Circuit Court for the Fourth Judicial Circuit, Nassau County, Florida. This is an action that was pending in state court in Palm Beach County, Florida until FPU successfully moved to have the case transferred to Nassau County, Florida. Darrell Glenn ("Glenn"), an employee of a painting subcontractor, claimed to have been shocked and injured on May 16, 2001, while painting electrical equipment at FPU's Step down site in Fernandina Beach, Florida. His employer, Utility Service & Maintenance, Inc. ("USM"), was operating under an agreement that required it to supervise its own workers. This matter has been settled by an agreement reached at mediation on January 15, 2003 pursuant to which FPU agreed to pay \$300,000 to the plaintiff in return for a release. FPU will recover \$50,000 of the settlement through liability insurance.

Pipeline Contract On July 21, 2000, the Company entered into a Gas Transportation Agreement ("GTA") with Lake Worth Generation, LLC ("LWG"), that provided for: (i) the construction of a natural gas pipeline ("LWG Lateral") by the Company to a power generation project being developed by LWG on behalf of the City of Lake Worth, Florida ("LWG Project"); (ii) the Company's agreement to transport natural gas to the LWG Project via the LWG Lateral; and (iii) LWG's commitment to pay certain charges for the gas transportation services provided by the Company over a 30 year period. The charges for gas transportation services were set at an amount that would permit the Company to recover a return of 11.17% on its undepreciated investment in the construction of the LWG Lateral, plus recover its operation and maintenance ("O&M") expenses. LWG's obligation to pay for the gas transportation services was secured by an irrevocable letter of credit ("LC") issued on July 6, 2001, and provided to the Company in the amount of the initial estimated cost of construction of \$5,490,449. The GTA required monthly payments by LWG in the amount of \$109,423 for the first year of the contract, adjusted annually thereafter to account for depreciation of the LWG Lateral. The GTA also required LWG to increase the amount of the LC to cover the actual cost of construction of the LWG Lateral, plus \$37,900. In the fourth quarter of 2002, LWG notified the Company that, due to financial difficulties encountered by LWG and its contractors in connection with the LWG Project, LWG would not be able to increase the LC, as required by the GTA, or make monthly payments prospectively beginning in December for services performed in November 2002. The Company, LWG and the City of Lake Worth subsequently entered

into a Forbearance Agreement, dated December 31, 2002, and an Amended Forbearance Agreement, dated February 19, 2003. Pursuant to the terms and conditions of these agreements, the City and the Company are negotiating a new gas transportation agreement to replace the GTA, that would provide for the Company's agreement to provide gas transportation services to the City on the LWG Lateral, subject to payment by the City of transportation charges that would be set initially to permit the Company to recover a return of 8.77% on its undepreciated investment in the construction of the LWG Lateral, plus O&M expenses. The Company's rates would be subject to adjustment in subsequent rate proceedings before the Florida Public Service Commission. In the event that the Company and the City execute a new gas transportation agreement by March 31, 2003, the Company will receive payment for the shortfalls in monthly payments under the GTA through March 31, 2003, plus interest, plus a termination fee of \$1.5 million dollars, plus other expenses. In the event that a new gas transportation agreement is not executed by March 31, 2003, the forbearance agreements permit the Company to draw upon the LC and the GTA is deemed terminated. At this time, the Company is unable to predict with any degree of certainty the likelihood that a new gas transportation agreement will be executed by March 31, 2003 and has reserved an uncollectible amount for the current shortfalls in the monthly payments.

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. At December 31, 2002, 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 \$12,292,000 during 2003 related to gas purchase agreements. Substantially all costs incurred under the electric and gas purchase agreements are recoverable from customers through fuel adjustment clause mechanisms.

Contractual Obligations	Payments due by period (dollars in thousands):				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Long-Term Debt	\$ 52,500	\$ -	\$ -	\$ -	\$ 52,500
Operating Lease Obligations	66	20	31	15	-
Gas Purchase Obligations	52,250	12,292	14,258	9,525	16,174
Electric Purchase Obligations	78	78	-	-	-
Other Purchase Obligations	218	214	5	-	-
Total	\$105,112	\$ 12,604	\$ 14,294	\$ 9,540	\$ 68,674

Impact of Recent Accounting Standards

Financial Accounting Standard No. 143

In August 2001, the Financial Accounting Standards Board (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 be 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 believes the ultimate effect on the financial statements will be immaterial and that the impact on the regulated portion of the business, if any, would be an allowable item for recovery in the Company's rates.

The Florida Public Service Commission (FPSC) is currently in the process of developing a rule on this treatment for regulated purposes and is currently proposing that the effects, if any, of the application of SFAS

No. 143 shall be revenue neutral in the rate making process. The FPSC is also proposing that all differences between the application of SFAS No. 143 and the method approved for regulated utilities will be recorded as Regulatory Assets or Liabilities. FPSC- Proposed Rule Development, "Accounting for Asset Retirement Obligations Under SFAS No. 143", Rule No. 25-14.014, F.A.C.

The estimated cost of removal expenses for normal retirements related to regulated fixed assets is being reserved under current commission guidelines through the depreciation expense and accumulated reserves. The estimated value of the reserve that has been accumulated for future cost of removal as of December 31, 2002 is approximately \$5,800,000 and is included in accumulated depreciation in the accompanying consolidated financial statements. The Company does not believe it owns assets with retirement obligations as defined by SFAS No. 143, but will continue monitoring the handling of utility long-lived assets for interpretations of assets that are considered to have retirement obligations.

Financial Accounting Standard No. 144

In August 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 has evaluated the impact of implementing SFAS No. 144 and has shown the effects on the Company's financial statements with respect to the upcoming sale of its water division, see "Discontinued Operations" section for additional details. Management feels that any future effect would be an allowable item for recovery in the Company's rates for regulated operations and it does not have any material effect on non-regulated operations.

Financial Accounting Standard No. 146

In June 2002, FASB issued SFAS No. 146, "Accounting for Cost Associated with Exit or Disposal Activities." The standard requires companies to recognize costs associated with exit or disposal activities when they are incurred rather than at the date of a commitment to an exit or disposal plan. The Company will apply this guidance prospectively to any exit or disposal activities initiated after December 31, 2002.

Financial Accounting Standards No. 148

In December 2002, the FASB issued SFAS No. 148, "Accounting for Stock Based Compensation-Transition and Disclosure" This statement amends SFAS No. 123, "Accounting for Stock-Based Compensation", to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. Since the Company does not have any stock-based compensation for employees at this time the statement will not presently have any effect on our financial statements.

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 South Florida during the winter season. The water division has been classified as discontinued operations and is excluded from revenues, gross profit, and operating income excluding income tax. (dollars in thousands, except per share amounts):

	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER
2002				
Revenues	\$ 23,717	\$ 20,707	\$ 20,283	\$ 23,754
Gross profit	9,632	8,292	8,110	8,895
Operating income from continuing operations excluding income tax	3,161	1,731	1,316	1,561
Income from continuing operations, net of income taxes	1,466	489	275	531

Income from discontinued operations, net of income taxes	108	205	195	94
Net Income	1,574	694	470	625
Earnings per common share (basic and diluted):				
Continuing operations	0.38	0.12	0.07	0.13
Discontinued operations	0.03	0.05	0.05	0.02
Total	0.41	0.17	0.12	0.15
2001				
Revenues	\$ 30,479	\$ 21,686	\$ 18,616	\$ 18,397
Gross profit	8,578	7,084	6,833	7,445
Operating income from continuing operations excluding income tax	2,878	1,292	1,133	1,316
Income from continuing operations, net of income taxes	1,400	317	352	387
Income from discontinued operations, net of income taxes	103	163	186	144
Net Income	1,503	480	538	531
Earnings per common share (basic and diluted):				
Continuing operations	0.37	0.08	0.09	0.10
Discontinued operations	0.03	0.04	0.05	0.04
Total	0.40	0.12	0.14	0.14

December 31, 2002

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)	157,763,202	59,282,916
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	1,820,270	3,691
11	TOTAL Utility Plant (Enter Total of lines 3 through 10)	159,583,472	59,286,607
12	107 Construction Work in Progress	3,477,432	650,106
13	Accum. Prov. for Depr., Amort., & Depl.	55,978,244	25,085,833
14	Net Utility Plant (Enter total of lines 11 plus 12 less line 13)	107,082,660	34,850,880
15	DETAIL OF ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION		
16	In Service:		
17	108 Depreciation	55,663,895	25,082,142
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)	55,663,895	25,082,142
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	314,349	3,691
32	TOTAL Acc. Provisions (Should agree with line 13 above) (Enter Total of lines 21, 25, 29, 30, and 31)	55,978,244	25,085,833

December 31, 2002

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
75,883,308	17,756,317	Not Applicable	Not Applicable	4,840,661	3
-	-			-	4
-	-			-	5
-	-			-	6
-	-			-	7
-	-			-	8
-	-			-	9
1,816,579	-			-	10
77,699,887	17,756,317			4,840,661	11
2,461,214	214,898			151,214	12
25,614,124	4,175,846			1,102,441	13
54,546,977	13,795,369			3,889,434	14
					15
25,303,466	4,175,846			1,102,441	16
-					17
-					18
-	-			-	19
25,303,466	4,175,846			1,102,441	20
					21
	-			-	22
-	-			-	23
-	-			-	24
-	-			-	25
					26
	-			-	27
-	-			-	28
-	-			-	29
-					30
310,658	-			-	31
25,614,124	4,175,846			1,102,441	32

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

Company: FLORIDA PUBLIC UTILITIES COMPANY
For the Year Ended December 31, 2002

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)	0
303	Miscellaneous Intangible Plant		213,642	-	-		-	1,900,000	2,113,642
374	Land - Distribution		101,107	-	-		-	-	101,107
389	Land - General		53,013	249,526	(32,061)		-	-	270,478
	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%	12,924	-	-		-	-	12,924
375	Structures and Improvements	2.70%	510,876	26,972	(6,346)		-	-	531,502
3761	Mains - Plastic	3.00%	12,132,281	1,716,127	(8,896)		-	(7,725)	13,831,787
3762	Mains - Other	3.20%	21,415,391	4,649,579	(20,765)		-	3,895	26,048,100
378	Meas. and Reg. Sta. Equipment - General	3.70%	230,832	-	-		-	1,013	231,845
379	Meas. and Reg. Sta. Equipment - City Gate	3.40%	728,087	1,372,239	-		-	360	2,100,686
3801	Services - Plastic	3.20%	13,204,129	1,318,551	(75,900)		-	(19,246)	14,427,534
3802	Services - Other	6.70%	2,321,456	20,634	(40,584)		-	10,079	2,311,585
380299	Accum. Depreciation - Service - Contra accts.	0.00%	-	-	-		-	-	-
381	Meters	3.60%	4,056,591	297,938	(133,263)		-	(6,011)	4,215,255
382	Meter Installations	3.30%	1,632,850	172,839	(15,782)		-	(45,135)	1,744,772
383	House Regulators	3.40%	1,214,658	85,282	-		-	1,859	1,301,799
384	House Reg. Installations	3.00%	568,144	41,931	(4,469)		-	43,759	649,365
385	Industrial Meas. and Reg. Sta. Equipment	4.10%	101,011	-	-		-	263	101,274
387	Other Equipment	3.60%	384,016	11,126	(14,168)		-	(885)	380,089
	TOTAL DISTRIBUTION PLANT		58,614,351	9,713,218	(320,173)		-	(17,774)	67,989,623
GENERAL PLANT									
390	Structures and Improvements	2.60%	448,156	1,277,090	(238,211)		-	(19,567)	1,467,468
3911	Office Furniture	6.40%	57,897	44,971	(5,213)		-	(4,469)	93,186
3912	Office Equipment	12.60%	72,926	4,588	(5,045)		-	1,317	73,786
3913	EDP Equipment	11.70%	782,865	38,619	(87,451)		-	18,325	752,358
3921	Accum. Dep. - Transportation - Cars	27.50%	272,581	14,551	(10,491)		-	54,379	331,020
3922	Accum. Dep. - Transportation - Light Trucks, vans	13.30%	1,895,988	115,455	(115,878)		-	40,164	1,935,729
3923	Accum. Dep. - Transportation - Heavy Trucks	13.30%	71,884	-	-		-	(71,884)	-
3924	Accum. Dep. - Transportation - Trailers	18.20%	28,856	-	-		-	10,384	39,240
393	Stores Equipment	7.30%	12,998	-	-		-	-	12,998

Page 22

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

Company: FLORIDA PUBLIC UTILITIES COMPANY
For the Year Ended December 31, 2002

Acct. No.	Account Description	Depr. Rate	Beginning Balance*	Additions	Retirements	Reclass.	Adjustments	Transfers	Ending Balance*
	(Continued)								
394	Tools, Shop, and Garage Equipment	5.00%	246,306	15,535	(9,265)	-	-	-	252,576
395	Laboratory Equipment	0.00%	823	-	(823)	-	-	-	-
396	Power Operated Equipment	6.70%	277,669	56,310	(11,531)	-	-	-	322,448
397	Communication Equipment	5.90%	157,966	37,879	(1,859)	-	-	-	193,986
398	Miscellaneous Equipment	10.40%	30,072	9,854	(4,020)	-	(1,136)	-	34,770
	SUBTOTAL		4,410,000	1,864,378	(521,848)	-	-	27,513	5,780,043
399	Other Tangible Property								
	TOTAL General Plant		4,410,000	1,864,378	(521,848)	-	-	27,513	5,780,043
	TOTAL (Accounts 101 and 106)		63,272,105	11,577,596	(842,021)	0	0	1,875,627	75,883,308
	TOTAL GAS PLANT IN SERVICE		63,272,105	11,577,596	(842,021)	-	-	1,875,627	75,883,308
	Capital Recovery Schedules:								
	NONE								
	Total Account 101*		63,272,105	11,577,596	(842,021)	-	-	1,875,627	75,883,308
	Amortizable Assets:								
114	Acquisition Adjustment		3,396,195	-	-	-	-	(1,579,616)	1,816,579
118	Other Utility Plant		4,843,823	40,873	(12,857)	-	-	(31,178)	4,840,661
	Other - Common								
	Total Utility Plant		71,512,123	11,618,469	(854,878)	-	-	264,833	82,540,548

