

**BUREAU OF REVENUE REQUIREMENTS  
ELECTRIC & GAS ACCOUNTING**

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FLORIDA PUBLIC SERVICE  
COMMISSION

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AUDITING &  
FINANCIAL ANALYSIS DIV

**ANNUAL REPORT OF  
NATURAL GAS UTILITIES**

**FLORIDA PUBLIC UTILITIES COMPANY**

(EXACT NAME OF RESPONDENT)

**PO BOX 3395  
WEST PALM BEACH, FL 33402-3395**

(ADDRESS OF RESPONDENT)

TO THE

FLORIDA PUBLIC SERVICE COMMISSION

FOR THE

YEAR ENDED DECEMBER 31, 1996

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

Name: George M. Bachman

Title: Assistant Treasurer

Address: PO Box 3395

City: West Palm Beach State: FL 33402-3395

Telephone No: (561) 838-1731

PSC/AFA 20 (4/96)



**INDEPENDENT AUDITORS' REPORT**

Florida Public Utilities Company  
West Palm Beach, Florida:

We have audited the balance sheets—regulatory basis of Florida Public Utilities Company (the “Company”) as of December 31, 1996 and 1995, and the related statements of income—regulatory basis for the years then ended, and the statements of retained earnings—regulatory basis and cash flows for the year ended December 31, 1996, included on pages 10 through 19h, excluding additional information on page 13, of the accompanying Annual Report of Natural Gas Utilities to the Florida Public Service Commission. These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. 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.

These financial statements were prepared in accordance with 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 generally accepted accounting principles. The principal differences from generally accepted accounting principles include accounting for the Company’s investment in a wholly-owned subsidiary on the equity method rather than consolidating the assets, liabilities, revenues, and expenses of the subsidiary, the inclusion of certain accumulated provisions in other noncurrent liabilities rather than current liabilities, the exclusion of comparative statements of retained earnings and cash flows, and the reporting of deferred tax assets and liabilities net of the related regulatory assets and liabilities rather than reporting them separately.

The statement of cash flows and the accompanying notes to the financial statements are prepared on a consolidated basis as presented with the Company’s consolidated financial statements included in its Annual Report to Shareholders. Such consolidated statement of cash flows and notes are not comparable in certain respects with the accompanying balance sheets and income statements in which an investment in a wholly-owned subsidiary is accounted for on the equity method.

In our opinion, such financial statements present fairly, in all material respects, the assets, liabilities, and proprietary capital of Florida Public Utilities as of December 31, 1996 and 1995, and the results of its operations for the years then ended, and its cash flows for the year ended December 31, 1996, in

accordance with the accounting requirements of the Federal Energy Regulatory Commission as set forth in its applicable Uniform System of Accounts and published accounting releases.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The additional information on page 13 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. This additional information is the responsibility of the Company's management. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

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

*Deloitte + Touche LLP*

February 21, 1997

**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. <sup>2</sup>) with air of the same temperature and pressure as the gas, when the products of combustion are cooled to the initial temperature of gas and air when the water formed by combustion is condensed to the liquid state. (Sometimes called gross heating value or total heating value.)
- II. Respondent — The person, corporation, licensee, agency, authority, or other legal entity or instrumentality in whose behalf the report is made.

# ANNUAL REPORT OF NATURAL GAS UTILITIES

## IDENTIFICATION

|   |   |
|---|---|
| 01 Exact Legal Name of Respondent<br><br><b>FLORIDA PUBLIC UTILITIES COMPANY</b>  | 02 Year of Report<br><br><b>December 31, 1996</b>                                     |
| 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)<br><br><b>401 South Dixie Highway, West Palm Beach, FL 33401-5886</b> |   |
| 05 Name of Contact Person<br><br><b>George Bachman</b>  | 06 Title of Contact Person<br><br><b>Director of Accounting &amp; Asst. Treasurer</b> |
| 07 Address of Contact Person (Street, City, State, Zip Code)<br><br><b>Same as above</b>  |   |
| 08 Telephone of Contact Person, Including Area Code<br><br><b>(407) 838-1731</b>  | 09 Date of Report (Mo, Da, Yr)<br><br><b>May 22, 1997</b>                             |

## ATTESTATION

I certify that I am the responsible accounting officer of

**FLORIDA PUBLIC UTILITIES COMPANY** ;

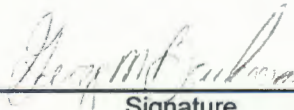
that I have examined the following report; that to the best of my knowledge, information, and belief, all statements of fact contained in the said report are true and the said report is a correct statement of the business and affairs of the above-named respondent in respect to each and every matter set forth therein during the period from January 1, 1996 to December 31, 1996, inclusive.

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

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

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

5/20/97  
Date

  
Signature

George Bachman  
Name

Director of Accounting & Asst. Treasurer  
Title

Dec. 31, 1996

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Dec. 31, 1996

## GENERAL INFORMATION

1. Provide name and title of officer having custody of the general corporate books of account and address of office where the general corporate books are kept, and address of office where any other corporate books of account are kept, if different from that where the general corporate books are kept.

George Bachman, Director of Accounting & Asst. Treasurer  
401 South Dixie Highway, P.O. Box 3395  
West Palm Beach, Florida 33402-3395

2. Provide the name of the State under the laws of which respondent is incorporated, and date of incorporation. If incorporated under a special law, give reference to such law. If not incorporated, state that fact and give the type of organization and the date organized.

State of Florida  
March 6, 1924; Reincorporated April 25, 1929

3. If at any time during the year the property of respondent was held by a receiver or trustee, give (a) name of receiver or trustee, (b) date such receiver or trustee took possession, (c) the authority by which the receivership or trusteeship was created, and (d) date when possession by receiver or trustee ceased.

N/A

4. State the type of utility and nonutility services furnished by respondent during the year in each State in which the respondent operated.

Distribution of electricity, gas and water in the State of Florida.

5. Have you engaged as the principal accountant to audit your financial statements an accountant who is not the principal accountant for your previous year's certified financial statements?

(1) YES ...Enter the date when such independent accountant was initially engaged: \_\_\_\_\_

(2) X NO

CORPORATIONS CONTROLLED BY RESPONDENT

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

DEFINITIONS

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

| Name of Company Controlled<br>(a) | Kind of Business<br>(b) | Percent Voting Stock Owned<br>(c) | Footnote Ref.<br>(d) |
|-----------------------------------|-------------------------|-----------------------------------|----------------------|
| Flo - Gas Corporation             | Propane Gas             | 100%                              |                      |



OFFICERS

1. Report below the name, title and salary for each executive officer whose salary is \$50,000 or more. An "executive officer" of a respondent includes its president, secretary, treasurer, and vice president in charge of a principal business unit, division or function (such as sales, administration or finance), and any other person who performs similar policymaking functions.

any position, show name and total remuneration of the previous incumbent, and date the change in incumbency was made.

3. Utilities which are required to file the same data with the Securities and Exchange Commission, may substitute a copy of item 4 of Regulation S-K (identified as this page). The substituted page(s) should be the same size as this page.

2. If a change was made during the year in the incumbent of

| Line No. | Title (a)                           | Name of Officer (b)  | Salary for Year (c) |
|----------|-------------------------------------|----------------------|---------------------|
| 1        | Chairman of the Executive Committee | Robert L. Terry      | \$74,894            |
| 2        |                                     |                      |                     |
| 3        | President                           | Franklin C. Cressman | \$148,937           |
| 4        |                                     |                      |                     |
| 5        | Senior Vice President               | John T. English      | \$97,169            |
| 6        |                                     |                      |                     |
| 7        | Vice President                      | Darry L. Troy        | \$78,206            |
| 8        |                                     |                      |                     |
| 9        | Vice President                      | Charles L. Stein     | \$90,856            |
| 10       |                                     |                      |                     |
| 11       | Treasurer                           | Jack R. Brown        | \$97,169            |
| 12       |                                     |                      |                     |
| 13       |                                     |                      |                     |
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| 46       |                                     |                      |                     |

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<br>(a)                   | Principal Business Address<br>(b)                   | No. of Directors Meetings During Yr.<br>(c) | Fees During Year<br>(d) |
|---|---|---|-------------------------|
| R. L. Terry**<br>Chairman of the Executive Committee  | 401 South Dixie Highway<br>West Palm Beach, Florida | 4   | 0                       |
| F.C. Cressman*<br>President & Chief Executive Officer | 401 South Dixie Highway<br>West Palm Beach, Florida | 4   | 0                       |
| D. Downey   | 400 Royal Palm Way<br>Palm Beach, Florida           | 4   | 1,600                   |
| G.O. Jerauld  | 700 Osprey Way<br>No. Palm Beach, Florida           | 4   | 1,600                   |
| E. James Carr, Jr.                                    | 217 Tom O'Shanter Drive<br>Palm Springs, Florida    | 4   | 1,600                   |
| J.T. English<br>Senior Vice President                 | 401 South Dixie Highway<br>West Palm Beach, Florida | 4   | 0                       |
| R.C. Hitchins   | 325 South Olive Avenue<br>West Palm Beach, Florida  | 4   | 1,600                   |

SECURITY HOLDERS AND VOTING POWERS

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

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

give other important particulars (details) concerning the voting rights of such security. State whether voting rights are actual or contingent: if contingent, describe the contingency.

3. If any class or issue of security has any special privileges in the election of directors, trustees or managers, or in the determination of corporate action by any method, explain briefly in a footnote.

4. Furnish particulars (details) concerning any options, warrants, or rights outstanding at the end of the year for others to purchase securities of the respondent or any securities or other assets owned by the respondent, including prices, expiration dates, and other material information relating to exercise of the options, warrants, or rights. Specify the amount of such securities or assets so entitled to be purchased by any officer, director, associated company, or any of the ten largest security holders. This instruction is inapplicable to convertible securities or to any securities substantially all of which are outstanding in the hands of the general public where the options, warrants or rights were issued on a prorata basis.

1. Give date of the latest closing of the stock book prior to the end year, and state the purpose of such closing:

**December 13, 1996**  
Dividend Record Date

2. State the total number of votes cast at the latest general meeting prior to the end of year for the election of directors of the respondents and number of such votes cast by proxy.

Total: **1,464,479**  
By Proxy: **1,182,505**

3. Give the date and place of such meeting:

**03/06/96**  
**401 S. Dixie Highway**  
**West Palm Beach, FL**

VOTING SECURITIES  
Number of votes as of (date) **12/13/95**

| Line No. | Name (Title) and Address of Security Holder (a)                            | Total Votes (b) | Common Stock (c) | Preferred Stock (d) | Other (e) |
|----------|--|-----------------|------------------|---------------------|-----------|
| 4        | TOTAL votes of all voting securities                                       | 1,585,478       | 1,585,478        |                     |           |
| 5        | TOTAL number of security holders   |                 |                  |                     |           |
| 6        | TOTAL votes of security holders listed below                               | 1,212,952       | 1,212,952        |                     |           |
| 7        | *Cede & Company  | 810,326         | 810,326          |                     |           |
| 8        | P. O. Box 20, New York, NY 10274   |                 |                  |                     |           |
| 9        |  |                 |                  |                     |           |
| 10       | Chesapeake Utilities Corp.   | 109,232         | 109,232          |                     |           |
| 11       | Box 615, Dover, DE 19903   |                 |                  |                     |           |
| 12       |  |                 |                  |                     |           |
| 13       | Atlee M. Kohl  | 101,100         | 101,100          |                     |           |
| 14       | 3007 Skyway Circle North, Irving, TX 75038                                 |                 |                  |                     |           |
| 15       |  |                 |                  |                     |           |
| 16       | Robert L. Terry, Chairman, Exec. Comm.                                     | 85,500          | 85,500           |                     |           |
| 17       | 137 King Rd., Palm Beach, FL 33402   |                 |                  |                     |           |
| 18       |  |                 |                  |                     |           |
| 19       | Dino Casali  | 35,040          | 35,040           |                     |           |
| 20       | Box 886, Keene, NH 03431-0886  |                 |                  |                     |           |
| 21       |  |                 |                  |                     |           |
| 22       | George F. Parris, Jr.  | 21,920          | 21,920           |                     |           |
| 23       | P. O. Box 21909, Long Beach, CA 90801                                      |                 |                  |                     |           |
| 24       |  |                 |                  |                     |           |
| 25       | Ralph Peidcop Grau   | 15,000          | 15,000           |                     |           |
| 26       | P. O. Box 381, Punta Gorda, FL 33951                                       |                 |                  |                     |           |
| 30       |  |                 |                  |                     |           |
| 31       | *Includes 156,777 shares held in trust. Robert L. Terry, a Director of the |                 |                  |                     |           |
| 32       | Corporation, is co-trustee for trust accounts established under the wills  |                 |                  |                     |           |
| 33       | of his parents and shares voting and dispositive powers for his stock.     |                 |                  |                     |           |

SECURITY HOLDERS AND VOTING POWERS (Continued)

| Line No. | Name (Title) and Address of Security Holder<br>(a)           | Total Votes<br>(b) | Common Stock<br>(c) | Preferred Stock<br>(d) | Other<br>(e) |
|----------|--|--------------------|---------------------|------------------------|--------------|
| 21       | Philadep & Co<br>Box 8068-475, Philadelphia, PA 19177        | 13,546             | 13,546              | 0                      | NONE         |
| 22       |  |                    |                     |                        |              |
| 23       | A. P. Maheu<br>250 Lakeview Dr. Sanford, FL                  | 11,155             | 11,155              | 0                      |              |
| 24       |  |                    |                     |                        |              |
| 25       | Franklin C. Cressman<br>7990 W Lake Dr., West Palm Beach, FL | 10,133             | 10,133              | 0                      |              |
| 26       |  |                    |                     |                        |              |
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IMPORTANT CHANGES DURING THE YEAR

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

1. Changes in and important information to franchise rights: Describe the actual consideration given therefore and state from whom the franchise rights were acquired. If acquired without the payment of consideration, state that fact.
2. Acquisition of ownership in other companies by reorganization, merger, or consolidation with other companies: Give name of companies involved, particulars concerning the transactions, name of the Commission authorizing the transaction, and reference to Commission authorization.
3. Purchase or sale of an operating unit or system: Give brief description of the property, and of the transactions relating thereto, and reference to Commission authorization, if any was required. Give date journal entries called for by the Uniform System of Accounts were submitted to the Commission.
4. Important leaseholds (other than leaseholds for natural gas lands) that have been acquired or given, assigned or surrendered: Give effective dates, lengths of terms, names of parties, rents, and other conditions. State name of Commission authorizing lease and give reference to such authorization.
5. Important extension or reduction of transmission or distribution system: State territory added or relinquished and date operations began or ceased give reference to Commission authorization, if any was required. State also the approximate number of customers added or lost and approximate annual revenues of each class of service. Each natural gas company must also state major new continuing sources of gas made available to it from purchases,

development, purchase contract or otherwise, giving location and approximate total gas volumes available, period of contracts, and other parties to any such arrangements etc.

6. Obligations incurred or assumed by respondent as guarantor for the performance by another of any agreement or obligation, including ordinary commercial paper maturing on demand or not later than one year after date of issue: State on behalf of whom the obligation was assumed and amount of the obligation. Give reference to Commission authorization if any was required.
7. Changes in articles of incorporation or amendments to charter: Explain the nature and purpose of such changes or amendments.
8. State the estimated annual effect and nature of any important wage scale changes during the year.
9. State briefly the status of any materially important legal proceedings pending at the end of the year, and the results of any such proceedings culminated during the year.
10. 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 reported on page 8, voting trustee, associated company or known associate of any of these persons was a party or in which any such person had a material interest.
11. Estimate increase or decrease in annual revenues due to important rate changes: State effective rate and approximate amount of increase or decrease from each revenue classification. State the number of customers affected.
12. If the important changes during the year relating to the respondent company appearing in the annual report to stockholders are applicable in every respect and furnish the data required by instruction 1 to 11 above, such notes may be attached to this page.

1. NONE
2. NONE
3. NONE
4. NONE
5. NONE
6. NONE
7. NONE
8. NONE
9. NONE
10. NONE
11. NONE
12. NONE

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## COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)

| Line No. | Title of Account<br>(a)  | Ref. Page No.<br>(b) | Balance at Beginning of Year<br>(c) | Balance at End of Year<br>(d) |
|----------|--|----------------------|-------------------------------------|-------------------------------|
| 1        | UTILITY PLANT  |                      |                                     |                               |
| 2        | Utility Plant (101-106, 114) & 118                                       | 20-21                | \$95,696,572                        | 100,314,032                   |
| 3        | Construction Work in Progress (107)                                      | 20-21                | 765,145                             | 2,157,803                     |
| 4        | TOTAL Utility Plant (Enter Total of lines 2 and 3)                       |                      | 96,461,717                          | 102,471,835                   |
| 5        | (Less) Accum. Prov. for Depr. Amort. Depl. (108, 111, 115)               | 20-21                | (32,276,717)                        | (34,615,243)                  |
| 6        | Net Utility Plant (Enter Total of line 4 less 5)                         |                      | 64,185,000                          | 67,856,592                    |
| 7        | Utility Plant Adjustments (116)  | 19                   |                                     |                               |
| 8        | Gas Stored (117.1, 117.2, 117.3, 117.4)                                  | -                    |                                     |                               |
| 9        | OTHER PROPERTY AND INVESTMENTS   |                      |                                     |                               |
| 10       | Nonutility Property (121)  | -                    | 70,546                              | 70,546                        |
| 11       | (Less) Accum. Prov. for Depr. and Amort. (122)                           | -                    | 30,364                              | 12,880                        |
| 12       | Investments in Associated Companies (123)                                | -                    |                                     |                               |
| 13       | Investment in Subsidiary Companies (123.1)                               | -                    | 2,195,724                           | 1,795,733                     |
| 14       | Other Investments (124)  | -                    | 10                                  | 10                            |
| 15       | Special Funds (125-128)  | -                    |                                     |                               |
| 16       | TOTAL Other Property and Investments (Total of lines 10 through 15)      |                      | 2,296,644                           | 1,879,169                     |
| 17       | CURRENT AND ACCRUED ASSETS   |                      |                                     |                               |
| 18       | Cash (131)   | -                    | (326,540)                           | (155,754)                     |
| 19       | Special Deposits (132-134)   | -                    | 2,737,025                           | 2,880,714                     |
| 20       | Working Funds (135)  | -                    | 12,300                              | 9,800                         |
| 21       | Temporary Cash Investments (136)   | -                    |                                     |                               |
| 22       | Notes Receivable (141)   | -                    |                                     |                               |
| 23       | Customer Accounts Receivable (142)                                       | -                    | 5,881,986                           | 6,386,709                     |
| 24       | Other Accounts Receivable (143)  | -                    | 52,612                              | 3,948                         |
| 25       | (Less) Accum. Prov. for Uncollectible Acct.-Credit (144)                 | -                    | (72,475)                            | (83,053)                      |
| 26       | Notes Receivable from Associated Companies (145)                         | -                    |                                     |                               |
| 27       | Accounts Receivable from Assoc. Companies (146)                          | -                    | 2,053,418                           | 2,208,075                     |
| 28       | Fuel Stock (151)   | -                    |                                     |                               |
| 29       | Fuel Stock Expense Undistributed (152)                                   | -                    |                                     |                               |
| 30       | Residuals (Elec) and Extracted Products (Gas) (153)                      | -                    |                                     |                               |
| 31       | Plant Material and Operating Supplies (154)                              | -                    | 1,207,007                           | 1,249,662                     |
| 32       | Merchandise (155)  | -                    | 395,547                             | 267,096                       |
| 33       | Other Material and Supplies (156)  | -                    |                                     |                               |
| 34       | Stores Expenses Undistributed (163)                                      | -                    |                                     |                               |
| 35       | Gas Stored Undgrd. & Liq. Nat. Gas Stored (164.1-164.3)                  | -                    |                                     |                               |
| 36       | Prepayments (165)  | 32                   | 804,126                             | 1,153,443                     |
| 37       | Advances for Gas (166-167)   | -                    |                                     |                               |
| 38       | Interest and Dividends Receivable (171)                                  | -                    |                                     |                               |
| 39       | Rents Receivable (172)   | -                    |                                     |                               |
| 40       | Accrued Utility Revenues (173)   | -                    | 938,501                             | 889,767                       |
| 41       | Miscellaneous Current and Accrued Assets (174)                           | -                    |                                     |                               |
| 42       | TOTAL Current and Accrued Assets (Enter Total of lines 18 through 41)    |                      | 13,683,507                          | 14,810,407                    |
| 43       | DEFERRED DEBITS  |                      |                                     |                               |
| 44       | Unamortized Debt Expense (181)   | -                    | 300,065                             | 284,904                       |
| 45       | Extraordinary Property Losses (182.1)                                    | 32                   |                                     |                               |
| 46       | Unrecovered Plant and Regulatory Study Costs (182.2)                     | 32                   |                                     |                               |
| 47       | Other Regulatory Assets (182.3)  | 33                   |                                     |                               |
| 48       | Prelim. Survey and Investigation Charges (Gas) (183.1, 183.2)            | -                    |                                     |                               |
| 49       | Clearing Accounts (184)  | -                    |                                     |                               |
| 50       | Temporary Facilities (185)   | -                    | (1,145)                             | (7,139)                       |
| 51       | Miscellaneous Deferred Debits (186)                                      | 34                   | 234,446                             | 322,831                       |
| 52       | Def. Losses from Disposition of Utility Plant. (187)                     | -                    |                                     |                               |
| 53       | Research, Devel. and Demonstration Expend. (188)                         | -                    |                                     |                               |
| 54       | Unamortized Loss on Reacquired Debt (189)                                | -                    | 436,367                             | 414,005                       |
| 55       | Accumulated Deferred Income Taxes (190)                                  | 35                   | 3,934,310                           | 2,735,706                     |
| 56       | Unrecovered Purchased Gas Costs (191)                                    | -                    | 467,802                             | 1,771,579                     |
| 57       | TOTAL Deferred Debits (Enter Total of lines 44 through 56)               |                      | 5,371,845                           | 5,521,886                     |
| 58       | TOTAL Assets and other Debits (Enter Total of lines 6, 7, 8, 16, 42, 57) |                      | 85,536,996                          | 90,068,054                    |

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## COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)

| Line No. | Title of Account<br>(a)  | Ref. Page No.<br>(b) | Balance at Beginning of Year<br>(c) | Balance at End of Year<br>(d) |
|----------|--|----------------------|-------------------------------------|-------------------------------|
| 1        | <b>PROPRIETARY CAPITAL</b>   |                      |                                     |                               |
| 2        | Common Stock (201, 202, 203, 205, 206, 207)  | -                    | \$12,702,249                        | \$12,854,112                  |
| 3        | Preferred Stock Issued (204)   | -                    | 600,000                             | 600,000                       |
| 4        | Other Paid-In Capital (208-211) & Accounts 212, 213, 214                               | -                    | 461,884                             | 517,671                       |
| 5        | Retained Earnings (215, 215.1, 216)  | 15-16                | 9,803,959                           | 11,205,475                    |
| 6        | Unappropriated Undistributed Subsidiary Earnings (216.1)                               | 15-16                | 2,386,975                           | 1,945,237                     |
| 7        | (Less) Reacquired Capital Stock (217)  | -                    | (2,053,073)                         | (2,011,327)                   |
| 8        | <b>TOTAL Proprietary Capital (Enter Total of lines 2 through 7)</b>                    |                      | <b>23,901,994</b>                   | <b>25,111,168</b>             |
| 9        | <b>LONG-TERM DEBT</b>  |                      |                                     |                               |
| 10       | Bonds (221)  | 37                   | 23,500,000                          | 23,500,000                    |
| 11       | (Less) Reacquired Bonds (222)  | 37                   |                                     |                               |
| 12       | Advances from Associated Companies (223)   | 37                   |                                     |                               |
| 13       | Other Long-Term Debt (224)   | 37                   |                                     |                               |
| 14       | Unamortized Premium on Long-Term Debt (225)  | 38                   |                                     |                               |
| 15       | (Less) Unamortized Discount on Long-Term Debt-Dr. (226)                                | 38                   |                                     |                               |
| 16       | <b>TOTAL Long-Term Debt (Enter Total of lines 10 through 15)</b>                       |                      | <b>23,500,000</b>                   | <b>23,500,000</b>             |
| 17       | <b>OTHER NONCURRENT LIABILITIES</b>  |                      |                                     |                               |
| 18       | Obligations Under Capital Leases - Noncurrent (227)                                    | -                    |                                     |                               |
| 19       | Accumulated Provision for Property Insurance (228.1)                                   | -                    | 744,698                             | 1,613,574                     |
| 20       | Accumulated Provision for Injuries and Damages (228.2)                                 | -                    |                                     |                               |
| 21       | Accumulated Provision for Pensions and Benefits (228.3)                                | -                    | 697,073                             | 711,654                       |
| 22       | Accumulated Miscellaneous Operating Provisions (228.4)                                 | -                    |                                     |                               |
| 23       | Accumulated Provision for Rate Refunds (229)   | -                    |                                     | 123,000                       |
| 24       | <b>TOTAL Other Noncurrent Liabilities (Enter Total of lines 18 through 23)</b>         |                      | <b>1,441,771</b>                    | <b>2,448,228</b>              |
| 25       | <b>CURRENT AND ACCRUED LIABILITIES</b>   |                      |                                     |                               |
| 26       | Notes Payable (231)  | -                    | 5,600,000                           | 7,900,000                     |
| 27       | Accounts Payable (232)   | -                    | 5,076,454                           | 6,220,551                     |
| 28       | Notes Payable to Associated Companies (233)  | -                    | 0                                   | 0                             |
| 29       | Accounts Payable to Associated Companies (234)   | -                    | 0                                   | 0                             |
| 30       | Customer Deposits (235)  | -                    | 3,042,958                           | 3,127,421                     |
| 31       | Taxes Accrued (236)  | 41                   | 810,502                             | (232,367)                     |
| 32       | Interest Accrued (237)   | -                    | 533,812                             | 560,057                       |
| 33       | Dividends Declared (238)   | -                    | 430,553                             | 449,219                       |
| 34       | Matured Long-Term Debt (239)   | -                    | 0                                   | 0                             |
| 35       | Matured Interest (240)   | -                    | 0                                   | 0                             |
| 36       | Tax Collections Payable (241)  | -                    | 620,732                             | 500,517                       |
| 37       | Miscellaneous Current and Accrued Liabilities (242)                                    | 43                   | 652,788                             | 672,348                       |
| 38       | Obligations Under Capital Leases-Current (243)   | -                    |                                     | 0                             |
| 39       |  |                      |                                     |                               |
| 40       | <b>TOTAL Current and Accrued Liabilities (Enter Total of lines 26 through 39)</b>      |                      | <b>\$16,767,799</b>                 | <b>\$19,197,746</b>           |
| 41       | <b>DEFERRED CREDITS</b>  |                      |                                     |                               |
| 42       | Customer Advances for Construction (252)   | -                    | 808,714                             | 982,243                       |
| 43       | Other Deferred Credits (253) & CIAC (271&272 - \$2,595,736)                            | 43                   | 7,249,888                           | 7,569,115                     |
| 44       | Other Regulatory Liabilities (254)   | 45                   |                                     |                               |
| 45       | Accumulated Deferred Investment Tax Credits (255)                                      | 42                   | 1,526,587                           | 1,414,578                     |
| 46       | Deferred Gains from Disposition of Utility Plant (256)                                 | -                    |                                     |                               |
| 47       | Unamortized Gain on Reacquired Debt (257)  | 39                   |                                     |                               |
| 48       | Accumulated Deferred Income Taxes (281-283)  | 44                   | 10,340,243                          | 9,844,976                     |
| 49       | <b>TOTAL Deferred Credits (Enter Total of lines 42 through 48)</b>                     |                      | <b>19,925,432</b>                   | <b>19,810,912</b>             |
| 50       |  |                      |                                     |                               |
| 51       | <b>TOTAL Liabilities and Other Credits (Enter Total of lines 8, 16, 24, 40 and 49)</b> |                      | <b>\$85,536,996</b>                 | <b>\$90,068,054</b>           |
| 52       |  |                      |                                     |                               |

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## STATEMENT OF INCOME

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

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

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

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

5. Give concise explanations on page 19 concerning

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

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

| Line No. | Account (a)   | Ref. Page No. (b) | Total Current Year (c) | Total Previous Year (d) |
|----------|---|-------------------|------------------------|-------------------------|
| 1        | UTILITY OPERATING INCOME  |                   |                        |                         |
| 2        | Operating Revenues (400)  | 46-47             | \$74,409,370           | \$65,196,268            |
| 3        | Operating Expenses  |                   |                        |                         |
| 4        | Operation Expenses (401)  | 49-51             | 56,253,091             | 51,126,760              |
| 5        | Maintenance Expenses (402)  | 49-51             | 2,265,609              | 2,154,895               |
| 6        | Depreciation Expense (403)  | 59                | 3,532,749              | 3,360,872               |
| 7        | Amort. & Depl. of Utility Plant (404-405)   | 59                |                        |                         |
| 8        | Amort. of Utility Plant Acq. Adj. (406)   | 59                | (956)                  | (956)                   |
| 9        | Amort. of Property Losses, Unrecovered Plant and Regulatory Study Costs (407.1)               | -                 |                        |                         |
| 10       | Amort. of Conversion Expenses (407.2)   | -                 |                        |                         |
| 11       | Regulatory Debits (407.3)   | -                 |                        |                         |
| 12       | (Less) Regulatory Credits (407.4)   | -                 |                        |                         |
| 13       | Taxes Other Than Income Taxes (408.1)   | 41                | 5,472,688              | 2,246,932               |
| 14       | Income Taxes - Federal (409.1)  | 41                | 654,307                | 1,075,745               |
| 15       | - Other (409.1)   | 41                | 167,413                | 266,672                 |
| 16       | Provision for Deferred Inc. Taxes (410.1)   | 35, 44            | 703,337                | 101,288                 |
| 17       | (Less) Provision for Deferred Income Taxes - Cr.(411.1)                                       | 35, 44            |                        |                         |
| 18       | Investment Tax Credit Adj. - Net (411.4)  | 42                | (112,009)              | (112,523)               |
| 19       | (Less) Gains from Disp. of Utility Plant (411.6)  | -                 |                        |                         |
| 20       | Losses from Disp. of Utility Plant (411.7)  | -                 |                        |                         |
| 21       | (Less) Gains from Disposition of Allowances (411.8)   | -                 |                        |                         |
| 22       | Losses from Disposition of Allowances (411.9)   | -                 |                        |                         |
| 23       | TOTAL Utility Operating Expenses (Total of lines 4 -22)                                       |                   | 68,936,229             | 60,219,685              |
| 24       | Net Utility Operating Income (Total of line 2 less 23)<br>(Carry forward to page 14, line 25) |                   | 5,473,141              | 4,976,583               |



STATEMENT OF INCOME (Continued)

revenues received or costs incurred for power or gas purchases, and a summary of the adjustments made to balance sheet, income, and expense accounts.

7. If any notes appearing in the report to stockholders are applicable to this Statement of Income, such notes may be attached at page 19.

8. Enter on page 19 a concise explanation of only those changes in accounting methods made during the year which had an effect on net income, including the basis of

allocations and apportionments from those used in the preceding year. Also give the approximate dollar effect of such changes.

9. Explain in a footnote if the previous year's figures are different from that reported in prior reports.

10. If the columns are insufficient for reporting additional utility departments, supply the appropriate account titles, lines 2 to 22, and report the information in the blank space on page 19 or in a supplemental statement.

| ELECTRIC UTILITY |                   | GAS UTILITY      |                   | OTHER UTILITY - WATER |                   | Line No. |
|------------------|-------------------|------------------|-------------------|-----------------------|-------------------|----------|
| Current Year (e) | Previous Year (f) | Current Year (g) | Previous Year (h) | Current Year (i)      | Previous Year (j) |          |
|                  |                   |                  |                   |                       |                   | 1        |
| \$40,700,856     | \$38,369,721      | \$31,854,322     | \$25,230,806      | \$1,854,192           | \$1,595,741       | 2        |
|                  |                   |                  |                   |                       |                   | 3        |
| 31,971,305       | 31,577,180        | 23,737,103       | 18,992,530        | 544,684               | 557,050           | 4        |
| 1,164,262        | 1,129,602         | 782,843          | 721,775           | 318,504               | 303,518           | 5        |
| 1,589,194        | 1,494,870         | 1,732,245        | 1,653,513         | 211,309               | 212,489           | 6        |
|                  |                   |                  |                   |                       |                   | 7        |
|                  |                   | (956)            | (956)             |                       |                   | 8        |
|                  |                   |                  |                   |                       |                   | 9        |
|                  |                   |                  |                   |                       |                   | 10       |
|                  |                   |                  |                   |                       |                   | 11       |
|                  |                   |                  |                   |                       |                   | 12       |
| 2,834,684        | 1,089,768         | 2,353,029        | 961,969           | 284,975               | 195,195           | 13       |
| 349,352          | 364,795           | 106,815          | 625,133           | 198,140               | 85,817            | 14       |
| 73,611           | 107,086           | 53,188           | 140,652           | 40,614                | 18,934            | 15       |
| 302,114          | 261,251           | 526,496          | (110,229)         | (125,273)             | (49,734)          | 16       |
|                  |                   |                  |                   |                       |                   | 17       |
| (49,907)         | (50,437)          | (55,165)         | (55,149)          | (6,937)               | (6,937)           | 18       |
|                  |                   |                  |                   |                       |                   | 19       |
|                  |                   |                  |                   |                       |                   | 20       |
|                  |                   |                  |                   |                       |                   | 21       |
|                  |                   |                  |                   |                       |                   | 22       |
| 38,234,615       | 35,974,115        | 29,235,598       | 22,929,238        | 1,466,016             | 1,316,332         | 23       |
| 2,466,241        | 2,395,606         | 2,618,724        | 2,301,568         | 388,176               | 279,409           | 24       |
|                  |                   |                  |                   |                       |                   |          |

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## STATEMENT OF INCOME (Continued)

| Line No. | Account (a)  | Ref. Page No. (b) | TOTAL            |                   |
|----------|--|-------------------|------------------|-------------------|
|          |  |                   | Current Year (c) | Previous Year (d) |
| 25       | Net Utility Operating Income (Carried forward from page 12)            |                   | \$5,473,141      | \$4,976,583       |
| 26       | Other Income and Deductions  |                   |                  |                   |
| 27       | Other Income   |                   |                  |                   |
| 28       | Nonutility Operating Income  |                   |                  |                   |
| 29       | Revenues From Merchandising, Jobbing and Contract Work (415)           | -                 | 1,759,868        | 1,540,572         |
|          | (Less) Costs and Exp. of Merchandising, Job & Contract Work (416)      | -                 | (1,810,938)      | (1,523,592)       |
| 31       | Revenues From Nonutility Operations (417)                              | -                 |                  |                   |
| 32       | (Less) Expenses of Nonutility Operations (417.1)                       | -                 |                  |                   |
| 33       | Nonoperating Rental Income (418)                                       | -                 | 200              | (7,463)           |
| 34       | Equity in Earnings of Subsidiary Companies (418.1)                     | 15-16             | 58,262           | 46,077            |
| 35       | Interest and Dividend Income (419)                                     | -                 | 30,800           | 71,677            |
| 36       | Allowance for Other Funds Used During Construction (419.1)             | -                 | 4,888            | 5,886             |
| 37       | Miscellaneous Nonoperating Income (421)                                | -                 |                  |                   |
| 38       | Gain on Disposition of Property (421.1)                                | -                 |                  |                   |
| 39       | TOTAL Other Income (Enter Total of lines 29 through 38)                |                   | 43,080           | 133,157           |
| 40       | Other Income Deductions  |                   |                  |                   |
| 41       | Loss on Disposition of Property (421.2)                                | -                 |                  |                   |
| 42       | Miscellaneous Amortization (425)                                       | 60                |                  |                   |
| 43       | Miscellaneous Income Deductions (426.1-426.5)                          | 60                | 20,823           | 23,326            |
| 44       | TOTAL Other Income Deductions (Total of lines 41 through 43)           |                   | 20,823           | 23,326            |
| 45       | Taxes Applic. to Other Income and Deductions                           |                   |                  |                   |
| 46       | Taxes Other Than Income Taxes (408.2)                                  | 41                |                  |                   |
| 47       | Income Taxes - Federal (409.2)   | 41                | (11,716)         | 19,887            |
| 48       | Income Taxes - Other (409.2)   | 41                | (1,994)          | 3,354             |
| 49       | Provision for Deferred Income Taxes (410.2)                            | 35, 44            |                  |                   |
| 50       | (Less) Provision for Deferred Income Taxes - Cr. (411.2)               | 35, 44            |                  |                   |
| 51       | Investment Tax Credit Adj.- Net (411.5)                                | -                 |                  |                   |
| 52       | (Less) Investment Tax Credits (420)                                    | -                 |                  |                   |
| 53       | TOTAL Taxes on Other Inc. and Ded. (Enter Total of 46 through 52)      |                   | (13,710)         | 23,241            |
| 54       | Net Other Income and Deductions (Enter Total of lines 39,44,53)        |                   | 35,967           | 86,590            |
| 55       | Interest Charges   |                   |                  |                   |
| 56       | Interest on Long-Term Debt (427)                                       | -                 | 2,235,050        | 2,248,370         |
| 57       | Amortization of Debt Disc. and Expense (428)                           | 38                | 43,827           | 44,030            |
| 58       | Amortization of Loss on Reacquired Debt (428.1)                        | -                 |                  |                   |
| 59       | (Less) Amort. of Premium on Debt - Credit (429)                        | 38                |                  |                   |
| 60       | (Less) Amortization of Gain on Reacquired Debt - Credit (429.1)        | -                 |                  |                   |
| 61       | Interest on Debt to Assoc. Companies (430)                             | 60                | (82,868)         | (124,530)         |
| 62       | Other Interest Expense (431)   | 60                | 565,209          | 461,318           |
| 63       | (Less) Allow. for Borrowed Funds Used During Const. - Cr. (432)        | -                 | (3,200)          | (3,853)           |
| 64       | Net Interest Charges (Total of lines 56 through 63)                    |                   | 2,758,018        | 2,625,335         |
| 65       | Income Before Extraordinary Items (Enter Total of lines 25, 54 and 64) |                   | 2,751,090        | 2,437,838         |
| 66       | Extraordinary Items  |                   |                  |                   |
| 67       | Extraordinary Income (434)   | -                 |                  |                   |
| 68       | (Less) Extraordinary Deductions (435)                                  | -                 |                  |                   |
| 69       | Net Extraordinary Items (Enter Total of line 67 less line 68)          |                   |                  |                   |
| 70       | Income Taxes - Federal and Other (409.3)                               | 41                |                  |                   |
| 71       | Extraordinary Items After Taxes (Enter Total of line 69 less line 70)  |                   |                  |                   |
| 72       | Net Income (Enter Total of lines 65 and 71)                            |                   | \$2,751,090      | \$2,437,838       |
| 73       | Earnings Per Share   |                   | 1.85             | 1.66              |

Dec. 31, 1996

## STATEMENT OF RETAINED EARNINGS

1. Report all changes in appropriate retained earnings, unappropriated retained earnings, and unappropriated undistributed subsidiary earnings for the year.

