GU603-11-AR

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, 2011

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

Name: Cheryl Martin	Title: Director of Regulatory Affairs		
Address: 1641 Worthington Road, Suite 220	City: West Palm Beach	State: FL	
Telephone No.: (561) 838-1725		PSC/ECR 020-G (12/03)	

INSTRUCTIONS FOR FILING THE ANNUAL REPORT OF NATURAL GAS UTILITIES

GENERAL INSTRUCTIONS

I. Prepare this report in conformity with the Uniform System of Accounts (18 CFR 201) (U.S. of A.). Interpret all accounting words and phrases in accordance with the U.S. of A.

II. Enter in whole numbers (dollars or Mcf) only, except where otherwise noted. (Enter cents for averages and figures per unit where cents are important.) The truncating of cents is allowed except on the four basic financial statements where rounding to dollars is required. The amounts shown on all supporting pages must agree with the amounts entered on the statements that they support. When applying thresholds to determine significance for reporting purposes, use for balance sheet accounts the balances at the end of the current reporting year, and use for statement of income accounts the current year's amounts.

III. Complete each question fully and accurately, even if it has been answered in a previous annual report. Enter the word "None" where it truly and completely states the fact.

IV. For any page that is not applicable to the respondent, enter the words "Not Applicable" on the particular page.

V. Provide a supplemental statement further explaining accounts or pages as necessary. Attach the supplemental statement to the page being supplemented on 8 1/2 by 11 inch paper. Provide the appropriate identification information on the supplemental page, including the title of the page and the page number. Do not change the page numbers.

VI. Do not make references to reports of previous years or to other reports in lieu of required entries, except as specifically authorized.

VII. Wherever schedule pages refer to figures from a previous year, the figures reported must be based upon those shown by the annual report of the previous year, or an appropriate explanation given as to why different figures were used.

VIII. Report all gas volumes on a pressure base of 14.73 psia and a temperature base of 60° F.

DEFINITIONS

I. Btu per cubic foot - The total heating value expressed in Btu, produced by the combustion, at constant pressure, of the amount of the gas which would occupy a volume of 1 cubic foot at a temperature of 60° F if saturated with water vapor and under a pressure equivalent to that of 30 inches of mercury at 32° F, and under standard gravitational force (980.665 cm per sec. ^{2}) with air of the same temperature and pressure as the gas, when the products of combustion are cooled to the initial temperature of gas and air when the water formed by combustion is condensed to the liquid state. (Sometimes called gross heating value or total heating value.)

II. Respondent - The person, corporation, licensee, agency, authority, or other legal entity or instrumentality in whose behalf the report is made.

ParenteBeard

Independent Auditors' Report

Boards of Directors
Chesapeake Utilities Corporation and Florida Public Utilities Company

We have audited the balance sheets of Florida Public Utilities Company - Natural Gas Division as of December 31, 2011 and 2010, and the accompanying statements of income for each of the two years in the period ended December 31, 2011 and the statement of retained earnings for the year ended December 31, 2011 included on pages 6 through 11 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 audits.

We conducted our audits 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 audits provide a reasonable basis for our opinion.

As described in Note 1, 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 financial statements referred to above present fairly, in all material respects, the financial position of Florida Public Utilities Company - Natural Gas Division as of December 31, 2011 and 2010 and the results of its operations for the years 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 of Chesapeake Utilities Corporation 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

Philadelphia, Pennsylvania
July 30, 2012

ANNUAL REPORT OF NATURAL GAS UTILITIES

IDENTIFICATION

01 Exact Legal Name of Respondent Florida Public Utilities Company	02 Year of Report December 31, 2011
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 Martin	06 Title of Contact Person Director of Regulatory Affairs
07 Address of Contact Person (Street, City, State, Zip Code) 1641 Worthington Road, Suite 220, West Plam Beach, FL 33409	
08 Telephone of Contact Person, Including Area Code (561) 838 1725	09 Date of Report (Mo., Day, Yr) July 30,2012

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, 2011 to December 31, 2011, inclusive.

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

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

> Whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his 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.

Beth W. Cooper
Signature

7/30/2012
Date

Beth W. Cooper
Name

Sr. Vice President, Chief Financial Officer
Title

TABLE OF CONTENTS

Florida Public Utilities Company Natural Gas Division	For the Year Ended Dec. 31, 2011

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's Form 10-K report filed with the SEC, is for the fiscal year ending December 31, 2011.

CORPORATIONS CONTROLLED BY RESPONDENT

1. Report below the names of all corporations, business trusts, and similar organizations, controlled directly or indirectly by respondent at any time during the year. If control ceased prior to end of year, give particulars (details) in a footnote.
2. If control was by other means than a direct holding of voting rights, state in a footnote the manner in which control was held, naming any intermediaries involved.
3. If control was held jointly with one or more other interests, state the fact in a footnote and name the other interests.
4. If the above required information is available from the SEC 10-K Report Form filing, a specific reference to the report form (i.e. year and company title) may be listed in column (a) provided the fiscal years for both the 10-K report and this report are compatible.

DEFINITIONS

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

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

Florida Public Utilities Company
Natural Gas Division

For the Year Ended
Dec. 31, 2011

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)
Chief Executive Officer	Michael P. McMasters	$ 51,275
President	Jeffry M. Householder	$ 161,044
Chief Operating Officer	Stephen C. Thompson	$ -
Chief Financial Officer	Beth W. Cooper	$ 32,242
Vice President	Jeffrey S. Sylvester	$ 98,468
Vice President	Kevin J. Webber	$ 121,678
Vice President	Elaine B. Bittner	$ 23,425
Note: The salaries above represent only that portion allocated to regulated FPU.		

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)
Michael P. McMasters, Chairman of Board	909 Silver Lake Blvd., Dover Delaware 19901	24	$ -
Ralph J. Adkins, Director	909 Silver Lake Blvd., Dover Delaware 19901	21	$ 1,434
John R. Schimkaitis, Director	909 Silver Lake Blvd., Dover Delaware 19901	10	$ 1,434
Eugene H. Bayard, Director	909 Silver Lake Blvd., Dover Delaware 19901	12	$ 1,681
Richard Bernstein, Director	909 Silver Lake Blvd., Dover Delaware 19901	13	$ 1,805
Thomas J. Bresnan, Director	909 Silver Lake Blvd., Dover Delaware 19901	13	$ 1,805
Thomas P. Hill, Jr., Director	909 Silver Lake Blvd., Dover Delaware 19901	15	$ 2,052
Dennis S. Hudson, III, Director	909 Silver Lake Blvd., Dover Delaware 19901	13	$ 1,805
Paul L. Maddock, Jr., Director	909 Silver Lake Blvd., Dover Delaware 19901	12	$ 1,681
J. Peter Martin, Director	909 Silver Lake Blvd., Dover Delaware 19901	13	$ 1,805
Joseph E. Moore, Esq., Director	909 Silver Lake Blvd., Dover Delaware 19901	19	$ 2,423
Calvert A. Morgan, Jr., Director	909 Silver Lake Blvd., Dover Delaware 19901	18	$ 2,299
Dianna F. Morgan, Director	909 Silver Lake Blvd., Dover Delaware 19901	13	$ 1,805
Note: The fees above represent only that portion allocated to FPU Natural Gas			

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 complied within one year prior to the end of the year, or if since the previous compilation of a list of stockholders, some other class of security has become vested with voting rights, then show such 10 security holders as of the close of the year. Arrange the names of the security holders in the order of voting power, commencing with the highest. Show in column (a) the titles of officers and directors included in such list of 10 security holders.
2. If any security other than stock carries voting rights, explain in a supplemental statement of circumstances whereby such security became vested with voting rights and give others important particulars (details) concerning the voting rights of such security. State whether voting rights are actual or contingent if contingent, describe the contingency.
3. If any class or issue of security has any special privileges in the election of directors, trustees or managers, or in the determination of corporate action by any method, explain briefly in a footnote.
4. Furnish particulars (details) concerning any options, warrants, or rights outstanding at the end of the year for others to purchase securities of the respondent or any securities or other assets owned by the respondent, including prices, expiration dates, and other material information relating to exercise of the options, warrants, or rights. Specify the amount of such securities or assets so entitled to be purchased by any officer, director, associated company, or any of the ten largest security holders.

	VOTING SECURITIES			
	Number of votes as of (date):			
Name (Title) and Address of Security Holder (a)	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				
Effective October 28, 2009 FPU became a wholly-owned subsidiary of Chesapeake Utilities Corporation.				

IMPORTANT CHANGES DURING THE YEAR

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

1. Acquisition of ownership in other companies by reorganization, merger, or consolidation with other companies: Give name of companies involved, particulars concerning the transactions.
2. Purchase or sale of an operating unit or system: Give brief description of the property, and of the transactions relating thereto, and reference to Commission authorization, if any was required.
3. Important extension or reduction of transmission or distribution system: State territory added or relinquished and date operations began or ceased also the approximate number of customers added or lost and approximate annual revenues of each class of service.
4. State briefly the status of any materially important legal proceedings pending at the end of the year, and the results of any such proceedings culminated during the year.
5. State briefly the status of any materially important transactions of the respondent not disclosed elsewhere in this report in which an officer, director, security holder, voting trustee, associated company or known associate of any of these persons was a party or in which any such person had a material interest.

1 None
2 On August 1, 2010 FPU purchased the natural gas operating assets of Indiantown Gas Co (IGC), which provides natural gas distribution services to approximately 700 customers including two large industrial customers in Indiantown, Florida. IGC is reported separately from this form.
3 None
4 None
5 None

Florida Public Utilities Company
Natural Gas Division

For the Year Ended
Dec. 31, 2011

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	$ 173,920,804	$ 183,262,617
3	Construction Work in Progress (107)	12	$ 2,773,705	$ 367,638
4	TOTAL Utility Plant Total of lines 2 and 3)		$ 176,694,509	$ 183,630,255
5	(Less) Accum. Prov. for Depr., Amort., Depl. & Acq. Adj. (108, 111, 115)	12	$ (45,559,249)	$ (50,268,239)
6	Net Utility Plant (Total of line 4 less 5)		$ 131,135,260	$ 133,362,016
7	Utility Plant Adjustments (116)	11		
8	Gas Stored (117.1, 117.2, 117.3, 117.4)	-		
9	OTHER PROPERTY AND INVESTMENTS			
10	Nonutility Property (121)	-	$ 8,436	$ 8,436
11	(Less) Accum. Prov. for Depr. and Amort. (122)	-		
12	Investments in Associated Companies (123)	-		
13	Investment in Subsidiary Companies (123.1)	-		
14	Other Investments (124)	-	$ 8,159	$ 8,159
15	Special Funds (125, 126, 128)	-		
16	TOTAL Other Property and Investments (Total of lines 10 through 15)		$ 16,595	$ 16,595
17	CURRENT AND ACCRUED ASSETS			
18	Cash (131)	-	$ 403,259	$ 926,616
19	Special Deposits (132-134)	-		
20	Working Funds (135)	-	$ 9,766	$ 19,370
21	Temporary Cash Investments (136)	-		
22	Notes Receivable (141)	-		
23	Customer Accounts Receivable (142)	-	$ 6,376,338	$ 6,530,995
24	Other Accounts Receivable (143)	-	$ 117,567	$ (14,425)
25	(Less) Accumulated Provision for Uncollectible Accounts-Credit (144)	-	$ (96,128)	$ (140,542)
26	Notes Receivable from Associated Companies (145)	-		
27	Accounts Receivable from Associated Companies (146)	-	$ (6,260,357)	$ (4,559,267)
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)	-	$ 533,111	$ 734,081
32	Merchandise (155)	-	$ 33,345	$ -
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	$ 188,343	$ 372,762
37	Advances for Gas (166-167)	-		
38	Interest and Dividends Receivable (171)	-		
39	Rents Receivable (172)	-		
40	Accrued Utility Revenues (173)	-	$ 2,902,993	$ 1,927,681
41	Miscellaneous Current and Accrued Assets (174)	-	$ -	$ -
42	TOTAL Current and Accrued Assets (Total of lines 18 through 41)		$ 4,208,238	$ 5,797,271
43	DEFERRED DEBITS			
44	Unamortized Debt Expense (181)	-		
45	Extraordinary Property Losses (182.1)	18		
46	Unrecovered Plant and Regulatory Study Costs (182.2)	18		
47	Other Regulatory Assets (182.3)	19	$ 13,628,359	$ 17,483,683
48	Preliminary Survey and Investigation Charges (Gas) (183.1, 183.2)	-	$ 31,818	$ -
49	Clearing Accounts (184)	-	$ 421	$ -
50	Temporary Facilities (185)	-		
51	Miscellaneous Deferred Debits (186)	19	$ 1,366,800	$ 1,596,923
52	Deferred Losses from Disposition of Utility Plant. (187)	-		
53	Research, Development and Demonstration Expenditures (188)	-		
54	Unamortized Loss on Reacquired Debt (189)	20		
55	Accumulated Deferred Income Taxes (190)	24	$ 3,146,293	$ 4,142,716
56	Unrecovered Purchased Gas Costs (191)	-		
57	TOTAL Deferred Debits (Total of lines 44 through 56)		$ 18,173,692	$ 23,223,322
58	TOTAL Assets and other Debits (Total of lines 6, 7, 8, 16, 42, 57)		$ 153,533,784	$ 162,399,203

