



January 25, 2011

Mr. Marshall Willis
Director, Division of Economic Regulation
Florida Public Service Commission
2540 Shumard Blvd.
Tallahassee, Florida 32399-0950

11 JAN 26 PM 3:40
DIVISION OF ECONOMIC REGULATION
FLORIDA PUBLIC SERVICE COMMISSION

Dear Mr. Willis:

Subject: Earnings Surveillance Report

Enclosed is the earnings surveillance report (Schedules 1 through 4) for Florida Public Utilities' Natural Gas for the twelve months ended September 30, 2010.

Florida Public Utilities' Electric earnings surveillance report is being completed and will be sent to you by its due date.

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

Sincerely,

A handwritten signature in black ink that reads "Thomas A. Geoffroy".

Thomas A. Geoffroy
Vice President

Cc:
Householder, Jeff (Sch 1 only)
Office of Public Counsel - Christensen (all)
Gulf Power Company-Buck, William G. (all Electric only)
Webber, Kevin (all)
Kennedy, Barry (all Nat gas)
Cutshaw, Mark (all Electric only)
Shelley, Buddy (all Electric only)
SJ 45-69 (all)

SCHEDULE 1

FLORIDA PUBLIC UTILITIES COMPANY
 NATURAL GAS
 RATE OF RETURN REPORT SUMMARY
 September 30, 2010

	(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	\$ 6,590,327	(\$15,706)	\$6,574,621	(\$1,357,075)	\$5,217,546
AVERAGE RATE BASE	\$104,874,148	(\$35,271,282)	\$69,602,866	\$33,225,980	\$102,828,846
AVERAGE RATE OF RETURN	6.28%		9.45%		5.07%
II. YEAR-END RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	\$6,590,327	(\$28,439)	\$6,561,888	(\$1,357,075)	\$5,204,814
YEAR-END RATE BASE	\$106,884,821	(\$38,180,086)	\$68,704,735	\$35,414,727	\$104,119,462
YEAR-END RATE OF RETURN	6.17%		9.55%		5.00%

III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)	IV. EARNED RETURN ON EQUITY (FPSC ADJUSTED BASIS)
LOW	A. INCL COMP RATE ADJ REVENUES 14.41%
MIDPOINT	B. EXCL COMP RATE ADJ REVENUES 14.41%
HIGH	

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.

Thomas A. Geoffroy
 Vice President - Regulatory Affairs & Business Planning

Thomas A. Geoffroy
 Signature

1-25-11
 Date

FLORIDA PUBLIC UTILITIES COMPANY
NATURAL GAS
AVERAGE RATE OF RETURN
For the 12 Months Ending September 30, 2010
RATE BASE

