

GU603-98-AR

ANNUAL REPORT OF  
NATURAL GAS UTILITIES

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AUDITING &  
FINANCIAL ANALYSIS DIV

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, 1998

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 **Florida** **33402-3395**

Telephone No. **(561) 838-1731**

**PSC/AFA 20 (4/96)**

# 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 <b>FLORIDA PUBLIC UTILITIES COMPANY</b>		02 Year of Report <b>December 31, 1998</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) <b>401 South Dixie Highway, West Palm Beach, FL 33401-5886</b>		
05 Name of Contact Person <b>George Bachman</b>	06 Title of Contact Person <b>Director of Accounting &amp; Asst. Treasurer</b>	
07 Address of Contact Person (Street, City, State, Zip Code) <b>Same as above</b>		
08 Telephone of Contact Person, Including Area Code <b>(561) 838-1731</b>	09 Date of Report (Mo, Da, Yr) <b>March 31, 1999</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, 1998 to December 31, 1998, 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.

4/9/99  
Date

  
Signature

George Bachman  
Name

Director of Accounting & Asst. Treasurer  
Title

TABLE OF CONTENTS

Title of Schedule (a)	Page No. (b)	Title of Schedule (a)	Page No. (b)
<b>GENERAL CORPORATE INFORMATION AND FINANCIAL STATEMENTS</b>		<b>INCOME ACCOUNT SUPPORTING SCHEDULES</b>	
General Information Control Over Respondent NONE Corporations Controlled By Respondent Officers Directors Security Holders and Voting Powers Important Changes During the Year Comparative Balance Sheet Statement of Income for the Year Statement of Retained Earnings for the Year Statement of Cash Flows Notes to Financial Statements	3 4 5 6 7 8 9 10-11 12-14 15-16 17-18 19	Gas Operating Revenues Residential and Commercial Space Heating Customers Interruptible, Off Peak, and Firm Sales to Distribution System Industrial Customers Gas Operation and Maintenance Expenses Number of Gas Department Employees Gas Purchases Gas Used in Utility Operations - Credit Other Gas Supply Expenses Miscellaneous General Expenses - Gas Depreciation, Depletion, and Amortization of Gas Plant Particulars Concerning Certain Income Deduction and Interest Charges Accounts Regulatory Commission Expenses Distribution of Salaries and Wages Charges for Outside Prof. and Other Consultative Services	46-47 48 48 49-51 51 52 53 54 54 55 56 57-58 59 60
<b>BALANCE SHEET SUPPORTING SCHEDULES</b>		<b>REGULATORY ASSESSMENT FEE</b>	
<b>(Assets And Other Debits)</b>		Reconciliation of Gross Operating Revenues - Annual Report versus Regulatory Assessment Fee Return	61
Summary of Utility Plant and Accum. Prov. for Depreciation, Amortization, and Depletion Gas Plant in Service Accumulated Depreciation & Amortization Construction Work in Progress - Gas Construction Overheads - Gas Construction Overhead Procedure Accum. Prov. for Depreciation of Gas Utility Plant Prepayments Extraordinary Property Losses Unrecovered Plant and Regulatory Study Costs Other Regulatory Assets Miscellaneous Deferred Debits Accum. Deferred Income Taxes	20-21 22-23 25-26 28 29 30 31 32 32 32 33 34 35		
<b>(Liabilities and Other Credits)</b>		<b>DIVERSIFICATION ACTIVITY</b>	
Capital Stock Subscribed, Capital Stock Liability for Conversion Premium on Capital Stock, and Securities Issued or Assumed and Securities Refunded or Retired During the Year Long-Term Debt Unamortized Debt Exp., Premium and Discount on Long-Term Debt Unamortized Loss and Gain on Reacquired Debt Reconciliation of Reported Net Income with Taxable Income for Federal Income Taxes Taxes Accrued, Prepaid and Charged During Year Accumulated Deferred Investment Tax Credits Miscellaneous Current and Accrued Liabilities Other Deferred Credits Accumulated Deferred Income Taxes Other Regulatory Liabilities	36 37 38 39 40 41 42 43 43 44 45	Corporate Structure New or Amended Contracts with Affiliated Companies Individual Affiliated Transactions in Excess of \$25,000 Summary of Affiliated Transfers and Cost Allocations Assets or Rights Purchased from or Sold to Affiliates Employee Transfers	62 63 64 65 66 67

December 31, 1998

## 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 334402-3395**

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**

1. Report below the names of all corporations, business trusts, and similar organizations, controlled directly or indirectly by respondent at any time during the year. If control ceased prior to end of year, give particulars (details) in a footnote.  
 2. If control was by other means than a direct holding of voting rights, state in a footnote the manner in which control was held, naming any intermediaries involved.

3. If control was held jointly with one or more other interests, state the fact in a footnote and name the other interests.  
 4. If the above required information is available from the SEC 10-K Report Form filing, a specific reference to the report form (i.e. year and company title) may be listed in column (a) provided the fiscal years for both the 10-K report and this report are compatible.

**DEFINITIONS**

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

control or direct action without the consent of the other, as where the voting control is equally divided between two holders, or each party holds a veto power over the other. Joint control may exist by mutual agreement or understanding between two or more parties who together have control within the meaning of the definition of control in the Uniform System of Accounts, regardless of the relative voting rights of each party.

Name of Company Controlled (a)	Kind of Business (b)	Percent Voting Stock Owned (c)	Footnote Ref. (d)
Flb - 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	\$79,109
2			
3	Chairman of the Board & CEO	Franklin C. Cressman	\$135,930
4	Retired 10/1/98		
5	President & Chief Executive Officer	John T. English	\$127,511
6			
7	Vice President	Darry L. Troy	\$86,406
8			
9	Senior Vice President	Charles L. Stein	\$105,282
10			
11	Treasurer	Jack R. Brown	\$107,835
12			
13	Assistant Secretary & Assistant Treasurer	William D. Little, Jr.	\$66,744
14			
15	Assistant Treasurer	George M. Bachman	\$65,200
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DIRECTORS

1. Report below the information called for concerning each director of the respondent who held office at any time during the year. Include in column (a) abbreviated titles of the directors who are officers of the respondent.

2. Designate members of the Executive Committee by an asterisk and the Chairman of the Executive Committee by a double asterisk.

Name (and Title) of Director (a)	Principal Business Address (b)
<p>R. L. Terry** Chairman of the Executive Committee</p>	<p>401 South Dixie Highway West Palm Beach, Florida</p>
<p>F.C. Cressman* Chief Executive Officer (Retired 10/1/98)</p>	<p>7990 West Lake Drive West Palm Beach, Florida</p>
<p>D. Downey*</p>	<p>400 Royal Palm Way Palm Beach, Florida</p>
<p>G.O. Jerauld</p>	<p>700 Osprey Way No. Palm Beach, Florida</p>
<p>E. James Carr, Jr.</p>	<p>15717 113th Trail North Jupitor, Florida</p>
<p>J.T. English* President &amp; Chief Executive Officer</p>	<p>401 South Dixie Highway West Palm Beach, Florida</p>
<p>R.C. Hitchins</p>	<p>325 South Olive Avenue West Palm Beach, Florida</p>
<p>P.L. Maddock, Jr</p>	<p>275 S County Road Palm Beach, Florida</p>
<p>R. E. Schupp</p>	<p>4400 Congress Avenue West Palm Beach, Florida</p>



SECURITY HOLDERS AND VOTING POWERS

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

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 11, 1998**  
**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: **1,478,771**  
By Proxy: **1,243,339**

3. Give the date and place of such meeting:

4/21/98

**401 S. Dixie Highway**  
**West Palm Beach, FL**

VOTING SECURITIES  
Number of votes as of (date): **04/21/98**

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	2,999,915	2,999,915		
5	TOTAL number of security holders	1,032	1,032		
6	TOTAL votes of security holders listed below	2,556,319	2,556,319		
7	*Cede & Company	1,761,076	1,761,076		
8	P. O. Box 20, New York, NY 10274				
9					
10	Chesapeake Utilities Corp.	218,464	218,464		
11	Box 615, Dover, DE 19903				
12					
13	Atlee M. Kohl	184,000	184,000		
14	3007 Skyway Circle North, Irving, TX 75038				
15					
16	Robert L. Terry, Chairman, Exec. Comm.	171,000	171,000		
17	137 King Rd., Palm Beach, FL 33402				
18					
19	Dino Casali	90,486	90,486		
20	Box 886, Keene, NH 03431-0886				
21					
22	George F. Parris, Jr.	43,720	43,720		
23	P. O. Box 21909, Long Beach, CA 90801				
24					
25	Ursula Peidcop Grau Trust	31,400	31,400		
26	P. O. Box 381, Punta Gorda, FL 33951				
30					
31	*Includes 313,554 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	Total Votes (b)	Common Stock (c)	Preferred Stock (d)	Other (e)
	(a)				
21	Franklin C. Cressman	23,637	23,637		NONE
22	7990 W Lake Dr., West Palm Beach, FL				
23	Gordon O. Jerauld Trust	18,664	18,664		
24	700 Ospray Way, North Palm Beach, FL				
25	Eduardo B. Arcentales Trust	13,872	13,872		
26	209 Avila Rd., West Palm Beach, FL				
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December 31, 1998

## 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. Distribution system in Deltona Florida was converted from Flo-Gas (propane) to Florida Public Utilities Company (natural gas). The property was transferred in July 1998. The approximate number of customers added to Florida Public Utilities Company is 783 per month.

6. NONE

7. NONE

8. NONE

9. NONE

10. NONE

11. NONE

12. NONE

COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Balance at Beginning of Year (c)	Balance at End of Year (d)
1	<b>UTILITY PLANT</b>			
2	Utility Plant (101-106, 114) & 118	20-21	106,050,353	112,881,847
3	Construction Work in Progress (107)	20-21	2,153,397	1,474,274
4	<b>TOTAL Utility Plant (Enter Total of lines 2 and 3)</b>		<b>108,203,750</b>	<b>114,356,121</b>
5	(Less) Accum. Prov. for Depr. Amort. Depl. (108, 111, 115)	20-21	(37,302,982)	(40,343,241)
6	<b>Net Utility Plant (Enter Total of line 4 less 5)</b>		<b>70,900,768</b>	<b>74,012,880</b>
7	Utility Plant Adjustments (116)	19		
8	Gas Stored (117.1, 117.2, 117.3, 117.4)	-		
9	<b>OTHER PROPERTY AND INVESTMENTS</b>			
10	Nonutility Property (121)	-	20,171	20,171
11	(Less) Accum. Prov. for Depr. and Amort. (122)	-	0	0
12	Investments in Associated Companies (123)	-	10,000	10,000
13	Investment in Subsidiary Companies (123.1)	-	1,756,258	1,900,646
14	Other Investments (124)	-	10	15,001
15	Special Funds (125-128)	-		
16	<b>TOTAL Other Property and Investments (Total of lines 10 through 15)</b>		<b>1,786,439</b>	<b>1,945,818</b>
17	<b>CURRENT AND ACCRUED ASSETS</b>			
18	Cash (131)	-	113,453	(105,276)
19	Special Deposits (132-134)	-	3,023,557	3,133,468
20	Working Funds (135)	-	9,800	10,660
21	Temporary Cash Investments (136)	-		
22	Notes Receivable (141)	-		
23	Customer Accounts Receivable (142)	-	6,226,281	6,377,060
24	Other Accounts Receivable (143)	-	(21,664)	62,441
25	(Less) Accum. Prov. for Uncollectible Acct.-Credit (144)	-	(62,230)	(108,432)
26	Notes Receivable from Associated Companies (145)	-		
27	Accounts Receivable from Assoc. Companies (146)	-	1,884,866	1,024,748
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)	-	1,438,782	1,303,650
32	Merchandise (155)	-	250,181	216,765
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	1,476,164	1,637,345
37	Advances for Gas (166-167)	-		
38	Interest and Dividends Receivable (171)	-		
39	Rents Receivable (172)	-		
40	Accrued Utility Revenues (173)	-	1,035,116	1,009,261
41	Miscellaneous Current and Accrued Assets (174)	-		
42	<b>TOTAL Current and Accrued Assets (Enter Total of lines 18 through 41)</b>		<b>15,374,306</b>	<b>14,561,690</b>
43	<b>DEFERRED DEBITS</b>			
44	Unamortized Debt Expense (181)	-	269,744	254,583
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)	-	(6,988)	2,447
51	Miscellaneous Deferred Debits (186)	34	390,543	713,421
52	Def. Losses from Disposition of Utility Plant. (187)	-		
53	Research, Devel. and Demonstration Expend. (188)	-		
54	Unamortized Loss on Recquired Debt (189)	-	391,644	369,282
55	Accumulated Deferred Income Taxes (190)	35	2,462,092	2,545,639
56	Unrecovered Purchased Gas Costs (1860.21)	-	553,111	0
57	<b>TOTAL Deferred Debits (Enter Total of lines 44 through 56)</b>		<b>4,060,146</b>	<b>3,885,372</b>
58	<b>TOTAL Assets and other Debits (Enter Total of lines 6, 7, 8, 16, 42, 57)</b>		<b>92,121,659</b>	<b>94,405,760</b>

## COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Balance at Beginning of Year (c)	Balance at End of Year (d)
1	<b>PROPRIETARY CAPITAL</b>			
2	Common Stock (201, 202, 203, 205, 206, 207)	-	\$13,039,373	\$13,208,172
3	Preferred Stock Issued (204)	-	600,000	600,000
4	Other Paid-In Capital (208-211) & Accounts 212, 213, 214	-	585,771	658,449
5	Retained Earnings (215, 215.1, 216)	15-16	12,659,545	13,707,036
6	Unappropriated Undistributed Subsidiary Earnings (216.1)	15-16	1,872,520	1,979,165
7	(Less) Reacquired Capital Stock (217)	-	(1,968,084)	(1,930,341)
8	<b>TOTAL Proprietary Capital (Enter Total of lines 2 through 7)</b>		<b>26,789,125</b>	<b>28,222,481</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)	-	1,839,735	2,205,484
20	Accumulated Provision for Injuries and Damages (228.2)	-		
21	Accumulated Provision for Pensions and Benefits (228.3)	-	848,691	978,934
22	Accumulated Miscellaneous Operating Provisions (228.4)	-		
23	Accumulated Provision for Rate Refunds (229)	-	245,000	75,000
24	<b>TOTAL Other Noncurrent Liabilities (Enter Total of lines 18 through 23)</b>		<b>2,933,426</b>	<b>3,259,418</b>
25	<b>CURRENT AND ACCRUED LIABILITIES</b>			
26	Notes Payable (231)	-	7,600,000	8,200,000
27	Accounts Payable (232)	-	5,595,529	4,729,635
28	Notes Payable to Associated Companies (233)	-	0	0
29	Accounts Payable to Associated Companies (234)	-	0	0
30	Customer Deposits (235)	-	3,291,597	3,380,514
31	Taxes Accrued (236)	41	250,646	317,928
32	Interest Accrued (237)	-	499,724	580,324
33	Dividends Declared (238)	-	453,697	486,630
34	Matured Long-Term Debt (239)	-	0	0
35	Matured Interest (240)	-	0	0
36	Tax Collections Payable (241)	-	523,513	563,370
37	Miscellaneous Current and Accrued Liabilities (242)	43	692,499	766,569
38	Obligations Under Capital Leases-Current (243)	-	0	0
39				
40	<b>TOTAL Current and Accrued Liabilities (Enter Total of lines 26 through 39)</b>		<b>\$18,907,205</b>	<b>\$19,024,970</b>
41	<b>DEFERRED CREDITS</b>			
42	Customer Advances for Construction (252)	-	1,269,442	1,317,224
43	Other Deferred Credits (253) & CIAC (271&272)	43	8,562,341	9,028,186
44	Other Regulatory Liabilities (254)	45		
45	Accumulated Deferred Investment Tax Credits (255)	42	1,302,937	1,191,026
46	Deferred Gains from Disposition of Utility Plant (256)	-		
47	Unamortized Gain on Reacquired Debt (257)	39		
48	Accumulated Deferred Income Taxes (281-283)	44	8,857,183	8,862,455
49	<b>TOTAL Deferred Credits (Enter Total of lines 42 through 48)</b>		<b>19,991,903</b>	<b>20,398,891</b>
50				
51	<b>TOTAL Liabilities and Other Credits (Enter Total of lines 8, 16, 24,</b>			
52	<b>40 and 49)</b>		<b>\$92,121,659</b>	<b>\$94,405,760</b>

STATEMENT OF INCOME

1. Report amounts for Accounts 412 and 413, Revenue and Expenses from Utility Plant Leased to Others, in another utility column (l,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	<b>UTILITY OPERATING INCOME</b>			
2	Operating Revenues (400)	46-47	\$72,148,902	\$74,068,347
3	Operating Expenses			
4	Operation Expenses (401)	49-51	52,396,108	55,587,467
5	Maintenance Expenses (402)	49-51	2,548,038	2,254,369
6	Depreciation Expense (403)	55	3,674,722	3,446,628
7	Amort. & Depl. of Utility Plant (404-405)	55	255,044	239,604
8	Amort. of Utility Plant Acq. Adj. (406)		(956)	(956)
9	Amort. of Property Losses, Unrecovered Plant and Regulatory Study Costs (407.1)	-	-	-
10	Amort. of Conversion Expenses (407.2)	-	-	-
11	Regulatory Debits (407.3)	-	-	-
12	(Less) Regulatory Credits (407.4)	-	-	-
13	Taxes Other Than Income Taxes (408.1)	* 41	6,019,385	5,719,575
14	Income Taxes - Federal (409.1)	41	1,474,864	1,666,107
15	- Other (409.1)	41	275,266	258,699
16	Provision for Deferred Inc. Taxes (410.1)	35, 44	(78,275)	(440,739)
17	(Less) Provision for Deferred Income Taxes - Cr.(411.1)	35, 44	-	-
18	Investment Tax Credit Adj. - Net (411.4)	42	(111,911)	(111,641)
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)		66,452,285	68,619,113
24	Net Utility Operating Income (Total of line 2 less 23) (Carry forward to page 14, line 25)		5,696,617	5,449,234
	* Page 41 excludes Franchise Tax of \$2,160,096			

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
\$40,253,776	\$38,682,652	\$29,734,219	\$33,474,647	\$2,160,907	\$1,911,048	2
						3
30,663,560	29,879,790	21,136,495	25,130,108	596,053	577,569	4
1,415,413	1,216,354	763,554	681,488	369,071	356,527	5
1,779,989	1,668,986	1,661,850	1,561,586	232,883	216,056	6
		255,044	239,604			7
		(956)	(956)			8
						9
						10
						11
						12
3,181,640	2,852,398	2,474,074	2,574,606	363,671	292,571	13
849,327	615,353	591,674	999,445	33,863	51,309	14
154,380	94,327	113,717	155,824	7,169	8,548	15
(238,646)	(80,322)	37,355	(405,405)	123,016	44,988	16
						17
(49,812)	(49,542)	(55,162)	(55,162)	(6,937)	(6,937)	18
						19
						20
						21
						22
37,755,851	36,197,344	26,977,645	30,881,138	1,718,789	1,540,631	23
2,497,925	2,485,308	2,756,574	2,593,509	442,118	370,417	24

December 31, 1998

## 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)		\$5,696,617	\$5,449,234
26	Other Income and Deductions			
27	Other Income			
28	Nonutility Operating Income			
29	Revenues From Merchandising, Jobbing and Contract Work (415)	-	1,520,383	1,614,881
	(Less) Costs and Exp. of Merchandising, Job & Contract Work (416)	-	(1,532,769)	(1,536,344)
31	Revenues From Nonutility Operations (417)	-		
32	(Less) Expenses of Nonutility Operations (417.1)	-		
33	Nonoperating Rental Income (418)	-	200	(9,427)
34	Equity in Earnings of Subsidiary Companies (418.1)	15-16	106,645	(72,717)
35	Interest and Dividend Income (419)	-	39,365	29,478
36	Allowance for Other Funds Used During Construction (419.1)	-	24,672	17,636
37	Miscellaneous Nonoperating Income (421)	-		
38	Gain on Disposition of Property (421.1)	-	-	837,200
39	TOTAL Other Income (Enter Total of lines 29 through 38)		158,496	880,707
40	Other Income Deductions			
41	Loss on Disposition of Property (421.2)	-		
42	Miscellaneous Amortization (425)	56		
43	Miscellaneous Income Deductions (426.1-426.5)	56	23,268	34,367
44	TOTAL Other Income Deductions (Total of lines 41 through 43)		23,268	34,367
45	Taxes Applic. to Other Income and Deductions			
46	Taxes Other Than Income Taxes (408.2)	41		
47	Income Taxes - Federal (409.1)	41	14,438	299,532
48	Income Taxes - Other (409.2)	41	2,463	51,320
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)		16,901	350,852
54	Net Other Income and Deductions (Enter Total of lines 39,44,53)		118,327	495,488
55	Interest Charges			
56	Interest on Long-Term Debt (427)	-	2,235,050	2,235,050
57	Amortization of Debt Disc. and Expense (428)	38	42,522	42,957
58	Amortization of Loss on Recquired Debt (428.1)	-		
59	(Less) Amort. of Premium on Debt - Credit (429)	38		
60	(Less) Amortization of Gain on Recquired Debt - Credit (429.1)	-		
61	Interest on Debt to Assoc. Companies (430)	56	(77,110)	(121,775)
62	Other Interest Expense (431)	56	562,808	609,674
63	(Less) Allow. for Borrowed Funds Used During Const. - Cr. (432)	-	(16,146)	(11,540)
64	Net Interest Charges (Total of lines 56 through 63)		2,747,124	2,754,366
65	Income Before Extraordinary Items (Enter Total of lines 25, 54 and 64)		3,067,820	3,190,356
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)		\$3,067,820	\$3,190,356
73	Earnings Per Share		1.02	1.07



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		\$12,659,545
2	Changes (Identify by prescribed retained earnings accounts)		
3	Adjustments to Retained Earnings (Account 439):		
4	Credit: DIVIDENDS FROM SUBSIDIARY		0
5	Credit:		
6	Credit:		
7	Credit:		
8	Credit:		
9	TOTAL Credits to Retained Earnings (Account 439) (Enter Total of lines 4 through 8)		0
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)		2,961,175
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)		28,500
29	(Enter Total of lines 24 through 27)		
30	Dividends Declared - Common Stock (Account 438)		
31	Common - Cash	2380	1,885,184
32			
33			
34			
35	TOTAL Dividends Declared - Common Stock (Account 438)		
36	(Enter Total of lines 31 through 34)		1,885,184
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)		\$13,707,036

STATEMENT OF RETAINED EARNINGS (Continued)

Line No.	Item (a)	Amount (b)
	<b>APPROPRIATED RETAINED EARNINGS (Account 215)</b>	
	State balance and purpose of each appropriated retained earnings amount at end of year and give accounting entries for any applications of appropriated retained earnings during the year.	
39		
40		
41		
42		
43		
44		
45	<b>TOTAL Appropriated Retained Earnings (Account 215)</b>	
	<b>APPROPRIATED RETAINED EARNINGS - Amortization , Reserve, Federal (Account 215.1)</b>	
	State below the total amount set aside through appropriations of retained earnings, as of the end of the year, in compliance with the provisions of Federally granted hydroelectric project licenses held by the respondent. If any reductions or changes other than the normal annual credits hereto have been made during the year, explain such items in a footnote.	
46	<b>TOTAL Appropriated Retained Earnings - Amortization Reserve, Federal (Account 215.1)</b>	
47	<b>TOTAL Appropriated Retained Earnings (Accounts 215, 215.1)(Enter Total of lines 45 &amp; 46)</b>	
48	<b>TOTAL Retained Earnings (Account 215, 215.1, 216)(Enter Total of lines 38 and 47)</b>	<b>\$13,707,036</b>
	<b>UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS (Account 216.1)</b>	
49	Balance - Beginning of Year (Debit or Credit)	1,872,520
50	Equity in Earnings for Year (Credit) (Account 418.1)	106,645
51	(Less) Dividends Received (Debit)	0
52	Other Changes (Explain)	
53	Balance - End of year	1,979,165

December 31, 1998

## CONSOLIDATED STATEMENT OF CASH FLOWS

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

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

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.

