

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, 2003

04 MAY 27 11 10 AM '03
ECONOMIC REGULATION
DIVISION

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 28 (4/96)



BDO Seidman, LLP
Accountants and Consultants

1601 Forum Place
Centurion Plaza, Suite 904
West Palm Beach, Florida 33401
Telephone: (561) 688-1600
Fax: (561) 688-1848

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, 2003, 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 19, 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 the 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 2003 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 sheet – regulatory basis and income statement – 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, 2003, and the results of its operations and its cash flows for the year ended December 31, 2003, 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.

A handwritten signature in black ink that reads "BDO Seidman, LLP". The signature is written in a cursive, flowing style.

BDO Seidman, LLP
February 13, 2004

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	03 Year of Report December 31, 2003
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, 2003 to December 31, 2003, 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.

05/26/04

Date

/s/ George M. Bachman

Signature

George Bachman

Name

Chief Financial Officer & Treasurer

Title

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December 31, 2003

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 and gas 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	\$234,000
2			
3	Senior Vice President & Chief Operating Officer	Charles L. Stein	\$180,000
4			
5	Vice President & Secretary	Jack R. Brown	\$157,000
6			
7	Chief Financial Officer & Treasurer	George M. Bachman	\$149,000
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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	6	\$ -
R.C. Hitchins	325 South Olive Avenue West Palm Beach, Florida	6	\$ 13,700
P.L. Maddock, Jr	275 S County Road Palm Beach, Florida	6	\$ 14,200
R. E. Schupp*	4400 Congress Avenue West Palm Beach, Florida	6	\$ 13,450
Ellen Terry Benoit	250 El Pueblo Way Palm Beach, Florida	5	\$ 9,000

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 the 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 23, 2003
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: **3,566,727**
By Proxy: **3,566,727**

3. Give the date and place of such meeting:

5/25/2004
FPUC Corporate Off
West Palm Beach, FL

VOTING SECURITIES
Number of votes as of (date): **03/29/04**

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	3,566,727	3,566,727		
5	TOTAL number of security holders	967	967		
6	TOTAL votes of security holders listed below	371,387	371,387		
7	Dino Casali	183,520	183,520		
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	Jack Brown	28,533	28,533		
14	55 Live Oak Circle, Tequesta, FL 33469				
15					
16	Gordon O. Jerauld Trust	24,885	24,885		
17	700 Ospray Way, North Palm Beach, FL				
18					
19	Walter P. Large	19,219	19,219		
20	11479 Orange Grove Blvd, Royal Palm Beach, FL				
21					
22	Eduardo B. Arcentales Trust	18,496	18,496		
23	209 Avila Rd., West Palm Beach, FL				
24					
25	John T. English	15,706	15,706		
26	15410 Woodmar Ct. Wellington, FL				
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	Francis H. Tweed	14,753	14,753		
35	Morrison, NJ				
36					
37	Ed T. Neun	11,573	11,573		
38	419 US Hway 1 #E107 WPB, FL				
39					
40	Mildred K. Hall	11,162	11,162		
41	12944 SE Papaya St. Hobe Sound, FL				
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IMPORTANT CHANGES DURING THE YEAR

Give particulars (details) concerning the matters indicated below. Make the statements explicit and precise, and number them in accordance with the inquires. Each inquiry should be answered. Enter "none" "not applicable," or "NA" where applicable. If information which answers an inquiry is given elsewhere in the report, make a reference to the schedule in which it appears.

1. Changes in any 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. The sale was finalized on March 27, 2003.

4. NONE

5. NONE

6. NONE

7. NONE

8. NONE

9. NONE

10. NONE

11. NONE

12. NONE

December 31, 2003

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	159,583,472	148,230,930
3	Construction Work in Progress (107)	20-21	3,477,432	3,455,074
4	TOTAL Utility Plant (Enter Total of lines 2 and 3)		163,060,904	151,686,004
5	(Less) Accum. Prov. for Depr. Amort. Depl. (108, 111, 115)	** 20-21	(50,181,617)	(48,811,453)
6	Net Utility Plant (Enter Total of line 4 less 5)		112,879,287	102,874,551
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 Company (123)	-	0	0
13	Investment in Subsidiary Companies (123.1)	-	2,504,312	1,563,071
14	Other Investments (124-128, 171)	-	41,694	5,671,752
15	Special Funds	-		
16	TOTAL Other Property and Investments (Total of lines 10 through 15)		2,546,006	7,234,823
17	CURRENT AND ACCRUED ASSETS			
18	Cash (131)	-	3,186,558	843,698
19	Special Deposits (132-133)	-	2,814,812	3,148,987
20	Working Funds (135)	-	13,500	14,400
21	Temporary Cash Investments (136)	-		
22	Notes Receivable (141)	-		243,931
23	Customer Accounts Receivable (142)	-	8,130,224	8,225,436
24	Other Accounts Receivable (143)	-	270,532	277,458
25	(Less) Accum. Prov. for Uncollectible Acct.-Credit (144)	-	(285,672)	(140,444)
26	Notes Receivable from Associated Companies (145)	-		
27	Accounts Receivable from Assoc. Companies (146)	-	8,350,800	10,628,339
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)	-	1,413,399	1,169,512
32	Merchandise (155)	-	628,254	247,166
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	3,135,290	6,563,863
37	Advances for Gas (166-167)	-		
38	Interest and Dividends Receivable	-		
39	Rents Receivable (172)	-		
40	Accrued Utility Revenues (173)	-	1,372,298	1,354,460
41	Miscellaneous Current and Accrued Assets (174)	-		
42	TOTAL Current and Accrued Assets (Enter Total of lines 18 through 41)		29,029,995	32,576,806
43	DEFERRED DEBITS			
44	Unamortized Debt Expense (181)	-	2,132,724	2,046,433
45	Extraordinary Property Losses (182.1)	32		
46	Unrecovered Plant and Regulatory Study Costs (182.2)	32		
47	Other Regulatory Assets (182.3)	33		9,127,000
48	Prelim. Survey and Investigation Charges (Gas) (183.1, 183.2)	-		
49	Clearing Accounts (184)	-	0	0
50	Temporary Facilities (185)	-	13,975	18,380
51	Miscellaneous Deferred Debits (186+165.3)	34	5,537,183	5,925,402
52	Def. Losses from Disposition of Utility Plant. (187)	-		
53	Research, Devel. and Demonstration Expend. (188)	-		
54	Unamortized Loss on Reacquired Debt (189)	-	281,876	263,594
55	Accumulated Deferred Income Taxes (190)	35	3,273,967	3,204,953
56	Unrecovered Purchased Gas Costs (1860.21)	-	462,827	869,639
57				
58	TOTAL Deferred Debits (Enter Total of lines 44 through 56)		11,702,552	21,455,401
59	TOTAL Assets and other Debits (Enter Total of lines 6, 7, 8, 16, 42, 57)		156,157,840	164,141,581

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)	-	\$13,974,238	\$14,187,331
3	Preferred Stock Issued (204)	-	600,000	600,000
4	Other Paid-In Capital (208-211) & Accounts 212, 213, 214	-	991,030	1,034,151
5	Retained Earnings (215, 215.1, 216)	15-16	18,034,504	29,084,452
6	Unappropriated Undistributed Subsidiary Earnings (216.1)	15-16	2,494,312	1,553,071
7	(Less) Reacquired Capital Stock (217)	-	(4,611,507)	(4,395,577)
8	TOTAL Proprietary Capital (Enter Total of lines 2 through 7)		31,482,577	42,063,428
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)	-	2,163,367	2,259,721
20	Accumulated Provision for Injuries and Damages (228.2)	-	599,938	421,513
21	Accumulated Provision for Pensions and Benefits (228.3)	-	1,764,250	1,816,675
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)		4,527,555	4,497,909
25	CURRENT AND ACCRUED LIABILITIES			
26	Notes Payable (231)	-	19,183,000	2,278,000
27	Accounts Payable (232)	-	7,471,568	8,863,503
28	Notes Payable to Associated Companies (233)	-	0	0
29	Accounts Payable to Associated Companies (234)	-	0	0
30	Customer Deposits (235)	-	5,143,772	5,618,430
31	Taxes Accrued (236)	41	676,235	358,759
32	Interest Accrued (237)	-	920,177	932,608
33	Dividends Declared (238)	-	560,251	584,793
34	Matured Long-Term Debt (239)	-	0	0
35	Matured Interest (240)	-	0	0
36	Tax Collections Payable (241)	-	1,028,997	1,569,855
37	Miscellaneous Current and Accrued Liabilities (242)	43	1,015,737	1,192,693
38	Obligations Under Capital Leases-Current (243)	-	0	0
39				
40	TOTAL Current and Accrued Liabilities (Enter Total of lines 26 through 39)		\$35,999,737	\$21,398,641
41	DEFERRED CREDITS			
42	Customer Advances for Construction (252)	-	2,687,945	1,580,734
43	Other Deferred Credits (253) & CIAC (271&272)	43	12,133,489	17,129,072
44	Other Regulatory Liabilities (2821)	** 44	7,209,149	7,335,883
45	Accumulated Deferred Investment Tax Credits (255)	42	743,430	570,027
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	8,873,958	17,065,887
49	TOTAL Deferred Credits (Enter Total of lines 42 through 48)		31,647,971	43,681,603
50				
51	TOTAL Liabilities and Other Credits (Enter Total of lines 8, 16, 24, 40 and 49)		\$156,157,840	\$164,141,581
52				

* * Beginning balance changed due to a prior years adjustment of COR for SFAS no. 143

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 \$1 ©	Total Previous Year (d)
1	UTILITY OPERATING INCOME			
2	Operating Revenues (400)	46-47	\$93,129,724	\$84,185,422
3	Operating Expenses			
4	Operation Expenses (401)	49-51	70,665,235	61,341,749
5	Maintenance Expenses (402)	49-51	2,519,906	2,473,804
6	Depreciation Expense (403)	55	4,732,379	4,599,211
7	Amort. & Depl. of Utility Plant (404-405) & 407.5	55	252,596	366,225
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	7,521,839	7,226,029
14	Income Taxes - Federal (409.1)	41	(757,705)	1,510,907
15	- Other (409.2)	41	(129,622)	257,390
16	Provision for Deferred Inc. Taxes (410.1)	** 35, 44	2,017,251	(449,081)
17	(Less) Provision for Deferred Income Taxes - Cr.(411.1)	35, 44	-	-
18	Investment Tax Credit Adj. - Net (411.4)	42	(93,434)	(105,448)
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)		86,727,489	77,219,830
24	Net Utility Operating Income (Total of line 2 less 23) (Carry forward to page 14, line 25)		6,402,235	6,965,592
	* Page 41 excludes Franchise Tax of \$2,827,770			
	** Excludes Common deferred tax and the deferred tax from the sale of the water division			

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)	
						1
\$39,519,249	\$40,929,682	\$53,610,475	\$40,139,641	\$0	\$3,116,099	2
						3
30,110,901	31,110,224	40,554,334	29,262,014	0	969,511	4
1,442,296	1,363,154	1,077,610	797,255	0	313,395	5
2,416,847	2,187,520	2,315,532	2,037,146	0	374,545	6
-		252,596	366,225			7
-		(956)	(956)			8
-						9
-						10
-						11
-						12
3,300,646	3,288,947	4,221,193	3,386,993	0	550,089	13
(368,677)	567,731	(389,028)	684,491	0	258,685	14
(63,132)	96,657	(66,490)	116,607	0	44,126	15
664,128	(315,568)	1,353,123	(17,995)	0	(115,518)	16
-						17
(52,123)	(56,525)	(41,311)	(42,010)	0	(6,913)	18
						19
						20
						21
						22
37,450,886	38,242,140	49,276,603	36,589,770	0	2,387,920	23
2,068,363	2,687,542	4,333,872	3,549,871	0	728,179	24

FLORIDA PUBLIC UTILITIES COMPANY		An Original	For the Year Ended	
			December 31, 2003	
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)		\$6,402,235	\$6,965,592
26	Other Income and Deductions			
27	Other Income			
28	Nonutility Operating Income			
29	Revenues From Merchandising, Jobbing and Contract Work (415)	-	2,487,526	2,703,225
	(Less) Costs and Exp. of Merchandising, Job & Contract Work (416)	-	(2,372,455)	(2,537,302)
31	Revenues From Nonutility Operations (417)	-	0	0
32	(Less) Expenses of Nonutility Operations (417.1)	-		
33	Nonoperating Rental Income (418)	-	400	800
34	Equity in Earnings of Subsidiary Companies (418.1)	15-16	58,759	354,240
35	Interest and Dividend Income (419)	-	189,660	455,781
36	Allowance for Other Funds Used During Construction (419.1)	-	50	3,758
37	Miscellaneous Nonoperating Income (421)	*	204,120	129,013
38	Gain on Disposition of Property (421.1)	-	15,871,571	-
39	TOTAL Other Income (Enter Total of lines 29 through 38)		16,439,631	1,109,515
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	19,170	16,946
44	TOTAL Other Income Deductions (Total of lines 41 through 43)		19,170	16,946
45	Taxes Applic. to Other Income and Deductions			
46	Taxes Other Than Income Taxes (408.2)	41		
47	Income Taxes - Federal (409.1)	41	99,775	292,517
48	Income Taxes - Other (409.2)	41	16,333	50,051
49	Provision for Deferred Income Taxes (410.1 & 2)	35, 44	5,968,936	0
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)		6,085,044	342,568
54	Net Other Income and Deductions (Enter Total of lines 39,44,53)		10,335,417	750,001
55	Interest Charges			
56	Interest on Long-Term Debt (427)	-	3,948,550	3,937,289
57	Amortization of Debt Disc. and Expense (428)	38	128,746	139,336
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	(172,149)	(156,402)
62	Other Interest Expense (431)	56	410,271	612,618
63	(Less) Allow. for Borrowed Funds Used During Const. - Cr. (432)	-	(33)	(180,181)
64	Net Interest Charges (Total of lines 56 through 63)		4,315,385	4,352,660
65	Income Before Extraordinary Items (Enter Total of lines 25, 54 and 64)		12,422,267	3,362,933
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)		\$12,422,267	\$3,362,933
73	Earnings Per Share		3.17	0.86

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		\$18,034,504
2	Changes (Identify by prescribed retained earnings accounts)		
3	Adjustments to Retained Earnings (Account 439):		
4	Credit: DIVIDENDS FROM SUBSIDIARY		1,000,000
5	Credit:		
6	Credit:		
7	Credit:		
8	Credit:		
9	TOTAL Credits to Retained Earnings (Account 439) (Enter Total of lines 4 through 8)		1,000,000
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)		12,363,508
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	2,285,060
32			
33			
34			
35	TOTAL Dividends Declared - Common Stock (Account 438)		
36	(Enter Total of lines 31 through 34)		2,285,060
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)		\$29,084,452

STATEMENT OF RETAINED EARNINGS (Continued)

Line No.	Item (a)	Amount (b)
	APPROPRIATED RETAINED EARNINGS (Account 215)	
	State balance and purpose of each appropriated retained earnings amount at end of year and give accounting entries for any applications of appropriated retained earnings during the year.	
39		
40		
41		
42		
43		
44		
45	TOTAL Appropriated Retained Earnings (Account 215)	
	APPROPRIATED RETAINED EARNINGS - Amortization , Reserve, Federal (Account 215.1)	
	State below the total amount set aside through appropriations of retained earnings, as of the end of the year, in compliance with the provisions of Federally granted hydroelectric project licenses held by the respondent. If any reductions or changes other than the normal annual credits hereto have been made during the year, explain such items in a footnote.	
46	TOTAL Appropriated Retained Earnings - Amortization Reserve, Federal (Account 215.1)	
47	TOTAL Appropriated Retained Earnings (Accounts 215, 215.1)(Enter Total of lines 45 & 46)	
48	TOTAL Retained Earnings (Account 215, 215.1, 216)(Enter Total of lines 38 and 47)	<u>\$29,084,452</u>
	UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS (Account 216.1)	
49	Balance - Beginning of Year (Debit or Credit)	2,494,312
50	Equity in Earnings for Year (Credit) (Account 418.1)	58,759
51	(Less) Dividends (Debit)	(1,000,000)
52	Other Changes (Explain)	
53	Balance - End of year	<u>1,553,071</u>

December 31, 2003

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 taxes paid and Cash Equivalents at end of Year" with related amount on the balance sheet.

2. Under "Other" specify significant amounts and group others.

Line No.	(a)	Amounts (b)
1	Net Cash Flow From Operating Activities:	
2	Net Income (Line 72(c) on page 14)	12,422,263
3	Less Net Income from Disc. Operation	-
4	Non-Cash Charges (Credits) to Income:	
5	Depreciation and Depletion	5,240,079
6	Amortization of (Specify)	251,640
7	Amortization of Gain on Sale of Non-Utility Property	120,377
8	Net Gain on Sale of Discontinued Operations	(10,090,846)
9	Deferred Income Taxes (Net)	8,408,184
10	Bad Debt Expense	173,947
11	Investment Tax Credit Adjustments (Net)	(96,713)
12	Net (Increase) Decreases in Receivables	(1,293,165)
13	Net (Increase) Decreases in Unbilled Receivables	-
14	Net (Increase) Decreases in Inventory	(4,633,104)
15	Net (Increase) Decreases in Allowances Inventory	-
16	Net (Decrease) Increase in Payables and Accrued Expenses	(3,555,302)
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	(83)
20	(Less) Undistributed Earnings from Subsidiary Companies	-
21	Other: Storm Damage Reserve	96,354
22	Other Depreciation and Amortization	297,713
23	Over/(Under) Recovery of Energy Costs	40,317
24	Area Expansion Program deferred costs	(430,642)
25	Environmental Liability	(450,976)
26	Other Assets	483,308
27		
28	Net Cash Provided by (Used in) Operating Activities (Total of lines 2 through 22)	6,983,351
29		
30		
31	Cash Flows from Investment Activities:	
32	Construction and Acquisition of Plant(including land):	
33	Gross Additions to Utility Plant	(9,692,970)
34	Purchase of Atlantic Assets	-
35	Purchase of Z Gas Assets	(409)
36	Purchase of Nature Coast Assets	(14,751)
37	Miscellaneous Construction	-
38	Gross Additions to Nonutility Plant	-
39	(Less) Allowance for Other Funds Used During Construction	-
40	Other: Customer Advances for Construction	168,166
41	Other: Purchase of Long-Term Investments	(334,175)
42	Other: Deposit Held in Escrow for Dividend Payment	-
43	Other: Miscellaneous Deferred Credits	19,371,710
44	Cash Outflows for Plant (Total of lines 28 through 35)	9,497,571
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

5. Codes used:

Include at other (line 31) net cash outflows to acquire other companies. Provide a reconciliation of assets acquired with liabilities assumed on page 19.
Do not include on this statement the dollar amount of leases capitalized per USofA General instruction 20; instead provide a reconciliation of the dollar amount of leases capitalized with the plant cost on page 19.

- (a) Net proceeds or payments
- (b) Bonds, debentures and other long-term debt.
- (c) Include commercial paper
- (d) Identify separately such items as investments, fixed assets, intangibles, etc.

6. Enter on page 19 clarifications and explanations.

Line No.	(a)	Amounts (b)
49	Proceeds from Sales of Investment Securities (a)	
50	Loans Made or Purchased	-
51	Collections on Loans	-
52	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	9,497,571
60	(Total of lines 35 through 55)	9,497,571
61		
62	Cash Flows From Financing Activities:	
63	Proceeds from Issuance of:	
64	Long-Term Debt (b)	(2,422)
65	Preferred Stock	-
66	Common Stock	-
67	Other:	
68		-
69	Net Increase in Short-term Debt (c)	21,793,000
70	Other:	
71		
72		
73	Cash provided by Outside Sources (Total of lines 61 through 69)	21,790,578
74		
75	Payments of Retirement of:	
76	Long-Term Debt (b)	-
77	Preferred Stock	-
78	Common Stock	472,144
79	Other:	-
80		
81	Net Decrease in Short-Term Debt (c)	(38,698,000)
82		
83	Dividends on Preferred Stock	-
84	Dividends on Common Stock	(2,289,011)
85	Net Cash Provided by (Used in) Financing Activities	(18,724,289)
86	(Total of lines 70 through 81)	(18,724,289)
87		
88	Net Cash Provided by Discontinued Operations	(97,881)
89		
90	Net Increase (Decrease) in Cash and Cash Equivalents	(2,341,248)
91	(Total of lines 21, 57, and 83)	(2,341,248)
92		
93	Cash and Cash Equivalents at Beginning of Year	3,200,158
94		
95	Cash and Cash Equivalents at End of Year	858,910

December 31, 2003

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

1. Summary of Significant Accounting and Reporting Policies

Business and Regulation 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.

FPU is subject to the jurisdiction of the FPSC with respect to its natural gas and electric operations. The suppliers of electric 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 electric power by a municipality which is exempt from FERC and FPSC regulation. FPU also distributes propane gas through a non-regulated subsidiary. FPU'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.

FPU 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, FPU has recognized certain regulatory assets and regulatory liabilities in the consolidated balance sheets. FPU believes that the FPSC will continue to allow it 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, it would be required to write off related regulatory assets and liabilities that are not specifically recoverable through regulated rates. In addition, FPU 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>2003</u>	<u>2002</u>
Assets		
Deferred development costs (1)	\$3,927	\$3,496
Other regulatory assets – environmental (3)	9,127	-
Under recovery of conservation and unbundling	-	36
Unamortized piping and conversion costs (1)	1,441	1,501
Unamortized loss on reacquired debt (1)	<u>264</u>	<u>282</u>
Total Regulatory Assets	<u>\$14,759</u>	<u>\$5,315</u>
Liabilities		
Regulatory tax liabilities	\$1,243	\$1,413
Environmental liability	4,873	5,204
Regulatory liability – cost of removal (2)	6,093	5,797
Storm damage	2,260	2,163
Over recovery of fuel costs, conservation and unbundling	<u>1,811</u>	<u>1,807</u>
Total Regulatory Liabilities	<u>\$16,280</u>	<u>\$16,384</u>

(1) 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) Prior periods have been restated to conform to SFAS No. 143 (for additional information see "Impact of Recent Accounting Standards" in the Notes to Consolidated Financial Statements).

(2) FPU has accrued \$9 million as a regulatory asset pending future rate recovery to be authorized by the FPSC. The regulatory liability excludes the \$9 million as it represents a legal but not regulatory liability.

FPU has agreed with the FPSC staff to limit its earned return on equity for its regulated natural gas and electric operations. The disposition of any over earnings is left to the discretion of the FPSC, with alternatives including a refund to customers, recording the over earnings to the storm damage reserves, or the reduction of any depreciation reserve deficiency. The over earnings for 1997, 1998 and 1999 at one of FPU'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 over earnings, the FPSC has allowed FPU the automatic flexibility of recording the over earnings to the storm damage reserves each year thereafter through use of the over earnings and allowing additional storm damage accruals up to a cap in those reserves of \$1.5 million and \$1.4 million in the Northeast and Northwest electric divisions, respectively. FPU recorded an additional \$237,000 relating to 2000 over earnings and \$9,500 relating to 2002 over earnings in its Northeast electric storm reserve. FPU recorded an additional \$16,300 relating to 2002 over earnings to its Northwest electric storm reserve. In 2001 and 2003 FPU did not have any over earnings and accordingly has not recorded any additional amounts to its storm damage reserves. As of the end of 2003, the Northeast and Northwest electric storm reserves were at approximately \$1.2 million and \$964,000, respectively. FPU also expects that the FPSC will grant it permission to record the 2002 natural gas over earnings of \$105,000 to its environmental reserves. Finalization of this over earnings review is expected in early 2004. In accordance with FPSC guidance, FPU has recorded to its environmental reserve any over earnings.

