



FLORIDA PUBLIC SERVICE  
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ECONOMIC REGULATION

March 15, 2011

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

Dear Mr. Willis:

Subject: Earnings Surveillance Report

Enclosed is the earnings surveillance report (Schedules 1, 2, & 4) for Florida Public Utilities' Electric utility for the twelve months ended December 31, 2010.

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

Sincerely,

A handwritten signature in cursive script that reads "Curtis D. Young".

Curtis D. Young  
Regulatory Analyst

Cc:  
Geoffroy, Thomas  
Householder, Jeff (Sch 1 only)  
Office of Public Counsel - Christensen (all)  
Gulf Power Company-Buck, William G. (all Electric only)  
Webber, Kevin (all)  
Kennedy, Barry (all Nat gas)  
Cutshaw, Mark (all Electric only)  
Shelley, Buddy (all Electric only)  
SJ 45-69 (all)

SCHEDULE I

FLORIDA PUBLIC UTILITIES COMPANY  
ELECTRIC  
RATE OF RETURN REPORT SUMMARY  
December 31, 2010

	(1) ACTUAL PER BOOKS	(2) FPSC ADJUSTMENTS	(3) FPSC ADJUSTED	(4) PRO FORMA ADJUSTMENTS	(5) PRO FORMA ADJUSTED
I. AVERAGE RATE OF RETURN (JURISDICTIONAL)	\$ 3.232.23%	(\$47.753)	\$3,208.482	\$0	\$3,184.482
NET OPERATING INCOME	\$41,805,366	(\$207,549)	\$41,597,798	\$0	\$41,597,798
AVERAGE RATE BASE	7.73%		7.66%		7.66%
II. YEAR-END RATE OF RETURN (JURISDICTIONAL)	5.232.21%	(\$98,516)	5,133.719	\$0	5,133.719
NET OPERATING INCOME	\$37,211,441	(\$512,152)	\$37,399,289	\$0	\$37,399,289
YEAR-END RATE BASE	8.57%		8.47%		8.47%

IV. FINANCIAL INTEGRITY INDICATORS

A. TIE WITH AFUDC	4.73
B. TIE WITHOUT AFUDC	4.73
C. AFUDC TO NET INCOME	0.00
D. INTERNALLY GENERATED FUNDS	311.94
E. LTD TO TOTAL INVESTOR FUNDS	39.72
F. STD TO TOTAL INVESTOR FUNDS	0.00
G. RETURN ON COMMON EQUITY	11.59

I am aware that Section 837.06, Florida Statute, provides:

Whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his official duty shall be guilty of a misdemeanor of the second degree punishable as provided in s. 775.082, s. 775.083 or s. 775.084.

Thomas A. Geoffrey  
Vice President - Regulatory Affairs & Business Planning

*Thomas A. Geoffrey*  
Signature

3-8-11

Date

FLORIDA PUBLIC UTILITIES COMPANY  
ELECTRIC  
AVERAGE RATE OF RETURN  
For the 12 Months Ending December 31, 2010  
RATE BASE

	(1) PLANT IN SERVICE	(2) ACCUMULATED DEPRECIATION & AMORTIZATION	(3) PLANT IN SERVICE	(4) NET PROPERTY HELD FOR FUTURE USE	(5) CONSTRUCTION WORK IN PROGRESS	(6) NET UTILITY PLANT	(7) WORKING CAPITAL	(8) TOTAL RATE BASE
PER BOOKS	\$85,269,879	(\$42,390,300)	\$42,879,529	\$0	\$610,148	\$43,557,390	(\$1,752,024)	\$41,805,366
FPSC ADJUSTMENTS:								
ELIMINATIONS TO WORKING CAPITAL			\$0			\$0	(\$139,856)	(\$139,856)
ELIM. NON UTILITY PLANT	(\$185,407)	\$117,694	(\$67,713)			(\$67,713)		(\$67,713)
TOTAL FPSC ADJUSTMENTS	(\$185,407)	\$117,694	(\$67,713)	\$0	\$0	(\$67,713)	(\$139,856)	(\$207,569)
FPSC ADJUSTED	\$85,269,879	(\$42,390,300)	\$42,879,529	\$0	\$610,148	\$43,489,677	(\$1,891,880)	\$41,597,798
FLEX RATE REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR FLEX RATE REVENUES	\$85,269,879	(\$42,390,300)	\$42,879,529	\$0	\$610,148	\$43,489,677	(\$1,891,880)	\$41,597,798
PROFORMA ADJUSTMENTS								
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRO FORMA ADJUSTED	\$85,269,879	(\$42,390,300)	\$42,879,529	\$0	\$610,148	\$43,489,677	(\$1,891,880)	\$41,597,798

FLORIDA PUBLIC UTILITIES COMPANY  
ELECTRIC  
AVERAGE RATE OF RETURN  
For the 12 Months Ending December 31, 2010  
INCOME STATEMENT

