



May 14, 2010

Mr. John Slemkewicz
Supervisor Electric & Gas Accounting
Florida Public Service Commission
2540 Shumard Blvd.
Tallahassee, Florida 32399-0950

Dear Mr. Slemkewicz:

Subject: Earnings Surveillance Report

Enclosed is the earnings surveillance report (Schedules 1 through 5) for our Consolidated Electric divisions and Consolidated Gas divisions, for the twelve months ended March 31, 2010.

If you have any questions, or need additional information, please let me know.

Sincerely,

A handwritten signature in cursive script that reads "Cheryl M. Martin".

Cheryl M. Martin
Controller

Cc:
Bachman, George (Sch 1 only)
Schimkaitis, John (Sch 1 only)
Geoffroy, Tom (all)
Office of Public Counsel - Christensen (all)
Gulf Power Company-Buck, William G. (all Electric only)
Stein, Chuck (all)
Schneidermann, Marc (all Nat gas)
Cutshaw, Mark (all Electric only)
Shelley, Buddy (all Electric only)
SJ 45-69 (all)

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FLORIDA PUBLIC UTILITIES COMPANY
 CONSOLIDATED GAS DIVISION
 EARNINGS SURVEILLANCE REPORT SUMMARY
 MARCH 2010

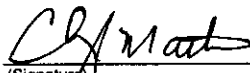
SCHEDULE 1

	(1) ACTUAL PER BOOKS	(2) FPSC ADJUSTMENTS	(3) FPSC ADJUSTED	(4) PRO FORMA ADJUSTMENTS	(5) PRO FORMA ADJUSTED
I. AVERAGE RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	\$6,732,066	(134,128)	\$6,597,938	(\$429,645)	\$6,168,293
AVERAGE RATE BASE	\$71,514,027	(3,680,469)	\$67,833,558	16,753,816	\$84,587,374
AVERAGE RATE OF RETURN	9.41%		9.73%		7.29%
II. YEAR END RATE BASE (JURISDICTIONAL)					
	\$75,427,811	(3,776,462)	\$71,651,349	35,977,870	\$107,629,219
III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)			IV. EARNED RETURN ON EQUITY (FPSC ADJUSTED BASIS)		
LOW	8.05%		A. INCLUDING FLEX RATE REVENUES		13.28%
MIDPOINT	8.54%		B. EXCLUDING FLEX RATE REVENUES		13.28%
HIGH	9.04%				

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, s. 775.083, or s. 775.084.

Cheryl M. Martin, Controller
 (Name & Title)


 (Signature)

5/14/10
 (Date)

FLORIDA PUBLIC UTILITIES COMPANY
 CONSOLIDATED GAS DIVISIONS
 AVERAGE RATE OF RETURN
 RATE BASE
 MARCH 2010

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	PLANT IN SERVICE	ACCUMULATED DEPRECIATION & AMORTIZATION*	NET PLANT IN SERVICE	PROPERTY HELD FOR FUTURE USE	CONSTRUCTION WORK IN PROGRESS	NET UTILITY PLANT	WORKING CAPITAL	TOTAL RATE BASE
PER BOOKS	\$117,876,151	\$41,592,278	\$76,283,873		\$1,021,969	\$77,305,842	(\$5,791,815)	\$71,514,027
FPSC ADJUSTMENTS:								
NONUTILITY PLANT	(1,716,149)	(484,690)	(1,231,459)			(1,231,459)		(1,231,459)
SFNG ACQUISITION GOOD WILL RATE REFUND PENDING - 2009	(2,545,005)		(2,545,005)			(2,545,005)	95,995	(2,545,005) 95,995
TOTAL FPSC ADJUSTMENTS	(4,261,154)	(484,690)	(3,776,464)			(3,776,464)	95,995	(3,680,469)
FPSC ADJUSTED	113,614,997	41,107,588	72,507,409		1,021,969	73,529,378	(5,695,820)	67,833,558
FLEX RATE REVENUES ADJUSTED FOR FLEX RATE REVENUES	113,614,997	41,107,588	72,507,409		1,021,969	73,529,378	(5,695,820)	67,833,558
PRO FORMA REVENUE INCREASE AND ANNUALIZATION ADJUSTMENTS: Acquisition Adjustment and Transition Costs	16,753,816		16,753,816			16,753,816		16,753,816
TOTAL PRO FORMA ADJUSTMENTS	16,753,816		16,753,816			16,753,816		16,753,816
PRO FORMA ADJUSTED	\$130,368,813	\$41,107,588	\$89,261,225		\$1,021,969	\$90,283,194	(\$5,695,820)	\$84,587,374