FPU filed tariff sheets for its unbundled program to give its commercial natural gas customers the option of purchasing their gas supplies from third parties. FPU officially offered unbundled services to commercial customers on August 1, 2001. Even though FPU has had among the lowest overall gas costs in the Florida market, third party suppliers may be

able to offer its customers additional programs, which a regulated gas company cannot offer. Furthermore, by purchasing their gas supplies from third parties, FPU's commercial customers may avoid certain taxes and fees, which FPU is required to collect and impose on the sale of natural gas. FPU's operating results will not be affected as it realizes the same gross profit regardless of whether the customer purchases the gas from FPU or uses FPU's system to transport the gas since it does not profit on the fuel sales. The FPSC approved various mechanisms, which will allow FPU to be reimbursed for the incremental cost of providing unbundled services. For years after 2004, FPU will request recovery through base rates instead of being reimbursed.

Revenue FPU 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. FPU 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.

FPU's rates 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, FPU previously operated three distinct "entities", i.e., Northwest Florida electric, Northeast Florida electric and its natural gas division, consisting of Palm Beach County, and the Sanford and DeLand area in Central Florida. Thus, for FPU 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 have required the filing of three separate rate cases. In 2003 FPU successfully filed for electric rate increases and petitioned to consolidate the two electric "entities" into one. FPU anticipates filing for natural gas rate increases in 2004. 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 FPU and its wholly owned subsidiary, Flo-Gas Corporation. All significant intercompany balances and transactions have been eliminated.

Certain reclassifications may have been made to the prior years' financial statements and other financial information contained herein to conform to the 2003 presentation.

Utility Plant and Depreciation Utility plant is stated at original cost. Propane utility plant that has been acquired in 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 FPU'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 3.4% in 2003, 3.3% in 2002, and 3.4% in 2001.

Income Taxes Deferred income taxes are provided on all significant temporary differences between the financial statements and tax basis of assets and liabilities at currently enacted tax rates. Investment tax credits have been deferred and are amortized based upon the average useful life of the related property in accordance with the rate treatment.

Use of Estimates Inherent in the accounting process is the use of estimates when preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Actual results could differ from these estimates. FPU used estimates in the preparation of its financial statements including the accrual for pensions, environmental liabilities, and uninsured liability claims. An actuary calculates the estimated pension liability in accordance with FASB 87. Environmental liabilities are subject to certain unknown future events. FPU 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. FPU became fully insured for medical in December 2003 and will no longer require accrual of estimated claims. Management believes that the accruals for potential liabilities are adequate.

2. Impact of Recent Accounting Standards

Financial Accounting Standard No. 143

In August 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations." The statement requires that the fair value of an asset retirement obligation be recognized at the time those obligations are incurred. Upon initial recognition of a legal liability, costs are capitalized as part of the related long-lived asset and allocated to expense over the useful life of the asset. SFAS No. 143 also requires that components of previously recorded depreciation related to the cost of removal of assets upon retirement, whether legal asset retirement obligations or not, be removed from a company's accumulated depreciation reserve. SFAS No. 143 is effective for fiscal years beginning after June 15, 2002. FPU adopted the provisions of the Statement as of January 1, 2003, as prescribed by the FPSC. Under FPSC guidelines, the estimated cost of removal expenses for normal retirements related to regulated fixed assets are reserved through the depreciation expense and accumulated reserves. At December 31, 2003, FPU reclassified the estimated cost of removal from accumulated depreciation to a regulatory liability for the obligation. The estimated value of the reserve that has been accumulated for future cost of removal as of December 31, 2003 and 2002 was approximately \$6.1 million and \$5.8 million, respectively. All prior period amounts have been restated to conform to the current year presentation.

Financial Accounting Standard No. 149

In April 2003, the FASB issued SFAS No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities." This statement clarifies the circumstances under which a contract with an initial net investment becomes a derivative, and clarifies when a derivative contains a financing component. As FPU has designated all material contracts meeting the definition of possible derivative instruments as "normal purchases and sales" under SFAS No. 133, "Accounting for Derivatives", this statement had no impact on the current financial statements issued by FPU but could impact future financial statements.

Financial Accounting Standard No. 150

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity." It is effective for financial instruments entered into or modified after May 31, 2003, and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003. This statement establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. It requires that an issuer classify a financial instrument that is within its scope as a liability (or an asset in some circumstances). Many of those instruments were previously classified as equity. SFAS No. 150 had no impact on current financial instruments issued by FPU, but may impact any future financial instruments issued.

3. Notes Payable

On April 1, 2003 FPU opened a \$12.0 million, thirty-nine month line of credit, the current outstanding balance of which is \$2.3 million. The \$20.0 million line of credit held until April 2003 expired. The old line of credit had \$19.2 million borrowed at the end of 2002 and provided for interest at LIBOR plus fifty basis points. FPU reserves \$1.0 million of the LOC to cover expenses for any major storm repairs in its Northwest Florida division. An additional \$250,000 of the LOC is reserved for a 'letter of credit' insuring propane facilities. The interest rates for the line of credit at December 31, 2003, 2002, and 2001 were approximately 2.0%, 1.9% and 2.4%, respectively.

4. Acquisitions

In October 2001, FPU acquired Z-Gas Company, Inc., a propane gas service distribution company, in a stock for stock transaction valued at approximately \$600,000. The acquisition added about 1,000 customers to the propane gas operation in the Northeast Florida division.

In December 2001, FPU acquired certain net assets of Atlantic Utilities, the Florida operation of Southern Union Company

in a cash transaction valued at approximately \$10.0 million. Atlantic Utilities served about 4,400 natural gas customers in New Smyrna Beach and about 1,900 propane gas 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 \$3.1 million. This was recorded as goodwill and in accordance with SFAS No. 142, is not being amortized. The natural gas portion of this amount is approximately \$1.5 million.

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	<u>\$ 9,717</u>	<u>\$ 579</u>

The following unaudited pro forma information combines the consolidated results of operations of FPU with those of Z-Gas and Atlantic Utilities as if these acquisitions had occurred at the beginning of 2001. 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 of the results that may be achieved in the future. The 2001 information includes actual amounts for November and December information for the results of Z-Gas and December 15-31 information for the results of 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)

	Year ended December 31, 2001
Revenues	<u>\$ 95,096</u>

Cost of fuel and taxes based on revenues	62,560
Gross Profit	32,536
Operating Income from continuing operations	6,507
Income from continuing operations	3,204
Earnings for Common Stock from continuing operations	3,175
Average Shares Outstanding	3,837,251
Earnings per Common Share from continuing operations	\$.82

In November 2002, FPU 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 FPU'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. In 2003, subsequent acquisition adjustments have increased the goodwill to \$240,000. There are no other intangible assets identified with this acquisition.

5. Goodwill and Intangible Assets

Effective January 1, 2002, FPU 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 FPU's acquisitions have been identified and are shown as separate line items on the balance sheet. The intangibles subject to amortization over a five-year period are non-compete agreements totaling \$35,000. The related amortization of \$14,162 is included in the net intangible asset on the balance sheet. The remaining intangibles identified are customer distribution rights of \$1.9 million and customer relationships of \$900,000, both of which have indefinite lives and are not subject to amortization.

All goodwill relates to the natural and propane gas acquisitions and accordingly, there is no amortization of goodwill reported in the accompanying consolidated financial statements. Goodwill is \$1.5 million in the natural gas segment and \$1.9 million in the propane gas segment. The initial test for goodwill impairment was performed for the reporting segments as of January 1, 2002 and the test results showed no impairment for either operating segment. A subsequent impairment test was performed as of January 1, 2003 and showed no impairment for either reporting segment.

6. Discontinued Operations

Water Service

On December 3, 2002, FPU entered into an agreement to sell certain assets comprising its water utility system to the City of Fernandina Beach. The closing of this transaction took place on March 27, 2003. The City paid FPU \$19.2 million in cash at closing, as well as future consideration of approximately \$7.4 million to be received (as summarized below) until February 15, 2010, when FPU will receive the final payment from the City. The net proceeds from the sale resulted in the payoff of the notes payable balance. FPU recognized and recorded the present value of the long-term receivable in the amount of \$5.7 million, using a discount rate of 4.34%. The long-term receivable has been subsequently increased to recognize interest income in the amount of \$190,000. The fair value of the consideration is approximately \$25.0 million. The gain on the disposal of Discontinued Operations including the income from discontinued operations for the first quarter of 2003, was \$15.8 million or \$9.9 million after tax, and has subsequently been adjusted to \$15.9 million or \$9.9 million after tax due to adjustments to sales related expenses that were previously estimated.

The accompanying consolidated financial statements have been restated for all periods presented for the discontinued operations of the water division. FPU did not cease recording depreciation expense due to the regulatory requirements and continued to record depreciation through the sale date of March 27, 2003. The total net plant amounted to approximately \$9.7 million, and the net assets less liabilities amounted to approximately \$8.9 million at the date of sale. The assets and liabilities of the water division have been included in current assets and current liabilities as of December 31, 2002, as

assets and liabilities held for sale.

Estimated Annual Future Value of Consideration due from the City for years following December 31, 2003 is as follows (in thousands):

	Estimated Timing of Payments	Present Value of Long Term Receivable
2004	\$ 245	\$ 244
2005	371	353
2006	375	342
2007	375	328
2008	375	314
2009	375	300
2010	5,250	4,025
Total	\$ 7,366	\$ 5,906

Results of discontinued operations were as follows:

Results of Water Division (in thousands):	Year Ended December 31,	
	2003	2002
Revenues	\$ 679	\$ 3,116
Gross profit	651	2,983
Income from discontinued operations before income taxes	149	908
Income taxes	(16)	(306)
Income from discontinued operations	\$ 133	\$ 602

The major balance sheet classes included in assets and liabilities of discontinued operations in the Consolidated Balance Sheets, as of December 31, 2002, are as follows:

Major Balance Sheet Classifications - Water Division (in thousands):	December 31, 2002
Assets	
Utility plant, net	\$ 9,782
Current assets	396
Total	\$ 10,178
Liabilities	
Current liabilities	\$ 15
Customer advances for construction	1,257
Total	\$ 1,272

7. Gain on Sale of Property

FPU 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 FPSC approval on the disposition of that gain. FPU 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 2002 and amounted to \$53,000, net of income taxes.

FPU sold property held in DeLand, in its Central Florida division, for a gain of approximately \$186,000 during 2002. This property was primarily regulated property and accordingly the majority of the gain was deferred awaiting FPSC approval on the disposition of that gain. FPU 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 was recognized in 2002 and amounted to \$17,000, net of income taxes.

8. Capitalization

Common Stock Split

In July 2002, FPU 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

FPU has reserved 91,049 common shares for issuance under the Dividend Reinvestment Plan and 8,750 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, 2003 approximately \$4.3 million of retained earnings were free of such restriction, and therefore available for the payment of dividends.

9. Debt

FPU issued its First Mortgage Bond, 6.85% Series due 2031 on September 27, 2001 in the aggregate principal amount of \$15.0 million 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 FPU's First Mortgage Bonds.

FPU issued \$14.0 million 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 FPU. In 2002 the remaining \$8 million was drawn from the restricted funds held by the trustee.

In 1992, FPU issued its First Mortgage Bond 9.08% Series in the amount of \$8.0 million. The thirty-year bond is due in June 2022.

FPU issued two of its First Mortgage bond series on May 1, 1988; the 9.57% Series due 2018 in the amount of \$10.0 million and 10.03% Series due 2018 in the amount of \$5.5 million. The pledged bonds constitute the Twelfth Series of FPU's First Mortgage Bonds. These two issuances require sinking fund payments of \$909,000 and \$500,000 respectively, beginning in

2008.

On April 1, 2003 FPU changed banks and opened a \$12.0 million, thirty-nine month line of credit, the current outstanding balance of which is \$2,278,000. FPU reserves \$1 million of the LOC to cover expenses for any major storm repairs in its Northwest Florida division. An additional \$250,000 of the LOC is reserved for a 'letter of credit' insuring propane facilities.

10. Segment Information

FPU 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 that are shown for 2002 and 2001. There are no material inter-segment sales or transfers.

Identifiable assets are those assets used in FPU's operations in each business segment. Common assets are principally cash and overnight investments, deferred tax assets and common plant.

Business segment information for 2003, 2002 and 2001 is summarized as follows:

(in thousands)

	<u>2003</u>	<u>2002</u>	<u>2001</u>
Revenues			
Natural gas	\$ 53,610	\$ 40,140	\$ 44,729
Electric	39,519	40,930	39,050
Propane gas	9,594	7,391	5,399
Consolidated	<u>\$ 102,723</u>	<u>\$ 88,461</u>	<u>\$ 89,178</u>
Operating income from continuing operations excluding income tax			
Natural gas	\$ 5,190	\$ 4,291	\$ 3,295
Electric	2,249	2,980	2,893
Propane gas	254	498	431
Consolidated	<u>\$ 7,693</u>	<u>\$ 7,769</u>	<u>\$ 6,619</u>
Identifiable assets			
Natural gas	\$ 80,924	\$ 60,439	\$ 55,300
Electric	43,476	42,557	40,609
Propane gas	14,348	10,288	10,728
Water operations – held for sale	-	10,096	9,579
Common	24,242	27,240	29,195
Consolidated	<u>\$ 162,990</u>	<u>\$ 150,620</u>	<u>\$ 145,411</u>

Prior periods have been restated to conform to SFAS No. 143 (for additional information see "Impact of Recent Accounting Standards" in the Notes to Consolidated Financial Statements).

Depreciation and amortization

Natural gas	\$	2,414	\$	2,272	\$	1,963
Electric		2,333		2,116		2,070
Propane gas		508		436		322
Common		237		202		170
Consolidated	\$	<u>5,492</u>	\$	<u>5,026</u>	\$	<u>4,525</u>

Construction expenditures

Natural gas	\$	4,331	\$	9,373	\$	7,508
Electric		3,504		3,278		4,418
Propane gas		1,333		1,298		1,147
Common		525		187		369
Consolidated	\$	<u>9,693</u>	\$	<u>14,136</u>	\$	<u>13,442</u>

Continuing operations income tax expense

Natural gas	\$	856	\$	741	\$	547
Electric		180		292		397
Propane gas		21		151		84
Common		110		218		211
Consolidated	\$	<u>1,167</u>	\$	<u>1,402</u>	\$	<u>1,239</u>

11. Income Taxes

On March 27, 2003, FPU sold substantially all of its assets of the water division to the City of Fernandina Beach. The sale was made pursuant to a "threat of condemnation" during the fourth quarter of 2002. FPU has elected (for tax purposes) to defer the gain on the sale of the assets pursuant to Code Section 1033 of the Internal Revenue Code of 1986 (IRC). Section 1033 allows nonrecognition of gain if property is disposed as a result of threat of condemnation and property that is similar or related in service or use is purchased to replace the property disposed. To qualify, the replacement property must be purchased within the replacement period which begins on the earlier of date of disposition (March 27, 2003) or date of threat of condemnation (December 31, 2002) and ending two years after the close of the year of sale (December 31, 2005). For real property, the replacement period is extended to three years (December 31, 2006). FPU intends to purchase property that is similar or related in service or use within the replacement period. In the first, second and third quarter the related deferred tax liability was included in current taxes. As of year end, it is included in deferred taxes payable.

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

	<u>2003</u>	<u>2002</u>	<u>2001</u>
Current payable			
Federal	\$ (1,007)	\$ 1,609	\$ 1,413
State	(174)	274	240

	<u>(1,181)</u>	<u>1,883</u>	<u>1,653</u>
Deferred			
Federal	2,070	(338)	(275)
State	<u>375</u>	<u>(40)</u>	<u>(32)</u>
	<u>2,445</u>	<u>(378)</u>	<u>(307)</u>
Investment tax credit	<u>(97)</u>	<u>(103)</u>	<u>(107)</u>
Income taxes – continuing operations	<u>1,167</u>	<u>1,402</u>	<u>1,239</u>
Income taxes – discontinued operations	<u>5,971</u>	<u>306</u>	<u>301</u>
Total	<u>\$ 7,138</u>	<u>\$ 1,708</u>	<u>\$ 1,540</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):

	<u>2003</u>	<u>2002</u>	<u>2001</u>
Federal income tax at statutory rate	\$ 1,254	\$ 1,415	\$ 1,256
State income taxes, net of federal benefit	134	151	134
Investment tax credit	(97)	(110)	(114)
Other	<u>(124)</u>	<u>(54)</u>	<u>(37)</u>
Total provision for income taxes from continuing operations	<u>\$ 1,167</u>	<u>\$ 1,402</u>	<u>\$ 1,239</u>

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

	<u>2003</u>	<u>2002</u>
Deferred tax assets:		
Environmental	\$ 1,988	\$ 2,112
Self insurance	684	664
General Liability	(165)	(66)
Storm reserve liability	100	0
Vacation pay	291	277
Other deferred credits – Gain	146	197
AMT	208	0
Other	107	110
Total deferred tax assets	<u>3,359</u>	<u>3,294</u>
Deferred tax liabilities:		
Utility plant related	18,203	9,422
Under recovery of fuel costs	327	174
Pension	588	804

Rate case expense	128	7
Other	178	253
Total deferred tax liabilities	<u>19,424</u>	<u>10,660</u>
Net deferred income taxes	<u>\$ 16,065</u>	<u>\$ 7,366</u>

12. Employee Benefit Plans

Pension Plan

FPU sponsors a qualified pension plan for its employees. The following tables provide a reconciliation of the changes in the plan's benefit obligations and fair value of assets over the 2-year period ending

December 31, 2003 and a statement of the funded status as of December 31, 2003 and 2002:

Benefit Obligations and Funded Status

	Year Ending December 31,	
	2003	2002
(1) Change in Projected Benefit Obligation		
Projected Benefit Obligation at the Beginning of		
(a) the Year	\$28,283,326	\$26,164,049
(b) Service Cost	1,012,149	895,888
(c) Interest Cost	1,877,987	1,818,276
(d) Actuarial (Gain) or Loss	1,653,212	591,406
(e) Benefits Paid	(1,285,732)	(1,186,293)
(f) Change in Plan Provisions	-	-
(g) Plan Participant Contributions	-	-
(h) Acquisition	-	-
(i) Curtailment	-	-
(j) Settlement	-	-
(k) Special Termination Benefits	-	-
Projected Benefit Obligation at the End of the		
(l) Year	<u>\$31,540,942</u>	<u>\$28,283,326</u>
Accumulated Benefit Obligation at the End of the		
(m) Year	<u>\$26,810,146</u>	<u>\$23,443,150</u>
(2) Change in Plan Assets		
Fair Value of Plan Assets at the Beginning of the		
(a) Year	\$26,953,318	\$32,007,418
(b) Actual Return on Plan Assets	5,413,477	(3,867,807)
(c) Benefits Paid	(1,285,732)	(1,186,293)
(d) Employer Contributions	-	-
(e) Plan Participant Contributions	-	-
(f) Acquisition	-	-
(g) Settlement	-	-
(h) Fair Value of Assets at the End of the Year	<u>\$31,081,063</u>	<u>\$26,953,318</u>
(3) Net Amount Recognized		

(a)	Funded Status: (2)(h) - (1)(l)	\$(459,879)	\$(1,330,008)
(b)	Unrecognized Transition Obligation (Asset)	-	-
(c)	Unrecognized Prior Service Cost	5,580,092	6,292,020
(d)	Unrecognized Net (Gain) or Loss	<u>(3,262,796)</u>	<u>(2,531,878)</u>
(e)	Net Amount Recognized: (a) + (b) + (c) + (d)	<u>\$1,857,417</u>	<u>\$2,430,134</u>
Amounts Recognized in the Statement of Financial			
(4)	Position		
(a)	Prepaid Benefit Cost	\$1,857,417	\$2,430,134
(b)	Accrued Benefit Cost	-	-
(c)	Intangible Asset	-	-
(d)	Accumulated Other Comprehensive Income	-	-
(e)	Net Amount Recognized: (a) + (b) + (c) + (d)	<u>\$1,857,417</u>	<u>\$2,430,134</u>
Information for pension plans with an accumulated			
(5)	benefit obligation in excess of plan assets		
(a)	Projected Benefit Obligation	\$31,540,942	\$28,283,326
(b)	Accumulated Benefit Obligation	26,810,146	23,443,150
(c)	Fair Value of Plan Assets	31,081,063	26,953,318
(6)	Weighted Average Assumptions at the End of the Year		
(a)	Discount Rate	6.25%	6.75%
(b)	Rate of Compensation Increase	3.50%	4.00%

The following table provides the components of net periodic benefit cost for the plans for fiscal years 2003, 2002 and 2001:

Net Periodic Pension Cost

		Year Ending December 31,		
		2003	2002	2001
(1)	Service Cost	\$ 1,012,149	\$ 895,888	\$ 901,220
(2)	Interest Cost	1,877,987	1,818,276	1,780,967
(3)	Expected Return on Plan Assets	(2,668,854)	(2,800,350)	(2,821,040)
(4)	Amortization of Transition Obligation/ (Asset)	-	-	-
(5)	Amortization of Prior Service Cost	711,928	714,353	722,015
(6)	Amortization of Net (Gain) or Loss	<u>(360,493)</u>	<u>(787,137)</u>	<u>(829,342)</u>
(7)	Total FAS 87 Net Periodic Pension Cost	572,717	(158,970)	(246,180)
(8)	FAS 88 Charges / (Credits)			
(a)	Settlement	-	-	-
(b)	Curtailment	-	-	-
(c)	Special Termination Benefits	-	-	-
(d)	Total	<u>-</u>	<u>-</u>	<u>-</u>
(9)	Total Net Periodic Pension Cost	<u>\$ 572,717</u>	<u>\$ (158,970)</u>	<u>(246,180)</u>
(10)	Additional Information			
(a)	Increase in Minimum Liability Included in Other Comprehensive Income	\$ -	\$ -	-
(11)	Weighted Average Assumptions			

(a) Discount Rate	6.75%	7.25%	7.00%
(b) Expected Return on Plan Assets	8.50%	8.50%	8.50%
(c) Rate of Compensation Increase	4.00%	4.50%	5.50%

Plan Assets

		Percentage of Plan		
		Target	Assets at December 31	
		Allocation 2004	2003	2002
(1) Plan Assets				
(a) Equity Securities	60%	61%	57%	
(b) Debt Securities	35	37	37	
(c) Real Estate	0	0	0	
(d) Other	5	2	6	
(e) Total	100%	100%	100%	

Expected Return on Plan Assets

The expected rate of return on plan assets is 8.5%. FPU expects 8.5% to fall within the 50 to 60-percentile range of returns on investment portfolios with asset diversification similar to that of the Pension Plan's target asset allocation.

