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**ANNUAL REPORT OF
NATURAL GAS UTILITIES**

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, 2005

OS MAY 15 AM 9:11
ECONOMIC REGULATION
COMMISSION

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/ECR 020-G (10/03)

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.



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, 2005, and the related statements of income – regulatory basis and retained earnings –regulatory basis for the year then ended, included on pages 6 through 11, excluding additional information on page 8a – 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 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 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, 2005, and the results of its operations for the year ended December 31, 2005, 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 8a 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 stylized and cursive.

BDO Seidman, LLP
Certified Public Accountants
February 28, 2006

ANNUAL REPORT OF NATURAL GAS UTILITIES

IDENTIFICATION

01 Exact Legal Name of Respondent FLORIDA PUBLIC UTILITIES COMPANY		03 Year of Report December 31, 2005
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, 2005 to December 31, 2005, inclusive.

I also certify that all affiliated transfer prices and affiliated cost allocations were determined consistent with the methods reported to this Commission on the appropriate forms included in this report.

I am aware that Section 837.06, Florida Statutes, provides:

Whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his official duty shall be guilty of a misdemeanor of the second degree, punishable as provided in S. 775.082 and S. 775.083.

5/9/06
Date


Signature

George Bachman
Name

Chief Financial Officer & Treasurer
Title

December 31, 2005

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CONTROL OVER RESPONDENT

- | | |
|--|--|
| <p>1. If any corporation, business trust, or similar organization or combination of such organizations jointly held control over the respondent at end of year, state name of controlling corporation or organization, manner in which control was held, and extent of control. If control was in a holding company organization, show the chain of ownership or control to the main parent company or</p> | <p>organization. If control was held by a trustee(s), state name of trustee(s).</p> <p>2. If the above required information is available from the SEC 10K Report Form filing, a specific reference to the report form (i.e. year and company title) may be listed provided the fiscal years for both the 10-K report and this report are compatible.</p> |
|--|--|

None

CORPORATIONS CONTROLLED BY RESPONDENT

- | | |
|--|--|
| <p>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.</p> <p>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.</p> | <p>3. If control was held jointly with one or more other interests, state the fact in a footnote and name the other interests.</p> <p>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.</p> |
|--|--|

DEFINITIONS

- | | |
|---|--|
| <p>1. See the Uniform System of Accounts for a definition of control.</p> <p>2. Direct control is that which is exercised without interposition of an intermediary.</p> <p>3. Indirect control is that which is exercised by the interposition of an intermediary which exercises direct control.</p> <p>4. Joint control is that in which neither interest can effectively</p> | <p>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.</p> |
|---|--|

Name of Company Controlled (a)	Kind of Business (b)	Percent Voting Stock Owned (c)	Footnote Ref. (d)
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.
 2. If a change was made during the year in the incumbent of any position, show name and total remuneration of the previous incumbent, and date the change in incumbency was made.

Title (a)	Name of Officer (b)	Salary for Year (c)
President & Chief Executive Officer	John T. English	\$239,940
Senior Vice President & Chief Operating Officer	Charles L. Stein	\$181,092
Chief Financial Officer, Treasurer & Secretary	George M. Bachman	\$163,728

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 member 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. (c)	Fees During Year (d)
J.T. English** Chairman & Chief Executive Officer	401 South Dixie Highway West Palm Beach, Florida	9	\$ -
R.C. Hitchins	325 South Olive Avenue West Palm Beach, Florida	9	\$ 29,909
P.L. Maddock, Jr	275 S County Road Palm Beach, Florida	9	\$ 29,809
D. Hudson (as of 8/05)	PO Box 9012 Stuart, Florida	3	\$ 3,700
Ellen Terry Benoit	250 El Pueblo Way Palm Beach, Florida	9	\$ 25,809
R. E. Schupp (resigned 3/05)	4400 Congress Avenue West Palm Beach, Florida	2	\$ 3,400
T. Maschmeyer (as of 6/05)	1142 Watertower Road Lake Park, Florida	4	\$ 4,700

SECURITY HOLDERS AND VOTING POWERS

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

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

vested with voting rights and give others 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.

Name (Title) and Address of Security Holder (a)	VOTING SECURITIES			
	Number of votes as of (date): 03/17/06			
	Total Votes (b)	Common Stock (c)	Preferred Stock (d)	Other (e)
TOTAL votes of all voting securities	5,952,684	5,952,684		
TOTAL number of security holders	957	957		
TOTAL votes of security holders listed below	1,551,937	1,551,937		
1 Gabelli Funds Inc., One Corporate Center, Rye, New York, 10580	549,664	549,664		
2 * Atlee Kohl, 3007 Skyway Circle North, Irving, TX 75038	336,334	336,334		
3 Dino Casali, PO Box 387, Thomas, CT 06787	282,030	282,030		
4 Florida Public Utilities, PO Box 3395, West Palm Beach, FL 33402	176,459	176,459		
5 George F. Parris, Jr., P. O. Box 1420, Las Vegas, NV 89125-1420	87,439	87,439		
6 Walter P. Large, 11479 Orange Grove Blvd, Royal Palm Beach, FL	30,964	30,964		
7 Eduardo B. Arcentales Trust, 209 Avila Rd., West Palm Beach, FL	27,744	27,744		
8 John T. English, 15410 Woodmar Ct. Wellington, FL	27,234	27,234		
9 James Tuten, 129 N 17th St, Fernandina Beach, FL 32034-2647	17,326	17,326		
10 Mildred K. Hall, 12944 SE Papaya St. Hobe Sound, FL	16,743	16,743		
* Atlee Kohl is deemed to be the beneficial owner and shares voting and dispositive power for 79,798 shares, 119,998 shares and 16,540 shares owned by Woodland Investment Company, Nicole Kohl Gift Trust and the Nicole F and Atlee Kohl Family Foundation, respectively.				

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. Acquisition of ownership in other companies by reorganization, merger, or consolidation with other companies: Give name of companies involved, particulars concerning the transactions.

2. 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.

3. Important extension or reduction of transmission or distribution system: State territory added or relinquished and date operations began or ceased also the approximate number of customers added or lost and approximate annual revenues of each class of service.

4. 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.

5. State briefly the status of any materially important transactions of the respondent not disclosed elsewhere in this report in which an officer, director, security holder, 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.

- 1 None
- 2 None
- 3 None
- 4 None
- 5 None

Florida Public Utilities Company		For the Year Ended		
		December 31, 2005		
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	12	155,356,699	164,766,497
3	Construction Work in Progress (107)	12	6,975,311	4,336,065
4	TOTAL Utility Plant (Enter Total of lines 2 and 3)		162,332,010	169,102,562
5	(Less) Accum. Prov. for Depr. Amort. Depl. (108, 111, 115)	12	(50,859,345)	(53,241,795)
6	Net Utility Plant (Enter Total of line 4 less 5)		111,472,665	115,860,767
7	Utility Plant Adjustments (116)	11		
8	Gas Stored (117.1, 117.2, 117.3, 117.4)	-		
9	OTHER PROPERTY AND INVESTMENTS			
10	Nonutility Property (121)	-	8,436	8,436
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)	-	1,841,083	2,239,013
14	Other Investments (124-128, 171)	-	5,752,219	5,746,180
15	Special Funds	-		
16	TOTAL Other Property and Investments (Total of lines 10 through 15)		7,601,738	7,993,629
17	CURRENT AND ACCRUED ASSETS			
18	Cash (131)	-	479,283	652,745
19	Special Deposits (132-133)	-	3,183,372	3,257,814
20	Working Funds (135)	-	18,500	39,100
21	Temporary Cash Investments (136)	-		
22	Notes Receivable (141)	-	357,062	298,411
23	Customer Accounts Receivable (142)	-	9,426,799	12,840,862
24	Other Accounts Receivable (143)	-	122,593	236,599
25	(Less) Accum. Prov. for Uncollectible Acct.-Credit (144)	-	(198,204)	(216,748)
26	Notes Receivable from Associated Companies (145)	-		
27	Accounts Receivable from Assoc. Companies (146)	-	11,351,417	12,872,618
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)	-	1,089,291	1,442,448
32	Merchandise (155)	-	295,368	421,892
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)	18	3,165,217	950,750
37	Advances for Gas (166-167)	-		
38	Interest and Dividends Receivable	-		
39	Rents Receivable (172)	-		
40	Accrued Utility Revenues (173)	-	1,882,080	1,510,318
41	Miscellaneous Current and Accrued Assets (174)	-		
42	TOTAL Current and Accrued Assets (Enter Total of lines 18 through 41)		31,172,778	34,306,809
43	DEFERRED DEBITS			
44	Unamortized Debt Expense (181)	-	1,962,360	1,880,040
45	Extraordinary Property Losses (182.1)	18		
46	Unrecovered Plant and Regulatory Study Costs (182.2)	18		
47	Other Regulatory Assets (182.3)	19	9,713,454	9,319,979
48	Prelim. Survey and Investigation Charges (Gas) (183.1, 183.2)	-		
49	Clearing Accounts (184)	-	0	0
50	Temporary Facilities (185)	-	10,005	21,285
51	Miscellaneous Deferred Debits (186+165.3)	19	6,646,130	6,548,936
52	Def. Losses from Disposition of Utility Plant. (187)	-		
53	Research, Devel. and Demonstration Expend. (188)	-		
54	Unamortized Loss on Reacquired Debt (189)	20	245,309	227,025
55	Accumulated Deferred Income Taxes (190)	24	2,460,212	3,877,356
56	Unrecovered Purchased Gas Costs (1860.21)	19	1,683,121	4,527,745
57				
58	TOTAL Deferred Debits (Enter Total of lines 44 through 56)		22,720,591	26,402,366
59	TOTAL Assets and other Debits (Enter Total of lines 6, 7, 8, 16, 42, 57)		172,967,772	184,563,571

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)	-	\$14,409,913	\$14,602,975
3	Preferred Stock Issued (204)	-	600,000	600,000
4	Other Paid-In Capital (208-211) & Accounts 212, 213, 214	-	1,164,704	624,320
5	Retained Earnings (215, 215.1, 216)	10	30,017,597	31,396,084
6	Unappropriated Undistributed Subsidiary Earnings (216.1)	10	1,831,083	2,229,013
7	(Less) Reacquired Capital Stock (217)	-	(4,210,700)	(3,349,120)
8	TOTAL Proprietary Capital (Enter Total of lines 2 through 7)		43,812,597	46,103,272
9	LONG-TERM DEBT			
10	Bonds (221)	21	52,500,000	52,500,000
11	(Less) Reacquired Bonds (222)	21		
12	Advances from Associated Companies (223)	21		
13	Other Long-Term Debt (224)	21		
14	Unamortized Premium on Long-Term Debt (225)	21		
15	(Less) Unamortized Discount on Long-Term Debt-Dr. (226)	21		
16	TOTAL Long-Term Debt (Enter Total of lines 10 through 15)		52,500,000	52,500,000
17	OTHER NONCURRENT LIABILITIES			
18	Obligations Under Capital Leases - Noncurrent (227)	-		
19	Accumulated Provision for Property Insurance (228.1)	-	1,538,088	1,536,145
20	Accumulated Provision for Injuries and Damages (228.2)	-	363,547	296,132
21	Accumulated Provision for Pensions and Benefits (228.3)	-	1,756,814	2,662,982
22	Accumulated Miscellaneous Operating Provisions (228.4)	-		
23	Accumulated Provision for Rate Refunds (229)	-	0	700,000
24	TOTAL Other Noncurrent Liabilities (Enter Total of lines 18 through 23)		3,658,449	5,195,259
25	CURRENT AND ACCRUED LIABILITIES			
26	Notes Payable (231)	-	5,825,000	9,558,000
27	Accounts Payable (232)	-	9,861,359	13,165,663
28	Notes Payable to Associated Companies (233)	-	0	0
29	Accounts Payable to Associated Companies (234)	-	0	0
30	Customer Deposits (235)	-	6,329,898	7,453,496
31	Taxes Accrued (236)	-	1,643,215	586,155
32	Interest Accrued (237)	-	967,176	1,011,667
33	Dividends Declared (238)	-	599,628	623,174
34	Matured Long-Term Debt (239)	-	0	0
35	Matured Interest (240)	-	0	0
36	Tax Collections Payable (241)	-	1,613,927	977,939
37	Miscellaneous Current and Accrued Liabilities (242)	22	1,138,521	1,200,053
38	Obligations Under Capital Leases-Current (243)	-	0	0
39				
40	TOTAL Current and Accrued Liabilities (Enter Total of lines 26 through 39)		\$27,978,724	\$34,576,147
41	DEFERRED CREDITS			
42	Customer Advances for Construction (252)	-	1,340,184	1,830,828
43	Other Deferred Credits (253) & CIAC (271&272)	22	15,811,832	15,421,746
44	Other Regulatory Liabilities (2821)	22	8,936,568	9,247,234
45	Accumulated Deferred Investment Tax Credits (255)	23	489,287	410,109
46	Deferred Gains from Disposition of Utility Plant (256)	-		
47	Unamortized Gain on Reacquired Debt (257)	20		
48	Accumulated Deferred Income Taxes (281-283)	24	18,440,131	19,278,976
49	TOTAL Deferred Credits (Enter Total of lines 42 through 48)		45,018,002	46,188,893
50				
51	TOTAL Liabilities and Other Credits (Enter Total of lines 8, 16, 24,			
52	40 and 49)		\$172,967,772	\$184,563,571

December 31, 2005

STATEMENT OF INCOME

1. Report amounts for Accounts 412 and 413, Revenue and Expenses from Utility Plant Leased to Others, in another utility column (i,k,m,o) in a similar manner to a utility department. Spread the amount (s) over lines 01 through 24 as appropriate. Include these amounts in columns (c) and (d) totals.

2. Report amounts in Account 414, Other Utility Operating Income, in the same manner as Accounts 412 and 413 above.

3. Report data for lines 7,9,10 for Natural Gas companies using accounts 404.1, 404.2, 404.3, 407.1 and 407.2.

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

5. Give concise explanations on page 19 concerning

unsettled rate proceedings where a contingency exists such that refunds of a material amount may need to be made to the utility's customers or which may result in a material refund to the utility with respect to power or gas purchases. State for each year affected the gross revenues or costs to which the contingency relates and the tax effects together with an explanation of the major factors which affect the rights of the utility to retain such revenues or recover amounts paid with respect to power and gas purchases.

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

Line No.	Account (a)	Ref. Page No. (b)	Total Current Year ©	Total Previous Year (d)
1	UTILITY OPERATING INCOME			
2	Operating Revenues (400)	26	\$116,544,008	\$98,871,907
3	Operating Expenses			
4	Operation Expenses (401)	27-29	88,583,224	75,158,363
5	Maintenance Expenses (402)	27-29	3,208,695	2,603,769
6	Depreciation Expense (403)	15-16	5,091,584	4,885,458
7	Amort. & Depl. of Utility Plant (404-405) & 407.5		1,523,029	452,069
8	Amort. of Utility Plant Acq. Adj. (406)		31,056	2,868
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)	* 23	8,555,986	7,438,309
14	Income Taxes - Federal (409.1)		1,918,488	(505,093)
15	- Other (409.2)		328,317	(86,292)
16	Provision for Deferred Inc. Taxes (410.1)	* 24	(218,458)	2,079,942
17	(Less) Provision for Deferred Income Taxes - Cr.(411.1)	24	-	-
18	Investment Tax Credit Adj. - Net (411.4)	23	(79,178)	(80,740)
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)		108,942,743	91,948,653
24	Net Utility Operating Income (Total of line 2 less 23) (Carry forward to page 14, line 25)		7,601,265	6,923,254
	* Excludes Common deferred tax			

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		Line No.
Current Year (e)	Previous Year (f)	Current Year (g)	Previous Year (h)	Current Year (i)	Previous Year (j)	
\$47,449,558	\$42,909,848	\$69,094,450	\$55,962,059	\$0	\$0	1
35,425,590	32,088,989	53,157,634	43,069,374	0	0	2
2,044,133	1,646,944	1,164,562	956,825	0	0	3
2,520,504	2,420,133	2,571,080	2,465,325	0	0	4
-	-	1,523,029	452,069	-	-	5
-	-	31,056	2,868	-	-	6
-	-	-	-	-	-	7
-	-	-	-	-	-	8
-	-	-	-	-	-	9
-	-	-	-	-	-	10
-	-	-	-	-	-	11
-	-	-	-	-	-	12
3,957,574	3,401,046	4,598,412	4,037,263	0	0	13
1,511,556	(289,371)	406,932	(215,722)	0	0	14
258,739	(49,486)	69,578	(36,806)	0	0	15
(1,068,870)	943,268	850,412	1,136,674	0	0	16
-	-	-	-	0	0	17
(34,988)	(39,728)	(44,190)	(41,012)	0	0	18
-	-	-	-	-	-	19
-	-	-	-	-	-	20
-	-	-	-	-	-	21
-	-	-	-	-	-	22
44,614,238	40,121,795	64,328,505	51,826,858	0	0	23
2,835,320	2,788,053	4,765,945	4,135,201	0	0	24

FLORIDA PUBLIC UTILITIES COMPANY		An Original	For the Year Ended	
			December 31, 2005	
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)		\$7,601,265	\$6,923,254
26	Other Income and Deductions			
27	Other Income			
28	Nonutility Operating Income			
29	Revenues From Merchandising, Jobbing and Contract Work (415)	-	3,857,066	2,932,237
	(Less) Costs and Exp. of Merchandising, Job & Contract Work (416)	-	(3,987,313)	(2,886,958)
31	Revenues From Nonutility Operations (417)	-	0	0
32	(Less) Expenses of Nonutility Operations (417.1)	-		
33	Nonoperating Rental Income (418)	-	893	2,061
34	Equity in Earnings of Subsidiary Companies (418.1)	10	397,930	278,012
35	Interest and Dividend Income (419)	-	375,077	351,194
36	Allowance for Other Funds Used During Construction (419.1)	-	0	0
37	Miscellaneous Nonoperating Income (421)	-	190,705	251,039
38	Gain on Disposition of Property (421.1)	-	-	-
39	TOTAL Other Income (Enter Total of lines 29 through 38)		834,358	927,585
40	Other Income Deductions			
41	Loss on Disposition of Property (421.2)	-		
42	Miscellaneous Amortization (425)	33		
43	Miscellaneous Income Deductions (426.1-426.5)	33	29,358	(19,956)
44	TOTAL Other Income Deductions (Total of lines 41 through 43)		29,358	(19,956)
45	Taxes Applic. to Other Income and Deductions			
46	Taxes Other Than Income Taxes (408.2)			
47	Income Taxes - Federal (409.1)		174,244	127,606
48	Income Taxes - Other (409.2)		30,835	21,905
49	Provision for Deferred Income Taxes (410.1 & 2)	24	(112,296)	(77,590)
50	(Less) Provision for Deferred Income Taxes - Cr. (411.2)	24		
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)		92,783	71,921
54	Net Other Income and Deductions (Enter Total of lines 39,44,53)		712,217	875,620
55	Interest Charges			
56	Interest on Long-Term Debt (427)	-	3,948,550	3,948,550
57	Amortization of Debt Disc. and Expense (428)	21	100,605	102,356
58	Amortization of Loss on Reacquired Debt (428.1)	-		
59	(Less) Amort. of Premium on Debt - Credit (429)	21		
60	(Less) Amortization of Gain on Reacquired Debt - Credit (429.1)	-		
61	Interest on Debt to Assoc. Companies (430)	33	(499,439)	(253,469)
62	Other Interest Expense (431)	33	515,955	407,721
63	(Less) Allow. for Borrowed Funds Used During Const. - Cr. (432)	-	0	0
64	Net Interest Charges (Total of lines 56 through 63)		4,065,671	4,205,158
65	Income Before Extraordinary Items (Enter Total of lines 25, 54 and 64)		4,247,811	3,593,716
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)			
71	Extraordinary Items After Taxes (Enter Total of line 69 less line 70)			
72	Net Income (Enter Total of lines 65 and 71)		\$4,247,811	\$3,593,716
73	Earnings Per Share	*	0.71	0.60

- * On July 25, 2005 we issued a three for two stock split in the form of a stock dividend to our shareholders of record c July 15, 2005. All common share information has been restated to reflect the stock split

December 31, 2005

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		\$30,017,597
2	Changes (Identify by prescribed retained earnings accounts)		
3	Adjustments to Retained Earnings (Account 439):		
4	Credit: DIVIDENDS FROM SUBSIDIARY		0
5	Credit:		
6	TOTAL Credits to Retained Earnings (Account 439) (Enter Total of lines 4 through 8)		0
7	Debit:		
8	Debit:		
9	TOTAL Debits to Retained Earnings (Account 439) (Enter Total of lines 10 through 14)		
10	Balance Transferred from Income (Account 433 less Account 418.1)		3,849,881
11	Appropriations of Retained Earnings (Account 436)		
12			
13	TOTAL Appropriations of Retained Earnings (Account 436)		
14			
15	Dividends Declared - Preferred Stock (Account 437)		
16	Preferred	2380	28,500
17			
18	TOTAL Dividends Declared - Preferred Stock (Account 437)		28,500
19	Dividends Declared - Common Stock (Account 438)		
20	Common - Cash	2380	2,442,894
21			
22			
23	TOTAL Dividends Declared - Common Stock (Account 438)		2,442,894
24	Transfers from Acct. 216.1, Unappropriated Undistributed Subsidiary Earnings		
25	Balance - End of Year		\$31,396,084
26			
27	UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS (Account 216.1)		
28			
29	Balance - Beginning of Year (Debit or Credit)		1,831,083
30	Equity in Earnings for Year (Credit) (Account 418.1)		397,930
31	(Less) Dividends (Debit)		0
32	Other Changes (Explain)		
33	Balance - End of year		2,229,013

December 31, 2005

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 8-10, such notes may be attached hereto.

