

September 15, 2006

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COMMISSION
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BY HAND DELIVERY

Ms. Blanca Bayo, Director
Commission Clerk and Administrative Services
Room 110, Easley Building
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850

060629-GU

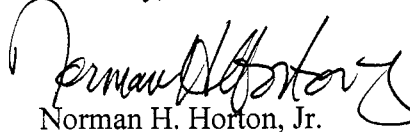
Dear Ms. Bayo:

Enclosed for filing on behalf of Florida Public Utilities Company are an original and 15 copies of Florida Public Utilities Company's Request for Confidential Classification of Audit Workpapers.

Please indicate receipt of this document by stamping the enclosed extra copy of this letter.

Thank you for your assistance in this matter.

Sincerely,


Norman H. Horton, Jr.

CMP _____

COM _____

CTR _____

ECR _____

GCL NHH:amb
Enclosures

OPC cc: Mr. George Bachman

RCA

SCR _____

SGA _____

SEC

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DOCUMENT NUMBER-DATE

08498 SEP 15 06

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Request for Confidential Treatment)
of Certain Audit Workpapers)
_____)

Docket No. _____
Filed: September 15, 2006

**FLORIDA PUBLIC UTILITIES COMPANY'S REQUEST
FOR CONFIDENTIAL CLASSIFICATION OF AUDIT WORKPAPERS**

Florida Public Utilities Company ("FPUC"), pursuant to section 366.093, Florida Statutes, and Rule 25-22.006(3)(a)(2) and (4), Florida Administrative Code, submits this Request for Confidential Classification of the documents described below which were provided to the Florida Public Service Commission Staff in connection with the staff audit of the natural gas surveillance report for the period ending December 31, 2005. The report is identified as RCA: No. 06-170-4-1.

In support of this Request for Confidential Classification, FPU states as follows:

1. The exact name of Petitioner and the address of its principal office is

Florida Public Utilities
P.O. Box 3395
West Palm Beach, FL 33420-3395

2. The names and addresses of the persons authorized to receive notices and communications with respect to this Petition:

Norman H. Horton, Jr.
Messer, Caparello & Self, P. A.
2618 Centennial Place
Tallahassee, FL 32308

Ms. Cheryl Martin
Controller
Florida Public Utilities Company
Post Office Box 3395
West Palm Beach, FL 33402-3395

3. By letter dated August 25, 2006, FPUC was notified by Staff that the field work associated with the surveillance audit for the year ended December 31, 2005 was complete. During the course of this audit, Staff was provided work papers and documents containing information

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FPSC-COMMISSION CLERK

which FPU considers to be “proprietary confidential business information” under section 366.093(3), Florida Statutes. These workpapers and documents were incorporated with the audit workpapers filed with the Commission and treated as temporarily confidential and proprietary pursuant to the rules of the Commission. Since these documents contain information which FPUC treats as private customer information and considers to be proprietary and confidential and thus should not be publicly disclosed, FPUC requests that the Commission grant confidential treatment to these documents.

4. The specific workpapers which FPUC considers to contain proprietary confidential information were identified by the auditors as:

WP 8 - Notes from Board of Directors Minutes, 5 pages; and

WP 9 - Internal Audit, 11 pages.

5. WP8 contains notes from various Board of Director meetings some of which reveal proprietary, confidential business information. Specifically:

a. WP 8, page 1 of 5, handwritten lines 1-6.

The information revealed on these lines concern discussions in which internal auditors were involved. Internal audit reports and discussions directed at such reports are exempt from disclosure pursuant to section 366.093(3)(b), Florida Statutes. Also, the Commission has determined such information to be exempt in Order PSC-04-0101-CFO-GU, and PSC-93-1631-CFO-EI

b. WP 9, page 4, handwritten number lines 1-4.

The information contained in this portion of the minute notes relates to a presentation to the Board which if disclosed could reveal possible business plans and strategies of the Company. Such information if released would or could provide insight to the possible activities of the Company and would be of value to potential competitors. Such information is exempt from disclosure pursuant to section 366.093(3)(e), Florida Statutes.