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	OPERATING REVENUES	O & M FUEL EXPENSE	O & M OTHER	DEPREC. & AMORTIZATION	TAXES OTHER THAN INCOME	INCOME TAXES CURRENT	D.I.T. (NET)	I.T.C. (NET)	GAIN/LOSS ON DISPOSITION	TOTAL OPERATING EXPENSES	NET OPERATING INCOME
PER BOOKS	\$100,545,302	\$ 75,620,686	\$9,550,133	\$3,479,187	\$7,466,680	\$1,242,381				\$97,553,087	\$3,232,235
PFSC ADJUSTMENTS:											
1) INTEREST SYNCHRONIZATION						\$50,871				\$50,871	(\$50,871)
2) ELIMINATE FUEL REVENUES AND EXPENSES	\$ (75,677,747)	\$ (75,022,943)			(\$57,527)	\$1,050				(\$75,079,419)	\$1,072
3) ELIMINATE CONSERVATION	(\$596,171)	(\$597,743)		(\$1,210)	\$429	\$441				(\$596,273)	\$702
4) NON-UTILITY DEPRECIATION EXPENSE						\$467				\$0	\$483
						\$0				\$0	\$0
						\$0				\$0	\$0
						\$0				\$0	\$0
						\$0				\$0	\$0
						\$0				\$0	\$0
						\$0				\$0	\$0
						\$0				\$0	\$0
						\$0				\$0	\$0
						\$0				\$0	\$0
						\$0				\$0	\$0
						\$0				\$0	\$0
						\$0				\$0	\$0
TOTAL PFSC ADJUSTMENTS	(\$75,677,918)	(\$75,620,646)	\$0	(\$1,210)	(\$57,998)	\$72,879	\$0	\$0	\$0	(\$75,636,165)	(\$47,753)
PFSC ADJUSTED	\$24,911,384	\$0	\$9,550,133	\$3,471,977	\$7,409,582	\$1,295,210	\$0	\$0	\$0	\$21,725,902	\$3,184,482
PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRO FORMA ADJUSTED	\$24,911,384	\$0	\$9,550,133	\$3,471,977	\$7,409,582	\$1,295,210	\$0	\$0	\$0	\$21,726,902	\$3,184,482

FLORIDA PUBLIC UTILITIES COMPANY  
ELECTRIC  
YEAR END RATE OF RETURN  
For the 12 Months Ending December 31, 2010  
RATE BASE

	(1) PLANT IN SERVICE	(2) ACCUMULATED DEPRECIATION & AMORTIZATION	(3) PLANT IN SERVICE	(4) NET PROPERTY IN PLACE FOR USE	(5) CONSTRUCTION IN PROGRESS	(6) UTILITY PLANT	(7) WORKING CAPITAL	(8) TOTAL RATE BASE
PP&E BOOK	\$87,189,712	(\$43,678,871)	\$43,510,841	\$0	\$12,143	\$43,609,057	(\$6,077,619)	\$37,531,438
PP&E ADJUSTMENTS:								
ELIMINATIONS TO WORKING CAPITAL ELIM. NON UTILITY PLANT	(\$186,941)	\$12,799	\$0	\$0	\$0	(\$62,582)	(\$489,570)	(\$62,582)
TOTAL PP&E ADJUSTMENTS	(\$186,941)	\$12,799	\$0	\$0	\$0	(\$62,582)	(\$489,570)	
PP&E ADJUSTED	\$87,189,712	(\$43,678,871)	\$43,510,841	\$0	\$12,143	\$43,766,475	(\$6,567,190)	\$37,199,289
COMP RATE ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR COMP RATE ADJUSTMENTS	\$87,189,712	(\$43,678,871)	\$43,510,841	\$0	\$12,143	\$43,766,475	(\$6,567,190)	\$37,199,289
PROFORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PROFORMA ADJUSTED	\$87,189,712	(\$43,678,871)	\$43,510,841	\$0	\$12,143	\$43,766,475	(\$6,567,190)	\$37,199,289

FLORIDA PUBLIC UTILITIES COMPANY  
ELECTRIC  
YEAR END STATE OF RETURN  
For the 12 Months Ending December 31, 2010  
INCOME STATEMENT

