



September 27, 2010

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

FLORIDA PUBLIC SERVICE
COMMISSION REGULATION

10 SEP 29 PM 1:13

Dear Mr. Willis:

Subject: Earnings Surveillance Report

Enclosed is the earnings surveillance report (Schedules 1 through 5) for our Consolidated Electric divisions and Consolidated Gas divisions, for the twelve months ended June 30, 2010.

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

Sincerely,

Thomas A. Geoffroy
Vice President

Cc:
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 45-89 (all)

FLORIDA PUBLIC UTILITIES COMPANY
 CONSOLIDATED GAS DIVISION
 EARNINGS SURVEILLANCE REPORT SUMMARY
 JUNE 2010

SCHEDULE 1

	(1) ACTUAL PER BOOKS	(2) FPSC ADJUSTMENTS	(3) FPSC ADJUSTED	(4) PRO FORMA ADJUSTMENTS	(5) PRO FORMA ADJUSTED
I. AVERAGE RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	\$7,129,351	(28,974)	\$7,100,377	(\$985,247)	\$6,115,130
AVERAGE RATE BASE	\$94,339,586	(25,482,841)	\$68,856,745	24,736,008	\$93,592,753
AVERAGE RATE OF RETURN	7.56%		10.31%		6.53%
II. YEAR END RATE BASE (JURISDICTIONAL)					
	\$103,240,563	(35,192,916)	\$68,047,647	35,560,203	\$103,607,850
III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)			IV. EARNED RETURN ON EQUITY (FPSC ADJUSTED BASIS)		
LOW	7.79%		A. INCLUDING FLEX RATE REVENUES		15.41%
MIDPOINT	8.24%		B. EXCLUDING FLEX RATE REVENUES		15.41%
HIGH	8.70%				

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

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

Thomas A. Geoffroy, Vice-President
 (Name & Title)

Thomas A. Geoffroy
 (Signature)

9-27-10
 (Date)

FLORIDA PUBLIC UTILITIES COMPANY
CONSOLIDATED GAS DIVISIONS
AVERAGE RATE OF RETURN
RATE BASE
JUNE 2010

	(1) PLANT IN SERVICE	(2) ACCUMULATED DEPRECIATION & AMORTIZATION*	(3) NET PLANT IN SERVICE	(4) PROPERTY HELD FOR FUTURE USE	(5) CONSTRUCTION WORK IN PROGRESS	(6) NET UTILITY PLANT	(7) WORKING CAPITAL	(8) TOTAL RATE BASE
PER BOOKS	\$140,871,061	\$42,406,020	\$98,465,041		\$1,269,028	\$99,734,069	(\$5,394,483)	\$94,339,586
FPSC ADJUSTMENTS:								
NONUTILITY PLANT	(1,716,149)	(484,690)	(1,231,459)			(1,231,459)		(1,231,459)
SFNG ACQUISITION GOOD WILL RATE REFUND PENDING - 2009	(846,909)	(846,909)	(846,909)			(846,909)	70,831	(846,909) 70,831
CHPK ACQUISITION GOOD WILL	(23,475,304)		(23,475,304)			(23,475,304)		(23,475,304)
TOTAL FPSC ADJUSTMENTS	(26,038,362)	(484,690)	(25,553,672)			(25,553,672)	70,831	(25,482,841)
FPSC ADJUSTED	114,832,699	41,921,330	72,911,369		1,269,028	74,180,397	(5,323,652)	68,856,745
FLEX RATE REVENUES ADJUSTED FOR								
FLEX RATE REVENUES	114,832,699	41,921,330	72,911,369		1,269,028	74,180,397	(5,323,652)	68,856,745
PRO FORMA REVENUE INCREASE AND ANNUALIZATION ADJUSTMENTS:								
Acquisition Adj.	23,475,304		23,475,304			23,475,304		23,475,304
Transition Costs							1,260,704	1,260,704
TOTAL PRO FORMA ADJUSTMENT	23,475,304		23,475,304			23,475,304	1,260,704	24,736,008
PRO FORMA ADJUSTED	\$138,308,003	\$41,921,330	\$96,386,673		\$1,269,028	\$97,655,701	(\$4,062,948)	\$93,592,753

