

August 4, 2011

Mr. John Slemkewicz Supervisor Electric & Gas Accounting Florida Public Service Commission 2540 Shumard Blvd. Tallahassee, Florida 32399-0950

Dear Mr. Slemkewicz:

Subject: Earnings Surveillance Report

Enclosed is the earnings surveillance report (Schedules 1 through 4) for our Consolidated Electric divisions and Consolidated Gas divisions, for the twelve months ended March 31, 2011.

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

Sincerely,

DUMA

Curtis D. Young Regulatory Analyst

Cc: Geoffroy, Tom (all) Office of Public Counsel - Christensen (all) Gulf Power Company-Buck, William G. (all Electric only) Cutshaw, Mark (all Electric only) Shelley, Buddy (all Electric only) SJ 45-69 (all)

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Energy for Life 401 South Dixie Highway 🔺 West Palm Beach, Florida 33401 🔺 Phone: 561.832.2461 🔺 www.fpuc.com

Y.				SCHEDULE 1
(1) ACTUAL PER BOOKS	(2) FPSC ADIUSTMENTS	(3) FPSC ADJUSTED	(4) PRO FORMA ADIUSTMENTS	(5) PRÖ FORMA ADJUSTED
5 7,792,339	(\$52)	\$7,792,287	(\$1,480,445)	55,311,842
\$102,975,637	(\$34,875,060)	\$68,100,577	\$35,380,388	5103,480,965
7,57%		11.44%		6.10%
\$7,792,339	\$35,977	57,828,316	(\$1,480,445)	\$6,347,871
\$105,665,247	(\$34,881,963)	\$70,783,284	534,611,705	\$105,394,989
7.37%		11.06%		6.02%
7.12%		Α, Ι	NCL COMP RATE ADJ REVENUES	19.48%
7.57%		в. а	CL'COMP RATE ADJ REVENUES	19.48%
	(1) ACTUAL PER BOOKS <u>5 7,792,339</u> <u>5102,975,637</u> <u>7,57%</u> <u>57,792,339</u> <u>5105,665,247</u> <u>7,37%</u>	(1) (2) PER BOOKS ADJUSTMENTS <u>5 7,792,339</u> (552) <u>5102,975,637</u> (534,875,060) <u>7,57%</u> <u>57,792,339</u> <u>535,977</u> <u>5105,665,247</u> (534,831,963) <u>7,37%</u>	(1)  (2)  (3)    ACTUAL  FPSC  ADJUSTMENTS    PER BOOKS  ADJUSTMENTS  ADJUSTED    5  7,792,339  (552)  57,792,287    5102,975,637  (534,875,060)  568,100,577    7,57%  11.44%	(1)  (2)  (3)  (4)    ACTUAL  FPSC  ADJUSTMENTS  ADJUSTED.  ADJUSTMENTS    5  7,792,339

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 6-15-11 nonias U. Ole Vice President - Regulatory Affairs & Business Planning Signature Date

FLORIDA PUBLIC UTILITIES COMPANY NATURAL GAS AVERAGE RATE OF RETURN For the 12 Months Ending March 31, 2011 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	\$152,633,473	(\$44,972,767)	\$107,660,706	50	\$2,631,646	\$110,292,352	(\$7,316,715)	\$102,975,637
FP5C ADJUSTMENTS:								
ELIMINATIONS TO WORKING CAPITAL ELIMINATE ACQUISITION ADJ. RATE REFUND PENDING - 2009. ELIM. COMMON PLANT	50 (\$34,656,955) 50 (\$1,876,631)	50 50 5595,630	50 (\$34,656,955) 50 (\$1,281,001)			50 (\$34,656,955) \$0 (\$1,281,001)	\$1,062,896 \$0	\$1,062,896 (\$34,656,955) \$0 (\$1,281,001)
TOTAL FPSC ADJUSTMENTS	(\$36,533,586)	\$595,630	(\$35,937,956)	50	50	(\$35,937,956)	\$1,062,896	(\$34,875,060)
FPSC ADJUSTED	\$116,099,887	(544,377,137)	\$71,722,750	\$0	\$2,631,646	574,354,395	(\$6,253,819)	\$68,100,577
FLEX RATE REVENUES	50	50	50	50	50	\$0	sò	50
ADJUSTED FOR FLEX RATE REVENUES	\$116,099,887	(\$44,377,137)	\$71,722,750	50	\$2,631,646	\$74,354,396	(\$6,253,819)	\$68,100,577
PROFORMA ADJUSTMENTS ACQUISITION ADJUSTMENT TRANSACTION & TRANSITION COSTS	\$34,679,776	(\$1,067,561)	533,612,215			533,612,215	\$1,768,173	\$33,612,215 \$1,768,173
TOTAL PRO FORMA ADJUSTMENTS	\$34,679,776	(\$1,067,561)	\$33,612,215	\$0	\$0	\$33,612,215	\$1,768,173	\$35,380,388
PRO FORMA ADJUSTED	\$150,779,663	(\$45,444,698)	\$105,334,965	50	52,631,646	\$107,966,611	(\$4,485,647)	\$103,480,965