Line No.	(a)	Amounts (b)
1	Net Cash Flow From Operating Activities:	
2	Net Income (Line 72(c) on page 14)	3,067,820
3	Non-Cash Charges (Credits) to Income:	
4	Depreciation and Depletion	4,014,772
5	Amortization of (Specify)	254,088
6	Doubtful Accounts	-
7	Deferred Income Taxes (Net)	(73,392)
8	Investment Tax Credit Adjustments (Net)	(119,690)
9	Net (Increase) Decreases in Receivables	(157,487)
10	Net (Increase) Decreases in Inventory	253,638
11	Net (Increase) Decreases in Allowances Inventory	-
12	Net (Decrease) Increase in Payables and Accrued Expenses	73,997
13	Net (Increase) Decreases in Other Regulatory Assets	-
14	Net (Decrease) Increase in Other Regulatory Liabilities	-
15	(Less) Allowance for Other Funds Used During Construction	(40,818)
16	(Less) Undistributed Earnings from Subsidiary Companies	-
17	Other: Depreciation charged to transportation	459,377
18	Amortization of Debt expenses	42,522
19	Over/(Under) recovery of energy costs	731,047
20	Storm Damage Reserve	473,000
21	Gain on sale of nonutility property	15,300
22	Other: Deferred Credits, Other Assets and Other Amortization	(538,730)
23	Net Cash Provided by (Used in) Operating Activities (Total of lines 2 through 20)	8,455,444
24		
25		
26	Cash Flows from Investment Activities:	
27	Construction and Acquisition of Plant( including land):	
28	Gross Additions to Utility Plant	(6,952,131)
29	Gross Additions to Common Utility Plant	-
30	Gross Additions to Nonutility Plant	-
31	(Less) Allowance for Other Funds Used During Construction	-
32	Other: Customer Advances for Construction	47,782
33	Other: Purchase of Long-Term Investments	(109,911)
34	Other: Net Proceeds from Sale of Non-Utility Property	1,000
35		
36	Cash Outflows for Plant (Total of lines 24 through 32)	(7,013,260)
37		
38	Acquisition of Other Noncurrent Assets (d)	-
39	Proceeds from Disposal of Noncurrent Assets (d)	-
40	Investment in and Advances to Assoc. and Subsidiary Companies	-
41	Contributions and Advances from Assoc. and Subsidiary Companies	-
42	Disposition of Investments in (and Advances to)	
43	Associated and Subsidiary Companies	-
44	Purchases of Investment Securities (a)	-
45	Proceeds from Sales of Investment Securities (a)	-

CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

4. Investing Activities

5. Codes used:

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

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

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

6. Enter on page 19 clarifications and explanations.

Line No.	(a)	Amounts (b)
46	Loans Made or Purchased	-
47	Collections on Loans	-
48		-
49	Net (Increase) Decrease in Receivables	-
50	Net (Increase) Decrease in Inventory	-
51	Net (Increase) Decrease in	-
52	Allowances Held for Speculation	-
53	Net Increase (Decrease) in Payables and Accrued Expenses	-
54	Other:	-
55		-
56	<b>Net Cash Provided by (Used in) Investing Activities</b>	
57	(Total of lines 35 through 55)	<b>(7,013,260)</b>
58		
59	<b>Cash Flows From Financing Activities:</b>	
60	Proceeds from issuance of:	
61	Long-Term Debt (b)	-
62	Preferred Stock	-
63	Common Stock	279,224
64	Other	-
65		-
66	Net Increase in Short-term Debt (c)	28,400,000
67	Other:	
68		
69		
70	<b>Cash provided by Outside Sources (Total of lines 61 through 69)</b>	<b>28,679,224</b>
71		
72	Payments of Retirement of:	
73	Long-Term Debt (b)	-
74	Preferred Stock	-
75	Common Stock	-
76	Other:	-
77		
78	Net Decrease in Short-Term Debt (c)	(27,800,000)
79		
80	Dividends on Preferred Stock	-
81	Dividends on Common Stock	(1,880,755)
82	<b>Net Cash Provided by (Used in) Financing Activities</b>	
83	(Total of lines 70 through 81)	<b>(1,001,531)</b>
84		
85	<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	
86	(Total of lines 21, 57, and 83)	<b>440,653</b>
87		
88	Cash and Cash Equivalents at Beginning of Year	123,253
89		
90	Cash and Cash Equivalents at End of Year	563,906

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 CONSOLIDATED 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 items relate to deferred income taxes, conversion costs, unamortized debt reacquisition costs, and storm and environmental reserves. The Company believes that the FPSC will continue to allow the Company to recover such items 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 1997 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 1998 excess earnings.

Following FPSC rules for water utilities, the Company 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 in June 1998. A similar price index filing is planned for 1999. The Company also received a revenue increase of \$85,000 in December 1998, relating to an increase in ad valorem taxes.

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. 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 1998 presentation.

**Utility Plant and Depreciation** Utility plant is stated at original cost. The costs of additions to utility plant include contracted services, direct labor and materials. The costs of units of property retired are removed from utility plant, and such costs plus removal costs, less salvage, are charged to accumulated depreciation. Maintenance and repairs of property and replacement and renewal of items determined 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 3.7% 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 include 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. Actual results could differ from these estimates. The Company has used estimates in the preparation of its financial statements including 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 1998 averaged approximately \$75,000 per year and the accrual for such claims was approximately \$1,000,000 at December 31, 1998. 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 one-half percent. \$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. The weighted-average interest rates at December 31, 1998 and 1997 were approximately 6.2%.

#### Capitalization

**Common Stock Split** In July 1998, the Company effected a two-for-one stock split in the form of a stock dividend and, accordingly, transferred from paid-in capital to common stock, an amount equal to the aggregate par value of the additional shares. All per share data included herein have been retroactively restated to reflect the stock split.

**Common Shares Reserved** The Company has reserved 24,840 common shares for issuance under the Dividend Reinvestment Plan and 33,984 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, 1998 approximately \$6,000,000 of retained earnings were free of such restriction.

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

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 1998, 1997 and 1996 is summarized as follows (in thousands):

1998	REGULATED				Common	NON-	Consolidated
	Gas	Electric	Water	REGULATED		Propane Gas	
Revenues	\$ 29,734	\$ 40,254	\$ 2,161		\$	\$ 4,043	\$ 76,192
Operating profit	3,444	3,213	599			207	7,463
Identifiable assets	36,870	34,605	5,941		9,856	5,134	92,406
Depreciation	1,838	1,733	223		135	340	4,269
Construction expenditures	3,136	2,585	767		158	306	6,952
Income tax expense	688	715	157		17	8	1,585
<b>1997</b>							
Revenues	33,475	38,683	1,911			4,065	78,134
Operating profit	3,288	3,065	468			(17)	6,804
Identifiable assets	35,227	34,021	5,270		8,655	5,877	89,050
Depreciation	1,733	1,629	208		116	343	4,029
Construction expenditures	2,925	2,641	866		323	279	7,034
Income tax expense	695	580	98		351	(87)	1,637
<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		10,470	6,100	88,169
Depreciation	1,654	1,540	201		137	344	3,876
Construction expenditures	3,369	2,360	257		1,324	343	7,653
Income tax expense	631	673	107		(14)	(15)	1,382



## Income Taxes

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

	1998	1997	1996
<b>Current payable</b>			
Federal	\$ 1,484	\$ 1,547	\$ 751
State	277	208	188
	<u>1,761</u>	<u>1,755</u>	<u>939</u>
<b>Deferred</b>			
Federal	(54)	(378)	532
State	(19)	29	46
	<u>(73)</u>	<u>(349)</u>	<u>578</u>
Investment tax credit	(120)	(120)	(121)
Total - operating	1,568	1,286	1,396
Included in interest charges and other-net	17	351*	(14)
<b>Total</b>	<u>\$ 1,585</u>	<u>\$ 1,637</u>	<u>\$ 1,382</u>

\*Includes income tax of \$315,000 on gain from the sale of non-utility property.

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):

	1998	1997	1996
<b>Federal income tax at statutory rate</b>	\$ 1,582	\$ 1,642	\$ 1,406
State income taxes, net of federal benefit	170	156	154
Investment tax credit	(120)	(120)	(121)
Other	(47)	(41)	(57)
<b>Total provision for income taxes</b>	<u>\$ 1,585</u>	<u>\$ 1,637</u>	<u>\$ 1,382</u>

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

	1998	1997
<b>Deferred tax assets</b>		
Environmental	\$ 2,083	\$ 1,983
Alternative minimum tax credit		177
Other	468	307
Total deferred tax assets	<u>2,551</u>	<u>2,467</u>
<b>Deferred tax liabilities</b>		
Utility plant related	8,395	7,850
Under recovery of fuel costs		208
Other	266	234
Total deferred tax liabilities	<u>8,661</u>	<u>8,292</u>
<b>Net deferred income taxes</b>	<u>\$ 6,110</u>	<u>\$ 5,825</u>

## Employee Benefit Plans

Florida Public Utilities Company sponsors a qualified pension plan and post-retirement medical and life benefit plans for its employees. The life plan obligations are insignificant and are not reflected in the following disclosures. In 1998, the Company changed the benefit formula to provide for improved pension benefits. The following tables provide a reconciliation of the changes in the plans' benefit obligations and fair value of assets for the years ending December 31, 1998 and 1997, and a statement of the funded status at December 31, 1998 and 1997 (in thousands):

	Pension Benefits		Medical Benefits	
	1998	1997	1998	1997
<b>Reconciliation of Benefit Obligation</b>				
Prior year obligation at December 31				
Service cost	\$ 14,803	\$ 14,403	\$ 1,318	\$ 1,248
Interest cost	764	549	73	65
Participant contributions	1,245	963	96	83
Plan amendments	0	0	14	13
Actuarial (gain) loss	3,440	0	0	0
Benefit payments	(137)	(352)	87	(50)
Current year obligation at December 31	(836)	(760)	(113)	(41)
	<u>\$ 19,279</u>	<u>\$ 14,803</u>	<u>\$ 1,475</u>	<u>\$ 1,318</u>
<b>Reconciliation of Fair Value of Plan Assets</b>				
Prior year fair value of plan assets at December 31	\$ 29,080	\$ 24,179	\$ 0	\$ 0
Actual return on plan assets	4,287	5,661	0	0
Employer contributions	0	0	99	29
Participant contributions	0	0	14	12
Benefit payments	(836)	(760)	(113)	(41)
Current year fair value of plan assets at December 31	<u>\$ 32,531</u>	<u>\$ 29,080</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Funded Status</b>				
Funded status at December 31	\$ 13,252	\$ 14,277	\$ (1,475)	\$ (1,318)
Unrecognized transition (asset) obligation	(367)	(550)	600	643
Unrecognized prior service cost	4,401	1,362	0	0
Unrecognized (gain) loss	(15,990)	(13,933)	50	(36)
Net amount recognized	<u>\$ 1,296</u>	<u>\$ 1,156</u>	<u>\$ (825)</u>	<u>\$ (711)</u>

The following table provides the components of net periodic benefit cost for the Plans for 1998 and 1997 (in thousands):

	Pension Benefits			Medical Benefits		
	1998	1997	1996	1998	1997	1996
Service cost	\$ 764	\$ 549	\$ 539	\$ 73	\$ 65	\$ 66
Interest cost	1,245	963	935	96	83	78
Expected return on plan assets	(1,943)	(1,546)	(1,421)	0	0	0
Amortization of transition (asset) obligation	(183)	(183)	(183)	43	43	43
Amortization of prior service cost	401	151	151	0	0	0
Amortization of net (gain) loss	(424)	(255)	(189)	0	0	0
Net periodic benefit cost	<u>\$ (140)</u>	<u>\$ (321)</u>	<u>\$ (168)</u>	<u>\$ 212</u>	<u>\$ 191</u>	<u>\$ 187</u>

The prior service costs are amortized on a straight-line basis over the average remaining service period of active participants. Gains and losses in excess of 10% of the greater of the benefit obligation and the market-related value of assets are amortized over the average remaining service period of active participants.

The pension plan is non-contributory; the postretirement medical plan is contributory with participants' contributions subject to adjustment annually. The accounting for the health care plan anticipates future cost-sharing changes to the written plan such that retiree contributions will increase at the same rate as the total plan cost.

The assumption used in the measurement of the Company's benefit obligation are shown in the following table:

Weighted-average assumptions as of December 31	Pension Benefits			Medical Benefits	
	1998	1997	1996	1998	1997
Discount rate-benefit obligation	7.0%	7.0%	-	7.0%	7.0%
Expected return on plan assets	8.5%	8.0%	8.0%	N/A	N/A
Rate of compensation increase	5.5%	5.5%	5.0%	N/A	N/A

For measurement purposes, the annual rate of increase in the per capita cost of covered health care benefits during 1998 was 8.4% for retirees under 65 and 7.5% for retirees over 65. These rates were assumed to decrease gradually each year to a rate of 5.5% for 2007 and remain at that level thereafter.

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A 1% change in assumed health care cost trend rates would have the following effects:

	1% Increase	1% Decrease
Effect on total of service and interest cost components of net periodic postretirement health care benefit cost	\$ 26,429	\$ (22,860)
Effect on the health care components of the accumulated postretirement benefit obligation	\$206,950	\$(181,475)

**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 of \$940,000.

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 \$455,000, \$457,000 and \$408,000 for 1998, 1997 and 1996, respectively.

**Employee Stock Purchase Plan** The Company's Employee Stock Purchase Plan offers common stock at a discount to qualified employees. During 1998, 1997 and 1996, 7,230, 5,665 and 5,455 shares, respectively, were issued under the Plan for aggregate consideration of \$100,000, \$103,000 and \$90,000, respectively.

**Dividend Reinvestment Plan** During 1998, 1997 and 1996, 9,006, 8,874 and 7,696 shares, respectively, were issued under the Company's dividend reinvestment plan for aggregate consideration of \$169,000, \$185,000 and \$152,000, respectively.

#### Financial Instruments

The carrying amounts reported in the balance sheet for investments held in escrow for environmental costs, notes payable, taxes accrued and other accrued liabilities' approximate fair value. 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, 1992 and since that time interest rates have declined substantially, 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 (EPA) and other federal and state agencies. Except as discussed below, the Company does not expect to incur material future expenditures for compliance with existing environmental laws and regulations.

**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. At this time, contamination assessment activities are still being performed under the direct oversight of FDEP. 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, a preliminary estimate from the Company's environmental consultant suggested that additional contamination assessment and remediation costs for this site may reach approximately \$1,400,000. Until the FDEP concludes that the contamination assessment investigation is complete, it is not possible to determine whether remediation is necessary and, if so, 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.

**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.

Thereafter, in cooperation with four former owners and operators of the gasification plant, the Company participated in the funding of an initial contamination assessment investigation, the results of which are set forth in a Contamination Assessment Report delivered to FDEP on February 4, 1994. On July 11, 1997, EPA notified the Company of its potential liability under applicable federal laws for assessment and remediation of the site. Similar notices were sent by EPA to the four former owners and operators of the site. On or about March 25, 1998, the Company and the four former owners and operators (collectively, the "Group") and the EPA executed an Administrative Order on Consent ("AOC") that obligates the Group to implement a Remedial Investigation/Feasibility Study ("RI/FS") task. The Group also entered into a Participation Agreement and an Escrow Agreement on or about April 13, 1998. These agreements govern the manner and means by which all parties will satisfy their respective obligations under the AOC. On or about April 13, 1998, the Group also entered into services agreements (collectively, the "RI/FS Agreement") with two environmental consulting entities, to undertake RI/FS and associated risk assessment activities called for under the terms of the AOC. The total combined budget for the consultants' services is presently approximately \$440,000. The Company has agreed to pay approximately 13.7% of the cost for the RI/FS. Field work for the RI/FS was initiated in 1998. The RI/FS draft report is due to EPA by March 1, 1999. Prior to the completion of the RI/FS field activities and approval by EPA of the RI/FS Report, the Company is unable to determine the appropriate remedy for the site or, what the Company's share of the cost of that remedy would be. However, a preliminary estimate from the Group's environmental consultant suggested that interim remedial costs for removal of the visible extent of impacted soils at the site and adjacent thereto may range between \$3,340,000 and \$5,800,000.

**Insurance Claims and Rate Relief** The Company notified its insurance carriers of environmental impacts detected at the former manufactured gas plant (MGP) sites discussed above. As a result of negotiations with the Company's major insurance carriers that concluded in 1997, such carriers agreed to pay settlement proceeds totaling approximately \$4,300,000 for certain environmental costs. In addition, the FPSC 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.

The company believes that all future contamination assessment and remedial costs, legal fees and other

related costs will not be in excess of the rate relief granted the Company and insurance settlement proceeds received.

### Commitments

To ensure a reliable supply of power and natural gas at competitive prices, the Company has entered into long-term purchase and transportation contracts with various suppliers and producers which expire at various dates through 2015. In general, purchase prices under these contracts are determined by formulas based on market prices. At December 31, 1998, the Company has firm purchase and transportation commitments adequate to supply its expected future sales requirements. The Company is committed to pay demand or similar fixed charges of approximately \$6,000,000 during 1999 related to these agreements. Substantially all costs incurred under these agreements are recoverable from customers through fuel adjustment clause mechanisms.

The Financial Accounting Standards Board has issued Statement of Financial Accounting Standards (FAS) 133, "Accounting for Derivative Instruments and Hedging Activities". FAS133 requires derivatives, as defined in the statement, to be measured at their fair value. The Company is currently assessing the effect, if any, of implementing FAS133 in 2000 on its financial statements.

### 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):

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
<u>1998</u>				
Revenues	\$ 20,712	\$ 18,115	\$ 18,644	\$ 18,721
Operating margin	7,919	6,740	6,652	7,180
Operating profit	2,870	1,577	1,382	1,634
Net income	1,403	571	448	646
Earnings per share	.47	.19	.15	.21
<u>1997</u>				
Revenues	\$ 22,143	\$ 17,878	\$ 18,732	\$ 19,381
Operating margin	7,357	6,386	6,309	6,627
Operating profit	2,385	1,486	1,279	1,654
Net income <sup>1</sup>	1,046	526	917	702
Earnings per share <sup>1</sup>	.35	.17	.31	.23

<sup>1</sup> The third quarter includes a gain after income taxes from the sale of non-utility real property of \$522,000, \$0.18 per share. 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 weighted average common shares outstanding during the fiscal year.