Investment Policy and Strategy

FPU has established and maintains an investment policy designed to achieve a long-term rate of return, including investment income and appreciation, sufficient to meet the actuarial requirements of the Pension Plan. FPU seeks to accomplish its return objectives by investing in a diversified portfolio of equity, fixed income and cash securities seeking a balance of growth and stability as well as an adequate level of liquidity for pension distributions as they fall due. Plan assets are constrained such that no more than 10% of the portfolio will be invested in any one issue.

Cash Flows

(1) Expected Contributions for Fiscal Year Ending December 31, 2004	
(a) Expected Employer Contributions	\$ -
(b) Expected Employee Contributions	-
(2) Estimated Future Benefit Payments Reflecting Expected Future Service for the Years Ending December 31,	
2004	\$ 1,400,265
2005	1,457,715
2006	1,543,183
2007	1,642,854
2008	1,722,508
2009 - 2013	10,148,549

Other Accounting Items

		Year Ending December 31,		
		2003	2002	2001
(1)	Market-Related Value of Assets	\$31,222,154	\$32,050,201	\$33,547,064
(2)	Amount of Future Annual Benefits of Plan Participants Covered by Insurance Contracts Issued by the Employer or Related Parties	\$ -	\$ -	\$ -
(3)	Alternative Amortization Methods Used to Amortize			
(a)	Prior Service Cost	Straight-line	Straight-line	Straight-line
(b)	Unrecognized Net (Gain) or Loss	Straight-line	Straight-line	Straight-line
(4)	Employer Commitments to Make Future Plan Amendments (that Serve as the Basis for the Employer's Accounting for the Plan)	None	None	None
(5)	Description of Special or Contractual Termination Benefits Recognized During the Period	N/A	N/A	N/A
(6)	Cost of Benefits Described in (5)	N/A	N/A	N/A
(7)	Explanation of Any Significant Change in Benefit Obligation or Plan Assets not Otherwise Apparent in the Above Disclosures	N/A	N/A	N/A
(8)	Measurement Date Used December 31,	2003	2002	2001

The amount included within other comprehensive income arising from a change in the additional minimum pension liability was \$0 for each of the three years in the period ended December 31, 2003.

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.

Medical Plan

FPU sponsors a postretirement medical program. The medical plan is contributory with participants' contributions adjusted annually. The following tables provide required financial disclosures over the 2-year period ending December 31, 2003:

Benefit Obligations and Funded Status

		Year Ending December 31,	
		2003	2002
Change in Accumulated Postretirement Benefit			
(1)	Obligation		
(a)	Accumulated Postretirement Benefit Obligation at the Beginning of the Year	\$1,725,639	\$1,410,368
(b)	Service Cost	66,117	59,873

(c)	Interest Cost	108,849	111,207
(d)	Actuarial (Gain) or Loss	(23,328)	184,631
(e)	Benefits Paid	(91,909)	(60,938)
(f)	Change in Plan Provisions	-	-
(g)	Plan Participant's Contributions	22,631	20,498
(h)	Acquisition	-	-
(i)	Curtailment	-	-
(j)	Settlement	-	-
(k)	Special Termination Benefits	-	-
(l)	Accumulated Postretirement Benefit Obligation at the End of the Year	<u>\$1,807,999</u>	<u>\$1,725,639</u>

(2) Change in Plan Assets

(a)	Fair Value of Plan Assets at the Beginning of the Year	\$ -	\$ -
(b)	Actual Return on Plan Assets	-	-
(c)	Benefits Paid	(91,909)	(60,938)
(d)	Employer Contributions	69,278	40,440
(e)	Plan Participant's Contributions	22,631	20,498
(f)	Acquisition	-	-
(g)	Settlement	-	-
(h)	Fair Value of Assets at the End of the Year	<u>\$ -</u>	<u>\$ -</u>

(3) Net Amount Recognized

(a)	Funded Status: (2)(h) - (1)(l)	\$ (1,807,999)	\$ (1,725,639)
(b)	Unrecognized Transition Obligation (Asset)	386,054	428,950
(c)	Unrecognized Prior Service Cost	-	-
(d)	Unrecognized Net (Gain) or Loss	(223,196)	(207,989)
(e)	Net Amount Recognized: (a) + (b) + (c) + (d)	<u>\$ (1,645,141)</u>	<u>\$ (1,504,678)</u>

Amounts Recognized in the Statement of
(4) Financial Position

(a)	Prepaid Benefit Cost	\$ -	\$ -
(b)	Accrued Benefit Liability	(1,645,141)	(1,504,678)
(c)	Intangible Asset	-	-
(d)	Accumulated Other Comprehensive Income	-	-
(e)	Net Amount Recognized: (a) + (b) + (c) + (d)	<u>\$(1,645,141)</u>	<u>\$(1,504,678)</u>

Weighted Average Assumptions at the End of
(5) the Year

(a)	Discount Rate	6.25%	6.75%
(b)	Rate of Compensation Increase	N/A	N/A

(6) Assumed Health Care Cost Trend Rates

(a)	Health Care Cost Trend Rate Assumed for Next Year	5.25%	5.50%
(b)	Ultimate Rate	4.00%	4.50%
(c)	Year that the Ultimate Rate is Reached	2009	2007

Net Periodic Postretirement Benefit Cost

		Year Ending December 31,		
		2003	2002	2001
(1)	Service Cost	\$ 66,117	\$ 59,873	\$ 77,425
(2)	Interest Cost	108,849	111,207	103,649
(3)	Expected Return on Plan Assets	-	-	-
(4)	Amortization of Transition Obligation/ (Asset)	42,896	42,896	42,896
(5)	Amortization of Prior Service Cost	-	-	-
(6)	Amortization of Net (Gain) or Loss	(8,121)	(4,822)	(4,778)
(7)	Total FAS 106 Net Periodic Benefit Cost	<u>209,741</u>	<u>209,154</u>	<u>219,192</u>
(8)	Other Charges / (Credits)			
(a)	Settlement	-	-	-
(b)	Curtailment	-	-	-
(c)	Special Termination Benefits	-	-	-

(d)	Total	-	-	-
(9)	Total Net Periodic Benefit Cost	\$ 209,741	\$209,154	\$ 219,192
(10)	Weighted Average Assumptions			
(a)	Discount Rate	6.75%	7.25%	7.00%
(b)	Expected Return on Plan Assets	N/A	N/A	N/A
(c)	Rate of Compensation Increase	N/A	N/A	N/A
(11)	Assumed Health Care Cost Trend Rates			
(a)	Health Care Cost Trend Rate Assumed for Current Year	5.50%	6.25%	7.00%
(b)	Ultimate Rate	4.50%	5.00%	5.50%
(c)	Year that the Ultimate Rate is Reached	2007	2007	2007
(12)	Impact of One-Percentage-Point Change in Assumed Health Care Cost Trend Rates	Increase	Decrease	
(a)	Effect on Service Cost + Interest Cost	\$ 23,608	\$ (19,800)	
(b)	Effect on Postretirement Benefit Obligation	212,288	(180,693)	

Plan Assets

	Target Allocation 2004	Percentage of Plan Assets at December 31	
		2003	2002
(1) Plan Assets			
Equity			
(a) Securities	N/A	N/A	N/A
Debt			
(b) Securities	N/A	N/A	N/A
Real			
(c) Estate	N/A	N/A	N/A
(d) Other	N/A	N/A	N/A
(e) Total	N/A	N/A	N/A

Cash Flows

(1)	Expected contributions for year ending December 31, 2004	
(a)	Expected employer contributions	\$93,258
(b)	Expected employee contributions	\$18,868
(2)	Estimated future benefit payments reflecting expected future service for the years ending December 31,	
(a)	2004	\$112,126
(b)	2005	\$123,611
(c)	2006	\$144,339
(d)	2007	\$107,390
(e)	2008	\$122,923
(f)	2009 - 2013	\$739,086

Other Accounting Items

	Year Ending December 31		
	2003	2002	2001
(1) Market-Related Value of Assets	N/A	N/A	N/A
Amount of Future Annual Benefits of Plan			
(2) Participants			
Covered by Insurance Contracts Issued by the Employer or Related Parties	N/A	N/A	N/A
(3) Alternative Amortization Methods Used to Amortize			
(a) Prior Service Cost	Straight-Line	Straight-Line	Straight-Line
(b) Unrecognized Net (Gain) or Loss	Straight-Line	Straight-Line	Straight-Line
(4) Employer Commitments to Make Future Plan Amendments (that Serve as the Basis for the Employer's Accounting for the Plan)	None	None	None
(5) Description of Special or Contractual Termination Benefits Recognized During the Period	N/A	N/A	N/A
(6) Cost of Benefits Described in (5)	N/A	N/A	N/A
(7) Explanation of Any Significant Change in Benefit Obligation or Plan Assets not Otherwise Apparent in the Above Disclosures	N/A	N/A	N/A
(8) Measurement Date Used, December 31,	2003	2002	2001

FPU, as an entity that sponsors a postretirement health care plan that provides prescription drug benefits, has elected to defer recognition of the Medicare Prescription Drug, Improvement and Modernization Act of 2003 signed into law December 8, 2003, in its consolidated financial statements, as provided by FASB Staff Position (FSP) No. FAS 106-1. In accordance with the FSP, any measures of the accumulated postretirement benefit obligation or net periodic postretirement benefit cost in the consolidated financial statements or accompanying notes to the consolidated financial statements do not reflect the effects of the Act on the plan. Furthermore, specific authoritative guidance on the accounting for the federal subsidy is pending and that guidance, when issued, could require FPU to change previously reported information.

For measurement purposes, the annual rate of increase in the per capita cost of covered health care benefits during 2003 was 5.5%. These rates were assumed to decrease gradually each year to a rate of 4.50% for 2007 and remain at that level thereafter.

Health Plan

In December 2003, FPU became fully insured for its employees and retiree medical insurance plan and therefore will no longer incur the risks associated with self-insurance in 2004. An estimated reserve has been accrued for the remaining claims at December 31, 2003 in the amount of \$179,000.

Net health care benefits paid by FPU for active employees were approximately \$1,069,000, \$732,000 and \$629,000 and for 2003, 2002 and 2001 excluding administrative and stop-loss insurance.

Employee Stock Purchase Plan

FPU's Employee Stock Purchase Plan offers common stock at a discount to qualified employees. During 2003, 2002 and 2001, 18,974, 17,589 and 15,699 shares were issued under the Plan for aggregate consideration of \$229,000, \$195,000 and

\$162,000.

Dividend Reinvestment Plan

During 2003, 2002 and 2001, 13,838, 13,413 and 16,404 shares were issued under FPU's Dividend Reinvestment Plan for aggregate consideration of \$213,000, \$185,000 and \$196,000.

13. 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 FPU for similar debt instruments of comparable maturities. The current year and the values in the prior year are shown below.

	2003		2002	
	Carrying Amounts	Approximate Fair Value	Carrying Amounts	Approximate Fair Value
Long-term debt	\$ 52,500,000	\$ 62,752,000	\$52,500,000	\$ 60,215,000

14. Contingencies

Environmental

FPU 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, FPU does not expect to incur material future expenditures for compliance with existing environmental laws and regulations.

West Palm Beach Site.

FPU is currently evaluating remedial options to respond to environmental impacts to soil and groundwater at and in the immediate vicinity of a parcel of property owned by it in West Palm Beach, Florida upon which FPU previously operated a gasification plant. FPU entered into a consent order with the Florida Department of Environmental Protection ("FDEP") effective April 8, 1991, that requires 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. Numerous reports have been submitted by FPU to FDEP, describing the results of soil and groundwater sampling conducted at the site. A Supplemental Contamination Assessment Report Addendum ("SCARA") was submitted to FDEP in December 2001, summarizing the results of past investigations and providing the results of additional field work conducted in 2001, in response to comments received previously from FDEP. On September 29, 2003, FPU submitted to FDEP a Comprehensive Soil and Groundwater Assessment Report, that described the results of substantial additional field work undertaken in 2003 to respond to FDEP's comments to the SCARA.

On January 30, 2004, FPU's consultant, Jacques Whitford Company, submitted its Internal Feasibility Study, which identified likely remedial alternatives to address the impacts now characterized at the West Palm Beach site. The Internal Feasibility Study evaluated a wide range of remedial alternatives. Based on the likely acceptability of proven remedial technologies implemented at similar sites in other states, consulting/remediation costs are now projected to range from \$10 million - \$15 million. This range of costs covers such remedies as in situ solidification, slurry wall and cap containment, air sparge/soil vapor extraction, or in situ chemical oxidation, or some combination of these remedies.

Prior to FDEP's approval of a final remedy for the site, FPU is unable to determine the complete extent or cost of remedial action which may be required. Based on findings from the recently completed Internal Feasibility Study, remediation costs (including attorneys' fees and costs) for this site are currently project to range from \$10.3 million to \$15.3 million.

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. Following 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 on 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 ("RI/FS Participation Agreement"). 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. Field work 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"). FPU's share of the cost of these tasks was previously paid in full. The RI/FS Participation Agreement was amended on September 18, 2003, to authorize an additional \$400,000 to be incurred by the Group to complete the ecological risk assessment and cover EPA oversight costs for the RI/FS. FPU paid its share (\$54,822) of the additional RI/FS funding in November 2003.

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.

FPU is a party to the Second Participation Agreement entered into by members of the Group on August 1, 2000, as amended through June 19, 2002. The Second Participation Agreement provides for funding the remedial design/remedial action task for OU1 and OU2. FPU's share of costs for implementation of the remedial design/remedial action task for OU1 and OU2, including the pre-remedial design fieldwork described below, is 10.5%, as long as the total cost of the remedial design/remedial action task, including the pre-remedial design fieldwork, does not exceed \$6 million.

Pre-remedial design field work was performed in 2002-03 to assist in the design of the final remedy for OU1 and OU2. Based on the pre-remedial design field work, it is now anticipated that the final cost of the remedy for OU1 and OU2 will significantly exceed the \$6 million combined estimate provided in the RODs for OU1 and OU2. In 2002, FPU paid \$210,178 to the Escrow Agent pursuant to a first call for funds under the Second Participation Agreement. FPU's remaining obligation under the Second Participation Agreement for the remedial design/remedial action task for OU1 and OU2 is \$420,356. This assumes FPU's total allocated share remains no greater than 10.5089% of \$6 million, as currently set forth in the Second Participation Agreement, as amended through June 19, 2002. FPU has notified Group members that FPU will oppose any effort by the Group to increase FPU's share of total remedial costs above 10.5089% of the current \$6 million cap, since the increased remedial cost is due to the discovery of additional impacted soils on property not owned by FPU.

In addition, FPU will be obligated to pay for a share of EPA's oversight costs for the remedial design/remedial action task for OU1 and OU2. It is anticipated that FPU's share of these costs will be 10.5089% of EPA's total bill. It is not possible at this time to calculate, to a reasonable degree of certainty, EPA's oversight cost.

Prior to EPA's approval of a final remedy for the site, and the completion of negotiations among members of the Group on FPU's maximum allocated share, FPU is unable to determine the complete extent of remaining exposure at this site.

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

On December 21, 2003 the estimated remaining costs for consulting and remediation, legal expenses, and other related expenses for all sites is approximately \$14 million. FPU currently has \$14 million reserved as an environmental liability. The Company has \$5 million remaining from insurance and rate recovery and \$9 million as a regulatory asset pending future rate recovery authorized by the FPSC. Based on existing information, management 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 by the FPSC and was granted the right to apply any over earnings in the gas division to the environmental

reserve.

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 October 18, 2000, Plaintiffs sued FPU for damages allegedly resulting from a fire on Plaintiffs' property. Plaintiffs allege that FPU failed to properly install and/or maintain electrical power lines, utility poles and related equipment located on Plaintiffs' land and that FPU's negligence caused a fire that spread to and destroyed a warehouse. FPU denied Plaintiffs' claims and defended same on the theory that the fire started within the warehouse/office facility and not from its electrical equipment. Plaintiffs alleged damages in excess of \$1,000,000. The warehouse served as the office for PC Buyers, Inc. PC Buyers, Inc. was in the business of purchasing surplus vehicles and heavy equipment for resale. The warehouse contained property waiting to be resold. Much of this property was destroyed in the fire.

Trial in this matter occurred during the week of December 2, 2003-December 5, 2003. The jury returned a verdict in favor of FPU, finding no liability on the part of FPU for the fire. The Court recently entered a final judgment on the jury's verdict on January 21, 2004. Plaintiffs had thirty (30) days or until February 20, 2004 to file an appeal of the final judgment. Similarly, FPU had until February 20, 2004 to file a motion to tax costs. FPU proposed to Plaintiffs that it would waive its right to recover costs and potential attorney fees if Plaintiffs do not pursue an appeal of the final judgment. FPU received a letter from Plaintiffs' counsel advising that Plaintiffs agreed to waive any right to appeal in exchange for FPU waiving its right to seek attorney's fees and costs against the Plaintiffs. On March 29, 2004, Counsel for FPU was informed by the Court's Clerk that the Court has signed and entered the Dismissal Order. A copy is in the mail at the present time. Hence, this matter is closed, with no further appeals.

Glen Simon v. Florida Public Utilities Company, Gapss, Inc. and James Celi, Case No. CA03-02209 AJ, Circuit Court of the Fifteenth Judicial Circuit, Palm Beach County, Florida. This case arises out of an explosion in the garage of co-Defendant James Celi ("Celi") that allegedly resulted from the negligent installation of a water heater by co-Defendant Gapss, Inc. ("Gapss"). Prior to the explosion, FPU had contracted with Gapss to install a water heater and stand in co-Defendant Celi's garage. Plaintiff filed his Complaint on February 27, 2003 against FPU, Gapss and Celi. Plaintiff has voluntarily dismissed FPU from this case without prejudice. FPU previously asserted a cross-claim against Celi for contribution and a cross-claim against Gapss for contribution, indemnification, and breach of contract. Celi also asserted a cross-claim against FPU for contribution. Both FPU and Celi have dismissed their respective cross-claims against each other without prejudice. FPU will be dismissing its cross-claim against Gapss without prejudice. Upon the filing of FPU's dismissal of its cross-claim against Gapss, FPU will no longer be a party to this action.

James F. Celi v. Gapss, Inc. a/k/a Gas Appliance Piping Sales & Service, Inc., Case No. 502003CA009110XXONAJ, Circuit Court of the Fifteenth Judicial Circuit, Palm Beach County, Florida. This case arises out of an explosion in Claimant James Celi's ("Celi") garage that allegedly resulted from the negligent installation of a water heater by Gapss, Inc. ("Gapss"). Prior to the explosion, FPU had contracted with Gapss to install a water heater and stand in Celi's garage. Although Mr. Celi previously indicated he was considering filing a claim against FPU, Mr. Celi has filed a lawsuit against Gapss only on August 25, 2003. In the event a lawsuit is filed against FPU, FPU intends to vigorously defend against the claim.

Pipeline Contract On July 21, 2000, FPU 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 FPU to a power generation project being developed by LWG on behalf of the City of Lake Worth, Florida ("LWG Project"); (ii) FPU'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 FPU over a 30 year period. The charges for gas transportation services were set at an amount that would permit FPU 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 FPU 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 FPU 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. FPU, 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 FPU negotiated a new gas transportation agreement to replace the GTA, that provides for FPU's agreement to provide gas transportation services to the City on the LWG Lateral, subject to payment by the City of transportation charges that is set initially to permit FPU to recover a return of 8.77% on its undepreciated investment in the construction of the LWG Lateral, plus O&M expenses. FPU's rates are subject to adjustment in subsequent rate proceedings before the FPSC. FPU and the City successfully executed a new gas transportation agreement by March 31, 2003, therefore, FPU received 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.