	(1) PLANT IN SERVICE	(2) ACCUMULATED DEPRECIATION & AMORTIZATION	(3) PLANT IN SERVICE	(4) NET PROPERTY HELD FOR FUTURE USE	(5) CONSTRUCTION WORK IN PROGRESS	(6) NET UTILITY PLANT	(7) WORKING CAPITAL	(8) TOTAL RATE BASE
PER BOOKS	\$147,493,505	(\$43,603,050)	\$103,892,455	\$0	\$1,793,097	\$105,685,552	(\$811,404)	\$104,874,148
FPSC ADJUSTMENTS:								
ELIMINATIONS TO WORKING CAPITAL	\$0	\$0	\$0	\$0	\$0	\$0	(\$2,327,944)	(\$2,327,944)
ELIMINATE ACQUISITION ADJ.	(\$31,733,168)	\$0	(\$31,733,168)	(\$31,733,168)	\$0	(\$31,733,168)	(\$31,733,168)	(\$31,733,168)
RATE REFUND PENDING - 2009	\$0	\$595,630	\$0	\$0	\$0	\$0	\$70,831	\$70,831
ELIM. COMMON PLANT	(\$1,876,631)	\$0	(\$1,281,001)	(\$1,281,001)	(\$1,281,001)	(\$1,281,001)	(\$1,281,001)	(\$1,281,001)
TOTAL FPSC ADJUSTMENTS	(\$33,609,799)	\$595,630	(\$33,014,169)	\$0	\$0	(\$33,014,169)	(\$2,257,113)	(\$35,271,282)
FPSC ADJUSTED	\$113,883,706	(\$43,005,420)	\$70,878,286	\$0	\$1,793,097	\$72,671,383	(\$3,068,517)	\$69,602,866
FLEX RATE REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR FLEX RATE REVENUES	\$113,883,706	(\$43,005,420)	\$70,878,286	\$0	\$1,793,097	\$72,671,383	(\$3,068,517)	\$69,602,866
PROFORMA ADJUSTMENTS								
ACQUISITION ADJUSTMENT	\$32,012,101	(\$492,720)	\$31,519,380	\$0	\$0	\$31,519,380	\$1,706,599	\$31,519,380
TRANSACTION & TRANSITION COSTS	\$32,012,101	(\$492,720)	\$31,519,380	\$0	\$0	\$31,519,380	\$1,706,599	\$31,519,380
TOTAL PRO FORMA ADJUSTMENTS	\$64,024,202	(\$985,440)	\$63,033,940	\$0	\$0	\$63,033,940	\$3,413,198	\$63,033,940
PRO FORMA ADJUSTED	\$145,895,807	(\$43,498,140)	\$102,397,666	\$0	\$1,793,097	\$104,190,764	(\$1,361,918)	\$102,828,846

	(1) PLANT IN SERVICE	(2) ACCUMULATED DEPRECIATION & AMORTIZATION	(3) PLANT IN SERVICE	(4) NET PROPERTY HELD FOR FUTURE USE	(5) CONSTRUCTION WORK IN PROGRESS	(6) NET UTILITY PLANT	(7) WORKING CAPITAL	(8) TOTAL RATE BASE
PER BOOKS	\$151,365,739	(\$44,890,405)	\$106,475,334	\$0	\$3,148,574	\$109,623,908	(\$2,739,087)	\$106,884,821
FPSC ADJUSTMENTS:								
ELIMINATIONS TO WORKING CAPITAL	\$0	\$0	\$0	\$0		\$0	(\$2,271,625)	(\$2,271,625)
ELIMINATE ACQUISITION ADJ.	(\$34,679,776)	\$0	(\$34,679,776)			(\$34,679,776)	\$0	(\$34,679,776)
RATE REFUND PENDING - 2009		\$657,251	(\$1,228,685)			(\$1,228,685)	\$0	(\$1,228,685)
ELIM. COMMON PLANT								
TOTAL FPSC ADJUSTMENTS	(\$36,565,712)	\$657,251	(\$35,908,461)	\$0	\$0	(\$35,908,461)	(\$2,271,625)	(\$38,186,086)
FPSC ADJUSTED	\$114,800,027	(\$44,233,154)	\$70,566,873	\$0	\$3,148,574	\$73,715,447	(\$5,010,712)	\$68,704,735
COMP RATE ADJ REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR COMP RATE ADJ REVENUE	\$114,800,027	(\$44,233,154)	\$70,566,873	\$0	\$3,148,574	\$73,715,447	(\$5,010,712)	\$68,704,735
PROFORMA ADJUSTMENTS								
ACQUISITION ADJUSTMENT	\$34,679,776	(\$1,067,561)	\$33,612,215			\$33,612,215	\$1,802,512	\$33,612,215
TRANSACTION & TRANSITION COSTS	(\$34,679,776)	(\$1,067,561)	(\$33,612,215)		\$0	(\$33,612,215)	\$1,802,512	(\$35,414,727)
TOTAL PRO FORMA ADJUSTMENTS								
PRO FORMA ADJUSTED	\$149,479,803	(\$45,300,715)	\$104,179,088	\$0	\$3,148,574	\$107,327,662	(\$3,208,700)	\$104,119,462

September 30, 2010

EXPLANATION: PROVIDE A SCHEDULE CALCULATING THE 13-MONTH AVERAGE WORKING CAPITAL ALLOWANCE FOR THE HISTORIC BASE YEAR.