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## FLORIDA PUBLIC UTILITIES COMPANY NATURAL GAS AVERAGE RATE OF RETURN For the 12 Months Ending March 31, 2011 INCOME STATEMENT

	(1)		(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9) GAIN/LOSS	(10) TOTAL	(11) NET
	OPERATING REVENUES		D & M GAS EXPENSE	O & M OTHER	DEPREC. & AMORTIZATION	TAXES OTHER THAN INCOME	INCOME TAXES	D.I.T. (NET)	1.T.C. (NET)	ON DISPOSITION	OPERATING EXPENSES	OPERATING
PER BOOKS	\$61,289,370	\$	25,879,172	\$16,182,555	\$5,352,854	52,500,661	\$3,581,789				\$53,497,031	\$7,792,339
FPSC ADJUSTMENTS:												
1) INTEREST SYNCHRONIZATION							\$70,412				\$70,412	(\$70,412
2) ELIMINATE FUEL REVENUES AND EXPENSES	\$ (23,528,708)	\$	(23,528,708)				\$0				(\$23,528,708)	SC
3) ELIMINATE CONSERVATION	(\$2,349,261)		(\$2,350,464)				\$464				(\$2,350,000)	\$73
4)NON-UTILITY DEPRECIATION EXPENSE					(\$116,691)		\$45,014				(\$71,677)	\$71,67
5) ELIMINATE AEP REVENUES AND EXPENSES	(\$669,425)				(\$666,078)		(\$1,291)				(\$667,369)	(\$2,058
6) RATE REFUND PENDING	SO						SO				50	S
							\$0				SO	SI
							SO				SO	SI
							50				SO	SI
							SO				So	S
							\$0				SO	S
							50				50	S
							SO				SO	S
							50				50	S
							\$0				50	S
							50				50	SI
							50				50	s
							50				SO	S
							\$0				50	S
TOTAL FPSC ADJUSTMENTS	(\$26,547,394)		(\$25,879,172)	50	(\$782,769)	\$0	\$114,599	\$0	\$0	\$0	(\$26,547,342)	(\$5)
FPSC ADJUSTED	\$34,741,976		50	\$16,182,555	\$4,570,085	\$2,500,661	\$3,696,388	SO	\$0	50	\$26,949,689	\$7,792,28
FLEX RATE REVENUES - DEFICIT/(SURPLUS)	50						50				\$0	S
ADJUSTED FOR FLEX RATE REVENUES	\$34,741,976	_	50	\$16,182,555	\$4,570,085	\$2,500,661	\$3,696,388	50	50	\$0	\$26,949,689	7,792,28
ACQUISITION ADJ - AMORT EXP (DEDUCTIBLE)					\$87,228		(\$33,648)				\$53,580	(\$53,58
ACQUISITION ADJ AMORT EXP (NON-DEDUCTI	B(E)				\$1,077,384		50				\$1,077,384	(\$1,077,38
TRANSACTION/TRANSITION COSTS - AMORT EXP	the second s				\$238,368		(\$91,950)				\$146,418	(\$146,41
TRANSITION COSTS - AMORT EXP (NON-DEDUCT					\$203,064		50				\$203,064	(\$203.06-
TOTAL PRO FORMA ADJUSTMENTS	50	-	50	50	\$1,606,044	\$0	(\$125,599)	SO	50	\$0	\$1,480,445	(\$1,480,44
							44.000.000					
PRO FORMA ADJUSTED	\$34,741,976	_	\$0	\$16,182,555	\$6,176,129	\$2,500,661	\$3,570,789	\$0	\$0	50	\$28,430,134	\$6,311,84

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## FLORIDA PUBLIC UTILITIES COMPANY NATURAL GAS YEAR END RATE OF RETURN For the 12 Months Ending March 31, 2011 RATE BASE

