



MESSER CAPARELLO & SELF, P.A.

Attorneys At Law

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July 28, 2008

BY HAND DELIVERY

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

RECEIVED-FPSC
08 JUL 28 PM 2:47
COMMISSION
CLERK

Re: Docket Nos. 070300-EI and 070304-EI

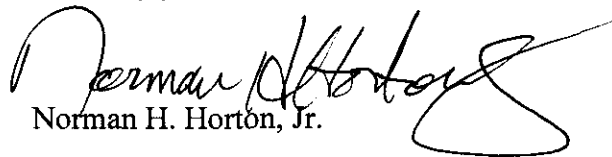
Dear Ms. Cole:

Pursuant to the requirements of Order No. PSC-08-0327-FOF-EI issued May 19, 2008, enclosed is a description of all entries or adjustments to the Annual Report, Earnings Surveillance Report, and books and records of Florida Public Utilities Company that will be required as a result of the decisions in this docket.

Copies of the summary have been provided to Staff and the Office of Public Counsel.

Should you have any questions, please do not hesitate to contact me.

Sincerely yours,



Norman H. Horton, Jr.

NHH/amb
Enclosure

cc: Martha Brown, Esq.
Mr. John Slemkewicz
Patricia Christensen, Esq.
Tracy W. Hatch, Esq. (without summary)
David A. Konuch, Esq. (without summary)
Susan Masterton, Esq. (without summary)
Ms. Cheryl M. Martin

DOCUMENT NUMBER-DATE
06534 JUL 28 08
FPSC-COMMISSION CLERK

SUMMARY OF REQUIRED ENTRIES AND ADJUSTMENTS

The following is a summary by item of the journal entries or effect on books and adjustments to our surveillance reports as a result of our recent electric rate proceeding in 2007. The surveillance report will reflect the adjustments as made on our books and accordingly will be in compliance automatically with commission-mandated entries. The items specifically mentioned under surveillance reports below have been adjusted within the surveillance report.

Cost of Capital

Surveillance Report:

Equity rate for the midpoint has been set at 11.00 percent with a range of 10.00 percent to 12.00 percent as approved.

See Surveillance report once filed with the PSC. At this time it has not been completed and filed.

Capitalization of Office Wall Construction

Books:

The books have been adjusted for the capitalization of the office wall construction. See attached **Exhibit 1** for copies of journal entries.

Surveillance Report:

Plant in service, Accumulated Depreciation, depreciation expense and Operation and Maintenance Expense has been adjusted to show the capitalization of the office wall construction.

See Surveillance report once filed with the PSC. At this time it has not been completed and filed.

**Florida Public Utilities Company
Consolidated Electric Division
Electric Rate Case
Dockets Nos. 070300-EI and 070304-EI
June 20, 2008**

Transfer of Trucks from FPUC's Water Division

Books:

Plant in Service, Accumulated Depreciation and Depreciation Expense have been corrected on the books for vehicles transferred at incorrect amounts. See attached **Exhibit 2** for copies of journal entries.

Surveillance Report:

Plant in Service, Accumulated Depreciation and Depreciation Expense have been adjusted for trucks transferred from the Water Division. See June 30, 2008 Earnings Surveillance report once filed with the PSC. At this time it has not been completed and filed.

Depreciation Rates

Books:

The new depreciation rates are effective 1/1/2008 and have been implemented on our books accordingly. See attached **Exhibit 3** for copies of journal entries.

See **Exhibit 4** for journal entry relating to accumulated reserve transfers required as result of our depreciation study, and a copy of the new rates effective 1/1/2008 for depreciation expense.

Rate Case Expenses

Books:

Amortization of rate case expenses for four years. See **Exhibit 5** for journal entry recording first month expense for rate case amortization.

Surveillance Report:

One half of the unamortized authorized balance in the electric rate case expense account (100.1860.1, sub-ledger 36164), at the time of reporting will be included as part of working capital.

See June 30, 2008 Surveillance Report once filed with the PSC for proof of adjustment eliminating one half of the unamortized rate case expense. At this time it has not been completed and filed.

Florida Public Utilities Company
Consolidated Electric Division
Electric Rate Case
Dockets Nos. 070300-EI and 070304-EI
June 20, 2008

Prepaid Insurance

Surveillance Report:

The prepaid insurance working capital allocation of Prepaid Expenses has been adjusted based on payroll and not gross profit. See June 30, 2008 Earnings Surveillance Report once filed with the PSC. At this time it has not been completed and filed.

Florida Public Utilities Company
Consolidated Electric Division
Electric Rate Case
Dockets Nos. 070300-EI and 070304-EI
June 20, 2008

EXHIBIT 1

COPY

JOURNAL ENTRY HEADER

BATCH TYPE (M/S) **M** ACCT YEAR **2008** PERIOD **5**
 JOURNAL NUMBER _____
 COMPANY **001** BATCH NO. _____
 REFERENCE **5.** SOURCE **JE**
 DESCRIPTION: **RATE CASE ADJUST** AUTO ACCRUAL? **0**

JE DESCRIPTION:	JE# 5.
	YR / PD '08 / 5
ADJUST FOR PSC RECLASS FROM EXPENSE TO CAPITAL OF COSTS FOR THE CONSTRUCTION OF A WALL IN NW ELECTRIC. PSC REVIEW WAS CONDUCTED DURING 2007 ELECTRIC RATE CASE - ISSUE 38.	
ALSO INCLUDES 1/1/07 THROUGH 5/31/08 DEPRECIATION EXPENSE - INCLUDED ON THIS JE SINCE INITIATED DUE TO ABOVE PSC ADJUSTMENT.	

ACCOUNT NUMBER	AMOUNT		DESCRIPTION	SUBLDG. NUMBER
	DEBIT	CREDIT		
001.1.4.1010.390	2,219.00			
001.1.4.4020.935		2,219.00		
001.1.4.4030.1	99.85			
001.1.4.1080.390		99.85		

COPY

PAGE	THIS PAGE TOTAL	2,318.85	2,318.85	PREPARED BY	INITIALS	DATE
					JVMJ	6/4/2008
1 OF 1	J.E. TOTALS	2,318.85	2,318.85	APPROVED BY		
				ENTERED BY		
				CHECKED BY		
				POSTED BY		

FIXED ASSET ADDITIONS

Copy: 9726

ASSET #

9726-6

G = Computer will Generate Asset Number

ASSET TYPE:

A - ACTIVE

I - INACTIVE

N - NON-DEPRECIABLE

BASE DATA:

Asset Description:

WALL AT ADMIN. ASSISTANT LOCATION

Accounting Location:

0 0 1 . 1 . 4 . 3 9 0 0 . 0 0 0 1

Physical Location:

0 1 . 0 4 . 0 4 0 . 0 0 0 1

Acquisition Code:

P (Always "P")

Purchase Price: \$

2,219.00

Serial Number:

Quantity:

1

Asset Descriptive Text :

FPSC ADJUSTMENT DURING 2007 RATE CASE - INITIALLY EXPENSED

USER DATA:

Vintage Yr:

Tag Number:

IR Number:

Alternative ID#:

Other:

CORPORATE BOOK DATA:

Installation Date:

0 3 / 1 5 / 0 6

Asset Life:

9 9 1 1

Depreciation Table:

TAX BOOK DATA:

ACRS Class:

Guideline Class:

JIM MESITE

6/4/2008

JIM MESITE

6/4/2008

PREPARED BY AND DATE

APPROVED BY AND DATE

ENTERED BY AND DATE

CHECKED BY AND DATE

CHECKED TO INVOICE BY AND DATE

SHADED AREAS - FOR ACCOUNTING USE ONLY

**Florida Public Utilities Company
T-Account Analysis**

Explanation: In connection with 2007 Electric Rate Case, Miami PSC determined that the construction of a wall in Northwest Florida was expensed when it should have been capitalized. The PSC computed the Cost basis, change in 2006 Depreciation Expense, change in 12/31/06 Reserve Balance, and 2006 Maintenance Expense. This adjustment is to bring books in line with that used in for the Rate Case. This entry booked May 2008.

No.	Description	Date	Account	Amt. Dr./(Cr.)
1	Basis for Wall: Per Miami #8 [@12/06]	12/06	114.1010.390	2,219.00
		12/06	114.4020.935	(2,219.00)
2	Depr. Reserve & Expense: Adjust Per Miami #8 [@12/06]	12/06	114.1080.390	(36.98)
		12/06	114.4030.1	36.98
3	Adjust Annual Depr. Exp.[@12/07]: \$2,219 X 2.0% = 44.38	12/07	114.1080.390	(44.38)
		12/07	114.4030.1	44.38
4	Adjust Depr. Exp.1/1/08-5/31/08: \$2,219 X 2.0% x 5/12 =	5/08	114.1080.390	(18.49)
		5/08	114.4030.1	18.49

114.1010.390[3900.0001]				114.4020.935			
No.	BAL	DR.	CR.	No.	BAL	DR.	CR.
1	2,219.00	2,219.00		1	#####		2,219.00
	-				-		
	-				-		
	-				-		
	-				-		
	-				-		
	-				-		
	-				-		
	-				-		
	-				-		
	-				-		
	-				-		

114.1080.390				114.4030.1			
No.	BAL	DR.	CR.	No.	BAL	DR.	CR.
2	(36.98)		36.98	2	36.98	36.98	
3	(81.36)		44.38	3	81.36	44.38	
4	(99.85)		18.49	4	99.85	18.49	
	-				-		
	-				-		
	-				-		
	-				-		
	-				-		
	-				-		
	-				-		
	-				-		
	-				-		

Acct.				Acct.			
No.	BAL	DR.	CR.	No.	BAL	DR.	CR.
	-				-		
	-				-		
	-				-		
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	-				-		

Acct.				Acct.			
No.	BAL	DR.	CR.	No.	BAL	DR.	CR.
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	-				-		

FLORIDA PUBLIC UTILITIES COMPANY
 DOCKET NO. 070304-EI
 13-MONTH AVERAGE RATE BASE
 DECEMBER 2008 TEST YEAR

SCHEDULE 1

Issue No.	Adjusted per Company Commission Adjustments	Plant in Service 81,437,513	Accumulated Depreciation (37,180,863)	Net Plant in Service 44,256,650	CWIP 75,000	Plant Held for Future Use 0	Net Plant 44,331,650	Working Capital (1,310,654)	Total Rate Base 43,020,996
17-S	Wood Pole Replacement	20,000	(385)	19,615			19,615		19,615
32	Dropped	--	--	--	--	--	--	--	--
34	Dropped	--	--	--	--	--	--	--	--
35-S	Missing Invoices	0	0	0			0		0
36-S	Office Wall	2,219	(102)	2,117			2,117		2,117
37-S	Transformer Pad	0	0	0			0		0
38	Fall Out - Plant in Service			0			0		0
39	Dropped	--	--	--	--	--	--	--	--
40-S	Plant Retirements	0	0	0			0		0
41-S	Water Division Trucks	22	(1,373)	(1,351)			(1,351)		(1,351)
42	2007 Depreciation Study		(58,292)	(58,292)			(58,292)		(58,292)
43	Fall Out - Depreciation		162,633	162,633			162,633		162,633
44-S	Included in 42 (Common Plant)	--	--	--	--	--	--	--	--
45	Dropped	--	--	--	--	--	--	--	--
46	Cash			0			0	0	0
47-S	Special Deposits			0			0	(317,836)	(317,836)
48	Accounts Receivable			0			0	(1,030,667)	(1,030,667)
49-S	Uncollectible Accounts			0			0	(7,986)	(7,986)
50-S	Pension Liability			0			0	0	0
51-S	Reg. Asset - Retirement Plan			0			0	0	0
52-S	Prepaid Insurance			0			0	(37,779)	(37,779)
53	Unbilled Revenue			0			0	(88,808)	(88,808)
54	Temporary Services			0			0	(26,961)	(26,961)
55	Over/Under Recoveries			0			0	(1,143,377)	(1,143,377)
56-S	Other Special Funds			0			0	0	0
57	Accrued Interest - Cust. Dep.			0			0	(10,178)	(10,178)
58	Rate Case Expense			0			0	(304,836)	(304,836)
59	Storm Damage Reserve			0			0	32,259	32,259
60	Fall Out - Working Capital			0			0		0
90	Moving Expenses			0			0		0
--	Total Commission Adjustments	22,241	102,481	124,722	0	0	124,722	(2,936,169)	(2,811,447)
61	Commission Adjusted Rate Base	81,459,754	(37,078,382)	44,381,372	75,000	0	44,456,372	(4,246,823)	40,209,549

AUDIT FINDING NO. 8

SUBJECT: OFFICE WALL

AUDIT ANALYSIS: Marianna's account 935, Maintenance of General Plant, included \$2,219 to construct a wall in the office in March 2006. The account was trended up using inflation and customer growth of 103.4% in 2007 and 103.5% in 2008 for a total of \$2,375. This amount should be capitalized in account 114.1010.39, Structures and Improvements and depreciated at 2%

MONTH	PLANT BALANCE	DEPRECIATION EXPENSE	ACCUMULATED DEPRECIATION
MARCH	2,219.00	3.70	3.70
APRIL	2,219.00	3.70	7.40
MAY	2,219.00	3.70	11.10
JUNE	2,219.00	3.70	14.79
JULY	2,219.00	3.70	18.49
AUGUST	2,219.00	3.70	22.19
SEPTEMBER	2,219.00	3.70	25.89
OCTOBER	2,219.00	3.70	29.59
NOVEMBER	2,219.00	3.70	33.29
DECEMBER	2,219.00	3.70	36.98
TOTAL	<u>22,190.00</u>	<u>36.98</u>	
13-MONTH AVERAGE	<u>1,706.92</u>	<u>2.84</u>	<u>15.65</u>

EFFECT ON THE GENERAL LEDGER: The following entry should be made:

	DEBIT	CREDIT
Depreciation Expense	37	
Plant	2,219	
Accumulated Depreciation		37
Retained Earnings		2,219

EFFECT ON THE FILING: Expenses in 2008 should be reduced by \$2,375. Plant in 2006 should be increased by the average of \$1,707. Average accumulated depreciation should be increased by \$16. Depreciation expense should be increased by \$37.

