



FLORIDA PUBLIC SERVICE
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DIVISION OF ECONOMIC REGULATION

March 15, 2011

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

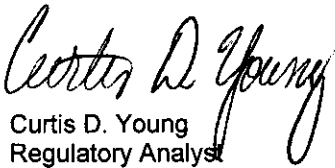
Dear Mr. Willis:

Subject: Earnings Surveillance Report

Enclosed is the earnings surveillance report (Schedules 1 through 4) for Florida Public Utilities - Indiantown Natural Gas for the twelve months ended December 31, 2010.

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

Sincerely,


Curtis D. Young
Regulatory Analyst

Cc:
Geoffroy, Thomas
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)

FLORIDA PUBLIC UTILITIES COMPANY - INDIANTOWN DIVISION

SCHEDULE 1

RATE OF RETURN REPORT SUMMARY
December 31, 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	\$39,784	\$4,513	\$44,297	(\$7,518)	\$36,779
AVERAGE RATE BASE	\$530,221	(\$262,320)	\$267,901	\$292,701	\$960,603
AVERAGE RATE OF RETURN	4.79%		7.90%		4.27%
II. YEAR-END RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	\$39,784	\$3,730	\$43,514	(\$7,518)	\$35,996
YEAR-END RATE BASE	\$1,298,473	(\$745,800)	\$552,673	\$756,128	\$1,268,801
YEAR-END RATE OF RETURN	3.16%		8.49%		2.84%

III. REQUIRED RATES OF RETURN
AVERAGE CAPITAL STRUCTURE
(FPSC ADJUSTED BASIS)

LOW	8.48%
MIDPOINT	9.06%
HIGH	9.64%

IV. EARNED RETURN ON EQUITY
(FPSC ADJUSTED BASIS)

A. INCL COMP RATE ADJ REVENUES	9.34%
B. EXCL COMP RATE ADJ REVENUES	9.34%

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

3-8-11
Date

FLORIDA PUBLIC UTILITIES COMPANY - INDIANTOWN DIVISION
AVERAGE RATE OF RETURN
FOR THE THIRTEEN MONTHS ENDED 12/31/2010
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	\$1,448,922	(\$632,772)	\$816,151	\$0	\$61	\$816,212	\$14,010	\$830,221
FPSC ADJUSTMENTS:								
ELIMINATIONS TO WORKING CAPITAL ELIMINATE ACQUISITION ADJ.	(\$285,643)		(\$285,643)			(\$285,643)	\$23,323	\$23,323 (\$285,643)
TOTAL FPSC ADJUSTMENTS	(\$285,643)	\$0	(\$285,643)	\$0	\$0	(\$285,643)	\$23,323	(\$262,320)
FPSC ADJUSTED	\$1,163,279	(\$632,772)	\$530,508	\$0	\$61	\$530,569	\$37,333	\$567,901
COMP RATE ADJ REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR COMP RATE ADJ REVENUE	\$1,163,279	(\$632,772)	\$530,508	\$0	\$61	\$530,569	\$37,333	\$567,901
PROFORMA ADJUSTMENTS								
ACQUISITION ADJUSTMENT	\$286,846	(\$2,390)	\$284,456	\$0	\$0	\$284,456	\$0	\$284,456
TRANSACTION & TRANSITION COSTS	\$0	\$0	\$0	\$0	\$0	\$0	\$8,246	\$8,246
TOTAL PROFORMA ADJUSTMENTS	\$286,846	(\$2,390)	\$284,456	\$0	\$0	\$284,456	\$8,246	\$292,701
PROFORMA ADJUSTED	\$1,450,125	(\$635,162)	\$814,963	\$0	\$61	\$815,024	\$45,579	\$860,603

FLORIDA PUBLIC UTILITIES COMPANY - INDIANTOWN DIVISION
AVERAGE RATE OF RETURN
FOR THE THIRTEEN MONTHS ENDED 12/31/2010
INCOME STATEMENT