2. Each credit and debit during the year should be identified as to the retained earnings account in which recorded (Accounts 433, 436-439 inclusive). Show the contra primary account affected in column (b).

3. State the purpose and amount for each reservation or appropriation of retained earnings.

4. List first Account 439, Adjustments to Retained Earnings, reflecting adjustments to the opening balance of retained earnings. Follow by credit, then debit items, in that order.

5. Show dividends for each class and series of capital stock.

6. Show separately the state and federal income tax effect of items shown in account 439, Adjustments to Retained Earnings.

7. Explain in a footnote the basis for determining the amount reserved or appropriated. If such reservations or appropriation is to be recurrent, state the number and annual amounts to be reserved or appropriated as well as the totals eventually to be accumulated.

8. If any notes appearing in the report to stockholders are applicable to this statement attach them at page 19.

| Line No.  | Item (a)   | Contra Primary Account Affected (b) | Amount (c)   |
|---|--|-------------------------------------|--------------|
| <b>UNAPPROPRIATED RETAINED EARNINGS (Account 216)</b> |  |                                     |              |
| 1   | Balance - Beginning of Year  |                                     | \$9,803,959  |
| 2   | Changes (Identify by prescribed retained earnings accounts)                          |                                     |              |
| 3   | Adjustments to Retained Earnings (Account 439):                                      |                                     |              |
| 4   | Credit: DIVIDENDS FROM SUBSIDIARY  |                                     | 500,000      |
| 5   | Credit:  |                                     |              |
| 6   | Credit:  |                                     |              |
| 7   | Credit:  |                                     |              |
| 8   | Credit:  |                                     |              |
| 9   | TOTAL Credits to Retained Earnings (Account 439) (Enter Total of lines 4 through 8)  |                                     | 500,000      |
| 10  | Debit:   |                                     |              |
| 11  | Debit:   |                                     |              |
| 12  | Debit:   |                                     |              |
| 13  | Debit:   |                                     |              |
| 14  | Debit:   |                                     |              |
| 15  | TOTAL Debits to Retained Earnings (Account 439) (Enter Total of lines 10 through 14) |                                     |              |
| 16  | Balance Transferred from Income (Account 433 less Account 418.1)                     |                                     | 2,692,825    |
| 17  | Appropriations of Retained Earnings (Account 436)                                    |                                     |              |
| 18  |  |                                     |              |
| 19  |  |                                     |              |
| 20  |  |                                     |              |
| 21  | TOTAL Appropriations of Retained Earnings (Account 436)                              |                                     |              |
| 22  | (Enter Total of lines 18 through 20)   |                                     |              |
| 23  | Dividends Declared - Preferred Stock (Account 437)                                   |                                     |              |
| 24  | Preferred  | 2380                                | 28,500       |
| 25  |  |                                     |              |
| 26  |  |                                     |              |
| 27  |  |                                     |              |
| 28  | TOTAL Dividends Declared - Preferred Stock (Account 437)                             |                                     |              |
| 29  | (Enter Total of lines 24 through 27)   |                                     | 28,500       |
| 30  | Dividends Declared - Common Stock (Account 438)                                      |                                     |              |
| 31  | Common - Cash  | 2380                                | 1,762,809    |
| 32  |  |                                     |              |
| 33  |  |                                     |              |
| 34  |  |                                     |              |
| 35  | TOTAL Dividends Declared - Common Stock (Account 438)                                |                                     |              |
| 36  | (Enter Total of lines 31 through 34)   |                                     | 1,762,809    |
| 37  | Transfers from Acct. 216.1, Unappropriated Undistributed Subsidiary Earnings         |                                     |              |
| 38  | Balance - End of Year (Enter Total of lines 01, 09, 15, 16, 22, 29, 36 and 37)       |                                     | \$11,205,475 |

STATEMENT OF RETAINED EARNINGS (Continued)

| Line No. | Item (a)   | Amount (b)                 |
|----------|--|----------------------------|
|          | <p align="center"><b>APPROPRIATED RETAINED EARNINGS (Account 215)</b></p>  |                            |
|          | <p>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.</p>  |                            |
| 39       |  |                            |
| 40       |  |                            |
| 41       |  |                            |
| 42       |  |                            |
| 43       |  |                            |
| 44       |  |                            |
| 45       | <p><b>TOTAL Appropriated Retained Earnings (Account 215)</b></p>   |                            |
|          | <p><b>APPROPRIATED RETAINED EARNINGS - Amortization , Reserve, Federal (Account 215.1)</b></p>   |                            |
|          | <p>State below the total amount set aside through appropriations of retained earnings, as of the end of the year, in compliance with the provisions of Federally granted hydroelectric project licenses held by the respondent. If any reductions or changes other than the normal annual credits hereto have been made during the year, explain such items in a footnote.</p> |                            |
| 46       | <p><b>TOTAL Appropriated Retained Earnings - Amortization Reserve, Federal (Account 215.1)</b></p>   |                            |
| 47       | <p><b>TOTAL Appropriated Retained Earnings (Accounts 215, 215.1)(Enter Total of lines 45 &amp; 46)</b></p>   |                            |
| 48       | <p><b>TOTAL Retained Earnings (Account 215, 215.1, 216)(Enter Total of lines 38 and 47)</b></p>  | <p><b>\$11,205,475</b></p> |
|          | <p><b>UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS (Account 216.1)</b></p>   |                            |
| 49       | <p>Balance - Beginning of Year (Debit or Credit)</p>   | <p>2,386,975</p>           |
| 50       | <p>Equity in Earnings for Year (Credit) (Account 418.1)</p>  | <p>58,262</p>              |
| 51       | <p>(Less) Dividends Received (Debit)</p>   | <p>(500,000)</p>           |
| 52       | <p>Other Changes (Explain)</p>   |                            |
| 53       | <p>Balance - End of year</p>   | <p>1,945,237</p>           |

Dec. 31, 1996

## STATEMENT OF CASH FLOWS

1. If the notes to the cash flow statement in the respondent's annual stockholders report are applicable to this statement, such notes should be attached to page 19. Information about noncash investing and financing activities should be provided on page 19. Provide also on page 19 a reconciliation between "Cash and Cash Equivalents at end of Year" with related amounts on the balance sheet.

3. Operating Activities - Other: include gains and losses pertaining to operating activities only. Gains and losses pertaining to investing and financing activities should be reported in those activities. Show on page 19 the amounts of interest paid (net of amounts capitalized) and income taxes paid.

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

| Line No. | *****CASH FLOW ON A CONSOLIDATED BASIS*****<br>(a)                                | Amounts<br>(b) |
|----------|---|----------------|
| 1        | Net Cash Flow From Operating Activities:  |                |
| 2        | Net Income (Line 72(c) on page 14)  | \$2,751,090    |
| 3        | Non-Cash Charges (Credits) to Income:   |                |
| 4        | Depreciation and Depletion  | 3,876,815      |
| 5        | Amortization of (Specify)   | (956)          |
| 6        | Doubtful Accounts   | 171,372        |
| 7        | Deferred Income Taxes (Net)   | 578,417        |
| 8        | Investment Tax Credit Adjustments (Net)   | (120,556)      |
| 9        | Net (Increase) Decreases in Receivables   | (936,289)      |
| 10       | Net (Increase) Decreases in Inventory   | (923,899)      |
| 11       | Net (Increase) Decreases in Allowances Inventory                                  | 0              |
| 12       | Net (Decrease) Increase in Payables and Accrued Expenses                          | 2,917,900      |
| 13       | Net (Increase) Decreases in Other Regulatory Assets                               | 0              |
| 14       | Net (Decrease) Increase in Other Regulatory Liabilities                           | 0              |
| 15       | (Less) Allowance for Other Funds Used During Construction                         | (8,088)        |
| 16       | (Less) Undistributed Earnings from Subsidiary Companies                           | 0              |
| 17       | Other: Depreciation charged to transportation                                     | 444,194        |
| 18       | Amortization of Debt expenses   | 43,827         |
| 19       | Underrecoveries of energy costs   | (1,196,847)    |
| 20       | Other   | (179,520)      |
| 21       | Net Cash Provided by (Used in) Operating Activities (Total of lines 2 through 20) | 7,417,460      |
| 22       |   |                |
| 23       | Cash Flows from Investment Activities:  |                |
| 24       | Construction and Acquisition of Plant( including land):                           |                |
| 25       | Gross Additions to Utility Plant  | (7,704,512)    |
| 26       | Gross Additions to Common Utility Plant   | 0              |
| 27       | Gross Additions to Nonutility Plant   | 0              |
| 28       | (Less) Allowance for Other Funds Used During Construction                         | 51,821         |
| 29       | Other: Customer Advances for Construction   | 173,529        |
| 30       | Other: Purchase of Long-Term Investments  | (143,689)      |
| 31       |   |                |
| 32       |   |                |
| 33       | Cash Outflows for Plant (Total of lines 24 through 32)                            | (7,622,851)    |
| 34       |   |                |
| 35       | Acquisition of Other Noncurrent Assets (d)  | 0              |
| 36       | Proceeds from Disposal of Noncurrent Assets (d)                                   | 0              |
| 37       | Investment in and Advances to Assoc. and Subsidiary Companies                     | 0              |
| 38       | Contributions and Advances from Assoc. and Subsidiary Companies                   | 0              |
| 39       | Disposition of Investments in (and Advances to)                                   |                |
| 40       | Associated and Subsidiary Companies   | 0              |
| 41       | Purchases of Investment Securities (a)  | 0              |
| 42       | Proceeds from Sales of Investment Securities (a)                                  | 0              |

STATEMENT OF CASH FLOWS (Continued)

4. Investing Activities

5. Codes used:

Include at other (line 31) net cash outflows to acquire other companies. Provide a reconciliation of assets acquired with liabilities assumed on page 19.

Do not include on this statement the dollar amount of leases capitalized per USofA General Instruction 20; instead provide a reconciliation of the dollar amount of leases capitalized with the plant cost on page 19.

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

6. Enter on page 19 clarifications and explanations.

| Line No. | *****CASH FLOW ON A CONSOLIDATED BASIS*****<br>(a)              | Amounts<br>(b) |
|----------|---|----------------|
| 46       | Loans Made or Purchased   | 0              |
| 47       | Collections on Loans  | \$0            |
| 48       |   |                |
| 49       | Net (Increase) Decrease in Receivables                          | 0              |
| 50       | Net (Increase) Decrease in Inventory                            | 0              |
| 51       | Net (Increase) Decrease in                                      | 0              |
| 52       | Allowances Held for Speculation                                 | 0              |
| 53       | Net Increase (Decrease) in Payables and Accrued Expenses        | 0              |
| 54       | Other:  | 0              |
| 55       |   |                |
| 56       | Net Cash Provided by (Used in) Investing Activities             |                |
| 57       | (Total of lines 35 through 55)                                  | (7,622,851)    |
| 58       |   |                |
| 59       | Cash Flows From Financing Activities:                           |                |
| 60       | Proceeds from Issuance of:                                      |                |
| 61       | Long-Term Debt (b)  | 0              |
| 62       | Preferred Stock   | 0              |
| 63       | Common Stock  | 249,397        |
| 64       | Other   | 0              |
| 65       |   | 0              |
| 66       | Net Increase in Short-term Debt (c)                             | 28,900,000     |
| 67       | Other:  |                |
| 68       |   |                |
| 69       |   |                |
| 70       | Cash provided by Outside Sources (Total of lines 61 through 69) | 29,149,397     |
| 71       |   |                |
| 72       | Payments of Retirement of:                                      |                |
| 73       | Long-Term Debt (b)  | 0              |
| 74       | Preferred Stock   | 0              |
| 75       | Common Stock  | 0              |
| 76       | Other:  | 0              |
| 77       |   |                |
| 78       | Net Decrease in Short-Term Debt (c)                             | (26,600,000)   |
| 79       |   |                |
| 80       | Dividends on Preferred Stock                                    | 0              |
| 81       | Dividends on Common Stock                                       | (1,772,644)    |
| 82       | Net Cash Provided by (Used in) Financing Activities             |                |
| 83       | (Total of lines 70 through 81)                                  | 776,753        |
| 84       |   |                |
| 85       | Net Increase (Decrease) in Cash and Cash Equivalents            |                |
| 86       | (Total of lines 21, 57, and 83)                                 | 571,362        |
| 87       |   |                |
| 88       | Cash and Cash Equivalents at Beginning of Year                  | 269,940        |
| 89       |   |                |
| 90       | Cash and Cash Equivalents at End of Year                        | 841,302        |

NOTES TO THE FINANCIAL STATEMENTS ON A CONSOLIDATED BASIS

1. Use the space below for important notes regarding the Balance Sheet, Statement of Income for the year, Statement of Retained Earnings for the year, and Statement of Changes in Financial Position, or any account thereof. Classify the notes according to each basic statement, providing a subheading for each statement except where a note is applicable to more than one statement.

2. Furnish particulars (details) as to any significant contingent assets or liabilities existing at end of year, including a brief explanation of any action initiated by the Internal Revenue Service involving possible assessment of additional income taxes of material amount, or of a claim for refund of income taxes of a material amount initiated by the utility. Give also a brief explanation of any dividends in arrears on cumulative preferred stock.

3. For Account 116, Utility Plant Adjustments, explain the origin of such amount, debits and credits during the year, and

plan of disposition contemplated, giving references to Commission orders or other authorizations respecting classification of amounts as plant adjustments and requirements as to disposition thereof.

4. Where Accounts 189, Unamortized Loss on Reacquired Debt, and 257, Unamortized Gain on Reacquired Debt, are not used, give an explanation, providing the rate treatment given these items. See General Instruction 17 of the Uniform System of Accounts.

5. Give a concise explanation of any retained earnings restrictions and state the amount of retained earnings affected by such restrictions.

6. If the notes to financial statements relating to the respondent company appearing in the annual report to the stockholders are applicable and furnish the data required by instructions above and on pages 12-18, such notes may be attached hereto.

SEE ATTACHED ANNUAL REPORT SUPPLEMENTS.

## NOTES TO FINANCIAL STATEMENTS

### Summary of Significant Accounting and Reporting Policies

**Business and Regulation** Florida Public Utilities Company (the Company) is an operating public utility engaged principally in the purchase, transmission, distribution and sale of electricity and in the purchase, transmission, distribution, sale and transportation of natural gas. The Company is subject to the jurisdiction of the Florida Public Service Commission (FPSC) with respect to its electric, natural gas and water operations. The suppliers of electrical power to the Marianna division and of natural gas to the natural gas divisions are subject to the jurisdiction of the Federal Energy Regulatory Commission (FERC). The Fernandina Beach division is supplied most of its electrical power by a municipality which is exempt from FERC and FPSC regulation. The Company also distributes propane gas through a non-regulated subsidiary. The Company's accounting policies and practices conform to generally accepted accounting principles as applied to regulated public utilities and are in accordance with the accounting requirements and rate making practices of the FPSC.

The Company prepares its financial statements in accordance with the provisions of Statement of Financial Accounting Standards No. 71 - "Accounting for the Effects of Certain Types of Regulation" (SFAS 71). In general, SFAS 71 recognizes that accounting for rate regulated enterprises should reflect the relationship of costs and revenues introduced by rate regulation. As a result, a regulated utility may defer recognition of a cost (a regulatory asset) or recognize an obligation (a regulatory liability) if it is probable that, through the rate making process, there will be a corresponding increase or decrease in revenues.

Accordingly, the Company has recognized certain regulatory assets and liabilities. Such regulatory assets relate to deferred income taxes, unamortized debt reacquisition costs and unamortized rate case expense. Such regulatory liabilities relate to deferred income taxes and property damage self-insurance reserves. The Company believes that the FPSC will continue to allow the Company to recover its regulatory assets and liabilities through its rates.

The Company has agreed with the FPSC staff to limit its earned return on equity for its regulated electric and natural gas operations. The disposition of any

excess earnings is left to the discretion of the FPSC, with alternatives including a refund to customers, additional contributions to storm damage reserves, or the reduction of any depreciation reserve deficiency. Excess earnings for 1995 at one of the Company's electric divisions was ordered by the FPSC to be added to that division's storm damage reserve. The Company believes it has adequately reserved for 1996 excess earnings.

Various states, other than Florida, have enacted or are considering enacting legislation or other initiatives that would provide utility customers with the ability to choose their supplier, thus establishing competition between the suppliers of utility services. No such proposals are currently being considered in Florida.

**Revenues** The Company records utility revenues as service is provided and bills its customers monthly on a cycle billing basis. Accordingly, at the end of each month, the Company accrues for estimated unbilled revenues.

The rates of the Company include base revenues, fuel adjustment charges and the pass-through of certain governmental imposed taxes based on revenues. The base revenues are determined by the FPSC and remain constant until a request for an increase in such rates is filed and approved by the FPSC. From the FPSC perspective, the Company operates four distinct "entities", i.e., Marianna electric, Fernandina Beach electric, Fernandina Beach water, and natural gas, consisting of Palm Beach County, Sanford and DeLand. Thus, for the Company to recover through rate relief the effects of inflation for all such "entities", a request for an increase in base revenues would require the filing of four separate rate cases. At the present time, the Company does not have the resources to file more than one rate case per year. However, the FPSC allows for an annual automatic rate increase for water operations through the use of a price index. Fuel adjustment charges are estimated for customer billing purposes and any under/over-recovery difference between the incurred cost of fuel and estimated amounts billed to customers is deferred for future recovery or refund and either charged or credited to customers. Interest accrues on such under/over-recoveries and is included in the subsequent adjustment.

**Consolidation** The consolidated financial statements include the accounts of the Company and its wholly-



owned subsidiary, Flo-Gas Corporation. All significant intercompany balances and transactions have been eliminated.

Certain reclassifications have been made to the prior years' financial statements and other financial information contained herein to conform with the 1996 presentation.

**Utility Plant and Depreciation** Utility plant is stated at original cost. The costs of additions to utility plant include contracted services, direct labor, materials and allowances for borrowed and equity funds used during construction. The costs of units of property retired are removed from utility plant, and such costs plus removal costs, less salvage, are charged to accumulated depreciation. Maintenance and repairs of property and replacement and renewal of items determined to be less than units of property are charged to operating expenses. Substantially all of the utility plant and the shares of Flo-Gas Corporation collateralize the Company's First Mortgage Bonds.

Depreciation is computed using the composite straight-line method at rates prescribed by the FPSC for financial accounting purposes. Such rates are based on estimated service lives of the various classes of property. Depreciation provisions on average depreciable property approximate 4.0% per year.

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

**Deferred Charges** Deferred charges consist principally of unamortized debt issuance expense and early extinguishment premium. Such expenses are being amortized over the lives of the issues to which they pertain.

**Use of Estimates** Inherent in the accounting process is the use of estimates when preparing financial statements in accordance with generally accepted accounting principles. Accordingly, the Company has used estimates in the preparation of its financial statements and the only such estimate that might result in a material change is the accrual for uninsured liability

claims. The Company is self-insured for the first \$250,000 of each liability claim and therefore accrues for estimated losses occurring from both asserted and unasserted claims. The estimate for unasserted claims arising from unreported incidents is based on an analysis of historical claims data. The Company's portion of liability claims incurred for the ten year period ended in 1996 averaged approximately \$90,000 per year and the accrual for such claims was approximately \$800,000 at December 31, 1996. The Company believes that its accrual for potential liability claims is adequate.

#### Notes Payable

The Company has a line of credit agreement with its primary bank providing for a \$15,000,000 loan with interest at LIBOR plus 1/2%. \$14,000,000 of such loan is available for general corporate purposes with the remaining \$1,000,000 reserved as a contingency for major storm repairs in the Marianna electric division. At December 31, 1996 there was a balance outstanding of \$7,900,000. The weighted-average interest rates at December 31, 1996 and 1995 were 6.2% and 6.4%, respectively.

#### Capitalization

**Common Shares Reserved** The Company has reserved 27,372 common shares for issuance under the Dividend Reinvestment Plan and 16,992 common shares for issuance under the Employee Stock Purchase Plan.

**Dividend Restriction** The Indenture of Mortgage and Deed of Trust and supplements thereto provide for restriction of the payment of cash dividends. At December 31, 1996 approximately \$3,500,000 of retained earnings were free of such restriction.

**Maturities of Long-Term Debt** Sinking fund payments are scheduled to begin in 2008.

#### Rate Matters

On September 23, 1994, the Company filed a request with the FPSC for an increase in annual natural gas revenues of \$2,079,000 and requested that the interim rates be put into effect pending final action on the permanent increase. In December 1994, the FPSC granted an interim rate increase of \$387,000. The final

order granting a permanent increase of \$1,282,000 was effective May 6, 1995. The principal reasons for the increase in base rates were attributed to increased operating and plant replacement costs, a deteriorated return on the Company's investment and an aggressive marketing plan to attract new customers.

On September 1, 1993, the Company filed a request with the FPSC for an increase of \$858,000 in annual electric revenues in the Marianna division and requested that the interim rates be put into effect pending final action on the permanent increase. In November 1993, the FPSC granted an interim rate increase of \$137,000 that was effective November 18, 1993. On January 18, 1994, the FPSC authorized a permanent

increase of \$515,000 that became effective February 17, 1994. The principal reason for the final increase being lower than the Company's request was that the FPSC authorized the use of a lower return on common equity capital and approved smaller increases in storm reserve and tree trimming expenses than the Company had requested.

Following FPSC rules for water utilities, the Company in mid-1996 filed for and was granted a price index revenue increase in the Fernandina Beach water division. This increase, approximating \$19,000 on an annual basis, was placed into effect on June 4, 1996. A similar price index filing is planned for 1997.

### Segment Information

The Company operates distribution systems providing natural and propane gas service in three locations in central and southern Florida, electric service in two locations in northern Florida and water service in one location in northern Florida. There are no material intersegment sales or transfers.

Operating profit consists of revenues less operating

expenses and does not include other income, interest income, interest expense and income taxes.

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

Business segment information for 1996, 1995 and 1994 is summarized as follows (in thousands):

|                           | REGULATED |           |          |        | NON-                     | Consolidated |
|---------------------------|-----------|-----------|----------|--------|--------------------------|--------------|
|                           | Gas       | Electric  | Water    | Common | REGULATED<br>Propane Gas |              |
| <b>1996</b>               |           |           |          |        |                          |              |
| Revenues                  | \$ 31,854 | \$ 40,701 | \$ 1,854 | \$     | \$ 4,401                 | \$ 78,810    |
| Operating profit          | 3,250     | 3,141     | 495      |        | 138                      | 7,024        |
| Identifiable assets       | 33,977    | 33,038    | 4,584    | 13,295 | 6,100                    | 90,994       |
| Depreciation              | 1,654     | 1,540     | 201      | 137    | 344                      | 3,876        |
| Construction expenditures | 3,369     | 2,360     | 257      | 1,324  | 343                      | 7,653        |
| <b>1995</b>               |           |           |          |        |                          |              |
| Revenues                  | 26,144    | 40,074    | 1,674    |        | 4,135                    | 72,027       |
| Operating profit          | 2,902     | 3,078     | 328      |        | 212                      | 6,520        |
| Identifiable assets       | 32,115    | 32,155    | 4,508    | 10,596 | 5,866                    | 85,240       |
| Depreciation              | 1,578     | 1,453     | 204      | 125    | 334                      | 3,694        |
| Construction expenditures | 3,245     | 2,533     | (17)     | 312    | 328                      | 6,401        |
| <b>1994</b>               |           |           |          |        |                          |              |
| Revenues                  | 21,679    | 37,441    | 1,589    |        | 4,046                    | 64,755       |
| Operating profit          | 1,786     | 2,946     | 378      |        | 180                      | 5,290        |
| Identifiable assets       | 29,093    | 31,189    | 4,721    | 11,532 | 5,746                    | 82,281       |
| Depreciation              | 1,566     | 1,449     | 190      | 141    | 326                      | 3,672        |
| Construction expenditures | 2,617     | 2,400     | 195      | 351    | 375                      | 5,938        |

## Income Taxes

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

|                        | 1996            | 1995            | 1994          |
|------------------------|-----------------|-----------------|---------------|
| Current payable        |                 |                 |               |
| Federal                | \$ 751          | \$ 871          | \$ 1,471      |
| State                  | 188             | 239             | 192           |
|                        | <u>939</u>      | <u>1,110</u>    | <u>1,663</u>  |
| Deferred               |                 |                 |               |
| Federal                | 532             | 387             | (574)         |
| State                  | 46              | (20)            | (37)          |
|                        | <u>578</u>      | <u>367</u>      | <u>(611)</u>  |
| Investment tax credits | (121)           | (121)           | (109)         |
| Total                  | <u>\$ 1,396</u> | <u>\$ 1,356</u> | <u>\$ 943</u> |

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

|                                      | 1996     | 1995     | 1994   |
|--------------------------------------|----------|----------|--------|
| Federal income tax at statutory rate | \$ 1,406 | \$ 1,298 | \$ 912 |
| Effect of state income taxes         | 154      | 145      | 102    |
| Investment tax credit                | (121)    | (121)    | (109)  |
| Other                                | (43)     | 34       | 38     |
| Provision for income taxes           | \$ 1,396 | \$ 1,356 | \$ 943 |

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

|                                | 1996     | 1995     |
|--------------------------------|----------|----------|
| Deferred tax assets            |          |          |
| Environmental                  | \$ 1,806 | \$ 1,689 |
| Alternative minimum tax credit | 210      | 428      |
| Other                          | 345      | 336      |
| Total deferred tax assets      | \$ 2,361 | \$ 2,453 |
| Deferred tax liabilities       |          |          |
| Utility plant related          | \$ 7,625 | \$ 8,837 |
| Under recovery of fuel costs   | 667      | 176      |
| Other                          | 291      | 304      |
| Total deferred tax liabilities | \$ 8,583 | \$ 9,317 |

## Employee Benefit Plans

**Pension Plan** The Company has a noncontributory defined benefit pension plan covering substantially all its employees. The benefits are based on the employee's credited service and average compensation, generally during the last five years before retirement. The Company's policy is to fund pension costs in accordance with contribution guidelines established by The Employee Retirement Income Security Act of 1974. Plan assets consist of stocks, bonds and short-term investments.

The components of net pension income are as follows (in thousands):

|                               | 1996     | 1995    | 1994     |
|-------------------------------|----------|---------|----------|
| Service cost                  | \$ 539   | \$ 513  | \$ 473   |
| Interest cost                 | 935      | 875     | 791      |
| Actual return on assets       | (3,278)  | (4,499) | 230      |
| Net amortization and deferral | 1,636    | 3,061   | (1,644)  |
| Net periodic pension income   | \$ (168) | \$ (50) | \$ (150) |

The Plan's funded status at December 31, 1996 and 1995, is as follows (in thousands):

|  | 1996        | 1995        |
|--|-------------|-------------|
| Actuarial present value of benefit obligations:                          |             |             |
| Vested benefit obligation  | \$ (10,938) | \$ (10,289) |
| Accumulated benefit obligation   | \$ (11,599) | \$ (10,878) |
| Projected benefit obligation   | \$ (14,403) | \$ (13,530) |
| Plan assets at fair value  | 24,178      | 21,790      |
| Plan assets in excess of projected benefit obligation                    | 9,775       | 8,260       |
| Unrecognized net gain  | (9,720)     | (8,030)     |
| Unrecognized prior service cost  | 1,513       | 1,354       |
| Unrecognized net asset at January 1, 1986 being recognized over 15 years | (733)       | (916)       |
| Prepaid pension cost   | \$ 835      | \$ 668      |
| Actuarial assumptions:   |             |             |
| Discount rate  | 7%          | 7%          |
| Rate of increase in future compensation levels                           | 5½%         | 5½%         |
| Expected long-term rate of return on assets                              | 8%          | 8%          |

**Health Plan** The Company is principally self-insured for its employee and retiree medical insurance plan. The Company's health care liability under the plan is limited to \$60,000 per individual per year, with a maximum total liability currently approximating \$1,175,000.

A reserve for future benefit payments for active employees is maintained at a level sufficient to provide for estimated outstanding claims under the plan net of amounts contributed by employees. Net health care benefits paid by the Company for active employees were approximately \$408,000, \$493,000 and \$622,000 for 1996, 1995 and 1994, respectively.

**Other Postretirement Benefits** As of January 1, 1993, the Company adopted SFAS No. 106, "Employers Accounting for Postretirement Benefits Other Than Pensions". The Statement requires accrual of postretirement benefits during the years an employee provides service. The Company provides postretirement health care benefits for certain retired employees and their eligible dependents and reduced postretirement life insurance benefits for retired employees. The accumulated health care postretirement benefit obligation (transition obligation) under SFAS No. 106 is being amortized over 20 years beginning 1993. The Company is not accruing for reduced postretirement life insurance benefits as the actual outlay to the Company is offset by employee contributions.

The components of postretirement benefit costs are as follows (in thousands):

|                                       | 1996   | 1995   |
|---------------------------------------|--------|--------|
| Service cost                          | \$ 66  | \$ 69  |
| Interest cost                         | 78     | 76     |
| Amortization of transition obligation | 43     | 43     |
| Periodic postretirement benefit cost  | \$ 187 | \$ 188 |

The Plan's funded status at December 31, 1996 and 1995, is as follows (in thousands):

|   | 1996     | 1995     |
|---|----------|----------|
| Accumulated postretirement benefit obligation (APBO): |          |          |
| Retirees  | \$ (253) | \$ (231) |
| Fully eligible active plan participants               | (135)    | (108)    |
| Other active plan participants                        | (860)    | (884)    |
| Total APBO  | (1,248)  | (1,223)  |
| Plan assets   | 0        | 0        |
| APBO less than plan assets                            | (1,248)  | (1,223)  |
| Unamortized transition obligation                     | 686      | 730      |
| Unrecognized (gain) loss                              | 1        | 83       |
| Accrued post benefit obligation                       | \$ (561) | \$ (410) |

The measurement of the APBO assumes a 7% discount rate and a health care cost trend rate of 9.5% in 1996 decreasing to 5.5% by the year 2007 and beyond. A one-percentage point increase in the assumed health care cost trend rate would increase the APBO by approximately 13% and the periodic cost by about 13%.

**Employee Stock Purchase Plan** The Company's Employee Stock Purchase Plan offers common stock at a discount to qualified employees. During 1996, 1995 and 1994, 5,455, 3,774 and 5,062 shares, respectively, were issued under the Plan for aggregate consideration of \$90,000, \$55,000 and \$81,000, respectively.

#### Financial Instruments

The carrying amounts reported in the balance sheet for cash and overnight investments, investments held in escrow for environmental costs, notes payable, taxes accrued and other accrued liabilities' approximate fair value. The Company does not enjoy a debt rating and therefore the Company has no reasonable way of estimating the current rate at which similar first mortgage bonds would be made to borrowers with similar debt ratings and maturities. However, the current bonds outstanding were issued in 1988 and 1992 and since that time interest rates have declined, and thus it is reasonable to assume that the fair value of existing first mortgage bonds would be more than their carrying value.

## Contingencies

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

**West Palm Beach Site** The Company is currently conducting a contamination assessment investigation of a parcel of property owned by it in West Palm Beach, Florida. After a preliminary contamination assessment investigation indicated soil and groundwater impacts, the Company entered into a consent order with the FDEP. The consent order requires the Company to delineate the extent of soil and groundwater impacts associated with the prior operation of a gasification plant on the property and requires the Company to remediate any soil and groundwater impacts, if necessary. In June 1992 the Company commenced the contamination assessment investigation. The Company completed the additional contamination assessment activities in December 1995, and submitted a report to FDEP summarizing the results of such activities. Following discussions with FDEP, the Company agreed to conduct further limited assessment activities in 1997. Prior to the completion of this work, it is not possible to determine to an acceptable degree of certainty the complete extent or cost of remedial action, if any, which may be required. However, preliminary estimates from the Company's environmental consultant suggest that total contamination assessment and remediation costs for this site may reach approximately \$3,250,000. Until the FDEP determines the contamination assessment investigation is completed, it is not possible at this time to determine when and how much of such costs the Company will have to pay. A portion of the on-site impacts have been determined to be eligible for reimbursement from a state fund and the FDEP has determined that a portion of the work conducted off-site is eligible for reimbursement under state law. Due to the rate relief granted to the Company for environmental costs and insurance settlement proceeds for environmental costs received by the Company which are being held in escrow, as well as the potential

for reimbursement from the state for a portion of the assessment and remediation, the Company believes that it will not incur material future expenditures to achieve compliance with existing environmental laws and regulations.

**Sanford Site** The Company owns a parcel of property located in Sanford, Florida. Prior to the Company's acquisition of this property, it had been the site of a gasification plant. The FDEP issued a Warning Notice to the Company which required the Company to conduct a contamination assessment investigation of the property. A preliminary investigation revealed that soil was impacted throughout the center of the property.

In 1992, the Company brought suit in federal court in Orlando against former owners and operators of the gasification plant to seek recovery of the Company's compliance costs at this property. The Company later entered into a cost sharing agreement with four former owners/operators of the gasification plant. Under that agreement, the parties agreed to share equally in the cost of the contamination assessment investigation of the property. Upon implementation of the cost sharing agreement, the Company dismissed the cost recovery action in 1995.

The initial contamination assessment investigation was completed and a Contamination Assessment Report (CAR) was delivered to FDEP on February 4, 1994. In April 1995, FDEP provided the parties with its response to the CAR requiring additional soil and groundwater sampling. At present, the parties have been unable to reach agreement with FDEP or EPA on the scope of the additional assessment activities in the vicinity of the site. By letter, dated May 9, 1995, EPA, Region IV, extended an offer to the Company to conduct an Expanded Site Investigation (ESI) and a Remedial Investigation/Feasibility Study (RI/FS) in connection with EPA's effort to evaluate whether the site should be proposed for addition to the national priorities list. The Company declined to fund or perform the ESI because the primary scope of the ESI was focused on off-site areas where historical practices may have resulted in contamination many years before FPUC acquired title to the real property on which the gasification plant was located. In July 1995, EPA advised the Company that EPA would proceed with the ESI. Pending completion of the ESI and RI/FS by EPA, we are unable

to determine, to an acceptable degree of certainty, the extent or cost of remediation by EPA or FDEP at this site and it is not possible to determine the complete extent or cost of remedial action, if any, which may be required. However, preliminary estimates from the Company's environmental consultant suggest that total contamination assessment and remedial costs for the site may reach approximately \$2,750,000. Pending completion of the ESI and RI/FS by EPA, it is not possible to determine when and how much of such costs the Company will have to pay. Due to the rate relief granted to the Company for environmental costs and insurance settlement proceeds for environmental costs received by the Company which are being held in escrow, as well as the potential for recovery of a portion of the assessment and remediation costs from several owners/operators of the gasification plant, the Company believes that it will not incur material future expenditures to achieve compliance with existing environmental laws and regulations for this site.

**Pensacola Site** The Company was a former owner/operator of a gasification plant at this site for several years. The FDEP notified the Company and other alleged responsible parties to conduct additional soils and groundwater sampling to determine the extent of soil and groundwater impacts at a property previously the site of a gasification plant in Pensacola, Florida. The Company and other alleged responsible parties have agreed to share equally the costs of such an investigation.

A contamination assessment report addendum (CARA) describing the results of completed contamination assessment investigations was delivered to FDEP in November 1995. By letter dated March 29, 1996, FDEP notified all parties of FDEP's approval of a monitoring only plan (MOP) as a permanent remedy for the site. The Company has agreed to share the costs of the MOP with the other alleged responsible parties. Due to the rate relief granted to the Company for environmental costs and insurance settlement proceeds for environmental costs received by the Company which are being held in escrow, as well as the potential for recovery of a portion of the assessment and remediation costs from several current and former owners/operators of the site, the Company believes that it will not incur material future expenditures to achieve compliance with existing environmental laws and regulations for this site.

**Georgia Transformer Site** In October 1994, the Environmental Protection Agency (EPA) issued a Notice of Potential Liability to the Company in which the EPA identified the Company as a potentially responsible party (PRP) in connection with a site in Georgia where the Company was alleged to have sent transformers for repair. In the notice, the EPA demanded that PRPs for the site reimburse the EPA for response costs that it had incurred through August 1994 in connection with soil remediation efforts.

The Company, along with the PRPs, has entered into settlement agreement in 1995 with the EPA and the Company paid its share of the response costs in the amount of approximately \$8,300. Since the EPA and the State of Georgia are currently evaluating whether additional contamination assessment and remedial action may be required at this site, it is not possible to determine the nature and extent of soil or groundwater impacts on the site, nor is it possible to determine the extent or cost of additional remedial action which may be required. Based on the Company's volumetric share of materials sent to the site, the Company believes that it will not incur significant future expenditures to satisfy its obligations at this site.

**Insurance Claims and Rate Relief** The Company notified its insurance carriers of environmental impacts detected at each of the former manufactured gas plant (MGP) sites discussed above.

