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**ANNUAL REPORT OF
NATURAL GAS UTILITIES**

Florida Public Utilities Company
(EXACT NAME OF RESPONDENT)

**401 South Dixie Highway
West Palm Beach, FL 33401-5886**
(ADDRESS OF RESPONDENT)

TO THE

FLORIDA PUBLIC SERVICE COMMISSION

FOR THE

YEAR ENDED DECEMBER 31, 2009

COMMERCIAL REGULATION
JUL 19 AM 10:36
OFFICE OF THE
SECRETARY

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

Name: George Bachman	Title: CFO, Florida Public Utilities Co.
Address: 401 South Dixie Highway	City: WPB State: FL
Telephone No. (561) 838-1731	PSC/ECR 020-G (12/09)

SIGNATURE PAGE

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, 2009 to December 31, 2009, 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

performance of his official duty shall be guilty of a misdemeanor of the second degree, punishable as provided in s. 775.082, s. 775.083, or s. 775.084.

7-15-10

Date



Signature

Thomas A. Geoffroy

Name

Vice President

Title

ANNUAL REPORT OF NATURAL GAS UTILITIES

IDENTIFICATION

01 Exact Legal Name of Respondent Florida Public Utilities Company		02 Year of Report December 31, 2009
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 Cheryl M. Martin	06 Title of Contact Person Controller	
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., Day, Yr)	

ATTESTATION

I certify that I am the responsible accounting officer of

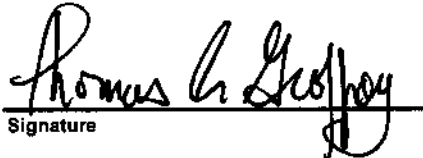
Florida Public Utilities Company

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, 2009 to December 31, 2009, inclusive.

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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 or her official duty shall be guilty of a misdemeanor of the second degree, punishable as provided in S. 775.082 and S. 775.083.


Signature

Thomas A Geoffroy
Name

7-15-10
Date

Vice President
Title

Independent Auditors' Report

To the Boards of Directors
Chesapeake Utilities Corporation and
Florida Public Utilities Company

10 JUL 20 11 3: 54
COMMERCIAL REGULATION
FLORIDA PUBLIC UTILITIES

We have audited the balance sheet of Florida Public Utilities Company as of December 31, 2009, and the accompanying statements of income and the statement of retained earnings included on pages 6 through 11T (excluding additional information on page 8A – Electric, Gas and Other Utility Divisions) of the accompanying Annual Report of Natural Gas Utilities, as filed with 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. The financial statements for Florida Public Utilities Company as of December 31, 2008 and for the year then ended were audited by other auditors whose report dated May 27, 2009, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note A, these financial statements were prepared in accordance with the accounting requirements of the Florida Public Service Commission, which is 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.

In our opinion, the 2009 financial statements referred to above present fairly, in all material respects, the financial position of Florida Public Utilities Company as of December 31, 2009 and the results of its operations for the year then ended, in accordance with 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 the applicable Uniform System of Accounts and published accounting releases.

This report is intended solely for the information and use of the boards of directors and management of Chesapeake Utilities Corporation and Florida Public Utilities and for filing with the Florida Public Service Commission and should not be used for any other purpose.

ParenteBeard LLC

Malvern, Pennsylvania
July 7, 2010



Independent Auditors' Report

To the Boards of Directors
Chesapeake Utilities Corporation and
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ParenteBeard LLC

Malvern, Pennsylvania
July 7, 2010

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CONTROL OVER RESPONDENT

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 organization. If control was held by a trustee(s), state name of trustee(s).

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.

1. As of October 28, 2009, Florida Public Utilities Company is a wholly owned subsidiary of Chesapeake Utilities Corporation.
2. Chesapeake Utilities Corporation form 10-K report filed with the SEC is for fiscal year ending December 31, 2009.

CORPORATIONS CONTROLLED BY RESPONDENT

1. Report below the names of all corporations, business trusts, and similar organizations, controlled directly or indirectly by respondent at any time during the year. If control ceased prior to end of year, give particulars (details) in a footnote.

2. If control was by other means than a direct holding of voting rights, state in a footnote the manner in which control was held, naming any intermediaries involved.

3. If control was held jointly with one or more other interests, state the fact in a footnote and name the other interests.

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

DEFINITIONS

1. See the Uniform System of Accounts for a definition of control.

2. Direct control is that which is exercised without interposition of an intermediary.

3. Indirect control is that which is exercised by the interposition of an intermediary which exercises direct control.

4. Joint control is that in which neither interest can effectively control or direct action without the consent of the other, as where the voting control is equally divided between two holders, or each party holds a veto power over the other. Joint control may exist by mutual agreement or understanding between two or more parties who together have control within the meaning of the definition of control in the Uniform System of Accounts, regardless of the relative voting rights of each party.

Name of Company Controlled	Kind of Business	Percent Voting Stock Owned	Footnote Ref.
(a)	(b)	(c)	(d)
Flo-Gas Corporation	Propane Gas	100%	
<p>Note: Our Parent company, Chesapeake Utilities Corporation does directly and indirectly control other subsidiaries. These organization are listed in Chesapeake's Form 10-K.</p>			

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 R. Schimkaitis as of 11/2009	-
Sr. Vice President	Steven C. Thompson as of 11/2009	-
Vice President	Thomas A. Geoffroy as of 11/2009	-
Sr. Vice President & Chief Financial Officer	Beth Cooper as of 11/2009	-
President & Chief Executive Officer	J. T. English Retired 10/09	1,045,702
Sr. Vice President	Charles L. Stein	770,685
CFO/Treasurer & Corporate Secretary	George M. Bachman	728,711
<p>Note: The salaries above represent only that portion allocated to FPUC.</p>		

DIRECTORS

1. Report below the information called for concerning each director of the respondent who held office at any time during the year. Include in column (a) abbreviated titles of the directors who are officers of the respondent.
 2. Designate members of the Executive Committee by an asterisk and the Chairman of the Executive Committee by a double asterisk.

Name (and Title) of Director (a)	Principal Business Address (b)	No. of Directors Meetings During Yr. (c)	Fees During Year (d)
Ralph J. Adkins, Chairman of Board	909 Silver Lake Blvd., Dover Delaware 19901		
John R. Schimkaitis, Vice Chairman & CEO	909 Silver Lake Blvd., Dover Delaware 19901		
Michael P. McMasters, President & COO	909 Silver Lake Blvd., Dover Delaware 19901		
Eugene H. Bayard, Director	909 Silver Lake Blvd., Dover Delaware 19901		
Richard Bernstein, Director	909 Silver Lake Blvd., Dover Delaware 19901		
Thomas J. Bresnan, Director	909 Silver Lake Blvd., Dover Delaware 19901		
Thomas P. Hill, Jr., Director	909 Silver Lake Blvd., Dover Delaware 19901		
Dennis S. Hudson, III, Director	909 Silver Lake Blvd., Dover Delaware 19901		
Paul L. Maddock, Jr., Director	909 Silver Lake Blvd., Dover Delaware 19901		
J. Peter Martin, Director	909 Silver Lake Blvd., Dover Delaware 19901		
Joseph E. Moore, Esq., Director	909 Silver Lake Blvd., Dover Delaware 19901		
Calvert A. Morgan, Jr., Director	909 Silver Lake Blvd., Dover Delaware 19901		
Dianna F. Morgan, Director	909 Silver Lake Blvd., Dover Delaware 19901		
R. C. Hitchins	325 South Olive Ave. West Palm Beach, FL	6	27,005
P.L. Maddock, Jr.	275 S. County Road, Palm Beach, FL	6	25,505
D. Hudson	P.O. Box 9012, Stuart, FL	4	22,005
Ellen Terry Benoit	250 El Pueblo Way, Palm Beach, FL	4	22,005
T. Maschmeyer	1142 Watertower Road, Lake Park, FL	5	22,005
<p>Note: In 2009, no directors fees from Chesapeake were allocated to FPUC.</p>			

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.

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.

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

Name (Title) and Address of Security Holder (a)	VOTING SECURITIES			
	Number of votes as of (date):			
	Total Votes (b)	Common Stock (c)	Preferred Stock (d)	Other (e)
TOTAL votes of all voting securities				
TOTAL number of security holders				
TOTAL votes of security holders listed below				
Shareholder information may be obtained through: Beth Cooper, Senior Vice President & Chief Financial Officer 909 Silver Lake Boulevard Dover, Delaware 19901				

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.

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. 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.

- 1 Florida Public Utilities Company was acquired by Chesapeake Utilities Corporation on October 28, 2009.
- 2 None
- 3 None
- 4 None
- 5 None

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)	12	197,227,669	235,488,190
3	Construction Work in Progress (107)	12	2,011,845	1,799,781
4	TOTAL Utility Plant Total of lines 2 and 3)		199,239,514	237,287,971
5	(Less) Accum. Prov. for Depr., Amort., Depl. & Acq. Adj. (108, 111, 115)	12	(64,967,958)	(69,578,199)
6	Net Utility Plant (Total of line 4 less 5)		134,271,556	167,709,772
7	Utility Plant Adjustments (116)			
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 Companies (123)	-	0	0
13	Investment in Subsidiary Companies (123.1)	-	1,480,594	335,339
14	Other Investments (124)	-	5,619,015	14,934
15	Special Funds (125, 126, 128)	-		
16	TOTAL Other Property and Investments (Total of lines 10 through 15)		7,108,045	358,709
17	CURRENT AND ACCRUED ASSETS			
18	Cash (131)	-	2,961,407	2,658,120
19	Special Deposits (132-134)	-	3,636,815	0
20	Working Funds (135)	-	35,650	35,650
21	Temporary Cash Investments (136)	-		
22	Notes Receivable (141)	-	252,000	5,846,619
23	Customer Accounts Receivable (142)	-	11,825,771	10,189,198
24	Other Accounts Receivable (143)	-	930,802	168,893
25	(Less) Accumulated Provision for Uncollectible Accounts-Credit (144)	-	(389,362)	(425,094)
26	Notes Receivable from Associated Companies (145)	-		
27	Accounts Receivable from Associated Companies (146)	-	14,712,473	16,623,757
28	Fuel Stock (151)	-		
29	Fuel Stock Expense Undistributed (152)	-		
30	Residuals (Electric) and Extracted Products (Gas) (153)	-		
31	Plant Material and Operating Supplies (154)	-	1,524,027	1,429,800
32	Merchandise (155)	-	401,495	226,266
33	Other Material and Supplies (156)	-		
34	Stores Expenses Undistributed (163)	-		
35	Gas Stored Underground & LNG Stored (164.1-164.3)	-		
36	Prepayments (165)	18	1,036,785	369,339
37	Advances for Gas (166-167)	-		
38	Interest and Dividends Receivable (171)	-		
39	Rents Receivable (172)	-		
40	Accrued Utility Revenues (173)	-	1,714,063	5,631,270
41	Miscellaneous Current and Accrued Assets (174)	-	0	890,678
42	TOTAL Current and Accrued Assets (Total of lines 18 through 41)		38,641,906	43,644,496
43	DEFERRED DEBITS			
44	Unamortized Debt Expense (181)	-	0	0
45	Extraordinary Property Losses (182.1)	18		
46	Unrecovered Plant and Regulatory Study Costs (182.2)	18	0	0
47	Other Regulatory Assets (182.3)	19	17,037,022	9,748,189
48	Preliminary Survey and Investigation Charges (Gas) (183.1, 183.2)	-		
49	Clearing Accounts (184)	-	0	0
50	Temporary Facilities (185)	-	(3,698)	0
51	Miscellaneous Deferred Debits (186)	19	6,394,122	3,432,617
52	Deferred Losses from Disposition of Utility Plant. (187)	-		
53	Research, Development and Demonstration Expenditures (188)	-		
54	Unamortized Loss on Reacquired Debt (189)	20	172,174	135,606
55	Accumulated Deferred Income Taxes (190)	24	5,648,204	5,638,723
56	Unrecovered Purchased Gas Costs (191)	19	756,074	0
57	TOTAL Deferred Debits (Total of lines 44 through 56)		30,003,898	18,955,135
58	TOTAL Assets and other Debits (Total of lines 6, 7, 8, 16, 42, 57)		210,025,405	230,668,112

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)	-	15,189,314	0
3	Preferred Stock Issued (204)	-	600,000	0
4	Other Paid-In Capital (208-214)	-	(1,376,218)	76,038,774
5	Retained Earnings (215, 216)	10	34,979,795	1,503,364
6	Unappropriated Undistributed Subsidiary Earnings (216.1)	10	1,444,205	325,338
7	(Less) Reacquired Capital Stock (217)	-	(1,725,042)	0
8	TOTAL Proprietary Capital (Total of lines 2 through 7)		49,112,054	77,867,476
9	LONG-TERM DEBT			
10	Bonds (221)	* 21	47,920,161	19,183,167
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-Debit (226)	21		
16	TOTAL Long-Term Debt (Total of lines 10 through 15)		47,920,161	19,183,167
17	OTHER NONCURRENT LIABILITIES			
18	Obligations Under Capital Leases - Noncurrent (227)	-		
19	Accumulated Provision for Property Insurance (228.1)	-	2,417,615	2,554,477
20	Accumulated Provision for Injuries and Damages (228.2)	-	264,922	169,761
21	Accumulated Provision for Pensions and Benefits (228.3)	-	19,351,582	11,255,466
22	Accumulated Miscellaneous Operating Provisions (228.4)	-		
23	Accumulated Provision for Rate Refunds (229)	-	0	257,745
24	TOTAL Other Noncurrent Liabilities (Total of lines 18 through 23)		22,034,119	14,237,449
25	CURRENT AND ACCRUED LIABILITIES			
26	Notes Payable (231)	-	12,747,000	0
27	Accounts Payable (232)	-	11,480,775	11,266,647
28	Notes Payable to Associated Companies (233)	-	0	0
29	Accounts Payable to Associated Companies (234)	-	0	8,948,348
30	Customer Deposits (235)	-	10,250,728	12,779,268
31	Taxes Accrued (236)	-	551,512	1,668,535
32	Interest Accrued (237)	-	1,079,676	882,227
33	Dividends Declared (238)	-	724,077	0
34	Long-Term Debt Current (239)	* -	1,409,000	28,642,629
35	Matured Interest (240)	-	0	0
36	Tax Collections Payable (241)	-	1,228,989	798,893
37	Miscellaneous Current and Accrued Liabilities (242)	22	3,291,907	4,448,728
38	Obligations Under Capital Leases-Current (243)	-	0	0
39				
40	TOTAL Current and Accrued Liabilities (Total of lines 26 through 39)		42,763,664	69,435,275
41	DEFERRED CREDITS			
42	Customer Advances for Construction (252)	-	2,405,970	2,076,017
43	Other Deferred Credits (253)	22	14,620,227	13,065,167
44	Other Regulatory Liabilities (254)	* 22	10,303,991	11,692,864
45	Accumulated Deferred Investment Tax Credits (255)	-	202,797	141,455
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	20,662,422	22,969,242
49	TOTAL Deferred Credits (Total of lines 42 through 48)		48,195,407	49,944,745
50				
51	TOTAL Liabilities and Other Credits (Total of lines 8, 16, 24, 40 and 49)		210,025,405	230,668,112

December 31, 2009

STATEMENT OF INCOME

1. Use page 11 for important notes regarding the statement of income or any account thereof. 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.
2. Give concise explanations on page 11 concerning significant amounts of any refunds made or received during the year.
3. Enter on page 11 a concise explanation of only those changes in accounting methods made during the year
4. Explain in a footnote if the previous year's figures are different from that reported in prior reports.

Line No.	Account (a)	Ref. Page No. (b)	Total Current Year (c)	Total Previous Year (d)
1	UTILITY OPERATING INCOME			
2	Operating Revenues (400)	26	147,678,582	151,279,113
3	Operating Expenses			
4	Operation Expenses (401)	27-29	115,261,594	120,245,263
5	Maintenance Expenses (402)	27-29	3,874,543	3,303,752
6	Depreciation Expense (403)	15-16	6,883,353	6,507,435
7	Amortization & Depletion of Utility Plant (404-405)	-	1,792,300	1,549,477
8	Amortization of Utility Plant Acquisition Adjustment (406)	-	31,520	31,060
9	Amortization of Property Losses, Unrecovered Plant and Regulatory Study Costs (407.1)	-	-	-
10	Amortization 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	12,105,040	11,874,190
14	Income Taxes - Federal (409.1)	-	(1,230,633)	(925,763)
15	- Other (409.1)	-	130,827	(170,261)
16	Provision for Deferred Income Taxes (410.1)	24	2,978,934	2,359,060
17	(Less) Provision for Deferred Income Taxes - Cr.(411.1)	24	-	-
18	Investment Tax Credit Adjustment - Net (411.4)	23	(61,342)	(63,439)
19	(Less) Gains from Disposition of Utility Plant (411.6)	-	-	-
20	Losses from Disposition of Utility Plant (411.7)	-	-	-
21	Other Operating Income (412-414)	-	-	-
22	TOTAL Utility Operating Expenses (Total of lines 4 -21)		141,766,136	144,710,774
23	Net Utility Operating Income (Total of line 2 less 22)			
24	(Carry forward to page 9, line 25)		5,912,446	6,568,339

STATEMENT OF INCOME

- | | |
|--|---|
| <p>1. Use page 11 for important notes regarding the statement of income or any account thereof.</p> <p>2. Give concise explanations on page 11 concerning significant amounts of any refunds made or received during the year.</p> <p>3. Enter on page 11 a concise explanation of only those changes in accounting methods made during the year</p> | <p>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.</p> <p>4. Explain in a footnote if the previous year's figures are different from that reported in prior reports.</p> |
|--|---|

Line No.	Total Electric Utility Current Year (e)	Total Electric Utility Previous Year (f)	Total Gas Utility Current Year (g)	Total Gas Utility Previous Year (h)	Total Other Current Year (i)	Total Other Previous Year (j)
1						
2	88,275,669	78,654,826	59,402,913	72,624,287		
3						
4	74,201,459	63,230,942	41,060,135	57,014,321		
5	2,400,641	2,146,970	1,473,902	1,156,782		
6	3,428,419	3,314,955	3,454,934	3,192,480		
7	-	-	1,792,300	1,549,477		
8	-	-	31,520	31,060		
9	-	-				
10	-	-				
11	-	-				
12	-	-				
13	6,524,016	5,757,128	5,581,024	6,117,062		
14	(1,143,860)	(95,850)	(86,773)	(829,913)		
15	(77,325)	(28,461)	208,152	(141,800)		
16	1,626,292	1,080,190	1,352,642	1,278,870		
17	-	-				
18	(25,168)	(26,598)	(36,174)	(36,841)		
19	-	-				
20	-	-				
21	-	-				
22	86,934,474	75,379,276	54,831,662	69,331,498	0	0
23						
24	1,341,195	3,275,550	4,571,251	3,292,789	0	0

December 31, 2009

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 8)		5,912,446	6,568,339
26	Other Income and Deductions			
27	Other Income			
28	Nonutility Operating Income			
29	Revenues From Merchandising, Jobbing and Contract Work (415)	-	2,312,656	2,494,461
30	(Less) Costs and Exp. of Merchandising, Job & Contract Work (416)	-	(1,966,797)	(2,250,801)
31	Revenues From Nonutility Operations (417)	-	-	-
32	(Less) Expenses of Nonutility Operations (417.1)	-		
33	Nonoperating Rental Income (418)	-	3,039	3,156
34	Equity in Earnings of Subsidiary Companies (418.1)	10	241,558	594,602
35	Interest and Dividend Income (419)	-	263,866	381,094
36	Allowance for Other Funds Used During Construction (419.1)	-	-	-
37	Miscellaneous Nonoperating Income (421)	-	254,998	252,229
38	Gain on Disposition of Property (421.1)	-	-	-
39	TOTAL Other Income (Total of lines 29 through 38)		1,109,320	1,474,741
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	29,558	25,378
44	TOTAL Other Income Deductions (Total of lines 41 through 43)		29,558	25,378
45	Taxes Applicable to Other Income and Deductions			
46	Taxes Other Than Income Taxes (408.2)	-		-
47	Income Taxes - Federal (409.2)	-	190,240	195,885
48	Income Taxes - Other (409.2)	-	46,403	45,546
49	Provision for Deferred Income Taxes (410.2)	24	(5,506)	188
50	(Less) Provision for Deferred Income Taxes - Credit (411.2)	24		
51	Investment Tax Credit Adjustment - Net (411.5)	-		-
52	(Less) Investment Tax Credits (420)	-		
53	TOTAL Taxes on Other Inc. and Ded. (Total of 46 through 52)		231,137	241,619
54	Net Other Income and Deductions (Total of lines 39,44,53)		848,625	1,207,744
55	Interest Charges			
56	Interest on Long-Term Debt (427)	-	3,709,144	3,854,840
57	Amortization of Debt Discount and Expense (428)	21	98,918	99,925
58	Amortization of Loss on Reacquired Debt (428.1)	-		-
59	(Less) Amortization of Premium on Debt - Credit (429)	21		-
60	(Less) Amortization of Gain on Reacquired Debt - Credit (429.1)	-		-
61	Interest on Debt to Associated Companies (430)	33	(151,509)	(525,316)
62	Other Interest Expense (431)	33	682,962	859,559
63	(Less) Allowance for Borrowed Funds Used During Const.-Credit (432)	-	0	
64	Net Interest Charges (Total of lines 56 through 63)		4,339,515	4,289,008
65	Income Before Extraordinary Items (Total of lines 25, 54 and 64)		2,421,556	3,487,075
66	Extraordinary Items			
67	Extraordinary Income (434)	-	-	-
68	(Less) Extraordinary Deductions (435)	-	-	-
69	Net Extraordinary Items (Total of line 67 less line 68)		-	-
70	Income Taxes - Federal and Other (409.3)	-		
71	Extraordinary Items After Taxes (Total of line 69 less line 70)		-	-
72	Net Income (Total of lines 65 and 71)		2,421,556	3,487,075

STATEMENT OF RETAINED EARNINGS

1. Report all changes in appropriated retained earnings, and unappropriated retained 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 11.