Florida Public Utilities Company
Natural Gas Division

For the Year Ended

Dec. 31, 2011

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)	-		
3	Preferred Stock Issued (204)	-		
4	Other Paid-In Capital (208-214)	-		
5	Retained Earnings (215, 216)	10	$ 77,677,349	$ 81,976,887
6	Unappropriated Undistributed Subsidiary Earnings (216.1)	10		
7	(Less) Reacquired Capital Stock (217)	-		
8	TOTAL Proprietary Capital (Total of lines 2 through 7)		$ 77,677,349	$ 81,976,887
9	LONG-TERM DEBT			
10	Bonds (221)	21		
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)			
17	OTHER NONCURRENT LIABILITIES			
18	Obligations Under Capital Leases - Noncurrent (227)	-		
19	Accumulated Provision for Property Insurance (228.1)	-	$ 798,204	$ 805,943
20	Accumulated Provision for Injuries and Damages (228.2)	-	$ 126,526	$ 109,597
21	Accumulated Provision for Pensions and Benefits (228.3)	-	$ 8,053,473	$ 12,668,160
22	Accumulated Miscellaneous Operating Provisions (228.4)	-		
23	Accumulated Provision for Rate Refunds (229)	-		
24	TOTAL Other Noncurrent Liabilities (Total of lines 18 through 23)		$ 8,978,203	$ 13,583,700
25	CURRENT AND ACCRUED LIABILITIES			
26	Notes Payable (231)	-		
27	Accounts Payable (232)	-	$ 5,587,255	$ 4,752,305
28	Notes Payable to Associated Companies (233)	-		
29	Accounts Payable to Associated Companies (234)	-		
30	Customer Deposits (235)	-	$ 7,736,833	$ 7,451,122
31	Taxes Accrued (236)	-	$ 599,264	$ 36,781
32	Interest Accrued (237)	-	$ 489,556	$ 447,421
33	Dividends Declared (238)	-		
34	Matured Long-Term Debt (239)	-		
35	Matured Interest (240)	-		
36	Tax Collections Payable (241)	-	$ 1,404,239	$ 1,367,019
37	Miscellaneous Current and Accrued Liabilities (242)	22	$ 2,224,384	$ 1,300,569
38	Obligations Under Capital Leases-Current (243)	-		
39				
40	TOTAL Current and Accrued Liabilities (Total of lines 26 through 39)		$ 18,041,530	$ 15,355,217
41	DEFERRED CREDITS			
42	Customer Advances for Construction (252)	-	$ 2,044,670	$ 2,445,079
43	Other Deferred Credits (253)	22	$ 13,273,904	$ 11,775,028
44	Other Regulatory Liabilities (254)	22		
45	Accumulated Deferred Investment Tax Credits (255)	23	$ 67,301	$ 42,275
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	$ 33,450,828	$ 37,221,017
49	TOTAL Deferred Credits (Total of lines 42 through 48)		$ 48,836,702	$ 51,483,399
50				
51	TOTAL Liabilities and Other Credits (Total of lines 8, 16, 24, 40 and 49)		$ 153,533,784	$ 162,399,203

Florida Public Utilities Company
Natural Gas Division

For the Year Ended

Dec. 31, 2011

STATEMENT OF INCOME

1. Use page 11 for important notes regarding the statement of income or any account thereof.
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 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.
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 Gas Utility Current Year (c)	Total Gas Utility Previous Year (d)
1	UTILITY OPERATING INCOME			
2	Operating Revenues (400)	26	$ 63,226,651	$ 69,161,822
3	Operating Expenses			
4	Operation Expenses (401)	27-29	$ 39,436,117	$ 42,988,416
5	Maintenance Expenses (402)	27-29	$ 793,661	$ 1,524,430
6	Depreciation Expense (403)	15-16	$ 3,586,645	$ 3,538,123
7	Amortization & Depletion of Utility Plant (404-405)	-	$ 2,127,024	$ 2,194,192
8	Amortization of Utility Plant Acquisition Adjustment (406)	-	$ 1,821,212	$ 1,821,212
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)	-	$ 564,445	$ 564,445
12	(Less) Regulatory Credits (407.4)	-	$ -	$ -
13	Taxes Other Than Income Taxes (408.1)	23	$ 5,281,608	$ 6,611,144
14	Income Taxes - Federal (409.1)	-	$ 19,725	$ 2,552,808
15	- Other (409.1)	-	$ 276,842	$ 609,820
16	Provision for Deferred Income Taxes (410.1)	24	$ 5,107,747	$ 1,761,518
17	(Less) Provision for Deferred Income Taxes - Cr.(411.1)	24	$ (2,424,041)	$ (1,781,220)
18	Investment Tax Credit Adjustment - Net (411.4)	23	$ (25,025)	$ (30,497)
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)		$ 56,565,959	$ 62,354,391
23	Net Utility Operating Income (Total of line 2 less 22)			
24	(Carry forward to page 9, line 25)		$ 6,660,692	$ 6,807,431

Florida Public Utilities Company
Natural Gas Division

For the Year Ended
Dec. 31, 2011

STATEMENT OF INCOME (Continued)

Line No.	Account (a)	Ref. Page No. (b)	TOTAL Current Year (c)	TOTAL Previous Year (d)
25	Net Utility Operating Income (Carried forward from page 8)		$ 6,660,692	$ 6,807,431
26	**Other Income and Deductions**			
27	Other Income			
28	Nonutility Operating Income			
29	Revenues From Merchandising, Jobbing and Contract Work (415)	-		
30	(Less) Costs and Exp. of Merchandising, Job & Contract Work (416)	-		
31	Revenues From Nonutility Operations (417)	-		
32	(Less) Expenses of Nonutility Operations (417.1)	-		
33	Nonoperating Rental Income (418)	-		
34	Equity in Earnings of Subsidiary Companies (418.1)	10		
35	Interest and Dividend Income (419)	-	$ 46,551	$ -
36	Allowance for Other Funds Used During Construction (419.1)	-		
37	Miscellaneous Nonoperating Income (421)	-	$ 3,926	$ 1,457
38	Gain on Disposition of Property (421.1)	-	$ -	$ -
39	TOTAL Other Income (Total of lines 29 through 38)		$ 50,477	$ 1,457
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	$ (71,456)	$ (20,262)
44	TOTAL Other Income Deductions (Total of lines 41 through 43)		$ (71,456)	$ (20,262)
45	Taxes Applicable to Other Income and Deductions			
46	Taxes Other Than Income Taxes (408.2)	-		
47	Income Taxes - Federal (409.2)	-	$ 45,761	$ 40,545
48	Income Taxes - Other (409.2)	-	$ 37,418	$ 10,244
49	Provision for Deferred Income Taxes (410.2)	24	$ (254,348)	$ (63,458)
50	(Less) Provision for Deferred Income Taxes - Credit (411.2)	24	$ 179,260	$ -
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)		$ 8,091	$ (12,669)
54	Net Other Income and Deductions (Total of lines 39,44,53)		$ (12,888)	$ (31,474)
55	**Interest Charges**			
56	Interest on Long-Term Debt (427)	-	$ 1,630,331	$ 1,263,126
57	Amortization of Debt Discount and Expense (428)	21	$ 8,386	$ 11,399
58	Amortization of Loss on Reacquired Debt (428.1)	-	$ 57,951	$ 54,081
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	$ (32,753)	$ (70,423)
62	Other Interest Expense (431)	33	$ 684,352	$ 807,957
63	(Less) Allowance for Borrowed Funds Used During Const.-Credit (432)	-		
64	Net Interest Charges (Total of lines 56 through 63)		$ 2,348,267	$ 2,066,140
65	Income Before Extraordinary Items (Total of lines 25, 54 and 64)		$ 4,299,538	$ 4,709,817
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)		$ 4,299,538	$ 4,709,817

Florida Public Utilities Company Natural Gas Division	For the Year Ended Dec. 31, 2011

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		$ 77,677,349
2	Changes (Identify by prescribed retained earnings accounts)		
3	Adjustments to Retained Earnings (Account 439):		
4	Credit:		
5	Credit:		
6	TOTAL Credits to Retained Earnings (Account 439) (Total of lines 4 and 5)		
7	Debit:		
8	Debit:		
9	TOTAL Debits to Retained Earnings (Account 439) (Total of lines 7 and 8)		
10	Balance Transferred from Income (Account 433 less Account 418.1)		$ 4,299,538
11	Appropriations of Retained Earnings (Account 436) TOTAL		
12	Dividends Declared - Preferred Stock (Account 437) TOTAL		
13	Dividends Declared - Common Stock (Account 438) TOTAL		
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)		$ 81,976,887
	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			
19			
20			
21			
22			
23	TOTAL Appropriated Retained Earnings (Account 215)		
	TOTAL Retained Earnings (Account 215 and 216) (Total of lines 16 and 23)		$ 81,976,887

1. Summary of Accounting Policies

Nature of Business

Florida Public Utilities Company ("FPU") is a utility engaged in the natural gas and electric distribution business in Florida. The natural gas division of FPU, excluding the Indiantown division, ("we," "our" or "us") is engaged in the distribution of natural gas to approximately 52,000 residential, commercial and industrial customers located in Palm Beach, Broward, Martin, Marion, Seminole and Volusia counties in Florida. Our rates and services are subject to regulation by the Florida Public Service Commission ("FPSC"). FPU is a wholly owned subsidiary of Chesapeake Utilities Corporation ("Chesapeake").

Basis of Presentation

Our financial statements include the accounts of FPU's natural gas operation, excluding the accounts of the Indiantown division. The FPSC requires FPU's Indiantown natural gas division to be reported separately from us and therefore, those accounts are excluded from our financial statements. FPU's electric distribution business is also excluded from our financial statements.

Our financial statements are prepared in conformity with the accounting requirements of the FPSC, which are substantially equivalent to the accounting requirements of the Federal Energy Regulatory Commission ("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 ("US GAAP"). The accounting requirements of the FERC and the FPSC applied by us in these financial statements are consistent with US GAAP, except for:

- lack of reclassification of certain negative balances on the balance sheets;
- the presentation of deferred income tax assets and liabilities separately rather than as a single amount;
- the presentation of cost of removal as a component of accumulated depreciation rather than as a regulatory liability;
- lack of detail property, plant and equipment component costs disclosure;
- lack of detail regulatory assets and liability disclosure;
- the omission of the statements of cash flows;
- the omission of the statement of retained earnings for prior year for a comparative presentation; and
- the accounting treatment of acquisition adjustment and regulatory asset associated with the merger-related costs and the presentation of acquisition adjustment (See Note 2, "Merger with Chesapeake," for further discussion).

The merger with Chesapeake was accounted for under the acquisition method of accounting, with Chesapeake treated as the acquirer. Our assets acquired and liabilities assumed by Chesapeake in the merger were adjusted to their respective fair values at the completion of the merger. In estimating the fair value of those assets and liabilities, we considered the nature of the assets and liabilities and the regulatory mechanisms for recovery, to which the assets and liabilities are subject, as a factor in determining the appropriate fair value. Due to the regulatory nature of our operation, to which our assets and liabilities are subject, the application of the acquisition method of accounting did not result in significant changes to the carrying value of our assets and liabilities, except for the premium and merger-related costs paid by Chesapeake in the merger.

Use of Estimates

Our financial statements are prepared based on the accounting requirements of the FPSC, which are substantially equivalent to the accounting requirements of the FERC, which require management to make estimate 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 our control; therefore, actual results could differ from those estimates.

Utility Plant

Property, plant and equipment are stated at original cost less accumulated depreciation or fair value if impaired. 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. Upon retirement or disposition of utility plant, the gain or loss, net of salvage value, is charged to accumulated depreciation or deferred as a regulatory asset or liability.

Included in net utility plant at December 31, 2011 was approximately $1.1 million associated with the office building located in West Palm Beach, which was subsequently sold in February 2012. We treated this asset as an asset held for sale at December 31, 2011.

In June and July 2012, we entered into a contract to sell our land located in West Palm Beach, Florida and a contract to purchase two parcels of land also located in the same city. We entered into the contract to sell our land and the contract to purchase one of the parcels to effectively exchange those lands, and therefore, these transactions will be accounted for as a non-monetary exchange and expected to qualify as a "like-kind" exchange for income tax purposes. There will be no gain or loss related to the exchange portion of these transactions. The contract to purchase the other parcel of land will be recorded at the purchase price allocated to that parcel, which is $600,000. The transactions are expected to be completed in the third quarter of 2012.

The allowance for funds used during construction ("AFUDC") is an accounting procedure whereby the cost of borrowed and other funds used to finance construction projects 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 expense and other income, respectively. We did not capitalize AFUDC on utility plant for the years ended December 31, 2011 and 2010, respectively.

Depreciation

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, as approved by the FPSC. Depreciation and amortization expenses are provided at an annual rate averaging 3.3 percent for 2011 and 2010, respectively.

In accordance with the accounting requirements of the FERC, we include the accretion of the cost of removal for future retirements of utility assets as depreciation expense. For the years ended December 31, 2011 and 2010, $425,987 and $417,314, respectively, of such accretion was included in depreciation expense. We also report certain depreciation expense, mainly related to vehicle, computer software and hardware, in operations expense rather than depreciation expense to comply with the accounting requirements of the FERC. For the years ended December 31, 2011 and 2010, $312,602 and $362,142, respectively, of such depreciation was reported as operations expense.

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. Some of our excess cash may be transferred to and invested in Chesapeake's overnight income-producing accounts.

Inventories

We use the average cost method to value, materials and supplies inventory. If market prices drop below cost, inventory balances that are subject to price risk are adjusted to market values.

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 pension and other postretirement plan costs and liabilities with the assistance of third-party actuarial firm. The assumed discount rates and the expected returns on plan assets are the assumptions that generally have the most significant impact on pension costs and liabilities. The assumed discount rates, health care cost trend rates and rates of retirement generally have the most significant impact on other postretirement plan costs and liabilities.

Income Taxes and Investment Tax Credit Adjustments

Deferred tax assets and liabilities are recorded for the tax effect of temporary differences between the financial statement 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, 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. We recognize penalties and interest related to unrecognized tax benefits as a component of other income

Financial Instruments

We have entered into agreements with suppliers to purchase natural gas for resale to our customers. Purchases under these contracts either do not meet the definition of derivatives or are considered "normal purchases" and are accounted for on an accrual basis.

Financial assets and liabilities with carrying values approximating fair value include cash and cash equivalents, accounts receivable, accounts payable and other accrued liabilities. The fair value of cash and cash equivalents is measured using the comparable value in the active market and approximates its carrying value (Level 1 measurement).