15. Commitments

To ensure a reliable supply of power and natural gas at competitive prices, FPU 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, 2003, FPU has firm purchase and transportation commitments adequate to supply its expected future sales requirements. FPU is committed to pay demand or similar fixed charges of approximately \$18.8 million 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	96	48	43	5	-
Gas Purchase Obligations	55,527	18,789	14,779	9,840	12,119
Electric Purchase Obligations	33	7	13	13	-
Other Purchase Obligations	356	190	162	4	-
Total	\$108,512	\$ 19,034	\$ 14,997	\$ 9,862	\$ 64,619

16. 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
2003				
Revenues	\$ 31,149	\$ 24,409	\$ 21,628	\$ 25,537
Gross profit	11,241	9,144	8,106	9,242
Operating income from continuing operations excluding income tax	4,135	1,651	707	1,200
Income from continuing operations, net of income				

taxes	1,813	482	(82)	309
Income from discontinued operations, net of income taxes	9,882	(61)	(5)	85
Net Income	11,695	421	(87)	394
Earnings per common share (basic and diluted):				
Continuing operations	0.46	0.13	(0.02)	0.08
Discontinued operations	2.54	(0.02)	-	0.02
Total	3.00	0.11	(0.02)	0.10
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

December 31, 2003

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)	145,945,476	61,283,805
4	101.1 Property Under Capital Leases	-	-
5	102 Plant Purchased or Sold	-	-
6	106 Completed Construction not Classified	74,040	52,223
7	103 Experimental Plant Unclassified	-	-
8	104 Leased to Others	391,144	-
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)	148,230,930	61,339,719
12	107 Construction Work in Progress	3,455,074	1,063,573
13	Accum. Prov. for Depr., Amort., & Depl.	48,811,453	23,327,917
14	Net Utility Plant (Enter total of lines 11 plus 12 less line 13)	102,874,551	39,075,375
15	DETAIL OF ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION		
16	In Service:		
17	108 Depreciation	48,498,060	23,324,226
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)	48,498,060	23,324,226
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	313,393	3,691
32	TOTAL Acc. Provisions (Should agree with line 13 above) (Enter Total of lines 21, 25, 29, 30, and 31)	48,811,453	23,327,917

December 31, 2003

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
79,161,820	-	Not Applicable	Not Applicable	5,499,851	3
-	-			-	4
-	-			-	5
21,817	-			-	6
-	-			-	7
391,144	-			-	8
-	-			-	9
1,816,579	-			-	10
81,391,360	-			5,499,851	11
2,391,501	-			-	12
24,120,907	-			1,362,629	13
					14
59,661,954	-			4,137,222	14
					15
					16
23,811,205	-			1,362,629	17
-					18
-					19
-	-			-	20
23,811,205	-			1,362,629	21
					22
	-			-	23
-	-			-	24
-	-			-	25
					26
	-			-	27
-	-			-	28
-	-			-	29
-					30
309,702	-			-	31
					32
24,120,907	-			1,362,629	

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

Company: FLORIDA PUBLIC UTILITIES COMPANY
For the Year Ended December 31, 2003

Acct. No.	Account Description	Depr. Rate	Beginning Balance*	Additions	Retirements	Reclass	Adjustments	Transfers	Ending Balance*
301	Organization		-	-	-	-	-	-	0
303	Miscellaneous Intangible Plant		2,113,641	-	-	-	-	-	2,113,641
374	Land - Distribution		101,108	-	-	-	-	-	101,108
389	Land - General		270,477	-	-	-	-	-	270,477
	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%	12,923	-	-	-	-	-	12,923
375	Structures and Improvements	2.90%	531,502	4,065	-	-	-	-	535,567
3761	Mains - Plastic	2.50%	13,831,786	1,978,104	(8,655)	-	-	-	15,801,235
3762	Mains - Other	2.70%	26,048,099	(181,002)	(29,211)	-	-	-	25,837,886
378	Meas. and Reg. Sta. Equipment - General	3.60%	231,845	13,680	-	-	-	4,174	249,699
379	Meas. and Reg. Sta. Equipment - City Gate	3.60%	2,100,687	(322,212)	-	-	-	-	1,778,475
3801	Services - Plastic	3.50%	14,427,535	1,415,374	(123,586)	-	-	-	15,719,323
3802	Services - Other	5.90%	2,311,582	18,334	(46,948)	-	-	(18,206)	2,282,968
381	Meters	3.40%	4,215,257	220,044	(107,838)	-	-	-	4,309,257
382	Meter Installations	3.20%	1,744,775	129,906	(18,606)	-	-	-	1,856,075
383	House Regulators	3.60%	1,301,797	55,614	(20,676)	-	-	-	1,336,735
384	House Reg. Installations	3.10%	649,363	51,720	(5,754)	-	-	-	695,329
385	Industrial Meas. and Reg. Sta. Equipment	3.80%	101,275	-	-	-	-	-	101,275
387	Other Equipment	3.90%	380,090	93,419	(2,962)	-	-	-	470,547
	TOTAL DISTRIBUTION PLANT		67,989,624	3,477,046	(364,236)	-	-	(14,032)	71,088,403
GENERAL PLANT									
390	Structures and Improvements	2.60%	1,467,468	(14,666)	-	-	-	-	1,452,802
3911	Office Furniture	4.60%	93,186	-	-	-	-	-	93,186
3912	Office Equipment	7.70%	73,786	-	(5,976)	-	-	-	67,810
3913	EDP Equipment	8.70%	752,358	28,178	(1,422)	-	-	-	779,114
3921	Accum. Dep. - Transportation - Cars	11.30%	331,019	-	(50,400)	-	-	4,800	285,419
3922	Accum. Dep. - Transportation - Light Trucks, vans	4.70%	1,935,731	424,906	(330,155)	-	-	14,058	2,044,540
3923	Accum. Dep. - Transportation - Heavy Trucks	0.00%	0	-	-	-	-	-	-
3924	Accum. Dep. - Transportation - Trailers	2.70%	39,240	1,674	-	-	-	-	40,914
393	Stores Equipment	5.80%	12,997	-	-	-	-	-	12,997

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

Company: FLORIDA PUBLIC UTILITIES COMPANY
For the Year Ended December 31, 2003

Page 2 of 2

Acct. No.	Account Description	Depr. Rate	Beginning Balance*	Additions	Retirements	Reclass.	Adjustments	Transfers	Ending Balance*
394	Tools, Shop, and Garage Equipment	6.50%	252,577	28,681	(136)	-	-	-	281,122
395	Laboratory Equipment	2.20%	0	-	-	-	-	-	-
396	Power Operated Equipment	6.40%	322,448	11,599	(3,497)	-	(3,496)	-	327,054
397	Communication Equipment	7.20%	193,986	76,115	(530)	-	-	-	269,571
398	Miscellaneous Equipment	5.30%	34,770	-	-	-	-	-	34,770
	SUBTOTAL		5,780,043	556,487	(392,116)	-	-	15,362	5,959,776
399	Other Tangible Property								
	TOTAL General Plant		5,780,043	556,487	(392,116)	-	-	15,362	5,959,776
	TOTAL (Accounts 101 and 106)		75,883,308	4,033,533	(756,352)	0	0	1,330	79,161,820
	TOTAL GAS PLANT IN SERVICE		75,883,308	4,033,533	(756,352)	-	-	1,330	79,161,820
	Capital Recovery Schedules:								
	NONE								
	Total Account 101*		75,883,308	4,033,533	(756,352)	-	-	1,330	79,161,820
	Amortizable Assets:								
114	Acquisition Adjustment		1,816,579	-	-	-	-	-	1,816,579
118	Other Utility Plant		4,840,661	675,512	(18,762)	-	-	2,440	5,499,851
	Other - Common								
	Total Utility Plant		82,540,548	4,709,045	(775,114)	-	-	3,770	86,478,250

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

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Annual Status Report

Analysis of Entries in Accumulated Depreciation & Amortization

Company: FLORIDA PUBLIC UTILITIES COMPANY
For the Year Ended December 31, 2003

Page 1 of 2

Acct. No.	Account Description	Beginning Balance*	Accruals	Reclass.	Retirements	Gross Salvage	Cost of Removal	Adjustmnts	Transfers	Ending Balance*
Amortizable General Plant Assets:										
301	Organization Intangible Plant	-	-	-	-	-	-	-	-	-
303	Misc. Intangible Plant	67,142	7,260	-	-	-	-	-	-	74,402
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	-	408	-	-	-	-	-	-	(9,266)
3741	Land Rights	(9,694)	-	-	-	-	-	-	-	304,256
375	Structures and Improvements	288,836	15,420	-	-	-	-	-	-	4,234,611
3761	Mains - Plastic	3,876,024	368,616	-	(8,655)	-	(1,374)	-	-	12,126,812
3762	Mains - Other	11,500,665	690,740	-	(29,211)	-	(35,382)	3,857	(1,658)	73,456
378	Meas. and Reg. Sta. Equipment - General	62,795	8,462	-	-	-	(24,383)	-	-	293,029
379	Meas. and Reg. Sta. Equipment - City Gate	251,004	66,405	-	(123,586)	-	(72,417)	-	-	3,735,597
3801	Services - Plastic	3,407,956	523,644	-	(46,948)	-	(227,573)	-	-	319,916
3802	Services - Other	458,809	135,628	-	(107,838)	-	(118)	13,706	(19,836)	1,568,253
381	Meters	1,536,944	145,395	-	(18,606)	-	(450)	-	-	530,862
382	Meter Installations	492,462	57,456	-	(18,606)	-	-	6,215	(6,215)	541,596
383	House Regulators	514,820	47,452	-	(20,676)	-	-	-	-	187,329
384	House Reg. Installations	172,281	20,802	-	(5,754)	-	-	-	-	54,627
385	Industrial Meas. and Reg. Sta. Equipment	50,775	3,852	-	-	-	-	-	-	76,583
387	Other Equipment	61,914	16,862	-	(2,962)	769	-	-	-	10,695
389	Land - General	3,939	6,756	-	-	-	-	-	-	-
TOTAL DISTRIBUTION PLANT		22,669,530	2,107,898	-	(364,236)	769	(361,697)	23,778	(27,709)	24,048,333
GENERAL PLANT										
390	Structures and Improvements	110,273	38,117	-	-	-	-	-	-	148,390
3911	Office Furniture	97,324	4,284	-	-	-	-	-	(84,731)	16,877
3912	Office Equipment	19,982	5,501	-	(5,976)	-	-	-	27,158	46,665
3913	EDP Equipment	493,705	65,636	-	(1,422)	-	-	-	57,573	615,492
3921	Accum. Dep. - Transportation - Cars	276,236	28,963	-	(50,400)	1,935	-	128	-	256,862
3922	Accum. Dep. - Trans. - Light Trucks, vans	1,213,366	90,880	-	(330,155)	13,466	-	-	57,347	1,044,904
3923	Accum. Dep. - Trans. - Heavy Trucks	48,651	-	-	-	-	-	-	(48,651)	-
3924	Accum. Dep. - Transportation - Trailers	22,675	1,056	-	-	-	-	-	-	23,731
393	Stores Equipment	9,873	756	-	-	-	-	-	-	10,629

Annual Status Report

Analysis of Entries in Accumulated Depreciation & Amortization

Company: FLORIDA PUBLIC UTILITIES COMPANY
For the Year Ended December 31, 2003

Acct. No.	Account Description	Beginning Balance*	Accruals	Reclass.	Retirements	Gross Salvage	Cost of Removal	Adjustmts	Transfers	Ending Balance*
(Continued)										
394	Tools, Shop, and Garage Equipment	63,639	16,591	-	(136)	-	-	-	-	80,094
395	Laboratory Equipment	(2,691)	-	-	-	-	-	-	-	(2,691)
396	Power Operated Equipment	135,896	20,549	-	(3,497)	-	-	(1,077)	-	151,871
397	Communication Equipment	69,869	14,209	-	(530)	-	-	-	-	83,548
398	Miscellaneous Equipment	7,996	1,836	-	-	-	-	-	-	9,832
	SUBTOTAL	2,566,794	288,378	-	(392,116)	15,401	-	(949)	8,696	2,486,204
399	Other Tangible Property	-	-	-	-	-	-	-	-	-
	TOTAL General Plant	2,566,794	288,378	-	(392,116)	15,401	-	(949)	8,696	2,486,204
	Reclassification for SFAS no. 143. COR			(2,797,734)						(2,797,734)
	Subtotal	25,303,466	2,403,536	(2,797,734)	(756,352)	16,170	(361,697)	22,829	(19,013)	23,811,205
COMMON PLANT										
389	Land - General	-	-	-	-	-	-	-	-	-
390	Structures and Improvements	400,427	55,044	-	-	-	-	-	-	455,471
3911	Office Furniture	(12,609)	1,172	-	-	-	-	-	-	(11,437)
3912	Office Equipment	32,082	4,940	-	(18,762)	-	-	-	-	18,260
3913	EDP Equipment	579,982	196,030	-	-	-	-	-	(1,048)	774,964
3921	Accum. Dep. - Transportation - Cars	78,021	12,624	-	-	-	-	-	-	90,645
397	Communication Equipment	24,538	10,188	-	-	-	-	-	-	34,726
	Subtotal	1,102,441	279,998	-	(18,762)	-	-	-	(1,048)	1,362,629
	Grand Total	26,405,907	2,683,534	(2,797,734)	(775,114)	16,170	(361,697)	22,829	(20,061)	25,173,834

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

FLORIDA PUBLIC UTILITIES COMPANY
SOUTH FLORIDA - GAS DIVISION
REPORT OF DEPRECIATION DATA UNDER RULE 25-6.0436(8)
2003

PLANT IN SERVICE (\$)				RESERVE (\$)				(CREDIT BALANCES)								
Plant Acct.	Beginning Balance	Additions	Purchases & Adjustments	Transfers	Retirements	Ending Balance	Plant Acct.	Beginning Balance	Retirements	Accruals	Salvage	Cost of Removal	Purchases & Adjustments	Transfers	Reclassifications	Ending Balance
301	-	-	-	-	-	-	301	-	-	-	-	-	-	-	-	-
304	-	-	-	-	-	-	304	-	-	-	-	-	-	-	-	-
305	-	-	-	-	-	-	305	-	-	-	-	-	-	-	-	-
311	-	-	-	-	-	-	311	-	-	-	-	-	-	-	-	-
320	-	-	-	-	-	-	320	-	-	-	-	-	-	-	-	-
360	-	-	-	-	-	-	360	-	-	-	-	-	-	-	-	-
361	-	-	-	-	-	-	361	-	-	-	-	-	-	-	-	-
362	-	-	-	-	-	-	362	-	-	-	-	-	-	-	-	-
374	56,686	-	-	-	-	56,686	374	2,890	-	408	-	-	-	-	-	3,298
3741	12,909	-	-	-	-	12,909	3741	2,890	-	-	-	-	-	-	-	14,868
375	512,637	-	-	-	-	512,637	375	277,937	-	14,868	-	-	-	-	-	292,804
3751	512,637	-	-	-	-	512,637	3751	277,937	-	14,868	-	-	-	-	-	292,804
3761	9,267,487	1,448,674	-	-	(2,767)	10,713,394	3761	2,113,941	(2,767)	247,301	-	(534)	-	-	-	2,357,942
3762	19,983,554	(393,608)	-	-	(17,858)	19,582,088	3762	9,261,653	(17,858)	525,335	-	(29,404)	-	-	-	9,739,726
378	177,649	13,680	-	(5,595)	-	185,734	378	50,948	-	6,453	-	-	(1,658)	-	-	55,743
379	1,819,650	(322,212)	-	-	(59,701)	1,497,438	379	147,235	-	56,289	-	(24,383)	-	-	-	179,141
3801	10,730,910	1,020,909	-	-	(14,638)	11,692,118	3801	2,297,550	(14,638)	389,645	-	(55,356)	-	-	-	2,572,138
3802	1,207,932	14,593	-	-	(85,717)	1,207,887	3802	76,840	(85,717)	99,431	-	(132,485)	-	-	-	881
381	2,881,175	220,044	-	(75,281)	(3,184)	2,940,221	381	845,853	(3,184)	31,411	-	(118)	(19,836)	-	-	839,614
382	952,010	66,573	-	-	(470)	1,015,399	382	307,309	-	35,329	-	(309)	-	-	-	335,227
383	961,291	55,614	-	-	-	1,000,490	383	357,417	-	12,040	-	-	-	-	-	386,551
384	371,860	35,961	-	-	-	407,351	384	111,408	-	2,868	-	-	-	-	-	122,978
385	75,323	-	-	-	(2,962)	75,323	385	37,304	-	6,756	-	-	-	-	-	40,172
3851	75,323	-	-	-	-	75,323	3851	37,304	-	6,756	-	-	-	-	-	40,172
387	305,730	64,926	-	-	-	367,694	387	51,030	(2,962)	13,755	769	-	-	-	-	62,592
389	53,025	-	-	-	-	53,025	389	3,939	-	2,604	-	-	-	-	-	10,695
390	100,166	-	-	-	-	100,166	390	45,144	-	2,604	-	-	-	-	-	47,747
3911	26,331	-	-	-	(5,976)	26,331	3911	(9,850)	-	2,021	-	-	-	-	-	(8,638)
3912	28,612	-	-	-	(1,422)	28,612	3912	12,540	(1,422)	28,794	-	-	-	-	-	210,366
3913	330,697	6,407	-	-	(45,600)	335,682	3913	182,994	(45,600)	19,453	-	-	-	-	-	181,873
3921	247,683	-	-	-	(259,654)	202,083	3921	911,536	(259,654)	60,094	-	-	-	-	-	731,688
3922	1,337,716	273,809	-	14,058	-	1,365,929	3922	17,759	-	564	1,135	-	-	8,696	-	18,322
3924	20,869	-	-	-	-	20,869	3924	20,869	-	-	-	-	-	-	-	10,629
393	12,997	-	-	-	-	12,997	393	9,873	-	756	-	-	-	-	-	10,629
394	176,935	10,390	-	-	-	187,325	394	20,794	-	11,629	-	-	-	-	-	32,424
395	-	-	-	-	(530)	-	395	(2,692)	-	-	-	-	-	-	-	(2,692)
396	169,725	2,114	-	-	-	171,839	396	92,113	-	10,959	-	-	-	-	-	103,072
397	103,586	63,635	-	-	-	166,691	397	49,533	(530)	7,440	-	-	-	-	-	56,443
398	22,244	-	-	-	-	22,244	398	4,559	-	1,176	-	-	-	-	-	5,735
398	51,947,389	2,591,509	-	(83,233)	(500,479)	53,955,186	398	17,484,442	(500,479)	1,659,555	12,920	(242,589)	-	(19,013)	-	18,394,836
COMMON PLANT																
303	1,833	-	-	-	-	1,833	303	-	-	-	-	-	-	-	-	-
389	341,926	-	-	-	-	341,926	389	-	-	-	-	-	-	-	-	-
3891	341,926	-	-	-	-	341,926	3891	-	-	-	-	-	-	-	-	-
390	2,076,772	13,571	-	-	(18,762)	2,090,343	390	400,427	-	55,044	-	-	-	-	-	455,471
3911	24,511	2,508	-	-	-	27,019	3911	(12,609)	-	1,172	-	-	-	-	-	(11,437)
3912	70,737	107,895	-	-	-	178,632	3912	32,082	(18,762)	4,940	-	-	-	-	-	18,260
3913	2,076,298	404,525	-	-	-	2,480,823	3913	579,982	-	196,030	-	-	-	(1,048)	-	774,964
3921	111,725	-	-	2,440	-	111,725	3921	78,021	-	12,624	-	-	-	-	-	90,645
3922	134,861	30,916	-	-	-	165,777	3922	30,916	-	1,331	-	-	-	-	-	1,331
397	109,913	6,244	-	-	-	116,157	397	24,538	-	10,188	-	-	-	-	-	34,726
399	4,840,663	675,512	-	2,440	(18,762)	5,499,853	399	1,102,441	(18,762)	281,329	0	0	0	(1,048)	0	1,363,960
399	4,840,663	675,512	-	2,440	(18,762)	5,499,853	399	1,102,441	(18,762)	281,329	0	0	0	(1,048)	0	1,363,960
TOTAL	56,789,052	3,267,021	0	(80,793)	(519,241)	59,455,039	TOTAL	18,586,893	(519,241)	1,940,884	12,920	(242,589)	-	(20,061)	-	19,758,796

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Plant Acct.	PLANT IN SERVICE (\$)				Plant Acct.	RESERVE (\$)				(CREDIT BALANCES)			
	Beginning Balance	Additions	Purchases & Adjustments	Ending Balance		Beginning Balance	Retirements	Accruals	Salvage	Cost of Removal	Purchases & Adjustments	Reclassifications	Ending Balance
301	-	-	-	2,113,641	301	67,142	-	-	-	-	-	-	74,402
303	2,113,641	-	-	-	303	-	-	7,260	-	-	-	-	-
304	-	-	-	-	304	-	-	-	-	-	-	-	-
305	-	-	-	-	305	-	-	-	-	-	-	-	-
311	-	-	-	-	311	-	-	-	-	-	-	-	-
320	-	-	-	-	320	-	-	-	-	-	-	-	-
360	-	-	-	-	360	-	-	-	-	-	-	-	-
361	-	-	-	-	361	-	-	-	-	-	-	-	-
362	-	-	-	-	362	-	-	-	-	-	-	-	-
374	44,422	-	-	44,422	374	-	-	-	-	-	-	-	-
374	14	-	-	14	374	(12,584)	-	-	-	-	-	-	(12,584)
375	18,865	4,065	-	22,930	375	10,899	-	552	-	-	-	-	11,451
376	4,564,299	529,430	-	5,093,729	376	1,762,083	(5,888)	121,315	(840)	-	-	-	1,876,670
376	6,064,545	202,606	-	6,267,151	376	2,239,012	(11,353)	165,405	(5,978)	-	-	-	2,387,086
378	54,196	-	9,769	63,965	378	11,847	-	2,009	-	3,857	-	-	17,713
379	281,037	-	-	281,037	379	103,769	-	10,116	-	-	-	-	113,885
380	3,696,625	394,465	-	4,091,090	380	1,110,406	(63,885)	133,999	(17,061)	-	-	-	1,163,459
380	1,103,650	3,741	-	1,107,391	380	381,969	(32,310)	64,664	(95,088)	-	-	-	319,235
381	1,334,082	-	57,075	1,391,157	381	691,091	(22,121)	45,964	-	13,706	-	-	728,640
382	792,765	63,333	-	856,098	382	185,153	(15,422)	26,045	(141)	-	-	-	195,635
383	340,506	-	16,415	356,921	383	157,403	(20,676)	12,123	-	6,215	-	-	155,065
384	277,503	15,759	-	293,262	384	60,873	(5,284)	8,762	-	-	-	-	64,351
385	25,952	-	-	25,952	385	13,471	-	984	-	-	-	-	14,455
387	74,360	28,493	-	102,853	387	10,884	-	3,107	-	-	-	-	13,991
389	217,452	-	-	217,452	389	65,129	-	35,513	-	-	-	-	100,642
390	1,367,302	(14,666)	-	1,352,636	390	107,175	-	3,072	-	(84,731)	-	-	25,516
391	66,855	-	-	66,855	391	7,443	-	3,480	-	27,158	-	-	38,081
391	45,174	-	-	45,174	391	310,711	-	36,842	-	57,573	-	-	405,126
391	421,661	21,771	-	443,432	391	69,351	(4,800)	9,510	-	128	-	-	74,989
392	83,336	-	4,800	88,136	392	301,830	(70,501)	29,455	-	-	-	-	311,885
392	598,015	151,097	-	749,112	392	48,651	-	492	-	(48,651)	-	-	5,408
392	-	1,674	-	1,674	392	4,916	-	-	-	-	-	-	-
393	-	-	-	-	393	42,845	(136)	4,962	-	-	-	-	47,671
394	75,644	18,291	-	93,935	394	1	-	-	-	-	-	-	1
395	-	-	-	-	395	43,783	(3,497)	9,590	-	(1,077)	-	-	48,799
396	152,723	9,485	(3,496)	158,712	396	20,336	-	6,769	-	-	-	-	27,105
397	90,400	12,480	-	102,880	397	3,437	-	660	-	-	-	-	4,097
398	12,526	-	-	12,526	398	-	-	-	-	-	-	-	-
	23,935,921	1,442,024	84,563	25,206,635		7,819,026	(255,873)	742,650	(119,108)	22,829	0	0	8,212,774

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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							301	67,142		7,260						74,402	
303	2,115,474					2,115,474	303										
304							304										
305							305										
311							311										
320							320										
360							360										
361							361										
362							362										
374	101,108					101,108	374	(9,694)		408						(9,286)	
3741	12,923					12,923	3741										
375	531,502	4,065				535,567	375	288,836		15,420						304,256	
3761	13,831,786	1,978,104			(8,655)	15,801,235	3761	3,876,024	(8,655)	368,616	(1,374)					4,234,611	
3762	26,048,099	(181,002)			(29,211)	25,837,886	3762	11,500,665	(29,211)	890,740	(35,382)					12,126,812	
378	231,845	13,680		4,174		249,699	378	62,795		8,462			3,857	(1,658)		73,456	
379	2,100,687	(322,212)				1,778,475	379	251,004		66,405	(24,383)					293,026	
3801	14,427,535	1,415,374			(123,586)	15,719,323	3801	3,407,966	(123,586)	523,644	(72,417)					3,735,597	
3802	2,311,582	18,334			(46,948)	2,282,968	3802	458,809	(46,948)	135,628	(227,573)					319,916	
381	4,215,257	220,044		(18,206)	(107,838)	4,308,257	381	1,536,944	(107,838)	145,395	(118)	13,706	(19,836)			1,568,253	
382	1,744,775	129,906			(18,606)	1,856,075	382	492,462	(18,606)	57,456	(450)					541,586	
383	1,301,797	55,614			(20,676)	1,336,735	383	514,820	(20,676)	47,452			6,215	(6,215)		187,329	
384	649,363	51,720			(5,754)	695,329	384	172,281	(5,754)	20,802						54,627	
385	101,275					101,275	385	50,775		3,852						76,583	
387	380,090	93,419			(2,962)	470,547	387	61,914	(2,962)	16,862	769					10,695	
389	612,403					612,403	389	3,939		6,756						603,861	
390	3,544,240	(1,095)				3,543,145	390	510,700		93,161				(84,731)		5,441	
3911	117,697	2,508				120,205	3911	84,716		5,456				27,158		64,926	
3912	144,523	107,835			(24,738)	227,620	3912	52,065	(24,738)	10,441				56,525		1,390,456	
3913	2,830,656	432,703		2,440	(1,422)	3,264,377	3913	1,073,687	(1,422)	261,666						347,507	
3921	442,744			4,800	(80,400)	397,144	3921	354,257	(50,400)	41,587	1,935		128			1,044,904	
3922	1,935,731	455,822		14,058	(330,155)	2,075,456	3922	1,213,366	(330,155)	90,880				57,347		23,731	
3923							3923	48,651						(48,651)			
3924	39,240	1,674				40,914	3924	22,675		1,056						10,629	
393	12,997					12,997	393	9,873		756						80,094	
394	252,579	28,681			(136)	281,124	394	63,639	(136)	16,591						(2,691)	
395							395	(2,691)									
396	322,448	11,599		(3,496)	(3,497)	327,054	396	135,896	(3,497)	20,549			(1,077)			151,871	
397	328,847	186,028			(530)	514,345	397	94,407	(530)	24,397						118,274	
398	34,770					34,770	398	7,996		1,836						9,832	
399	80,723,973	4,709,045		3,770	(775,114)	84,661,674	399	26,405,909	(775,114)	2,683,534	16,170	(361,697)	22,829	(20,061)		27,971,570	