Line No.	Item (a)	Contra Primary Account Affected (b)	Amount (c)
UNAPPROPRIATED RETAINED EARNINGS (Account 216)			
1	Balance - Beginning of Year		34,979,795
2	Changes (Identify by prescribed retained earnings accounts)		
3	Adjustments to Retained Earnings (Account 439):		
4	Balance Transferred from Income (Account 433 less Account 418.1)		2,179,998
5	Credit:		
6	TOTAL Credits to Retained Earnings (Account 439) (Total of lines 4 and 5)		2,179,998
7	Debit: Chesapeake Utilities Corporations Acquisition of FPU		34,409,619
8	Debit:		
9	TOTAL Debits to Retained Earnings (Account 439) (Total of lines 7 and 8)		34,409,619
10	Balance Transferred from Income (Account 433 less Account 418.1)		
11	Appropriations of Retained Earnings (Account 436) TOTAL		
12	Dividends Declared - Preferred Stock (Account 437) TOTAL	2380	20,250
13	Dividends Declared - Common Stock (Account 438) TOTAL	2380	1,226,560
14	Transfers from Acct. 216.1, Unappropriated Undistributed Subsidiary Earnings		
15	FAS 133 Other Comprehensive Income		
16	Balance - End of Year (Total of lines 01, 6, 9, 10, 11, 12, 13, 14 and 15)		1,503,364
APPROPRIATED RETAINED EARNINGS (Account 215)			
	State balance and purpose of each appropriated retained earnings amount at end of year and give accounting entries for any applications of appropriated retained earnings during the year.		
17			
18	Balance - Beginning of Year (Debit or Credit)		1,444,205
19	Equity in Earnings for Year (Credit) (Account 418.1)		241,558
20	(Less) Dividends (Debit)		1,000,000
21	Other Changes		360,425
22			
23	TOTAL Appropriated Retained Earnings (Account 215)		325,338
	TOTAL Retained Earnings (Account 215 and 216) (Total of lines 16 and 23)		1,828,702

December 31, 2009

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 Notes to the Financial Statements Supplements.

Notes to the Financial Statements

A. SUMMARY OF ACCOUNTING POLICIES

Nature of Business

Florida Public Utilities Company ("we," "us," "our," "FPU" or 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. We are subject to the jurisdiction of the Florida Public Service Commission ("FPSC") with respect to our natural gas and electric operations. The suppliers of electric power to the Northwest Florida division and of natural gas to the natural gas divisions are subject to the jurisdiction of the Federal Energy Regulatory Commission ("FERC"). The Northeast Florida division is supplied most of its electric power by a municipality which is exempt from FERC and FPSC regulation. We also distribute propane gas through a non-regulated subsidiary.

On October 28, 2009, we merged with Chesapeake Utilities Corporation ("Chesapeake"), pursuant to which FPU became a wholly-owned subsidiary of Chesapeake. The Company's accompanying Statement of Income is presented for the entire year-ended December 31, 2009, rather than from January 1, 2009 to the date of the merger.

Basis of Presentation

The financial statements include the accounts of Florida Public Utilities Company and its wholly owned non-regulated subsidiary accounted for under the equity method of accounting. All significant intercompany balances and transactions have been eliminated. Under the equity method of accounting, our non-regulated subsidiary's accounts are not reflected within our balance sheet and statement of income, however, the Company's share of earnings and losses are reflected in the aggregate as equity in earnings of subsidiary companies in the accompanying statements of income and the Company's carrying value of its non-regulated subsidiary is reflected in the Company's balance sheet. Where applicable the accompanying notes to the financial statements include amounts on a consolidated basis, inclusive of amounts and balances of our non-regulated subsidiary.

System of Accounts

Our financial statements are prepared in conformity with the accounting requirements of the FERC as set forth in the 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 ("GAAP"). We also maintain our accounts in accordance with recognized policies prescribed by the FPSC. The accounting requirements of the FERC are consistent with GAAP, except for:

- Lack of reclassifications of certain negative balances on the balance sheets as required by GAAP;
- The presentation of deferred income tax assets and liabilities separately rather than as a single amount as required by GAAP;
- The omission of the statement of cash flows for the current and prior year as required by GAAP;
- The omission of the statement of retained earnings for the prior year for a comparative presentation as required by GAAP;
- The presentation of positive acquisition adjustments in Account 114, which are included in the plant assets on the balance sheets, rather than as a regulatory asset or goodwill in accordance with GAAP; and
- The presentation of costs of removal in Account 108, which is included in accumulated depreciation on the balance sheets, rather than as a liability as required by GAAP.

- The presentation of costs of removal in Account 108, which is included in accumulated depreciation on the balance sheets, rather than as a liability as required by GAAP.

Property, Plant, Equipment and Depreciation

Property, plant and equipment is stated at original cost. Costs include direct labor, materials and third-party construction contractor costs, allowance for capitalized interest and certain indirect costs related to equipment and employees engaged in construction. The costs of repairs and minor replacements are charged against income as incurred, and the costs of major renewals and betterments are capitalized. The provision for depreciation is computed using the straight-line method at rates that amortize the unrecovered cost of depreciable property over the estimated remaining useful life of the asset. Depreciation and amortization expenses for the regulated energy operations are provided at various annual rates, as approved by the FPSC.

Allowance for Funds Used During Construction

The allowance for funds used during construction ("AFUDC") is an accounting procedure whereby the cost of borrowed and other funds used to finance construction project is capitalized as part of utility plant on the balance sheet and is credited as non-cash items on the income statement. The costs of borrowed and equity funds are segregated between interest expenses and other income, respectively. We did not capitalize any AFUDC during 2009 and 2008.

Related Party Transactions

FPUC allocates costs between our regulated and non-regulated operations (Flo-Gas) which generate inter-company receivables and payables. These amounts consolidate to zero and were \$16,568,103 and \$14,712,473 at December 31, 2009 and 2008, respectively.

Cash and Cash Equivalents

Our policy is to invest cash in excess of operating requirements in overnight income-producing accounts. Such amounts are stated at cost, which approximates market value. Investments with an original maturity of three months or less when purchased are considered cash equivalents. Subsequent to the merger with Chesapeake, certain excess cash of FPU may be transferred to and invested in Chesapeake's overnight income-producing accounts.

Pension and Other Postretirement Plans

Pension and other postretirement plan costs and liabilities are determined on an actuarial basis and are affected by numerous assumptions and estimates including the market value of plan assets, estimates of the expected returns on plan assets, assumed discount rates, the level of contributions made to the plans, and current demographic and actuarial mortality data. Management annually reviews the estimates and assumptions underlying our pension and other postretirement plan costs and liabilities with the assistance of third-party actuarial firms. The assumed discount rates and the expected returns on plan assets are the assumptions that generally have the most significant impact on our pension costs and liabilities. The assumed discount rates, health care cost trend rates and rates of retirement generally have the most significant impact on our postretirement plan costs and liabilities.

The discount rates are utilized principally in calculating the actuarial present value of our pension and postretirement obligations and net pension and postretirement costs. When establishing its discount rates, we consider high quality corporate bond rates based on the Citigroup yield curve, changes in the rates from the prior year, and other pertinent factors, such as the expected life of each of our plans and their respective payment options.

The expected long-term rates of return on assets are utilized in calculating the expected returns on plan assets component of our annual pension and plan costs. We estimate the expected returns on plan assets of each of our plans by evaluating expected bond returns, asset allocations, the effects of active plan management, the impact of

periodic plan asset rebalancing and historical performance. We also consider the guidance from our investment advisors in making a final determination of our expected rates of return on assets.

We estimate the assumed health care cost trend rates used in determining our postretirement net expense based upon actual health care cost experience, the effects of recently enacted legislation and general economic conditions. Our assumed rate of retirement is estimated based upon our annual reviews of participant census information as of the measurement date.

Income Taxes and Investment Tax Credit Adjustments

Deferred tax assets and liabilities are recorded for the tax effect of temporary differences between the financial statements bases and tax bases of assets and liabilities and are measured using the enacted tax rates in effect in the years in which the differences are expected to reverse. The portions of our deferred tax liabilities applicable to regulated energy operations, which have not been reflected in current service rates, represent income taxes recoverable through future rates. Deferred tax assets are recorded net of any valuation allowance when it is more likely than not that such tax benefits will be realized. Investment tax credits on utility property have been deferred and are allocated to income ratably over the lives of the subject property.

We account for uncertainty in income taxes in the financial statements only if it is "more likely than not" that an uncertain tax position is sustainable based on technical merits. Recognizable tax positions are then measured to determine the amount of benefit recognized in the financial statements.

Interest and penalties associated with uncertain tax positions as part of the income tax provision. We have determined that we have no material uncertain tax positions.

Financial Instruments

None of our natural gas or electric contracts are accounted for using the fair value method of accounting. All material contracts that meet the definition of derivative instruments are considered "normal purchase" under Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 815, "Derivatives and Hedging."

Operating Revenues and Cost of Sales

Revenues for our natural gas and electric distribution operations are based on rates approved by the FPSC. For deliveries of natural gas and electricity, we read meters and bill customers on monthly cycles that do not coincide with the accounting periods used for financial reporting purposes. We accrue unbilled revenues for natural gas and electricity that have been delivered, but not yet billed, at the end of an accounting period to the extent that they do not coincide. In connection with this accrual, we must estimate the amount of natural gas and electricity that have not been accounted for on our delivery systems and must estimate the amount of the unbilled revenue by jurisdiction and customer class.

Each of our natural gas and electric distribution operation has a purchased fuel cost recovery mechanism. This mechanism provides a method of adjusting the billing rates to reflect changes in the cost of purchased fuel. The difference between the current cost of fuel purchased and the cost of fuel recovered in billed rates is deferred and accounted for as either unrecovered purchased fuel costs or amounts payable to customers. Generally, these deferred amounts are recovered or refunded within one year.

Operations and Maintenance Expenses

Operations and maintenance expenses are costs associated with the operation and maintenance of our natural gas and electric businesses. Major cost components include operation and maintenance salaries and benefits, materials and supplies, usage of vehicles, tools and equipment, payments to contractors, utility plant maintenance, customer

service, professional fees and other outside services, insurance expense, minor amounts of depreciation, accretion of cost of removal for future retirements of utility assets, and other administrative expenses.

Allowance for Doubtful Accounts

An allowance for doubtful accounts is recorded against amounts due to reduce the net receivables balance to the amount we reasonably expect to collect based upon our collections experiences and management's assessment of our customers' inability or reluctance to pay. If circumstances change, our estimates of recoverable accounts receivable may also change. Circumstances which could affect such estimates include, but are not limited to, customer credit issues, the level of natural gas and electricity and general economic conditions. Accounts are written off when they are deemed to be uncollectible.

Certain Risks and Uncertainties

Our financial statements are prepared in accordance with recognized policies prescribed or permitted by the FERC and FPSC, which require management to make estimates in measuring assets and liabilities and related revenues and expenses. These estimates involve judgments with respect to, among other things, various future economic factors that are difficult to predict and are beyond the control of the Company; therefore, actual results could differ from those estimates.

We record certain assets and liabilities in accordance with ASC Topic 980, "Regulated Operations." In applying provisions of this Topic, our regulated operations may defer costs or revenues in different periods than our unregulated operations would recognize, resulting in their being recorded as assets or liabilities on the applicable operation's balance sheet. If we were required to terminate the application of these provisions to our regulated operations, all such deferred amounts would be recognized in the income statement at that time. This would result in a charge to earnings, net of applicable income taxes, which could be material.

Taxes Collected from Customers and Remitted to Governmental Authorities

We remit to governmental authorities various taxes collected from customers throughout the year including gross receipts and franchise taxes. These taxes are pass through revenues and expenses and do not impact our results of operations. The amount of gross receipts and franchise taxes for the year ending December 31, 2009 and 2008 was \$8.9 million and \$8.7 million, respectively.

Acquisition accounting

The merger with Chesapeake was accounted for under the acquisition method of accounting under GAAP, with Chesapeake treated as the acquirer. The acquisition method of accounting under GAAP requires, among other things, that the assets acquired and liabilities assumed in the merger be recognized at their fair value as of the acquisition date. In estimating the fair value of FPU's assets and liabilities subject to rate regulation, we considered the nature and impact of such regulations on those assets and liabilities as a factor in determining their appropriate fair value. We also considered the existence of a regulatory process that would allow, or sometimes require, regulatory assets and liabilities to be established for fair value adjustment to certain assets and liabilities subject to rate regulation. If a regulatory asset or liability should be established to offset the fair value adjustment based on the current regulatory process, as was the case for fuel contracts and long-term debt, we did not "gross-up" our balance sheet to reflect the fair value adjustment and corresponding regulatory asset/liability. As a result, there were no fair value adjustments to FPU's assets and liabilities subject to rate regulation in the merger.

The merger with Chesapeake resulted in a purchase premium of approximately \$34.0 million for FPU's regulated operations, which was reflected in account 114 as part of the plant assets on the balance sheet. For GAAP purposes, such amount, net of a negative purchase premium related to FPU's unregulated operations, which decreased the carrying value of certain assets in the merger, was reflected as goodwill in Chesapeake's financial statements as of

December 31, 2009. The purchase price allocation is not final as estimates of deferred income taxes and certain accruals are subject to change.

As of December 31, 2009, Chesapeake incurred approximately \$3.0 million in acquisition-related costs to consummate the merger and integrate operations following the merger. Since the allocation of the acquisition-related costs has not been finalized, none of such costs has been allocated to FPU as of December 31, 2009. FPU incurred approximately \$4.1 million in acquisition-related costs, all of which have been expensed in 2009.

Regulatory Assets, Liabilities and Expenditures

We account for our regulated operations in accordance with ASC Topic 980, "Regulated Operations." This Topic includes accounting principles for companies whose rates are determined by independent third-party regulators. When setting rates, regulators often make decisions, the economics of which require companies to defer costs or revenues in different periods than may be appropriate for unregulated enterprises. When this situation occurs, a regulated company defers the associated costs as regulatory assets on the balance sheet and records them as expense on the income statement as it collects revenues. Further, regulators can also impose liabilities upon a regulated company for amounts previously collected from customers, and for recovery of costs that are expected to be incurred in the future as regulatory liabilities.

At December 31, 2009 and 2008, the regulated utility operations had recorded the following regulatory assets and liabilities on the Balance Sheets. These assets and liabilities will be recognized as revenues and expenses in future periods as they are reflected in customers' rates.

	December 31, 2009	December 31, 2008
<i>(in thousands)</i>		
Regulatory Assets		
Deferred development costs (1)	\$ 1,698	\$ 4,161
Unamortized fuel related regulatory costs (5)	12	24
Environmental assets (2)	6,624	7,092
Deferred retirement plan costs (4)	3,580	9,945
Unamortized rate case expense (7)	906	861
Under-recovery of fuel costs (6)	-	756
Unamortized piping and conversion costs (1)	1,061	1,273
Unamortized loss on reacquired debt (1)	154	172
Unamortized bridge crossing (10)	89	-
Acquisition adjustment(11)	795	-
Income tax related amounts due from customers(12)	440	-
Total Regulatory Assets	\$ 15,359	\$ 24,284
Regulatory Liabilities		
Tax liabilities (8)	655	707
Cost of removal (9)	11,693	10,304
Storm reserve liabilities (3)	2,554	2,418
Over-recovery of fuel costs (6)	2,082	1,608
Over-recovery of conservation (6)	411	357
Natural gas rate refund liability (3)	258	-
Total Regulatory Liabilities	\$ 17,653	\$ 15,394

- (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. Our 2009 rate proceeding allowed the transfer of approximately \$2.1 million in unrecovered AEP excess construction costs to rate base.
- (2) We have included the amount due from customers as a regulatory asset for environmental costs. The FPSC authorized recovery of these environmental costs from customers over 20 years.
- (3) The FPSC ordered disposition in 2008 of our 2006 natural gas over-earnings to additionally fund our storm reserve for our natural gas operations. Our natural gas storm reserve is approximately \$792,000 as of December 31, 2009. Our electric storm reserve is approximately \$1,762,000 as of December 31, 2009.
- (4) The actuarial valuation of the retirement plan obligations has been completed and resulted in a regulatory asset of \$3.6 million and \$9.9 million at December 31, 2009 and 2008, respectively.
- (5) We have deferred certain regulatory fuel-related costs and since January 2006 have been amortizing these over five years according to a FPSC order in the November 2005 fuel hearings.
- (6) We have certain costs that are passed directly through to customers for recovery including fuel and conservation costs. There are amounts related to expenses that are either over or under-recovered in a calendar year. The over-recoveries will be refunded to customers and under-recoveries will be collected from customers in the following year, but both are deferred in the current period.
- (7) We have costs associated with preparing and filing rate proceedings before the FPSC. These costs are amortized over a four year period. This represents the unamortized portion of these costs. We have incurred rate case costs associated with the recent electric filing finalized in 2008 and natural gas filing finalized in 2009. Amortization of natural gas costs began in mid 2009.
- (8) We have deferred tax liabilities associated with property, plant and equipment. We use a FPSC-approved method to amortize these liabilities.
- (9) We have a liability for the estimated future costs to remove or retire existing fixed assets.
- (10) We have costs associated with repairs and maintenance on bridge crossings recommended by FPSC's Bureau of Safety. These costs are amortized over a four year period. This amount represents the unamortized portion of these costs. Amortization of bridge crossings repairs and maintenance costs began in mid 2009.
- (11) The FPSC approved the recovery in rates of certain acquisition premiums from FPU's previous acquisition.
- (12) Income taxes related amounts due from customers, is attributable to the merger with Chesapeake.

Subsequent Events

We have assessed and reported on subsequent events through July 7 2010, the date these financial statements are available to be issued.

Codification

Beginning in 2009, we adopted FASB ASC, which is now the single source of authoritative accounting principles in the United States. The adoption of the ASC did not have a material impact on our financial position and results of operations. As a result of this adoption, we updated all references to accounting and reporting standards included in this filing and in some instances provided references to both pre-and post-Codification standards, as appropriate.

FASB Statements and Other Authoritative Pronouncements

FASB Statements and Other Authoritative Pronouncements

Accounting Amendments Adopted by the Company in 2009:

In December 2007, the FASB issued Statement of Financial Accounting Standard ("SFAS") No. 141(R), now codified within ASC Topic 805, "Business Combinations." SFAS No.141(R): (a) defines the acquirer as the entity that obtains control of one or more businesses in a business combination; (b) establishes the acquisition date as the date that the acquirer achieves control; and (c) requires the acquirer to recognize the assets acquired, liabilities assumed and any non-controlling interests at their fair values as of the acquisition date. Provisions of this standard were adopted effective January 1, 2009. The merger with Chesapeake, effective October 28, 2009, was accounted for using provisions of this standard.

In April 2008, the FASB issued FASB Staff Position ("FSP") FAS 142-3, "Determination of the Useful Life of Intangible Assets," which is codified within ASC Sections 350-30-50, 55 and 65 of the Topic, "Intangibles – Goodwill and Other," and ASC Section 275-10-50, of the Topic, "Risks and Uncertainties." It amended factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset. The intent of these provisions is to improve the consistency between the useful life of a recognized intangible asset and the period of expected cash flows used to measure the fair value of the asset. We adopted this standard, effective January 1, 2009. Adoption of this standard did not have an impact on our financial position and results of operations.

In December 2008, the FASB issued FSP SFAS 132(R)-1, "Employers' Disclosures about Postretirement Benefit Plan Assets." This FSP is codified within ASC Section 715-20-65, of the Topic, "Compensation – Retirement Benefits." It expands the disclosure requirements of a defined benefit pension or other postretirement plan by including the following discussions about plan assets: (i) how investment allocation decisions are made, including the plan's investment policies and strategies; (ii) the major categories of plan assets; (iii) the inputs and valuation techniques used to measure the fair value of plan assets; (iv) the effect of fair value measurements, using significant unobservable inputs on changes in plan assets for the period; and (v) significant concentrations of risk within plan assets. The disclosures required by this standard are discussed in Note K, "Employee Benefit Plans," to these financial statements.

In May 2009, the FASB issued SFAS No. 165, "Subsequent Events," which we adopted in 2009. The provisions of this standard, now residing in ASC Sections 855-10-05, 15, 25, 45, 50 and 55 of the Topic, "Subsequent Events," establish general standards of accounting for, and disclosure of, events that occur after the balance sheet date but before financial statements are issued or are available to be issued. The adoption of this standard did not have an impact on our consolidated financial position and results of operations.

B. TRANSACTIONS WITH AFFILIATES

Cash arrangements

Subsequent to the merger, we operate under an arrangement with Chesapeake whereby Chesapeake may invest certain of our excess cash in an overnight income producing accounts. We are allocated a portion of interest income generated from those accounts.

Also subsequent to the merger with Chesapeake, the investments totaling \$3.5 million from insurance proceeds related to the environmental costs were transferred to Chesapeake's general account that invests in overnight income producing securities. These investments were previously reflected as a non-current investment on the balance sheet prior to the transfer to Chesapeake.

Short term debt

In connection with the merger with Chesapeake, our outstanding borrowings under the revolving line of credit totaling \$4.2 million were repaid in full in November 2009 and the revolving line of credit was terminated on November 23, 2009. We now utilizes Chesapeake's short term borrowing facility to finance our short term needs and are allocated a portion of interest expense on Chesapeake's short-term credit facilities

Allocated Costs from Affiliates

During the period from the effective date of the merger to December 31, 2009, we were allocated approximately \$290,000 of operating expenses from Chesapeake, which primarily represent our share of the insurance and external audit fees for the period.

C. NOTES RECEIVABLE

As of December 31, 2009 there was approximately \$5.8 million in receivables from the 2003 sale of our water assets with the interest of 4.34 percent. We received payment for the notes receivable in March 2010.

D. OVER-EARNINGS AND RATE REFUND – 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. We have agreed with the FPSC staff to limit the earned return on equity for regulated natural gas and electric operations.

In 2009 and 2008, there were no estimated natural gas and electric over-earnings.