Operating Revenues

Our operating revenues are based on rates approved by the FPSC. 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 the charges associated with natural gas delivered, but not yet billed, at the end of an accounting period to the extent that they do not coincide.

We have 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.

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 collection 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 that could affect such estimates include, but are not limited to, customer credit issues, the level of natural gas prices and general economic conditions. Accounts are written off when they are deemed to be uncollectible.

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 items and do not impact our results of operations. The amount of gross receipts and franchise taxes for the years ending December 31, 2011 and 2010 were $2,865,033 and $3,812,577, respectively. Pursuant to the accounting requirements of the FPSC, these taxes are included in taxes other than income taxes with the corresponding collection in operating revenues in the accompanying statements of income.

Regulatory Assets, Liabilities and Expenditures

We account for our regulated operations in accordance with Accounting Standards Codification ("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. 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.

We monitor our regulatory and competitive environment to determine whether the recovery of our regulatory assets continues to be probable. If we were to determine that recovery of these assets is no longer probable, we would write off the assets against earnings. We believe that provisions of ASC Topic 980, "Regulated Operations," continue to apply to our operations and that the recovery of our regulatory assets is probable.

Subsequent Events

We have assessed and reported on subsequent events through July 30, 2012, the date these financial statements are available to be issued.

2. Merger with Chesapeake

On October 28, 2009, FPU merged with Chesapeake, pursuant to which FPU became a wholly owned subsidiary of Chesapeake. The merger with Chesapeake resulted in a purchase premium of approximately $34.2 million. Chesapeake also incurred approximately $2.2 million in merger-related costs. The FPSC order in January 2012 approved the inclusion in our rate base of this premium as an acquisition adjustment and Chesapeake merger-related costs as a regulatory asset, including the appropriate gross-up for income taxes (See Note 8, "Rates and Other Regulatory Activities" for further discussion). Pursuant to this order, the positive acquisition adjustment should be included in utility plant and amortized over a 30-year period beginning in November 2009. The regulatory asset related to the Chesapeake merger-related costs should be included in regulatory assets and amortized over a five-year period beginning in November 2009. We adjusted our balance sheets as December 31, 2011 and 2010 and related statements of income for the years then ended to retroactively reflect the accounting impact of this order. As a result we included the following amounts in the accompanying balance sheets and statements of income:

At December 31,	**2011**	**2010**
Remaining Acquisition Adjustment (1)	**$49,813,122**	$51,602,815
Remaining Regulatory Asset for Merger-Related Costs (2)	**$1,599,261**	$2,163,706
Accumulated Deferred Income Tax Liabilities	**$18,438,625**	$19,211,581

For the Years Ended December 31,	**2011**	**2010**
Amortization of Utility Plant Acquisition Adjustment	**$1,789,693**	$1,789,693
Amortization of Regulatory Asset for Merger-Related Costs	**$564,445**	$564,445
Provision for Deferred Income Taxes	**($772,957)**	($772,957)

(1) Includes the remaining gross-up for income taxes of $18,090,087 and $18,740,030 at December 31, 2011 and 2010, respectively.

(2) Includes the remaining gross-up for income taxes of $348,538 and $471,551 at December 31, 2011 and 2010, respectively.

We also adjusted the 2010 beginning retained earnings by $263,530 to reflect the amortization of acquisition adjustment and regulatory asset for merger-related costs in 2009 pursuant to the order.

The accounting treatment of the acquisition adjustment and the regulatory asset related to the merger-related costs reflected in the accompanying balances and the statements of income follows the FPSC order and is different from the accounting treatment of those items pursuant to the US GAAP, which does not reflect the accounting impact of the order retroactively in 2011 and 2010.

3. Transactions with affiliates

Cash Arrangements, Short-term Debt and Long-term Debt
We do not maintain separate bank accounts specific to our operation. Cash generated from and spent in our operations is maintained in various accounts held by FPU. The excess cash generated above our operating cash requirement may also be held in Chesapeake's name. We are allocated a portion of interest income generated from those accounts.

We utilize Chesapeake's short-term borrowing facility and long-term debt to finance our capital requirements. Prior to Chesapeake's acquisition, we also utilized FPU's long-term debt. We are allocated a portion of interest expense on Chesapeake's short-term borrowing facility and long-term debt and a portion of interest on FPU's long-term debt.

We were allocated a net interest expense of $1,882,498 and $1,678,610 for the years ended December 31, 2011 and 2010, respectively.

Allocated Costs to and from Affiliates
Chesapeake provides us with payroll and treasury services. Chesapeake also provides certain managerial, accounting and information technology oversight functions. For the years ended December 31, 2011 and 2010, Chesapeake charged us $3,837,186 and $3,388,582, respectively, for these services.

We provide certain managerial, operations and customer service functions to the Florida Division of Chesapeake ("CFG"). For the years ended December 31, 2011 and 2010, we charged CFG $1,997,376 and $556,149, respectively, for these services.

Advances from Affiliates
As of December 31, 2011 and 2010, we had advances from Chesapeake and its subsidiaries in the amount of $4,559,267 and $6,260,357, respectively. These amounts are reflected as accounts receivable from associated companies in the accompanying financial statements.

4. Income Taxes

Prior to the merger with Chesapeake, FPU filed a separate federal income tax return. After the merger, FPU is included in the Chesapeake consolidated federal tax return, along with all of Chesapeake's other subsidiaries. FPU files a separate state income tax return in the state of Florida. Income taxes are allocated to us as if we were a separate taxpayer.

In January 2012, the Internal Revenue Service ("IRS") informed Chesapeake that its 2009 consolidated federal tax return has been selected for examination. Our results from October 29, 2009 to December 31, 2009 (the post-merger period) are included in Chesapeake's consolidated federal tax return for 2009. The examination is currently ongoing and we cannot predict the outcome at this time.

During 2011, the IRS performed its examination of FPU's consolidated federal returns for 2008 and for the period from January 1, 2009 to October 28, 2009 (the pre-merger period in 2009, during which FPU was required to file a separate federal tax return) and proposed a disallowance of approximately $135,000 and $256,000, respectively, of the environmental expenditure deductions taken by FPU related to one of the environmental remediation sites. FPU disagreed with the IRS finding and filed an appeal, which is currently underway. The IRS finding is based on FPU's failure to follow a technical requirement to label these environmental expenditures in a specific way on the returns. FPU requested a letter ruling to obtain relief, which allowed FPU to correctly label these environmental expenditures and the IRS issued a ruling in June 2012 granting this relief to FPU. With this relief, FPU believes that those deductions will likely be sustained during the appeal process. Accordingly, we did not record any accrual as of December 31, 2011, related to the examination by the IRS of its returns.

As of December 31, 2011, we recorded a deferred tax asset of $1,159,064 related to our portion of Chesapeake's 2011 federal net operating loss carryforwards, which expire in 2026. We did not record a valuation allowance to reduce the future benefit of the tax net operating losses because we believe they will be fully utilized. For the year ended December 31, 2010, we utilized $351,155 of Chesapeake's consolidated net operating loss carryfowards to offset our income tax expense.

The following table provides: (a) the components of income tax expense in 2011 and 2010; (b) the reconciliation between the statutory federal income tax rate for 2011 and 2010; and (c) the components of accumulated deferred income tax assets and liabilities at December 31, 2011 and 2010.

For theYears Ended December 31,	2011	2010
Income Tax Expense		
Current	**$213,388**	$3,111,839
Deferred	**2,758,794**	43,756
Investment tax credits, net	**(25,025)**	(30,497)
Total Income Tax Expense	**$2,947,157**	$3,125,098
Reconciliation of Effective Incom Tax Rates:		
Federal income tax expense, 35% in 2011 and 2010	**$2,536,344**	$2,742,220
State income taxes, net of federal tax benefit	**259,069**	280,098
Other	**151,744**	102,780
Total Income Tax Expense	**$2,947,157**	$3,125,098

At December 31,	2011	2010
Deferred Income Tax Liabilities		
Acquisition adjustment	**$18,090,087**	$18,740,030
Merger-related costs	**348,538**	471,551
Property, plant and equipment	**18,374,440**	13,971,523
Other	**407,952**	267,724
Total Deferred Income Tax Liabilities	**$37,221,017**	$33,450,828
Deferred Income Tax Assets		
Environmental costs	**($2,055,302)**	($2,088,045)
Net operating loss carryfowards	**(1,159,064)**	-
Self insurance	**(45,939)**	(45,939)
Storm reserve liability	**(310,893)**	(307,907)
Other	**(571,518)**	(704,402)
Total Deferred Income Tax Assets	**($4,142,716)**	($3,146,293)

5. Customer Concentration

We operate primarily in the natural gas distribution business. Our operations include the transportation of natural gas in intra-state commerce. We did not have any customer that accounted for more that 10 percent of our revenues for the years ended December 31, 2011 and 2010.

6. Lease Obligations

We have entered into several operating lease arrangements for equipment and right of way for pipeline facilities. FPU has also entered into lease operating lease arrangements for warehouse space and has allocated to us rent for our use of this space. Rent expense for the years ended December 31, 2011 and 2010 totaled $35,873and $42,518 respectively, with no future minimum payments for these leases.

7. Employee Benefit Plans

Retirement Plans

Eligible FPU employees participate in various benefit plans sponsored by FPU. FPU allocates to us a portion of the benefit costs associated with these plans. Our share of the costs is based on a portion of the benefits related to providing services to us. For the years ended December 31, 2011 and 2010, we recorded the benefit costs of $1,129,842 and $1,153,613, respectively, related to these plans.

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

FPU measures the assets and obligations of the defined benefit pension plan and other postretirement benefit plans to determine the plans' funded status as of the end of the year as an asset or a liability on its consolidated balance sheets. A portion of this asset or liability related to us is reflected on our balance sheet. At December 31, 2011 and 2010, $12,668,159 and $8,053,473, respectively, of the pension and postretirement benefit liabilities were assigned to us.

FPU records as a component of other comprehensive income/loss or a regulatory asset the changes in funded status that occurred during the year that are not recognized as part of net periodic benefit costs. The following table presents the amounts not yet reflected in net periodic benefit cost and included in FPU's accumulated other comprehensive income/loss related to the above plans as of December 31, 2011:

(in thousands)	FPU Pension Plan	FPU Medical Plan	Total
Net loss	$ 10,697	$ 1,277	$ 11,974
Total	$ 10,697	$ 1,277	$ 11,974
Accumulated other comprehesive loss pre-tax(1)	$ 2,032	$ 243	$ 2,275
Regulatory asset post merger	8,665	1,034	9,699
Subtotal	10,697	1,277	11,974
Regulatory asset pre-merger	5,870	70	5,940
Total unrecognized cost	$ 16,567	$ 1,347	$ 17,914

(1)The total amount of accumulated other comprehensive loss recorded on our consolidated balance sheet as of December 31, 2011 is net of income tax benefits of $878,000.

The pre-merger regulatory asset of $5.9 million at December 31, 2011 represents the portion attributable to FPU's natural gas and electric operations of the changes in the funded status in the FPU Pension Plan and FPU Medical Plan that occurred but were not recognized, as part of the net periodic benefit costs prior to the merger. FPU deferred this portion as a regulatory asset prior to the merger with Chesapeake pursuant to a previous order by the FPSC and continue to amortize it over the remaining service period of the participants at the time of the merger.

During the second half of 2011, FPU experienced a significant decline in interest and other corporate bond rates, and as a result, it used lower discount rates for its pension and other postretirement plans at December 31, 2011 to estimate the benefit obligations of those plans. FPU also experienced a decline in plan asset value during 2011, which, in conjunction with the higher benefit obligations, resulted in higher unrecognized costs at December 31, 2011. The total unrecognized cost of FPU's pension and postretirement benefits plans was $17.9 million at December 31, 2011, compared to $8.6 million at December 31, 2010.

The amounts in accumulated other comprehensive income/loss and regulatory asset for FPU's pension and postretirement benefits plans that are expected to be recognized as a component of net benefit cost in 2012 are set forth in the following table:

(in thousands)	FPU Pension Plan	FPU Medical Plan	Total
Net loss	$ 175	$ 91	$ 266
Amortization of pre-merger regulatory asset	$ 761	$ 8	$ 769

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, FPU amended the FPU Pension Plan in an effort to reduce anticipated future pension expenses. As a result of these amendments, the FPU Pension Plan was frozen 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.

FPU's 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 2011 and 2010, FPU contributed $1.2 million in each year 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, 2011 and 2010:

At December 31,	**2011**	**2010**
Asset Category		
Equity securities	**51.98%**	60.00%
Debt securities	**38.05%**	35.00%
Other	**9.97%**	5.00%
Total	**100.00%**	100.00%

In December 2011, FPU changed the investments and investment asset allocation of the FPU Pension Plan assets to better align them with the investment goals and objectives. The investment policy of the FPU pension plan is designed to provide the capital assets necessary to meet the financial obligations of the plan. Investment assets are intended to provide a level of return generating sufficient capital to meet those obligations. The investment goals and objectives are to achieve investment returns that together with contributions will provide funds adequate to pay promised benefits to present and future beneficiaries of the plan, earn a long-term investment return in excess of the growth of the plan's retirement liabilities, minimize pension expense and cumulative contributions resulting from liability measurement and asset performance and maintain a diversified portfolio to reduce the risk of large losses.

The following allocation range of asset classes is intended to produce a rate of return sufficient to meet the plans' goals and objectives:

Asset Allocation Strategy

Asset Class	Minimum Allocation Percentage	Maximum Allocation Percentage
Domestic Equities (Large Cap, Mid Cap and Small Cap)	14%	32%
Foreign Equities (Developed and Emerging Markets)	13%	25%
Fixed Income (Inflation Bond and Taxable Fixed)	26%	40%
Alternative Strategies (Long/Short Equity and Hedge Fund of Funds)	6%	14%
Diversifying Assets (High Yield Fixed Income, Commodities, and Real Estate)	7%	19%
Cash	0%	5%

Due to periodic contributions and different asset classes producing different returns, the actual asset values may temporarily move outside of the intended ranges. The investments are monitored on a quarterly basis, at a minimum, for asset allocation and performance.