FLORIDA PUBLIC UTILITIES COMPANY
 NORTHWEST ELECTRIC DIVISION
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Plant	PLANT IN SERVICE (\$)					RESERVE (\$)					(CREDIT BALANCES)					
	Beginning Balance	Additions	Purchases & Adjustments	Transfers	Retirements	Ending Balance	Plant Acct.	Beginning Balance	Retirements	Accruals	Salvage	Cost of Removal	Purchases & Adjustments	Transfers	Reclassifications	Ending Balance
350	-	-	-	-	-	-	350	-	-	-	-	-	-	-	-	-
3501	-	-	-	-	-	-	3501	-	-	-	-	-	-	-	-	-
352	-	-	-	-	-	-	352	-	-	-	-	-	-	-	-	-
353	-	-	-	-	-	-	353	-	-	-	-	-	-	-	-	-
354	-	-	-	-	-	-	354	-	-	-	-	-	-	-	-	-
355	-	-	-	-	-	-	355	-	-	-	-	-	-	-	-	-
356	-	-	-	-	-	-	356	-	-	-	-	-	-	-	-	-
359	-	-	-	-	-	-	359	-	-	-	-	-	-	-	-	-
360	1,100	-	-	-	-	1,100	360	(4,645)	(3,381)	-	-	-	-	-	(8,026)	4,866
3601	16,000	-	-	-	-	16,000	3601	1,185	3,681	-	-	-	-	-	-	-
361	-	-	-	-	-	-	361	-	-	-	-	-	-	-	-	-
362	909,900	20,484	-	-	(293)	930,091	362	446,170	26,437	26,437	(823)	-	-	-	471,491	-
364	5,481,210	205,377	-	-	(66,212)	5,621,375	364	2,302,784	216,780	2,999	(31,888)	-	-	-	2,424,463	-
365	5,480,180	147,467	-	-	(25,103)	5,602,544	365	2,776,035	237,876	7,338	(16,885)	-	-	-	2,979,261	-
366	117,613	2,693	-	-	(572)	120,306	366	28,439	2,374	30	(59)	-	-	-	30,843	-
367	554,339	39,202	-	-	(29,667)	592,969	367	139,538	16,680	364	(2,755)	-	-	-	155,951	-
368	5,264,628	211,162	-	-	(29,007)	5,446,123	368	2,805,998	214,319	549	(2,967)	-	-	-	2,988,444	-
369	2,774,866	152,733	-	-	(12,497)	2,935,102	369	1,233,424	124,489	2,266	(37)	-	-	-	1,328,205	-
370	1,057,450	103,304	-	-	(32,813)	1,148,257	370	663,429	40,863	1,011	(2,545)	-	-	-	692,769	-
371	943,878	84,205	-	-	(6,045)	995,270	371	254,978	63,065	2,504	(436)	-	-	-	285,169	-
373	339,203	11,264	-	-	-	344,422	373	70,991	18,777	128	-	-	-	-	83,415	-
389	3,766	-	-	-	-	3,766	389	-	-	-	-	-	-	-	-	-
390	912,235	6,420	-	-	-	918,655	390	159,368	19,164	-	-	-	-	-	178,532	-
3911	2,657	-	-	-	-	2,657	3911	2,655	-	-	-	-	-	-	2,655	-
3912	13,755	-	-	-	-	13,755	3912	5,804	-	2,408	-	-	-	-	8,212	-
3913	83,066	3,014	-	4,959	-	91,039	3913	40,883	15,399	59,669	-	-	-	3,387	59,669	-
3921	41,517	-	-	-	-	41,517	3921	19,115	7,056	-	-	-	-	-	26,171	-
3922	217,029	35,647	-	(14,057)	(13,191)	225,428	3922	122,591	27,306	501	(8,696)	-	-	-	128,511	-
3923	929,016	438,357	-	-	(139,602)	1,227,771	3923	509,272	87,217	10,500	-	-	-	-	467,387	-
3924	72,546	30	-	-	(4,200)	68,376	3924	10,676	2,747	800	-	-	-	-	10,023	-
3931	86,430	-	-	-	-	86,430	3931	45,352	9,631	-	-	-	-	-	54,983	-
3932	761	-	-	-	-	761	3932	459	111	-	-	-	-	-	570	-
3941	4,952	-	-	-	-	4,952	3941	2,575	588	-	-	-	-	-	3,163	-
3942	20,022	-	-	-	-	20,022	3942	16,863	1,044	-	-	-	-	-	17,907	-
3951	33,572	-	-	-	(582)	32,990	3951	4,981	4,572	-	-	-	-	-	8,971	-
3952	21,322	-	-	-	-	21,322	3952	10,591	2,126	-	-	-	-	-	12,717	-
396	5,103	-	-	-	-	5,103	396	1,482	348	-	-	-	-	-	1,830	-
397	21,225	3,332	-	-	(2,677)	21,225	397	12,686	4,593	201	-	-	-	-	17,289	-
398	8,857	5,000	-	-	-	13,857	398	3,271	2,375	-	-	-	-	-	3,170	-
390	25,418,198	1,470,691	-	(9,098)	(362,461)	26,517,330	390	11,686,960	1,148,645	29,191	(58,395)	-	-	(5,309)	12,438,631	-

FLORIDA PUBLIC UTILITIES COMPANY
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Plant	PLANT IN SERVICE (\$)					RESERVE (\$)					*(CREDIT BALANCES)		Ending Balance			
	Beginning Balance	Additions	Purchases & Adjustments	Transfers	Retirements	Ending Balance	Plant Acct.	Beginning Balance	Retirements	Accruals	Salvage	Cost of Removal		Purchases & Adjustments	Transfers	Reclassifications
350	17,629					17,629	350	28,856		(28,856)						30,044
3501	56,519					56,519	3501			30,044						12,947
352	26,401					26,401	352	12,395		552						860,817
353	1,962,230					1,962,230	353	811,761		49,056						166,167
354	244,665					244,665	354	161,763		4,404						632,753
355	2,457,138	14,539		(121,162)		2,350,515	355	684,409	(121,162)	90,972	(1,466)					251,505
356	2,001,539	9,141		(201,446)		1,808,787	356	394,847	(201,446)	58,398	(201)		(93)			3,125
359	6,788					6,788	359	2,861		264						
360	9,972					9,972	360	121		(121)						
3601	188					188	3601			133						133
361	96,042					96,042	361	22,171		2,112						24,283
362	2,407,122	28,075		(48,748)		2,386,449	362	987,690	(48,748)	92,933	(8,029)					1,033,846
364	1,790,638	159,826		(4,876)		1,945,588	364	829,472	(4,876)	91,534	(11,938)					904,192
365	2,851,608	128,275		(5,242)		2,975,087	365	1,356,082	(5,242)	130,995	(4,382)		93			1,478,755
366	1,618,058	156,685				1,774,743	366	350,454		34,086						384,540
367	2,985,369	130,283		(21,066)		3,094,586	367	1,046,818	(21,066)	85,410	(2,287)					1,108,873
368	5,929,807	328,129		(83,736)		6,174,200	368	2,571,669	(83,736)	264,571	(13,033)					2,739,471
369	3,811,582	282,407		(7,115)		4,086,874	369	1,497,046	(7,115)	149,593	(5,821)					1,633,903
370	1,836,002	85,517		(27,560)		1,893,959	370	941,981	(27,560)	65,221	(1,320)					978,322
371	519,649	96,981		(15,272)		601,358	371	164,221	(15,272)	33,886	(2,031)					180,804
373	730,811	36,206		(11,434)		755,583	373	213,368	(11,434)	31,826	(1,073)					232,687
389	68,696					68,696	389	6,704								6,704
390	447,128	2,619				449,747	390	193,896		8,970						202,866
3911	4,713					4,713	3911	2,924		460						3,384
3912	23,961			(1,660)		22,301	3912	18,104	(1,660)	1,992						18,436
3913	429,054	13,566		(11,001)		431,619	3913	233,676		74,429				(3,387)		304,718
3921	54,504					54,504	3921	24,383		3,324						27,707
3922	319,918			(18,969)		300,949	3922	183,154	(18,969)	40,356						205,643
3923	726,038			(7,423)		726,038	3923	394,447	(7,423)	60,984						455,431
3924	33,879	8,070				34,526	3924	9,364		885						3,127
3931	20,488					20,488	3931	16,632		960						17,592
3932							3932									
3941	32,821					32,821	3941	14,329		4,641						18,970
3942	65,662	4,304		(1,155)		68,811	3942	39,673	(1,155)	6,886	(50)					45,454
3951	30,675					30,675	3951	15,896		3,695						19,591
3952	17,236					17,236	3952	15,530		432						15,962
396	111,539					111,539	396	72,462		4,680						77,142
397	107,469					107,469	397	78,033		14,023						92,056
398	11,180					11,180	398	7,991		966						8,957
399		5,000				5,000	399									
	33,864,718	1,489,623		(11,002)		34,765,475		13,395,181	(576,864)	1,414,696	2,712	(51,431)		(3,387)		14,180,907

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	SOUTH FLORIDA		
3			
4	Main Extensions	* 1,624,862	51,066
5	Measure/Regulator Equipment	* 121,173	0
6	Services	* 48,680	0
7	Other	* 413,242	252,263
9			
10			
11	CENTRAL FLORIDA		
12			
13	Main Extensions	* 61,730	289,112
14	Transportation equipment	* 119,475	185,225
15	Other	* 2,339	8,270
16			
17			
18			
19			
20			
21			
24			
34			
35			
36			
37	* Grouped Items		
38			
39			
40	TOTAL	\$2,391,501	\$785,936

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	-	
5			
6			
7			
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38	TOTAL	\$148,769	\$2,816,236

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GENERAL DESCRIPTION OF CONSTRUCTION OVERHEAD PROCEDURE

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

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

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

ACCUMULATED PROVISION FOR DEPRECIATION OF GAS UTILITY PLANT (Account 108)

1. Explain in a footnote any important adjustments during year.
2. Explain in a footnote any difference between the amount for book cost of plant retired, line 11, column (c) and that reported for gas plant in service, pages 22 - 27, column (d), excluding retirements of non-depreciable property.
3. The provisions of Account 108 in the Uniform System of Accounts require that retirements of depreciable plant be recorded when such plant is removed from service. If

the respondent has a significant amount of plant retired at year end which has not been recorded and/or classified to the various reserve functional classifications, make preliminary closing entries to tentatively functionalize the book cost of the plant retired. In addition, include all costs included in retirement work in progress at year end in the appropriate functional classifications.

4. Show separately interest credits under a sinking fund or similar method of depreciation accounting.

Section A. Balances and Changes During Year

Line No.	Item (a)	Total (c+d+e) (b)	Gas Plant in Service (c)	Gas Plant Held for Future Use (d)	Gas Plant Leased to Others (e)
1	Balance Beginning of Year	25,303,466	25,303,466		
2	Depreciation Provisions for Year, Charged to				
3	(403) Depreciation Expense	2,282,637	2,282,637		
4	(413) Exp. of Gas Plant. Leas. to Others	0			
5	Transportation Expenses-Clearing	120,899	120,899		
6	Other Clearing Accounts	0			
7	Other Accounts (Specify):	0			
8	Accrued Depr. on Transfers	(19,013)	(19,013)		
9	TOTAL Deprec. Prov. for Year (Total of lines 3 through 8)	2,384,523	2,384,523		
10	Net Charges for Plant Retired:				
11	Book Cost of Plant Retired	(756,352)	(756,352)		
12	Cost of Removal	(361,697)	(361,697)		
13	Salvage (Credit)	16,170	16,170		
14	TOTAL Net Charges. for Plant Ret. (Enter Total of lines 11 through 13)	(1,101,879)	(1,101,879)		
15	Other Debit or Credit Items (Describe)				
16					
17	Balance End of Year (Enter Total of lines 1, 9, 14, 15, and 16)	26,586,110	26,586,110		

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)	498,071
2	Prepaid Rents	
3	Prepaid Taxes (page 41)	3,956,271
4	Prepaid Interest	
5	Gas Prepayments	
6	Miscellaneous Prepayments: Pensions & Software Maintenance (1650.3 & .4 & .5)	2,109,521
7	TOTAL Prepayments	6,563,863

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						
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20						
21	TOTAL					

OTHER REGULATORY ASSETS (Account 182.3)

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

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

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

Line No.	Description and Purpose of Other Regulatory Assets (a)	Balance Beginning of Year (b)	Debits ©	Credits		Balance End of Year (f)
				Account Charged (d)	Amounts (e)	
1	See page 35					
2						
3						
4						
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40	TOTAL					

MISCELLANEOUS DEFERRED DEBITS (Account 186)

1. Report below the particulars (details) called for concerning miscellaneous deferred debits.
 2. For any deferred debit being amortized, show period of amortization in column (a).

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

Line No.	Description of Miscellaneous Deferred Debit (a)	Balance at Beginning of Year (b)	Debits (c)	Account Charged (d)	Amount (e)	Balance End of Year (f)
1	Energy Conservation Program	\$0	\$0		\$0	\$0
2	Undistributed Capital					
3	-Accrued Payroll	46,389			4,439	\$50,828
4	Amortized Piping Costs	1,287,224			(67,548)	\$1,219,676
5	Amortized Conversion Cost	167,021			3,637	\$170,658
6	Underrecovery Conservation	156,915			(111,543)	\$45,372
7	Underrecovery Natural Gas (AEP)	3,496,474			430,642	\$3,927,116
8	Underrecovery Unbundling	1,799			(1,238)	\$561
9	Penny Elimination	0			0	0
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47	Misc. Work in Progress	361,617				\$851,696
48	Deferred Regulatory Comm. Expenses					
49	(See Pages 58 - 59)	19,744	(346,192)	928	14,057	(\$340,505)
50	TOTAL	\$5,537,183				\$5,925,402

ACCUMULATED DEFERRED INCOME TAXES (Account 190)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes.
 2. At Other (Specify), include deferrals relating to other income and deductions.
 3. If more space is needed, use separate pages as required.
 4. In the space provided below, identify by amount and classification, significant items for which deferred taxes are being provided. Indicate insignificant amounts listed under Other.

Line No.	Account Subdivisions (a)	Balance at Beginning of Year (b)	CHANGES DURING YEAR				ADJUSTMENTS				Balance at End of Year (k)	
			Amounts Debited to Acct. 410.1 (c)	Amounts Credited to Acct. 411.1 (d)	Amounts Debited to Acct. 410.2 (e)	Amounts Credited to Acct. 411.2 (f)	DEBITS Amount (g)	ACCTS. No. (h)	CREDITS Amount (i)	ACCTS. No. (j)		
1	ELECTRIC											
2	AMT		43,591									43,591
3	Conservation Prog. & Pensions											
4	Int. Not Cap. & Amort. of Dept.											
5	Regulatory											
6	Self Ins Res. & Audit Fee	219,299		8,115								227,414
7	Uncollectible	16,138		7,334								23,472
8	Vacation Pay	74,664		(1,536)								73,128
9	Misc. Accrual	(4,449)		1,674								(2,775)
10	Gain on Hydroplant			(5,059)								(5,059)
11	General liability	(28,908)		(42,548)								(71,456)
12	Rate Refund											
13	Storm Reserve			93,312								93,312
14	TOTAL Electric (Lines 2 - 12)	276,744	11,541									381,597
15	GAS											
16	AMT		46,562									46,562
17	Interest Not Cap. & Amort of Dept.											
18	Deferred Gain	196,536	(45,295)									151,241
19	Regulatory											
20	Self Insurance Res. & Audit Fee	439,301	86,342									525,643
21	Uncollectible	88,955	(59,578)									29,377
22	Vacation Pay	157,624	17,885									175,509
23	Environmental	2,112,077	(124,404)									1,987,673
24	Misc. Accrual	(9,185)	2,394									(6,791)
25	General liability	(30,878)	(62,899)									(93,777)
26	Storm Reserve		4,383									4,383
27	TOTAL Gas (Lines 15 - 23)	2,954,430	(134,610)									2,819,820
28	Other (Specify) Water Division	42,793	(42,793)									
29	Other (Specify) Common		3,536									3,536
30	TOTAL (Account 190)		(68,014)									3,204,953
31	(Enter Total of lines 13, 24 & 25)	3,273,967										
32	WATER DIVISION											
33	AMT											
34	Conservation Prog. & Pensions											
35	Interest Not Cap. & Amort of Dept.											
36	Regulatory											
37	Self Insurance Res. & Audit Fee	35,955	(35,955)									
38	Uncollectible	2,407	(2,407)									
39	Vacation Pay	11,062	(11,062)									
40	Misc. Accrual	(718)	718									
41	General liability	(5,913)	5,913									
42	TOTAL WATER (Line 25 above)	42,793	(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 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							
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22							
23							
24							
25	TOTAL			52,500,000		3,948,550	52,500,000

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

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

5. Furnish in a footnote particulars (details) regarding the treatment of unamortized debt expense, premium or discount associated with issues redeemed during the year. Also, give in a footnote the date of the Commission's authorization of treatment other than as specified by the Uniform System of Accounts.
 6. Identify separately indisposed amounts applicable to issues which were redeemed in prior years.
 7. Explain any debits and credits other than amortization debited to Account 428, Amortization of Debt Discount and Expense, or credited to Account 429, Amortization of Premium on Debt - Credit.

Line No.	Designation of Long-Term Debt (a)	Principal Amount of Debt issued (b)	Total Expense Premium or Discount (c)	Amortization Period		Balance at Beginning of Year (f)	Debits (Credits) During Year (g)	Balance at End of Year (h)
				Date From (d)	Date To (e)			
1	FIRST MORTGAGE BONDS:							
2								
3	9.57% Series Due 2018	10,000,000	180,273	5/1/88	5/1/18	74,515	(7,211)	67,304
4	10.03% Series Due 2018	5,500,000	97,070	5/1/88	5/1/18	40,121	(3,882)	36,239
5	9.08% Series Due 2022	8,000,000	121,967	6/1/92	6/1/22	79,304	(4,067)	75,237
6	4.90% Series Due 2031	14,000,000	825,028	11/1/01	11/1/31	771,320	(23,434)	747,886
7	6.85% Series Due 2031	15,000,000	1,153,193	10/1/01	10/1/31	1,162,049	(44,029)	1,118,020
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 2003 was \$18,282.32. \$2,000,000 Reacquired Bond originally due in 2002 has reacquired debt loss and is amortized in Account 428. The associated amount for 2003 is \$4,078.							
17								
18								
19								
20								
21								
22	The amortization of debt discount occurs in Account 4280.2. The associated amount for 2003 was \$110,463.88							
23								
24	Total Account 4280 = \$ 128,746							
25								
26								
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34								
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37								
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41								
42								
43								
44								
45								
46		52,628,746	2,377,531			2,127,309	(82,624)	2,044,685

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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 Required Debt 12.5% Due 1988 Maturity date of new issue - 5/1/18	5/1/88	5,000,000	566,748	281,875	263,593
2						
3						
4						
5						
6						
7	Unamortized Loss on Required Debt 8% Due 2002	7/1/93	2,000,000	36,699	-	-
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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) *	\$12,363,508
2	Reconciling Items for the Year	
3		
4	Taxable Income Not Reported on Books	
5	Service Contributions	454,000
6	Depreciation	584,019
7	Conservation Program Costs	174,517
8	Pension Reserve	572,718
9	Self - Insurance Reserve	52,426
10	Outside Audit Fees	103,035
11	Storm Reserve	96,353
12	Deductions Recorded on Books Not Deducted for Return	
13	Meals Expense	15,069
14	Vacation Pay	36,096
15	Depreciation Study	0
16	Loss on Reacquired Debt	18,283
17	Income Taxes (excluding current state income of \$ 210,400)	6,911,135
18	Refurbish Project	5,037
19	Gas Unbundling	23,300
20	Misc. Deferrals	12,711
21		
22	Income Recorded on Books Not Included in Return	
23	Environmental Costs	230,599
24	Natural Gas Odorizer	24,507
25	Rate Case Expense	340,505
26	Deferred Gain	120,377
27	Uncollectible Reserve	138,833
28	General Liability	178,425
29	Deferred Gain on Sale of Water Assets	15,871,571
30	Interest on Water installment Payment	189,967
31	Deductions on Return Not Charged Against Book Income	
32	Ordinary Loss on ACRS Property Retirements	180,000
33	Cost of Removal ADR Property	54,000
34	Under/Over Recoveries-Unbundling Cost	66,897
35	Penalties	0
36	Underrecoveries of Purchased Energy Costs	406,812
37		
38		
39	Federal Tax Net Income	3,619,714
40	Show Computation of Tax:	
41		
42	Tax at 34%	1,230,703
43	Rounding	(2)
44	TOTAL Federal Income Tax Payable	1,230,701
45	* Excludes Flo-Gas Net Income of	\$58,759