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	OPERATING REVENUES	O & M GAS EXPENSE	O & M OTHER	DEPREC. & AMORTIZATION	TAXES OTHER THAN INCOME	INCOME TAXES CURRENT	D.I.T. (NET)	I.T.C. (NET)	GAIN/LOSS ON DISPOSITION	TOTAL OPERATING EXPENSES	NET OPERATING INCOME
PER BOOKS	\$468,707	\$1,800	\$352,888	\$51,334	\$9,956	\$12,945	\$0	\$0	\$0	\$428,823	\$39,784
FPSC ADJUSTMENTS:											
1) Interest Synchronization						(\$4,513)				(\$4,513)	\$4,513
TOTAL FPSC ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	(\$4,513)	\$0	\$0	\$0	(\$4,513)	\$4,513
FPSC ADJUSTED	\$468,707	\$1,800	\$352,888	\$51,334	\$9,956	\$8,432	\$0	\$0	\$0	\$424,410	\$44,297
COMP RATE ADJ REVENUES - DEFICIT/(SURPLUS)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR COMP RATE ADJ REVENUES	\$468,707	\$1,800	\$352,888	\$51,334	\$9,956	\$8,432	\$0	\$0	\$0	\$424,410	\$44,297
ACQUISITION ADJ. - AMORT EXP	\$0	\$0	\$0	\$10,358	\$0	(\$3,986)	\$0	\$0	\$0	\$6,383	(\$6,383)
TRANSACTION/TRANSITION COSTS - AMORT EXP	\$0	\$0	\$0	\$1,881	\$0	(\$725)	\$0	\$0	\$0	\$1,155	(\$1,155)
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$12,239	\$0	(\$4,721)	\$0	\$0	\$0	\$7,518	(\$7,518)
PRO FORMA ADJUSTED	\$468,707	\$1,800	\$352,888	\$63,573	\$9,956	\$3,711	\$0	\$0	\$0	\$431,928	\$36,779

FLORIDA PUBLIC UTILITIES COMPANY - INDIANTOWN DIVISION
YEAR END RATE OF RETURN
FOR THE YEAR ENDED 12/31/2010
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	\$1,847,963	(\$638,456)	\$1,209,507	\$0	\$0	\$1,209,507	\$48,966	\$1,258,473
FPSC ADJUSTMENTS:								
ELIMINATIONS TO WORKING CAPITAL ELIMINATE ACQUISITION ADJ.	(\$745,800)		(\$745,800)			(\$745,800)	\$0	(\$745,800)
TOTAL FPSC ADJUSTMENTS	(\$745,800)	\$0	(\$745,800)	\$0	\$0	(\$745,800)	\$0	(\$745,800)
FPSC ADJUSTED	\$1,102,163	(\$638,456)	\$463,707	\$0	\$0	\$463,707	\$48,966	\$512,673
COMP RATE ADJ REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR COMP RATE ADJ REVENUE	\$1,102,163	(\$638,456)	\$463,707	\$0	\$0	\$463,707	\$48,966	\$512,673
PROFORMA ADJUSTMENTS								
ACQUISITION ADJUSTMENT	\$745,800	(\$10,358)	\$735,442	\$0	\$0	\$735,442	\$0	\$735,442
TRANSACTION & TRANSITION COSTS	\$0	\$0	\$0	\$0	\$0	\$0	\$20,686	\$20,686
TOTAL PRO FORMA ADJUSTMENTS	\$745,800	(\$10,358)	\$735,442	\$0	\$0	\$735,442	\$20,686	\$756,128
PRO FORMA ADJUSTED	\$1,847,963	(\$648,814)	\$1,199,149	\$0	\$0	\$1,199,149	\$69,652	\$1,268,801

FLORIDA PUBLIC UTILITIES COMPANY - INDIANTOWN DIVISION
YEAR END RATE OF RETURN
FOR THE YEAR ENDED 12/31/2010
INCOME STATEMENT