December 31, 1998

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	<b>In Service</b>		
3	101 Plant in Service (Classified)	112,574,756	48,755,384
4	101.1 Property Under Capital Leases	-	-
5	102 Plant Purchased or Sold	-	-
6	106 Completed Construction not Classified	-	-
7	103 Experimental Plant Unclassified	-	-
8	104 Leased to Others	-	-
9	105 Held for Future Use	-	-
10	114 Acquisition Adjustments	307,091	3,691
11	<b>TOTAL Utility Plant (Enter Total of lines 3 through 10 )</b>	<b>112,881,847</b>	<b>48,759,075</b>
12	107 Construction Work in Progress	1,474,274	196,117
13	<b>Accum. Prov. for Depr., Amort., &amp; Depl.</b>	<b>40,343,241.0</b>	<b>18,638,645</b>
14	<b>Net Utility Plant (Enter total of lines 11 plus 12 less line 13)</b>	<b>74,012,880</b>	<b>30,316,547</b>
15	<b>DETAIL OF ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION</b>		
16	<b>In Service:</b>		
17	108 Depreciation	40,025,068	18,634,954
18	111 Amort. and Depl. of Producing Nat. Gas Land & Land Rights	-	-
19	111 Amort. of Underground Storage Land and Land Rights	-	-
20	119 Amort. of Other Utility Plant	-	-
21	<b>TOTAL in Service (Enter Total of lines 17 through 20)</b>	<b>40,025,068</b>	<b>18,634,954</b>
22	<b>Leased to Others</b>		
23	108 Depreciation	-	-
24	111 Amortization and Depletion	-	-
25	<b>TOTAL Leased to Others (Enter Total of lines 23 and 24)</b>	<b>-</b>	<b>-</b>
26	<b>Held for Future Use</b>		
27	108 Depreciation	-	-
28	111 Amortization	-	-
29	<b>TOTAL Held for Future Use (Enter. Tot. of lines 27 and 28)</b>	<b>-</b>	<b>-</b>
30	111 Abandonment of Leases (Natural Gas)	-	-
31	115 Amort. of Plant Acquisition Adjustment	318,173	3,691
32	<b>TOTAL Acc. Provisions (Should agree with line 13 above) (Enter Total of lines 21, 25, 29, 30, and 31)</b>	<b>40,343,241</b>	<b>18,638,645</b>

December 31, 1998

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

Gas (d)	Water (e)	Other (Specify) (f)	Other (Specify) (g)	Common (h)	Line No.
					1
					2
49,503,713	11,038,650	Not Applicable	Not Applicable	3,277,009	3
-	-			-	4
-	-			-	5
-	-			-	6
-	-			-	7
-	-			-	8
-	-			-	9
303,400	-			-	10
49,807,113	11,038,650			3,277,009	11
836,454	353,065			88,638	12
18,194,442	2,695,649			814,505	13
					14
32,449,125	8,696,066			2,551,142	15
					16
17,879,960	2,695,649			814,505	17
-					18
-					19
-	-			-	20
17,879,960	2,695,649			814,505	21
					22
-	-			-	23
-	-			-	24
-	-			-	25
					26
-	-			-	27
-	-			-	28
-	-			-	29
-					30
314,482	-			-	31
					32
18,194,442	2,695,649			814,505	

## Annual Status Report Analysis of Plant in Service Accounts

Company: FLORIDA PUBLIC UTILITIES COMPANY  
For the Year Ended December 31, 1998

Page 1 of 2

Acct. No.	Account Description	Depr. Rate	Beginning Balance*	Additions	Retirements	Reclass	Adjustments	Transfers	Ending Balance*
303	Miscellaneous Intangible Plant		-	-	-		-	213,641	213,641
374	Land - Distribution		101,107	-	-		-	-	101,107
389	Land - General		53,013	-	-		-	-	53,013
	Land - Other - Common		341,926	-	-		-	-	341,926
Amortizable General Plant Assets:									
This schedule should identify each account/subaccount for which a separate depreciation rate has been approved by the FPSC.									
DISTRIBUTION PLANT									
3741	Land Rights	3.20%	27,707	-	(14,797)		-	-	12,910
375	Structures and Improvements	2.70%	508,953	-	(5,198)		-	-	503,755
3761	Mains - Plastic	3.00%	7,902,706	613,535	(5,333)		-	39,295	8,550,203
3762	Mains - Other	3.20%	18,238,840	6,686	(13,043)		-	328,120	18,560,603
378	Meas. and Reg. Sta. Equipment - General	3.70%	182,493	3,382	(16,014)		-	(1,730)	168,130
379	Meas. and Reg. Sta. Equipment - City Gate	3.40%	932,680	(1,006)	(20,950)		-	(213,969)	696,754
3801	Services - Plastic	3.20%	9,042,593	830,489	(51,043)		-	2,375	9,824,414
3802	Services - Other	6.70%	1,545,205	561	(29,046)		-	196,605	1,713,326
380299	Accum. Depreciation - Service - Contra accts.	0.00%	-	-	-		-	-	-
381	Meters	3.60%	3,112,608	246,638	(82,950)		-	35,632	3,313,928
382	Meter Installations	3.30%	803,441	104,374	(4,948)		-	26,485	929,353
383	House Regulators	3.40%	850,123	70,524	(6,754)		-	10,595	924,487
384	House Reg. Installations	3.00%	361,278	21,108	(2,166)		-	20,287	400,507
385	Industrial Meas. and Reg. Sta. Equipment	4.10%	107,524	-	(3,021)		-	(13,844)	90,659
387	Other Equipment	3.60%	187,935	49,454	(24,743)		-	2,088	214,734
	TOTAL DISTRIBUTION PLANT		43,905,194	1,947,744	(280,004)	-	-	431,938	46,004,871
GENERAL PLANT									
390	Structures and Improvements	2.60%	396,446	4,648	(4,667)		-	-	396,427
3911	Office Furniture	6.40%	33,090	-	(3,345)		-	-	29,745
3912	Office Equipment	12.60%	34,709	1,908	(9,449)		-	-	27,169
3913	EDP Equipment	11.70%	311,346	6,333	(12,929)		-	28,888	333,638
3921	Accum. Dep. - Transportation - Cars	27.50%	379,845	36	(69,792)		-	-	309,889
3922	Accum. Dep. - Transportation - Light Trucks, van	13.30%	1,393,850	202,552	(50,297)		-	-	1,546,104
3924	Accum. Dep. - Transportation - Trailers	18.20%	20,595	-	-		-	-	20,595
393	Stores Equipment	7.30%	13,359	-	-		-	-	13,359

Page 22



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

Company: FLORIDA PUBLIC UTILITIES COMPANY  
For the Year Ended December 31, 1998

Acct. No.	Account Description (Continued)	Depr. Rate	Beginning Balance*	Additions	Retirements	Reclass.	Adjustments	Transfers	Ending Balance*
394	Tools, Shop, and Garage Equipment	5.00%	291,721	6,807	(66,602)	-	-	(1,680)	230,246
395	Laboratory Equipment	0.00%	465	-	(465)	-	-	-	-
396	Power Operated Equipment	6.70%	138,433	10,309	-	-	-	-	148,741
397	Communication Equipment	5.90%	174,815	(650)	(16,145)	-	-	-	157,819
398	Miscellaneous Equipment	10.40%	18,310	4,753	(4,608)	-	-	-	18,455
	<b>SUBTOTAL</b>		<b>3,259,597</b>	<b>236,995</b>	<b>(238,300)</b>	-	-	<b>27,208</b>	<b>3,285,200</b>
399	Other Tangible Property								
	<b>TOTAL General Plant</b>		<b>3,259,597</b>	<b>236,995</b>	<b>(238,300)</b>	-	-	<b>27,208</b>	<b>3,285,200</b>
	<b>TOTAL (Accounts 101 and 106)</b>		<b>47,164,791</b>	<b>2,184,439</b>	<b>(518,304)</b>	0	0	<b>672,787</b>	<b>49,503,713</b>
	<b>TOTAL GAS PLANT IN SERVICE</b>		<b>47,164,791</b>	<b>2,184,439</b>	<b>(518,304)</b>	-	-	<b>672,787</b>	<b>49,503,713</b>
	Capital Recovery Schedules:								
	NONE								
	<b>Total Account 101*</b>		<b>47,164,791</b>	<b>2,184,439</b>	<b>(518,304)</b>	-	-	<b>672,787</b>	<b>49,503,713</b>
	<b>Amortizable Assets:</b>								
114	Acquisition Adjustment		303,400	-	-	-	-	-	303,400
118	Other Utility Plant		1,754,143	1,608,120	(70,368)	-	-	(14,886)	3,277,009
	Other - Common								
	<b>Total Utility Plant</b>		<b>49,222,333</b>	<b>3,792,559</b>	<b>(588,672)</b>	-	-	<b>657,901</b>	<b>53,084,121</b>

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, 1998

Acc't. No.	Account Description	Beginning Balance*	Accruals	Reclass.	Retirements	Gross Salvage	Cost of Removal	Adjustmts	Transfers	Ending Balance*
Amortizable General Plant Assets:										
301	Organization Intangible Plant	-	-	-	-	-	(114)	-	-	(114)
303	Misc. Intangible Plant	-	-	-	-	-	-	-	37,264	37,264
311	Liquefied Petroleum Gas Equipment	-	-	-	-	-	(129)	-	-	(129)
This schedule should identify each account/subaccount for which a separate depreciation rate has been approved by the FPSC.										
DISTRIBUTION PLANT										
374	Land - Distribution	2,663	(2,663)	-	-	-	-	-	-	-
3741	Land Rights	-	3,471	-	(14,797)	-	-	-	-	(11,326)
375	Structures and Improvements	228,175	13,655	-	(5,198)	-	(2)	-	-	236,630
3761	Mains - Plastic	1,515,910	246,260	-	(5,333)	-	(249)	-	18,339	1,774,927
3762	Mains - Other	8,687,094	586,819	-	(13,043)	-	(5,847)	-	102,142	9,357,165
378	Meas. and Reg. Sta. Equipment - General	28,673	6,695	-	(16,014)	2,919	(135)	-	(404)	21,734
379	Meas. and Reg. Sta. Equipment - City Gate	192,814	30,392	-	(20,950)	-	-	-	(37,256)	165,000
3801	Services - Plastic	1,564,483	301,280	-	(51,043)	-	(40,824)	-	744	1,774,640
3802	Services - Other	570,178	108,055	-	(29,046)	-	(107,567)	-	61,638	603,258
380299	Accum. Dep. - Service - Contra accis.	-	-	-	-	-	-	-	-	-
381	Meters	1,147,757	116,868	-	(82,950)	-	(51)	-	11,190	1,192,814
382	Meter Installations	262,978	28,504	-	(4,948)	-	(88)	-	6,352	292,798
383	House Regulators	300,128	30,230	-	(6,754)	-	-	-	3,419	327,023
384	House Reg. Installations	97,379	11,363	-	(2,166)	-	(249)	-	4,873	111,200
385	Industrial Meas. and Reg. Sta. Equipment	32,934	4,293	-	(3,021)	-	-	-	(2,628)	31,578
387	Other Equipment	61,538	7,054	-	(24,743)	1,378	-	-	523	45,750
389	Land - General	-	-	-	-	-	-	-	-	-
	<b>TOTAL DISTRIBUTION PLANT</b>	<b>14,692,704</b>	<b>1,492,276</b>	<b>-</b>	<b>(280,004)</b>	<b>4,297</b>	<b>(155,012)</b>	<b>-</b>	<b>168,932</b>	<b>15,923,193</b>
GENERAL PLANT										
390	Structures and Improvements	166,988	10,331	-	(4,667)	-	-	-	-	172,652
3911	Office Furniture	249	2,081	-	(3,345)	-	-	-	-	(1,015)
3912	Office Equipment	13,988	4,075	-	(9,449)	-	-	-	-	8,614
3913	EDP Equipment	220,170	37,895	-	(12,929)	-	-	-	16,724	261,860
3921	Accum. Dep. - Transportation - Cars	224,481	84,489	-	(68,792)	4,057	-	-	-	243,235
3922	Accum. Dep. - Trans. - Light Trucks, vans	840,595	194,269	-	(50,297)	2,123	-	-	1	986,691
3924	Accum. Dep. - Transportation - Trailers	19,245	696	-	-	-	-	-	-	19,941
393	Stores Equipment	7,938	971	-	-	-	-	-	-	8,909

**Annual Status Report**  
**Analysis of Entries in Accumulated Depreciation & Amortization**

Company: FLORIDA PUBLIC UTILITIES COMPANY  
 For the Year Ended December 31, 1998

Acct. No.	Account Description	Beginning Balance*	Accruals	Reclass.	Retirements	Gross Salvage	Cost of Removal	Adjustmts	Transfers	Ending Balance*
394	Tools, Shop, and Garage Equipment	94,564	14,443	-	(66,602)	-	-	-	(492)	41,913
395	Laboratory Equipment	(2,251)	24	-	(465)	-	-	-	-	(2,692)
396	Power Operated Equipment	81,179	9,683	-	-	-	-	-	-	90,862
397	Communication Equipment	91,289	9,980	-	(16,145)	-	-	-	-	85,124
398	Miscellaneous Equipment	6,344	1,917	-	(4,608)	-	-	-	-	3,653
	<b>SUBTOTAL</b>	<b>1,764,779</b>	<b>370,854</b>	<b>-</b>	<b>(238,300)</b>	<b>6,180</b>	<b>-</b>	<b>-</b>	<b>16,233</b>	<b>1,919,746</b>
399	Other Tangible Property	-	-	-	-	-	-	-	-	-
	<b>TOTAL General Plant</b>	<b>1,764,779</b>	<b>370,854</b>	<b>-</b>	<b>(238,300)</b>	<b>6,180</b>	<b>-</b>	<b>-</b>	<b>16,233</b>	<b>1,919,746</b>
	<b>Subtotal</b>	<b>16,457,483</b>	<b>1,863,130</b>	<b>-</b>	<b>(518,304)</b>	<b>10,477</b>	<b>(155,255)</b>	<b>-</b>	<b>222,429</b>	<b>17,879,960</b>
<b>COMMON PLANT</b>										
389	Land - General	-	-	-	-	-	-	-	-	-
390	Structures and Improvements	238,131	34,543	-	(31,479)	-	-	-	-	241,195
3911	Office Furniture	8,864	2,611	-	(11,291)	-	-	-	-	184
3912	Office Equipment	23,874	9,096	-	(7,763)	-	-	-	-	25,207
3913	EDP Equipment	366,491	81,991	-	(14,631)	-	-	-	(7,126)	426,725
3921	Accum. Dep. - Transportation - Cars	92,774	27,269	-	-	-	-	-	-	120,043
397	Communication Equipment	4,084	2,271	-	(5,205)	-	-	-	-	1,150
	<b>Subtotal</b>	<b>734,218</b>	<b>157,781</b>	<b>-</b>	<b>(70,368)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7,126)</b>	<b>814,505</b>
	<b>Grand Total</b>	<b>17,191,701</b>	<b>2,020,911</b>	<b>-</b>	<b>(588,672)</b>	<b>10,477</b>	<b>(155,255)</b>	<b>-</b>	<b>215,303</b>	<b>18,694,465</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 25-6.0438(8)**  
**1998**

PLANT IN SERVICE (\$)				RESERVE (\$)					(CREDIT BALANCES)				
Plant	Beginning	Purchases &	Ending	Plant	Beginning	Retirements	Accruals	Salvage	Cost of	Purchases &	Transfers	Reclassi-	Ending
Acct.	Balance	Adjustments	Balance	Acct.	Balance	Retirements	Accruals	Salvage	Removal	Adjustments	Transfers	fications	Balance
301	-	-	213,841	301	-	-	-	-	(114)	-	-	-	(114)
303	-	213,641	-	303	-	-	-	-	-	-	37,264	-	37,264
304	-	-	-	304	-	-	-	-	-	-	-	-	-
305	-	-	-	305	-	-	-	-	-	-	-	-	-
311	-	-	-	311	-	-	-	-	(128)	-	-	-	(128)
320	-	-	-	320	-	-	-	-	-	-	-	-	-
360	-	-	-	360	-	-	-	-	-	-	-	-	-
361	-	-	-	361	-	-	-	-	-	-	-	-	-
362	-	-	-	362	-	-	-	-	-	-	-	-	-
374	101,107	-	101,107	374	2,863	-	(2,863)	-	-	-	-	-	-
3741	27,707	-	12,910	3741	-	(14,797)	3,471	-	-	-	-	-	(11,328)
375	508,953	-	503,765	375	228,175	(5,198)	13,655	-	(2)	-	-	-	236,630
3761	7,902,706	613,535	8,550,203	3761	1,616,810	(5,333)	246,280	-	(249)	-	16,339	-	1,774,927
3762	18,238,840	6,686	18,560,603	3762	8,697,094	(13,043)	586,819	-	(5,847)	-	102,142	-	9,357,165
378	182,493	3,382	188,180	378	20,673	(16,014)	6,695	2,919	(135)	-	-	-	21,734
379	932,680	(1,005)	696,754	379	192,814	(20,950)	30,392	-	-	-	(37,256)	-	165,000
3801	9,042,593	830,489	9,824,414	3801	1,564,483	(51,043)	301,280	-	(40,824)	-	744	-	1,774,640
3802	1,545,205	561	1,713,328	3802	570,178	(29,046)	109,055	-	(107,567)	-	61,638	-	603,258
380299	-	-	-	380299	-	-	-	-	-	-	-	-	-
381	3,112,608	248,638	3,313,928	381	1,147,787	(82,950)	116,868	-	(51)	-	11,190	-	1,192,814
382	803,441	104,374	929,353	382	262,878	(4,948)	29,504	-	(88)	-	6,352	-	292,798
383	850,123	70,524	924,487	383	300,128	(6,754)	30,230	-	-	-	3,419	-	327,023
384	381,278	2,108	400,507	384	97,379	(2,166)	11,363	-	(249)	-	4,873	-	111,200
385	107,524	-	90,659	385	32,934	(3,021)	4,293	-	-	-	(2,628)	-	31,578
387	187,935	48,454	214,734	387	61,538	(24,743)	7,054	1,378	-	-	523	-	45,750
389	394,939	-	394,939	389	-	-	-	-	-	-	-	-	-
390	862,584	1,503,663	2,330,102	390	405,119	(38,146)	44,874	-	-	-	-	-	413,847
3911	71,657	2,431	59,452	3911	9,113	(14,635)	4,692	-	-	-	-	-	(830)
3912	106,878	1,908	91,575	3912	37,862	(17,211)	13,171	-	-	-	-	-	33,822
3913	1,002,378	55,368	1,047,178	3913	686,661	(27,660)	119,866	-	-	-	9,588	-	688,585
3921	513,026	36	443,270	3921	317,256	(69,792)	111,758	4,057	-	-	-	-	363,278
3922	1,393,850	202,552	1,546,104	3922	840,696	(50,297)	194,289	2,123	-	-	1	-	966,691
3924	20,595	-	20,595	3924	19,246	-	696	-	-	-	-	-	19,941
393	13,359	-	13,359	393	7,938	-	971	-	-	-	-	-	8,909
394	291,721	6,807	230,246	394	94,664	(66,602)	14,443	-	-	-	(482)	-	41,913
395	465	-	(465)	395	(2,251)	(465)	24	-	-	-	-	-	(2,692)
396	138,433	10,309	148,741	396	61,179	-	9,683	-	-	-	-	-	90,662
397	185,544	53,999	216,192	397	96,373	(21,350)	12,251	-	-	-	-	-	86,274
398	18,310	4,753	18,465	398	6,244	(4,608)	1,917	-	-	-	-	-	3,653
	48,916,933	3,792,559	52,780,718		17,191,701	(588,672)	2,020,911	10,477	(165,255)	-	216,303	-	18,694,465

**FLORIDA PUBLIC UTILITIES COMPANY**  
**WEST PALM BEACH - GAS DIVISION**  
**REPORT OF DEPRECIATION DATA UNDER RULE 25-6.0438(0)**  
**1988**