	(1) PLANT IN SERVICE	(2) ACCUMULATED DEPRECIATION & AMORTIZATION	13) 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	\$155,860,525	(545,052,677)	5110,507,848	50	\$1,616,491	5112,424,339	(56,759,092)	\$105,665,247
PSC ADJUSTMENTS:								
ELIMINATIONS TO WORKING CAPITAL ELIMINATE ACQUISITION ADJ RATE REFUND PENDING - 2009 ELIM, COMMON PLANT	50 (\$34,679,776) (\$1,885,936)	50 50 5657,251	50 (534,679,776) (51,228,685)			50 (\$34,679,776) (51,228,685)	\$1,026,498 \$0.	51,026,498 (\$34,679,776) 50 (51,228,685)
TOTAL FPSC ADJUSTMENTS	(\$36,565,712)	\$657,251	(\$35,908,461)	50	50	(\$35,908,461)	\$1,026,498	(\$34,881,963)
FPSC ADJUSTED	5119,294,813	[544,395,426]	574,899,387	50	\$1,616,491	576,515,878	(55,732,594)	\$70,783,284
COMP RATE ADJ REVENUES	50	50	50	50	50	50	50	50
ADJUSTED FOR COMP RATE ADJ REVENUE	5119,294,813	(\$44,395,426)	\$74,899,187	50	51,616,491	\$76,515,878	(\$5,732,594)	\$70,783,284
PROFORMA ADJUSTMENTS ACQUISITION ADJUSTMENT TRANSACTION & TRANSITION COSTS	534,679,776	(\$1,649,867)	533,029,509			\$33,029,509	51,581,796	\$33,029,909 \$1,581,796
TO TAL PRO FORMA ADJUSTMENTS	534,679,776	(\$1,649,867)	533,029,909	50	50	\$33,029,909	\$1,581,796	534,611,705
PRO FORMA ADJUSTED	\$153 974,589	(\$45,045,293)	\$107,929,296	50	\$1,616,491	\$109 545.787	(54,150,798)	\$105,394,989

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## FLORIDA PUBLIC UTILITIES COMPANY NATURAL GAS YEAR END RATE OF RETURN For The 12 Months Ending March 31, 2011 INCOME STATEMENT

	(2)		(2)	(3)	(4)	(5)	(6)	(7)	(6)	(9) GAIN/LOSS	(10) TOTAL	(11) NET
	OPERATING REVENUES		D & M GAS EXPENSE	D&M OTHER	DEPREC & AMORTIZATION	TAXES OTHER THAN INCOME	INCOME TAXES	D.I.T. INET)	(.T.C. (NET)	DN DISPOSITION	OPERATING EXPENSES	OPERATING
PER BOOKS	561,289,370	5	25,679,172	516,182,555	55,352,854	52,500,661	53,581.789				\$\$3,497.031	57,792,339
FISC ADJUSTMENTS: 1) INTEREST SYNCHRONIZATION 2) ELIMINATE FUEL REVENUES AND EXPENSES 3) ELIMINATE CONSERVATION 4)NON-UTIUTY DEPRECIATION EXPENSE 5) ELIMINATE AEP REVENUES AND EXPENSES 6] RATE REFUND PENDING	5 (23,526,708) (52,345,261) (5669,425) 50	55	(23,528,708) (2,350,464)		(5116,651) (5666,078)		\$34,384 50 \$464 \$45,014 (51,291) 50 50 50 50				\$34,384 (\$23,578,708) (\$2,350,000) (\$71,677) (\$667,369) \$0 \$0 \$0 \$0 \$0 \$0 \$0	(534,384) 50 5735 571,677 (52,056) 50 50 50 50 50
							50 50 50 50 50 50 50 50 50 50 50				50 50 50 50 50 50 50 50 50 50	50 50 50 50 50 50 50 50 50 50 50 50
TOTAL FPSC ADJUSTMENTS	(\$26,547,394)	á	(525,879,172)	50	(5762,769)	50	578,570	50	50	50	(\$26,583,371)	\$35,977
FPSC ADJUSTED	534,741,976	_	50	516,182,555	54,570,085	52,500,661	\$3,660,359	50	50	50	\$26,913,660	57,828,316
COMP RATE ADJ REVENUES - DEFICIT/(SURPLUS		_					50	)			50	50
ADJUSTED FOR COMP RATE ADJ REVENUES	\$34,741,976	_	50	\$16,182,555	54,570,085	\$2,500,661	\$3,660,359	so	50	50	526,913,660	57,828,316
ACQUISITION AD) - AMORT EXP (DEDUCTIBLE) ACQUISITION ADJ - AMORT EXP (NON-DEDUCT) TRANSACTION/TRANSITION COSTS - AMORT EXP TRANSITION COSTS - AMORT EXP (NON-DEDUCT)	P (DEDUCTIBLE)				587,228 51,077,384 5238,368 5203,064		(533,648) 50 (591,950) 50				\$53,580 \$1,077,384 \$146,418 \$203,064	(553,580) (51,077,384) (5146,418) (5203,064)
TOTAL PRO FORMA ADJUSTMENTS	50	-	50	50	\$1,606,044	50	(\$125,599)		50	50	\$1,480,445	(\$1,480,445)
PRO FORMA ADJUSTED	\$34,741,975	-	50	\$16,182,555	56,176.129	57,500,661	53,534,760	50	50	50	\$28.394,106	56,847,871