SEE ATTACHED 10K SUPPLEMENTS.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting and Reporting Policies

A. General

The Company is an operating public utility engaged principally in the purchase, transmission, distribution and sale of electricity and in the purchase, transmission, distribution, sale and transportation of natural gas. The Company is subject to the jurisdiction of the 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 FERC. The Northeast Florida division is supplied most of its electric power by a municipality which is exempt from FERC and FPSC regulation. The Company also distributes propane gas through a non-regulated subsidiary.

B. Basis of Presentation

The consolidated financial statements include the accounts of Florida Public Utilities Company (FPU) and its wholly owned subsidiary, Flo-Gas Corporation. All significant intercompany balances and transactions have been eliminated. The Company's accounting policies and practices conform to accounting principles generally accepted in the United States of America as applied to regulated public utilities and are in accordance with the accounting requirements and rate-making practices of the FPSC and in accordance to the rule requirements of the Securities and Exchange Commission (SEC).

C. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the Company to make certain estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of any contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Some of these estimates include the liability reserves, unbilled revenue, regulatory deferred tax liabilities and over-earnings liability. Actual results may differ from these estimates and assumptions.

D. Reclassifications

Certain amounts in the prior years' financial statements have been reclassified to conform to the 2005 presentation.

E. Regulation

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

such items through rates. In the event that a portion of the Company's operations are no longer subject to the provisions of SFAS No. 71, the Company would be required to write-off related regulatory assets and liabilities that are not specifically recoverable through regulated rates. In addition, the Company would be required to determine if an impairment related to other assets exists, including plant, and write-down the assets, if impaired, to their fair value.

Summary of Regulatory Assets and Liabilities
(Dollars in thousands)

	<u>2005</u>	<u>2004</u>
Assets		
Deferred development costs (1)	\$4,190	\$4,299
Environmental assets (2)	8,868	9,297
Storm Reserve assets (3)	452	416
Unamortized Rate Case expense	541	704
Under recovery of fuel costs	3,375	274
Unamortized piping and conversion costs (1)	1,587	1,449
Unamortized loss on reacquired debt (1)	227	245
Total Regulatory Assets	<u>\$19,240</u>	<u>\$16,684</u>
Liabilities		
Tax liabilities	\$991	\$1,113
Cost of removal	8,256	7,824
Storm reserve liabilities	1,536	1,538
Over recovery of conservation	24	94
Over-earnings liability (4)	700	-
Total Regulatory Liabilities	<u>\$11,507</u>	<u>\$10,569</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.
- (2) The Company has reclassified the amount due from customers as a regulatory asset for environmental costs. This was authorized by the FPSC in their most recent natural gas rate proceeding and will be recovered over 20 years.
- (3) The Company has been authorized by the FPSC recovery of Storm damages incurred in 2004 in their natural gas operations and will recover those costs from customers over 30 months beginning November 2005.
- (4) The Company has estimated over-earnings in 2005 for regulated natural gas operations of \$700,000 and recorded this liability and reduction to revenues. The FPSC determines the disposition of over-earnings with alternatives that include refunding to customers, funding storm damage or environmental reserves, or reducing any depreciation reserve deficiency.

The base revenues rates for regulated segments are determined by the FPSC and remain constant until a request for an increase is filed and approved by the FPSC. For the Company to recover the effects of inflation and construction expenditures for regulated segments, a request for an increase in base revenues would be required with the filing of two separate rate cases, electric and natural gas. In 2003 the Company successfully filed for electric rate increases and petitioned to consolidate the two electric "entities" into one entity. In 2004 the Company successfully filed for a natural gas rate increase.

F. Derivatives

None of the Company's gas or electric contracts are accounted for using the fair value method of accounting. All material contracts that meet the definition of possible derivative instruments are considered "normal purchases and sales" under SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities".

G. Revenue Recognition

The Company's revenues include base revenues, fuel adjustment charges, conservation charges and the pass-through of certain governmental imposed taxes based on revenues. Specific revenues are collected from separate FPSC approved rates that allow direct recovery of expenses from the Company's customers for fuel, conservation, and revenue based taxes. Any over or under recovery of these expense items are deferred and subsequently refunded or collected in the following period.

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

The FPSC approves rates that are intended to permit a specified rate of return on investment and limits the maximum amount of earnings of regulated operations. Any earnings in excess of this maximum amount, is accrued for as an over-earnings liability, and revenues are reduced for this same amount. The calculations supporting these liabilities are complex and involve a variety of projections and estimates before the ultimate settlement of such obligations. The FPSC determines the disposition of any over-earnings with alternatives that include refunding to customers, funding storm damage or environmental reserves, or reducing any depreciation reserve deficiency.

H. Allowance for Doubtful Accounts

The Company records an allowance for doubtful accounts based on historical information and trended current economic conditions. The following is a summary of the activity in Allowance for Doubtful Accounts for the years ending December 31:

Allowance for Doubtful Accounts				
	Balance at Beginning of Year	Write-offs	Provisions to Bad Debt Expense	Balance at End of Year
2003	\$ 304,000	301,000	177,000	\$ 180,000
2004	\$ 180,000	320,000	409,000	\$ 269,000
2005	\$ 269,000	292,000	295,000	\$ 272,000

I. 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. Additions to utility plant include contracted services, direct labor,

transportation and materials for additions. Units of property are removed from utility plant when retired. Maintenance and repairs of property and replacement and renewal of items determined not to be units of property are charged to operating expenses. Substantially all of the utility plant and the shares of Flo-Gas Corporation collateralize the Company's First Mortgage Bonds. See Note 2 for additional information relating to the acquisition adjustment.

Utility Plant		
(Dollars in thousands)		
Plant Classification	2005	2004
Land	\$ 1,124	\$ 1,133
Buildings	6,862	6,667
Distribution	147,580	138,159
Transmission	6,799	6,390
Equipment	11,534	10,071
Furniture and Fixtures	369	403
Work-in-Progress	5,010	7,774
	<u>\$ 179,278</u>	<u>\$ 170,597</u>

Depreciation for the Company's regulated segments 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 estimated average life of approximately 20-30 years. Such rates are based on estimated service lives of the various classes of property. Depreciation provisions on average depreciable property approximate 3.9% in 2005, 3.6% in 2004, and 3.4% in 2003

J. Impact of Recent Accounting Standards

Financial Accounting Standard No. 154

In May 2005, the Financial Accounting Standards Board (FASB) issued Statement No. 154, "Accounting Changes and Error Corrections". This Statement applies to all voluntary changes in accounting principle and requires retrospective application to prior period financial statements of changes in accounting principle, unless it is impracticable to determine either the period-specific effects or the cumulative effects of the change. This Statement is effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005. The Company expects to adopt SFAS No. 154 effective January 1, 2006. The Company does not believe adoption of this statement will have a material impact on our financial condition or results of operation.

Financial Accounting Standard Board Interpretation No. 47

In March 2005, the FASB issued Interpretation No. 47, "An Interpretation of FASB Statement No. 143". FASB Statement No. 143, "Accounting for Asset Retirement Obligations", 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. The Company 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 were reserved through the depreciation expense and accumulated reserves. This was disclosed in a footnote until December 31, 2003, when the estimated cost of removal from accumulated depreciation was reclassified to a regulatory liability for the obligation.

This Interpretation addresses the legal obligation to retire an asset when the timing and (or) method of settlement are conditional on a future event that may or may not be within the control of the Company. This Interpretation is effective no later than the end of fiscal years ending after December 15, 2005 (December 31, 2005 for calendar-year entities). The Company has determined that the adoption of this interpretation will not have a material impact on its financial condition or results of operation. The Company expects to adopt Interpretation No. 47 effective January 1, 2006.

Financial Accounting Standard No. 123R

In December 2004, the FASB issued SFAS No. 123R (revised 2004), "Share-Based Payment". This revised statement is effective for the first interim or annual reporting period that begins after June 15, 2005. This Statement establishes standards for the accounting for transactions in which an entity exchanges its equity instruments for goods or services. However, during the first quarter of 2005, the Securities and Exchange Commission approved a new rule, Staff Accounting Bulletin 107, that delays the adoption of this standard to the beginning of the next fiscal year, instead of the next reporting period that begins after June 15, 2005. The rule does not change the accounting required by Statement No. 123(R).

In October 2005, FASB issued Staff Position (FSP) No. 123 (R)-2 that provides guidance on the application of grant date as defined in FASB Statement No. 123 (revised 2004), Share-Based Payment.

The Company began recording compensation expense relating to the employee stock purchase plan in compliance with SFAS 123 in the first quarter of 2004. The Company does not feel that the adoption of these revisions will result in any material change to its financial statements and current method of reporting stock based transactions. The 2005 expense was \$61,000.

2. Goodwill and Intangible Assets

In accordance with SFAS No. 142, "Goodwill and Other Intangible Assets", the Company does not amortize goodwill or intangibles with indefinite lives. The Company periodically tests the applicable reporting segments, natural gas and propane gas, for impairment. In the event a segment becomes impaired, the Company would write down the associated goodwill and intangible assets to fair value. The impairment tests performed in 2004 and 2005 showed no impairment for either reporting segment.

Goodwill associated with the Company's acquisitions is identified as a separate line item on the consolidated balance sheet and consists of \$500,000 in the natural gas segment and \$1.9 million in the propane gas segment.

The Company requested approval from the FPSC to include the goodwill and intangible assets associated with the acquisition of Atlantic Utilities in the rate base (regulated investment). In October 2004 the portion included in goodwill that represented the difference between fair market value of the assets acquired and the original cost was approved for recovery as an acquisition adjustment. This acquisition adjustment amounted to approximately \$1.0 million and was reclassified from goodwill to an acquisition adjustment included in Property, Plant and Equipment in the fourth quarter of 2004.

Intangible assets associated with the Company's acquisitions and software have been identified as a separate line item on the balance sheet. Summaries of those intangible assets at December 31 are as follows:

Intangible Assets			
(Dollars in thousands)			
		<u>2005</u>	<u>2004</u>
Customer distribution rights	(Indefinite life)	\$ 1,900	\$ 1,900
Customer relationships	(Indefinite life)	900	900
Software	(Five to nine year life)	2,971	2,751
Non-compete agreement	(Five year life)	35	35
Accumulated amortization		(1,415)	(1,240)
Total intangible assets, net of amortization		<u>\$ 4,391</u>	<u>\$ 4,346</u>

The 2005 amortization expense of computer software is approximately \$245,000. The Company expects the amortization expense of computer software to be approximately \$300,000 annually over the next five years, with the current level of software investment.

3. Discontinued Operations

Water Service

In 2003, the Company sold the assets of its water utility system. The fair value of the consideration was approximately \$25.0 million. The City of Fernandina Beach (City) paid \$19.2 million in cash at closing and agreed to pay future consideration of approximately \$7.4 million in variable annual installments until February 15, 2010. The present value of the remaining balance of the long-term water receivable is \$6.0 million using a discount rate of 4.34% at December 31, 2005. The current portion of the long-term receivable is classified in notes receivable, and the remaining is classified in long-term receivables and other investments on our balance sheet. The gain on the disposal of discontinued operations, including the income from discontinued operations for 2003 was \$15.9 million or \$9.9 million after income tax.

**Estimated Annual Future Value of Consideration Due from the City
As of December 31, 2005**

(Dollars in thousands)	Estimated Timing of Payments	Present Value of Water Receivable
2006	\$ 300	\$ 299
2007	300	286
2008	300	274
2009	300	263
2010	5,855	4,913
Total	\$ 7,055	\$ 6,035

Results of Discontinued Operations

Year ended December 31, 2003

Results of Water Division

(Dollars in thousands)	2003
Revenues	\$ 679
Gross profit	651
Income from discontinued operations before income taxes	149
Income taxes	(16)
Income from discontinued operations before gain	\$ 133

4. Over-earnings-Natural Gas

The FPSC approves rates that are intended to permit a specified rate of return on investment and limits the maximum amount of earnings of regulated operations. The Company has agreed with the FPSC staff to limit the earned return on equity for regulated natural gas and electric operations.

The Company has estimated over-earnings in 2005 for regulated natural gas operations of \$700,000. This liability has been included in over-earnings liability on the Company's balance sheet. The calculations supporting these liabilities are complex and involve a variety of projections and estimates before the ultimate settlement of such obligations. The Company feels the 2005 estimate of the over-earnings liabilities is accurate, but it could change upon the FPSC finalization and review of earnings.

The FPSC determines the disposition of over-earnings with alternatives that include refunding to customers, funding storm damage or environmental reserves, or reducing any depreciation reserve deficiency. Recently, the FPSC ordered 2002 natural gas over-earnings of approximately \$118,000 to be added to the Company's "regulatory liability – storm reserve" to cover future storm costs. Finalization of the disposition and determination of the amount of 2005 natural gas over-earnings is expected in 2006.

5. Storm Reserves

As of December 31, 2005, the electric storm reserve was approximately \$1.5 million. Since the last order on the 1999 electric disposition of over-earnings, the FPSC has allowed the Company the automatic flexibility of applying the electric over-earnings to the storm damage reserves each year since 1999 and allowing additional storm damage accruals up to a cap of \$2.9 million in the electric divisions. In 2005, 2004 and 2003 there were no electric over-earnings and accordingly no additional amounts were applied to the storm damage reserves.

In October 2005, the FPSC approved recovery of 2004 natural gas storm costs plus interest and revenue taxes over a 30-month period beginning November 2005. The Company deferred storm costs as a regulatory asset due from customers on the balance sheet. As of December 31, 2005, the amount of natural gas regulatory asset relating to storm was \$452,000.

In 2005, the FPSC approved applying 2002 natural gas over-earnings of \$118,000 to the storm reserve to cover future storm costs. This is included as part of the “regulatory liability – storm reserve” on the balance sheet.

6. 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.

A. Income Taxes related to Deferred Gain on Water Sale

On March 27, 2003, the Company 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. For tax purposes the Company elected 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 non-recognition 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 disposed property. 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).

The Company intends to purchase property that is similar or related in service or use within the replacement periods with the exception of the intangible assets. During the Company’s recent IRS audit, the IRS disallowed a portion, approximately \$900,000 of the deferral relating to the intangible assets, since replacement was no longer expected.

A \$2.9 million estimated tax payment made in 2003 related to the gain on the sale of the water division. It was subsequently determined that the income tax would be deferred (see Note 3 – “Discontinued Operations”). The Company applied for a refund and received \$3.9 million in July 2004, which included other estimated tax overpayments.

B. Provision for Income Taxes

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

(Dollars in thousands)	Years ended December 31,		
	2005	2004	2003
Current payable			
Federal	\$ 2,150	\$ (566)	\$ (1,007)
State	370	(96)	(174)

	<u>2,520</u>	<u>(662)</u>	<u>(1,181)</u>
Deferred			
Federal	(143)	2,003	2,070
State	<u>(9)</u>	<u>358</u>	<u>375</u>
	<u>(152)</u>	<u>2,361</u>	<u>2,445</u>
Investment tax credit	<u>(81)</u>	<u>(84)</u>	<u>(97)</u>
Income taxes – continuing operations	<u>2,287</u>	<u>1,615</u>	<u>1,167</u>
Income taxes – discontinued operations	<u>-</u>	<u>-</u>	<u>5,971</u>
Total	<u>\$ 2,287</u>	<u>\$ 1,615</u>	<u>\$ 7,138</u>

C. Effective Tax Rate Reconciliation

The difference between the effective income tax rate and the statutory federal income tax rate applied to pretax income is of continuing operations accounted for as follows:

(Dollars in thousands)	Years ended December 31,		
	<u>2005</u>	<u>2004</u>	<u>2003</u>
Federal income tax at statutory rate (34%)	\$ 2,222	\$ 1,771	\$ 1,254
State income tax, net of federal benefit (5.5%)	237	189	134
Investment tax credit	(81)	(84)	(97)
Tax exempt interest	(71)	(94)	(71)
Other	<u>(20)</u>	<u>(167)</u>	<u>(53)</u>
Total provision for income taxes from continuing operations	<u>\$ 2,287</u>	<u>\$ 1,615</u>	<u>\$ 1,167</u>

D. Deferred Income Taxes

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

(Dollars in thousands)	Years ended December 31,	
	<u>2005</u>	<u>2004</u>
Deferred tax assets:		
Environmental	\$ 1,932	\$ 1,766
Self insurance	731	661
Storm reserve liability	408	-
Vacation Pay	320	303
Other deferred credits	61	105
Alternative minimum tax	-	208
Allowance for uncollectible accounts receivable	103	102
General liability	111	-
Rate refund	263	-
Pension	286	-
Other	<u>46</u>	<u>76</u>
Total deferred tax assets	<u>\$ 4,261</u>	<u>\$ 3,221</u>
Deferred tax liabilities:		
Utility plant related	\$ 20,319	\$ 19,756
Deductible intangibles	577	408

Under recovery of fuel costs	1,704	634
General liability	-	187
Storm reserve liability	-	328
Pension	-	181
Rate case expense	204	265
Loss on reacquired debt	85	85
Other	6	42
Total deferred tax liabilities	<u>\$ 22,895</u>	<u>\$ 21,886</u>
Net deferred income taxes	<u>\$ 18,634</u>	<u>\$ 18,665</u>

Deferred tax liabilities included in the consolidated balance sheets are as follows:

(Dollars in thousands)	<u>2005</u>	<u>2004</u>
Deferred income tax – current	\$ 1,066	\$ 241
Deferred income tax – long term	17,568	18,424
Net deferred income tax liability	<u>\$ 18,634</u>	<u>\$ 18,665</u>

E. IRS Audit

The IRS completed an audit in 2005 of the Company's 2002 and 2003 federal income tax returns. The audit resulted in a current income tax payable amount \$361,000 due to adjustments to depreciation, reserve accounts and recognition of a portion of the water sale gain that was previously deferred. This amount was partially offset by \$285,000 in deferred tax liabilities previously established.

7. Capitalization

A. Stock Dividend

On July 25, 2005 a three-for-two stock split in the form of a stock dividend was issued to the shareholders of record on July 15, 2005. All common share information has been restated to reflect the stock split for all periods presented.

B. Common Shares Reserved

The Company has reserved the following common shares for issuance as of December 31, 2005:

Dividend Reinvestment Plan	68,043
Employee Stock Purchase Plan	77,690
Board Compensation Plan	23,704
Common Stock	3,847,324

C. Preferred Stock

The Company has 6,000 shares of 4 ¾% Series A preferred stock \$100 par value authorized for issuance of which 6,000 were issued and outstanding at December 31, 2005. The Company also has 5,000, 4 ¾% Series B preferred stock \$100 par value authorized for issuance none of which has been issued. The annual dividend rate for the preferred stock is 4.75%.

The Company also has 32,500, \$1.12 Convertible Preference stock, \$20 par value and \$22 redemption price, authorized for issuance none of which has been issued.

D. Dividend Restriction

The Company's Fifteenth Supplemental Indenture of Mortgage and Deed of Trust restricts the amount that is available for cash dividends. At December 31, 2005, approximately \$7.3 million of retained earnings were free of such restriction and therefore available for the payment of dividends. The line of credit agreement contains covenants that, if violated, could restrict or prevent the payment of dividends. At December 31, 2005 the Company is not in violation of these covenants.

E. Treasury Shares

Common shares resulting from stock dividends have been allocated to common shares held as treasury shares. Treasury shares are not eligible to receive such allocations. Some of these Treasury shares were subsequently reissued, resulting in an overstatement of additional paid in capital. Accordingly the Company has restated all periods presented to reflect the correct number of treasury shares and the value of treasury shares and additional paid in capital at each year-end. As the adjustment is a reallocation of amounts between treasury stock and additional paid in capital, there is no effect on net income, earnings per common share or total stockholders' equity in any period presented.