FLORIDA PUBLIC UTILITIES

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	(287,184)	(41,166)				(404)	(192,097)	(175,385)			(676,236)
2	Taxes Charged During Year											
3							(1,171,612)					468,010
4	Federal Taxes	(657,930)					1,125,940					468,010
5			(113,289)				18,192	2,158,231	294,672	(15,736)		2,342,070
6	State of Florida Taxes										5,230	1,510,858
7				1,505,628								
8	Local Taxes											
9												
10												
11	TOTAL TAXES CHARGED DURING YEAR	(657,930)	(113,289)	1,505,628			1,144,132	2,158,231	294,672	(15,736)	5,230	4,320,938
12	(Lines 3-11)											
13	Taxes Paid During Year											
14		2,908,193					1,128,736					4,036,929
15	Federal Taxes											
16			479,717				18,297	2,144,922	372,227	(15,736)		2,999,427
17	State of Florida Taxes			1,506,269							5,230	1,511,499
18												
19	Local Taxes											
20												
21												
22	TOTAL TAXES PAID DURING YEAR (Lines 14-22)	2,908,193	479,717	1,506,269			1,147,033	2,144,922	372,227	(15,736)	5,230	8,547,855
23	Adjustments (list): Water Accrual Jan-Mar								(30,540)			(30,540)
24	Adjustments (list): Sale of Water Division			(641)			(11,329)					76,230
25	Adjustments (list): Propane	75,037	13,163				(16,151)					(16,151)
26	Adjustments (list): Excise Tax		17,292				(27,480)					17,292
27	Adjustments (list): Excise Tax	75,037	30,455	(641)			(27,480)					46,831
28	TOTAL ADJUSTMENTS (Lines 24-26)						(24,983)	(205,406)				
29	TAXES (ACCRUED)/PREPAID END OF YEAR	3,373,976	582,295									3,597,512
	(Lines 1+12-23+27)											

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	(368,677)	(63,132)	523,703			234,097	980,625	28,884	(7,608)	622	1,328,514
32	(389,028)	(66,490)	891,925			511,947	1,177,606	265,788	(8,128)	4,608	2,478,228
33											
34	98,775	16,333									116,108
35											
36											
37											
38						398,088					398,088
39											
40											
41											
42	(657,930)	(113,289)	1,505,628			1,144,132	2,158,231	294,672	(15,736)	5,230	4,320,938
43											
44											

FLORIDA PUBLIC UTILITIES

For the Year Ended

December 31, 2003

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%	232			4110.4	226		6	35 Years
3	4%	7,737			4110.4	2,655		5,082	35 Years
4	8%	37,466			4110.4	2,854		34,612	
5	10%	333,904			4110.4	35,576		298,328	35 Years
6	Prior Period Adjustment	0						0	
7									
8	TOTAL	379,339				41,311		338,028	
9	Electric Utility								
10	3%	1,543			4110.4	27		1,516	28 Years
11	4%	549			4110.4	547		2	28 Years
12	8%	50,756			4110.4	6,031		44,725	
13	10%	231,275			4110.4	45,518	(746)	185,011	28 Years
14	Prior Period Adjustment	0					745	745	
15									
16	TOTAL	284,123				52,123		231,999	
17	Water Utility								
18	3%	119			4110.4	119		0	34 Years
19	4%	1,089			4110.4	1,089		0	34 Years
20	8%	28,300			4110.4	28,300		0	
21	10%	50,460			4110.4	50,460		0	34 Years
22	Prior Period Adjustment							0	
23									
24	TOTAL	79,968				0		0	
25									
26	Total Utility	743,430				93,434		570,027	

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	981,905
2		
3		
4	Outside Audit Fees	184,535
5		
6	Commission Funds	412
7		
8	Sun Trust Analysis	7,701
9		
10	Employee Fund	3,140
11		
12	Misc. Current and Accrued Liability	15,000
13		
14		
15		
16		
17		
18	TOTAL	1,192,693

OTHER DEFERRED CREDITS (Account 253)

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

Line No.	Description of Other Deferred Credit (a)	Balance Beginning of Year (b)	DEBITS		Credits (e)	Balance at End of Year (f)
			Contra Account (c)	Amount (d)		
1	Over Recovery of Fuel Adjustment - Electric (Amortized over succeeding six month period)	1,557,241	456.1	1,718,419	2,244,437	2,083,259
2			456.11			
3						
4						
5	Over Recovery of Fuel Adjustment - Gas (Amortized over succeeding twelve month period)	712,802	495.1	1,718,404	1,531,895	526,293
6			495			
7						
8						
9	Environmental Insurance Proceeds	5,203,973	1860.1	825,680	9,622,081	14,000,374
10						
11	Over Recovery - Conservation (Electric)	43,606	456.6	48,567	111,541	106,580
12						
13	Over Recovery - Conservation (Gas)	0	495.7	578,464	578,464	0
14						
15	Over Recovery - Unbundling (Gas)	78,788	495.8	129,758	61,622	10,652
16						
17	Gain on sale of property (Electric)	-	4030.1	-	-	0
18						
19	Gain on sale of property (Gas)	522,291	4030.1	120,420	43	401,914
20						
21	Other Deferred Credit - Cashier over/short	0		6,796	6,796	0
22						
23						
24						
25						
	TOTAL	\$8,118,701		\$5,146,508	\$14,156,879	\$17,129,072

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	Amount	Account No.	Amount	Account No.		
1	ACCOUNT 281 - ACCELERATED AMORTIZATION PROPERTY											
3	Electric											
4	Gas											
5	Other											
6	TOTAL ACCOUNT 281 (Lines 3 thru 6)	0	0	0	0	0	0	0	0	0	0	0
8	ACCOUNT 282 - OTHER PROPERTY *											
9	Electric	6,664,838	(2,472,847)					3,295,312	1080			7,487,303
10	Gas	8,337,136	(1,395,356)					2,797,734	1080			9,739,514
11	Other	(137,517)	(61,339)					198,856	1860			0
12	Other-Common	0	5,972,472									5,972,472
13	TOTAL ACCOUNT 282 (Lines 10 thru 13)	14,864,457	2,042,930	0	0	0	0	6,291,902		0	0	23,199,289
14	ACCOUNT 283 - OTHER											
15	Electric	463,922	157,939									621,861
16	Gas	695,510	(114,890)									580,620
17	Other - Water	59,218	(13,562)							1860	45,656	0
18	Other - Common	0										0
19	TOTAL ACCOUNT 283 - OTHER (Lines 17 thru 20)	1,218,650	29,487	0	0	0	0	0	0	0	45,656	1,202,461
20	ELECTRIC											
21	Federal Income Tax	6,608,938	853,012									7,461,950
22	State Income Tax	519,822	127,392									647,214
23	TOTAL ELECTRIC (Lines 24 thru 26)	7,128,760	980,404	0	0	0	0	0	0	0	0	8,109,164
24	GAS											
25	Federal Income Tax	8,201,025	1,118,330									9,319,355
26	State Income Tax	831,621	169,158									1,000,779
27	TOTAL GAS (Lines 30 thru 32)	9,032,646	1,287,488	0	0	0	0	0	0	0	0	10,320,134
28	OTHER											
29	Federal Income Tax - Water	(63,062)	63,062									0
30	State Income Tax - Water	(15,217)	15,217									0
31	Federal Income Tax - Common	0	5,099,536									5,099,536
32	State Income Tax - Common	0	872,936									872,936
33	TOTAL OTHER (Lines 36 thru 38)	(78,299)	6,050,771	0	0	0	0	0	0	0	0	5,972,472
34	TOTAL (Total of lines 7, 14, 21 and Lines 27, 33, 39)	16,083,107	8,316,663	0	0	0	0	0	0	0	0	24,401,770

NOTES
* Beginning balance changed due to a prior years adjustment of COR for SFAS no. 143

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						
6						
7						
8						
9						
10						
11						
12						
13						
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32						
33						
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35						
36						
37						
38						
39						
40						
41	TOTAL					

GAS OPERATING REVENUES (Account 400)

1. Report below natural gas operating revenues for each prescribed account in total.
2. Natural gas means either natural gas unmixed or any mixture of natural and manufactured gas.
3. Report number of customers, columns (f) and (g), on the basis of meters, except that where separate meter readings are added for billing purposes, one customer should be counted for each group of meters added. The average number of customers means the average of twelve figures at the close of each month.
4. Report quantities of natural gas sold in therms (14.73 psia at 60 F).
5. Report gas service revenues and therms sold by rate schedule.

Line No.	Title of Account (a)	OPERATING REVENUES	
		Amount for Year (b)	Amount for Previous Year (c)
1	GAS SERVICE REVENUES		
2	FIRM SALES SERVICE		
3	480 Residential Sales	17,670,120	13,856,801
4	481 Commercial & Industrial Sales - Small	12,590,455	8,775,065
5	481 Commercial & Industrial Sales - Large}	15,229,878	10,553,136
6	481		
7	481		
8	481		
9	INTERRUPTIBLE SALES SERVICE		
10	481 Commercial & Industrial Sales - Interruptible	816,890	525,768
11	481		
12	FIRM TRANSPORTATION SERVICE		
13	489	2,139,980	1,570,727
14	489		
15	489		
16	INTERRUPTIBLE TRANSPORTATION SERVICE		
17	489	346,020	269,130
18	482 Other Sales to Public Authorities	0	0
19	484 Flex Rate - Refund		
20	TOTAL Sales to Ultimate Consumers	48,793,343	35,550,627
21	483 Sales for Resale		
22	Off-System Sales 4000.4954* & 4955*	1,515,138	1,837,605
23	TOTAL Nat. Gas Service Revenues	50,308,481	37,388,232
24	TOTAL Gas Service Revenues	50,308,481	37,388,232
25	OTHER OPERATING REVENUES		
26	485 Intracompany Transfers		
27	487 Forfeited Discounts	700,717	581,212
28	488 Misc. Service Revenues & AEP	809,900	713,788
29	489 Rev. from Trans. of Gas of Others (not included in above rate schedules)	0	0
30			
31	493 Rent from Gas Property		
32	494 Interdepartmental Rents		
33	495 Other Gas Revenues		
34	Initial Connection		
35	Overrecoveries Conservation 495.7	68,135	243,163
36	Collection in lieu of disconnect		
37	Returned Check		
38	Unbilled Revenue 495.3	68,058	36,411
39	Other 495.2	1,573,675	50,007
40	495.1 Overrecoveries Purchased Gas	186,509	1,126,828
41	TOTAL Other Operating Revenues	3,406,994	2,751,409
42	TOTAL Gas Operating Revenues	53,715,475	40,139,641
43	(Less) 496 Provision for Rate Refunds	(105,000)	0
44	TOTAL Gas Operating Revenues Net of Provision for Refunds	53,610,475	40,139,641
45			
46	Sales for Resale		
47	Other Sales to Public Authority		
48	Interdepartmental Sales		
49	TOTAL	53,610,475	40,139,641

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
11,509,210	11,135,200	42,622	41,590	3
12,362,550	12,006,930	3,298	3,225	4
16,540,410	16,819,270	884	882	5
				6
				7
				8
				9
1,072,040	1,081,450	4	4	10
				11
				12
12,356,310	10,100,600	302	243	13
				14
				15
				16
4,491,620	18,338,570	10	9	17
0	0	0	0	18
				19
58,332,140	69,482,020	47,120	45,953	20
				21
1,006,860	1,851,760	1	1	22
59,339,000	71,333,780	47,121	45,954	23
				24
				25
				26
				27
				28
				29
				30
				31
				32
				33
				34
				35
				36
				37
				38
				39
				40
				41
				42
				43
				44
				45
				46
				47
				48
59,339,000	71,333,780			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.)	10,081	947
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	248	15
4	Number of Unfilled Application for Space Heating at End of Year	NONE	NONE

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

1. Report below the average number of interruptible, off peak, and firm industrial customers on local distribution systems of the respondent, and the Therms of gas sales to these customers for the year.
2. Interruptible customers are those to whom service may be interrupted under terms of the customer's gas contract, or to whom service is required to be interrupted, regardless of the contractual arrangements in emergency periods,
- by law, ordinance, directive, or other requirement of government authority. State in a footnote the basis on which interruptible customers are reported.
3. Off peak sales are seasonal and other sales which do not occur during wintertime demands.
4. Report pressure base of gas volumes at 14.73 psia at 60 degrees F.

Line No.	Item (a)	Number/Amount (b)
1	Interruptible Customers	
2	Average Number of Customers for the Year	4
3	Therms of Gas Sales for the Year	1,072,040
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	1,072,040

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	23,609,255	13,172,647
11	802 Natural Gas Gasoline Plant Outlet Purchases		
12	803 Natural Gas Transmission Line Purchases		
13	804 Natural Gas City Gate Purchases	4,227,657	3,828,655
14	804.1 Liquefied Natural Gas Purchases		
15	805 Other Gas Purchases	0	0
16	(Less) 805.1 Purchased Gas Cost Adjustments		
17	TOTAL Purchased Gas (Enter Total of Lines 8 to 16)	27,836,912	17,001,302
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	750	3,158
24	807.5 Other Purchased Gas Expenses		
25	TOTAL Purchased Gas Expenses (Enter Total of lines 20 through 24)	750	3,158
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	0
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	0
35	813 Other Gas Supply Expenses	124,114	119,137
36	TOTAL Other Gas Supp. Exp. (Total of Lines 17,18,25,26 through 29,34,35)	27,961,776	17,123,597
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)	44,349	80,029
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			

Florida Public Utilities Company		An Original	For the Year Ended
			December 31, 2003
GAS OPERATION AND MAINTENANCE EXPENSES (Continued)			
Line No.	Account	Amount for Current Year	Amount for Previous Year
47	4. DISTRIBUTION EXPENSES		
48	Operation		
49	878 Operation Supervision and Engineering	219,071	219,279
50	871 Distribution Load Dispatching	13,542	8,515
51	872 Compressor Station Labor and Expenses	0	0
52	873 Compressor Station Fuel and Power	0	0
53	874 Mains and Services Expenses	1,375,308	1,077,508
54	875 Measuring and Regulating Station Expenses--General	2,465	1,420
55	876 Measuring and Regulating Station Expenses--Industrial	14,483	7,187
56	877 Measuring and Regulating Station Expenses--City Gate Check Sta.	17,345	10,797
57	878 Meter and House Regulator Expenses	1,122,864	1,098,485
58	879 Customer Installations Expenses	198,000	201,764
59	880 Other Expenses	546,323	543,140
60	881 Rents	39,865	38,364
61	TOTAL Operation (Enter Total of lines 49 through 60)	3,549,266	3,206,459
62	Maintenance		
63	885 Maintenance Supervision and Engineering	105,722	80,567
64	886 Maintenance of Structures and Improvements	74,124	59,476
65	887 Maintenance of Mains	541,390	294,841
66	888 Maintenance of Compressor Station Equipment	0	0
67	889 Maintenance of Meas. and Reg. Sta. Equip.--General	11,345	6,414
68	890 Maintenance of Meas. and Reg. Sta. Equip.--Industrial	97	1,291
69	891 Maintenance of Meas. and Reg. Sta. Equip.--City Gate Check Sta.	30,668	27,034
70	892 Maintenance of Services	116,303	150,262
71	893 Maintenance of Meters and House Regulators	94,686	96,161
72	894 Maintenance of Other Equipment	15,075	12,339
73	TOTAL Maintenance (Enter Total of Lines 63 through 72)	989,410	728,385
74	TOTAL Distribution Expenses (Enter Total of Lines 61 and 73)	4,538,676	3,934,844
75	5. CUSTOMER ACCOUNTS EXPENSES		
76	Operation		
77	901 Supervision	181,239	161,021
78	902 Meter Reading Expenses	432,750	415,078
79	903 Customer Records and Collection Expenses	1,013,166	1,119,043
80	904 Uncollectible Accounts	(1,119)	310,543
81	905 Miscellaneous Customer Accounts Expenses	57,664	91,719
82	TOTAL Customer Accounts Expenses (Enter Total of Lines 77 through 81)	1,683,700	2,097,404
83	6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES		
84	Operation		
85	906.1 Under-recoveries Conservation	111,543	425,837
86	907 Supervision	48,736	40,309
87	908 Customer Assistance Expenses	1,249,636	1,545,763
88	909 Informational and Instructional Expenses	654,922	171,691
89	910 Miscellaneous Customer Service and Informational Expenses	51,114	29,425
90	TOTAL Customer Service and Informational Expenses (Enter Total of Lines 85 through 88)	2,115,951	2,213,025
91	7. SALES EXPENSES		
92	Operation		
93	911 Supervision	118,131	102,741
94	912 Demonstrating and Selling Expenses	774,690	943,718
95	913 Advertising Expenses	247,828	112,345
96	916 Miscellaneous Sales Expenses	481,695	473,862
97	TOTAL Sales Expenses (Enter Total of lines 92 through 95)	1,622,344	1,632,666
98			

December 31, 2003

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	1,076,650	883,695
102	921 Office Supplies and Expenses	420,875	449,286
103	(Less) (922) Administrative Expenses Transferred--Cr.	0	0
104	923 Outside Services Employed	267,528	160,187
105	924 Property Insurance	52,748	38,556
106	925 Injuries and Damages	476,633	579,567
107	926 Employee Pensions and Benefits	1,124,264	557,319
108	927 Franchise Requirements	0	0
109	928 Regulatory Commission Expenses	23,968	29,872
110	(Less) (929) Duplicate Charges--Cr.	0	0
111	930.1 General Advertising Expenses	0	837
112	930.2 Miscellaneous General Expenses	123,295	201,446
113	931 Rents	10,987	8,069
114	TOTAL Operation (Enter Total of lines 100 through 112)	3,576,948	2,908,834
115	Maintenance		
116	935 Maintenance of General Plant	88,200	68,870
117	TOTAL Administrative and General Exp. (Total of lines 113 and 115)	3,665,148	2,977,704
118	TOTAL Gas O. and M. Exp. (Lines 37, 42, 44, 74, 82, 89, 96, and 116)	41,631,944	30,059,269
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)		11/2/2003
142	2. Total Regular Full-Time Employees		251
143	3. Total Part-Time and Temporary Employees		6
144	4. Total Employees		257
145			
146			
147			
148			

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

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

The totals shown in columns (b) and (c) should agree with the books of account. Reconcile any differences in a footnote.

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

Line No.	Account Title (a)	Gas Purchased-Therms (14.73 psia 60 F) (b)	Cost of Gas (In dollars) (c)	Average Cost Per Therm (To nearest .01 of a cent) (d)
1	800 - Natural Gas Well Head Purchases			
2	800.1 - Natural Gas Well Head Purchases, Intracompany Transfers			
3	801 - Natural Gas Field Line Purchases	18,538,290	23,609,255	127.354
4	802 - Natural Gas Gasoline Plant Outlet Purchases			
5	803 - Natural Gas Transmission Line Purchases			
6	804 - Natural Gas City Gate Purchases	39,646,100	4,227,657	10.663
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>58,184,390</u>	<u>27,836,912</u>	<u>47.843</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	74,380				
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20	TOTAL		74,380				

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	124,114
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	\$18,712
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	34,715
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	Economic Development Expense	5,000
6	Directors Fees and Expenses (33 items) Miscellaneous Expenses (30 items) Chamber of Commerce (6 items) Stock Insurance	15,330 10,130 4,564 34,844
7		
8		
9		
10		
11		
12		
13		
14	TOTAL	123,295
15		
16		
17		
18		
19	TOTAL	123,295

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	2,107,898	-	-	-	-	2,107,898
10	General Plant	53,994	-	-	-	-	53,994
11	Common Plant-Gas						153,640
12	Environmental Clean Up	-	-	-	-	(100,000)	(100,000)
13	AEP	-	-	-	-	352,596	352,596
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	2,161,892				252,596	2,568,128

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	12,610
5		426.12 Charitable Contributions: Outside Service Area	0
6		426.13 Civic and Social Club Dues	2,768
		426.2 Life Insurance	0
7		426.3 Penalties	0
8		426.4 Expenditures for Lobbying and Other Politically Related Activities	106
9		426.5 Other	
10		Chamber of Commerce	3,686
11		TOTAL MISCELLANEOUS INCOME DEDUCTIONS	19,170
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)	(172,149)
16			
17			
18		Account 431: Other Interest Expense	
19		431.1 Interest on Customer Deposits	335,030
20		431.2 Interest on Notes Payable	75,241
21		431.3 Interest on Miscellaneous	0
22		TOTAL OTHER INTEREST EXPENSE	410,271
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	1,888,061	498,770	2,386,831
3	Gas			
4	Operation			
5	Production - Manufactured Gas & Nat.Gas (inc. Expl. and Dev.); Other Gas Supply; Storage, LNG, Termn. & Proces.	125,158		
6	Transmission	-		
7	Distribution	2,097,827		
8	Customer Accounts	1,063,001		
9	Customer Service and Informational	187,484		
10	Sales	771,369		
11	Administrative and General	(293,422)		
12	TOTAL Operation (Enter Total of lines 5 through 11)	3,951,417		
13	Maintenance			
14	Production - Manufactured Gas & Nat.Gas (inc. Expl. and Dev.); Other Gas Supply; Storage, LNG, Termn. & Proces.	-		
15	Transmission	-		
16	Distribution	536,658		
17	Administrative and General	2,870		
18	TOTAL Maintenance (Enter Total of lines 14 through 17)	539,528		
19	Total Operation and Maintenance			
20	Production - Manufactured Gas & Nat.Gas (inc. Expl. and Dev.); Other Gas Supply; Storage, LNG, Termn. & Proces.	125,158		
21	Transmission (Enter Total of lines 6 and 15)	-		
22	Distribution (Enter Total of lines 7 and 16)	2,634,485		
23	Customer Accounts (Transcribe from line 8)	1,063,001		
24	Customer Service and Informational (Transcribe from line 9)	187,484		
25	Sales (Transcribe from line 10)	771,369		
26	Administrative and General (Enter Total of lines 11 and 17)	(290,552)		
27	TOTAL Operation and Maint. (Total of lines 20 through 26)	4,490,945	1,191,601	5,682,546
28	Other Utility Departments			
29	Operation and Maintenance - Water	88,976	-	88,976
30	TOTAL All Utility Dept. (Total of lines 2, 27, and 29)	6,467,982	1,690,370	8,158,352
31	Utility Plant			
32	Construction (By Utility Departments)			
33	Electric Plant	1,071,649	-	1,071,649
34	Gas Plant	1,070,203	-	1,070,203
35	Other	32,507	-	32,507
36	TOTAL Construction (Enter Total of lines 33 through 35)	2,174,360	-	2,174,360
37	Plant Removal (By Utility Department)			
38	Electric Plant	73,767	-	73,767
39	Gas Plant	207,111	-	207,111
40	Other	3,416	-	3,416
41	TOTAL Plant Removal (Enter Total of lines 38 through 40)	284,294	-	284,294
42	Other Accounts (Specify):			
44	Other Accounts Receivable/Employee	218,126	-	218,126
45	Temporary Facilities	31,559	-	31,559
46	Stores Expense	392,441	-	392,441
47	Clearing Accounts	237,155	-	237,155
48	Miscellaneous Deffered Debits	143,013	-	143,013
49	Merchandise and Jobbing	871,256	-	871,256
50	Taxes other Than Income Taxes-Electric/Gas/Water	(398,088)	-	(398,088)
51	Vacation Pay	(53,641)	-	(53,641)
52	Other Accounts Receivable	2,938,016	366,950	3,304,966
53	Environmental Cost	559	-	559
54	TOTAL Other Accounts	4,380,397	366,950	4,747,347
55	TOTAL SALARIES AND WAGES	13,307,032	2,057,320	15,364,353

December 31, 2003

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		15,036	15,036	12,530
9					
10	All expenses incurred by the company in its				
11	Limited proceedings for the water division.				
12	Docket Number 001806-WU		7,962	7,962	7,214
13					
14	All expenses incurred by the company in its				
15	filings for Rate Relief for electric. Docket				
16	Number 030438-EI		10,803	10,803	0
17					
18	All expenses incurred by the company in its				
19	filings for Rate Relief for Gas. Docket				
20	Number 040216-GU		0	0	0
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34					
35					
36					
37					
38					
39					
40	TOTAL		33,801	33,801	19,744

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.