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, 2002

Acct. No.	Account Description	Beginning Balance*	Accruals	Reclass.	Retirements	Gross Salvage	Cost of Removal	Adjustmts	Transfers	Ending Balance*
Amortizable General Plant Assets:										
301	Organization Intangible Plant	-	-	-	-	-	-	-	-	-
303	Misc. Intangible Plant	50,557	16,585	-	-	-	-	-	-	67,142
311	Liquefied Petroleum Gas Equipment	-	-	-	-	-	-	-	-	-
This schedule should identify each account/subaccount for which a separate depreciation rate has been approved by the FPSC.										
DISTRIBUTION PLANT										
374	Land - Distribution	(10,102)	408	-	-	-	-	-	-	(9,694)
3741	Land Rights	280,231	14,949	-	(6,346)	-	-	-	-	288,834
375	Structures and Improvements	3,567,808	318,489	-	(8,896)	-	(1,375)	-	-	3,876,026
3761	Mains - Plastic	11,019,878	568,181	-	(20,765)	-	(66,709)	-	80	11,500,665
3762	Mains - Other	54,338	8,457	-	-	-	-	-	-	62,795
378	Meas. and Reg. Sta. Equipment - General	224,762	26,241	-	-	-	(62,106)	-	-	251,003
379	Meas. and Reg. Sta. Equipment - City Gate	3,066,095	479,867	-	(75,900)	-	(62,106)	-	-	3,407,956
3801	Services - Plastic	526,660	138,017	-	(40,584)	-	(165,283)	-	-	458,810
3802	Services - Other	-	97,644	-	-	-	-	-	-	97,644
380299	Accum. Dep. - Service - Contra accts.	-	-	-	-	-	-	-	(3,450)	1,468,843
381	Meters	1,531,703	74,001	-	(133,263)	-	(148)	-	-	496,898
382	Meter Installations	455,232	57,793	-	(15,782)	-	(345)	-	-	491,889
383	House Regulators	469,188	22,831	-	-	-	-	-	(130)	164,137
384	House Reg. Installations	157,729	10,967	-	(4,469)	-	(90)	-	-	47,871
385	Industrial Meas. and Reg. Sta. Equipment	46,878	993	-	-	-	-	-	-	61,914
387	Other Equipment	60,987	15,210	-	(14,168)	-	-	-	(115)	3,939
389	Land - General	-	3,939	-	(32,061)	-	-	32,061	-	-
	TOTAL DISTRIBUTION PLANT	21,451,389	1,837,987	-	(352,234)	-	(296,056)	32,061	(3,615)	22,669,530
GENERAL PLANT										
390	Structures and Improvements	209,532	8,150	-	(238,211)	593,313	(14,132)	109,140	-	667,792
3911	Office Furniture	101,296	2,679	-	(5,213)	-	-	(557,521)	(1,437)	(460,196)
3912	Office Equipment	19,622	5,582	-	(5,045)	-	-	-	(177)	19,982
3913	EDP Equipment	512,056	67,219	-	(87,451)	1,000	-	-	881	493,705
3921	Accum. Dep. - Transportation - Cars	245,471	19,302	-	(10,491)	(5,911)	-	-	27,865	276,236
3922	Accum. Dep. - Trans. - Light Trucks, vans	1,246,404	91,345	-	(115,878)	5,570	-	-	(14,075)	1,213,366
3923	Accum. Dep. - Trans. - Heavy Trucks	-	-	-	-	-	-	48,650	-	48,650
3924	Accum. Dep. - Transportation - Trailers	21,417	1,056	-	-	200	-	-	-	22,673
393	Stores Equipment	9,117	756	-	-	-	-	-	-	9,873

Annual Status Report
Analysis of Entries in Accumulated Depreciation & Amortization

Company: FLORIDA PUBLIC UTILITIES COMPANY
 For the Year Ended December 31, 2002

Acct. No.	Account Description	Beginning Balance*	Accruals	Reclass.	Retirements	Gross Salvage	Cost of Removal	Adjustmts	Transfers	Ending Balance*
394	Tools, Shop, and Garage Equipment	56,020	16,536	-	(9,265)	350	-	-	-	63,641
395	Laboratory Equipment	(1,894)	26	-	(823)	-	-	-	-	(2,691)
396	Power Operated Equipment	128,885	18,344	-	(11,531)	200	-	-	-	135,898
397	Communication Equipment	60,368	11,360	-	(1,859)	-	-	-	-	69,869
398	Miscellaneous Equipment	10,508	1,588	-	(4,020)	-	-	-	(80)	7,996
	SUBTOTAL	2,618,801	243,943	-	(489,787)	594,722	(14,132)	(399,731)	12,977	2,566,794
399	Other Tangible Property	-	-	-	-	-	-	-	-	-
	TOTAL General Plant	2,618,801	243,943	-	(489,787)	594,722	(14,132)	(399,731)	12,977	2,566,794
	Subtotal	24,120,747	2,098,515	-	(842,021)	594,722	(310,188)	(367,670)	9,362	25,303,466
COMMON PLANT										
389	Land - General	-	-	-	-	-	-	-	-	-
390	Structures and Improvements	348,511	51,916	-	-	-	-	-	-	400,427
3911	Office Furniture	(13,750)	1,141	-	-	-	-	-	-	(12,609)
3912	Office Equipment	28,561	5,481	-	(1,960)	-	-	-	-	32,082
3913	EDP Equipment	425,581	167,896	-	(10,897)	-	-	-	(2,598)	579,982
3921	Accum. Dep. - Transportation - Cars	71,825	14,240	-	-	5,910	-	-	(13,954)	78,021
397	Communication Equipment	14,962	9,576	-	-	-	-	-	-	24,538
	Subtotal	875,691	250,250	-	(12,857)	5,910	-	-	(16,552)	1,102,441
	Grand Total	24,996,438	2,348,765	-	(854,878)	600,632	(310,188)	(367,670)	(7,190)	26,405,907

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

FLORIDA PUBLIC UTILITIES COMPANY
WEST PALM BEACH - GAS DIVISION
REPORT OF DEPRECIATION DATA UNDER RULE 25-5.0438(8)
2002

Plant Acct.	PLANT IN SERVICE (\$)				Plant Acct.	Beginning Balance	Retirements	Ending Balance	RESERVE (\$)				Reclassifications	Ending Balance
	Beginning Balance	Additions	Purchases & Adjustments	Transfers					Cost of Removal	Salvage	Purchases & Adjustments	Accruals		
301	-	-	-	-	301	-	-	-	-	-	-	-	-	-
304	-	-	-	-	304	-	-	-	-	-	-	-	-	-
305	-	-	-	-	305	-	-	-	-	-	-	-	-	-
311	-	-	-	-	311	-	-	-	-	-	-	-	-	-
320	-	-	-	-	320	-	-	-	-	-	-	-	-	-
360	-	-	-	-	360	-	-	-	-	-	-	-	-	-
361	-	-	-	-	361	-	-	-	-	-	-	-	-	-
362	-	-	-	-	362	-	-	-	-	-	-	-	-	-
374	56,686	-	-	-	374	56,686	-	-	-	-	-	-	-	-
3741	12,910	-	-	-	3741	2,482	-	408	-	-	-	-	-	2,890
375	492,011	26,972	-	-	375	269,884	(6,346)	14,397	-	-	-	-	-	277,934
3761	8,008,763	1,263,123	-	-	3761	1,907,745	(4,419)	211,023	(406)	-	-	-	-	2,113,944
3762	15,384,541	4,617,727	-	-	3762	8,933,433	(18,714)	408,032	(61,098)	-	-	-	-	9,261,653
378	177,649	-	-	-	378	177,649	-	6,486	-	-	-	-	-	50,948
379	447,411	1,372,239	-	-	379	131,106	-	16,128	-	-	-	-	-	147,234
3801	9,968,558	794,362	-	-	3801	2,016,832	(32,008)	360,092	(47,366)	-	-	-	-	2,297,550
3802	1,203,450	19,212	-	-	3802	156,003	(14,727)	71,450	(135,885)	-	-	-	-	76,841
380299	-	-	-	-	380299	-	-	97,644	-	-	-	-	-	97,644
381	2,773,524	280,606	-	-	381	866,163	(94,901)	29,544	(23,054)	-	-	-	-	777,753
382	902,687	54,069	-	-	382	282,745	(4,749)	33,981	(232)	-	-	-	-	311,745
383	894,851	76,308	-	-	383	327,734	-	11,050	(4,298)	-	-	-	-	334,486
384	349,269	23,916	-	-	384	101,720	(1,322)	2,904	(38)	-	-	-	-	103,264
385	75,323	-	-	-	385	34,400	-	-	-	-	-	-	-	34,400
387	299,060	6,669	-	-	387	39,170	-	11,860	-	-	-	-	-	51,030
389	40,806	40,510	-	-	389	-	(28,290)	3,939	28,290	-	-	-	-	3,939
390	149,178	10,235	-	-	390	68,272	(59,247)	2,840	(557,521)	-	-	-	-	602,662
3911	25,387	944	-	-	3911	(11,063)	-	1,214	-	-	-	-	-	(567,370)
3912	25,856	2,756	-	-	3912	10,512	-	2,028	-	-	-	-	-	12,540
3913	324,078	32,470	-	-	3913	180,371	(25,851)	27,474	1,000	-	-	-	-	182,994
3921	193,305	-	-	-	3921	174,123	-	10,957	(6,060)	-	-	-	-	206,885
3922	1,413,796	3,754	-	-	3922	918,752	(58,500)	61,859	27,865	-	-	-	-	911,536
3924	20,869	-	-	-	3924	17,193	-	564	(14,075)	-	-	-	-	17,756
393	12,998	-	-	-	393	9,117	-	756	-	-	-	-	-	9,873
394	170,465	6,469	-	-	394	9,468	-	11,328	-	-	-	-	-	20,797
395	-	-	-	-	395	(2,692)	-	-	-	-	-	-	-	(2,692)
396	163,131	6,594	-	-	396	81,855	-	10,258	-	-	-	-	-	92,113
397	103,566	-	-	-	397	42,123	-	7,410	-	-	-	-	-	49,533
398	17,647	4,597	-	-	398	3,567	-	992	-	-	-	-	-	4,559
	43,707,813	8,645,532	-	-		16,615,474	(349,074)	1,416,618	(247,540)	(529,231)	(13,562)	-	-	17,484,438
COMMON PLANT														
303	-	1,833	-	-	303	-	-	1,833	-	-	-	-	-	-
389	341,926	-	-	-	389	-	-	341,926	-	-	-	-	-	-
3891	-	-	-	-	3891	-	-	-	-	-	-	-	-	-
390	2,074,959	1,813	-	-	390	348,511	-	51,916	-	-	-	-	-	400,427
3911	22,261	2,249	-	-	3911	(13,750)	-	1,141	-	-	-	-	-	(12,609)
3912	67,508	5,189	-	-	3912	28,561	(1,960)	5,481	-	-	-	-	-	32,082
3913	2,069,096	29,789	-	-	3913	425,581	(10,897)	167,896	(2,598)	-	-	-	-	579,982
3921	133,213	-	-	-	3921	111,725	-	14,240	(13,954)	-	-	-	-	78,021
397	134,861	-	-	-	397	14,962	-	9,576	-	-	-	-	-	24,538
	4,843,823	40,873	0	(31,178)		875,690	(12,857)	250,250	5,910	-	-	-	-	1,102,441
	48,551,636	8,686,405	0	(88,061)		17,491,164	(361,931)	1,666,868	(529,231)	(30,114)	-	-	-	18,566,879

FLORIDA PUBLIC UTILITIES COMPANY
MID-FLORIDA - GAS DIVISION
REPORT OF DEPRECIATION DATA UNDER RULE 25-5.0436(8)
2002

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			(34,112)		2,113,642	303										
303	213,642			1,900,000			303	50,557		16,585						67,142	
304							304										
305							305										
311							311										
320							320										
360							360										
361							361										
362							362										
374	44,421					44,421	374										
3741	14					14	3741	(12,584)								(12,584)	
375	18,866					18,866	375	10,347		552						10,899	
3761	4,123,499	453,004		(7,725)	(4,477)	4,564,301	3761	1,660,063	(4,477)	107,466		(969)				1,762,083	
3762	6,030,850	31,852		3,895	(2,051)	6,064,546	3762	2,086,445	(2,051)	160,149		(5,611)		80		2,239,012	
378	53,183			1,013		54,196	378	9,876		1,971						11,847	
379	280,677			360		281,037	379	93,656		10,113						103,769	
3801	3,235,572	524,189		(19,246)	(43,892)	3,696,623	3801	1,049,263	(43,892)	119,775		(14,740)				1,110,406	
3802	1,118,006	1,422		10,079	(25,857)	1,103,650	3802	370,657	(25,857)	66,567		(29,398)				381,969	
381	1,283,067	17,332		72,047	(38,362)	1,334,084	381	665,540	(38,362)	44,457		(148)	19,604			691,091	
382	730,162	118,770		(45,135)	(11,033)	792,764	382	172,487	(11,033)	23,812		(113)				185,153	
383	319,807	6,974		13,727		340,508	383	141,454		11,781			4,168			157,403	
384	218,876	18,015		43,759	(3,147)	277,503	384	56,009	(3,147)	8,063		(52)				60,873	
385	25,688			263		25,951	385	12,478		993						13,471	
387	84,956	4,457		(885)	(14,168)	74,360	387	21,817	(14,168)	3,350			(115)			10,884	
389	12,207	209,016			(3,771)	217,452	389		(3,771)				3,771				
390	298,978	1,266,855		(19,567)	(178,964)	1,367,302	390	141,260	(178,964)	5,310		(11,617)	109,140			65,129	
3911	32,510	44,027		(4,469)	(5,213)	68,855	3911	112,360	(5,213)	1,465			(1,437)			107,175	
3912	47,070	1,832		1,317	(5,045)	45,174	3912	9,111	(5,045)	3,554			(177)			7,443	
3913	458,787	6,149		18,325	(61,600)	421,661	3913	331,685	(61,600)	39,745			881			310,711	
3921	79,276	14,551			(10,491)	83,336	3921	71,348	(10,491)	8,345	149					69,351	
3922	482,192	111,701		61,500	(57,378)	598,015	3922	327,652	(57,378)	29,486	2,070					301,830	
3923	71,884			(71,884)			3923	48,651								48,651	
3924	7,987			10,384		18,371	3924	4,224		492	200					4,916	
393							393										
394	75,841	9,066			(9,265)	75,642	394	46,552	(9,265)	5,208	350					42,845	
395	823				(823)		395	798	(823)	26						1	
396	114,538	49,716			(11,531)	152,723	396	47,030	(11,531)	8,086	200					43,785	
397	54,380	37,879			(1,859)	90,400	397	18,245	(1,859)	3,950						20,336	
398	12,425	5,257		(1,136)	(4,020)	12,526	398	6,941	(4,020)	596			(80.0)			3,437	
	19,564,296	2,932,064		1,932,510	(492,947)	23,935,923		7,553,922	(492,947)	681,897	2,969	(62,648)	112,911	22,924	0		7,819,028