On September 29, 2008 the FPSC finalized the 2006 over-earnings for the natural gas segment. Total over-earnings was determined to be \$160,000 plus interest of \$17,000. The FPSC ordered the disposition of the 2006 over-earnings to provide additional funds for the natural gas storm reserve.

On December 15, 2009, the FPSC approved the settlement agreement for a final natural gas rate increase of \$7,969,000 for our natural gas distribution operation. The rates authorized pursuant to the order approving the settlement agreement became effective on January 14, 2010. In February 2010, we refunded to our natural gas customers approximately \$290,000 representing revenues in excess of the amount provided by the settlement agreement that had been billed to customers from June 2009 through January 14, 2010.

E. STORM RESERVES

As of December 31, 2009, we had a storm reserve of approximately \$1.8 million for the electric segment and approximately \$792,000 for the natural gas segment. We do not have a storm reserve for the propane gas segment. The FPSC ordered disposition of 2005 over earnings to eliminate the related regulatory asset – storm reserve in natural gas operations and the storm surcharge collected from customers. The remaining 2005 over-earnings and the 2006 over-earning were used to fund a storm reserve for any future storm costs.

F. INCOME TAXES

We have filed and will file a separate federal income tax return for FPU for the period prior to the merger. For the period after the merger, we will be included in the Chesapeake consolidated federal return for the post-merger period. We have filed and will continue to file a separate state income tax return for FPU in the state of Florida.

In February 2008, the IRS completed its examination of our 2003 and 2004 federal income tax returns. We reclassified the tax liability recognized in 2007 related to this audit as a current tax payable. We paid this tax liability and the interest of approximately \$195,000 and \$48,000 respectively in July 2008. This adjustment does not affect our annual effective income tax rate, and did not result in a material change in our financial position. We amended our 2004 Florida corporate income tax returns to reflect the 2004 IRS audit adjustments. During 2008, the IRS also examined our 2005 and 2006 tax years. Based on the completion of the IRS examination, at December 31, 2008 we had an income tax receivable of \$346,000 and interest income of approximately \$45,000 for the 2005 and 2006 tax years. The federal portion of this refund was received in 2009. We are not subject to income tax examinations by the IRS for the years before December 31, 2006.

The tables below provide the following: (a) the components of income tax expense; (b) reconciliation between the statutory federal income tax rate and the effective income tax rate; and (c) the components of deferred income tax assets and liabilities at December 31, 2009 and 2008 for FPU on a consolidated basis (inclusive of our non-regulated subsidiary). Income expense attributable to our non-regulated subsidiary for the years ended December 31, 2009 and 2008 were \$ 258,000 and \$ 362,000, respectively. Net deferred income tax liabilities able to our non-regulated subsidiary at December 31, 2009 and 2008 were \$ 4,789,000 and \$ 3,000,000, respectively.

For the Years Ended December 31,	2009	2008
<i>(in thousands)</i>		
Current Income Tax Expense		
Federal	\$ (1,482)	\$ (558)
State	152	(102)
Investment tax credit	(62)	(63)
Total current income benefit	(1,392)	(723)
Deferred Income Tax Expense		
Federal	3,488	2,152
State	208	374
Total deferred income tax expense	3,696	2,526
Total Income Tax Expense	\$ 2,304	\$ 1,803

For the Years Ended December 31,	2009	2008
Reconciliation of Effective Income Tax Rates		
<i>(in thousands)</i>		
Federal income tax at statutory rate	\$ 1,562	\$ 1,798
State income tax, net of federal benefit	260	194
Investment tax credit	(62)	(63)
Tax exempt interest	(83)	(83)
Merger Related Expenses	661	-
Other	(34)	(43)
Total Income Tax Expense	\$ 2,304	\$ 1,803
Effective income tax rate	48.34%	34.09%
At December 31,		
<i>(in thousands)</i>		
Deferred Income Taxes		
Deferred income tax liabilities		
Property, plant and equipment	\$ 25,610	\$ 22,790
Deferred gas costs	2,347	709
Propane Customer List	1,466	-
Other	417	404
Total deferred income tax liabilities	29,840	23,903
Deferred income tax assets		
Pension and other employee benefits	2,504	1,389
Environmental costs	2,185	2,384
Self insurance	920	829
Storm reserve liability	985	910
Other	1,026	1,084
Total deferred income tax assets	7,620	6,596
Net Deferred Income Taxes Per Balance Sheet	\$ 22,220	\$ 17,307

G. LONG TERM DEBT

Our outstanding long-term debt, net of unamortized debt issuance costs, is as shown below:

	December 31, 2009	December 31, 2008
<i>(in thousands)</i>		
Secured first mortgage bonds:		
9.57% bond, due May 1, 2018	\$8,156	\$9,059
10.03% bond, due May 1, 2018	4,486	4,983
9.08% bond, due June 1, 2022	7,950	7,945
6.85% bond, due October 1, 2031	14,012	13,286
4.90% bond, due November 1, 2031	13,222	14,056
Total long-term debt	47,826	49,329
Less: current maturities	(28,643)	(1,409)
Total long-term debt, net of current maturities	\$19,183	\$47,920

Annual maturities of consolidated long-term debt are as follows: \$30,109 for 2010; \$1,409 for 2011; \$1,409 for 2012; \$1,409 for 2013; \$1,409 for 2014 and \$13,636 thereafter. The annual maturity for 2010 of \$30,109, includes \$28,700 of the secured first mortgage bonds redeemed prior to stated maturity in January 2010.

Secured First Mortgage Bonds

As of December 31, 2009, our secured first mortgage bonds had a carrying value of \$47.8 million, net of unamortized debt issuance costs (\$49.3 million in outstanding principal balance). The first mortgage bonds are secured by a lien covering all of FPU's property. The 9.57 percent bond and 10.03 percent bond require annual sinking fund payments of \$909,000 and \$500,000, respectively.

In January 2010, we redeemed the 6.85 percent and 4.90 percent series of our secured first mortgage bonds prior to their respective maturity for \$28.7 million, which represented the outstanding principal balance of those bonds. Chesapeake obtained a new short-term borrowing to finance the redemption of these bonds and is currently in discussions with a lender for the long-term financing of these bonds. The difference between the carrying value of those bonds and the amount paid at redemption totaling \$1.5 million was deferred as a regulatory asset.

Each series of our first mortgage bonds contains a restriction that limits the payment of dividends by FPU. The most restrictive covenants of this type are included within the series that is due in 2031, which provided that we cannot make dividend or other restricted payments in excess of the sum of \$2.5 million plus our consolidated net income accrued on and after January 1, 2001. As of December 31, 2009, we had the cumulative net income base of \$32.7 million, offset by restricted payments of \$22.1 million, leaving \$10.6 million of cumulative net income of our free of restrictions based on this covenant. In January 2010, this series of first mortgage bonds were redeemed prior to their maturities. The second most restrictive covenant of this type is included in the series that is due in 2022, which provided that we cannot make dividend or other restricted payments in excess of the sum of \$2.5 million plus consolidated net income accrued on and after January 1, 1992. This covenant provides us with the cumulative net income base of \$56.0 million, offset by restricted payments of \$37.6 million, leaving \$18.4 million of cumulative net income of FPU free of restrictions as of December 31, 2009.

H. SHORT TERM BORROWING

In 2004, we entered into an amended and restated loan agreement that allowed us to increase the line of credit to a maximum of \$20 million, upon 30 days notice. In 2008, the agreement was amended with an expiration date of July 1, 2010, and a maximum of \$26 million. The amendment also reduces the interest rate paid on borrowings by 0.10 percent or 10 basis points. Effective April 29, 2008, we increased the available line of credit from \$12 million to

\$15 million, with a current outstanding balance of \$12.7 million. We had reserved \$1.0million of the line of credit to cover expenses for any major storm repairs in its electric segment.

In connection with the merger with Chesapeake, the outstanding borrowings under the revolving line of credit totaling \$4.2 million were repaid in full in November 2009 and the revolving line of credit was terminated on November 23, 2009.

I. CAPITALIZATION

Common stock

In connection with the merger with Chesapeake on October 28, 2009, all of the outstanding shares of our common stock were exchanged to Chesapeake common stock and as a result, we became a wholly owned subsidiary of Chesapeake.

Preferred Stock

Prior to the merger with Chesapeake, we had 6,000 shares of 4 ¾ percent Series A preferred stock \$100 par value authorized for issuance of which 6,000 were issued and outstanding. The preferred shares were redeemed in September 2009, prior to the merger with Chesapeake.

J. LEASE OBLIGATIONS

We have entered into several operating lease arrangements for office space, equipment and pipeline facilities, which are not material to our financial position or result of operations.

K. EMPLOYEE BENEFIT PLANS

The following employee benefit plan disclosures are presented on a consolidated basis and inclusive of amounts and balances related to our non-regulated subsidiary.

Retirement Plans

We continue to sponsor and maintain a separate defined benefit pension plan for FPU ("FPU Pension Plan") and a separate unfunded postretirement medical plan for FPU ("FPU Medical Plan") after the merger.

We measure the assets and obligations of the defined benefit pension plan and other postretirement benefits plans to determine the plans' funded status as of the end of the year as an asset or a liability on our consolidated balance sheets. We recognize as a component of accumulated other comprehensive income/loss the changes in funded status that occurred during the year but that are not recognized as part of net periodic benefit costs, except for the portion related to FPU's regulated energy operations, which is deferred as a regulatory asset to be recovered in the future pursuant to a previous order by the FPSC. The measurement dates were December 31, 2009 and 2008.

Defined Benefit Pension Plan

The FPU Pension Plan covers eligible FPU non-union employees hired before January 1, 2005 and union employees hired before the respective union contract expiration dates in 2005 and 2006.

In March 2009 and October 2009, we amended the FPU Pension Plan in an effort to reduce anticipated future pension expenses. As a result of these amendments, we froze the FPU Pension Plan for all participants effective December 31, 2009. All future benefit accruals under the plan were ceased, including freezing salary rates at 2009 average compensation levels as of December 31, 2009. In addition to the freeze, the reduced early retirement

eligibility was lowered from 30 years to 20 years and two additional service years were earned by active participants at the December 31, 2009 average compensation levels for the purposes of benefit accrual, vesting and retirement eligibility. Beyond December 31, 2011, active participants will continue to accrue service years for the purposes of vesting and retirement eligibility. The amendments to the plan have been accounted for as a curtailment, resulting in the recognition of approximately \$2.7 million in non-cash pretax curtailment loss of which \$2.2 million is reflected in expenses and \$500,000 is reflected on the balance sheet.

Our funding policy provides that payments to the trustee shall be equal to the minimum funding requirements of the Employee Retirement Income Security Act of 1974. In 2009 we contributed \$5.9 million to the FPU Pension Plan as required by the Pension Protection Act funding rules.

The following schedule summarizes the assets of the FPU Pension Plan, by investment type, at December 31, 2009 and 2008:

At December 31,	2009	2008
Asset Category		
Equity securities	63.00%	69.00%
Debt securities	29.00%	30.00%
Other	8.00%	1.00%
Total	100.00%	100.00%

The asset listed as "Other" in the above table represents monies temporarily held in money market funds, which invest at least 80 percent of their total assets in:

- United States government obligations; and
- Repurchase agreements that are fully collateralized by such obligations.

All of the assets held by the FPU Pension Plan are classified under Level 1 of the fair value hierarchy and are recorded at fair value based on unadjusted quoted prices in active markets for identical securities.

The investment policy for the FPU Pension Plan is designed to achieve a long-term rate of return, including investment income and appreciation, sufficient to meet the actuarial requirements of the plan. The plan's investment strategy is to achieve 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 percent of the portfolio will be invested in any one issue. Investment allocation decisions for the FPU Pension Plan are made by the Pension Committee.

The following schedule sets forth the funded status at December 31, 2009 and 2008:

At December 31,	2009	2008
<i>(in thousands)</i>		
Change in benefit obligation:		
Benefit obligation — beginning of year	\$43,067	\$39,520
Service cost	660	1,015
Interest cost	2,600	2,582
Actuarial loss	2,783	1,554
Change in plan provisions	2,154	-
Curtailment	(4,151)	-
Benefits paid	(1,693)	(1,604)
Benefit obligation — end of year	45,420	43,067
Change in plan assets:		
Fair value of plan assets — beginning of year	25,310	36,240
Actual return on plan assets	6,952	(9,727)
Benefits paid	(1,693)	(1,603)
Employer contributions	5,858	400
Fair value of plan assets — end of year	36,427	25,310
Reconciliation:		
Funded status	(8,993)	(17,757)
Accrued pension cost	(\$8,993)	(\$17,757)
Assumptions:		
Discount rate	5.75%	6.35%
Expected return on plan assets	7.00%	8.50%

Net periodic pension cost (benefit) for the FPU Pension Plan for 2009 and 2008 include the components shown below:

For the Years Ended December 31,	2009	2008
<i>(in thousands)</i>		
Components of net periodic pension cost (benefit):		
Service cost	\$660	\$1,015
Interest cost	2,601	2,582
Expected return on assets	(2,607)	(2,581)
Amortization of prior service cost	179	720
Amortization of actuarial loss	54	-
Curtailment Loss	2,722	-
Net periodic pension cost (benefit)	\$3,609	\$1,736
Assumptions:		
Discount rate	5.50%	6.65%
Expected return on plan assets	7.00%	8.50%

Other Postretirement Benefits Plans

The following schedule sets forth the status of the FPU Medical plan:

At December 31,	2009	2008
<i>(in thousands)</i>		
Change in benefit obligation:		
Benefit obligation — beginning of year	\$1,693	\$1,622
Service cost	89	52
Interest cost	128	104
Plan participants contributions	37	35
Actuarial (gain) loss	581	(14)
Benefits paid	(111)	(106)
Benefit obligation — end of year	2,417	1,693
Change in plan assets:		
Fair value of plan assets — beginning of year	-	-
Employer contributions	74	(106)
Plan participants contributions	37	71
Benefits paid	(111)	35
Fair value of plan assets — end of year	-	-
Reconciliation:		
Funded status	(2,417)	(1,693)
Accrued pension cost	(\$2,417)	(\$1,693)
Assumptions:		
Discount rate	5.75%	6.60%

Net periodic postretirement costs for 2009 and 2008 include the following components:

For the Years Ended December 31,	2009	2008
<i>(in thousands)</i>		
Components of net periodic postretirement cost:		
Service cost	\$89	\$53
Interest cost	127	104
Amortization of transition obligation	36	43
Amortization of actuarial gain	(16)	(50)
Net periodic postretirement cost	\$236	\$150

Assumptions

The assumptions used for the discount rate to calculate the benefit obligation of all the plans were based on the interest rates of high-quality bonds in 2009, reflecting the expected life of the plans. In determining the average expected return on plan assets for each applicable plan, various factors, such as historical long-term return experience, investment policy and current and expected allocation, were considered. Since the pension plan is frozen with respect to additional years of service and compensation, the rate of assumed compensation rate increases is not applicable.

The health care inflation rate for 2009 used to calculate the benefit obligation is 10.50 percent for the Medical Plan. A one percentage point increase in the health care inflation rate from the assumed rate would increase the accumulated postretirement benefit obligation by approximately \$259,000 as of January 1, 2010, and would increase

the aggregate of the service cost and interest cost components of the net periodic postretirement benefit cost for 2009 by approximately \$5,000. A one percentage point decrease in the health care inflation rate from the assumed rate would decrease the accumulated postretirement benefit obligation by approximately \$228,000 as of January 1, 2010, and would decrease the aggregate of the service cost and interest cost components of the net periodic postretirement benefit cost for 2009 by approximately \$5,000.

Estimated Future Benefit Payments

In 2010, we expect to contribute \$1.6 million and \$144,000 to the FPU Pension Plan and FPU Medical Plan respectively. The schedule below shows the estimated future benefit payments for each of our plans previously described:

	FPU Pension Plan ⁽¹⁾	FPU Medical Plan ⁽²⁾⁽³⁾
<i>(in thousands)</i>		
2010	\$2,176	\$144
2011	2,308	158
2012	2,452	181
2013	2,617	176
2014	2,747	196
Years 2015 through 2019	14,914	1,215

⁽¹⁾ The pension plan is funded; therefore, benefit payments are expected to be paid out of the plan assets.
⁽²⁾ Benefit payments are expected to be paid out of the general funds of the Company.
⁽³⁾ These amounts are shown net of estimated Medicare Part-D reimbursements of \$10,000, \$11,000, \$11,000, \$12,000 and \$13,000 for the years 2010 to 2014 and \$78,000 for years 2015 through 2019.

Retirement Savings Plan

We continue to maintain a separate 401(k) retirement savings plan for our employees after the merger. FPU's 401(k) plan provides a matching contribution of 50 percent of an employee's pre-tax contributions, up to six percent of the employee's salary, for a maximum company contribution of up to three percent. Beginning in 2007, for non-union employees the plan provides a company match of 100 percent for the first two percent of an employee's contribution, and a match of 50 percent for the next four percent of an employee's contribution, for a total company match of up to four percent. Employees are automatically enrolled at three percent contribution, with the option of opting out, and are eligible for the company match after six months of continuous service, with vesting of 100 percent after three years of continuous service.

Our contributions to the 401(k) plan totaled \$127,000 and \$130,000 for the years ended December 31, 2009, and 2008, respectively.

L. ENVIRONMENTAL COMMITMENTS AND CONTINGENCIES

We are subject to federal, state and local laws and regulations governing environmental quality and pollution control. These laws and regulations require us to remove or remedy the effect on the environment of the disposal or release of specified substances at current and former operating sites.

We have participated in the investigation, assessment or remediation and have certain exposures at four former manufactured gas plant ("MGP") sites. Those sites are located in Key West, Pensacola, Sanford and West Palm Beach, Florida.

As of December 31, 2009, we had recorded approximately \$12.3 million in environmental liabilities related to FPU's MGP sites in Florida, primarily from the West Palm Beach site, which represents our estimate of the future costs associated with those sites. FPU is approved to recover its environmental costs up to \$14.0 million from insurance and customers through rates. Approximately \$7.4 million of FPU's expected environmental costs has been recovered from insurance and customers through rates as of December 31, 2009. We also had recorded approximately \$6.6 million in regulatory assets for future recovery of environmental costs from FPU's customers.

The following discussion provides details on each site.

Key West, Florida

FPU formerly owned and operated an MGP in Key West, Florida. Field investigations performed in the 1990s identified limited environmental impacts at the site, which is currently owned by an unrelated third party. FDEP has not required any further work at the site as of this time. Our portion of the consulting/remediation costs which may be incurred at this site is projected to be \$93,000.

Pensacola, Florida

FPU formerly owned and operated an MGP in Pensacola, Florida. The MGP was also owned by Gulf Power Corporation ("Gulf Power"). Portions of the site are now owned by the City of Pensacola and the Florida Department of Transportation ("FDOT"). In October 2009, FDEP informed Gulf Power that FDEP would approve a conditional No Further Action ("NFA") determination for the site, which must include a requirement for institutional/engineering controls. The group, consisting of Gulf Power, City of Pensacola, FDOT and FPU, is proceeding with preparation of the necessary documentation to submit the NFA justification. Consulting/remediation costs are projected to be \$14,000.

Sanford, Florida

FPU is the current owner of property in Sanford, Florida, an MGP which was operated by several other entities before FPU acquired the property. FPU was never an owner/operator of the MGP. In late September 2006, the U.S. Environmental Protection Agency ("EPA") sent a Special Notice Letter, notifying FPU, and the other responsible parties at the site (Florida Power Corporation, Florida Power & Light Company, Atlanta Gas Light Company, and the City of Sanford, Florida, collectively with FPU, "the Sanford Group"), of EPA's selection of a final remedy for OU1 (soils), OU2 (groundwater), and OU3 (sediments) for the site. The total estimated remediation costs for this site were projected at the time by EPA to be approximately \$12.9 million.

In January 2007, FPU and other members of the Sanford Group signed a Third Participation Agreement, which provides for funding the final remedy approved by EPA for the site. FPU's share of remediation costs under the Third Participation Agreement is set at five percent of a maximum of \$13 million, or \$650,000. As of December 31, 2009, FPU paid \$300,000 to the Sanford Group escrow account for its share of funding requirements, and in January 2010, the Company paid the remaining \$350,000 of this funding requirement.

The Sanford Group, EPA and the U.S. Department of Justice entered into a Consent Decree in March 2008, which was entered by the federal court in Orlando on January 15, 2009. The Consent Decree obligates the Sanford Group

to implement the remedy approved by EPA for the site. The total cost of the final remedy is now estimated at approximately \$18 million. We have advised the other members of the Sanford Group that we are unwilling at this time to agree to pay any sum in excess of the \$650,000 committed by FPU in the Third Participation Agreement.

Several members of the Sanford Group have concluded negotiations with two adjacent property owners to resolve damages that the property owners allege they have/will incur as a result of the implementation of the EPA-approved remediation. In settlement of these claims, members of the Sanford Group, which in this instance does not include FPU, have agreed to pay specified sums of money to the parties. FPU has refused to participate in the funding of the third party settlement agreements based on its contention that it did not contribute to the release of hazardous substances at the site giving rise to the third party claims.

As of December 31, 2009, FPU's remaining share of remediation expenses, including attorney's fees and costs, is estimated to be \$401,000, of which \$350,000 was paid to the Sanford Group escrow account in January 2010. However, the Company is unable to determine, to a reasonable degree of certainty, whether the other members of the Sanford Group will accept FPU's asserted defense to liability for costs exceeding \$13 million to implement the final remedy for this site or will pursue a claim against FPU for a sum in excess of the \$650,000 that FPU has committed to fund under the Third Participation Agreement.

West Palm Beach, Florida

We are 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 FPU in West Palm Beach, Florida upon which we previously operated an MGP. Pursuant to a Consent Order between FPU and the FDEP, effective April 8, 1991, FPU completed the delineation of soil and groundwater impacts at the site. On June 30, 2008, we transmitted a revised feasibility study, evaluating appropriate remedies for the site, to the FDEP. On April 30, 2009, FDEP issued a remedial action order, which it subsequently withdrew. In response to the order and as a condition to its withdrawal, FPU committed to perform additional field work in 2009 and complete an additional engineering evaluation of certain remedial alternatives. The scope of this work has increased in response to FDEP's demands for additional information.