Statement of Capitalization Comparison

(Dollars in thousands)

Before Treasury Share Restatement	December 31,	
	2004	2003
Common Shareholders' Equity		
Common stock, \$1.50 par value, authorized 10,000,000 shares; issued 6,341,984 shares in 2004; 6,318,276 shares in 2003	\$ 9,513	\$ 9,477
Paid-in capital	6,062	5,744
Retained earnings	31,849	30,638
Treasury stock - at cost (417,128 shares in 2004, 443,860 shares in 2003)	<u>(4,211)</u>	<u>(4,396)</u>
Total common shareholders' equity	<u>\$ 43,213</u>	<u>\$ 41,463</u>
After Treasury Share Restatement	December 31,	
	2004	2003
Common Shareholders' Equity		
Common stock, \$1.50 par value, authorized 10,000,000 shares; issued 6,130,097 shares in 2004; 6,097,478 shares in 2003	\$ 9,195	\$ 9,146

Paid-in capital	5,806	5,632
Retained earnings	31,849	30,638
Treasury stock - at cost (205,241 shares in 2004, 223,062 shares in 2003)	<u>(3,637)</u>	<u>(3,953)</u>
Total common shareholders' equity	<u>\$ 43,213</u>	<u>\$ 41,463</u>

F. Employee Stock Purchase Plan

The Company's Employee Stock Purchase Plan offers common stock at a discount to qualified employees. The following table shows the number of shares issued under the Plan and the total aggregate consideration received:

<u>Year</u>	<u>Shares</u>	<u>Consideration</u>
2005	22,427	\$ 236,000
2004	24,164	\$ 220,000
2003	28,191	\$ 229,000

G. Dividend Reinvestment Plan

The Company's Dividend Reinvestment Plan is offered to all Company shareholders and allows the shareholder to reinvest dividends received and purchase additional shares without a fee. The following table shows the number of shares issued under the Plan and the total aggregate consideration received:

<u>Year</u>	<u>Shares</u>	<u>Consideration</u>
2005	14,456	\$ 193,000
2004	18,513	\$ 217,000
2003	20,757	\$ 213,000

8. Long-term Debt

The Company issued its Fourteenth Series of FPU's First Mortgage Bond 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 annual rate of 6.85% payable quarterly in arrears on January 1, April 1, July 1 and October 1 of each year beginning January 1, 2002.

The Company 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 the Company. In 2002 the remaining \$8.0 million was drawn from the restricted funds held by the trustee.

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

The Company issued two of its Twelfth Series 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. These two issuances require sinking fund payments of \$909,000 and \$500,000 respectively, beginning in 2008.

Long-term debt on the balance sheet has been reduced for unamortized debt discount. The unamortized debt discount at December 31 included in long-term debt on the balance sheet is \$1.9 million in 2005 and \$2.0 million in 2004.

Annual Maturities of Long-Term Debt

	Total	2006	2007	2008	2009	2010	2011 & Thereafter
Long-term Debt	\$50,620	(\$82)	(\$82)	\$1,327	\$1,327	\$1,327	\$46,803

9. Notes Payable

In 2004, FPU entered into an amended and restated loan agreement that allows the Company to increase the line of credit (LOC), upon 30 days notice by the Company, to a maximum of \$20.0 million and expires on June 30, 2007. The current outstanding balance on the LOC is \$9.6 million with a remaining current available LOC of \$2.4 million. Until April 1, 2003, the Company had a \$20.0 million line of credit, with interest at LIBOR plus fifty basis points. The Company 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 average interest rates for the line of credit were as follows as of December 31:

Year	Rate
2005	5.3%
2004	3.3%
2003	2.0%

10. 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 excluding the unamortized debt discount is estimated by discounting the future cash flows of each issuance at rates currently offered to the Company for similar debt instruments of comparable maturities. The values at December 31 are shown below.

	2005		2004	
	Carrying Amounts	Approximate Fair Value	Carrying Amounts	Approximate Fair Value
Long-term debt	\$ 52,500,000	\$63,000,000	\$52,500,000	\$ 63,800,000

11. Contingencies

Environmental

The Company is subject to federal and state legislation with respect to soil, groundwater and employee health and safety matters and to environmental regulations issued by the Florida Department of Environmental Protection (FDEP), the United States Environmental Protection Agency (EPA) and other federal and state agencies. Except as discussed below, the Company does not expect to incur

material future expenditures for compliance with existing environmental laws and regulations.

Site	Range From	Range To
West Palm Beach	\$ 10,183,000	\$ 15,183,000
Sanford	664,000	664,000
Pensacola and Other	129,500	129,500
Total	<u>\$ 10,976,500</u>	<u>\$ 15,976,500</u>

The Company currently has \$14.0 million reserved as an environmental liability. This amount was approved by the FPSC based on the above projections as a basis for rate recovery. The Company has recovered \$5.1 million from insurance and rate recovery. The balance of \$8.9 million is recorded as a regulatory asset. On October 18, 2004 the FPSC approved recovery of \$9.1 million for environmental liabilities (included on the balance sheet as "Other regulatory assets – environmental"). The amortization of this recovery and reduction to the regulatory asset began on January 1, 2005. The majority of environmental cash expenditures is expected to be incurred before 2010, but will continue for another 20-30 years.

West Palm Beach Site

The Company 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 the Company previously operated a gasification plant. The Company entered into a Consent Order with the Florida Department of Environmental Protection (FDEP) effective April 8, 1991, that requires the Company 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 the Company to FDEP describing the results of soil and groundwater sampling conducted at the site. On November 29, 2005, the Company's consultant submitted a status report of additional sampling to FDEP, in which the consultant recommended that the Company be permitted to proceed with a feasibility study to evaluate appropriate remedies for the site. To date, FDEP has not responded to the status report.

Based on the likely acceptability of proven remedial technologies implemented at similar sites in other states, consulting and remediation costs to address the impacts now characterized at the West Palm Beach site are projected to range from \$10 million to \$15 million. This range of costs covers such remedies as in situ solidification, slurry wall and cap containment, air sparge and 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, we are unable to determine the complete extent or cost of remedial action, which may be required. Remediation costs (including attorneys' fees and costs) for this site are currently projected to range from \$10.2 million to \$15.2 million.

Sanford Site

The Company owns a parcel of property located in Sanford, Florida, upon which a gasification plant was operated prior to the Company's acquisition of the property.

Following discovery of soil and groundwater impacts on the property, the Company 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, the Company executed an Administrative Order on Consent (AOC) with the four former owners and operators (Group) and the United States Environmental Protection Agency (EPA) that obligated the Group to implement a Remedial Investigation and 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. The Company agreed to pay approximately 13.7% of the cost for the RI/FS. The Company'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. The Company 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 \$5.6 million to \$5.8 million. On June 12, 2001, EPA issued a ROD approving the final remedial action for contaminated groundwater at the site (OU2 Remedy). The present worth cost estimate for the OU2 Remedy is \$320,252.

The Company 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 (RD/RA Participation Agreement). The RD/RA Participation Agreement provides for funding the remedial design/remedial action (RD/RA) task for OU1 and OU2. The Company's share of costs for implementation of the RD/RA task for OU1 and OU2, including the pre-remedial design fieldwork described below, is 10.5%, providing the total cost of the RD/RA task, including the pre-remedial design fieldwork, does not exceed \$6 million.

Based on the pre-remedial design field work performed in 2002-03, 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, the Company paid \$210,178 to the Escrow Agent pursuant to a first call for funds under the RD/RA Participation Agreement. The Company's remaining obligation under the RD/RA Participation Agreement is \$420,356. This assumes the Company's total allocated share remains no greater than 10.5089% of \$6 million, as currently set forth in the RD/RA Participation Agreement, as amended through June 19, 2002. The Company has notified Group members that the Company will oppose any effort by the Group to increase The Company's share of total RD/RA costs above 10.5089% of the current \$6 million cap, since the increased cost is due to the discovery of additional impacted soils on property not owned by the Company.

In addition, the Company will be obligated to pay for a share of EPA's oversight costs for the RD/RA task for OU1 and OU2. It is anticipated that the Company'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. However, based on other similar sites, it would be reasonable to assume such oversight cost to be approximately 20% of the projected RD/RA costs for OU1 and OU2. Assuming the Company's maximum exposure for the RD/RA cost for OU1 and OU2 does not exceed 10.5089% of \$6 million, a reasonable estimate of the Company's share of oversight cost would be approximately \$125,000.

Prior to EPA's approval of a final remedy for the site, and the completion of negotiations among members of the Group on the Company's maximum allocated share, we are unable to determine the complete extent of the Company's remaining exposure at this site. Based on the existing Second Participation Agreement, the Company's remaining exposure for the RD/RA task for OU1 and OU2, EPA's oversight costs, and the Company's attorneys' fees and costs, is projected to be approximately \$664,000.

Pensacola site

The Company is the prior owner and operator of the former Pensacola gasification plant, located in Pensacola, Florida. Following notification on October 5, 1990 that FDEP had determined that the Company was one of several responsible parties for any environmental impacts associated with the former gasification plant site, the Company entered into cost sharing agreements with three other responsible parties providing for the funding of certain contamination assessment activities at the site.

Following field investigations performed on behalf of the responsible parties, on July 16, 1997, FDEP approved a final remedy for the site that provides for annual sampling of selected monitoring wells. Such annual sampling has been undertaken at the site since 1998. The Company's share of these costs is less than \$2,000 annually.

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

Key West site

From 1927 to 1938, the Company owned and operated a gasification plant in Key West, Florida. The plant discontinued operations in the late 1940s; the property on which the plant was located is currently used for a propane gas distribution business. In March 1993, a Preliminary Contamination Assessment Report (PCAR) was prepared by a consultant jointly retained by the Company and the current site owner and was delivered to FDEP. The PCAR reported that very limited soil and groundwater impacts were present at the site. By letter dated December 20, 1993, FDEP notified the Company that the site did not warrant further "CERCLA

consideration and a Site Evaluation Accomplished (SEA) disposition is recommended." FDEP then referred the matter to its Marathon office for consideration of whether additional work would be required by FDEP's district office under Florida law. To date, the Company has received no further communication from FDEP with respect to the site. At this time, we are unable to determine whether additional fieldwork will be required by FDEP and, if so, the scope or costs of such work. In 1999, the Company received an estimate from its consultant that additional costs to assess and remediate the reported impacts would be approximately \$166,000. Assuming the current owner shared in such costs according to the allocation agreed upon by the parties for PCAR of start up and shut down of pipeline operations costs. The Company's share would be approximately \$83,000.

12. Commitments

A. General

To ensure a reliable supply of power and natural gas at competitive prices, the Company has entered into long-term purchase and transportation contracts with various suppliers and producers, which expire at various dates through 2015. Purchase prices under these contracts are determined by formulas either based on market prices or at fixed prices. At December 31, 2005, the Company has firm purchase and transportation commitments adequate to supply its expected future sales requirements. The Company is committed to pay demand or similar fixed charges of approximately \$36.9 million during 2006 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.

B. Operating Leases

The Company's total operating lease obligation is \$260,000. The Company is leasing property from the City of Fernandina Beach in our Northeast division. The total obligation for the duration of this lease is about \$134,000 over the next five years. The Company is in the process of renegotiating the terms of this lease and it may be able to terminate this lease at an earlier date. The Company leases an appliance showroom in the same division for approximately \$35,000 annually. The Company also has other operating lease agreements with various terms and expiration dates. The following table shows the Operating Lease obligations over the next five years.

	2006	2007	2008	2009	2010
Operating Lease Obligations	\$103,000	\$53,000	\$47,000	\$29,000	\$26,000

13. Employee Benefit Plans

A. Pension Plan

The Company sponsors a qualified defined benefit pension plan for non-union employees that were hired before January 1, 2005 and for unionized employees that work under one of the five Company union contracts that approved this change in 2005. The sixth union contract will be negotiated in 2006.

The following tables provide a reconciliation of the changes in the plan's benefit obligations and fair value of assets over the 3-year period ending December 31, 2005 and a statement of the funded status as of December 31, of all three years:

Benefit Obligations and Funded Status

	Years Ended December 31,		
	2005	2004	2003
(1) Change in Projected Benefit Obligation			
(a) Projected Benefit Obligation at the Beginning of the Year	\$34,926,383	\$31,540,942	\$28,283,326
(b) Service Cost	1,195,723	1,084,564	1,012,149
(c) Interest Cost	2,000,099	1,940,122	1,877,987
(d) Actuarial (Gain) or Loss	(842,777)	1,708,132	1,653,212
(e) Benefits Paid	(1,514,341)	(1,347,377)	(1,285,732)
(f) Change in Plan Provisions	584,838	-	-
(g) Plan Participant Contributions	-	-	-
(h) Acquisition	-	-	-
(i) Curtailment	-	-	-
(j) Settlement	-	-	-
(k) Special Termination Benefits	-	-	-
(l) Projected Benefit Obligation at the End of the Year	<u>\$36,349,925</u>	<u>\$34,926,383</u>	<u>\$31,540,942</u>
(m) Accumulated Benefit Obligation at the End of the Year	<u>\$31,966,513</u>	<u>\$30,518,393</u>	<u>\$26,810,146</u>
(2) Change in Plan Assets			
(a) Fair Value of Plan Assets at the Beginning of the Year	\$32,385,214	\$31,081,063	\$26,953,318
(b) Actual Return on Plan Assets	2,065,793	2,651,528	5,413,477
(c) Benefits Paid	(1,514,341)	(1,347,377)	(1,285,732)
(d) Employer Contributions	-	-	-
(e) Plan Participant Contributions	-	-	-
(f) Acquisition	-	-	-
(g) Settlement	-	-	-
(h) Fair Value of Assets at the End of the Year	<u>\$32,936,666</u>	<u>\$32,385,214</u>	<u>\$31,081,063</u>
(3) Net Amount Recognized			
(a) Funded Status: (2)(h) - (1)(l)	\$(3,413,259)	\$(2,541,169)	\$(459,879)
(b) Unrecognized Transition Obligation (Asset)	-	-	-
(c) Unrecognized Prior Service Cost	4,729,604	4,881,881	5,580,092
(d) Unrecognized Net (Gain) or Loss	(2,037,678)	(1,615,093)	(3,262,796)
(e) Net Amount Recognized: (a) + (b) + (c) + (d)	<u>(\$721,333)</u>	<u>\$725,619</u>	<u>\$1,857,417</u>
(4) Amounts Recognized in the Statement of Financial Position			
(a) Prepaid Benefit Cost	-	\$725,619	\$1,857,417
(b) Accrued Benefit Cost	(\$721,333)	-	-
(c) Intangible Asset	-	-	-
(d) Accumulated Other Comprehensive Income	-	-	-
(e) Net Amount Recognized: (a) + (b) + (c) + (d)	<u>(\$721,333)</u>	<u>\$725,619</u>	<u>\$1,857,417</u>
(5) Information for pension plans with an accumulated benefit obligation in excess of plan assets			
(a) Projected Benefit Obligation	\$36,349,925	\$34,926,383	\$31,540,942
(b) Accumulated Benefit Obligation	\$31,966,513	\$30,518,393	\$26,810,146
(c) Fair Value of Plan Assets	\$32,936,666	\$32,385,214	\$31,081,063

(6)	Weighted Average Assumptions at the End of the Year			
(a)	Discount Rate	5.90%	5.75%	6.25%
(b)	Rate of Compensation Increase	3.00%	3.00%	3.50%

The following table provides the components of net periodic benefit cost for the plans for fiscal years 2005, 2004 and 2003:

		Net Periodic Pension Costs		
		Years Ended December 31,		
		2005	2004	2003
(1)	Service Cost	\$1,195,723	\$1,084,564	\$1,012,149
(2)	Interest Cost	2,000,099	1,940,122	1,877,987
(3)	Expected Return on Plan Assets	(2,485,985)	(2,591,099)	(2,668,854)
(4)	Amortization of Transition Obligation/(Asset)	-	-	-
(5)	Amortization of Prior Service Cost	737,115	698,211	711,928
(6)	Amortization of Net (Gain) or Loss	-	-	(360,493)
(7)	Total FAS 87 Net Periodic Pension Cost	1,446,952	1,131,798	572,717
(8)	FAS 88 Charges / (Credits)			
(a)	Settlement	-	-	-
(b)	Curtailement	-	-	-
(c)	Special Termination Benefits	-	-	-
(d)	Total	-	-	-
(9)	Total Net Periodic Pension Cost	\$1,446,952	\$1,131,798	\$572,717
(10)	Additional Information			
(a)	Increase in Minimum Liability Included in Other Comprehensive Income	\$ -	\$ -	\$ -
(11)	Weighted Average Assumptions			
(a)	Discount Rate	5.75%	6.25%	6.75%
(b)	Expected Return on Plan Assets	8.50%	8.50%	8.50%
(c)	Rate of Compensation Increase	3.00%	3.50%	4.50%

		Plan Assets			
		Target Allocation	Percentage of Plan Assets at December 31		
		2006	2005	2004	2003
(1)	Plan Assets				
(a)	Equity Securities	60%	67%	69%	61%
(b)	Debt Securities	35%	32%	30%	37%
(c)	Real Estate	0%	0%	0%	0%
(d)	Other	5%	1%	1%	2%
(e)	Total	100%	100%	100%	100%

Expected Return on Plan Assets

The expected rate of return on plan assets is 8.5%. The Company 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

The Company 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. The Company 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, 2006	
(a)	Expected Employer Contributions	\$250,000
(b)	Expected Employee Contributions	\$ 0
(2)	Estimated Future Benefit Payments Reflecting Expected Future Service for the years ending December 31,	
(a)	2006	\$1,652,331
(b)	2007	\$1,763,865
(c)	2008	\$1,842,309
(d)	2009	\$1,967,733
(e)	2010	\$2,066,326
(f)	2011 – 2015	\$12,061,276

Other Accounting Items

	Years Ended December 31,		
	2005	2004	2003
(1) Market-Related Value of Assets as of the Beginning of fiscal year	\$30,016,761	\$31,222,154	\$32,050,201
(2) Amount of Future Annual Benefits of Plan Participants Covered by Insurance Contracts Issued by the Employer or Related Parties	\$ 0	\$ 0	\$ 0
(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

B. Medical Plan

The Company sponsors a postretirement medical program. The medical plan is contributory with participants' contributions adjusted annually. The following tables provide required financial disclosures over the three-year period ended December 31, 2005:

Benefit Obligations and Funded Status

	Fiscal Year Ending		
	12/31/2005	12/31/2004	12/31/2003
(1) Change in Accumulated Postretirement Benefit Obligation			
Accumulated Postretirement Benefit Obligation at the			
(a) Beginning of the Year	\$1,925,254	\$1,807,999	\$1,725,639
(b) Service Cost	100,054	70,300	66,117
(c) Interest Cost	127,312	106,079	108,849
(d) Actuarial (Gain) or Loss	282,812	32,646	(23,328)
(e) Benefits Paid	(135,166)	(119,005)	(91,909)
(f) Change in Plan Provisions	0	0	0
(g) Plan Participant's Contributions	43,317	27,235	22,631
(h) Acquisition	0	0	0
(i) Curtailment	0	0	0
(j) Settlement	0	0	0
(k) Special Termination Benefits	0	0	0
(l) Accumulated Postretirement Benefit Obligation at the End of the Year	<u>\$2,343,583</u>	<u>\$1,925,254</u>	<u>\$1,807,999</u>
(2) Change in Plan Assets			
(a) Fair Value of Plan Assets at the Beginning of the Year	\$ 0	\$ 0	\$ 0
(b) Actual Return on Plan Assets	0	0	0
(c) Benefits Paid	(135,166)	(119,005)	(91,909)
(d) Employer Contributions	91,849	91,770	69,278
(e) Plan Participant's Contributions	43,317	27,235	22,631
(f) Acquisition	0	0	0
(g) Settlement	0	0	0
(h) Fair Value of Assets at the End of the Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
(3) Net Amount Recognized			
(a) Funded Status: (2)(h) - (1)(l)	(\$2,343,583)	(\$1,925,254)	(\$1,807,999)
(b) Unrecognized Transition Obligation (Asset)	300,262	343,158	386,054
(c) Unrecognized Prior Service Cost	0	0	0
(d) Unrecognized Net (Gain) or Loss	100,928	(181,884)	(223,196)
(e) Net Amount Recognized: (a) + (b) + (c) + (d)	<u>(\$1,942,393)</u>	<u>(\$1,763,980)</u>	<u>(\$1,645,141)</u>
(4) Amounts Recognized in the Statement of Financial Position			
(a) Prepaid Benefit Cost	\$ 0	\$ 0	\$ 0
(b) Accrued Benefit Liability	(1,942,393)	(1,763,980)	(1,645,141)
(c) Intangible Asset	0	0	0
(d) Accumulated Other Comprehensive Income	<u>0</u>	<u>0</u>	<u>0</u>

(e) Net Amount Recognized: (a) + (b) + (c) + (d)	(\$1,942,393)	(\$1,763,980)	(\$1,645,141)
(5) Weighted Average Assumptions at the End of the Year			
(a) Discount Rate	5.90%	5.75%	6.25%
(b) Rate of Compensation Increase	N/A	N/A	N/A
(6) Assumed Health Care Cost Trend Rates			
(a) Health Care Cost Trend Rate Assumed for Next Year	9.00%	10.00%	5.25%
(b) Ultimate Rate	5.00%	5.00%	4.00%
(c) Year that the Ultimate Rate is Reached	2010	2010	2009

Net Periodic Postretirement Benefit Cost

	Years ended December 31,		
	2005	2004	2003
(1) Service Cost	\$100,054	\$70,300	\$66,117
(2) Interest Cost	\$127,312	\$106,079	\$108,849
(3) Expected Return on Plan Assets	\$ 0	\$ 0	\$ 0
(4) Amortization of Transition Obligation/(Asset)	\$42,896	\$42,896	\$42,896
(5) Amortization of Prior Service Cost	\$ 0	\$ 0	\$ 0
(6) Amortization of Net (Gain) or Loss	\$ 0	(\$8,666)	(\$8,121)
(7) Total FAS 106 Net Periodic Benefit Cost	<u>\$270,262</u>	<u>\$210,609</u>	<u>\$209,741</u>
(8) Other Charges / (Credits)			
(a) Settlement	\$ 0	\$ 0	\$ 0
(b) Curtailment	\$ 0	\$ 0	\$ 0
(c) Special Termination Benefits	\$ 0	\$ 0	\$ 0
(d) Total	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
(9) Total Net Periodic Benefit Cost	<u>\$270,262</u>	<u>\$210,609</u>	<u>\$209,741</u>
(10) Weighted Average Assumptions			
(a) Discount Rate	5.75%	6.25%	6.75%
(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	10.00%	12.00%	5.50%
(b) Ultimate Rate	5.00%	5.00%	4.50%
(c) Year that the Ultimate Rate is Reached	2010	2010	2009
(12) Impact of One-Percentage-Point Change in Assumed Health Care Cost Trend Rates	<u>Increase</u>	<u>Decrease</u>	
(a) Effect on Service Cost + Interest Cost	\$33,094	(\$27,941)	
(b) Effect on Postretirement Benefit Obligation	\$290,269	(\$248,951)	

Cash Flows

- (1) Expected Contributions for Fiscal Year Ending 12/31/2006
- (a) Expected Employer Contributions \$146,063
- (b) Expected Employee Contributions \$32,875
- (2) Estimated Future Benefit Payments Reflecting Expected Future Service for the Fiscal Year(s) Ending

	<u>Total</u>	<u>Medicare Part-D Reimbursement</u>	<u>Employee</u>	<u>Employer</u>
(a) 12/31/2006	\$184,983	\$6,045	\$32,875	\$146,063
(b) 12/31/2007	\$153,818	\$6,635	\$25,175	\$122,008
(c) 12/31/2008	\$159,751	\$6,963	\$25,434	\$127,354
(d) 12/31/2009	\$166,565	\$7,426	\$27,689	\$131,450
(e) 12/31/2010	\$192,861	\$7,934	\$31,939	\$152,988
(f) 12/31/2011 – 12/31/2015	\$1,316,225	\$46,268	\$214,157	\$1,055,800

Other Accounting Items

	Years Ended December 31,		
	2005	2004	2003
(1) Market-Related Value of Assets	N/A	N/A	N/A
(2) Amount of Future Annual Benefits of Plan 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, 2005	December 31, 2004	December 31, 2003

Voluntary Prescription Drug Coverage

Legislation enacted in December 2003 provides for the addition of voluntary prescription drug coverage under Medicare starting in 2006. The legislation also provides for a 28% tax-free subsidy for each qualified covered retiree's drug cost between certain thresholds if the employer's coverage is at least actuarially

equivalent to the standard Medicare drug benefit. Based on the final regulations issued by the Centers for Medicare and Medicaid Services on January 21, 2005, we determined prescription drug coverage of the Florida Public Utilities Company Postretirement Medical Benefits plan to be actuarially equivalent to Medicare Part D.