FLORIDA PUBLIC UTILITIES COMPANY
CONSOLIDATED GAS DIVISIONS
REPORT OF DEPRECIATION DATA UNDER RULE 25-6.0436(8)
2002

PLANT IN SERVICE (\$)										RESERVE (\$)					(CREDIT BALANCES)		
Plant	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	-	-	(34,112)	-	-	301	50,557	-	-	-	-	-	-	-	-	
303	213,642	1,833	-	1,900,000	-	2,115,475	303	-	16,585	-	-	-	-	-	-	67,142	
304	-	-	-	-	-	-	304	-	-	-	-	-	-	-	-	-	
305	-	-	-	-	-	-	305	-	-	-	-	-	-	-	-	-	
311	-	-	-	-	-	-	311	-	-	-	-	-	-	-	-	-	
320	-	-	-	-	-	-	320	-	-	-	-	-	-	-	-	-	
360	-	-	-	-	-	-	360	-	-	-	-	-	-	-	-	-	
361	-	-	-	-	-	-	361	-	-	-	-	-	-	-	-	-	
362	-	-	-	-	-	-	362	-	-	-	-	-	-	-	-	-	
374	101,107	-	-	-	-	101,107	374	-	-	-	-	-	-	-	-	-	
3741	12,924	-	-	-	-	12,924	3741	(10,102)	408	-	-	-	-	-	-	(9,694)	
375	510,877	26,972	-	-	(6,346)	531,503	375	280,231	14,949	-	-	-	-	-	-	288,834	
3761	12,132,282	1,716,127	-	(7,725)	(8,896)	13,831,788	3761	3,567,808	318,489	-	(1,375)	-	-	-	-	3,876,026	
3762	21,415,391	4,649,579	-	3,895	(20,765)	26,048,100	3762	11,019,878	568,181	-	(66,709)	-	-	80	-	11,500,665	
378	230,832	-	-	1,013	-	231,845	378	231,845	8,457	-	-	-	-	-	-	230,388	
379	728,088	1,372,239	-	360	-	2,100,687	379	224,762	26,241	-	-	-	-	-	-	251,003	
3801	13,204,130	1,318,551	-	(19,246)	(75,900)	14,427,535	3801	3,066,095	479,867	-	(62,106)	-	-	-	-	3,407,956	
3802	2,321,456	20,634	-	10,079	(40,584)	2,311,585	3802	526,660	138,017	-	(165,283)	-	-	-	-	458,810	
380299	-	-	-	-	-	-	380299	-	97,644	-	-	-	-	-	-	97,644	
381	4,056,591	297,938	-	(6,011)	(133,263)	4,215,255	381	1,531,703	74,001	-	(148)	-	-	(3,450)	-	1,468,843	
382	1,632,849	172,839	-	(45,135)	(15,782)	1,744,771	382	455,232	57,793	-	(345)	-	-	-	-	496,898	
383	1,214,658	85,282	-	1,859	-	1,301,799	383	469,188	22,831	-	-	-	-	(130)	-	491,869	
384	568,145	41,931	-	43,759	(4,469)	649,366	384	157,729	10,967	-	(90)	-	-	-	-	164,137	
385	101,011	-	-	263	-	101,274	385	46,878	993	-	-	-	-	-	-	47,871	
387	384,016	11,126	-	(885)	(14,168)	380,099	387	60,987	15,210	-	-	-	-	(115)	-	61,914	
389	394,939	249,526	-	-	(32,061)	612,404	389	3,939	3,939	-	-	-	32,061	-	-	3,939	
390	2,523,115	1,278,903	-	(19,567)	(238,211)	3,544,240	390	558,043	60,066	-	(14,132)	-	109,140	-	-	1,068,219	
3911	80,158	47,220	-	(4,469)	(5,213)	117,696	3911	87,547	3,820	-	-	-	(557,521)	-	-	(472,804)	
3912	140,434	9,777	-	1,317	(7,005)	144,523	3912	48,184	11,063	-	-	-	-	(177)	-	52,065	
3913	2,851,961	68,408	-	8,635	(98,348)	2,830,656	3913	937,637	235,115	-	-	-	-	(1,717)	-	1,073,687	
3921	405,794	14,551	-	32,891	(10,491)	442,745	3921	317,296	33,542	-	-	-	-	(13,911)	-	354,257	
3922	1,895,988	115,455	-	40,164	(115,878)	1,935,729	3922	1,246,404	91,345	-	-	-	-	(14,075)	-	1,213,366	
3923	71,884	-	-	(71,884)	-	-	3923	-	-	-	-	-	-	-	-	-	
3924	28,856	-	-	10,384	-	39,240	3924	21,417	1,056	-	-	-	-	-	-	22,673	
393	12,998	-	-	-	-	12,998	393	9,117	756	-	-	-	-	-	-	9,873	
394	246,306	15,535	-	-	(9,265)	252,576	394	56,020	16,536	-	-	-	-	-	-	63,641	
395	823	-	-	-	(823)	-	395	(1,894)	(823)	-	-	-	-	-	-	(2,691)	
396	277,669	56,310	-	-	(11,531)	322,448	396	128,885	18,344	-	-	-	-	-	-	135,898	
397	292,827	37,879	-	-	(1,859)	328,847	397	75,330	20,936	-	-	-	-	-	-	94,407	
398	30,072	9,854	-	(1,136)	(4,020)	34,770	398	10,508	1,588	-	-	-	-	(80)	-	7,996	
	68,115,932	11,618,469	-	1,844,449	(854,878)	80,723,975		24,996,438	2,348,765	600,632	(310,188)	(416,320)	(7,190)	-	-	26,557,259	

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	* 1,519,918	1,922,682
5	Measure/Regulator Equipment	* 223,625	0
6	Services	* 115,296	0
7	Other	* 312,202	108,198
9			
10			
11	MID-FLORIDA		
12			
13	Main Extensions	* 138,448	801,352
14	Transportation equipment	112,711	43,289
15	Other	* 39,014	126,286
16			
17			
18			
19			
20			
21			
24			
34			
35			
36			
37	* Grouped Items		
38			
39			
40	TOTAL	\$2,461,214	\$3,001,807

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	\$148,769	
4	Allowance for funds used during construction	183,939	
5			
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37			
38	TOTAL	\$332,708	\$2,816,236

December 31, 2002

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)	482,104
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)	2,653,186
7	TOTAL 1650.*	3,135,290

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						
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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						
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39						
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	31,904			14,485	\$46,389
4	Amortized Piping Costs	1,422,086			(134,862)	\$1,287,224
5	Amortized Conversion Cost	147,018			20,003	\$167,021
6	Underrecovery Conservation	650,088			(493,173)	\$156,915
7	Underrecovery Natural Gas (AEP)	2,518,334			978,140	\$3,496,474
8	Underrecovery Unbundling	38,964			(37,165)	\$1,799
9	Penny Elimination	(2)			2	0
10						
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46						
47	Misc. Work in Progress	(467,998)				\$361,617
48	Deferred Regulatory Comm. Expenses					
49	(See Pages 58 - 59)	32,762	0	928	13,018	\$19,744
50	TOTAL	\$4,373,156				\$5,537,183

ACCUMULATED DEFERRED INCOME TAXES (Account 190)

1. Report the information called for below concerning the respondents
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 Amount (g)	CREDITS Amount (h)	
1	ELECTRIC								
2	AMT								
3	Conservation Prog. & Pensions								
4	Int. Not Cap. & Amort. of Dept.								
5	Regulatory								
6	Self Ins Res. & Audit Fee	40,012	179,287						219,299
7	Uncollectible	23,491	(7,353)						16,138
8	Vacation Pay	63,248	11,416						74,664
9	Misc. Accrual	(6,996)	2,547						(4,449)
10	Gain on Hydroplant								
11	General liability	(45,571)	16,663						(28,908)
12	Rate Refund								
13	TOTAL Electric (Lines 2 - 12)	74,184	202,560						276,744
14	GAS								
15	AMT								
16	Interest Not Cap. & Amort of Dept.								
17	Deferred Gain		196,536						196,536
18	Regulatory								
19	Self Insurance Res. & Audit Fee	63,308	375,993						439,301
20	Uncollectible	12,321	76,634						88,955
21	Vacation Pay	124,238	33,386						157,624
22	Environmental	2,124,615	(12,538)						2,112,077
23	Misc. Accrual	(13,557)	4,372						(9,185)
24	General liability	(47,598)	16,720						(30,878)
25	TOTAL Gas (Lines 15 - 23)	2,263,327	691,103						2,954,430
26	Other (Specify) Water Division	10,377	32,416						42,793
27	TOTAL (Account 190)	2,347,888	926,079						3,273,967
28	(Enter Total of lines 13, 24 & 25)								
29	WATER DIVISION								
30	AMT								
31	Conservation Prog. & Pensions								
32	Interest Not Cap. & Amort of Dept.								
33	Regulatory								
34	Self Insurance Res. & Audit Fee	7,348	28,607						35,955
35	Uncollectible	1,149	1,258						2,407
36	Vacation Pay	11,294	(232)						11,062
37	Misc. Accrual	(1,312)	594						(718)
38	General liability	(8,102)	2,189						(5,913)
39	TOTAL WATER (Line 25 above)	10,377	32,416						42,793

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 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%	686,000	14,000,000
8	6.85% Series Due 2031	9/27/01	10/1/31	15,000,000	6.85%	1,027,500	15,000,000
9							
10	Account adjustment					(11,261)	
11							
12							
13							
14							
15							
16							
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21							
22							
23							
24							
25	TOTAL			52,500,000		3,937,289	52,500,000

December 31, 2002

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

- | | |
|---|---|
| <p>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.</p> <p>2. Show premium amounts by enclosing the figures in parentheses.</p> <p>3. In column (b) show the principal amount of bonds or other long-term debt originally issued.</p> <p>4. In column (c) show the expense, premium or discount with respect to the amount of bonds or other long-term debt originally issued.</p> | <p>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.</p> <p>6. Identify separately indisposed amounts applicable to issues which were redeemed in prior years.</p> <p>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.</p> |
|---|---|

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	81,726	(7,211)	74,515
4	10.03% Series Due 2018	5,500,000	97,070	5/1/88	5/1/18	44,004	(3,883)	40,121
5	9.08% Series Due 2022	8,000,000	121,967	6/1/92	6/1/22	83,371	(4,067)	79,304
6	4.90% Series Due 2031	14,000,000	825,028	11/1/01	11/1/31	1,001,106	(229,786)	771,320
7	6.85% Series Due 2031	15,000,000	1,153,193	10/1/01	10/1/31	965,072	196,977	1,162,049
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 2002 was \$20,321.10. \$2,000,000 Reacquired Bond originally due in 2002 has reacquired debt loss and is amortized in Account 428. The associated amount for 2002 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 \$0 for 2002.							
21								
22	The amortization of debt discount occurs in Account 4280.2. The associated amount for 2002 was \$119,014.96							
23								
24	Total Account 4280 = \$ 139,336							
25								
26								
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43								
44								
45								
46		52,639,336	2,377,531			2,175,279	(47,970)	2,127,309

December 31, 2002

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	300,159	281,875
2						
3						
4						
5						
6						
7	Unamortized Loss on Reacquired Debt 8% Due 2002	7/1/93	2,000,000	36,699	2,037	-
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46						281,875

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) *	\$3,008,693
2	Reconciling Items for the Year	
3		
4	Taxable Income Not Reported on Books	
5	Service Contributions	900,000
6	Depreciation	164,480
7	Conservation Program Costs	246,647
8	Underrecoveries of Purchased Energy Costs	386,701
9	Self - Insurance Reserve	1,564,155
10		
11	Deductions Recorded on Books Not Deducted for Return	
12	Meals Expense	18,584
13	Vacation Pay	118,441
14	Depreciation Study	0
15	Natural Gas Odorizer	1,211
16	Loss on Reacquired Debt	20,321
17	Income Taxes (excluding current state income of \$ 377,800)	1,178,535
18	Rate Case Expense	13,018
17	Refurbish Project	5,036
18	Deferred Gain	522,290
19	Uncollectible Reserve	182,811
20	Gas Unbundling	23,269
21	Misc. Deferrals	19,979
22	General Liability	94,535
23		
24		
25	Income Recorded on Books Not Included in Return	
26	Environmental Costs	133,317
27		
28	Deductions on Return Not Charged Against Book Income	
29	Ordinary Loss on ACRS Property Retirements	180,000
30	Cost of Removal ADR Property	75,000
31	Pension Reserve	1,574,359
32	Outside Audit Fees	12,500
33	Penalties	12
34		
35		
36	Federal Tax Net Income	6,493,518
37	Show Computation of Tax:	
38		
39	Tax at 34%	2,207,796
40	Rounding	6
41	TOTAL Federal Income Tax Payable	2,207,802
42	* Excludes Flo-Gas Net Income of	\$354,240

TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR

	Name of Taxing Authority	Federal Income	State Income	Real Property	Tangible Personal Property	Intangible Personal Property	FICA, SUTA, FUTA	Gross Receipts	Regulatory Assessment Fees	Environmental, Excise	Other	Total
1	TAXES (ACCRUED)/PREPAID BEG. OF YEAR	125,120	32,650	(131,925)	-	-	(1,642)	(143,198)	(227,823)	-	-	(346,818)
2	Taxes Charged During Year											
3												
4	Federal Taxes	1,803,424					1,110,868					2,914,292
5												
6	State of Florida Taxes		307,441				15,250	1,894,612	364,815	(17,953)		2,564,165
7												
8	Local Taxes			1,615,218							3,829	1,619,047
9												
10												
11												
12	TOTAL TAXES CHARGED DURING YEAR (Lines 3-11)	1,803,424	307,441	1,615,218	-	-	1,126,118	1,894,612	364,815	(17,953)	3,829	7,097,504
13	Taxes Paid During Year											
14												
15	Federal Taxes	1,497,730					1,112,568					2,610,298
16												
17	State of Florida Taxes		215,672				15,267	1,845,713	305,360	(17,953)		2,364,059
18												
19	Local Taxes			1,745,295							3,829	1,749,124
20												
21												
22												
23	TOTAL TAXES PAID DURING YEAR (Lines 14-22)	1,497,730	215,672	1,745,295	-	-	1,127,835	1,845,713	305,360	(17,953)	3,829	6,723,481
24	Adjustments (list): Acct adj to Misc non op inc								111,894			111,894
25	Adjustments (list): Acct adj to 996											
26	Adjustments (list): Acct adj to 1430.2	(86,610)		1,848			(479)					(84,762)
27	Adjustments (list): Acct adj to 2360.4		17,953									17,953
28	TOTAL ADJUSTMENTS (Lines 24-26)	(86,610)	17,953	1,848			(479)					44,606
29	TAXES (ACCRUED)/PREPAID END OF YEAR (Lines 1+12-23+/-27)	(267,184)	(41,166)	-	-	-	(404)	(192,097)	(175,384)	-	-	(676,235)

DISTRIBUTION OF TAXES CHARGED

	Federal Income	State Income	Real Property	Tangible Personal Property	Intangible Personal Property	FICA, SUTA, FUTA	Gross Receipts	Regulatory Assessment Fees	Environmental, Excise	Other	Total
30											
31	Electric (Account 408.1, 409.1)	567,731	96,657	463,258	-	136,686	1,030,613	30,043	(6,079)	1,063	2,317,972
32	Gas (Account 408.1, 409.1)	684,491	116,607	908,214	-	505,570	863,939	194,522	(8,438)	2,641	3,267,606
33	Other Utility Departments (408.1, 409.1)	258,685	44,126	243,746	-	34,483	-	140,250	(1,436)	125	719,979
34	Other Income and Deductions (408.2, 409.2)	292,517	50,051	-	-	-	-	-	-	-	342,568
35	Extraordinary Items (Account 409.3)										
36	Other Utility Operating Income (408.1, 409.1)										
37	Adjust. to Retained Earnings (Account 439)										
38	CWIP (Account 207)										
39	Other Balance Sheet Accounts & Merch. & Jobbing										
40	Int Penalty										
41											
42											
43	TOTAL (Should equal Lines 12+/-Line 27, if applicable)	1,803,424	307,441	1,615,218	-	1,126,118	1,894,612	364,815	(17,953)	3,829	7,097,504

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 Year (h)	Average Period of Allocation to Income (i)
			Acct. No. (c)	Amount (d)	Acct. No. (e)	Amount (f)			
1	Gas Utility								
2	3%	1,158			4110.4	926		232	35 Years
3	4%	10,392			4110.4	2,655		7,737	35 Years
4	8%	0			4110.4	2,853	40,319	37,466	
5	10%	409,848			4110.4	35,576	(40,368)	333,904	35 Years
6	Prior Period Adjustment	(49)					49	0	
7									
8	TOTAL	421,349				42,010		379,339	
9	Electric Utility								
10	3%	(557)			4110.4	27	2,127	1,543	28 Years
11	4%	3,624			4110.4	3,075		549	28 Years
12	8%	0			4110.4	6,033	56,789	50,756	
13	10%	345,349			4110.4	47,389	(66,665)	231,275	28 Years
14	Prior Period Adjustment	(7,769)					7,769	0	
15									
16	TOTAL	340,647				56,524		284,123	
17	Water Utility								
18	3%	213			4110.4	94		119	34 Years
19	4%	1,307			4110.4	218		1,089	34 Years
20	7%	0						0	
21	10%	85,339			4110.4	6,602		78,737	34 Years
22	Prior Period Adjustment	23						23	
23									
24	TOTAL	86,882				6,914		79,968	
25									
26	Total Utility	848,878				105,448		743,430	

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.
- The adjustment column is a reconciliation and elimination of the prior period adjustment line from prior FERC reports.

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	928,264
2		
3		
4	Outside Audit Fees	81,500
5		
6	Commission Funds	1,471
7		
8	Sun Trust Analysis	0
9		
10	Employee Fund	4,502
11		
12		
13		
14		
15		
16		
17		
18	TOTAL	1,015,737

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 -	815,142	456.1	990,550	1,732,649	1,557,241
2	Electric (Amortized over succeeding		456.11			
3	six month period)					
4						
5	Over Recovery of Fuel Adjustment -	1,833,967	495.1	2,152,874	1,031,709	712,802
6	Gas (Amortized over succeeding		495			
7	twelve month period)					
8						
9	Environmental Insurance Proceeds	4,595,291	1860.1	1,336,872	1,945,554	5,203,973
10						
11	Over Recovery - Conservation (Electric)	24,378	456.6	63,933	83,161	43,606
12						
13	Over Recovery - Conservation (Gas)	265,754	495.7	461,716	195,962	0
14						
15	Over Recovery - Unbundling (Gas)	55,407	495.8	35,290	58,671	78,788
16						
17	Gain on sale of property (Electric)	13,522	4030.1	13,522	-	0
18						
19	Gain on sale of property (Gas)	-	4030.1	235,803	758,094	522,291
20						
21	Other Deferred Credit - Cashier	0		398	398	0
22	Overage/Shortage					
	TOTAL	\$7,603,461		\$5,290,958	\$5,806,198	\$8,118,701

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.	
1	ACCOUNT 281 - ACCELERATED AMORTIZATION PROPERTY							
2	Electric							
3	Gas							
4	Other							
5								
6								
7	TOTAL ACCOUNT 281 (Lines 3 thru 6)	0	0	0	0	0	0	0
8								
9	ACCOUNT 282 - OTHER PROPERTY							
10	Electric	3,637,884	(83,934)					3,553,950
11	Gas	5,318,586	340,396					5,651,997
12	Other	(38,554)	(69,963)					(137,517)
13								
14	TOTAL ACCOUNT 282 (Lines 10 thru 13)	8,917,926	157,499	0	0	0	0	9,067,930
15								
16	ACCOUNT 283 - OTHER							
17	Electric	469,414	(5,492)					463,922
18	Gas	391,884	303,626					695,510
19	Other - Water	37,653	21,365					59,218
20								
21	TOTAL ACCOUNT 283 - OTHER (Lines 17 thru 20)	899,151	319,499	0	0	0	0	1,218,650
22								
23	ELECTRIC							
24	Federal Income Tax	3,587,476	(128,059)					3,459,417
25	State Income Tax	519,822	36,633					556,455
26								
27	TOTAL ELECTRIC (Lines 24 thru 26)	4,107,298	(91,426)	0	0	0	0	4,017,872
28								
29	GAS							
30	Federal Income Tax	4,964,636	557,134					5,521,770
31	State Income Tax	745,844	86,888					832,732
32								
33	TOTAL GAS (Lines 30 thru 32)	5,710,480	644,022	0	0	0	0	6,354,502
34								
35	OTHER - WATER							
36	Federal Income Tax	8,570	(71,652)					(63,082)
37	State Income Tax	(9,271)	(5,946)					(15,217)
38								
39	TOTAL OTHER (Lines 36 thru 38)	(701)	(77,598)	0	0	0	0	(78,299)
40								
41	TOTAL (Total of lines 7, 14, 21 and Lines 27, 33, 39)	9,817,077	476,988	0	0	0	0	10,286,480
42	NOTES							

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						
4						
5						
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36						
37						
38						
39						
40						
41	TOTAL					

December 31, 2002

GAS OPERATING REVENUES (Account 400)

1. Report below natural gas operating revenues for each prescribed account in tototal.
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	13,856,801	14,783,656
4	481 Commercial & Industrial Sales - Small	8,775,065	10,559,233
5	481 Commercial & Industrial Sales - Large]	10,553,136	16,062,572
6	481		
7	481		
8	481		
9	INTERRUPTIBLE SALES SERVICE		
10	481 Commercial & Industrial Sales - Interruptible	525,768	973,926
11	481		
12	FIRM TRANSPORTATION SERVICE		
13	489	1,570,727	1,183,895
14	489		
15	489		
16	INTERRUPTIBLE TRANSPORTATION SERVICE		
17	489	269,130	277,138
18	482 Other Sales to Public Authorities	0	1,113,357
19	484 Flex Rate - Refund		
20	TOTAL Sales to Ultimate Consumers	35,550,627	44,953,777
21	483 Sales for Resale		
22	Off-System Sales 4000.4954* & 4955*	1,837,605	1,222,918
23	TOTAL Nat. Gas Service Revenues	37,388,232	46,176,695
24	TOTAL Gas Service Revenues	37,388,232	46,176,695
25	OTHER OPERATING REVENUES		
26	485 Intracompany Transfers		
27	487 Forfeited Discounts	581,212	159,539
28	488 Misc. Service Revenues	713,788	523,866
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	243,163	(320,080)
36	Collection in lieu of disconnect		
37	Returned Check		
38	Unbilled Revenue 495.3	36,411	(68,994)
39	Other 495.2	50,007	35,406
40	495.1 Overrecoveries Purchased Gas	1,126,828	(1,823,631)
41	TOTAL Other Operating Revenues	2,751,409	(1,493,894)
42	TOTAL Gas Operating Revenues	40,139,641	44,682,801
43	(Less) 496 Provision for Rate Refunds		
44	TOTAL Gas Operating Revenues Net of		
45	Provision for Refunds	40,139,641	44,682,801
46	Sales for Resale		
47	Other Sales to Public Authority		
48	Interdepartmental Sales		
49	TOTAL	40,139,641	44,682,801

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
11,135,200	10,190,210	41,590	36,929	3
12,006,930	11,034,510	3,225	2,753	4
16,819,270	18,996,750	882	954	5
				6
				7
				8
				9
1,081,450	1,407,940	4	6	10
				11
				12
26,605,313	5,340,250	243	59	13
				14
				15
				16
1,833,857	19,314,610	9	9	17
0	1,204,080	0	201	18
				19
69,482,020	67,488,350	45,953	40,911	20
				21
1,851,760	2,409,440	1	1	22
71,333,780	69,897,790	45,954	40,912	23
				24
				25
				26
				27
				28
				29
				30
				31
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				38
				39
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				47
				48
71,333,780	69,897,790			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.)	9,833	932
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	1,384	116
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. by law, ordinance, directive, or other requirement of government authority. State in a footnote the basis on which interruptible customers are reported.

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, 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	4
3	Therms of Gas Sales for the Year	1,081,450
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	4
12	Therms of Gas Sales for the Year	1,081,450

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	13,172,647	19,290,786
11	802 Natural Gas Gasoline Plant Outlet Purchases		
12	803 Natural Gas Transmission Line Purchases		
13	804 Natural Gas City Gate Purchases	3,828,655	5,039,370
14	804.1 Liquefied Natural Gas Purchases		
15	805 Other Gas Purchases	0	1,428,307
16	(Less) 805.1 Purchased Gas Cost Adjustments		
17	TOTAL Purchased Gas (Enter Total of Lines 8 to 16)	17,001,302	25,758,463
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	3,158	4,355
24	807.5 Other Purchased Gas Expenses		
25	TOTAL Purchased Gas Expenses (Enter Total of lines 20 through 24)	3,158	4,355
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	0	180
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)	0	180
35	813 Other Gas Supply Expenses	119,137	93,031
36	TOTAL Other Gas Supp. Exp. (Total of Lines 17,18,25,26 through 29,34,35)	17,123,597	25,856,029
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)	80,029	(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			

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	219,279	170,658
50	871 Distribution Load Dispatching	8,515	9,782
51	872 Compressor Station Labor and Expenses	0	0
52	873 Compressor Station Fuel and Power	0	0
53	874 Mains and Services Expenses	1,077,508	860,855
54	875 Measuring and Regulating Station Expenses--General	1,420	955
55	876 Measuring and Regulating Station Expenses--Industrial	7,187	5,182
56	877 Measuring and Regulating Station Expenses--City Gate Check Sta.	10,797	8,872
57	878 Meter and House Regulator Expenses	1,098,485	1,038,908
58	879 Customer Installations Expenses	201,764	162,735
59	880 Other Expenses	543,140	539,208
60	881 Rents	38,364	10,741
61	TOTAL Operation (Enter Total of lines 49 through 60)	3,206,459	2,807,896
62	Maintenance		
63	885 Maintenance Supervision and Engineering	80,567	59,396
64	886 Maintenance of Structures and Improvements	59,476	62,802
65	887 Maintenance of Mains	294,841	290,870
66	888 Maintenance of Compressor Station Equipment	0	0
67	889 Maintenance of Meas. and Reg. Sta. Equip.--General	6,414	5,637
68	890 Maintenance of Meas. and Reg. Sta. Equip.--Industrial	1,291	1,264
69	891 Maintenance of Meas. and Reg. Sta. Equip.--City Gate Check Sta.	27,034	21,999
70	892 Maintenance of Services	150,262	152,404
71	893 Maintenance of Meters and House Regulators	96,161	147,835
72	894 Maintenance of Other Equipment	12,339	12,076
73	TOTAL Maintenance (Enter Total of Lines 63 through 72)	728,385	754,283
74	TOTAL Distribution Expenses (Enter Total of Lines 61 and 73)	3,934,844	3,562,179
75	5. CUSTOMER ACCOUNTS EXPENSES		
76	Operation		
77	901 Supervision	161,021	92,312
78	902 Meter Reading Expenses	415,078	331,488
79	903 Customer Records and Collection Expenses	1,119,043	930,870
80	904 Uncollectible Accounts	310,543	241,176
81	905 Miscellaneous Customer Accounts Expenses	91,719	69,562
82	TOTAL Customer Accounts Expenses (Enter Total of Lines 77 through 81)	2,097,404	1,665,408
83	6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES		
84	Operation		
85	906.1 Under-recoveries Conservation	425,837	(474,903)
86	907 Supervision	40,309	28,984
87	908 Customer Assistance Expenses	1,545,763	1,154,441
88	909 Informational and Instructional Expenses	171,691	64,421
89	910 Miscellaneous Customer Service and Informational Expenses	29,425	88,609
90	TOTAL Customer Service and Informational Expenses (Enter Total of Lines 85 through 88)	2,213,025	861,552
91	7. SALES EXPENSES		
92	Operation		
93	911 Supervision	102,741	93,229
94	912 Demonstrating and Selling Expenses	943,718	927,447
95	913 Advertising Expenses	112,345	58,914
96	916 Miscellaneous Sales Expenses	473,862	358,047
97	TOTAL Sales Expenses (Enter Total of lines 92 through 95)	1,632,666	1,437,637
98			