FLORIDA PUBLIC SERVICE COMMISSION
COMPANY: FLORIDA PUBLIC UTILITIES COMPANY

LINE NO.	DESCRIPTION	AVERAGE PER BOOKS	ADJUSTMENT			ADJUSTED AVERAGE
			NON UTILITY	FROM LAST RATE CASE	OTHER	
CURRENT AND ACCRUED ASSETS						
1	CASH	\$1,285,541				\$1,285,541
2	PETTY CASH	\$0				\$0
3	SPECIAL DEPOSITS - ENVIRONMENTAL	\$0				\$0
4	WORKING FUNDS & CASH INVESTMENTS	\$22,919				\$22,919
5	TEMPORARY CASH INVESTMENTS	\$0				\$0
6	NOTES RECEIVABLE	\$0				\$0
7	ACCOUNTS REC. - SERVICE	\$62,691	(\$62,691)			\$0
8	CUST. ACCTS. REC. - GAS	\$4,272,113				\$4,272,113
9	UNBILLED REVENUE	\$2,201,301				\$2,201,301
10	EMPLOYEE ACCOUNTS REC	\$0				\$0
11	ACCOUNTS REC. MISC.-AREA EXP PROGRAM	\$1,448,907		(\$1,448,907)		\$0
12	MDSE, JOBBING & OTHER	\$0				\$0
13	ACCUM. PROV. UNCOLLECT. ACCTS. - GAS	(\$90,749)				(\$90,749)
14	PLANT & OPER. MATERIAL & SUPPL	\$301,185				\$301,185
15	MERCHANDISE	\$175,277	(\$175,277)			\$0
16	STORES EXPENSE	\$0				\$0
17	PREPAYMENTS - POSTAGE & MISC.	\$0				\$0
18	PREPAYMENTS - RENT	\$152,695				\$152,695
19	PREPAYMENTS - TAXES	\$0				\$0
20	PREPAYMENTS - INSURANCE	\$31,614				\$31,614
21	TOTAL CURRENT ASSETS	\$9,863,494	(\$237,968)	(\$1,448,907)	\$0	\$8,176,619
DEFERRED DEBITS						
22	OTHER REGULATORY ASSETS	\$10,822,824				\$10,822,824
23	TEMPORARY FACILITIES	\$0				\$0
24	UNDISTRIBUTED CAPITAL	\$0				\$0
25	CONSERVATION	\$0				\$0
26	AEP	\$0				\$0
27	MISC DEFERRED DEBITS	\$0				\$0
28	DEFERRED PIPING & CONVERSION	\$1,004,170				\$1,004,170
29	DEFERRED RATE CASE	\$0				\$0
30	OTHER WIP-ENVIRONMENTAL MATTERS	\$0				\$0
31	UNAMORT RATE CASE	\$505,496		(\$505,496)		\$0
32	UNRECOVERED GAS COST	\$0				\$0
33	TOTAL DEFERRED DEBITS	\$12,332,490	\$0	(\$505,496)	\$0	\$11,826,995
34	TOTAL CURRENT AND DEFERRED ASSETS	\$22,195,985	(\$237,968)	(\$1,954,403)	\$0	\$20,003,613

WORKING CAPITAL

FLORIDA PUBLIC SERVICE COMMISSION
 EXPLANATION: PROVIDE A SCHEDULE CALCULATING THE 13-MONTH AVERAGE
 WORKING CAPITAL ALLOWANCE FOR THE HISTORIC BASE YEAR.
 September 30, 2010