At December 31, 2011, the asset of FPU Pension Plan was comprised of the following investments:

	Fair Value Measurement Hierarchy			
Asset Category	**Level 1**	**Level 2**	**Level 3**	**Total**
(in thousands)				
Equity securities				
Domestic equities	$ 2,647	$ 6,038	$ -	$ 8,685
Foreign equities	7,205	-	-	7,205
Alternative strategies	3,777	-	-	3,777
	13,629	6,038	-	19,667
Debt securities				
Fixed income	1,882	10,616	-	12,498
Diversifying assets	-	1,898	-	1,898
	1,882	12,514	-	14,396
Other				
Diversifying assets	3,018	-	-	3,018
Guaranteed deposit	-	-	755	755
	3,018	-	755	3,773
Total Pension Plan Assets	$ 18,529	$ 18,552	$ 755	$ 37,836

At December 31, 2011, all of the investments classified under Level 1 of the fair value measurement hierarchy were recorded at fair value based on unadjusted quoted prices in active markets for identical investments. The Level 2 investments were recorded at fair value based on net asset value per unit of the investments, which used significant observable inputs although those investments were not traded publicly and did not have quoted market prices in active markets. The level 3 investments were guaranteed deposit accounts, which were valued based on liquidation value of those accounts, including the effect of the balance and interest guarantee and liquidation restriction.

Prior to the change in the pension asset investments and investment allocation in December 2011, all of the assets held by the FPU Pension Plan were classified under Level 2 of the fair value hierarchy and were recorded at fair value based on net asset value per unit of those assets.

The following schedule sets forth the funded status at December 31, 2011 and 2010:

At December 31,	2011	2010
(in thousands)		
Change in benefit obligation:		
Benefit obligation — beginning of year	**$ 52,478**	$ 45,420
Interest cost	**2,695**	2,729
Actuarial loss	**5,403**	6,326
Benefits paid	**(2,577)**	(1,997)
Benefit obligation — end of year	**57,999**	52,478
Change in plan assets:		
Fair value of plan assets — beginning of year	**40,201**	36,427
Actual return on plan assets	**(1,101)**	4,605
Employer contributions	**1,313**	1,166
Benefits paid	**(2,577)**	(1,997)
Fair value of plan assets — end of year	**37,836**	40,201
Reconciliation:		
Funded status	**(20,163)**	(12,277)
Accrued pension cost	**$ (20,163)**	$ (12,277)
Assumptions:		
Discount rate	**4.50%**	5.25%
Expected return on plan assets	**7.00%**	7.00%

Net periodic pension cost (benefit) for the FPU Pension Plan for 2011 and 2010 include the components shown below:

For the Years Ended December 31,	2011	2010
(in thousands)		
Components of net periodic pension cost:		
Interest cost	**$ 2,695**	$ 2,729
Expected return on assets	**(2,783)**	(2,532)
Net periodic pension cost	**(88)**	197
Amortization of pre-merger regulatory asset	**761**	888
Total periodic cost	**$ 673**	$ 1,085
Assumptions:		
Discount rate	**5.25%**	5.75%
Expected return on plan assets	**7.00%**	7.00%

Other Postretirement Benefits Plan

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

At December 31,	**2011**	**2010**
(in thousands)		
Change in benefit obligation:		
Benefit obligation — beginning of year	$ **3,098**	$ 2,417
Service cost	**125**	76
Interest cost	**176**	122
Plan participants contributions	**88**	47
Actuarial loss	**802**	595
Benefits paid	**(208)**	(159)
Benefit obligation — end of year	**4,081**	3,098
Change in plan assets:		
Fair value of plan assets — beginning of year	**-**	-
Employer contributions[1]	**120**	112
Plan participants contributions	**88**	47
Benefits paid	**(208)**	(159)
Fair value of plan assets — end of year	**-**	-
Reconciliation:		
Funded status	**(4,081)**	(3,098)
Accrued postretirement cost	$ **(4,081)**	$ (3,098)
Assumptions:		
Discount rate	**4.50%**	5.25%

[1] The FPU Medical Plan did not receive a significant subsidy for 2010 and 2011.

Net periodic postretirement cost for 2011 and 2010 include the following components:

For the Years Ended December 31,	**2011**	**2010**
(in thousands)		
Components of net periodic postretirement cost:		
Service cost	$ **125**	$ 76
Interest cost	**176**	123
Amortization of actuarial gain	**55**	(6)
Net periodic postretirement cost	$ **356**	$ 193
Assumptions		
Discount rate	**5.25%**	5.75%

In addition, FPU recorded $8,000 and $9,000 in expense in 2011 and 2010, respectively, related to continued amortization of the postretirement benefit regulatory asset for the period prior to the merger with Chesapeake.

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 2011, reflecting the expected life of the plans. In determining the average expected return on plan assets for the pension 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 2011 used to calculate the benefit obligation is 9.5 percent for the FPU 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 $469,000 as of January 1, 2012, and would increase the aggregate of the service cost and interest cost components of the net periodic postretirement benefit cost for 2011 by approximately $39,000. A one percentage point decrease in the health care inflation rate from the assumed rate would decrease the accumulated postretirement benefit obligation by approximately $402,000 as of January 1, 2012, and would decrease the aggregate of the service cost and interest cost components of the net periodic postretirement benefit cost for 2011 by approximately $33,000.

Estimated Future Benefit Payments

In 2012, FPU expects to contribute $2.0 million and $193,000 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)
(in thousands)		
2012	$ 2,500	$ 193
2013	$ 2,677	$ 215
2014	$ 2,807	$ 244
2015	$ 2,935	$ 269
2016	$ 3,033	$ 272
Years 2016 through 2020	$ 16,295	$ 1,759

(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 FPU"s general funds.

(3) These amounts are shown net of estimated Medicare Part-D reimbursements of $11,000, $12,000, $13,000, $14,000 and $14,000 for the years 2012 to 2016, respectively, and $80,000 for the years 2017 through 2021.

Retirement Savings Plan

Effective January 1, 2012, FPU employees are eligible to participate in the Chesapeake Utilities Corporation 401(k) Retirement Savings Plan, which is a plan sponsored by Chesapeake. The benefits offered under the Chesapeake 401(k) retirement savings plan effective January 1, 2012 are similar to the benefits previously offered by the FPU retirement savings plan. FPU offers the Chesapeake 401(k) plan to all eligible employees who have completed three months of service, except for employees represented by a collective bargaining agreement that does not specifically provide for participation in the plan, non-resident aliens with no U.S. source income and individuals classified as consultants, independent contractors or leased employees.

Prior to January 1, 2012, FPU maintained a separate 401(k) retirement savings plan. Effective January 1, 2011, FPU matched 100 percent of eligible non-union participants' pre-tax contributions to the FPU 401(k) plan up to a maximum of six percent of the eligible compensation. Eligible employees who had not opted out of the plan were automatically enrolled at the three-percent deferral rate and the automatic deferral would increase by one percent per year up to a maximum of six percent, unless an employee elected otherwise, with vesting of 100 percent after two years of service. Employees with one year of service were 20 percent vested and became 100 percent vested after two years of service. Participants were eligible for the employer contributions only if they have worked for a minimum number of hours as specified in our plan document during the plan year.

Prior to January 1, 2011, FPU's 401(k) plan provided 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. For non-union employees the plan provided 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 were automatically enrolled at the three percent contribution, with the option of opting out, and were eligible for the company match after six months of continuous service, with vesting of 100 percent after three years of continuous service.

Certain FPU executives participate in Chesapeake's non-qualified supplemental employee retirement savings plan ("401(k) SERP"). Participants receive a cash-only matching contribution percentage equivalent to their 401(k) match level. All contributions and matched funds can be invested among the mutual funds available for investment. All obligations arising under the 401(k) SERP are payable from Chesapeake's general assets, although Chesapeake has established a Rabbi Trust for the 401(k) SERP. The assets of the Rabbi Trust are at all times subject to the claims of Chesapeake's general creditors.

8. Rates and Other Regulatory Activities

"Come-Back" Filing: As part of our 2010 rate case settlement in Florida, the FPSC required us to submit a "Come-Back" filing, detailing all known benefits, synergies, cost savings and cost increases resulting from the merger with Chesapeake. We submitted this filing on April 29, 2011, and requested the recovery, through rates, of approximately \$34.2 million in acquisition adjustment (the price Chesapeake paid in excess of the book value of our assets) and \$2.2 million in merger-related costs incurred by Chesapeake. In the past, the FPSC has allowed recovery of an acquisition adjustment under certain circumstances to provide an incentive for larger utilities to purchase smaller utilities. The FPSC requires a company seeking recovery of the acquisition adjustment and merger-related costs to demonstrate that customers will benefit from the acquisition. They use the following five factor test to determine if the customers are benefiting from the transaction: (a) increased quality of service; (b) lower operating costs; (c) increased ability to attract capital for improvements; (d) lower overall cost of capital; and (e) more professional and experienced managerial, financial, technical and operational resources. With respect to lower costs, the FPSC effectively requires that the synergies be sufficient to offset the rate impact of the recovery of the acquisition adjustment and merger-related costs.

At the December 6, 2011 agenda conference, the FPSC approved the following: (a) FPU and the CFG have complied with the reporting requirements in the 2010 rate case settlement; (b) FPU is authorized to reflect an acquisition adjustment of $34.2 million, to be amortized over a 30-year period using the straight-line method beginning in November 2009; (c) FPU is authorized to reflect a regulatory asset of $2.2 million for the merger-related costs, to be amortized over a five-year period using the straight-line method beginning in November 2009; (d) FPU and the CFG are not permitted to consolidate the earnings surveillance reporting and accounting records until such time as the rates and tariffs are combined; (e) FPU and the CFG are not permitted to establish a combined benchmark for the purpose of evaluating incremental cost increases in their future rate proceedings until those entities are functioning as a single utility for regulatory purposes; and (f) FPU and the CFG do not have any 2010 excess earnings to be refunded to customers.

In our future rate proceedings, if it is determined that the level of cost savings supporting the lower operating costs in its request for the recovery of the acquisition adjustment no longer exists, the remaining acquisition adjustment may be partially or entirely disallowed by the FPSC. In such event, we will have to expense the corresponding amount of the disallowed acquisition adjustment.

The FPSC order also resulted in the reversal in December 2011, of a $750,000 regulatory accrual, which was recorded in 2010 based on management's assessment of our earnings and regulatory risk to our earnings associated with possible FPSC action related to our requested recovery and the matters set forth in this "Come-Back" filing. The reversal of the $750,000 regulatory accrual was reflected in operating revenue in 2011 in the statement of income.

Peninsula Pipeline: At its April 10, 2012 agenda conference, the FPSC approved the joint territorial agreement between us and the Peoples Gas System division of Tampa Electric Company ("Peoples Gas") and other related agreements among us, Peninsula Pipeline Company, Inc., a subsidiary of Chesapeake ("Peninsula Pipeline"), and Peoples Gas. These agreements were executed in January 2012 among the parties to enable us and Peninsula Pipeline to expand natural gas service into Nassau and Okeechobee Counties, Florida.

One of the agreements provides for the joint construction, ownership and operation of a pipeline extending approximately 16 miles from the Duval/Nassau County line to Amelia Island in Nassau County, Florida. Under the terms of the agreement, Peninsula Pipeline will own approximately 45 percent of this 16-mile pipeline, and its portion of the estimated project cost is expected to be approximately $5.7 million. Peoples Gas will operate the pipeline, and Peninsula Pipeline will be responsible for its portion of the operation and maintenance expenses of the pipeline based on its ownership percentage. The new jointly-owned pipeline is expected to be completed and placed into service in late 2012 or early 2013. Under a separate agreement, Peninsula Pipeline will contract with Peoples Gas for transportation service from the Peoples Gas interconnection point with an unaffiliated upstream interstate pipeline to the new jointly-owned pipeline. Peninsula Pipeline will then utilize the transportation agreement with Peoples Gas and the jointly-owned pipeline capacity to provide us with transportation service for our natural gas distribution service in Nassau County.

We also had developments in the following regulatory matters:

On February 3, 2012, we filed a petition with the FPSC for approval of a surcharge to customers for a Gas Reliability Infrastructure Program. We are seeking approval to recover costs, inclusive of an appropriate return on investment, associated with accelerating the replacement of qualifying distribution mains and services (defined as any material other than coated steel or plastic (Polyethylene)) in their respective systems. If the petition is approved, we will replace qualifying mains and services over a 10-year period.

9. 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 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, 2011, we had approximately $11.0 million in environmental liabilities related to all the MGP sites, representing our estimate of the future costs associated with those sites. We have approval to recover up to $14.0 million of the environmental costs related to all of our MGP sites from insurance and from customers through rates. Approximately $8.3 million of our expected environmental costs have been recovered from insurance and customers through rates as of December 31, 2011. We also had approximately $5.7 million in regulatory assets for future recovery of environmental costs from our customers. We continue to expect that all costs related to environmental remediation and related activities will be recoverable from customers through rates.

The following discussion provides a brief summary of each MGP site:

West Palm Beach, Florida

Remedial options are being evaluated to respond to environmental impacts to soil and groundwater at and in the immediate vicinity of a parcel of property we own in West Palm Beach, Florida, where we previously operated an MGP. We are currently implementing a remedial plan approved by the Florida Department of Environmental Protection ("FDEP") for the east parcel of the West Palm Beach site which includes installation of monitoring test wells, sparging of air into the groundwater system and extraction of vapors from the subsurface. It is anticipated that similar remedial actions ultimately will be implemented for other portions of the site. Estimated costs of remediation for the West Palm Beach site range from approximately $4.6 million to $15.7 million, including costs associated with the relocation of FPU's operations at this site, which is necessary to implement the remedial plan, and any potential costs associated with future redevelopment of the properties. We continue to expect that all costs related to these activities will be recoverable from customers through rates.