Discount Rate Assumption

The discount rate assumption used to determine the postretirement benefit obligations is based on current yield rates in the double A bond market. The current year's discount rate was selected using a method that matches projected payouts from the plan with a zero-coupon double A bond yield curve. This yield curve was constructed from the underlying bond price and yield data collected as of the plan's measurement date and is represented by a series of annualized, individual discount rates with durations ranging from six months to thirty years. Each discount rate in the curve was derived from an equal weighting of the double A or higher bond universe, apportioned into distinct maturity groups. These individual discount rates are then converted into a single equivalent discount rate, which is then used for FAS discount purposes. To assure that the resulting rates can be achieved by a postretirement benefit plan, only bonds that satisfy certain criteria and are expected to remain available through the period of maturity of the plan benefits are used to develop the discount rate. Prior years' discount rate assumptions were set based on investment yields available on double A, long-term corporate bonds.

Actuarial Equivalent

In determining "Actuarial Equivalence", Aon's proprietary prescription drug pricing tool Aon Rx was used. This tool allowed us to determine the estimated Per Member Per Month (PMPM) prescription drug cost for both the Florida Public Utilities Company plan and the Medicare plan. The two PMPM's were adjusted for monthly retiree contributions. We assumed that 60% of the monthly combined medical and prescription drug retiree contribution for the Florida Public Utilities Company plan applies towards prescription drugs. Because the subsidy is the same regardless of the cost sharing structure (unless the plan is not "Actuarial Equivalent"), in general a plan that has higher cost sharing would reduce their annual cost as a percentage greater than a plan would that has lower cost sharing.

C. Health Plan

In December 2003, the Company became fully insured for its employee and retiree's medical insurance. Net health care benefits paid by the Company for active employees were approximately \$1.6 million in 2005, \$1.5 million in 2004, and \$1.1 million in 2003, excluding administrative and stop-loss insurance.

D. 401K Plan

The Company has discontinued eligibility to the defined benefit pension plan for all new non-union hires, and has begun a new 401K match for new hires, effective January 1, 2005. Five of our six union contracts have accepted this same change for their new unionized employees, and the sixth will be negotiated in June of 2006.

This new 401K match is 50 cents on every dollar contributed by the employee on the first 6% of their salary, for a total annual company contribution of up to 3%. The

Company match begins after six months of continuous service, with vesting of 100% after three years of continuous service.

14. Segment Information

The Company is organized into two regulated business segments: natural gas and electric, and one non-regulated business segment, propane gas. There are no material inter-segment sales or transfers.

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

Business segment information for 2005, 2004 and 2003 is summarized as follows:

(Dollars in thousands)	<u>2005</u>	<u>2004</u>	<u>2003</u>
Revenues			
Natural gas	\$ 69,094	\$ 55,962	\$ 53,610
Electric	47,450	42,910	39,519
Propane gas	13,479	11,167	9,594
Consolidated	<u>\$ 130,023</u>	<u>\$ 110,039</u>	<u>\$ 102,723</u>
Operating income from continuing operations, excluding income tax			
Natural gas	\$ 6,049	\$ 4,978	\$ 5,190
Electric	3,502	3,353	2,249
Propane gas	1,086	655	254
Consolidated	<u>\$ 10,637</u>	<u>\$ 8,986</u>	<u>\$ 7,693</u>
Identifiable assets			
Natural gas	\$ 95,699	\$ 87,387	\$ 80,924
Electric	51,191	48,573	43,476
Propane gas	19,552	15,723	14,348
Common	15,441	18,199	22,196
Consolidated	<u>\$ 181,883</u>	<u>\$ 169,882</u>	<u>\$ 160,944</u>
Depreciation and amortization			
Natural gas	\$ 3,928	\$ 2,752	\$ 2,414
Electric	2,404	2,323	2,333
Propane gas	621	560	508
Common	313	265	237
Consolidated	<u>\$ 7,266</u>	<u>\$ 5,900</u>	<u>\$ 5,492</u>
Construction expenditures			
Natural gas	\$ 6,357	\$ 5,314	\$ 4,331
Electric	3,775	6,793	3,504
Propane gas	2,133	1,339	1,333
Common	176	285	525
Consolidated	<u>\$ 12,441</u>	<u>\$ 13,731</u>	<u>\$ 9,693</u>
Continuing operations- income tax expense			
Natural gas	\$ 1,283	\$ 843	\$ 856
Electric	666	565	180

Propane gas	245	130	21
Common	93	77	110
Consolidated	<u>\$ 2,287</u>	<u>\$ 1,615</u>	<u>\$ 1,167</u>

15. Quarterly Financial Data (Unaudited)

The quarterly financial data presented below reflects the influence of 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. Significant increases in the fourth quarter of 2005 expenses relate to the performance of previously delayed expenditures from previous quarters.

(Dollars in thousands, except per share amounts):	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2005				
Revenues	\$ 35,438	\$ 28,329	\$ 29,190	\$ 37,066
Gross profit	\$ 13,619	\$ 10,963	\$ 10,374	\$ 12,263
Operating income	\$ 4,684	\$ 2,215	\$ 1,578	\$ 2,160
Earnings before income taxes	\$ 3,711	\$ 1,205	\$ 573	\$ 1,046
Net Income	\$ 2,353	\$ 851	\$ 260	\$ 784
Earnings per common share (basic and diluted):				
Continuing operations	\$ 0.40	\$ 0.14	\$ 0.04	\$ 0.13
2004				
Revenues	\$ 30,725	\$ 24,729	\$ 24,183	\$ 30,402
Gross profit	\$ 10,906	\$ 9,361	\$ 9,148	\$ 11,274
Operating income	\$ 3,119	\$ 1,715	\$ 1,255	\$ 2,897
Earnings before income taxes	\$ 2,195	\$ 770	\$ 285	\$ 1,959
Net Income	\$ 1,413	\$ 522	\$ 221	\$ 1,438
Earnings per common share (basic and diluted):				
Continuing operations	\$ 0.23	\$ 0.09	\$ 0.04	\$ 0.24

December 31, 2005

SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS
FOR DEPRECIATION, AMORTIZATION AND DEPLETION

Line No.	Item (a)	Total (b)	Gas (d)
1	UTILITY PLANT		
2	In Service		
3	101 Plant in Service (Classified)	162,381,362	88,116,516
4	101.1 Property Under Capital Leases	-	-
5	102 Plant Purchased or Sold	-	-
6	106 Completed Construction not Classified	-	-
7	103 Experimental Plant Unclassified	-	-
8	104 Leased to Others	564,865	564,865
9	105 Held for Future Use	-	-
10	114 Acquisition Adjustments	1,820,270	1,816,579
11	TOTAL Utility Plant (Enter Total of lines 3 through 10)	164,766,497	90,497,960
12	107 Construction Work in Progress	4,336,065	2,027,913
13	Accum. Prov. for Depr., Amort., & Depl.	53,241,795	26,190,131
14	Net Utility Plant (Enter total of lines 11 plus 12 less line 13)	115,860,767	66,335,742
15	DETAIL OF ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION		
16	In Service:		
17	108 Depreciation	52,702,927	25,654,954
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)	52,702,927	25,654,954
22	Leased to Others		
23	108 Depreciation	-	-
24	111 Amortization and Depletion	191,551	191,551
25	TOTAL Leased to Others (Enter Total of lines 23 and 24)	191,551	191,551
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	347,317	343,626
32	TOTAL Acc. Provisions (Should agree with line 13 above) (Enter Total of lines 21, 25, 29, 30, and 31)	53,241,795	26,190,131

For the Year Ended

December 31, 2005

Electric (c)	Other (Specify) (e)	Other (Specify) (f)	Other (Specify) (g)	Common (h)	Line No.
					1
					2
68,757,205	Not Applicable	Not Applicable	Not Applicable	5,507,641	3
-	-			-	4
-	-			-	5
-	-			-	6
-	-			-	7
-	-			-	8
-	-			-	9
3,691	-			-	10
68,760,896	-			5,507,641	11
2,090,809	-			217,343	12
25,073,490	-			1,978,174	13
					14
45,778,215	-			3,746,810	15
					16
25,069,799	-			1,978,174	17
					18
-	-			-	19
25,069,799	-			1,978,174	20
					21
-	-			-	22
-	-			-	23
-	-			-	24
-	-			-	25
					26
-	-			-	27
-	-			-	28
-	-			-	29
					30
3,691	-			-	31
					32
25,073,490	-			1,978,174	

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

Company: FLORIDA PUBLIC UTILITIES COMPANY
For the Year Ended December 31, 2005

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		262,041	-	-	-	-	-	262,041
	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	-	(14)	-	-	-	12,909
375	Structures and Improvements	2.90%	519,492	6,007	(2,790)	-	-	-	522,709
3761	Mains - Plastic	2.50%	17,478,392	1,891,394	(10,713)	-	(20,628)	-	19,338,445
3762	Mains - Other	2.70%	26,425,524	288,723	(24,588)	-	1,432	-	26,691,091
378	Meas. and Reg. Sta. Equipment - General	3.60%	325,088	2,605	(9,926)	-	(2,629)	-	315,138
379	Meas. and Reg. Sta. Equipment - City Gate	3.60%	1,928,209	140,454	(54,001)	-	2,629	-	2,017,291
3801	Services - Plastic	3.50%	16,874,229	1,538,144	(137,117)	-	19,196	-	18,294,452
3802	Services - Other	5.90%	2,241,820	4,413	(31,061)	-	-	-	2,215,172
381	Meters	3.40%	4,500,854	534,855	(39,216)	-	(28,119)	-	4,968,374
382	Meter Installations	3.20%	2,013,835	185,240	(11,639)	-	-	-	2,187,436
383	House Regulators	3.60%	1,398,544	160,539	(5,414)	-	(2,637)	-	1,551,032
384	House Reg. Installations	3.10%	740,565	47,293	(5,853)	-	-	-	782,005
385	Industrial Meas. and Reg. Sta. Equipment	3.80%	101,275	-	(15,742)	-	-	-	85,533
387	Other Equipment	3.90%	505,055	28,708	(24,627)	-	(1,935)	-	507,201
	TOTAL DISTRIBUTION PLANT		75,166,913	4,828,375	(372,701)	-	(32,691)	-	79,589,997
GENERAL PLANT									
390	Structures and Improvements	2.60%	1,358,699	1,250	-	-	-	-	1,359,949
3911	Office Furniture	4.60%	93,186	10,243	(10,057)	-	(1,228)	-	92,144
3912	Office Equipment	7.70%	63,208	745	(15,446)	-	-	-	48,507
3913	EDP Equipment	8.70%	756,905	119,119	(320,151)	(75,557)	107,623	-	587,939
391305	Software	8.70%	0	-	-	75,557	-	-	75,557
3921	Accum. Dep. - Transportation - Cars	11.30%	233,592	-	(45,609)	-	(2,793)	-	185,190
3922	Accum. Dep. - Transportation - Light Trucks, vans	4.70%	2,324,163	676,095	(147,333)	-	(46,615)	-	2,806,310
3923	Accum. Dep. - Transportation - Heavy Trucks	0.00%	0	-	-	-	-	-	-
3924	Accum. Dep. - Transportation - Trailers	2.70%	43,204	-	-	-	-	-	43,204
393	Stores Equipment	5.80%	12,997	-	(3,435)	-	-	-	9,562

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

Company: FLORIDA PUBLIC UTILITIES COMPANY
For the Year Ended December 31, 2005

Acct. No. Account Description (Continued)	Depr. Rate	Beginning Balance*	Additions	Retirements	Reclass.	Adjustments	Transfers	Ending Balance*
394 Tools, Shop, and Garage Equipment	6.50%	295,138	38,924	(43,111)	-	-	-	290,951
395 Laboratory Equipment	2.20%	0	-	-	-	-	-	-
396 Power Operated Equipment	6.40%	340,336	26,491	(9,413)	-	-	(4,358)	353,056
397 Communication Equipment	7.20%	277,690	15,181	(33,588)	-	-	(1,068)	258,215
398 Miscellaneous Equipment	5.30%	33,670	10,706	(4,023)	-	-	-	40,353
SUBTOTAL		6,094,829	898,754	(632,166)	-	-	51,561	6,412,978
399 Other Tangible Property								
TOTAL General Plant		6,094,829	898,754	(632,166)	-	-	51,561	6,412,978
TOTAL (Accounts 101 and 106)		83,375,383	5,727,129	(1,004,867)	0	0	18,870	88,116,516
TOTAL GAS PLANT IN SERVICE		83,375,383	5,727,129	(1,004,867)	-	-	18,870	88,116,516
Capital Recovery Schedules:								
NONE								
Total Account 101*		83,375,383	5,727,129	(1,004,867)	-	-	18,870	88,116,516
Amortizable Assets:								
114 Acquisition Adjustment		1,816,579	-	-	-	-	-	1,816,579
118 Other Utility Plant		5,551,194	285,380	(201,646)	-	-	(127,287)	5,507,641
Other - Common								
Total Utility Plant		90,743,156	6,012,509	(1,206,513)	-	-	(108,417)	95,440,736

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

Annual Status Report

Analysis of Entries in Accumulated Depreciation & Amortization

Company: FLORIDA PUBLIC UTILITIES COMPANY
For the Year Ended December 31, 2005

Acct. No.	Account Description	Beginning Balance*	Accruals	Reclass.	Retirements	Gross Salvage	Cost of Removal	Adjustments	Transfers	Ending Balance*
Amortizable General Plant Assets:										
301	Organization Intangible Plant	-	-	-	-	-	-	-	-	-
303	Misc. Intangible Plant	81,662	7,260	-	-	-	-	-	-	88,922
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	(8,878)	408	-	(14)	-	-	-	-	(8,484)
3741	Land Rights	303,630	14,659	-	(2,790)	-	-	-	-	315,499
375	Structures and Improvements	4,645,162	474,208	(1,647,449)	(10,713)	-	(2,671)	-	(3,623)	3,454,914
3761	Mains - Plastic	11,255,391	690,643	1,142,347	(24,588)	-	(9,834)	(423)	248	13,053,784
3762	Mains - Other	81,992	11,052	-	(9,926)	-	-	-	(904)	82,214
378	Meas. and Reg. Sta. Equipment - General	359,731	68,275	-	(54,001)	-	-	-	904	374,909
379	Meas. and Reg. Sta. Equipment - City Gate	4,064,318	560,199	106,159	(137,117)	-	(78,068)	-	3,375	4,518,866
3801	Services - Plastic	1,629,894	167,144	272,326	(31,061)	-	(156,618)	(238)	-	1,881,447
3802	Services - Other	1,669,145	153,312	126,617	(39,216)	-	-	-	(10,908)	1,898,950
381	Meters	573,545	62,818	-	(11,639)	-	(796)	-	-	623,928
382	Meter Installations	584,353	51,358	-	(5,414)	-	-	-	(1,031)	629,266
383	House Regulators	203,473	25,842	-	(5,853)	-	(38)	-	-	223,424
384	House Reg. Installations	58,391	3,336	-	(15,742)	-	-	-	-	45,985
385	Industrial Meas. and Reg. Sta. Equipment	102,997	18,639	-	(24,627)	-	-	-	(406)	96,603
387	Other Equipment	17,450	6,756	-	-	-	-	-	-	24,206
389	Land - General	25,540,594	2,308,649	-	(372,701)	-	(248,025)	(661)	(12,345)	27,215,511
TOTAL DISTRIBUTION PLANT										
GENERAL PLANT										
390	Structures and Improvements	91,077	33,765	153,992	-	-	-	-	-	278,834
3911	Office Furniture	49,683	4,423	(17,342)	(10,057)	-	-	-	(209)	26,498
3912	Office Equipment	46,640	4,104	-	(15,446)	-	-	-	-	35,298
3913	EDP Equipment	634,938	70,768	(279,123)	(320,151)	532	-	-	(107)	106,857
391305	Software	-	699	26,594	-	-	-	-	-	27,293
3921	Accum. Dep. - Transportation - Cars	86,241	11,820	27,771	(45,609)	2,045	-	-	(1,395)	80,873
3922	Accum. Dep. - Trans. - Light Trucks, vans	919,321	218,553	(73,334)	(147,333)	6,032	-	-	(14,954)	908,285
3923	Accum. Dep. - Trans. - Heavy Trucks	-	-	-	-	-	-	-	-	-
3924	Accum. Dep. - Transportation - Trailers	23,878	2,508	-	-	-	-	-	-	26,386
393	Stores Equipment	11,385	522	-	(3,435)	-	-	-	-	8,472

Annual Status Report
Analysis of Entries in Accumulated Depreciation & Amortization

Company: FLORIDA PUBLIC UTILITIES COMPANY
 For the Year Ended December 31, 2005

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	183,878	19,359	-	(43,111)	505	-	-	-	160,631
395	Laboratory Equipment	1	-	-	-	-	-	-	-	1
396	Power Operated Equipment	163,063	21,791	(14,367)	(9,413)	-	(180)	(13,738)	(1,805)	145,351
397	Communication Equipment	115,638	20,735	-	(33,588)	-	-	-	(326)	102,459
398	Miscellaneous Equipment	9,407	2,161	-	(4,023)	-	-	-	-	7,545
	SUBTOTAL	2,335,150	411,208	(175,809)	(632,166)	9,114	(180)	(13,738)	(18,796)	1,914,783
399	Other Tangible Property	-	-	-	-	-	-	-	-	-
	TOTAL General Plant	2,335,150	411,208	(175,809)	(632,166)	9,114	(180)	(13,738)	(18,796)	1,914,783
	Reclassification for SFAS no. 143. COR	(3,365,512)		(198,750)						(3,564,262)
	Subtotal	24,591,894	2,727,117	(374,559)	(1,004,867)	9,114	(248,205)	(14,399)	(31,141)	25,654,954
COMMON PLANT										
389	Land - General	-	-	-	-	-	-	-	-	-
390	Structures and Improvements	569,908	52,264	-	-	-	-	(192,814)	-	429,358
3911	Office Furniture	5,170	1,349	-	(3,016)	-	-	4,207	-	7,710
3912	Office Equipment	30,560	11,618	-	(10,348)	-	-	-	209	32,039
3913	EDP Equipment	924,013	266,689	(1,057,105)	(37,381)	-	-	335,750	(2,479)	429,487
391305	Software	-	17,239	1,057,105	-	-	-	-	-	1,074,344
3921	Accum. Dep. - Transportation - Cars	23,301	-	-	(16,041)	-	-	20,195	2,965	30,420
3922	Accum. Dep. - Transportation - Trucks	2,783	4,056	-	-	-	-	8,471	-	15,310
397	Communication Equipment	77,579	12,296	-	(134,860)	1,895	-	-	-	(43,090)
398	Miscellaneous Equipment	15	84	-	-	-	-	-	-	99
399	Miscellaneous Assets	1,249	1,248	-	-	-	-	-	-	2,497
	Subtotal	1,634,578	366,843	0	(201,646)	1,895	0	175,809	695	1,978,174
	Grand Total	26,226,472	3,093,960	(374,559)	(1,206,513)	11,009	(248,205)	161,410	(30,446)	27,633,128

Note: * The grand total of beginning and ending balances must agree to Line 17, Page 12.