1 **Audit Finding No. 6**

2 Audit Finding No. 6 discusses a customer survey. In 2006, the utility charged
3 account 916, Miscellaneous Sales expenses, \$25,600 for a customer survey. The costs
4 were split equally between Marianna and Fernandina. The account was trended up using
5 inflation and customer growth of 103.4% in 2007 and 103.5% in 2008 or a total of
6 \$27,397. The utility plans to continue doing surveys in the future but they may not be as
7 extensive as this one and may cost less. Continuing surveys may only address one aspect
8 of customer service as opposed to the extensive approach used in this one.

9 Schedule C-7, Operation and Maintenance Expenses, for 2008 shows less in the
10 account due to a credit that was posted to the wrong account as described in the audit
11 finding on public relations costs.

12 The Commission may decide to amortize costs that are not recurring over the
13 estimated period the new rates will be in effect which would reduce expenses.

14 **Audit Finding No. 7**

15 Audit Finding No. 7 discusses Opportunity Florida. Marianna account 930.23,
16 Economic Development expense, includes \$5,000 for membership dues to Opportunity
17 Florida. The utility joined this organization for networking opportunities with other
18 industries. The 930.23 account was trended up using inflation and customer growth of
19 103.4% in 2007 and 103.5% in 2008 or a total of \$5,351. If the Commission does not
20 determine that the membership benefits the customers, these costs should be removed.

21 **Audit Finding No. 8**

22 Audit Finding No. 8 discusses office construction. Marianna's account 935,
23 Maintenance of General Plant, includes \$2,219 to construct a wall in the office in March
24 2006. The account was trended up using inflation and customer growth of 103.4% in
25 2007 and 103.5% in 2008 for a total of \$2,375. This amount should be capitalized in

1 Structures and Improvements and depreciated at 2%. I recommend that expenses in 2008
2 should be reduced by \$2,375, Plant in 2006 should be increased by the average of \$1,707,
3 average accumulated depreciation should be increased by \$16, and Depreciation expense
4 should be increased by \$37.

5 **Audit Finding No. 9**

6 Audit Finding No. 9 discusses travel expenses. Marianna's account 588.2, Other
7 Distribution Expense, includes \$677.69 of airline expenses for the wife of its safety
8 contractor. This account was trended up by payroll and customer growth of 106.8% in
9 2007 and 106.8% in 2008 for a total of \$773. Because this is not a utility expense, I
10 recommend that expenses should be reduced by \$773 in 2008.

11 **Audit Finding No. 10**

12 Audit Finding No. 10 discusses a transformer pad. Fernandina's account 595.3,
13 Maintenance of Transformers, includes \$2,400 to remove a pad and set a new
14 transformer at the Ritz Carlton Hotel in August 2006. The account was trended up using
15 payroll and customer growth of 106.8% in 2007 and 106.8% in 2008 for a total of \$2,738.
16 This amount should be capitalized to account 115.1010.368 and depreciated at 4.2%. I
17 recommend that expenses should be reduced by \$2,738 in 2008, Plant in 2006 should be
18 increased by the average of \$923, average accumulated depreciation should be increased
19 by \$10, and Depreciation expense should be increased by \$42.

20 **Audit Finding No. 11**

21 Audit Finding No. 11 discusses moving expenses. The utility paid moving
22 expenses for the new Division Manager. A deposit on a rental house and two months rent
23 were paid in January 2006. The total costs for this expense report were \$3,734.21.
24 Moving costs may not be recurring. The Commission may decide to amortize costs that
25 are not recurring over the estimated period the new rates will be in effect which would

Docket Nos. 070300-EI, 070304-EI

Date: April 14, 2008

Issue 34: DROPPED. Number retained for continuity.

APPROVED STIPULATION

Issue 35: Should Plant in Service, Accumulated Depreciation and Depreciation Expense be reduced to reflect missing invoices?

Position: Supporting documentation was provided by FPUC subsequent to the audit. No adjustments are necessary.

APPROVED STIPULATION

Issue 36: Should Plant in Service, Accumulated Depreciation, Depreciation Expense and Operation and Maintenance Expense be adjusted to capitalize construction of an office wall?

Position: Yes. Plant in Service shall be increased by \$1,707 for 2006 and by \$2,219 for 2008. Depreciation expense shall be increased by \$36 for 2006 and by \$44 for 2008. The 13-month average accumulated depreciation shall be increased by \$15 for 2006 and by \$102 for 2008. Maintenance expense shall be reduced by \$2,219 for 2006 and by \$2,375 for 2008, as reflected in issue 79.

APPROVED STIPULATION

Issue 37: Should Plant in Service, Accumulated Depreciation, Depreciation Expense and Operation and Maintenance Expense be adjusted to capitalize construction of a transformer pad?

Position: A transformer pad is not a retirement unit. The Company properly accounted for the change-out as an expense. No adjustment is necessary.

Florida Public Utilities Company
Consolidated Electric Division
Electric Rate Case
Dockets Nos. 070300-EI and 070304-EI
June 20, 2008

EXHIBIT 2

COPY

JOURNAL ENTRY HEADER

BATCH TYPE (M/S) **M** ACCT YEAR **2008** PERIOD **5**

JOURNAL NUMBER _____

COMPANY **001** BATCH NO. _____

REFERENCE **5.** SOURCE **JE**

DESCRIPTION: **RATE CASE ADJUST** AUTO ACCRUAL? **0**

JE DESCRIPTION:	JE# 5.
	YR / PD '08 / 5
ADJUST FOR PSC RECALCULATION OF GAIN ON VEHICLES TRANSFERRED FROM WATER DISCOVERED DURING 9/06 TAGGABLE INVENTORY. PSC REVIEW WAS CONDUCTED DURING 2007 ELECTRIC RATE CASE - ISSUE 41. ALSO INCLUDES 1/1/07 THROUGH 5/31/08 DEPRECIATION EXPENSE - INCLUDED ON THIS JE DUE TO INSIGNIFICANT AMOUNT, \$2.97.	

ACCOUNT NUMBER	AMOUNT		DESCRIPTION	SBLDNG. NUMBER
	DEBIT	CREDIT		
001.1.5.1010.3922	6.15		Add to A/N 16952	
001.1.5.1010.3922	16.15		Add to A/N 16953	
001.1.5.1080.3922	4,056.95			
001.1.5.1840.1	4,467.50			
001.0.0.4210.3		8,546.75		

COPY

PAGE 1 OF 1	THIS PAGE TOTAL	8,546.75	8,546.75	PREPARED BY	INITIALS	DATE
	J.E. TOTALS	8,546.75	8,546.75	APPROVED BY	JVMJ	6/4/2008
				ENTERED BY		
				CHECKED BY		
				POSTED BY		

TRANSPORTATION EQUIPMENT ADD/CHANGE DATA SHEET

FPUC: FLO-GAS: DIVISION: NORTHEAST ELECT
 ADDITION: REASSIGNED (SAME LOCATION): TRANSFER(NEW LOCATION): RETIRE:

VEHICLE #: 1751 **IS #** _____ **FA ASSET #:** ^{COPY} 16952 ₁₆₉₅₂
(3 DIGIT TAG #) (5 DIGIT #)

Model Year: 1999 **Description:** FORD F-150 PICKUP TRUCK
(INCLUDE MAJOR ADD-ONS AND ACCESSORIES)

If Transferred / Reassigned / Retired, Vehicle is currently Assigned To: _____ by Daily Tickets or Fixed Charges

VEHICLE ADDITIONS (ADDING NEW VEHICLE)

VIN Number: 1FTZX1720XNB03206 **Installation Date:** 7/1/99 **FL Tag # - Plate:** GBP381
(PLEASE VERIFY FOR ACCURACY) (MONTH / DAY / YEAR) (ID # Field)

Accounting Location: 001.1.5.3922 **Asset Type:** A

Physical Location: 01.05 **Acquisition Code:** ADD <<<<<

Actual Cost: \$ 6,150 **Quantity:** 1 [TOTAL COST SHOULD BE 19,410.51]

Asset Descriptive Text : (if needed) RETIRED IN WATER SALE. FOUND 9/30/08 DURING PHYSICAL INVENTORY.
ADDITIONAL \$6.15 DUE TO PSC RATE CASE AUDIT

IR Number: 20176 **Weight:** _____ **Asset Life:** 9900 **Depreciation Table:** _____
(OTHER Field)

ACRS Class: _____ **Guideline Class:** _____ **Memo:** _____

Vehicle To Be Assigned To: _____ : **Div:** NE PROPANE **Charged by:** _____ Daily Tickets or Fixed Charges

If This Vehicle is a Replacement, Old Vehicle is to be: Retired (Fill out Retirement, Below) Reassigned (Fill out Reassignment / Transfer, Below)

VEHICLE TRANSFER

Vehicle #, if different from above: _____ **New IS #:** _____

New Accounting Location: 00

New Physical Location: 01 **Transfer Date:** _____

Vehicle To Be Assigned To: _____ : **Div:** _____ **Charged by:** _____ Daily Tickets or Fixed Charges

VEHICLE REASSIGNED

Vehicle #, if different from above: _____ **Reassignment Date:** _____

Vehicle To Be Assigned To: _____ : **Div:** _____ **Charged by:** _____ Daily Tickets or Fixed Charges

VEHICLE RETIRED

Vehicle #, if different from above: _____ **Retirement Date:** _____

ADD				FIXED CHARGES				DELETE			
Vehicle	G/L Account Number	%	Hours	Vehicle	G/L Account Number	%	Hours	Vehicle	G/L Account Number	%	Hours

Prepared By / Date: JIM MESITE 6/4/08 Approved By / Date: JIM MESITE 6/4/08
 Gen. Acct. / Date: _____ IS / Date: _____ INDICATES ACCOUNTING USE

TRANSPORTATION EQUIPMENT ADD/CHANGE DATA SHEET

FPUC: FLO-GAS: DIVISION: NORTHEAST ELECT
 ADDITION: REASSIGNED (SAME LOCATION): TRANSFER (NEW LOCATION): RETIRE:

VEHICLE #: 1756 **IS #:** _____ **FA ASSET #:** 16953 COPY 16953
(3 DIGIT TAG #) (5 DIGIT #) (INCLUDE MAJOR ADD-ONS AND ACCESSORIES)
Model Year: 2000 **Description:** FORD F-150 PICKUP TRUCK
 If Transferred / Reassigned / Retired, Vehicle is currently Assigned To: _____ by Daily Tickets or Fixed Charges

VEHICLE ADDITIONS (ADDING NEW VEHICLE)