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

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.

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

EXPENSES INCURRED DURING YEAR			AMORTIZED DURING YEAR		Deferred in Account 186 End of Year (l)	Line No.	
CHARGED CURRENTLY TO			Contra Account (j)	Amount (k)			
Department (f)	Account No. (g)	Amount (h)			Deferred to Account 186 (i)		
						1	
						2	
						3	
						4	
						5	
						6	
						7	
Water - 15261	4210	(10,024)	(10,024)	928	2,506	(0)	8
							9
							10
							11
Water - 3370	4210	(6,466)	(6,466)	928 & 6668	748	(0)	12
							13
							14
							15
Electric-33556		(296,497)	(296,497)	928	10,803	(307,300)	16
							17
							18
							19
Gas - 33800		(33,205)	(33,205)	928	0	(33,205)	20
							21
							22
							23
							24
							25
							26
							27
							28
							29
							30
							31
							32
							33
							34
							35
							36
							37
							38
							39
		(346,192)	(346,192)		14,057	(340,505)	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) BDO Sheidmen, LLP, 1601Forum Place Suite 904, West Palm Beach, FL 33401	55,000			
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="0" style="width: 100%;"> <tr> <td style="text-align: center;"><u>Account</u></td> <td style="text-align: center;"><u>Utility</u></td> <td style="text-align: center;"><u>Allocation %</u></td> </tr> </table>	<u>Account</u>	<u>Utility</u>	<u>Allocation %</u>	
<u>Account</u>	<u>Utility</u>	<u>Allocation %</u>			
8	923 GAS 51.0%				
9	923 ELECTRIC 35.0%				
10	923 WATER 0.0%				
11	923 FLO-GAS 14.0%				
12					
13	2. (a) Akerman, Senterfitt & Eidson, P.O. Box 231 Orlando, FL 32802	599,046			
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	874 GAS 1,000				
19	880 GAS 5,251				
20	903 GAS 1,741				
21	908 GAS 306				
22	909 GAS 175				
23	9121 GAS 348				
24	9232 GAS 3,939				
25	1070 GAS 4,563				
26	1430 GAS 11,622				
27	1070 ELECTRIC 820				
28	923 ELECTRIC 1,147				
29	186 FPU 184,101				
30	146 FPU 6,321				
31	1840 FPU 3,022				
32	1849 FPU 54,617				
33	2280 FPU 220,952				
34	2320 FPU 19,154				
35	2530 FPU 75,154				
36	1650 FPU 4,813				
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, 2003

For the current year, reconcile the gross operating revenues as reported on Page 46 of this report with the gross operating revenues as reported on the utility's regulatory assessment fee return. Explain and justify any differences between the reported gross operating revenues in column (f).

Line No.	(a) Description	(b) Gross Operating Revenues per Page 46	(c) Interstate and Sales for Resale Adjustments	(d) Adjusted Intrastate Gross Operating Revenues	(e) Intrastate Gross Operating Revenues per RAF Return	(f) Difference (d) - (e)
1	Total Sales to Ultimate Customers (480-482, 484)	48,793,343		48,793,343	46,307,344	2,485,999
2	Sales for Resale (483)	1,515,138		1,515,138	-	1,515,138
3	Total Natural Gas Service Revenues	50,308,481	-	50,308,481	46,307,344	4,001,137
4	Total Other Operating Revenues (485-495)	3,406,994		3,406,994	7,270,107	(3,863,113)
5	Total Gas Operating Revenues	53,715,475	-	53,715,475	53,577,451	138,024
6	Provision for Rate Refunds (496)	(105,000)		(105,000)		(105,000)
7	Other (Specify) Deferred Conservation Cost Recovery				(35,110)	35,110
8	PGA Over/Under Recoveries				(186,509)	186,509
9	Sales for Electric Generation					-
10	Total Gross Operating Revenues	53,610,475	-	53,610,475	53,355,832	254,643

Notes:

Transportation Revenues of \$2,486,000 are included in Total Sale to Ultimate Customers on page 46 and Off System Sales of \$1,515,138. make up Sales for Resale on page 46. These items are reported as other operating revenue on the Regulatory Assessment Fee Return.

Provision for Rate Refund of \$105,000 is included in the RAF Return in Total Other Operating Revenues

Deferred Conservation Cost Recovery of \$35,110 and PGA Over/Under Recoveries of \$186,509 are reversed to pay RAF on the actual collected revenue.

CORPORATE STRUCTURE

Company: FLORIDA PUBLIC UTILITIES COMPANY
For the Year Ended December 31, 2003

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

Effective
Date

January-03

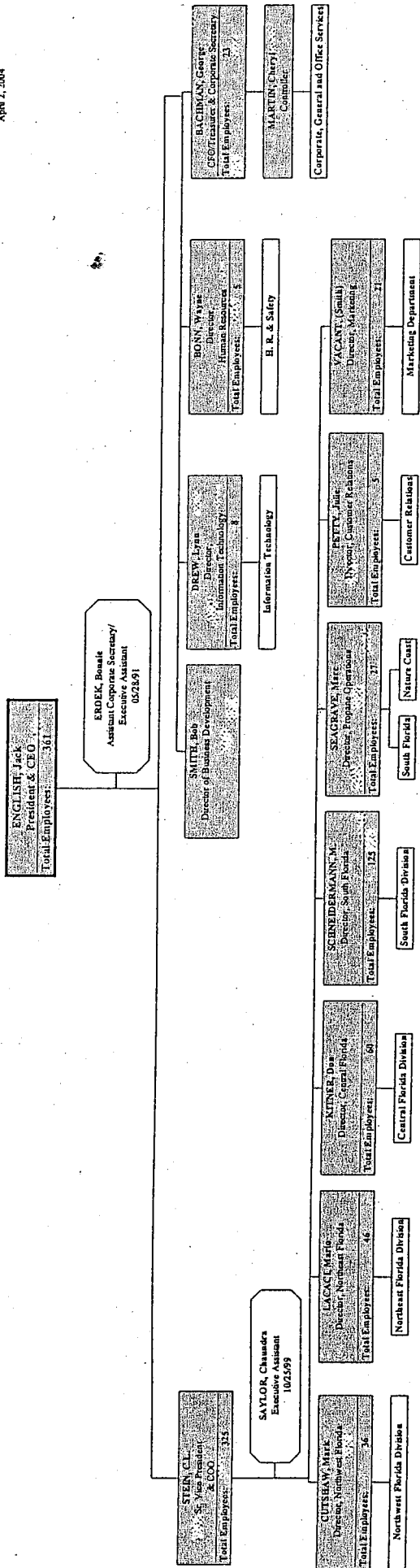
We have enclosed copies of our updated Organizational Charts for Florida Public Utilities Company.

Flo-Gas Corporation does not have any employees.

CORPORATE STRUCTURE

SENIOR MANAGEMENT TEAM

April 2, 2004

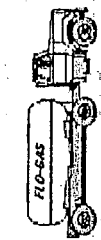


Positions	Total	Full-Time	Part-Time
WPB Ops	125	122	3
Flt-Gas	19	19	-
Nature Coast	8	8	-
Marketing	21	20	1
I.T.	8	7	1
Accounting	23	21	2
H.R.	5	4	1
Cust. Relations	5	5	-
Central FL	60	60	-
Northwest FL	38	36	2
Northwest FL	46	46	1
Execs*	5	5	-
Total	361	352	9

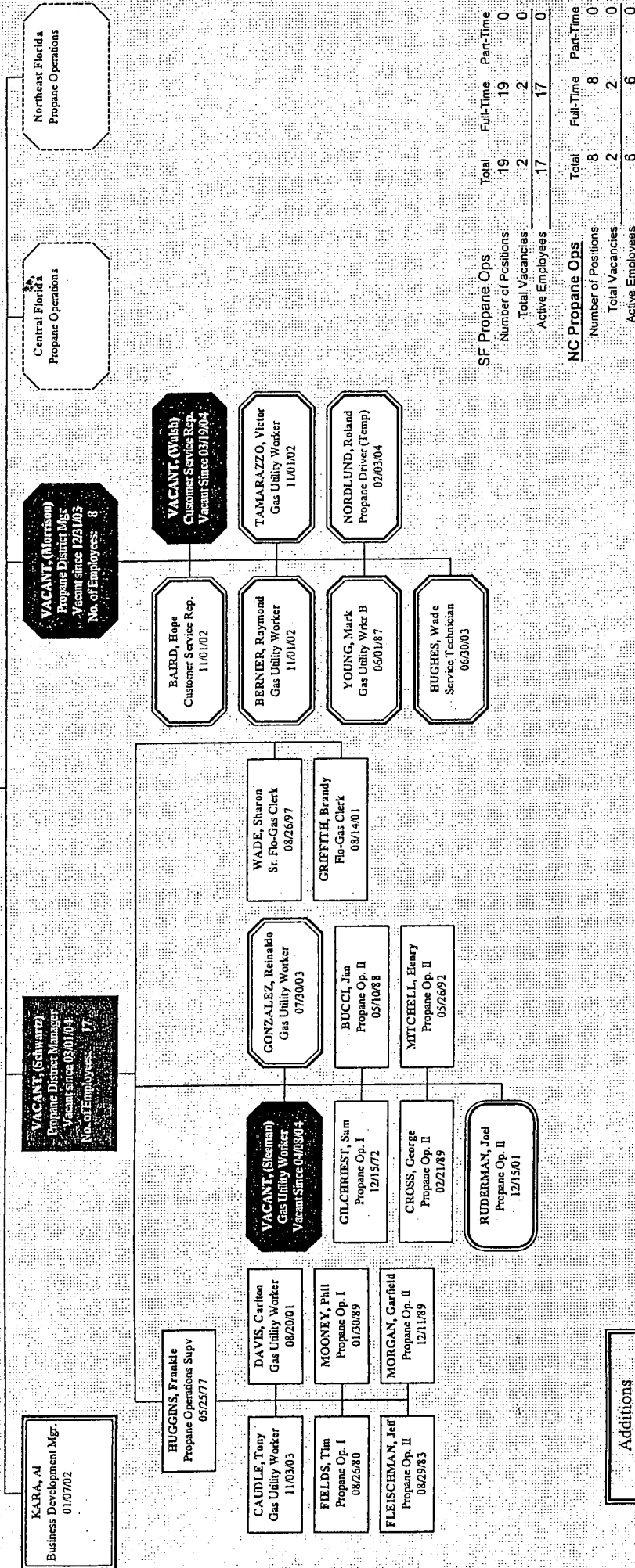
Vacancies	Total	Full-Time	Part-Time
WPB Ops	9	8	1
Flt-Gas	2	2	-
NC	2	2	-
Marketing	5	4	1
I.T.	-	-	-
Accounting	-	-	-
H.R.	-	-	-
CIS	-	-	-
Central FL	2	2	-
Northwest FL	-	-	-
Northwest FL	2	1	1
Total	22	19	3

Number of Positions	Full-Time	Part-Time
Total	361	352
Total Vacancies	22	19
Active Employees	339	333

Propane Operations Organizational Chart



SEA GRAVE, 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	2	2	0
Active Employees	17	17	0

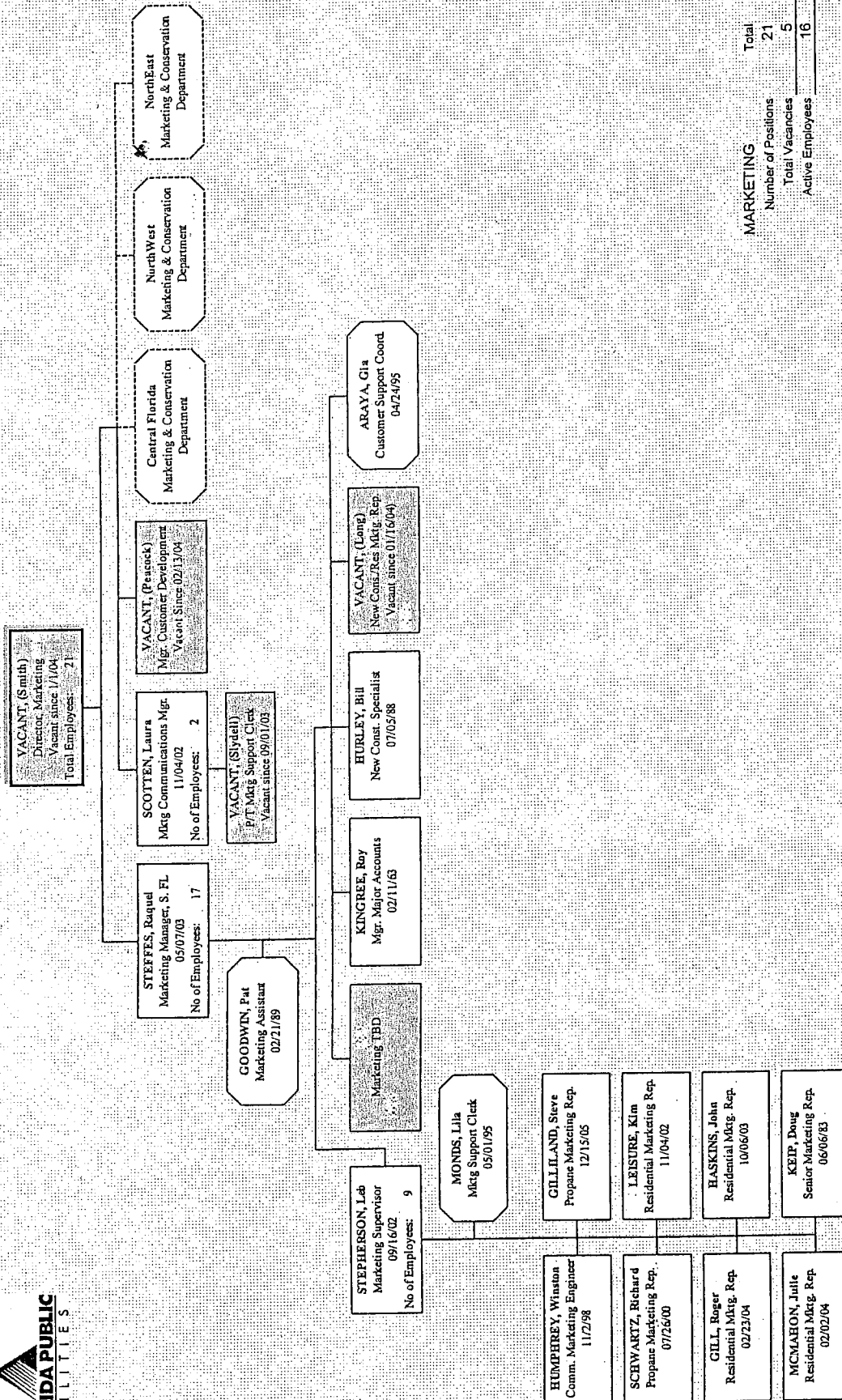
NC Propane Ops			
	Total	Full-Time	Part-Time
Number of Positions	8	8	0
Total Vacancies	2	2	0
Active Employees	6	6	0

Additions
Acquisition/Startup Additions

04/02/04

MARKETING DEPARTMENT

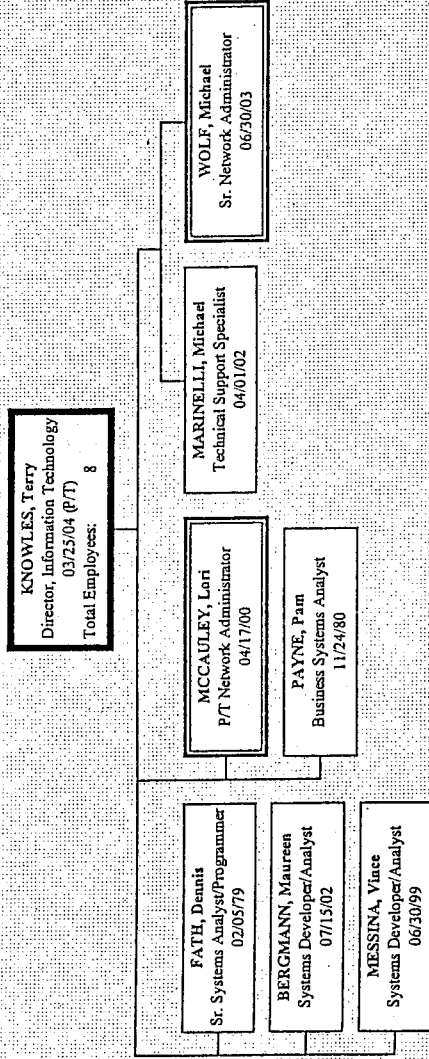
04/02/04



MARKETING			
Number of Positions	Total	Full-Time	Part-Time
21	21	20	1
Total Vacancies	5	4	1
Active Employees	16	16	0

INFORMATION TECHNOLOGY DEPARTMENT (IT)

04/02/04



Additions

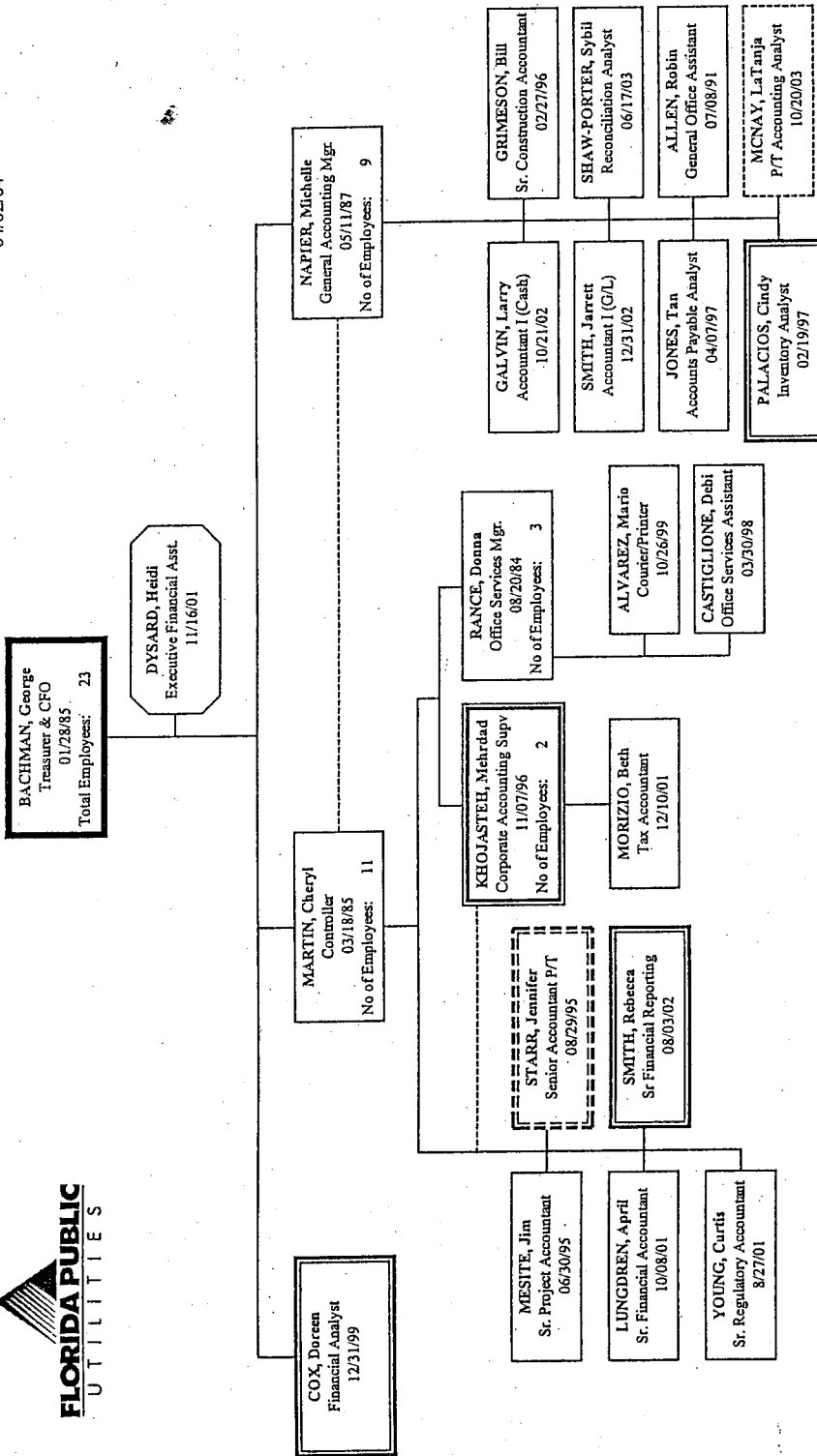
Acquisition/Startup Additions

Info Tech-ops

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

ACCOUNTING DEPARTMENT

04/02/04

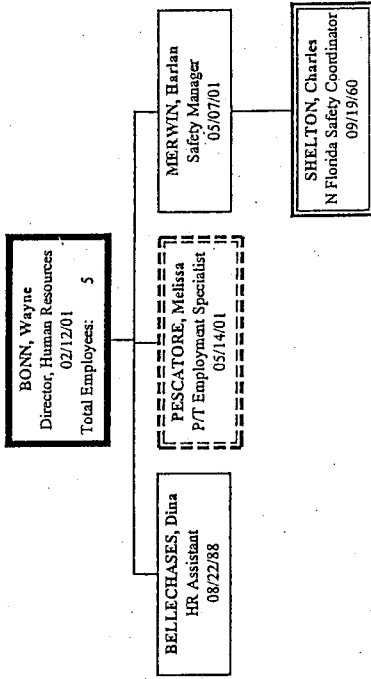


Additions
Acquisition/Startup Additions

ACCOUNTING	Total	Full-Time	Part-Time
Number of Positions	23	21	2
Total Vacancies	0	0	-
Active Employees	23	21	2

HUMAN RESOURCES DEPARTMENT

04/02/04

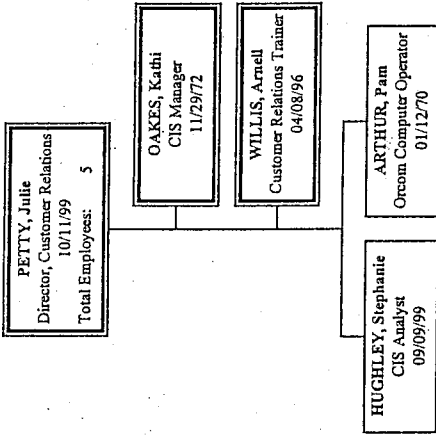


Human Resources	Total	Full-Time	Part-Time
Number of Positions	5	4	1
Total Vacancies	0	0	0
Active Employees	5	4	1