FLORIDA PUBLIC UTILITIES COMPANY
SOUTH FLORIDA - GAS DIVISION
REPORT OF DEPRECIATION DATA UNDER RULE 25-6.0436(8)
2005

PLANT IN SERVICE (\$)				RESERVE (\$)				(CREDIT BALANCES)								
Plant Acct.	Beginning Balance	Additions	Purchases & Adjustments	Transfers	Retirements	Ending Balance	Plant Acct.	Beginning Balance	Retirements	Accruals	Salvage	Cost of Removal	Purchases & Adjustments	Transfers	Reclassifications	Ending Balance
301	-	-	-	-	-	-	301	-	-	-	-	-	-	-	-	-
304	-	-	-	-	-	-	304	-	-	-	-	-	-	-	-	-
305	-	-	-	-	-	-	305	-	-	-	-	-	-	-	-	-
311	-	-	-	-	-	-	311	-	-	-	-	-	-	-	-	-
320	-	-	-	-	-	-	320	-	-	-	-	-	-	-	-	-
360	-	-	-	-	-	-	360	-	-	-	-	-	-	-	-	-
361	-	-	-	-	-	-	361	-	-	-	-	-	-	-	-	-
362	-	-	-	-	-	-	362	-	-	-	-	-	-	-	-	-
374	56,686	-	-	-	-	56,686	374	-	-	-	-	-	-	-	-	-
3741	12,909	-	-	-	-	12,909	3741	3,706	-	408	-	-	-	-	-	4,114
375	512,637	4,407	-	-	-	517,044	375	307,672	-	14,455	-	-	-	-	-	322,126
3761	12,037,168	1,554,762	-	(19,196)	(4,142)	13,566,592	3761	2,641,252	(4,142)	328,970	-	(1,412)	-	(3,375)	(568,675)	2,392,619
3762	20,153,089	278,010	-	-	(19,978)	20,411,121	3762	9,013,727	(19,978)	527,538	-	(7,186)	-	-	443,603	9,957,702
378	261,123	-	-	-	-	261,123	378	61,976	-	8,880	-	-	-	-	-	70,856
379	1,643,727	138,028	-	-	-	1,781,755	379	235,206	-	58,294	-	-	-	-	-	293,500
3801	12,511,156	1,090,648	-	19,196	(84,605)	13,536,395	3801	2,829,869	(84,605)	415,270	-	(60,007)	-	3,375	265,837	3,369,739
3802	1,185,343	399	-	-	(11,408)	1,174,334	3802	874,190	(11,408)	88,485	-	(110,169)	-	-	130,387	971,485
381	3,094,703	536,055	-	(91,905)	(29,476)	3,509,377	381	895,260	(29,476)	106,477	-	-	-	(35,565)	337,524	1,274,201
382	1,116,612	108,556	-	-	(3,177)	1,221,991	382	363,552	(3,177)	35,073	-	(184)	-	-	-	395,264
383	1,045,958	160,539	-	(21,589)	(686)	1,184,908	383	414,371	(686)	38,749	-	(38)	-	(8,384)	-	444,736
384	441,921	27,970	-	-	-	469,205	384	134,917	-	15,515	-	-	-	-	-	149,708
385	75,323	-	-	-	-	75,323	385	42,986	-	2,484	-	-	-	-	-	45,470
387	398,646	2,039	-	(1,935)	(20,578)	378,372	387	17,450	(20,578)	14,434	-	-	-	(406)	-	78,395
389	53,025	-	-	-	-	53,025	389	46,786	-	6,756	-	-	-	-	-	24,206
390	102,341	-	-	-	-	102,341	390	21,097	-	2,343	-	-	-	-	-	203,120
3911	26,331	-	-	(1,228)	-	25,103	3911	1,240	-	1,240	-	-	-	(209)	-	4,786
3912	22,656	-	-	-	(10,257)	12,379	3912	10,325	(10,257)	1,216	-	-	-	-	1,284	187,089
3913	345,954	21,702	(34,222)	90,736	(17,607)	406,563	3913	229,032	(17,607)	43,037	532	-	2,426	(70,331)	16,401	16,401
3913005	-	-	34,222	-	-	34,222	3913005	-	-	317	-	-	-	-	-	-
3921	186,847	-	-	(2,793)	(45,609)	138,445	3921	76,510	(45,609)	6,528	2,045	-	(1,395)	-	16,084	52,766
3922	1,632,153	442,393	-	(21,045)	(107,798)	1,945,703	3922	694,208	(107,798)	151,548	4,482	-	(6,761)	-	635,569	20,332
3924	24,144	-	-	-	-	24,144	3924	18,929	-	1,404	-	-	-	-	-	8,472
393	12,997	-	-	-	(3,435)	9,562	393	11,385	(3,435)	522	-	-	-	-	-	16,401
394	195,372	36,634	-	-	(31,004)	201,002	394	108,554	(31,004)	13,112	-	-	-	-	-	20,332
395	-	-	-	-	-	-	395	-	-	-	-	-	-	-	-	-
396	185,121	23,093	-	-	(1,007)	207,207	396	104,326	(1,007)	12,215	-	(180)	-	(13,738)	(17,179)	84,437
397	189,522	12,802	-	-	(27,498)	174,826	397	87,247	(27,498)	14,006	-	-	-	-	-	73,755
398	21,144	4,220	-	-	-	25,364	398	4,650	-	1,461	-	-	-	-	-	6,111
	57,544,768	4,442,257	-	(49,759)	(418,265)	61,519,021		19,334,128	(418,265)	1,910,737	7,059	(179,178)	(13,738)	(50,314)	568,477	21,178,906
COMMON PLANT																
303	1,833	-	-	-	-	1,833	303	-	-	-	-	-	-	-	-	-
389	341,926	-	-	-	-	341,926	389	-	-	-	-	-	-	-	-	-
3891	-	-	-	-	-	-	3891	-	-	-	-	-	-	-	-	-
390	2,090,629	1,906	-	-	(3,016)	2,092,535	390	569,908	(3,016)	52,264	-	-	(192,814)	-	-	429,358
3911	27,019	5,472	-	-	(10,348)	22,143	3911	5,170	(10,348)	1,348	-	-	4,207	-	7,710	32,039
3912	159,810	-	-	1,228	(130,395)	30,635	3912	30,560	(10,348)	11,618	-	-	-	209	(1,057,105)	429,487
3913	2,536,627	248,614	(1,863,661)	(130,395)	(37,381)	753,804	3913	924,013	(37,381)	266,689	-	-	335,750	(2,479)	1,057,105	1,074,344
3913005	-	2,300	1,863,661	-	-	1,865,961	3913005	-	-	17,239	-	-	-	-	-	30,420
3921	89,118	18,148	-	1,880	(16,041)	93,105	3921	23,301	(16,041)	4,056	-	-	20,195	2,965	-	15,310
3922	49,435	-	-	-	-	49,435	3922	2,783	-	12,296	1,895	-	8,471	-	-	(43,090)
397	247,452	1,305	-	-	(134,860)	113,897	397	77,579	(134,860)	12,296	-	-	-	-	-	99
398	1,101	1,089	-	-	-	2,190	398	15	-	84	-	-	-	-	-	2,497
399	6,244	6,546	-	-	-	12,790	399	1,249	-	1,248	-	-	-	-	-	1,978,174
	5,551,194	285,380	0	(127,287)	(201,646)	5,507,641		1,634,578	(201,646)	366,843	1,895	0	175,809	695	0	1,978,174
TOTAL	63,095,982	4,727,637	0	(177,046)	(619,911)	67,026,662	TOTAL	20,968,706	(619,911)	2,277,580	8,954	(179,178)	162,071	(49,619)	588,477	23,157,080

FLORIDA PUBLIC UTILITIES COMPANY
CENTRAL FLORIDA - GAS DIVISION
REPORT OF DEPRECIATION DATA UNDER RULE 25-6.0436(B)
2005

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						2,113,641	301	81,862		7,260						88,922			
303	2,113,641						303												
304							304												
305							305												
311							311												
320							320												
360							360												
361							361												
362							362												
374	44,422					44,422	374												
3741	14				(14)		3741	(12,584)								(12,598)			
375	6,855	1,600			(2,790)	5,665	375	(2,790)	375	204						(6,828)			
3761	5,441,224	338,632		(1,432)	(6,571)	5,769,853	3761	2,003,910	(6,571)	145,238		(1,259)		(248)	(1,078,774)	1,062,296			
3762	6,272,435	10,713		1,432	(4,610)	6,279,970	3762	2,241,664	(4,610)	163,105	(423)	(2,646)		248	698,744	3,096,082			
378	63,965	2,605		(2,629)	(9,926)	54,015	378	20,016	(9,926)	2,172				(904)	11,358				
379	284,482	2,426		2,629	(64,001)	235,536	379	124,525	(54,001)	9,981				904	81,409				
3801	4,363,073	447,496			(32,512)	4,758,057	3801	1,234,449	(52,512)	144,929		(18,061)			(159,678)	1,149,127			
3802	1,056,477	4,014			(19,653)	1,040,838	3802	773,885	(9,740)	78,659	(46,449)				141,939	909,962			
381	1,406,151	(1,200)			(9,740)	1,458,997	381	209,993	(8,462)	27,745		(612)		24,677	(210,907)	624,750			
382	89,223	76,684			(8,462)	965,445	382	169,982	(5,414)	12,609				7,353		228,664			
383	352,586			18,952	(5,414)	366,124	383	68,556	(5,167)	10,327						184,530			
384	298,644	19,323			(5,167)	312,800	384	15,405	(15,742)	852						73,716			
385	25,952				(15,742)	10,210	385	18,052	(4,049)	4,205						515			
387	106,209	26,669			(4,049)	128,829	387									18,208			
388	209,016					209,016	388												
389						209,016	389												
390	1,256,358	1,250				1,257,608	390	44,291		31,422						75,713			
3911	66,855	10,243			(10,057)	67,041	3911	28,587	(10,057)	3,183						21,713			
3912	40,572	745			(5,189)	36,128	3912	36,316	(5,189)	2,888						34,015			
3913	410,951	97,417		18,887	(302,544)	181,376	3913	405,906	(302,544)	27,731			(2,533)		(208,792)	(80,232)			
391305			(41,335)			41,335	391305			382					10,510	10,892			
3921	46,745					46,745	3921	9,731		5,292					13,084	28,107			
3922	692,010	233,702		(25,570)	(39,535)	860,607	3922	225,113	(39,535)	67,005	1,550			(8,193)	26,776	272,716			
3923							3923									6,053			
3924	19,060					19,060	3924	4,949		1,104									
393							393												
394	99,767	2,290			(12,107)	89,950	394	75,324	(12,107)	6,247	505				69,969				
395							395									1			
396	155,215	3,398		(4,358)	(8,406)	145,849	396	58,737	(8,406)	9,576				(1,805)	60,914				
397	88,168	2,379		(1,068)	(6,090)	83,369	397	28,391	(6,090)	6,729				(326)	28,704				
398	12,526	6,486			(4,023)	14,989	398	4,757	(4,023)	700					1,434				
	25,830,596	1,284,872		68,629	(586,602)	26,597,495		8,623,280	(586,602)	816,380	2,055	(69,027)	(661)	19,173	(764,286)	8,040,312			

FLORIDA PUBLIC UTILITIES COMPANY
CONSOLIDATED GAS DIVISIONS
REPORT OF DEPRECIATION DATA UNDER RULE 25-6.0436(8)
2005

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	81,662		7,260						88,922	
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	(8,878)	(14)	408					(8,484)		
3741	12,923				(14)	12,909	3741		(2,790)	14,659					315,499		
375	519,492	6,007			(2,790)	522,709	375	303,630	(2,790)	14,659					3,454,914		
3761	17,478,392	1,891,394			(10,713)	19,338,445	3761	4,645,162	(10,713)	474,208		(2,671)		(3,623)	1,142,347		
3762	26,425,524	288,723		(20,628)	(24,588)	26,691,091	3762	11,255,391	(24,588)	690,643	(423)	(9,834)		248	13,053,784		
378	325,088	2,605		1,432	(9,926)	315,138	378	81,992	(9,926)	11,052				(904)	82,214		
379	1,928,209	140,454		2,629	(54,001)	2,017,291	379	359,731	(54,001)	68,275				904	374,909		
3801	16,874,229	1,538,144		19,196	(137,117)	18,294,452	3801	4,064,318	(137,117)	560,199		(78,068)		3,375	4,518,866		
3802	2,241,820	4,413			(39,216)	2,215,172	3802	1,629,894	(39,216)	167,144		(156,618)		(10,908)	1,881,447		
381	4,500,854	534,855		(28,119)	(11,639)	4,988,374	381	1,669,145	(39,216)	153,312					1,896,950		
382	2,013,835	185,240		(2,637)	(5,414)	2,187,436	382	573,545	(11,639)	62,818		(796)			623,928		
383	1,398,544	160,539			(5,853)	1,551,032	383	584,353	(5,853)	51,358		(38)			629,266		
384	740,565	47,293			(15,742)	782,005	384	203,473	(5,853)	25,842					223,424		
385	101,275				(1,935)	85,533	385	58,391	(15,742)	3,336					96,603		
387	505,055	28,708			(24,627)	507,201	387	102,997	(24,627)	18,639				(406)	24,206		
389	603,967					603,967	389	17,450		6,756					708,192		
390	3,449,328	3,156				3,452,484	390	660,985		86,029		(192,814)			153,992		
3911	120,205	15,715		(1,228)	(13,073)	121,619	3911	54,854	(13,073)	5,772		4,207		(209)	34,209		
3912	223,018	745		1,228	(25,794)	199,197	3912	77,201	(25,794)	15,722				209	67,338		
3913	3,293,532	367,733	(1,939,218)	(22,772)	(357,532)	1,341,743	3913	1,558,951	(357,532)	337,457	532		335,750	(2,586)	536,344		
391305		2,300	1,939,218			1,941,518	391305			17,938					1,083,699		
3921	322,710	18,148		(913)	(61,650)	278,295	3921	109,542	(61,650)	11,820	2,045		20,195	1,570	1,101,637		
3922	2,373,598	676,095		(46,615)	(147,333)	2,855,745	3922	922,104	(147,333)	222,609	6,032		8,471	(14,954)	1,111,293		
3923							3923								(73,334)	923,595	
3924	43,204					43,204	3924	23,878		2,508					26,386		
393	12,997				(3,435)	9,562	393	11,365	(3,435)	522					8,472		
394	295,139	38,924			(43,111)	290,952	394	183,878	(43,111)	19,359	505				160,631		
395							395	1							1		
396	340,336	26,491		(4,358)	(9,413)	353,066	396	163,063	(9,413)	21,791		(180)	(13,738)	(1,805)	145,351		
397	525,142	16,486		(1,066)	(168,448)	372,112	397	193,217	(168,448)	33,031	1,895			(326)	59,369		
398	34,771	11,795			(4,023)	42,543	398	9,422	(4,023)	1,248					7,644		
399	6,244	6,546				12,790	399	1,249							2,497		
Reclassification for SFAS no. 143, COR																	
88,926,578 6,012,509 (108,417) (1,206,513) 3,093,960 11,009 (248,205) 161,410 (30,446) (3,564,262) 27,633,130																	

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 Acct 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	SOUTH FLORIDA		
2	Main Extensions	* 1,228,917	947,700
3	Other	* 433,089	1,051,511
4			
5			
6			
7	CENTRAL FLORIDA		
8	Main Extensions	* 264,650	883,139
9	Other	* 101,257	324,334
10			
11	* Grouped Items		
12			
13	TOTAL	\$2,027,913	\$3,206,684

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 Compensation Insurance	* \$208,174	
3			
4	Allowance for funds used during construction	-	
5			
	TOTAL	\$208,174	\$5,392,812

* Information not readily available, estimate used.

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)	577,548
2	Prepaid Rents	
3	Prepaid Taxes (page 41)	0
4	Prepaid Interest	
5	Gas Prepayments	
6	Miscellaneous Prepayments: Pensions & Software Maintenance (1650.3 & .4 & .5)	373,202
7	TOTAL Prepayments	950,750

EXTRAORDINARY PROPERTY LOSSES (Account 182.1)

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

UNRECOVERED PLANT AND REGULATORY STUDY COSTS (182.2)

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

OTHER REGULATORY ASSETS (Account 182.3)

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

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

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

Line No.	Description and Purpose of Other Regulatory Assets (a)	Balance Beginning of Year (b)	Debits ©	Credits		Balance End of Year (f)
				Account Charged (d)	Amounts (e)	
1	Storm Reserve	\$416,454	\$608,543	2280.12	(\$572,670)	\$452,327
2	Environmental	9,297,000	58,000	2530.32	(487,348)	8,867,652
3						
4						
5						
6						
7						
8						
9						
10	Total	9,713,454				9,319,979
11						
12						

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	28,717			(4,649)	\$24,068
4	Amortized Piping Costs	1,269,434			148,941	\$1,418,375
5	Amortized Conversion Cost	151,184			(6,428)	\$144,756
6	Underrecovery Conservation	37,418			45,513	\$82,931
7	Underrecovery Natural Gas (AEP)	4,299,315			(109,185)	\$4,190,130
8	Underrecovery Unbundling	0			0	\$0
9	Underrecovery Fuel	1,683,121			2,844,624	\$4,527,745
10	Penny Elimination	0			0	0
11						
12						
13	Misc. Work in Progress	1,564,251				\$1,756,549
14	Deferred Regulatory Comm. Expenses					
15	(See Pages 58 - 59)	(704,189)	(422,595)	928	(58,911)	(\$1,067,873)
16	TOTAL	\$8,329,251				\$11,076,681

December 31, 2005

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

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

1. Report under separate subheadings for Unamortized Loss and Unamortized Gain on Reacquired Debt, particulars (details) of gain and loss, including maturity date, on reacquisition applicable to each class and series of long-term debt. If gain or loss resulted from a refunding transaction, include also the maturity date of the new issue.

2. In column (c) show the principal amount of bonds or other long-term debt reacquired.

3. In column (d) show the net gain or net loss realized on each debt reacquisition as computed in accordance with General Instruction 17 of the Uniform Systems of Accounts.

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

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

Line No.	Designation of Long-Term Debt (a)	Date Reacquired (b)	Principal of Debt Reacquired (c)	Net Gain or Net Loss (d)	Balance at Beginning of Year (e)	Balance at End of Year (f)
1	Unamortized Loss on Reacquired Debt 12.5% Due 1988 Maturity date of new issue - 5/1/18	5/1/88	5,000,000	585,032	245,309	
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
						227,025

December 31, 2005

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 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.

3. 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.

4. 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.

Line No.	Class and Series of Obligation and Name of Stock Exchange (a)	Nominal Date of Issue (b)	Date of Maturity (c)	Original Amount Issued (d)	INTEREST FOR YEAR		Total Amount Outstanding (g)
					Rate (in %) (e)	Amount (f)	
1	FIRST MORTGAGE BONDS:						
2							
3							
4	9.57% Series Due 2018	5/1/88	5/1/18	10,000,000	9.57%	957,000	10,000,000
5	10.03% Series Due 2018	5/1/88	5/1/18	5,500,000	10.03%	551,650	5,500,000
6	9.08% Series Due 2022	6/1/92	6/1/22	8,000,000	9.08%	726,400	8,000,000
7	4.90% Series Due 2031	11/1/01	11/1/31	14,000,000	4.90%	686,000	14,000,000
8	6.85% Series Due 2031	9/27/01	10/1/31	15,000,000	6.85%	1,027,500	15,000,000
9							
10							
11							
12							
13							
14							
15	TOTAL			52,500,000		3,948,550	52,500,000

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	60,093	(7,211)	52,882
4	10.03% Series Due 2018	5,500,000	97,070	5/1/88	5/1/18	32,356	(3,883)	28,473
5	9.08% Series Due 2022	8,000,000	121,967	6/1/92	6/1/22	71,170	(4,067)	67,103
6	4.90% Series Due 2031	14,000,000	825,028	11/1/01	11/1/31	721,011	(26,871)	694,140
7	6.85% Series Due 2031	15,000,000	1,153,193	10/1/01	10/1/31	1,077,731	(40,289)	1,037,442
8								
9								
10	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 2005 was \$16,533. \$2,000,000 Reacquired Bond originally due in 2002 has reacquired debt loss and is amortized in Account 4280.1. The associated amount for 2005 is \$1,751							
11								
12								
13								
14								
15								
16	The amortization of debt discount occurs in Account 4280.2. The associated amount for 2005 was \$82,321							
17								
18	Total Account 4280 = \$ 100,605							
19								
20								
21		52,600,605	2,377,531			1,962,361	(82,321)	1,880,040

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		
2	Vacation Pay	1,075,748
3	Outside Audit Fees	89,106
4	Commission Funds	1,342
5	Sun Trust Analysis	7,279
6	Employee Fund	7,078
7	Misc. Current and Accrued Liability	19,500
8		
9		
10	TOTAL	1,200,053

OTHER DEFERRED CREDITS (Account 253)

1. Report below the particulars (details) called for concerning other deferred credits. amortization.

2. For any deferred credit being amortized, show the period of 3. Minor items (less than \$25,000) may be grouped by classes.