PLANT IN SERVICE (\$)				RESERVE (\$)				(CREDIT BALANCES)								
Plant Acct.	Beginning Balance	Additions	Purchases & Adjustments	Transfers	Retirements	Ending Balance	Plant Acct.	Beginning Balance	Retirements	Accruals	Salvage	Removal Adjustments	Purchases & Adjustments	Transfers	Reclassifications	Ending Balance
301	-	-	-	-	-	-	301	-	-	-	-	(114)	-	-	-	(114)
304	-	-	-	-	-	-	304	-	-	-	-	-	-	-	-	-
305	-	-	-	-	-	-	305	-	-	-	-	-	-	-	-	-
311	-	-	-	-	-	-	311	-	-	-	-	-	-	-	-	-
320	-	-	-	-	-	-	320	-	-	-	-	-	-	-	-	-
360	-	-	-	-	-	-	360	-	-	-	-	-	-	-	-	-
361	-	-	-	-	-	-	361	-	-	-	-	-	-	-	-	-
362	-	-	-	-	-	-	362	-	-	-	-	-	-	-	-	-
374	56,686	-	-	-	-	56,686	374	1,283	-	(1,283)	-	-	-	-	-	-
3741	13,373	-	-	-	(463)	12,910	3741	1,283	-	-	-	-	-	-	-	-
375	491,108	-	-	-	(3,426)	487,682	375	220,884	-	13,244	-	(2)	-	-	-	1,258
3761	6,002,329	511,979	-	29,359	(3,426)	6,543,667	3761	1,136,618	(3,426)	187,618	-	-	-	-	-	230,378
3762	14,908,062	59,172	-	(27,709)	(13,022)	14,926,503	3762	7,379,099	(13,022)	476,876	-	(5,130)	-	16,076	-	1,339,312
378	171,154	753	-	(1,650)	(14,681)	155,576	378	33,812	-	6,283	424	-	-	(14,710)	-	7,822,913
379	443,566	(1,006)	-	-	(12,131)	430,429	379	101,120	-	15,024	-	-	-	(365)	-	25,473
3801	7,277,398	688,019	-	-	(41,174)	7,924,243	3801	1,180,363	(41,174)	242,638	-	(34,640)	-	-	-	104,013
3802	1,286,180	38	-	-	(27,942)	1,258,276	3802	413,476	(27,942)	65,239	-	(99,320)	-	-	-	1,357,187
380299	-	-	-	-	-	-	380299	-	-	-	-	-	-	-	-	371,453
381	2,483,196	248,638	-	(151,026)	(60,108)	2,510,700	381	859,513	(60,108)	92,152	1,378	(51)	-	(50,569)	-	819,917
382	618,547	55,985	-	-	(4,137)	670,395	382	203,972	(4,137)	21,190	-	(13)	-	-	-	221,012
383	717,864	70,524	-	(14,325)	(5,820)	768,443	383	249,171	(5,820)	25,420	-	-	-	(4,860)	-	264,081
384	272,767	15,927	-	-	(1,555)	287,139	384	70,960	(1,555)	8,398	-	-	-	-	-	77,791
385	75,307	-	-	-	-	75,307	385	28,204	-	3,094	-	-	-	-	-	31,288
387	160,376	36,202	-	1,660	(24,245)	174,013	387	51,136	(24,245)	6,757	-	-	-	492	-	34,521
388	40,806	-	-	-	-	40,806	388	-	-	-	-	-	-	-	-	-
390	119,879	-	-	-	(2,970)	116,909	390	55,919	(2,970)	3,108	-	-	-	-	-	59,056
3911	18,453	-	-	-	(2,419)	16,034	3911	(6,012)	-	1,175	-	-	-	-	-	(6,256)
3912	26,450	1,908	-	(4,569)	(5,760)	17,999	3912	8,546	(5,760)	2,978	-	-	-	(1,260)	-	4,454
3913	226,259	3,401	-	18,558	(10,836)	237,422	3913	163,067	(10,536)	27,328	-	-	-	10,906	-	180,455
3921	278,980	38	-	-	(69,782)	209,224	3921	145,810	(69,782)	72,023	3,907	-	-	-	-	151,948
3922	1,061,300	143,145	-	(8,464)	(50,297)	1,145,683	3922	594,037	(50,297)	146,466	1,668	-	-	(4,736)	-	687,138
3924	16,772	-	-	-	-	16,772	3924	16,773	-	-	-	-	-	-	-	16,773
393	13,359	-	-	-	-	13,359	393	7,938	-	971	-	-	-	-	-	8,909
394	234,338	3,541	-	(1,680)	(66,802)	169,397	394	71,477	(66,802)	11,479	-	-	-	(492)	-	15,662
395	485	-	-	-	(485)	(0)	395	(2,251)	-	24	-	-	-	-	-	(2,682)
396	108,210	10,309	-	-	(8,823)	99,760	396	63,982	-	7,667	-	-	-	-	-	71,629
397	105,363	-	-	-	(2,824)	102,539	397	34,706	(8,623)	6,155	-	-	-	-	-	32,237
398	12,130	3,121	-	-	(2,824)	12,427	398	2,268	(2,824)	1,316	-	-	-	-	-	761
	37,250,697	1,851,492	-	(159,806)	(448,116)	38,433,267		13,088,524	(449,116)	1,463,837	7,377	(139,270)	-	(50,698)	-	13,920,754
<b>COMMON PLANT</b>																
389	341,926	-	-	-	-	341,926	389	-	-	-	-	-	-	-	-	-
3891	-	-	-	-	-	-	3891	-	-	-	-	-	-	-	-	-
390	466,138	1,499,016	-	-	(31,478)	1,933,676	390	238,181	(31,479)	34,543	-	-	-	-	-	241,195
3911	36,567	2,431	-	-	(11,291)	29,707	3911	8,864	(11,291)	2,811	-	-	-	-	-	184
3912	72,169	-	-	-	(7,763)	64,406	3912	23,874	(7,763)	9,096	-	-	-	-	-	25,207
3913	691,032	52,025	-	(14,886)	(14,631)	713,540	3913	368,491	(14,631)	81,961	-	-	-	(7,126)	-	426,725
3921	133,381	-	-	-	-	133,381	3921	92,774	-	27,269	-	-	-	-	-	120,043
397	10,929	54,649	-	-	(5,205)	60,373	397	4,064	(5,205)	2,271	-	-	-	-	-	1,150
	1,754,143	1,608,120	0	(14,886)	(70,368)	3,277,009		794,216	(70,368)	167,781	-	-	-	(7,126)	-	814,505
	39,004,840	3,459,612	0	(174,992)	(519,485)	41,770,276		13,822,742	(619,485)	1,621,616	7,377	(139,270)	-	(67,724)	-	14,735,258

**FLORIDA PUBLIC UTILITIES COMPANY**  
**SANFORD - GAS DIVISION**  
**REPORT OF DEPRECIATION DATA UNDER RULE 28-6.0.436(8)**  
**1988**

PLANT IN SERVICE (\$)										RESERVE (\$)					(CREDIT BALANCES)	
Plant Acct.	Beginning Balance	Additions	Purchases & Adjustments	Transfers	Retirements	Ending Balance	Plant Acct.	Beginning Balance	Retirements	Accruals	Salvage	Cost of Removal	Purchases & Adjustments	Transfers	Reclassifications	Ending Balance
303	-	-	-	81,851	-	81,851	303	-	-	-	-	-	-	33,157	-	33,157
304	-	-	-	-	-	-	304	-	-	-	-	-	-	-	-	-
305	-	-	-	-	-	-	305	-	-	-	-	-	-	-	-	-
311	-	-	-	-	-	-	311	-	-	-	-	-	-	-	-	-
320	-	-	-	-	-	-	320	-	-	-	-	-	-	-	-	-
360	-	-	-	-	-	-	360	-	-	-	-	-	-	-	-	-
361	-	-	-	-	-	-	361	-	-	-	-	-	-	-	-	-
362	-	-	-	-	-	-	362	-	-	-	-	-	-	-	-	-
374	28,486	-	-	-	-	28,486	374	1,370	(1,370)	-	-	-	-	-	-	-
3741	14,334	-	-	-	(14,334)	-	3741	-	-	1,750	-	-	-	-	-	(12,584)
375	13,324	-	-	-	(279)	13,045	375	3,144	(279)	357	-	-	-	-	-	3,222
3761	1,523,849	58,166	-	-	(5,333)	1,576,682	3761	307,548	(5,333)	46,532	-	(249)	-	-	-	348,498
3762	2,286,985	(52,596)	-	-	(20)	2,234,389	3762	897,313	(20)	71,996	-	(441)	-	-	-	968,848
378	5,102	-	-	-	(1,333)	3,769	378	581	(1,333)	184	-	(135)	-	-	-	(723)
379	203,591	-	-	(81,851)	(5,513)	116,227	379	76,884	(5,513)	8,428	-	-	-	(33,167)	-	44,842
3801	1,343,645	107,651	-	-	(9,432)	1,441,764	3801	306,231	(9,432)	44,689	-	(4,367)	-	-	-	337,121
3802	155,657	400	-	-	(327)	155,730	3802	84,218	(327)	10,422	-	(3,114)	-	-	-	91,199
381	392,130	-	-	61,282	(2,602)	450,810	381	196,676	(2,602)	15,339	-	-	-	20,141	-	219,554
382	122,132	44,367	-	1,102	(656)	168,944	382	37,379	(656)	4,904	-	-	303	-	-	41,930
383	86,667	-	-	7,419	(1,135)	92,952	383	37,577	(1,135)	3,040	-	-	2,488	-	-	41,970
384	66,650	4,342	-	1,595	(539)	72,019	384	19,569	(539)	2,079	-	(249)	-	-	-	21,187
385	24,531	-	-	(6,271)	(3,008)	15,362	385	5,987	(3,008)	949	-	-	-	(1,697)	-	2,341
387	16,682	6,526	-	-	(497)	22,711	387	6,318	(497)	739	-	-	-	-	-	6,560
389	8,436	-	-	-	-	8,436	389	-	-	-	-	-	-	-	-	-
390	94,617	4,648	-	-	(1,697)	97,568	390	42,961	(1,697)	2,497	-	-	-	-	-	43,761
3911	2,180	-	-	-	-	2,180	3911	59	-	144	-	-	-	-	-	243
3912	3,289	-	-	4,589	(1,501)	6,377	3912	2,111	(1,501)	611	-	-	1,290	-	-	2,511
3913	40,742	2,832	-	2,934	(2,083)	44,516	3913	31,286	(2,083)	4,843	-	-	1,718	-	-	35,751
3921	63,132	-	-	-	-	63,132	3921	56,619	-	3,142	150	-	(3,062)	-	-	57,049
3922	166,703	59,406	-	8,464	-	234,574	3922	133,624	-	25,747	255	-	4,737	-	-	164,563
3924	2,838	-	-	-	-	2,838	3924	1,747	-	516	-	-	-	-	-	2,263
393	-	-	-	-	-	-	393	-	-	-	-	-	-	-	-	-
394	35,889	2,863	-	-	-	38,752	394	11,981	-	1,874	-	-	-	-	-	13,855
395	-	-	-	-	-	-	395	-	-	-	-	-	-	-	-	-
396	16,883	-	-	-	-	16,883	396	7,571	-	1,128	-	-	-	-	-	8,699
397	31,574	-	-	-	(4,250)	27,324	397	27,928	(4,250)	1,734	-	-	-	-	-	25,410
398	3,392	1,632	-	-	(1,784)	3,240	398	3,286	(1,784)	313	-	-	-	-	-	1,764
	6,753,740	240,256	-	81,084	(56,333)	7,018,749		2,280,344	(56,333)	250,687	405	(8,555)	0	26,343	0	2,502,791

**FLORIDA PUBLIC UTILITIES COMPANY**  
**DELAND - GAS DIVISION**  
**REPORT OF DEPRECIATION DATA UNDER RULE 25-6.0438(8)**  
**1991**

PLANT IN SERVICE (\$)										RESERVE (\$)				(CREDIT BALANCES)		
Plant Acct.	Beginning Balance	Additions	Purchases & Adjustments	Transfers	Retirements	Ending Balance	Plant Acct.	Beginning Balance	Retirements	Accruals	Salvage	Cost of Removal	Purchases & Adjustments	Transfers	Reclassifications	Ending Balance
303	-	-	-	131,791	-	131,791	303	-	-	-	-	-	-	4,107	-	4,107
304	-	-	-	-	-	-	304	-	-	-	-	-	-	-	-	-
305	-	-	-	-	-	-	305	-	-	-	-	-	-	-	-	-
311	-	-	-	-	-	-	311	-	-	-	-	(129)	-	-	-	(129)
320	-	-	-	-	-	-	320	-	-	-	-	-	-	-	-	-
360	-	-	-	-	-	-	360	-	-	-	-	-	-	-	-	-
361	-	-	-	-	-	-	361	-	-	-	-	-	-	-	-	-
362	-	-	-	-	-	-	362	-	-	-	-	-	-	-	-	-
374	15,935	-	-	-	-	15,935	374	-	-	-	-	-	-	-	-	-
3741	-	-	-	-	-	-	374	-	-	-	-	-	-	-	-	-
375	4,521	-	-	-	(1,491)	3,031	375	4,467	(1,491)	54	-	-	-	-	-	3,030
3761	376,528	43,390	-	9,936	-	429,854	3761	71,744	-	12,110	-	-	-	3,263	-	87,117
3762	1,043,793	110	-	355,829	-	1,399,732	3762	410,692	-	36,147	-	(276)	-	118,952	-	585,405
378	6,237	2,629	-	(80)	-	8,785	378	(5,700)	-	228	2,495	-	-	(39)	-	(3,016)
379	285,523	-	-	(132,119)	(3,306)	150,098	379	14,910	(3,306)	8,940	-	-	-	(4,099)	-	16,345
3801	421,560	34,920	-	2,375	(436)	458,408	3801	67,699	(436)	13,953	-	(1,817)	-	744	-	80,333
3802	103,368	123	-	196,605	(777)	299,319	3802	72,484	(777)	12,394	-	(5,133)	-	81,638	-	140,606
381	227,281	-	-	125,376	(240)	352,418	381	102,666	(240)	9,377	-	-	-	41,638	-	153,343
382	62,762	4,022	-	25,383	(154)	92,014	382	21,627	(154)	2,410	-	(75)	-	6,048	-	29,857
383	45,592	-	-	17,500	(71)	63,092	383	13,360	-	1,770	-	-	-	6,821	-	20,971
384	21,861	839	-	18,721	(13)	41,350	384	6,890	(71)	868	-	-	-	4,546	-	12,223
385	7,586	-	-	(7,573)	(13)	-	385	(1,267)	(13)	280	-	-	-	(1,031)	-	(2,051)
387	10,877	6,725	-	408	-	18,010	387	4,081	-	558	-	-	-	31	-	4,670
389	3,771	-	-	-	-	3,771	389	-	-	-	-	-	-	-	-	-
390	181,750	-	-	-	-	181,750	390	65,106	-	4,728	-	-	-	-	-	69,836
3911	12,457	-	-	-	(926)	11,531	3911	5,162	(926)	762	-	-	-	-	-	4,998
3912	4,970	-	-	-	(2,168)	2,803	3912	3,531	(2,168)	486	-	-	-	-	-	1,649
3913	44,345	-	-	7,356	-	51,701	3913	35,626	-	5,724	-	-	-	4,102	-	45,654
3921	37,533	-	-	-	-	37,533	3921	21,852	-	9,324	-	-	-	3,062	-	34,238
3922	165,847	-	-	-	-	165,847	3922	112,734	-	22,056	200	-	-	-	-	134,990
3924	985	-	-	-	-	985	3924	725	-	180	-	-	-	-	-	905
393	-	-	-	-	-	-	393	-	-	-	-	-	-	-	-	-
394	21,494	563	-	-	-	22,077	394	11,106	-	1,090	-	-	-	-	-	12,196
395	-	-	-	-	-	-	395	-	-	-	-	-	-	-	-	-
396	13,340	-	-	-	-	13,340	396	9,648	-	888	-	-	-	-	-	10,534
397	37,658	(650)	-	-	(3,273)	33,735	397	26,658	(3,273)	2,081	-	-	-	-	-	27,477
398	2,788	-	-	-	-	2,788	398	840	-	288	-	-	-	-	-	1,128
	3,160,353	92,690	-	751,508	(12,855)	3,991,698		1,078,515	(12,855)	148,708	2,695	(7,430)	-	248,664	-	1,458,416

CONSTRUCTION WORK IN PROGRESS-GAS (Account 107)

1. Report below descriptions and balances at end of year of projects in process of construction (107).  
 2. Show items relating to "research, development, and demonstration" projects last, under a caption Research, Development, and Demonstration (see Account 107 of the Uniform System of Accounts).

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

Line No.	Description of Project (a)	Construction Work in Progress-Gas (Account 107) (b)	Estimated Additional Cost of Project (c)
1	WPB		
2			
3			
4	Main Extensions	*	125,082
5	Other	*	42,778
6			
7			
9			
10			
11	SANFORD		
12			
13			
14			
15			
16			
17	DELAND		
18			
19	Main Extensions	*	6,073
20	AEP-Convert Deltona Propane System		659,610
21	Other		2,911
24			
34			
35			
36			
37	* Grouped Items		
38			
39			
40	TOTAL		\$836,454
			\$174,770



CONSTRUCTION OVERHEADS-GAS

1. List in column (a) the kinds of overheads according to the titles used by the respondent. Charges for outside professional services for engineering fees and management or supervision fees capitalized should be shown as separate items.

2. On page 30 furnish information concerning construction overheads.

3. A respondent should not report "none" to this page if no overhead apportionments are made, but rather should explain on page 30 the accounting procedures employed

and the amounts of engineering, supervision, and administrative costs, etc. which are directly charged to construction.

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

Line No.	Description of Overhead (a)	Total Amount Charged for the Year (b)	Total Cost of Construction to Which Overheads Were Charged (Exclusive of Overhead Charges) (c)
1	Administrative and General Overheads	-	
2	Payroll Taxes, Pensions, Group and Worker's		
3	Compensation Insurance	\$103,522	
4	Allowance for funds used during construction	-	
5			
6			
7			
8			
9			
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38	TOTAL	\$103,522	\$2,991,290

December 31, 1998

GENERAL DESCRIPTION OF CONSTRUCTION OVERHEAD PROCEDURE

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

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

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

December 31, 1998

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

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

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

**Section A. Balances and Changes During Year**

Line No.	Item (a)	Total (c+d+e) (b)	Gas Plant in Service (c)	Gas Plant Held for Future Use (d)	Gas Plant Leased to Others (e)
1	Balance Beginning of Year	16,457,483	16,457,483		
2	Depreciation Provisions for Year, Charged to				
3	(403) Depreciation Expense	1,583,676	1,583,676		
4	(413) Exp. of Gas Plant. Leas. to Others	0			
5	Transportation Expenses-Clearing	279,454	279,454		
6	Other Clearing Accounts	0			
7	Other Accounts (Specify):	0			
8	Accrued Depr. on Transfers	222,429	222,429		
9	TOTAL Deprec. Prov. for Year (Total of lines 3 through 8)	2,085,559	2,085,559		
10	Net Charges for Plant Retired:				
11	Book Cost of Plant Retired	(518,304)	(518,304)		
12	Cost of Removal	(155,255)	(155,255)		
13	Salvage (Credit)	10,477	10,477		
14	TOTAL Net Charges. for Plant Ret. (Enter Total of lines 11 through 13)	(663,082)	(663,082)		
15	Other Debit or Credit Items (Describe)				
16					
17	Balance End of Year (Enter Total of lines 1, 9, 14, 15, and 16)	17,879,960	17,879,960		

**PREPAYMENTS (Account 165)**

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

Line No.	Nature of Prepayment (a)	Balance at End of Year (In Dollars) (b)
1	Prepaid Insurance (100.1650.2)	311,444
2	Prepaid Rents	
3	Prepaid Taxes (page 41)	
4	Prepaid Interest	
5	Gas Prepayments	
6	Miscellaneous Prepayments: Pensions & Software Maintenance (1650.3 & .4)	1,325,901
7	<b>TOTAL 1650.*</b>	<b>1,637,345</b>

**EXTRAORDINARY PROPERTY LOSSES (Account 182.1)**

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

**UNRECOVERED PLANT AND REGULATORY STUDY COSTS (182.2)**

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

**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	See page 35					
2						
3						
4						
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39						
40	TOTAL					

MISCELLANEOUS DEFERRED DEBITS (Account 186)

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

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

Line No.	Description of Miscellaneous Deferred Debit (a)	Balance at Beginning of Year (b)	Debits (c)	Account Charged (d)	Amount (e)	Balance End of Year (f)
1	Energy Conservation Program	\$0	\$0		\$0	\$0
2	Undistributed Capital					
3	-Accrued Payroll	29,036	351,429		(336,458)	\$44,007
4	Amortized Piping Costs	606,712	332,494		(141,702)	\$797,504
5	Amortized Conversion Cost	45,524	46,848		(26,198)	\$66,174
6	Underrecovery Conservation	64,381	51,957		0	\$116,338
7	Underrecovery Natural Gas	0	193,187		0	\$193,187
8	Penny Elimination	0	95		0	\$95
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46						
47	Misc. Work in Progress	(393,895)				(\$514,956)
48	Deferred Regulatory Comm. Expenses					
49	(See Pages 58 - 59)	40,940	46	928	29,914	\$11,072
50	TOTAL	\$392,698				\$713,421

ACCUMULATED DEFERRED INCOME TAXES (Account 190)

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

Line No.	Account Subdivisions (a)	Balance at Beginning of Year (b)	CHANGES DURING YEAR			ADJUSTMENTS			Balance at End of Year (k)
			Amounts Debited to Acct. 410.1 (c)	Amounts Credited to Acct. 411.1 (d)	Amounts Debited to Acct. 410.2 (e)	Amounts Credited to Acct. 411.2 (f)	DEBITS Amount (g)	CREDITS Amount (h)	
1	ELECTRIC								
2	AMT	69,555	(88,555)						
3	Conservation Prog. & Pensions								
4	Int. Not Cap. & Amort. of Dept.								
5	Regulatory								
6	Self Ins Res. & Audit Fee	30,395	18,001						49,396
7	Uncollectible	7,975	22,120						30,095
8	Vacation Pay	48,468	4,011						52,479
9	Misc. Accrual		2,458						2,458
10	Gain on Hydroplant		27,102						27,102
11	General liability		24,547						24,547
12	Rate Refund	41,393	(13,169)						28,224
13	TOTAL Electric (Lines 2 - 4)	197,766	16,515						214,301
14	GAS								
15	AMT	96,393	(96,393)						
16	Interest Not Cap. & Amort of Dept.								
17	Regulatory								
18	Self Insurance Res. & Audit Fee	47,792	35,935						83,727
19	Uncollectible	15,441	(4,733)						10,708
20	Vacation Pay	98,563	6,130						106,693
21	Environmental	1,962,508	100,359						2,062,865
22	Misc. Accrual		2,519						2,519
23	General liability		24,866						24,866
24	TOTAL Gas (Lines 7 - 19)	2,240,695	43,298						2,311,378
25	Other (Specify) Water Division	23,611	(3,651)						19,960
26	TOTAL (Account 190)								
27	(Enter Total of lines 5, 20 & 21)	2,482,092	83,547						2,545,639
28	WATER DIVISION								
29	AMT	10,592	(10,592)						
30	Interest Not Cap. & Amort of Dept.								
31	Regulatory								
32	Self Insurance Res. & Audit Fee	4,700	2,910						7,610
33	Vacation Pay	8,318	171						8,490
34	Misc. Accrual		369						369
35	General liability		3,491						3,491
36	TOTAL WATER (Line 19 above)	23,611	(3,651)						19,960

NOTES

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

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

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

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

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

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

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

None



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

1. Report by balance sheet Account the particulars (details) concerning long-term debt included in Accounts 221, Bonds, 222, Reacquired Bonds, 223, Advances from Associated Companies, and 224, Other Long-Term Debt. If information to meet the stock exchange reporting requirement outlined in column (a) is available from the SEC 10-K Report Form Filing, a specific reference to the report form (i.e. year and company title) may be reported in column (a) provided the fiscal years for both the 10-K report and this report are compatible.