The feasibility study evaluated a wide range of remedial alternatives based on criteria provided by applicable laws and regulations. Based on the likely acceptability of proven remedial technologies described in the feasibility study and implemented at similar sites, management believes that consulting/remediation costs to address the impacts now characterized at the West Palm Beach site will range from \$7.4 million to \$18.9 million. This range of costs covers such remedies as in situ solidification for deeper soil impacts, excavation of superficial soil impacts, installation of a barrier wall with a permeable biotreatment zone, monitored natural attenuation of dissolved impacts in groundwater, or some combination of these remedies.

Negotiations between FPU and the FDEP on a final remedy for the site continue. Prior to the conclusion of those negotiations, we are unable to determine, to a reasonable degree of certainty, the full extent or cost of remedial action that may be required. As of December 31, 2009, and subject to the limitations described above, we estimate the remediation expenses, including attorneys' fees and costs, will range from approximately \$7.8 million to \$19.4 million for this site.

We continue to expect that all costs related to these activities will be recoverable from customers through rates.

M. OTHER COMMITMENTS AND CONTINGENCIES

Rates and Other Regulatory Activities

Our natural gas and electric distribution operations are subject to regulation by the FPSC. The natural gas and electric operations continue to be subject to regulation by the FPSC as separate entities.

On December 15, 2009, the FPSC approved the settlement agreement for a final natural gas rate increase of \$7,969,000 for FPU's natural gas distribution operation, which represents approximately 80 percent of the requested base rate increase of \$9,917,690 filed by FPU in the fourth quarter of 2008. The FPSC had approved an annual interim rate increase of \$984,054 on February 10, 2009 and approved the permanent rate increase of \$8,496,230 in an order issued on May 5, 2009, with the new rates to be effective beginning on June 4, 2009. On June 17, 2009, however, the Office of Public Counsel entered a protest to the FPSC's order and its final natural gas rate increase ruling, which protest required a full hearing to be held within eight months. Subsequent negotiations led to the settlement agreement between the Office of Public Counsel and FPU, which the FPSC approved on December 15, 2009. The rates authorized pursuant to the order approving the settlement agreement became effective on January 14, 2010 and in February 2010, FPU refunded to its natural gas customers approximately \$290,000 representing revenues in excess of the amount provided by the settlement agreement that had been billed to customers from June 2009 through January 14, 2010.

On December 15, 2009, the FPSC approved the application for a permanent rate increase by Chesapeake's Florida division. This permanent rate increase was applicable to all meters read on all after January 14, 2010. The FPSC also ordered Chesapeake's Florida division and FPU's natural gas distribution operations to submit data no later than April 29, 2011 (which is 18 months after the merger) that details all known benefits, synergies and cost savings that have resulted from the merger).

On September 1, 2009, the electric distribution operation filed its annual Fuel and Purchased Power Recovery Clause, which seeks final approval of its 2008 fuel-related revenues and expenses and new fuel rates for 2010. On January 4, 2010, the FPSC approved the proposed 2010 fuel rates, effective on or after January 1, 2010.

On September 11, 2009, the FPU's natural gas distribution operation separately filed the annual Energy Conservation Cost Recovery Clause, seeking final approval of its 2008 conservation-related revenues and expenses and new conservation surcharge rates for 2010. On November 2, 2009, the FPSC approved the proposed 2010 conservation surcharge rates for FPU, effective for meters read on or after January 1, 2010.

Also on September 11, 2009, FPU's natural gas distribution operation filed its annual Purchased Gas Adjustment Clause, seeking final approval of its 2008 purchased gas-related revenues and expenses and new purchased gas adjustment cap rate for 2010. On November 4, 2009, the FPSC approved the proposed 2010 purchased gas adjustment cap, effective on or after January 1, 2010.

The City of Marianna Commissioners voted on July 7, 2009 to enter into a new ten year franchise agreement with FPU effective February 1, 2010. The agreement provides that new interruptible and time of use rates shall become available for certain customers prior to February 2011 or, at the option of the City, the franchise agreement could be voided nine months after that date. The new franchise agreement contains a provision for the City to purchase the Marianna portion of FPU's electric system. Should FPU fail to make available the new rates, and if the franchise agreement is then voided by the City and the City elects to purchase the Marianna portion of the distribution system, it would require the city to pay FPU severance/reintegration costs, the fair market value for the system, and an initial investment in the infrastructure to operate this limited facility. If the City purchased the electric system, FPU would have a gain in the year of the disposition; but, ongoing financial results would be negatively impacted from the loss of the Marianna area from its electric operations.

Natural Gas and Electric

Our natural gas and electric distribution operations have entered into contractual commitments to purchase gas and electricity from various suppliers. The contracts have various expiration dates.

Our electric fuel supply contracts require us to maintain an acceptable standard of creditworthiness based on specific financial ratios. We have an agreement with JEA that requires us to comply with the following ratios based on the result of the prior 12 months: (a) total liabilities to tangible net worth less than 3.75 and (b) fixed charge coverage greater than 1.5. If either of the ratios is not met, we have 30 days to cure the default or provide an irrevocable letter of credit if the default is not cured. Our agreement with Gulf requires us to meet the following ratios based on the average of the prior six quarters: (a) funds from operation interest coverage (minimum of 2 to 1) and (b) total debt to total capital (maximum of 0.65 to 1). If we fail to meet the requirements, we have to provide the supplier a written explanation of action taken or proposed to be taken to be compliant. Failure to comply with the ratios specified in the Gulf agreement could result in us providing an irrevocable letter of credit. We were in compliance with these requirements as of December 31, 2009.

Other

We are involved in certain legal actions and claims arising in the normal course of business. We are also involved in certain legal proceedings and administrative proceedings before various governmental agencies concerning rates. In the opinion of management, the ultimate disposition of these proceedings will not have a material effect on our consolidated financial position, results of operations or cash flows.

N. FAIR VALUE OF FINANCIAL INSTRUMENTS

None of our natural gas or electric contracts are accounted for using the fair value method of accounting. All material contracts that meet the definition of derivative instruments are considered "normal purchase" under ASC Topic 815, "Derivatives and Hedging."

Other Financial Assets and Liabilities

Financial assets with carrying values approximating fair value include cash and cash equivalents and accounts receivable. Financial liabilities with carrying values approximating fair value include accounts payable and other accrued liabilities. The carrying value of these financial assets and liabilities approximates fair value due to their short maturities and because interest rates approximate current market rates for short-term debt.

At December 31, 2009, long-term debt, which includes the current maturities of long-term debt, had a carrying value of \$47.8 million, compared to a fair value of \$53.1 million, using a discounted cash flow methodology that incorporates a market interest rate based on published corporate borrowing rates for debt instruments with similar terms and average maturities, with adjustments for duration, optionality, and risk profile. At December 31, 2008, the estimated fair value was approximately \$56.6 million, compared to a carrying value of \$49.3 million.

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

Line No.	Item (a)	Total (b)	Gas (c)
1	UTILITY PLANT		
2	In Service		
3	101 Plant in Service (Classified)	199,882,402	111,678,263
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	1,031,435	1,031,435
9	105 Held for Future Use	-	-
10	114 Acquisition Adjustments	34,574,353	35,277,662
11	TOTAL Utility Plant (Total of lines 3 through 10)	235,488,190	147,987,360
12	107 Construction Work in Progress	1,799,781	880,767
13	Accum. Provision for Depreciation, Amortization, & Depletion	69,578,199	34,056,864
14	Net Utility Plant (Total of lines 11 plus 12 less line 13)	167,709,772	114,811,263
15	DETAIL OF ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION		
16	In Service:		
17	108 Depreciation	68,547,691	33,030,047
18	111 Amort. and Depl. of Producing Nat. Gas Land & Land Rights	-	-
19	111 Amort. of Underground Storage Land and Land Rights	-	-
20	119 Amortization of Other Utility Plant	-	-
21	TOTAL in Service (Total of lines 17 through 20)	68,547,691	33,030,047
22	Leased to Others		
23	108 Depreciation	-	-
24	111 Amortization and Depletion	558,491	558,491
25	TOTAL Leased to Others (Total of lines 23 and 24)	558,491	558,491
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 Amortization of Plant Acquisition Adjustment	472,017	468,326
32	TOTAL Accum. Provisions (Should agree with line 13 above) (Total of lines 21, 25, 29, 30, and 31)	69,578,199	34,056,864

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

Line No.	Item (a)	Electric (b)	Common (c)
1	UTILITY PLANT		
2	In Service		
3	101 Plant in Service (Classified)	82,080,659	6,123,480
4	101.1 Property Under Capital Leases	-	-
5	102 Plant Purchased or Sold	-	-
6	106 Completed Construction not Classified	-	-
7	103 Experimental Plant Unclassified	-	-
8	104 Leased to Others	-	-
9	105 Held for Future Use	-	-
10	114 Acquisition Adjustments	(703,309)	-
11	TOTAL Utility Plant (Total of lines 3 through 10)	81,377,350	6,123,480
12	107 Construction Work in Progress	913,981	5,033
13	Accum. Provision for Depreciation, Amortization, & Depletion	32,949,784	2,571,551
14	Net Utility Plant (Total of lines 11 plus 12 less line 13)	49,341,547	3,556,962
15	DETAIL OF ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION		
16	In Service:		
17	108 Depreciation	32,946,093	2,571,551
18	111 Amort. and Depl. of Producing Nat. Gas Land & Land Rights		
19	111 Amort. of Underground Storage Land and Land Rights		
20	119 Amortization of Other Utility Plant		
21	TOTAL in Service (Total of lines 17 through 20)	32,946,093	2,571,551
22	Leased to Others		
23	108 Depreciation		
24	111 Amortization and Depletion		
25	TOTAL Leased to Others (Total of lines 23 and 24)		
26	Held for Future Use		
27	108 Depreciation		
28	111 Amortization		
29	TOTAL Held for Future Use (Enter. Tot. of lines 27 and 28)		
30	111 Abandonment of Leases (Natural Gas)		
31	115 Amortization of Plant Acquisition Adjustment	3,691	
32	TOTAL Accum. Provisions (Should agree with line 13 above) (Total of lines 21, 25, 29, 30, and 31)	32,949,784	2,571,551

Annual Status Report

Analysis of Plant in Service Accounts - revised with updated depreciation rates

Company: FLORIDA PUBLIC UTILITIES COMPANY
December 31, 2009

Page 1 of 2

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	-	-		(1,900,000)	-	213,641
374	Land - Distribution		101,108	-	-		-	-	101,108
389	Land - General		3,764,495	209,708	-		-	-	3,974,203
	Land - Other - Common		341,926	-	-		-	-	341,926
Amortizable General Plant Assets:									
<small>This schedule should identify each account/subaccount for which a separate depreciation rate has been approved by the FPSC.</small>									
DISTRIBUTION PLANT									
3741	Land Rights	3.30%	12,909	-	-		-	-	12,909
375	Structures and Improvements	3.10%	478,088	-	-		-	-	478,088
3761	Mains - Plastic	2.50%	26,877,402	1,714,871	(101,042)		-	-	28,491,231
3762	Mains - Other	2.80%	27,220,081	1,594,922	(83,887)		-	-	28,731,116
378	Meas. and Reg. Sta. Equipment - General	3.80%	317,906	16,436	-		-	-	334,342
379	Meas. and Reg. Sta. Equipment - City Gate	3.80%	2,040,169	24,710	(651)		-	-	2,064,228
3801	Services - Plastic	3.40%	22,659,255	1,104,088	(65,097)		-	-	23,698,246
3802	Services - Other	11.10%	2,075,407	52,128	(21,774)		-	-	2,105,761
381	Meters	3.40%	5,824,040	223,585	(47,969)		-	(21,676)	5,977,980
382	Meter Installations	3.00%	3,061,359	228,179	(7,830)		-	-	3,281,708
383	House Regulators	3.40%	2,046,866	84,149	(4,792)	178	-	-	2,126,401
384	House Reg. Installations	3.00%	948,699	30,004	(1,869)	(178)	-	-	976,656
385	Industrial Meas. and Reg. Sta. Equipment	7.80%	70,948	109	-	(21,940)	-	-	49,117
386	Other Property on Customers Prem.		0	-	-		-	-	-
387	Other Equipment	4.70%	643,022	206,959	(38,092)	21,940	-	-	833,829
TOTAL DISTRIBUTION PLANT			94,377,259	5,280,140	(373,003)	-	-	(21,676)	99,262,721
GENERAL PLANT									
390	Structures and Improvements	2.60%	1,434,541	18,159	(2,000)		-	-	1,450,700
3911	Office Furniture	4.80%	117,142	-	(783)		-	-	116,359
3912	Office Equipment	7.30%	72,688	-	(7,384)		-	-	65,304
3913	EDP Equipment	11.10%	696,317	21,469	(84,293)		15,873	(7,800)	641,566
391305	Software	11.10%	553,159	4,382	(7,006)		(15,873)	-	534,662
3921	Accum. Dep. - Transportation - Cars	13.10%	112,091	-	-		-	23,562	135,653
3922	Accum. Dep. - Transportation - Light Trucks, vans	8.60%	3,768,561	63,021	(41,168)	(3,541)	160,275	(21,019)	3,926,129
3923	Accum. Dep. - Transportation - Heavy Trucks	8.20%	0	-	-		-	-	-
3924	Accum. Dep. - Transportation - Trailers	5.20%	60,619	-	-		-	-	60,619
393	Stores Equipment	4.00%	11,423	-	-		-	-	11,423

Annual Status Report

Analysis of Plant in Service Accounts - revised with updated depreciation rates

Company: FLORIDA PUBLIC UTILITIES COMPANY
December 31, 2009

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Acct. No.	Account Description	Depr. Rate	Beginning Balance*	Additions	Retirements	Reclass.	Adjustments	Transfers	Ending Balance*
(Continued)									
394	Tools, Shop, and Garage Equipment	7.20%	320,259	7,802	(11,231)	13,131	-	-	329,961
395	Laboratory Equipment	5.00%	0	-	-	-	-	-	-
396	Power Operated Equipment	6.80%	372,549	65,031	(38,232)	-	-	-	399,348
397	Communication Equipment	9.20%	369,215	2,925	(10,644)	3,541	-	-	365,037
398	Miscellaneous Equipment	6.00%	214,445	1,566	(3,121)	(13,131)	(8,822)	-	190,937
	SUBTOTAL		11,867,504	394,063	(205,862)	-	151,453	(5,257)	12,201,901
399	Other Tangible Property	20.00%							
	TOTAL General Plant		11,867,504	394,063	(205,862)	-	151,453	(5,257)	12,201,901
	TOTAL (Accounts 101 and 106)		108,358,404	5,674,203	(578,865)	0	(1,748,547)	(26,933)	111,678,263
	TOTAL GAS PLANT IN SERVICE		108,358,404	5,674,203	(578,865)	-	(1,748,547)	(26,933)	111,678,263
Capital Recovery Schedules:									
	NONE								
Total Account 101*			108,358,404	5,674,203	(578,865)	-	(1,748,547)	(26,933)	111,678,263
Amortizable Assets:									
114	Acquisition Adjustment		1,816,579	33,461,083	-	-	-	-	35,277,662
118	Other Utility Plant Other - Common		6,009,937	382,723	(283,597)	-	-	14,417	6,123,480
Total Utility Plant			116,184,920	39,518,009	(862,462)	-	(1,748,547)	(12,516)	153,079,405
Note: * The total ending balances must agree to acct. 101, Plant in Service, Line 3, Page 12, Column C.									

Annual Status Report

Analysis of Entries in Accumulated Depreciation & Amortization

Company: FLORIDA PUBLIC UTILITIES COMPANY

December 31, 2009

Page 1 of 2

Acct. No.	Account Description	Beginning Balance*	Accruals	Reclass.	Retirements	Gross Salvage	Cost of Removal	Adjustmts	Transfers	Ending Balance*
Amortizable General Plant Assets:										
301	Organization Intangible Plant	-	-	-	-	-	-	-	-	-
303	Misc. Intangible Plant	110,702	7,260	-	-	-	-	-	-	117,962
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	-	-	-	-	-	-	-	-	-
3741	Land Rights	(7,260)	910	-	-	-	-	-	-	(6,350)
375	Structures and Improvements	268,064	14,106	-	-	-	-	-	-	280,170
3761	Mains - Plastic	5,160,498	704,045	-	(101,042)	-	(4,572)	-	-	5,758,929
3762	Mains - Other	14,775,096	755,345	-	(83,887)	2,116	(25,960)	-	-	15,422,710
378	Meas. and Reg. Sta. Equipment - General	100,009	11,561	-	-	-	(190)	-	-	111,380
379	Meas. and Reg. Sta. Equipment - City Gate	534,375	74,665	-	(551)	936	-	-	-	609,325
3801	Services - Plastic	5,943,600	766,463	-	(65,097)	-	(29,403)	-	-	6,615,563
3802	Services - Other	1,855,484	195,784	-	(21,774)	-	(84,242)	-	-	1,945,252
381	Meters	2,269,019	197,092	-	(47,969)	-	-	-	(5,429)	2,412,713
382	Meter Installations	829,764	95,658	-	(7,830)	-	(923)	-	-	916,669
383	House Regulators	793,999	71,805	-	(4,792)	-	-	-	58	861,070
384	House Reg. Installations	300,928	30,733	-	(1,869)	-	-	-	(58)	329,734
385	Industrial Meas. and Reg. Sta. Equipment	14,147	2,720	-	-	-	(62)	-	-	16,805
386	Other Property on Customers Prem.	-	-	-	-	-	-	-	-	-
387	Other Equipment	124,704	32,852	-	(38,092)	-	-	-	-	119,264
389	Land - General	-	-	-	-	-	-	-	-	-
TOTAL DISTRIBUTION PLANT		32,960,427	2,953,539	-	(373,003)	3,052	(145,352)	-	(5,429)	35,393,234
GENERAL PLANT										
390	Structures and Improvements	360,249	36,819	-	(2,000)	-	(56)	-	-	395,012
3911	Office Furniture	33,515	5,607	-	(783)	-	-	-	-	38,339
3912	Office Equipment	35,235	5,245	-	(7,384)	-	-	-	-	33,096
3913	EDP Equipment	18,366	71,717	-	(84,293)	-	-	(3,091)	(4,392)	(1,693)
391305	Software	144,180	61,330	-	(7,006)	-	-	3,091	-	201,595
3921	Accum. Dep. - Transportation - Cars	15,444	14,194	-	-	3,209	-	-	11,451	44,298
3922	Accum. Dep. - Trans. - Light Trucks, vans	1,033,147	317,069	-	(41,168)	98,118	-	-	(7,232)	1,399,934
3923	Accum. Dep. - Trans. - Heavy Trucks	-	-	-	-	-	-	-	-	-
3924	Accum. Dep. - Transportation - Trailers	32,265	3,336	-	-	-	-	-	-	35,601
393	Stores Equipment	9,632	78	-	-	-	-	-	-	9,710

Annual Status Report
Analysis of Entries in Accumulated Depreciation & Amortization

Company: FLORIDA PUBLIC UTILITIES COMPANY
 December 31, 2009

Page 2 of 2

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	173,838	22,402	-	(11,231)	150	-	-	-	185,159
	395 Laboratory Equipment	-	-	-	-	-	-	-	-	-
	396 Power Operated Equipment	157,237	25,269	-	(38,232)	-	(128)	-	-	144,146
	397 Communication Equipment	109,194	31,397	-	(10,644)	-	-	-	138	130,085
	398 Miscellaneous Equipment	26,062	11,888	-	(3,121)	-	-	-	-	34,829
	SUBTOTAL	2,148,364	606,351	-	(205,862)	101,477	(184)	-	(35)	2,650,111
	399 Other Tangible Property	-	-	-	-	-	-	-	-	-
	TOTAL General Plant	2,148,364	606,351	-	(205,862)	101,477	(184)	-	(35)	2,650,111
	Reclassification for SFAS no. 143. COR	(4,199,795)	-	(931,465)	-	-	-	-	-	(5,131,260)
	Subtotal	31,019,698	3,567,150	(931,465)	(578,865)	104,529	(145,536)	-	(5,464)	33,030,047
COMMON PLANT										
	389 Land - General	-	-	-	-	-	-	-	-	-
	390 Structures and Improvements	538,471	62,316	-	-	-	-	-	-	600,787
	3911 Office Furniture	14,546	1,998	-	(542)	-	-	-	-	16,002
	3912 Office Equipment	46,914	9,852	-	-	-	-	-	-	56,766
	3913 EDP Equipment	222,911	90,734	-	(215,084)	-	-	-	22,794	121,355
	391305 Software	1,507,390	210,112	-	(17,975)	-	-	-	-	1,699,527
	3921 Accum. Dep. - Transportation - Cars	43,983	9,047	-	(18,148)	850	-	-	(11,451)	24,281
	3922 Accum. Dep. - Transportation - Trucks	44,864	10,092	-	(31,848)	5,451	-	-	7,094	35,653
	397 Communication Equipment	(14,690)	10,110	-	-	-	-	-	-	(4,580)
	398 Miscellaneous Equipment	1,731	2,040	-	-	-	-	-	-	3,771
	399 Miscellaneous Assets	14,243	3,746	-	-	-	-	-	-	17,989
	Subtotal	2,420,363	410,047	0	(283,597)	6,301	0	0	18,437	2,571,551
	Grand Total	33,440,061	3,977,197	(931,465)	(862,462)	110,830	(145,536)	-	12,973	35,601,598

Note: * The subtotal of ending balances must agree to Line 17, Page 12, Column C.

CONSTRUCTION WORK IN PROGRESS-GAS (Account 107)

1. Report below descriptions and balances at end of year of projects in process of construction (107).
 2. Show items relating to "research, development, and demonstration" projects last, under a caption Research, Development, and Demonstration (see Account 107 of the Uniform System of Accounts).
 3. Minor projects (less than \$500,000) may be grouped.

