

FLORIDA PUBLIC SERVICE COMMISSION
ELECTRIC FORECASTED EARNINGS SURVEILLANCE REPORT

SCHEDULE 1

Company: FLORIDA PUBLIC UTILITIES COMPANY - CONSOLIDATED ELECTRIC DIVISION
Year: 2006

	(1) ACTUAL PER BOOKS	(2) FPSC ADJUSTMENTS	(3) FPSC ADJUSTED
<u>I. AVERAGE RATE OF RETURN (JURISDICTIONAL)</u>			
NET OPERATING INCOME	2,508,737 (a)	(182,548) (b)	2,326,189
AVERAGE RATE BASE	\$38,550,978	(116,540)	38,434,438
AVERAGE RATE OF RETURN	6.51%		6.05%

(a) INCLUDES AFUDC EARNINGS
(b) INCLUDES REVERSAL OF AFUDC EARNINGS

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

LOW	7.73%
MIDPOINT	8.10%
HIGH	8.47%

IV. FINANCIAL INTEGRITY INDICATORS

A. TIE WITH AFUDC	(27.65)	(SYSTEM PER BOOKS BASIS)
B. TIE WITHOUT AFUDC	(27.65)	(SYSTEM PER BOOKS BASIS)
C. AFUDC TO NET INCOME	0.00%	(SYSTEM PER BOOKS BASIS)
D. INTERNALLY GENERATED FUNDS	69.01%	(SYSTEM PER BOOKS BASIS)
E. LTD TO TOTAL INVESTOR FUNDS	52.34%	(FPSC ADJUSTED BASIS)
F. STD TO TOTAL INVESTOR FUNDS	2.73%	(FPSC ADJUSTED BASIS)
G. RETURN ON COMMON EQUITY	5.89%	(FPSC ADJUSTED BASIS)

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FLORIDA PUBLIC SERVICE COMMISSION
 ELECTRIC FORECASTED EARNINGS SURVEILLANCE REPORT
 AVERAGE RATE OF RETURN
 RATE BASE

SCHEDULE 2
 PAGE 1 OF 3

Company FLORIDA PUBLIC UTILITIES COMPANY - CONSOLIDATED ELECTRIC DIVISION
 Year: 2006

	(1) PLANT IN SERVICE	(2) ACCUM DEPREC & AMORT*	(3) NET PLANT IN SERVICE	(4) PROP HELD FOR FUT. USE	(5) CONS WORK IN PROG	(6) NUCLEAR FUEL (NET)	(7) NET UTILITY PLANT	(8) WORKING CAPITAL	(9) TOTAL RATE BASE
SYSTEM PER BOOKS	\$68,595,738	\$27,306,308	\$41,289,430				\$41,289,430	(\$2,738,452)	\$38,550,978
JURISDICTIONAL PER BOOKS	68,595,738	27,306,308	41,289,430				41,289,430	(2,738,452)	38,550,978
FPSC ADJUSTMENTS:									
1/2 RATE CASE EXPENSE								(116,540)	(116,540)
TOTAL FPSC ADJUSTMENTS								(116,540)	(116,540)
FPSC ADJUSTED	68,595,738	27,306,308	41,289,430				41,289,430	(2,854,992)	38,434,438

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FLORIDA PUBLIC SERVICE COMMISSION
 ELECTRIC FORECASTED EARNINGS SURVEILLANCE REPORT
 AVERAGE RATE OF RETURN
 INCOME STATEMENT

SCHEDULE 2
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Company FLORIDA PUBLIC UTILITIES COMPANY - CONSOLIDATED ELECTRIC DIVISION
 Year: 2006