CUSTOMER RELATIONS DEPARTMENT

04/02/04



Additions

Acquisition/Startup Additions

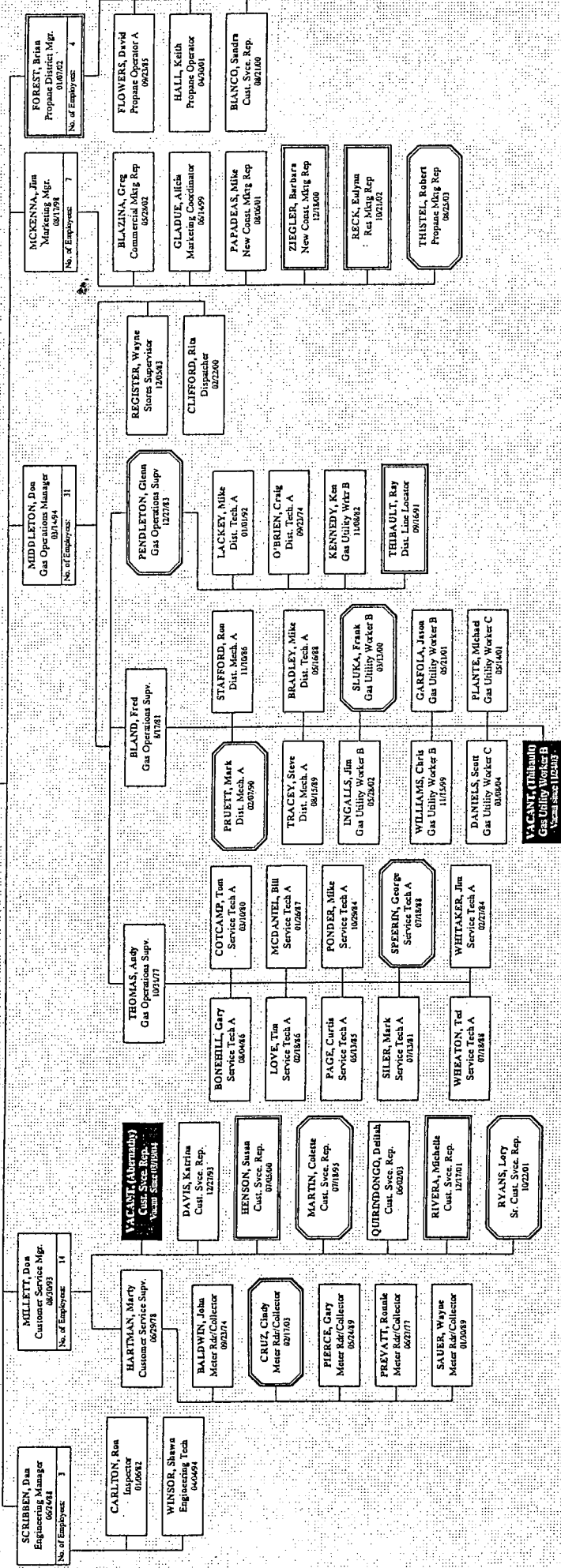
Customer Relations	Total	Full-Time	Part-Time
Number of Positions	5	5	0
Total Vacancies	0	0	0
Active Employees	5	5	0

CENTRAL FLORIDA DIVISION



April 1, 2004

KITNER, Don
Director, Central Florida
02/0990
Total Employees: 69



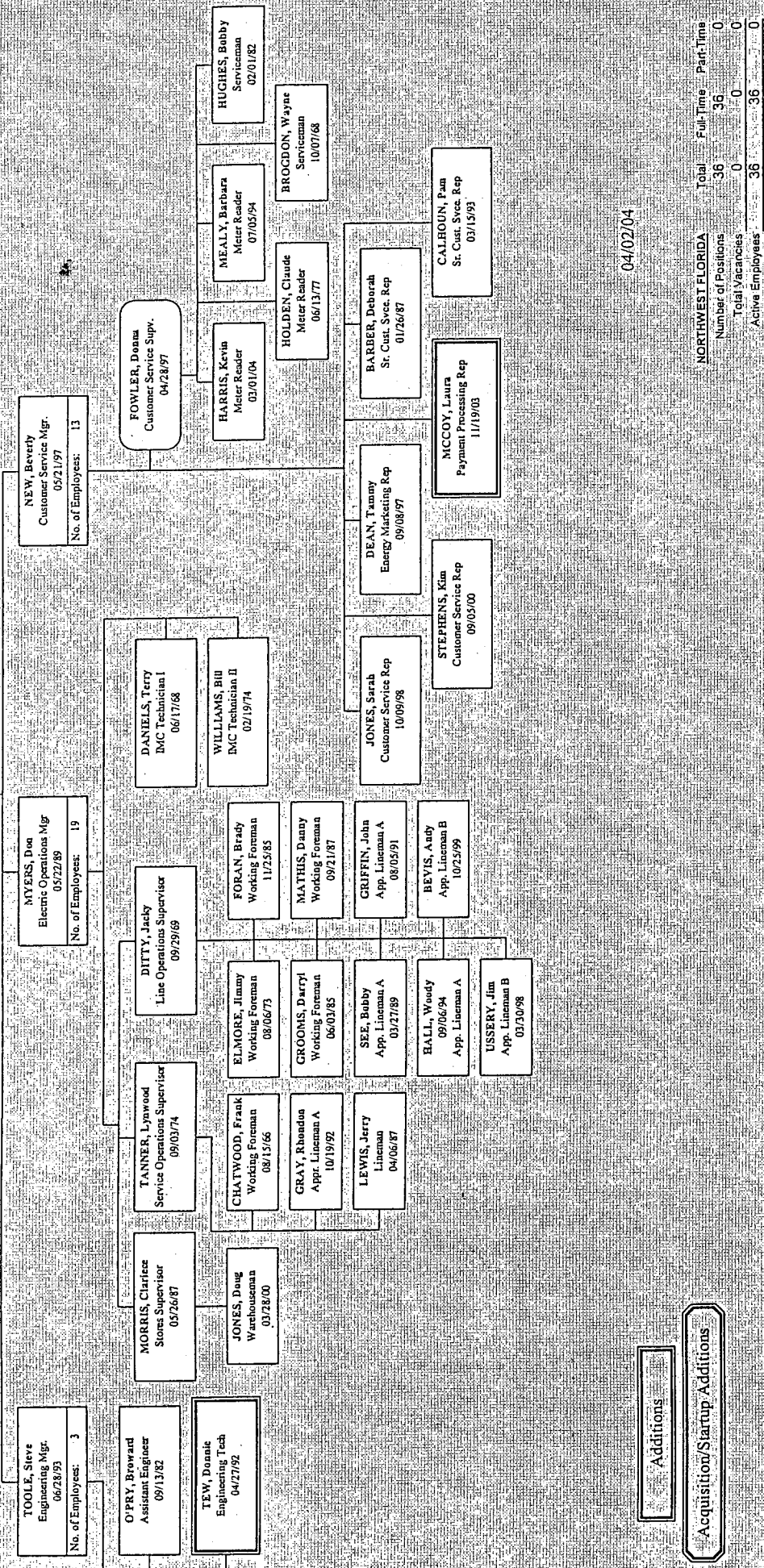
Central Florida	Total	Full-Time	Part-Time
Number of Positions	60	60	0
Total Vacancies	2	2	0
Active Employees	58	58	0

Additions
Acquisition/Startup Additions

Northwest Florida Division - Organizational Chart



CUTSHAW, Mark
Director, Northwest Florida
05/13/91
Total Employees: 36



04/02/04

NORTHWEST FLORIDA			
Number of Positions	Total Vacancies	Active Employees	Part-Time
36	0	36	0
0	0	0	0
36	0	36	0

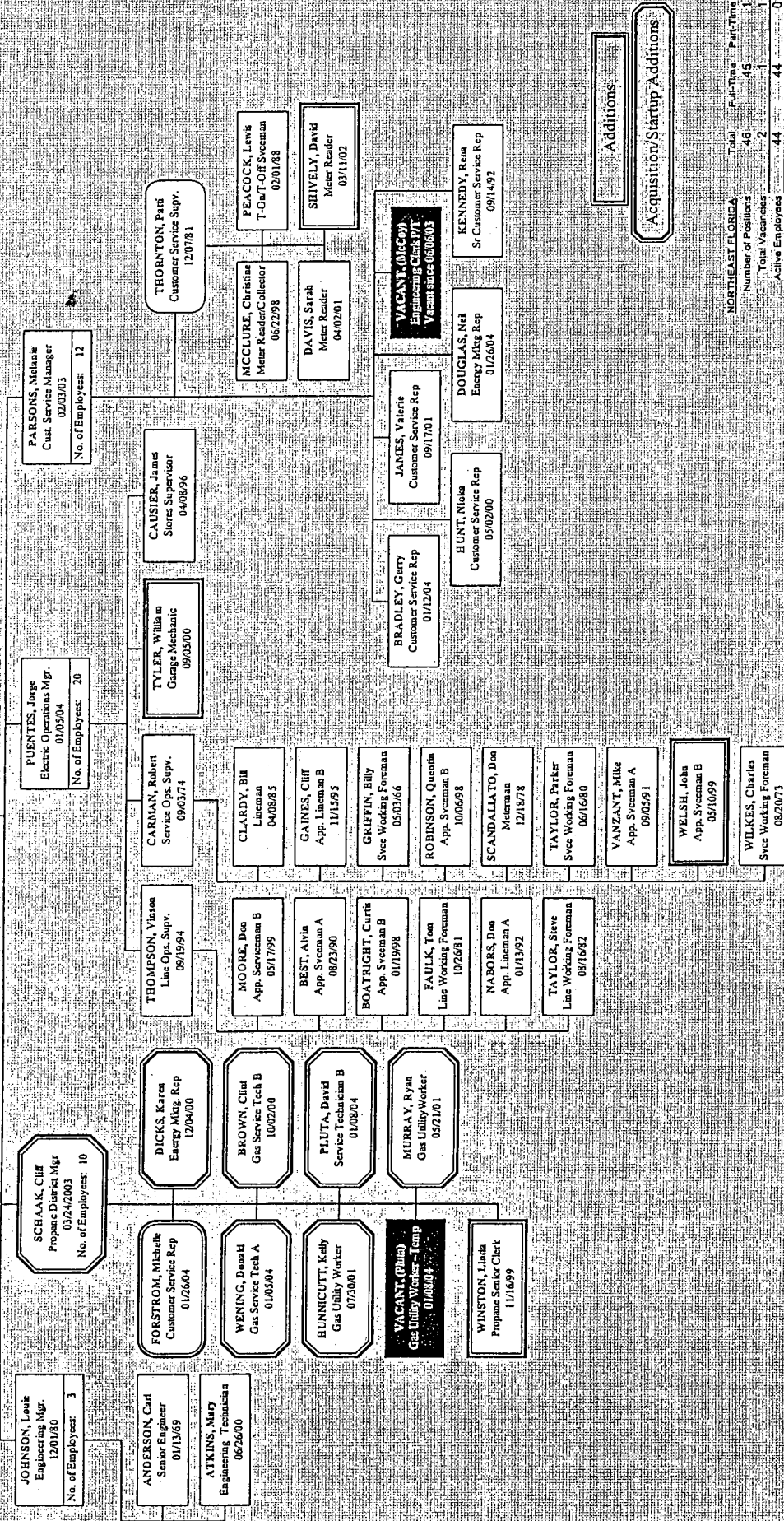
Acquisition/Startup Additions

NORTHEAST FLORIDA DIVISION - ORGANIZATIONAL CHART

04/02/04



LACACI, Mario
Director, Northeast Florida
06/19/01
Total Employees: 46



NORTHEAST FLORIDA			
Total	Full-Time	Part-Time	Part-Time
Number of Positions	46	45	1
Total Vacancies	2	1	1
Active Employees	44	44	0

Additions
Acquisition/Startup Additions

NEW OR AMENDED CONTRACTS WITH AFFILIATED COMPANIES

COMPANY: FLORIDA PUBLIC UTILITIES COMPANY
For the Year Ended December 31, 2003

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, 2003

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>	(7,228,578)
<i>Flo-Gas Corporation</i>	<i>Payroll Payment by Florida Public Utilities Company for Flo-Gas Corporation. Recurring.</i>	(2,938,016)
<i>Flo-Gas Corporation</i>	<i>Cash Receipts - Recurring.</i>	9,845,188
<i>Flo-Gas Corporation</i>	<i>Revenue- Recurring</i>	405,889
<i>Flo-Gas Corporation</i>	<i>Transportation - Recurring</i>	(145,956)
<i>Flo-Gas Corporation</i>	<i>Dividends - Non-Recurring</i>	(1,000,000)
<i>Flo-Gas Corporation</i>	<i>Insurance Accruals and adjustments - Recurring</i>	(118,487)
<i>Flo-Gas Corporation</i>		

SUMMARY OF AFFILIATED TRANSFERS AND COST ALLOCATIONS

Company: FLORIDA PUBLIC UTILITIES COMPANY
For the Year Ended December 31, 2003

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 12/31/03**

	Year-to-Date Actual	Last Year-to-Date Actual
Operating Revenue	9,593,690	7,391,107
Operation Expenses	8,354,317	5,981,311
Maintenance Expenses	361,025	389,831
Depreciation Expense	507,699	436,388
Amortization of Utility Plant- Acquisition Adjustment	-	-
Tax Other Than Income Tax-Utility Operation Expense	116,737	85,915
Income Tax - Federal - Utility Operating Income	(311,224)	9,408
Income Tax - State - Utility Operating Income	(53,112)	1,443
Deferred Income Tax - Utility Operating Income	386,546	81,264
Investment Tax Credit - Utility Operating Income	(3,280)	(4,318)
Operating Income	234,982	409,865
 <u>Other Income and Deductions</u>		
Interest and Dividend Income	-	-
Misc. Non-Operating Income	311,513	410,328
Other Income Deductions	(317,298)	(240,792)
Taxes Other Than Income - Other	-	(912)
Income Taxes-Federal-Other Income	2,200	(63,491)
Income Taxes-State-Other Income	-	-
Other (Income) and Deductions	(3,585)	105,133
 <u>Interest Charges</u>		
Interest on Debt to Associated Companies	172,149	156,402
Other Interest Expense	489	4,357
Interest Charges	172,638	160,759
 <u>Extraordinary Items</u>		
Cumulative Effect - Change in Accounting Principles - Net	-	-
 Net Income	 58,759	 354,239

ANALYSIS OF DIVERSIFICATION ACTIVITY SUPPLEMENT
FLO-GAS
BALANCE SHEET - 09
December 31, 2003

Assets and Other Debits	Current	Last Year End
Utility Plant		
Utility Plant in Service	12,805,761	11,744,153
Utility Plant Purchased/Sold	-	-
Completed Construction Not Classified		
Construction Work in Progress	499,968	422,640
Utility Plant	<u>13,305,729</u>	<u>12,166,793</u>
Accumulated Depreciation		
Accumulated Dep. - Utility Plant in Service	(2,996,932)	(2,680,529)
Accumulated Dep. - Transportation Equip.	(507,330)	(476,566)
Retirement Work in Progress		
Accumulated Dep. - Rental Equipment	-	-
Accumulated Depreciation	<u>(3,504,262)</u>	<u>(3,157,095)</u>
Other Utility Plant		
Utility Plant Acquisition Adj.	-	-
Accum. Amort. - Utility Acq. Adj.	-	-
Other Utility Plant	<u>-</u>	<u>-</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	1,111,997	874,095
Allowance for Uncollectible Accounts	(39,629)	(24,301)
Accounts Rec. from Associated Companies		
Operating Supplies - Propane	1,207,710	1,148,381
Prepayments - Taxes	-	1,720
Interest and Dividends Receivable		
Merchandise-Applian.& Supplies		
Accrued Utility Revenues	318,116	207,884
Current and Accrued Assets	<u>2,598,194</u>	<u>2,207,779</u>
Deferred Debits		
Goodwill	1,852,435	1,835,163
Misc. Deferred Debits - Other W.I.P.		
Misc. Deferred Debits - Miscellaneous	96,592	137,958
Accum. Deferred Income Taxes	154,267	20,414
Deferred Debits	<u>2,103,294</u>	<u>1,993,535</u>
ASSETS AND OTHER DEBITS	<u>14,502,955</u>	<u>13,211,012</u>

ANALYSIS OF DIVERSIFICATION ACTIVITY SUPPLEMENT
FLO-GAS
BALANCE SHEET - 09
December 31, 2003

	<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	1,494,313	2,140,071
Proprietary Capital	<u>1,504,313</u>	<u>2,150,071</u>
Current and Accrued Liabilities		
Accounts Payable to Assoc. Companies	10,628,339	8,350,800
Customer Deposits	515,569	486,730
Taxes Accrued	(811,317)	(139,008)
Interest Accrued	2,451	5,605
Dividends Declared	-	-
Tax Collections Payable	73,578	58,704
Misc. Current and Accrued Liabilities	-	-
Customer Advances for Construction	168,277	149,473
Other Deferred Income Taxes - Other	-	-
Accumulated Deferred I.T.C.	4,424	7,705
Current and Accrued Liabilities	<u>10,581,321</u>	<u>8,920,009</u>
Operating Reserves		
Misc. Operating Reserves	-	-
Accum. Deferred Income Tax - Liberalized Depreciation	2,358,563	1,786,693
Accum. Deferred Income Taxes - Other	-	-
Operating Reserves	<u>2,358,563</u>	<u>1,786,693</u>
Year-to-Date Income/Loss	<u>58,759</u>	<u>354,239</u>
LIABILITIES AND OTHER CREDITS	<u>14,502,956</u>	<u>13,211,012</u>

ASSETS OR RIGHTS PURCHASED FROM OR SOLD TO AFFILIATES

FLORIDA PUBLIC UTILITIES COMPANY
For the Year Ended December 31, 2003

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:		6,436	995	5,441	\$ N/A	\$ N/A	N/A
Flo-Gas Corporation	Meters	1,636	867	769	N/A	Transfer	N/A
	Vehicle	4,800	128	4,672	N/A	Transfer	N/A
Sales to Affiliates:		22,766	6,924	15,842	\$ N/A	Sales Price	N/A
	Computer Equipment	3,601	1,048	2,553	N/A	Transfer	N/A
	Meters	15,668	4,799	10,869	N/A	Transfer	N/A
	Power Operated Equip	3,497	1,077	2,420	N/A	Transfer	N/A
				-	N/A	Transfer	N/A
Total						\$	

EMPLOYEE TRANSFERS

FLORIDA PUBLIC UTILITIES COMPANY

For the Year Ended December 31, 2003

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, 2003

Beginning Date of Surcharge Revenues	AEP Facilities Area	Balance at Beginning of year		12 Months Ended December 03		Charges to Date	
		Surcharge Revenues	Facilities Cost	Surcharge * Revenues	Facilities ** Cost	Surcharge Revenues	Facilities Cost
Sep-98	AEP #20000 Alaqua Lakes	157,867.17	278,511.83	67,631.68	7,556.15	225,498.85	286,067.98
Sep-98	AEP # 20001 Deltona HP #1	298,133.80	660,457.20	68,945.00	29,034.57	367,078.80	689,491.77
Feb-99	AEP # 20092 Stone Gable	11,063.60	24,350.64	2,781.21	1,051.40	13,844.81	25,402.04
May-99	AEP # 20093 Deltona HP #2	103,785.52	492,007.05	36,850.26	32,712.54	140,635.78	524,719.59
Apr-99	AEP # 20098 DeBary Golf & CC	19,793.01	55,577.57	3,307.87	3,060.30	23,100.88	58,637.87
Jun-00	AEP # 20193 Spring Valley Unit 5	3,610.57	14,976.83	2,497.71	908.31	6,108.28	15,885.14
May-00	AEP # 20289 Convert Deltona Ph III	96,534.40	528,017.55	50,569.60	36,169.76	147,104.00	564,187.31
Feb-01	AEP # 20345 Crystal Cove	1,098.10	26,581.24	2,002.39	2,189.55	3,100.49	28,770.79
Sep-00	AEP # 20347 Westward Expansion	34,245.20	229,729.94	33,606.14	16,284.87	67,851.34	246,014.81
Jun-01	AEP # 20498 La Chalet	6,250.42	47,255	5,628.89	3,395.42	11,879.31	50,650.69
Oct-01	AEP # 20561 Victoria Pk. Ph. I	10,888.26	507,954	26,162.61	43,334.96	37,050.87	551,288.82
May-01	AEP # 20591 Fawn Ridge Sub.	27.17	40,322	1,735.10	3,545.42	1,762.27	43,867.27
May-02	AEP # 20660 Thor/Versailles	2,407.34	503,553	11,987.32	44,299.77	14,394.66	547,852.47
Apr-02	AEP # 20695 Mizner Falls Subdiv.	809.24	123,578	4,205.48	10,803.32	5,014.72	134,381.09
Aug-02	AEP # 20798 Lake Mary H.S.	62.36	14,481	671.84	1,263.72	734.20	15,744.59
Oct-02	AEP # 20881 Springview Unit 6	79.85	18,163	1,325.61	1,568.29	1,405.46	19,731.00
	AEP # 20734 Kenco Commun.	-	47,461	1,039.33	4,197.86	1,039.33	51,658.65
Jun-02	AEP # 20789 Ibis Parcel V-Terra	374.13	10,883	1,301.05	887.81	1,675.18	11,770.68
Oct-02	AEP # 20849 Equestrian Club	260.99	109,261	6,514.92	9,499.14	6,775.91	118,760.60
	AEP # 20851 Juno Beach	-	142,846	3,101.20	15,204.65	3,101.20	158,051.02
	AEP # 20861 Victoria Grove	0.51	149,879	8,254.81	135,295.67	8,255.32	285,174.77
Nov-02	AEP # 20865 Hamilton Bay	40.84	111,462	3,217.33	9,850.42	3,258.17	121,312.23
	AEP # 20892 Black Diamond	13.67	55,964.75	2,494.68	4,939.71	2,508.35	60,904.46
	AEP # 20974 Deerfield Ph II	-	50,068.91	2,808.28	(3,320.61)	2,808.28	46,748.30
	AEP # 20976 Wyndsong Estates	-	126.00	118.72	39,219.49	118.72	39,345.49
	AEP # 20999 Downtown Gas Lt. Dist.	-	353.00	-	15,850.75	-	16,203.75
	AEP # 21007 SE 6th Ave	-	-	1,340.12	17,495.53	1,340.12	17,495.53
	AEP # 21025 SR 441 - Palmetto Pk.	-	-	-	74,088.74	-	74,088.74
	AEP # 21031 Winter Springs Town Ctr.	-	-	2,496.76	130,015.24	2,496.76	130,015.24
	AEP # 21151 Lakes of Deland	-	-	-	31,953.38	-	31,953.38
	AEP # 21160 Riverside at DeBary	-	-	-	37,624.60	-	37,624.60
	AEP # 21195 Cedar Creek Subdiv.	-	-	-	23,257.18	-	23,257.18
	Total	747,346.15	4,243,819.94	352,595.91	783,237.91	1,099,942.06	5,027,057.85

Note:

* Collections posted to 1860.4
** Includes interest

Balance in 1860.4	
at 12/31/2003	3,927,115.79
Plus Revenues	1,099,942.06
	<u>5,027,057.85</u>

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