Florida Public Utilities Company		An Original	For the Year Ended
		December 31, 2002	
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	883,695	887,714
102	921 Office Supplies and Expenses	449,286	352,362
103	(Less) (922) Administrative Expenses Transferred--Cr.	0	0
104	923 Outside Services Employed	160,187	90,579
105	924 Property Insurance	38,556	29,998
106	925 Injuries and Damages	579,567	261,285
107	926 Employee Pensions and Benefits	557,319	437,908
108	927 Franchise Requirements	0	0
109	928 Regulatory Commission Expenses	29,872	21,890
110	(Less) (929) Duplicate Charges--Cr.	0	0
111	930.1 General Advertising Expenses	837	0
112	930.2 Miscellaneous General Expenses	201,446	107,915
113	931 Rents	8,069	6,323
114	TOTAL Operation (Enter Total of lines 100 through 112)	2,908,834	2,195,974
115	Maintenance		
116	935 Maintenance of General Plant	68,870	83,360
117	TOTAL Administrative and General Exp. (Total of lines 113 and 115)	2,977,704	2,279,334
118	TOTAL Gas O. and M. Exp. (Lines 37, 42, 44, 74, 82, 89, 96, and 116)	30,059,269	35,635,147
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)		11/3/2002
142	2. Total Regular Full-Time Employees		252
143	3. Total Part-Time and Temporary Employees		7
144	4. Total Employees		259
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 foot-note.

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	32,545,480	13,172,647	40.475
4	802 - Natural Gas Gasoline Plant Outlet Purchases			
5	803 - Natural Gas Transmission Line Purchases			
6	804 - Natural Gas City Gate Purchases	38,060,290	3,828,655	10.059
7	804.1 - Liquefied Natural Gas Purchases			
8	805 - Other Gas Purchases		0	
9	805.1 - Purchased Gas Cost Adjustments			
10	TOTAL (Enter Total of lines 1 through 9)	<u>70,605,770</u>	<u>17,001,302</u>	<u>24.079</u>

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	672,140				
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20	TOTAL		672,140				

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	119,137
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	\$21,314
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	49,685
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 (23 items) Miscellaneous Expenses (91 items) Chamber of Commerce (6 items) Stock Insurance	16,380 49,781 755 63,531
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19	TOTAL	201,446

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	1,837,987	-	-	-	-	1,837,987
10	General Plant	69,061	-	-	-	-	69,061
11	Common Plant-Gas						130,098
12	Environmental Clean Up	-	-	-	-	100,000	100,000
13	AEP	-	-	-	-	266,225	266,225
14							
15							
16							
17							
18							
19							
20							
21							
22							
23							
24							
25							
26							
27							
28							
29							
30							
31							
32							
33							
34							
35							
36							
37	TOTAL	1,907,048				366,225	2,403,371

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	9,397
5	426.12 Charitable Contributions: Outside Service Area	0
6	426.13 Civic and Social Club Dues	2,881
	426.2 Life Insurance	266
7	426.3 Penalties	(12)
8	426.4 Expenditures for Lobbying and Other Politically Related Activities	106
9	426.5 Other	
10	Chamber of Commerce	4,308
11	TOTAL MISCELLANEOUS INCOME DEDUCTIONS	16,946
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)	(156,402)
16		
17		
18	Account 431: Other Interest Expense	
19	431.1 Interest on Customer Deposit	289,677
20	431.2 Interest on Notes Payable	324,069
21	431.3 Interest on Miscellaneous	(1,128)
22	TOTAL OTHER INTEREST EXPENSE	612,618
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	1,902,454	851,958	2,754,412
3	Gas			
4	Operation			
5	Production - Manufactured Gas & Nat.Gas (inc. Expl. and Dev.); Other Gas Supply; Storage, LNG, Termn. & Proces.	117,180		
6	Transmission	-		
7	Distribution	2,071,489		
8	Customer Accounts	1,071,493		
9	Customer Service and Informational	103,729		
10	Sales	928,294		
11	Administrative and General	(126,103)		
12	TOTAL Operation (Enter Total of lines 5 through 11)	4,166,082		
13	Maintenance			
14	Production - Manufactured Gas & Nat.Gas (inc. Expl. and Dev.); Other Gas Supply; Storage, LNG, Termn. & Proces.	-		
15	Transmission	-		
16	Distribution	458,195		
17	Administrative and General	8,478		
18	TOTAL Maintenance (Enter Total of lines 14 through 17)	466,673		
19	Total Operation and Maintenance			
20	Production - Manufactured Gas & Nat.Gas (inc. Expl. and Dev.); Other Gas Supply; Storage, LNG, Termn. & Proces.	117,180		
21	Transmission (Enter Total of lines 6 and 15)	-		
22	Distribution (Enter Total of lines 7 and 16)	2,529,684		
23	Customer Accounts (Transcribe from line 8)	1,071,493		
24	Customer Service and Informational (Transcribe from line 9)	103,729		
25	Sales (Transcribe from line 10)	928,294		
26	Administrative and General (Enter Total of lines 11 and 17)	(117,625)		
27	TOTAL Operation and Maint. (Total of lines 20 through 26)	4,632,755	890,714	5,523,469
28	Other Utility Departments			
29	Operation and Maintenance - Water	392,725	183,422	576,147
30	TOTAL All Utility Dept. (Total of lines 2, 27, and 29)	6,927,934	1,926,094	8,854,028
31	Utility Plant			
32	Construction (By Utility Departments)			
33	Electric Plant	902,444	-	902,444
34	Gas Plant	996,918	-	996,918
35	Other	148,849	-	148,849
36	TOTAL Construction (Enter Total of lines 33 through 35)	2,048,211	-	2,048,211
37	Plant Removal (By Utility Department)			
38	Electric Plant	83,089	-	83,089
39	Gas Plant	170,897	-	170,897
40	Other	8,044	-	8,044
41	TOTAL Plant Removal (Enter Total of lines 38 through 40)	262,030	-	262,030
42				
43	Other Accounts (Specify):			
44	Other Accounts Receivable/Employee	194,489	-	194,489
45	Temporary Facilities	28,381	-	28,381
46	Stores Expense	376,719	-	376,719
47	Clearing Accounts	220,879	-	220,879
48	Miscellaneous Deferred Debits	131,069	-	131,069
49	Merchandise and Jobbing	805,521	-	805,521
50	Taxes other Than Income Taxes-Electric/Gas/Water	(449,379)	-	(449,379)
51	Vacation Pay	(170,010)	-	(170,010)
52	Other Accounts Receivable	2,742,047	111,924	2,853,971
53	TOTAL Other Accounts	3,879,716	111,924	3,991,640
54	TOTAL SALARIES AND WAGES	13,117,891	2,038,018	15,155,909

December 31, 2002

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					
3					
4					
5					
6	All expenses incurred by the company in its				
7	filings for Rate Relief for water. Docket				
8	Number 990535-WU		32,578	32,578	22,554
9					
10	All expenses incurred by the company in its				
11	Limited proceedings for the water division.				
12	Docket Number 001806-WU		13,202	13,202	10,208
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34					
35					
36					
37					
38					
39					
40	TOTAL		45,780	45,780	32,762

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			Deferred to Account 186 (i)	Contra Account (j)	Amount (k)		
Department (f)	Account No. (g)	Amount (h)					
							1
							2
							3
							4
							5
							6
							7
Water - 15261		0	0	928	10,024	12,530	8
							9
							10
							11
Water - 3370		0	0	928 & 6668	2,994	7,214	12
							13
							14
							15
							16
							17
							18
							19
							20
							21
							22
							23
							24
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							29
							30
							31
							32
							33
							34
							35
							36
							37
							38
							39
		0	0		13,018	19,744	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	153,038																				
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 border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 20%;"></th> <th style="width: 20%;">Account</th> <th style="width: 20%;">Utility</th> <th style="width: 40%;">Allocation %</th> </tr> </thead> <tbody> <tr> <td>8</td> <td style="text-align: center;">923</td> <td style="text-align: center;">GAS</td> <td style="text-align: center;">50.0%</td> </tr> <tr> <td>9</td> <td style="text-align: center;">923</td> <td style="text-align: center;">ELECTRIC</td> <td style="text-align: center;">32.0%</td> </tr> <tr> <td>10</td> <td style="text-align: center;">923</td> <td style="text-align: center;">WATER</td> <td style="text-align: center;">7.0%</td> </tr> <tr> <td>11</td> <td style="text-align: center;">923</td> <td style="text-align: center;">FLO-GAS</td> <td style="text-align: center;">11.0%</td> </tr> </tbody> </table>		Account	Utility	Allocation %	8	923	GAS	50.0%	9	923	ELECTRIC	32.0%	10	923	WATER	7.0%	11	923	FLO-GAS	11.0%	
	Account	Utility	Allocation %																			
8	923	GAS	50.0%																			
9	923	ELECTRIC	32.0%																			
10	923	WATER	7.0%																			
11	923	FLO-GAS	11.0%																			
12																						
13	2. (a) Akerman, Senterfitt & Eidson, P.O. Box 231 Orlando, FL 32802	398,520																				
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 1,966																					
19	4000.487 GAS 1,308																					
20	874 GAS 782																					
21	905 GAS 93																					
22	9121 GAS 144																					
23	1070 GAS 8,825																					
24	1080 GAS 2,044																					
25	1430 GAS 5,803																					
26	1550 GAS 320																					
27	6338 Water 706																					
28	923 ELECTRIC -																					
29	186 FPU 238,888																					
30	146 FPU 90																					
31	1840 FPU (1,876)																					
32	1849 FPU 18,763																					
33	2280 FPU 128,830																					
34	2320 FPU (53,329)																					
35	2530 FPU 45,163																					
36																						
37																						
38																						
39																						
40																						
41																						

**Reconciliation of Gross Operating Revenues
Annual Report versus Regulatory Assessment Fee Return**

FLORIDA PUBLIC UTILITIES COMPANY

For the Year Ended December 31, 2002

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 Interstate Gross Operating Revenues	(e) Intrastate Gross Operating Revenues per RAF Return	(f) Difference (d) - (e)
1	Total Sales to Ultimate Customers (480-482, 484)	35,550,627		35,550,627	33,710,770	1,839,857
2	Sales for Resale (483)	1,837,605		1,837,605	-	1,837,605
3	Total Natural Gas Service Revenues	37,388,232	-	37,388,232	33,710,770	3,677,462
4	Total Other Operating Revenues (485-495)	2,751,409		2,751,409	6,428,871	(3,677,462)
5	Total Gas Operating Revenues	40,139,641	-	40,139,641	40,139,641	-
6	Provision for Rate Refunds (496)					
7	Other (Specify) Deferred Conservation Cost Recovery				(243,163)	243,163
8	PGA Over/Under Recoveries				(1,126,828)	1,126,828
9	Sales for Electric Generation				(52,152)	52,152
10	Total Gross Operating Revenues	40,139,641	-	40,139,641	38,717,498	1,422,143

Notes:

Transportation Revenues of \$1,839,857 are included in Total Sale to Ultimate Customers on page 46 and Off System Sales of \$1,837,605. 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 \$243,163 and PGA Over/Under Recoveries of \$1,126,828 are reversed to pay RAF on the actual collected revenue. Sales for Electric Generation of \$52,152 are revenues that are not subject to the Regulatory Assessment Fee.

CORPORATE STRUCTURE

Company: FLORIDA PUBLIC UTILITIES COMPANY
For the Year Ended December 31, 2002

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

Effective
Date January-02

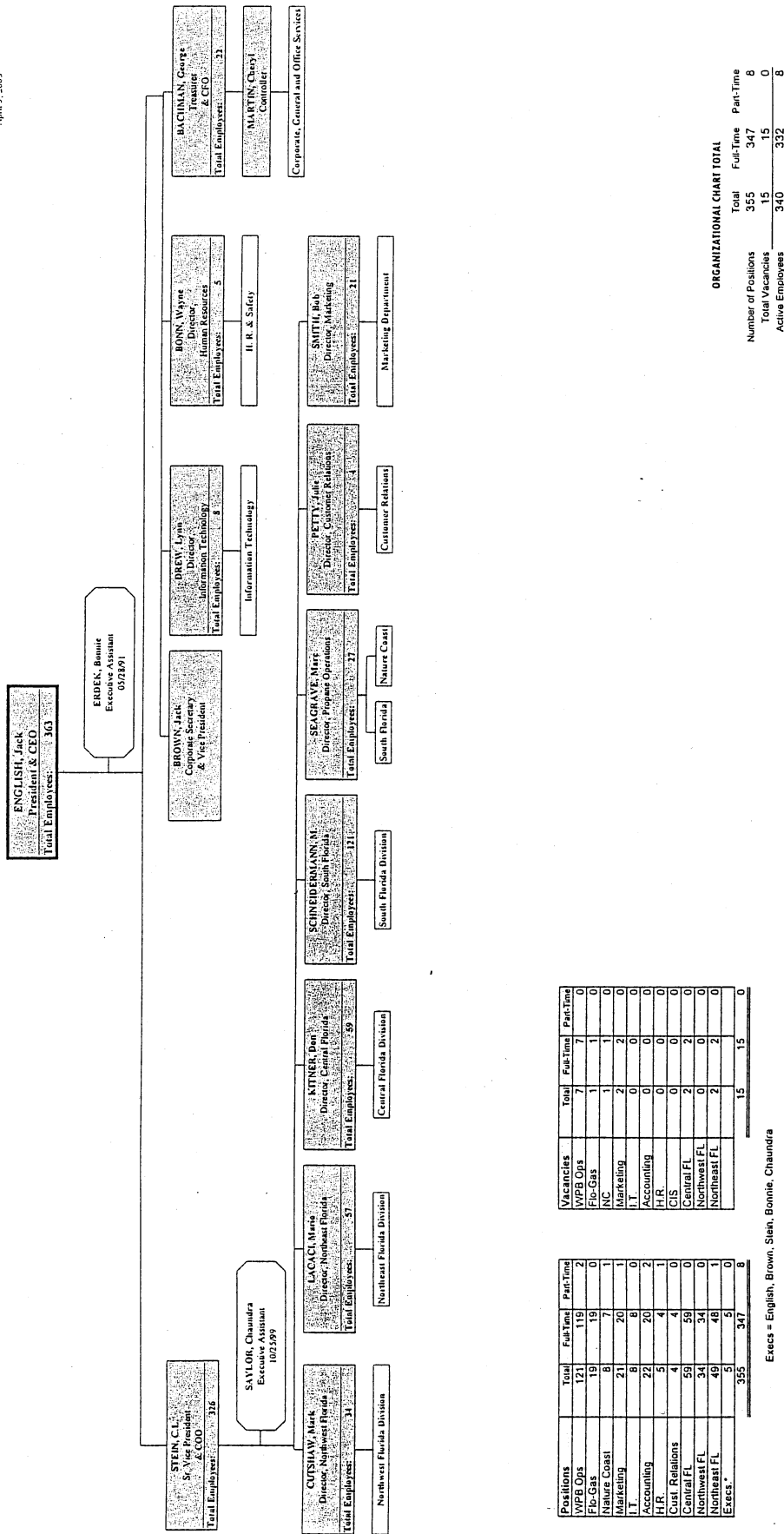
We have enclosed copies of our updated Organizational Charts for Florida Public Utilities Company.