As a result of negotiations with the Company's major insurance carriers that concluded in 1995, such carriers agreed to pay settlement proceeds totaling approximately \$4,200,000 for certain environmental costs. In addition, the Florida Public Service Commission has allowed the Company to recover through rate relief environmental expenses of approximately \$2,400,000 over a ten-year period at the rate of approximately \$240,000 per year.

Due to the rate relief granted the Company for environmental costs and insurance settlement proceeds for environmental costs received by the Company which are being held in escrow, the Company believes that any future contamination assessment and remedial costs arising from any of these sites will not be material to the Company's operating results or liquidity.

### Quarterly Financial Data (Unaudited)

The quarterly financial data presented below reflects the influence of, among other things, seasonal weather conditions, the timing of rate increases and the migration of winter residents and tourists to central and southern Florida during the winter season (in thousands, except per share amounts):

|                                 | 1996 | First Quarter | Second Quarter | Third Quarter | Fourth Quarter |
|---------------------------------|------|---------------|----------------|---------------|----------------|
| Revenues                        |      | \$ 23,519     | \$ 17,918      | \$ 18,756     | \$ 18,617      |
| Operating margin                |      | 7,995         | 6,187          | 6,177         | 6,412          |
| Operating profit                |      | 3,221         | 1,368          | 1,188         | 1,247          |
| Net income                      |      | 1,564         | 418            | 341           | 428            |
| Earnings per share <sup>1</sup> |      | 1.06          | .28            | .23           | .29            |
| <b>1995</b>                     |      |               |                |               |                |
| Revenues                        |      | \$ 18,565     | \$ 17,681      | \$ 17,729     | \$ 18,052      |
| Operating margin                |      | 7,044         | 5,876          | 5,980         | 6,501          |
| Operating profit                |      | 2,453         | 1,204          | 1,216         | 1,647          |
| Net income                      |      | 1,113         | 352            | 354           | 619            |
| Earnings per share              |      | .76           | .24            | .24           | .42            |

<sup>1</sup>The sum of the quarterly earnings per share amounts does not equal the annual earnings per share amount reflected in the consolidated statement of income due to the effect of changes in average common shares outstanding during the fiscal year.

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

| Line No. | Item (a)  | Total (b)   | Electric (c) |
|----------|---|-------------|--------------|
| 1        | <b>UTILITY PLANT</b>  |             |              |
| 2        | In Service  |             |              |
| 3        | Plant in Service (Classified)   | 100,006,942 | 44,354,984   |
| 4        | Property Under Capital Leases   | 0           |              |
| 5        | Plant Purchased or Sold   | 0           |              |
| 6        | Completed Construction not Classified   | 0           | 0            |
| 7        | Experimental Plant Unclassified   | 0           |              |
| 8        | TOTAL (Enter Total of lines 3 thru 7)   | 100,006,942 | 44,354,984   |
| 9        | Leased to Others  | 0           |              |
| 10       | Held for Future Use   | 0           |              |
| 11       | Construction Work in Progress   | 2,157,803   | 399,365      |
| 12       | Acquisition Adjustments   | 307,091     | 3,691        |
| 13       | TOTAL Utility Plant (Enter Total of lines 8 thru 12)  | 102,471,836 | 44,758,040   |
| 14       | Accum. Prov. for Depr., Amort., & Depl.   | 34,615,244  | 15,936,035   |
| 15       | Net Utility Plant (Enter total of line 13 less 14)  | 67,856,592  | 28,822,005   |
| 16       | <b>DETAIL OF ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION</b>                        |             |              |
| 17       | In Service:   |             |              |
| 18       | Depreciation  | 34,295,158  | 15,932,343   |
| 19       | Amort. and Depl. of Producing Nat. Gas Land and Land Rights   | 0           |              |
| 20       | Amort. of Underground Storage Land and Land Rights  | 0           |              |
| 21       | Amort. of Other Utility Plant   | 0           |              |
| 22       | TOTAL in Service (Enter Total of lines 18 thru 21)  | 34,295,158  | 15,932,343   |
| 23       | Leased to Others  |             |              |
| 24       | Depreciation  | 0           |              |
| 25       | Amortization and Depletion  | 0           |              |
| 26       | TOTAL Leased to Others (Enter Total of lines 24 and 25)   | 0           | 0            |
| 27       | Held for Future Use   |             |              |
| 28       | Depreciation  | 0           |              |
| 29       | Amortization  | 0           |              |
| 30       | TOTAL Held for Future Use (Ent. Tot. of lines 28 and 29)  | 0           | 0            |
| 31       | Abandonment of Leases (Natural Gas)   | 0           |              |
| 32       | Amort. of Plant Acquisition Adjustment  | 320,086     | 3,691        |
| 33       | TOTAL Accumulated Provisions (Should agree with line 14 above)(Enter Total of lines 22, 26, 30, 31, and 32) | 34,615,244  | 15,936,034   |



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

| Gas<br>(d) | Water<br>(e) | Other (Specify)<br>(f) | Other (Specify)<br>(g) | Common<br>(h) | Line<br>No. |
|------------|--------------|------------------------|------------------------|---------------|-------------|
|            |              |                        |                        |               | 1           |
|            |              |                        |                        |               | 2           |
| 44,719,836 | 9,189,914    | Not Applicable         | Not Applicable         | 1,742,208     | 3           |
|            |              |                        |                        |               | 4           |
| 0          | 0            |                        |                        |               | 5           |
|            |              |                        |                        |               | 6           |
| 44,719,836 | 9,189,914    | 0                      | 0                      | 1,742,208     | 7           |
|            |              |                        |                        |               | 8           |
| 343,425    | 68,930       |                        |                        | 1,346,083     | 9           |
| 303,400    |              |                        |                        |               | 10          |
| 45,366,661 | 9,258,844    | 0                      | 0                      | 3,088,291     | 11          |
| 15,799,617 | 2,163,034    |                        |                        | 716,558       | 12          |
| 29,567,044 | 7,095,810    | 0                      | 0                      | 2,371,733     | 13          |
|            |              |                        |                        |               | 14          |
|            |              |                        |                        |               | 15          |
|            |              |                        |                        |               | 16          |
| 15,483,223 | 2,163,034    |                        |                        | 716,558       | 17          |
|            |              |                        |                        |               | 18          |
|            |              |                        |                        |               | 19          |
|            |              |                        |                        |               | 20          |
| 15,483,223 | 2,163,034    | 0                      | 0                      | 716,558       | 21          |
|            |              |                        |                        |               | 22          |
|            |              |                        |                        |               | 23          |
| 0          | 0            | 0                      | 0                      | 0             | 24          |
|            |              |                        |                        |               | 25          |
|            |              |                        |                        |               | 26          |
| 0          | 0            | 0                      | 0                      | 0             | 27          |
|            |              |                        |                        |               | 28          |
|            |              |                        |                        |               | 29          |
| 316,395    |              |                        |                        |               | 30          |
|            |              |                        |                        |               | 31          |
| 15,799,618 | 2,163,034    | 0                      | 0                      | 716,558       | 32          |
|            |              |                        |                        |               | 33          |

## Annual Status Report Analysis of Plant in Service Accounts

Company: FLORIDA PUBLIC UTILITIES COMPANY

For the Year Ended December 31, 1996

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| Acct. No.   | Account Description                               | Depr. Rate | Beginning Balance* | Additions        | Retirements    | Reclass  | Adjustments | Transfers       | Ending Balance*   |
|---|---|------------|--------------------|------------------|----------------|----------|-------------|-----------------|-------------------|
| 374   | Land - Distribution                               |            | 85,172             | 15,935           | 0              | 0        | 0           | 0               | 101,107           |
| 389   | Land - General                                    |            | 53,013             | 0                | 0              | 0        | 0           | 0               | 53,013            |
|   | Land - Other - Common                             |            | 341,926            | 0                | 0              | 0        | 0           | 0               | 341,926           |
| Amortizable General Plant Assets:   |   |            |                    |                  |                |          |             |                 |                   |
| This schedule should identify each account/subaccount for which a separate depreciation rate has been approved by the FPSC. |   |            |                    |                  |                |          |             |                 |                   |
| <b>DISTRIBUTION PLANT</b>   |   |            |                    |                  |                |          |             |                 |                   |
| 3741  | Land Rights                                       | 3.20%      | 27,707             | 0                | 0              | 0        | 0           | 0               | 27,707            |
| 375   | Structures and Improvements                       | 2.70%      | 508,953            | 0                | 0              | 0        | 0           | 0               | 508,953           |
| 3761  | Mains - Plastic                                   | 3.00%      | 6,245,345          | 767,259          | 6,427          | 0        | 0           | 0               | 7,008,177         |
| 3762  | Mains - Other                                     | 3.20%      | 16,941,372         | 978,230          | 33,386         | 0        | 0           | 0               | 17,886,218        |
| 378   | Meas. and Reg. Sta. Equipment - General           | 3.70%      | 158,358            | 9,802            | 0              | 0        | 0           | 0               | 167,960           |
| 379   | Meas. and Reg. Sta. Equipment - City Gate         | 3.40%      | 684,081            | 3,519            | 0              | 0        | 0           | 0               | 687,600           |
| 3801  | Services - Plastic                                | 3.20%      | 7,633,193          | 846,521          | 72,512         | 0        | 0           | 0               | 8,407,202         |
| 3802  | Services - Other                                  | 6.70%      | 1,677,673          | 2,413            | 67,804         | 0        | 0           | 0               | 1,612,282         |
| 380299  | Accum. Depreciation - Service - Contra accts.     | 0.00%      | (16,898)           | 0                | (11,265)       | 0        | 0           | 0               | (5,633)           |
| 381   | Meters  | 3.60%      | 2,823,207          | 153,632          | 19,134         | 0        | 0           | (8,917)         | 2,948,788         |
| 382   | Meter Installations                               | 3.30%      | 653,283            | 103,979          | 11,515         | 0        | 0           | 0               | 745,747           |
| 383   | House Regulators                                  | 3.40%      | 801,074            | 22,906           | 7,000          | 0        | 0           | (705)           | 816,275           |
| 384   | House Reg. Installations                          | 3.00%      | 335,506            | 19,173           | 3,381          | 0        | 0           | 0               | 351,298           |
| 385   | Industrial Meas. and Reg. Sta. Equipment          | 4.10%      | 83,457             | 5,252            | 0              | 0        | 0           | 0               | 88,709            |
| 397   | Other Equipment                                   | 3.60%      | 183,897            | 5,988            | 909            | 0        | 0           | (1,941)         | 187,035           |
| <b>TOTAL DISTRIBUTION PLANT</b>   |   |            | <b>38,825,380</b>  | <b>2,934,409</b> | <b>210,803</b> | <b>0</b> | <b>0</b>    | <b>(11,563)</b> | <b>41,537,424</b> |
| <b>GENERAL PLANT</b>  |   |            |                    |                  |                |          |             |                 |                   |
| 390   | Structures and Improvements                       | 2.60%      | 395,286            | 0                | 0              | 0        | 0           | 1,160           | 396,446           |
| 3911  | Office Furniture                                  | 6.40%      | 54,921             | 1,671            | 13,026         | 0        | 0           | (11,244)        | 32,322            |
| 3912  | Office Equipment                                  | 12.60%     | 49,550             | 614              | 4,000          | 0        | 0           | (10,085)        | 36,079            |
| 3913  | EDP Equipment                                     | 11.70%     | 271,972            | 18,550           | 15,938         | 0        | 4,405       | 29,528          | 308,517           |
| 3921  | Accum. Dep. - Transportation - Cars               | 27.50%     | 317,274            | 29,010           | 35,124         | 0        | 44,334      | 0               | 355,494           |
| 3922  | Accum. Dep. - Transportation - Light Trucks, vans | 13.30%     | 1,320,092          | 99,412           | 91,330         | 0        | 0           | 0               | 1,328,174         |
| 3924  | Accum. Dep. - Transportation - Trailers           | 18.20%     | 16,955             | 0                | 0              | 0        | 0           | 5,580           | 22,535            |
| 393   | Stores Equipment                                  | 7.30%      | 14,011             | 524              | 1,176          | 0        | 0           | 0               | 13,359            |

## Annual Status Report Analysis of Plant in Service Accounts

Company: FLORIDA PUBLIC UTILITIES COMPANY

For the Year Ended December 31, 1996

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| Acct. No.                   | Account Description                   | Depr. Rate | Beginning Balance* | Additions     | Retirements | Reclass. | Adjustments | Transfers   | Ending Balance* |
|-----------------------------|---------------------------------------|------------|--------------------|---------------|-------------|----------|-------------|-------------|-----------------|
| (Continued)                 |                                       |            |                    |               |             |          |             |             |                 |
| 394                         | Tools, Shop, and Garage Equipment     | 5.00%      | 297,699            | 7,715         | 18,363      | 0        | 0           | 0           | 287,051         |
| 395                         | Laboratory Equipment                  | 0.00%      | 659                | 0             | 194         | 0        | 0           | 0           | 465             |
| 396                         | Power Operated Equipment              | 6.70%      | 147,026            | 11,725        | 3,324       | 0        | 0           | (5,580)     | 149,847         |
| 397                         | Communication Equipment               | 5.90%      | 174,860            | 20,861        | 14,920      | 0        | 0           | 0           | 180,801         |
| 398                         | Miscellaneous Equipment               | 10.40%     | 23,877             | 0             | 5,567       | 0        | 0           | 0           | 18,310          |
|                             | SUBTOTAL                              |            | 3,137,195          | 190,082       | 202,962     | 0        | 48,739      | 9,359       | 3,182,413       |
| 399                         | Other Tangible Property               | 0          | 0                  | 0             | 0           | 0        | 0           | 0           | 0               |
|                             | TOTAL General Plant                   |            | 3,137,195          | 190,082       | 202,962     | 0        | 48,739      | 9,359       | 3,182,413       |
|                             | TOTAL (Accounts 101 and 106)          |            | 41,962,575         | 3,124,491     | 413,765     | 0        | 48,739      | (2,204)     | 44,719,836      |
|                             | <br>TOTAL GAS PLANT IN SERVICE        |            | <br>41,962,575     | <br>3,124,491 | <br>413,765 | <br>0    | <br>48,739  | <br>(2,204) | <br>44,719,836  |
| Capital Recovery Schedules: |                                       |            |                    |               |             |          |             |             |                 |
|                             | NONE                                  |            |                    |               |             |          |             |             |                 |
| Total Account 101*          |                                       |            | 41,962,575         | 3,124,491     | 413,765     | 0        | 48,739      | (2,204)     | 44,719,836      |
| Amortizable Assets:         |                                       |            |                    |               |             |          |             |             |                 |
| 114                         | Acquisition Adjustment                |            | 303,400            | 0             | 0           | 0        | 0           | 0           | 303,400         |
| 118                         | Other Utility Plant<br>Other - Common |            | 1,961,185          | 44,059        | 212,739     | 0        | 0           | (50,297)    | 1,742,208       |
| Total Utility Plant         |                                       |            | 44,227,160         | 3,168,550     | 626,504     | 0        | 48,739      | (52,501)    | 46,765,443      |

Note: \* The total beginning and ending balances must agree to acct. 101, Plant In Service, Line 3, Page 21.

## Annual Status Report

### Analysis of Entries in Accumulated Depreciation & Amortization

Company: FLORIDA PUBLIC UTILITIES COMPANY

For the Year Ended December 31, 1996

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| Acct. No.   | Account Description                            | Beginning Balance* | Accruals         | Reclass. | Retirements    | Gross Salvage | Cost of Removal  | Adjustmts  | Transfers      | Ending Balance*   |
|---|--|--------------------|------------------|----------|----------------|---------------|------------------|------------|----------------|-------------------|
| <b>Amortizable General Plant Assets:</b>  |  |                    |                  |          |                |               |                  |            |                |                   |
|   | <b>PRODUCTION PLANT</b>                        |                    |                  |          |                |               |                  |            |                |                   |
|   | 320 Other Equipment                            | 0                  |                  |          |                |               |                  | (12)       |                | (12)              |
| This schedule should identify each account/subaccount for which a separate depreciation rate has been approved by the FPSC. |  |                    |                  |          |                |               |                  |            |                |                   |
|   | <b>DISTRIBUTION PLANT</b>                      |                    |                  |          |                |               |                  |            |                |                   |
|   | 374 Land - Distribution                        | 887                | 888              | 0        | 0              | 0             | 0                | 0          | 0              | 1775              |
|   | 3741 Land Rights                               | 0                  | 0                | 0        | 0              | 0             | 0                | 0          | 0              | 0                 |
|   | 375 Structures and Improvements                | 200,695            | 13,740           | 0        | 0              | 0             | 0                | 0          | 0              | 214,435           |
|   | 3761 Mains - Plastic                           | 1,110,232          | 192,863          | 0        | 6,427          | 0             | (77)             | 0          | 0              | 1,296,611         |
|   | 3762 Mains - Other                             | 7,639,264          | 550,938          | 0        | 33,386         | 0             | (19,685)         | 0          | 0              | 6,137,131         |
|   | 378 Meas. and Reg. Sta. Equipment - General    | 16,462             | 5,980            | 0        | 0              | 0             | 0                | 0          | 0              | 22,442            |
|   | 379 Meas. and Reg. Sta. Equipment - City Gate  | 146,093            | 23,333           | 0        | 0              | 0             | 0                | 0          | 0              | 169,426           |
|   | 3801 Services - Plastic                        | 1,349,250          | 254,432          | 0        | 72,512         | 20            | (45,834)         | (10)       | 0              | 1,485,346         |
|   | 3802 Services - Other                          | 877,140            | 109,336          | 0        | 67,804         | 0             | (156,416)        | 0          | 39             | 762,295           |
|   | 380299 Accum. Dep. - Service - Contra accts.   | (16,898)           | 0                | 0        | (11,265)       | 0             | 0                | 0          | 0              | (5,633)           |
|   | 381 Meters                                     | 984,373            | 104,325          | 0        | 19,134         | 0             | 0                | 0          | (3,211)        | 1,066,353         |
|   | 382 Meter Installations                        | 243,160            | 22,570           | 0        | 11,515         | 0             | (570)            | 0          | 0              | 253,645           |
|   | 383 House Regulators                           | 257,157            | 27,550           | 0        | 7,000          | 0             | 0                | 0          | (226)          | 277,481           |
|   | 384 House Reg. Installations                   | 85,804             | 10,226           | 0        | 3,381          | 0             | (27)             | 0          | 0              | 92,622            |
|   | 385 Industrial Meas. and Reg. Sta. Equipment   | 28,378             | 1,012            | 0        | 0              | 0             | (20)             | 0          | 0              | 29,370            |
|   | 387 Other Equipment                            | 54,632             | 6,694            | 0        | 909            | 0             | 0                | 0          | (766)          | 59,651            |
|   | 389 Land - General                             | 0                  | 0                | 0        | 0              | 0             | 0                | 0          | 0              | 0                 |
|   | <b>TOTAL DISTRIBUTION PLANT</b>                | <b>12,976,629</b>  | <b>1,323,907</b> | <b>0</b> | <b>210,803</b> | <b>20</b>     | <b>(222,629)</b> | <b>-10</b> | <b>(4,164)</b> | <b>13,862,950</b> |
|   | <b>GENERAL PLANT</b>                           |                    |                  |          |                |               |                  |            |                |                   |
|   | 390 Structures and Improvements                | 146,367            | 10,284           | 0        | 0              | 0             | 0                | 0          | 29             | 156,680           |
|   | 3911 Office Furniture                          | 10,152             | 3,356            | 0        | 13,026         | 0             | 0                | 0          | (2,091)        | (1,609)           |
|   | 3912 Office Equipment                          | 18,539             | 6,010            | 0        | 4,000          | 0             | 0                | 0          | (4,489)        | 16,060            |
|   | 3913 EDP Equipment                             | 147,640            | 32,455           | 0        | 15,938         | 0             | 0                | 0          | 23,237         | 187,394           |
|   | 3921 Accum. Dep. - Transportation - Cars       | 131,903            | 90,395           | 0        | 35,124         | 1,740         | 0                | 3,384      | 25,487         | 217,785           |
|   | 3922 Accum. Dep. - Trans. - Light Trucks, vans | 674,709            | 169,685          | 0        | 91,330         | 400           | 0                | 2,172      | 0              | 755,636           |
|   | 3924 Accum. Dep. - Transportation - Trailers   | 11,133             | 3,339            | 0        | 0              | 0             | 0                | 0          | 3,133          | 17,605            |
|   | 393 Stores Equipment                           | 7,092              | 1,050            | 0        | 1,176          | 0             | 0                | 0          | 0              | 6,966             |

## Annual Status Report

### Analysis of Entries in Accumulated Depreciation & Amortization

Company: FLORIDA PUBLIC UTILITIES COMPANY

For the Year Ended December 31, 1996

Page 2 of 2

| Acct. No.          | Account Description                 | Beginning Balance* | Accruals         | Reclass. | Retirements      | Gross Salvage | Cost of Removal  | Adjustmts    | Transfers       | Ending Balance*   |
|--------------------|-------------------------------------|--------------------|------------------|----------|------------------|---------------|------------------|--------------|-----------------|-------------------|
| (Continued)        |                                     |                    |                  |          |                  |               |                  |              |                 |                   |
| 394                | Tools, Shop, and Garage Equipment   | 93,449             | 15,080           | 0        | 18,363           | 0             | 0                | 0            | 0               | 90,166            |
| 395                | Laboratory Equipment                | (2,239)            | 158              | 0        | 194              | 0             | 0                | 0            | 0               | (2,275)           |
| 396                | Power Operated Equipment            | 79,455             | 9,984            | 0        | 3,324            | 0             | 0                | 0            | (3,133)         | 82,982            |
| 397                | Communication Equipment             | 93,124             | 10,243           | 0        | 14,920           | 0             | 0                | 0            | 0               | 88,447            |
| 398                | Miscellaneous Equipment             | 7,542              | 2,472            | 0        | 5,566            | 0             | 0                | 0            | 0               | 4,448             |
|                    | SUBTOTAL                            | 1,418,866          | 354,511          | 0        | 202,961          | 2,140         | 0                | 5,556        | 42,173          | 1,620,285         |
| 399                | Other Tangible Property             | 0                  | 0                | 0        | 0                | 0             | 0                | 0            | 0               | 0                 |
|                    | TOTAL General Plant                 | 1,418,866          | 354,511          | 0        | 202,961          | 2,140         | 0                | 5,556        | 42,173          | 1,620,285         |
| <b>Subtotal</b>    |                                     | <b>14,395,495</b>  | <b>1,678,418</b> | <b>0</b> | <b>413,764</b>   | <b>2,160</b>  | <b>(222,629)</b> | <b>5,546</b> | <b>38,009</b>   | <b>15,483,223</b> |
| COMMON PLANT       |                                     |                    |                  |          |                  |               |                  |              |                 |                   |
| 389                | Land - General                      | 0                  | 0                | 0        | 0                | 0             | 0                | 0            | 0               | 0                 |
| 390                | Structures and Improvements         | 213,891            | 12,120           | 0        | 0                | 0             | 0                | 0            | 0               | 226,011           |
| 3911               | Office Furniture                    | 24,038             | 3,072            | 0        | 0                | 0             | 0                | 0            | 2,298           | 29,408            |
| 3912               | Office Equipment                    | 6,719              | 6,122            | 0        | (47)             | 0             | 0                | 0            | 4,489           | 17,283            |
| 3913               | EDP Equipment                       | 511,419            | 107,703          | 0        | (212,268)        | 0             | 0                | 0            | (24,905)        | 381,949           |
| 3921               | Accum. Dep. - Transportation - Cars | 39,432             | 33,666           | 0        | 0                | 0             | 0                | 0            | (14,834)        | 58,264            |
| 397                | Communication Equipment             | 3,383              | 684              | 0        | (424)            | 0             | 0                | 0            | 0               | 3,643             |
| <b>Subtotal</b>    |                                     | <b>798,882</b>     | <b>163,367</b>   | <b>0</b> | <b>(212,739)</b> | <b>0</b>      | <b>0</b>         | <b>0</b>     | <b>(32,952)</b> | <b>716,558</b>    |
| <b>Grand Total</b> |                                     | <b>15,194,377</b>  | <b>1,841,785</b> | <b>0</b> | <b>201,025</b>   | <b>2,160</b>  | <b>(222,629)</b> | <b>5,546</b> | <b>5,057</b>    | <b>16,199,781</b> |

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

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

1996

| PLANT IN SERVICE (\$) |                   |                       |            |           |             |                | RESERVE (\$) |                   |            |          |           | (CREDIT BALANCES) |                         |           |                   |                |
|-----------------------|-------------------|-----------------------|------------|-----------|-------------|----------------|--------------|-------------------|------------|----------|-----------|-------------------|-------------------------|-----------|-------------------|----------------|
| Plant Acct.           | Beginning Balance | Purchases & Additions | Adjustment | Transfers | Retirements | Ending Balance | Plant Acct.  | Beginning Balance | Retirement | Accruals | Salvage   | Cost of Removal   | Purchases & Adjustments | Transfers | Reclassifications | Ending Balance |
| 304                   | 0                 | 0                     | 0          | 0         | 0           | 0              | 304          | 0                 | 0          | 0        | 0         | 0                 | 0                       | 0         | 0                 | 0              |
| 305                   | 0                 | 0                     | 0          | 0         | 0           | 0              | 305          | 0                 | 0          | 0        | 0         | 0                 | 0                       | 0         | 0                 | 0              |
| 311                   | 0                 | 0                     | 0          | 0         | 0           | 0              | 311          | 0                 | 0          | 0        | 0         | 0                 | 0                       | 0         | 0                 | 0              |
| 320                   | 0                 | 0                     | 0          | 0         | 0           | 0              | 320          | 0                 | 0          | 0        | 0         | 0                 | (12)                    | 0         | 0                 | (12)           |
| 360                   | 0                 | 0                     | 0          | 0         | 0           | 0              | 360          | 0                 | 0          | 0        | 0         | 0                 | 0                       | 0         | 0                 | 0              |
| 361                   | 0                 | 0                     | 0          | 0         | 0           | 0              | 361          | 0                 | 0          | 0        | 0         | 0                 | 0                       | 0         | 0                 | 0              |
| 362                   | 0                 | 0                     | 0          | 0         | 0           | 0              | 362          | 0                 | 0          | 0        | 0         | 0                 | 0                       | 0         | 0                 | 0              |
| 374                   | 85,172            | 15,935                | 0          | 0         | 0           | 101,107        | 374          | 887               | 0          | 888      | 0         | 0                 | 0                       | 0         | 0                 | 1,775          |
| 3741                  | 27,707            | 0                     | 0          | 0         | 0           | 27,707         | 3741         | 0                 | 0          | 0        | 0         | 0                 | 0                       | 0         | 0                 | 0              |
| 375                   | 508,953           | 0                     | 0          | 0         | 0           | 508,953        | 375          | 200,695           | 0          | 13,740   | 0         | 0                 | 0                       | 0         | 0                 | 214,435        |
| 3761                  | 6,245,345         | 767,259               | 0          | 0         | (6,427)     | 7,006,177      | 3761         | 1,110,232         | (6,427)    | 192,883  | 0         | (77)              | 0                       | 0         | 0                 | 1,296,811      |
| 3762                  | 16,941,372        | 978,230               | 0          | 0         | (33,386)    | 17,886,216     | 3762         | 7,639,264         | (33,386)   | 550,938  | 0         | (19,685)          | 0                       | 0         | 0                 | 8,137,131      |
| 377                   | 0                 | 0                     | 0          | 0         | 0           | 0              | 377          | 0                 | 0          | 0        | 0         | 0                 | 0                       | 0         | 0                 | 0              |
| 378                   | 158,358           | 9,602                 | 0          | 0         | 0           | 167,960        | 378          | 16,462            | 0          | 5,980    | 0         | 0                 | 0                       | 0         | 0                 | 22,442         |
| 379                   | 684,081           | 3,519                 | 0          | 0         | 0           | 687,600        | 379          | 146,093           | 0          | 23,333   | 0         | 0                 | 0                       | 0         | 0                 | 169,426        |
| 3801                  | 7,633,193         | 846,521               | 0          | 0         | (72,512)    | 8,407,202      | 3801         | 1,349,250         | (72,512)   | 254,432  | 20        | (45,834)          | (10)                    | 0         | 0                 | 1,485,346      |
| 3802                  | 1,677,673         | 2,413                 | 0          | 0         | (67,804)    | 1,612,282      | 3802         | 877,140           | (67,804)   | 109,336  | 0         | (156,416)         | 0                       | 39        | 0                 | 762,295        |
| 380299                | (16,898)          | 0                     | 0          | 0         | 0           | 11,265         | 380299       | (16,898)          | 11,265     | 0        | 0         | 0                 | 0                       | 0         | 0                 | (5,633)        |
| 381                   | 2,823,207         | 153,632               | 0          | (8,917)   | (19,134)    | 2,948,788      | 381          | 984,373           | (19,134)   | 104,325  | 0         | 0                 | 0                       | (3,211)   | 0                 | 1,066,353      |
| 382                   | 653,283           | 103,979               | 0          | 0         | (11,515)    | 745,747        | 382          | 243,160           | (11,515)   | 22,570   | 0         | (570)             | 0                       | 0         | 0                 | 253,645        |
| 383                   | 801,074           | 22,906                | 0          | (705)     | (7,000)     | 816,275        | 383          | 257,157           | (7,000)    | 27,550   | 0         | 0                 | 0                       | (226)     | 0                 | 277,481        |
| 384                   | 335,506           | 19,173                | 0          | 0         | (3,381)     | 351,298        | 384          | 85,804            | (3,381)    | 10,226   | 0         | (27)              | 0                       | 0         | 0                 | 92,622         |
| 385                   | 83,457            | 5,252                 | 0          | 0         | 0           | 88,709         | 385          | 28,378            | 0          | 1,012    | 0         | (20)              | 0                       | 0         | 0                 | 29,370         |
| 387                   | 183,897           | 5,988                 | 0          | (1,941)   | (909)       | 187,035        | 387          | 54,632            | (909)      | 6,694    | 0         | 0                 | 0                       | (766)     | 0                 | 59,651         |
| 389                   | 394,939           | 0                     | 0          | 0         | 0           | 394,939        | 389          | 0                 | 0          | 0        | 0         | 0                 | 0                       | 0         | 0                 | 0              |
| 390                   | 861,424           | 0                     | 0          | 1,160     | 0           | 862,584        | 390          | 360,258           | 0          | 22,404   | 0         | 0                 | 0                       | 29        | 0                 | 382,691        |
| 3911                  | 100,309           | 1,671                 | 0          | (790)     | (13,028)    | 88,164         | 3911         | 34,190            | (13,028)   | 6,428    | 0         | 0                 | 0                       | 207       | 0                 | 27,799         |
| 3912                  | 95,621            | 614                   | 0          | 0         | (4,047)     | 92,188         | 3912         | 25,258            | (4,047)    | 12,132   | 0         | 0                 | 0                       | 0         | 0                 | 33,343         |
| 3913                  | 1,195,743         | 41,121                | 4,405      | (11,372)  | (228,206)   | 1,001,691      | 3913         | 659,059           | (228,206)  | 140,158  | 0         | 0                 | 0                       | (1,668)   | 0                 | 569,343        |
| 3921                  | 443,600           | 50,498                | 44,334     | (29,937)  | (35,124)    | 473,371        | 3921         | 171,335           | (35,124)   | 124,061  | 1,740     | 0                 | 3,384                   | 10,653    | 0                 | 276,049        |
| 3922                  | 1,320,092         | 99,412                | 0          | 0         | (91,330)    | 1,328,174      | 3922         | 674,709           | (91,330)   | 169,685  | 400       | 0                 | 2,172                   | 0         | 0                 | 755,636        |
| 3923                  | 0                 | 0                     | 0          | 0         | 0           | 0              | 3923         | 0                 | 0          | 0        | 0         | 0                 | 0                       | 0         | 0                 | 0              |
| 3924                  | 16,955            | 0                     | 0          | 5,580     | 0           | 22,535         | 3924         | 11,133            | 0          | 3,339    | 0         | 0                 | 0                       | 3,133     | 0                 | 17,605         |
| 393                   | 14,011            | 524                   | 0          | 0         | (1,176)     | 13,359         | 393          | 7,092             | (1,176)    | 1,050    | 0         | 0                 | 0                       | 0         | 0                 | 6,966          |
| 394                   | 297,699           | 7,715                 | 0          | 0         | (18,363)    | 287,051        | 394          | 93,449            | (18,363)   | 15,080   | 0         | 0                 | 0                       | 0         | 0                 | 90,166         |
| 395                   | 659               | 0                     | 0          | 0         | (194)       | 465            | 395          | (2,239)           | (194)      | 158      | 0         | 0                 | 0                       | 0         | 0                 | (2,275)        |
| 396                   | 147,026           | 11,725                | 0          | (5,580)   | (3,324)     | 149,847        | 396          | 79,455            | (3,324)    | 9,984    | 0         | 0                 | 0                       | (3,133)   | 0                 | 82,982         |
| 397                   | 186,425           | 20,861                | 0          | 0         | (15,344)    | 191,942        | 397          | 96,507            | (15,344)   | 10,927   | 0         | 0                 | 0                       | 0         | 0                 | 92,090         |
| 398                   | 23,877            | 0                     | 0          | 0         | (5,567)     | 18,310         | 398          | 7,542             | (5,566)    | 2,472    | 0         | 0                 | 0                       | 0         | 0                 | 4,448          |
| 43,923,760            | 3,168,550         | 48,739                | (52,501)   | (628,504) | 46,462,044  |                | 15,194,377   | (628,503)         | 1,841,785  | 2,160    | (222,629) | 5,534             | 5,057                   | 0         | 0                 | 16,199,781     |