*INCLUDES CUSTOMER ADVANCES FOR CONSTRUCTION

FLORIDA PUBLIC UTILITIES COMPANY
CONSOLIDATED GAS DIVISIONS
AVERAGE RATE OF RETURN
INCOME STATEMENT
JUNE 2010

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	OPERATING REVENUES	O & M GAS EXPENSE	O & M OTHER	DEPRECIATION & AMORTIZATION	TAXES OTHER THAN INCOME	INCOME TAXES CURRENT	DEFERRED INCOME TAXES (NET)	INVESTMENT TAX CREDIT (NET)	GAIN/LOSS ON DISPOSITIVE	TOTAL OPERATING EXPENSES	NET OPERATING INCOME
PER BOOKS	\$66,115,389	\$23,680,148	\$20,168,101	\$5,885,652	\$5,884,468	(\$132,184)	\$3,533,952	(\$34,099)		\$58,986,038	\$7,129,351
FPSC ADJUSTMENTS:											
FUEL COST RECOVERIES	(22,729,595)	(23,680,148)		(113,757)	410,558	(408,115)				(23,383,347)	653,752
FUEL OVER/UNDER RECOVERIES	(1,087,977)									(408,115)	(649,862)
CONSERVATION/UNBUNDLING RECOVERIES	(1,784,639)		(1,777,277)	(8,789)	550	101,382				(1,785,516)	877
INT. & INC. TAX SYNCHRONIZATION				(109,034)	42,060					101,382	(101,382)
NONUTILITY DEPRECIATION EXPENSE										(66,974)	66,974
REMOVAL OF ECONOMIC DEV. EXP. - AEP	(1,046,559)		(1,041,441)		(5,118)	419				(1,046,559)	667
RATE REFUND PENDING - 2009	1,086									419	
TOTAL FPSC ADJUSTMENTS	(26,617,684)	(23,680,148)	(2,818,718)	(109,034)	(127,664)	146,854				(26,588,710)	(28,974)
FPSC ADJUSTED	39,497,705		17,349,383	5,776,618	5,756,804	14,670	3,533,952	(34,099)		32,397,328	7,100,377
FLEX RATE REVENUES ADJUSTED FOR FLEX RATE REVENUES	39,497,705		17,349,383	5,776,618	5,756,804	14,670	3,533,952	(34,099)		32,397,328	7,100,377
PRO FORMA REVENUE INCREASE AND ANNUALIZATION ADJUSTMENTS:											
Acquisition Adj. - Amort. Exp. (non-deductible)				771,072						771,072	(771,072)
Transition/Transition Costs - Amort. Exp. (deductible)				119,168		(45,969)				73,199	(73,199)
Transition Costs - Amort. Exp. (non-deductible)				140,976						140,976	(140,976)
TOTAL PRO FORMA ADJUSTMENTS				1,031,216		(45,969)				985,247	(985,247)
PRO FORMA ADJUSTED	\$39,497,705		\$17,349,383	\$6,807,834	\$5,756,804	(\$31,299)	\$3,533,952	(\$34,099)		\$33,382,575	\$6,115,130

SCHEDULE 3

FLORIDA PUBLIC UTILITIES COMPANY
 CONSOLIDATED GAS DIVISIONS
 YEAR END RATE OF RETURN
 RATE BASE
 JUNE 2010

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	PLANT IN SERVICE	ACCUMULATED DEPRECIATION & AMORTIZATION*	NET PLANT IN SERVICE	PROPERTY HELD FOR FUTURE USE	CONSTRUCTION WORK IN PROGRESS	NET UTILITY PLANT	WORKING CAPITAL	TOTAL RATE BASE
PER BOOKS	\$151,853,677	\$43,873,178	\$108,080,499		\$1,879,236	\$109,959,735	(\$6,719,172)	\$103,240,563
FPSC ADJUSTMENTS:								
NONUTILITY PLANT	(1,716,149)	(484,690)	(1,231,459)			(1,231,459)		(1,231,459)
SFNG ACQUISITION GOOD WILL	(92,199)		(92,199)			(92,199)		(92,199)
CHPK ACQUISITION GOOD WILL	(33,869,258)		(33,869,258)			(33,869,258)		(33,869,258)
TOTAL FPSC ADJUSTMENTS	(35,677,606)	(484,690)	(35,192,916)			(35,192,916)		(35,192,916)
FPSC ADJUSTED	\$116,276,071	\$43,388,488	\$72,887,583		\$1,879,236	\$74,766,819	(\$6,719,172)	\$68,047,647
PRO FORMA REVENUE INCREASE AND ANNUALIZATION ADJUSTMENTS:								
Acquisition Adj.	33,869,258		33,869,258			33,869,258		33,869,258
Transition Costs							1,690,945	1,690,945
TOTAL PRO FORMA ADJUSTMENT	33,869,258		33,869,258			33,869,258	1,690,945	35,560,203
PRO FORMA ADJUSTED	\$150,145,329	\$43,388,488	\$106,756,841		\$1,879,236	\$108,636,077	(\$5,028,227)	\$103,607,850