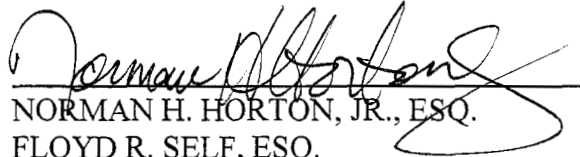
6. WP 9 is a ten (10) page Internal Audit Report describing work performed under the direction of the Company management and the Audit Committee. This report is considered to be and is treated as proprietary, confidential business information and is exempt from disclosure pursuant to section 366.093(3)(b), Florida Statutes, which exempts reports of internal auditors from Section 119.07(1), Florida Statutes

7. Accompanying this request as Attachment "B" are redacted copies of the identified documents. Under separate cover, FPUC is providing a copy of the unedited documents with the confidential information highlighted pursuant to the requirements of the Commission.

8. FPUC requests that the Commission grant this request for confidential treatment for the specified information and that the material be treated as confidential pursuant to section 366.093, Florida States, and Rule 25-22.006, Florida Administrative Code.

Dated this 15th day of September, 2006.

MESSER, CAPARELLO & SELF, P.A.
Post Office Box 15579
Tallahassee, FL 32317
(850) 222-0720


NORMAN H. HORTON, JR., ESQ.
FLOYD R. SELF, ESQ.

Attorneys for Florida Public Utilities Company

8/14/06

COMPANY: FPUC - GAS
TITLE: BOARD OF DIRECTORS MINUTES
PERIOD: 2005
DATE: JULY 11, 2006
AUDITOR: RKY
WP NO. 8

Title: B of D Minutes

CONFIDENTIAL

Audit Committee Meeting
November 10, 2004

Reviewed the 10Q with BDO Seidman. Discussed reportable conditions which were:

- (1) Warehouse negative balances in the perpetual inventory records. BDO said proper accruals had not been made. Recommendations were made to correct this. And George Bachman said they would be implemented.
- (2) Physical inventory counts had not been completely reconciled to the perpetual inventory.

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[REDACTED]

[REDACTED]

Board compensation Committee
November 22, 2004

The agenda included consideration of (1) Executive compensation for 2005, (2) Director Compensation for 2005, (3) annual incentive compensation plans for senior execs related to accomplishments for the year, (4) annual salary range adjustment for 2005 for non-officers, and (5) consideration of a COLA for the pension plan.

Executive compensation was approved for the three officers. Compensation was compared to top execs of peer companies. (Mr. English, Mr. Stein and Mr. Bachman)

Director compensation was approved.

Industry data was reviewed for the annual salary range adjustment. An 3.25% adjustment for non-officers and 1.00% for merit were approved for recommendation to the full board

A 1.5% increase was recommended for COLA.

WP 8 p 1 of 5

CONFIDENTIAL

Special Director's Meeting

December 7, 2004

Reviewed consolidated financial results for ten months ended October 31, 2004. Resolved to pay a dividend.

Operating and Capital Budgets for 2005 were presented. The 2005 operating budget reflects revenues of \$112,108,709, and net income of \$3,362,323. The capital budget was \$11,113,300.

The compensation committee reported. Approved a 3.25% increase for all employees except officers and a 2% merit increase for non union employees except officers. Approved an increase in the pension by 1.5% payments. Increased executive compensation for the total of \$33,958 for three execs. Approved payments for directors.

Resolved to authorize the creation of a 401K plan for all newly hired employees, and agreeable collective bargaining units effective January 1, 2005. Company contribution of 3% that will not exceed a 50% match of up to 6% of the employees salary.

Special Directors' Meeting

February 1, 2005

Authorized the company to file a registration statement with the SEC for the inclusion of company common shared in the 401k Plan.

Special Directors' Meeting

March 1, 2005

Consideration was giving to the allocation of an additional 100,000 shares of treasure stock for the purpose of the Employee Stock Purchase Plan. Resolved to put this to the approval of the stockholders of the Company.

Dividend declared.

Resolution to reward each employee, excluding officers, a one-time sum of \$500 because of the 2004 successful fourth quarter and the hard work for two rate cases.

Incentive compensation for 2004 was approved for certain officers totaling \$63,000.