2. For bonds assumed by the respondent, include in column (a) the name of the issuing company as well as a description of the bonds.

3. For advances from Associated Companies, report separately advances on notes and advances on open accounts. Designate demand notes as such. Include in column (a) names of associated companies from which advances were received.

4. For receiver's certificates, show in column (a) the name of the court and date of court order under which such certificates were issued.

5. In a supplemental statement, give explanatory particulars (details) for Accounts 223 and 224 of net changes

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

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

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

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

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

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

December 31, 1998

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 disposed 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 Expenses, 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	110,568	(7,210)	103,358
4	10.03% Series Due 2018	5,500,000	97,070	5/1/88	5/1/18	59,536	(3,883)	55,653
5	9.08% Series Due 2022	8,000,000	121,967	6/1/92	6/1/22	99,639	(4,067)	95,572
6								
7								
8								
9								
10								
11								
12								
13								
14								
15								
16	NOTE: Account 189 - \$5,000,000 Recquired Bond originally due in 1998 has reacquired debt loss and is amortized in Account 4280.1.							
17	The associated amount for 1998 was \$18,284.00. \$2,000,000 Recquired Bond originally due in 2002 has reacquired debt loss and is							
18	amortized in Account 428. The associated amount for 1998 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 \$4,999 for 1998.							
21								
22	The amortization of debt discount occurs in Account 4280.2. The associated amount for 1998 was \$15,161							
23								
24	Total Account 4280 = \$ 42,522							
25								
26								
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44								
45								
46		23,542,522	399,310			269,743	(15,160)	254,583

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

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

Line No.	Designation of Long-Term Debt (a)	Date Reacquired (b)	Principal of Debt Reacquired (c)	Net Gain or Net Loss (d)	Balance at Beginning of Year (e)	Balance at End of Year (f)
1	Unamortized Loss on Reacquired Debt 12.5% Due 1988 Maturity date of new issue - 5/1/18	5/1/88	5,000,000	548,516	373,295	355,010
2						
3						
4						
5						
6						
7	Unamortized Loss on Reacquired Debt 8% Due 2002	7/1/93	2,000,000	36,699	18,349	14,272
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						369,282

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

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

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

Line No.	Particulars (Details) (a)	Amount (b)
1	Net Income for the Year (Page 14) *	\$2,961,175
2	Reconciling Items for the Year	
3		
4	<b>Taxable Income Not Reported on Books</b>	
5	Service Contributions	635,000
6	Conservation Program Costs	37,360
7	Uncollectible Reserve	46,202
8	Underrecoveries of Purchased Energy Costs	553,111
9	<b>Deductions Recorded on Books Not Deducted for Return</b>	
10	Self - Insurance Reserve	142,726
11	Rate Case Expense	29,329
12	Meals Expense	11,187
13	Vacation Pay	29,356
14	Depreciation Study	14,056
15	Natural Gas Odorizer	5,191
16	Outside Audit Fees	11,000
17	Loss on Recquired Debt	22,362
18	Environmental Costs	27,096
19	Income Taxes (excluding current state income of \$ 287,900)	1,288,959
20	Sun Trust Analysis Charges	14,200
21	<b>Income Recorded on Books Not Included in Return</b>	
22	AEP	193,188
23		
24	<b>Deductions on Return Not Charged Against Book Income</b>	
25	Rate Refund Pending	170,000
26	Ordinary Loss on ACRS Property	150,000
27	Cost of Removal ADR	80,000
28	Pension Reserve	13,857
29	Depreciation	271,189
30		
31		
32	Federal Tax Net Income	4,950,076
33	Show Computation of Tax:	
34		
35	Tax at 34%	1,683,026
36	Rounding	74
37	<b>TOTAL Federal Income Tax Payable</b>	<b>1,683,100</b>
38	* Excludes Flo-Gas Net Income of	\$106,645

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 (617)	Gross Receipts (153,640)	Regulatory Assessment Fees (159,992)	Environmental, Excise	Other	Total (250,646)
1	TAXES (ACCRUED)/PREPAID BEG. OF YEAR	55,708	6,395	-	-	-	-	(153,640)	(159,992)	-	-	(250,646)
2	Taxes Charged During Year											
3												
4	Federal Taxes	1,489,302					859,642					2,348,944
5												
6	State of Florida Taxes		277,729			13,780		1,728,869	240,923	(5,807)		2,255,494
7											7,412	1,307,575
8	Local Taxes			1,300,163								
9												
10												
11												
12	TOTAL TAXES CHARGED DURING YEAR (Lines 3-11)	1,489,302	277,729	1,300,163	-	13,780	859,642	1,728,869	240,923	(5,807)	7,412	5,912,013
13	Taxes Paid During Year											
14												
15	Federal Taxes	1,535,792					846,473					2,382,265
16												
17	State of Florida Taxes		268,692			13,780	81	1,742,882	235,263	(5,807)		2,254,891
18												
19	Local Taxes			1,300,163							7,412	1,307,575
20												
21												
22												
23	TOTAL TAXES PAID DURING YEAR (Lines 14-22)	1,535,792	268,692	1,300,163	-	13,780	848,564	1,742,882	235,263	(5,807)	7,412	5,944,731
24	Adjustments (list): Account adjustment											
25	1997 IT Refund	(100,000)										(100,000)
26												
27	TOTAL ADJUSTMENTS (Lines 24-26)	-										
28	TAXES (ACCRUED)/PREPAID END OF YEAR (Lines 1+12-23+27)	2,196	(2,842)	-	-	-	(13,706)	(139,627)	(164,252)	-	-	(317,928)

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	849,327	154,360	448,887	-	8,475	154,610	1,004,343	33,290	(2,695)	600	2,648,317
31	591,674	113,717	710,699	-	7,305	390,318	724,526	110,332	(2,729)	6,912	2,652,754
32	33,863	7,169	140,577	-	-	28,890	-	97,243	(983)	-	307,349
33	14,438	2,463	-	-	-	-	-	-	-	-	16,901
34											
35											
36											
37											
38											
39											
40											
41											
42	1,489,302	277,729	1,300,163	-	13,780	859,642	1,728,869	240,923	(5,807)	7,412	5,912,013

FLORIDA PUBLIC UTILITIES

For the Year Ended

December 31, 1998

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		Amount (d)	Accd. No. (e)	Allocations to Current Year's Income		Adjustments (g)	Balance at End Year (h)	Average Period of Allocation to Income (i)
			Accd. No. (c)	Amount (d)			Accd. No. (e)	Amount (f)			
1	Gas Utility										
2	3%	12,772				4110.4	4,089		8,683	35 Years	
3	4%	22,302				4110.4	3,300		19,002	35 Years	
4	7%	0							0		
5	10%	582,260				4110.4	47,774		534,486	35 Years	
6	Prior Period Adjustment	(49)							(49)		
7											
8	TOTAL	617,285					55,163		562,122		
9	Electric Utility										
10	3%	544				4110.4	419		125	28 Years	
11	4%	28,979				4110.4	5,886		23,093	28 Years	
12	7%	0							0		
13	10%	549,274				4110.4	43,507		505,767	28 Years	
14	Prior Period Adjustment	(7,769)							(7,769)		
15											
16	TOTAL	571,028					49,812		521,216		
17	Water Utility										
18	3%	679				4110.4	118		561	34 Years	
19	4%	2,175				4110.4	217		1,958	34 Years	
20	7%	0							0		
21	10%	111,747				4110.4	6,601		105,146	34 Years	
22	Prior Period Adjustment	23							23		
23											
24	TOTAL	114,624					6,936		107,688		
25											
26	Total Utility	1,302,937					111,911		1,191,026		
27											

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.

**MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES (Account 242)**

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

Line No.	Item (a)	Balance at End of Year (b)
1	Vacation Pay	647,642
2		
3		
4	Outside Audit Fees	94,750
5		
6	Commission Funds	3,773
7		
8	Sun Trust Analysis	14,200
9		
10	Employee Fund	6,204
11		
12		
13		
14		
15		
16		
17		
18	<b>TOTAL</b>	<b>766,569</b>

**OTHER DEFERRED CREDITS (Account 253)**

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

Line No.	Description of Other Deferred Credit (a)	Balance Beginning of Year (b)	DEBITS		Credits (e)	Balance at End of Year (f)
			Contra Account (c)	Amount (d)		
1	Over Recovery of Fuel Adjustment -	580,182	456.1	2,223,673	2,358,694	715,203
2	Electric (Amortized over succeeding		456.11			
3	six month period)					
4						
5	Over Recovery of Fuel Adjustment -	126,715	495.1	2,259,230	2,212,828	80,313
6	Gas (Amortized over succeeding		495			
7	twelve month period)					
8						
9	Environmental Insurance Proceeds	4,832,519	1860.1	1,045	172,593	5,004,067
10						
11	Over Recovery - Conservation	238,677	456.6	-	89,317	327,994
12						
13	Gain on sale of property	72,022	4030.1	16,300	1,000	56,722
14						
15						
16						
17						
18						
19						
20						
21	<b>TOTAL</b>	<b>\$5,850,115</b>		<b>\$4,500,248</b>	<b>\$4,834,432</b>	<b>\$6,184,299</b>

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

Line No.	Description	Balance at Beginning of Year	Changes During Year			Adjustments			Balance at End of Year
			Amounts Debited to Account 410.1	Amounts Credited to Account 411.1	Amounts Debited to Account 410.2	Amounts Credited to Account 411.2	Debits Account No.	Credits Account No.	
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	0
8									
9	ACCOUNT 282 - OTHER PROPERTY								
10	Electric	3,926,335	2,760						
11	Gas	4,685,371	69,060						3,929,085
12	Other	(184,377)	119,607						4,754,421
13									(64,770)
14	TOTAL ACCOUNT 282 (Lines 10 thru 13)	8,427,329	191,407	0	0	0	0	0	8,618,736
15									
16	ACCOUNT 283 - OTHER								
17	Electric	249,205	(224,881)						
18	Gas	165,728	36,988						23,324
19	Other - Water	15,923	(242)						204,714
20									15,661
21	TOTAL ACCOUNT 283 - OTHER (Lines 17 thru 20)	429,854	(188,136)	0	0	0	0	0	243,719
22									
23	ELECTRIC								
24	Federal Income Tax	3,678,627	(197,316)						
25	State Income Tax	495,913	(24,816)						3,481,312
26									471,097
27	TOTAL ELECTRIC (Lines 24 thru 26)	4,174,540	(222,131)	0	0	0	0	0	3,952,409
28									
29	GAS								
30	Federal Income Tax	4,249,679	90,458						
31	State Income Tax	601,418	17,590						4,340,137
32									616,998
33	TOTAL GAS (Lines 30 thru 32)	4,851,097	108,038	0	0	0	0	0	4,959,135
34									
35	OTHER - WATER								
36	Federal Income Tax	(134,475)	102,634						(31,841)
37	State Income Tax	(33,979)	16,431						(17,548)
38									
39	TOTAL OTHER (Lines 36 thru 38)	(168,454)	119,365	0	0	0	0	0	(49,089)
40									
41	TOTAL (Total of lines 7, 14, 21, and Lines 27, 33, 39)	8,657,183	5,272	0	0	0	0	0	8,662,455
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).

3. Minor items (5% of the Balance at End of Year for Account 254 or amounts less than \$50,000, whichever is less) may be grouped by classes.

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

Line No.	Description and Purpose of Other Regulatory Liabilities (a)	Balance Beginning of Year (b)	Debits		Credits (d)	Balance End of Year (e)
			Contra Account (b)	Amount (c)		
1						
2	See Page 44					
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41	TOTAL					

**GAS OPERATING REVENUES (Account 400)**

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

Line No.	Title of Account (a)	OPERATING REVENUES	
		Amount for Year (b)	Amount for Previous Year (c)
<b>1</b>	<b>GAS SERVICE REVENUES</b>		
<b>2</b>	<b>FIRM SALES SERVICE</b>		
3	480 Residential Sales	9,388,361	9,837,873
4	481 Commercial & Industrial Sales - Small	6,008,524	6,109,693
5	481 Commercial & Industrial Sales - Large]	10,957,632	12,979,802
6	481		
7	481		
8	481		
<b>9</b>	<b>INTERRUPTIBLE SALES SERVICE</b>		
10	481 Commercial & Industrial Sales - Interruptible	1,386,892	2,042,760
11	481		
<b>12</b>	<b>FIRM TRANSPORTATION SERVICE</b>		
13	489	339,324	283,172
14	489		
15	489		
<b>16</b>	<b>INTERRUPTIBLE TRANSPORTATION SERVICE</b>		
17	489		
18	482 Other Sales to Public Authorities	630,072	717,260
19	484 Flex Rate - Refund		
20	TOTAL Sales to Ultimate Consumers	28,710,805	31,970,360
21	483 Sales for Resale		
22	Off-System Sales 4000.4954*	670,147	828,807
23	TOTAL Nat. Gas Service Revenues	29,380,952	32,798,967
24	TOTAL Gas Service Revenues	29,380,952	32,798,967
<b>25</b>	<b>OTHER OPERATING REVENUES</b>		
26	485 Intracompany Transfers		
27	487 Forfeited Discounts		
28	488 Misc. Service Revenues	278,527	250,505
29	489 Rev. from Trans. of Gas of Others (not included in above rate schedules)	0	0
30	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	1,871	71,198
39	Other 495.2	26,467	17,654
40	495.1 Overrecoveries Purchased Gas	46,402	336,323
41	TOTAL Other Operating Revenues	353,267	675,680
42	TOTAL Gas Operating Revenues	29,734,219	33,474,647
43	(Less) 496 Provision for Rate Refunds		
44	TOTAL Gas Operating Revenues Net of Provision for Refunds	29,734,219	33,474,647
46	Sales for Resale		
47	Other Sales to Public Authority		
48	Interdepartmental Sales		
49	TOTAL	29,734,219	33,474,647

December 31, 1998

**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
9,185,160	8,599,970	32,655	31,835	3
10,152,760	8,759,910	2,558	2,424	4
21,555,970	21,673,990	854	873	5
				6
				7
				8
				9
3,478,330	4,214,680	12	13	10
				11
				12
25,356,030	20,331,520	4	2	13
				14
				15
				16
				17
1,155,940	1,097,110	201	204	18
				19
70,884,190	64,677,180	36,284	35,351	20
				21
2,531,700	2,634,950	1	1	22
73,415,890	67,312,130	36,285	35,352	23
				24
				25
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				48
73,415,890	67,312,130			49

**NOTES**

Firm transportation service revenues also includes interruptible transportation service revenues. These will be classified to the appropriate accounts in 1999.

**RESIDENTIAL AND COMMERCIAL SPACE HEATING CUSTOMERS**

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

Line No.	Item (a)	Residential (b)	Commercial (c)
1	Average Number of Space Heating Customers for the Year (Estimate if not known. Designate with an asterisk if estimated.)	17,704	1,817
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	505	58
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	12
3	Therms of Gas Sales for the Year	3,478,330
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	12
12	Therms of Gas Sales for the Year	3,478,330

**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	<b>1. PRODUCTION EXPENSES</b>		
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	9,212,454	11,569,622
11	802 Natural Gas Gasoline Plant Outlet Purchases		
12	803 Natural Gas Transmission Line Purchases		
13	804 Natural Gas City Gate Purchases	5,391,215	5,615,570
14	804.1 Liquefied Natural Gas Purchases		
15	805 Other Gas Purchases	0	1,536,442
16	(Less) 805.1 Purchased Gas Cost Adjustments		
17	TOTAL Purchased Gas (Enter Total of Lines 8 to 16)	14,603,669	18,721,634
18	806 Exchange Gas		
19	Purchased Gas Expenses		
20	807.1 Well Expenses--Purchased Gas		
21	807.2 Operation of Purchased Gas Measuring Stations		
22	807.3 Maintenance of Purchased Gas Measuring Stations		
23	807.4 Purchased Gas Calculations Expenses	0	16,084
24	807.5 Other Purchased Gas Expenses		
25	TOTAL Purchased Gas Expenses (Enter Total of lines 20 through 24)	0	16,084
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)	0	
35	813 Other Gas Supply Expenses	114,730	108,286
36	TOTAL Other Gas Supp. Exp. (Total of Lines 17,18,25,26 through 29,34,35)	14,718,399	18,846,004
37	TOTAL Production Expenses (Enter Total of Lines 2,3,4,5 and 36)		
38	<b>2. NATURAL GAS STORAGE, TERMINALING AND PROCESSING EXPENSES</b>		
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	<b>3. TRANSMISSION EXPENSES</b>		
44	TOTAL Transmission Expenses (Enter Total of Accounts 850 through 867)		
45			
46			

December 31, 1998

## 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	178,371	210,062
50	871 Distribution Load Dispatching	21,377	16,290
51	872 Compressor Station Labor and Expenses	272	153
52	873 Compressor Station Fuel and Power	112	49
53	874 Mains and Services Expenses	620,334	543,710
54	875 Measuring and Regulating Station Expenses—General	776	332
55	876 Measuring and Regulating Station Expenses—Industrial	6,631	6,977
56	877 Measuring and Regulating Station Expenses—City Gate Check Sta.	18,163	19,471
57	878 Meter and House Regulator Expenses	908,116	868,122
58	879 Customer Installations Expenses	181,437	165,539
59	880 Other Expenses	539,213	557,690
60	881 Rents	2,618	3,600
61	TOTAL Operation (Enter Total of lines 49 through 60)	2,477,420	2,391,995
62	Maintenance		
63	885 Maintenance Supervision and Engineering	42,682	53,430
64	886 Maintenance of Structures and Improvements	39,327	33,423
65	887 Maintenance of Mains	242,102	206,360
66	888 Maintenance of Compressor Station Equipment		
67	889 Maintenance of Meas. and Reg. Sta. Equip.—General	7,402	3,009
68	890 Maintenance of Meas. and Reg. Sta. Equip.—Industrial	96	190
69	891 Maintenance of Meas. and Reg. Sta. Equip.—City Gate Check Sta.	43,113	42,430
70	892 Maintenance of Services	142,270	94,775
71	893 Maintenance of Meters and House Regulators	167,962	175,255
72	894 Maintenance of Other Equipment	14,934	11,856
73	TOTAL Maintenance (Enter Total of Lines 63 through 72)	699,888	620,728
74	TOTAL Distribution Expenses (Enter Total of Lines 61 and 73)	3,177,308	3,012,723
75	5. CUSTOMER ACCOUNTS EXPENSES		
76	Operation		
77	901 Supervision	33,310	36,717
78	902 Meter Reading Expenses	282,110	279,456
79	903 Customer Records and Collection Expenses	741,790	736,747
80	904 Uncollectible Accounts	55,702	63,202
81	905 Miscellaneous Customer Accounts Expenses	73,522	66,876
82	TOTAL Customer Accounts Expenses (Enter Total of Lines 77 through 81)	1,186,434	1,182,998
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 (Enter Total of Lines 85 through 88)	36	36
90	7. SALES EXPENSES		
91	Operation		
92	911 Supervision	80,433	89,808
93	912 Demonstrating and Selling Expenses	522,990	560,540
94	913 Advertising Expenses	46,796	77,681
95	916 Miscellaneous Sales Expenses	196,581	144,682
96	TOTAL Sales Expenses (Enter Total of lines 92 through 95)	846,800	872,711
97			