Line No.	Description of Project (a)	Construction Work in Progress-Gas (Account 107) (b)	Estimated Additional Cost of Project (c)
1			
2	SOUTH FLORIDA		
3	Main Extensions	* 759,859	-
4	Other	* 46,036	14,500
5			
6			
7			
8	CENTRAL FLORIDA		
9	Main Extensions	* 32,393	314,916
10	Other	* 42,479	626,979
11			
12	* Grouped Items		
13			
14			
15	TOTAL	880,767	956,395

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. A respondent should not report "none" to this page if no overhead apportionments are made, but rather should explain the accounting procedures employed
 and the amounts of engineering, supervision, and administrative costs, etc. which are directly charged to construction.
 3. 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			
2	Administrative and General Overheads	-	
3	Payroll Taxes, Pensions, Group and Worker's Compensation Insurance	* 180,124	
4			
5	Allowance for funds used during construction	-	
6			
7			
8			
9			
10			
11			
12	TOTAL	180,124	5,208,836

* 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	153,227
2	Prepaid Rents	
3	Prepaid Taxes pg 41	
4	Prepaid Interest	
5	Gas Prepayments	
6	Miscellaneous Prepayments: Pensions & Software Maintenance (1650.3,4 & 5)	216,112
7		
8	TOTAL	369,339

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						
10	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)	
1	None					
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13	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 (c)	Credits		Balance End of Year (f)
				Account Charged (d)	Amounts (e)	
1	Storm Reserve	486,735		2280.12	(11,800)	474,935
2	Environmental	6,605,773		2530.3X	(456,348)	6,149,425
3	Pension Reserve	9,944,514	5,633,816	2280.31	(11,998,153)	3,580,177
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15	Reclass of Environmental					(456,348)
16						
17	TOTAL	17,037,022	5,633,816		(12,466,301)	9,748,189

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 Beginning of Year (b)	Debits (c)	Account Charged (d)	Amount (e)	Balance End of Year (f)
1	Undistributed Cap. - Accrued Payroll	22,745	16,240			38,985
2	Amortized Piping Costs	897,219	82,177		(335,990)	643,406
3	Amortized Conversion Cost	353,344	278,911		(253,393)	378,862
4	Underrecovery Conservation	26,890	-		(2,438)	24,452
5	Underrecovery Natural Gas AEP	4,160,981	288,804		(2,751,550)	1,698,235
6	Underrecovery Fuel	2,240,442	5,778,444		(1,522,563)	6,496,323
7	Penny Elimination	105	-		(2,757)	(2,652)
8						
9						
10						
11						
12						
13						
14	Reclass of Underrecovery of Fuel	(1,511,258)				(6,933,150)
15						
16						
17	Misc. Work in Progress	1,467,408				897,877
18	Deferred Regulatory Comm. Expenses	(507,680)	-	928	1,051,256	190,279
19	TOTAL	7,150,196				3,432,617

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

- | | |
|--|--|
| <p>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.</p> <p>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, 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.</p> | <p>and gains or losses relating to securities retired or refunded.</p> <p>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.</p> <p>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.</p> |
|--|--|

Chesapeake Utilities Corporations Acquisition Adjustment to clear FPUC's equity in October 2009. See details below:

Account	Total Shares	Par Value	FLA Statues	Balance
2010.1 Common Stock	6,236,426	1.50	500	(9,355,139.00)
2070.1 Premium on Capital Stock				(6,047,969.14)
2110.1 Miscellaneous Paid in Cap				(808,040.50)
2140.1 Capital Stock Expense				428,440.76
2170.1 Common Stock Reacquired	92,124	17.72		1,632,437.28
2190.1 Other Comprehensive Income				1,112,855.33

Common Stock

In connection with the merger with Chesapeake Utilities Corporation on October 28, 2009, all of the outstanding shares of our common stock were exchanged for Chesapeake common stock and as a result, we became a wholly owned subsidiary of Chesapeake Utilities Corporation.

Preferred Stock

Prior to the merger with Chesapeake Utilities Corporation, we had 6,000 shares of 4 3/4 percent Series A Preferred stock \$100 par value authorized for issuance of which 6,000 were issued and outstanding. The preferred shares were redeemed in September 2009, prior to the merger with Chesapeake Utilities Corporation.

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

- | | |
|--|---|
| <p>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.</p> <p>2. In column (c) show the principal amount of bonds or other long-term debt reacquired.</p> <p>3. In column (d) show the net gain or net loss realized on each debt reacquisition as computed in accordance with</p> | <p>General Instruction 17 of the Uniform Systems of Accounts</p> <p>4. Show loss amounts by enclosing the figures in parentheses.</p> <p>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 Debt-Credit.</p> |
|--|---|

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	5/1/1988	5,000,000	658,168	153,890	135,606
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						

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 (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%	783,017	8,182,000
5	10.03% Series Due 2018	5/1/88	5/1/18	5,500,000	10.03%	451,350	4,500,000
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%	728,412	13,810,000
8	6.85% Series Due 2031	9/27/01	10/1/31	15,000,000	6.85%	1,019,965	14,890,000
9							
10							
11							
12							
13							
14							
15							
16							
17	Reclass. unamortize debt exp. to LT debt.						(30,198,833)
18							
19							
20	TOTAL			52,500,000		3,709,144	19,183,167

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.

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								
4	9.57% Series Due 2018	10,000,000	180,273	5/1/88	5/1/18	31,905	(6,336)	25,569
5	10.03% Series Due 2018	5,500,000	97,070	5/1/88	5/1/18	17,177	(3,411)	13,766
6	9.08% Series Due 2022	8,000,000	122,010	6/1/92	6/1/22	54,585	(4,067)	50,498
7	4.90% Series Due 2031	14,000,000	805,956	11/1/01	11/1/31	614,522	(26,866)	587,656
8	6.85% Series Due 2031	15,000,000	1,208,670	9/27/01	10/1/31	918,670	(39,955)	878,715
9								
10						1,636,839	(80,635)	1,556,204
11								
12	NOTE: Account 189 - \$5,000,000 Reacquired Bond originally due in 1988 has reacquired debt loss and is amortized in Account 4280.1.							
13	The associated amount for 2009 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 2009 is \$1,751							
14								
15								
16	The amortization of debt discount occurs in Account 4280.2. The associated amount for 2009 was \$80,634.11							
17	Total Account 4280 =	98,918						
18								

MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES (Account 242)

December 31, 2009

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	Balance at End of Year
1	Vacation Pay	1,495,302
2	Outside Audit Fees	32,085
3	Commission Funds	1,765
4	Sun Trust Analysis	-
5	Employee Fund	14,710
6	Misc. Current and Accrued Liability	-
7		
8	Reclass from def. to current	2,904,866
9		
10		
11		
12		
13	TOTAL	4,448,728

OTHER DEFERRED CREDITS (Account 253)

- Report below the particulars (details) called for concerning other deferred credits.
- For any deferred credit being amortized, show the period of amortization.
- 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 End of Year (f)
			Contra Account (c)	Amount (d)		
1	Over Recovery of Fuel Adj - Electric	3,092,639		766,489	4,948,452	7,274,602
2	Over Recovery of Fuel Adj - Gas	-		-	1,300,956	1,300,956
3	Environmental Insurance Proceeds	13,428,602	1860.1	1,607,999	468,721	12,289,324
4	Over Recovery - Conservation (Electric)	-		-	-	-
5	Over Recovery - Conservation (Gas)	384,244		3,379	54,544	435,409
6	Gain on sale of property (Electric)	-	4030.1			-
7	Gain on sale of property (Gas)	-	4030.1			-
8	Other Deferred Credit - Cash over/short	-				-
9	Other Reg. Liability - Retirement Plan	-		803	803	-
10						-
11	Reclass of other reg liability - retirement	-				-
12	Reclass of over recov. fuel & envir proc.	(2,285,258)				(8,235,124)
13	TOTAL	14,620,227		2,378,670	6,773,476	13,065,167

OTHER REGULATORY LIABILITIES (Account 254)

- 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).
- For regulatory liabilities being amortized, show period of amortization in column (a).
- Minor items (5% of the Balance at End of Year for Account 254 or amounts less than \$50,000, whichever is less) may be grouped by classes.

Line No.	Description and Purpose of Other Regulatory Liabilities (a)	Balance Beginning of Year (b)	Debits		Credits (d)	Balance End of Year (e)
			Contra Account (b)	Amount (c)		
1						
2						
3	Reclass for SFAS no. 143. COR	11,718,289			25,425	11,692,864
4						
5						
6						
7						
8						
9						
10						
11						
12						
13	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)	573,599			314,592	2,256,673	65,921		3,312,476	755	6,524,016
2 Gas (Account 408.1, 409.1)	1,339,666			604,078	2,066,982	300,744		1,266,150	3,404	5,581,024
3 Other Utility Dept (408.1, 408.1)										
4 Other Inc & Dad (408.2, 409.2)										
5 Extraordinary Items (Account 409.3)										
6 Other Utility Op Inc (408.1, 409.1)										
7 Adjust. to RE (Account 439)										
8 Propane Division Expenses										
9 Other										
10 Int Penalty										
11										
12										
13										
14										
15 Less: Charged to Construction										
16 TOTAL Taxes Charged During Year										
(Lines 1-15) to Account 408.1	1,913,265							4,578,626	4,159	12,105,040
Note: * List separately each item in excess of \$500.				918,670	4,323,655	366,665				

ACCUMULATED DEFERRED INVESTMENT TAX CREDITS (Account 265)

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).

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 (g)	Average Period of Allocation to Income (h)
				Acct. No. (d)	Amount (e)			
1	Gas Utility							
2	3%			4110.4				
3	4%			4110.4				35 Years
4	7%	19,241		4110.4	3,268			35 Years
5	10%	114,730		4110.4	32,906		15,973	
6							81,824	35 Years
7								
8								
9								
10	TOTAL	133,971			36,174		97,797	

Notes

ACCUMULATED DEFERRED INCOME TAXES (Account 190)

1. At Other (Specify), include deferrals relating to other income and deductions.

2. In the space provided below, identify by amount and classification, significant items for which deferred taxes are being provided.

Line No.	Description	Balance at Beginning of Year	Changes During Year		Balance at End of Year
			Amounts Debited to Account 410.1	Amounts Credited to Account 411.1	
1	GAS				
2	Deferred Gain	629,863	(49,565)		580,298
3	Self Insurance Res. & Audit Fee	141,680	(111,590)		30,090
4	Uncollectible	297,121	76,973		374,094
5	Vacation Pay	2,384,273	(253,004)		2,131,269
6	Environmental	56,823	(14,674)		42,149
7	General Liability	1,029,489	(11,928)		1,017,561
8	Storm Reserve		25,204		25,204
9	Rate Refund			102,817	102,817
10	TOTAL Gas (Lines 2 - 10)	4,529,029	(383,786)		4,145,243
11	Other (Specify) Electric	1,119,175	214,274		1,333,449
12	Other (Specify) Common		5,506		5,506
13	TOTAL (Account 190) (Total of lines 11 and 12)	5,648,204	(144,006)		5,504,198
14			134,527		5,638,725
15					5,693,252

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

1. Account 281 - Accelerated Amortization Property

Line No.	Description	Balance at Beginning of Year	Changes During Year		Balance at End of Year
			Amounts Debited to Account 410.1	Amounts Credited to Account 411.1	
1	Electric				
2	Gas	5,944,173	240,856		6,185,029
3	Other	10,453,449	1,804,359		12,257,808
4	Other	3,086,927			3,086,927
5	TOTAL Account 281 (Lines 2 thru 4)	19,484,549	2,045,215		21,529,764
6	Account 282 - Other Property				
7	Electric	761,919	1,399,710		2,161,629
8	Gas	416,854	(815,505)		(398,651)
9	Other				
10	Reclassification of Deferred taxes				
11	TOTAL Account 282 (Lines 7 thru 9)	1,178,773	584,205		1,762,978
12	Account 283 - Other				
13	Electric	9,236,170			9,236,170
14	Gas	1,632,133			1,632,133
15	Other				
16	TOTAL Account 283 - Other (Lines 12 thru 14)	10,868,303			10,868,303
17	GAS				
18	Federal Income Tax	8,287,432	1,667,458		9,954,890
19	State Income Tax	1,504,687	173,108		1,677,795
20	Other	9,792,119	1,840,586		11,632,705
21	TOTAL Gas (Lines 17 thru 19)	20,662,422	2,829,420		23,491,842
22	OTHER				
23	Federal Income Tax				
24	State Income Tax				
25	Other				
26	TOTAL (Total of lines 5, 10, 15 and 25)				

Provision for Deferred Income Taxes (410.1)
Provision for Deferred Income Taxes (410.1)

pg 8
1,826,282
1,826,282
1,352,642
2,978,924

pg 24 & 234 FERC 1

Electric Utility
Gas Utility

Notes
(1,440,363)
917,763
22,969,242

**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, 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, L72 - L34)	2,179,998
2	Reconciling Items for the Year	
3	Interest on Water Installment Payment	(41,253)
4	Taxable Income Not Reported on Books	
5	Depreciation	(48,116)
6	Penalties	-
7	Self Insurance Reserve	30,367
8	Outside Audit Fees	(22,316)
9	Storm Reserve	33,012
10	Electric Consultant Fee	1,008
11	Customers Intangibles	35,114
12	Deductions Recorded on Books Not Deducted for Return	
13	Meals Expense	1,846
14	Natural Gas Odorizer	501
15	Vacation Pay	361,270
16	Loss on Reacquired Debt	3,046
17	Income Taxes (excluding current state income of \$ (12,400))	145,607
18	Environmental Costs	(48,607)
19	Uncollectible Reserve	13,721
20	Lobby cost	-
21	General Liability	(2,017)
22	Merger Related Expense	1,811
23	Income Recorded on Books Not Included in Return()	
24	Rate Case Expense	37,927
25	Rate Refund Pending	-
26		
27		
28		
29	Deductions on Return Not Charged Against Book Income()	
30	Underrecoveries of Purchased Energy Costs	(1,366,556)
31	Conservation Program Costs	52,410
32	Pension Reserve	22,829
33	Misc. Deferral - Bonus Payroll	(1,610,054)
34		
35		
36		
37	Federal Tax Net Income	(218,452)
38	Show Computation of Tax:	
39	Annualized @ 1.20	(262,142)
40	Tax at 34%	(89,128)
41	Rounding	(72)
42	TOTAL Federal Income Tax Payable	(89,200)
43	* Excludes Flo-Gas Net Income of	241,558

GAS OPERATING REVENUES (Account 400)

1. Report below natural gas operating revenues for each prescribed account in total.
2. 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.
3. Report quantities of natural gas sold in therms (14.73 psia at 60 F).
4. Report gas service revenues and therms sold by rate schedule.
5. If increases or decreases from previous year (columns (c),(e), and (g)), are not derived from previously reported figures, explain any inconsistencies in a footnote.

Line No.	Title of Account (a)	Operating Revenues		Therms of Natural Gas Sold		Avg. No. of Natural Gas Customers Per Mo.	
		Amount for Year (b)	Amount for Previous Year (c)	Current Year (d)	Previous Year (e)	Current Year (f)	Previous Year (g)
1	Gas Service Revenues						
2	Firm Sales Service						
3	480 Residential Sales	20,248,045	23,675,371	11,883,150	11,861,290	46,781	47,038
4	481 Comm & Industrial Sales - Small	11,225,245	16,867,185	9,929,920	11,788,330	3,257	3,437
5	481 Comm & Industrial Sales - Large	18,800,248	23,699,649	19,821,150	17,890,380	1,156	929
6	481 Outdoor Lighting	235,826	372,658	407,130	417,940	46	46
7	481						
8	481						
9	Interruptible Sales Service						
10	481 Comm & Ind Sales - Interruptible	109,593	402,958	115,790	346,780	-	1
11	481						
12	Firm Transportation Service						
13	489	4,715,530	2,522,858	13,037,780	11,903,540	525	487
14	489						
15	489						
16	Interruptible Transportation Serv.						
17	489	1,186,640	739,823	5,288,840	5,235,230	13	12
18	484 Interdepartmental	31,491	68,092	64,480	64,150	7	7
19	482 Other Sales to Public Authorities						
20	484 Flex Rate - Refund						
21	TOTAL Sales to Ultimate Consumers	56,552,618	68,348,594	60,548,240	59,507,640	51,785	51,957
22	483 Sales for Resale						
23	Off-System Sales 4954x & 4955x	697,852	719,856				
24	TOTAL Nat. Gas Service Revenues	57,250,470	69,068,450				
25	TOTAL Gas Service Revenues	57,250,470	69,068,450				
26	Other Operating Revenues						
27	485 Intracompany Transfers						
28	487 Forfeited Discounts	770,179	901,323				
29	488 Misc. Service Revenues	943,586	739,383				
30	489 Rev. from Trans. of Gas of Others						
31	not included in above rate schedules)						
32	493 Rent from Gas Property						
33	494 Interdepartmental Rents						
34	495 Other Gas Revenues						
35	Initial Connection						
36	Overrecoveries Conservation 495.7	(51,165)	44,342				
37	AEP & Storm Surcharge 4956	667,118	529,324				
38	Unbilled Revenue 495.3	475,564	62,823				
39	Other 495.2	41,897	35,308				
40	495.1 Overrecoveries Purchased Gas	(436,991)	1,378,279				
41	TOTAL Other Operating Revenues	2,410,188	3,690,782				
42	TOTAL Gas Operating Revenues	59,660,658	72,759,232				
43	(Less) 496 Provision for Rate Refunds	(257,745)	(134,945)				
44	TOTAL Gas Operating Revenues Net of Provision for Refunds	59,402,913	72,624,287				
45	Sales for Resale						
46	Other Sales to Public Authority						
47	Interdepartmental Sales						
48	TOTAL	59,402,913	72,624,287	60,548,240	59,507,640		

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. TOTAL Manufactured Gas Production (Total of Accounts 700-742)		
3	B. TOTAL Natural Gas Prod. and Gathering (Total of Accts. 750 - 769)		
4	C. TOTAL Products Extraction (Total of Accounts 770 through 791)		
5	D. TOTAL Exploration and Development (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	16,608,359	36,197,148
11	802 Natural Gas Gasoline Plant Outlet Purchases		
12	803 Natural Gas Transmission Line Purchases		
13	804 Natural Gas City Gate Purchases	4,452,218	4,805,548
14	804.1 Liquefied Natural Gas Purchases		
15	805 Other Gas Purchases	756,074	(756,074)
16	805.1 Purchased Gas Cost Adjustments - Debit/(Credit)		
17	TOTAL Purchased Gas (Total of Lines 8 to 16)	21,816,651	40,246,622
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	-	-
24	807.5 Other Purchased Gas Expenses	5,147	11,073
25	TOTAL Purchased Gas Expenses (Total of lines 20 through 24)	5,147	11,073
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	-	-
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)	-	-
35	813 Other Gas Supply Expenses	139,335	171,511
36	TOTAL Other Gas Supply Exp. (Total of Lines 17,18,25,26 through 29,34,35)	21,961,133	40,429,206
37	TOTAL Production Expenses (Total of Lines 2,3,4,5 and 36)		
38	2. Natural Gas Storage, Terminating and Processing Expenses		
39	A. TOTAL Underground Storage Expenses (Total of Accounts 814 through 837)	10,470	13,890
40	B. TOTAL Other Storage Expenses (Total of Accounts 840 through 843.9)		
41	C. TOTAL Liquefied Nat Gas Terminating & Processing Expenses (Total of Accounts 844.1 through 847.8)		
42	TOTAL Natural Gas Storage (Total of lines 39, 40, and 41)	10,470	13,890
43	3. Transmission Expenses		
44	TOTAL Transmission Expenses (Total of Accounts 850 through 867)		
45			
46			

December 31, 2009

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		
50	871 Distribution Load Dispatching	419,961	364,974
51	872 Compressor Station Labor and Expenses	15,890	15,336
52	873 Compressor Station Fuel and Power	-	-
53	874 Mains and Services Expenses	-	-
54	875 Measuring and Regulating Station Expenses--General	1,473,108	1,461,245
55	876 Measuring and Regulating Station Expenses--Industrial	4,596	28
56	877 Measuring and Regulating Station Expenses--City Gate Check Station	19,650	13,241
57	878 Meter and House Regulator Expenses	34,715	27,221
58	879 Customer Installations Expenses	1,426,023	1,389,034
59	880 Other Expenses	177,149	179,420
60	881 Rents	988,631	748,748
61	TOTAL Operation (Total of lines 49 through 60)	37,232	28,074
62	Maintenance	4,596,955	4,227,321
63	885 Maintenance Supervision and Engineering		
64	886 Maintenance of Structures and Improvements	118,035	119,790
65	887 Maintenance of Mains	131,951	88,420
66	888 Maintenance of Compressor Station Equipment	463,954	378,166
67	889 Maintenance of Meas. and Reg. Sta. Equip.--General	-	-
68	890 Maintenance of Meas. and Reg. Sta. Equip.--Industrial	71,970	39,432
69	891 Maintenance of Meas. and Reg. Sta. Equip.--City Gate Check Station	994	209
70	892 Maintenance of Services	65,380	27,958
71	893 Maintenance of Meters and House Regulators	283,408	211,821
72	894 Maintenance of Other Equipment	132,829	108,886
73	TOTAL Maintenance (Total of Lines 63 through 72)	24,535	24,134
74	TOTAL Distribution Expenses (Total of Lines 61 and 73)	1,293,056	998,816
75	5. Customer Accounts Expenses	5,890,011	5,226,137
76	Operation		
77	901 Supervision		
78	902 Meter Reading Expenses	233,051	221,966
79	903 Customer Records and Collection Expenses	771,466	795,560
80	904 Uncollectible Accounts	1,577,400	1,470,336
81	905 Miscellaneous Customer Accounts Expenses	58,201	503,800
82	TOTAL Customer Accounts Expenses (Total of Lines 77 through 81)	136,536	108,146
83	6. Customer Service and Informational Expenses	2,776,654	3,099,808
84	Operation		
85	906.1 Under-recoveries Conservation		
86	907 Supervision	-	-
87	908 Customer Assistance Expenses	154,769	87,457
88	909 Informational and Instructional Expenses	1,063,785	1,301,422
89	910 Miscellaneous Customer Service and Informational Expenses	434,714	518,510
90	TOTAL Customer Service and Informational Expenses (Total of Lines 85 through 88)	64,641	44,807
91	7. Sales Expenses	1,717,909	1,952,196
92	Operation		
93	911 Supervision		
94	912 Demonstrating and Selling Expenses	125,004	123,772
95	913 Advertising Expenses	765,022	812,916
96	916 Miscellaneous Sales Expenses	181,857	166,674
97	TOTAL Sales Expenses (Total of lines 92 through 95)	524,056	590,821
		1,595,939	1,694,183

GAS OPERATION AND MAINTENANCE EXPENSES (Continued)

Line No.	Account	Amount for Current Year	Amount for Previous Year
98	8. Administrative and General Expenses		
99	Operation		
100	920 Administrative and General Salaries	2,314,628	1,261,163
101	921 Office Supplies and Expenses	385,167	641,959
102	(Less) (922) Administrative Expenses Transferred--Credit	-	-
103	923 Outside Services Employed	536,318	419,960
104	924 Property Insurance	66,324	58,216
105	925 Injuries and Damages	813,799	778,198
106	926 Employee Pensions and Benefits	2,773,532	1,862,952
107	927 Franchise Requirements	-	-
108	928 Regulatory Commission Expenses	115,459	124,529
109	(Less) (929) Duplicate Charges--Credit	-	-
110	930.1 General Advertising Expenses	-	26
111	930.2 Miscellaneous General Expenses	1,377,007	428,090
112	931 Rents	18,841	22,624
113	TOTAL Operation (Total of lines 100 through 112)	8,401,075	5,597,717
114	Maintenance		
115	935 Maintenance of General Plant	180,846	157,966
116	TOTAL Administrative and General Expense (Total of lines 113 and 115)	8,581,921	5,755,683
117			
118	TOTAL Gas O&M Expenses (Lines 37, 42, 44, 74, 82, 89, 96, and 116)	42,534,037	58,171,103
119			
120			

NUMBER OF GAS DEPARTMENT EMPLOYEES

- The data on number of employees should be reported for payroll period ending nearest to October 31, or any payroll period ending 60 days before or after October 31.
- If the respondent's payroll for the reporting period includes any special construction personnel, include such employees on line 3, and show the number of such special construction employees in a footnote.
- The number of employees assignable to the gas department from joint functions of combination utilities may be determined by estimate, on the basis of employee equivalents. Show the estimated number of equivalent employees attributed to the gas department from joint functions.