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FLORIDA PUBLIC UTILITIES COMPANY NATURAL GAS CAPITAL STRUCTURE March 31, 2011 FPSC ADJUSTED BASIS

FPSC ADJUSTED BASIS								LO	WPOINT		NIDPOINT	-H	IGH POINT
AVERAGE	PER BOOKS	ADJUSTMENTS NON-UTILITY	ADJUSTED BOOKS	PRO-RATA	SPECIFIC	BALANCE	RATIO (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
COMMON EQUITY	\$52,213,652	(51,281,001)	550,932,651	514,345,390	(534,675,776)	530,598,265	44,93%	5.85%	4.43%	10,85%	4.88%	11.85%	5,32%
LONG TERM DEBT	\$23,813,842		\$73,813,842	(\$13,765,000)	59,443,019	\$19,491,861	28.62%	6,95%	1.99%	6.95%	1,99%	6.95%	1,99%
SHORT TERM DEBT	59,443,019		59,443,019		(\$9,443,019)	so	0.00%	1.75%	0.00%	1.75%	0.00%	1.75%	0.00%
CUSTOMER DEPOSITS	\$7,768,452		57,768,452			57.768,452	11,41%	6,06%	0,69%	5.06%	0.69%	5.06%	0.69%
DEFFERED INCOME TAXES	\$10,166,868		510,166,868			\$10,166,868	14,99%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$75,132		\$75,132			\$75,132	0.11%	8.42%	0.01%	9 01%	0.01%	9.59%	0.01%
	-												
TOTAL AVERAGE	\$103,480,965	(\$1,281,003)	\$102,199,564	\$580,390	(\$34,679,776)	\$68,100,578	100.00%		7.12%		7.57%		6.01%

							-	10	WPOINT		NIDPOINT	H	GH POINT
YEAR-ENO	PER BOOKS	ADJUSTMENTS	ADJUSTED BOOKS	PRO-RATA	SPECIFIC	BALANCE	RATIO (%)	COST RATE (%)	WEIGHTED CQ57 (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
COMMON EQUITY	\$\$1,543,641	(51,228,685)	550,314,956	514,766,755	(\$34,679,776)	\$30,401,935	42.95%	9.85%	4.23%	10.85%	4.66%	11.85%	5.099
LONG TERM DEBT	523,508,261		523,508,261	(\$13,470,000)	59,321,845	\$19,360,106	2735%	6.94%	1.90%	6.94%	2.90%	6.94%	1.909
SHORT TERM DEBT	59,321,845		59,321,845		(\$9,321,845)	50	0.00%	1.57%	0.00%	1.57%	0.00%	1.57%	0.009
CUSTOMER DEPOSITS	55,404,927		59,404,927			\$9,404,927	13.29%	6.06%	0.81%	5.06%	0.81%	6.06%	0,819
DEFFERED INCOME TAXES	511,555,272		511,555,272			\$11,555,272	16-33%	0.00%	0.00%	0.00%	0.00%	0.00%	0.005
TAX CREDITS - WEIGHTED COST	S61,044		561.044			561,044	0.09%	8.15%	0.01%	8.73%	0.01%	9.32%	0.019
TOTAL YEAR-END	5105 394 990	\$0 5	104,166,305	\$1,296,755	(\$34,679,776)	\$70,783,284	100.00%		6.95%		7.38%		7.81

SCHEDULE &