Flo-Gas Corporation does not have any employees.

CORPORATE STRUCTURE

SENIOR MANAGEMENT TEAM

April 1, 2003

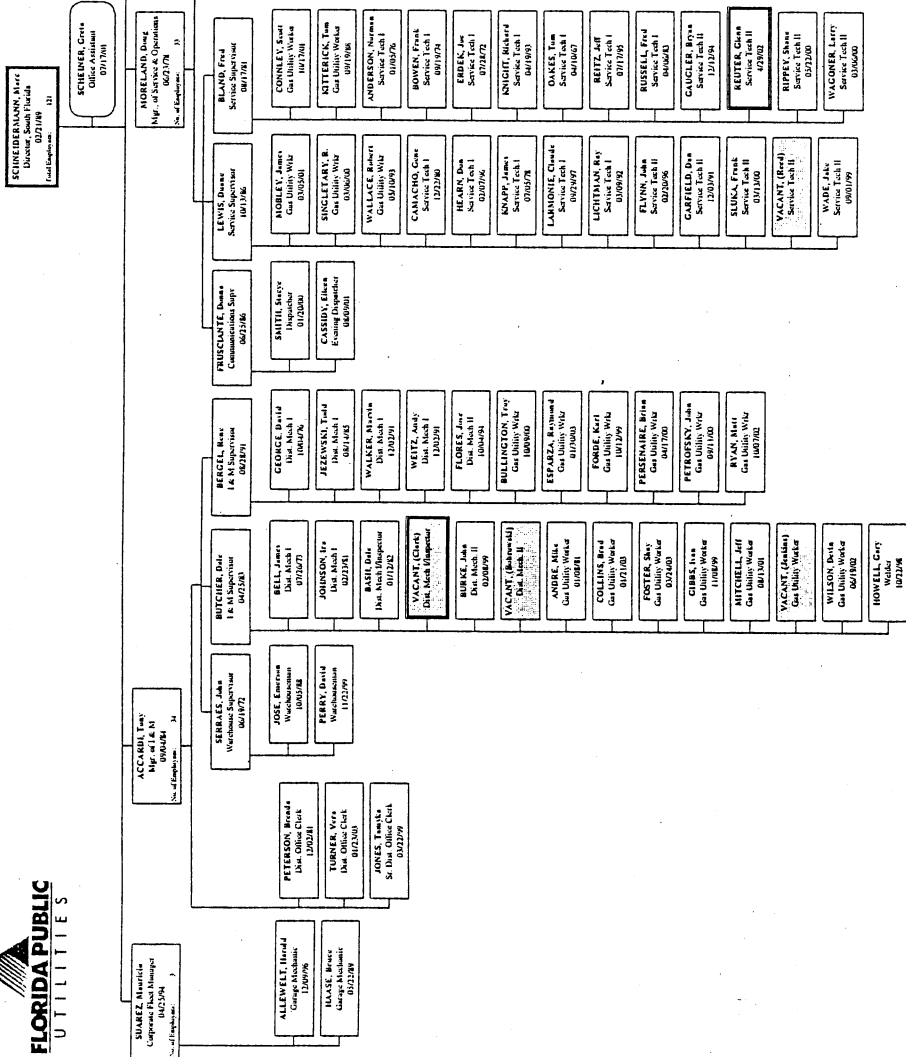


Positions	Total	Full-Time	Part-Time
WPB Ops	121	119	2
Flo-Gas	19	19	0
Nature Coast	8	7	1
Marketing	21	20	1
I.T.	8	8	0
Accounting	22	20	2
H.R.	5	4	1
Cust. Relations	4	4	0
Central FL	59	59	0
Northwest FL	34	34	0
Northeast FL	49	48	1
Execs.*	355	347	8
		15	15
		0	0

Vacancies	Total	Full-Time	Part-Time
WPB Ops	7	7	0
Flo-Gas	1	1	0
NC	1	1	0
Marketing	2	2	0
I.T.	0	0	0
Accounting	0	0	0
H.R.	0	0	0
GIS	0	0	0
Central FL	2	2	0
Northwest FL	0	0	0
Northeast FL	2	2	0
	15	15	0
	0	0	0

Execs = English, Brown, Stein, Bonnie, Chaundra

SOUTH FLORIDA GAS OPERATIONS - ORGANIZATIONAL CHART



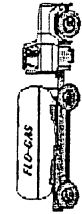
Additional
Acquisitions/Startup Additions

SF Ops	Total	Acquisitions/Startup	Total Net	All of
	12/31/2002	Additions	Reductions	01/01/03
Full-Time	121	0	2	119
Part-Time	2	0	0	2
	123	0	2	121

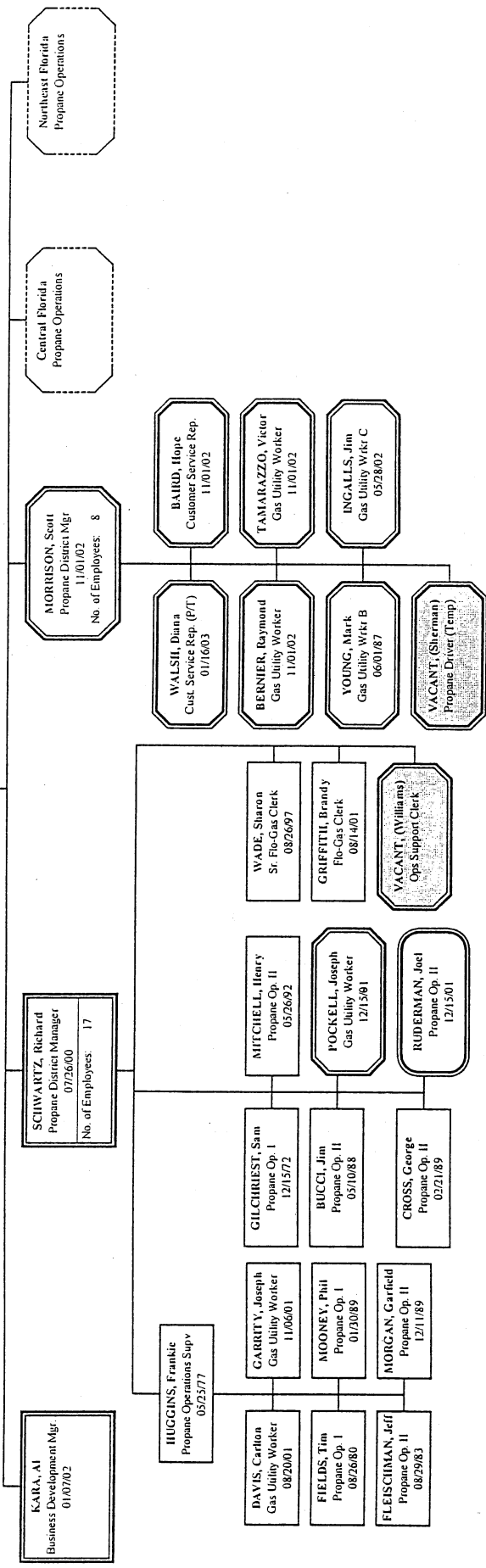
S FL Operations	Total	Full-Time	Part-Time
Number of Positions	121	119	2
Total Vacancies	7	7	0
Active Employees	114	112	2

04/03/03

Propane Operations Organizational Chart



SEAGRAVE, Marc
Director, Propane Operations
07/19/99
Total Employees: 27



SF Propane Ops

	Total	Full-Time	Part-Time
Number of Positions	19	19	0
Total Vacancies	1	1	0
Active Employees	18	18	0

NC Propane Ops

	Total	Full-Time	Part-Time
Number of Positions	8	7	1
Total Vacancies	1	1	0
Active Employees	7	6	1

04/03/03

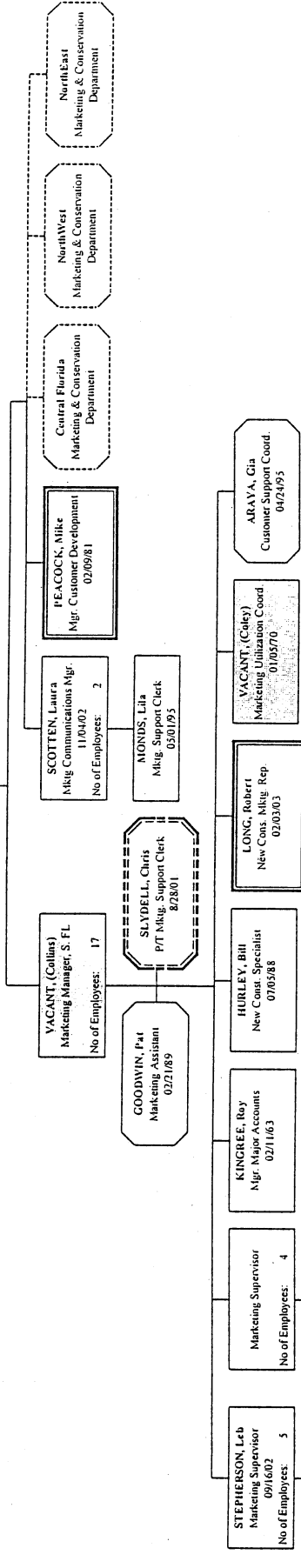
Additions
Acquisition/Startup Additions

file-Gas.dpx

MARKETING DEPARTMENT



SMITH, Bob
Director, Marketing
10/1/93
Total Employees: 21



MARKETING

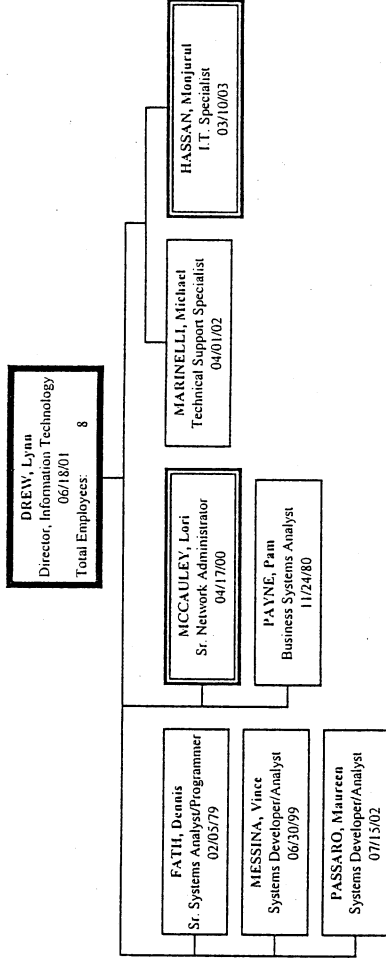
	Total	Full-Time	Part-Time
Number of Positions	21	20	1
Total Vacancies	2	2	0
Active Employees	19	18	1

04/03/03

Additions
Acquisition/Startup

INFORMATION TECHNOLOGY DEPARTMENT (IT)