Florida Public Utilities Company		An Original	For the Year Ended
			December 31, 1998
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	784,874	766,590
101	921 Office Supplies and Expenses	194,998	178,561
102	(Less) (922) Administrative Expenses Transferred--Cr.		0
103	923 Outside Services Employed	85,929	82,920
104	924 Property Insurance	19,063	21,444
105	925 Injuries and Damages	388,190	424,539
106	926 Employee Pensions and Benefits	313,493	246,007
107	927 Franchise Requirements		
108	928 Regulatory Commission Expenses	53,290	49,844
109	(Less) (929) Duplicate Charges--Cr.		
110	930.1 General Advertising Expenses	0	50
111	930.2 Miscellaneous General Expenses	61,815	59,589
112	931 Rents	5,754	6,820
113	TOTAL Operation (Enter Total of lines 100 through 112)	1,907,406	1,836,364
114	Maintenance		
115	935 Maintenance of General Plant	63,666	60,760
116	TOTAL Administrative and General Exp. (Total of lines 113 and 115)	1,971,072	1,897,124
117	TOTAL Gas O. and M. Exp. (Lines 37, 42, 44, 74, 82, 89, 96, and 116)	21,900,049	25,811,596
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)		12/27/98
141	2. Total Regular Full-Time Employees		214
142	3. Total Part-Time and Temporary Employees		0
143	4. Total Employees		214
144			
145			
146			
147			

December 31, 1998

**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	28,353,430	9,212,454	32.491
4	802 - Natural Gas Gasoline Plant Outlet Purchases			
5	803 - Natural Gas Transmission Line Purchases			
6	804 - Natural Gas City Gate Purchases	42,727,670	5,391,215	12.618
7	804.1 - Liquefied Natural Gas Purchases			
8	805 - Other Gas Purchases		0	
9	805.1 - Purchased Gas Cost Adjustments			
10	<b>TOTAL (Enter Total of lines 1 through 9)</b>	<b>71,081,100</b>	<b>14,603,669</b>	<b>20.545</b>

**NOTES TO GAS PURCHASES**



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

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

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

Line No.	Purpose for Which Gas Was Used (a)	Account Charged (b)	Therms of Gas Used (c)	Natural Gas		Manufactured Gas	
				Amount of Credit (d)	Amount per Therm (In cents) (e)	Therms of Gas Used (f)	Amount of Credit (g)
1	810 Gas used for Compressor Station Fuel - Cr.						
2	811 Gas used for Products Extraction - Cr.						
3	Gas Shrinkage and Other Usage in Respondent's Own Proc.						
4	Gas Shrinkage, Etc. for Respondent's Gas Processed by Others						
5	812 Gas used for Other Util. Oprs-- Cr. (Report separately for each principal uses. Group minor uses)						
6							
7	Heat, Hot Water, A/C	812	85,050				
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20	TOTAL		85,050				

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

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

Line No.	Description (a)	Amount (in dollars) (b)
1	Natural Gas Procurement	114,730
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14	TOTAL	

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

Line No.	Description (a)	Amount (b)
1	Industry Association Dues	\$20,168
2	Experimental and General Research Expenses: (a) Gas Research Institute (GRI) (b) Other	0 0
3	Publishing and distributing information and reports to stockholders; trustee, registrar, and transfer agent fees and expenses, and other expenses of servicing outstanding securities of the Respondent	30,420
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	Directors Fees and Expenses (27 items) Miscellaneous Expenses (15 items)	10,500 727
6		
7		
8		
9		
10		
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12		
13		
14		
15		
16		
17		
18		
19	TOTAL	61,815

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

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

A. Summary of Depreciation, Depletion, and Amortization Charges

Line No.	Functional Classification (a)	Depreciation Expense (Account 403) (b)	Amortization & Depletion of Prod. Nat. Gas Land & Land Rights (Account 404.1) (c)	Amortization of Under-ground Storage Land & Land Rights (Account (404.2) (d)	Amortization of Other Limited-term Gas Plant (Account 404.3) (e)	Amortization of Other Gas Plant (Account 405) (f)	Total (b to f) (g)
1	Intangible Plant	-	-	-	-	-	-
2	Production plant, manufactured gas	-	-	-	-	-	-
3	Production and gathering plant, nat. gas	-	-	-	-	-	-
4	Products extraction plant	-	-	-	-	-	-
5	Underground gas storage plant	-	-	-	-	-	-
6	Other storage plant	-	-	-	-	-	-
7	Base load LNG term. & proces. plant	-	-	-	-	-	-
8	Transmission Plant	-	-	-	-	-	-
9	Distribution Plant	1,492,276	-	-	-	-	1,492,276
10	General Plant	91,405	-	-	-	-	91,405
11	Common Plant-Gas						78,169
12	Environmental Clean Up	-	-	-	-	239,604	239,604
13	AEP	-	-	-	-	15,440	15,440
14							
15							
16							
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35							
36							
37	TOTAL	1,583,681				255,044	1,916,894

**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	10,926
5	426.12 Charitable Contributions: Outside Service Area	0
6	426.13 Civic and Social Club Dues	4,855
7	426.3 Penalties	0
8	426.4 Expenditures for Lobbying and Other Politically Related Activities	535
9	426.5 Other	
10	Chamber of Commerce	6,952
11	<b>TOTAL MISCELLANEOUS INCOME DEDUCTIONS</b>	<b>23,268</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)	(77,110)
16		
17		
18	Account 431: Other Interest Expense	
19	431.1 Interest on Customer Deposits	201,166
20	431.2 Interest on Notes Payable	354,786
21	431.3 Interest on Miscellaneous	6,856
22	<b>TOTAL OTHER INTEREST EXPENSE</b>	<b>562,808</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	Electric			
2	TOTAL Operation and Maintenance - Electric	1,917,478	199,508	2,116,984
3	Gas			
4	Operation			
5	Production - Manufactured Gas & Nat.Gas (inc. Expl. and Dev.); Other Gas Supply; Storage, LNG, Termn. & Proces.	96,757		
6	Transmission	-		
7	Distribution	1,714,612		
8	Customer Accounts	757,493		
9	Customer Service and Informational	-		
10	Sales	506,285		
11	Administrative and General	250,729		
12	TOTAL Operation (Enter Total of lines 5 through 11)	3,327,876		
13	Maintenance			
14	Production - Manufactured Gas & Nat.Gas (inc. Expl. and Dev.); Other Gas Supply; Storage, LNG, Termn. & Proces.	-		
15	Transmission	-		
16	Distribution	485,774		
17	Administrative and General	5,474		
18	TOTAL Maintenance (Enter Total of lines 14 through 17)	471,248		
19	TOTAL Operation and Maintenance			
20	Production - Manufactured Gas & Nat.Gas (inc. Expl. and Dev.); Other Gas Supply; Storage, LNG, Termn. & Proces.	96,757		
21	Transmission (Enter Total of lines 6 and 15)	-		
22	Distribution (Enter Total of lines 7 and 16)	2,180,386		
23	Customer Accounts (Transcribe from line 8)	757,493		
24	Customer Service and Informational (Transcribe from line 9)	-		
25	Sales (Transcribe from line 10)	506,285		
26	Administrative and General (Enter Total of lines 11 and 17)	256,203		
27	TOTAL Operation and Maint. (Total of lines 20 through 26)	3,799,124	404,491	4,203,615
28	Other Utility Departments			
29	Operation and Maintenance - Water	385,165	30,859	416,024
30	TOTAL All Utility Dept. (Total of lines 2, 27, and 29)	6,101,765	634,858	6,736,623
31	Utility Plant			
32	Construction (By Utility Departments)			
33	Electric Plant	767,712	-	767,712
34	Gas Plant	761,324	-	761,324
35	Other	116,189	-	116,189
36	TOTAL Construction (Enter Total of lines 33 through 35)	1,645,225	-	1,645,225
37	Plant Removal (By Utility Department)			
38	Electric Plant	70,696	-	70,696
39	Gas Plant	124,138	-	124,138
40	Other	-	-	-
41	TOTAL Plant Removal (Enter Total of lines 38 through 40)	194,834	-	194,834
42				
43	Other Accounts (Specify):			
44	Other Accounts Receivable/Employee	141,493	-	141,493
45	Temporary Facilities	25,328	-	25,328
46	Stores Expense	306,161	-	306,161
47	Clearing Accounts	135,904	-	135,904
48	Miscellaneous Deferred Debits	112,536	-	112,536
49	Merchandise and Jobbing	567,995	-	567,995
50	Taxes other Than Income Taxes-Electric/Gas/Water	(285,634)	-	(285,634)
51	Vacation Pay	(40,574)	-	(40,574)
52	Other Accounts Receivable	1,488,407	108,328	1,596,735
53	TOTAL Other Accounts	2,451,616	108,328	2,559,944
54	TOTAL SALARIES AND WAGES	10,393,440	743,186	11,136,626

REGULATORY COMMISSION EXPENSES (Account 928)

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

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

Line No.	Description (Furnish name of regulatory commission or body, the docket or case number, and a description of the case.) (a)	Assessed by Regulatory Commission (b)	Expenses of Utility (c)	Total Expenses to Date (d)	Deferred in Account 186 at Beginning of Year (e)
1	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	1,176
4					
5	Legal Fees and Miscellaneous Expenses				
6	Incurred by the Company in its Filings for				
7	Rate Relief on Docket Number 940620-GU		112,806	112,806	37,608
8					
9	Miscellaneous Expenses incurred by the				
10	Company in doing a Depreciation Study				
11	for Marianna. Docket Number 970537-EI		2,156	2,156	2,156
12					
13	Legal Fees and Miscellaneous Expenses				
14	Incurred by the Company in its Filings for				
15	Rate Relief for water. No docket number has				
16	been assigned		46	46	0
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		143,232	143,232	40,940

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.

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.

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

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
Electric		0	0	928	1,176	0	2
							3
							4
							5
Gas		0	0	928	28,199	9,409	6
							7
							8
							9
Electric		0	0	928	539	1,617	10
							11
							12
							13
							14
Water		46	46		0	46	15
							16
							17
							18
							19
							20
							21
							22
							23
							24
							25
							26
							27
							28
							29
							30
							31
							32
							33
							34
							35
							36
							37
							38
		46	46		29,914	11,072	39
							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 to which aggregate payments were made during the year to any corporation, partnership, organization of any kind, or individual [other than for services as an employee or for payments made for medical and related services] amounting to more than \$25,000, including payments for legislative services, except those which should be reported in Account 426.4 Expenditures for Certain

Civic, Political and Related Activities.

(a) Name and address of person or organization rendering services,

(b) description of services received during year and project or case to which services relate,

(c) basis of charges,

(d) total charges for the year, detailing utility department and account charged.

2. For any services which are of a continuing nature, give the date and term of contract and date of Commission authorization, if contract received Commission approval.

3. Designate with an asterisk associated companies.

	Description (a)	Amount (b)															
1																	
2	1. (a) Deloitte & Touche, 1645 Palm Beach Lakes Blvd., West Palm Beach, FL 33401	92,750															
3	(b) Professional Accounting Services.																
4	(c) Based on services rendered.																
5	(d) Total charges for services, utility departments and accounts charged:																
6																	
7	<table 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>50.7%</td> </tr> <tr> <td>923</td> <td>ELECTRIC</td> <td>36.8%</td> </tr> <tr> <td>923</td> <td>WATER</td> <td>5.6%</td> </tr> <tr> <td>923</td> <td>FLO-GAS</td> <td>6.9%</td> </tr> </tbody> </table>	Account	Utility	Allocation %	923	GAS	50.7%	923	ELECTRIC	36.8%	923	WATER	5.6%	923	FLO-GAS	6.9%	
Account	Utility	Allocation %															
923	GAS	50.7%															
923	ELECTRIC	36.8%															
923	WATER	5.6%															
923	FLO-GAS	6.9%															
8																	
9																	
10																	
11																	
12																	
13	2. (a) Akerman, Senterfitt & Eidson, P.O. Box 231 Orlando, FL 32802	44,264															
14	(b) Professional Legal Services for Environmental Issues.																
15	(c) Based on services rendered.																
16	(d) Total charges for services, utility department and account charged:																
17																	
18	<table style="width: 100%; border-collapse: collapse;"> <tbody> <tr> <td>923</td> <td>GAS</td> <td>7,021</td> </tr> <tr> <td>923</td> <td>ELECTRIC</td> <td>5,204</td> </tr> <tr> <td>186</td> <td>FPU</td> <td>30,642</td> </tr> <tr> <td>923</td> <td>Flo -Gas</td> <td>709</td> </tr> <tr> <td>184</td> <td>FPU</td> <td>688</td> </tr> </tbody> </table>	923	GAS	7,021	923	ELECTRIC	5,204	186	FPU	30,642	923	Flo -Gas	709	184	FPU	688	
923	GAS	7,021															
923	ELECTRIC	5,204															
186	FPU	30,642															
923	Flo -Gas	709															
184	FPU	688															
19																	
20																	
21																	
22																	
23																	
24	3. (a) Gattin, Schiefelbein & Cowdery, PA 3301 Thomasville rd., Suite 300, Tallahassee, FL 32312	68,003															
25	(b) Professional Legal Services																
26	(c) Based on services rendered.																
27	(d) Total charges for services, utility department and account charged:																
28																	
29	<table style="width: 100%; border-collapse: collapse;"> <tbody> <tr> <td>228</td> <td>FPU</td> <td>66,617</td> </tr> <tr> <td>928</td> <td>GAS</td> <td>1,386</td> </tr> </tbody> </table>	228	FPU	66,617	928	GAS	1,386										
228	FPU	66,617															
928	GAS	1,386															
30																	
31																	
32																	
33																	
34																	
35																	
36																	
37																	
38																	
39																	
40																	
41																	



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

**FLORIDA PUBLIC UTILITIES COMPANY**

**For the Year Ended December 31, 1998**

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) Line No.	(b) Description	(c) Gross Operating Revenues per Page 46	(d) Interstate and Sales for Resale Adjustments	(e) Adjusted Interstate Gross Operating Revenues	(f) Intrastate Gross Operating Revenues per RAF Return	(g) Difference (d) - (e)
1	Total Sales to Ultimate Customers (480-482, 484)	28,710,805		28,710,805	28,371,481	339,324
2	Sales for Resale (483)	670,147		670,147	-	670,147
3	Total Natural Gas Service Revenues					
4	Total Other Operating Revenues (485-495)	29,380,952		29,380,952	28,371,481	1,009,471
5	Total Gas Operating Revenues	353,267		353,267	1,362,738	(1,009,471)
6	Provision for Rate Refunds (496)					
7	Other (Specify)					
8						
9						
10	<b>Total Gross Operating Revenues</b>	<b>29,734,219</b>		<b>29,734,219</b>	<b>29,734,219</b>	

Notes:

Transportation Revenues of \$339,324 are included in Total Sale to Ultimate Customers on page 46 and Off System Sales of \$670,147 make up Sales for Resale on page 46. These items are reported as other operating revenue on the Regulatory Assessment Fee Return.

**CORPORATE STRUCTURE**

**Company: FLORIDA PUBLIC UTILITIES COMPANY  
For the Year Ended December 31, 1998**

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

Effective  
Date                      January-99

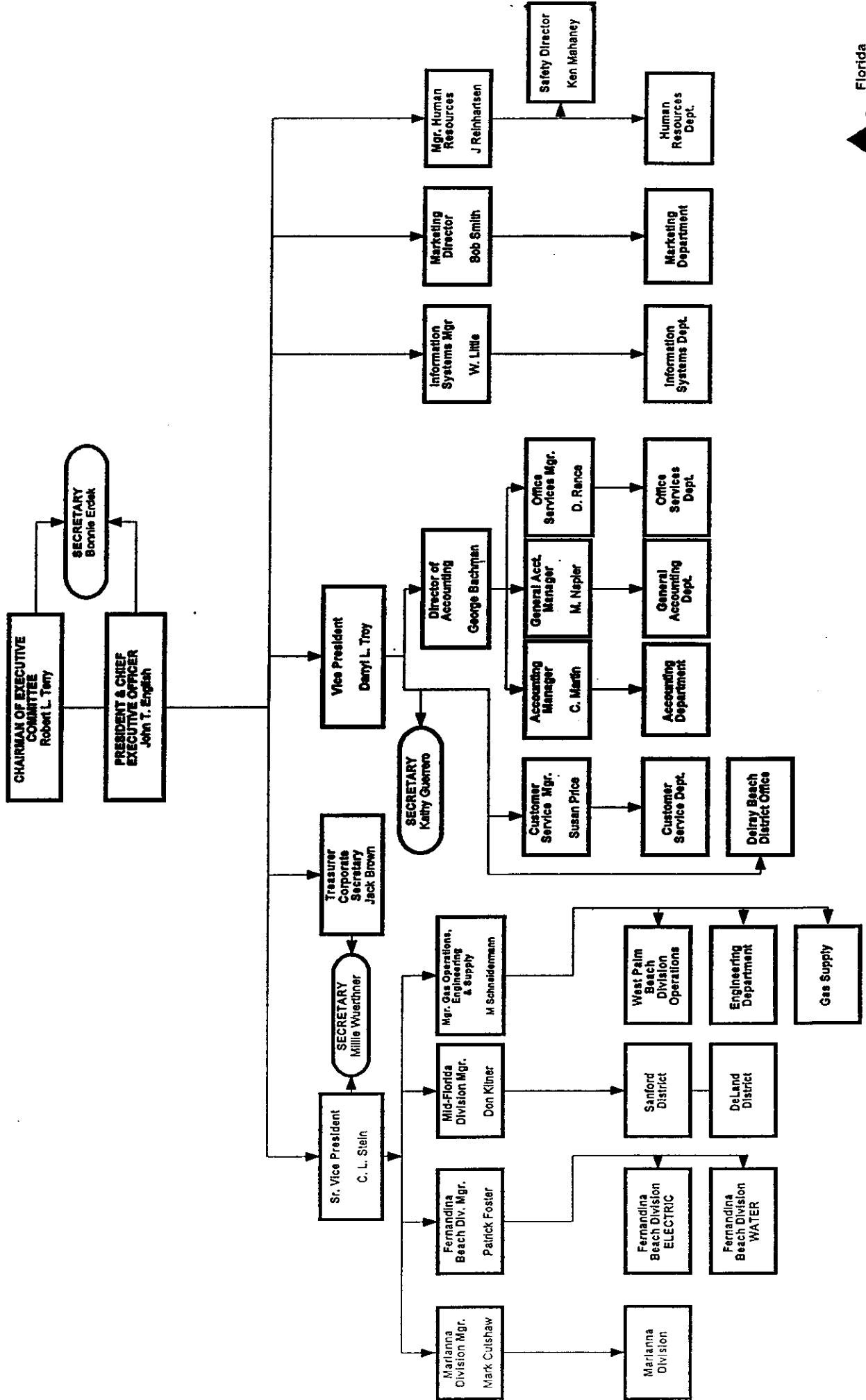
We have enclosed copies of our updated Organizational Charts for  
Florida Public Utilities Company.

Flo-Gas Corporation does not have any employees.