	(1) OPERATING REVENUES	(2) O & M FUEL & NET INTERCHANGE	(3) O & M OTHER	(4) DEP. & AMORT	(5) TAXES OTHER THAN INC.	(6) INC. TAXES CURRENT	(7) DEFERRED INC. TAXES (NET)	(8) INVESTMENT TAX CREDIT (NET)	(9) GAIN/LOSS ON DISPOSITION	(10) TOTAL OPERATING EXPENSES	(11) NET OPERATING INCOME(a)
SYSTEM PER BOOKS	\$46,576,347	\$29,046,444	\$8,241,318	\$2,596,000	\$3,913,400	\$302,776		(\$32,328)		\$44,067,610	\$2,508,737
JURISDICTIONAL PER BOOKS	46,576,347	29,046,444	8,241,318	2,596,000	3,913,400	302,776		(32,328)		44,067,610	2,508,737
FPSC ADJUSTMENTS:											
FUEL COST RECOVERIES	(29,462,400)	(29,046,444)			(21,198)	(148,547)				(29,216,189)	(246,211)
FUEL OVER/UNDER RECOVERY	394,856					148,584				148,584	246,272
CONSERVATION RECOVERIES	(421,200)		(421,200)		(303)	114				(421,389)	189
INTEREST SYNCHRONIZATION						182,798				182,798	(182,798)
TOTAL FPSC ADJUSTMENTS	(29,488,744)	(29,046,444)	(421,200)		(21,501)	182,949				(29,306,196)	(182,548)
FPSC ADJUSTED	17,087,603		7,820,118	2,596,000	3,891,899	485,725		(32,328)		14,761,414	2,326,189

37.63%

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FLORIDA PUBLIC SERVICE COMMISSION
ELECTRIC FORECASTED EARNINGS SURVEILLANCE REPORT
AVERAGE RATE OF RETURN
SYSTEM ADJUSTMENTS

SCHEDULE 2
PAGE 3 OF 3

Company: FLORIDA PUBLIC UTILITIES COMPANY - CONSOLIDATED ELECTRIC DIVISION
Year: 2006

RATE BASE ADJUSTMENTS

AMOUNT

(SEE SCHEDULE 2, PAGE 1)

INCOME STATEMENT ADJUSTMENTS

AMOUNT

TAX EFFECT

(SEE SCHEDULE 2, PAGE 2)

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FLORIDA PUBLIC SERVICE COMMISSION
 ELECTRIC FORECASTED EARNINGS SURVEILLANCE REPORT
 CAPITAL STRUCTURE
 FPSC ADJUSTED BASIS

SCHEDULE 3

Company: FLORIDA PUBLIC UTILITIES COMPANY - CONSOLIDATED ELECTRIC DIVISION
 Year: 2006

AVERAGE	SYSTEM PER BOOKS	ADJ. FOR FLO-GAS	RETAIL PER BOOKS	ADJUSTMENTS		ADJ. RETAIL	RATIO (%)	LOW POINT		MID POINT		HIGH POINT	
				PRORATA	SPECIFIC			COST RATE (%)	WGHT COST (%)	COST RATE (%)	WGHT COST (%)	COST RATE (%)	WGHT COST (%)
LONG TERM DEBT	\$16,280,383	\$343,012	\$16,623,395	(60,997)		\$16,562,398	43.09	8.04	3.46	8.04	3.46	8.04	3.46
SHORT TERM DEBT	\$848,003	\$19,056	867,059	(3,182)		863,877	2.25	2.41	0.05	2.41	0.05	2.41	0.05
PREFERRED STOCK	\$193,738	\$3,177	196,915	(723)		196,192	0.51	4.75	0.02	4.75	0.02	4.75	0.02
CUSTOMER DEPOSITS	\$1,987,180		1,987,180			1,987,180	5.17	6.47	0.33	6.47	0.33	6.47	0.33
COMMON EQUITY	\$14,438,280	(\$365,245)	14,073,035	(51,638)		14,021,397	36.48	10.50	3.83	11.50	4.20	12.50	4.56
DEFERRED INCOME TAXES	\$4,619,688		4,619,688			4,619,688	12.02						
TAX CREDITS-ZERO COST	\$1,488		1,488			1,488							
TAX CREDITS-WEIGHTED COST	\$182,218		182,218			182,218	0.47	8.96	0.04	9.41	0.04	9.85	0.05
TOTAL	\$38,550,978		\$38,550,978	(\$116,540)		\$38,434,438	99.99		7.73		8.10		8.47

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Company FLORIDA PUBLIC UTILITIES COMPANY - CONSOLIDATED ELECTRIC DIVISION
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A. TIMES INTEREST EARNED WITH AFUDC

EARNINGS BEFORE INTEREST	8,135,238
AFUDC - DEBT	0
INCOME TAXES	1,912,732
TOTAL	<u>10,047,970</u>
INTEREST CHARGES (BEFORE DEDUCTING AFUDC-DEBT)	(363,345)
TIE WITH AFUDC	<u>(27.65)</u>