*INCLUDES CUSTOMER ADVANCES FOR CONSTRUCTION

FLORIDA PUBLIC UTILITIES COMPANY
CONSOLIDATED GAS DIVISIONS
AVERAGE RATE OF RETURN
INCOME STATEMENT
MARCH 2010

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	OPERATING REVENUES	O & M GAS EXPENSE	O & M OTHER	DEPRECIATION & AMORTIZATION	TAXES OTHER THAN INCOME	INCOME TAXES CURRENT	DEFERRED INCOME TAXES (NET)	INVESTMENT TAX CREDIT (NET)	GAIN/LOSS ON DISPOSITIVE OPERATING EXPENSES	TOTAL OPERATING EXPENSES	NET OPERATING INCOME
PER BOOKS	\$64,222,049	\$23,181,619	\$19,856,085	\$5,680,079	\$5,752,908	\$81,970	\$2,972,459	(\$35,137)	\$57,489,983	\$6,732,066	
FPSC ADJUSTMENTS:											
FUEL COST RECOVERIES	(21,121,570)				(105,710)	835,442			(22,451,887)	1,330,317	
FUEL OVER/UNDER RECOVERIES	(2,157,229)	(23,181,619)			(8,811)	(832,151)			(832,151)	(1,325,078)	
CONSERVATION/UNBUNDLING RECOVERIES	(1,717,835)		(1,710,616)			614			(1,718,813)	978	
INT. & INC. TAX SYNCHRONIZATION						207,319			207,319	(207,319)	
NONUTILITY DEPRECIATION EXPENSE				(108,034)		42,060			(66,974)	66,974	
REMOVAL OF ECONOMIC DEV. EXP. AEP	(944,635)		(939,946)		(4,689)				(944,635)		
TOTAL FPSC ADJUSTMENTS	(25,941,289)	(23,181,619)	(2,650,562)	(109,034)	(119,210)	253,284			(25,807,141)	(134,128)	
FPSC ADJUSTED	38,280,790		17,205,523	5,571,045	5,633,698	335,254	2,972,459	(35,137)	31,682,842	6,597,938	
FLEX RATE REVENUES ADJUSTED FOR FLEX RATE REVENUES	38,280,790		17,205,523	5,571,045	5,633,698	335,254	2,972,459	(35,137)	31,682,842	6,597,938	
PRO FORMA REVENUE INCREASE AND ANNUALIZATION ADJUSTMENTS:				644,130					429,645	(429,645)	
Acquisition Adj. & Transition Costs - Amort. Exp.				644,130					429,645	(429,645)	
TOTAL PRO FORMA ADJUSTMENTS				644,130					429,645	(429,645)	
PRO FORMA ADJUSTED	\$38,280,790		\$17,205,523	\$6,215,175	\$5,633,698	\$120,769	\$2,972,459	(\$35,137)	\$32,112,487	\$6,168,293	
PER BOOKS CURRENT MONTH AMOUNT	\$7,775,441	\$3,203,466	\$1,786,309	\$568,266	\$638,812	\$554,173	(\$13,320)	(\$2,542)	\$9,755,164	\$1,020,277	

FLORIDA PUBLIC UTILITIES COMPANY
CONSOLIDATED GAS DIVISIONS
YEAR END RATE OF RETURN
RATE BASE
MARCH 2010

SCHEDULE 3

	(1) PLANT IN SERVICE	(2) ACCUMULATED DEPRECIATION & AMORTIZATION*	(3) NET PLANT IN SERVICE	(4) PROPERTY HELD FOR FUTURE USE	(5) CONSTRUCTION WORK IN PROGRESS	(6) NET UTILITY PLANT	(7) WORKING CAPITAL	(8) TOTAL RATE BASE
PER BOOKS	\$119,327,827	\$43,189,183	\$76,138,644		\$1,696,633	\$77,835,277	(\$2,407,466)	\$75,427,811
FPSC ADJUSTMENTS:								
NONUTILITY PLANT	(1,716,149)	(484,690)	(1,231,459)			(1,231,459)		(1,231,459)
SPNG ACQUISITION GOOD WILL	(2,545,003)		(2,545,003)			(2,545,003)		(2,545,003)
TOTAL FPSC ADJUSTMENTS	(4,261,152)	(484,690)	(3,776,462)			(3,776,462)		(3,776,462)
FPSC ADJUSTED	\$115,066,675	\$42,704,493	\$72,362,182		\$1,696,633	\$74,058,815	(\$2,407,466)	\$71,651,349
PRO FORMA REVENUE INCREASE AND ANNUALIZATION ADJUSTMENTS:								
Acquisition Adjustment and Transition Costs	35,977,870		35,977,870			35,977,870		35,977,870
TOTAL PRO FORMA ADJUSTMENTS	35,977,870		35,977,870			35,977,870		35,977,870
PRO FORMA ADJUSTED	\$151,044,545	\$42,704,493	\$108,340,052		\$1,696,633	\$110,036,685	(\$2,407,466)	\$107,629,219

