

MESSER CAPARELLO & SELF, P.A.

Attorneys At Law

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January 8, 2008

VIA ELECTRONIC MAIL


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

Dear Ms. Cole:

Enclosed for filing on behalf of Florida Public Utilities Company is an electronic version of Florida Public Utilities Company's Petition to Authorize the Use of Deferral Accounting and the Creation of a Regulatory Asset or Regulatory Liability to Record Charges or Credits that Would Have Otherwise Been Recorded in Equity Pursuant to the Balance Sheet Treatment Required by Statement of Financial Accounting Standards (SFAS) No. 158.

Thank you for your assistance with this filing.

Sincerely yours,


Norman H. Horton, Jr.

NHH/amb
Enclosure
cc: Ms Cheryl Martin

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition of Florida Public Utilities Company)
to authorize the use of deferral accounting and)
the creation of a regulatory asset or regulatory)
liability to record charges or credits that would)
have otherwise been recorded in equity pursuant)
to the balance sheet treatment required by Statement)
of Financial Accounting Standards (SFAS) No. 158)
_____)

Docket No. _____

Date Filed: January 8, 2008

PETITION

Florida Public Utilities Company ("Petitioner" or "Company") hereby petitions the Commission for authorization to use deferral accounting and to create a regulatory asset or regulatory liability to record charges or credits in its natural gas and electric divisions that would have otherwise been recorded in equity pursuant to the balance sheet treatment required by Statement of Financial Accounting Standards ("SFAS") No. 158 and, in support thereof, says:

1. The name and address of the principal business office of the Petitioner is:

Florida Public Utilities Company
401 South Dixie Highway
West Palm Beach, FL 33401

2. The name and address of the persons authorized to receive notices and communications with respect to this Petition are as follows:

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

Norman H. Horton, Jr.,
Messer, Caparello & Self, P. A.
2618 Centennial Place (32308)
Post Office Box 15579
Tallahassee, FL 32317

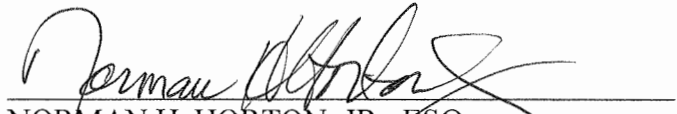
3. The Financial Accounting Standards Board issued SFAS No. 158, Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans (an amendment of SFAS Nos. 87, 88, 106 and 132R) in late September 2006. SFAS No. 158 changes the requirements for balance sheet treatment for pension costs and also requires similar balance sheet treatment for other postretirement benefits; previously, there was no minimum pension-type adjustment for other postretirement benefits. SFAS No. 158 does not change expense recognition for pension and other postretirement benefits. Florida Public Utilities Company respectfully requests that the Commission grant this Petition, in an expeditious manner, and authorize the use of deferral accounting and the creation of a regulatory asset or regulatory liability to record charges or credits that would have otherwise been recorded in equity pursuant to the balance sheet treatment required by SFAS No. 158. Additionally, to satisfy certain generally accepted accounting principle requirements related to regulatory assets and liabilities, Florida Public Utilities Company respectfully requests that the Commission acknowledge that if amounts represented by the establishment of regulatory assets or liabilities pursuant to this order were to be recognized in expense through a future SFAS No. 88 or SFAS No. 106 curtailment, settlement or termination event, the recognized costs would be includable as a cost of service for ratemaking and surveillance purposes, subject to the Commission's normal ability to review the amounts for reasonableness.

4. Exhibit A describes the journal entries that are required to comply with SFAS No. 158 and the journal entries for which Florida Public Utilities Company seeks the Commission's approval to create the regulatory asset or regulatory liability for its natural gas and electric divisions.

WHEREFORE, for the reasons cited, FPUC requests that the Commission grant the requested relief.

Dated this 8th day of January, 2008.

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NORMAN H. HORTON, JR., ESQ.
Attorneys for Florida Public Utilities Company

EXHIBIT A

Proposed Accounting Entries to Comply with FAS 158

The following journal entries would be made to record the unfunded liability for Pension, SERP and FAS 106. These unfunded liabilities represent the excess of the Projected Benefit Obligation (PBO – for Pension and SERP) and Accumulated Post-Retirement Benefit Obligation (APBO – for FAS 106) over the fair value of plan assets (pension plan only) and the recorded benefit liabilities currently on the books of the Company.

	<u>Dr.</u>	<u>Cr.</u>
219 Accumulated other comprehensive income (after tax)	X	
182 Regulatory tax asset-FAS 158 related (tax effect)	X	
228 Liabilities for pension/SERP benefits		X
228 Liability for other post-retirement benefits (FAS 106)		X

The following journal entries would be made to reclassify the after-tax amounts charged from Accumulated Other Comprehensive Income to a Regulatory Asset.

	<u>Dr.</u>	<u>Cr.</u>
182 Regulatory asset – benefit related	X	
219 Accumulated other comprehensive income		X