1		
2	1. Payroll Period Ended (Date)	11/1/2009
3	2. Total Regular Full-Time Employees	241
4	3. Total Part-Time and Temporary Employees	5
5	4. Total Employees	246
6		
7		
8		
9		
10		
11		
12		
13		

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

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

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

Line No.	Account Title (a)	Gas Purchased- Therms (14.73 psia 60 F) (b)	Cost of Gas (In dollars) (c)	Average Cost Per Therm (To nearest .01 of a cent) (d)
1	800 - Natural Gas Well Head Purchases			
2	800.1 - Natural Gas Well Head Purchases, Intracompany Transfers			
3	801 - Natural Gas Field Line Purchases	20,667,020	16,608,359	80.362
4	802 - Natural Gas Gasoline Plant Outlet Purchases			
5	803 - Natural Gas Transmission Line Purchases			
6	804 - Natural Gas City Gate Purchases			
7	804.1 - Liquefied Natural Gas Purchases	38,900,030	4,452,218	11.445
8	805 - Other Gas Purchases		756,074	
9	805.1 - Purchased Gas Cost Adjustments			
10	TOTAL (Total of lines 1 through 9)	59,567,050	21,816,651	36.625

Notes to Gas Purchases

GAS USED IN UTILITY OPERATIONS - CREDIT (Accounts 812)

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

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

Line No.	Purpose for Which Gas Was Used (a)	Account Charged (b)	Therms of Gas Used (c)	Natural Gas Amount of Credit (d)
1	812 Gas used for Other Utility Operations Credit (Report separately for each principal uses. Group minor uses.)			
2	Heat, Hot Water, A/C		65,610	
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18	TOTAL	812	65,610	

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

3. The totals of columns (c), (f), (h), and (i) must agree with the totals shown at the bottom of page 19 for Account 186
 4. List in Column (d) and (e) expenses incurred during year which were charged currently to income, plant, or other accounts.
 5. Minor items (less than \$25,000) may be grouped.

Line No.	Description (Name of regulatory commission, the docket number, and a description of the case.) (a)	Total Expenses to Date (b)	Deferred in Account 186 Beginning of Year (c)	Expenses Incurred During Year		Amortized During Year		Deferred in Account 186 End of Year (i)
				Charged Currently to Account No. (d)	Amount (e)	Deferred to Account 186 (f)	Contra Account (g)	
1	All expenses incurred by the company							
2	in its filings for Rate Relief for electric.							
3	Docket Number 030438-EI	(45,844)	(65,267)	33556		-	928	19,423
4								(45,844)
5	All expenses incurred by the company							
6	in its filings for Rate Relief for							
7	Gas Docket Number 080365-GU	548,022	(353,297)	36710		-	928	901,319
8								548,022
9	All expenses incurred by the company							
10	in its filings for Rate Relief for electric.							
11	Docket Number 070304 - EI	(311,899)	(442,413)	36164		-	928	130,514
12								(311,899)
13								
14								
15								
16								
17	TOTAL	190,279	(860,977)		-	-		1,051,256
								190,279

MISCELLANEOUS GENERAL EXPENSES (Account 930.2) (Gas)

Line No.	Description (a)	Items	Amount (b)	
1	Industry Association Dues			19,399
2	Experimental and General Research Expenses: (a) Gas Research Institute (GRI) (b) Other: FGNA Vendor #5299	2		21,167
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.	13	1849	26,996
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			-
6	Directors Fees and Expenses			
7	Stock Issuance	29	1849	24,990
8	Stock Issuance	12	1840	73,592
9	Miscellaneous Expenses	14	1849	1,067,325
10	Miscellaneous Expenses	9	1840	669
11	Broadridge	91	1849	24,846
12	Broadridge	1	1840	2,069
13	Write-off Stock offering	3	1849	2,620
14		8	1849	113,337
15			Allocations	
16			Gas	60% 49%
17			Electric	40% 33%
18				
19				
20	TOTAL			1,377,010

DISTRIBUTION OF SALARIES AND WAGES

December 31, 2009

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	2,755,293	1,751,120	4,506,413
3	Gas			
4	Operation			
5	Production - Manufd. Gas & Nat. Gas (inc. Expl. and Dev.); Other Gas Supply; Storage, LNG, Terminaling & Processing	130,458		
6	Transmission	-		
7	Distribution	2,808,415		
8	Customer Accounts	1,208,453		
9	Customer Service and Informational	457,486		
10	Sales	754,558		
11	Administrative and General	(309,668)		
12	TOTAL Operation (Total of lines 5 through 11)	5,049,702		
13	Maintenance			
14	Production - Manufd. Gas & Nat. Gas (inc. Expl. and Dev.); Other Gas Supply; Storage, LNG, Terminaling & Processing			
15	Transmission	-		
16	Distribution	711,278		
17	Administrative and General	2,146		
18	TOTAL Maintenance (Total of lines 14 through 17)	713,424		
19	Total Operation and Maintenance	5,763,126		
20	Production - Manufd. Gas & Nat. Gas (inc. Expl. and Dev.); Other Gas Supply; Storage, LNG, Terminaling & Processing	130,458		
21	Transmission (Enter Total of lines 6 and 15)	-		
22	Distribution (Total of lines 7 and 16)	3,519,693		
23	Customer Accounts (Transcribe from line 8)	1,208,453		
24	Customer Service and Informational (Transcribe from line 9)	457,486		
25	Sales (Transcribe from line 10)	754,558		
26	Administrative and General (Total of lines 11 and 17)	(307,522)		
27	TOTAL Operation and Maint. (Total of lines 20 through 26)	5,763,126	2,336,251	8,099,377
28	Other Utility Departments			
29	Operation and Maintenance			
30	TOTAL All Utility Dept. (Total of lines 2, 27, and 29)	8,518,419	4,087,372	12,605,791
31	Utility Plant			
32	Construction (By Utility Departments)			
33	Electric Plant			
34	Gas Plant	894,005		894,005
35	Other	1,200,825		1,200,825
36	TOTAL Construction (Total of lines 33 through 35)	2,124,460		2,124,460
37	Plant Removal (By Utility Department)			
38	Electric Plant	126,148		126,148
39	Gas Plant	113,117		113,117
40	Other	-		-
41	TOTAL Plant Removal (Total of lines 38 through 40)	239,265		239,265
42				
43	Other Accounts (Specify):			
44	Other Accounts Receivable/Employee	126,544		126,544
45	Temporary Facilities	12,807		12,807
46	Stores Expense	605,790		605,790
47	Clearing Accounts	307,752		307,752
48	Miscellaneous Deferred Debits	192,559		192,559
49	Merchandise and Jobbing	460,693		460,693
50	Taxes Other Than Income Taxes-Electric	(97,573)		(97,573)
51	Taxes Other Than Income Taxes-Gas	(307,039)		(307,039)
52	Vacation Pay	(91,663)		(91,663)
53	Non-Operating and Rental Income	-		-
54	Other Accounts Receivable	2,908,574	446,495	3,355,069
55	Accrued Liability Insurance	724		724
56	Merchandise plant leased to other - Gas	1,812		1,812
57	TOTAL Other Accounts	4,120,980	446,495	4,567,475
58	TOTAL SALARIES AND WAGES	15,003,124	4,533,867	19,536,991

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 of person or organization rendering services,
 (b) description of services received,
 (c) basis of charges,
 (d) total charges for the year, detailing account charged.
 2. For any services which are of a continuing nature, give the date and term of contract.
 3. Designate with an asterisk associated companies.

	Description	Amount
1	1. (a) BDO Seidmen, LLP, 1601Forum Place Suite 904, West Palm Beach, FL 33401	
2	(b) Professional Accounting Services.	464,500
3	(c) Based on services rendered.	
4	(d) Total charges for services, utility departments and accounts charged: 100.2420.3	
5	2. (a) Messer, Caparello & Self, PO Box 15579, Tallahassee, FL 32317	
6	(b) Professional Legal Services	72,844
7	(c) Based on services rendered.	
8	(d) Total charges for services, utility department and account charged: 100.2420.31	
9	3. (a) Rivero, Gordimer & Company LLP P.O. Box 25177, Tampa, FL 33672	
10	(b) Professional Legal Services for Environmental Issues.	200,000
11	(c) Based on services rendered.	
12	(d) Total charges for services, utility department and account charged: 100.2420.31	
13	4. (a) AON Consulting, PO Box 905188, Charlotte, NC 28290-5188	
14	(b) Professional Pension Services.	232,664
15	(c) Based on services rendered.	
16	(d) Total charges for services, utility department and account charged: 100.2420.3	
17	5. (a) Crowe Harwath, LLP, PO Box 145415, Cincinnati, OH 45250-9791	
18	(b) Professional Accounting Services for internal audits	122,696
19	(c) Based on services rendered.	
20	(d) Total charges for services, utility department and account charged: 100.2420.3	
21	6. (a) Bryan Cave LLP, 700 13th Street, Washington, DC 20005	
22	(b) Professional SEC Legal Services	91,461
23	(c) Based on services rendered.	
24	(d) Total charges for services, utility department and account charged: 100.2420.31	
25	7. (a) Ana Blanchard, CPA PA, 215 N. Olive Avenue, Ste 118, WPB, FL 33401	
26	(b) Professional Accounting Services.	108,400
27	(c) Based on services rendered.	
28	(d) Total charges for services, utility department and account charged: 100.2420.3	
29	8. (a) Jackson Lewis LLP, PO Box 34973, Newark, NJ 07189-4973	
30	(b) Professional HR Legal Services	64,574
	(c) Based on services rendered.	
	(d) Total charges for services, utility department and account charged: 100.2420.31	
	9. (a) Baker & Hostetler 200 S. Orange Avenue, Orlando, FL 32801	
	(b) Professional Legal Services for Environmental Issues.	165,467
	(c) Based on services rendered.	
	(d) Total charges for services, utility department and account charged: 100.2420.31	
	10. (a) Templeton & Company LLP 222 Lakeview Avenue, WPB, FL 33401	
	(b) Professional Impairment Testing	27,668
	(c) Based on services rendered.	
	(d) Total charges for services, utility department and account charged: 100.2420.3	

PARTICULARS CONCERNING CERTAIN INCOME DEDUCTIONS AND INTEREST CHARGES ACCOUNTS

Report the information specified below, in the order given for the respective income deduction and interest charges accounts. Provide a subheading for each account and total for the account. Additional columns may be added if deemed appropriate with respect to any account.
 (a) Miscellaneous Amortization (Account 425) - Describe the nature of items included in this account, the contra account charges, 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 (Details) including the amount and interest rate for each other interest charges incurred during the year.

	Item	Amount
1	Account 425: Miscellaneous Amortization	-
2		
3	Account 426: Miscellaneous Income Deductions	
4	426.11 Charitable Contributions: Inside Service Area	11,849
5	426.12 Charitable Contributions: Outside Service Area	-
6	426.13 Civic and Social Club Dues	4,141
7	426.2 Life Insurance	-
8	426.3 Penalties	8,466
9	426.4 Expenditures for Lobbying and Other Politically Related Activities	297
10	426.5 Other	4,805
11		
12	TOTAL MISCELLANEOUS INCOME DEDUCTIONS	29,558
13		
14		
15	Account 430: Interest on Debt to Associated Company	(151,509)
16	Accounts Payable at 4.844% (12 mo. avg. of the interest rates applied)	
17		
18		
19	Account 431: Other Interest Expense	
20	431.1 Interest on Customer Deposits	661,124
21	431.2 Interest on Notes Payable	24,820
22	431.3 Interest on Miscellaneous	(2,982)
23	TOTAL OTHER INTEREST EXPENSE	682,962
24		

Reconciliation of Gross Operating Revenues

Annual Report versus Regulatory Assessment Fee Return

For the current year, reconcile the gross operating revenues as reported on Page 26 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)
Description	Gross Operating Revenues per Page 26	Interstate and Sales for Resale Adjustments	Adjusted Interstate Gross Operating Revenues	Intrastate Gross Operating Revenues per RAF Return	Difference (d) - (e)
1 Total Sales to Ultimate Customers (480-482, 484)	56,552,618		56,552,618	50,650,447	5,902,171
2 Sales for Resale (483)	697,852		697,852		697,852
3 Total Natural Gas Service Revenues	57,250,470		57,250,470	50,650,447	6,600,023
4 Total Other Operating Revenues (485-495)	2,410,188		2,410,188	8,752,465	(6,342,277)
5 Total Gas Operating Revenues	59,660,658		59,660,658	59,402,912	257,746
6 Provision for Rate Refunds (496)	(257,745)		(257,745)		(257,745)
7 Other (Specify) Def Conservation Cost Recovery					
8 PGA Over/Under Recoveries				51,165	(51,165)
9 Rate Refund Pending Adjustment				436,992	(436,992)
10 Total Gross Operating Revenues	59,402,913		59,402,913	60,148,814	(745,901)

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
- 4 Rate Refund is included in Total Other Operating Revenue on the RAF Return
- 7 Conservation Cost Recovery are reversed to pay the actual collected revenue
- 8 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
- 9 Rate Refund is reversed to pay the actual collected revenue
- Items 1, 2, 4 & 7 are reported as other operating revenue on the RAF Return.

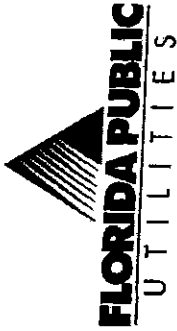
CORPORATE STRUCTURE

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

Effective Date: January-09

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

Flo-Gas Corporation does not have any employees.



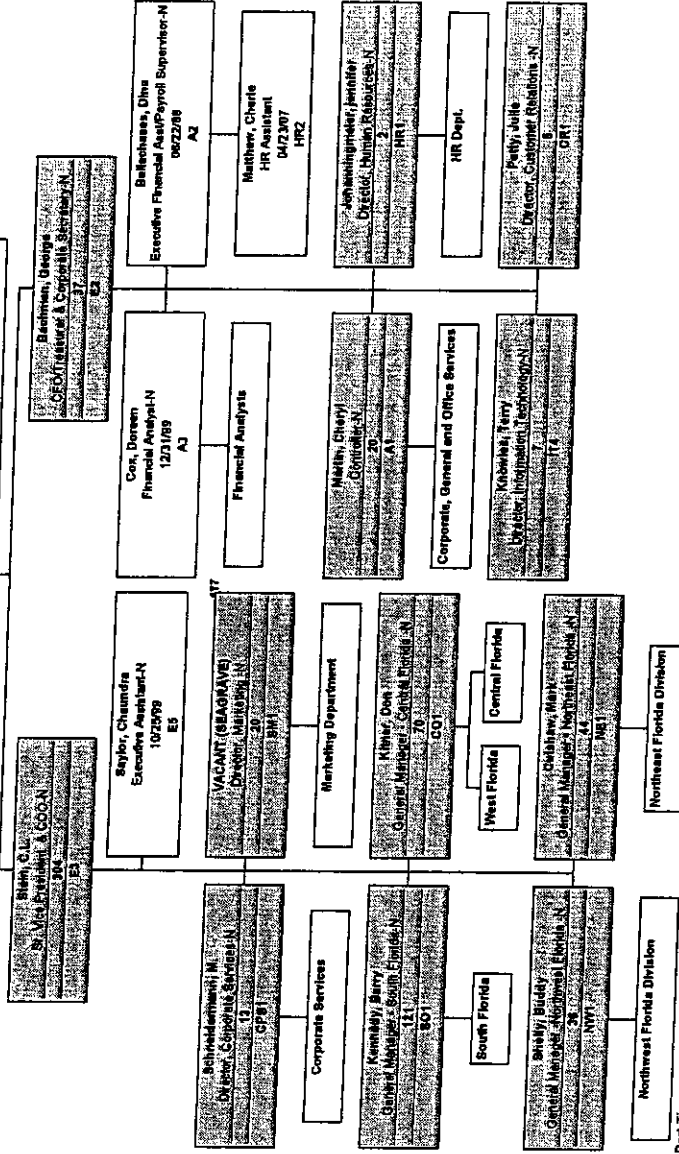
Last Modified 4/15/2010

CORPORATE STRUCTURE

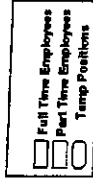
SENIOR MANAGEMENT TEAM

Ernst, Bonnie
Assistant Corporate Secretary/Executive Assistant-N
05/20/01
E4

Schmalzer, John
CEO-N
04/11/01
E11



Abbreviate	Full Title	Level
U1	SR OPS	Level 428
U2	CR OPS	Level 395
U3	FWFL OPS	Level 232
U4	REPL OPS	Level 194
U5	ML CR	Level 428
U6	REPL CR	Level 384
U7	REP Program	Level 165



ORGANIZATIONAL CHART TOTAL

Total	347
Number of Positions	338
Total Vacancies	16
Active Employees	329

Corporate Structure.org

Positions	Total	Full Time	Part Time
WPB Ops	121	119	2
Marketing	20	20	0
I.T.	7	7	0
Accounting	23	22	1
CIS	5	5	0
Central FL	70	70	0
Northwest FL	35	35	0
Northwest FL	44	44	0
Corporate Svs	13	11	2
Offices/Admin	3	3	0
Total	345	340	5

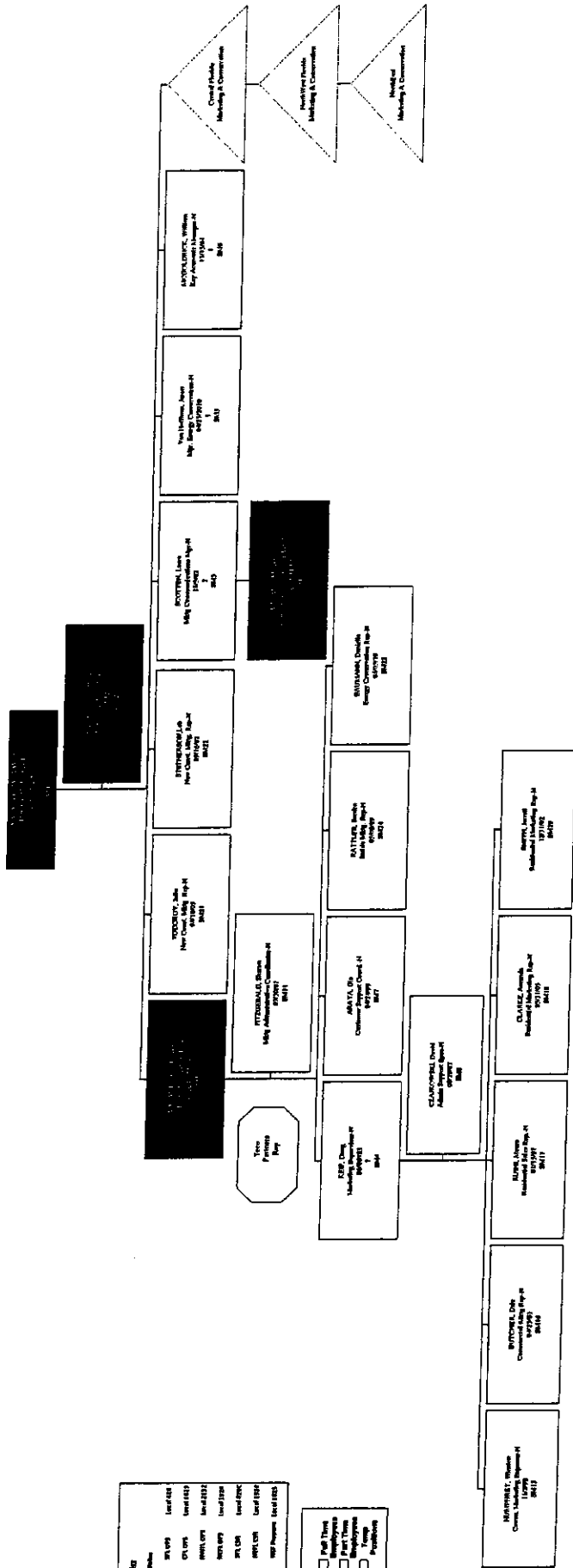
Vacancies	Total	Full Time	Part Time
WPB Ops	5	5	0
Marketing	4	4	0
I.T.	0	0	0
Accounting	1	1	0
HR	0	0	0
CIS	0	0	0
Central FL	6	6	0
Northwest FL	2	2	0
Northwest FL	1	1	0
Corp Svs	2	1	1
Total	20	19	1