VIN Number: 1FTZX1729YNC10935 Installation Date: 7/1/00 FL Tag # - Plate: GBP445
(PLEASE VERIFY FOR ACCURACY) (MONTH / DAY / YEAR) (ID # Field)
 Accounting Location: 001.15.3922 Asset Type: A
 Physical Location: 01.05 Acquisition Code: INV
 Actual Cost: \$ 20,150 Quantity: 1 [TOTAL COST SHOULD BE 20,098.6]
 Asset Descriptive Text: (if needed) RETIRED IN WATER SALE. FOUND 9/30/06 DURING PHYSICAL INVENTORY.
ADDITIONAL \$16.15 DUE TO PSC RATE CASE AUDIT
 IR Number: 20328 Weight: _____ Asset Life: 9900 Depreciation Table: _____
(OTHER Field)
 ACRS Class: _____ Guideline Class: _____ Memo: _____
 Vehicle To Be Assigned To: _____ : Div: NE PROPANE Charged by: _____ Daily Tickets or Fixed Charges
 If This Vehicle is a Replacement, Old Vehicle is to be: Retired (Fill out Retirement, Below) Reassigned (Fill out Reassignment / Transfer, Below)

VEHICLE TRANSFER Vehicle #, if different from above: _____ New IS #: _____

New Accounting Location: 00
 New Physical Location: 01 Transfer Date: _____
 Vehicle To Be Assigned To: _____ : Div: _____ Charged by: _____ Daily Tickets or Fixed Charges

VEHICLE REASSIGNED Vehicle #, if different from above: _____ Reassignment Date: _____

Vehicle To Be Assigned To: _____ : Div: _____ Charged by: _____ Daily Tickets or Fixed Charges

VEHICLE RETIRED Vehicle #, if different from above: _____ Retirement Date: _____

ADD			FIXED CHARGES		DELETE		
Vehicle	G/L Account Number	%	Hours	Vehicle	G/L Account Number	%	Hours

Prepared By / Date: JIM MESITE 6/4/08 Approved By / Date: JIM MESITE 6/4/08
 Gen. Acct. / Date: _____ IS / Date: _____



**Florida Public Utilities Company
T-Account Analysis**

Explanation: In connection with 2007 Electric Rate Case, Miami PSC determined that the gain on two trucks found during a 2006 inventory were not accounted for correctly. The PSC re-computed the Cost basis (failed to include certain immaterial refunds of initial cost), change in 2006 Depreciation Expense, change in 12/31/06 Reserve Balance, and 2006 Gains. This adjustment is to bring books in line with that used in for the Rate Case. This entry booked May 2008.

No.	Description	Date	Account	Amt. Dr./ (Cr.)
1	Truck 1 - Basis: Increase in basis - did not consider cost refunds: Pass! Per Miami #2 [@12/06]	12/06	115.1010.3922	6.15
2	Truck 2 - Basis: Increase in basis - did not consider cost refunds: Pass! Per Miami #2 [@12/06]	12/06	115.1010.3922	16.15
3	Depr. Reserve: Adjust Per Miami #2 [@12/06]	12/06	115.1080.3922	4,059.92
4	Adjust Annual Depr. Exp. [@12/06] Per Miami #2	12/06	115.1840.1	4,464.53
5	Adjust to R.E. [@12/06] - 2008 Gain: Adjust Per Miami #2	12/06	100.4210.3	(8,546.75)
6	Depr. Expense for 2007: \$22.30 x 11.3% = 2.52.	12/07	115.1840.1	2.52
		12/07	115.1080.3922	(2.52)
7	Depr. Expense, 1/1/08-5/31/08: \$22.30 X 4.9% X 5/12 = .45	5/08	115.1840.1	0.45
		5/08	115.1080.3922	(0.45)

115.1010.3922			
No.	BAL	DR.	CR.
1	6.15	6.15	
2	22.30	16.15	
	-		
	-		
	-		
	-		
	-		
	-		
	-		

115.1080.3922			
No.	BAL	DR.	CR.
3	4,059.92	4,059.92	
6	4,057.40		2.52
7	4,056.95		0.45
	-		
	-		
	-		
	-		
	-		
	-		

100.4210.3			
No.	BAL	DR.	CR.
5	(8,546.75)		8,546.75
	-		
	-		
	-		
	-		
	-		
	-		
	-		
	-		

115.1840.1			
No.	BAL	DR.	CR.
4	4,464.53	4,464.53	
6	4,467.05	2.52	
7	4,467.50	0.45	
	-		
	-		
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Acct.			
No.	BAL	DR.	CR.
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Acct.			
No.	BAL	DR.	CR.
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Acct.			
No.	BAL	DR.	CR.
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Acct.			
No.	BAL	DR.	CR.
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FLORIDA PUBLIC UTILITIES COMPANY
 DOCKET NO. 070304-EI
 13-MONTH AVERAGE RATE BASE
 DECEMBER 2008 TEST YEAR

SCHEDULE 1

Issue No.	Adjusted per Company Commission Adjustments	Plant in Service	Accumulated Depreciation	Net Plant in Service	CWIP	Plant Held for Future Use	Net Plant	Working Capital	Total Rate Base
		81,437,513	(37,180,863)	44,256,650	75,000	0	44,331,650	(1,310,654)	43,020,996
17-S	Wood Pole Replacement	20,000	(385)	19,615			19,615		19,615
32	Dropped	---	---	---	---	---	---	---	---
34	Dropped	---	---	---	---	---	---	---	---
35-S	Missing Invoices	0	0	0			0		0
36-S	Office Wall	2,219	(102)	2,117			2,117		2,117
37-S	Transformer Pad	0	0	0			0		0
38	Fall Out - Plant in Service			0			0		0
39	Dropped	---	---	---	---	---	---	---	---
40-S	Plant Retirements	0	0	0			0		0
41-S	Water Division Trucks	22	(1,373)	(1,351)			(1,351)		(1,351)
42	2007 Depreciation Study		(58,292)	(58,292)			(58,292)		(58,292)
43	Fall Out - Depreciation		162,633	162,633			162,633		162,633
44-S	Included in 42 (Common Plant)	---	---	---	---	---	---	---	---
45	Dropped	---	---	---	---	---	---	---	---
46	Cash			0			0	0	0
47-S	Special Deposits			0			0	(317,836)	(317,836)
48	Accounts Receivable			0			0	(1,030,667)	(1,030,667)
49-S	Uncollectible Accounts			0			0	(7,986)	(7,986)
50-S	Pension Liability			0			0	0	0
51-S	Reg. Asset - Retirement Plan			0			0	0	0
52-S	Prepaid Insurance			0			0	(37,779)	(37,779)
53	Unbilled Revenue			0			0	(88,808)	(88,808)
54	Temporary Services			0			0	(26,961)	(26,961)
55	Over/Under Recoveries			0			0	(1,143,377)	(1,143,377)
56-S	Other Special Funds			0			0	0	0
57	Accrued Interest - Cust. Dep.			0			0	(10,178)	(10,178)
58	Rate Case Expense			0			0	(304,836)	(304,836)
59	Storm Damage Reserve			0			0	32,259	32,259
60	Fall Out - Working Capital			0			0		0
90	Moving Expenses			0			0		0
---	Total Commission Adjustments	22,241	102,481	124,722	0	0	124,722	(2,936,169)	(2,811,447)
61	Commission Adjusted Rate Base	81,459,754	(37,078,382)	44,381,372	75,000	0	44,456,372	(4,246,823)	40,209,549

AUDIT FINDING NO. 2

SUBJECT: TRUCKS TRANSFERRED FROM WATER

AUDIT ANALYSIS: The utility's Plant in Service includes two trucks transferred from its water company, which was sold in March 2003, a 1999 Ford 150 and a 2000 Ford. The transaction occurred in September 2006 when the trucks were discovered during the inventory.

When the electric company booked the acquisition of the trucks, it recorded the difference between the original cost and the accumulated depreciation as a gain. Since the vehicles were transferred to electric plant, the company applied the electric depreciation rate in calculating the depreciation expense from the time the trucks were purchased to the time they were transferred.

The audit recalculation of the depreciation expense revealed a different amount than the company's amount as of December 2006. Below is staff's recalculation of the depreciation expense for the trucks.

1999 Ford Truck (Truck 1)					
		1999	2002		
Depreciation Rate		4.70%	11.30%		
Actual cost		19,410.51			
Date	Depreciation Base	Depreciation Rate	Yearly Depreciation	Book Value	
Jul-99	19,410.51	4.70%	456.15	18,954.36	BAL
Dec-00	19,410.51	4.70%	912.29	18,042.07	
Dec-01	19,410.51	4.70%	912.29	17,129.78	
Dec-02	19,410.51	11.30%	2,193.39	14,936.39	
Dec-03	19,410.51	11.30%	2,193.39	12,743.00	
Dec-04	19,410.51	11.30%	2,193.39	10,549.61	
Dec-05	19,410.51	11.30%	2,193.39	8,356.22	← 11,054.29
Dec-06	19,410.51	11.30%	2,193.39	6,162.84	
Total Accumulated Dep.			13,247.67		

2000 Ford Truck (Truck 2)					
		1999	2002		
Depreciation Rate		4.70%	11.30%		
Actual cost		20,098.60			
Date	Depreciation Base	Depreciation Rate	Yearly Depreciation	Book Value	
Jul-00	20,098.60	4.70%	472.32	(472.27)	BAL
Dec-01	20,098.60	4.70%	944.63	(1,416.90)	
Dec-02	20,098.60	11.30%	2,271.14	(3,688.05)	
Dec-03	20,098.60	11.30%	2,271.14	(5,959.19)	
Dec-04	20,098.60	11.30%	2,271.14	(8,230.33)	
Dec-05	20,098.60	11.30%	2,271.14	(10,501.47)	←
Dec-06	20,098.60	11.30%	2,271.14	(12,772.61)	
Total Accumulated Depr.			12,772.66		

Recalculated Accumulated Depr.	Truck 1 Above	13,247.67
	Truck 2 Above	12,772.66
		<u>26,020.33</u>
Company's Accumulated Depr.	Truck 1	(15,897.02)
	Truck 2	(14,183.23)
		<u>(30,080.25)</u>
Difference		(4,059.92)

EFFECT ON THE GENERAL LEDGER: The following journal entries should be made to correct the utility's general ledger balances. (See the differences on page 8 for explanation.)

Truck 1
 Plant
 Depreciation Expense 2,193.39
 Accumulated Depreciation ① 2,623.65
 Retained Earnings 4,848.89

Truck 2
 Plant
 Depreciation Expense 2,271.14
 Accumulated Depreciation ① 1,603.57
 Retained Earnings 3,697.86

EFFECT ON THE FILING: The plant 13-month average should be increased by \$22.30. The accumulated depreciation 13-month average should be reduced by \$14,532.41 (7,259.59 + 7,273.02). Depreciation expense should be increased by \$4,464.53. See attached schedule for the calculation of these adjustments.

13-Month Average Effect 2006

DEPR. RESERVE !

	<u>Truck 1</u>			<u>Truck 2</u>		
	<u>Per Staff</u>	<u>Company</u>	<u>Diff.</u>	<u>Per Staff</u>	<u>Company</u>	<u>Diff.</u>
Beginning Balance	11,054.29		11,054.29	10,501.52		10,501.52
Jan-06	11,237.07		11,237.07	10,690.78		10,690.78
Feb-06	11,419.85		11,419.85	10,880.04		10,880.04
Mar-06	11,602.63		11,602.63	11,069.30		11,069.30
Apr-06	11,785.41		11,785.41	11,258.57		11,258.57
May-06	11,968.20		11,968.20	11,447.83		11,447.83
Jun-06	12,150.98		12,150.98	11,637.09		11,637.09
Jul-06	12,333.76		12,333.76	11,826.35		11,826.35
Aug-06	12,516.54		12,516.54	12,015.61		12,015.61
Sep-06	12,699.33	15,897.02	(3,197.69)	12,204.87	14,183.23	(1,978.36)
Oct-06	12,882.11	15,897.02	(3,014.91)	12,394.14	14,183.23	(1,789.09)
Nov-06	13,064.89	15,897.02	(2,832.13)	12,583.40	14,183.23	(1,599.83)
Dec-06	13,247.67	15,897.02	① 2,649.35	12,772.66	14,183.23	① 1,410.57
13-Month Average	12,150.98	4,891.39	7,259.59	11,637.09	4,364.07	7,273.02

~~2,649.35 + 1,410.57 = 4,059.92~~
 ✓
 ①

Truck 1			
Per Company			
Plant		19,404.36	
	Accumulated Depreciation		15,897.02
	Gain		3,507.34
Per Staff			
Plant		19,410.51	
Dep Exp		2,193.39	
	Accumulated Depreciation		13,247.67 p.8
	Retained Earnings		8,356.23
Adjustments p.9			
Plant		6.15	
Dep Exp		2,193.39	
	Accu Dep	2,649.35	
	Retained Earnings		<u>4,848.89</u>
Truck 2			
Per Company			
Plant		20,082.45	
	Accumulated Depreciation		14,183.23
	Gain		5,899.22
Per Staff			
Plant		20,098.60	
Dep Exp		2,271.14	
	Accumulated Depreciation		12,772.66 p.8
	Retained Earnings		9,597.08
Adjustments p.9			
Plant		16.15	
Dep Exp		2,271.14	
	Accumulated Depreciation	1,410.57	
	Retained Earnings		<u>3,697.86</u>
Total Adjustments			
Plant		22.30	p. 9
Depreciation Expense		4,464.53	p. 9
	Accumulated Depreciation	4,059.92	p. 8

~~PLANT~~ - ABOVE (8,546.75)
 ADJ. RET EARN
 ADJ. DEPR. EXP. - ABOVE 4,464.53
 NET ADJ'L GAIN (4,082.22)

1 uncollectible amounts to revenue. We recalculated regulatory assessment fees and
2 reconciled them to the general ledger. We reviewed the property tax bills and determined
3 whether the amount booked reflects the discount amount. We compared the percent of
4 payroll tax to total salaries for reasonableness. We recalculated depreciation expense for
5 the period using Commission approved rates.