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)	301,107	456.1	1,429,348	2,281,135	1,152,894.00
2			456.11			
3						
4	Over Recovery of Fuel Adjustment - Gas (Amortized over succeeding twelve month period)	1,108,131	495.1	5,548,638	4,440,507	0.00
5			495			
6						
7	Environmental Insurance Proceeds	13,989,227	1860.1	719,491	731,009	14,000,745
8	Over Recovery - Conservation (Electric)	131,874	456.6	120,084	95,244	107,034
9	Over Recovery - Conservation (Gas)	0	495.7	595,905	595,905	0
10	Over Recovery - Unbundling (Gas)	-1	495.8	-	-	(1)
11	Gain on sale of property (Electric)	-	4030.1	-	-	0
12	Gain on sale of property (Gas)	281,494	4030.1	120,420	-	161,074
13	Other Deferred Credit - Cashier over/short	0		1,344	1,344	0
14						
	TOTAL	\$15,811,832		\$8,535,230	\$8,145,144	\$15,421,746

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). 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.

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

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 24					
3						
4						
5						
	TOTAL					

TAXES OTHER THAN INCOME TAXES (Account 408.1)										
Name of Taxing Authority	Real Property	Tangible Personal Property	Intangible Personal Property	FICA, SUTA, FUTA	Gross Receipts	Regulatory Assessment Fees	Environmental, Excise	Franchise	Other	Total
1 Electric (Account 408.1, 409.1)	510,170			254,462	1,190,265	34,653		1,967,757	269	3,967,576
2 Gas (Account 408.1, 409.1)	1,036,991			552,908	1,546,076	343,357		1,116,838	2,240	4,598,410
3 Other Utility Departments (408.1, 409.1)										
4 Other Income and Deductions (408.2, 409.2)										
5 Extraordinary Items (Account 409.3)										
6 Other Utility Operating Income (408.1, 409.1)										
7 Adjust. to Retained Earnings (Account 439)										
8 Propane Division Expenses										
9 Other										
10 Ilt Penalty										
11										
12										
13										
14										
15 Less: Charged to Construction										
16 TOTAL Taxes Charged During Year (Lines 1-15) to Account 408.1	1,547,161	-	-	807,370	2,736,341	378,010	-	3,084,595	2,509	8,555,986

ACCUMULATED DEFERRED INVESTMENT TAX CREDITS (Account 255)								
Line No.	Account Subdivisions (a)	Balance Beginning of Year (b)	Amount Deferred for Year (c)	Allocations to Current Year's Income		Adjustments (f)	Balance End of Year of (g)	Average Period of Allocation to Income (h)
				Acct. No. (d)	Amount (e)			
1	Gas Utility	0						
2	3%			4110.4			0	35 Years
3	4%	2,504		4110.4	2,027		477	35 Years
4	8%	31,760		4110.4	3,129		28,631	
5	10%	262,752		4110.4	39,034		223,718	35 Years
6								
7								
8								
9								
10	TOTAL	297,016			44,190		252,826	

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 (f).

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.

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	Balance at Beginning of Year	Changes During Year				Adjustments				Balance at End of Year	
			Amounts Debited to Acct. 410.1	Amounts Credited to Acct. 411.1	Amounts Debited to Acct. 410.2	Amounts Credited to Acct. 411.2	Debits Amount	Credits Amount	Debits Acct. No.	Credits Acct. No.		
1	GAS	46,562										
2	AMT											46,562
3	Interest Not Cap. & Amort of Depl.											
4	Deferred Gain	105,925	(45,313)									60,612
5	Regulatory											
6	Self Insurance Res. & Audit Fee	446,822	32,100									478,922
7	Uncollectible	39,825	30,698									70,523
8	Vacation Pay	157,831	12,018									169,849
9	Environmental	1,765,685	165,897									1,931,582
10	Misc. Accrual	(3,061)	3,061									61,289
11	General liability	(106,429)	(22,418)									(159,201)
12	Storm Reserve	(178,354)	19,153									263,438
13	Rate Refund		283,438									283,438
14	TOTAL GAS (Lines 15 - 23)	2,274,806	458,634									(190,136)
15	Other (Specify) Electric	177,124	(18,069)									(143,574)
16	Other (Specify) Common	8,282	(18,659)									(838,021)
17	TOTAL (Account 190)											13,643
18	(Enter Total of lines 13, 24 & 25)	2,460,212	421,906									(967,952)

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

Line No.	Account Subdivisions	Balance at Beginning of Year	Changes During Year				Adjustments				Balance at End of Year			
			Amounts Debited to Acct. 410.1	Amounts Credited to Acct. 411.1	Amounts Debited to Acct. 410.2	Amounts Credited to Acct. 411.2	Credits Amount	Debits Amount	Credits Acct. No.	Debits Acct. No.				
1	ACCOUNT 281 - ACCELERATED AMORTIZATION PROPERTY													
2	Electric													
3	Gas													
4	Other													
5	TOTAL ACCOUNT 281 (Lines 3 thru 5)	0	0	0	0	0	0	0	0	0	0	0		
6	ACCOUNT 282 - OTHER PROPERTY *													
7	Electric	4,977,988	855,956							1460,009	(613,310)	4090	(954,226)	5,689,568
8	Gas	8,148,123	(549,457)							4090	(1,159,866)	1460,009	49,873	9,607,573
9	Other-Common	5,295,329	130,955							4269,4091	140,025	1460,009	1,911,919	3,112,430
10	TOTAL ACCOUNT 282 (Lines 8 thru 10)	18,421,440	437,454							(1,633,151)	1,007,566	0	18,609,571	
11	ACCOUNT 283 - OTHER													
12	Electric	837,951	230,983							0	0	0	606,968	
13	Gas	293,727	(759,589)										1,053,316	
14	Other	0	0										0	
15	Other - Common	0	0										0	
16	TOTAL ACCOUNT 283 - OTHER (Lines 13 thru 16)	1,131,678	(528,606)							0	0	0	1,660,284	
17	ELECTRIC													
18	Federal Income Tax - Common	5,020,975	1,170,448										(613,310)	5,418,063
19	State Income Tax	794,964	(63,509)										(954,226)	878,473
20	TOTAL ELECTRIC (Lines 19 thru 20)	5,815,939	1,086,939										(954,226)	6,296,536
21	GAS													
22	Federal Income Tax	7,278,139	(970,789)										(1,159,866)	9,358,920
23	State Income Tax	1,163,711	(398,258)										49,873	1,501,863
24	TOTAL GAS (Lines 23 thru 24)	8,441,850	(1,309,046)										(1,159,866)	10,660,589
25	OTHER													
26	Federal Income Tax - Common	0	0											0
27	State Income Tax - Common	4,417,052	114,904										140,025	2,621,775
28	TOTAL OTHER (Lines 27 thru 30)	878,277	16,051										140,025	590,655
29	State Income Tax - Common	5,295,329	130,955										140,025	3,112,430
30	TOTAL (Total of lines 6, 11, 17 and Lines 21, 25, 31)	19,553,118	(91,152)										(1,633,151)	20,269,855
31	Other Reclassification for SFAS no. 143 COR	7,823,981	7,823,981							2820	432,774	2820	0	8,256,555
32	TOTAL	27,376,699	(91,152)							0	(1,200,377)	0	1,007,566	28,526,210

NOTES

December 31, 2005

**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 9) *	\$3,849,881
2	Reconciling Items for the Year	
3	Interest on Water Installment Payment	(189,561)
4	Taxable Income Not Reported on Books	
5	Service Contributions	496,041
6	Depreciation	1,605,669
7	Penalties	2,039
8	Pension Reserve	1,446,951
9	Self Insurance Reserve	185,579
10	Deductions Recorded on Books Not Deducted for Return	
11	Meals Expense	23,614
12	ESPP Compensation	47,540
13	Rate Case Expense	162,842
14	Rate Refund Pending	700,000
15	Vacation Pay	35,583
16	Depreciation Study	0
17	Loss on Reacquired Debt	18,284
18	Income Taxes (excluding current state income of \$ 389,600)	1,652,350
19	Refurbish Project	5,840
20	Bare Steel Replacement Program	566,308
21	Misc. Deferrals	0
22	Uncollectible Reserve	18,544
23	Natural Gas Odorizer	5,071
24	Capitalized Interest	431,302
25	Income Recorded on Books Not Included in Return	
26	Environmental Costs	15,483
27	AEP Depreciation	430,093
28	Deferred Gain	120,420
29	Amortization of Intangibles	227,545
30	General Liability	67,415
31	Deductions on Return Not Charged Against Book Income	
32	Conservation Program Costs	70,353
33	Ordinary Loss on ACRS Property Retirements	480,000
34	Cost of Removal ADR Property	54,000
35	Underrecoveries of Purchased Energy Costs	2,844,624
36	Outside Audit Fees	19,593
37	Storm Reserve	37,817
38		
39	Federal Tax Net Income	6,696,534
40	Show Computation of Tax:	
41		
42	Tax at 34%	2,276,822
43	Rounding	(24)
44	TOTAL Federal Income Tax Payable	2,276,798
	* Excludes Flo-Gas Net Income of	\$397,930

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		THERMS OF NATURAL GAS SOLD		AVG. NO. OF NAT. GAS CUST / MO.		Line No.
		Amount for Year (b)	Amount for Previous Year (c)	Quantity for Year (d)	Quantity for Previous Year (e)	Number for Year	Number for Previous Year (g)	
1	GAS SERVICE REVENUES							1
2	FIRM SALES SERVICE							2
3	480 Residential Sales	23,210,750	19,568,933	12,612,630	12,003,580	45,574	44,095	3
4	481 Commercial & Industrial Sales - Small	15,561,406	13,923,316	11,821,820	12,656,360	3,282	3,334	4
5	481 Commercial & Industrial Sales - Large	21,758,511	16,260,345	17,918,370	16,342,280	912	880	5
6	481 Outdoor Lighting	352,499	33,685	375,470	32,640	44	6	6
7	481							7
8	481							8
9	INTERRUPTIBLE SALES SERVICE							9
10	481 Commercial & Industrial Sales - Interruptible	654,380	654,370	689,950	775,430	2	3	10
11	481							11
12	FIRM TRANSPORTATION SERVICE							12
13	489	3,785,358	2,726,110	14,340,520	13,977,350	416	373	13
14	489							14
15	489							15
16	INTERRUPTIBLE TRANSPORTATION SERV							16
17	489	605,509	412,237	5,185,140	4,919,270	11	11	17
18	484 Interdepartmental	66,379	0	74,230	0	1	0	18
19	484 Flex Rate - Refund							19
20	TOTAL Sales to Ultimate Consumers	65,994,792	53,578,996	63,018,130	60,706,910	50,242	48,702	20
21	483 Sales for Resale							21
22	Off-System Sales 4000.4954* & 4955*	763,868	780,281					22
23	TOTAL Nat. Gas Service Revenues	66,758,660	54,359,277	63,018,130	60,706,910	50,242	48,702	23
24	TOTAL Gas Service Revenues	66,758,660	54,359,277					24
25	OTHER OPERATING REVENUES		3,952,313					25
26	485 Intracompany Transfers							26
27	487 Forfeited Discounts	811,097	719,999					27
28	488 Misc. Service Revenues & AEP	1,327,920	922,477					28
29	489 Rev. from Trans. of Gas of Others (not included in above rate schedules)	0	0					29
30								30
31	493 Rent from Gas Property							31
32	494 Interdepartmental Rents							32
33	495 Other Gas Revenues							33
34	Initial Connection							34
35	Overrecoveries Conservation 495.7	0	10,653					35
36	Collection in lieu of disconnect							36
37	Returned Check							37
38	Unbilled Revenue 495.3	(233,859)	458,966					38
39	Other 495.2	54,210	72,525					39
40	495.1 Overrecoveries Purchased Gas	1,108,131	(581,838)					40
41	TOTAL Other Operating Revenues	3,067,499	1,602,782					41
42	TOTAL Gas Operating Revenues	69,826,159	55,962,059					42
43	(Less) 496 Provision for Rate Refunds	(731,709)	0					43
44	TOTAL Gas Operating Revenues Net of Provision for Refunds	69,094,450	55,962,059					44
45								45
46	Sales for Resale							46
47	Other Sales to Public Authority							47
48	Interdepartmental Sales							48
49	TOTAL	69,094,450	55,962,059	63,018,130	60,706,910			49

NOTES

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	36,551,247	25,738,512
11	802 Natural Gas Gasoline Plant Outlet Purchases		
12	803 Natural Gas Transmission Line Purchases		
13	804 Natural Gas City Gate Purchases	4,338,303	4,143,996
14	804.1 Liquefied Natural Gas Purchases		
15	805 Other Gas Purchases	(2,915,899)	0
16	(Less) 805.1 Purchased Gas Cost Adjustments		
17	TOTAL Purchased Gas (Enter Total of Lines 8 to 16)	37,973,651	29,882,508
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	0	0
24	807.5 Other Purchased Gas Expenses	6,726	
25	TOTAL Purchased Gas Expenses (Enter Total of lines 20 through 24)	6,726	0
26	808.1 Gas Withdrawn from Storage--Debit		
27	(Less) 808.2 Gas Delivered to Storage--Credit		
28	809.1 Withdrawals of Liquefied Natural Gas for Processing--Debit		
29	(Less) 809.2 Deliveries of Natural Gas for Processing--Credit		
30	Gas Used in Utility Operations--Credit		
31	810 Gas Used for Compressor Station Fuel--Credit	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	142,147	111,863
36	TOTAL Other Gas Supp. Exp. (Total of Lines 17,18,25,26 through 29,34,35)	38,122,524	29,994,371
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)	7,816	28,336
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, 2005
GAS OPERATION AND MAINTENANCE EXPENSES (Continued)			
Line No.	Account	Amount for Current Year	Amount for Previous Year
47	4. DISTRIBUTION EXPENSES		
48	Operation		
49	870 Operation Supervision and Engineering	299,122	261,281
50	871 Distribution Load Dispatching	17,155	16,244
51	872 Compressor Station Labor and Expenses	0	0
52	873 Compressor Station Fuel and Power	0	0
53	874 Mains and Services Expenses	1,499,160	1,379,729
54	875 Measuring and Regulating Station Expenses—General	86	233
55	876 Measuring and Regulating Station Expenses—Industrial	19,370	15,761
56	877 Measuring and Regulating Station Expenses—City Gate Check Sta.	20,199	17,000
57	878 Meter and House Regulator Expenses	1,326,444	1,156,521
58	879 Customer Installations Expenses	185,044	172,257
59	880 Other Expenses	852,891	563,039
60	881 Rents	34,711	41,871
61	TOTAL Operation (Enter Total of lines 49 through 60)	4,254,182	3,623,936
62	Maintenance		
63	885 Maintenance Supervision and Engineering	134,479	122,478
64	886 Maintenance of Structures and Improvements	89,428	62,552
65	887 Maintenance of Mains	437,942	278,278
66	888 Maintenance of Compressor Station Equipment		0
67	889 Maintenance of Meas. and Reg. Sta. Equip.—General	20,814	24,700
68	890 Maintenance of Meas. and Reg. Sta. Equip.—Industrial	1,686	725
69	891 Maintenance of Meas. and Reg. Sta. Equip.—City Gate Check Sta.	96,462	33,043
70	892 Maintenance of Services	134,987	183,258
71	893 Maintenance of Meters and House Regulators	105,088	157,738
72	894 Maintenance of Other Equipment	14,663	17,915
73	TOTAL Maintenance (Enter Total of Lines 63 through 72)	1,035,549	880,687
74	TOTAL Distribution Expenses (Enter Total of Lines 61 and 73)	5,289,731	4,504,623
75	5. CUSTOMER ACCOUNTS EXPENSES		
76	Operation		
77	901 Supervision	217,999	191,662
78	902 Meter Reading Expenses	512,505	434,368
79	903 Customer Records and Collection Expenses	1,180,345	1,077,987
80	904 Uncollectible Accounts	262,706	170,068
81	905 Miscellaneous Customer Accounts Expenses	143,685	69,819
82	TOTAL Customer Accounts Expenses (Enter Total of Lines 77 through 81)	2,317,240	1,943,904
83	6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES		
84	Operation		
85	906.1 Under-recoveries Conservation	(45,513)	7,954
86	907 Supervision	81,344	61,253
87	908 Customer Assistance Expenses	1,450,856	1,514,810
88	909 Informational and Instructional Expenses	658,950	539,615
89	910 Miscellaneous Customer Service and Informational Expenses	26,410	11,690
90	TOTAL Customer Service and Informational Expenses (Enter Total of Lines 85 through 88)	2,172,047	2,135,322
91	7. SALES EXPENSES		
92	Operation		
93	911 Supervision	152,023	104,496
94	912 Demonstrating and Selling Expenses	914,607	741,972
95	913 Advertising Expenses	197,405	254,940
96	916 Miscellaneous Sales Expenses	637,953	519,097
97	TOTAL Sales Expenses (Enter Total of lines 92 through 95)	1,901,988	1,620,505
98			

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. Show in column (k) any expenses incurred in prior years which are being amortized. List in column (a) the period of amortization.
 3. The totals of columns (e), (i), (k), and (l) must agree with the totals shown at the bottom of page 19 for Account 186.
 4. 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.

Line No.	Description (Furnish name of regulatory commission or body, the docket or case number, and a description of the case.) (a)	Total Expenses to Date (d)	Deferred in Account 186 at Beginning of Year (e)	EXPENSES INCURRED DURING YEAR		AMORTIZED DURING YE		Deferred in Account 186 End of Year (l)	
				CHARGED CURRENTLY TO Account No. (g)	Amount (h)	Deferred to Account 186 (i)	Contra Account (j)		Amount (k)
1	All expenses incurred by the company in its								
2	filings for Rate Relief for electric. Docket								
3	Number 030438-EI	(419,126)	(360,215)	Electric-33556	(111,826)	(111,826)	928	(58,911)	(413,130)
4									
5	All expenses incurred by the company in its								
6	filings for Rate Relief for Gas. Docket								
7	Number 040216-GU	(343,974)	(343,974)	Gas - 33800	(310,769)	(310,769)	928		(654,743)
8									
9									
10									
11	TOTAL	(763,100)	(704,189)		(422,595)	(422,595)		(58,911)	(1,067,873)

MISCELLANEOUS GENERAL EXPENSES (Account 930.2) (Gas)

Line No.	Description (a)	Amount (b)
1	Industry Association Dues	\$18,994
2	Experimental and General Research Expenses: (a) Gas Research Institute (GRI) (b) Other: FNGA	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	17,798
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		
7	Directors Fees and Expenses	55 items 30,039
8	Miscellaneous Expenses	118 items 68,576
9	Chamber of Commerce	3 item 1,372
10	Stock Insurance	61,176
11		
12		
13		
14		
15		
16		
17		
18		
19		202,955

DISTRIBUTION OF SALARIES AND WAGES

Report below the distribution of total salaries and wages for the year. Segregate amounts originally charged to clearing accounts to Utility Departments, Construction, Plant Removals, and Other Accounts, and enter such amounts in the appropriate lines and columns provided. In determining this segregation of salaries and wages originally charged to clearing accounts, a method of approximation giving substantially correct results may be used.

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll Charged for Clearing Accounts (c)	Total (d)
1	Electric			
2	TOTAL Operation and Maintenance - Electric	2,044,434	461,292	2,505,726
3	Gas			
4	Operation			
5	Production - Manufactured Gas & Nat.Gas (inc. Expl. and Dev.); Other Gas Supply; Storage, LNG, Termn. & Proces.	125,724		
6	Transmission	-		
7	Distribution	2,377,304		
8	Customer Accounts	1,115,470		
9	Customer Service and Informational	304,642		
10	Sales	839,816		
11	Administrative and General	(464,240)		
12	TOTAL Operation (Enter Total of lines 5 through 11)	4,298,716		
13	Maintenance			
14	Production - Manufactured Gas & Nat.Gas (inc. Expl. and Dev.); Other Gas Supply; Storage, LNG, Termn. & Proces.	-		
15	Transmission	-		
16	Distribution	598,860		
17	Administrative and General	2,164		
18	TOTAL Maintenance (Enter Total of lines 14 through 17)	601,024		
19	Total Operation and Maintenance			
20	Production - Manufactured Gas & Nat.Gas (inc. Expl. and Dev.); Other Gas Supply; Storage, LNG, Termn. & Proces.	125,724		
21	Transmission (Enter Total of lines 6 and 15)	-		
22	Distribution (Enter Total of lines 7 and 16)	2,976,164		
23	Customer Accounts (Transcribe from line 8)	1,115,470		
24	Customer Service and Informational (Transcribe from line 9)	304,642		
25	Sales (Transcribe from line 10)	839,816		
26	Administrative and General (Enter Total of lines 11 and 17)	(462,076)		
27	TOTAL Operation and Maint. (Total of lines 20 through 26)	4,899,740	855,632	5,755,372
28	Other Utility Departments			
29	Operation and Maintenance - Water	-	-	-
30	TOTAL All Utility Dept. (Total of lines 2, 27, and 29)	6,944,174	1,316,924	8,261,098
31	Utility Plant			
32	Construction (By Utility Departments)			
33	Electric Plant	921,925	-	921,925
34	Gas Plant	1,387,825	-	1,387,825
35	Other	-	-	-
36	TOTAL Construction (Enter Total of lines 33 through 35)	2,309,750	-	2,309,750
37	Plant Removal (By Utility Department)			
38	Electric Plant	103,176	-	103,176
39	Gas Plant	204,237	-	204,237
40	Other	-	-	-
41	TOTAL Plant Removal (Enter Total of lines 38 through 40)	307,413	-	307,413
42				
43	Other Accounts (Specify):			
44	Other Accounts Receivable/Employee	243,321	-	243,321
45	Temporary Facilities	38,561	-	38,561
46	Stores Expense	498,545	-	498,545
47	Clearing Accounts	263,300	-	263,300
48	Miscellaneous Deffered Debits	131,757	-	131,757
49	Merchandise and Jobbing	1,072,023	-	1,072,023
50	Taxes other Than Income Taxes-Electric/Gas/Water	(446,339)	-	(446,339)
51	Vacation Pay	(56,895)	-	(56,895)
52	Other Accounts Receivable	3,326,062	694,241	4,020,303
53	Merchandise plant leased to other - Gas	16,512	-	16,512
54	TOTAL Other Accounts	5,086,847	694,241	5,781,088
55	TOTAL SALARIES AND WAGES	14,648,184	2,011,165	16,659,349

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.