MARKETING DEPARTMENT

Last Modified: 4/29/2010

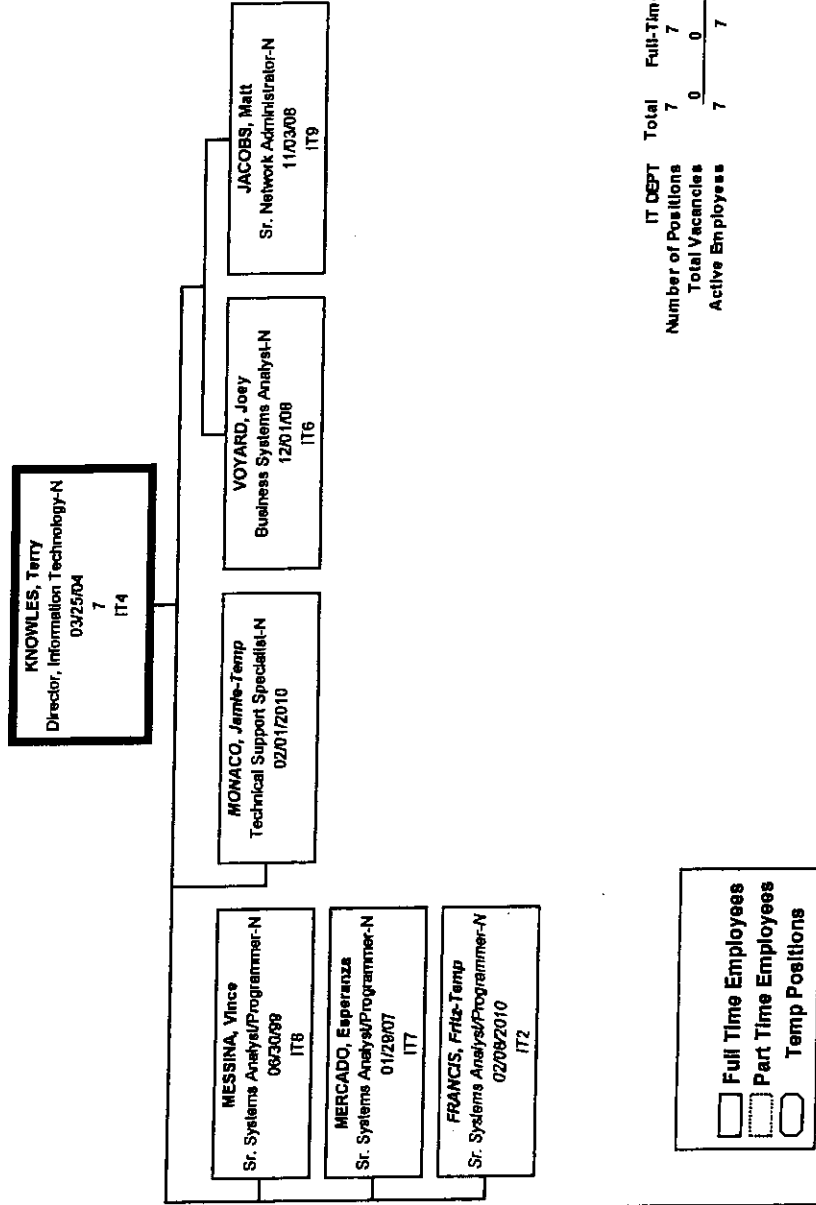
Job Title	Person Name	Lead Code
VP	WILLIAMS	Lead 002
VP	CLARK	Lead 003
VP	SMITH	Lead 004
VP	JOHNSON	Lead 005
VP	DAVIS	Lead 006
VP	WILSON	Lead 007
VP	ANDERSON	Lead 008
VP	THOMAS	Lead 009



Page 1 of 1

INFORMATION TECHNOLOGY DEPARTMENT (IT)

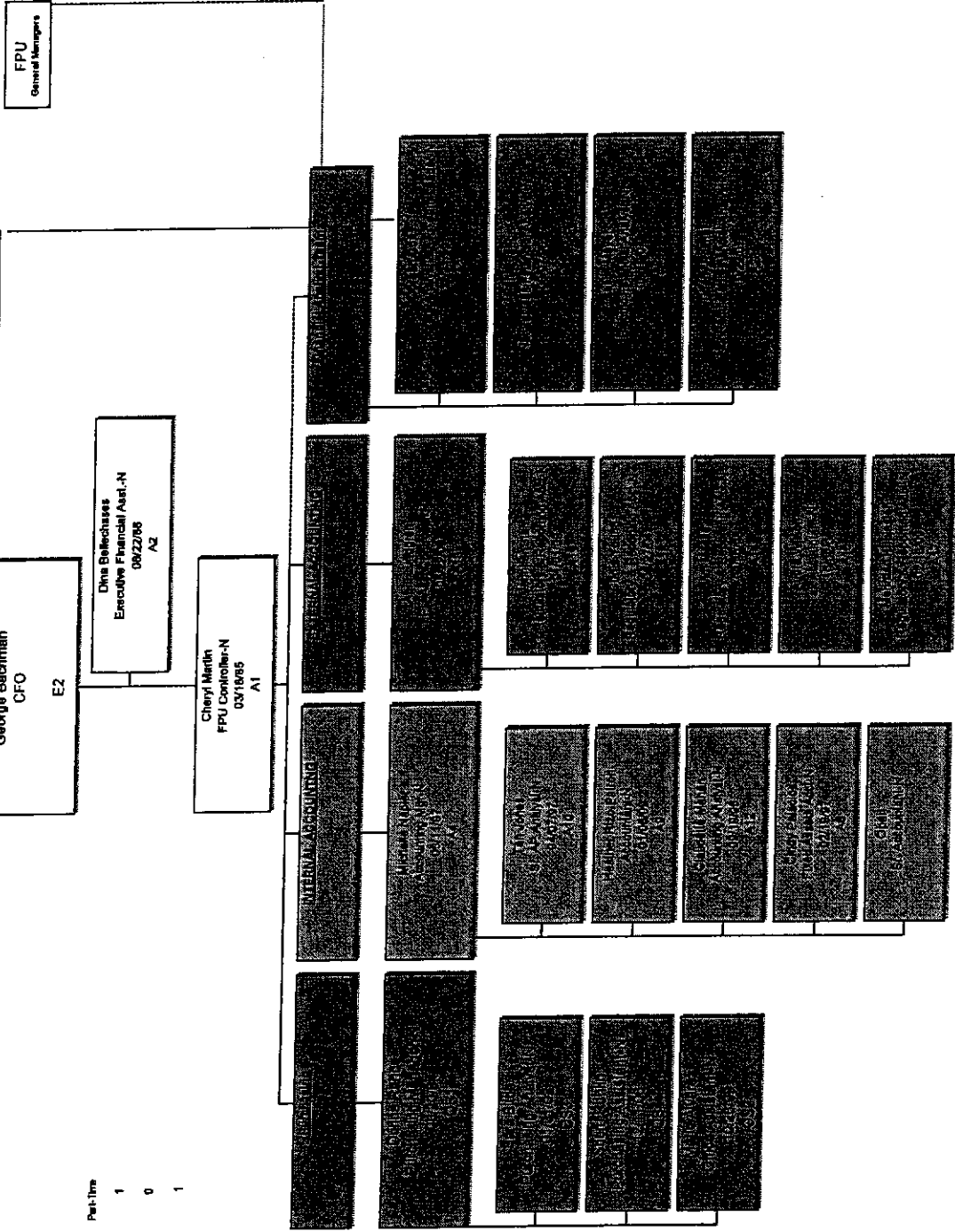
Last Modified 4/1/2010



Union Key		
N	Non Union	
U1	SFL OPS	Local 428
U3	CFL OPS	Local 1625
U4	NWFL OPS	Local 2152
U5	NEFL OPS	Local 1924
U6	SFL CSR	Local 428C
U7	NEFL CSR	Local 1924
U8	NEF Propane	Local 1625

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

ACCOUNTING DEPARTMENT



FPU
General Managers

George Bachman
CFO
E2

Dina Bellechasse
Executive Financial Asst.-N
06/22/86
AZ

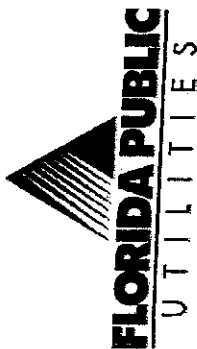
Cheryl Martin
FPU Controller-N
03/18/85
AI

ACCOUNTING	Total	Full-Time	Part-Time
Number of Positions	23	21	1
Total Vacancies	1	1	0
Active Employees	22	21	1

Union Rate	W Non Union	U1	SFL OPR	Local 419
		U9	CFL OPR	Local 1623
		U4	PNFL OPR	Local 2132
		U5	REFL OPR	Local 1924
		U6	SFL CSR	Local 628C
		U7	REFL CSR	Local 1924
		U8	REF Programs	Local 1925

HUMAN RESOURCES DEPARTMENT

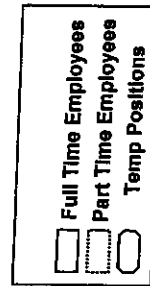
Last Modified 4/1/2010



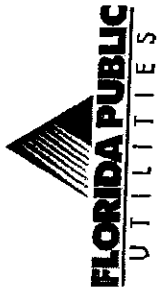
JOHANNINGMEIER, Jennifer
 Manager, Human Resources-N
 02/25/2010
 2
 HR1

Eubank, Michelle-Temp
 HR Rep
 08/10/09
 HR3

Union Key	N	Non Union	
U1	SFL OPS	Local 428	
U3	CFL OPS	Local 1625	
U4	NWFL OPS	Local 2152	
U5	NEFL OPS	Local 1924	
U6	SFL CSR	Local 428C	
U7	NEFL CSR	Local 1924	
U8	NEF Propane	Local 1625	

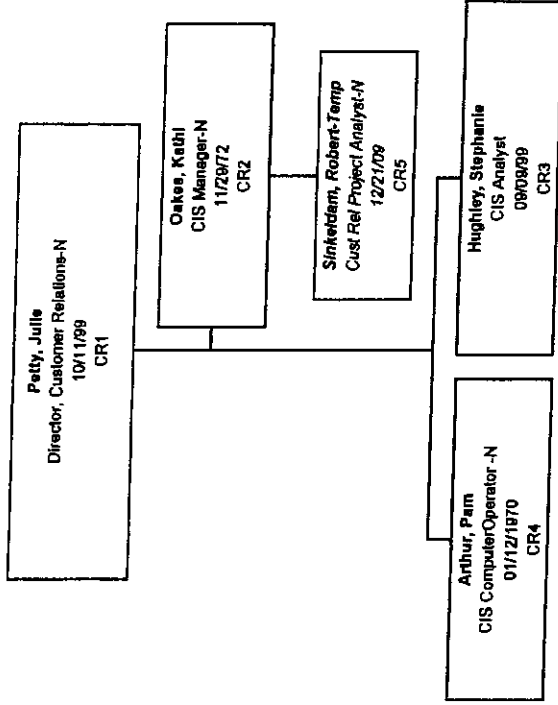


Human Resources	Total	Full-Time	Part-Time
Number of Positions	2	2	0
Total Vacancies	0	0	0
Active Employees	2	2	0



CUSTOMER RELATIONS DEPARTMENT

Last Modified 4/1/2010



Union Key	Local
N Non Union	
U1 SFL OPS	Local 428
U3 CFL OPS	Local 1625
U4 NWFL OPS	Local 2152
U5 NEFL OPS	Local 1924
U6 SFL CSR	Local 428C
U7 NEFL CSR	Local 1924
U8 NEF Propane	Local 1625

Full Time Employees
 Part Time Employees
 Temp Positions

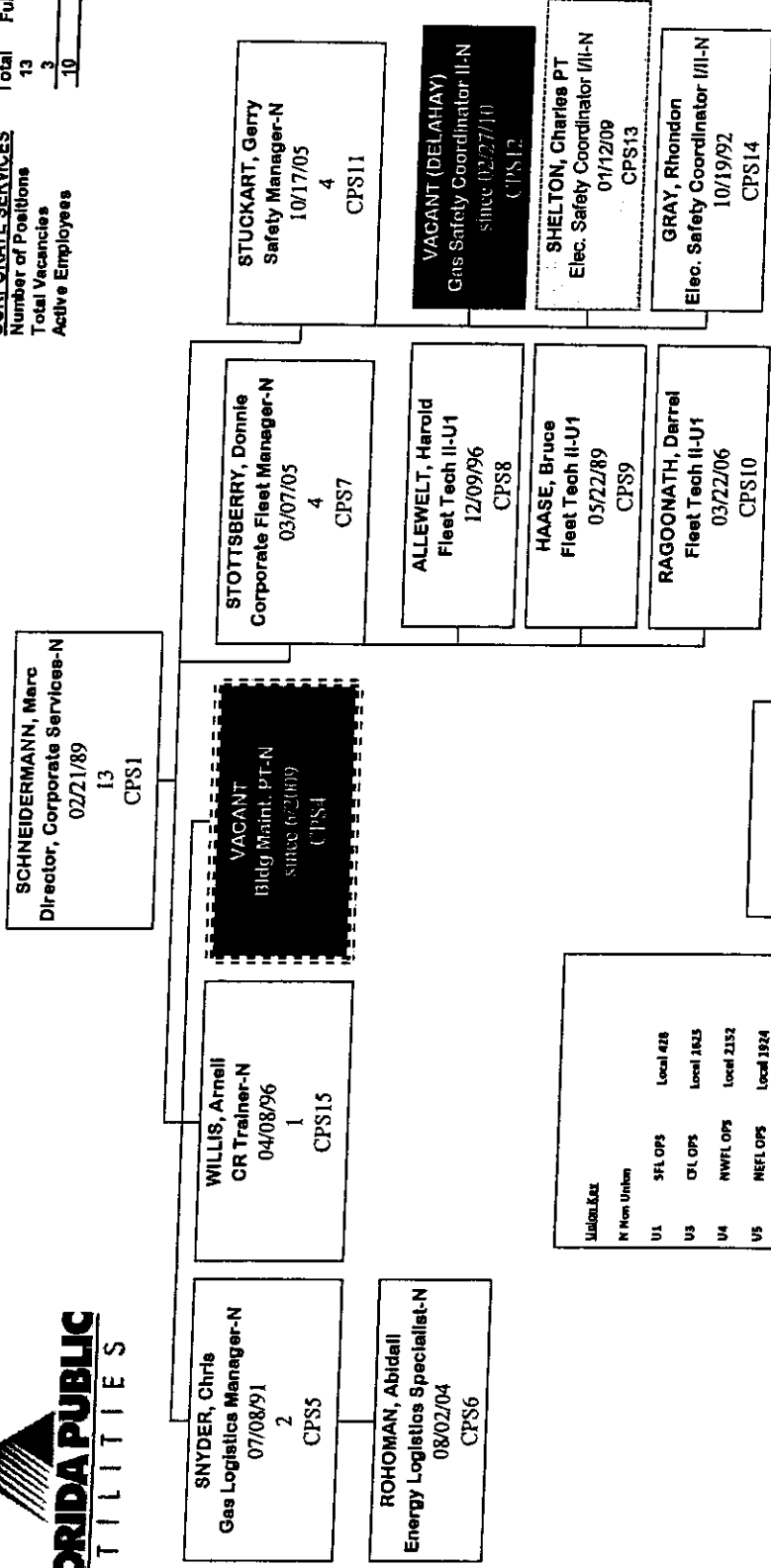
CUSTOMER RELATIONS	Total	Full-Time	Part-Time
Number of Positions	5	5	0
Total Vacancies	0	0	0
Active Employees	5	5	0



CORPORATE SERVICES

CORPORATE SERVICES

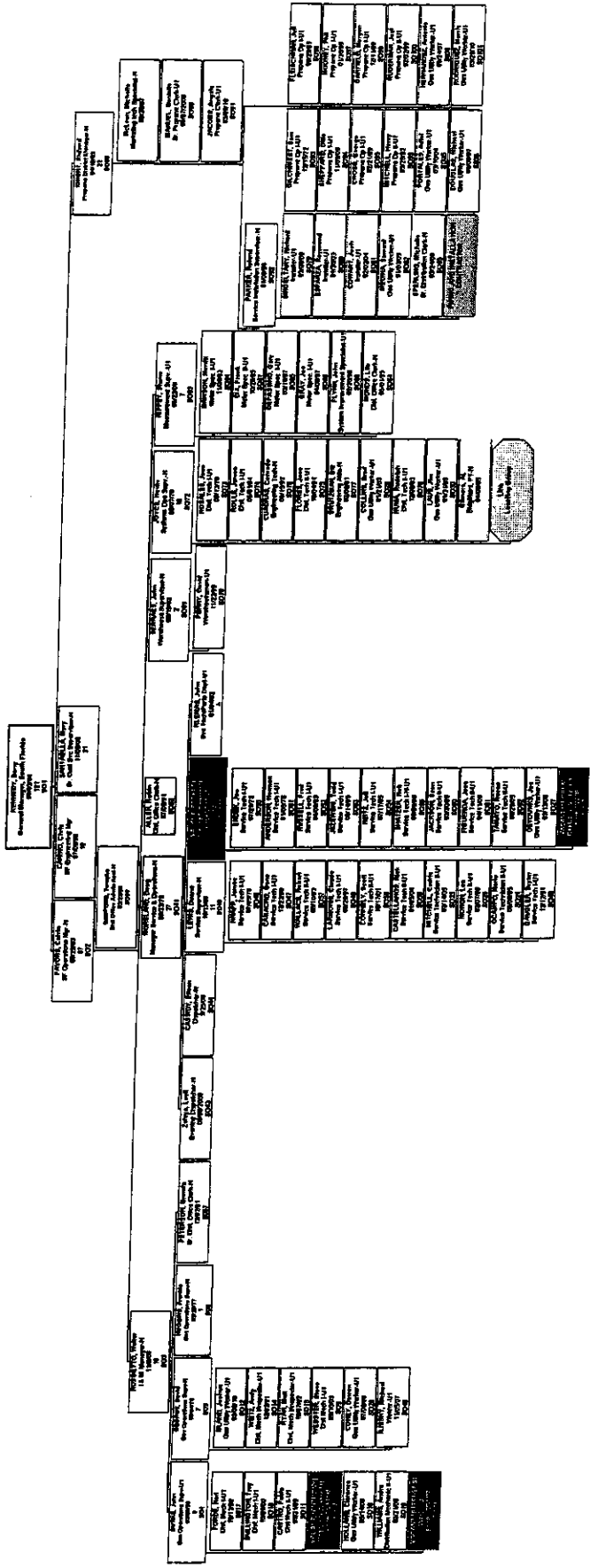
Total	13	Full-Time	11	Part-Time	2
Number of Positions	3	Total Vacancies	2	Active Employees	1
	10		9		1



Full Time Employees
 Part Time Employees
 Temp Positions

Union Loc	N	Non Union
U1	SFL OPS	Local 418
U3	CFI OPS	Local 1613
U4	NWFL OPS	Local 2332
U5	MEFL OPS	Local 1924
U6	SFL CSR	Local 420C
U7	MEFL CSR	Local 1924
U8	NEF Propriety	Local 1625

Last Modified 4/1/2010



0-12-19

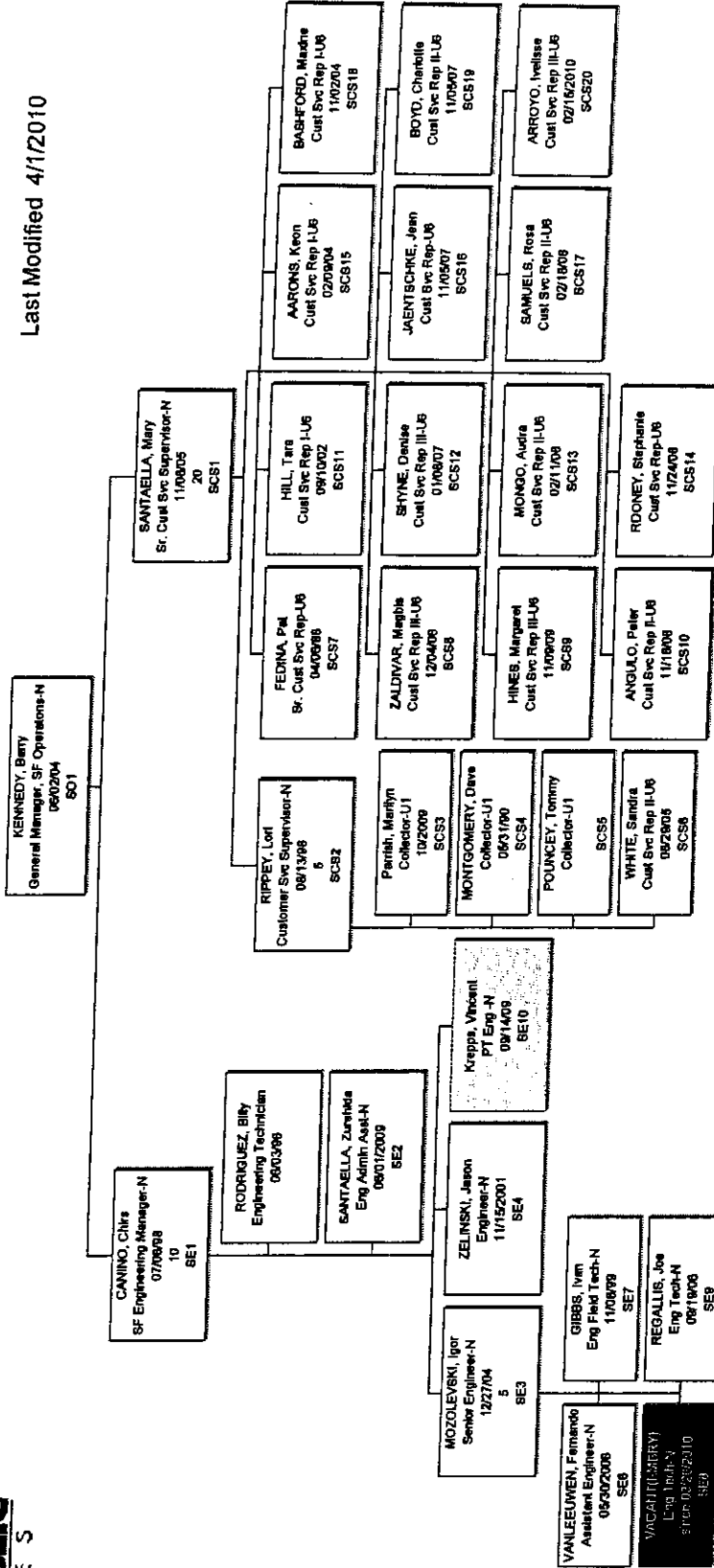
Position	Count	Total
President	1	1
VP of Operations	1	1
VP of Finance & Administration	1	1
VP of Engineering & Construction	1	1
VP of Safety, Health & Environment	1	1
VP of Legal & Compliance	1	1
VP of Information Technology	1	1
VP of Human Resources	1	1
District Manager	3	3
Supervisor	6	6
Technician	12	12
Operator	12	12
Meter Reader	12	12
Utility Worker	12	12
Support Staff	12	12
Total	61	61