**FLORIDA PUBLIC UTILITIES COMPANY**  
**WEST PALM BEACH - GAS DIVISION**  
**REPORT OF DEPRECIATION DATA UNDER RULE 25-6.0438(8)**  
**1988**

| PLANT IN SERVICE (\$) |                   |           |                        |           |             |                | RESERVE (\$)     |                   |                 |                  |                   | (CREDIT BALANCES) |                        |                  |                   |                  |              |                 |          |                   |
|-----------------------|-------------------|-----------|------------------------|-----------|-------------|----------------|------------------|-------------------|-----------------|------------------|-------------------|-------------------|------------------------|------------------|-------------------|------------------|--------------|-----------------|----------|-------------------|
| Plant Acct.           | Beginning Balance | Additions | Purchases & Adjustmnts | Transfers | Retirements | Ending Balance | Plant Acct.      | Beginning Balance | Retirement      | Accruals         | Salvage           | Cost of Removal   | urchases & Adjustments | Transfers        | Reclassifications | Ending Balance   |              |                 |          |                   |
| 304                   | 0                 |           |                        |           |             | 0              | 304              |                   |                 |                  |                   |                   |                        |                  |                   | 0                |              |                 |          |                   |
| 305                   | 0                 |           |                        |           |             | 0              | 305              |                   |                 |                  |                   |                   |                        |                  |                   | 0                |              |                 |          |                   |
| 311                   | 0                 |           |                        |           |             | 0              | 311              |                   |                 |                  |                   |                   |                        |                  |                   | 0                |              |                 |          |                   |
| 320                   | 0                 |           |                        |           |             | 0              | 320              |                   |                 |                  |                   |                   |                        | (12)             |                   | (12)             |              |                 |          |                   |
| 360                   | 0                 |           |                        |           |             | 0              | 360              |                   |                 |                  |                   |                   |                        |                  |                   | 0                |              |                 |          |                   |
| 361                   | 0                 |           |                        |           |             | 0              | 361              |                   |                 |                  |                   |                   |                        |                  |                   | 0                |              |                 |          |                   |
| 362                   | 0                 |           |                        |           |             | 0              | 362              |                   |                 |                  |                   |                   |                        |                  |                   | 0                |              |                 |          |                   |
| 374                   | 56,686            |           |                        |           |             | 56,686         | 374              | 429               |                 | 432              |                   |                   |                        |                  |                   | 861              |              |                 |          |                   |
| 3741                  | 13,373            |           |                        |           |             | 13,373         | 3741             |                   |                 |                  |                   |                   |                        |                  |                   | 0                |              |                 |          |                   |
| 375                   | 491,108           |           |                        |           |             | 491,108        | 375              | 194,044           | 0               | 13,260           |                   |                   |                        |                  |                   | 207,304          |              |                 |          |                   |
| 3781                  | 4,571,443         | 897,792   |                        |           | (5,240)     | 5,263,995      | 3781             | 833,190           | (5,240)         | 141,940          |                   | (77)              |                        |                  |                   | 969,813          |              |                 |          |                   |
| 3782                  | 14,159,670        | 672,489   |                        |           | (24,858)    | 14,607,303     | 3782             | 6,488,890         | (24,858)        | 460,318          |                   | (5,071)           |                        |                  |                   | 6,917,281        |              |                 |          |                   |
| 377                   |                   |           |                        |           |             | 0              | 377              |                   |                 |                  |                   |                   |                        |                  |                   | 0                |              |                 |          |                   |
| 378                   | 147,098           | 9,602     |                        |           |             | 156,700        | 378              | 22,441            |                 | 5,560            |                   |                   |                        |                  |                   | 28,001           |              |                 |          |                   |
| 379                   | 430,882           | 3,519     |                        |           |             | 434,401        | 379              | 71,631            |                 | 14,717           |                   |                   |                        |                  |                   | 86,348           |              |                 |          |                   |
| 3801                  | 6,079,587         | 737,258   |                        |           | (66,370)    | 6,750,475      | 3801             | 1,051,676         | (66,370)        | 203,154          | 20                | (42,887)          | (10)                   |                  |                   | 1,145,483        |              |                 |          |                   |
| 3802                  | 1,410,884         | 1,785     |                        |           | (82,518)    | 1,350,131      | 3802             | 723,617           | (82,518)        | 91,542           |                   | (148,608)         |                        | 109              |                   | 604,241          |              |                 |          |                   |
| 380299                | (18,898)          |           |                        |           |             | (18,898)       | 380299           | (18,898)          |                 | 11,265           |                   |                   |                        |                  |                   | (5,633)          |              |                 |          |                   |
| 381                   | 2,220,301         | 153,632   |                        | (27,917)  | (15,330)    | 2,330,686      | 381              | 734,613           | (15,330)        | 82,409           |                   |                   |                        | (9,059)          |                   | 792,633          |              |                 |          |                   |
| 382                   | 500,829           | 87,638    |                        |           | (10,295)    | 578,170        | 382              | 192,117           | (10,295)        | 17,317           |                   | (352)             |                        |                  |                   | 198,787          |              |                 |          |                   |
| 383                   | 681,348           | 22,906    |                        | (10,358)  | (5,336)     | 686,560        | 383              | 216,963           | (5,336)         | 23,322           |                   |                   |                        | (3,327)          |                   | 231,622          |              |                 |          |                   |
| 384                   | 253,194           | 14,927    |                        |           | (2,878)     | 265,243        | 384              | 83,337            | (2,878)         | 7,705            |                   | (27)              |                        |                  |                   | 86,137           |              |                 |          |                   |
| 385                   | 70,115            | 5,192     |                        |           |             | 75,307         | 385              | 22,184            |                 | 2,958            |                   | (20)              |                        |                  |                   | 25,120           |              |                 |          |                   |
| 387                   | 156,874           | 5,988     |                        |           | (686)       | 162,174        | 387              | 45,141            | (686)           | 5,722            |                   |                   |                        |                  |                   | 50,175           |              |                 |          |                   |
| 389                   | 40,806            |           |                        |           |             | 40,806         | 389              |                   |                 |                  |                   |                   |                        |                  |                   | 0                |              |                 |          |                   |
| 390                   | 119,879           |           |                        |           |             | 119,879        | 390              | 52,679            |                 | 3,120            |                   |                   |                        |                  |                   | 55,799           |              |                 |          |                   |
| 3911                  | 39,005            | 1,871     |                        | (10,084)  | (12,758)    | 17,834         | 3911             | 6,598             | (12,758)        | 2,336            |                   |                   | (2,082)                |                  |                   | (5,886)          |              |                 |          |                   |
| 3912                  | 41,094            | 614       |                        | (10,065)  | (3,603)     | 27,820         | 3912             | 15,012            | (3,603)         | 4,942            |                   |                   |                        | (4,489)          |                   | 11,662           |              |                 |          |                   |
| 3913                  | 179,691           | 16,550    |                        | 29,528    | (7,631)     | 224,543        | 3913             | 92,607            | (7,631)         | 21,612           |                   |                   |                        | 23,309           |                   | 130,097          |              |                 |          |                   |
| 3921                  | 232,255           |           | 44,334                 |           | (17,053)    | 259,536        | 3921             | 76,806            | (17,053)        | 88,653           | 888               |                   | 3,384                  | 25,487           |                   | 158,363          |              |                 |          |                   |
| 3922                  | 994,045           | 99,412    |                        |           | (79,062)    | 1,014,395      | 3922             | 462,599           | (79,062)        | 127,813          |                   |                   | 2,172                  |                  |                   | 533,522          |              |                 |          |                   |
| 3923                  |                   |           |                        |           |             | 0              | 3923             |                   |                 |                  |                   |                   |                        |                  |                   | 0                |              |                 |          |                   |
| 3924                  | 13,132            |           |                        | 5,580     |             | 18,712         | 3924             | 10,053            |                 | 2,843            |                   |                   |                        | 3,133            |                   | 15,829           |              |                 |          |                   |
| 393                   | 14,011            |           |                        |           | (1,178)     | 13,359         | 393              | 7,092             | (1,178)         | 1,050            |                   |                   |                        |                  |                   | 6,966            |              |                 |          |                   |
| 394                   | 226,847           | 6,159     |                        |           | (3,413)     | 231,593        | 394              | 61,691            | (3,413)         | 11,841           |                   |                   |                        |                  |                   | 69,919           |              |                 |          |                   |
| 395                   | 659               |           |                        |           | (194)       | 485            | 395              | (2,129)           | (194)           | 48               |                   |                   |                        |                  |                   | (2,275)          |              |                 |          |                   |
| 396                   | 125,581           | 2,967     |                        | (5,580)   | (3,324)     | 119,624        | 396              | 85,838            | (3,324)         | 8,400            |                   |                   |                        | (3,133)          |                   | 87,781           |              |                 |          |                   |
| 397                   | 108,133           | 19,895    |                        |           | (14,920)    | 112,908        | 397              | 44,545            | (14,920)        | 6,241            |                   |                   |                        |                  |                   | 35,866           |              |                 |          |                   |
| 398                   | 17,897            |           |                        |           | (5,567)     | 12,130         | 398              | 4,739             | (5,568)         | 1,836            |                   |                   |                        |                  |                   | 1,009            |              |                 |          |                   |
| <b>33,361,289</b>     |                   |           |                        |           |             |                | <b>2,582,316</b> | <b>46,739</b>     | <b>(28,918)</b> | <b>(331,147)</b> | <b>35,632,283</b> | <b>11,559,605</b> | <b>(331,148)</b>       | <b>1,330,889</b> | <b>906</b>        | <b>(196,943)</b> | <b>6,534</b> | <b>29,968</b>   | <b>0</b> | <b>12,398,613</b> |
| <b>COMMON PLANT</b>   |                   |           |                        |           |             |                |                  |                   |                 |                  |                   |                   |                        |                  |                   |                  |              |                 |          |                   |
| 389                   | 341,926           |           |                        |           |             | 341,926        | 389              |                   |                 |                  |                   |                   |                        |                  |                   | 0                |              |                 |          |                   |
| 3891                  |                   |           |                        |           |             | 0              | 3891             |                   |                 |                  |                   |                   |                        |                  |                   | 0                |              |                 |          |                   |
| 390                   | 466,138           |           |                        |           |             | 466,138        | 390              | 213,891           |                 | 12,120           |                   |                   |                        |                  |                   | 226,011          |              |                 |          |                   |
| 3911                  | 45,388            |           |                        | 10,454    |             | 55,842         | 3911             | 24,038            |                 | 3,072            |                   |                   |                        | 2,298            |                   | 29,408           |              |                 |          |                   |
| 3912                  | 46,071            |           |                        | 10,085    | (47)        | 56,109         | 3912             | 6,719             | (47)            | 6,122            |                   |                   |                        | 4,489            |                   | 17,283           |              |                 |          |                   |
| 3913                  | 923,771           | 22,571    |                        | (40,900)  | (212,268)   | 893,174        | 3913             | 511,419           | (212,268)       | 107,703          |                   |                   |                        | (24,905)         |                   | 381,949          |              |                 |          |                   |
| 3921                  | 126,328           | 21,488    |                        | (29,937)  |             | 117,877        | 3921             | 39,432            | 0               | 33,866           |                   |                   |                        | (14,834)         |                   | 58,284           |              |                 |          |                   |
| 397                   | 11,565            |           |                        |           | (424)       | 11,141         | 397              | 3,383             | (424)           | 684              |                   |                   |                        |                  |                   | 3,643            |              |                 |          |                   |
| <b>1,961,185</b>      |                   |           |                        |           |             |                | <b>44,059</b>    | <b>0</b>          | <b>(50,297)</b> | <b>(212,739)</b> | <b>1,742,208</b>  | <b>798,862</b>    | <b>(212,739)</b>       | <b>163,367</b>   | <b>0</b>          | <b>0</b>         | <b>0</b>     | <b>(32,952)</b> | <b>0</b> | <b>716,556</b>    |
| <b>TOTAL</b>          |                   |           |                        |           |             |                |                  |                   |                 |                  |                   |                   |                        |                  |                   |                  |              |                 |          |                   |
| <b>35,342,474</b>     |                   |           |                        |           |             |                | <b>2,806,377</b> | <b>46,739</b>     | <b>(79,213)</b> | <b>(543,886)</b> | <b>37,374,491</b> | <b>12,358,487</b> | <b>(543,885)</b>       | <b>1,494,256</b> | <b>906</b>        | <b>(196,943)</b> | <b>6,534</b> | <b>(2,984)</b>  | <b>0</b> | <b>13,116,371</b> |

**FLORIDA PUBLIC UTILITIES COMPANY**  
**SANFORD - GAS DIVISION**  
**REPORT OF DEPRECIATION DATA UNDER RULE 25-6.0438(8)**

1996

| PLANT IN SERVICE (\$) |                   |           |                        |           |             | RESERVE (\$)   |             |                   |            |          | (CREDIT BALANCES) |                 |                         |           |                   |                |
|-----------------------|-------------------|-----------|------------------------|-----------|-------------|----------------|-------------|-------------------|------------|----------|-------------------|-----------------|-------------------------|-----------|-------------------|----------------|
| Plant Acct.           | Beginning Balance | Additions | Purchases & Adjustment | Transfers | Retirements | Ending Balance | Plant Acct. | Beginning Balance | Retirement | Accruals | Salvage           | Cost of Removal | Purchases & Adjustments | Transfers | Reclassifications | Ending Balance |
| 304                   |                   |           |                        |           |             | 0              | 304         |                   |            |          |                   |                 |                         |           |                   | 0              |
| 305                   |                   |           |                        |           |             | 0              | 305         |                   |            |          |                   |                 |                         |           |                   | 0              |
| 311                   |                   |           |                        |           |             | 0              | 311         |                   |            |          |                   |                 |                         |           |                   | 0              |
| 320                   |                   |           |                        |           |             | 0              | 320         |                   |            |          |                   |                 |                         |           |                   | 0              |
| 360                   |                   |           |                        |           |             | 0              | 360         |                   |            |          |                   |                 |                         |           |                   | 0              |
| 361                   |                   |           |                        |           |             | 0              | 361         |                   |            |          |                   |                 |                         |           |                   | 0              |
| 362                   |                   |           |                        |           |             | 0              | 362         |                   |            |          |                   |                 |                         |           |                   | 0              |
| 374                   | 28,486            |           |                        |           |             | 28,486         | 374         | 458               |            | 456      |                   |                 |                         |           |                   | 914            |
| 3741                  | 14,334            |           |                        |           |             | 14,334         | 3741        |                   |            |          |                   |                 |                         |           |                   | 0              |
| 375                   | 13,324            |           |                        |           |             | 13,324         | 375         | 2,424             |            | 360      |                   |                 |                         |           |                   | 2,784          |
| 3761                  | 1,350,140         | 42,675    |                        |           | (1,187)     | 1,391,628      | 3761        | 225,985           | (1,187)    | 41,038   |                   |                 |                         |           |                   | 265,834        |
| 3762                  | 2,040,898         | 27,105    |                        |           | (7,832)     | 2,060,171      | 3762        | 776,636           | (7,832)    | 65,340   |                   |                 |                         |           |                   | 834,144        |
| 377                   | 0                 |           |                        |           |             | 0              | 377         | 0                 |            |          |                   |                 |                         |           |                   | 0              |
| 378                   | 5,102             |           |                        |           |             | 5,102          | 378         | 177               |            | 192      |                   |                 |                         |           |                   | 369            |
| 379                   | 203,591           |           |                        |           |             | 203,591        | 379         | 63,036            |            | 6,924    |                   |                 |                         |           |                   | 69,960         |
| 3801                  | 1,226,312         | 58,144    |                        |           | (3,608)     | 1,280,848      | 3801        | 241,231           | (3,608)    | 40,062   |                   | (1,537)         |                         |           |                   | 276,148        |
| 3802                  | 158,245           | 183       |                        |           | (2,250)     | 156,178        | 3802        | 74,978            | (2,250)    | 10,565   |                   | (3,486)         |                         |           |                   | 79,807         |
| 381                   | 374,041           |           |                        | 19,008    | (3,012)     | 390,037        | 381         | 157,283           | (3,012)    | 13,710   |                   |                 | 6,298                   |           |                   | 174,279        |
| 382                   | 100,743           | 10,492    |                        |           | (523)       | 110,712        | 382         | 31,117            | (523)      | 3,478    |                   |                 |                         |           |                   | 34,072         |
| 383                   | 76,503            |           |                        | 7,173     | (734)       | 82,942         | 383         | 29,931            | (734)      | 2,726    |                   |                 | 2,308                   |           |                   | 34,231         |
| 384                   | 61,980            | 2,875     |                        |           | (236)       | 64,619         | 384         | 16,225            | (236)      | 1,897    |                   |                 |                         |           |                   | 17,886         |
| 385                   | 5,816             | 13        |                        |           |             | 5,829          | 385         | 8,085             |            | (2,256)  |                   |                 |                         |           |                   | 5,829          |
| 387                   | 18,309            |           |                        | (1,941)   | (221)       | 16,147         | 387         | 6,069             | (221)      | 660      |                   |                 | (766)                   |           |                   | 5,742          |
| 389                   | 8,436             |           |                        |           |             | 8,436          | 389         | 0                 |            |          |                   |                 |                         |           |                   | 0              |
| 390                   | 93,657            |           |                        | 1,160     |             | 94,817         | 390         | 38,036            |            | 2,436    |                   |                 |                         | 29        |                   | 40,501         |
| 3911                  | 3,191             |           |                        | (1,160)   |             | 2,031          | 3911        | (268)             |            | 204      |                   |                 |                         | (29)      |                   | (93)           |
| 3912                  | 3,486             |           |                        |           | (197)       | 3,289          | 3912        | 1,444             | (197)      | 444      |                   |                 |                         |           |                   | 1,691          |
| 3913                  | 47,268            |           |                        |           | (7,639)     | 39,629         | 3913        | 28,759            | (7,639)    | 5,533    |                   |                 |                         |           |                   | 26,653         |
| 3921                  | 61,991            | 14,505    |                        |           | (18,071)    | 58,425         | 3921        | 50,565            | (18,071)   | 14,542   | 854               |                 |                         |           |                   | 47,890         |
| 3922                  | 163,638           |           |                        |           | (6,134)     | 157,504        | 3922        | 108,703           | (6,134)    | 21,020   | 200               |                 |                         |           |                   | 123,789        |
| 3923                  | 0                 |           |                        |           |             | 0              | 3923        | 0                 |            |          |                   |                 |                         |           |                   | 0              |
| 3924                  | 2,838             |           |                        |           |             | 2,838          | 3924        | 685               |            | 516      |                   |                 |                         |           |                   | 1,201          |
| 393                   | 0                 |           |                        |           |             | 0              | 393         | 0                 |            |          |                   |                 |                         |           |                   | 0              |
| 394                   | 47,391            |           |                        | 684       | (14,111)    | 33,964         | 394         | 21,638            | (14,111)   | 2,364    |                   |                 |                         | 330       |                   | 10,221         |
| 395                   | 0                 |           |                        |           |             | 0              | 395         | (37)              |            | 37       |                   |                 |                         |           |                   | 0              |
| 396                   | 12,525            | 4,358     |                        |           |             | 16,883         | 396         | 5,531             |            | 912      |                   |                 |                         |           |                   | 6,443          |
| 397                   | 31,733            |           |                        | (955)     |             | 30,778         | 397         | 24,404            |            | 1,872    |                   |                 | (786)                   |           |                   | 25,490         |
| 398                   | 3,392             |           |                        |           |             | 3,392          | 398         | 2,539             |            | 348      |                   |                 |                         |           |                   | 2,887          |
|                       | 6,157,370         | 160,350   | 0                      | 23,969    | (65,755)    | 6,275,934      |             | 1,915,634         | (65,755)   | 235,378  | 1,054             | (5,023)         | 0                       | 7,384     | 0                 | 2,088,672      |



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

1996

| PLANT IN SERVICE (\$) |                   |           |                        |           |             | RESERVE (\$)   |             |                   |            |          |         | (CREDIT BALANCES) |                         |           |                   |                |
|-----------------------|-------------------|-----------|------------------------|-----------|-------------|----------------|-------------|-------------------|------------|----------|---------|-------------------|-------------------------|-----------|-------------------|----------------|
| Plant Acct.           | Beginning Balance | Additions | purchases & adjustment | Transfers | Retirements | Ending Balance | Plant Acct. | Beginning Balance | Retirement | Accruals | Salvage | Cost of Removal   | purchases & Adjustments | Transfers | Reclassifications | Ending Balance |
| 304                   |                   |           |                        |           |             | 0              | 304         |                   |            |          |         |                   |                         |           |                   | 0              |
| 305                   |                   |           |                        |           |             | 0              | 305         |                   |            |          |         |                   |                         |           |                   | 0              |
| 311                   |                   |           |                        |           |             | 0              | 311         |                   |            |          |         |                   |                         |           |                   | 0              |
| 320                   |                   |           |                        |           |             | 0              | 320         |                   |            |          |         |                   |                         |           |                   | 0              |
| 360                   |                   |           |                        |           |             | 0              | 360         |                   |            |          |         |                   |                         |           |                   | 0              |
| 361                   |                   |           |                        |           |             | 0              | 361         |                   |            |          |         |                   |                         |           |                   | 0              |
| 362                   |                   |           |                        |           |             | 0              | 362         |                   |            |          |         |                   |                         |           |                   | 0              |
| 374                   |                   | 15,935    |                        |           |             | 15,935         | 374         |                   |            |          |         |                   |                         |           |                   | 0              |
| 3741                  |                   |           |                        |           |             |                |             |                   |            |          |         |                   |                         |           |                   |                |
| 375                   | 4,521             |           |                        |           |             | 4,521          | 375         | 4,227             |            | 120      |         |                   |                         |           |                   | 4,347          |
| 3761                  | 323,762           | 26,792    |                        |           |             | 350,554        | 3761        | 51,057            |            | 9,907    |         |                   |                         |           |                   | 60,964         |
| 3762                  | 740,804           | 278,636   |                        |           | (698)       | 1,018,742      | 3762        | 375,738           | (698)      | 25,280   |         | (14,814)          |                         |           |                   | 385,706        |
| 377                   | 0                 |           |                        |           |             | 0              | 377         | 0                 |            |          |         |                   |                         |           |                   | 0              |
| 378                   | 6,158             |           |                        |           |             | 6,158          | 378         | (6,156)           |            | 228      |         |                   |                         |           |                   | (5,928)        |
| 379                   | 49,608            |           |                        |           |             | 49,608         | 379         | 11,428            |            | 1,892    |         |                   |                         |           |                   | 13,118         |
| 3801                  | 327,294           | 51,119    |                        |           | (2,534)     | 375,879        | 3801        | 56,443            | (2,534)    | 11,216   |         | (1,410)           |                         |           |                   | 63,715         |
| 3802                  | 108,564           | 445       |                        |           | (3,036)     | 105,973        | 3802        | 78,545            | (3,036)    | 7,229    |         | (4,421)           |                         | (70)      |                   | 78,247         |
| 381                   | 228,865           |           |                        | (9)       | (792)       | 228,064        | 381         | 92,477            | (792)      | 8,206    |         |                   |                         | (450)     |                   | 99,441         |
| 382                   | 51,711            | 5,851     |                        |           | (697)       | 56,865         | 382         | 19,926            | (697)      | 1,775    |         | (218)             |                         |           |                   | 20,786         |
| 383                   | 43,223            |           |                        | 2,480     | (930)       | 44,773         | 383         | 10,263            | (930)      | 1,502    |         |                   |                         | 793       |                   | 11,628         |
| 384                   | 20,332            | 1,371     |                        |           | (267)       | 21,436         | 384         | 6,242             | (267)      | 624      |         |                   |                         |           |                   | 6,599          |
| 385                   | 7,526             | 47        |                        |           |             | 7,573          | 385         | (1,891)           |            | 312      |         |                   |                         |           |                   | (1,579)        |
| 387                   | 8,714             |           |                        |           |             | 8,714          | 387         | 3,422             |            | 312      |         |                   |                         |           |                   | 3,734          |
| 389                   | 3,771             |           |                        |           |             | 3,771          | 389         | 0                 |            |          |         |                   |                         |           |                   | 0              |
| 390                   | 181,750           |           |                        |           |             | 181,750        | 390         | 55,652            |            | 4,728    |         |                   |                         |           |                   | 60,380         |
| 3911                  | 12,725            |           |                        |           | (268)       | 12,457         | 3911        | 3,822             | (268)      | 816      |         |                   |                         |           |                   | 4,370          |
| 3912                  | 4,970             |           |                        |           |             | 4,970          | 3912        | 2,083             | 0          | 624      |         |                   |                         |           |                   | 2,707          |
| 3913                  | 45,013            |           |                        |           | (668)       | 44,345         | 3913        | 26,074            | (668)      | 5,310    |         |                   |                         | (72)      |                   | 30,644         |
| 3921                  | 23,028            | 14,505    |                        |           |             | 37,533         | 3921        | 4,532             | 0          | 7,000    |         |                   |                         |           |                   | 11,532         |
| 3922                  | 162,409           |           |                        |           | (6,134)     | 156,275        | 3922        | 83,407            | (6,134)    | 20,852   | 200     |                   |                         |           |                   | 98,325         |
| 3923                  | 0                 |           |                        |           |             | 0              | 3923        | 0                 | 0          | 0        |         |                   |                         |           |                   | 0              |
| 3924                  | 985               |           |                        |           |             | 985            | 3924        | 395               | 0          | 180      |         |                   |                         |           |                   | 575            |
| 393                   | 0                 |           |                        |           |             | 0              | 393         | 0                 | 0          | 0        |         |                   |                         |           |                   | 0              |
| 394                   | 21,461            | 1,556     |                        | (684)     | (839)       | 21,494         | 394         | 10,120            | (839)      | 1,075    |         |                   |                         | (330)     |                   | 10,026         |
| 395                   | 0                 |           |                        |           |             | 0              | 395         | (73)              | 0          | 73       |         |                   |                         |           |                   | 0              |
| 396                   | 8,940             | 4,400     |                        |           |             | 13,340         | 396         | 8,086             |            | 672      |         |                   |                         |           |                   | 8,758          |
| 397                   | 34,994            | 1,166     |                        | 955       |             | 37,115         | 397         | 24,175            |            | 2,130    |         |                   |                         | 786       |                   | 27,091         |
| 398                   | 2,788             |           |                        |           |             | 2,788          | 398         | 264               |            | 288      |         |                   |                         |           |                   | 552            |
|                       | 2,423,916         | 401,823   | 0                      | 2,743     | (16,863)    | 2,811,619      |             | 920,256           | (16,863)   | 112,151  | 200     | (20,663)          | 0                       | 657       | 0                 | 995,738        |

CONSTRUCTION WORK IN PROGRESS-GAS (Account 107)

1. Report below descriptions and balances at end of year of projects in process of construction (107).

3. Minor projects (less than \$500,000) may be grouped.

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).

| Line No. | Description of Project<br>(a)     | Construction Work in Progress-Gas (Account 107)<br>(b) | Estimated Additional Cost of Project<br>(c) |
|----------|-----------------------------------|--|---|
| 1        | WPB                               |  |   |
| 2        |                                   |  |   |
| 3        |                                   |  |   |
| 4        | Main Extensions/Blueprint Machine | * 121,209  | 237,998                                     |
| 5        |                                   |  |   |
| 6        |                                   |  |   |
| 7        |                                   |  |   |
| 9        |                                   |  |   |
| 10       |                                   |  |   |
| 11       | SANFORD                           |  |   |
| 12       |                                   |  |   |
| 13       | Ford E-150 Service Van            | 19,774   | 226   |
| 14       |                                   |  |   |
| 15       |                                   |  |   |
| 16       |                                   |  |   |
| 17       | DELAND                            |  |   |
| 18       |                                   |  |   |
| 19       | Construct New Gate Station        | 182,745  | (88,074)                                    |
| 20       | Ford E-150 Service Van            | 19,697   | 303   |
| 21       |                                   |  |   |
| 24       |                                   |  |   |
| 34       |                                   |  |   |
| 35       |                                   |  |   |
| 36       |                                   |  |   |
| 37       |                                   |  |   |
| 38       | * Grouped Items                   |  |   |
| 39       |                                   |  |   |
| 40       |                                   |  |   |
| 41       | TOTAL                             | \$343,425  | \$150,453                                   |

CONSTRUCTION OVERHEADS-GAS

1. List in column (a) the kinds of overheads according to the titles used by the respondent. Charges for outside professional services for engineering fees and management or supervision fees capitalized should be shown as separate items.  
 2. On page 30 furnish information concerning construction overheads.  
 3. A respondent should not report "none" to this page if no overhead apportionments are made, but rather should explain on page 30 the accounting procedures employed

and the amounts of engineering, supervision, and administrative costs, etc. which are directly charged to construction.  
 4. Enter on this page engineering, supervision, administrative,, and allowance for funds used during construction, etc. which are first assigned to a blanket work order and then prorated to construction jobs.

| Line No. | Description of Overhead<br>(a)               | Total Amount Charged for the Year<br>(b) | Total Cost of Construction to Which Overheads Were Charged (Exclusive of Overhead Charges)<br>(c) |
|----------|--|--|---|
| 1        | Administrative and General Overheads         | -  |   |
| 2        | Payroll Taxes, Pensions, Group and Worker's  |  |   |
| 3        | Compensation Insurance                       | \$91,131                                 |   |
| 4        | Allowance for funds used during construction | -  |   |
| 5        |  |  |   |
| 6        |  |  |   |
| 7        |  |  |   |
| 8        |  |  |   |
| 9        |  |  |   |
| 10       |  |  |   |
| 11       |  |  |   |
| 12       |  |  |   |
| 13       |  |  |   |
| 14       |  |  |   |
| 15       |  |  |   |
| 16       |  |  |   |
| 17       |  |  |   |
| 18       |  |  |   |
| 19       |  |  |   |
| 20       |  |  |   |
| 21       |  |  |   |
| 22       |  |  |   |
| 23       |  |  |   |
| 24       |  |  |   |
| 25       |  |  |   |
| 26       |  |  |   |
| 27       |  |  |   |
| 28       |  |  |   |
| 29       |  |  |   |
| 30       |  |  |   |
| 31       |  |  |   |
| 32       |  |  |   |
| 33       |  |  |   |
| 34       |  |  |   |
| 35       |  |  |   |
| 36       |  |  |   |
| 37       |  |  |   |
| 38       | TOTAL  | \$91,131                                 | \$3,158,348   |

Dec. 31, 1996

## GENERAL DESCRIPTION OF CONSTRUCTION OVERHEAD PROCEDURE

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

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

Allowance for Funds Used During Construction is applied at the rate of 8.67% per annum, except in the Marianna division which is 8.20% per annum. In electric and gas it includes projects that involve gross additions in excess of \$25,000 and are expected to be completed in excess of one year after commencement of construction. Water includes projects that involve gross additions to plant in excess of \$5,000 and rate expected to be completed in excess of 60 days after commencement. ( See attached schedule for methods used to determine Allowance for Funds Used During Construction.)

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

**FLORIDA PUBLIC UTILITIES COMPANY  
ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION  
FOR YEAR ENDING DECEMBER 31, 1996**

In order to be in compliance with the Florida Public Service Commission procedure on Allowance for Funds Used During Construction, Order No. 6640 dated April 28, 1975, the following method of allocation was used:

| Source of Capital     | 12/31/77 **         |               | Cost  | Rate (%)      |
|-----------------------|---------------------|---------------|-------|---------------|
|                       | Amount              | Ratio         |       |               |
| Common Equity         | \$7,265,711         | 0.3440        | 14.50 | 4.988%        |
| Preferred Equity      | 1,123,700           | 0.0532        | 4.81  | 0.256%        |
| Long-Term Debt        | 9,108,000           | 0.4312        | 7.26  | 3.131%        |
| Customer Deposits     | 1,045,484           | 0.0495        | 6.00  | 0.297%        |
| Unclaimed Deposits    | 40,679              | 0.0019        |       |               |
| Deferred Income Tax   | 2,409,158           | 0.1141        |       |               |
| Investment Tax Credit | 128,611             | 0.0061        |       |               |
| <b>Total</b>          | <b>\$21,121,343</b> | <b>1.0000</b> |       | <b>8.672%</b> |
| <b>Rounded</b>        |                     |               |       | <b>8.67%</b>  |
| Equity Portion        | (Account 419.1)     |               |       | 5.24          |
| Debt Portion          | (Account 432)       |               |       | 3.43          |

Effective October 1, 1978, in the Marianna Division only, the following was used:

| Source of Capital     | Amount              | Ratio         | Cost  | Rate (%)     |
|-----------------------|---------------------|---------------|-------|--------------|
| Common Equity         | \$6,584,987         | 0.3402        | 13.25 | 4.51%        |
| Preferred Equity      | 1,123,700           | 0.0581        | 4.84  | 0.28%        |
| Long-Term Debt        | 9,108,000           | 0.4706        | 7.24  | 3.41%        |
| Deferred Income Tax   | 2,409,158           | 0.1245        |       |              |
| Investment Tax Credit | 128,611             | 0.0066        |       |              |
| <b>Total</b>          | <b>\$19,354,456</b> | <b>1.0000</b> |       | <b>8.20%</b> |

\*\*\*The difference between the 12/31/77 and the 12/31/96 Sources of Capital were not material enough to merit a change in the AFUDC rates between 1978 and 1996.

FERC #1 -- 218 --  
 FERC #2 -- 30 --  
 USR -- 4 (e) --

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

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

the respondent has a significant amount of plant retired at year end which has not been recorded and/or classified to the various reserve functional classifications, make preliminary closing entries to tentatively functionalize the book cost of the plant retired. In addition, include all costs included in retirement work in progress at year end in the appropriate functional classifications.  
 4. Show separately interest credits under a sinking fund or similar method of depreciation accounting.

Section A. Balances and Changes During Year

| Line No. | Item<br>(a)   | Total<br>(c+d+e)<br>(b) | Gas Plant<br>in Service<br>(c) | Gas Plant Held<br>for Future Use<br>(d) | Gas Plant<br>Leased to Others<br>(e) |
|----------|---|-------------------------|--------------------------------|---|--------------------------------------|
| 1        | Balance Beginning of Year   | 14,395,495              | 14,395,495                     |   |                                      |
| 2        | Depreciation Provisions for Year, Charged to                              |                         |                                |   |                                      |
| 3        | (403) Depreciation Expense  | 1,414,999               | 1,414,999                      |   |                                      |
| 4        | (413) Exp. of Gas Plant. Leas. to Others                                  | 0                       |                                |   |                                      |
| 5        | Transportation Expenses-Clearing  | 263,419                 | 263,419                        |   |                                      |
| 6        | Other Clearing Accounts   | 0                       |                                |   |                                      |
| 7        | Other Accounts (Specify):   | 0                       |                                |   |                                      |
| 8        | Accrued Depr. on Transfers  | 37,972                  | 37,972                         |   |                                      |
| 9        | TOTAL Deprec. Prov. for Year<br>(Total of lines 3 through 8)              | 1,716,390               | 1,716,390                      |   |                                      |
| 10       | Net Charges for Plant Retired:  | 0                       |                                |   |                                      |
| 11       | Book Cost of Plant Retired  | (413,765)               | (413,765)                      |   |                                      |
| 12       | Cost of Removal   | (222,603)               | (222,603)                      |   |                                      |
| 13       | Salvage (Credit)  | 7,706                   | 7,706                          |   |                                      |
| 14       | TOTAL Net Charges. for Plant Ret.<br>(Enter Total of lines 11 through 13) | (628,662)               | (628,662)                      |   |                                      |
| 15       | Other Debit or Credit Items<br>(Describe)                                 |                         |                                |   |                                      |
| 16       |   |                         |                                |   |                                      |
| 17       | Balance End of Year (Enter Total of<br>lines 1, 9, 14, 15, and 16)        | 15,483,223              | 15,483,223                     |   |                                      |
|          |   |                         |                                |   |                                      |
|          |   |                         |                                |   |                                      |
|          |   |                         |                                |   |                                      |
|          |   |                         |                                |   |                                      |
|          |   |                         |                                |   |                                      |
|          |   |                         |                                |   |                                      |
|          |   |                         |                                |   |                                      |
|          |   |                         |                                |   |                                      |
|          |   |                         |                                |   |                                      |
|          |   |                         |                                |   |                                      |
|          |   |                         |                                |   |                                      |
|          |   |                         |                                |   |                                      |
|          |   |                         |                                |   |                                      |

Dec. 31, 1996

PREPAYMENTS (Account 165)

1. Report below the particulars (details) on each prepayment.

| Line No. | Nature of Prepayment<br>(a)         | Balance at End of Year (In Dollars)<br>(b) |
|----------|-------------------------------------|--|
| 1        | Prepaid Insurance                   | 317,771                                    |
| 2        | Prepaid Rents                       |  |
| 3        | Prepaid Taxes (page 41)             | 411  |
| 4        | Prepaid Interest                    |  |
| 5        | Gas Prepayments                     |  |
| 6        | Miscellaneous Prepayments: Pensions | 835,261                                    |
| 7        | TOTAL                               | 1,153,443                                  |

EXTRAORDINARY PROPERTY LOSSES (Account 182.1)

| Line No. | Description of Extraordinary Loss<br>[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).]<br>(a) | Total Amount of Loss<br>(b) | Losses Recognized During Year<br>(c) | WRITTEN OFF DURING YEAR |               | Balance at End of Year<br>(f) |
|----------|--|-----------------------------|--------------------------------------|-------------------------|---------------|-------------------------------|
|          |  |                             |                                      | Account Charged<br>(d)  | Amount<br>(e) |                               |
| 1        | NONE   |                             |                                      |                         |               |                               |
| 2        |  |                             |                                      |                         |               |                               |
| 3        |  |                             |                                      |                         |               |                               |
| 4        |  |                             |                                      |                         |               |                               |
| 5        |  |                             |                                      |                         |               |                               |
| 6        |  |                             |                                      |                         |               |                               |
| 7        |  |                             |                                      |                         |               |                               |
| 8        |  |                             |                                      |                         |               |                               |
| 9        |  |                             |                                      |                         |               |                               |

UNRECOVERED PLANT AND REGULATORY STUDY COSTS (182.2)

| Line No. | Description of Unrecovered Plant and Regulatory Study Costs<br>[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).]<br>(a) | Total Amount of Charges<br>(b) | Costs Recognized During Year<br>(c) | WRITTEN OFF DURING YEAR |               | Balance at End of Year<br>(f) |
|----------|--|--------------------------------|-------------------------------------|-------------------------|---------------|-------------------------------|
|          |  |                                |                                     | Account Charged<br>(d)  | Amount<br>(e) |                               |
| 10       | NONE   |                                |                                     |                         |               |                               |
| 11       |  |                                |                                     |                         |               |                               |
| 12       |  |                                |                                     |                         |               |                               |
| 13       |  |                                |                                     |                         |               |                               |
| 14       |  |                                |                                     |                         |               |                               |
| 15       |  |                                |                                     |                         |               |                               |
| 16       |  |                                |                                     |                         |               |                               |
| 17       |  |                                |                                     |                         |               |                               |
| 18       |  |                                |                                     |                         |               |                               |
| 19       |  |                                |                                     |                         |               |                               |
| 20       |  |                                |                                     |                         |               |                               |
| 21       | TOTAL  |                                |                                     |                         |               |                               |

OTHER REGULATORY ASSETS (Account 182.3)

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

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

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

| Line No. | Description and Purpose of Other Regulatory Assets (a) | Balance Beginning of Year (b) | Debits (c) | Credits             |             | Balance End of Year (f) |
|----------|--|-------------------------------|------------|---------------------|-------------|-------------------------|
|          |  |                               |            | Account Charged (d) | Amounts (e) |                         |
| 1        |  |                               |            |                     |             |                         |
| 2        | See Page 35  |                               |            |                     |             |                         |
| 3        |  |                               |            |                     |             |                         |
| 4        |  |                               |            |                     |             |                         |
| 5        |  |                               |            |                     |             |                         |
| 6        |  |                               |            |                     |             |                         |
| 7        |  |                               |            |                     |             |                         |
| 8        |  |                               |            |                     |             |                         |
| 9        |  |                               |            |                     |             |                         |
| 10       |  |                               |            |                     |             |                         |
| 11       |  |                               |            |                     |             |                         |
| 12       |  |                               |            |                     |             |                         |
| 13       |  |                               |            |                     |             |                         |
| 14       |  |                               |            |                     |             |                         |
| 15       |  |                               |            |                     |             |                         |
| 16       |  |                               |            |                     |             |                         |
| 17       |  |                               |            |                     |             |                         |
| 18       |  |                               |            |                     |             |                         |
| 19       |  |                               |            |                     |             |                         |
| 20       |  |                               |            |                     |             |                         |
| 21       |  |                               |            |                     |             |                         |
| 22       |  |                               |            |                     |             |                         |
| 23       |  |                               |            |                     |             |                         |
| 24       |  |                               |            |                     |             |                         |
| 25       |  |                               |            |                     |             |                         |
| 26       |  |                               |            |                     |             |                         |
| 27       |  |                               |            |                     |             |                         |
| 28       |  |                               |            |                     |             |                         |
| 29       |  |                               |            |                     |             |                         |
| 30       |  |                               |            |                     |             |                         |
| 31       |  |                               |            |                     |             |                         |
| 32       |  |                               |            |                     |             |                         |
| 33       |  |                               |            |                     |             |                         |
| 34       |  |                               |            |                     |             |                         |
| 35       |  |                               |            |                     |             |                         |
| 36       |  |                               |            |                     |             |                         |
| 37       |  |                               |            |                     |             |                         |
| 38       |  |                               |            |                     |             |                         |
| 39       |  |                               |            |                     |             |                         |
| 40       |  |                               |            |                     |             |                         |
| 41       |  |                               |            |                     |             |                         |
| 42       |  |                               |            |                     |             |                         |
| 43       | TOTAL  |                               |            |                     |             |                         |



MISCELLANEOUS DEFERRED DEBITS (Account 186)

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

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

| Line No. | Description of Miscellaneous Deferred Debit (a) | Balance at Beginning of Year (b) | Debits (c) | Account Charged (d) | Amount (e)  | Balance End of Year (f) |
|----------|---|----------------------------------|------------|---------------------|-------------|-------------------------|
| 1        | Energy Conservation Program                     | (\$1,305)                        | \$130,350  | 906-910             | (\$129,045) | -                       |
| 2        | Undistributed Capital                           |                                  |            |                     |             |                         |
| 3        | -Accrued Payroll                                | 17,889                           | 334,487    |                     | (329,396)   | \$22,980                |
| 4        | Amortized Piping Costs                          | 118,641                          | 311,861    |                     | (59,393)    | \$371,109               |
| 5        | Amortized Conversion Cost                       | 11,815                           | 28,587     |                     | (5,680)     | \$34,722                |
| 6        | Underrecovery Conservation                      | -                                | 39,524     |                     | -           | \$39,524                |
| 7        |   |                                  |            |                     |             |                         |
| 8        |   |                                  |            |                     |             |                         |
| 9        |   |                                  |            |                     |             |                         |
| 10       |   |                                  |            |                     |             |                         |
| 11       |   |                                  |            |                     |             |                         |
| 12       |   |                                  |            |                     |             |                         |
| 13       |   |                                  |            |                     |             |                         |
| 14       |   |                                  |            |                     |             |                         |
| 15       |   |                                  |            |                     |             |                         |
| 16       |   |                                  |            |                     |             |                         |
| 17       |   |                                  |            |                     |             |                         |
| 18       |   |                                  |            |                     |             |                         |
| 19       |   |                                  |            |                     |             |                         |
| 20       |   |                                  |            |                     |             |                         |
| 21       |   |                                  |            |                     |             |                         |
| 22       |   |                                  |            |                     |             |                         |
| 23       |   |                                  |            |                     |             |                         |
| 24       |   |                                  |            |                     |             |                         |
| 25       |   |                                  |            |                     |             |                         |
| 26       |   |                                  |            |                     |             |                         |
| 27       |   |                                  |            |                     |             |                         |
| 28       |   |                                  |            |                     |             |                         |
| 29       |   |                                  |            |                     |             |                         |
| 30       |   |                                  |            |                     |             |                         |
| 31       |   |                                  |            |                     |             |                         |
| 32       |   |                                  |            |                     |             |                         |
| 33       |   |                                  |            |                     |             |                         |
| 34       |   |                                  |            |                     |             |                         |
| 35       |   |                                  |            |                     |             |                         |
| 36       |   |                                  |            |                     |             |                         |
| 37       |   |                                  |            |                     |             |                         |
| 38       |   |                                  |            |                     |             |                         |
| 39       |   |                                  |            |                     |             |                         |
| 40       |   |                                  |            |                     |             |                         |
| 41       |   |                                  |            |                     |             |                         |
| 42       |   |                                  |            |                     |             |                         |
| 43       |   |                                  |            |                     |             |                         |
| 44       |   |                                  |            |                     |             |                         |
| 45       |   |                                  |            |                     |             |                         |
| 46       |   |                                  |            |                     |             |                         |
| 47       | Misc. Work in Progress                          | (21,889)                         |            |                     |             | (\$219,543)             |
| 48       | Deferred Regulatory Comm. Expenses              |                                  |            |                     |             |                         |
| 49       | (See Pages 58 - 59)                             | 109,295                          | -          | 928                 | 35,256      | \$74,039                |
| 50       | <b>TOTAL</b>                                    | <b>\$234,446</b>                 |            |                     |             | <b>\$322,831</b>        |

ACCUMULATED DEFERRED INCOME TAXES (Account 190).