Sanford, Florida

We are the current owner of property in Sanford, Florida, which was a former MGP site that was operated by several other entities before we acquired the property. We were never an owner or an operator of the MGP. In January 2007, we and other responsible parties at the Sanford site (collectively with us the "Sanford Group") signed a Third Participation Agreement, which provides for the funding of the final remedy approved by the Environmental Protection Agency ("EPA") for the site. Our 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, 2011, we have paid $650,000 to the Sanford Group escrow account for our share of the funding requirements.

The total cost of the final remedy is now estimated at over $20 million, which includes long-term monitoring and the settlement of claims asserted by two adjacent property owners to resolve damages that the property owners allege they have incurred and 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. FPU has advised the other members of the Sanford Group that it is unwilling at this time to agree to pay any sum in excess of the $650,000 committed by FPU in the Third Participation Agreement.

As of December 31, 2011, our remaining share of remediation expenses, including attorneys' fees and costs, is estimated to be $24,000. However, we are unable to determine, to a reasonable degree of certainty, whether the other members of the Sanford Group will accept our asserted defense to liability for costs exceeding $13.0 million to implement the final remedy for this site or will pursue a claim against us for a sum in excess of the $650,000 that we have paid under the Third Participation Agreement. No such claims have been made as of December 31, 2011.

Key West, Florida

We 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. In 2010, after 17 years of regulatory inactivity, the FDEP observed that some soil and groundwater standards were exceeded and requested implementation of additional soil and groundwater fieldwork. The scope of work is limited to the installation of two additional monitoring wells and periodic monitoring of the new and existing wells. The two new monitoring wells were installed in November 2011, and groundwater monitoring began in December 2011. The first semi-annual report was issued in May 2012. It is anticipated that the next semi-annual report, which may include recommendations for further actions, if appropriate, will be issued before the end of 2012. Prior to completion of the monitoring program, we cannot determine to a reasonable degree of certainty the probable costs to resolve our liability for the Key West MGP Site, although we do not anticipate the cost to exceed $100,000.

Pensacola, Florida

We formerly owned and operated an MGP in Pensacola, Florida, which was subsequently owned by 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 determination for the site, which must include a requirement for institutional and engineering controls. On December 13, 2011, Gulf Power, the City of Pensacola, FDOT and FPU submitted a draft covenant for institutional and engineering controls for the site to the FDEP. Upon FDEP's approval and the subsequent recording of the institutional and engineering controls, no further work is expected to be required of the parties. Assuming the FDEP approves the draft institutional and engineering controls, it is anticipated that our share of remaining legal and cleanup costs will not exceed $5,000.

10. Other Commitments and Contingencies

We are involved in certain other 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.

From time to time, we are subject to various audits and reviews by the states and other regulatory authorities regarding non-income-based taxes. As of December 31, 2011 and 2010, we maintained accruals of $0 and $265,000, respectively, related to additional sales taxes and gross receipts taxes owed to the state of Florida.

Florida Public Utilities Company
Natural Gas Division

For the Year Ended
Dec. 31, 2011

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)	$ 128,304,703	$ 128,304,703
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	$ 3,348	$ 3,348
9	105 Held for Future Use		
10	114 Acquisition Adjustments	$ 54,954,566	$ 54,954,566
11	TOTAL Utility Plant (Total of lines 3 through 10)	$ 183,262,617	$ 183,262,617
12	107 Construction Work in Progress	$ 367,638	$ 367,638
13	Accum. Provision for Depreciation, Amortization, & Depletion	$ (50,268,239)	$ (50,268,239)
14	Net Utility Plant (Total of lines 11 plus 12 less line 13)	$ 133,362,016	$ 133,362,016
15	DETAIL OF ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION		
16	In Service:		
17	108 Depreciation	$ (45,859,207)	$ (45,859,207)
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)	$ (45,859,207)	$ (45,859,207)
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	$ (4,409,032)	$ (4,409,032)
32	TOTAL Accum. Provisions (Should agree with line 14 above) (Total of lines 21, 25, 29, 30, and 31)	$ (50,268,239)	$ (50,268,239)

Annual Status Report
Analysis of Plant in Service Accounts

Florida Public Utilities Company - Natural Gas Division

For the Year Ended December 31, 2011

Acct. No.	Account Description	Depr. Rate	Beginning Balance*	Additions	Retirements	Reclass.	Adjustments	Transfers	Ending Balance*
301	Organization		-	-	-	-	-	-	-
303	Miscellaneous Intangible Plant		216,225	-	-	-	(1,631)	-	214,595
374	Land - Distribution		101,108	-	-	-	-	-	101,108
389	Land - General		4,152,005	17,000	-	-	-	-	4,169,005
	Land - Other								
Amortizable General Plant Assets:									
Depreciable Assets:	**This schedule should identify each account/subaccount for which a separate depreciation rate has been approved by the FPSC.**								
	DISTRIBUTION PLANT								
3741	Land Rights	3.30%	12,910	-	-	-	-	-	12,910
375	Structures and Improvements	3.10%	478,088	-	-	-	-	-	478,088
3761	Mains - Plastic	2.50%	29,573,658	4,570,550	(55,264)	37,386	123,580	-	34,249,910
3762	Mains - Other	2.80%	29,286,655	1,827,572	(139,115)	-	(2,688)	-	30,972,425
378	Meas. And Reg. Sta. Equipment - General	3.80%	334,342	189,763	-	-	(135,626)	-	388,478
379	meas. And Reg. Sta. Equipment - City Gate	3.80%	2,095,935	1,039,441	-	-	(2,629)	-	3,132,747
3801	Services - Plastic	3.40%	24,509,229	1,500,260	(71,284)	(37,386)	(67,600)	-	25,833,219
3802	Services - Other	11.10%	2,101,495	19,267	(11,232)	-	(125,039)	-	1,984,491
381	Meters	3.40%	6,063,953	540,470	(25,987)	-	63,347	-	6,641,784
382	Meter Installations	3.00%	3,469,148	280,729	(7,040)	-	-	-	3,742,837
383	House Regulators	3.40%	2,227,805	108,691	(2,059)	-	-	1,047	2,335,484
384	House Reg. Installations	3.00%	1,003,929	24,501	(4,750)	-	-	-	1,023,680
385	Industrial Meas. And Reg. Sta. Equipment	7.80%	49,418	6,047	-	-	-	-	55,465
386	Other Property on Customers Prem.		-	-	-	-	-	-	-
387	Other Equipment	4.70%	843,055	20,652	(32,426)	-	-	-	831,280
	TOTAL DISTRIBUTION PLANT		106,518,958	10,144,945	(349,158)	-	(148,286)	1,047	116,167,506
	GENERAL PLANT								
390	Structures and Improvements	2.60%	2,786,847	26,150	-	-	3,138	-	2,816,134
3910	Office Furniture	4.80%	140,778	77,029	-	-	12,294	-	230,102
3912	Office Equipment	7.30%	1,137,210	117,970	-	-	62,518	-	1,317,697
3913	EDP Equipment	11.10%	137,726	-	-	-	-	-	137,726
3914	Software	11.10%	1,540,335	40,036	-	-	(61,687)	-	1,518,684
3921	Transportation - Cars	13.10%	211,607	82,538	-	-	-	-	294,146
3922	Transportation - Light Trucks, Vans	8.60%	3,874,144	293,710	-	-	(33,194)	120,112	4,254,772
3923	Transportation - Heavy Trucks	8.20%	-	-	-	-	-	-	-
3924	Transportation - Trailers	5.20%	64,938	9,560	-	-	-	-	74,497
393	Stores Equipment	4.00%	11,424	-	-	-	-	-	11,424

Annual Status Report
Analysis of Plant in Service Accounts

Florida Public Utilities Company - Natural Gas Division

For the Year Ended December 31, 2011

Acct. No.	Account Description	Depr. Rate	Beginning Balance*	Additions	Retirements	Reclass.	Adjustments	Transfers	Ending Balance*
(Continued)									
394	Tools, Shop, and Garage Equipment	7.20%	352,034	60,206	(6,752)	-	-	-	405,488
395	Laboratory Equipment	5.00%	-	-	-	-	-	-	-
396	Power Operated Equipment	6.80%	461,002	25,067	-	-	-	-	486,069
397	Communication Equipment	9.20%	469,201	2,347	(93,614)	-	-	-	377,934
398	Miscellaneous Equipment	6.00%	214,463	4,714	(5,006)	-	(19,743)	-	194,427
	SUBTOTAL		11,401,708	739,328	(105,372)	-	(36,676)	120,112	12,119,100
399	Other Tangible Property	20.00%	12,985	-	-	-	5,112	-	18,097
	TOTAL GENERAL PLANT		11,414,693	739,328	(105,372)	-	(31,564)	120,112	12,137,197
	TOTAL DISTRIBUTION PLANT		106,518,958	10,144,945	(349,158)	-	(148,286)	1,047	116,167,506
	TOTAL GAS PLANT IN SERVICE		**117,933,651**	**10,884,273**	**(454,529)**	-	**(179,850)**	**121,159**	**128,304,703**
Capital Recovery Schedules:									
NONE									
Total Account 101*			**117,933,651**	**10,884,273**	**(454,529)**	-	**(179,850)**	**121,159**	**128,304,703**
Amortizable Assets:									
114	Acquisition Adjustment		54,954,566						54,954,566
104	Leased Plant to Others		1,032,588		(1,032,588)		3,348		3,348
	Other								
	Total Utility Plant		**173,920,805**	**10,884,273**	**(1,487,117)**	-	**(176,502)**	**121,159**	**183,262,617**

Note: * The total beginning and ending balances must agree to acct. 101, Plant in Service, Line 3, Page 12.

Annual Status Report
Analysis of Entries in Accumulated Depreciation & Amortization

Florida Public Utilities Company - Natural Gas Division

For the Year Ended December 31, 2011

Acct. No.	Account Description	Beginning Balance*	Accruals	Reclass.	Retirements	Gross Salvage	Cost of Removal	Adjustments	Transfers	Ending Balance*
Amortizable General Plant Assets:										
301	Organization	-	-	-	-	-	-	-	-	-
303	Miscellaneous Intangible Plant	125,222	2,420	-	-	-	-	-	-	127,642
374	Land - Distribution	-	-	-	-	-	-	-	-	-
389	Land - General	-	-	-	-	-	-	-	-	-
	Land - Other - Common									
This schedule should identify each account/subaccount for which a separate depreciation rate has been approved by the FPSC.										
	DISTRIBUTION PLANT									
3741	Land Rights	(4,939)	595	-	-	-	-	-	-	(4,344)
375	Structures and Improvements	294,989	14,820	-	-	-	-	-	-	309,809
3761	Mains - Plastic	6,446,276	786,664	-	(55,264)	-	(11,349)	-	-	7,166,327
3762	Mains - Other	16,173,920	842,210	-	(139,115)	-	(32,856)	-	-	16,844,159
378	Meas. and Reg. Sta. Equipment - General	124,087	13,434	-	-	-	(696)	-	-	136,825
379	Meas. and Reg. Sta. Equipment - City Gate	685,219	110,843	-	-	-	(433)	-	-	795,629
3801	Services - Plastic	7,244,442	854,892	-	(71,284)	-	(125,649)	30,070	-	7,932,472
3802	Services - Other	2,103,828	233,788	-	(11,232)	-	(175,859)	36,308	-	2,186,833
381	Meters	2,550,560	213,922	-	(25,987)	-	(245)	-	-	2,738,250
382	Meter Installations	988,719	108,097	-	(7,040)	-	(6,731)	19,833	-	1,102,878
383	House Regulators	932,485	77,113	-	(2,059)	-	-	(5,855)	(1,185)	1,000,500
384	House Reg. Installations	303,924	30,428	-	(4,750)	-	(25)	53,213	-	382,790
385	Industrial Meas. and Reg. Sta. Equipment	20,643	4,243	-	-	-	-	-	-	24,886
386	Other Property on Customers Prem.	-	-	-	-	-	-	-	-	-
387	Other Equipment	157,354	39,874	-	(32,426)	-	-	-	-	164,802
	TOTAL DISTRIBUTION PLANT	**38,146,728**	**3,333,344**	**-**	**(349,158)**	**-**	**(353,842)**	**133,570**	**(1,185)**	**40,909,458**
	GENERAL PLANT									
390	Structures and Improvements	779,774	38,641	-	-	-	(138,105)	177,036	-	857,345
3911	Office Furniture	79,338	7,168	-	-	-	-	30,011	-	116,517
3912	Office Equipment	96,673	38,864	-	-	-	-	296,801	-	432,339
3913	EDP Equipment	52,868	5,746	-	-	-	-	9,126	-	67,740
3914	Software	1,208,343	60,799	-	-	-	-	(462,458)	-	806,683
3921	Accum. Dep. - Transportation - Cars	41,833	19,518	(4,251)	-	-	-	22,276	-	79,375
3922	Accum. Dep. - Trans. - Light Trucks, vans	1,558,131	289,062	4,251	-	11,258	8,272	(82,521)	120,112	1,908,564
3923	Accum. Dep. - Trans. - Heavy Trucks	-	-	-	-	-	-	-	-	-
3924	Accum. Dep. - Transportation - Trailers	39,076	4,022	-	-	-	-	-	-	43,097
393	Stores Equipment	9,782	72	-	-	-	-	-	-	9,855

Annual Status Report
Analysis of Entries in Accumulated Depreciation & Amortization