6 For capital structure, we reconciled the individual components of capital structure
7 to balances in the utility's general ledger as of December 31, 2006. We recalculated the
8 overall weighted cost of capital for the test year ended 2006. We compared actual debt
9 balances and interest rates to the original loan agreements. We compared actual deferred
10 tax balances to the taxes. We reconciled the common equity components and the
11 investment tax credit components and recalculated the investment tax credit rate. We
12 compared actual deposits to the utility records.

13

14 Q. Please review the audit findings in the audit report that are you are testifying on.

15 A. Audit Finding No. 1

16 Audit Finding No. 1 discusses missing invoices. The utility was unable to provide
17 invoices and supporting documentation for several of the sample items. Because the
18 utility was unable to support these items, they should be removed from rate base. The
19 plant 13-month average should be reduced by \$900,539.37, to remove these items. The
20 accumulated depreciation 13-month average should be reduced by \$125,449.15. The
21 depreciation expense should be reduced \$43,391.26.

22 Audit Finding No. 2

23 Audit Finding No. 2 discusses trucks transferred from the water division. The
24 utility's Plant in Service includes two trucks transferred from its water company, which
25 was sold in March 2003, a 1999 Ford 150 and a 2000 Ford. The transaction occurred in

1 September 2006 when the trucks were discovered during the inventory. When the electric
2 company booked the acquisition of the trucks, it recorded the difference between the
3 original cost and the accumulated depreciation as a gain. Since the vehicles were
4 transferred to electric plant, the company applied the electric depreciation rate in
5 calculating the depreciation expense from the time the trucks were purchased to the time
6 they were transferred. I recalculated the depreciation expense using the correct rates and
7 determined a different amount than the company's amount as of December 2006. In
8 order to correct the plant and depreciation balances, I recommend that the plant 13-month
9 average should be increased by \$22,300, the accumulated depreciation 13-month average
10 should be reduced by \$145,324.53, and depreciation expense should be increased by
11 \$123,024.53.

12 **Audit Finding No. 3**

13 Audit Finding No. 3 discusses uncollectible expense. In 2006, the utility expensed
14 \$87,415 to electric for uncollectible expense. This amount was increased by \$129,249 in
15 the 2008 forecast for increased fuel rates and a projected increase in consumption. Actual
16 write offs in 2006 were \$58,025. The actual write offs were much less than the amount
17 actually accrued by the utility. We compared the average of four years of write offs
18 compared to revenue (net of industrial customers and interdepartmental revenue) as a test
19 and found that the average is even less than the actual write offs. If the four year average
20 write off is used, uncollectible expense should be reduced by \$33,762.

21 **Audit Finding No. 4**

22 Audit Finding No. 4 discusses public relation expenses. In 2006, the utility paid
23 Curly and Pynn for a multi media campaign, meetings with the key leadership at the
24 utility to assign tasks and duties to educate the public in relation to the fuel increases, and
25 meetings with the entire staff of each division to educate employees about the fuel

Docket Nos. 070300-EI, 070304-EI
Date: April 14, 2008

Issue 39: **DROPPED.** Number retained for continuity.

APPROVED STIPULATION

Issue 40: Should an adjustment be made for Plant Retirements for the projected test year?

Position: No adjustment for 2008 retirements is needed.

APPROVED STIPULATION

Issue 41: Should Accumulated Depreciation and Depreciation Expense be adjusted for trucks transferred from FPUC's Water Division?

Position: Yes. The Plant in Service 13-month average balance for both 2006 and 2008 shall be increased by ~~22~~, due to booking of transferred vehicles at incorrect amounts. Accumulated Depreciation shall be decreased by \$~~1453~~ for 2006 and increased by \$~~1936~~ for 2008. Depreciation expense shall be increased by \$~~465~~ for 2006. Using the rates set in Docket No. 070382-EI, depreciation expense for 2008 shall be increased by \$1,936.

22.30
14532.41
4464.53

Florida Public Utilities Company
Consolidated Electric Division
Electric Rate Case
Dockets Nos. 070300-EI and 070304-EI
June 20, 2008

EXHIBIT 3

Effective Date: 1/1/08Revision #: 7Approved By: Jim Mesite

FIXED ASSETS
FPSC Approved
2008 Depreciation Rates
Consolidated Electric

Docket No. 070382-EI

ACCOUNT	2008 RATES			
	AVERAGE REMAINING LIFE (YRS.)	NET SALVAGE (%)	ESTIMATED 1/1/08 RESERVE (%)	REMAINING LIFE RATE (%)
TRANSMISSION PLANT				
350.1 - Land Rights	23.0	0.0	58.60	1.8
352 - Structures and Improvements	28.0	0.0	44.00	2.0 ✓
353 - Station Equipment	25.0	10.0	26.83	2.5
354 - Towers and Fixtures	16.5	(15.0)	76.73	2.3
355 - Poles and Fixtures- Wood	21.0	(30.0)	40.96	4.2
355.1 Poles and Fixtures - Concrete	40.0	(30.0)	0.00	3.3
356 - Overhead Conductors and Devices	28.0	(10.0)	31.60	2.8
359 - Roads and Trails	10.0	0.0	61.61	3.8
DISTRIBUTION PLANT				
360.1 - Land Rights	42.0	0.0	24.40	1.8 ✓
361 - Structures and Improvements	35.0	0.0	30.00	2.0 ✓
362 - Station Equipment	31.0	(10.0)	19.39	2.9 ✓
364 - Poles, Towers, and Fixtures	21.0	(45.0)	45.82	4.7 ✓
365 - Overhead Conductors & Devices	15.7	(35.0)	53.22	5.2 ✓
366 - Underground Conduit	41.0	0.0	18.00	2.0 ✓
367 - Underground Conductors & Devices	24.0	0.0	30.40	2.9 ✓
368 - Line Transformers	13.6	(20.0)	57.43	4.6 ✓ 4.5
369 - Services	21.0	(35.0)	47.51	4.2 ✓
370 - Meters	14.3	(5.0)	51.69	3.7 ✓
371 - Installation on Customers' Premises	8.3	15.0	34.43	6.1 ✓ 6.0
373 - Street Lighting & Signal Systems	9.5	(10.0)	55.40	5.7 ✓ 6.5
GENERAL PLANT				
390 - Structures & Improvements	38.0	0.0	24.00	2.0 ✓
392.1 - Transportation-Cars	0.9	15.0	101.81	12.1 ✓ 7.0
392.2 - Transportation-Light Trucks & Vans	3.1	12.0	72.70	4.9 ✓ 8.2
392.3 - Transportation - Heavy Trucks	7.5	10.0	58.80	4.2 ✓ 4.2
392.4 - Transportation - Trailers	17.7	5.0	27.74	3.8 ✓
396 - Power Operated Equipment	0.6	5.0	92.12	4.8 ✓ 3.8

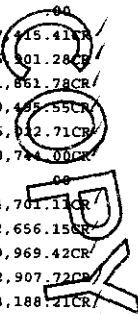
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Amortization Rates for Accounts not subject to the Depreciation Study**Rate %**

3911 - Office Furniture	(7 Years)	14.3 ✓
3912 - Office Equipment	(7 Years)	14.3 ✓
3913 - Computer Equipment	(5 Years) ✓	20.0
393x - Stores Equipment	(7 Years)	14.3
394x - Tools, Shop & Garage Equipment	(7 Years)	14.3
395x - Laboratory Equipment	(7 Years)	14.3
3970 - Communication Equipment	(5 Years)	20.0
3980 - Miscellaneous Equipment	(7 Years)	14.3
3980 - Miscellaneous Equipment	(7 Years)	14.3
3990 - Miscellaneous Tangible - Commission Approval Pending	(5 Years)	20.0

FLORIDA PUBLIC UTILITIES COMPANY
DEPRECIATION SUPPORT JE7
MAR 2008

RESERVE ACCOUNT 1080	PLANT BALANCE	ANNUAL RATE	MONTHLY DEPRECIATION	SALVAGE RATE	RESERVE DEPREC. LIMIT	VARIANCE RESERVE LIMIT	RESERVE BALANCE	RESERVE OVER DEPRECIATED
MARIANNA								
330	0	.00 %	0	.00	0		LAND	
360	1,100/	.00 %	0	.00	1,100CR		LAND	
3601	21,200/	1.80 %	32CR	.00	21,200CR		5,291.00CR	
361	0	2.00 %	0	.00	0		.00	
362	1,372,075/	2.90 %	3,316CR	10.00CR	1,509,283CR		531,883.19CR	
364	7,081,587/	4.70 %	27,736CR	45.00CR	10,268,301CR		3,251,074.39CR	
365	6,597,468/	5.20 %	28,589CR	35.00CR	8,906,582CR		3,562,169.38CR	
3661	0	2.00 %	0	.00	0		.00	
3662	161,037/	2.00 %	268CR	.00	161,037CR		43,517.76CR	
3671	0	2.90 %	0	.00	0		.00	
3672	917,413/	2.90 %	2,217CR	.00	917,413CR		239,144.31CR	
3681	5,415,277/	4.60 %	20,759CR	20.00CR	6,498,332CR		3,611,189.31CR	
3682	0	4.60 %	0	.00	0		.00	
3683	1,057,596/	4.60 %	4,054CR	20.00CR	1,269,115CR		428,520.17CR	
3691	2,354,108/	4.20 %	8,239CR	35.00CR	3,178,046CR		1,297,380.88CR	
3692	0	4.20 %	0	.00	0		.00	
3693	1,323,034/	4.20 %	4,631CR	35.00CR	1,786,096CR		507,415.41CR	
370	1,284,144/	3.70 %	3,959CR	5.00CR	1,348,351CR		696,301.28CR	
3711	1,056,865/	6.10 %	5,372CR	15.00	898,335CR		321,861.78CR	
3713	172,000/	6.10 %	874CR	15.00	146,200CR		90,495.55CR	
3731	357,984/	5.70 %	1,700CR	10.00CR	393,782CR		126,942.71CR	
3733	27,125/	5.70 %	129CR	10.00CR	29,838CR		10,744.00CR	
389 LAND	3,766/	.00 %	0	.00	3,766CR	0	.00	0
390	925,572/	2.00 %	1,543CR	.00	925,572CR		254,701.11CR	
3911	2,656/	AMORT 7 YRS	.00	.00	2,656CR		2,656.15CR	
3912	10,727/	AMORT 7 YRS	95.73CR	.00	10,727CR		9,969.42CR	
3913	131,487/	AMORT 5 YRS	1,530.10CR	.00	131,487CR		62,907.72CR	
391305	440,833/	AMORT 5 YRS	7,347.21CR	.00	440,833CR		143,188.21CR	
3921	21,030/	12.10 %	0	15.00	17,876CR		17,875.57CR	
3922	266,574/	4.90 %	1,089CR	12.00	234,585CR		142,143.57CR	
3923	1,092,075/	4.20 %	3,822CR	10.00	982,868CR		646,096.31CR	
3924	76,484/	3.80 %	242CR	5.00	72,660CR		21,800.72CR	
3931	69,906/	AMORT 7 YRS	.00	.00	69,906CR		70,191.67CR	286
3932	761/	AMORT 7 YRS	0	.00	761CR		760.89CR	
3941	4,364/	AMORT 7 YRS	.00	.00	4,364CR		4,363.56CR	
3942	17,947/	AMORT 7 YRS	42.17CR	.00	17,947CR		16,007.58CR	
3951	32,991/	AMORT 7 YRS	286.02CR	.00	32,991CR		26,698.49CR	
3952	20,716/	AMORT 7 YRS	89.71CR	.00	20,716CR		18,742.82CR	
396	3,932/	4.80 %	16CR	5.00	3,735CR	0	1,822.24CR	0
3971	0	AMORT 5 YRS	0	.00	56,353.00CR	0	.00	0
3972	0	.00 %	.00	.00	0		.00	
3973	51,955/	AMORT 5 YRS	625.10CR	.00	51,955CR	0	38,227.06CR	0
398	9,512/	AMORT 7 YRS	39.71CR	.00	9,512CR		8,215.04CR	
399	5,000/	AMORT 5 YRS	83.36CR	.00	5,000CR		4,166.44CR	
TOTAL - 1010.3*	32,388,301		128,726.11CR				16,214,145.69CR	286