COMPANY: FLORIDA PUBLIC UTILITIES COMPANY

LINE NO.	DESCRIPTION	AVERAGE PER BOOKS	ADJUSTMENT	ADJUSTED AVERAGE
			FROM LAST RATE CASE	
			NON UTILITY	OTHER
CURRENT LIABILITIES				
1	NOTES PAYABLE	\$0		\$0
2	ACCOUNTS PAYABLE	\$3,104,437		\$3,104,437
3	ACCTS. PAYABLE - ASSOC. CO.	\$0		\$0
4	CUSTOMER DEPOSITS-REFUNDS	\$0		\$0
5	MERCHANDISE DOWN PAYMENTS	\$94,197	(\$94,197)	\$0
6	TAXES ACCRUED-GENERAL	\$1,427,865		\$1,427,865
7	TAXES ACCRUED-INCOME	\$399,196		\$399,196
8	INTEREST ACCRUED - CUSTOMER DEPOSITS	\$224,795		\$224,795
9	INTEREST ACCRUED - DEBT	\$248,538		\$248,538
10	MISC CURR LIAB & ACC LIAB	\$2,586,543		\$2,586,543
11	CONSERVATION	\$550,058		\$550,058
12	ENVIRONMENTAL	\$6,432,218		\$6,432,218
13	MISC. CURRENT ACCRUED LIAB.	\$1,299,534		\$1,299,534
14	TOTAL CURRENT LIABILITIES	\$16,367,381	(\$94,197)	\$16,507,954

DEFERRED CREDITS AND OPERATING RESERVES

15	STORM RESERVE	\$793,704		\$793,704
16	CUST DEP ON EQ LEASE CONT	\$0		\$0
17	PENSIONS, BENEFITS, AND OPRB RES.	\$5,846,304		\$5,846,304
18	SELF INSURANCE RESERVE	\$0		\$0
19	DEFERRED PENSION COST	\$0		\$0
20	TOTAL DEFERRED CREDITS AND OPERATING RESERVES	\$6,640,008	\$0	\$6,640,008
21	TOTAL LIABILITIES	\$23,007,389	(\$94,197)	\$23,142,962
22	TOTAL ASSETS LESS LIABILITIES	(\$811,404)	(\$143,771)	(\$1,954,403)
30	NET WORKING CAPITAL INCLUDED IN RATE BASE (SCHEDULE)	(\$811,404)	(\$143,771)	(\$1,954,403)

EXPLANATION: PROVIDE A SCHEDULE CALCULATING THE YEAR END WORKING CAPITAL ALLOWANCE FOR THE HISTORIC BASE YEAR.