1. Report the information called for below concerning the respondent's accounting for deferred income taxes.  
 2. At Other (Specify), include deferrals relating to other income and deductions.

3. If more space is needed, use separate pages as required.  
 4. In the space provided below, identify by amount and classification, significant items for which deferred taxes are being provided. Indicate insignificant amounts listed under Other.

| Line No. | Account Subdivisions<br>(a)                             | Balance at Beginning of Year<br>(b) | CHANGES DURING YEAR                   |  |                                       |  | ADJUSTMENTS      |               |                  |               | Balance at End of Year<br>(k) |
|----------|---|-------------------------------------|---------------------------------------|--|---------------------------------------|--|------------------|---------------|------------------|---------------|-------------------------------|
|          |   |                                     | Amounts Debited to Acct. 410.1<br>(c) | Amounts Credited to Acct. 411.1<br>(d) | Amounts Debited to Acct. 410.2<br>(e) | Amounts Credited to Acct. 411.2<br>(f) | DEBITS           |               | CREDITS          |               |                               |
|          |   |                                     |                                       |  |                                       |  | Acct. No.<br>(g) | Amount<br>(h) | Acct. No.<br>(i) | Amount<br>(j) |                               |
| 1        | ELECTRIC  |                                     |                                       |  |                                       |  |                  |               |                  |               |                               |
| 2        | AMT   | 93,706                              | (131,059)                             |  |                                       |  |                  |               |                  |               | (37,353)                      |
| 3        | Conservation Prog. & Pensions                           |                                     | 0                                     |  |                                       |  |                  |               |                  |               |                               |
| 4        | Int. Not Cap. & Amort. of Dept.                         | 4,645                               | (91)                                  |  |                                       |  |                  |               |                  |               | 4,554                         |
| 5        | Regulatory  | 1,186,639                           | (657,977)                             |  |                                       |  |                  |               |                  |               | 528,662                       |
| 6        | Self Ins Res. & Audit Fee                               | 41,249                              | (9,235)                               |  |                                       |  |                  |               |                  |               | 32,014                        |
| 7        | Uncollectible   | 29,615                              | 29,628                                |  |                                       |  |                  |               |                  |               | 59,243                        |
| 8        | vacation Pay  | 44,989                              | 2,197                                 |  |                                       |  |                  |               |                  |               | 47,186                        |
| 9        | TOTAL Electric (Lines 2 - 4)                            | 1,400,843                           | (766,537)                             |  |                                       |  |                  |               |                  |               | 634,306                       |
| 10       | GAS   |                                     |                                       |  |                                       |  |                  |               |                  |               |                               |
| 11       | AMT   | 78,259                              | (109,363)                             |  |                                       |  |                  |               |                  |               | (31,104)                      |
| 12       | Interest Not Cap. & Amort of Dept.                      | 4,487                               | (91)                                  |  |                                       |  |                  |               |                  |               | 4,396                         |
| 13       | Regulatory  | 409,261                             | (342,940)                             |  |                                       |  |                  |               |                  |               | 66,321                        |
| 14       | Self Insurance Res. & Audit Fee                         | 73,057                              | (22,767)                              |  |                                       |  |                  |               |                  |               | \$50,290                      |
| 15       | Uncollectible   | 8,907                               | 9,050                                 |  |                                       |  |                  |               |                  |               | 17,957                        |
| 16       | Vacation Pay  | 90,651                              | 5,078                                 |  |                                       |  |                  |               |                  |               | 95,729                        |
| 17       | Environmental   | 1,688,595                           | 118,081                               |  |                                       |  |                  |               |                  |               | 1,806,676                     |
| 18       | TOTAL Gas (Lines 7 - 19)                                | \$2,353,217                         | (\$342,952)                           |  |                                       |  |                  |               |                  |               | \$2,010,265                   |
| 19       | Other (Specify) Water Division                          | \$180,250                           | (89,115)                              |  |                                       |  |                  |               |                  |               | \$91,135                      |
| 20       | TOTAL (Account 190)<br>(Enter Total of lines 5,20 & 21) | \$3,934,310                         | (1,198,604)                           |  |                                       |  |                  |               |                  |               | \$2,735,706                   |
| 21       | WATER DIVISION  |                                     |                                       |  |                                       |  |                  |               |                  |               |                               |
| 22       | AMT   | 18,715                              | (49,819)                              |  |                                       |  |                  |               |                  |               | (31,104)                      |
| 23       | Interest Not Cap. & Amort of Dept.                      | 856                                 | 3,540                                 |  |                                       |  |                  |               |                  |               | 4,396                         |
| 24       | Regulatory  | 145,190                             | (78,869)                              |  |                                       |  |                  |               |                  |               | 66,321                        |
| 25       | Self Insurance Res. & Audit Fee                         | 7,263                               | 43,027                                |  |                                       |  |                  |               |                  |               | \$50,290                      |
| 26       | Vacation Pay  | 8,226                               | 9,731                                 |  |                                       |  |                  |               |                  |               | 17,957                        |
| 27       | TOTAL WATER (Line 19 above)                             | 180,250                             | (84,521)                              |  |                                       |  |                  |               |                  |               | 95,729                        |

NOTES

Dec. 31, 1996

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

1. Furnish a supplemental statement giving a brief description of security financing and refinancing transactions during the year and the accounting for the securities, discounts, premiums, expenses, and related gains or losses. Identify as to Commission authorization numbers and dates.

2. Furnish particulars (details) showing fully the accounting for the total principal amount, par value, or stated value of each class and series of security issued, assumed, retired, or refunded and the accounting for premiums, discounts, expenses, and gains or losses relating to the securities. Set forth the facts of the accounting clearly with regard to redemption premiums, unamortized discounts, expenses, and gains or losses relating to securities retired or refunded, including the accounting for such amounts carried in the respondent's accounts at the date of the refunding or refinancing transactions with respect to securities previously refunded or retired.

3. Included in the identification of each class and series of security, as appropriate, the interest or dividend rate,

nominal date of issuance, maturity date, aggregate principal amount, par value or stated value, and number of shares. Give also the issuance of redemption price and name of the of the principal underwriting firm through which the security transactions were consummated.

4. Where the accounting for amounts relating to securities refunded or retired is other than that specified in General Instruction 17 of the Uniform System of Accounts, give references to the Commission authorization for the different accounting and state the accounting method.

5. For securities assumed, give the name of the company for which the liability on the securities was assumed as well as particulars (details) of the transactions whereby the respondent undertook to pay obligations of another company. If any unamortized discount, premiums, expenses, and gains or losses were taken over onto the respondent's books, furnish details of these amounts with amounts relating to refunded securities clearly earmarked.

None

Dec. 31, 1996

LONG-TERM DEBT (Accounts 221, 222, 223, and 224)

1. Report by balance sheet Account the particulars (details) concerning long-term debt included in Accounts 221, Bonds, 222, Reacquired Bonds, 223, Advances from Associated Companies, and 224, Other Long-Term Debt. If information to meet the stock exchange reporting requirement outlined in column (a) is available from the SEC 10-K Report Form Filing, a specific reference to the report form (i.e. year and company title) may be reported in column (a) provided the fiscal years for both the 10-K report and this report are compatible.
2. For bonds assumed by the respondent, include in column (a) the name of the issuing company as well as a description of the bonds.
3. For advances from Associated Companies, report separately advances on notes and advances on open accounts. Designate demand notes as such. Include in column (a) names of associated companies from which advances were received.
4. For receiver's certificates, show in column (a) the name of the court and date of court order under which such certificates were issued.
5. In a supplemental statement, give explanatory particulars (details) for Accounts 223 and 224 of net changes

during the year. With respect to long-term advances, show for each company: (a) principal advanced during year, (b) interest added to principal amount, and (c) principal repaid during year. Give Commission authorization numbers and dates.

6. If the respondent has pledged any of its long-term debt securities, give particulars (details) in a footnote, including name of the pledgee and purpose of the pledge.

7. If the respondent has any long-term securities which have been nominally issued and are nominally outstanding at end of year, describe such securities in a footnote.

8. If interest expense was incurred during the year on any obligations retired or reacquired before end of year, include such interest in column (f). Explain in a footnote any difference between the total of column (f) and the total of Account 427, Interest on Long-Term Debt and Account 430, Interest on Debt to Associated Companies.

9. Give particulars (details) concerning any long-term debt authorized by a regulatory Commission but not yet issued.

| Line No. | Class and Series of Obligation and Name of Stock Exchange (a) | Nominal Date of Issue (b) | Date of Maturity (c) | Original Amount Issued (d) | INTEREST FOR YEAR |            | Total Amount Outstanding (g) |
|----------|---|---------------------------|----------------------|----------------------------|-------------------|------------|------------------------------|
|          |   |                           |                      |                            | Rate (in %) (e)   | Amount (f) |                              |
| 1        | FIRST MORTGAGE BONDS:   |                           |                      |                            |                   |            |                              |
| 2        |   |                           |                      |                            |                   |            |                              |
| 3        |   |                           |                      |                            |                   |            |                              |
| 4        | 9.57% Series Due 2018   | 5/1/88                    | 5/1/18               | 10,000,000                 | 9.57%             | 957,000    | 10,000,000                   |
| 5        | 10.03% Series Due 2018  | 5/1/88                    | 5/1/18               | 5,500,000                  | 10.03%            | 551,650    | 5,500,000                    |
| 6        | 9.08% Series Due 2022   | 6/1/92                    | 6/1/22               | 8,000,000                  | 9.08%             | 726,400    | 8,000,000                    |
| 7        |   |                           |                      |                            |                   |            |                              |
| 8        |   |                           |                      |                            |                   |            |                              |
| 9        |   |                           |                      |                            |                   |            |                              |
| 10       |   |                           |                      |                            |                   |            |                              |
| 11       |   |                           |                      |                            |                   |            |                              |
| 12       |   |                           |                      |                            |                   |            |                              |
| 13       |   |                           |                      |                            |                   |            |                              |
| 14       |   |                           |                      |                            |                   |            |                              |
| 15       |   |                           |                      |                            |                   |            |                              |
| 16       |   |                           |                      |                            |                   |            |                              |
| 17       |   |                           |                      |                            |                   |            |                              |
| 18       |   |                           |                      |                            |                   |            |                              |
| 19       |   |                           |                      |                            |                   |            |                              |
| 20       |   |                           |                      |                            |                   |            |                              |
| 21       |   |                           |                      |                            |                   |            |                              |
| 22       |   |                           |                      |                            |                   |            |                              |
| 23       |   |                           |                      |                            |                   |            |                              |
| 24       |   |                           |                      |                            |                   |            |                              |
| 25       | TOTAL   |                           |                      | 23,500,000                 |                   | 2,235,050  | 23,500,000                   |

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

1. Report under separate subheadings for Unamortized Debt Expense, Unamortized Premium on Long-Term Debt and Unamortized Discount on Long-Term Debt, particulars (details) of expense, premium or discount applicable to each class and series of long-term debt.

2. Show premium amounts by enclosing the figures in parentheses.

3. In column (b) show the principal amount of bonds or other long-term debt originally issued.

4. In column (c) show the expense, premium or discount with respect to the amount of bonds or other long-term debt originally issued.

5. Furnish in a footnote particulars (details) regarding the treatment of unamortized debt expense, premium or discount associated with issues redeemed during the year. Also, give in a footnote the date of the Commission's authorization of treatment other than as specified by the Uniform System of Accounts.

6. Identify separately indisposed amounts applicable to issues which were redeemed in prior years.

7. Explain any debits and credits other than amortization debited to Account 428, Amortization of Debt Discount and Expense, or credited to Account 429, Amortization of Premium on Debt - Credit.

| Line No. | Designation of Long-Term Debt (a)   | Principal Amount of Debt Issued (b) | Total Expense Premium or Discount (c) | Amortization Period |             | Balance at Beginning of Year (f) | Debits (Credits) During Year (g) | Balance at End of Year (h) |
|----------|---|-------------------------------------|---------------------------------------|---------------------|-------------|----------------------------------|----------------------------------|----------------------------|
|          |   |                                     |                                       | Date From (d)       | Date To (e) |                                  |                                  |                            |
| 1        | FIRST MORTGAGE BONDS:   |                                     |                                       |                     |             |                                  |                                  |                            |
| 2        |   |                                     |                                       |                     |             |                                  |                                  |                            |
| 3        | 9.57% Series Due 2018   | 10,000,000                          | 180,273                               | 5/1/88              | 5/1/18      | 124,990                          | (7,211)                          | 117,779                    |
| 4        | 10.03% Series Due 2016  | 5,500,000                           | 97,070                                | 5/1/88              | 5/1/18      | 67,302                           | (3,883)                          | 63,419                     |
| 5        | 9.08% Series Due 2022   | 8,000,000                           | 121,987                               | 6/1/82              | 6/1/22      | 107,773                          | (4,067)                          | 103,706                    |
| 6        |   |                                     |                                       |                     |             |                                  |                                  |                            |
| 7        |   |                                     |                                       |                     |             |                                  |                                  |                            |
| 8        |   |                                     |                                       |                     |             |                                  |                                  |                            |
| 9        |   |                                     |                                       |                     |             |                                  |                                  |                            |
| 10       |   |                                     |                                       |                     |             |                                  |                                  |                            |
| 11       |   |                                     |                                       |                     |             |                                  |                                  |                            |
| 12       |   |                                     |                                       |                     |             |                                  |                                  |                            |
| 13       |   |                                     |                                       |                     |             |                                  |                                  |                            |
| 14       |   |                                     |                                       |                     |             |                                  |                                  |                            |
| 15       |   |                                     |                                       |                     |             |                                  |                                  |                            |
| 16       | NOTE: Account 189 - \$5,000,000 Reacquired Bond originally due in 1998 has reacquired debt loss and is amortized in Account 4280.1. |                                     |                                       |                     |             |                                  |                                  |                            |
| 17       | The associated amount for 1996 was \$18,284.00. \$2,000,000 Reacquired Bond originally due in 2002 has reacquired debt loss and is  |                                     |                                       |                     |             |                                  |                                  |                            |
| 18       | amortized in Account 428. The associated amount for 1996 is \$4,078.  |                                     |                                       |                     |             |                                  |                                  |                            |
| 19       |   |                                     |                                       |                     |             |                                  |                                  |                            |
| 20       | Expenses incurred to obtain a \$13,000,000 line of credit is amortized in Account 4280.3 by the amount of \$6,304 for 1996.         |                                     |                                       |                     |             |                                  |                                  |                            |
| 21       |   |                                     |                                       |                     |             |                                  |                                  |                            |
| 22       | The amortization of debt discount occurs in Account 4280.2. The associated amount for 1996 was \$15,160.68                          |                                     |                                       |                     |             |                                  |                                  |                            |
| 23       |   |                                     |                                       |                     |             |                                  |                                  |                            |
| 24       | Total Account 4280 = \$43,826.  |                                     |                                       |                     |             |                                  |                                  |                            |
| 25       |   |                                     |                                       |                     |             |                                  |                                  |                            |
| 26       |   |                                     |                                       |                     |             |                                  |                                  |                            |
| 27       |   |                                     |                                       |                     |             |                                  |                                  |                            |
| 28       |   |                                     |                                       |                     |             |                                  |                                  |                            |
| 29       |   |                                     |                                       |                     |             |                                  |                                  |                            |
| 30       |   |                                     |                                       |                     |             |                                  |                                  |                            |
| 31       |   |                                     |                                       |                     |             |                                  |                                  |                            |
| 32       |   |                                     |                                       |                     |             |                                  |                                  |                            |
| 33       |   |                                     |                                       |                     |             |                                  |                                  |                            |
| 34       |   |                                     |                                       |                     |             |                                  |                                  |                            |
| 35       |   |                                     |                                       |                     |             |                                  |                                  |                            |
| 36       |   |                                     |                                       |                     |             |                                  |                                  |                            |
| 37       |   |                                     |                                       |                     |             |                                  |                                  |                            |
| 38       |   |                                     |                                       |                     |             |                                  |                                  |                            |
| 39       |   |                                     |                                       |                     |             |                                  |                                  |                            |
| 40       |   |                                     |                                       |                     |             |                                  |                                  |                            |
| 41       |   |                                     |                                       |                     |             |                                  |                                  |                            |
| 42       |   |                                     |                                       |                     |             |                                  |                                  |                            |
| 43       |   |                                     |                                       |                     |             |                                  |                                  |                            |
| 44       |   |                                     |                                       |                     |             |                                  |                                  |                            |
| 45       |   |                                     |                                       |                     |             |                                  |                                  |                            |
| 46       |   | 23,500,000                          | 399,310                               |                     |             | 300,065                          | (15,161)                         | 284,904                    |

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<br>(a)   | Date Reacquired<br>(b) | Principal of Debt Reacquired<br>(c) | Net Gain or Net Loss<br>(d) | Balance at Beginning of Year<br>(e) | Balance at End of Year<br>(f) |
|----------|--|------------------------|-------------------------------------|-----------------------------|-------------------------------------|-------------------------------|
| 1        | Unamortized Loss on Reacquired Debt 12.5% Due 1988 Maturity date of new issue - 5/1/88 | 5/1/88                 | 5,000,000                           | 548,516                     | 409,863                             | 391,579                       |
| 2        |  |                        |                                     |                             |                                     |                               |
| 3        |  |                        |                                     |                             |                                     |                               |
| 4        |  |                        |                                     |                             |                                     |                               |
| 5        |  |                        |                                     |                             |                                     |                               |
| 6        |  |                        |                                     |                             |                                     |                               |
| 7        | Unamortized Loss on Reacquired Debt 8% Due 2002  | 7/1/93                 | 2,000,000                           | 36,699                      | 26,504                              | 22,426                        |
| 8        |  |                        |                                     |                             |                                     |                               |
| 9        |  |                        |                                     |                             |                                     |                               |
| 10       |  |                        |                                     |                             |                                     |                               |
| 11       |  |                        |                                     |                             |                                     |                               |
| 12       |  |                        |                                     |                             |                                     |                               |
| 13       |  |                        |                                     |                             |                                     |                               |
| 14       |  |                        |                                     |                             |                                     |                               |
| 15       |  |                        |                                     |                             |                                     |                               |
| 16       |  |                        |                                     |                             |                                     |                               |
| 17       |  |                        |                                     |                             |                                     |                               |
| 18       |  |                        |                                     |                             |                                     |                               |
| 19       |  |                        |                                     |                             |                                     |                               |
| 20       |  |                        |                                     |                             |                                     |                               |
| 21       |  |                        |                                     |                             |                                     |                               |
| 22       |  |                        |                                     |                             |                                     |                               |
| 23       |  |                        |                                     |                             |                                     |                               |
| 24       |  |                        |                                     |                             |                                     |                               |
| 25       |  |                        |                                     |                             |                                     |                               |
| 26       |  |                        |                                     |                             |                                     |                               |
| 27       |  |                        |                                     |                             |                                     |                               |
| 28       |  |                        |                                     |                             |                                     |                               |
| 29       |  |                        |                                     |                             |                                     |                               |
| 30       |  |                        |                                     |                             |                                     |                               |
| 31       |  |                        |                                     |                             |                                     |                               |
| 32       |  |                        |                                     |                             |                                     |                               |
| 33       |  |                        |                                     |                             |                                     |                               |
| 34       |  |                        |                                     |                             |                                     |                               |
| 35       |  |                        |                                     |                             |                                     |                               |
| 36       |  |                        |                                     |                             |                                     |                               |
| 37       |  |                        |                                     |                             |                                     |                               |
| 38       |  |                        |                                     |                             |                                     |                               |
| 39       |  |                        |                                     |                             |                                     |                               |
| 40       |  |                        |                                     |                             |                                     |                               |
| 41       |  |                        |                                     |                             |                                     |                               |
| 42       |  |                        |                                     |                             |                                     |                               |
| 43       |  |                        |                                     |                             |                                     |                               |
| 44       |  |                        |                                     |                             |                                     |                               |
| 45       |  |                        |                                     |                             |                                     | 414,005                       |
| 46       |  |                        |                                     |                             |                                     |                               |

RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME  
FOR FEDERAL INCOME TAXES

1. Report the reconciliation of reported net income for the year with taxable income used in computing Federal income tax accruals and show computation of such tax accruals. Include in the reconciliation, as far as practicable, the same detail as furnished on Schedule M-1 of the tax return for the year. Submit a reconciliation even though there is no taxable income for the year. Indicate clearly the nature of each reconciling amount.

2. If the utility is a member of a group which files a consolidated Federal tax return, reconcile reported net income with taxable net income as if a separate return were to be filed, indicating, however, intercompany amounts to be eliminated in such a consolidated return. State names of group members, tax assigned to each group member, and basis of allocation, assignment, or sharing of the consolidated tax among the group members.

| Line No. | Particulars (Details)<br>(a)                         | Amount<br>(b) |
|----------|--|---------------|
| 1        | Net Income for the Year (Page 14)                    | \$2,751,091   |
| 2        | Reconciling Items for the Year                       |               |
| 3        |  |               |
| 4        | Taxable Income Not Reported on Books                 |               |
| 5        | Service Contributions                                | 635,000       |
| 6        | Rate Refund Pending                                  | 93,000        |
| 7        | Deductions Recorded on Books Not Deducted for Return |               |
| 8        | Environmental Costs                                  | 73,250        |
| 9        | Income taxes (Excluding Current State Income Taxes)  | 1,253,438     |
| 10       | Loss on Reaquired Debt                               | 22,362        |
| 11       | Vacation Pay   | 17,625        |
| 12       | Rate Case Expense                                    | 35,255        |
| 13       | Outside Audit Fees                                   | 22,750        |
| 14       | Uncollectible Reserve                                | 10,572        |
| 15       | Meals Expense  | 8,952         |
| 16       | Depreciation Study                                   | 18,130        |
| 17       | Natural Gas Odorizer                                 | 4,190         |
| 18       |  |               |
| 19       | Income Recorded on Books Not Included in Return      |               |
| 20       | Equity in Subsidiary                                 | 58,262        |
| 21       |  |               |
| 22       | Deductions on Return Not Charged Against Book Income |               |
| 23       | Conservation Program Costs                           | 22,239        |
| 24       | Cost of Removal ADR                                  | 80,000        |
| 25       | Depreciation   | 668,205       |
| 26       | Pension Reserve                                      | 37,921        |
| 27       | Ordinary Loss on ACRS Property                       | 150,000       |
| 28       | Self - Insurance Reserve                             | 115,058       |
| 29       | Underrecoveries of Purchased Energy Cost             | 1,303,777     |
| 30       |  |               |
| 31       | Federal Tax Net Income                               | 2,510,153     |
| 32       | Show Computation of Tax:                             |               |
| 33       |  |               |
| 34       | Tax at 34%   | 853,452       |
| 35       | Rounding   | 48            |
| 36       | TOTAL Federal Income Tax Payable                     | 853,500       |
| 37       |  |               |

TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR

|    | Name of Taxing Authority                                 | Federal Income | State Income | Real Property | Tangible Personal Property | Intangible Personal Property | FICA, SUTA, FUTA | Gross Receipts | Regulatory Assessment Fees | Environmental, Excise | Other | Total     |
|----|--|----------------|--------------|---------------|----------------------------|------------------------------|------------------|----------------|----------------------------|-----------------------|-------|-----------|
| 1  | TAXES (ACCRUED)/PREPAID BEG. OF YEAR                     | (506,881)      | (131,821)    | 0             | 0                          | 0                            | (669)            | (41,218)       | (129,913)                  | 0                     | 0     | (810,502) |
| 2  | Taxes Charged During Year                                |                |              |               |                            |                              |                  |                |                            |                       |       |           |
| 3  |  |                |              |               |                            |                              |                  |                |                            |                       |       |           |
| 4  | Federal Taxes  | 642,591        |              |               |                            |                              | 806,161          |                |                            | 4,576                 |       | 1,453,328 |
| 5  |  |                |              |               |                            |                              |                  |                |                            |                       |       |           |
| 6  | State of Florida Taxes                                   |                | 165,419      |               |                            | 13,058                       | 4,583            | 1,746,211      | 233,661                    | (2,828)               | 0     | 2,160,104 |
| 7  |  |                |              |               |                            |                              |                  |                |                            |                       |       |           |
| 8  | Local Taxes  |                |              | 1,103,250     |                            |                              |                  |                |                            |                       | 6,545 | 1,109,795 |
| 9  |  |                |              |               |                            |                              |                  |                |                            |                       |       |           |
| 10 |  |                |              |               |                            |                              |                  |                |                            |                       |       |           |
| 11 |  |                |              |               |                            |                              |                  |                |                            |                       |       |           |
| 12 | TOTAL TAXES CHARGED DURING YEAR (Lines 3-11)             | 642,591        | 165,419      | 1,103,250     | 0                          | 13,058                       | 810,744          | 1,746,211      | 233,661                    | 1,748                 | 6,545 | 4,723,227 |
| 13 | Taxes Paid During Year                                   |                |              |               |                            |                              |                  |                |                            |                       |       |           |
| 14 |  |                |              |               |                            |                              |                  |                |                            |                       |       |           |
| 15 | Federal Taxes  | 1,661,121      |              |               |                            |                              | 806,044          |                |                            | 0                     |       | 2,467,165 |
| 16 |  |                |              |               |                            |                              |                  |                |                            |                       |       |           |
| 17 | State of Florida Taxes                                   |                | 327,993      |               |                            | 13,058                       | 4,745            | 1,632,638      | 210,702                    | 0                     | 0     | 2,189,136 |
| 18 |  |                |              |               |                            |                              |                  |                |                            |                       |       |           |
| 19 | Local Taxes  |                |              | 1,103,250     |                            |                              |                  |                |                            |                       | 6,956 | 1,110,206 |
| 20 |  |                |              |               |                            |                              |                  |                |                            |                       |       |           |
| 21 |  |                |              |               |                            |                              |                  |                |                            |                       |       |           |
| 22 |  |                |              |               |                            |                              |                  |                |                            |                       |       |           |
| 23 | TOTAL TAXES PAID DURING YEAR (Lines 14-22)               | 1,661,121      | 327,993      | 1,103,250     | 0                          | 13,058                       | 810,789          | 1,632,638      | 210,702                    | 0                     | 6,956 | 5,766,507 |
| 24 | Adjustments (list)                                       |                |              |               |                            |                              |                  |                |                            |                       |       |           |
| 25 |  |                |              |               |                            |                              |                  |                |                            |                       |       |           |
| 26 |  |                |              |               |                            |                              |                  |                |                            |                       |       |           |
| 27 | TOTAL ADJUSTMENTS (Lines 24-26)                          | 0              |              |               |                            |                              |                  |                |                            |                       |       |           |
| 28 | TAXES (ACCRUED)/PREPAID END OF YEAR (Lines 1+12-23+/-2/) | 511,649        | 30,753       | 0             | 0                          | 0                            | (624)            | (154,791)      | (152,872)                  | (1,748)               | 411   | 232,778   |

DISTRIBUTION OF TAXES CHARGED

|    |  | Federal Income | State Income | Real Property | Tangible Personal Property | Intangible Personal Property | FICA, SUTA, FUTA | Gross Receipts | Regulatory Assessment Fees | Environmental, Excise | Other | Total     |
|----|--|----------------|--------------|---------------|----------------------------|------------------------------|------------------|----------------|----------------------------|-----------------------|-------|-----------|
| 29 |  |                |              |               |                            |                              |                  |                |                            |                       |       |           |
| 30 | Electric (Account 408.1, 409.1)                        | 349,352        | 73,611       | 418,071       | 0                          | 6,648                        | 132,079          | 1,008,914      | 33,987                     | 816                   | 500   | 2,023,978 |
| 31 | Gas (Account 408.1, 409.1)                             | 106,815        | 53,188       | 596,747       | 0                          | 6,410                        | 389,455          | 737,297        | 117,055                    | 807                   | 6,045 | 2,013,819 |
| 32 | Other Utility Departments (408.1, 409.1)               | 198,140        | 40,614       | 88,432        | 0                          | 0                            | 28,711           | 0              | 82,619                     | 125                   | 0     | 438,641   |
| 33 | Other Income and Deductions (408.2, 409.2)             | (11,716)       | (1,994)      | 0             | 0                          | 0                            | 0                | 0              | 0                          | 0                     | 0     | (13,710)  |
| 34 | Extraordinary Items (Account 409.3)                    |                |              |               |                            |                              |                  |                |                            |                       |       |           |
| 35 | Other Utility Operating Income (408.1, 409.1)          |                |              |               |                            |                              |                  |                |                            |                       |       |           |
| 36 | Adjust. to Retained Earnings (Account 439)             |                |              |               |                            |                              |                  |                |                            |                       |       |           |
| 37 | CWIP (Account 207)                                     |                |              |               |                            |                              |                  |                |                            |                       |       |           |
| 38 | Other Balance Sheet Accounts & Merch. & Jobbing        |                |              |               |                            |                              | 260,499          |                |                            |                       |       | 260,499   |
| 39 |  |                |              |               |                            |                              |                  |                |                            |                       |       |           |
| 40 |  |                |              |               |                            |                              |                  |                |                            |                       |       |           |
| 41 |  |                |              |               |                            |                              |                  |                |                            |                       |       |           |
| 42 | TOTAL (Should equal Lines 12+/-Line 27, if applicable) | 642,591        | 165,419      | 1,103,250     | 0                          | 13,058                       | 810,744          | 1,746,211      | 233,661                    | 1,748                 | 6,545 | 4,723,227 |



December 31, 1996

ACCUMULATED DEFERRED INVESTMENT TAX CREDITS (Account 255)

Report below the information applicable to Account 255. Where appropriate, segregate the balances and transactions by utility and nonutility operations. Explain by footnote any

correction adjustment to the account balance shown in column (g). Include in column (i) the average period over which the tax credits are amortized.

| Line No. | Account Subdivisions (a) | Balance at Beginning of Year (b) | Deferred for Year |            | Allocations to Current Year's Income |            | Adjustments (g) | Balance at End Year (h) | Average Period of Allocation to Income (i) |
|----------|--------------------------|----------------------------------|-------------------|------------|--------------------------------------|------------|-----------------|-------------------------|--|
|          |                          |                                  | Acct. No. (c)     | Amount (d) | Acct. No. (e)                        | Amount (f) |                 |                         |  |
| 1        | Gas Utility              |                                  |                   |            |                                      |            |                 |                         |  |
| 2        | 3%                       | 20,950                           |                   |            | 4110.4                               | 4,089      |                 | 16,861                  | 35 YEARS                                   |
| 3        | 4%                       | 28,902                           |                   |            | 4110.4                               | 3,300      |                 | 25,602                  | 35 YEARS                                   |
| 4        | 7%                       | 0                                |                   |            |                                      | 0          |                 | 0                       |  |
| 5        | 10%                      | 677,811                          |                   |            | 4110.4                               | 47,777     |                 | 630,034                 | 35 YEARS                                   |
| 6        | Prior Period Adjustment  | (49)                             |                   |            |                                      |            |                 | (49)                    |  |
| 7        |                          |                                  |                   |            |                                      |            |                 |                         |  |
| 8        | TOTAL                    | 727,614                          |                   |            |                                      | 55,166     |                 | 672,448                 |  |
| 9        | ELECTRIC Utility         |                                  |                   |            |                                      |            |                 |                         |  |
| 10       | 3%                       | 2,431                            |                   |            | 4110.4                               | 1,126      |                 | 1,305                   | 28 YEARS                                   |
| 11       | 4%                       | 40,599                           |                   |            | 4110.4                               | 5,810      |                 | 34,789                  | 28 YEARS                                   |
| 12       | 7%                       | 0                                |                   |            |                                      | 0          |                 | 0                       |  |
| 13       | 10%                      | 635,214                          |                   |            | 4110.4                               | 42,970     |                 | 592,244                 | 28 YEARS                                   |
| 14       | Prior Period Adjustment  | (7,769)                          |                   |            |                                      |            |                 | (7,769)                 |  |
| 15       | TOTAL                    | 670,475                          |                   |            |                                      | 49,906     |                 | 620,569                 |  |
| 16       | WATER Utility            |                                  |                   |            |                                      |            |                 |                         |  |
| 17       | 3%                       | 915                              |                   |            | 4110.4                               | 118        |                 | 797                     | 34 YEARS                                   |
| 18       | 4%                       | 2,609                            |                   |            | 4110.4                               | 217        |                 | 2,392                   | 34 YEARS                                   |
| 19       | 7%                       | 0                                |                   |            |                                      | 0          |                 | 0                       |  |
| 20       | 10%                      | 124,951                          |                   |            | 4110.4                               | 6,602      |                 | 118,349                 | 34 YEARS                                   |
| 21       | Prior Period Adjustment  | 23                               |                   |            |                                      |            |                 | 23                      |  |
| 22       | TOTAL                    | 128,498                          |                   |            |                                      | 6,937      |                 | 121,561                 |  |
| 23       |                          |                                  |                   |            |                                      |            |                 |                         |  |
| 24       | TOTAL UTILITY            | 1,526,587                        |                   |            |                                      | 112,009    |                 | 1,414,578               |  |

NOTES

1. Use this space to explain any adjustments made in this period.

2. Use this space to list by year generated and by amount any ITCs that have not been utilized and have not expired by the end of the period.

Dec. 31, 1996

MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES (Account 242)

1. Describe and report the amount of other current and accrued liabilities at the end of year.

2. Minor items (less than \$50,000) may be grouped under appropriate title.

| Line No. | Item (a)           | Balance at End of Year (b) |
|----------|--------------------|----------------------------|
| 1        |                    |                            |
| 2        | Vacation Pay       | 589,386                    |
| 3        |                    |                            |
| 4        | Outside Audit Fees | 81,750                     |
| 5        |                    |                            |
| 6        | Commission Funds   | 1,212                      |
| 7        |                    |                            |
| 8        |                    |                            |
| 9        |                    |                            |
| 10       |                    |                            |
| 11       |                    |                            |
| 12       |                    |                            |
| 13       |                    |                            |
| 14       |                    |                            |
| 15       |                    |                            |
| 16       |                    |                            |
| 17       |                    |                            |
| 18       | TOTAL              | 672,348                    |

OTHER DEFERRED CREDITS (Account 253)

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

amortization.