FLORIDA PUBLIC UTILITIES COMPANY
DEPRECIATION SUPPORT JE7
MAR 2008

RESERVE ACCOUNT 1080	PLANT BALANCE	ANNUAL RATE	MONTHLY DEPRECIATION	SALVAGE RATE	RESERVE DEPREC. LIMIT	VARIANCE RESERVE LIMIT	RESERVE BALANCE	RESERVE OVER DEPRECIATED
FERN ELECTRIC								
350	17,629	.00 %	0	.00	17,629CR			
3501	56,519	1.80 %	85CR	.00	56,519CR			
352	22,007	2.00 %	37CR	.00	22,007CR			
3522	0	.00 %	0	.00	0			
3523	0	.00 %	0	.00	0			
353	2,426,032	2.50 %	5,054CR	10.00	2,183,429CR			
3532	0	.00 %	0	.00	0			
3533	0	.00 %	0	.00	0			
354	224,665	2.30 %	431CR	15.00CR	258,365CR			
3542	0	.00 %	0	.00	0			
3543	0	.00 %	0	.00	0			
355	2,363,912	4.20 %	8,274CR	30.00CR	3,073,086CR			
3551	0	3.30 %	0	30.00CR	0			
3552	0	.00 %	0	.00	0			
3553	0	.00 %	0	.00	0			
356	1,881,021	2.80 %	4,389CR	10.00CR	2,069,123CR			
3562	0	.00 %	0	.00	0			
3563	0	.00 %	0	.00	0			
359	6,788	3.80 %	21CR	.00	6,788CR			
3592	0	.00 %	0	.00	0			
3593	0	.00 %	0	.00	0			
360	15,403	.00 %	0	.00	15,403CR			
3601	188	1.80 %	0	.00	188CR			
361	96,042	2.00 %	160CR	.00	96,042CR			
3612	0	.00 %	0	.00	0			
3613	0	.00 %	0	.00	0			
362	4,785,187	2.90 %	11,564CR	10.00CR	5,263,706CR			
3621	0	.00 %	0	.00	0			
3622	0	.00 %	0	.00	0			
3623	0	.00 %	0	.00	0			
364	2,426,245	4.70 %	9,503CR	45.00CR	3,518,055CR			
3641	0	.00 %	0	.00	0			
365	3,493,362	5.20 %	15,138CR	35.00CR	4,716,039CR			
3651	0	.00 %	0	.00	0			
3661	0	2.00 %	0	.00	0			
3662	2,780,928	2.00 %	4,635CR	.00	2,780,928CR			
3671	0	.00 %	0	.00	0			
3672	4,433,563	2.90 %	10,714CR	.00	4,433,563CR			
3681	1,962,942	4.60 %	7,525CR	20.00CR	2,355,530CR			
3682	0	4.60 %	0	.00	0			
3683	5,615,680	4.60 %	21,527CR	20.00CR	6,738,816CR			
3691	1,871,740	4.20 %	6,551CR	35.00CR	2,526,849CR			
3692	0	.00 %	0	.00	0			
3693	3,092,590	4.20 %	10,824CR	35.00CR	4,174,997CR			
370	2,204,406	3.70 %	6,797CR	5.00CR	2,314,626CR			
3701	0	.00 %	0	.00	0			
3703	0	.00 %	0	.00	0			
LAND								
								35,243.96CR
								10,776.43CR
ITT								0
CONT. C								674,397.05CR
ITT								0
CONT. C								173,030.11CR
ITT								0
CONT. C								939,797.96CR
ITT								.00
CONT. C								645,028.96CR
ITT								.00
CONT. C								4,224.93CR
ITT								0
CONT. C								0
LAND								133.30CR
ITT								33,083.03CR
CONT. C								0
ITT								0
CONT. C								748,879.50CR
ITT								0
CONT. C								1,120,661.43CR
ITT								0
CONT. C								1,811,513.68CR
ITT								.00
CONT. C								563,811.65CR
ITT								.00
CONT. C								1,460,552.06CR
ITT								1,168,523.12CR
CONT. C								.00
ITT								2,767,908.71CR
CONT. C								949,837.20CR
ITT								.00
CONT. C								1,299,374.23CR
ITT								1,148,366.83CR
CONT. C								0

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NAPIER
4/04/2008
JE7

FLORIDA PUBLIC UTILITIES COMPANY
DEPRECIATION SUPPORT JE7
MAR 2008

RESERVE ACCOUNT 1080	PLANT BALANCE	ANNUAL RATE	MONTHLY DEPRECIATION	SALVAGE RATE	RESERVE DEPREC. LIMIT	VARIANCE RESERVE LIMIT	RESERVE BALANCE	RESERVE OVER DEPRECIATED
3711	373,655/	6.10 %	1,899CR	15.00	317,607CR		176,481.47CR/	
3713	609,805/	6.10 %	3,100CR	15.00	518,334CR		177,472.11CR/	
3731	302,484/	5.70 %	1,437CR	10.00CR	332,732CR		187,948.16CR/	
3733	546,173/	5.70 %	2,594CR	10.00CR	600,790CR		200,231.48CR/	
389 - LAND	68,696/	.00 %	0	.00	68,696CR		6,703.60CR/	
390	495,391/	2.00 %	826CR	.00	495,391CR		242,024.23CR/	
3911	4,713/	AMORT 7 YRS	.00	.00	4,713CR		4,741.18CR/	28
3912	37,120/	AMORT 7 YRS	327.34CR	.00	37,120CR		9,952.73CR/	
3913	118,602/	AMORT 5 YRS	737.25CR	.00	118,602CR		83,912.15CR/	
391305	543,263/	AMORT 5 YRS	4,299.91CR	.00	543,263CR		304,735.19CR/	
3921	39,550/	12.10 %	0	15.00	33,618CR		33,617.76CR/	
3922	319,489/	4.90 %	1,305CR	12.00	281,150CR		266,841.68CR/	
3923	955,705/	4.20 %	3,345CR	10.00	860,135CR		747,085.27CR/	
3924	34,527/	3.80 %	109CR	5.00	32,801CR		8,877.16CR/	
3931	43,656/	AMORT 7 YRS	519.72CR	.00	43,656CR		4,157.79CR/	
3932	0	AMORT 7 YRS	.00	.00	0		.00	
3941	31,564/	AMORT 7 YRS	5.61CR	.00	31,564CR		31,507.92CR/	
3942	84,035/	AMORT 7 YRS	490.12CR	.00	84,035CR		64,825.71CR/	
3951	30,675/	AMORT 7 YRS	.00	.00	30,675CR		30,675.29CR/	
3952	11,373/	AMORT 7 YRS	14.99CR	.00	11,373CR		10,503.66CR/	
396	190,403/	4.80 %	0	5.00	180,883CR		181,032.75CR/	150
397	90,905/	AMORT 5 YRS	.00	.00	90,905CR		90,904.65CR/	
398	6,827/	AMORT 7 YRS	47.31CR	.00	6,827CR		3,848.25CR/	
399	5,000/	AMORT 5 YRS	83.34CR	.00	5,000CR		4,166.64CR/	
SUBTOTAL-1010.3		44,720,460	144,369.59CR				18,427,390.97CR	178
TRANSPORTATION (392*)			4,759					
TOTAL 4030			139,610.59					

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Florida Public Utilities Company
Consolidated Electric Division
Electric Rate Case
Dockets Nos. 070300-EI and 070304-EI
June 20, 2008

EXHIBIT 4

JOURNAL ENTRY HEADER

BATCH TYPE (M/S) **M** ACCT YEAR **2008** PERIOD **3**
 JOURNAL NUMBER 50285
 COMPANY **001** BATCH NO. 33031
 REFERENCE **5.8** SOURCE **JE**
 DESCRIPTION: RESERVE BAL TRANS AUTO ACCRUAL? **0**

JE# **5.8**
 YR / PD
'08 / 3

TRANSFER RESERVE BALANCES PER 2007
 ELECTRIC DEPRECIATION STUDY FINAL ORDER
 EFFECTIVE 1/1/08

ACCOUNT NUMBER	AMOUNT		DESCRIPTION	SUBLDG. NUMBER
	DEBIT	CREDIT		
001.1.4.1080.355		43,391.00		
001.1.4.1080.3501	1,911.00			
001.1.4.1080.352	1,078.00			
001.1.4.1080.356	40,402.00			
001.1.4.1080.3601	132.00			
001.1.4.1080.3662	6,086.00			
001.1.4.1080.3672	11,037.00			
001.1.4.1080.3731		40,759.00		
001.1.5.1080.3733		3,397.00		
001.1.5.1080.3601	3.00			
001.1.5.1080.3611	3,919.00			
001.1.5.1080.3662	80,858.00			
001.1.5.1080.3672	67,796.00			
001.1.5.1080.3731		61,139.00		
001.1.5.1080.3733		64,536.00		

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PAGE
1 OF 2

THIS PAGE TOTAL	213,222.00	213,222.00
J.E. TOTALS	-----	-----

PREPARED BY	INITIALS	DATE
APPROVED BY		
ENTERED BY		
CHECKED BY		
POSTED BY		

JOURNAL ENTRY HEADER

BATCH TYPE (M/S) **M** ACCT YEAR **2008** PERIOD **3**
 JOURNAL NUMBER _____
 COMPANY **001** BATCH NO. _____
 REFERENCE **5.** SOURCE **JE**
 DESCRIPTION: RESERVE BAL TRANS AUTO ACCRUAL? **0**

JE DESCRIPTION:	JE# 5.
	YR / PD '08 / 3
TRANSFER RESERVE BALANCES PER 2007 ELECTRIC DEPRECIATION STUDY FINAL ORDER EFFECTIVE 1/1/08	

ACCOUNT NUMBER	AMOUNT		DESCRIPTION	SUBLDG. NUMBER
	DEBIT	CREDIT		
001.1.4.1080.390		8,497.00		
001.1.4.1080.3923	3,563.00			
001.1.4.1080.3924		413.00		
001.1.4.1080.396	95.00			
001.1.5.1080.390		8,164.00		
001.1.5.1080.3923	4,183.00			
001.1.5.1080.3924		168.00		
001.1.5.1080.396	9,401.00			

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PAGE
2 OF 2

THIS PAGE TOTAL		17,242.00	17,242.00	PREPARED BY	INITIALS	DATE
					JVMJ	3/19/2008
J.E. TOTALS		230,464.00	230,464.00	ENTERED BY		
				CHECKED BY		
				POSTED BY		

Account 396 – Power Operated Equipment

We find, and the company agrees, that the ASL shall be increased from 15 years to 20 years. No other changes are proposed. The industry average for this account is 13 years. FPUC stated, however, that it has a policy of repairing equipment as necessary rather than replacing it, which the company believes has been the more cost effective approach. While there are pieces of equipment with vintages dating back to 1980, FPUC states that it has verified the existence of the equipment through a physical inventory. Therefore, a longer ASL is warranted.