	Description (a)	Amount (b)
1		
2	1. (a) BDO Seidmen, LLP, 1601Forum Place Suite 904, West Palm Beach, FL 33401	205,000
3	(b) Professional Accounting Services.	
4	(c) Based on services rendered.	
5	(d) Total charges for services, utility departments and accounts charged:	
6	Account Utility Allocation %	
7	923 GAS 56.0%	
8	923 ELECTRIC 29.0%	
9	4160.73 MERCH 2.0%	
10	923 FLO-GAS 13.0%	
11	2. (a) Akerman, Senterfitt & Eidson, P.O. Box 231 Orlando, FL 32802	
12	(b) Professional Legal Services for Environmental Issues.	336,825
13	(c) Based on services rendered.	
14	(d) Total charges for services, utility department and account charged:	
15	1430 GAS 1,096	
16	1650 FPU 1,162	
17	1840 FPU 8,767	
18	1849 FPU 2,217	
19	1860 FPU 68,045	
20	2280 FPU 73,273	
21	2320 FPU 96,374	
22	2420 FPU 32,055	
23	2530 FPU 52,265	
24	4260 FPU 843	
25	9121 GAS 728	
26		

73128

PARTICULARS CONCERNING CERTAIN INCOME DEDUCTIONS AND INTEREST CHARGES ACCOUNTS

1. 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) Other Interest Expense (account 431) - Report particulars including the amount and interest rate for each other interest charges incurred during the year

	Items	Amounts
1	Account 425: Miscellaneous Amortization	None
2		
3	Account 426: Miscellaneous Income Deductions	
4	426.11 Charitable Contributions: Inside Service Area	13,428
5	426.12 Charitable Contributions: Outside Service Area	0
6	426.13 Civic and Social Club Dues	1,944
7	426.2 Life Insurance	0
8	426.3 Penalties	2,039
9	426.4 Expenditures for Lobbying and Other Politically Related Activities	106
10	426.5 Other	11,841
11		
12	TOTAL MISCELLANEOUS INCOME DEDUCTIONS	29,358
13		
14		
15	Account 430: Interest on Debt to Associated Company	
16	Accounts Payable at 4.844% (12 mo. avg. of the interest rates applied)	(499,439)
17		
18		
19	Account 431: Other Interest Expense	
20	431.1 Interest on Customer Deposits	437,055
21	431.2 Interest on Notes Payable	78,900
22	431.3 Interest on Miscellaneous	0
23	TOTAL OTHER INTEREST EXPENSE	515,955

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

FLORIDA PUBLIC UTILITIES COMPANY

For the Year Ended December 31, 2005

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).

	(a)	(b)	(c)	(d)	(e)	(f)
Line No.	Description	Gross Operating Revenues per Page 26	Interstate and Sales for Resale Adjustments	Adjusted Intrastate Gross Operating Revenues	Intrastate Gross Operating Revenues per RAF Return	Difference (d) - (e)
1	Total Sales to Ultimate Customers (480-482, 484)	65,994,792		65,994,792	61,603,924	4,390,868
2	Sales for Resale (483)	763,868		763,868	-	763,868
3	Total Natural Gas Service Revenues	66,758,660	-	66,758,660	61,603,924	5,154,736
4	Total Other Operating Revenues (485-495)	3,067,499		3,067,499	7,148,787	(4,081,288)
5	Total Gas Operating Revenues	69,826,159	-	69,826,159	68,752,711	1,073,448
6	Provision for Rate Refunds (496)	(731,709)		(731,709)		(731,709)
7	Other (Specify) Deferred Conservation Cost Recovery				39,739	(39,739)
8	PGA Over/Under Recoveries				(1,108,131)	1,108,131
9	Rate Refund Pending Adjustment				442,000	(442,000)
10	Total Gross Operating Revenues	69,094,450	-	69,094,450	68,126,319	968,131

Notes:

- 1 Transportation Revenues are included in Total Sale to Ultimate Customers on page 26
- 2 Off System Sales makes up sale for resale on page 26
- 3 Rate Refund is included in Total Other Operating Revenue on the RAF Return
- 4 Conservation Cost Recovery are reversed to pay the actual collected revenue
- 5 PGA Over/Under Recovery are reversed to pay the actual collected revenue
- 6 Rate Refund is included in Total Gross Operating Revenue on page 26
- 7 Rate Refund is reversed to pay the actual collected revenue

Items 1, 2, 3 & 4 are reported as other operating revenue on the RAF Return.

CORPORATE STRUCTURE

Company: FLORIDA PUBLIC UTILITIES COMPANY
For the Year Ended December 31, 2005

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

Effective
Date

January-05

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

Flo-Gas Corporation does not have any employees.



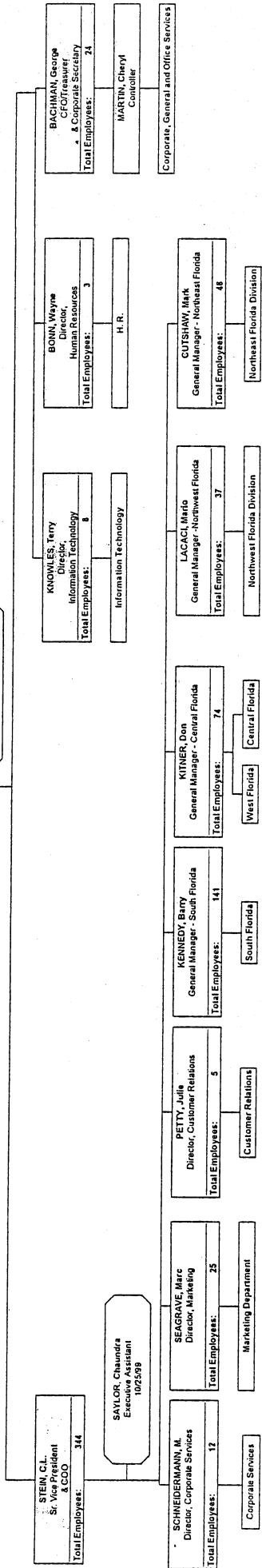
CORPORATE STRUCTURE

SENIOR MANAGEMENT TEAM

April 13, 2006

ENGLISH, Jack
President & CEO
Total Employees: 381

EROEK, Bonnie
Assistant Corporate Secretary/
Executive Assistant
05/2891



Vacancies	Total	Full-Time	Part-Time
WPB Ops	9	9	-
Marketing	3	3	-
I.T.	1	-	1
Accounting	-	-	-
H.R.	-	-	-
CIS	-	-	-
Central FL	5	5	-
Northwest FL	4	4	-
Northeast FL	2	2	1
Corporate Sys	2	1	1
TOTAL	24	22	2

Positions	Total	Full-Time	Part-Time
WPB Ops	141	139	2
Marketing	25	25	-
I.T.	8	7	1
Accounting	24	23	1
H.R.	3	3	-
CIS	5	5	-
Central FL	74	74	-
Northwest FL	37	37	-
Northeast FL	48	47	1
Corporate Sys	12	10	2
Execs.*	4	4	-
TOTAL	381	374	7

ORGANIZATIONAL CHART TOTAL

	Total	Full-Time	Part-Time
Number of Positions	381	374	7
Total Vacancies	24	22	2
Active Employees	357	352	5

CORPORATE SERVICES

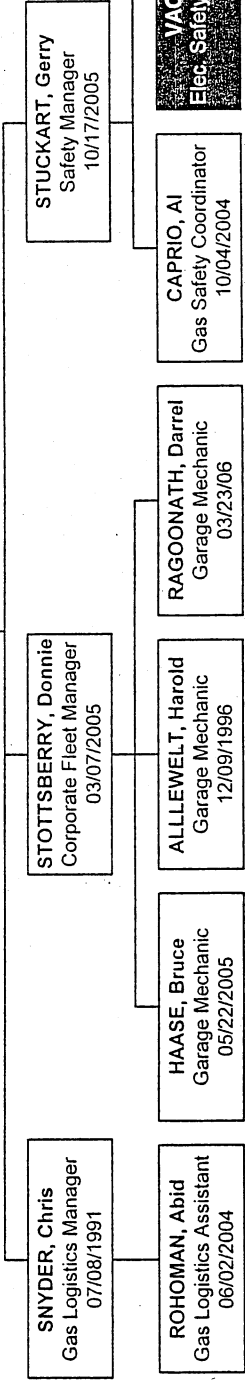
04/13/06



SCHNEIDERMANN, MARC
 Director, Corporate Services
 02/21/1989
 Total Employees: 12

GILMORE, AI
 Bldg Maint. PT
 04/05/2005

VACANT, Washington
 Bldg Maint. PT
 Vacant Since 02/15/06



CORPORATE SVS

	Total	Full-Time	Part-Time
Number of Positions	12	10	2
Total Vacancies	2	1	1
Active Employees	10	9	1

Additions

Acquisition/Startup Additions
 2004 Rate Case Addition

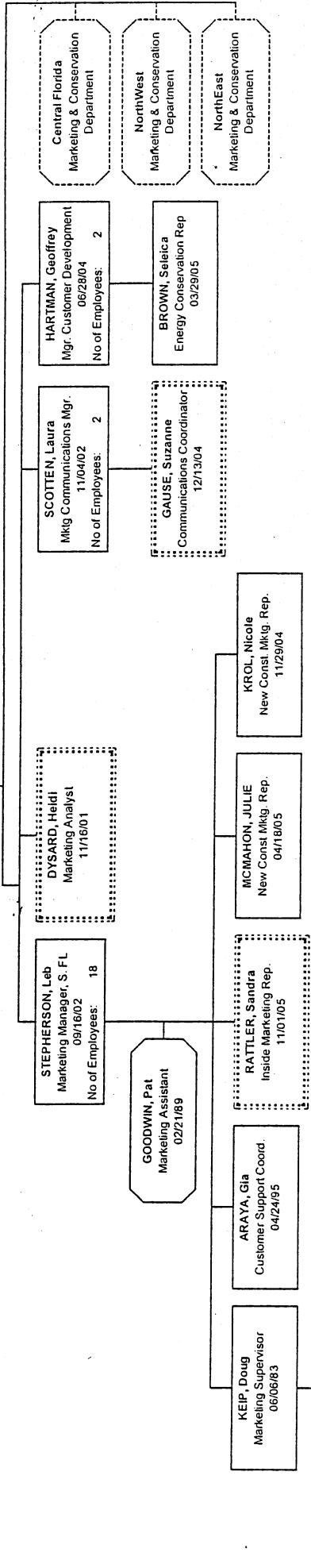
Corporate Services & Director of Corporate Services Added 11/14/2005

MARKETING DEPARTMENT



REVISED
04/13/06

SEAGRAVE, Marc
Director, Marketing
07/19/99
Total Employees: 24

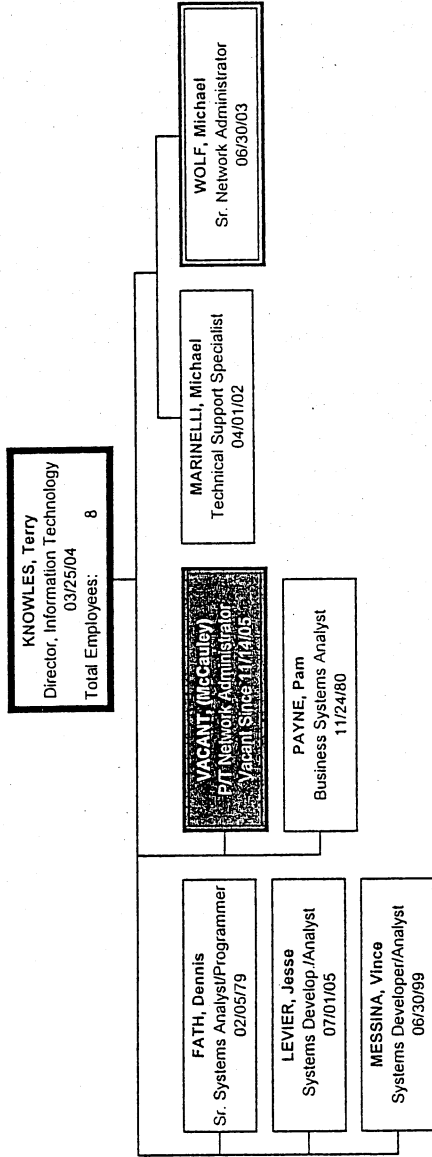


MARKETING

Number of Positions	Total	Full-Time	Part-Time
	25	25	-
Total Vacancies	3	3	-
Active Employees	22	22	-

P/T EMPLOYEE
Rate Case Additions

INFORMATION TECHNOLOGY DEPARTMENT (IT)



IT DEPT

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

- Additions
- 2004 Rate Case Addition
- Acquisition/Startup Additions

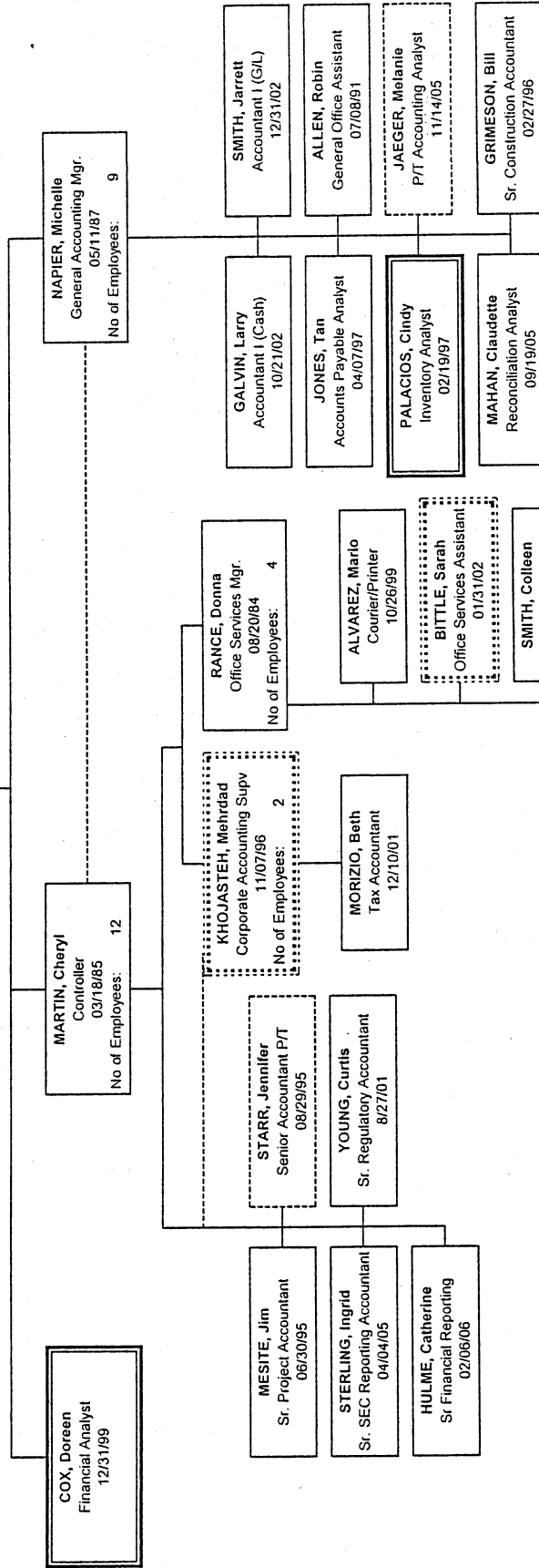
ACCOUNTING DEPARTMENT

04/13/06



BACHMAN, George
Treasurer & CFO
01/28/85
Total Employees: 24

BELLECHASE, Dina
Executive Financial Asst.
08/22/88



ACCOUNTING			
	Total	Full-Time	Part-Time
Number of Positions	24	23	1
Total Vacancies	0	0	0
Active Employees	24	23	1

P/T EMPLOYEE
2004 Rate Case Addition

Additions
Acquisition/Startup Additions

HUMAN RESOURCES DEPARTMENT

03/09/06

BONN, Wayne
 Director, Human Resources
 02/12/01
 Total Employees: 3

MOORE, Nicole
 HR Assistant
 04/13/05

WILBUR, Andrea
 Employment Specialist
 02/20/06

Human Resources	Total	Full-Time	Part-Time
Number of Positions	3	3	-
Total Vacancies	0	-	-
Active Employees	3	3	0

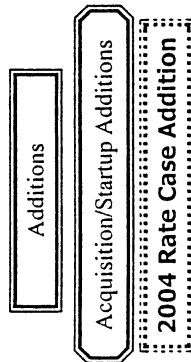
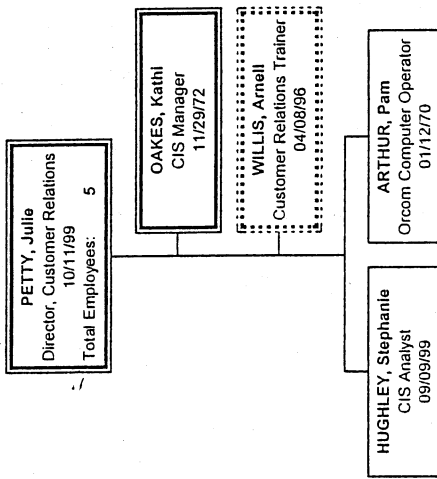
P/T EMPLOYEE
 2004 Rate Case Addition





CUSTOMER RELATIONS DEPARTMENT

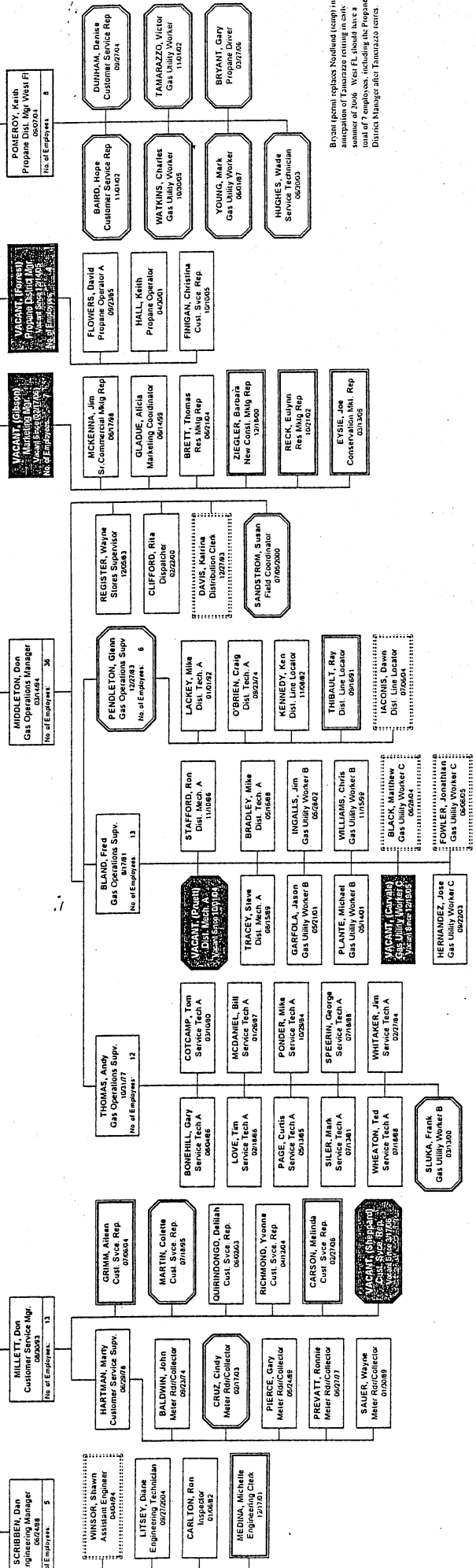
03/09/06



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 11, 2006



Bryant (perm) replaced Nonland (temp) in position of Propane Operator West FL. Bryant has a total of 7 employees including the Propane District Manager after Tammaro exits.