Florida Public Utilities Company - Natural Gas Division

For the Year Ended December 31, 2011

Acct. No.	Account Description	Beginning Balance*	Accruals	Reclass.	Retirements	Gross Salvage	Cost of Removal	Adjustments	Transfers	Ending Balance*
(Continued)										
394	Tools, Shop, and Garage Equipment	216,390	25,987	-	(6,752)	-	-	-	-	235,625
395	Laboratory Equipment	-	-	-	-	-	-	-	-	-
396	Power Operated Equipment	170,419	31,732	-	-	-	-	-	-	202,151
397	Communication Equipment	114,723	32,598	-	(93,614)	-	-	78,848	-	132,555
398	Miscellaneous Equipment	48,325	11,694	-	(5,006)	-	-	(3,023)	-	51,990
	SUBTOTAL	4,415,673	565,903	-	(105,372)	11,258	(129,834)	66,096	120,112	4,943,837
399	Other Tangible Property	11,302	-	-	-	-	-	(1,697)	-	9,605
	TOTAL GENERAL PLANT	4,426,975	565,903	-	(105,372)	11,258	(129,834)	64,399	120,112	4,953,442
	TOTAL DISTRIBUTION PLANT	38,146,728	3,333,344	-	(349,158)	-	(353,842)	133,570	(1,185)	40,909,458
	TOTAL GAS PLANT IN SERVICE	42,573,703	3,899,247	-	(454,529)	11,258	(483,676)	197,969	118,927	45,862,899
Capital Recovery Schedules:										
NONE										
	Subtotal	**42,573,703**	**3,899,247**	**-**	**(454,529)**	**11,258**	**(483,676)**	**197,969**	**118,927**	**45,862,899**
List any other items necessary to reconcile the total depreciation and amortization accrual amount to Acct. 403, Depreciation Expense, shown on page 8.										
108	RWIP	(220,956)			217,264					(3,692)
104	Leased Plant	618,683			(618,683)					-
										-
	Subtotal	397,726	-	-	(401,419)	-	-	-	-	(3,692)
	Grand Total	**42,971,430**	**3,899,247**	**-**	**(855,948)**	**11,258**	**(483,676)**	**197,969**	**118,927**	**45,859,207**

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

*** The grand total balances exclude Acct 115.**

Florida Public Utilities Company
Natural Gas Division

For the Year Ended
Dec. 31, 2011

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	Various	$ 367,638	$ 150,000
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15	**TOTAL**	$ 367,638	$ 150,000

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	Administrative and General Overheads	$ -	$ -
2	Payroll Taxes, Pensions, Group and Worker's		
3	Compensation Insurance	$ 498,036	$ 498,036
4	Allowance for funds used during construction	$ -	$ -
5			
6			
7			
8			
9			
10			
11			
12	TOTAL	$ 498,036	$ 498,036

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	$ 157,349
2	Prepaid Rents	$ 34,439
3	Prepaid Taxes	$ -
4	Prepaid Interest	$ -
5	Gas Prepayments	$ -
6	Miscellaneous Prepayments: Membership dues, software maintenance, office security deposit, odorant	$ 180,974
7		
8	TOTAL	$ 372,762

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 Account Charged (d)	WRITTEN OFF DURING YEAR Amount (e)	Balance at End of Year (f)
1						
2	None					
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 Account Charged (d)	WRITTEN OFF DURING YEAR Amount (e)	Balance at End of Year (f)
1						
2	None					
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: Account Charged (d)	Credits: Amounts (e)	Balance End of Year (f)
1	Environmental	$ 6,168,012	$ -	253	$ (456,950)	$ 5,711,062
2	Merger Costs	$ 2,163,706	$ -	407	$ (563,513)	$ 1,600,193
3	Pension	$ 5,296,641	$ 5,367,817	926	$ (492,030)	$ 10,172,428
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17	TOTAL	$ 13,628,359	$ 5,367,817		$ (1,512,493)	$ 17,483,683

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	Under-Recovery Conservation	$ -	$ 2,108,217	906	$ (1,550,758)	$ 557,459
2	Unamortized Piping & Conversion Costs	$ 938,679	$ 358,787	405	$ (508,961)	$ 788,504
3	Unamortized Bridge Crossing Costs	$ 63,198	$ -	887	$ (26,250)	$ 36,948
4	Goodwill	$ 224	$ -		$ -	$ 224
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17	Misc. Work in Progress					
18	Deferred Regulatory Comm. Expenses	$ 364,699	$ 750,362	928	$ (901,274)	$ 213,787
19	TOTAL	$ 1,366,800				$ 1,596,923

SECURITIES ISSUED AND SECURITIES REFUNDED OR RETIRED DURING THE YEAR

1. Furnish a supplemental statement giving a brief description of security financing and refinancing transactions during the year and the accounting for the securities, discounts, premiums, expenses, and related gains or losses.
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. and gains or losses relating to securities retired or refunded.
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.
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.

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

1. Report under separate subheadings for Unamortized Loss and Unamortized Gain on Reacquired Debt, particulars (details) of gain and loss, including maturity date, on reacquisition applicable to each class and series of long-term debt. If gain or loss resulted from a refunding transaction, include also the maturity date of the new issue.
2. In column (c) show the principal amount of bonds or other long-term debt reacquired.
3. In column (d) show the net gain or net loss realized on each debt reacquisition as computed in accordance with General Instruction 17 of the Uniform Systems of Accounts
4. Show loss amounts by enclosing the figures in parentheses.
5. Explain in a footnote any debits and credits other than amortization debited to Account 428.1, Amortization of Loss on Reacquired Debt, or credited to Account 429.1, Amortization of Gain on Reacquired Debit-Credit.

Line No.	Designation of Long-Term Debt (a)	Date Reacquired (b)	Principal of Debt Reacquired (c)	Net Gain or Net Loss (d)	Balance at Beginning of Year (e)	Balance at End of Year (f)
1						
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: Rate (in %) (e)	Interest for Year: Amount (f)	Total Amount Outstanding (g)
1	Convertible Debentures - 8.25%	2/15/1989	3/1/2014	$ 5,000,000	8.25%	$ 92,063	$ 1,134,000
2	Senior Note 3 - 6.85%	2/15/1997	1/1/2012	$ 10,000,000	6.85%	$ 68,500	$ -
3	Senior Note 4 - 7.83 %	2/29/2000	1/1/2015	$ 20,000,000	7.83%	$ 626,400	$ 6,000,000
4	Senior Note 5 - 6.64%	10/31/2002	10/31/2017	$ 30,000,000	6.64%	$ 1,237,455	$ 16,363,000
5	Senior Note 6 - 5.50%	10/12/2006	10/12/2020	$ 20,000,000	5.55%	$ 1,072,500	$ 18,000,000
6	Senior Note 7 - 5.93%	10/31/2008	10/31/2023	$ 30,000,000	5.93%	$ 1,779,000	$ 30,000,000
7	Senior Note 8 - 5.68%	6/24/2011	6/30/2026	$ 29,000,000	5.68%	$ 855,628	$ 29,000,000
8	Promissory Note	2/1/2010	3/1/2015	$ 300,000	0.00%	$ -	$ 186,000
9	FPU Bond - 9.57%	5/1/1988	5/1/2018	$ 10,000,000	9.57%	$ 638,032	$ 6,348,000
10	FPU Bond - 10.03%	5/1/1988	5/1/2018	$ 5,500,000	10.03%	$ 367,767	$ 3,492,000
11	FPU Bond - 9.08%	6/1/1992	6/1/2022	$ 8,000,000	9.08%	$ 726,400	$ 7,958,000
12	Subtotal						$ 118,481,000
13	Less Maturities						$ (8,196,000)
14							
15	Allocation to Florida Public Utilities - Natural Gas	$ 1,630,331					
16	Allocation to Other Jurisdictions	$ 5,833,414					
17		$ 7,463,745					
18							
19	Note: Schedule lists total long-term debt for Chesapeake Utilities Corporation. Line number 15 indicates the amount that is allocated to the Florida Public Utilities - Natural Gas.						
20	TOTAL			$ 167,800,000		$ 7,463,745	$ 110,285,000

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

1. Report under separate subheadings for Unamortized Debt Expense, Unamortized Premium on Long-Term Debt and Unamortized Discount on Long-Term Debt, particulars (details) of expense, premium or discount applicable to each class and series of long-term debt.
2. Show premium amounts by enclosing the figures in parentheses.
3. In column (b) show the principal amount of bonds or other long-term debt originally issued.
4. In column (c) show the expense, premium or discount with respect to the amount of bonds or other long-term debt originally issued.
5. Furnish in a footnote particulars (details) regarding the treatment of unamortized debt expense, premium or discount associated with issues redeemed during the year.
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: Date From (d)	Amortization Period: Date To (e)	Balance at beginning of Year (f)	Debits (Credits) During Year (g)	Balance at End of Year (h)
1	Convertible Debentures - 8.25%	$ 5,000,000	$ 98,488	2/15/1989	3/1/2014	$ 13,267	$ (5,622)	$ 7,645
2	Senior Note 3 - 6.85%	$ 10,000,000	$ 41,645	2/15/1997	1/1/2012	$ 1,028	$ (1,028)	$ -
3	Senior Note 4 - 7.83 %	$ 20,000,000	$ 84,896	2/29/2000	1/1/2015	$ 12,427	$ (4,971)	$ 7,456
4	Senior Note 5 - 6.64%	$ 30,000,000	$ 132,375	10/31/2002	10/31/2017	$ 34,598	$ (8,810)	$ 25,788
5	Senior Note 6 - 5.50%	$ 20,000,000	$ 79,566	10/12/2006	10/12/2020	$ 43,971	$ (8,166)	$ 35,805
6	Senior Note 7 - 5.93%	$ 30,000,000	$ 39,518	10/31/2008	10/31/2023	$ 31,298	$ (3,794)	$ 27,504
7	Senior Note 8 - 5.68%	$ 29,000,000	$ 34,794	6/24/2011	6/30/2026	$ -	A $ 32,946	$ 32,946
8	Unamortized Issuance Costs		$ 73,186			$ 47,571	$ (7,725)	$ 39,846
9								
10								
11								
12	Expense Allocation to Florida Public Utilities - Natural Gas		$ 8,386					
13	Expense Allocation to Other Jurisdictions		$ 31,730					
14			$ 40,116					
15								
16	A) Established unamortized debt expense on new security.							
17	Note: Schedule lists total long-term debt for Chesapeake Utilities Corporation. Line number 12 indicates the amount that is allocated to the Florida Public Utilities - Natural Gas.							
18								

Florida Public Utilities Natural Gas Division	For the Year Ended Dec. 31, 2011

MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES (Account 242)

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

Line No.	Item	Balance at End of Year
1	Accrued Other Expenses	$ 27,574
2	Accrued Payroll	$ 177,984
3	Accrued PTO	$ 892,049
4	Accrued Bonus	$ 160,886
5	Accrued Tax & Audit Fees	$ 42,076
6		
7		
8		
9		
10		
11		
12		
13	TOTAL	$ 1,300,569

OTHER DEFERRED CREDITS (Account 253)

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

Line No.	Description of Other Deferred Credit (a)	Balance Beginning of Year (b)	DEBITS Contra Account (c)	DEBITS Amount (d)	Credits (e)	Balance End of Year (f)
1	Conservation Recovery	$ 165,826	495	$ 2,188,353	$ 2,238,964	$ 216,437
2	Conservation Recovery	$ -	910	$ 216,437	$ -	$ (216,437)
3	Environmental	$ 5,412,949	405	$ 864,323	$ 781,180	$ 5,329,806
4	Environmental	$ 6,169,751	182.3	$ 458,689	$ -	$ 5,711,062
5	Over Recovery - Fuel	$ 1,525,378	495	$ 5,643,692	$ 4,852,475	$ 734,160
6						
7						
8						
9						
10						
11						
12						
13	TOTAL	$ 13,273,904		$ 9,371,494	$ 7,872,619	$ 11,775,028

OTHER REGULATORY LIABILITIES (Account 254)

1. Reporting below the particulars (details) called for concerning other regulatory liabilities which are created through the ratemaking actions of regulatory agencies (and not includable in other amounts).
2. For regulatory liabilities being amortized, show period of amortization in column (a).
3. Minor items (5% of the Balance at End of Year for Account 254 or amounts less than $50,000, whichever is less) may be grouped by classes.

Line No.	Description and Purpose of Other Regulatory Liabilities (a)	Balance Beginning of Year (b)	Debits Contra Account (b)	Debits Amount (c)	Credits (d)	Balance End of Year (e)
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13	TOTAL					

Florida Public Utilities Company
Natural Gas Division

For the Year Ended
Dec. 31, 2011

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	Environ-mental, Excise	Franchise	Other*	Total
1	Various Florida Counties	$ 1,617,653							$ 1,145,026		$ 2,762,678
2	State of Florida					$1,810,632				$ (264,579)	$ 1,546,053
3	Payroll Taxes				$ 806,035						$ 806,035
4	Florida Public Service Commision						$ 309,783				$ 309,783
5	Business License / Excise							$ 507		$ 3,635	$ 4,142
6											
7											
8											
9											
10											
11											
12											
13											
14											
15	Less: Charged to Construction				$ (147,083)						$ (147,083)
16	TOTAL Taxes Charged During Year (Lines 1-15) to Account 408.1	$ 1,617,653	$ -	$ -	$ 658,952	$1,810,632	$ 309,783	$ 507	$ 1,145,026	$ (260,944)	$ 5,281,608

Note: *List separately each item in excess of $500. A credit of $264,579 related to State of Florida is to adjust the non-income tax contingency recorded in the previous year.

ACCUMULATED DEFERRED INVESTMENT TAX CREDITS (Account 255)

Report below the information applicable to Account 255. Where appropriate, segregate the balances and transactions by utility and nonutility operations.
Explain by footnote any correction adjustment to the account balance shown in column (f).