Reserve Allocations

As part of our review of the company's depreciation study, we reviewed the reserve position for each account and determined that certain corrections should be made. When significant surpluses and deficits exist, corrective reserve transfers between accounts should be recovered as quickly as possible, unless such recovery prevents the company from earning a fair and reasonable return on its investments. The effect of prior depreciation rates, average service lives, and net salvage projections results in surpluses and deficits that need to be addressed. The reserve transfers shown below are based upon the company's planning and expectation of future retirements, which may further impact several plant account balances. As we review the company's annual status report of plant accounts, we will monitor the company's reserve position. We approve the reserve allocations below. These allocations bring each account more in line with its theoretically correct reserve level.

RESERVE ALLOCATIONS					
Accounts		Projected 12/31/2007 Reserve	Theoretical Reserve	Approved Allocations	Restated 01/01/2008 Reserve
TRANSMISSION					
350.1	Land Rights	\$35,031	\$33,120	(\$1,911)	\$33,120
352	Structures and Improvements	10,761	9,683	(\$1,078)	9,683
355	Poles and Fixtures - Wood	924,193	1,334,657	410,464	967,584
356	Overhead Conductors and Devices	633,447	593,045	(\$40,402)	593,045
DISTRIBUTION					
360.1	Land Rights	\$5,354	5,219	(\$1,135)	5,219
361	Structures and Improvements	32,732	28,813	(\$3,919)	28,813
366	Underground Conduit	598,956	512,012	(\$86,944)	512,012
367	Underground Conductors and devices	1,691,639	1,612,806	(\$78,833)	1,612,806
373	Street Lighting and Signal Systems	508,328	765,019	256,691	678,159
GENERAL PLANT					
390	Structures and Improvements	\$492,368	509,029	\$16,661	509,029
392.3	Transportation – Heavy Trucks	1,219,379	783,276	(\$436,103)	1,211,633
392.4	Transportation – Trailers	30,213	30,794	\$581	30,794
396	Power Operated Equipment	188,392	178,896	(\$9,496)	178,896
	Total	\$6,370,793	\$6,396,369	\$0	\$6,370,793

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Florida Public Utilities Company
Allocation of Non-Transmission Reserve Transfer between Divisions
2007 Electric Depreciation Study

ACCO UNT	TOTAL DEBIT AMOUNT	TOTAL CREDIT AMOUNT	ACCO UNT	12/31/07 1080. BALANCE - 114	12/31/07 1080. BALANCE - 115	% OF ACC OUNT TOTAL		114 PORTION	115 PORTION	ACCO UNT	FINAL NET ADJUSTMENT TO 114.1080.	FINAL NET ADJUSTMENT TO 115.1080.	FINAL NET ADJUSTMENT - TOTAL
						L - 114	% OF ACCO TOTAL - 115						
3601	135.00		3601	(5,223.00)	(133.30)	98%	2%	132.30	2.70	3601	132.00	3.00	135.00
3610	3,919.00		3610	-	(32,731.03)	0%	100%	-	3,919.00	3610	-	3,919.00	3,919.00
366N	86,944.00		3662	(42,880.76)	(554,563.65)	7%	93%	6,086.08	80,857.92	3662	6,086.00	80,858.00	86,944.00
367N	78,833.00		3672	(234,599.31)	(1,439,301.06)	14%	86%	11,036.62	67,796.38	3672	11,037.00	67,796.00	78,833.00
373N		(169,831.00)	3731	(122,697.71)	(185,498.16)	24%	36%	(40,759.44)	(61,139.16)	3731	(40,759.00)	(61,139.00)	(102,898.00)
			3733	(10,490.00)	(195,115.48)	2%	38%	(3,396.62)	(64,535.78)	3733	(3,397.00)	(64,536.00)	(67,933.00)
390		(16,661.00)	390	(251,615.11)	(240,372.23)	51%	49%	(8,497.11)	(8,163.89)	390	(8,497.00)	(8,164.00)	(16,661.00)
3923	7,746.00		3923	(628,804.31)	(731,953.27)	46%	54%	3,563.16	4,182.84	3923	3,563.00	4,183.00	7,746.00
3924		(581.00)	3924	(21,290.72)	(8,647.16)	71%	29%	(412.51)	(168.49)	3924	(413.00)	(168.00)	(581.00)
396	9,496.00		396	(1,780.24)	(181,032.75)	1%	99%	94.96	9,401.04	396	95.00	9,401.00	9,496.00
	187,073.00	(187,073.00)		(1,319,381.16)	(3,569,348.09)			(32,152.56)	32,152.56		(32,153.00)	32,153.00	-

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FIXED ASSETS
FPSC Approved
2008 Depreciation Rates
Consolidated Electric

Docket No. 070382-EI

ACCOUNT	2008 RATES			
	AVERAGE REMAINING LIFE (YRS.)	NET SALVAGE (%)	ESTIMATED 1/1/08 RESERVE (%)	REMAINING LIFE RATE (%)
TRANSMISSION PLANT				
350.1 - Land Rights	23.0	0.0	58.60	1.8
352 - Structures and Improvements	28.0	0.0	44.00	2.0
353 - Station Equipment	25.0	10.0	26.83	2.5
354 - Towers and Fixtures	16.5	(15.0)	76.73	2.3
355 - Poles and Fixtures- Wood	21.0	(30.0)	40.96	4.2
355.1 Poles and Fixtures - Concrete	40.0	(30.0)	0.00	3.3
356 - Overhead Conductors and Devices	28.0	(10.0)	31.60	2.8
359 - Roads and Trails	10.0	0.0	61.61	3.8
DISTRIBUTION PLANT				
360.1 - Land Rights	42.0	0.0	24.40	1.8
361 - Structures and Improvements	35.0	0.0	30.00	2.0
362 - Station Equipment	31.0	(10.0)	19.39	2.9
364 - Poles, Towers, and Fixtures	21.0	(45.0)	45.82	4.7
365 - Overhead Conductors & Devices	15.7	(35.0)	53.22	5.2
366 - Underground Conduit	41.0	0.0	18.00	2.0
367 - Underground Conductors & Devices	24.0	0.0	30.40	2.9
368 - Line Transformers	13.6	(20.0)	57.43	4.6
369 - Services	21.0	(35.0)	47.51	4.2
370 - Meters	14.3	(5.0)	51.69	3.7
371 - Installation on Customers' Premises	8.3	15.0	34.43	6.1
373 - Street Lighting & Signal Systems	9.5	(10.0)	55.40	5.7
GENERAL PLANT				
390 - Structures & Improvements	38.0	0.0	24.00	2.0
392.1 - Transportation-Cars	0.9	15.0	101.81	12.1
392.2 - Transportation-Light Trucks & Vans	3.1	12.0	72.70	4.9
392.3 - Transportation - Heavy Trucks	7.5	10.0	58.80	4.2
392.4 - Transportation - Trailers	17.7	5.0	27.74	3.8
396 - Power Operated Equipment	0.6	5.0	92.12	4.8

Amortization Rates for Accounts not subject to the Depreciation Study**Rate %**

3911 - Office Furniture	(7 Years)	14.3
3912 - Office Equipment	(7 Years)	14.3
3913 - Computer Equipment	(5 Years)	20.0
393x - Stores Equipment	(7 Years)	14.3
394x - Tools, Shop & Garage Equipment	(7 Years)	14.3
395x - Laboratory Equipment	(7 Years)	14.3
3970 - Communication Equipment	(5 Years)	20.0
3980 - Miscellaneous Equipment	(7 Years)	14.3
3980 - Miscellaneous Equipment	(7 Years)	14.3
3990 - Miscellaneous Tangible - Commission Approval Pending	(5 Years)	20.0

Florida Public Utilities Company
Consolidated Electric Division
Electric Rate Case
Dockets Nos. 070300-EI and 070304-EI
June 20, 2008

EXHIBIT 5

JOURNAL ENTRY HEADER				JE DESCRIPTION:	#34
BATCH TYPE (M/S)	M	ACCT YEAR	2008	PERIOD	5
JOURNAL NUMBER	<u>50879</u>	BATCH NUMBER	<u>33543</u>	YR/PP	2008/5
COMPANY	001				
REFERENCE	34	SOURCE	JE		
DESCRIPTION	MISC DEFERRED DEBITS	AUTO ACCRUAL?	0		

ACCOUNT NUMBER	AMOUNT		DESCRIPTION	SUBLDG. NUMBER
	DEBIT	CREDIT		
100.1860.1		3,881.40 <i>N</i>	Amortize Electric rate case expense over 48	36164
115.4010.928	1,940.70		months beginning May 22, 2008 ending May 21, 2012	
114.4010.928	1,940.70			
100.1860.1		1,096.41 <i>N</i>	Amortize Electric rate case expense over 48	33556
115.4010.928	548.21		months beginning May 22, 2008 ending May 21, 2012	
114.4010.928	548.20		Revised amortization schedule on 5/1/2008	

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PAGE 1 OF 1	PAGE TOTALS	4,977.81	4,977.81	PREPARED BY	<i>[Signature]</i>	INITIALS	<i>[Signature]</i>	DATE	6/18/08
	J.E. TOTALS	4,977.81	4,977.81	APPROVED BY	<i>[Signature]</i>			6/18/08	
				ENTERED BY	<i>[Signature]</i>			6/19/08	
				CHECKED BY	<i>[Signature]</i>			6/11/08	
				POSTED BY	<i>[Signature]</i>				

AW 6/19/08

PREPARED BY: CAM
DATE PREPARED: 06/18/08
APPROVED BY: _____

BALANCE IN 1860.1 ACCOUNT AS OF MAY, 2008

SPECIAL JOB	DIVISION	BALANCE	DESCRIPTION	Current /short term assests &liabil
3950		(16,566.37)	CENTRAL PREPAID CHARGES-RESIDENTIAL	(16,566.37)
3955		0.00	FERNANDINA PREPAID CHARGES-RESIDENTIAL	
3960		(9,060.67)	CENTRAL PREPAID CHARGES-COMMERCIAL	(9,060.67)
3980		76.00	WEST FLORIDA PREPAID CHARGES-RESIDENTIAL	76.00
3990		0.00	WEST FLORIDA PREPAID CHARGES-COMMERCIAL	
3991		0.00	WEST PALM BEACH PREPAID CHARGES-RESIDENTIAL	
3995		0.00	FERNANDINA PREPAID CHARGES-COMMERCIAL	
3999		0.00	WEST PALM BEACH PREPAID CHARGES-COMMERCIAL	
6050		21,064.88	ODORANT-NATURAL GAS	6,018.60
6052		2,535.32	ODORANT-FOR DEBARY GATE STATION	2,535.32
33556		77,693.33	ELECTRIC DIVISION RATE CASE	77,693.33
33800		59,086.87	NATURAL GAS RATE CASE	59,086.87
34056		(0.00)	BOYNTON BCH GATE STATION	
35256		32,267.20	CONSULTANT FEES ON FUEL COSTS	12100.20
35364		0.00	RAINBOW LAKES PROPERTY	
36007		0.00	OLD DIXIE HIGHWAY PURCHASE	
36059		0.00	WATER TOWER ROAD PURCHASE	
36164		577,552.92	ELECTRIC RATE PROCEEDING 2007	134513.28
36275		900.00	PROPERTY - ADDITIONAL DEBARY	
36377		300.00	PLANT PROPERTY SALE - CF	
36541		265,130.55	COMMON STOCK OFFERING	265,130.55
		<u>1,010,980.03</u>	BALANCE PER G/L AS OF	
			May 31, 2008	