04/03/03

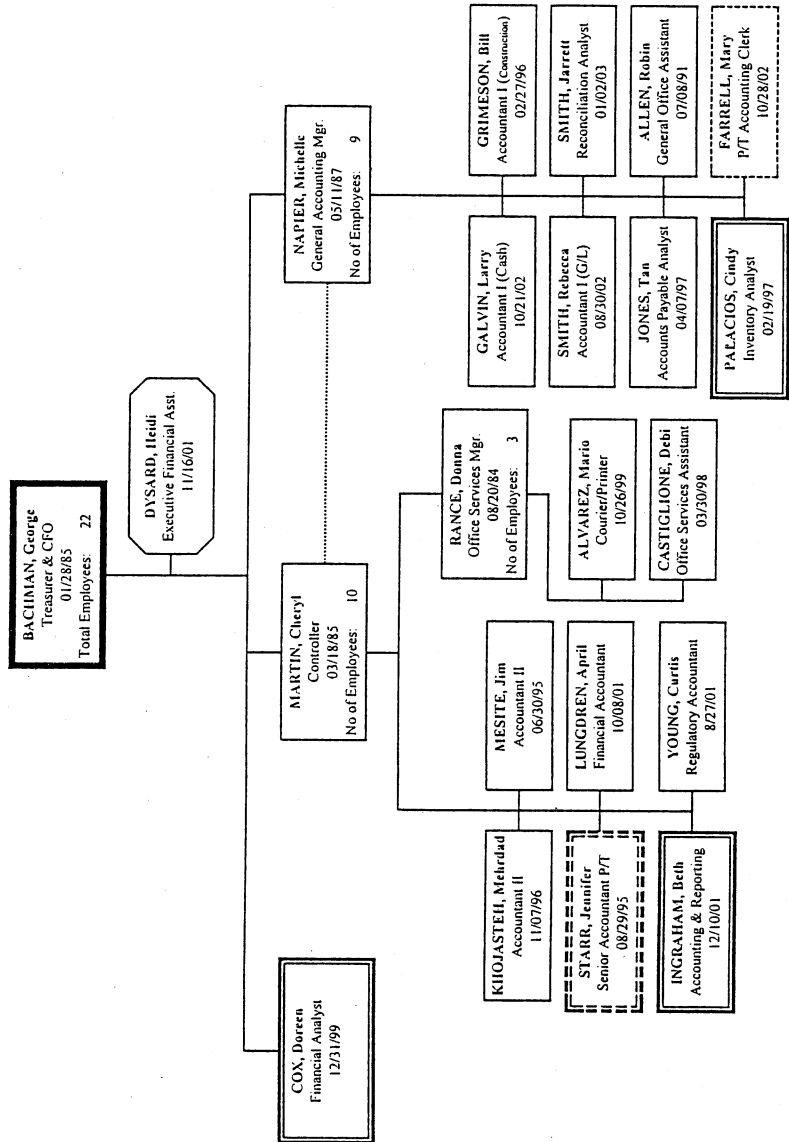
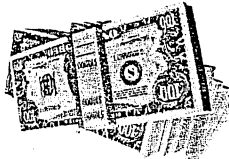


Additions
Acquisition/Startup Additions

InfoTech.apx

IT DEPT	Total	Full-Time	Part-Time
Number of Positions	8	8	0
Total Vacancies	0	0	0
Active Employees	8	8	0

ACCOUNTING DEPARTMENT



04/03/03

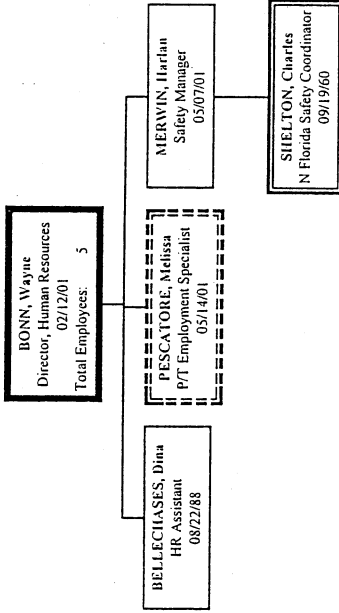
ACCOUNTING		
	Total	Part-Time
Number of Positions	22	2
Total Vacancies	0	0
Active Employees	22	2

Additions
Acquisition/Startup Additions
Accounting.opx



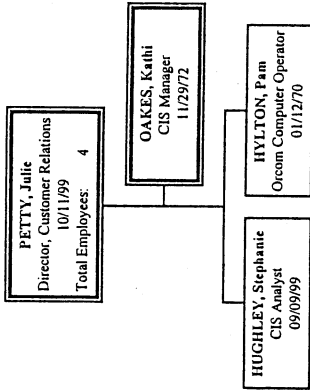
HUMAN RESOURCES DEPARTMENT

04/03/03



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



Additions
Acquisition/Startup Additions
Customer Rel Loxp

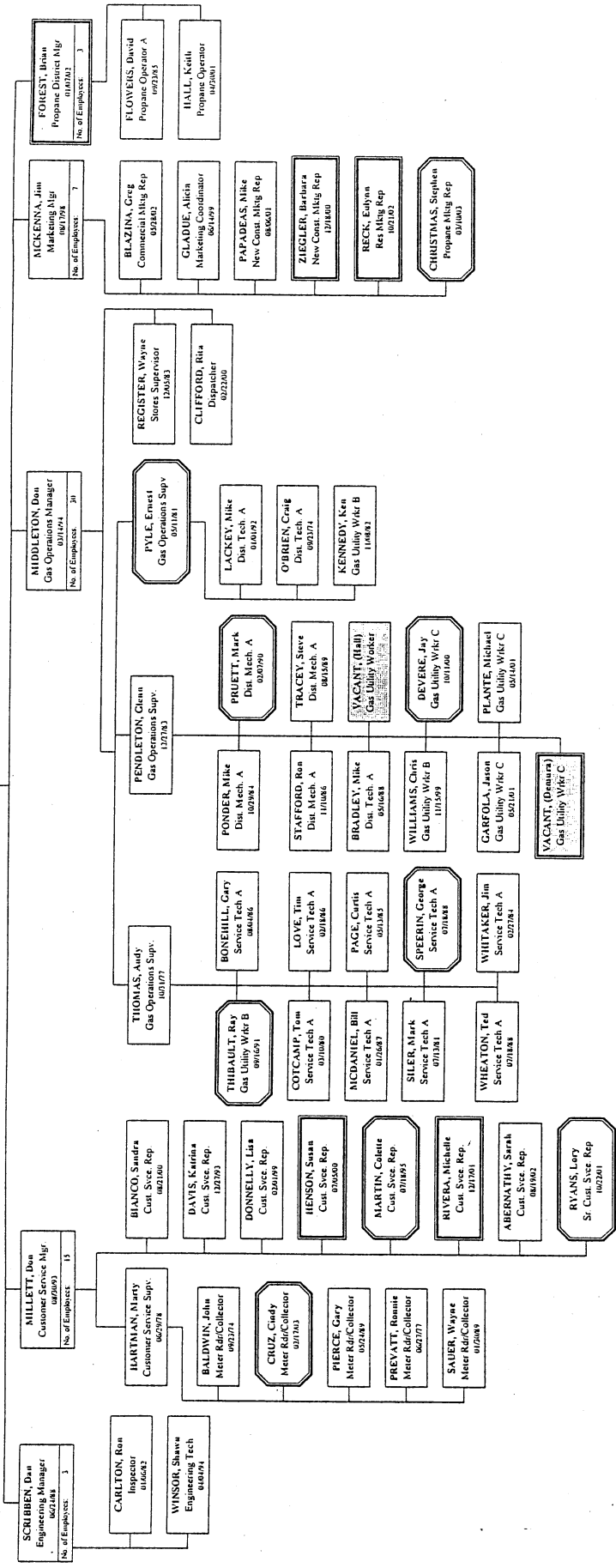
04/03/03

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

CENTRAL FLORIDA DIVISION



04/01/2012



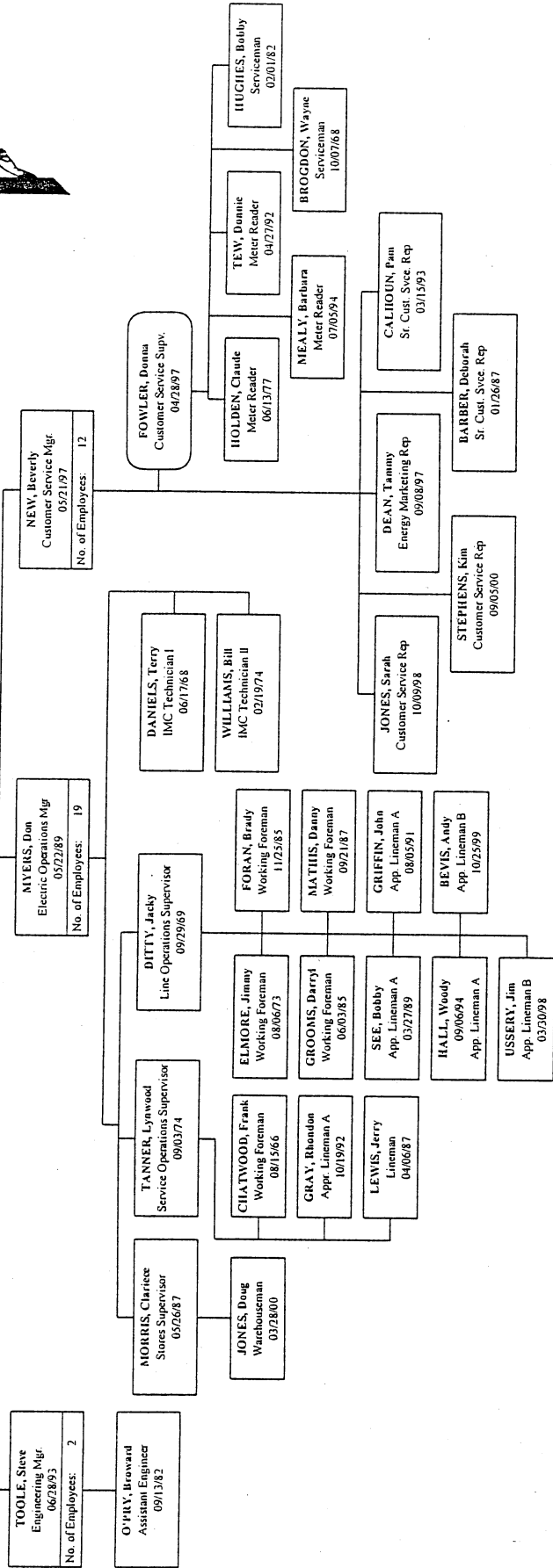
Central Florida	Total	Full-Time	Part-Time
Number of Positions	59	59	0
Total Vacancies	2	2	0
Active Employees	57	57	0

Additions
Acquisition/Startup Additions

Northwest Florida Division - Organizational Chart



CUTSHAW, Mark
Director, Northwest Florida
03/13/91
Total Employees: 34



Additions
Acquisition/Startup Additions

Marianma.qpx

04/03/03

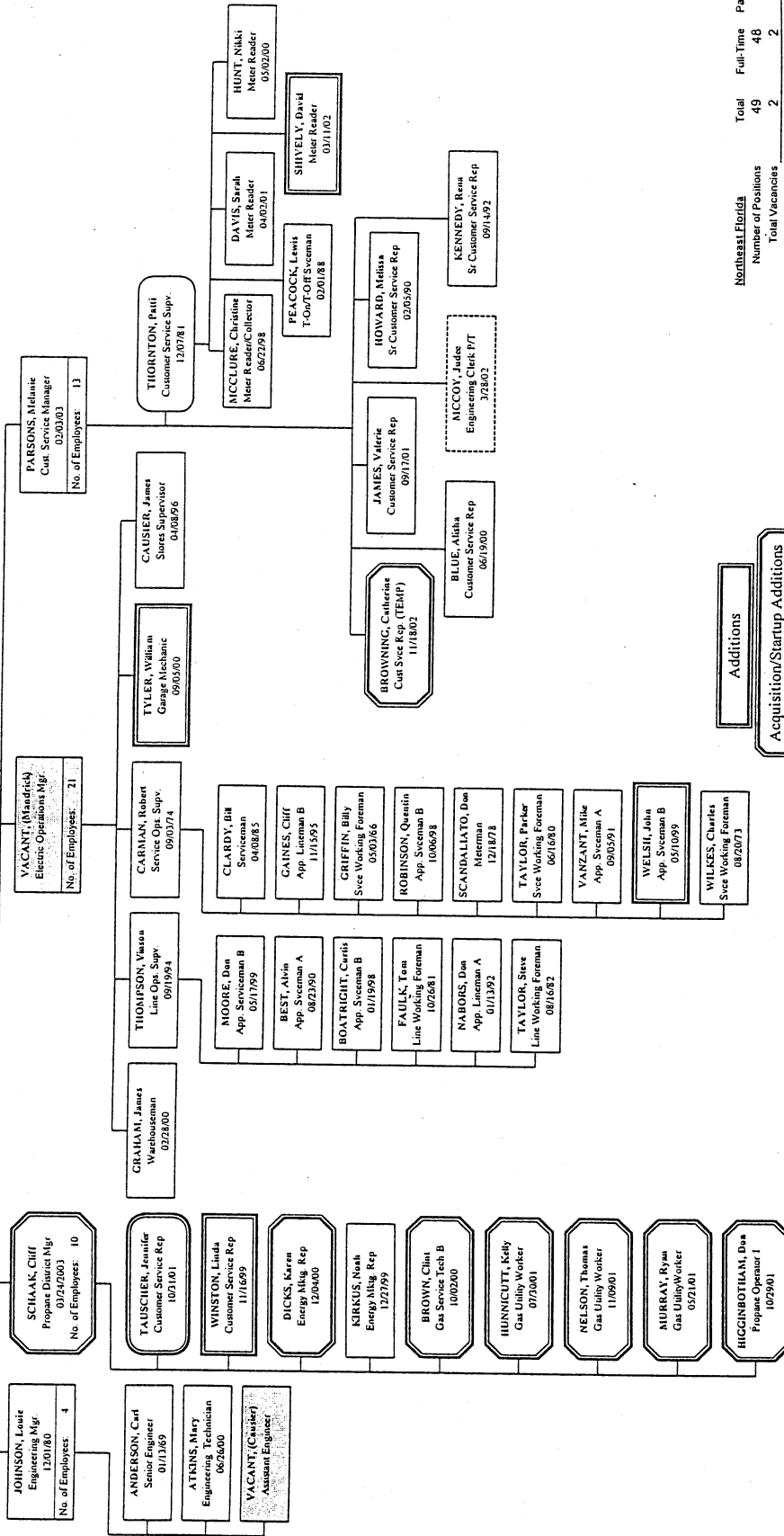
Marianma	Total	Full-Time	Part-Time
Number of Positions	34	34	0
Total Vacancies	0	0	0
Active Employees	34	34	0

NORTHEAST FLORIDA DIVISION - ORGANIZATIONAL CHART

04/03/03



LACACI, Maria
Director, Northeast Florida
06/18/01
Total Employees: 49



Northeast Florida			
	Total	Full-Time	Part-Time
Number of Positions	49	48	1
Total Vacancies	2	2	0
Active Employees	47	46	1