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

2. For any deferred credit being amortized, show the period of

| Line No. | Description of Other Deferred Credit (a) | Balance Beginning of Year (b) | DEBITS             |             | Credits (e) | Balance at End of Year (f) |
|----------|--|-------------------------------|--------------------|-------------|-------------|----------------------------|
|          |  |                               | Contra Account (c) | Amount (d)  |             |                            |
| 1        | Over Recovery of Fuel Adjustment -       | 423,824                       | 456.1              | 904,456     | 904,314     | 423,682                    |
| 2        | Electric (Amortized over succeeding      |                               | 456.11             |             |             |                            |
| 3        | six month period)                        |                               |                    |             |             |                            |
| 4        |  |                               |                    |             |             |                            |
| 5        | Over Recovery of Fuel Adjustment -       | (88,481)                      | 495.1              | 1,775,835   | 1,864,316   | 0                          |
| 6        | Gas (Amortized over succeeding           |                               | 495                |             |             |                            |
| 7        | twelve month period)                     |                               |                    |             |             |                            |
| 8        |  |                               |                    |             |             |                            |
| 9        | Environmental Insurance Proceeds         | 4,385,840                     | 1860.1             | 23741       | 169,007     | 4,531,106                  |
| 10       |  |                               |                    |             |             |                            |
| 11       | Over Recovery - Conservation             | 0                             | 456.6              | 14          | 18605       | 18,591                     |
| 12       |  |                               |                    |             |             |                            |
| 13       |  |                               |                    |             |             |                            |
| 14       |  |                               |                    |             |             |                            |
| 15       |  |                               |                    |             |             |                            |
| 16       |  |                               |                    |             |             |                            |
| 17       |  |                               |                    |             |             |                            |
| 18       |  |                               |                    |             |             |                            |
| 19       |  |                               |                    |             |             |                            |
| 20       |  |                               |                    |             |             |                            |
| 21       | TOTAL                                    | \$4,721,183                   |                    | \$2,704,046 | \$2,956,242 | \$4,973,379                |

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

| Line No. | Balance at Beginning of Year                          | Changes During Year              |                                   |                                  |                                   | Adjustments |        |             |        | Balance at End of Year |
|----------|---|----------------------------------|-----------------------------------|----------------------------------|-----------------------------------|-------------|--------|-------------|--------|------------------------|
|          |   | Amounts Debited to Account 410.1 | Amounts Credited to Account 411.1 | Amounts Debited to Account 410.2 | Amounts Credited to Account 411.2 | Debits      |        | Credits     |        |                        |
|          |   |                                  |                                   |                                  |                                   | Account No. | Amount | Account No. | Amount |                        |
| 1        |   |                                  |                                   |                                  |                                   |             |        |             |        |                        |
| 2        | ACCOUNT 281 - ACCELERATED AMORTIZATION PROPERTY       |                                  |                                   |                                  |                                   |             |        |             |        |                        |
| 3        | Electric  |                                  |                                   |                                  |                                   |             |        |             |        |                        |
| 4        | Gas   |                                  |                                   |                                  |                                   |             |        |             |        |                        |
| 5        | Other   |                                  |                                   |                                  |                                   |             |        |             |        |                        |
| 6        |   |                                  |                                   |                                  |                                   |             |        |             |        |                        |
| 7        | TOTAL ACCOUNT 281 (Lines 3 thru 6)                    | 0                                | 0                                 | 0                                | 0                                 |             | 0      |             | 0      | 0                      |
| 8        |   |                                  |                                   |                                  |                                   |             |        |             |        |                        |
| 9        | ACCOUNT 282 - OTHER PROPERTY                          |                                  |                                   |                                  |                                   |             |        |             |        |                        |
| 10       | Electric  | 4,981,692                        | (542,363)                         |                                  |                                   |             |        |             |        | 4,439,329              |
| 11       | Gas   | 4,831,236                        | (218,017)                         |                                  |                                   |             |        |             |        | 4,613,219              |
| 12       | Other   | 59,585                           | (212,796)                         |                                  |                                   |             |        |             |        | (153,211)              |
| 13       |   |                                  |                                   |                                  |                                   |             |        |             |        |                        |
| 14       | TOTAL ACCOUNT 282 (Lines 10 thru 13)                  | 9,872,513                        | (973,176)                         | 0                                | 0                                 | 0           | 0      | 0           | 0      | 8,899,337              |
| 15       |   |                                  |                                   |                                  |                                   |             |        |             |        |                        |
| 16       | ACCOUNT 283 - OTHER                                   |                                  |                                   |                                  |                                   |             |        |             |        |                        |
| 17       | Electric  | 296,942                          | 77,940                            |                                  |                                   |             |        |             |        | 374,882                |
| 18       | Gas   | 154,026                          | 401,561                           |                                  |                                   |             |        |             |        | 555,587                |
| 19       | Other - Water   | 16,762                           | (1,592)                           |                                  |                                   |             |        |             |        | 15,170                 |
| 20       |   |                                  |                                   |                                  |                                   |             |        |             |        |                        |
| 21       | TOTAL ACCOUNT 283 - OTHER (Lines 17 thru 20)          | 467,730                          | 477,909                           | 0                                | 0                                 | 0           | 0      | 0           | 0      | 945,639                |
| 22       |   |                                  |                                   |                                  |                                   |             |        |             |        |                        |
| 23       | ELECTRIC  |                                  |                                   |                                  |                                   |             |        |             |        |                        |
| 24       | Federal Income Tax                                    | 4,688,701                        | (437,823)                         |                                  |                                   |             |        |             |        | 4,250,878              |
| 25       | State Income Tax                                      | 589,933                          | (26,600)                          |                                  |                                   |             |        |             |        | 563,333                |
| 26       |   |                                  |                                   |                                  |                                   |             |        |             |        |                        |
| 27       | TOTAL ELECTRIC (Lines 24 thru 26)                     | 5,278,634                        | (464,423)                         | 0                                | 0                                 | 0           | 0      | 0           | 0      | 4,814,211              |
| 28       |   |                                  |                                   |                                  |                                   |             |        |             |        |                        |
| 29       | GAS   |                                  |                                   |                                  |                                   |             |        |             |        |                        |
| 30       | Federal Income Tax                                    | 4,433,073                        | 123,816                           |                                  |                                   |             |        |             |        | 4,556,889              |
| 31       | State Income Tax                                      | 552,189                          | 59,728                            |                                  |                                   |             |        |             |        | 611,917                |
| 32       |   |                                  |                                   |                                  |                                   |             |        |             |        |                        |
| 33       | TOTAL GAS (Lines 30 thru 32)                          | 4,985,262                        | 183,544                           | 0                                | 0                                 | 0           | 0      | 0           | 0      | 5,168,806              |
| 34       |   |                                  |                                   |                                  |                                   |             |        |             |        |                        |
| 35       | OTHER - WATER   |                                  |                                   |                                  |                                   |             |        |             |        |                        |
| 36       | Federal Income Tax                                    | 82,668                           | (186,989)                         |                                  |                                   |             |        |             |        | (104,321)              |
| 37       | State Income Tax                                      | (6,321)                          | (27,399)                          |                                  |                                   |             |        |             |        | (33,720)               |
| 38       |   |                                  |                                   |                                  |                                   |             |        |             |        |                        |
| 39       | TOTAL OTHER (Lines 36 thru 38)                        | 76,347                           | (214,388)                         | 0                                | 0                                 | 0           | 0      | 0           | 0      | (138,041)              |
| 40       |   |                                  |                                   |                                  |                                   |             |        |             |        |                        |
| 41       | TOTAL (Total of lines 7, 14, 21 and Lines 27, 33, 39) | 10,340,243                       | (495,267)                         | 0                                | 0                                 | 0           | 0      | 0           | 0      | 9,844,976              |
| 42       |   |                                  |                                   |                                  |                                   |             |        |             |        |                        |

NOTES

OTHER REGULATORY LIABILITIES (Account 254)

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

| Line No. | Description and Purpose of Other Regulatory Liabilities (a) | Balance Beginning of Year (b) | Debits             |            | Credits (d) | Balance End of Year (e) |
|----------|---|-------------------------------|--------------------|------------|-------------|-------------------------|
|          |   |                               | Contra Account (b) | Amount (c) |             |                         |
| 1        |   |                               |                    |            |             |                         |
| 2        | See Page 44   |                               |                    |            |             |                         |
| 3        |   |                               |                    |            |             |                         |
| 4        |   |                               |                    |            |             |                         |
| 5        |   |                               |                    |            |             |                         |
| 6        |   |                               |                    |            |             |                         |
| 7        |   |                               |                    |            |             |                         |
| 8        |   |                               |                    |            |             |                         |
| 9        |   |                               |                    |            |             |                         |
| 10       |   |                               |                    |            |             |                         |
| 11       |   |                               |                    |            |             |                         |
| 12       |   |                               |                    |            |             |                         |
| 13       |   |                               |                    |            |             |                         |
| 14       |   |                               |                    |            |             |                         |
| 15       |   |                               |                    |            |             |                         |
| 16       |   |                               |                    |            |             |                         |
| 17       |   |                               |                    |            |             |                         |
| 18       |   |                               |                    |            |             |                         |
| 19       |   |                               |                    |            |             |                         |
| 20       |   |                               |                    |            |             |                         |
| 21       |   |                               |                    |            |             |                         |
| 22       |   |                               |                    |            |             |                         |
| 23       |   |                               |                    |            |             |                         |
| 24       |   |                               |                    |            |             |                         |
| 25       |   |                               |                    |            |             |                         |
| 26       |   |                               |                    |            |             |                         |
| 27       |   |                               |                    |            |             |                         |
| 28       |   |                               |                    |            |             |                         |
| 29       |   |                               |                    |            |             |                         |
| 30       |   |                               |                    |            |             |                         |
| 31       |   |                               |                    |            |             |                         |
| 32       |   |                               |                    |            |             |                         |
| 33       |   |                               |                    |            |             |                         |
| 34       |   |                               |                    |            |             |                         |
| 35       |   |                               |                    |            |             |                         |
| 36       |   |                               |                    |            |             |                         |
| 37       |   |                               |                    |            |             |                         |
| 38       |   |                               |                    |            |             |                         |
| 39       |   |                               |                    |            |             |                         |
| 40       |   |                               |                    |            |             |                         |
| 41       | TOTAL   |                               |                    |            |             |                         |

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## GAS OPERATING REVENUES (Account 400)

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

| Line No.  | Title of Account (a)                                | OPERATING REVENUES  |                              |
|-----------|---|---------------------|------------------------------|
|           |   | Amount for Year (b) | Amount for Previous Year (c) |
| <b>1</b>  | <b>GAS SERVICE REVENUES</b>                         |                     |                              |
| <b>2</b>  | <b>FIRM SALES SERVICE</b>                           |                     |                              |
| 3         | 480 Residential Sales                               | 9,889,843           | 7,908,064                    |
| 4         | 481 Commercial & Industrial Sales - Small           | 5,535,490           | 3,109,514                    |
| 5         | 481 Commercial & Industrial Sales - Large]          | 11,484,131          | 8,342,559                    |
| 6         | 481   |                     |                              |
| 7         | 481   |                     |                              |
| 8         | 481   |                     |                              |
| <b>9</b>  | <b>INTERRUPTIBLE SALES SERVICE</b>                  |                     |                              |
| 10        | 481 Commercial & Industrial Sales - Interruptible   | 1,981,770           | 1,341,804                    |
| 11        | 481   |                     |                              |
| <b>12</b> | <b>FIRM TRANSPORTATION SERVICE</b>                  |                     |                              |
| 13        | 489   |                     |                              |
| 14        | 489   |                     |                              |
| 15        | 489   |                     |                              |
| <b>16</b> | <b>INTERRUPTIBLE TRANSPORTATION SERVICE</b>         |                     |                              |
| 17        | 489   |                     |                              |
| 18        | 482 Other Sales to Public Authorities               | 781,409             | 512,725                      |
| 19        | 484 Flex Rate - Refund                              |                     |                              |
| 20        | TOTAL Sales to Ultimate Consumers                   | 29,672,643          | 21,214,666                   |
| 21        | 483 Sales for Resale                                |                     |                              |
| 22        | Off-System Sales                                    | 926,140             | 1,576,350                    |
| 23        | TOTAL Nat. Gas Service Revenues                     | 30,598,783          | 22,791,016                   |
| 24        | TOTAL Gas Service Revenues                          | 30,598,783          | 22,791,016                   |
| <b>25</b> | <b>OTHER OPERATING REVENUES</b>                     |                     |                              |
| 26        | 485 Intracompany Transfers                          |                     |                              |
| 27        | 487 Forfeited Discounts                             |                     |                              |
| 28        | 488 Misc. Service Revenues                          | 256,034             | 255,436                      |
| 29        | 489 Rev. from Trans. of Gas of Others (not included |                     |                              |
| 30        | in above rate schedules)                            | 317,339             | 757,335                      |
| 31        | 493 Rent from Gas Property                          |                     |                              |
| 32        | 494 Interdepartmental Rents                         |                     |                              |
| 33        | 495 Other Gas Revenues                              |                     |                              |
| 34        | Initial Connection                                  |                     |                              |
| 35        | Reconnect for Cause                                 |                     |                              |
| 36        | Collection in lieu of disconnect                    |                     |                              |
| 37        | Returned Check                                      |                     |                              |
| 38        | Unbilled Revenue                                    | (28,085)            | 248,010                      |
| 39        | Other   | 29,705              | 11,358                       |
| 40        | 495.1 Overrecoveries Purchased Gas                  | 680,546             | 1,197,651                    |
| 41        | TOTAL Other Operating Revenues                      | 1,255,539           | 2,469,790                    |
| 42        | TOTAL Gas Operating Revenues                        | 31,854,322          | 25,260,806                   |
| 43        | (Less) 496 Provision for Rate Refunds               |                     |                              |
| 44        | TOTAL Gas Operating Revenues Net of                 |                     |                              |
| 45        | Provision for Refunds                               | 31,854,322          | 25,260,806                   |
| 46        | Sales for Resale                                    |                     |                              |
| 47        | Other Sales to Public Authority                     |                     |                              |
| 48        | Interdepartmental Sales                             |                     |                              |
| 49        | TOTAL   | 31,854,322          | 25,260,806                   |

GAS OPERATING REVENUES (ACCOUNT 400) (Continued)

6. If increases or decreases from previous year (columns (c),(e), and (g)), are not derived from previously reported figures, explain any inconsistencies in a footnote.

7. See page 9, Important Changes During Year, for important new territory added and important rate increases or decreases.

| THERMS OF NATURAL GAS SOLD |                                | AVG. NO. OF NAT. GAS CUSTOMERS PER MO. |                              | Line No. |
|----------------------------|--------------------------------|--|------------------------------|----------|
| Quantity for Year (d)      | Quantity for Previous Year (e) | Number for Year                        | Number for Previous Year (g) |          |
|                            |                                |  |                              | 1        |
|                            |                                |  |                              | 2        |
| 9,377,490                  | 9,020,020                      | 31,262                                 | 31,123                       | 3        |
| 8,615,650                  | 6,218,740                      | 2,282                                  | 1,932                        | 4        |
| 20,829,980                 | 20,348,370                     | 867                                    | 1,076                        | 5        |
|                            |                                |  |                              | 6        |
|                            |                                |  |                              | 7        |
|                            |                                |  |                              | 8        |
|                            |                                |  |                              | 9        |
| 4,534,100                  | 4,324,180                      | 13                                     | 13                           | 10       |
|                            |                                |  |                              | 11       |
|                            |                                |  |                              | 12       |
|                            |                                |  |                              | 13       |
|                            |                                |  |                              | 14       |
|                            |                                |  |                              | 15       |
|                            |                                |  |                              | 16       |
|                            |                                |  |                              | 17       |
| 1,314,320                  | 1,178,200                      | 204                                    | 193                          | 18       |
|                            |                                |  |                              | 19       |
| 44,671,540                 | 41,089,510                     | 34,628                                 | 34,337                       | 20       |
|                            |                                |  |                              | 21       |
| 2,862,390                  | 1,970,700                      | 1                                      | 1                            | 22       |
| 47,533,930                 | 43,060,210                     | 34,629                                 | 34,338                       | 23       |
|                            |                                |  |                              | 24       |
|                            |                                |  |                              | 25       |
|                            |                                |  |                              | 26       |
|                            |                                |  |                              | 27       |
|                            |                                |  |                              | 28       |
|                            |                                |  |                              | 29       |
|                            |                                |  |                              | 30       |
|                            |                                |  |                              | 31       |
|                            |                                |  |                              | 32       |
|                            |                                |  |                              | 33       |
|                            |                                |  |                              | 34       |
|                            |                                |  |                              | 35       |
|                            |                                |  |                              | 36       |
|                            |                                |  |                              | 37       |
|                            |                                |  |                              | 38       |
|                            |                                |  |                              | 39       |
|                            |                                |  |                              | 40       |
|                            |                                |  |                              | 41       |
|                            |                                |  |                              | 42       |
|                            |                                |  |                              | 43       |
|                            |                                |  |                              | 44       |
|                            |                                |  |                              | 45       |
|                            |                                |  |                              | 46       |
|                            |                                |  |                              | 47       |
|                            |                                |  |                              | 48       |
| 47,533,930                 | 43,060,210                     |  |                              | 49       |

NOTES

RESIDENTIAL AND COMMERCIAL SPACE HEATING CUSTOMERS

A residential space heating customer is a customer whose major fuel for heating is gas.

| Line No. | Item (a)  | Residential (b) | Commercial (c) |
|----------|---|-----------------|----------------|
| 1        | Average Number of Space Heating Customers for the Year<br>(Estimate if not known. Designate with an asterisk if estimated.) | 16,909          | 1,684          |
| 2        | For Space Heating Only, Estimated Average Therms (14.73 psia at 60 degrees F) Per Customer for the Year                     | 180             | 400            |
| 3        | Number of Space Heating Customers Added During the Year   | 73              | 74             |
| 4        | Number of Unfilled Application for Space Heating at End of Year   | NONE            | NONE           |

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

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

| Line No. | Item (a)                                 | Number/Amount (b) |
|----------|--|-------------------|
| 1        | Interruptible Customers                  |                   |
| 2        | Average Number of Customers for the Year | 13                |
| 3        | Therms of Gas Sales for the Year         | 4,534,100         |
| 4        | Off Peak Customers                       |                   |
| 5        | Average Number of Customers for the Year |                   |
| 6        | Therms of Gas Sales for the Year         |                   |
| 7        | Firm Customers                           |                   |
| 8        | Average Number of Customers for the Year |                   |
| 9        | Therms of Gas Sales for the Year         |                   |
| 10       | TOTAL Industrial Customers               |                   |
| 11       | Average Number of Customers for the Year | 13                |
| 12       | Therms of Gas Sales for the Year         | 4,534,100         |

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## GAS OPERATION AND MAINTENANCE EXPENSES

If the amount for previous year is not derived from previously reported figures, explain in footnotes.

| Line No. | Account  | Amount for Current Year | Amount for Previous Year |
|----------|--|-------------------------|--------------------------|
| 1        | 1. PRODUCTION EXPENSES   |                         |                          |
| 2        | A. Manufactured Gas Production   |                         |                          |
| 3        | B. TOTAL Natural Gas Prod. and Gathering (Enter Total of Accts. 750 - 769)                                 |                         |                          |
| 4        | C. TOTAL Products Extraction (Enter Total of Accounts 770 through 791)                                     |                         |                          |
| 5        | D. TOTAL Exploration and Development (Enter Total of Accts. 795 through 798)                               |                         |                          |
| 6        | E. Other Gas Supply Expenses   |                         |                          |
| 7        | Operation  |                         |                          |
| 8        | 800 Natural Gas Well Head Purchases  |                         |                          |
| 9        | 800.1 Natural Gas Well Head Purchases, Intracompany Transfers  |                         |                          |
| 10       | 801 Natural Gas Field Line Purchases   | 11,641,693              | 6,800,144                |
| 11       | 802 Natural Gas Gasoline Plant Outlet Purchases  |                         |                          |
| 12       | 803 Natural Gas Transmission Line Purchases  |                         |                          |
| 13       | 804 Natural Gas City Gate Purchases  | 5,895,355               | 5,966,430                |
| 14       | 804.1 Liquefied Natural Gas Purchases  |                         |                          |
| 15       | 805 Other Gas Purchases  | (304,377)               |                          |
| 16       | (Less) 805.1 Purchased Gas Cost Adjustments  |                         |                          |
| 17       | TOTAL Purchased Gas (Enter Total of Lines 8 to 16)   | 17,232,671              | 12,766,574               |
| 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   |                         | 31                       |
| 25       | TOTAL Purchased Gas Expenses (Enter Total of lines 20 through 24)  |                         | 31                       |
| 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  | 102,890                 | 71,228                   |
| 36       | TOTAL Other Gas Supp. Exp. (Total of Lines 17,18,25,26 through 29,34,35)                                   | 17,335,561              | 12,837,833               |
| 37       | TOTAL Production Expenses (Enter Total of Lines 2,3,4,5 and 36)  |                         |                          |
| 38       | 2. NATURAL GAS STORAGE, TERMINALING AND PROCESSING EXPENSES  |                         |                          |
| 39       | A. TOTAL Underground Storage Expenses (Total of Accounts 814 through 837)                                  |                         |                          |
| 40       | B. TOTAL Other Storage Expenses (Enter Total of Accounts 840 through 843.9)                                |                         |                          |
| 41       | C. TOTAL Liquefied Nat Gas Terminaling & Processing Expenses (Enter Total of Accounts 844.1 through 847.8) |                         |                          |
| 42       | TOTAL Natural Gas Storage (Enter Total of lines 39, 40, and 41)  |                         |                          |
| 43       | 3. TRANSMISSION EXPENSES   |                         |                          |
| 44       | TOTAL Transmission Expenses (Enter Total of Accounts 850 through 867)                                      |                         |                          |
| 45       |  |                         |                          |
| 46       |  |                         |                          |



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## 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   | 168,433                 | 155,010                  |
| 50       | 871 Distribution Load Dispatching   | 16,285                  | 15,136                   |
| 51       | 872 Compressor Station Labor and Expenses   |                         |                          |
| 52       | 873 Compressor Station Fuel and Power   | 29                      | 3                        |
| 53       | 874 Mains and Services Expenses   | 530,058                 | 485,552                  |
| 54       | 875 Measuring and Regulating Station Expenses--General                                    | 321                     | 13                       |
| 55       | 876 Measuring and Regulating Station Expenses--Industrial                                 | 7,106                   | 6,718                    |
| 56       | 877 Measuring and Regulating Station Expenses--City Gate Check Sta.                       | 22,636                  | 20,573                   |
| 57       | 878 Meter and House Regulator Expenses  | 836,145                 | 848,944                  |
| 58       | 879 Customer Installations Expenses   | 173,093                 | 172,813                  |
| 59       | 880 Other Expenses  | 587,741                 | 503,436                  |
| 60       | 881 Rents   | 3,190                   | 3,005                    |
| 61       | TOTAL Operation (Enter Total of lines 49 through 60)                                      | 2,345,038               | 2,211,203                |
| 62       | Maintenance   |                         |                          |
| 63       | 885 Maintenance Supervision and Engineering   | 54,975                  | 48,826                   |
| 64       | 886 Maintenance of Structures and Improvements  | 25,334                  | 9,555                    |
| 65       | 887 Maintenance of Mains  | 291,863                 | 304,245                  |
| 66       | 888 Maintenance of Compressor Station Equipment   |                         |                          |
| 67       | 889 Maintenance of Meas. and Reg. Sta. Equip.--General                                    | 6,410                   | 2,970                    |
| 68       | 890 Maintenance of Meas. and Reg. Sta. Equip.--Industrial                                 | 242                     | 1,871                    |
| 69       | 891 Maintenance of Meas. and Reg. Sta. Equip.--City Gate Check Sta.                       | 30,305                  | 26,851                   |
| 70       | 892 Maintenance of Services   | 97,503                  | 81,658                   |
| 71       | 893 Maintenance of Meters and House Regulators  | 172,616                 | 160,874                  |
| 72       | 894 Maintenance of Other Equipment  | 15,317                  | 1,084                    |
| 73       | TOTAL Maintenance (Enter Total of Lines 63 through 72)                                    | 694,566                 | 637,934                  |
| 74       | TOTAL Distribution Expenses (Enter Total of Lines 61 and 73)                              | 3,039,604               | 2,849,137                |
| 75       | 5. CUSTOMER ACCOUNTS EXPENSES   |                         |                          |
| 76       | Operation   |                         |                          |
| 77       | 901 Supervision   | 30,091                  | 38,139                   |
| 78       | 902 Meter Reading Expenses  | 279,780                 | 258,034                  |
| 79       | 903 Customer Records and Collection Expenses  | 723,472                 | 627,666                  |
| 80       | 904 Uncollectible Accounts  | 70,095                  | 30,952                   |
| 81       | 905 Miscellaneous Customer Accounts Expenses  | 55,987                  | 52,008                   |
| 82       | TOTAL Customer Accounts Expenses (Enter Total of Lines 77 through 81)                     | 1,159,425               | 1,006,799                |
| 83       | 6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES  |                         |                          |
| 84       | Operation   |                         |                          |
| 85       | 907 Supervision   |                         |                          |
| 86       | 908 Customer Assistance Expenses  | 36                      | 36                       |
| 87       | 909 Informational and Instructional Expenses  |                         |                          |
| 88       | 910 Miscellaneous Customer Service and Informational Expenses                             |                         |                          |
| 89       | TOTAL Customer Service and Informational Expenses<br>(Enter Total of Lines 85 through 88) | 36                      | 36                       |
| 90       | 7. SALES EXPENSES   |                         |                          |
| 91       | Operation   |                         |                          |
| 92       | 911 Supervision   | 85,218                  | 77,553                   |
| 93       | 912 Demonstrating and Selling Expenses  | 551,685                 | 532,808                  |
| 94       | 913 Advertising Expenses  | 130,434                 | 60,567                   |
| 95       | 916 Miscellaneous Sales Expenses  | 103,558                 | 148,689                  |
| 96       | TOTAL Sales Expenses (Enter Total of lines 92 through 95)                                 | 870,895                 | 819,617                  |
| 97       |   |                         |                          |

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   | 731,070                 | 680,395                  |
| 101      | 921 Office Supplies and Expenses  | 165,854                 | 146,283                  |
| 102      | (Less) (922) Administrative Expenses Transferred—Cr.  |                         | 0                        |
| 103      | 923 Outside Services Employed   | 95,557                  | 86,523                   |
| 104      | 924 Property Insurance  | 23,253                  | 33,559                   |
| 105      | 925 Injuries and Damages  | 424,571                 | 580,531                  |
| 106      | 926 Employee Pensions and Benefits  | 454,758                 | 467,350                  |
| 107      | 927 Franchise Requirements  |                         |                          |
| 108      | 928 Regulatory Commission Expenses  | 46,169                  | 50,231                   |
| 109      | (Less) (929) Duplicate Charges—Cr.  |                         |                          |
| 110      | 930.1 General Advertising Expenses  | 74                      | 231                      |
| 111      | 930.2 Miscellaneous General Expenses  | 76,314                  | 65,782                   |
| 112      | 931 Rents   | 8,527                   | 6,157                    |
| 113      | TOTAL Operation (Enter Total of lines 100 through 112)  | 2,026,148               | 2,117,043                |
| 114      | Maintenance   |                         |                          |
| 115      | 935 Maintenance of General Plant  | 88,276                  | 83,840                   |
| 116      | TOTAL Administrative and General Exp. (Total of lines 113 and 115)  | 2,114,424               | 2,200,883                |
| 117      | TOTAL Gas O. and M. Exp. (Lines 37, 42, 44, 74, 82, 89, 96, and 116)  | 24,519,945              | 19,714,305               |
| 118      |   |                         |                          |
| 119      |   |                         |                          |
| 120      |   |                         |                          |
| 121      |   |                         |                          |
| 122      |   |                         |                          |
| 123      |   |                         |                          |
| 124      |   |                         |                          |
| 125      |   |                         |                          |
| 126      |   |                         |                          |
| 127      |   |                         |                          |
| 128      |   |                         |                          |
| 129      |   |                         |                          |
| 130      | NUMBER OF GAS DEPARTMENT EMPLOYEES  |                         |                          |
| 131      |   |                         |                          |
| 132      | 1. The data on number of employees should be reported for payroll period ending nearest to October 31,      |                         |                          |
| 133      | or any payroll period ending 60 days before or after October 31.  |                         |                          |
| 134      | 2. If the respondent's payroll for the reporting period includes any special construction personnel,        |                         |                          |
| 135      | include such employees on line 3, and show the number of such special construction employees in a footnote. |                         |                          |
| 136      | 3. The number of employees assignable to the gas department from joint functions of combination utilities   |                         |                          |
| 137      | may be determined by estimate, on the basis of employee equivalents. Show the estimated number of           |                         |                          |
| 138      | equivalent employees attributed to the gas department from joint functions.                                 |                         |                          |
| 139      |   |                         |                          |
| 140      | 1. Payroll Period Ended (Date)  |                         |                          |
| 141      | 2. Total Regular Full-Time Employees  |                         |                          |
| 142      | 3. Total Part-Time and Temporary Employees  |                         |                          |
| 143      | 4. Total Employees  |                         |                          |
| 144      |   |                         |                          |
| 145      |   |                         |                          |
| 146      |   |                         |                          |
| 147      |   |                         |                          |

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

1. Provide totals for the following accounts:

- 800 Natural Gas Well Head Purchases
- 800.1 Natural Gas Well Head Purchases,  
Intracompany Transfers
- 801 Natural Gas Field Line Purchases
- 802 Natural Gas Gasoline Plant Outlet Purchases
- 803 Natural Gas Transmission Line Purchases
- 804 Natural Gas City Gate Purchases
- 804.1 Liquefied Natural Gas Purchases
- 805 Other Gas Purchases
- 805.1 Purchase Gas Cost Adjustments

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

2. State in column (b) the volume of purchased gas as finally measured for the purpose of determining the amount payable for the gas. Include current year receipts of makeup gas that was paid for in prior years.

3. State in column (c) the dollar amount (omit cents) paid and previously paid for the volumes of gas shown in column (b).

4. State in column (d) the average cost per Therm to the nearest hundredth of a cent. (Average means column (c) divided by column (b) multiplied by 100.)

| Line No. | Account Title (a)   | Gas Purchased-Therms (14.73 psia 60 F) (b) | Cost of Gas (In dollars) (c) | Average Cost Per Therm (To nearest .01 of a cent) (d) |
|----------|---|--|------------------------------|---|
| 1        | 800 - Natural Gas Well Head Purchases                           |  |                              |   |
| 2        | 800.1 - Natural Gas Well Head Purchases, Intracompany Transfers |  |                              |   |
| 3        | 801 - Natural Gas Field Line Purchases                          | 20,148,730                                 | 1,954,515                    | 9.700   |
| 4        | 802 - Natural Gas Gasoline Plant Outlet Purchases               |  |                              |   |
| 5        | 803 - Natural Gas Transmission Line Purchases                   |  |                              |   |
| 6        | 804 - Natural Gas City Gate Purchases                           | 43,444,210                                 | 16,820,056                   | 38.716  |
| 7        | 804.1 - Liquefied Natural Gas Purchases                         |  |                              |   |
| 8        | 805 - Other Gas Purchases                                       |  |                              |   |
| 9        | 805.1 - Purchased Gas Cost Adjustments                          |  |                              |   |
| 10       | TOTAL (Enter Total of lines 1 through 9)                        | 63,592,940                                 | 18,774,571                   | 29.523  |

NOTES TO GAS PURCHASES

Dec. 31, 1996

GAS USED IN UTILITY OPERATIONS - CREDIT (Accounts 810, 811, 812)

1. Report below particulars (details) of credits during the year to Accounts 810, 811 and 812 which offset charges to operating expenses or other accounts for the cost of gas from the respondent's own supply.

2. Natural gas means either natural gas unmixed, or any mixture of natural and manufactured gas.

3. If the reported Therms for any use is an estimated quantity, state such fact in a footnote.

4. If any natural gas was used by the respondent for which a change was not made to the appropriate operating expense or other account, list separately in column (c) the Therms of gas used, omitting entries in columns (d) and (e).

5. Report pressure base of measurement of gas volumes at 14.73 psia at 60 degrees F.

| Line No. | Purpose for Which Gas Was Used<br>(a)   | Account Charged<br>(b) | Therms of Gas Used<br>(c) | Natural Gas             | Amount per Therm<br>(In cents)<br>(e) | Manufactured Gas          |                         |
|----------|---|------------------------|---------------------------|-------------------------|---------------------------------------|---------------------------|-------------------------|
|          |   |                        |                           | Amount of Credit<br>(d) |                                       | Therms of Gas Used<br>(f) | Amount of Credit<br>(g) |
| 1        | 810 Gas used for Compressor Station Fuel - Cr.  |                        |                           |                         |                                       |                           |                         |
| 2        | 811 Gas used for Products Extraction - Cr.  |                        |                           |                         |                                       |                           |                         |
| 3        | Gas Shrinkage and Other Usage in Respondent's Own Proc.   |                        |                           |                         |                                       |                           |                         |
| 4        | Gas Shrinkage, Etc. for Respondent's Gas Processed by Others  |                        |                           |                         |                                       |                           |                         |
| 5        | 812 Gas used for Other Util. Oprs-- Cr. (Report separately for each principal uses. Group minor uses) |                        |                           |                         |                                       |                           |                         |
| 6        |   |                        |                           |                         |                                       |                           |                         |
| 7        | Heat, Hot Water, A/C  | 812                    | 71,340                    |                         |                                       |                           |                         |
| 8        |   |                        |                           |                         |                                       |                           |                         |
| 9        |   |                        |                           |                         |                                       |                           |                         |
| 10       |   |                        |                           |                         |                                       |                           |                         |
| 11       |   |                        |                           |                         |                                       |                           |                         |
| 12       |   |                        |                           |                         |                                       |                           |                         |
| 13       |   |                        |                           |                         |                                       |                           |                         |
| 14       |   |                        |                           |                         |                                       |                           |                         |
| 15       |   |                        |                           |                         |                                       |                           |                         |
| 16       |   |                        |                           |                         |                                       |                           |                         |
| 17       |   |                        |                           |                         |                                       |                           |                         |
| 18       |   |                        |                           |                         |                                       |                           |                         |
| 19       |   |                        |                           |                         |                                       |                           |                         |
| 20       | TOTAL   |                        | 71,340                    |                         |                                       |                           |                         |

**OTHER GAS SUPPLY EXPENSES (Account 813)**

Report other gas supply expenses by descriptive titles which clearly indicate the nature of such expenses. Show maintenance expenses separately. Indicate the functional classification and purpose of property to which any expenses relate.

| Line No. | Description (a)         | Amount (in dollars) (b) |
|----------|-------------------------|-------------------------|
| 1        |                         |                         |
| 2        | Natural Gas Procurement | 102,890                 |
| 3        |                         |                         |
| 4        |                         |                         |
| 5        |                         |                         |
| 6        |                         |                         |
| 7        |                         |                         |
| 8        |                         |                         |
| 9        |                         |                         |
| 10       |                         |                         |
| 11       |                         |                         |
| 12       |                         |                         |
| 13       |                         |                         |
| 14       | <b>TOTAL</b>            |                         |

**MISCELLANEOUS GENERAL EXPENSES (Account 930.2) (Gas)**

| Line No. | Description (a)   | Amount (b) |
|----------|---|------------|
| 1        | Industry Association Dues   | \$22,658   |
| 2        | Experimental and General Research Expenses:<br>(a) Gas Research Institute (GRI)<br>(b) Other  | -<br>-     |
| 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   | 40,632     |
| 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        |   |            |
| 6        | Chamber of Commerce   | -          |
| 7        | Directors Fees and Expenses (32 items)  | 4,665      |
| 8        | Miscellaneous Expenses (30 items)   | 8,359      |
| 9        |   |            |
| 10       |   |            |
| 11       |   |            |
| 12       |   |            |
| 13       |   |            |
| 14       |   |            |
| 15       |   |            |
| 16       |   |            |
| 17       |   |            |
| 18       |   |            |
| 19       | <b>TOTAL</b>  | 76,314     |

DEPRECIATION, DEPLETION, AND AMORTIZATION OF GAS PLANT (Accounts 403,404.1,404.2,404.3,405)  
(Except Amortization of Acquisition Adjustments)

1. Report in Section A the amounts of depreciation expense, depletion and amortization for the accounts indicated and classified according to the plant functional groups shown.

A. Summary of Depreciation, Depletion, and Amortization Charges

| Line No. | Functional Classification<br>(a)         | Depreciation Expense<br>(Account 403)<br>(b) | Amortization & Depletion of Prod. Nat. Gas Land & Land Rights<br>(Account 404.1)<br>(c) | Amortization of Under-ground Storage Land & Land Rights<br>(Account (404.2)<br>(d) | Amortization of Other Limited-term Gas Plant<br>(Account 404.3)<br>(e) | Amortization of Other Gas Plant<br>(Account 405)<br>(f) | Total<br>(b to f)<br>(g) |
|----------|--|--|---|--|--|---|--------------------------|
| 1        | Intangible Plant                         | -  | -   | -  | -  | -   | -                        |
| 2        | Production plant, manufactured gas       | -  | -   | -  | -  | -   | -                        |
| 3        | Production and gathering plant, nat. gas | -  | -   | -  | -  | -   | -                        |
| 4        | Products extraction plant                | -  | -   | -  | -  | -   | -                        |
| 5        | Underground gas storage plant            | -  | -   | -  | -  | -   | -                        |
| 6        | Other storage plant                      | -  | -   | -  | -  | -   | -                        |
| 7        | Base load LNG term. & proces. plant      | -  | -   | -  | -  | -   | -                        |
| 8        | Transmission Plant                       | -  | -   | -  | -  | -   | -                        |
| 9        | Distribution Plant                       | 1,323,908                                    | -   | -  | -  | -   | 1,323,908                |
| 10       | General Plant                            | 91,090                                       | -   | -  | -  | -   | 91,090                   |
| 11       | Common Plant-Gas                         |  |   |  |  |   | 77,643                   |
| 12       | Environmental Clean Up                   | -  | -   | -  | -  | 239,604   | 239,604                  |
| 13       |  |  |   |  |  |   |                          |
| 14       |  |  |   |  |  |   |                          |
| 15       |  |  |   |  |  |   |                          |
| 16       |  |  |   |  |  |   |                          |
| 17       |  |  |   |  |  |   |                          |
| 18       |  |  |   |  |  |   |                          |
| 19       |  |  |   |  |  |   |                          |
| 20       |  |  |   |  |  |   |                          |
| 21       |  |  |   |  |  |   |                          |
| 22       |  |  |   |  |  |   |                          |
| 23       |  |  |   |  |  |   |                          |
| 24       |  |  |   |  |  |   |                          |
| 25       |  |  |   |  |  |   |                          |
| 26       |  |  |   |  |  |   |                          |
| 27       |  |  |   |  |  |   |                          |
| 28       |  |  |   |  |  |   |                          |
| 29       |  |  |   |  |  |   |                          |
| 30       |  |  |   |  |  |   |                          |
| 31       |  |  |   |  |  |   |                          |
| 32       |  |  |   |  |  |   |                          |
| 33       |  |  |   |  |  |   |                          |
| 34       |  |  |   |  |  |   |                          |
| 35       |  |  |   |  |  |   |                          |
| 36       |  |  |   |  |  |   |                          |
| 37       | TOTAL                                    | 1,414,998                                    |   |  |  | 239,604   | 1,732,245                |

**PARTICULARS CONCERNING CERTAIN INCOME DEDUCTIONS AND INTEREST CHARGES ACCOUNTS**

Report the information specified below, in the order given for the respective income deduction and interest charges accounts. Provide a subheading for each account and total for the account. Additional columns may be added if deemed appropriate with respect to any account.