September 30, 2010

FLORIDA PUBLIC SERVICE COMMISSION
COMPANY: FLORIDA PUBLIC UTILITIES COMPANY

LINE NO.	DESCRIPTION	YEAR END PER BOOKS	ADJUSTMENT			ADJUSTED AVERAGE
			CURRENT AND ACCRUED ASSETS	NON UTILITY	FROM LAST RATE CASE	
1	CASH	\$1,200,000				\$1,200,000
2	PETTY CASH	\$0				\$0
3	SPECIAL DEPOSITS	\$0				\$0
4	WORKING FUNDS & CASH INVESTMENTS	\$24,650				\$24,650
5	TEMPORARY CASH INVESTMENTS	\$0				\$0
6	NOTES RECEIVABLE	\$0				\$0
7	ACCOUNTS REC. - SERVICE	\$69,243	(\$69,243)			\$0
8	CUST. ACCTS. REC. - GAS	\$2,989,420				\$2,989,420
9	UNBILLED REVENUE	\$1,320,000				\$1,320,000
10	EMPLOYEE ACCOUNTS REC	\$0				\$0
11	ACCOUNTS REC. MISC.-AREA EXP PROGRAM	\$1,265,434		(\$1,265,434)		\$0
12	MDSE, JOBBING & OTHER	\$0				\$0
13	ACCU. PROV.UNCOLLECT. ACCTS. - GAS	(\$73,461)				(\$73,461)
14	PLANT & OPER. MATERIAL & SUPPL.	\$385,328				\$385,328
15	MERCHANDISE	\$198,479		(\$198,479)		\$0
16	STORES EXPENSE	\$0				\$0
17	PREPAYMENTS - POSTAGE & MISC.	\$0				\$0
18	PREPAYMENTS - RENT	\$73,121				\$73,121
19	PREPAYMENTS - TAXES	\$0				\$0
20	PREPAYMENTS - INSURANCE	\$321,674				\$321,674
21	TOTAL CURRENT ASSETS	\$7,773,888	(\$267,722)	(\$1,265,434)	\$0	\$6,240,732
22	OTHER REGULATORY ASSETS	\$11,263,481				\$11,263,481
23	TEMPORARY FACILITIES	\$0				\$0
24	UNDISTRIBUTED CAPITAL	\$0				\$0
25	CONSERVATION	\$0				\$0
26	AEP	\$0				\$0
27	MISC DEFERRED DEBITS	\$0				\$0
28	DEFERRED PIPING & CONVERSION	\$985,768				\$985,768
29	DEFERRED RATE CASE	\$0				\$0
30	OTHER WIP-ENVIRONMENTAL MATTERS	\$0				\$0
31	UNAMORT RATE CASE	\$433,065		(\$433,065)		\$0
32	UNRECOVERED GAS COST	\$0				\$0
33	TOTAL DEFERRED DEBITS	\$12,682,314	\$0	(\$433,065)	\$0	\$12,249,249
34	TOTAL CURRENT AND DEFERRED ASSETS	\$20,456,202	(\$267,722)	(\$1,698,499)	\$0	\$18,489,981

WORKING CAPITAL

EXPLANATION: PROVIDE A SCHEDULE CALCULATING THE YEAR END WORKING CAPITAL ALLOWANCE FOR THE HISTORIC BASE YEAR.

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES COMPANY

September 30, 2010

LINE NO.	DESCRIPTION	YEAR END PER BOOKS	ADJUSTMENT	ADJUSTED AVERAGE
			NON UTILITY FROM LAST RATE CASE OTHER	
CURRENT LIABILITIES				
1	NOTES PAYABLE	\$0		\$0
2	ACCOUNTS PAYABLE	\$1,982,365		\$1,982,365
3	ACCTS. PAYABLE - ASSOC. CO.	\$0		\$0
4	CUSTOMER DEPOSITS-REFUNDS	\$0		\$0
5	MERCHANDISE DOWN PAYMENTS	\$130,547	(\$130,547)	\$0
6	TAXES ACCRUED-GENERAL	\$1,710,505		\$1,710,505
7	TAXES ACCRUED-INCOME	\$1,454,434		\$1,454,434
8	INTEREST ACCRUED - CUSTOMER DEPOSITS	\$256,942		\$256,942
9	INTEREST ACCRUED - DEBT	\$209,548		\$645,499
10	MISC CURR LIAB & ACC LIAB	\$3,390,273		\$3,390,273
11	CONSERVATION	\$421,311		\$421,311
12	ENVIRONMENTAL	\$6,144,466		\$6,144,466
13	MISC. CURRENT ACCRUED LIAB.	\$1,317,704	\$435,951	\$1,317,704
14	TOTAL CURRENT LIABILITIES	\$17,018,095	(\$130,547)	\$17,323,499
DEFERRED CREDITS AND OPERATING RESERVES				
15	STORM RESERVE	\$796,704		\$796,704
16	CUST DEP ON EQ LEASE CONT	\$0		\$0
17	PENSIONS, BENEFITS, AND OPRB RES.	\$5,380,490		\$5,380,490
18	SELF INSURANCE RESERVE	\$0		\$0
19	DEFERRED PENSION COST	\$0		\$0
20	TOTAL DEFERRED CREDITS AND OPERATING RESERVES	\$6,177,194	\$0	\$6,177,194
21	TOTAL LIABILITIES	\$23,195,289	(\$130,547)	\$23,500,693
22	TOTAL ASSETS LESS LIABILITIES	(\$2,739,087)	(\$137,175)	(\$5,010,712)
23	NET WORKING CAPITAL INCLUDED IN RATE BASE (SCHEDULE)	(\$2,739,087)	(\$1,698,499)	(\$5,010,712)