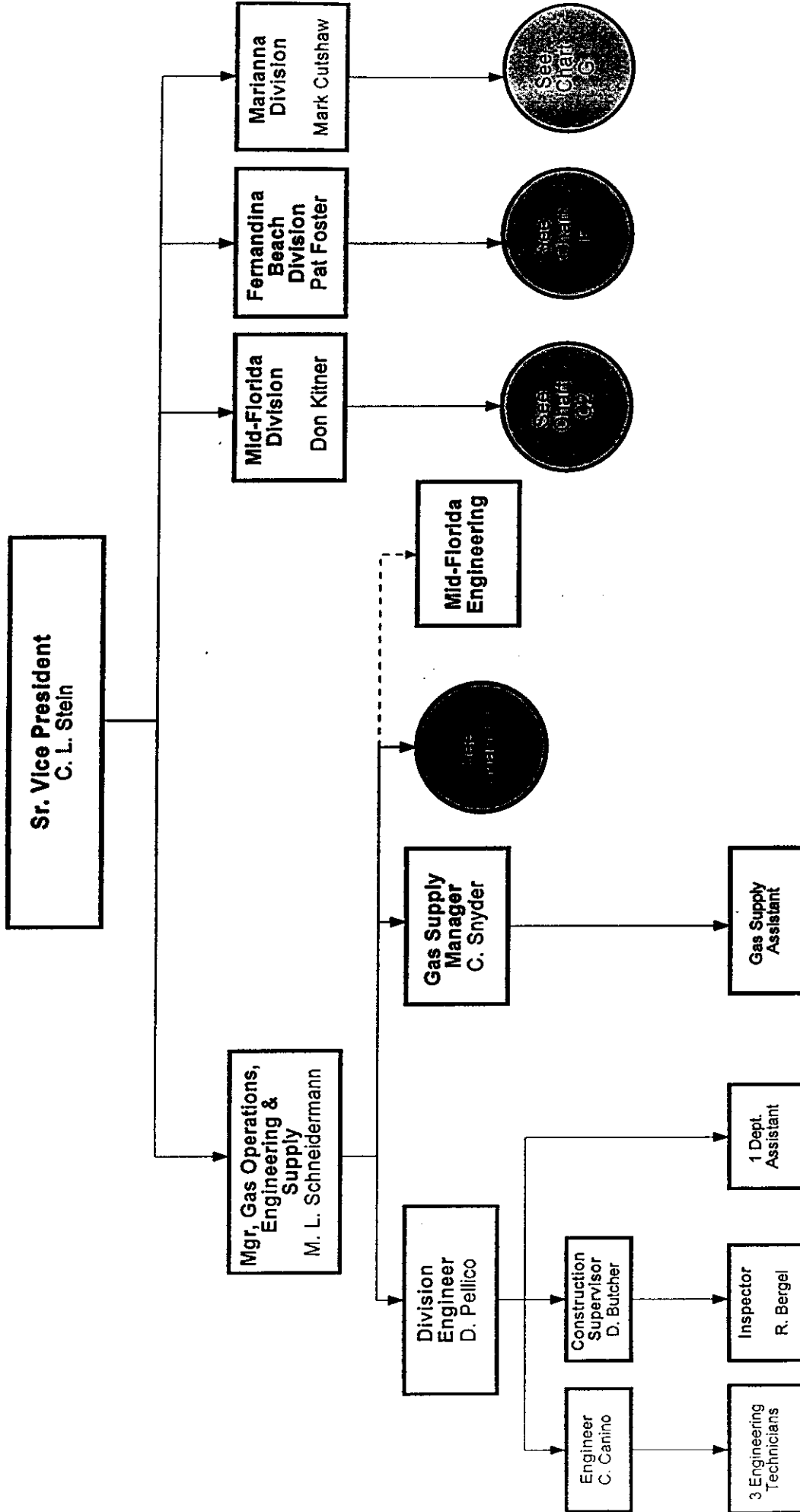
# FLORIDA PUBLIC UTILITIES COMPANY

## Organizational Chart

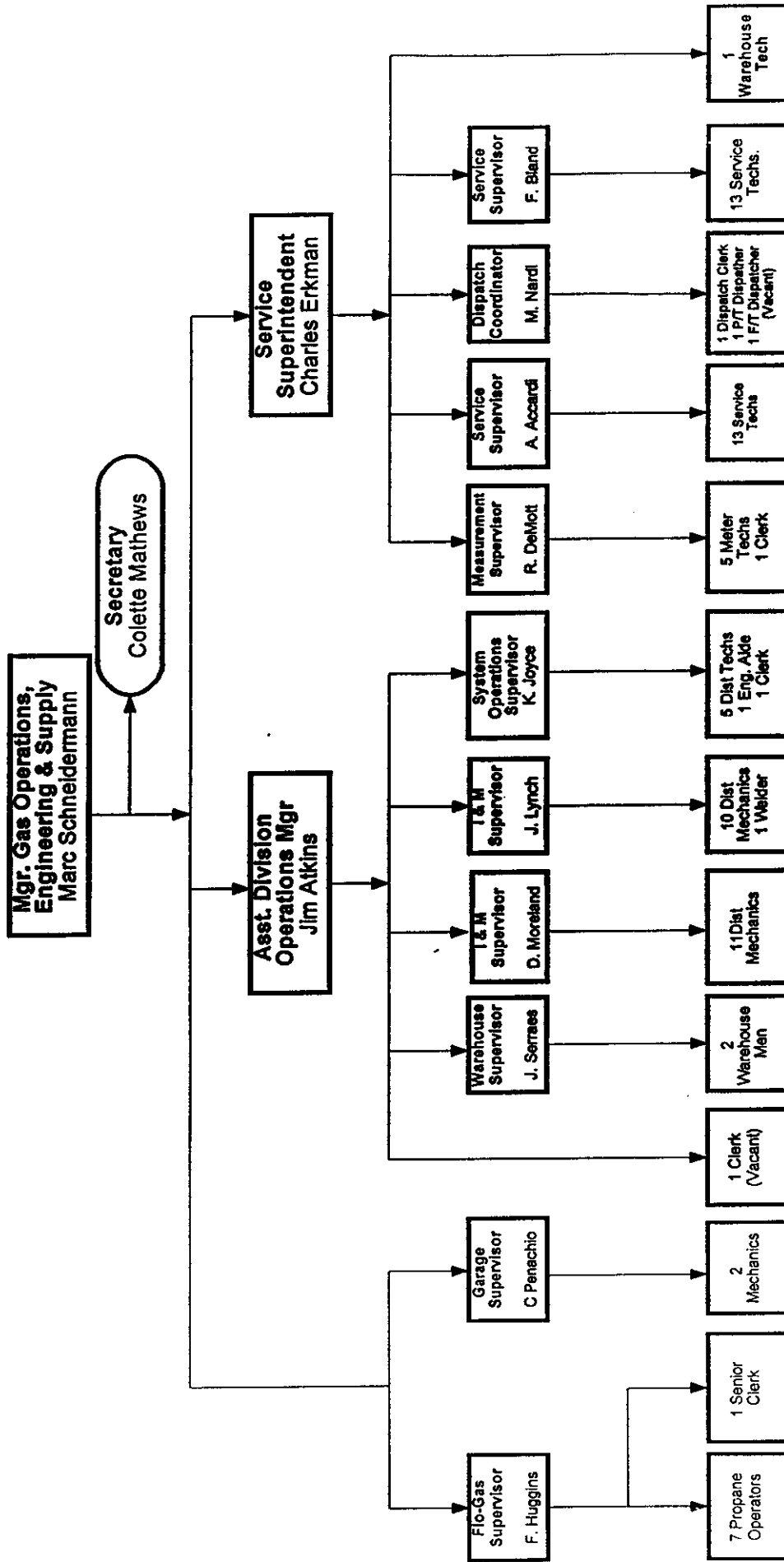
### Chart A



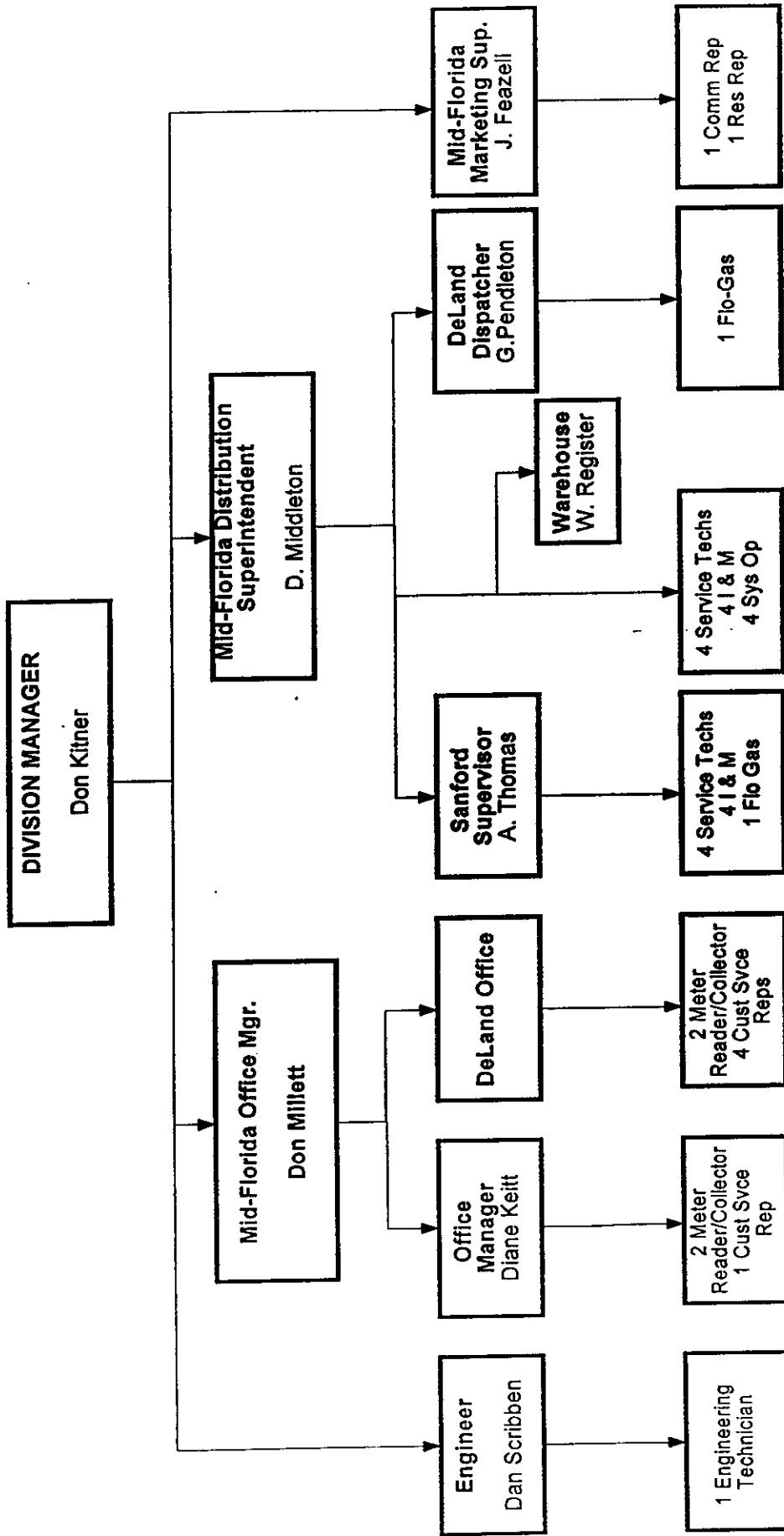
**FLORIDA PUBLIC UTILITIES COMPANY**  
 Gas Operations Organizational Chart  
 Chart B



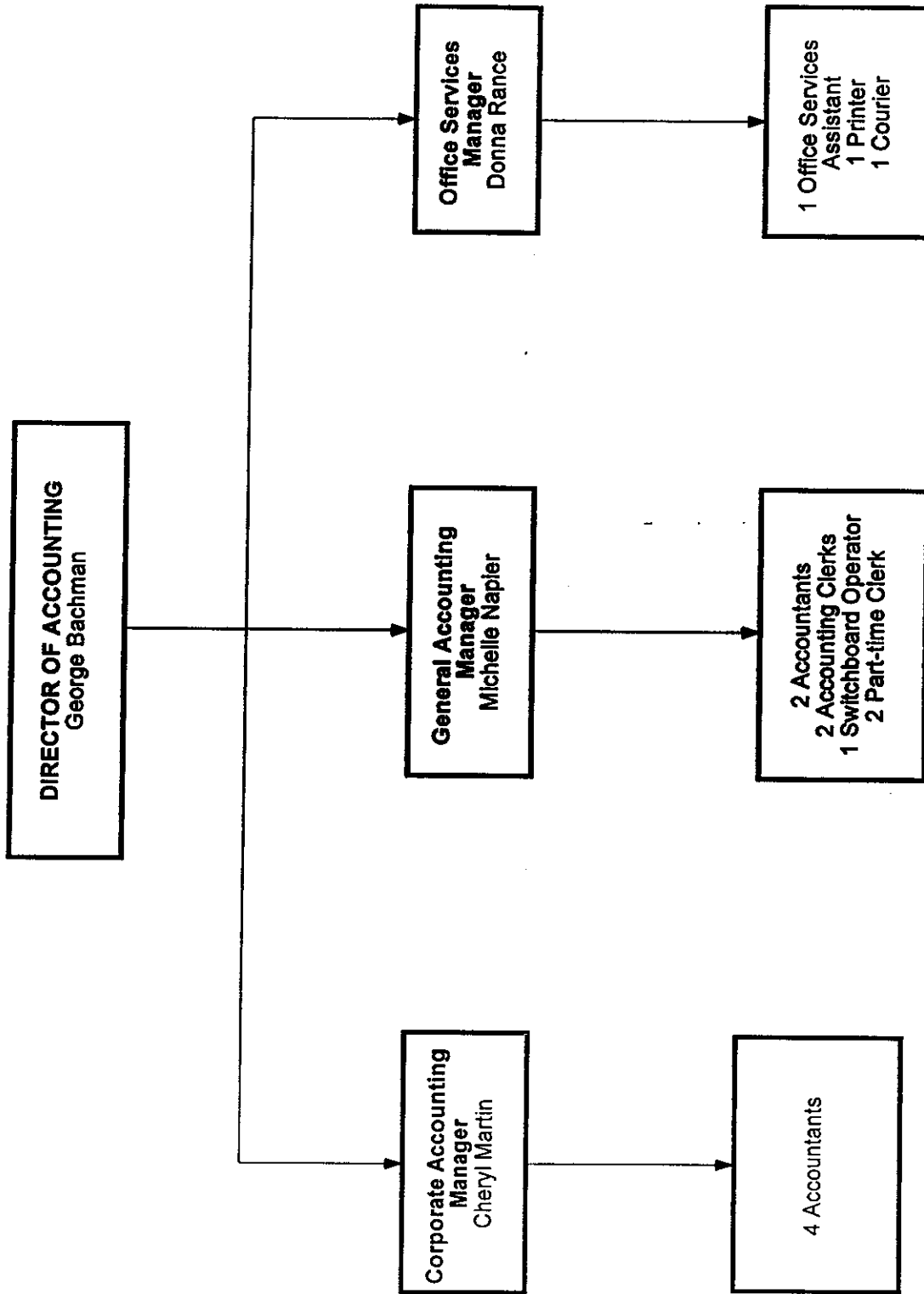
**FLORIDA PUBLIC UTILITIES COMPANY**  
 West Palm Beach Gas Operations Organizational Chart  
 Chart C1



**FLORIDA PUBLIC UTILITIES COMPANY**  
 Mid-Florida Division Organizational Chart  
 Chart C2



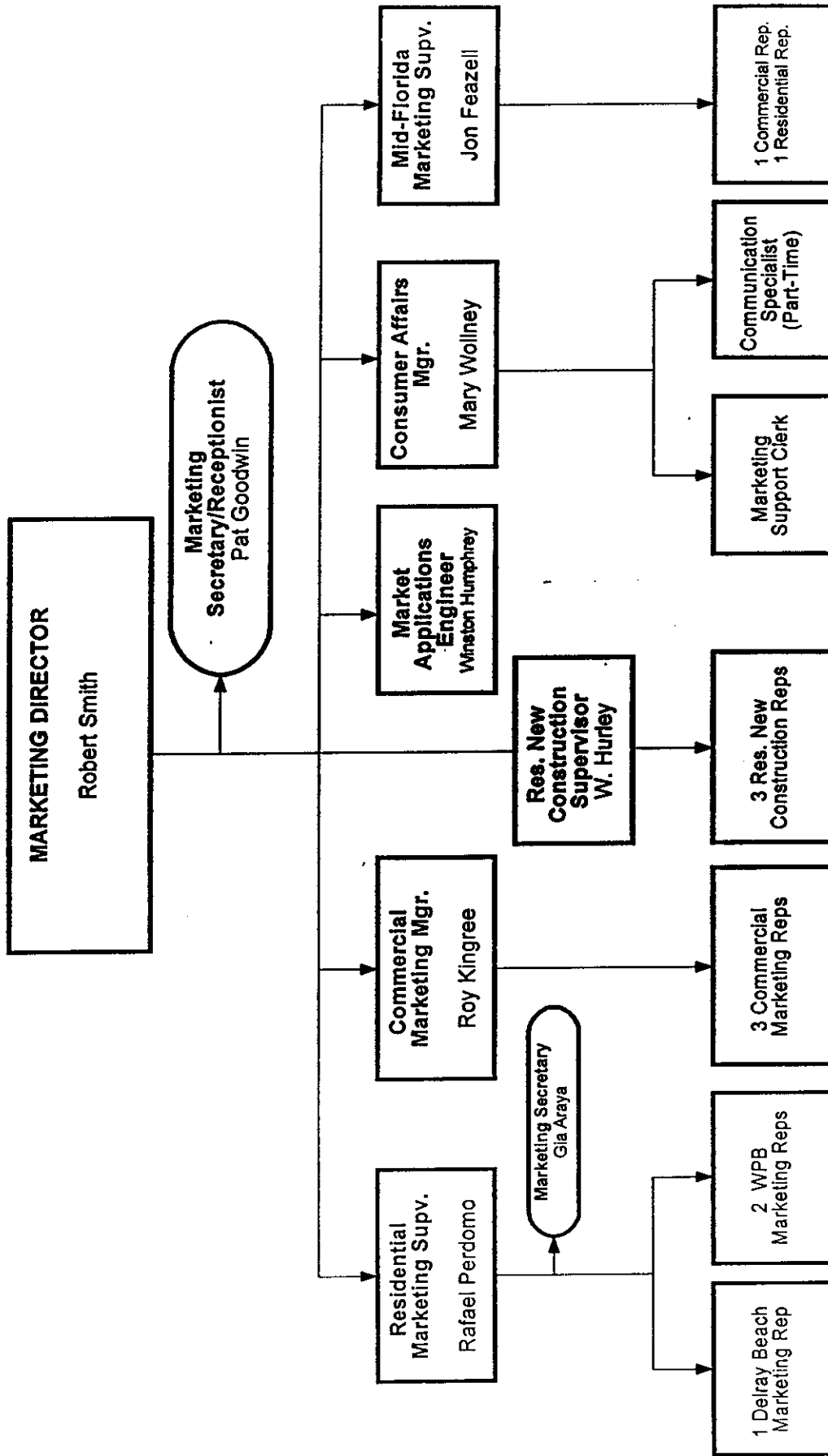
**FLORIDA PUBLIC UTILITIES COMPANY**  
General Office Organizational Chart  
Chart D