NEW OR AMENDED CONTRACTS WITH AFFILIATED COMPANIES

COMPANY: FLORIDA PUBLIC UTILITIES COMPANY

For the Year Ended December 31, 2002

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, 2002

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>	5,401,061
<i>Flo-Gas Corporation</i>	<i>Payroll Payment by Florida Public Utilities Company for Flo-Gas Corporation. Recurring.</i>	2,736,873
<i>Flo-Gas Corporation</i>	<i>Cash Receipts - Recurring.</i>	(7,839,003)
<i>Flo-Gas Corporation</i>	<i>Revenue- Recurring</i>	314,515
<i>Flo-Gas Corporation</i>	<i>JE 5.28 March - Record Sale of Delray Beach Property - Non-recurring</i>	84,676
<i>Flo-Gas Corporation</i>	<i>JE 5.22 April - Purchase Price adjustments for Atlantic Acquisition - Non-recurring</i>	58,976
<i>Flo-Gas Corporation</i>	<i>JE 5.36 Aug - Record sale of Deland Office Property - Non-recurring</i>	27,916
<i>Flo-Gas Corporation</i>	<i>JE 5.31 Dec - Prior period adjustment - Non-Recurring</i>	32,137

SUMMARY OF AFFILIATED TRANSFERS AND COST ALLOCATIONS

Company: FLORIDA PUBLIC UTILITIES COMPANY
For the Year Ended December 31, 2002

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 12/31/02**

	Year-to-Date Actual	Last Year-to-Date Actual
	<u> </u>	<u> </u>
Operating Revenue	7,391,107	5,398,762
Operation Expenses	5,981,311	4,306,042
Maintenance Expenses	389,831	273,279
Depreciation Expense	436,388	322,575
Amortization of Utility Plant- Acquisition Adjustment	-	-
Tax Other Than Income Tax-Utility Operation Expense	85,915	65,846
Income Tax - Federal - Utility Operating Income	9,408	183,449
Income Tax - State - Utility Operating Income	1,443	31,107
Deferred Income Tax - Utility Operating Income	81,264	(124,685)
Investment Tax Credit - Utility Operating Income	(4,318)	(5,411)
Operating Income	<u>409,865</u>	<u>346,560</u>
 <u>Other Income and Deductions</u>		
Interest and Dividend Income	-	-
Misc. Non-Operating Income	410,328	99,521
Other Income Deductions	(240,792)	(68,112)
Taxes Other Than Income - Other	(912)	(6,000)
Income Taxes-Federal-Other Income	(63,491)	(9,552)
Income Taxes-State-Other Income	-	-
Other (Income) and Deductions	<u>105,133</u>	<u>15,857</u>
 <u>Interest Charges</u>		
Interest on Debt to Associated Companies	156,402	98,713
Other Interest Expense	4,357	(269)
Interest Charges	<u>160,759</u>	<u>98,444</u>
 <u>Extraordinary Items</u>		
Cumulative Effect - Change in Accounting Principles - Net	-	-
 Net Income	 <u>354,239</u>	 <u>-263,973</u>

ANALYSIS OF DIVERSIFICATION ACTIVITY SUPPLEMENT
FLO-GAS
BALANCE SHEET - 09
December 31, 2002

Assets and Other Debits	<u>Current</u>	<u>Last Year End</u>
Utility Plant		
Utility Plant in Service	11,744,153	8,825,976
Utility Plant Purchased/Sold	-	-
Completed Construction Not Classified		
Construction Work in Progress	422,640	403,491
Utility Plant	<u>12,166,793</u>	<u>9,229,467</u>
Accumulated Depreciation		
Accumulated Dep. - Utility Plant in Service	(2,680,529)	(2,413,594)
Accumulated Dep. - Transportation Equip.	(476,566)	(450,109)
Retirement Work in Progress		
Accumulated Dep. - Rental Equipment	-	-
Accumulated Depreciation	<u>(3,157,095)</u>	<u>(2,863,703)</u>
Other Utility Plant		
Utility Plant Acquisition Adj.	-	2,538,061
Accum. Amort. - Utility Acq. Adj.	-	-
Other Utility Plant	<u>-</u>	<u>2,538,061</u>
Other Property and Investments		
Investment in Assoc. Companies - Common Stock	-	-
Other Property and Investments	<u>-</u>	<u>-</u>
Current and Accrued Assets		
Customer Accounts Receivable	874,095	690,127
Allowance for Uncollectible Accounts	(24,301)	(28,627)
Accounts Rec. from Associated Companies		
Operating Supplies - Propane	1,148,381	1,068,648
Prepayments - Taxes	1,720	-
Interest and Dividends Receivable		
Merchandise-Applian.& Supplies		
Accrued Utility Revenues	207,884	93,797
Current and Accrued Assets	<u>2,207,779</u>	<u>1,823,945</u>
Deferred Debits		
Goodwill	1,835,163	
Misc. Deferred Debits - Other W.I.P.		
Misc. Deferred Debits - Miscellaneous	137,958	177,383
Accum. Deferred Income Taxes	20,414	12,202
Deferred Debits	<u>1,993,535</u>	<u>189,585</u>
ASSETS AND OTHER DEBITS	<u>13,211,012</u>	<u>10,917,355</u>

ANALYSIS OF DIVERSIFICATION ACTIVITY SUPPLEMENT
FLO-GAS
BALANCE SHEET - 09
December 31, 2002

	<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>2,140,071</u>	<u>1,876,099</u>
Proprietary Capital	<u><u>2,150,071</u></u>	<u><u>1,886,099</u></u>
Current and Accrued Liabilities		
Accounts Payable to Assoc. Companies	8,350,800	6,807,358
Customer Deposits	486,730	457,900
Taxes Accrued	(139,008)	40,728
Interest Accrued	5,605	2,818
Dividends Declared	-	-
Tax Collections Payable	58,704	46,270
Misc. Current and Accrued Liabilities	-	-
Customer Advances for Construction	149,473	565
Other Deferred Income Taxes - Other	-	-
Accumulated Deferred I.T.C.	<u>7,705</u>	<u>12,022</u>
Current and Accrued Liabilities	<u><u>8,920,009</u></u>	<u><u>7,367,661</u></u>
Operating Reserves		
Misc. Operating Reserves	-	-
Accum. Deferred Income Tax - Liberalized Depreciation	1,786,693	1,399,622
Accum. Deferred Income Taxes - Other	-	-
Operating Reserves	<u><u>1,786,693</u></u>	<u><u>1,399,622</u></u>
Year-to-Date Income/Loss	<u><u>354,239</u></u>	<u><u>263,973</u></u>
LIABILITIES AND OTHER CREDITS	<u><u>13,211,012</u></u>	<u><u>10,917,355</u></u>

ASSETS OR RIGHTS PURCHASED FROM OR SOLD TO AFFILIATES

FLORIDA PUBLIC UTILITIES COMPANY
For the Year Ended December 31, 2002

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:		414	211	203	\$ N/A	\$ N/A	N/A
Flo-Gas Corporation	Meters	414	211	203	N/A	Transfer	N/A
	Computer Equipment	-	-	-	N/A	Transfer	N/A
Sales to Affiliates:		21,821	6,457	15,364	\$ N/A	Sales Price	N/A
	Computer Equipment	1,118	91	1,027	N/A	Transfer	N/A
	Meters	12,249	3,661	8,588	N/A	Transfer	N/A
	Regulators	362	130	232	N/A	Transfer	N/A
	Office Equipment	8,092	2,575	5,517	N/A	Transfer	N/A
Total						\$	

EMPLOYEE TRANSFERS

FLORIDA PUBLIC UTILITIES COMPANY

For the Year Ended December 31, 2002

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, 2002

Beginning Date of Surcharge Revenues	AEP Facilities Area	Balance at Beginning of year		12 Months Ended December 02		Charges to Date	
		Surcharge Revenues	Facilities Cost	Surcharge * Revenues	Facilities ** Cost	Surcharge Revenues	Facilities Cost
Sep-98	AEP #20000 Alaqua Lakes	97,938.79	266,061.60	59,928.38	12,450.23	157,867.17	278,511.83
Sep-98	AEP # 20001 Deltona HP #1	228,546.72	627,745.99	69,587.08	32,711.21	298,133.80	660,457.20
Feb-99	AEP # 20092 Stone Gable	8,253.12	23,142.29	2,810.48	1,208.35	11,063.60	24,350.64
May-99	AEP # 20093 Deltona HP #2	68,421.77	458,651.79	35,363.75	33,355.26	103,785.52	492,007.05
Apr-99	AEP # 20098 DeBary Golf & CC	14,722.53	52,409.61	5,070.48	3,167.96	19,793.01	55,577.57
Jun-00	AEP # 20193 Spring Valley Unit 5	1,146.52	13,935.52	2,464.05	1,041.31	3,610.57	14,976.83
May-00	AEP # 20289 Convert Deltona Ph III	47,333.76	490,437.60	49,200.64	37,579.95	96,534.40	528,017.55
Feb-01	AEP # 20345 Crystal Cove	66.62	24,431.93	1,031.48	2,149.31	1,098.10	26,581.24
Sep-00	AEP # 20347 Westward Expansion	11,938.73	212,638.72	22,306.47	17,091.22	34,245.20	229,729.94
Jun-01	AEP # 20498 La Chalet	2,081.53	43,693	4,168.89	3,561.87	6,250.42	47,255.27
Oct-01	AEP # 20561 Victoria Pk. Ph. I	670.91	466,440	10,217.35	41,513.41	10,888.26	507,953.86
May-01	AEP # 20591 Fawn Ridge Sub.	-	1,361	27.17	38,961.03	27.17	40,321.85
May-02	AEP # 20660 Thor./Versailles	-	318,498	2,407.34	185,054.77	2,407.34	503,552.70
Apr-02	AEP # 20695 Mizner Falls Subdiv.	-	7	809.24	123,570.67	809.24	123,577.77
Aug-02	AEP # 20798 Lake Mary H.S.	-	-	62.36	14,480.87	62.36	14,480.87
Oct-02	AEP # 20881 Springview Unit 6	-	-	79.85	18,162.71	79.85	18,162.71
	AEP # 20734 Kenco Commun.	-	-	-	47,460.79	-	47,460.79
Jun-02	AEP # 20769 Ibis Parcel V-Terra	-	-	374.13	10,882.87	374.13	10,882.87
Oct-02	AEP # 20849 Equestrian Club	-	-	260.99	109,261.46	260.99	109,261.46
	AEP # 20851 Juno Beach	-	-	-	142,846.37	-	142,846.37
	AEP # 20861 Victoria Grove	-	-	0.51	149,879.10	0.51	149,879.10
Nov-02	AEP # 20865 Hamilton Bay	-	-	40.84	111,461.81	40.84	111,461.81
	AEP # 20892 Black Diamond	-	-	13.67	55,964.75	13.67	55,964.75
	AEP # 20974 Deerfield Ph II	-	-	-	50,068.91	-	50,068.91
	AEP # 20976 Wyndsong Estates	-	-	-	126.00	-	126.00
	AEP # 20999 Downtown Gas Lt. Dist.	-	-	-	353.00	-	353.00
	AEP # 21007 SE 6th Ave	-	-	-	-	-	-
	Total	481,121.00	2,999,454.75	266,225.15	1,244,365.19	747,346.15	4,243,819.94

Note:

* Collections posted to 1860.4
** Includes interest

Balance in 1860.4	
at 12/31/2002	3,496,473.79
Pluss Revenues	747,346.15
	<u>4,243,819.94</u>

INDEX

Accumulated provision for depreciation and amortization	
of gas utility plant	31
utility plant (summary)	20-21
Advances	
from associated companies	37
Amortization	
miscellaneous	56
of other gas plant in service	55
and depletion of production natural gas land and land rights	55
Associated companies	
advances from	37
control over respondent	4
corporations controlled by respondent	5
interest on debt to	37
service contracts charges	60
Bonds	37
Changes	
important during the year	9
Construction	
overhead, gas	29
overhead procedures, general description of	30
work in progress - gas	28
work in progress - other utility departments	20-21
Contracts, service charges	60
Control	
corporations controlled by respondent	5
over respondent	4
security holders and voting powers	8
Current and accrued	
liabilities, miscellaneous	43
Deferred	
credits, other	43
debits, miscellaneous	34
Depreciation	
gas plant	55
gas plant in service	31
Directors	7
Earnings, retained	15-16
Expenses, gas operation and maintenance	49-51
gas operation and maintenance, summary	49-51
Extraordinary property losses	32
Gas	
purchases, natural and other	52
used in utility operations, credit	53
plant in service	22-27
General description of construction overhead procedures	30
Important changes during year	9
Income	
deductions - details	37-38, 56
from utility plant leased to others	56
statement of, for year	12-14
Interest	
charges, other	56
on debt to associated companies	56
on long-term debt, advances, etc.	37
Interruptible, off-peak and firm sales-industrial	48
Investment tax credits generated and utilized	11-14, 42
Investments	10
Legal proceedings during year	9
Long-term debt	37
assumed during year	36
reacquired	36
retained during year	36

INDEX

Management and engineering contracts	60
Miscellaneous general expense	54
Notes	
payable, advances from associated companies	37
to balance sheet	19
to financial statements	19
to statement of income for the year	19
Number of Customers	48
Number of Employees	51
Officers and officers' salaries	6
Operating	
expenses - gas	49-51
revenues - gas	46-47
Other	
other supplies expense	54
regulatory assets	33
regulatory liabilities	45
Overhead, construction - gas	29
Plant - gas	
accumulated provision for depreciation	31
construction work in progress	28
in service	20
Plant - utility	
and accumulated provisions (summary)	20-21
Prepaid taxes	41
Prepayments	32
Professional services, charges for	60
Property losses, extraordinary	32
Purchased gas	52
Reconciliation of reported net income with taxable income from	
federal income taxes	40
Regulatory commission expenses	57-58
Revenues, gas operating	46-47
Salaries and wages, distribution of	59
Sales	
natural gas - interruptible, off-peak and firm	48
natural gas - space heating, residential and commercial	48
Securities	
holders and voting powers	8
issued or assumed during year	36
refunded or retired during year	36
registered on a national exchange	37
Service contract charges	60
Space heating customers, residential and commercial	48
Taxes	
accrued and prepaid	41
charged during the year	41
deferred ITCs	42
on income, deferred - accumulated	35,44
reconciliation of net income for	40
Unamortized	
debt discount and expense	38
loss and gain on reacquired debt	39
premium on debt	38
Unrecovered plant and regulatory study costs	32