FLORIDA PUBLIC UTILITIES COMPANY
 NATURAL GAS
 CAPITAL STRUCTURE
 September 30, 2010
 FPSC ADJUSTED BASIS

AVERAGE	ADJUSTMENTS		ADJUSTED BOOKS	PRO-RATA	SPECIFIC	BALANCE	RATIO (%)	LOW POINT		MIDPOINT		HIGH POINT	
	PER BOOKS	NON-UTILITY						COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
COMMON EQUITY	\$50,989,439	(\$1,281,001)	\$49,708,438	\$13,880,000	(\$32,012,101)	\$31,576,337	45.37%	9.85%	4.47%	10.85%	4.92%	11.85%	5.38%
LONG TERM DEBT	\$27,705,811		\$27,705,811	(\$13,813,878)	\$8,584,269	\$22,477,202	32.29%	6.95%	2.25%	6.95%	2.25%	6.95%	2.25%
SHORT TERM DEBT	\$8,584,269		\$8,584,269		(\$8,584,269)	\$0	0.00%	1.70%	0.00%	1.70%	0.00%	1.70%	0.00%
CUSTOMER DEPOSITS	\$7,540,393		\$7,540,393			\$7,540,393	10.83%	6.04%	0.65%	6.04%	0.65%	6.04%	0.65%
DEFERRED INCOME TAXES	\$7,918,397		\$7,918,397			\$7,918,397	11.38%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$90,537		\$90,537			\$90,537	0.13%	8.42%	0.01%	9.01%	0.01%	9.59%	0.01%
TOTAL AVERAGE	\$102,828,846	(\$1,281,001)	\$101,547,845	\$67,122	(\$32,012,101)	\$69,602,866	100.00%	7.38%		7.83%		8.29%	

YEAR-END	ADJUSTMENTS		ADJUSTED BOOKS	PRO-RATA	SPECIFIC	BALANCE	RATIO (%)	LOW POINT		MIDPOINT		HIGH POINT	
	PER BOOKS	NON-UTILITY						COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
COMMON EQUITY	\$51,537,187	(\$1,228,685)	\$50,308,502	\$15,220,000	(\$34,679,776)	\$30,848,726	44.90%	9.85%	4.47%	10.85%	4.87%	11.85%	5.32%
LONG TERM DEBT	\$28,003,437		\$28,003,437	(\$14,726,267)	\$8,676,485	\$21,953,655	31.95%	6.96%	2.22%	6.96%	2.22%	6.96%	2.22%
SHORT TERM DEBT	\$8,676,485		\$8,676,485		(\$8,676,485)	\$0	0.00%	1.88%	0.00%	1.88%	0.00%	1.88%	0.00%
CUSTOMER DEPOSITS	\$7,654,438		\$7,654,438			\$7,654,438	11.14%	6.04%	0.67%	6.04%	0.67%	6.04%	0.67%
DEFERRED INCOME TAXES	\$8,172,997		\$8,172,997			\$8,172,997	11.90%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$74,919		\$74,919			\$74,919	0.11%	8.15%	0.01%	8.73%	0.01%	9.32%	0.01%
TOTAL YEAR-END	\$104,119,463	\$0	\$102,890,778	\$493,733	(\$34,679,776)	\$68,704,735	100.00%	7.32%		7.77%		8.22%	