Revised 03/18/99



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

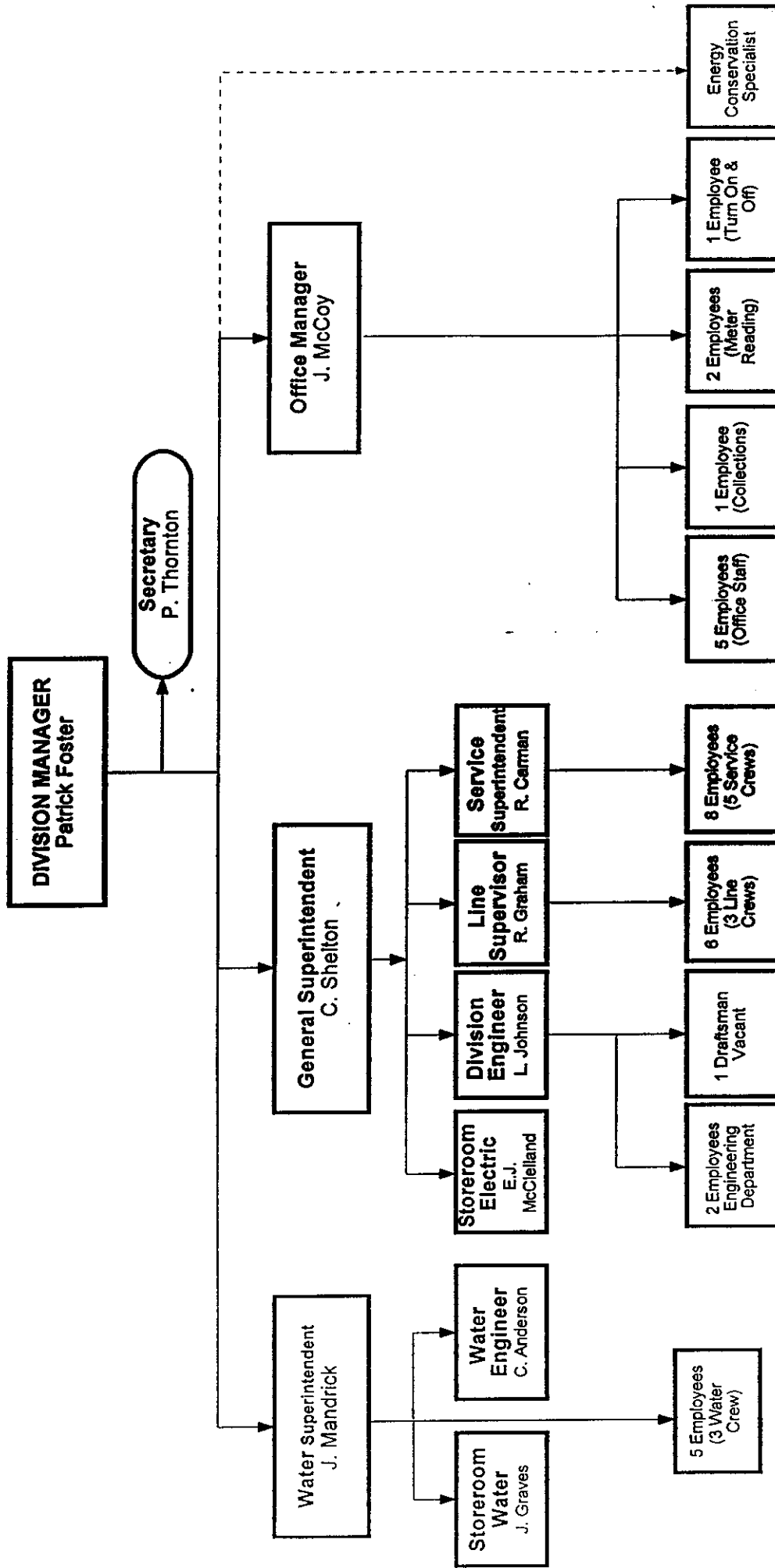


Revised 03/03/99

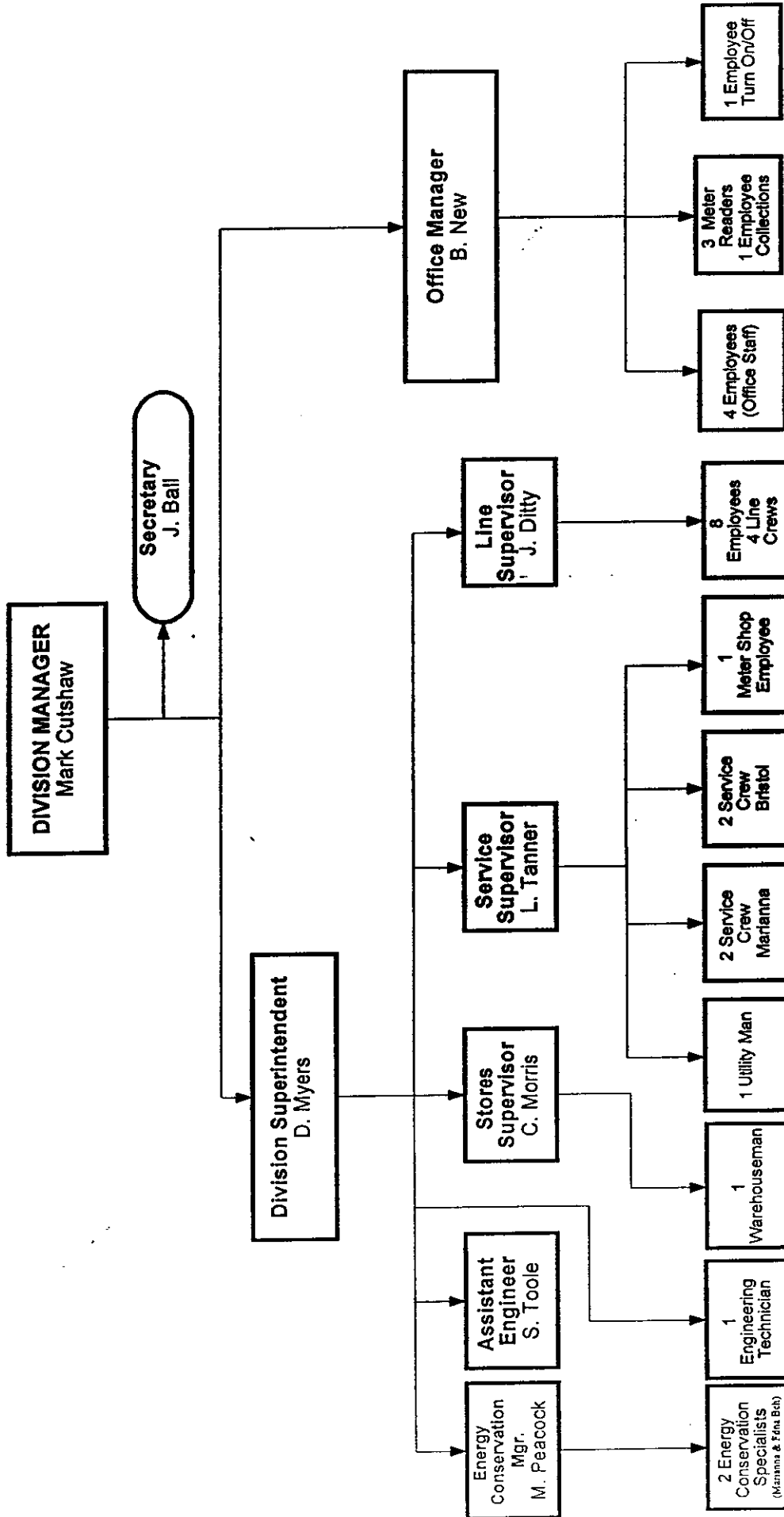




**FLORIDA PUBLIC UTILITIES COMPANY**  
 Organizational Chart for Fernandina Beach Division  
 Chart F



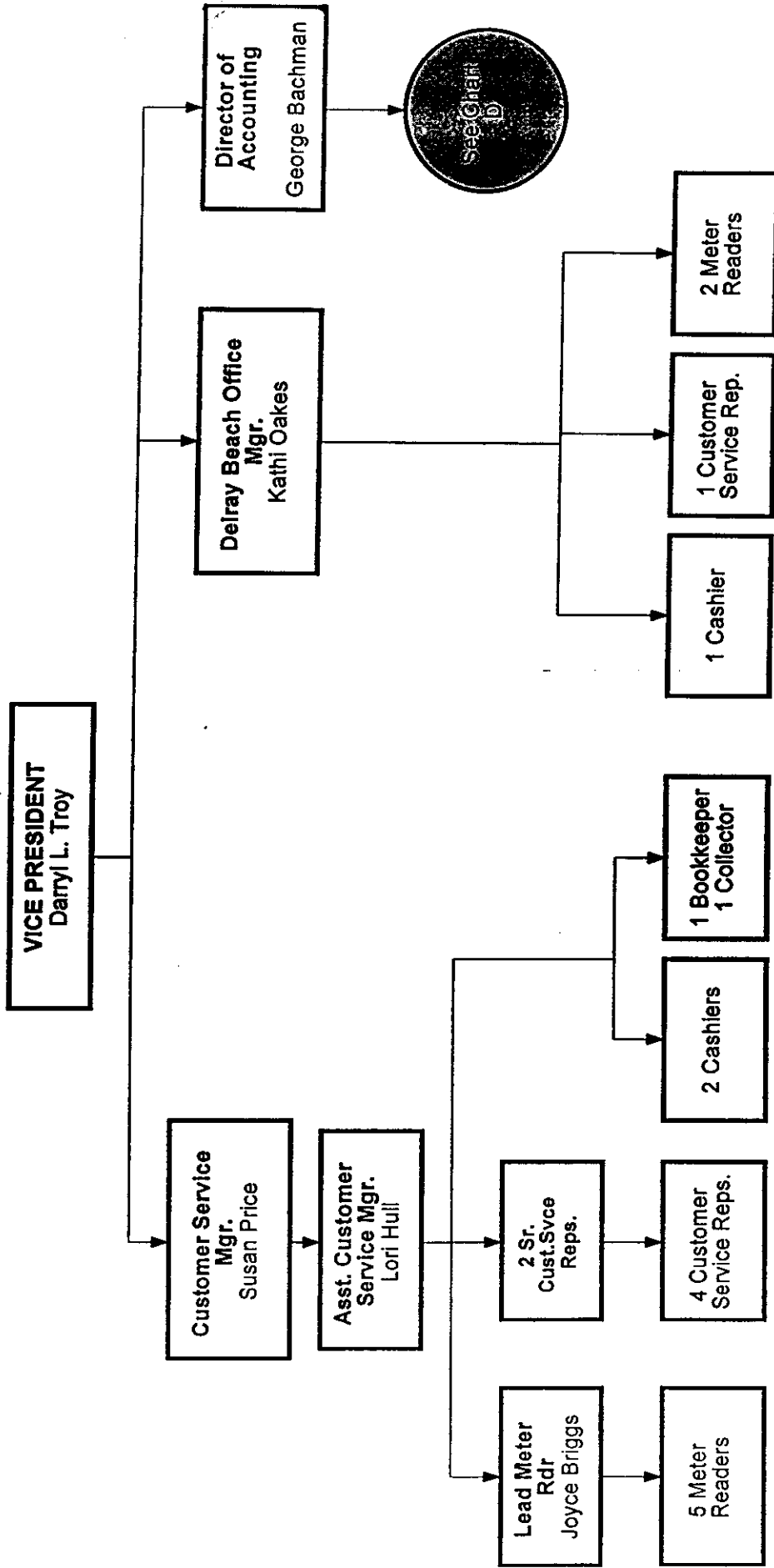
**FLORIDA PUBLIC UTILITIES COMPANY**  
 Organizational Chart for Marianna Division  
 Chart G



Revised 03/03/99



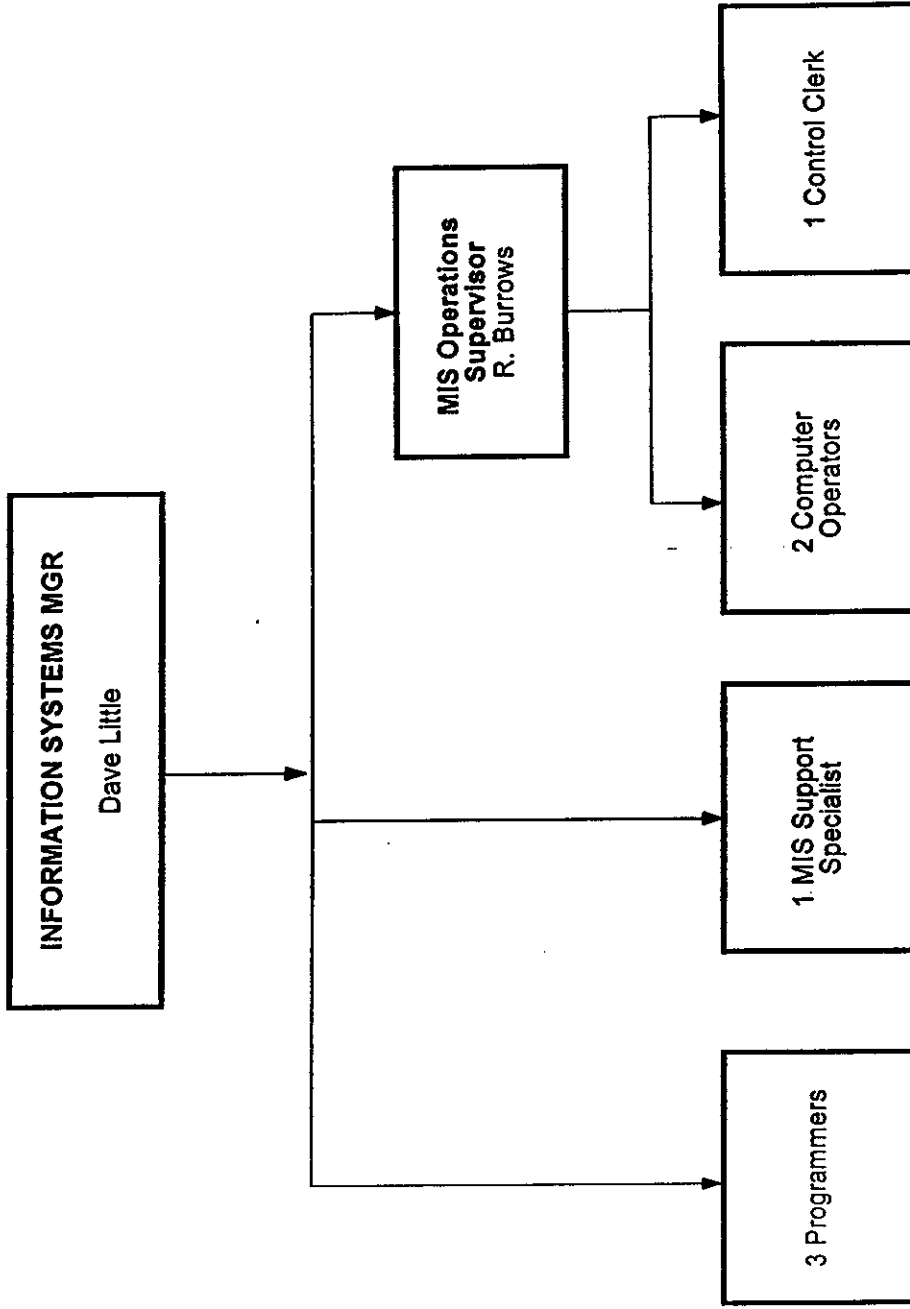
**FLORIDA PUBLIC UTILITIES COMPANY**  
Customer Service Organizational Chart  
Chart H



Revised 03/03/99



**FLORIDA PUBLIC UTILITIES COMPANY**  
Management Information Systems (MIS) Organizational Chart  
Chart 1



Revised 03/03/99



**NEW OR AMENDED CONTRACTS WITH AFFILIATED COMPANIES**

**COMPANY: FLORIDA PUBLIC UTILITIES COMPANY**  
**For the Year Ended December 31, 1998**

Provide a synopsis of each new or amended contract, agreement, or arrangement with affiliated companies for the purchase, lease, or sale of land, goods, or services (excluding tariffed items). The synopsis shall include, at a minimum, the terms, price, quantity, amount, and duration of the contracts.

Name of Affiliated Company (a)	Synopsis of Contract (b)
	<b>NONE</b>

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

**Company: FLORIDA PUBLIC UTILITIES COMPANY**  
**For the Year Ended December 31, 1998**

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

Name of Affiliate (a)	Description of Transaction (b)	Dollar Amount (c)
<i>Flo-Gas Corporation</i>	<i>Accounts Payable general expenses. Can not readily determine if it is recurring or non-recurring</i>	2,039,062
<i>Flo-Gas Corporation</i>	<i>Payroll Payment by Florida Public Utilities Company for Flo-Gas Corporation. Recurring.</i>	1,488,421
<i>Flo-Gas Corporation</i>	<i>Cash Receipts - Recurring.</i>	(4,468,488)
<i>Flo-Gas Corporation</i>	<i>Transfer of plant from Flo-Gas to Florida Public Utilities Company Non-Recurring</i>	(454,322)

**SUMMARY OF AFFILIATED TRANSFERS AND COST ALLOCATIONS**

**Company: FLORIDA PUBLIC UTILITIES COMPANY**  
**For the Year Ended December 31, 1998**

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

(Schedules 2,3 & 4)

## **ANALYSIS OF DIVERSIFICATION ACTIVITY REPORT**

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

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

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

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



**ANALYSIS OF DIVERSIFICATION ACTIVITY SUPPLEMENT**  
**FLO-GAS**  
**INCOME STATEMENT**  
**12 MONTHS ENDING 12/31/98**

	Year-to-Date Actual	Last Year-to-Date Actual
Operating Revenue	4,043,023	4,065,182
Operation Expenses	3,171,206	3,410,472
Maintenance Expenses	258,741	257,180
Depreciation Expense	340,049	343,430
Amortization of Utility Plant- Acquisition Adjustment	-	-
Tax Other Than Income Tax-Utility Operation Expense	65,334	71,193
Income Tax - Federal - Utility Operating Income	9,305	(119,475)
Income Tax - State - Utility Operating Income	1,486	(50,710)
Deferred Income Tax - Utility Operating Income	4,883	92,764
Investment Tax Credit - Utility Operating Income	(7,779)	(8,248)
<b>Operating Income</b>	<b>199,798</b>	<b>68,576</b>
 <u>Other Income and Deductions</u>		
Interest and Dividend Income	-	-
Misc. Non-Operating Income	-	-
Other Income Deductions	-	-
Taxes Other Than Income - Other	-	-
Income Taxes-Federal-Other Income	-	(62)
Income Taxes-State-Other Income	-	50
<b>Other (Income) and Deductions</b>	<b>-</b>	<b>(12)</b>
 <u>Interest Charges</u>		
Interest on Debt to Associated Companies	77,110	121,775
Other Interest Expense	16,041	19,506
<b>Interest Charges</b>	<b>93,151</b>	<b>141,281</b>
 <u>Extraordinary Items</u>		
Cumulative Effect - Change in Accounting Principles - Net	-	-
<b>Net Income</b>	<b>106,647</b>	<b>(72,717)</b>

**ANALYSIS OF DIVERSIFICATION ACTIVITY SUPPLEMENT**  
**FLO-GAS**  
**BALANCE SHEET - 09**  
**AS OF DECEMBER 31, 1998**

Assets and Other Debits	<u>Current</u>	<u>Last Year End</u>
Utility Plant		
Utility Plant in Service	6,658,037	7,291,792
Utility Plant Purchased/Sold		
Completed Construction Not Classified		
Construction Work in Progress		
<b>Utility Plant</b>	<u>6,658,037</u>	<u>7,291,792</u>
Accumulated Depreciation		
Accumulated Dep. - Utility Plant in Service	(2,188,089)	(2,367,049)
Accumulated Dep. - Transportation Equip.	(412,189)	(389,991)
Retirement Work in Progress		
Accumulated Dep. - Rental Equipment		
<b>Accumulated Depreciation</b>	<u>(2,600,278)</u>	<u>(2,757,040)</u>
Other Utility Plant		
Utility Plant Acquisition Adj.	-	-
Accum. Amort. - Utility Acq. Adj.	-	-
<b>Other Utility Plant</b>	<u>-</u>	<u>-</u>
Other Property and Investments		
Investment in Assoc. Companies -		
Common Stock	78,519	116,262
<b>Other Property and Investments</b>	<u>78,519</u>	<u>116,262</u>
Current and Accrued Assets		
Customer Accounts Receivable	336,252	352,966
Allowance for Uncollectible Accounts	(5,893)	(2,276)
Accounts Rec. from Associated Companies		
Operating Supplies - Propane	651,517	897,788
Prepayments - Taxes		
Interest and Dividends Receivable		
Accrued Utility Revenues	93,797	93,797
<b>Current and Accrued Assets</b>	<u>1,075,673</u>	<u>1,342,275</u>
Deferred Debits		
Misc. Deferred Debits - Other W.I.P.		
Misc. Deferred Debits - Miscellaneous	1,721	2,335
Accum. Deferred Income Taxes	5,579	4,445
<b>Deferred Debits</b>	<u>7,300</u>	<u>6,780</u>
<b>ASSETS AND OTHER DEBITS</b>	<u>5,219,251</u>	<u>6,000,069</u>

**ANALYSIS OF DIVERSIFICATION ACTIVITY SUPPLEMENT  
FLO-GAS  
BALANCE SHEET - 09  
AS OF DECEMBER 31, 1998**

<b>Liabilities and Other Credits</b>	<b><u>Current</u></b>	<b><u>Last Year End</u></b>
<b>Proprietary Capital</b>		
Common Stock Issued	10,000	10,000
Appropriated Retained Earnings	-	-
Unappropriated Retained Earnings	1,872,520	1,945,237
<b>Proprietary Capital</b>	<b><u>1,882,520</u></b>	<b><u>1,955,237</u></b>
<b>Current and Accrued Liabilities</b>		
Accounts Payable to Assoc. Companies	1,024,748	1,884,866
Customer Deposits	486,413	490,201
Taxes Accrued	(124,065)	(104,573)
Interest Accrued	16,498	17,454
Dividends Declared		
Tax Collections Payable	28,227	29,576
Misc. Current and Accrued Liabilities	-	-
Customer Advances for Construction	-	-
Other Deferred Income Taxes - Other	-	-
Accumulated Deferred I.T.C.	30,941	38,720
<b>Current and Accrued Liabilities</b>	<b><u>1,462,762</u></b>	<b><u>2,356,244</u></b>
<b>Operating Reserves</b>		
Misc. Operating Reserves	-	-
Accum. Deferred Income Tax - Liberalized Depreciation	1,767,322	1,761,305
Accum. Deferred Income Taxes - Other	-	-
<b>Operating Reserves</b>	<b><u>1,767,322</u></b>	<b><u>1,761,305</u></b>
<b>Year-to-Date Income/Loss</b>	<b><u>106,647</u></b>	<b><u>(72,717)</u></b>
<b>LIABILITIES AND OTHER CREDITS</b>	<b><u>5,219,251</u></b>	<b><u>6,000,069</u></b>

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

**FLORIDA PUBLIC UTILITIES COMPANY**  
**For the Year Ended December 31, 1998**

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
<b>Purchases from Affiliates:</b>		<b>668,639</b>	<b>210,294</b>	<b>458,345</b>	<b>\$ N/A</b>	<b>\$ N/A</b>	<b>N/A</b>
Flo-Gas Corporation	Plastic Mains	9,936	3,263	6,673	N/A	Transfer	N/A
	Steel Mains	355,828	116,852	238,976	N/A	Transfer	N/A
	Plastic Services	2,375	744	1,631	N/A	Transfer	N/A
	Steel Services	196,605	61,638	134,967	N/A	Transfer	N/A
	Meters	53,470	17,666	35,804	N/A	Transfer	N/A
	Meter Installation	19,139	1,175	17,964	N/A	Transfer	N/A
	Regulators	13,893	4,591	9,302	N/A	Transfer	N/A
	Regulators Installations	17,393	4,365	13,028	N/A	Transfer	N/A
<b>Sales to Affiliates:</b>		<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>Sales Price</b>	
<b>None</b>							
<b>Total</b>						<b>\$</b>	

**EMPLOYEE TRANSFERS**

**FLORIDA PUBLIC UTILITIES COMPANY**

**For the Year Ended December 31, 1998**

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
<b>NONE</b>				

## INDEX

Accumulated provision for depreciation and amortization	
of gas utility plant . . . . .	31
utility plant (summary) . . . . .	20-21
Advances	
from associated companies . . . . .	37
Amortization	
miscellaneous . . . . .	56
of other gas plant in service . . . . .	55
and depletion of production natural gas land and land rights . . . . .	55
Associated companies	
advances from . . . . .	37
control over respondent . . . . .	4
corporations controlled by respondent . . . . .	5
interest on debt to . . . . .	37
service contracts charges . . . . .	60
Bonds . . . . .	37
Changes	
important during the year . . . . .	9
Construction	
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	
corporations controlled by respondent . . . . .	5
over respondent . . . . .	4
security holders and voting powers . . . . .	8
Current and accrued	
liabilities, miscellaneous . . . . .	43
Deferred	
credits, other . . . . .	43
debts, miscellaneous . . . . .	34
Depreciation	
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	
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	
deductions - details . . . . .	37-38, 56
from utility plant leased to others . . . . .	56
statement of, for year . . . . .	12-14
Interest	
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 . . . . .	37
assumed during year . . . . .	36
reacquired . . . . .	36
retained during year . . . . .	36

INDEX

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 . . . . .	38