0-12-19
Total: 61
Total: 61
Total: 61



**SOUTH FLORIDA OPERATIONS
ENGINEERING & CUSTOMER SERVICE**

Last Modified 4/1/2010

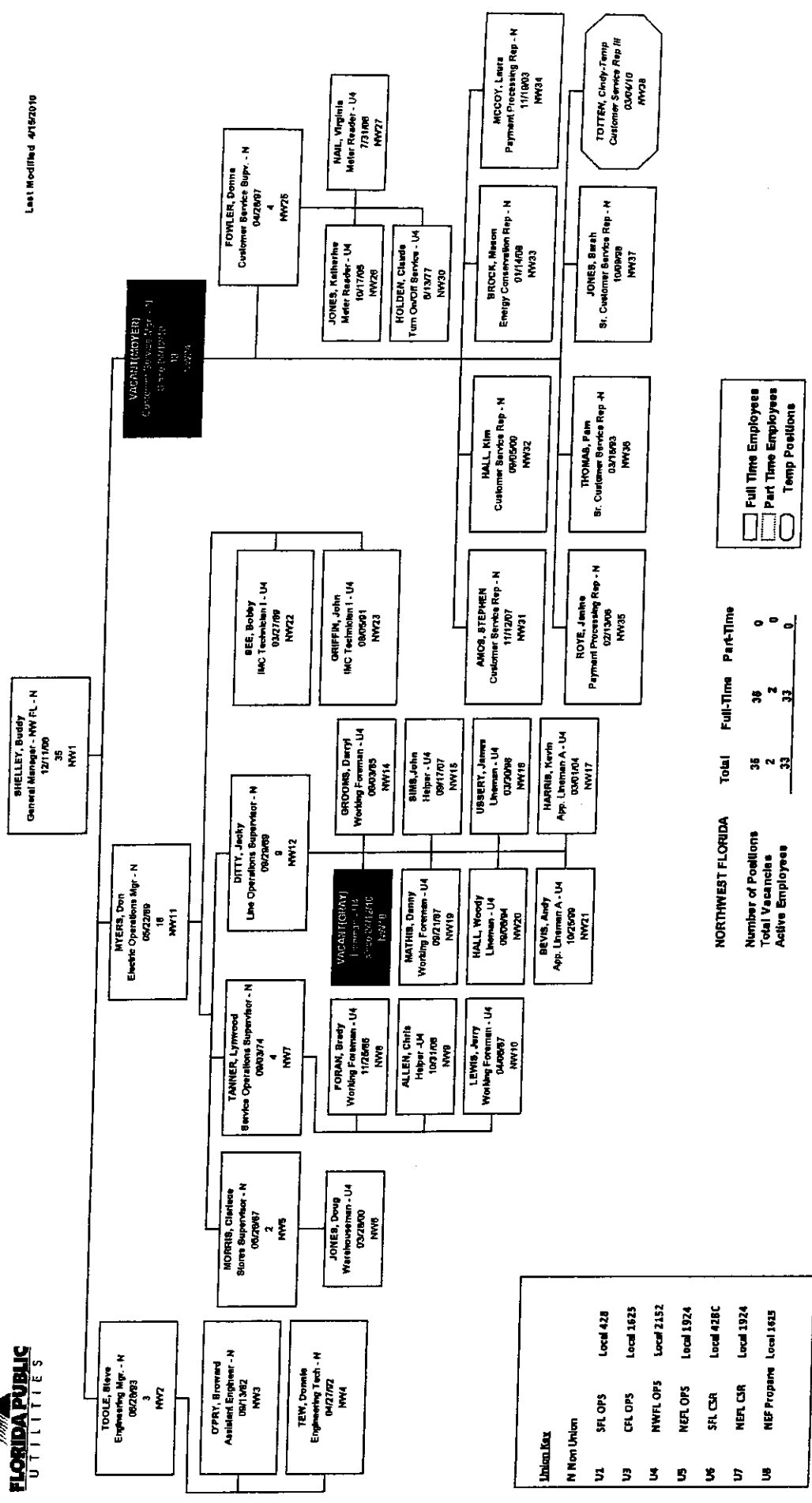


Job Title	Level 427	Level 428	Level 429	Level 430	Level 431
01	021 025	021 025	021 025	021 025	021 025
02	021 025	021 025	021 025	021 025	021 025
03	021 025	021 025	021 025	021 025	021 025
04	021 025	021 025	021 025	021 025	021 025
05	021 025	021 025	021 025	021 025	021 025
06	021 025	021 025	021 025	021 025	021 025
07	021 025	021 025	021 025	021 025	021 025
08	021 025	021 025	021 025	021 025	021 025
09	021 025	021 025	021 025	021 025	021 025
10	021 025	021 025	021 025	021 025	021 025

Full Time Employee
 Part Time Employee
 Temp Position

Northwest Florida Division - Organizational Chart

Last Modified 4/15/2019



Full Time Employees
 Part Time Employees
 Temp Positions

NORTHWEST FLORIDA		Total	Full-Time	Part-Time
Number of Positions		35	36	0
Total Vacancies		2	2	0
Active Employees		33	33	0

Union/Ex	Local	Count
N Non Union		
U1	SFL OPS	Local 428
U3	CFL OPS	Local 1625
U4	NWFL OPS	Local 2152
U5	NEFL OPS	Local 1924
U6	SFL CSR	Local 428C
U7	NEFL CSR	Local 1924
U8	NEF Propane	Local 1625

SUMMARY OF AFFILIATED TRANSFERS AND COST ALLOCATIONS

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)
	SEE ATTACHED SCHEDULES				

(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 12/31/09**

	Year-to-Date <u>Actual</u>	Last Year-to-Date <u>Actual</u>
Operating Revenue	13,591,525	17,269,044
Operation Expenses	11,183,372	14,503,584
Maintenance Expenses	472,076	432,979
Depreciation Expense	818,598	823,816
Amortization of Utility Plant- Acquisition Adjustment	217,926	-
Tax Other Than Income Tax-Utility Operation Expense	193,411	167,744
Income Tax - Federal - Utility Operating Income	(420,662)	126,469
Income Tax - State - Utility Operating Income	(21,061)	14,000
Deferred Income Tax - Utility Operating Income	717,017	167,096
Investment Tax Credit - Utility Operating Income	-	-
Operating Income	<u><u>430,848</u></u>	<u><u>1,033,356</u></u>
 <u>Other Income and Deductions</u>		
Interest and Dividend Income	-	-
Misc. Non-Operating Income	92,769	509,381
Other Income Deductions	(150,688)	(367,787)
Taxes Other Than Income - Other	-	-
Income Taxes-Federal-Other Income	21,799	(53,271)
Income Taxes-State-Other Income	-	-
Other (Income) and Deductions	<u><u>(36,120)</u></u>	<u><u>88,323</u></u>
 <u>Interest Charges</u>		
Interest on Debt to Associated Companies	151,509	525,316
Other Interest Expense	1,661	1,761
Interest Charges	<u><u>153,170</u></u>	<u><u>527,077</u></u>
 <u>Extraordinary Items</u>		
Cumulative Effect - Change in Accounting Principles - Net	-	-
Net Income	<u><u>241,558</u></u>	<u><u>594,602</u></u>

ANALYSIS OF DIVERSIFICATION ACTIVITY SUPPLEMENT
FLO-GAS
BALANCE SHEET
December 31, 2009

Assets and Other Debits	Current	Last Year End
Utility Plant		
Utility Plant in Service	17,995,660	18,177,554
Utility Plant Purchased/Sold	-	-
Completed Construction Not Classified		
Construction Work in Progress	26,180	34,477
Utility Plant	<u>18,021,840</u>	<u>18,212,031</u>
Accumulated Depreciation		
Accumulated Dep. - Utility Plant in Service	(477,577)	(4,807,980)
Accumulated Dep. - Transportation Equip.	(893,436)	(749,235)
Retirement Work in Progress	-	-
Accumulated Dep. - Rental Equipment	-	-
Accumulated Depreciation	<u>(1,371,013)</u>	<u>(5,557,215)</u>
Other Utility Plant		
Utility Plant Acquisition Adj.	-	-
Accum. Amort. - Utility Acq. Adj.	-	-
Other Utility Plant	<u>-</u>	<u>-</u>
Other Property and Investments		
Investment in Assoc. Companies - Common Stock	-	-
Other Property and Investments	<u>-</u>	<u>-</u>
Current and Accrued Assets		
Customer Accounts Receivable	1,632,858	1,620,573
Allowance for Uncollectible Accounts	(65,238)	(65,879)
Accounts Rec. from Associated Companies		
Operating Supplies - Propane	1,709,807	2,035,957
Prepayments - Taxes	-	-
Interest and Dividends Receivable	-	-
Merchandise-Applian.& Supplies		
Accrued Utility Revenues	691,010	327,158
Current and Accrued Assets	<u>3,968,437</u>	<u>3,917,809</u>
Deferred Debits		
Goodwill	114,000	1,852,435
Misc. Deferred Debits - Other W.I.P.		
Misc. Deferred Debits - Miscellaneous	1,900	1,768
Accum. Deferred Income Taxes	(1,303,667)	100,968
Deferred Debits	<u>(1,187,767)</u>	<u>1,955,171</u>
ASSETS AND OTHER DEBITS	<u>19,431,497</u>	<u>18,527,796</u>

ANALYSIS OF DIVERSIFICATION ACTIVITY SUPPLEMENT
FLO-GAS
BALANCE SHEET
December 31, 2009

	<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	83,781	823,214
Proprietary Capital	<u>93,781</u>	<u>833,214</u>
Current and Accrued Liabilities		
Accounts Payable to Assoc. Companies	16,568,103	14,712,473
Customer Deposits	1,073,371	847,778
Taxes Accrued	(2,165,131)	(1,716,341)
Interest Accrued	1,275	1,339
Dividends Declared	-	-
Tax Collections Payable	67,889	57,266
Misc. Current and Accrued Liabilities	-	-
Customer Advances for Construction	70,325	70,325
Other Deferred Income Taxes - Other	-	-
Accumulated Deferred I.T.C.	-	-
Current and Accrued Liabilities	<u>15,615,832</u>	<u>13,972,840</u>
Operating Reserves		
Misc. Operating Reserves	-	-
Accum. Deferred Income Tax - Liberalized Depreciation	3,480,326	3,100,751
Accum. Deferred Income Taxes - Other	-	-
Operating Reserves	<u>3,480,326</u>	<u>3,100,751</u>
Year-to-Date Income/Loss	<u>241,558</u>	<u>620,991</u>
LIABILITIES AND OTHER CREDITS	<u>19,431,497</u>	<u>18,527,796</u>

NEW OR AMENDED CONTRACTS WITH AFFILIATED COMPANIES

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 Affiliate	Synopsis of Contract
	None

INDIVIDUAL AFFILIATED TRANSACTIONS IN EXCESS OF \$25,000

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	Description of Transaction	Dollar Amount
Flo-Gas Corporation	<i>Accounts Payable general expenses. Can not readily determine if it is recurring or non-recurring</i>	(7,587,391)
Flo-Gas Corporation	<i>Payroll - Payment by FL Public Utilities Company for Flo-Gas Corporation, Recurring</i>	(2,900,733)
Flo-Gas Corporation	<i>Cash Receipts - Recurring.</i>	14,362,286
Flo-Gas Corporation	<i>Depreciation - Recurring.</i>	56,400
Flo-Gas Corporation	<i>Revenue- Recurring</i>	174,407
Flo-Gas Corporation	<i>Transportation - Recurring</i>	(159,312)
Flo-Gas Corporation	<i>Dividends - Non-Recurring</i>	(1,000,000)
Flo-Gas Corporation	<i>Insurance Accruals and adjustments - Recurring</i>	(156,690)
Flo-Gas Corporation	<i>Income Tax adjustment - Non-Recurring</i>	440,515
Flo-Gas Corporation	<i>Intercompany Interest - Recurring</i>	(4,765,387)
Flo-Gas Corporation	<i>Clearing - Recurring</i>	(1,490,180)
Flo-Gas Corporation	<i>Propane Fuel - Non-Recurring</i>	(262,110)
Flo-Gas Corporation	<i>Merchandise/Appliance Transfer - Non-Recurring</i>	(50,368)
Flo-Gas Corporation	<i>Stores/inventory - Non-Recurring</i>	(66,951)

ASSETS OR RIGHTS PURCHASED FROM OR SOLD TO AFFILIATES

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:							
Flo-Gas Corporation	Meters	236	406	(170)	N/A	Transfer	N/A
	Trans Equip	13,000	3,725	9,275	N/A	Transfer	N/A
	Regulators			-	N/A	Transfer	N/A
	Computer			-	N/A	Transfer	N/A
	Power Equip			-	N/A	Transfer	N/A
	Tools			-	N/A	Transfer	N/A
Total		13,236	4,131	9,105			
Sales to Affiliates:							
						Sales Price	
	Meters	21,913	5,834	16,079	N/A	Transfer	N/A
	Trans Equip			-	N/A	Transfer	N/A
	Regulators			-	N/A	Transfer	N/A
	Computer			-	N/A	Transfer	N/A
Total		21,913	5,834	16,079			

EMPLOYEE TRANSFERS

List employees earning more than \$50,000 annually transferred to/from the utility to/from an affiliate company.

Company Transferred From	Company Transferred To	Old Job Assignment	New Job Assignment	Transfer Permanent or Temporary and Duration
None				

Florida Public Utilities Company
AEP Reconciliation
As Of December 31, 2009

Rev Start Date	AEP #	Facilities Area	Bal @ Beginning of year		12 Months Ended 12/09		Over/Under Collection	Charges to Date	
			Surcharge Revenues	Facilities Cost	Surcharge* Revenues	Facilities** Cost		Surcharge Revenues	Facilities Cost
Sep-98	20001	Deltona HP #1	725,090.52	765,339.51	37,239.27	(8,658.88)	-	762,329.79	756,680.63
Feb-99	20092	Stone Gable	25,401.67	28,388.86	1,108.85	(1,878.34)	-	26,510.52	26,510.52
May-99	20093	Deltona HP #2	285,938.66	681,702.01	12,741.31	(383,848.79)	-	298,679.97	297,853.22
Apr-99	20098	DeBary Golf & CC	48,374.99	70,532.88	2,434.96	(19,722.93)	-	50,809.95	50,809.95
May-00	20289	Convert Deltona Ph III	364,115.92	721,606.00	28,341.04	(273,701.50)	-	392,456.96	447,904.50
Feb-01	20345	Crystal Cove	35,349.42	33,935.16	-	-	1,414.26	35,349.42	33,935.16
Sep-00	20347	Westward Expansion	252,559.45	244,973.21	-	-	7,586.24	252,559.45	244,973.21
Jun-01	20498	La Chalet	39,866.00	63,955	7,071.80	(5,907.16)	-	46,937.80	58,047.67
Oct-01	20561	Victoria Pk. Ph. I	437,944.04	732,565	139,505.15	18,918.01	-	577,449.19	751,483.47
May-01	20591	Fawn Ridge Sub.	39,548.48	50,524	7,721.89	572.01	-	47,270.37	51,096.11
May-02	20660	Thor./Versailles	198,082.66	778,826	73,887.76	(314,276.05)	-	271,970.42	464,550.25
Apr-02	20695	Mizner Falls Subdiv.	40,261.31	191,419	10,216.72	(111,113.03)	-	50,478.03	80,305.63
Mar-03	20734	Kenco Commun.	17,099.40	74,971	10,817.88	(18,995.35)	-	27,917.28	55,976.11
Aug-02	20798	Lake Mary H.S.	6,391.44	22,115	4,118.31	1,212.80	-	10,509.75	23,327.57
Oct-02	20849	Equestrian Club	90,716.98	156,414	17,522.22	4,678.91	-	108,239.20	161,093.34
Feb-03	20851	Juno Beach	68,892.71	222,314	17,974.33	(33,123.11)	-	86,867.04	189,191.27
Dec-02	20861	Victoria Grove	155,507.71	392,783	44,820.78	(69,413.81)	-	200,328.49	323,369.25
Nov-02	20865	Hamilton Bay	44,826.07	171,165	10,557.78	(72,887.42)	-	55,383.85	98,278.06
Oct-02	20881	Springview Unit 6	17,749.33	25,251	4,573.05	466.70	-	22,322.38	25,717.71
Feb-03	20974	Deerfield Ph II	30,519.81	82,921.30	19,179.93	2,167.38	-	49,699.74	65,088.66
Aug-03	20976	Wyndsong Estates	21,668.96	55,223.46	12,648.31	2,392.10	-	34,317.27	57,615.56
	20999	Downtown Gas Lt. Dist.	-	24,377.29	-	(24,377.29)	-	-	-
Mar-03	21007	SE 6th Ave	9,762.97	23,387.07	2,914.87	1,059.70	-	12,677.84	24,446.77
Oct-04	21025	SR 441 - Palmetto Pk.	14,000.85	109,622.02	9,415.87	(40,702.33)	-	23,416.72	68,919.69
Feb-03	21031	Winter Springs Town Ctr.	34,581.97	187,576.02	11,465.73	(105,078.21)	-	46,047.70	82,497.81
Jun-05	21151	Lakes of Deland	3,171.37	106,276.10	2,338.07	(90,037.49)	-	5,509.44	16,238.61
Jun-04	21160	Riverside at DeBary	25,576.20	170,828.04	11,237.53	(91,350.96)	-	36,813.73	79,477.08
Jan-04	21195	Cedar Creek Subdiv.	11,546.42	32,618.45	6,724.57	1,578.42	-	18,270.99	34,196.87
Jan-04	21212	Equis Subdiv	19,467.06	74,663.49	17,176.08	4,150.46	-	36,643.14	78,613.95
Mar-06	21242	Casa Bella Subdiv	6,913.23	71,319.27	8,283.48	5,128.45	-	15,196.71	76,447.72
Jul-04	21315	Arbor Ridge	71,352.43	233,746.33	30,848.33	(1,869.00)	-	102,200.76	231,877.33
Nov-04	21328	Inlet Shore Estates	5,574.02	17,564.57	2,392.38	911.48	-	7,966.40	18,476.05
May-09	21344	Talavera Subdiv	4,982.28	22,835.82	6,776.63	1,329.15	-	11,768.91	24,164.97
Oct-05	21391	441 Belv to Okeechobee	29,303.61	66,061.64	15,278.56	2,842.56	-	44,582.17	68,704.20
May-06	21436	Wellington Town Sq	-	63,257.61	11,409.10	20,947.72	-	11,409.10	84,205.33
Jun-06	21686	Deltona Woods	4,337.57	12,335.27	3,282.54	518.36	-	7,620.11	12,853.63
Jan-08	21743	Bella Foresta	177.91	44,463.30	1,450.77	(40,331.15)	-	1,628.88	4,132.15
May-08	22076	Wellington Woods	71.16	53,906.71	331.68	(44,359.00)	-	402.84	9,547.71
Mar-08	22081	Florida Days	23.54	38,169.61	81.98	(38,439.18)	-	105.52	1,730.43
Oct-07	22121	SummerGlen Conversion	45,835.49	317,290.60	57,905.97	20,164.19	-	103,741.48	337,454.79
Sep-07	22130	Canopy Creek Subdiv.	315.44	82,632.02	682.98	(50,801.02)	-	998.42	31,831.00
	22133	Veramonte Subdivision	-	20,363.93	1,092.33	(6,344.54)	-	1,092.33	14,019.39
	22234	Sugar Mill Gardens	-	24,801.93	150.15	(16,560.16)	-	150.15	8,241.77
Sep-08	22237	Baton Lake Estates	12.60	31,094.75	87.73	(27,116.90)	-	100.33	3,977.85
	22300	Boca Grove	-	8,784.35	7.75	1,125.01	-	7.75	9,909.36
	Total		3,232,921.65	7,384,902.52	663,816.42	(1,798,930.21)	9,000.50	3,896,738.07	5,585,972.31

Note: Balance in 1860.4 at 12/31/2009 1,698,234.74
* Collections posted to 1860.4 Plus Revenues 3,896,738.07
** Includes interest Less Over/under Recovery (9,000.50)
5,585,972.31

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