(a) Miscellaneous Amortization (Account 425) - Describe the nature of items included in this account, the contra account charged, the total of amortization charged for the year, and the period of amortization.

(b) Miscellaneous Income Deductions - Report the nature, payee, and amount of other income deductions for the year as required by Accounts 426.1, Donations; 426.2 Life Insurance; 426.3 Penalties; 426.4, Expenditures for Certain Civic, Political and Related Activities; and 426.5, Other Deductions, of the Uniform System of Accounts. Amounts of less than \$25,000 may be grouped by classes within the above accounts.

(c) Interest on Debt to Associated Companies (Account 430) - For each associated company to which interest on debt was incurred during the year, indicate the amount and interest rate respectively for (a) advances on notes, (b) advances on open account, (c) notes payable, (d) accounts payable, and (e) other debt, and total interest. Explain the nature of other debt on which interest was incurred during the year.

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

| Line No. | Item (a)   | Amount (b)     |
|----------|--|----------------|
| 1        | Account 425: Miscellaneous Amortization                                | None           |
| 2        |  |                |
| 3        | Account 426: Miscellaneous Income Deductions                           |                |
| 4        | 426.11 Charitable Contributions: Inside Service Area                   | 6,203          |
| 5        | 426.12 Charitable Contributions: Outside Service Area                  | 0              |
| 6        | 426.13 Civic and Social Club Dues                                      | 6,060          |
| 7        | 426.3 Penalties  | 613            |
| 8        | 426.4 Expenditures for Lobbying and Other Politically Related Activi   | 192            |
| 9        | 426.5 Other  |                |
| 10       | Chamber of Commerce  | 7,755          |
| 11       | <b>TOTAL MISCELLANEOUS INCOME DEDUCTIONS</b>                           | <b>20,823</b>  |
| 12       |  |                |
| 13       |  |                |
| 14       | Account 430: Interest on Debt to Associated Company                    |                |
| 15       | Accounts Payable at 4.844% (12 mo. avg. of the interest rates applied) | (82,868)       |
| 16       |  |                |
| 17       |  |                |
| 18       | Account 431: Other Interest Expense                                    |                |
| 19       | 431.1 Interest on Customer Deposits                                    | 197,424        |
| 20       | 431.1 Interest on Notes Payable  | 348,069        |
| 21       | 431.1 Interest on Miscellaneous  | 19,715         |
| 22       | <b>TOTAL OTHER INTEREST EXPENSE</b>                                    | <b>565,209</b> |
| 23       |  |                |
| 24       |  |                |
| 25       |  |                |
| 26       |  |                |
| 27       |  |                |

**DISTRIBUTION OF SALARIES AND WAGES**

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

| Line No. | Classification (a)  | Direct Payroll Distribution (b) | Allocation of Payroll Charged for Clearing Accounts (c) | Total (d)         |
|----------|---|---------------------------------|---|-------------------|
| 1        | <b>Electric</b>   |                                 |   |                   |
| 2        | <b>TOTAL Operation and Maintenance - Electric</b>   | <b>1,636,348</b>                | <b>202,441</b>  | <b>1,838,789</b>  |
| 3        | <b>Gas</b>  |                                 |   |                   |
| 4        | <b>Operation</b>  |                                 |   |                   |
| 5        | Production - Manufactured Gas & Nat.Gas (inc. Expl. and Dev.); Other Gas Supply; Storage, LNG, Termn. & Proces. | 81,558                          |   |                   |
| 6        | Transmission  | -                               |   |                   |
| 7        | Distribution  | 1,747,933                       |   |                   |
| 8        | Customer Accounts   | 731,257                         |   |                   |
| 9        | Customer Service and Informational  |                                 |   |                   |
| 10       | Sales   | 572,539                         |   |                   |
| 11       | Administrative and General  | 223,375                         |   |                   |
| 12       | <b>TOTAL Operation (Enter Total of lines 5 through 11)</b>  | <b>3,356,662</b>                |   |                   |
| 13       | <b>Maintenance</b>  |                                 |   |                   |
| 14       | Production - Manufactured Gas & Nat.Gas (inc. Expl. and Dev.); Other Gas Supply; Storage, LNG, Termn. & Proces. |                                 |   |                   |
| 15       | Transmission  |                                 |   |                   |
| 16       | Distribution  | 459,075                         |   |                   |
| 17       | Administrative and General  | 9,868                           |   |                   |
| 18       | <b>TOTAL Maintenance (Enter Total of lines 14 through 17)</b>   | <b>468,943</b>                  |   |                   |
| 19       | <b>Total Operation and Maintenance</b>  |                                 |   |                   |
| 20       | Production - Manufactured Gas & Nat.Gas (inc. Expl. and Dev.); Other Gas Supply; Storage, LNG, Termn. & Proces. | 81,558                          |   |                   |
| 21       | Transmission (Enter Total of lines 6 and 15)  | -                               |   |                   |
| 22       | Distribution (Enter Total of lines 7 and 16)  | 2,207,008                       |   |                   |
| 23       | Customer Accounts (Transcribe from line 8)  | 731,257                         |   |                   |
| 24       | Customer Service and Informational (Transcribe from line 9)   | -                               |   |                   |
| 25       | Sales (Transcribe from line 10)   | 572,539                         |   |                   |
| 26       | Administrative and General (Enter Total of lines 11 and 17)   | 233,243                         |   |                   |
| 27       | <b>TOTAL Operation and Maint. (Total of lines 20 through 26)</b>  | <b>3,825,605</b>                | <b>412,223</b>  | <b>4,237,828</b>  |
| 28       | <b>Other Utility Departments</b>  |                                 |   |                   |
| 29       | Operation and Maintenance - Water   | 375,442                         | (76,539)  | 298,903           |
| 30       | <b>TOTAL All Utility Dept. (Total of lines 2, 27, and 29)</b>   | <b>5,837,395</b>                | <b>538,125</b>  | <b>6,375,520</b>  |
| 31       | <b>Utility Plant</b>  |                                 |   |                   |
| 32       | Construction (By Utility Departments)   |                                 |   |                   |
| 33       | Electric Plant  | 788,442                         | -   | 788,442           |
| 34       | Gas Plant   | 633,563                         | -   | 633,563           |
| 35       | Other   | 71,348                          | -   | 71,348            |
| 36       | <b>TOTAL Construction (Enter Total of lines 33 through 35)</b>  | <b>1,493,353</b>                | <b>-</b>  | <b>1,493,353</b>  |
| 37       | Plant Removal (By Utility Department)   |                                 |   |                   |
| 38       | Electric Plant  | 57,686                          | -   | 57,686            |
| 39       | Gas Plant   | 132,807                         | -   | 132,807           |
| 40       | Other   | 168                             | -   | 168               |
| 41       | <b>TOTAL Plant Removal (Enter Total of lines 38 through 40)</b>   | <b>190,661</b>                  | <b>-</b>  | <b>190,661</b>    |
| 42       |   |                                 |   |                   |
| 43       | Other Accounts (Specify):   |                                 |   |                   |
| 44       | Other Accounts Receivable/Employee  | 78,165                          | -   | 78,165            |
| 45       | Temporary Facilities  | 13,739                          | -   | 13,739            |
| 46       | Stores Expense  | 282,241                         | -   | 282,241           |
| 47       | Clearing Accounts   | 122,038                         | -   | 122,038           |
| 48       | Miscellaneous Deferred Debits   | 194,391                         | -   | 194,391           |
| 49       | Merchandise and Jobbing   | 536,827                         | -   | 536,827           |
| 50       | Taxes other Than Income Taxes-Electric/Gas/Water  | (260,499)                       | -   | (260,499)         |
| 51       | Vacation Pay  | (25,874)                        | -   | (25,874)          |
| 52       | Other Accounts Receivable   | 1,507,909                       | 101,056   | 1,608,965         |
| 53       | <b>TOTAL Other Accounts</b>   | <b>2,448,937</b>                | <b>101,056</b>  | <b>2,549,993</b>  |
| 54       | <b>TOTAL SALARIES AND WAGES</b>   | <b>9,970,346</b>                | <b>639,181</b>  | <b>10,609,527</b> |



Dec. 31, 1996

REGULATORY COMMISSION EXPENSES (Account 928)

1. Report particulars (details) of regulatory commission expenses incurred during the current year (or incurred in previous years if being amortized) relating to formal cases before a regulatory body, or cases in which such a body was a party.

2. In columns (b) and (c), indicate whether the expenses were assessed by a regulatory body or were otherwise incurred by the utility.

| Line No. | Description<br>name of regulatory commission or body,<br>the docket or case number, and a description<br>of the case.)<br>(a) | Assessed by<br>Regulatory<br>Commission<br>(b) | Expenses<br>of<br>Utility<br>(c) | Total<br>Expenses<br>to Date<br>(d) | Deferred in<br>Account 186<br>at Beginning<br>of Year<br>(e) |
|----------|---|--|----------------------------------|-------------------------------------|--|
| 1        | Legal Fees and Miscellaneous Expenses   |  |                                  |                                     |  |
| 2        | Incurred by the Company in its Filings for  |  |                                  |                                     |  |
| 3        | Rate Relief on Docket Number 9330400-EI   |  | 28,224                           | 28,224                              | 15,288   |
| 4        |   |  |                                  |                                     |  |
| 5        | Legal Fees and Miscellaneous Expenses   |  |                                  |                                     |  |
| 6        | Incurred by the Company in its Filings for  |  |                                  |                                     |  |
| 7        | Rate Relief on Docket Number 940620-GU  |  | 112,807                          | 112,807                             | 94,007   |
| 8        |   |  |                                  |                                     |  |
| 9        |   |  |                                  |                                     |  |
| 10       |   |  |                                  |                                     |  |
| 11       |   |  |                                  |                                     |  |
| 12       |   |  |                                  |                                     |  |
| 13       |   |  |                                  |                                     |  |
| 14       |   |  |                                  |                                     |  |
| 15       |   |  |                                  |                                     |  |
| 16       |   |  |                                  |                                     |  |
| 17       |   |  |                                  |                                     |  |
| 18       |   |  |                                  |                                     |  |
| 19       |   |  |                                  |                                     |  |
| 20       |   |  |                                  |                                     |  |
| 21       |   |  |                                  |                                     |  |
| 22       |   |  |                                  |                                     |  |
| 23       |   |  |                                  |                                     |  |
| 24       |   |  |                                  |                                     |  |
| 25       |   |  |                                  |                                     |  |
| 26       |   |  |                                  |                                     |  |
| 27       |   |  |                                  |                                     |  |
| 28       |   |  |                                  |                                     |  |
| 29       |   |  |                                  |                                     |  |
| 30       |   |  |                                  |                                     |  |
| 31       |   |  |                                  |                                     |  |
| 32       |   |  |                                  |                                     |  |
| 33       |   |  |                                  |                                     |  |
| 34       |   |  |                                  |                                     |  |
| 35       |   |  |                                  |                                     |  |
| 36       |   |  |                                  |                                     |  |
| 37       |   |  |                                  |                                     |  |
| 38       |   |  |                                  |                                     |  |
| 39       |   |  |                                  |                                     |  |
| 40       | TOTAL   |  | 141,031                          | 141,031                             | 109,295  |

REGULATORY COMMISSION EXPENSES (Account 928) (Continued)

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

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

for Account 186.

5. List in column (f), (g) and (h) expenses incurred during year which were charged currently to income, plant, or other accounts.

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

| EXPENSES INCURRED DURING YEAR |                 |            | AMORTIZED DURING YEAR       |                    |            | Deferred in Account 186 End of Year (l) | Line No. |
|-------------------------------|-----------------|------------|-----------------------------|--------------------|------------|---|----------|
| CHARGED CURRENTLY TO          |                 |            | Deferred to Account 186 (i) | Contra Account (j) | Amount (k) |   |          |
| Department (f)                | Account No. (g) | Amount (h) |                             |                    |            |   |          |
|                               |                 |            |                             |                    |            |   | 1        |
|                               |                 |            |                             |                    |            |   | 2        |
| Electric                      |                 | 0          | 0                           | 928                | 7,056      | 8,232                                   | 3        |
|                               |                 |            |                             |                    |            |   | 4        |
|                               |                 |            |                             |                    |            |   | 5        |
|                               |                 |            |                             |                    |            |   | 6        |
| Gas                           |                 | 0          | 0                           | 928                | 28,200     | 65,807                                  | 7        |
|                               |                 |            |                             |                    |            |   | 8        |
|                               |                 |            |                             |                    |            |   | 9        |
|                               |                 |            |                             |                    |            |   | 10       |
|                               |                 |            |                             |                    |            |   | 11       |
|                               |                 |            |                             |                    |            |   | 12       |
|                               |                 |            |                             |                    |            |   | 13       |
|                               |                 |            |                             |                    |            |   | 14       |
|                               |                 |            |                             |                    |            |   | 15       |
|                               |                 |            |                             |                    |            |   | 16       |
|                               |                 |            |                             |                    |            |   | 17       |
|                               |                 |            |                             |                    |            |   | 18       |
|                               |                 |            |                             |                    |            |   | 19       |
|                               |                 |            |                             |                    |            |   | 20       |
|                               |                 |            |                             |                    |            |   | 21       |
|                               |                 |            |                             |                    |            |   | 22       |
|                               |                 |            |                             |                    |            |   | 23       |
|                               |                 |            |                             |                    |            |   | 24       |
|                               |                 |            |                             |                    |            |   | 25       |
|                               |                 |            |                             |                    |            |   | 26       |
|                               |                 |            |                             |                    |            |   | 27       |
|                               |                 |            |                             |                    |            |   | 28       |
|                               |                 |            |                             |                    |            |   | 29       |
|                               |                 |            |                             |                    |            |   | 30       |
|                               |                 |            |                             |                    |            |   | 31       |
|                               |                 |            |                             |                    |            |   | 32       |
|                               |                 |            |                             |                    |            |   | 33       |
|                               |                 |            |                             |                    |            |   | 34       |
|                               |                 |            |                             |                    |            |   | 35       |
|                               |                 |            |                             |                    |            |   | 36       |
|                               |                 |            |                             |                    |            |   | 37       |
|                               |                 |            |                             |                    |            |   | 38       |
|                               |                 |            |                             |                    |            |   | 39       |
|                               |                 | 0          | 0                           |                    | 35,256     | 74,039                                  | 40       |

CHARGES FOR OUTSIDE PROFESSIONAL AND OTHER CONSULTATIVE SERVICES

1. Report the information specified below for all charges made during the year included in any account (including plant accounts) for outside consultative and other professional services. (These services include rate, management, construction, engineering, research, financial, valuation, legal, accounting, purchasing, advertising, labor relations, and public relations, rendered the respondent under written or oral arrangement, for which aggregate payments were made during the year to any corporation, partnership, organization of any kind, or individual [other than for services as an employee or for payments made for medical and related services] amounting to more than \$25,000, including payments for legislative services, except those which should be reported in Account 426.4 Expenditures for Certain

Civic, Political and Related Activities.  
 (a) Name and address of person or organization rendering services,  
 (b) description of services received during year and project or case to which services relate,  
 (c) basis of charges,  
 (d) total charges for the year, detailing utility department and account charged.  
 2. For any services which are of a continuing nature, give the date and term of contract and date of Commission authorization, if contract received Commission approval.  
 3. Designate with an asterisk associated companies.

| 1       | Description<br>(a)  | Amount<br>(b) |         |              |     |     |       |     |          |       |     |       |       |     |         |       |  |
|---------|---|---------------|---------|--------------|-----|-----|-------|-----|----------|-------|-----|-------|-------|-----|---------|-------|--|
| 2       |   |               |         |              |     |     |       |     |          |       |     |       |       |     |         |       |  |
| 3       | 1. (a) Deloitte & Touche, 1645 Palm Beach Lakes Blvd., West Palm Beach, FL 33401  |               |         |              |     |     |       |     |          |       |     |       |       |     |         |       |  |
| 4       | (b) Professional Accounting Services.   |               |         |              |     |     |       |     |          |       |     |       |       |     |         |       |  |
| 5       | (c) Based on services rendered.   |               |         |              |     |     |       |     |          |       |     |       |       |     |         |       |  |
| 6       | (d) Total charges for services, utility departments and accounts charged:   |               |         |              |     |     |       |     |          |       |     |       |       |     |         |       |  |
| 7       |   |               |         |              |     |     |       |     |          |       |     |       |       |     |         |       |  |
| 8       |   |               |         |              |     |     |       |     |          |       |     |       |       |     |         |       |  |
| 9       | <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Account</th> <th style="text-align: left;">Utility</th> <th style="text-align: left;">Allocation %</th> </tr> </thead> <tbody> <tr> <td>923</td> <td>GAS</td> <td>0.491</td> </tr> <tr> <td>923</td> <td>ELECTRIC</td> <td>0.366</td> </tr> <tr> <td>923</td> <td>WATER</td> <td>0.055</td> </tr> <tr> <td>923</td> <td>FLO-GAS</td> <td>0.088</td> </tr> </tbody> </table> | Account       | Utility | Allocation % | 923 | GAS | 0.491 | 923 | ELECTRIC | 0.366 | 923 | WATER | 0.055 | 923 | FLO-GAS | 0.088 |  |
| Account | Utility   | Allocation %  |         |              |     |     |       |     |          |       |     |       |       |     |         |       |  |
| 923     | GAS   | 0.491         |         |              |     |     |       |     |          |       |     |       |       |     |         |       |  |
| 923     | ELECTRIC  | 0.366         |         |              |     |     |       |     |          |       |     |       |       |     |         |       |  |
| 923     | WATER   | 0.055         |         |              |     |     |       |     |          |       |     |       |       |     |         |       |  |
| 923     | FLO-GAS   | 0.088         |         |              |     |     |       |     |          |       |     |       |       |     |         |       |  |
| 10      |   | 31,055.75     |         |              |     |     |       |     |          |       |     |       |       |     |         |       |  |
| 11      |   | 23,149.50     |         |              |     |     |       |     |          |       |     |       |       |     |         |       |  |
| 12      |   | 3,478.75      |         |              |     |     |       |     |          |       |     |       |       |     |         |       |  |
| 13      |   | 5,566.00      |         |              |     |     |       |     |          |       |     |       |       |     |         |       |  |
| 14      |   |               |         |              |     |     |       |     |          |       |     |       |       |     |         |       |  |
| 15      |   | 63,250.00     |         |              |     |     |       |     |          |       |     |       |       |     |         |       |  |
| 16      |   |               |         |              |     |     |       |     |          |       |     |       |       |     |         |       |  |
| 17      |   |               |         |              |     |     |       |     |          |       |     |       |       |     |         |       |  |
| 18      | 2. (a) Law Offices of Burman, Britton & Luttier, 712 U.S. Highway One, Suite 300  |               |         |              |     |     |       |     |          |       |     |       |       |     |         |       |  |
| 19      | North Palm Beach, FL 33408  |               |         |              |     |     |       |     |          |       |     |       |       |     |         |       |  |
| 20      | (b) Professional Legal Services for the Florida East Coast Railway Litigation.  |               |         |              |     |     |       |     |          |       |     |       |       |     |         |       |  |
| 21      | (c) Based on services rendered.   |               |         |              |     |     |       |     |          |       |     |       |       |     |         |       |  |
| 22      | (d) Total charges for services, utility department and account charged:   |               |         |              |     |     |       |     |          |       |     |       |       |     |         |       |  |
| 23      |   |               |         |              |     |     |       |     |          |       |     |       |       |     |         |       |  |
| 24      |   |               |         |              |     |     |       |     |          |       |     |       |       |     |         |       |  |
| 25      | 923 GAS   | 26,967.70     |         |              |     |     |       |     |          |       |     |       |       |     |         |       |  |
| 26      |   |               |         |              |     |     |       |     |          |       |     |       |       |     |         |       |  |
| 27      |   |               |         |              |     |     |       |     |          |       |     |       |       |     |         |       |  |
| 28      |   |               |         |              |     |     |       |     |          |       |     |       |       |     |         |       |  |
| 29      |   |               |         |              |     |     |       |     |          |       |     |       |       |     |         |       |  |
| 30      |   |               |         |              |     |     |       |     |          |       |     |       |       |     |         |       |  |
| 31      |   |               |         |              |     |     |       |     |          |       |     |       |       |     |         |       |  |
| 32      |   |               |         |              |     |     |       |     |          |       |     |       |       |     |         |       |  |
| 33      |   |               |         |              |     |     |       |     |          |       |     |       |       |     |         |       |  |
| 34      |   |               |         |              |     |     |       |     |          |       |     |       |       |     |         |       |  |
| 35      |   |               |         |              |     |     |       |     |          |       |     |       |       |     |         |       |  |
| 36      |   |               |         |              |     |     |       |     |          |       |     |       |       |     |         |       |  |
| 37      |   |               |         |              |     |     |       |     |          |       |     |       |       |     |         |       |  |

**LAW OFFICES OF BURMAN, CRITTON & LUTTIER**  
**Analysis of 1996**

| <b>Month of Service</b> | <b>Account Number</b> | <b>Description</b>                | <b>Amount</b>    |
|-------------------------|-----------------------|-----------------------------------|------------------|
| 01/96 - 03/96           | 121.4010.9232         | FL. East Coast Railway Litigation | 6,710.35         |
| 03/96 - 04/96           | 121.4010.9232         | FL. East Coast Railway Litigation | 576.70           |
| 05/96                   | 121.4010.9232         | FL. East Coast Railway Litigation | 3,004.95         |
| 06/96                   | 121.4010.9232         | FL. East Coast Railway Litigation | 6,764.95         |
| 07/96 - 08/96           | 121.4010.9232         | FL. East Coast Railway Litigation | 1,925.35         |
| 09/96                   | 121.4010.9232         | FL. East Coast Railway Litigation | 1,278.21         |
| 10/96                   | 121.4010.9232         | FL. East Coast Railway Litigation | 3,564.58         |
| 11/96                   | 121.4010.9232         | FL. East Coast Railway Litigation | 3,142.61         |
|                         |                       |                                   | <u>26,967.70</u> |

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

FLORIDA PUBLIC UTILITIES COMPANY

For the Year Ended December 31, 1996

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

|          | (a)  | (b)                                  | (c)   | (d)  | (e)  | (f)                  |
|----------|--|--------------------------------------|---|--|--|----------------------|
| Line No. | Description                                      | Gross Operating Revenues per Page 46 | Interstate and Sales for Resale Adjustments | Adjusted Intrastate Gross Operating Revenues | Intrastate Gross Operating Revenues per RAF Return | Difference (d) - (e) |
| 1        | Total Sales to Ultimate Customers (480-482, 484) | 29,672,643                           |   | 29,672,643                                   | 29,672,643   | 0                    |
| 2        | Sales for Resale (483)                           | 926,140                              |   | 926,140                                      | -  | 926,140              |
| 3        | Total Natural Gas Service Revenues               | 30,598,783                           |   | 30,598,783                                   | 29,672,643   | 926,140              |
| 4        | Total Other Operating Revenues (485-495)         | 1,255,539                            |   | 1,255,539                                    | 2,181,679  | (926,140)            |
| 5        | Total Gas Operating Revenues                     | 31,854,322                           |   | 31,854,322                                   | 31,854,322   | 0                    |
| 6        | Provision for Rate Refunds (496)                 |                                      |   |  |  |                      |
| 7        | Other (Specify)                                  |                                      |   |  |  |                      |
| 8        |  |                                      |   |  |  |                      |
| 9        |  |                                      |   |  |  |                      |
| 10       | Total Gross Operating Revenues                   | 31,854,322                           |   | 31,854,322                                   | 31,854,322   | 0                    |

Notes:

SALES FOR RESALE of \$926,140 is shown as OTHER GAS REVENUES on RAF Return.

**CORPORATE STRUCTURE**

**Company: FLORIDA PUBLIC UTILITIES COMPANY  
For the Year Ended December 31, 1996**

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

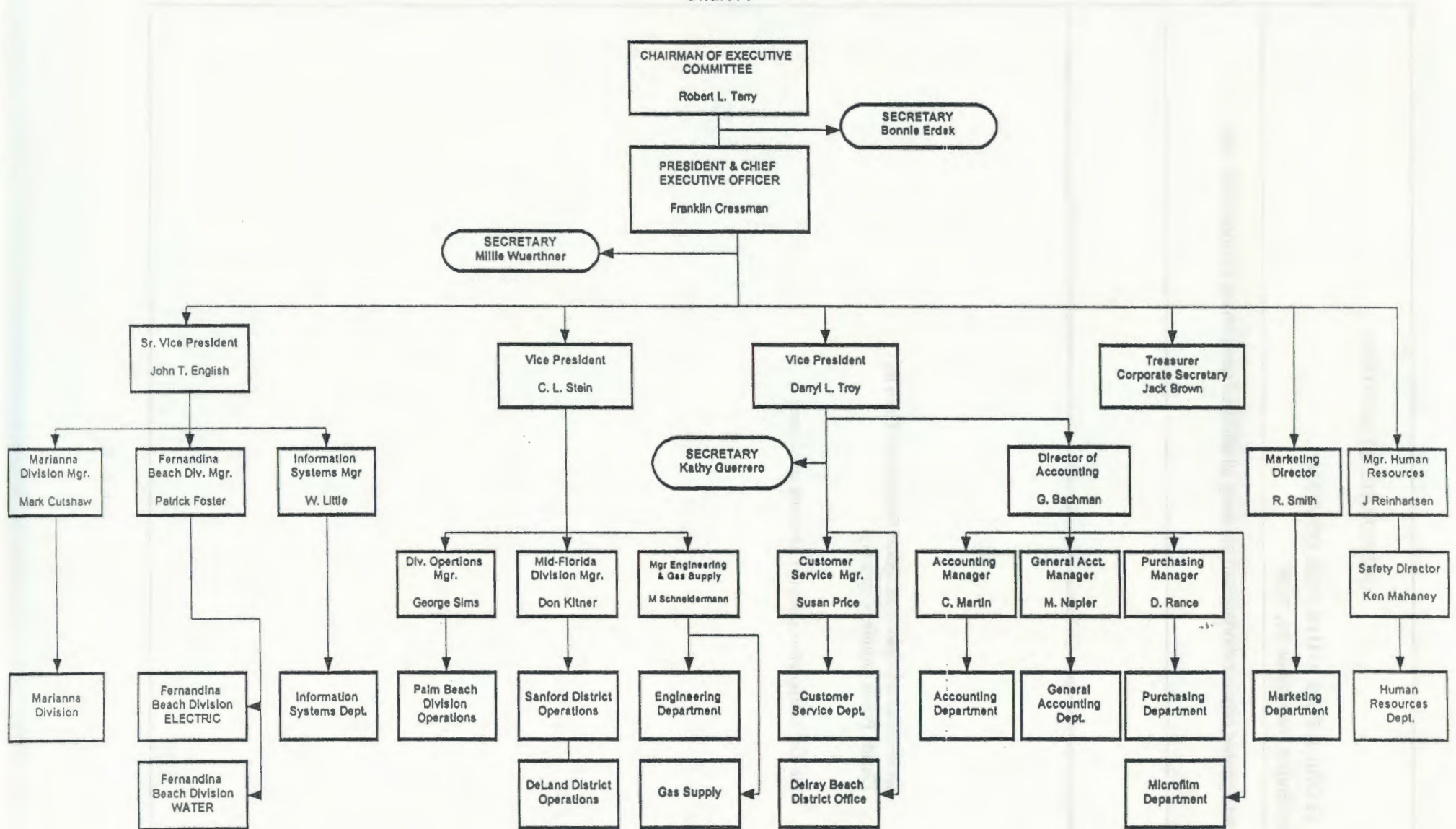
**Effective  
Date**

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

Flo-Gas Corporation does not have any employees.