DETAIL OF SJs

100.1860.1								
DETAIL OF SJs								
PERIOD ENDING 5/31/2008								
SJ NUM.	DESCRIPTION	DATE INITIATED	NAME OF PERSON REQUESTING SJ	BALANCE	ACCOUNT USED FOR FUTURE CLEARING	JE #	AMORT PERIOD IF APPLICABLE	NOTES
3950	CENTRAL PREPAID CUSTOMER CHARGES - RESIDENTIAL	01/29/02	MICHELLE NAPIER	(16,566.37)	993.4000.4802	2/34	6 MONTHS	PREPAID BILLING COSTS
3955	FERNANDINA PREPAID CUSTOMER CHARGES - RESIDENTIAL	05/16/03	MICHELLE NAPIER	0.00	995.4000.4802	2/34		PREPAID BILLING COSTS
3960	CENTRAL PREPAID CUSTOMER CHARGES - COMMERCIAL	01/29/02	MICHELLE NAPIER	(9,060.67)	993.4000.4812	2/34	6 MONTHS	PREPAID BILLING COSTS
3980	WEST FLORIDA PREPAID CUSTOMER CHARGES - RESIDENTIAL	10/29/02	MICHELLE NAPIER	76.00	996.4000.4802	2/34		PREPAID BILLING COSTS
3990	WEST FLORIDA PREPAID CUSTOMER CHARGES - COMMERCIAL	10/29/02	MICHELLE NAPIER	0.00	996.4000.4812	2/34		PREPAID BILLING COSTS
3991	WEST PALM BEACH PREPAID CUSTOMER CHARGES - RESIDENTIAL	05/14/03	MICHELLE NAPIER	0.00	991.4000.4802	2/34		PREPAID BILLING COSTS
3995	FERNANDINA PREPAID CUSTOMER CHARGES - COMMERCIAL	05/14/03	MICHELLE NAPIER	0.00	995.4000.4812	2/34		PREPAID BILLING COSTS
3999	WEST PALM BEACH PREPAID CUSTOMER CHARGES - COMMERCIAL	05/14/03	MICHELLE NAPIER	0.00	991.4000.4812	2/34		PREPAID BILLING COSTS
8050	ODORANT-NATURAL GAS	10/01/06	MICHELL NAPIER	21,064.88	121.4010.813	34		AMORT. OVER 60 MONTHS BEGINNING 10/06 ENDING 9/11
8052	ODORANT-FOR DEBARY GATE STATION	11/01/03	CURTIS YOUNG	2,526.32	123.4010.813	34	60 MONTHS	AMORT. OVER 60 MONTHS BEGINNING 11/03 ENDING 10/08
33556	ELECTRIC DIVISION RATE CASE	03/11/03	CHERYL MARTIN	77,693.33	11*.4010.928	34	60 MONTHS	RECAP EXPENSES ASSOCIATE WITH RATE CASE AND TO BE WRITTEN OFF OVER 5 YRS BEGIN IN APRIL 2004 ENDING 3/2009. THE FIRST MONTH WILL ONLY BE FOR 1/2 MONTH. Nov 05 expense entered with sub ledger, corrected w/je: re-amortized starting May 22, 2008
33800	NATURAL GAS RATE CASE	08/14/03	CHERYL MARTIN	59,086.87	12*.4010.928	34	48 MONTHS	TO CAPTURE EXPENSE FOR NATURAL GAS RATE CASE (NOV 2005 REVISED AMORTIZATION TO 72 MONTHS - 7/29/08 ENDING 12/08)
34056	BOYNTON BEACH GATE STATION	01/01/04	MARC SCHNEIDERMANN	(0.00)	NET TO RATE CASE BASE AND FPU	34		PROJECT ESTIMATED COMPLETION DATE MARCH 2008. ESTIMATED DOLLARS FOR PROJECT \$345,000 NET TO RATE BASE & FPU.
36256	CONSULTANT FEES ON FUEL COSTS	11/10/05	CHERYL MARTIN	32,267.20	114.4010.928 115.4010.928	34	60 MONTHS	AMORTIZE OVER 5 YEARS STARTING 1/2006 ENDING 12/2010. FIRST MONTH \$407.89 REMAINING MONTHS \$408.18 REVISED MAR/05 FROM PSC AUDIT. \$1,008.35 MONTHLY
35364	RAINBOW LAKES PROPERTY APPRAISAL SERVICE	01/09/06	DON KITNER	0.00		34		PROPERTY APPRAISAL FOR PROPERTY IN WF
36007	OLD DIXIE HWYWAY PURCHASE	12/01/06	MARC SCHNEIDERMANN	0.00		34		PURCHASE OF LAND AT OLD DIXIE HIGHWAY
36059	WATER TOWER ROAD PURCHASE	01/01/07	MARC SCHNEIDERMANN	0.00		34		PURCHASE OF LAND AT WATER TOWER ROAD - per M Schneidermann keep sub ledger open April 9, 2007
36184	ELECTRIC RATE PROCEEDING 2007	05/01/07	CHERYL MARTIN	577,552.92	11*.4010.928	34	60 months	Expenses related to electric rate case: starting May 22, 2008 ending May 21, 2012
36275	PROPERTY - ADDITIONAL DEBARY	05/01/07	DON KITNER	900.00		34		Purchase of additional land in Debary

DETAIL OF SJs

SJ NUM.	DESCRIPTION	DATE INITIATED	NAME OF PERSON REQUESTING SJ	PERIOD ENDING	ACCOUNT USED FOR FUTURE CLEARING	JE #	AMORT PERIOD IF APPLICABLE	NOTES
				5/31/2008				
36377	PLANT PROPERTY SALE - CF	09/01/07	JIM MESITE		300.00			Sale of CF property
36541	COMMON STOCK OFFERING	01/25/08	DINA BELLECHASES		255,130.55	100.2140 1		expenses related to increasing stock for shareholders
GL TOTAL					1,010,980.03			
					954,717.70			
					(56,262.33)			

ACCOUNT NUMBER	AMOUNT		DESCRIPTION	SUBLDG. NUMBER
	DEBIT	CREDIT		
			Outside Legal Fees	
			SEC Legal Expense	
100.2420.31		1,500.00	Brian Cave - Retainer Account	May-08
100.2420.31		1,823.75	Brian Cave	
100.2420.31			Brian Cave	
100.1849.9232	3,323.75		Brian Cave	
			General Liability	
100.2420.31		14,741.75	Akerman A Kera	
100.2420.31		2,508.50	Akerman A Kera	
100.2420.31			Akerman	
100.2420.31			Akerman	
100.2280.201	17,250.25			
			Environmental	
100.2420.31			Akerman -Pensacola	
100.2420.31				
100.2530.31		0.00		3590
			Akerman -Sanford Gas	
100.2420.31			Akerman	
100.2420.31			Akerman	
100.2530.31		0.00		3500
			Akerman -WPB MGP	
100.2420.31			Akerman	
100.2420.31			Akerman	
100.2530.31		0.00		3760
			Akerman -General	
100.2420.31		495.00	Akerman	
100.2420.31			Akerman	
100.2420.31			Akerman	
100.2530.31	247.00	0.00		3760
100.2530.31	247.00	0.00		3500
			HR Legal Expense	
100.2420.31			Akerman Senterfit, Attorneys	
100.2420.31			Akerman Senterfit, Attorneys	
100.1849.9232		0.00		
			Jackson Lewis-LLP Retainer	
100.2420.31		1,000.00	Jackson Lewis-LLP	May-08
100.2420.31		5,750.34	Jackson Lewis-LLP	
100.2420.31			Jackson Lewis-LLP	
100.1849.9232	6,750.34			
			Regulatory Expense	
100.2420.31			Messer	
121.4010.928		0.00		
			Messer	
100.2420.31			Messer	
100.1840.928		0.00		
			Messer	
100.2420.31			Messer	
114.4010.928	0.00			
115.4010.928		0.00		
			Messer	
100.2420.31			Messer	
121.4010.928	0.00			
123.4010.928		0.00		
			Messer	
100.2420.31		2,100.88	Messer	
100.2420.31				
100.2420.31				
100.1860.1	2,100.88			36164
			Misc Legal	
100.2420.31			Akerman Senterfit, Attorneys	
100.2420.31			Akerman Senterfit, Attorneys	
115.4010.908		0.00		71452
			Akerman	
100.2420.31			Akerman	
900.4260.5		0.00		
			Brian Cave Stock Offering	
100.2420.31		54,161.45	Brian Cave	
100.2420.31			Brian Cave	
100.1860.1	54,161.45			36541
			TOTALS	
PAGE	PAGE TOTALS	84,081.67	84,081.67	06/1308
5 OF 5	J.E. TOTALS	813,781.04	813,781.04	
			PREPARED BY	
			APPROVED BY	
			ENTERED BY	
			CHECKED BY	
			POSTED BY	

Mahan Claudette

From: Martin Cheryl
Sent: Tuesday, May 20, 2008 8:54 AM
To: Mahan Claudette
Cc: Napier Michelle
Subject: FW: rate case/ ELelectric SJs

Rate case amortization should begin for GL month of May 2008. The month of May is a partial month, and should be adjusted by rates below. See below, and let me know if you have any questions.
 Thanks Cheryl Martin

From: John Slemkewicz [mailto:JSlemkew@PSC.STATE.FL.US]
Sent: Tuesday, May 20, 2008 8:52 AM
To: Martin Cheryl
Subject: RE: rate case

Yes, prorate the new amortization for 10/31 (32.25%) and the old amortization for 21/31 (67.75%).

36164

33556

From: Martin Cheryl [mailto:cherylmartin@fpuc.com]
Sent: Friday, May 16, 2008 4:44 PM
To: John Slemkewicz
Subject: rate case

Technical question. Since the electric rates are effective on or after May 22, do we start amortizing things like the rate case expense 6/1/08, or do we need to prorate for one week in May? Thanks Cheryl Martin, FPUC

new	old
577,552.92	77,693.33
<u>49</u>	<u>48</u>
12,032.35	1618.61
<u>31</u>	<u>31</u>
388.14 per day	52.21 per day
@ 10 days	@ 81 days
\$3881.40	1096.41

cm,
 s/b 4/9/08
 not done

worked in this rate proceeding. She conceded that it was not overtime per se, but rather additional compensation for work that was required on this rate case. Witness Larkin believed that substantially all the work load of preparing schedules and analysis was borne by the outside consultants.

Conclusion

Upon review, we shall disallow the following amounts from rate case expense: \$45,000 above the fixed contract; \$30,000 for non-rate case expense for internal control costs; and \$25,000 for pay over and above the salaries of the employees that worked on the rate case. We do not believe that the ratepayers should pay for expenses above a fixed contract amount. These additional expenses should be borne by the Company. Also, the rate case expenses shall include only direct rate case expenses that can be verified. The indirect rate case expenses, such as outsourcing internal control functions so that the internal personnel can work on the rate case items, would be difficult to verify. The record does not include documentation to show all of the work that could not be completed because Company personnel were working on the rate case instead. Lastly, the "Salaried Overtime Pay for Extraordinary Work Load" shall be disallowed because these employees and managers are paid a salary, not an hourly wage. Salaried employees are usually expected to work the hours required to complete their job duties without extra compensation.

The appropriate rate case expense amount is calculated as follows:

Rate Case Expense	Rate Case Expense Requested		Total Rate Case Expense Allowed
Docket No. 030438-EI	\$106,000	Amortization through April, 2008 (1)	\$77,748 (old)
Docket No. 070304-EI	622,000	Total requested	622,000
Disallowance		Extra-Ordinary Costs	(45,000)
		Label-Internal control costs	(30,000)
		Salaried Over Time	(25,000)
Total Rate Case Expense	\$728,000	Current rate case expense(2)	\$522,000 ←
		Recommended Rate Case Expense	\$599,748
Yearly Amortization Expense		Yearly Amortization Expense	
Docket No. 030438-EL, Five Year	\$26,500	Five Year Amortization (1)	\$15,550 ←
Docket No. 070304-EL, Four Year	\$155,500	Four Year Amortization(2)	\$130,500
Total	\$182,000	Total Amortization Expense	\$146,050
Recommended Amortization of Rate Case Expenses			
\$182,000 in the MFRs			
\$146,050 Recommended yearly rate case expense			
Reduce yearly amortization expense of rate case expense by $(\$182,000 - \$146,050) = \$35,950$			

Based on the above, we approve \$599,784 in rate case expense, a four year amortization period per the parties' approved stipulation, and a reduction to amortization of rate case expense of \$35,950.