***Totals include West Florida

CENTRAL FLORIDA	Total	Full-Time	Part-Time
Number of Positions	74	74	0
Total Vacancies	5	5	0
Active Employees	69	69	0

W. FL. PROPANE OPS	Total	Full-Time	Part-Time
Number of Positions	8	8	0
Total Vacancies	0	0	0
Active Employees	8	8	0

2004 Rate Case Addition

Acquisition/Startup Additions

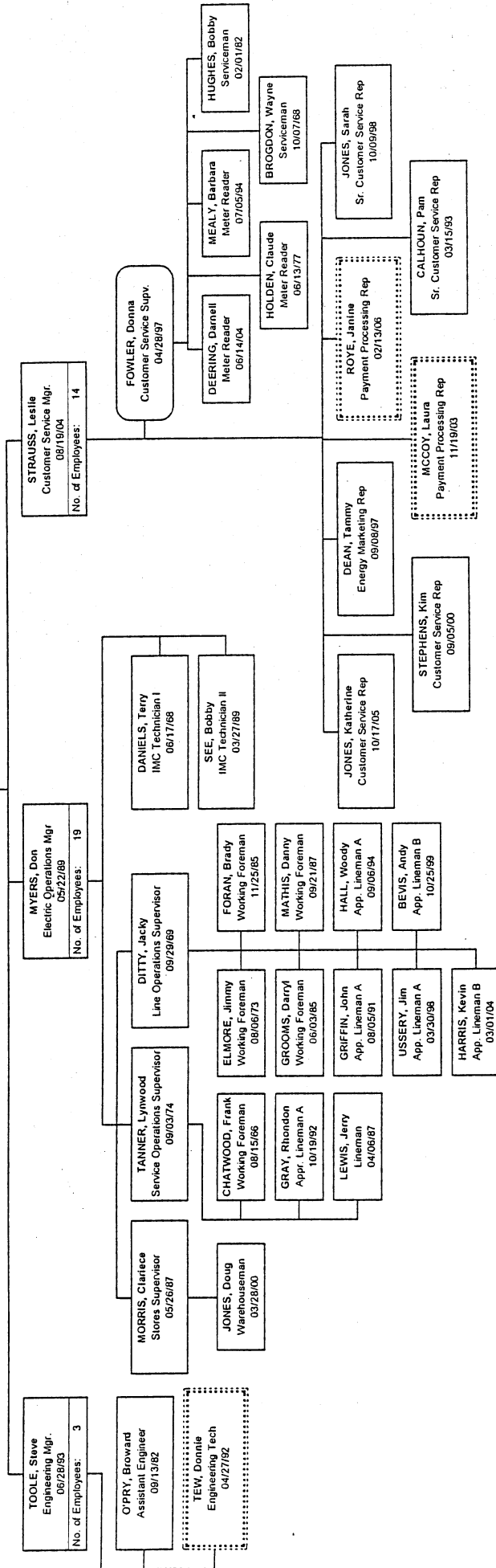
Marketing Conservation Rep added 01/2006

Northwest Florida Division - Organizational Chart

04/13/06



LACACI, Mario
General Manager - NW FL
05/18/01
Total Employees: 37



NORTHWEST FLORIDA			
	Total	Full-Time	Part-Time
Number of Positions	37	37	-
Total Vacancies	0	-	-
Active Employees	37	37	-

2004 Rate Case Addition

Additions

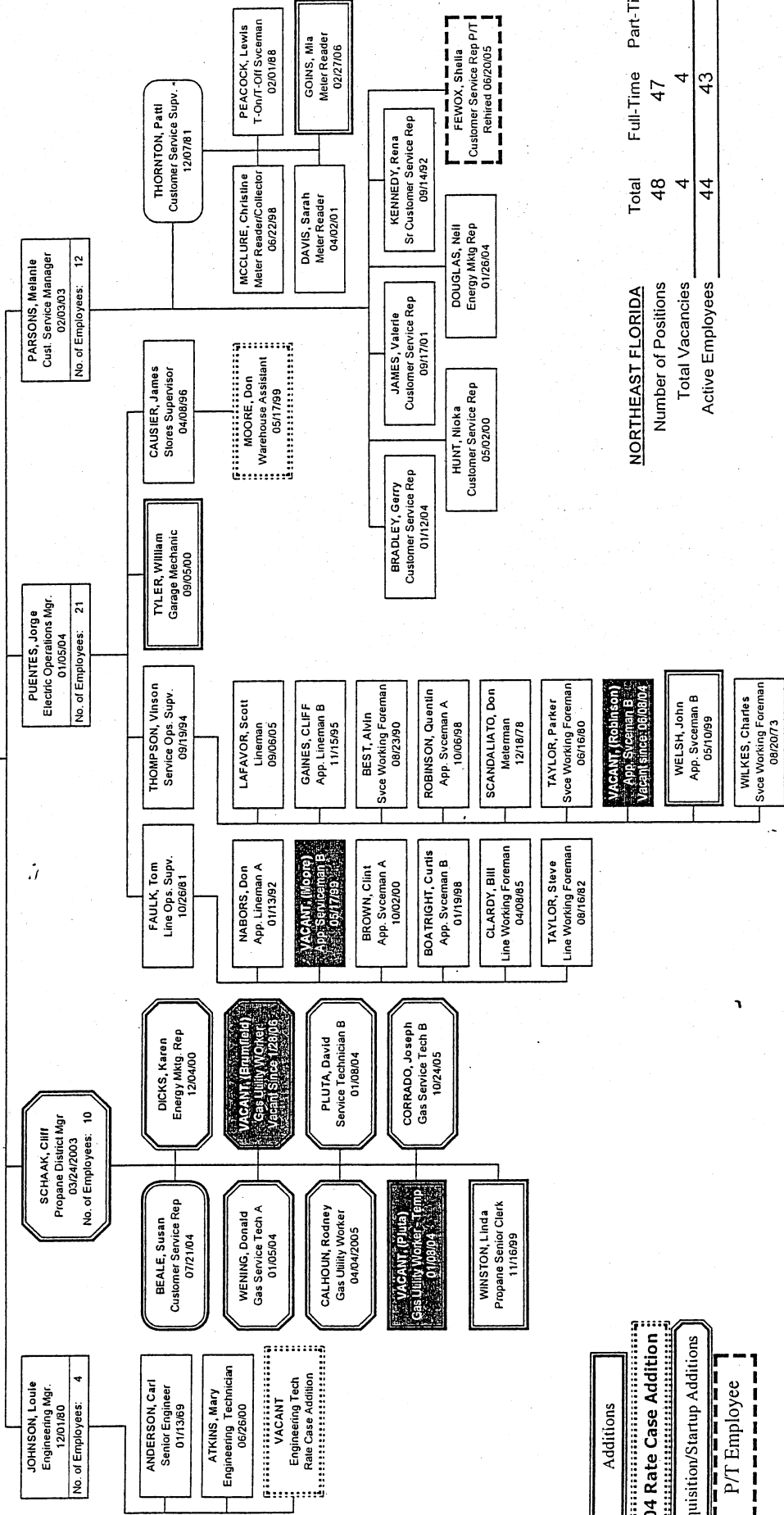
Acquisition/Startup Additions

NORTHEAST FLORIDA DIVISION - ORGANIZATIONAL CHART

04/13/06



CUTSHAW, Mark
General Manager - NE FL
05/13/1991
Total Employees: 48



Additions
 2004 Rate Case Addition
 Acquisition/Startup Additions
 P/T Employee

NORTHEAST FLORIDA

Total	48	Full-Time	47	Part-Time	1
Number of Positions	4		4		0
Total Vacancies	44		43		1
Active Employees					

SUMMARY OF AFFILIATED TRANSFERS AND COST ALLOCATIONS

Company: FLORIDA PUBLIC UTILITIES COMPANY
For the Year Ended December 31, 2005

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 12/31/05

	Year-to-Date Actual	Last Year-to-Date Actual
	<u> </u>	<u> </u>
Operating Revenue	13,478,914	11,167,405
Operation Expenses	11,280,579	9,454,094
Maintenance Expenses	357,270	377,809
Depreciation Expense	620,866	560,091
Amortization of Utility Plant- Acquisition Adjustment	-	-
Tax Other Than Income Tax-Utility Operation Expense	134,322	120,532
Income Tax - Federal - Utility Operating Income	44,272	(193,929)
Income Tax - State - Utility Operating Income	7,608	(33,339)
Deferred Income Tax - Utility Operating Income	178,039	359,584
Investment Tax Credit - Utility Operating Income	(1,482)	(2,523)
Operating Income	<u><u>857,440</u></u>	<u><u>525,086</u></u>
<u>Other Income and Deductions</u>		
Interest and Dividend Income	-	-
Misc. Non-Operating Income	735,637	454,377
Other Income Deductions	(676,410)	(439,210)
Taxes Other Than Income - Other Income Taxes-Federal-Other Income	(16,472)	(5,724)
Income Taxes-State-Other Income	-	-
Other (Income) and Deductions	<u><u>42,755</u></u>	<u><u>9,443</u></u>
<u>Interest Charges</u>		
Interest on Debt to Associated Companies	499,439	253,469
Other Interest Expense	2,826	3,048
Interest Charges	<u><u>502,265</u></u>	<u><u>256,517</u></u>
<u>Extraordinary Items</u>		
Cumulative Effect - Change in Accounting Principles - Net	-	-
 Net Income	 <u><u>397,930</u></u>	 <u><u>278,012</u></u>

ANALYSIS OF DIVERSIFICATION ACTIVITY SUPPLEMENT
FLO-GAS
BALANCE SHEET - 09
December 31, 2005

Assets and Other Debits	Current	Last Year End
Utility Plant		
Utility Plant in Service	15,224,487	13,584,056
Utility Plant Purchased/Sold	-	-
Completed Construction Not Classified		
Construction Work in Progress	1,282,328	798,714
Utility Plant	16,506,815	14,382,770
Accumulated Depreciation		
Accumulated Dep. - Utility Plant in Service	(3,732,602)	(4,273,517)
Accumulated Dep. - Transportation Equip.	(629,950)	(507,785)
Retirement Work in Progress		
Accumulated Dep. - Rental Equipment	-	-
Accumulated Depreciation	(4,362,552)	(4,781,302)
Other Utility Plant		
Utility Plant Acquisition Adj.	-	-
Accum. Amort. - Utility Acq. Adj.	-	-
Other Utility Plant	-	-
Other Property and Investments		
Investment in Assoc. Companies - Common Stock	-	-
Other Property and Investments	-	-
Current and Accrued Assets		
Customer Accounts Receivable	1,922,959	1,298,236
Allowance for Uncollectible Accounts	(55,250)	(71,468)
Accounts Rec. from Associated Companies		
Operating Supplies - Propane	1,916,798	1,571,614
Prepayments - Taxes	-	-
Interest and Dividends Receivable	47,650	95,350
Merchandise-Applian. & Supplies		
Accrued Utility Revenues	407,676	402,665
Current and Accrued Assets	4,239,833	3,296,397
Deferred Debits		
Goodwill	1,852,435	1,852,435
Misc. Deferred Debits - Other W.I.P.		
Misc. Deferred Debits - Miscellaneous	28,466	53,248
Accum. Deferred Income Taxes	88,090	186,111
Deferred Debits	1,968,991	2,091,794
ASSETS AND OTHER DEBITS	18,353,087	14,989,659

ANALYSIS OF DIVERSIFICATION ACTIVITY SUPPLEMENT
FLO-GAS
BALANCE SHEET - 09
December 31, 2005

	<u>Current</u>	<u>Last Year End</u>
Liabilities and Other Credits		
Proprietary Capital		
Common Stock Issued	10,000	10,000
Appropriated Retained Earnings	-	-
Unappropriated Retained Earnings	<u>1,831,083</u>	<u>1,494,313</u>
Proprietary Capital	<u><u>1,841,083</u></u>	<u><u>1,504,313</u></u>
Current and Accrued Liabilities		
Accounts Payable to Assoc. Companies	12,872,618	10,628,339
Customer Deposits	614,064	515,569
Taxes Accrued	(1,287,074)	(811,317)
Interest Accrued	2,264	2,451
Dividends Declared	-	-
Tax Collections Payable	75,765	73,578
Misc. Current and Accrued Liabilities	-	-
Customer Advances for Construction	515,562	168,277
Other Deferred Income Taxes - Other	-	-
Accumlated Deferred I.T.C.	418	4,424
Current and Accrued Liabilities	<u><u>12,793,617</u></u>	<u><u>10,581,321</u></u>
Operating Reserves		
Misc. Operating Reserves	-	-
Accum. Deferred Income Tax - Liberalized Depreciation	3,320,457	2,358,563
Accum. Deferred Income Taxes - Other	-	-
Operating Reserves	<u><u>3,320,457</u></u>	<u><u>2,358,563</u></u>
Year-to-Date Income/Loss	<u><u>397,930</u></u>	<u><u>58,759</u></u>
LIABILITIES AND OTHER CREDITS	<u><u>18,353,087</u></u>	<u><u>14,502,956</u></u>

NEW OR AMENDED CONTRACTS WITH AFFILIATED COMPANIES

COMPANY: FLORIDA PUBLIC UTILITIES COMPANY
For the Year Ended December 31, 2005

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, 2005

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>	(11,732,232)
<i>Flo-Gas Corporation</i>	<i>Payroll Payment by Florida Public Utilities Company for Flo-Gas Corporation. Recurring.</i>	(3,323,511)
<i>Flo-Gas Corporation</i>	<i>Cash Receipts - Recurring.</i>	14,048,140
<i>Flo-Gas Corporation</i>	<i>Revenue- Recurring</i>	877,361
<i>Flo-Gas Corporation</i>	<i>Transportation - Recurring</i>	(172,956)
<i>Flo-Gas Corporation</i>	<i>Dividends - Non-Recurring</i>	-
<i>Flo-Gas Corporation</i>	<i>Insurance Accruals and adjustments - Recurring</i>	39,587
<i>Flo-Gas Corporation</i>	<i>Income Tax adjustment - Non-Recurring</i>	441,510
<i>Flo-Gas Corporation</i>	<i>Intercompany Interest - Recurring</i>	(461,508)

ASSETS OR RIGHTS PURCHASED FROM OR SOLD TO AFFILIATES

FLORIDA PUBLIC UTILITIES COMPANY
For the Year Ended December 31, 2005

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:		141,108	60,303	85,195	\$ N/A	\$ N/A	N/A
Flo-Gas Corporation	Meters	28,866	11,315	17,551	N/A	Transfer	N/A
	Transp Equipment	95,801	43,241	52,560	N/A	Transfer	N/A
	Regulators	2,637	1,032	1,606	N/A	Transfer	N/A
	Communication Equip	1,068	326	742	N/A	Transfer	N/A
	Computer Equipment	8,378	2,585	8,378	N/A	Transfer	N/A
	Misc. Equipment	4,358	1,805	4,358	N/A	Transfer	N/A
Sales to Affiliates:		25,297	11,399	13,898	\$ N/A	Sales Price	N/A
	Transp Equipment	24,550	10,993	13,557	N/A	Transfer	N/A
	Meters	747	406	341	N/A	Transfer	N/A
				-	N/A	Transfer	N/A
				-	N/A	Transfer	N/A
Total					\$		

FLORIDA PUBLIC UTILITIES COMPANY
For the Year Ended

List employees earning more than \$30,000 annually transferred to/from the utility to/from an affiliate company.

Company Transferred From	Old Job Assignment	New Job Assignment	Transfer Perm or Temporary and Duration
NONE			

Florida Public Utilities Company
AEP Reconciliation
As Of December 31, 2005

Beginning Date of Surcharge Revenues	AEP Facilities Area	Balance at Beginning of year		12 Months Ended December 05		Over/Under Collection	Charges to Date	
		Surcharge Revenues	Facilities Cost	Surcharge * Revenues	Facilities ** Cost		Surcharge Revenues	Facilities Cost
Sep-98	AEP #20000 Alaqua Lakes	290,489.97	288,041.16	-	-	2,448.81	290,489.97	288,041.16
Sep-98	AEP # 20001 Deltona HP #1	440,334.61	714,737.56	79,498.76	19,940.58		519,833.37	734,678.14
Feb-99	AEP # 20092 Stone Gable	16,333.25	26,316.31	2,587.22	740.70		18,920.47	27,057.01
May-99	AEP # 20093 Deltona HP #2	174,719.69	557,388.76	32,786.19	31,364.38		207,505.88	588,753.14
Apr-99	AEP # 20098 DeBary Golf & CC	28,074.10	61,564.23	5,191.43	2,641.68		33,265.53	64,205.91
Jun-00	AEP # 20193 Spring Valley Unit 5	8,879.17	16,633.01	2,766.07	549.38		11,645.24	17,182.39
May-00	AEP # 20289 Convert Deltona Ph III	194,810.42	599,273.66	47,837.31	32,665.41		242,647.73	631,939.07
Feb-01	AEP # 20345 Crystal Cove	7,191.24	30,892.61	7,609.92	1,725.67		14,801.16	32,618.28
Sep-00	AEP # 20347 Westward Expansion	115,327.54	259,979.36	57,391.10	10,313.55		172,718.64	270,292.91
Jun-01	AEP # 20498 La Chalet	16,466.17	53,929	6,161.02	2,967.13		22,627.19	56,895.76
Oct-01	AEP # 20561 Victoria Pk. Ph. I	82,577.99	595,145	66,810.07	41,158.12		149,388.06	636,302.90
May-01	AEP # 20591 Fawn Ridge Sub.	7,168.53	47,396	8,102.36	3,066.66		15,270.89	50,463.11
May-02	AEP # 20660 Thor./Versailles	36,512.03	594,586	36,855.23	46,424.51		73,367.26	641,010.86
Apr-02	AEP # 20695 Mizner Falls Subdiv.	11,685.81	145,644	7,744.34	11,154.41		19,430.15	156,798.74
	AEP # 20734 Kenco Commun.	1,879.44	56,136	1,094.02	4,620.16		2,973.46	60,756.08
Jun-02	AEP # 20769 Ibis Parcel V-Terra	3,186.10	12,609	2,316.61	719.92		5,502.71	13,328.78
Aug-02	AEP # 20798 Lake Mary H.S.	1,570.81	17,051	1,109.36	1,292.48		2,680.17	18,343.88
Oct-02	AEP # 20849 Equestrian Club	19,155.17	128,275	20,087.17	8,557.31		39,242.34	136,832.80
	AEP # 20851 Juno Beach	11,464.16	171,364	10,861.39	13,180.03		22,325.55	184,543.92
	AEP # 20861 Victoria Grove	30,235.03	309,059	31,880.71	22,642.24		62,115.74	331,701.03
Nov-02	AEP # 20865 Hamilton Bay	10,997.57	131,548	9,149.22	9,944.83		20,146.79	141,492.68
Oct-02	AEP # 20881 Springview Unit 6	4,383.62	21,242	3,458.08	1,298.91		7,841.70	22,540.62
	AEP # 20892 Black Diamond	13,369.93	65,718.05	18,840.73	3,724.64		32,210.66	69,442.69
	AEP # 20974 Deerfield Ph II	7,678.94	50,432.03	4,952.18	3,424.39		12,631.12	53,856.42
	AEP # 20976 Wyndsong Estates	2,256.96	42,773.37	3,766.59	3,316.87		6,023.55	46,090.24
	AEP # 20999 Downtown Gas Lt. Dist.	-	17,650.04	-	1,514.39		-	19,164.43
	AEP # 21007 SE 6th Ave	3,538.83	18,842.58	2,062.62	1,224.66		5,601.45	20,067.24
	AEP # 21025 SR 441 - Palmetto Pk.	249.65	80,699.72	1,450.68	6,853.76		1,700.33	87,553.48
	AEP # 21031 Winter Springs Town Ctr.	7,270.88	141,201.95	5,816.77	11,241.78		13,087.65	152,443.73
	AEP # 21151 Lakes of Deland	-	77,184.50	6.76	6,622.36		6.76	83,806.86
	AEP # 21160 Riverside at DeBary	637.68	126,462.47	3,572.92	10,681.51		4,210.60	137,143.98
	AEP # 21195 Cedar Creek Subdiv.	1,299.35	25,295.46	2,609.99	1,955.27		3,909.34	27,250.73
	AEP # 21212 Equis Subdiv	525.11	61,160.32	2,084.50	5,114.41		2,609.61	66,274.73
	AEP # 21242 Casa Bella Subdiv	-	37,378.80	-	19,200.22		-	56,579.02
	AEP # 21315 Arbor Ridge	1,623.34	201,427.99	11,122.20	16,643.10		12,745.54	218,071.09
	AEP # 21328 Inlet Shore Estates	118.48	13,349.46	756.82	1,103.80		875.30	14,453.26
	AEP # 21344 Talavera Subdiv	-	1,914.19	-	16,040.60		-	17,954.79
	AEP # 21391 441 Belv to Okeechobee	-	50,808.44	2,032.25	4,347.15		2,032.25	55,155.59
	AEP # 21436 Wellington Town Sq	-	216.00	-	504.55		-	720.55
	AEP # 21686 Deltona Woods	-	-	-	8,257.41		-	8,257.41
	Total	1,552,011.57	5,851,326.48	500,372.59	388,738.93	2,448.81	2,448.81	2,052,384.16

Note: * Collections posted to 1860.4
** Includes interest

Balance in 1860 at 12/31/2005 Balance in 1860.4 at 12/31/2005
 Plus Revenues Plus Revenues 4,190,130.06
 Less Over/under Recovery (2,448.81)
 4,190,130.06

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