# FLORIDA PUBLIC UTILITIES COMPANY

## Organizational Chart Chart A



FLORIDA PUBLIC UTILITIES COMPANY  
Gas Operations Organizational Chart  
Chart B

Vice President  
C. L. Stein

Mgr, Engineering &  
Gas Supply  
M. L. Schneidermann

WPB Operations  
George Sims

Mid-Florida Division  
Don Kitner

Division  
Engineer  
D. Pellico

Mid-Florida  
Engineering

Chart  
C1

Chart  
C2

Assistant  
Engineer  
J. Squires

Construction  
Supervisor  
D. Butcher

Inspector  
R. Bergel

Gas Supply  
Coordinator  
C. Snyder

2  
Engineering  
Aides

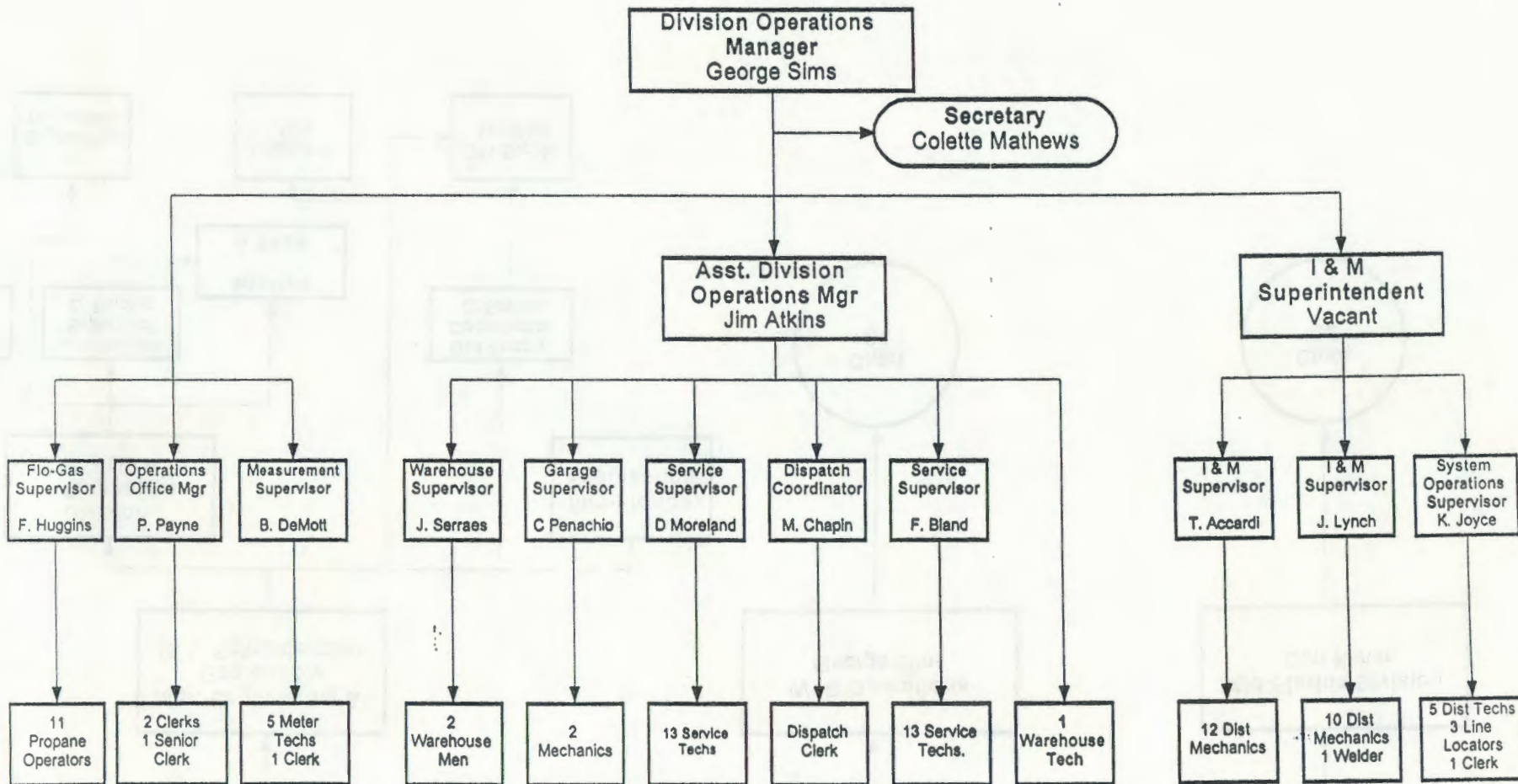
3  
Engineering  
Technicians

1 Part-time  
Aide

Gas Supply  
Assistant



**FLORIDA PUBLIC UTILITIES COMPANY**  
 West Palm Beach Gas Operations Organizational Chart  
 Chart C1

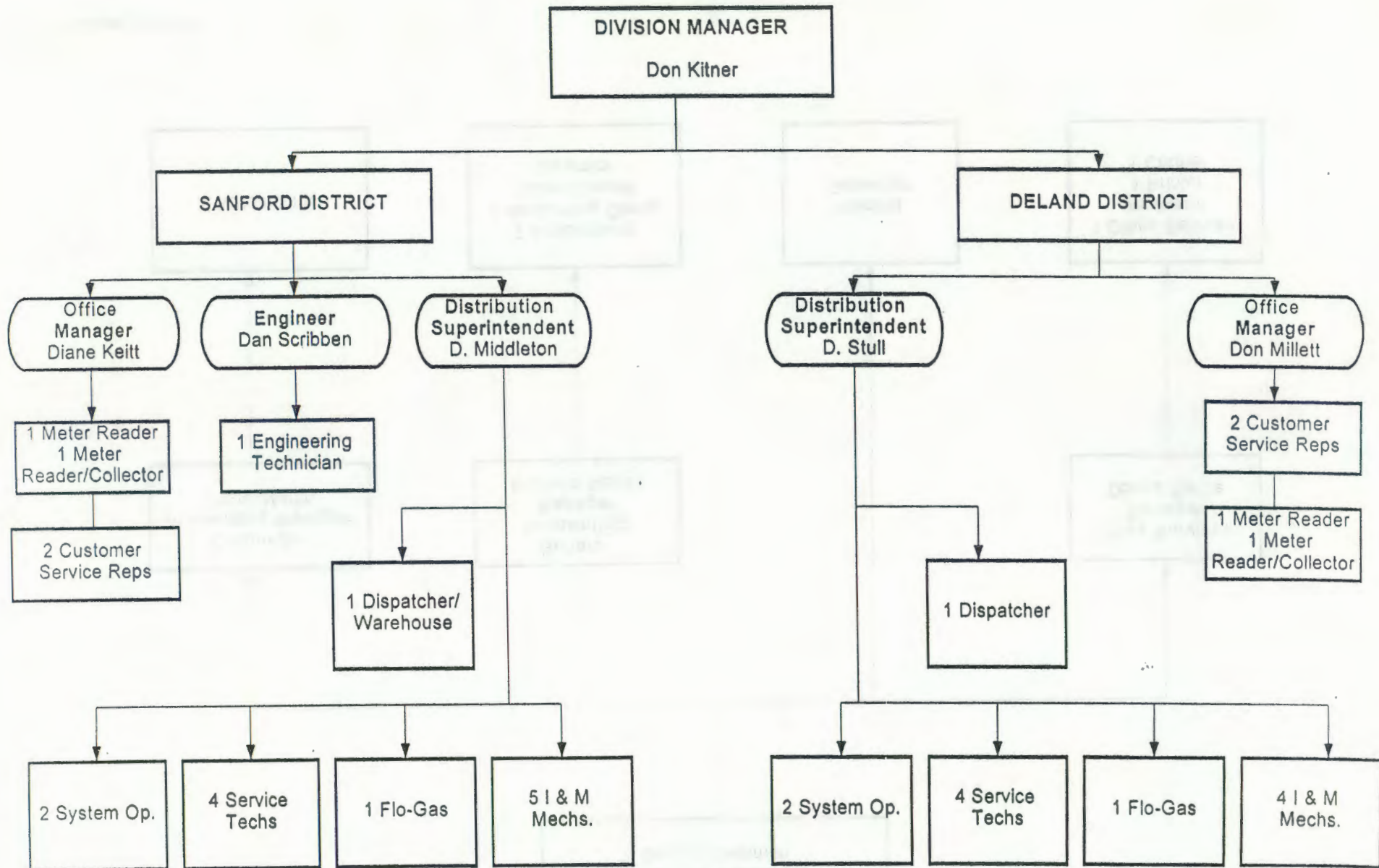


Revised 03/01/97

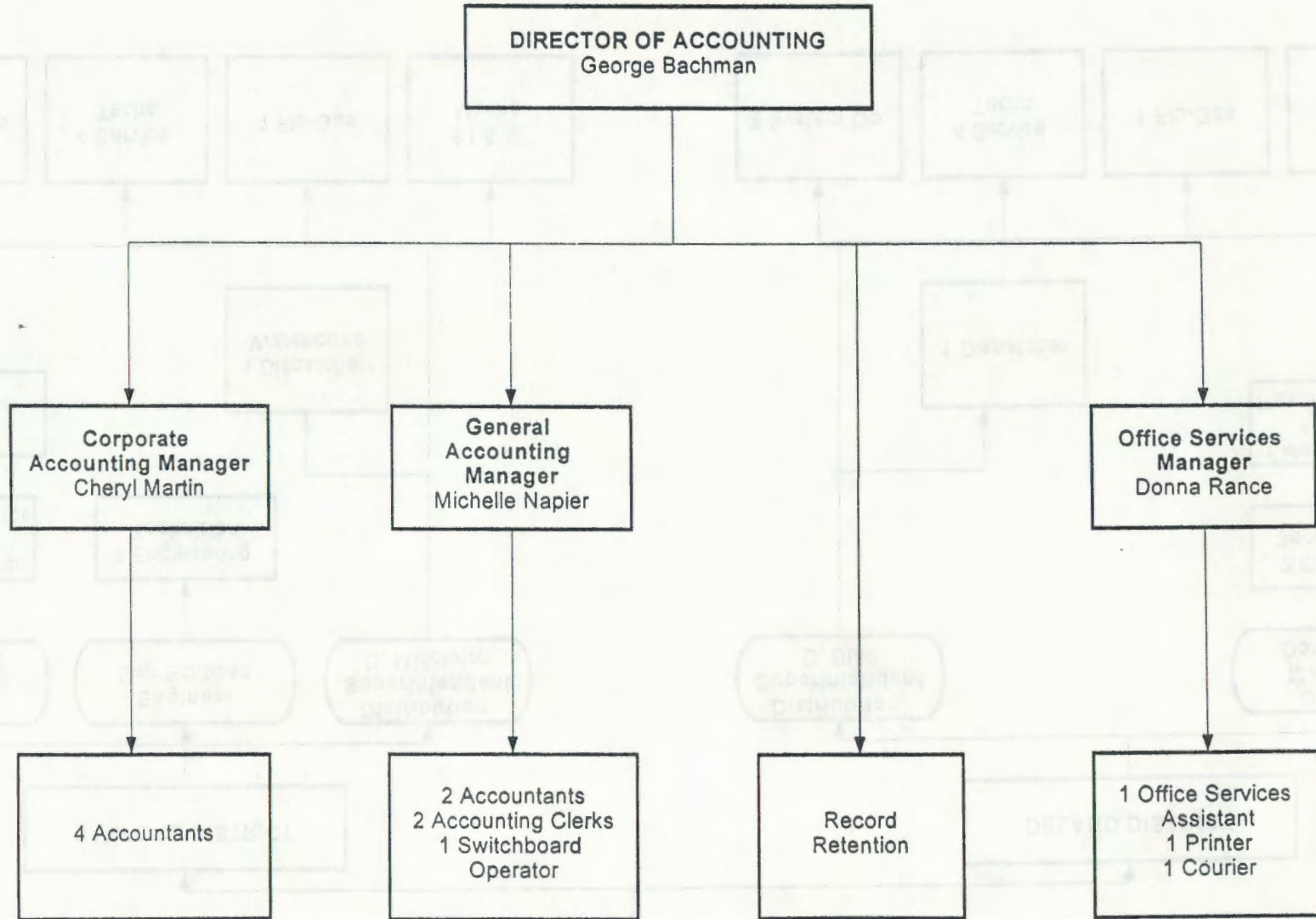
# FLORIDA PUBLIC UTILITIES COMPANY

## Mid-Florida Division Organizational Chart

### Chart C2

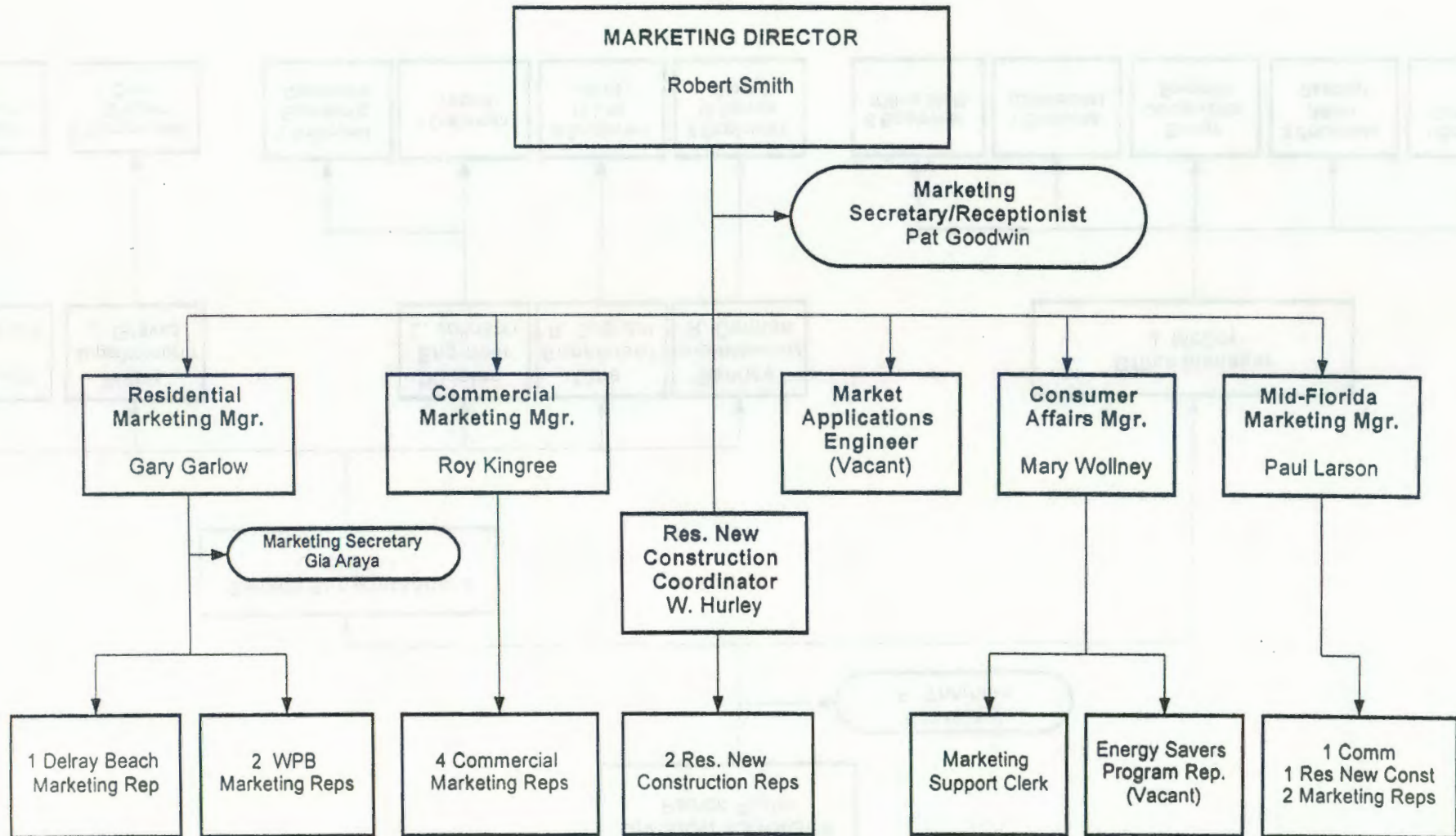


FLORIDA PUBLIC UTILITIES COMPANY  
General Office Organizational Chart  
Chart D

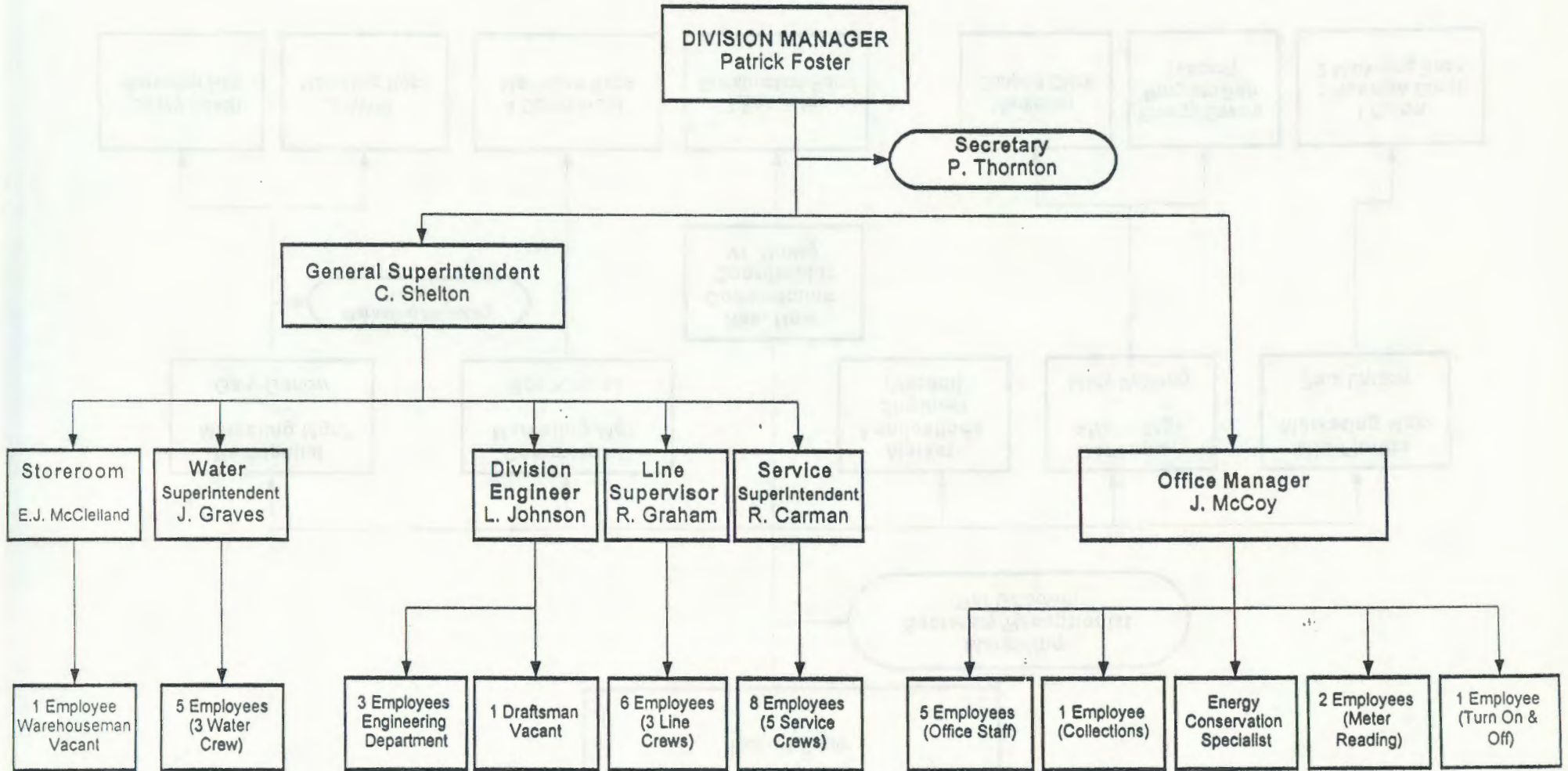


Revised 05/16/97

**FLORIDA PUBLIC UTILITIES COMPANY**  
Marketing Department Organizational Chart  
Chart E

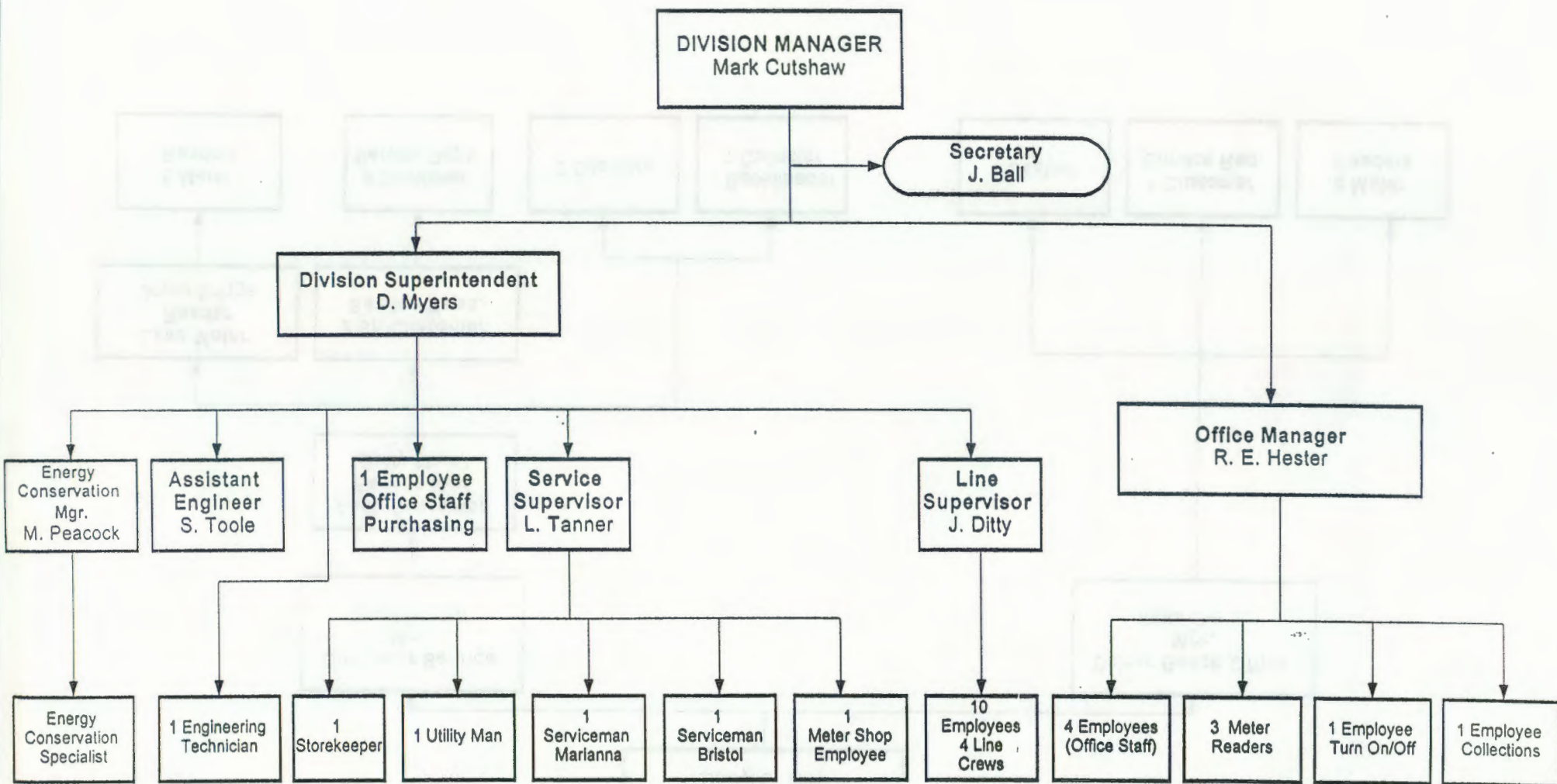


**FLORIDA PUBLIC UTILITIES COMPANY**  
 Organizational Chart for Fernandina Beach Division  
 Chart F

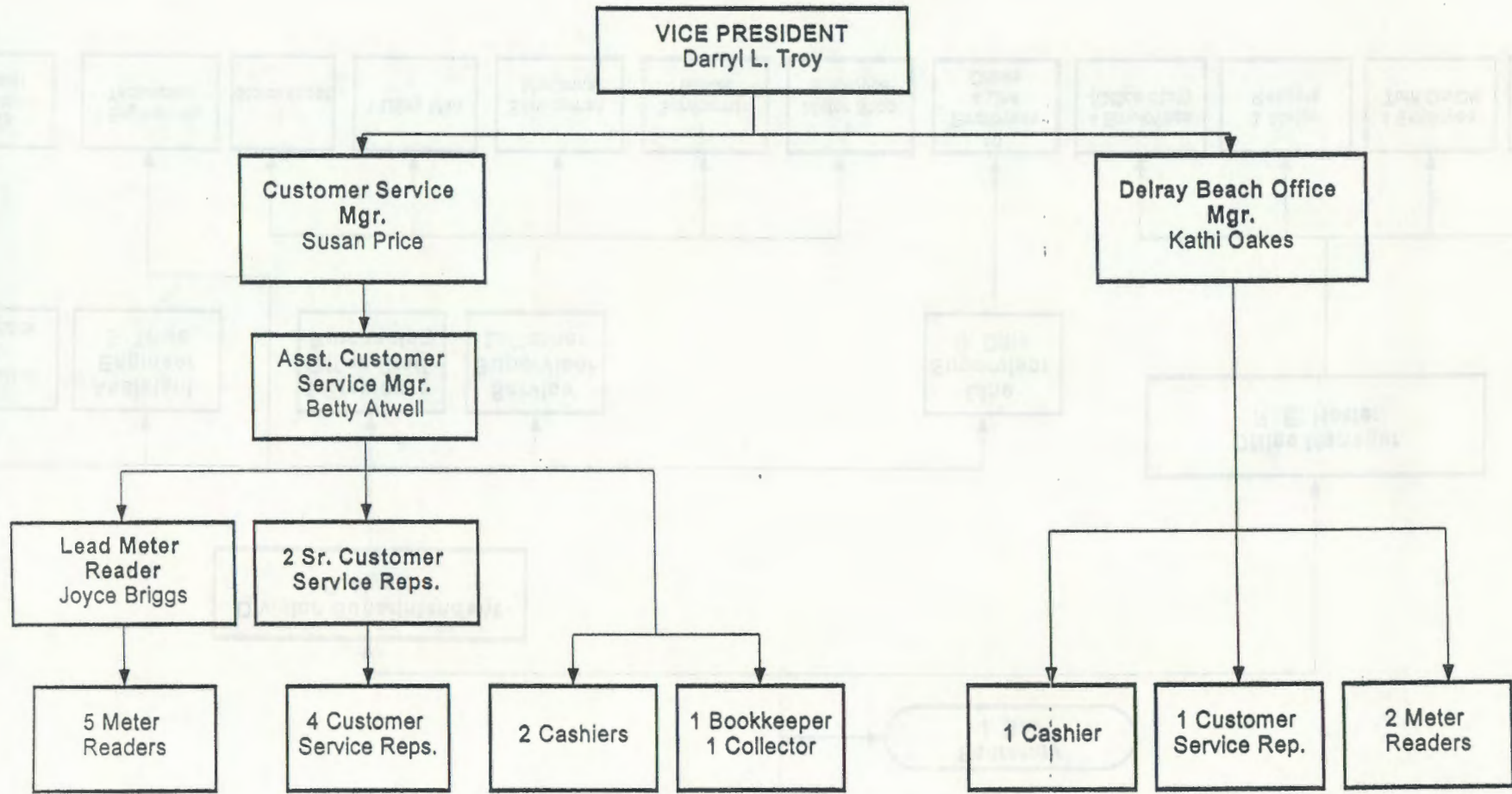


Revised 03/01/97

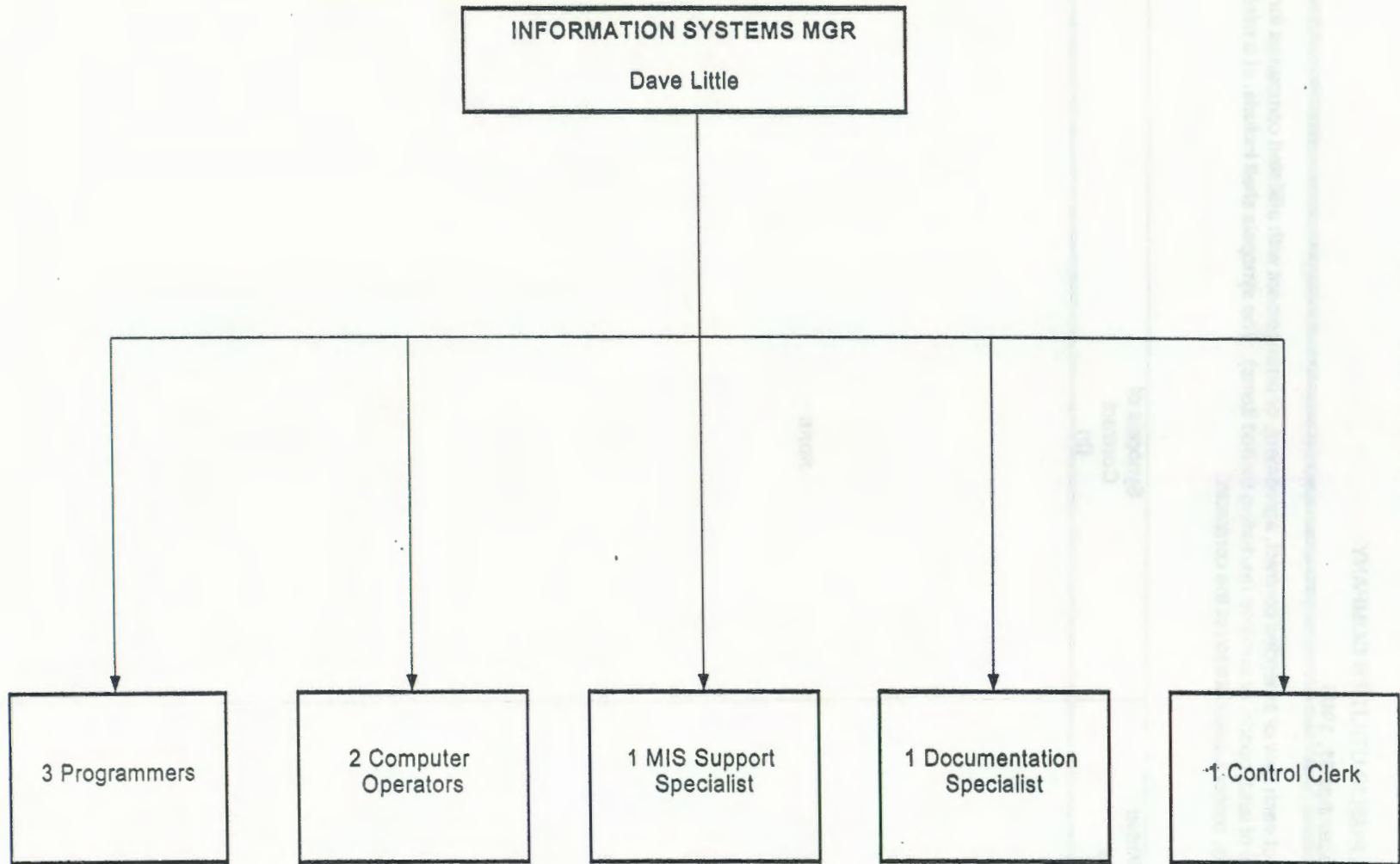
**FLORIDA PUBLIC UTILITIES COMPANY**  
 Organizational Chart for Marianna Division  
 Chart G



FLORIDA PUBLIC UTILITIES COMPANY  
Customer Service Organizational Chart  
Chart H



FLORIDA PUBLIC UTILITIES COMPANY  
Management Information Systems (MIS) Organizational Chart  
Chart I



Revised 6/3/01/97



**NEW OR AMENDED CONTRACTS WITH AFFILIATED COMPANIES**

**COMPANY: FLORIDA PUBLIC UTILITIES COMPANY**

**For the Year Ended December 31, 1996**

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 tarified items). The synopsis shall include, at a minimum, the terms, price, quantity, amount, and duration of the contracts.

| Name of Affiliated Company<br>(a)                                       | Synopsis of Contract<br>(b) |
|---|-----------------------------|
| <p align="center">6/2/96<br/>1. 2. 3. 4. 5. 6. 7. 8. 9. 10. 11. 12.</p> |                             |
| <p align="center">1. 2. 3. 4. 5. 6. 7. 8. 9. 10. 11. 12.</p>            | <p align="center">NONE</p>  |
| <p align="center">1. 2. 3. 4. 5. 6. 7. 8. 9. 10. 11. 12.</p>            |                             |
| <p align="center">1. 2. 3. 4. 5. 6. 7. 8. 9. 10. 11. 12.</p>            |                             |
| <p align="center">1. 2. 3. 4. 5. 6. 7. 8. 9. 10. 11. 12.</p>            |                             |
| <p align="center">1. 2. 3. 4. 5. 6. 7. 8. 9. 10. 11. 12.</p>            |                             |

**INDIVIDUAL AFFILIATED TRANSACTIONS IN EXCESS OF \$25,000**

Company: **FLORIDA PUBLIC UTILITIES COMPANY**

For the Year Ended December 31, 1996

Provide information regarding individual affiliated transactions in excess of \$25,000. Recurring monthly affiliated transactions which exceed \$25,000 per month should be reported annually in the aggregate. However, each land or property sales transaction even though similar sales recur, should be reported as a "non-recurring" item for the period in which it occurs.

| Name of Affiliate<br>(a)   | Description of Transaction<br>(b)  | Dollar Amount<br>(c) |
|----------------------------|--|----------------------|
| <i>Flo-Gas Corporation</i> | <i>Allocation correction for the income tax payable account. Non-recurring.</i>                    | <i>(477,799)</i>     |
| <i>Flo-Gas Corporation</i> | <i>Accounts Payable general expenses. Non-recurring.</i>   | <i>2,885,788</i>     |
| <i>Flo-Gas Corporation</i> | <i>Payroll<br/>Payment by Florida Public Utilities Company for Flo-Gas Corporation. Recurring.</i> | <i>1,507,812</i>     |
| <i>Flo-Gas Corporation</i> | <i>Cash Receipts - Recurring.</i>  | <i>(4,834,993)</i>   |
| <i>Flo-Gas Corporation</i> | <i>Dividends Declared - Non-recurring</i>  | <i>500,000</i>       |

**SUMMARY OF AFFILIATED TRANSFERS AND COST ALLOCATIONS**

Company: FLORIDA PUBLIC UTILITIES COMPANY  
 For the Year Ended December 31, 1996

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 a 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<br>(a) | Type of Service and/or Name of Product<br>(b) | Relevant Contract or Agreement and Effective Date<br>(c) | Total Charge for Year |                       |                      |
|--------------------------|---|--|-----------------------|-----------------------|----------------------|
|                          |   |  | "p" or "s"<br>(d)     | Account Number<br>(e) | Dollar Amount<br>(f) |
|                          | <i>SEE ATTACHED SCHEDULES</i>                 |  |                       |                       |                      |

## ANALYSIS OF DIVERSIFICATION ACTIVITY REPORT

Flo-Gas Corporation is a wholly-owned subsidiary of Florida Public Utilities Company and transactions that exceed \$300 annually are numerous. Therefore, the enclosed summaries of Flo-Gas' Income Statement and Balance Sheet should be sufficient to meet the requirements of the report.

- Items relating specifically to Flo-Gas are charged directly.
- Corporate general expenses relating to both companies are allocated using factors previously reviewed by the Florida Public Service Commission during our last rate proceeding.
- Items that typically create intercompany transactions include payroll, cash Payments and receipts, and propane purchases.
- Flo-Gas does not have employees or cash.

Detailed transactions are available at our corporate office. If you require additional information, please let us know.

NOTE: Flo-Gas' Income Statement and Balance Sheet (Supplement pages 1 through 3).

**ANALYSIS OF DIVERSIFICATION ACTIVITY SUPPLEMENT**  
**FLO-GAS**  
**INCOME STATEMENT**  
**12 MONTHS ENDING 12/31/96**

|  | <u>Year-to-Date</u><br><u>Actual</u> | <u>Last</u><br><u>Year-to-Date</u><br><u>Actual</u> |
|--|--------------------------------------|---|
| Operating Revenue  | 4,400,718                            | 4,135,581   |
| Operation Expenses   | 3,589,060                            | 3,280,645   |
| Maintenance Expenses   | 260,305                              | 254,770   |
| Depreciation Expense   | 344,066                              | 334,203   |
| Amortization of Utility Plant-<br>Acquisition Adjustment     | -                                    | -   |
| Tax Other Than Income Tax-Utility<br>Operation Expense       | 69,347                               | 54,450  |
| Income Tax - Federal - Utility<br>Operating Income           | 96,275                               | (204,296)   |
| Income Tax - State - Utility<br>Operating Income             | 20,238                               | (28,316)  |
| Deferred Income Tax - Utility<br>Operating Income            | (124,920)                            | 265,480   |
| Investment Tax Credit - Utility<br>Operating Income          | (8,547)                              | (8,624)   |
| <b>Operating Income</b>                                      | <u>154,894</u>                       | <u>187,269</u>                                      |
| <u>Other Income and Deductions</u>                           |                                      |   |
| Interest and Dividend Income                                 | -                                    | -   |
| Misc. Non-Operating Income                                   | -                                    | -   |
| Other Income Deductions                                      | 4,550                                | -   |
| Taxes Other Than Income - Other                              | -                                    | -   |
| Income Taxes-Federal-Other Income                            | (1,400)                              | -   |
| Income Taxes-State-Other Income                              | (300)                                | -   |
| <b>Other (Income) and Deductions</b>                         | <u>2,850</u>                         | <u>-</u>  |
| <u>Interest Charges</u>                                      |                                      |   |
| Interest on Debt to Associated Companies                     | 82,868                               | 124,530   |
| Other Interest Expense                                       | 16,614                               | 16,662  |
| <b>Interest Charges</b>                                      | <u>99,482</u>                        | <u>141,192</u>                                      |
| <u>Extraordinary Items</u>                                   |                                      |   |
| Cumulative Effect - Change in<br>Accounting Principles - Net | -                                    | -   |
| <b>Net Income</b>  | <u>58,262</u>                        | <u>46,077</u>                                       |

**ANALYSIS OF DIVERSIFICATION ACTIVITY SUPPLEMENT**  
**FLO-GAS**  
**BALANCE SHEET - 09**  
**AS OF DECEMBER 31, 1996**

| Assets and Other Debits                          | <u>Current</u>     | <u>Last<br/>Year End</u> |
|--|--------------------|--------------------------|
| <i>Utility Plant</i>                             |                    |                          |
| Utility Plant in Service                         | 7,155,966          | 6,997,090                |
| Utility Plant Purchased/Sold                     |                    |                          |
| Completed Construction Not Classified            |                    |                          |
| Construction Work in Progress                    |                    |                          |
| <b>Utility Plant</b>                             | <u>7,155,966</u>   | <u>6,997,090</u>         |
| <i>Accumulated Depreciation</i>                  |                    |                          |
| Accumulated Dep. - Utility Plant in Service      | (2,170,736)        | (2,020,483)              |
| Accumulated Dep. - Transportation Equip.         | (370,489)          | (355,124)                |
| Retirement Work in Progress                      |                    |                          |
| Accumulated Dep. - Rental Equipment              |                    |                          |
| <b>Accumulated Depreciation</b>                  | <u>(2,541,225)</u> | <u>(2,375,607)</u>       |
| <i>Other Utility Plant</i>                       |                    |                          |
| Utility Plant Acquisition Adj.                   | -                  | -                        |
| Accum. Amort. - Utility Acq. Adj.                | -                  | -                        |
| <b>Other Utility Plant</b>                       | <u>-</u>           | <u>-</u>                 |
| <i>Other Property and Investments</i>            |                    |                          |
| Investment in Assoc. Companies -<br>Common Stock | 159,505            | 201,251                  |
| <b>Other Property and Investments</b>            | <u>159,505</u>     | <u>201,251</u>           |
| <i>Current and Accrued Assets</i>                |                    |                          |
| Customer Accounts Receivable                     | 421,655            | 415,568                  |
| Allowance for Uncollectible Accounts             | (7,920)            | (13,587)                 |
| Accounts Rec. from Associated Companies          | -                  | -                        |
| Operating Supplies - Propane                     | 977,388            | 748,817                  |
| Prepayments - Taxes                              |                    |                          |
| Interest and Dividends Receivable                |                    |                          |
| Accrued Utility Revenues                         | 93,797             | 93,797                   |
| <b>Current and Accrued Assets</b>                | <u>1,484,920</u>   | <u>1,244,595</u>         |
| <i>Deferred Debits</i>                           |                    |                          |
| Misc. Deferred Debits - Other W.I.P.             | -                  | -                        |
| Misc. Deferred Debits - Miscellaneous            | 2,892              | 6,644                    |
| Accum. Deferred Income Taxes                     | 89,454             | 359,823                  |
| <b>Deferred Debits</b>                           | <u>92,346</u>      | <u>366,467</u>           |
| <b>ASSETS AND OTHER DEBITS</b>                   | <u>6,351,512</u>   | <u>6,433,796</u>         |

**ANALYSIS OF DIVERSIFICATION ACTIVITY SUPPLEMENT**  
**FLO-GAS**  
**BALANCE SHEET - 09**  
**AS OF DECEMBER 31, 1996**

| <b>Liabilities and Other Credits</b>                     | <b>Current</b>          | <b>Last<br/>Year End</b> |
|--|-------------------------|--------------------------|
| <i>Proprietary Capital</i>                               |                         |                          |
| Common Stock Issued                                      | 10,000                  | 10,000                   |
| Appropriated Retained Earnings                           | -                       | -                        |
| Unappropriated Retained Earnings                         | 2,386,976               | 2,340,898                |
| <b>Proprietary Capital</b>                               | <b><u>2,396,976</u></b> | <b><u>2,350,898</u></b>  |
| <i>Current and Accrued Liabilities</i>                   |                         |                          |
| Accounts Payable to Assoc. Companies                     | 2,208,075               | 2,053,418                |
| Customer Deposits  | 506,285                 | 506,583                  |
| Taxes Accrued  | 108,885                 | (501,139)                |
| Interest Accrued   | 14,787                  | 14,970                   |
| Dividends Declared                                       | (500,000)               | -                        |
| Tax Collections Payable                                  | 31,712                  | 32,623                   |
| Misc. Current and Accrued Liabilities                    | -                       | -                        |
| Customer Advances for Construction                       | -                       | -                        |
| Other Deferred Credits                                   | -                       | -                        |
| Accumulated Deferred I.T.C.                              | 46,968                  | 55,515                   |
| <b>Current and Accrued Liabilities</b>                   | <b><u>2,416,712</u></b> | <b><u>2,161,970</u></b>  |
| <i>Operating Reserves</i>                                |                         |                          |
| Misc. Operating Reserves                                 | -                       | -                        |
| Accum. Deferred Income Tax -<br>Liberalized Depreciation | 1,479,562               | 1,874,851                |
| Accum. Deferred Income Taxes - Other                     | -                       | -                        |
| <b>Operating Reserves</b>                                | <b><u>1,479,562</u></b> | <b><u>1,874,851</u></b>  |
| <b>Year-To-Date Income/Loss</b>                          | <b><u>58,262</u></b>    | <b><u>46,077</u></b>     |
| <b>LIABILITIES AND OTHER CREDITS</b>                     | <b><u>6,351,512</u></b> | <b><u>6,433,796</u></b>  |

**ASSETS OR RIGHTS PURCHASED FROM OR SOLD TO AFFILIATES**

**FLORIDA PUBLIC UTILITIES COMPANY**  
**For the Year Ended December 31, 1996**

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    |                     |
|                            |                               |                 |                          |                |                   |                |                     |
| Total                      |                               |                 |                          |                |                   | \$             |                     |



EMPLOYEE TRANSFERS

FLORIDA PUBLIC UTILITIES COMPANY

For the Year Ended December 31, 1996

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

| Company Transferred From | Company Transferred To | Old Job Assignment | New Job Assignment | Transfer Permanent or Temporary and Duration |
|--------------------------|------------------------|--------------------|--------------------|--|
| NONE                     |                        |                    |                    |  |

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

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

**FLORIDA PUBLIC UTILITIES COMPANY  
MARKETING PROGRAMS  
1996 Annual Report**

| <b>PROGRAM</b>  | <b>1996<br/>HISTORICAL<br/>EXPENSES</b> | <b>1996<br/>ESTIMATED<br/>REVENUES (1)</b> | <b>1997<br/>PROJECTED<br/>EXPENSES</b> | <b>1997<br/>PROJECTED<br/>REVENUES (2)</b> |
|---|---|--|--|--|
| <b>Energy Savers Program (ESP)</b>                        | \$ 62,287                               | \$ 78,661                                  | \$ 85,000                              | \$ 80,234                                  |
| <b>Residential Energy Efficiency Program (REEP)</b>       | \$ 4,069                                | \$ 4,859                                   | \$ 4,500                               | \$ 5,000                                   |
| <b>Residential Energy Audit Program (REAP)</b>            | (3)                                     | (3)  | (3)                                    | (3)  |
| <b>Home Owners Maximized Energy Savings (HOMES)</b>       | \$ 8,361                                | \$ 10,630                                  | \$ 9,000                               | \$ 11,000                                  |
| <b>Business Energy Efficiency Plan (BEEP) (4)</b>         | \$ 1,280                                | \$ 369,494                                 | \$ 5,000                               | \$ 376,900                                 |
| <b>Appliance Conservation and Education (ACE) Program</b> | (5)                                     | (5)  | \$ 29,500                              | \$ 15,000                                  |
| <b>Utility Service and Information Program (USIP)</b>     | \$ 15,188                               | Not Applicable (6)                         | \$ 15,000                              | Not Applicable (6)                         |
| <b>Consumer Affairs Service (CAS)</b>                     | \$ 6,812                                | Not Applicable (6)                         | \$ 7,000                               | Not Applicable (6)                         |

**Notes:**

- (1) As stated during the 1995 rate case proceedings with the FPSC staff, funds for ESP, REEP, REAP, HOMES, BEEP, USIP and CAS are strictly for advertising campaigns. Collectively, each of the campaigns have an impact on revenue generation. The 1996 revenue calculations for each advertising campaign are based in proportion to the total advertising dollars spent and are allocated accordingly to the net growth in customers.
- (2) The 1997 projected revenues have been calculated using an estimated 2% growth in comparison to 1996 figures.

- (3) This program and the associated advertising campaign has been eliminated for lack of compliance to the criteria for energy audits as stated in Section 25-17.003 in the Rules of the Florida Public Service Commission. The funds assigned to this program have been transferred to REEP.
- (4) Expenses are expected to significantly increase for the BEEP campaign to develop specific media collateral for the obtaining of commercial accounts along existing mains. All other advertising programs are expected to increase by no more than 2%.
- (5) Expenses for the ACE program were not properly coded to allow for tracking. This situation has been corrected.
- (6) These two programs are customer information and education programs which assist in customer retention.