*INCLUDES CUSTOMER ADVANCES FOR CONSTRUCTION

FLORIDA PUBLIC UTILITIES COMPANY
 CONSOLIDATED GAS DIVISIONS
 CAPITAL STRUCTURE
 FPSC ADJUSTED BASIS
 JUNE 2010

AVERAGE	SYSTEM PER BOOKS	ADJUSTMENT FOR FLO-GAS	RETAIL PER BOOKS	ADJUSTMENTS		RATIO (%)	LOW POINT		MID POINT		HIGH POINT	
				PRORATA	SPECIFIC		ADJUSTED RETAIL	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
LONG TERM DEBT	\$19,807,693	103,455	\$19,911,148	3,312,047	(500,000)	\$22,723,195	33.00	7.81	2.58	7.81	2.58	2.58
SHORT TERM DEBT	9,326,885	47,748	9,374,633		(9,374,633)			2.35		2.35		2.35
PREFERRED STOCK	79,581		79,581			79,581	0.12	4.75	0.01	4.75	0.01	4.75
CUSTOMER DEPOSITS	7,414,853		7,414,853			7,414,853	10.77	6.59	0.71	6.59	0.71	6.59
COMMON EQUITY	50,366,770	(151,203)	50,215,567	4,555,049	(23,475,304)	31,295,312	45.45	9.85	4.48	10.85	4.83	11.85
DEFERRED INCOME TAXES	7,244,905		7,244,905			7,244,905	10.52					
TAX CREDITS-ZERO COST	96,899		96,899			96,899	0.14	8.45	0.01	9.08	0.01	9.71
TOTAL	\$94,339,596	\$7,867,096	\$33,349,937	\$68,658,745		100.00		7.79		8.24		8.70

YEAR END	SYSTEM PER BOOKS	ADJUSTMENT FOR FLO-GAS	RETAIL PER BOOKS	ADJUSTMENTS		RATIO (%)	LOW POINT		MID POINT		HIGH POINT	
				PRORATA	SPECIFIC		ADJUSTED RETAIL	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
LONG TERM DEBT	\$11,569,027	104,027	\$11,703,054	72,560	18,000,000	\$29,775,614	43.76	7.96	3.49	7.96	3.49	3.49
SHORT TERM DEBT	19,305,705	190,716	19,496,421		(19,496,421)			1.43		1.43		1.43
PREFERRED STOCK	7,667,651		7,667,651			7,667,651	11.27	4.75	0.72	4.75	0.72	4.75
CUSTOMER DEPOSITS	55,784,558	(294,743)	55,489,815	100,203	(33,869,258)	21,720,760	31.92	6.35	0.72	6.35	0.72	6.35
COMMON EQUITY	8,801,077		8,801,077			8,801,077	12.93	9.85	3.14	10.85	3.46	11.85
DEFERRED INCOME TAXES	82,545		82,545			82,545	0.12	7.70	0.01	8.35	0.01	8.99
TAX CREDITS-ZERO COST	82,545		82,545			82,545	0.12	7.70	0.01	8.35	0.01	8.99
TOTAL	\$103,240,563	\$172,763	\$35,365,679	\$68,047,647		100.00		7.36		7.68		8.00

FLORIDA PUBLIC UTILITIES COMPANY
CONSOLIDATED GAS DIVISIONS
EARNED RETURN ON COMMON EQUITY
FPSC ADJUSTED BASIS
JUNE 2010

SCHEDULE 5

A. FPSC ADJUSTED AVERAGE JURISDICTIONAL RETURN ON
COMMON EQUITY INCLUDING FLEX RATE REVENUES

FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	<u>10.31</u>
LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:	
LONG TERM DEBT	(2.58)
SHORT TERM DEBT	0.00
PREFERRED STOCK	(0.01)
CUSTOMER DEPOSITS	(0.71)
TAX CREDITS - WEIGHTED COST (MIDPOINT)	(0.01)
SUBTOTAL	<u>(3.31)</u>
TOTAL	7.00
DIVIDED BY RECONCILED COMMON EQUITY RATIO	<u>0.4545</u>
JURISDICTIONAL RETURN ON COMMON EQUITY	<u><u>15.41</u></u>

B. FPSC ADJUSTED AVERAGE JURISDICTIONAL RETURN ON
COMMON EQUITY EXCLUDING FLEX RATE REVENUES

NET OPERATING REVENUE EXCLUDING FLEX RATE REVENUES	\$7,100,377
RATE BASE EXCLUDING FLEX RATE REVENUES	\$68,856,745
FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	<u>10.31</u>
LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:	
LONG TERM DEBT	(2.58)
SHORT TERM DEBT	0.00
PREFERRED STOCK	(0.01)
CUSTOMER DEPOSITS	(0.71)
TAX CREDITS - WEIGHTED COST (MIDPOINT)	(0.01)
SUBTOTAL	<u>(3.31)</u>
TOTAL	7.00
DIVIDED BY RECONCILED COMMON EQUITY RATIO	<u>0.4545</u>
JURISDICTIONAL RETURN ON COMMON EQUITY	<u><u>15.41</u></u>