JOURNAL ENTRY HEADER

JE DESCRIPTION:

#34

BATCH TYPE (M/S) **M** ACCT YEAR **2008** PERIOD **6**

YR/PD
2008/06

JOURNAL NUMBER **51113** BATCH NUMBER **33745**

COMPANY **001**

REFERENCE **34** SOURCE **JE**

DESCRIPTION **MISC DEFERRED DEBITS** AUTO ACCRUAL? **0**

ACCOUNT NUMBER	AMOUNT		DESCRIPTION	SBLDG. NUMBER
	DEBIT	CREDIT		
100.1860.1		58,903.85 <i>N</i>	Amount to be written off per Cheryl Martin	36164
114.4010.928	29,451.93			
115.4010.928	29,451.92			
100.1860.1		10,876.14 <i>N</i>	Amortize Electric Rate Case expense over 48	36164
114.4010.928	5,438.07		months beginning May 22, 2008 ending May 2012	
115.4010.928	5,438.07		Revised in June 2008	
100.1860.1		1,618.61 <i>N</i>	Amortize Electric Rate Case expense over 48	33556
114.4010.928	809.31		months beginning May 22, 2008 ending May 2012	
115.4010.928	809.30		Revised in June 2008	
100.1860.1		461,017.15 <i>N</i>	Write-off stock offering per George Bachman	36541
105.1849.9302	461,017.15			

PAGE	PAGE TOTALS	532,415.75	532,415.75
1 OF 1	J.E. TOTALS	532,415.75	532,415.75

	INITIALS	DATE
PREPARED BY	<i>[Signature]</i>	7/17/08
APPROVED BY	<i>[Signature]</i>	7/17/08
ENTERED BY	<i>[Signature]</i>	7/17/08
CHECKED BY	<i>[Signature]</i>	7/17/08
POSTED BY	<i>[Signature]</i>	7/17/08

Michelle

Martin Cheryl

Date: Tuesday, July 01, 2008 1:38 PM

To: Napier Michelle

Subject: electric rate case

Expense to account 114/115 .4010 928 50-50%, all rate case expenses that exceed the total \$599,748 amount. Does the prior rate case amount agree with our books? Thanks Cheryl Martin

<p>Sub 36164</p> <hr/> <p>Balance before amort May 08 = 577,552.92</p> <p>+</p> <p>June 08 = 3,405.60</p> <hr/> <p>580,958.52</p> <p>- 58,903.85</p> <hr/> <p>= 522,054.67</p> <p>÷ 48 months</p> <hr/> <p><u>\$ 10,876.14</u></p>	<p>Sub 33536</p> <hr/> <p>Balance before amort May 08 = 77693.33</p> <p>↓</p> <p>June 08 = 77693.33</p> <hr/> <p>77693.33</p> <p>÷ 48 months</p> <hr/> <p><u>\$ 1,618.61</u></p>	<p>= \$ 655,246.25</p> <p>= \$ 658,651.85</p> <p>- 599,748.00</p> <hr/> <p>\$ 58,903.85</p> <p>to be written off to 114/115 4010.928</p> <p><i>From sub ledger 36164</i></p>
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100.1860.1

2008

ELECTRIC DIVISION RATE CASE

36164

36164

			JE34	EMPLOYEE	COMPUTER JE9 SOFTWARE	LEGAL	AUDITORS	CONTRACT LABOR	MISC	CONSULTING	TOTAL
May-08	1,607.99	PL - ACCOUNT TEMPS						1,607.99			1,607.99
	1,725.29	PL - ACCOUNT TEMPS						1,725.29			1,725.29
	1,086.00	PL - ROTH STAFFING COMPANIES						1,086.00			1,086.00
	664.70	PL - ACCOUNT TEMPS						664.70			664.70
	540.00	PL - DARRYL TROY								540.00	540.00
	2,100.88	JE 6 - P&A MESSER				2,100.88					2,100.88
	(3,881.40)	JE 34 - AMORTIZATION	(3,881.40)								(3,881.40)
	<u>573,671.52</u>		<u>(3,881.40)</u>	<u>850.00</u>	<u>-</u>	<u>74,319.42</u>	<u>9,500.00</u>	<u>97,458.01</u>	<u>26,514.29</u>	<u>162,606.24</u>	<u>573,671.52</u>
Jun-08	1,329.40	PL - ACCOUNT TEMPS						1,329.40			1,329.40
	1,251.20	PL - ACCOUNT TEMPS						1,251.20			1,251.20
	825.00	JE 6 - MESSER				825.00					825.00
	<u>577,077.12</u>		<u>(3,881.40)</u>	<u>850.00</u>	<u>-</u>	<u>75,144.42</u>	<u>9,500.00</u>	<u>100,038.61</u>	<u>26,514.29</u>	<u>162,606.24</u>	<u>577,077.12</u>

		JE34	EMPLOYEE	COMPUTER JE9 SOFTWARE	LEGAL	JE11	CONTRACT LABOR	MISC	CONSULTING	TOTAL
Apr-08	(7,063.04) AMORTIZE RATE CASE	(7,063.04)								(7,063.04)
	<u>77,693.33</u>	<u>(340,476.74)</u>	<u>3,943.00</u>	<u>348.85</u>	<u>50,347.26</u>	<u>(19.00)</u>	<u>44,395.97</u>	<u>30,064.46</u>	<u>289,089.53</u>	<u>77,693.33</u>
May-08	(1,096.41) AMORTIZE RATE CASE	(1,096.41)								(1,096.41)
	<u>76,596.92</u>	<u>(341,573.15)</u>	<u>3,943.00</u>	<u>348.85</u>	<u>50,347.26</u>	<u>(19.00)</u>	<u>44,395.97</u>	<u>30,064.46</u>	<u>289,089.53</u>	<u>76,596.92</u>
Jun-08	AMORTIZE RATE CASE									-
	<u>76,596.92</u>	<u>(341,573.15)</u>	<u>3,943.00</u>	<u>348.85</u>	<u>50,347.26</u>	<u>(19.00)</u>	<u>44,395.97</u>	<u>30,064.46</u>	<u>289,089.53</u>	<u>76,596.92</u>

worked in this rate proceeding. She conceded that it was not overtime per se, but rather additional compensation for work that was required on this rate case. Witness Larkin believed that substantially all the work load of preparing schedules and analysis was borne by the outside consultants.

Conclusion

Upon review, we shall disallow the following amounts from rate case expense: \$45,000 above the fixed contract; \$30,000 for non-rate case expense for internal control costs; and \$25,000 for pay over and above the salaries of the employees that worked on the rate case. We do not believe that the ratepayers should pay for expenses above a fixed contract amount. These additional expenses should be borne by the Company. Also, the rate case expenses shall include only direct rate case expenses that can be verified. The indirect rate case expenses, such as outsourcing internal control functions so that the internal personnel can work on the rate case items, would be difficult to verify. The record does not include documentation to show all of the work that could not be completed because Company personnel were working on the rate case instead. Lastly, the "Salaried Overtime Pay for Extraordinary Work Load" shall be disallowed because these employees and managers are paid a salary, not an hourly wage. Salaried employees are usually expected to work the hours required to complete their job duties without extra compensation.

The appropriate rate case expense amount is calculated as follows:

Rate Case Expense	Rate Case Expense Requested		Total Rate Case Expense Allowed
Docket No. 030438-EI	\$106,000	Amortization through April, 2008 (1)	\$77,748 (old)
Docket No. 070304-EI	622,000	Total requested	622,000
Disallowance		Extra-Ordinary Costs	(45,000)
		Label-Internal control costs	(30,000)
		Salaried Over Time	(25,000)
Total Rate Case Expense	\$728,000	Current rate case expense(2)	\$522,000 ←
		Recommended Rate Case Expense	\$599,748 ←
Yearly Amortization Expense		Yearly Amortization Expense	
Docket No. 030438-EI, Five Year	\$26,500	Five Year Amortization (1)	\$15,550 ←
Docket No. 070304-EI, Four Year	\$155,500	Four Year Amortization(2)	\$130,500
Total	\$182,000	Total Amortization Expense	\$146,050
Recommended Amortization of Rate Case Expenses			
\$182,000 in the MFRs			
\$146,050 Recommended yearly rate case expense			
Reduce yearly amortization expense of rate case expense by (\$182,000 - \$146,050) = \$35,950			

Based on the above, we approve \$599,784 in rate case expense, a four year amortization period per the parties' approved stipulation, and a reduction to amortization of rate case expense of \$35,950.

JOURNAL ENTRY HEADER

BATCH TYPE (M/S) **M** ACCT YEAR **2008** PERIOD **6**
 JOURNAL NUMBER **51114** BATCH NUMBER **33746**
 COMPANY **001**
 REFERENCE **34M** SOURCE **JE**
 DESCRIPTION **MISC DEFERRED DEBITS** AUTO ACCRUAL? **0**

JE DESCRIPTION:	#34M
	YR/PRD
	2008/06

ACCOUNT NUMBER	AMOUNT		DESCRIPTION	SUBLDG. NUMBER
	DEBIT	CREDIT		
100.1860.1	373.00		Correction to May 2008 amortization due to	36164
114.4010.928		186.50	expensed amount and new charges in June	
115.4010.928		186.50		

PAGE 1 OF 1	PAGE		
	TOTALS	373.00	373.00
J.E.			
	TOTALS	373.00	373.00

	INITIALS	DATE
PREPARED BY	<i>[Signature]</i>	7/17/08
APPROVED BY	<i>[Signature]</i>	7/17/08
ENTERED BY	<i>[Signature]</i>	7/17/08
CHECKED BY	<i>[Signature]</i>	7-17-08
POSTED BY	<i>[Signature]</i>	7/17/08

nelle

Martin Cheryl

Tuesday, July 01, 2008 1:38 PM

Napier Michelle

Subject: electric rate case

expense to account 114/115 .4010 928 50-50%, all rate case expenses that exceed the total \$599,748 amount. Does the prior rate case amount agree with our books? Thanks Cheryl Martin

Sub 36164
 balance before amort
 08 = 577,552.92

Sub 33536
 balance before amort
 May 08 = 77693.33 = \$656,246.25

+
 08 = 3,405.60

↓
 June 08 = 77693.33

580,958.52 +
 - 58,903.85

77693.33 = \$658,651.85

= 522,054.67

48 months

- 599,748.00

48 months

\$1,618.61

\$58,903.85 from sub ledger 36164 to be written off to 114/115 4010.928

Adj for May

\$10,876.14

Adj for May

÷ 31 days
 \$52.21 per day
 @ 21 days
 = \$1096.41

÷ 31 days
 \$350.84 @ 10 days

original amount of - 1096.41
NO CHANGE

\$3508.40

original amount of - \$3881.40
(373)

JOURNAL ENTRY HEADER

BATCH TYPE (M/S) **M** ACCT YEAR **2008** PERIOD **5**
 JOURNAL NUMBER **50879** BATCH NUMBER **33543**
 COMPANY **001**
 REFERENCE **34** SOURCE **JE**
 DESCRIPTION **MISC DEFERRED DEBITS** AUTO ACCRUAL? **0**

JE DESCRIPTION: #34
 YR/PO 2008/5

ACCOUNT NUMBER	AMOUNT		DESCRIPTION	SUBLDG. NUMBER
	DEBIT	CREDIT		
100.1860.1		3,881.40 ✓	Amortize Electric rate case expense over 48	36164
115.4010.928	1,940.70		months beginning May 22, 2008 ending May 21, 2012	
114.4010.928	1,940.70			
100.1860.1		1,096.41 ✓	Amortize Electric rate case expense over 48	33556
115.4010.928	548.21		months beginning May 22, 2008 ending May 21, 2012	
114.4010.928	548.20		Revised amortization schedule on 5/1/2008	

PAGE TOTALS	4,977.81	4,977.81
J.E. TOTALS	4,977.81	4,977.81

INITIALS DATE
 PREPARED BY [Signature] 6/18/08
 APPROVED BY [Signature] 6/18/08
 ENTERED BY [Signature] 6/18/08
 CHECKED BY [Signature] 6/18/08
 POSTED BY [Signature]

Handwritten: HW 6/19/08

Mahan Claudette

From: Martin Cheryl
Sent: Tuesday, May 20, 2008 8:54 AM
To: Mahan Claudette
Cc: Napier Michelle
Subject: FW: rate case/ ELeetric SJs

Rate case amortization should begin for GL month of May 2008. The month of May is a partial month, and should be adjusted by rates below. See below, and let me know if you have any questions. Thanks Cheryl Martin

From: John Slemkewicz [mailto:JSlemkew@PSC.STATE.FL.US]
Sent: Tuesday, May 20, 2008 8:52 AM
To: Martin Cheryl
Subject: RE: rate case

Yes, prorate the new amortization for 10/31 (32.25%) and the old amortization for 21/31 (67.75%).

$$\frac{36164}{33556}$$

From: Martin Cheryl [mailto:cherylmartin@fpuc.com]
Sent: Friday, May 16, 2008 4:44 PM
To: John Slemkewicz
Subject: rate case

Technical question. Since the electric rates are effective on or after May 22, do we start amortizing things like the rate case expense 6/1/08, or do we need to prorate for one week in May? Thanks Cheryl Martin, FPUC

New	Old
577,552.92	77,693.33
- 49	- 48
-----	-----
12,032.35	1618.61
- 31	- 31
-----	-----
388.74 per day	52.21 per day
@ 10 days	@ 21 days
-----	-----
\$3881.40	1096.41

m.
13 4/9 no
not (sum)