Line No.	Account Subdivisions (a)	Balance Beginning of Year (b)	Amount Deferred for Year (c)	Allocations to Current Year's Income: Acct. No. (d)	Allocations to Current Year's Income: Amount (e)	Adjustments (f)	Balance End of Year (g)	Average Period of Allocation to Income (h)
1	Gas Utility							
2	3%							35 Years
3	4%							35 Years
4	7%	$ 12,773		411.4	$ 3,199		$ 9,574	35 Years
5	10%	$ 54,527		411.4	$ 21,826		$ 32,701	35 Years
6								
7								
8								
9								
10	TOTAL	$ 67,301			$ 25,025		$ 42,275	

Notes

Florida Public Utilities Company
Natural Gas Division

For the Year Ended
Dec. 31, 2012

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.		Balance at Beginning of Year	Changes During Year: Amounts Debited to Account 410.1	Changes During Year: Amounts Credited to Account 411.1	Changes During Year: Amounts Debited to Account 410.2	Changes During Year: Amounts Credited to Account 411.2	Adjustments: Debits: Account No.	Adjustments: Debits: Amount	Adjustments: Credits: Account No.	Adjustments: Credits: Amount	Balance at End of Year
1	GAS										
2	Fed NOL	$ -		$ 979,804		$ 179,260					$ 1,159,064
3	Bad Debts	$ 37,081	$ 2,590	$ 17,133					Notes	$ 2,590	$ 54,214
4	Conservation	$ 63,967	$ 63,967								$ -
5	Environmental	$ 2,088,045	$ 32,743								$ 2,055,302
6	Misc Reserve	$ 405,832	$ 405,832								$ -
7	State Decoupling	$ 243,461	$ 88,432	$ 357,386							$ 512,415
8	Storm Reserve	$ 307,907		$ 2,986							$ 310,893
9	Amortization			$ 4,889							$ 4,889
10	Self Insurance								Notes	$ 45,939	$ 45,939
11	TOTAL Gas (Lines 2 - 10)	$ 3,146,293	$ 593,564	$ 1,362,198	$ -	$ 179,260		-		$ 48,529	$ 4,142,716
12	Other (Specify)										$ -
13	TOTAL (Account 190) (Total of lines 11 and 12)	$ 3,146,293	$ 593,564	$ 1,362,198	$ -	$ 179,260		-		$ 48,529	$ 4,142,716

Notes

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

Line No.		Balance at Beginning of Year	Changes During Year: Amounts Debited to Account 410.1	Changes During Year: Amounts Credited to Account 411.1	Changes During Year: Amounts Debited to Account 410.2	Changes During Year: Amounts Credited to Account 411.2	Adjustments: Debits: Account No.	Adjustments: Debits: Amount	Adjustments: Credits: Account No.	Adjustments: Credits: Amount	Balance at End of Year
1	Account 281 - Accelerated Amortization Property										
2	Electric										
3	Gas										
4	Other										
5	TOTAL Account 281 (Lines 2 thru 4)										
6	Account 282 - Other Property										
7	Electric										
8	Gas	$ 13,971,523	$ 4,172,164	$ 24,099	$ 254,348		Notes	504			$ 18,374,440
9	Other										
10	TOTAL Account 282 (Lines 7 thru 9)	$ 13,971,523	$ 4,172,164	$ 24,099	$ 254,348	$ -		504		-	$ 18,374,440
11	Account 283 - Other										
12	Electric										
13	Gas	$ 19,479,305	$ 342,019	$ 1,037,744	$ -	$ -	Notes	62,997		-	$ 18,846,577
14	Other										
15	TOTAL Account 283 - Other (Lines 12 thru 14)	$ 19,479,305	$ 342,019	$ 1,037,744	$ -	$ -		62,997		-	$ 18,846,577
16	GAS										
17	Federal Income Tax										
18	State Income Tax										
19											
20	TOTAL Gas (Lines 17 thru 19)										
21	OTHER										
22	Federal Income Tax										
23	State Income Tax										
24	TOTAL Other (Lines 22 and 23)	$ -	$ -	$ -	$ -	$ -		-		-	$ -
25	TOTAL (Total of lines 5, 10 and 15)	$ 33,450,828	$ 4,514,183	$ 1,061,843	$ 254,348	$ -		63,501		-	$ 37,221,017

Notes

Account 282

Transferred from an affiliate.

Account 283 &190

As we integrated accounting systems we further refined which GL accounts and divisions have DIT balances.
This resulted in top-level balance sheet reclasses in 2010 and 2011.

Florida Public Utilities Company Natural Gas Division	For the Year Ended Dec. 31, 2011

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)**	$ 4,299,538
2	Reconciling Items for the Year	
3		
4	**Taxable Income Not Reported on Books**	
5	Auto Lease Inclusion	$ -
6	Contributions in Aid of Construction	$ -
7		
8	**Deductions Recorded on Books Not Deducted for Return**	
9	Current Federal Income Taxes	$ (26,036)
10	Deferred Income Taxes	$ 3,517,292
11	Natural Gas Odorizer	$ -
12	Storm Reserve	$ 7,739
13	Purchased Gas Costs	$ -
14	Customers Intangilbles	$ 490,416
15	Lobbying Expenses	$ -
16	Misc. reserves	$ (264,579)
17	Other Post-Retirement Benefits	$ -
18	Electric Consultant Fee	$ -
19	Rate Case Expenses	$ 150,912
20	Vacation Accruals	$ -
21	Meals	$ 71,984
22	Acquisition Adjustment	$ 1,581,182
23	**Income Recorded on Books Not Included in Return**	
24	Natural Gas Reserve	$ (750,000)
25		
26	**Deductions on Return Not Charged Against Book Income**	
27	Conservation Program Costs	$ (723,285)
28	Reserve for Insurance Deduction	$ (29,964)
29	Asset Gain (Loss)	$ (108,691)
30	Environmental Costs	$ (84,882)
31	Write-offs of Bad Debt	$ 44,414
32	Pension Reserve	$ -
33	Amortization of Tax Deductible Goodwill - Atlantic Acquisition	$ (241,444)
34	Excess of allowable depreciaiton over that charged to depreciation and other book expenses	$ (10,815,720)
35	ITC Amortization	$ (25,025)
36	Removeal Cost	$ (419,920)
37	**Federal Tax Net Income**	$ (3,326,069)
38	Show Computation of Tax:	
39	Tax at 35%	$ (1,164,124)
40	Less: Benefit of Federal Consolidated NOL carryforward	$ 1,164,124
41	Total Federal Income Tax Payable	$ -

Florida Public Utilities Company
Natural Gas Division

For the Year Ended

December 31, 2011

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: Amount for Year (b)	Operating Revenues: Amount for Previous Year (c)	Therms of Natural Gas Sold: Current Year (d)	Therms of Natural Gas Sold: Previous Year (e)	Avg. No. of Natural Gas Customers Per Mo.: Current Year (f)	Avg. No. of Natural Gas Customers Per Mo.: Previous Year (g)
1	**Gas Service Revenues**						
2	**Firm Sales Service**						
3	480 Residential Sales	$ 20,775,867	$ 22,275,518	11,751,587	13,598,390	47,259	46,938
4	481 Comm & Industrial Sales - Small	$ 8,769,211	$ 9,513,043	7,561,855	7,902,650	3,172	3,144
5	481 Comm & Industrial Sales - Large	$ 22,617,131	$ 25,483,854	22,024,900	23,856,810	1,279	1,299
6	481 Outdoor Lighting	$ 209,732	$ 245,951	329,183	396,090	46	46
7	481						
8	481						
9	**Interruptible Sales Service**						
10	481 Comm & Ind Sales - Interruptible	$ -	$ 30	-	-	-	-
11	481						
12	**Firm Transportation Service**						
13	489	$ 6,509,145	$ 5,699,894	15,947,398	14,596,630	671	581
14	489	$ -	$ -	-	-	-	-
15	489	$ -	$ -	-	-	-	-
16	**Interruptible Transportation Serv.**						
17	489	$ 1,625,842	$ 1,537,959	5,913,722	5,737,400	13	13
18	484 Interdepartmental	$ 31,579	$ 37,520	59,191	64,190	6	7
19	482 Other Sales to Public Authorities	$ -	$ -	-	-	-	-
20	484 Flex Rate - Refund	$ -	$ -	-	-	-	-
21	TOTAL Sales to Ultimate Consumers	$ 60,538,507	$ 64,793,768	63,587,835	66,152,160	52,446	52,028
22	483 Sales for Resale	$ -	$ -	-	-	-	-
23	Off-System Sales 4954x & 4955x	$ -	$ 365,315	-	890,000	-	1
24	TOTAL Nat. Gas Service Revenues	$ -	$ 365,315			Notes	
25	TOTAL Gas Service Revenues	$ 60,538,507	$ 65,159,083				
26	**Other Operating Revenues**						
27	485 Intracompany Transfers	$ -	$ -				
28	487 Forfeited Discounts	$ 727,836	$ 759,739				
29	488 Misc. Service Revenues	$ 719,499	$ 864,370				
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	$ -	$ -				
37	AEP & Storm Surcharge 4956	$ 548,024	$ 992,581				
38	Unbilled Revenue 495.3	$ (663,619)	$ 71,071				
39	Other 495.2	$ 711,054	$ 678,673				
40	495.1 Overrecoveries Purchased Gas	$ 645,350	$ 379,647				
41	TOTAL Other Operating Revenues	$ 2,688,144	$ 3,746,081				
42	TOTAL Gas Operating Revenues	$ 60,538,507	$ 65,159,083				
43	(Less) 496 Provision for Rate Refunds	$ -	$ 256,659				
44	TOTAL Gas Operating Revenues	$ 63,226,651	$ 69,161,822				
	Net of Provision for Refunds	$ -	$ -				
45	Sales for Resale	$ -	$ -				
46	Other Sales to Public Authority	$ -	$ -				
47	Interdepartmental Sales	$ -	$ -				
48	TOTAL	$ 63,226,651	$ 69,161,822	63,587,835	66,152,160		

Florida Public Utilities Company
Natural Gas Division

For the Year Ended
Dec. 31, 2011

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	$ 15,709,264	$ 19,870,774
11	802 Natural Gas Gasoline Plant Outlet Purchases		
12	803 Natural Gas Transmission Line Purchases		
13	804 Natural Gas City Gate Purchases	$ 5,562,302	$ 6,031,540
14	804.1 Liquefied Natural Gas Purchases		
15	805 Other Gas Purchases		
16	805.1 Purchased Gas Cost Adjustments - Debit/(Credit)		
17	TOTAL Purchased Gas (Total of Lines 8 to 16)	$ 21,271,566	$ 25,902,314
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	$ 4,692	$ 6,015
25	TOTAL Purchased Gas Expenses (Total of lines 20 through 24)	$ 4,692	$ 6,015
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	$ 917	$ 96,421
36	TOTAL Other Gas Supply Exp. (Total of Lines 17,18,25,26 through 29,34,35)	$ 21,277,176	$ 26,004,750
37	TOTAL Production Expenses (Total of Lines 2,3,4,5 and 36)	$ 21,277,176	$ 26,004,750
38	**2. Natural Gas Storage, Terminaling and Processing Expenses**		
39	A. TOTAL Underground Storage Expenses (Total of Accounts 814 through 837)	$ 2,731	$ 4,756
40	B. TOTAL Other Storage Expenses (Total of Accounts 840 through 843.9)		
41	C. TOTAL Liquefied Nat Gas Terminaling & Processing Expenses (Total of Accounts 844.1 through 847.8)		
42	TOTAL Natural Gas Storage (Total of lines 39, 40, and 41)	$ 2,731	$ 4,756
43	**3. Transmission Expenses**		
44	TOTAL Transmission Expenses (Total of Accounts 850 through 867)		
45			
46			

GAS OPERATION AND MAINTENANCE EXPENSES (Continued)

Line No.	Account	Amount for Current Year	Amount for Previous Year
47	**4. Distribution Expenses**		
48	Operation		
49	870 Operation Supervision and Engineering	$ 706,593	$ 483,814
50	871 Distribution Load Dispatching	$ 8,113	$ 11,700
51	872 Compressor Station Labor and Expenses		
52	873 Compressor Station Fuel and Power		
53	874 Mains and Services Expenses	$ 1,390,820	$ 1,468,745
54	875 Measuring and Regulating Station Expenses--General	$ 2,145	$ 3,585
55	876 Measuring and Regulating Station Expenses--Industrial	$ 10,577	$ 11,588
56	877 Measuring and Regulating Station Expenses--City Gate Check Station	$ 88,398	$ 56,978
57	878 Meter and House Regulator Expenses	$ 1,476,392	$ 1,561,235
58	879 Customer Installations Expenses	$ 162,351	$ 147,626
59	880 Other Expenses	$ 426,073	$ 744,904
60	881 Rents	$ -	$ 22,131
61	TOTAL Operation (Total of lines 49 through 60)	$ 4,271,463	$ 4,512,305
62	Maintenance		
63	885 Maintenance Supervision and Engineering	$ 60,810	$ 137,125
64	886 Maintenance of Structures and Improvements	$ 44,258	$ 64,761
65	887 Maintenance of Mains	$ 535,232	$ 506,196
66	888 Maintenance of Compressor Station Equipment	$ -	$ -
67	889 Maintenance of Meas. and Reg. Sta. Equip.--General	$ 22,739	$ 46,815
68	890 Maintenance of Meas. and Reg. Sta. Equip.--Industrial	$ 5,189	$ 1,273
69	891 Maintenance of Meas. and Reg. Sta. Equip.--City Gate Check Station	$ 93,697	$ 55,884
70	892 Maintenance of Services	$ 331,323	$ 298,427
71	893 Maintenance of Meters and House Regulators	$ 170,359	$ 155,398
72	894 Maintenance of Other Equipment	$ (576,039)	$ 35,837
73	TOTAL Maintenance (Total of Lines 63 through 72)	$ 687,569	$ 1,301,715
74	TOTAL Distribution Expenses (Total of Lines 61 and 73)	$ 4,959,032	$ 5,814,020
75	**5. Customer Accounts Expenses**		
76	Operation		
77	901 Supervision	$ 132,867	$ 196,351
78	902 Meter Reading Expenses	$ 787,517	$ 727,908
79	903 Customer Records and Collection Expenses	$ 1,777,824	$ 1,409,510
80	904 Uncollectible Accounts	$ 214,161	$ 166,043
81	905 Miscellaneous Customer Accounts Expenses	$ (589)	$ 115,174
82	TOTAL Customer Accounts Expenses (Total of Lines 77 through 81)	$ 2,911,780	$ 2,614,986
83	**6. Customer Service and Informational Expenses**		
84	Operation		
85	907 Supervision	$ 114,746	$ 105,742
86	908 Customer Assistance Expenses	$ 1,856,128	$ 1,209,759
87	909 Informational and Instructional Expenses	$ 1,148,540	$ 694,967
88	910 Miscellaneous Customer Service and Informational Expenses	$ (531,190)	$ 74,256
89	TOTAL Customer Service and Informational Expenses (Total of Lines 85 through 88)	$ 2,588,224	$ 2,084,724
90	**7. Sales Expenses**		
91	Operation		
92	911 Supervision	$ 123,372	$ 117,073
93	912 Demonstrating and Selling Expenses	$ 781,766	$ 771,787
94	913 Advertising Expenses	$ 198,602	$ 125,561
95	916 Miscellaneous Sales Expenses	$ 8,082	$ 480,978
96	TOTAL Sales Expenses (Total of lines 92 through 95)	$ 1,111,822	$ 1,495,399
97			