*INCLUDES CUSTOMER ADVANCES FOR CONSTRUCTION

FLORIDA PUBLIC UTILITIES COMPANY
CONSOLIDATED GAS DIVISIONS
CAPITAL STRUCTURE
FPSC ADJUSTED BASIS
MARCH 2010

SCHEDULE 4

	AVERAGE	SYSTEM PER BOOKS	ADJUSTMENT FOR FLO-GAS	RETAIL PER BOOKS	ADJUSTMENTS		ADJUSTED RETAIL	RATIO (%)	LOW POINT			MID POINT			HIGH POINT		
					PRORATA	SPECIFIC			WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)			
LONG TERM DEBT		\$20,944,129	126,101	\$21,070,230	(1,352,940)		\$19,717,290	29.07	8.45	2.46	8.45	2.46	8.45	2.46	8.45	2.46	
SHORT TERM DEBT		510,133	5,732	515,865	(33,124)		482,741	0.71	2.36	0.02	2.36	0.02	2.36	0.02	2.36	0.02	
PREFERRED STOCK		143,296		143,296	(9,201)		134,095	0.20	4.75	0.01	4.75	0.01	4.75	0.01	4.75	0.01	
CUSTOMER DEPOSITS		7,313,193		7,313,193			7,313,193	10.78	6.59	0.71	6.59	0.71	6.59	0.71	6.59	0.71	
COMMON EQUITY		35,720,804	(131,893)	35,588,911	(2,285,204)		33,303,707	49.10	9.85	4.84	10.85	5.33	11.85	5.82	11.85	5.82	
DEFERRED INCOME TAXES		6,774,958		6,774,958			6,774,958	9.99									
TAX CREDITS-ZERO COST																	
TAX CREDITS-WEIGHTED COST		107,514		107,514			107,514	0.15	9.26	0.01	9.88	0.01	10.50	0.02	10.50	0.02	
TOTAL		\$71,514,027		\$71,514,027	(\$3,680,669)		\$67,833,358	100.00		8.05		8.54		9.04		9.04	
YEAR END																	
LONG TERM DEBT		\$9,194,712	101,041	\$9,295,753	(390,639)		\$8,705,114	12.15	11.61	1.41	11.61	1.41	11.61	1.41	11.61	1.41	
SHORT TERM DEBT		9,973,321	112,927	10,086,248	(640,866)		9,445,382	13.18	0.93	0.12	0.93	0.12	0.93	0.12	0.93	0.12	
PREFERRED STOCK									4.75		4.75		4.75		4.75		
CUSTOMER DEPOSITS		7,618,358		7,618,358			7,618,358	10.63	6.35	0.88	6.35	0.88	6.35	0.88	6.35	0.88	
COMMON EQUITY		40,267,727	(213,968)	40,053,759	(2,544,657)		37,508,802	52.35	9.85	5.16	10.85	5.68	11.85	6.20	11.85	6.20	
DEFERRED INCOME TAXES		8,283,522		8,283,522			8,283,522	11.56									
TAX CREDITS-ZERO COST																	
TAX CREDITS-WEIGHTED COST		90,171		90,171			90,171	0.13	8.62	0.01	9.29	0.01	9.97	0.01	9.97	0.01	
TOTAL		\$75,427,811		\$75,427,811	(\$3,776,462)		\$71,651,349	100.00		7.38		7.90		8.42		8.42	

**FLORIDA PUBLIC UTILITIES COMPANY
 CONSOLIDATED GAS DIVISIONS
 EARNED RETURN ON COMMON EQUITY
 FPSC ADJUSTED BASIS
 MARCH 2010**

A. FPSC ADJUSTED AVERAGE JURISDICTIONAL RETURN ON
 COMMON EQUITY INCLUDING FLEX RATE REVENUES

FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	9.73
LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:	
LONG TERM DEBT	(2.46)
SHORT TERM DEBT	(0.02)
PREFERRED STOCK	(0.01)
CUSTOMER DEPOSITS	(0.71)
TAX CREDITS - WEIGHTED COST (MIDPOINT)	(0.01)
SUBTOTAL	(3.21)
TOTAL	6.52
DIVIDED BY RECONCILED COMMON EQUITY RATIO	0.4910
JURISDICTIONAL RETURN ON COMMON EQUITY	13.28

B. FPSC ADJUSTED AVERAGE JURISDICTIONAL RETURN ON
 COMMON EQUITY EXCLUDING FLEX RATE REVENUES

NET OPERATING REVENUE EXCLUDING FLEX RATE REVENUES	\$6,597,938
RATE BASE EXCLUDING FLEX RATE REVENUES	\$67,833,558
FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	9.73
LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:	
LONG TERM DEBT	(2.46)
SHORT TERM DEBT	(0.02)
PREFERRED STOCK	(0.01)
CUSTOMER DEPOSITS	(0.71)
TAX CREDITS - WEIGHTED COST (MIDPOINT)	(0.01)
SUBTOTAL	(3.21)
TOTAL	6.52
DIVIDED BY RECONCILED COMMON EQUITY RATIO	0.4910
JURISDICTIONAL RETURN ON COMMON EQUITY	13.28