B. TIMES INTEREST EARNED WITHOUT AFUDC

EARNINGS BEFORE INTEREST	8,135,238
AFUDC - OTHER	0
INCOME TAXES	1,912,732
TOTAL	<u>10,047,970</u>
INTEREST CHARGES (BEFORE DEDUCTING AFUDC-DEBT)	(363,345)
TIE WITHOUT AFUDC	<u>(27.65)</u>

C. PERCENT AFUDC TO NET INCOME AVAILABLE FOR COMMON STOCKHOLDERS

AFUDC - DEBT	0
X (1 - INCOME TAX RATE)	0.6237
SUBTOTAL	<u>0</u>
AFUDC - OTHER	0
TOTAL	<u>0</u>
NET INCOME AVAILABLE FOR COMMON STOCKHOLDERS	8,470,583
PERCENT AFUDC TO AVAILABLE NET INCOM	<u>0.00</u>

D. PERCENT INTERNALLY GENERATED FUNDS

NET INCOME	8,498,583
PREFERRED DIVIDENDS	(28,500)
COMMON DIVIDENDS	(2,575,000)
AFUDC (DEBT & OTHER)	0
DEPRECIATION & AMORTIZATION	6,809,020
DEFERRED INCOME TAXES	0
INVESTMENT TAX CREDITS	(71,340)
OTHER	(27,218)
TOTAL	<u>12,605,545</u>
CONSTRUCTION EXPENDITURES (EXCLUDING AFUDC OTHER & DEBT)	18,265,700
PERCENT INTERNALLY GENERATED FUNDS	<u>69.01</u>

E. LONG TERM DEBT AS PERCENT OF TOTAL INVESTOR CAPITAL

F. SHORT TERM DEBT AS PERCENT OF TOTAL INVESTOR CAPITAL

RECONCILED AVERAGE RETAIL AMOUNTS

LONG TERM DEBT	16,562,398
SHORT TERM DEBT	863,877
PREFERRED STOCK	196,192
COMMON EQUITY	14,021,397
TOTAL	<u>31,643,864</u>
% LONG TERM DEBT TO TOTAL	<u>52.34</u>
% SHORT TERM DEBT TO TOTAL	<u>2.73</u>

G. FPSC ADJUSTED AVERAGE JURISDICTIONAL RETURN ON COMMON EQUITY

FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	<u>6.05</u>
LESS: RECONCILED AVERAGE RETAIL WEIGHTED COST RATES FOR:	
LONG TERM DEBT	(3.46)
SHORT TERM DEBT	(0.05)
PREFERRED STOCK	(0.02)
CUSTOMER DEPOSITS	(0.33)
TAX CREDITS - WEIGHTED COST (MIDPOINT)	(0.04)
SUBTOTAL	<u>(3.90)</u>
TOTAL	2.15
DIVIDED BY COMMON EQUITY RATIO	<u>0.3648</u>
JURISDICTIONAL RETURN ON COMMON EQUITY	<u>5.89</u>

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FLORIDA PUBLIC SERVICE COMMISSION
 ELECTRIC FORECASTED EARNINGS SURVEILLANCE REPORT
 FORECAST ASSUMPTIONS

SCHEDULE 5

Company: FLORIDA PUBLIC UTILITIES COMPANY - CONSOLIDATED ELECTRIC DIVISION
 Year: 2006

FORECAST ASSUMPTIONS

<u>Customers</u>	<u>Forecast Year</u>	<u>Prior Year</u>
Residential	23,273	23,990
Commercial	4,109	4,392
Industrial	21	2
Other	<u>3,102</u>	<u>15</u>
Total	<u>30,505</u>	<u>28,399</u>

<u>KWH Sales</u>	<u>Forecast Year</u>	<u>Prior Year</u>
Residential	338,973,300	353,419,825
Commercial	319,800,800	308,378,195
Industrial	132,000,000	119,894,200
Other	<u>7,236,200</u>	<u>7,150,031</u>
Total	<u>798,010,300</u>	<u>788,842,251</u>

OTHER MAJOR FORECAST ASSUMPTIONS

- FIGURES COME FROM THE OPERATING BUDGET.
- DEFERRED TAXES ARE INCLUDED IN CURRENT INCOME TAXES.

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 of CFO)

Cheryl M. Martin
 (Signature)

2/28/06
 (Date)

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