Annual Stockholders Meeting

May 10, 2005

One new director was nominated and elected (Paul Maddock, Jr).

Approved the Non Employee Director Compensation Plan.

Approved the proposal to increase the number of shares of common stock available under the Company' Employee Stock Purchase Plant by 100,000 treasure shares.

Appointed BDO Seidman and auditors for the Company.

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Board of directors nominated and approved (Ellen T. Benoit, J. English, R. Hitchins and Paul Maddock, Jr)

Audit Committee Meeting

May 9, 2005

The 10Q was reviewed and approved. "This was an uneventful quarter." Mr. Bachman stated that the company had established a quarterly disclosure meeting during which the senior management team meets to review all disclosure items, thus creating a further control.

The auditors stated that there were no problems or irregularities to report and were complementary regarding the company's quarterly disclosure meetings.

Special Directors' Meeting

June 14, 2005

Reviewed the consolidated financial results for the four months ended April 30, 2005. Officers elected to service for the ensuing year. Mr. English, Pres and CEO; Charles L. Stein, Sr. VP and COO; and George Bachman, CFO, Treasurer and Secretary.

Dividends approved. Appointed BDO Seidman as auditors.

Approved a new director for the vacant board seat. Troy W. Maschmeyer, Jr.

Special Directors' Meeting

July 7, 2005

Approved a 3 for 2 stock split, in the form of a stock dividend with shares to be issued on the basis of three shares of common stock for two shares of common stock outstanding.

Audit Committee Meeting

May 9, 2005

BDO Seidman issued an unqualified opinion for the quarter ending March 31, 2005.

Special Directors' Meeting

August 24, 2005

Established the number of BOD to six. Dennis S. Hudson, III was nominated and approved. Dividend declared.

Committee appointments.

Audit Committee, Dennis S. Hudson, Richard Hitching, Paul L Maddock.

Compensation Committee, Chairman Paul Maddock, jr. and members are Richard Hitchins, Troy W. Maschmeyer.

CONFIDENTIAL

Nominating and Corporate Governance committee, Ellen Benoit, Chair and Troy Maschmeyer member.

Executive Committee is John T. English, Chair; Richard Hitchins and Paul Maddock members.

Special Directors' Meeting
September 28, 2005

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Audit Committee
November 11, 2005

Reviewed and approved the draft of the 10Q. No reportable conditions relative to accounting principles or material weaknesses were found.

Special Directors' Meeting
December 6, 2005

Discussed the consolidated financial results for ten mos ended Oct. 31, 2005. Dividend Declared. Approved Operating Budget for 2006 which reflects revenues of \$150.418, net income of \$4,053 million. Approved capital budget of \$16,933. proposal to acquire property for the purpose of relocating the SF Ops Center approved. Approved the acquisition of new location and disposition of the property at the present Ops Center.

Approval annual salary range adjustment for 2006 for all employees except officers of 3.5% and 2% merit. Approved compensation for executive officers aggregating 79,121, \$32,565 for base and \$46,556 for incentive. Approved directors fee. Proposed amendment to the Pension Plan approved to bring into compliance.

Audit Committee
March 7, 2006

The 10-K was reviewed and approved. BDO said they would be issuing an unqualified opinion for year end 12/31/05. BDO Seidman was approved for audit of the year end 2006.

Compensation Committee
March 7, 2006

The compensation committee reviewed the incentive goals for the three officers of the company. It was recommended that \$83,929 additional compensation be awarded pending the entire board approval.

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CONFIDENTIAL

New officer agreements were reviewed and recommended that they be approved by the full board.

Special Directors' Meeting

March 7, 2005

Dividend declared. Approved the incentive compensation recommended by the compensation board. Approved the modifications to existing officer employment agreements.

President be empowered to commence negotiations with any underwriter deemed appropriate, for a public offering up to \$15,000,000 net proceeds for FPUC Common Stock, \$1.50 par value.

Annual Stockholders' Meeting

May 9, 2006

Annual report results were presented. Two directors were nominated and approved for a term to expire at 2009 Annual Meeting of Stockholders (Ellen Benoit and John English). The appointment of BDO Seidman as outside auditors was approved.

WP 8 85