	(1) OPERATING REVENUES	(2) O & M GAS EXPENSE	(3) O & M OTHER	(4) DEPREC. & AMORTIZATION	(5) TAXES OTHER THAN INCOME	(6) INCOME TAXES CURRENT	(7) D.I.T. (NET)	(8) I.T.C. (NET)	(9) GAIN/LOSS ON DISPOSITION	(10) TOTAL OPERATING EXPENSES	(11) NET OPERATING INCOME
PER BOOKS	\$468,707	\$1,800	\$352,888	\$51,334	\$9,956	\$12,945	\$0	\$0	\$0	\$428,923	\$39,784
FPSC ADJUSTMENTS:											
1) Interest Synchronization	\$0	\$0	\$0	\$0	\$0	(\$3,730)	\$0	\$0	\$0	(\$3,730)	\$3,730
	\$468,707	\$1,800	\$352,888	\$51,334	\$9,956	\$9,215	\$0	\$0	\$0	\$425,193	\$43,514
TOTAL FPSC ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	(\$3,730)	\$0	\$0	\$0	(\$3,730)	\$3,730
FPSC ADJUSTED	\$468,707	\$1,800	\$352,888	\$51,334	\$9,956	\$9,215	\$0	\$0	\$0	\$425,193	\$43,514
COMP RATE ADJ REVENUES - DEFICIT/(SURPLUS)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR COMP RATE ADJ REVENUES	\$468,707	\$1,800	\$352,888	\$51,334	\$9,956	\$9,215	\$0	\$0	\$0	\$425,193	\$43,514
ACQUISITION ADJ. - AMORT EXP	\$0	\$0	\$0	\$10,358	\$0	(\$3,996)	\$0	\$0	\$0	\$6,363	(\$6,363)
TRANSACTION/TRANSITION COSTS - AMORT EXP	\$0	\$0	\$0	\$1,881	\$0	(\$725)	\$0	\$0	\$0	\$1,156	(\$1,156)
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$12,239	\$0	(\$4,721)	\$0	\$0	\$0	\$7,518	(\$7,518)
PRO FORMA ADJUSTED	\$468,707	\$1,800	\$352,888	\$63,573	\$9,956	\$4,494	\$0	\$0	\$0	\$432,711	\$35,996

FLORIDA PUBLIC UTILITIES COMPANY - INDIANTOWN DIVISION

SCHEDULE 4

CAPITAL STRUCTURE
December 31, 2010
FPSC ADJUSTED BASIS

AVERAGE	ADJUSTMENTS				RATIO (%)	LOW POINT			MIDPOINT			HIGH POINT		
	PER BOOKS	PRO RATA	SPECIFIC			ADJUSTED	NON-UTILITY	BALANCE	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
COMMON EQUITY	\$ 330,281			\$ 330,281	58.16%	10.50%	6.11%	\$ 330,281	11.50%	6.69%	12.50%	7.27%		
LONG TERM DEBT	\$ 159,787			\$ 159,787	28.14%	6.96%	1.96%	\$ 159,787	6.96%	1.96%	6.96%	1.96%		
SHORT TERM DEBT	\$ 57,856			\$ 57,856	10.19%	1.76%	0.18%	\$ 57,856	1.76%	0.18%	1.76%	0.18%		
CUSTOMER DEPOSITS	\$ 19,597			\$ 19,597	3.45%	6.74%	0.23%	\$ 19,597	6.74%	0.23%	6.74%	0.23%		
DEFERRED TAXES	\$ 389			\$ 389	0.07%	0.00%	0.00%	\$ 389	0.00%	0.00%	0.00%	0.00%		
TOTAL AVERAGE	\$ 567,901	\$ 0	\$ 0	\$ 567,901	100.00%	8.48%	8.48%	\$ 567,901	8.48%	9.06%	9.64%	9.64%		

YEAR-END	ADJUSTMENTS				RATIO (%)	LOW POINT			MIDPOINT			HIGH POINT		
	PER BOOKS	PRO RATA	SPECIFIC			ADJUSTED	NON-UTILITY	BALANCE	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
COMMON EQUITY	\$ 304,222			\$ 304,222	59.34%	10.50%	6.23%	\$ 304,222	11.50%	6.82%	12.50%	7.42%		
LONG TERM DEBT	\$ 147,199			\$ 147,199	28.71%	6.94%	1.99%	\$ 147,199	6.94%	1.99%	6.94%	1.99%		
SHORT TERM DEBT	\$ 53,295			\$ 53,295	10.40%	1.65%	0.17%	\$ 53,295	1.65%	0.17%	1.65%	0.17%		
CUSTOMER DEPOSITS	\$ 2,894			\$ 2,894	0.57%	6.74%	0.04%	\$ 2,894	6.74%	0.04%	6.74%	0.04%		
DEFERRED TAXES	\$ 5,063			\$ 5,063	0.95%	0.00%	0.00%	\$ 5,063	0.00%	0.00%	0.00%	0.00%		
TOTAL YEAR-END	\$ 512,673	\$ 0	\$ 0	\$ 512,673	100.00%	8.43%	8.43%	\$ 512,673	8.43%	9.02%	9.62%	9.62%		