	(1) OPERATING REVENUES	(2) O & M GAS EXPENSE	(3) O & M OTHER	(4) DEPRECIATION & AMORTIZATION	(5) TAXES OTHER THAN INCOME	(6) INCOME TAXES CURRENT	(7) D.I.T. (NET)	(8) U.T.C. (NET)	(9) GAIN/LOSS ON DISPOSITION	(10) TOTAL OPERATING EXPENSES	(11) NET OPERATING INCOME
PER BOOKS	\$10,585,300	\$ 75,628,686	\$3,550,133	\$3,473,387	\$7,466,680	\$1,242,381			\$87,953,667	\$3,232,215	
PPS ADJUSTMENTS:											
1) INTEREST SYNCRONIZATION					\$102,151				\$102,151	\$1,872	
2) ELIMINATE FUEL REVENUES AND EXPENSES	\$ (75,677,747)	\$ (75,628,944)			\$ (52,573)				\$ (75,679,419)	\$1,228	
3) ELIMINATE CONSERVATION	\$ (596,175)	\$ (597,241)		\$ (3,109)	\$ (472)				\$ (597,400)	\$ (743)	
4) INCOME UTILITY DEPRECIATION EXPENSE					\$ 50				\$ 50	\$ 50	
					\$ 50				\$ 50	\$ 50	
					\$ 50				\$ 50	\$ 50	
					\$ 50				\$ 50	\$ 50	
					\$ 50				\$ 50	\$ 50	
					\$ 50				\$ 50	\$ 50	
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					\$ 50				\$ 50	\$ 50	
					\$ 50				\$ 50	\$ 50	
					\$ 50				\$ 50	\$ 50	
					\$ 50				\$ 50	\$ 50	
					\$ 50				\$ 50	\$ 50	
TOTAL PPS ADJUSTMENTS	\$ (75,677,747)	\$ (75,628,944)		\$ (3,109)	\$ (52,573)				\$ (75,679,419)	\$1,872	
PPS ADJUSTED	\$ (75,677,747)	\$ (75,628,944)		\$ (3,109)	\$ (52,573)				\$ (75,679,419)	\$1,872	
PRO FORMA ADJUSTMENTS											
TOTAL PRO FORMA ADJUSTMENTS	\$ (75,677,747)	\$ (75,628,944)		\$ (3,109)	\$ (52,573)				\$ (75,679,419)	\$1,872	
PRO FORMA ADJUSTED	\$ (75,677,747)	\$ (75,628,944)		\$ (3,109)	\$ (52,573)				\$ (75,679,419)	\$1,872	

SCHEDULE 4

FLORIDA PUBLIC UTILITIES COMPANY  
ELECTRIC  
CAPITAL STRUCTURE  
December 31, 2010  
FPSC ADJUSTED BASIS

AVERAGE	ADJUSTMENTS		ADJUSTED BOOKS	PRO-RATA	SPECIFIC	BALANCE	RATIO (%)	LOW POINT		MIDPOINT		HIGH POINT	
	NON-UTILITY	UTILITY						COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
PER BOOKS													
COMMON EQUITY	\$18,290,754		\$18,290,754		\$0	\$18,290,754	43.97%	10.00%	4.00%	11.00%	4.84%	12.00%	5.28%
LONG TERM DEBT	\$8,850,022		\$8,850,022		\$3,204,258	\$12,054,280	28.98%	6.96%	2.02%	6.96%	2.02%	6.96%	2.02%
SHORT TERM DEBT	\$3,204,258		\$3,204,258		(\$3,204,258)	\$0	0.00%	1.76%	0.00%	1.76%	0.00%	1.76%	0.00%
CUSTOMER DEPOSITS	\$3,975,428		\$3,975,428			\$3,975,428	9.56%	5.97%	0.57%	5.97%	0.57%	5.97%	0.57%
DEFERRED INCOME TAXES	\$7,242,889		\$7,242,889			\$7,242,889	17.41%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$34,447		\$34,447			\$34,447	0.08%	8.42%	0.01%	9.01%	0.01%	9.59%	0.01%
TOTAL AVERAGE	\$41,597,797	\$0	\$41,597,797	\$0	\$0	\$41,597,797	100.00%	7.00%	7.00%	7.44%	7.44%	7.88%	7.88%

YEAR-END	ADJUSTMENTS		ADJUSTED BOOKS	PRO-RATA	SPECIFIC	BALANCE	RATIO (%)	LOW POINT		MIDPOINT		HIGH POINT	
	NON-UTILITY	UTILITY						COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
PER BOOKS													
COMMON EQUITY	\$15,831,675		\$15,831,675		\$0	\$15,831,675	42.56%	10.00%	4.26%	11.00%	4.68%	12.00%	5.11%
LONG TERM DEBT	\$7,660,191		\$7,660,191		\$2,773,465	\$10,433,656	28.03%	6.94%	1.95%	6.94%	1.95%	6.94%	1.95%
SHORT TERM DEBT	\$2,773,465		\$2,773,465		(\$2,773,465)	\$0	0.00%	1.65%	0.00%	1.65%	0.00%	1.65%	0.00%
CUSTOMER DEPOSITS	\$3,877,957		\$3,877,957			\$3,877,957	9.89%	5.97%	0.59%	5.97%	0.59%	5.97%	0.59%
DEFERRED INCOME TAXES	\$7,230,764		\$7,230,764			\$7,230,764	18.44%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$25,237		\$25,237			\$25,237	0.07%	8.15%	0.01%	8.73%	0.01%	9.33%	0.01%
TOTAL YEAR-END	\$37,199,289	\$0	\$37,199,289	\$0	\$0	\$37,199,289	100.00%	6.81%	6.81%	7.23%	7.23%	7.66%	7.66%