Name of Respondent
Natural Gas Division

For the Year Ended
Dec. 31, 2011

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	$ 2,786,875	$ 1,887,815
101	921 Office Supplies and Expenses	$ 1,506,489	$ 731,627
102	(Less) (922) Administrative Expenses Transferred--Credit		$ -
103	923 Outside Services Employed	$ (85,956)	$ 520,800
104	924 Property Insurance	$ 65,638	$ 36,520
105	925 Injuries and Damages	$ 407,721	$ 616,140
106	926 Employee Pensions and Benefits	$ 2,235,953	$ 2,006,607
107	927 Franchise Requirements	$ -	$ -
108	928 Regulatory Commission Expenses	$ 147,591	$ 291,810
109	(Less) (929) Duplicate Charges--Credit		
110	930.1 General Advertising Expenses		
111	930.2 Miscellaneous General Expenses	$ 192,242	$ 161,634
112	931 Rents	$ 16,370	$ 18,543
113	TOTAL Operation (Total of lines 100 through 112)	$ 7,272,922	$ 6,271,496
114	Maintenance		
115	935 Maintenance of General Plant	$ 106,092	$ 222,715
116	TOTAL Administrative and General Expense (Total of lines 113 and 115)	$ 7,379,014	$ 6,494,211
117			
118	TOTAL Gas O&M Expenses (Lines 37, 42, 44, 74, 82, 89, 96, and 116)	$ 40,229,778	$ 44,512,846
119			
120			

NUMBER OF GAS DEPARTMENT EMPLOYEES

1. 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.
2. 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.
3. 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)	10/31/2011
3	2. Total Regular Full-Time Employees	179
4	3. Total Part-Time and Temporary Employees	1
5	4. Total Employees	180
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	39,098,227	$ 15,709,264	$ 40.18
4	802 - Natural Gas Gasoline Plant Outlet Purchases			
5	803 - Natural Gas Transmission Line Purchases			
6	804 - Natural Gas City Gate Purchases	40,170,410	$ 5,562,302	$ 13.85
7	804.1 - Liquefied Natural Gas Purchases			
8	805 - Other Gas Purchases			
9	805.1 - Purchased Gas Cost Adjustments			
10	TOTAL (Total of lines 1 through 9)			
		79,268,637	$ 21,271,566	$ 26.83

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				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18	TOTAL			

Florida Public Utilities Company Natural Gas Division	For the Year Ended Dec. 31, 2011

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 docke 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: Charged Currently to: Account No. (d)	Amount (e)	Deferred to Account 186 (f)	Amortized During Year: Contra Account (g)	Amount (h)	Deferred in Account 186 End of Year (i)
1	All expenses incurred by the company								
2	In its fillings for Rate Relief for								
3	Gas Docket Number 080366-GU	$ 389,856	$ 364,699				928	$ 150,912	$ 213,787
4									
5	Other			928	$ (3,321)				
6									
7									
8									
9									
10									
11									
12									
13									
14									
15									
16									
17	TOTAL	$ 389,856	$ 364,699		$ (3,321)	$ -		$ 150,912	$ 213,787

MISCELLANEOUS GENERAL EXPENSES (Account 930.2) (Gas)

Line No.	Description (a)	Amount (b)
1	Industry Association Dues	$ 6,600
2	Experimental and General Research Expenses: (a) Gas Research Institute (GRI) (b) Other	
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.	$ 184,595
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	
8	Stock Issuance	
9	Miscellaneous Expenses	$ 1,047
10	Miscellaneous Expenses	
11	Broadridge	
12	Broadridge	
13	Write-off Stock offering	
14		
15		
16		
17		
18		
19		
20	TOTAL	$ 192,242

Florida Public Utilities Company
Natural Gas Division

For the Year Ended
Dec. 31, 2011

DISTRIBUTION OF SALARIES AND WAGES

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

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll Charged for Clearing Accounts (c)	Total (d)
1	**Electric**			
2	TOTAL Operation and Maintenance - Electric			$ -
3	**Gas**			
4	Operation			
5	Production - Manuftd. Gas & Nat.Gas (inc. Expl. and Dev.); Other Gas Supply; Storage, LNG, Terminaling & Processing	$ 2,272		
6	Transmission			
7	Distribution	$ 2,978,827		
8	Customer Accounts	$ 1,413,307		
9	Customer Service and Informational	$ 659,974		
10	Sales	$ 724,727		
11	Administrative and General	$ 1,147,905		
12	TOTAL Operation (Total of lines 5 through 11)	$ 6,927,012		
13	Maintenance			
14	Production - Manuftd. Gas & Nat.Gas (inc. Expl. and Dev.); Other Gas Supply; Storage, LNG, Terminaling & Processing			
15	Transmission			
16	Distribution	$ 112,794		
17	Administrative and General	$ 1,033		
18	TOTAL Maintenance (Total of lines 14 through 17)	$ 113,826		
19	Total Operation and Maintenance	$ 7,040,838		
20	Production - Manuftd. Gas & Nat.Gas (inc. Expl. and Dev.); Other Gas Supply; Storage, LNG, Terminaling & Processing	$ 2,272		
21	Transmission (Enter Total of lines 6 and 15)	$ -		
22	Distribution (Total of lines 7 and 16)	$ 3,091,621		
23	Customer Accounts (Transcribe from line 8)	$ 1,413,307		
24	Customer Service and Informational (Transcribe from line 9)	$ 659,974		
25	Sales (Transcribe from line 10)	$ 724,727		
26	Administrative and General (Total of lines 11 and 17)	$ 1,148,938		
27	TOTAL Operation and Maint. (Total of lines 20 through 26)	$ 7,040,838	$ 1,332,913	$ 8,373,752
28	**Other Utility Departments**			
29	Operation and Maintenance			
30	TOTAL All Utility Dept. (Total of lines 2, 27, and 29)	$ 7,040,838	$ 1,332,913	$ 8,373,752
31	**Utility Plant**			
32	Construction (By Utility Departments)			
33	Electric Plant			
34	Gas Plant	$ 1,693,470		$ 1,693,470
35	Other			
36	TOTAL Construction (Total of lines 33 through 35)	$ 1,693,470	$ -	$ 1,693,470
37	Plant Removal (By Utility Department)			
38	Electric Plant			
39	Gas Plant	$ 141,819		$ 141,819
40	Other			
41	TOTAL Plant Removal (Total of lines 38 through 40)	$ 141,819	$ -	$ 141,819
42				
43	Other Accounts (Specify):			
44	Other/Employee Accounts Receivable	$ 36,811		$ 36,811
45	Micsellaneous Deferred Debits	$ 47,397		$ 47,397
46				
47				
48				
49				
50				
51				
52				
53	TOTAL Other Accounts	$ 84,208	$ -	$ 84,208
54	TOTAL SALARIES AND WAGES	$ 8,960,335	$ 1,332,913	$ 10,293,248

Florida Public Utilities Company Natural Gas Division	For the Year Ended Dec. 31, 2011

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	GEORGE M BACHMAN	Consulting		$ 26,568
2	AMERASSIST AR SOLUTIONS INC	Coll. Agency & Cr. Reports		$ 27,327
3	PRICEWATERHOUSE COOPERS LLP			$ 31,562
4	Consulting/Outside Services	$	18,129	
5	Tax Preparation Fees	$	13,433	
6	CHARLES L STEIN	Consulting		$ 32,457
7	DEVTECH SALES INC	Other Outside Services		$ 34,211
8	JOHN T ENGLISH	Consulting		$ 46,142
9	ARCADIS BBL	Consulting		$ 46,483
10	VERTEX BUSINESS SERVICES	Other Customer Related Expenses		$ 47,157
11	AON	Consulting		$ 65,772
12	GUNSTER YOAKLEY & STEWART PA	Legal		$ 116,513
13	BAKER & HOSTETLER LLP	Legal		$ 145,835
14	PARENTEBEARD LLC			$ 147,338
15	Consulting/Outside Services	$	1,936	
16	Audit Fees	$	145,402	
17	HIGH TECH ENGINEERING INC	Service Contractor Costs		$ 160,698
18	KUBRA DATA TRANSFER LTD	Other Customer Related Expenses		$ 351,701
19	RUTH ASSOCIATES INC	Consulting		$ 365,055
20	HEATH CONSULTANTS INCORPORATED	Other Outside Services		$ 566,897
21	OTHER			$ 328,173
22	Coll. Agency & Cr. Reports	$	829	
23	Consulting	$	163,203	
24	Legal	$	26,457	
25	Other Customer Related Expenses	$	14,233	
26	Other Outside Services	$	118,361	
27	Recruiting Costs	$	2,152	
28	Service Contractor Costs	$	2,938	
29				
30				

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	426.1 Charitable Contributions	$ 38,703
5	426.2 Life Insurance	
6	426.3 Penalties	$ 19,111
7	426.4 Expenditures for Lobbying and Other Politically Related Activities	
8	426.5 Other	$ 13,641
9	TOTAL MISCELLANEOUS INCOME DEDUCTIONS	$ 71,456
10		
11		
12	Account 430: Interest on Debt to Associated Company	$ (32,753)
13		
14		
15	Account 431: Other Interest Expense	
16	431.1 Interest on Customer Deposits	$ 497,404
17	431.2 Interest on ST Debt	$ 185,830
18	431.3 Interest on Miscellaneous	$ 1,119
19	TOTAL OTHER INTEREST EXPENSE	$ 684,352
20		
21		
22		
23		
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).

Line No.	(a) Description	(b) Gross Operating Revenues per Page 26	(c) Interstate and Sales for Resale Adjustments	(d) Adjusted Intrastate Gross Operating Revenues	(e) Intrastate Gross Operating Revenues per RAF Return	(f) Difference (d) - (e)
1	Total Sales to Ultimate Customers (480-482, 484)	$ 52,403,520		$ 52,403,520	51,653,520	$ 750,000
2	Sales for Resale (483)					
3	Total Natural Gas Service Revenues	$ 52,403,520		$ 52,403,520	51,653,520	$ 750,000
4	Total Other Operating Revenues (485-495)	$ 10,823,131		$ 10,823,131	10,823,131	$ -
5	Total Gas Operating Revenues	$ 63,226,651		$ 63,226,651	62,476,651	$ 750,000
6	Provision for Rate Refunds (496)					
7	Other (Specify)					
8						
9						
10	**Total Gross Operating Revenues**	$ 63,226,651		$ 63,226,651	62,476,651	$ 750,000

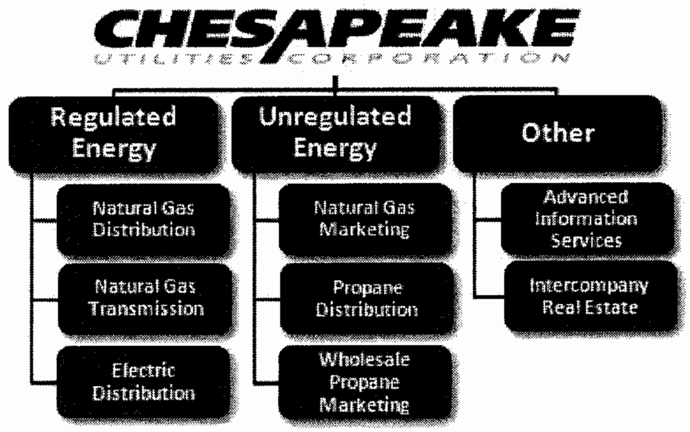
Notes:

Reversal of prior year regulatory reserve based on the outcome of the Come-Back filing $ 750,000

CORPORATE STRUCTURE

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

Effective Date: December 31, 2011



Regulated Energy

Natural Gas Distribution:
- Chesapeake Utilities
- Central Florida Gas
- Florida Public Utilities Company

Natural Gas Transmission:
- Eastern Shore Natural Gas Company
- Peninsula Pipeline Company

Electric Distribution:
- Florida Public Utilities Company

Unregulated Energy

Natural Gas Marketing:
- Peninsula Energy Services Company, Inc.

Propane Distribution:
- Sharp Energy, Inc.
- Flo-Gas Company

Wholesale Propane Marketing:
- Xeron, Inc.

Other

Advanced Information Services:
- BravePoint, Inc.

Intercompany Real Estate:
- Eastern Shore Real Estate, Inc.
- Skipjack, Inc.

Chesapeake Investment Company

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)	"p" or "s" (d)	Total Charge for Year: Account Number (e)	Total Charge for Year: Dollar Amount (f)
Chesapeake Utilities Corporation	Parent Company:				
	Corporate Services		p		$ 1,873,926
	Corporate Overheads		p		$ 1,963,260
Central Florida Gas	Affiliate:				
	Accounting, Customer Service & Billing		s		$ 1,997,376

Florida Public Utilities Company Natural Gas Division	For the Year Ended Dec. 31, 2011

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 transactic 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
Peninsula Energy Services	2011 Imbalance Settlements	(114,079)
Florida Public Utilities Company	Property plant and equipment transfers	121,159

Flordia Public Utilities Company
Natural Gas Division

For the Year Ended
Dec. 31, 2011

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:		$	$	$	$	$	
None							
Total						**$**	
Sales to Affiliates:		$	$	$	$	Sales Price	
None							
Total						**$**	

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				